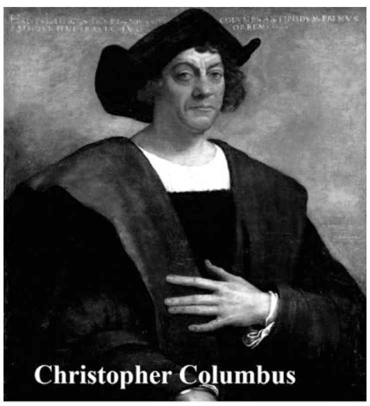
5. History of East Asia Trade Policy

From Emory Libraries and Information Technology, slightly modified for emphasis.[6]

This year's resolution calls our attention to East Asia by naming four countries in the region (China, Taiwan, Japan and South Korea) with whom Affirmative debaters may propose changes in US foreign trade policy. It's a very timely resolution that is often in the news and that has substantial impact on our everyday lives. The United States, China and Japan are the first, second and third largest economies in the world, and so play a large role in shaping, and being shaped by, current events. You need to have a sense of the history of the region in order to understand the "how" and "why" of current events. And current events change so fast that you will likely miss something if you are away from the news for even a few days.

[6] Guo-Hua Wang, "Research Guide to EAS 250WR: INTRODUCTION TO EAST ASIAN STUDIES: Introduction on East Asia," from Emory Libraries and Information Technology. http://guides.main.library.emory.edu/c.php?g=212454

East Asia is a region that can inspire excitement, love, hate and loathing, even among many who don't live there. You may or may not have pre-existing beliefs about the region and its politics. If you do, I strongly urge you to do what every debater should do every year: Learn the history, the arguments, and the evidence from all sides of every issue equally. Remember that in policy debate, your position is assigned to you at the start of the round. If you're Affirmative, you can pick what you want to talk about and advocate for. But if you're Negative (which you will be 50% of the time), you do not get to pick. You must simply oppose whatever the Affirmative is arguing, even if they are arguing for things you personally agree with. That means you have to understand and be able to argue for policies that you may be opposed to. That's a feature, not a defect, in policy debate. You will find your mind and horizons greatly broadened. And you never know: You just might change your mind about some things after hearing and debating both sides.



"I intend to go and see if I can find the island of Japan."

Renaissance History

American civilization's existence probably owes much of its origin to trade policy with East Asia. After the fall of Constantinople to the Turks in 1453, land trade routes from Western Europe to Asia were either blocked or became too expensive or dangerous.

But trade with India, China and Japan was a siren call that Europeans could not resist. Great wealth awaited anyone who could go to the East and bring back the luxury goods (e.g. spices, silk, tea, porcelain) that rich Westerners craved.

The world economy was much different then. Western Europe was a poor rural region without much to recommend it to observers guessing the future course of world history. The East was wealthy and the West was poor. Intelligent observers of that day would have expected India and China, centers of wealth, trade, civilization, and urbanization[7] to lead the world in the coming generations. But it was not to be.

Western European governments realized the vast potential for wealth for whomever developed an efficient sea trade route with India, Japan and China. Explorers hoping to become rich and famous while converting heathens to the Catholic faith were willing to take the risks demanded by their sovereigns. Europeans accidentally stumbled across two large continents blocking the intended western route to Asia, but it all worked out in the end, at least for Europeans. The

[7] In the 1400s, nine of the ten largest cities in the world were in China. http://webs.bcp.org/sites/vcleary/ModernWorldHistoryTextbook/Imperialism/section_3/introduction.html

technologies needed for building and operating large navies that could navigate far from land and cross vast oceans on dangerous missions allowed Europeans to take the lead in world trade and, ultimately, colonial domination.

China, meanwhile, turned inward. In the early 1400s, China had the biggest fleet of ships the world had ever seen, and was conducting peaceful trade and naval patrols throughout east and south Asia, even into the Middle East and east Africa. And although some degree of trade continued, China dramatically reversed course in the 1430s, when a new Emperor took power and ended such naval activities. China withdrew upon itself, just as Europe was about to globalize. By 1500 the Chinese navy ceased to exist.[8] The confluence of these two events affects world history even today.

Colonial History

China prospered in the 1700s as "the center of the world economy,"[9] profiting immensely by the trade in its luxury goods in exchange for silver from Europeans. Alarmed at the trade imbalance involving a constant outflow of their money to China (this will be a recurring theme), Europeans came up with something else to trade instead of silver: opium. Its intoxicating and addictive qualities made it popular with many of the common folk, but outraged the rulers as they saw the social destruction it was causing. The Chinese government tried to ban the drug, but were forced by British military might in 1839 to give in to Western demands.

Thus began what Chinese refer to as the "Century of Humiliation," and it all started with foreign trade. Although the entire nation was never fully colonized or annexed by any European power, China was carved up into spheres of influence, and even direct foreign control in some cities, as Westerners forced their way in to take control of China's trade. China had gone from the most powerful and prosperous nation in the world to a weak nation impoverished and humiliated by outsiders. In China's modern-day view, it would not begin to emerge from its humiliation until the Communist revolution in 1949.

(Note: "Formosa" is another name for Taiwan)

Japan learned from the mistakes of China and resolved to follow a different course. Japan industrialized and

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[8] Robert Marks, The Origins of the Modern World: Fate and Fortune in the Rise of the West, p. 48
[9] Asia for Educators, Columbia University http://afe.easia.columbia.edu/main_pop/kpct/kp_imperialism.htm

embarked on a colonial adventure of its own that would match the ambitions of the European colonial powers, but would end tragically in atomic fireballs in 1945.

Japan's first significant extra-territorial efforts were the colonization of Taiwan and Korea in the 1890s. Their rule was rigorous and often brutal; possibly its only redeeming feature was that it led to a rapid increase in the industrialization of the colonies (for the enrichment of Japan itself, of course).[10] It went on to occupy large parts of China and other parts of East Asia in the decades that followed. Japanese colonial rule ended with the Japanese surrender at the end of World War II in 1945. But the memories of its brutality and aggression continue to haunt relations between Japan and the nations it occupied during those troubled years.

Recent History

Chairman Mao on the 100 yuan note of the People's Republic of China

CHINA

After World War II ended, China's civil war between the Communists and the Nationalists (also known as the Kuomintang or KMT), which had been on hold as they fought the common Japanese enemy, resumed again. The Communists, led by their Party Chairman Mao Zedong, drove the KMT from power and forced their evacuation offshore to the island of Formosa, better known as Taiwan. The KMT continued to maintain its position that it was the sole legitimate government of all of China, but as the decades passed with the KMT controlling only a small island with a tiny percentage of the people, that view became more and more untenable. More about Taiwan below in a separate section.

Chairman Mao set about to build a People's Republic of China that would restore his people's dignity and economy by importing the western philosophy of communism, but with his own doctrinal spin. While Western communists (as in Russia, for example) had focused on urban industrialization, Mao believed that organizing the rural farmers and peasants was the way forward. They had, after all, been the backbone of his support and he had ridden on their shoulders to victory in the civil war.

Although the Communists were able in some ways to improve the lot of the rural poor by eliminating the excesses and corruption of the old regime's rulers[11], Mao's blueprint for rural

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[10] Asia for Educators, Columbia University http://afe.easia.columbia.edu/main_pop/kpct/kp_koreaimperialism.htm. « By the time of the Japanese surrender in August 1945, Korea was the second-most industrialized nation in Asia after Japan itself."

[11] Satya J. Gabriel https://www.mtholyoke.edu/courses/sgabriel/economics/china-essays/3.html

development did not lead to a modern functioning economy. As in other nations that have tried to follow the communist doctrine of government central planning of a nation's economy, communism in China failed to ignite rapid economic development for China's masses. In 1974, two years before Mao's death, China's per capita gross national product was only $300 per year, compared with $810 per year in Taiwan and $6,670 in the U.S.[12]

Things changed after Mao's death. Though the Communist Party still holds a monopoly on political power, they have discarded many of the doctrines that made them "communist" in the first place. Starting in 1978, under the leadership of Deng Xiaoping, China began opening up to foreign trade and private enterprise, slowly abandoning the strict tenets of communism. Deng's famous explanation to justify his changes to communist orthodoxy was: "It doesn't matter whether a cat is black or white as long as it catches mice."[13] China no longer worries too much about Communist orthodoxy – all that matters is economic growth.

Though none dare call it capitalism, Deng's reforms, and their continuation by his successors, have paid off richly for the people of China. Though still without democratic political representation and denied many important human rights, the Chinese people have seen a rapid growth in their economic well being. Per capita GDP in China in 2013 was about $6,800, compared with about $53,000 in the United States.[14] Note the development: In the 1974 figures cited above, China's ratio of per capita GDP to the US was 1/22 – in other words, we could estimate that the average American was 22 times richer than the average Chinese in the 1970s. Today it's 1/6. While still poor compared to the average American, the average Chinese citizen is far better off than he was a generation ago.

TAIWAN

The existence of Taiwan as a competing "Republic of China" has been a thorn in the side of the Communist Party on the Mainland since 1949. The KMT government, led by General Chiang Kai-shek, though opposed to communism, was no beacon of liberty and democracy. Still, until Pres. Richard Nixon visited China in 1972, US policy was dedicated to supporting and recognizing Taiwan as part of the Cold War strategy of opposing communism globally.

Chiang Kai-shek 1887-1975

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[12] World Bank http://documents.worldbank.org/curated/en/1976/01/1561165/world-bank-atlas-1976-population-capita-product-growth-rates

[13] BBC http://news.bbc.co.uk/2/shared/spl/hi/asia_pac/02/china_party_congress/china_ruling_party/key_people_events/html/deng_xiaoping.stm

[14] World Bank http://data.worldbank.org/indicator/NY.GDP.PCAP.CD

The policy shift towards the Mainland was made official in 1979, when Pres. Carter officially extended US diplomatic recognition to the People's Republic of China, with the simultaneous "unrecognition" of Taiwan as the government of China.[15] Congress, wanting to ensure that the US did not abandon its Cold War ally, passed the Taiwan Relations Act (TRA), which declared that it was US policy "to provide Taiwan with arms of a defensive character; and to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan."[16]

In 1982, Pres. Ronald Reagan, in an attempt to overcome obstacles blocking development of closer relations with China, agreed with Chinese leaders on a written policy known as the 1982 Communique. The document promised the Mainland that the US would not increase but instead gradually reduce and ultimately eliminate arms sales to Taiwan.[17] We thus find ourselves in the interesting position of having two conflicting policies in place at the same time: the TRA, which requires US arms sales to Taiwan, and the Communique, which says we are eliminating them.

Meanwhile, after the separation from the Mainland in 1949, Taiwan went on to develop a modern industrialized economy with large export and import trade, notably with the U.S. and Japan. Per capita GDP in Taiwan as of 2012, at $38,200, is the same as Belgium, and far higher than the Chinese mainland ($8,500).[18]

Taiwan began developing democratic institutions and increasing respect for civil liberties after the death of Chiang Kai-shek's son and successor, Chiang Ching-Kuo, in 1988. Taiwan had its first fully open parliamentary elections in 1992 and first directly elected president in 1996.[19] While China wants unification with Taiwan, most Taiwanese are fearful that they would lose their economic system and political freedoms by such a move.[20] United States policy recognizes "One China," with Taiwan part of the "One China," but maintains that any changes to the status quo situation with Taiwan must be negotiated peacefully and without coercion. "Not recognizing the PRC's claim over Taiwan or Taiwan as a sovereign state, U.S. policy has considered Taiwan's status as unsettled. With added conditions, U.S. policy leaves the Taiwan question to be resolved by the people on both sides of the strait: a 'peaceful resolution' with the assent of

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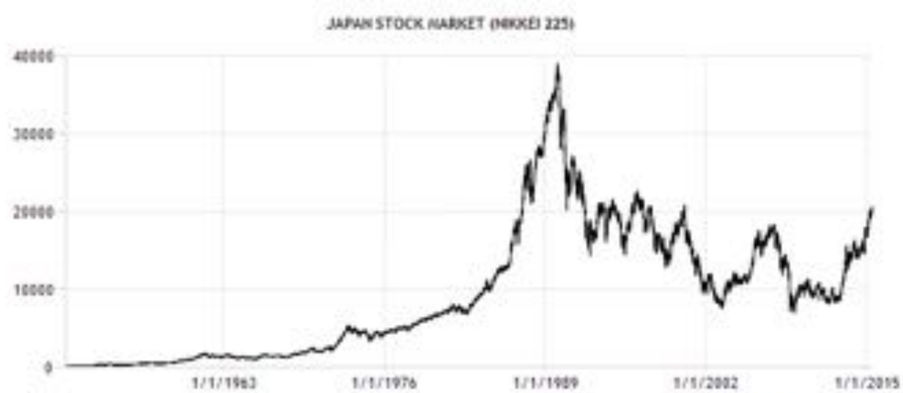
[15] US State Department https://history.state.gov/milestones/1977-1980/china-policy
[16] US State Department https://history.state.gov/milestones/1977-1980/china-policy
[17] US State Department https://history.state.gov/milestones/1981-1988/china-communique
[18] Index Mundi http://www.indexmundi.com/g/r.aspx?v=67
[19] Reuters http://www.reuters.com/article/2011/12/13/us-taiwan-election-timeline-idUSTRE7BC0E320111213
[20] Denny Roy, The National Interest http://www.nationalinterest.org/feature/collision-course-the-looming-us-china-showdown-over-taiwan-12293 "Opinion polls show that Taiwan's sense of a separate national identity from mainland China is increasing. While a great majority have long favored the status quo of de facto independence over immediate unification, a majority now oppose even eventual unification."

Taiwan's people and without unilateral changes. In short, U.S. policy focuses on the process of resolution of the Taiwan question, not any set outcome."[21]

JAPAN

As noted earlier, Japan industrialized in the 1800s and pursued a policy of colonial expansion. Japan viewed colonialism as a necessary reaction to the growth of its population requiring more space in which to live, as well as Japan's own lack of natural resources needed to fuel industrial growth. But Japan's defeat in World War II left its industrial base in ruins and its colonial empire terminated.

Japan had social and cultural assets that allowed it to quickly rise from the ashes. With a well-educated population, technological know-how, and cultural values that promoted hard work and savings, Japan was able to rebuild its economy within one generation after the end of the war. "Despite the obstacles placed before it in the aftermath of the war and its relative lack of natural resources, Japan was able to advance its economy at an incredible rate from the 1950s to the 1980s by investing wisely and substantially in its manufacturing sector. At its highest point, investment in capital equipment in Japan equaled over 30% of its GNP. The impact of smart investment was matched, or possibly even exceeded, by the productivity of the Japanese workforce, and the inventive and strategic savvy of Japanese companies, particularly in the areas of auto manufacturing and consumer electronics."[22]



Japanese stock market 1950 - 2015
http://www.tradingeconomics.com/japan/stock-market

But the boom times could not last forever. A "bubble" — created by over-reliance on credit, stock market speculation, and investments in real estate at wildly inflated prices — was

[21] Shirley Kan, Congressional Research Service https://fas.org/sgp/crs/row/RL30341.pdf
[22] http://www.japaninc.net/history-of-the-modern-japanese-economy/

unsustainable. It all started crashing when the Bank of Japan raised interest rates in 1989. Japan is still struggling today to recover from the impact of these events.

While the US was Japan's ally and trade partner, and the US welcomed Japan's economic resurgence, American manufacturers began noticing in the 1960s that they were losing market share to their Japanese competitors. For example, US automobile producers' productivity was declining while Japanese efficiency was improving. At the same time, the US was pursuing a more open global trade policy, which meant American manufacturers were facing more and more direct competition at home as well as abroad. American manufacturers could have responded by improving their productivity and meeting the competition head-on. Instead, they responded by asking the US government to adopt trade policies that would block the competition. "The 1970's exposed the widespread mismanagement within the U.S. automobile industry as the Big Three continued to produce large, fuel-guzzling behemoths despite the huge increases in the price of gasoline as a consequence of the OPEC oil embargo of 1973 and the drastic production cuts by Saudi Arabia and Iran (the latter due to internal political turmoil) in 1979-80. The consumer market logically switched to the smaller, cheaper, and much more fuel-efficient Japanese cars. By 1980, the Japanese held 25% of the U.S. domestic automobile market. Remarkably, it was the Japanese growing market share and not the U.S. producers ineptitude that was blamed for the declining profits and increased unemployment in the U.S. automobile industry."[23]

While Japan followed some "voluntary" automobile export quotas in the early 1980s, and half-hearted agreements about automobiles were reached in the 1990s, the issues became buried with both nations' entrance into the WTO, which severely limits actions that nations can take to restrict trade against fellow members.[24]

Many American political and business leaders today believe that Japan, despite WTO membership, is still putting up market access barriers to foreign businesses exporting to Japan. "However, during the last decade, U.S. and Japanese policy leaders seem to have made a deliberate effort to drastically reduce the friction that prevailed in the economic relationship during the 1970s, 1980s, and the first half of the 1990s. On the one hand, this calmer environment has stabilized the bilateral relationship and permitted the two countries to focus their attention on other issues of mutual interest, such as national security. On the other hand, as some have argued, the friendlier environment masks serious problems that require more

[23] Donald Katzner & Mikhail Nikomarvo p. 12
http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1052&context=econ_workingpaper
[24] Donald Katzner & Mikhail Nikomarvo p. 32

attention, such as Japan's continuing failure to resolve long-standing market access barriers to U.S. exports. Failure to resolve any of these outstanding issues could heighten friction between the two countries."[25]

SOUTH KOREA

Hyundai automotive manufacturing plant, Montgomery, Alabama.
A large S. Korean investment in the United States.
http://www.hmmausa.com/

At the end of World War II, the Soviet Union and the United States occupied the northern and southern halves, respectively, of the Korean Peninsula, having captured it from the Japanese. Unable to agree on a unified system of government for Korea, they divided it into two separate countries: North Korea (the Democratic People's Republic of Korea) and South Korea (the Republic of Korea). At the end of World War II, North Korea was more highly developed economically thanks to higher levels of Japanese industrialization during the colonial period in the North compared to the South. But this advantage did not persist.

North Korea became a communist dictatorship largely closed off to the rest of the world and heavily trade-sanctioned by the US and other nations for its nuclear weapons program. Its people are desperately poor, with famine and starvation a constant threat due to government mismanagement of the economy.[26] While it might be tempting, Affirmative debaters cannot topically change US policies toward N. Korea due to the wording of the resolution.

South Korea is a different world. It endured the oppression of Japanese colonization, the carnage of World War II, and then the devastation of the Korean War (1950-1953) against its brethren to the north and China. But since the 1950s South Korea, like Taiwan, has embarked on a peaceful industrialization that has led to rapid economic growth as well as, since the late 1980s, the opening of political freedoms and respect for human rights.

Until 1960, South Korea tried industrialization and modernization through heavy government intervention in the form of high tariffs to block import competition and lots of government subsidies to domestic industry. The policy failed and was replaced when a new government

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[25] William H. Cooper, Congressional Research Service https://www.fas.org/sgp/crs/row/RL32649.pdf
[26] Jordan Weissman, THE ATLANTIC http://www.theatlantic.com/business/archive/2011/12/how-kim-jong-il-starved-north-korea/250244/

implemented “export promotion” as the national objective. Contact with — and competition against — the broader world markets forced Korean industries to become more efficient.[27]

“South Korea’s development over the last half century has been nothing short of spectacular. Fifty years ago, the country was poorer than Bolivia and Mozambique; today, it is richer than New Zealand and Spain, with a per capita income of almost $23,000.”[28]

The most important event in U.S. trade policy toward South Korea is the signing of a Free Trade Agreement (also known as KORUS FTA) by Pres. Obama in 2011, which took effect in March 2012.

“With the KORUS FTA now in force for over two years, focus has shifted from the debate over its passage to its implementation, economic impact, and effect on future U.S. FTAs. Some U.S. companies have argued that certain aspects of the KORUS agreement are not being implemented appropriately, citing issues related to rules of origin verification, express delivery shipments, data transfers, and pending auto regulations. In addition, a widening trade deficit with South Korea since the implementation of the agreement has led some observers to argue the agreement has not benefitted the U.S. economy, but it is difficult to distinguish the KORUS FTA’s impact on U.S.-South Korea trade patterns from the impact of other economic variables.”[29]

[27] Economic History Association https://eh.net/encyclopedia/the-economic-history-of-korea/
[28] Marcus Noland, FOREIGN AFFAIRS https://www.foreignaffairs.com/articles/south-korea/2013-12-06/six-markets-watch-south-korea
[29] Williams, Manyin & Jurenas, Congressional Research Service https://fas.org/sgp/crs/row/RL34330.pdf

6. The Status Quo of East Asia Trade

From US-China Perception Monitor.[30]

We offer here a discussion of general trade policy issues that will come up in multiple debate rounds. A good general knowledge of these issues will help you in many rounds no matter what specific countries are being discussed.

What is Trade?

Trade is "the activity or process of buying, selling, or exchanging goods or services."[31] When it is performed in the normal course of events as a voluntary transaction[32], economists describe it as a mutually beneficial exchange in which both parties engage because they each believe they will be better off giving up what they have for what the other party has.

[30] US-China Perception Monitor, "U.S. Launches New Trade Challenge Against China," February 12, 2015. http://www.uscnpm.org/blog/2015/02/12/u-s-launches-new-trade-challenge-against-china/
[31] Merriam-Webster. http://www.merriam-webster.com/dictionary/trade
[32] Examples of non-voluntary exchanges would be things like slavery, extortion, theft, or blackmail, which are either not mutually beneficial or not voluntary or both.

You have probably done this many times without thinking about it. If you want a cup of coffee at a high-end store, you give up $5 in exchange for the large cup of coffee because you believe your happiness or satisfaction would be better if you had the coffee rather than the $5. The store voluntarily gives up to you the cup of coffee because the store owner believes he would be better off having $5 than having the coffee beans and hot water.

The possibility of trade allows for great increases in human prosperity and well-being that would not otherwise occur if each person, family, or village had to produce itself all of the things it consumed. Part of what made the "Dark Ages" dark after the collapse of the Roman Empire in the West was the loss of trade opportunities that vanished when Roman transportation systems and routes were no longer maintained. Because individuals are limited in their lifetime capacity to learn technological or craft skills, and because regions are limited by the specific resources that exist locally, without trade a region can only produce things that are within the skills of the local residents using the natural resources available only in that region. Without extensive trade, most of the things we rely on for our daily lives would not be available, and our lifestyles would of necessity revert to subsistence agriculture and basic handicrafts, like in the Middle Ages.

Trade, Not Aid

In my experience, both as a debater and coach, whenever a "foreign trade" resolution is announced, a small minority of Affirmative debaters will attempt to run plans about "foreign aid." Foreign aid is a fascinating subject and well worthy of a policy resolution someday. But if the policy involves the U.S. government giving money or things to another country for nothing in return, that's aid, not trade, and it's not topical.

Who is Trade?

News articles, pundits, and even economists when speaking in generalities, often talk of trade as if it were conducted between national governments or entire nations. For example: "Australia trades raw minerals to Japan for large amounts of earnings, while Japan trades technology such as televisions, computers and cars."[33]

But does the government of Australia collect up raw materials, send them to the government of Japan in Tokyo, and then the government of Japan in exchange sends a boat load of cars to Australia? Not at all. In this example, the raw materials would be produced by mining companies run by private individuals and probably owned by stockholders. A raw material company (let's say a producer of iron ore), negotiates by letter, on the phone, or on the internet, with a private

[33] https://en.wikipedia.org/wiki/Australia%E2%80%93Japan_relations

company in Japan that wants to use iron in its manufacturing process. They agree on a price and the Australian iron producer then contracts with a shipping company to transport the iron to Japan, while the Japanese company sends the funds through a bank for currency conversion, and ultimately into the bank account of the Australian iron producer. Ultimately, in this example, the end purchasers of the imported iron are the Japanese consumers who buy the manufactured products containing the iron.

And in reverse, the Japanese cars are manufactured in response to demand from Australian consumers who go to the dealers' showrooms and ask to buy a Honda or a Toyota. In response to their demand, those private Japanese companies' manufacturers make the cars and ship them to Australia, where they go on sale, and individuals buy them. Trade is thus, ultimately, a set of transactions between individuals and corporations, not a decision made by any legislature or government.[34] The sum total of all of these private decisions can be aggregated into general statements or statistics about "Japan's trade" or "Australia's trade."

This leads to a possible analysis of trade, not as a government decision, but as a personal freedom and a human right. If my property is truly and legally mine, normal notions of ownership and human rights would indicate I have the right to trade my property to anyone else in exchange for any property they legally own. And the fact that they live on the other side of a border, rationally, should play no role at all in the moral calculus of my exercise of that right. If it's mine, I have the right to trade it with whomever I want to, and who has the moral right to stop me? Or the right to tell me I may trade with this person (on this side of the border), but not with that person (on the other side of the border)? This view of trade as a human right based on the right to own property calls into question all legal restrictions on international trade as a possible violation of human rights. Governments don't view it that way, but some philosophers do.[35]

Governments normally like to control their borders in order to maintain control of who and what go in or out, for all the usual reasons of national security and national sovereignty. Some of the controls are on items considered contraband, like narcotics, firearms, radioactive nuclear materials, etc., and it's not hard to imagine why governments would want to tightly control cross-border movements involving trade in such things.

[34] With two possible exceptions: 1) when a government itself is purchasing a product, like military equipment, for government usage; 2) when the business entity is owned by the government but functioning in the market like a private business (like Amtrak or the Postal Service in the U.S. or State Owned Enterprises in China)

[35] James A. Dorn. "The fundamental right to be left alone to pursue one's happiness is inseparable from the rights to private property and free trade. If Congress is to uphold the Constitution, then the right to use one's property and to trade it for mutual gain needs to be given the same priority as the rights to free speech and association." http://www.cato.org/cato-handbook-policymakers/cato-handbook-congress-policy-recommendations-105th-congress-1997/trade-0

Tariffs on Foreign Trade

But assuming we're not discussing exceptionally dangerous or illegal items, what sort of restrictions do governments place on cross-border trade? The most traditional one is a "tariff," or simply a tax on the product as it crosses the border, normally on imports and almost never on exports.[36]

1. Revenue Tariffs

After the American Revolution, the new United States used import tariffs as a source of revenue to run the daily budget of the federal government. In 1795 tariffs provided 95% of all federal revenues and continued to be a substantial percentage of the federal budget until the income tax was enacted in 1913. Today, however, tariffs provide about $25 billion per year, or only about 1.2% of total federal revenues.[37] Nobody today considers tariffs a viable way to raise significant revenue for the US government.

"Hence the undertakers of a new manufacture have to contend not only with the natural disadvantages of a new undertaking, but with the gratuities and remunerations which other governments bestow. To be enabled to contend with success, it is evident, that the interference and aid of their own government are indispensable."
- Alexander Hamilton 1791

2. Protectionism

In addition to raising revenues, some of the Founders (e.g. Alexander Hamilton) advocated for high import tariffs for the purpose of protecting American industries from overseas competition. Hamilton's argument was that because America was a new, underdeveloped country whose "infant industries" had not had time to reach maturity and competitiveness, they needed to be "protected" for a while by high tariffs.

"Protectionism," or the use of high tariffs as a barrier to foreign competition with domestic industries, is quite simple: Tariffs raise the price of imported goods, making them more expensive compared to domestically-produced items. Consumers thus are more likely to purchase the (artificially) cheaper domestic item, thus growing the industrial base and employment in domestic industry.

And other industries who are not "infants" might also want such protection. Industries that have fallen on hard times (think US automakers in the 1970s and '80s) sometimes lobby their

[36] The US Constitution bans all taxation on exports. "No Tax or Duty shall be laid on Articles exported from any State. » Article 1 Section 9. This doesn't, however, prevent Congress from simply banning something from being exported, which it often has done. It's rare for other countries to impose export taxes because exports are generally viewed as good for the economy, so governments are loathe to discourage them. That theory itself is debatable.
[37] Robert Carbaugh, INTERNATIONAL ECONOMICS, p. 140

governments for higher tariffs on foreign competitors in the belief that blocking the competition will give them time to regroup and become more competitive. Or, at the very least, preserve what jobs and market share remain and not lose any more.

The downsides to protectionism are several. First, the "infant industries," never having to compete squarely against others in the market, often never "grow up." They will always have some reason why the protection must continue indefinitely. And mature industries that ask for protection often do so because it is easier than fixing the issues that made them uncompetitive in the first place. Why spend millions of dollars on more efficient equipment when you can just ask Congress to block the competition?

And let's not forget who is paying for this protection: The consumers. Remember them? They are the millions of folks whose pockets are being picked by the artificially higher prices they are forced to pay due to the imposition of the tariff. Protectionist tariffs are in some ways a giant transfer of wealth from millions of consumers to a few domestic producers.

Rep. Willis Hawley and Sen. Reed Smoot, 1929

The most famous "protective" tariff in US history was the infamous "Smoot-Hawley" tariff of 1930. Enacted as the Great Depression was wiping out jobs and business all across America, its goal was to raise tariffs high enough to discourage imports, thus redirecting consumer demand to American goods and preserving jobs. Many historians, however, believe it worsened the Depression because of its easily predictable side effect: foreign government retaliation. Other nations quickly reacted to Smoot-Hawley by enacting high tariffs of their own, so American jobs in export industries evaporated quickly.

3. Level Playing Field

Another reason for tariffs in some industries might be to offset subsidies given by foreign governments to their own exporting industries. For example, if a foreign government provides its car exporters with a 10% subsidy, they can sell the car 10% cheaper in the United States than an equally competitive American company could sell it for. One could argue in that case that a 10% protective tariff is only "leveling the playing field," and isn't violating any genuine principle of competition. (See the Hamilton quote above, where, in addition to "new manufacture," a.k.a. infant industries, he was also concerned about the "gratuities and remunerations which other governments bestow.")

When a government subsidizes its domestic industry to the point that it can export goods abroad for less than the fair market value, and in some cases less than it costs to produce them, this practice is known as "dumping." Why would a government incur such a cost and encourage a business to sell its product for less than it cost to make it? Normally it would be done as a short-term tactic to gain market share and drive foreign competitors out of business in their own domestic market. Later, when the higher priced competitors are out of business, the dumping government will end the subsidy and its industry will raise its prices, having cornered the market.

Some would argue that this is nothing to worry about. After all, if, say, China wants to subsidize some product and send it to America at below its market price, that's a gift of free money from Chinese taxpayers to American consumers. Wouldn't we be crazy to turn down free money?

Factory in Yutian, China. How much would Chinese goods cost if their factories had to follow the same environmental rules as U.S. factories? http://www.boredpanda.com/pollution-china/

Today, many are worried about unfair competition of US manufacturers against products produced in countries that have little or no labor safety standards, no environmental rules, etc. If an American industry must spend extra money to treat its pollution and avoid discharging it into the environment, while a similar factory in China can pollute the air and water without restriction, it seems obvious that the Chinese and the American manufacturers are not competing on a level playing field.

Could a tariff be justified in order to raise the price of imported goods up to the point where its price is judged to be equal to the same good produced under the same conditions domestically? Or a tariff exactly equal to the foreign government subsidy? Who is qualified or knowledgeable enough to know all the variables that would go into such a calculation? Would the harm to consumers from higher prices be enough to offset the benefits, if any, of the tariff? What to do about potential "playing field" discrepancies is a topic that you will likely debate this year.

4. Retaliation

As the Smoot-Hawley example above illustrated, sometimes countries that have low tariffs will on an exceptional basis raise a high tariff on some specific good or on all goods from some specific country in retaliation for the target country's bad behavior. The World Trade Organization (WTO, about which more later) has a dispute mechanism that allows a country to retaliate with high tariffs against a trade partner who is using tariffs or other mechanisms to tilt the playing field in their favor.

Non-Tariff Barriers

US Customs & Border Protection inspecting imported flowers

Other means exist besides tariffs to influence the quantity of foreign goods entering the domestic market and competing with domestically produced items. These "non-tariff barriers" can be done officially and openly through transparent legislation (e.g. quotas), or through more subtle means as we will discuss below.

Quotas

One form of quotas (an "absolute quota") is simply a numerical limit on the number of items allowed to be imported in a given year. There is no special tariff applied, but once the limit is reached, then no more imports of that item will be accepted. Since they don't raise any revenue for the government, they are typically applied only for protectionist purposes of limiting competition from foreign manufacturers. Another type of quota establishes a normal tariff for everything imported under the quota, then a higher tariff for all the goods beyond the quota. By restricting the quantity of foreign goods entering the domestic market, they have a similar effect as tariffs: raising the price of the imported good and thus making domestic competitors more attractive in the marketplace.

While the US has no absolute quotas in force today,[38] the U.S. does have some tariff-linked quotas on various imported goods, such as raw cane sugar,[39] brooms, milk, olives and tuna.[40]

Regulations

Tariffs are the easy and obvious trade barrier most commonly applied and are the easiest to detect and bargain over in trade negotiations. Countries often bargain away their high tariffs in exchange for their trade partner doing the same, and then wish they still had some way to block those pesky imports that keep trying to compete with their own domestic industries. Countries may resort to unexpected heights of creativity to find excuses for why some imported product cannot be allowed into the country, despite their trade agreement's clear text allowing it. Other times, the regulation may be something understandable within the context of national culture, but having the effect of blocking other nations from being able to send products in that would meet their standards.

[38] Customs & Border Protection http://www.cbp.gov/trade/quota/guide-import-goods/commodities
[39] https://ustr.gov/about-us/policy-offices/press-office/press-releases/2014/September/USTR-Froman-Announces-FY-2015-WTO-Tariff-Rate-Quota-Allocations-for-Raw-Cane
[40] Customs & Border Protection http://www.cbp.gov/trade/quota/guide-import-goods/commodities

A good recent example: Japanese sanitary regulations on imports of fresh cut flowers. The Japanese government set up a rigorous safety and sanitary inspection that took 11 days for them to get through customs inspection (by contrast, the same flowers would take only 5 days to get through US customs). Of course, by that time the flowers would have deteriorated and been of such low quality that they could not be sold.[41] While not advertised as an explicit barrier to imports, it certainly had the effect of artificially boosting domestic Japanese flower producers by imposing a non-tariff barrier to competing imports.

Trade Sanctions

Raising a tariff might be the mildest form of sanction for some mildly undesirable behavior on the part of a trading partner. For more egregious misbehavior, trade sanctions can take harsher forms. For example, Congress imposed a ban on export of certain items to the People's Republic of China after its brutal crackdown on pro-democracy protestors at Tiananmen Square in 1989.

The U.S. has extensive trade sanctions against import and export trade with Iran, attempting to punish that country for its nuclear program many believe is intended to produce an atomic bomb. Similar sanctions exist against trade with North Korea, also because of its nuclear weapons program.

There has been much debate over the years as to whether trade sanctions are an effective means of influencing a foreign country to comply with our desired policy. Some say sanctions can be successful in some cases, and point to the lifting of the racist apartheid policy in South Africa after many years of sanctions damaged the economy and international reputation of the white minority government. Others argue that sanctions only harm the common people who lose their jobs or can't get consumer goods needed for daily survival, while the rulers live comfortably and are not personally affected. They may even harden the resolve of the target state by giving the rulers a foreign entity to blame for any economic troubles they experience, thus uniting the suffering people against the common enemy.

Export Controls

In addition to obvious military equipment like guns and rockets, the US imposes other trade restrictions on things that could theoretically be used in a military context even if that is not their intended or immediate use. A good example is the recent federal action to block export to China of a U.S. supercomputer.[42] So-called "dual use" items, goods that have a legitimate industrial or

[41] Lan Liu and Chengyan Yue. http://ageconsearch.umn.edu/bitstream/50087/2/LiuYue.pdf
[42] Wall Street Journal http://www.wsj.com/articles/u-s-agencies-block-technology-exports-for-supercomputer-in-china-1428561987

consumer use but could also help a foreign enemy increase its military capability, are restricted by Export Controls. Companies who produce certain high-tech items have to get exports of those items reviewed by the federal government before they can be exported to certain countries (e.g. China).

Some believe export controls are an effective way to prevent enemies or potential enemies (and you can debate whether China is either of those) from developing advanced weapons that could ultimately be pointed back at American troops someday. Others say that export controls are mostly useless because anyone could obtain pretty much equivalent technology off the shelf at Radio Shack, or from some European or Japanese competitor. Meanwhile, American businesses lose jobs and money as foreign suppliers replace them on world markets.

Arms Trade

The US is the number one world dealer in military equipment, accounting for 31% of all arms exports worldwide.[43] The U.S. doesn't sell arms to China, due to sanctions imposed after the 1989 Tiananmen Square incident, but we do sell them to S. Korea, Japan and Taiwan.

Arms sales to Taiwan are particularly controversial due to the troubled political situation between China and Taiwan. China views Taiwan as a breakaway province of China that is improperly trying to conduct its own foreign policy. Imagine if Hawaii built its own army and navy, bought weapons from other nations, and established its own form of government different from the rest of the USA, and you could imagine the view of the leaders of the People's Republic of China toward Taiwan. Taiwan, on the other hand, has never politically been a part of the People's Republic of China and has its own democratically elected government. Taiwan also has a much higher economic standard of living than Mainland China, while also upholding respect for democracy and human rights for its citizens, in stark contrast to the one-party dictatorship of China. Since they have never been part of the People's Republic of China, they don't view themselves as breaking away from anything, and believe they have a right to defend themselves like any other people.

The United States is obligated by the Taiwan Relations Act to sell Taiwan any military items necessary for its defense. US policy is that there should be no change to the status quo (where Taiwan effectively, if not officially recognized by other nations, has independence from the mainland) without the consent of both parties, and that the US would probably intervene militarily to defend Taiwan if China should take any violent actions to change that status quo.

[43] http://rt.com/business/241005-russia-second-arms-exporter/

US arms sales to Taiwan in furtherance of that policy always trigger angry reactions from China. In the past, the US could safely ignore them. Today, however, with China's economic and military influence on the world stage growing as never before, many analysts wonder how long the US can afford to ignore China's anger. The US has no treaty with Taiwan obligating us to come to their aid, and Congress could amend the Taiwan Relations Act at any time. Is it worth the risk to our relations with China to go on defending an island that, militarily, may not be defensible if China wants to take it badly enough? You may be debating both sides of that question this year, as you will likely see affirmative plans to either increase or decrease US arms sales to Taiwan.

The World Trade Organization

The World Trade Organization, or WTO, was established in 1995 and currently consists of 161 nations.[44] Countries must agree to follow its rules in order to join, and its rules are generally designed to reduce barriers to trade, although WTO adjusts its rules in many cases to take into account special circumstances of lesser-developed countries.[45]

WTO also has dispute resolution mechanisms, where a country that believes it has been the victim of a trade practice in violation of WTO rules can call out the offending nation and demand it stop its bad practice. If the WTO panel agrees, the offender must change its trade policy, "or else." The "or else" can include authorization by WTO for the victimized trade partner to impose retaliatory tariffs on goods exported by the offender.[46] For example, at the time of this writing, Canada and Mexico are in the process of receiving WTO permission to impose retaliatory tariffs against the United States. They're upset because of an imported meat labeling law that Congress passed a few years ago, in which the meat labeling requirements (a possible "non-tariff barrier" in the form of a regulation either designed to or having the effect of discouraging imports) exceed those agreed to under WTO rules.[47]

Affirmative teams can fiat that Congress does some trade policy even if it violates WTO rules. Negative teams cannot argue that the changes won't happen – the WTO doesn't override the sovereignty of Congress over American trade law. However, if an Affirmative does enact a plan that the Negative team can prove would run afoul of the WTO, Negatives can argue that the

[44] https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm. You can find the WTO member list at this website.
[45] https://www.wto.org/english/thewto_e/whatis_e/what_stand_for_e.htm
[46] https://www.wto.org/english/thewto_e/whatis_e/tif_e/disp1_e.htm
[47] http://www.agri-pulse.com/Canada-seeking-3-billion-in-retaliatory-measures-in-COOL-dispute-06042015.asp

disadvantages of breaking WTO rules and therefore inviting foreign trade retaliation would outweigh the benefits of whatever the Affirmative is doing.

"Balance of Trade" and "Trade Deficits"

These are some terms you will hear frequently and you need to understand them well in order to debate effectively this year. "Balance of trade" refers to the sum of a nation's exports compared to its imports. If a nation exports more than it imports, its balance of trade is described as a "trade surplus." If it imports more than it exports, it is said to have a "trade deficit."

Don't confuse a "trade deficit" with the "federal deficit." The "trade deficit" is the difference between all the individual decisions of consumers and producers in the market place who are buying and selling, importing and exporting, when the import total exceeds the export total. It's the result of millions of private economic choices made by individuals and corporations. No one decides or votes on what the trade deficit will be. By contrast, the "federal deficit" is the difference between how much money the federal government takes in compared to how much it spends. The excess government spending above revenue collection is the federal deficit. It's the result of a political decision made by Congress voting how high taxes will be and voting how much they will spend in the federal budget. The sum total of all the federal deficits accumulated since George Washington is the national debt.

To further understand the trade deficit, consider the simplified model below, in which there are only two products being traded between the US and Japan, cars and grain.

At this point, we would say the US has a $10,000 trade deficit with Japan, while Japan has a $10,000 trade surplus. Is that good or bad for either Japan or the US? If consumers in both countries equally got exactly what they bargained for, is there a problem here to be solved?

Many economists would say, Yes! The problem is that the Japanese economy has benefited at the expense of the US economy because of the relatively more jobs created in Japan by the $20,000 spent on their cars, compared to only $10,000 that was spent in the US economy. To simplify the model, assume that every $10,000 spent in the economy requires 1 employee to produce the goods. In the picture above, 2 jobs were created in Japan (at the car factory) by this trade, and 1 job was created in America (at the farm).

Currencies trade on world markets as their values fluctuate day by day. Exchanging currency between countries is, itself, a form of foreign trade.
http://forexreviewjournal.com/tag/make-money-via-forex-trade

Imagine what would have happened instead if American consumers had spent just half their money on American cars instead of Japanese cars (in this example, they could have bought 1 Japanese car and 1 American car). There would have been no trade deficit, and the result would have been that half the jobs created in the Japanese automotive industry would have been created in the US automotive industry instead. In this illustration, it appears that our $10,000 trade deficit has cost the US 1 job. In the alternative, imagine if the Japanese consumers had bought $10,000 worth of grain plus some other product made in the U.S., let's say a $10,000 airplane. That other purchase would have used up the surplus, created a job in the US, and balanced things out. Why didn't the Japanese consumers do that? Was it because they couldn't find anything in the US worth buying? Or was it because the Japanese government and industry put up barriers to the importation of American products into Japan?

Not so fast, reply another batch of economists. Maybe we've stopped the scenario too soon, because we haven't yet considered what happens next. Since US dollars are not legal currency in Japan, what do they do with the $10,000 in trade surplus cash? They can't spend it in Japan, so instead they must spend it somewhere that takes US dollars. While there are some international places to spend it that would do so,[48] the most logical place where most of that money will end up is in the United States. And, indeed, it does, as the chart below shows.

[48] Oil, for example, is priced on international markets in dollars, so a Japanese customer could buy oil from Saudi Arabia with those dollars. In addition, a few countries like Panama and El Salvador use the US dollar as

Interesting, reply the first economists, but that doesn't mean the problem is solved. First, not all the money comes back, since some of it is held in foreign banks as reserve currency (used as a medium of trade between other nations trading among themselves and pricing their exchange in dollars). Second, dollars coming back in Treasury bonds are not the same as dollars coming back to buy airplanes or grain. These dollars aren't creating jobs by employing anyone to manufacture anything.

Certainly they are, reply the second economists. The federal government immediately spends those deficit dollars in the US economy by paying the salaries of government employees and military servicemen, sending out Social Security checks to retirees, buying fighter jets and naval ships from defense contractors, and sending food stamps to the poor. All of that money goes directly into the US economy, and it must be creating jobs somewhere. And imagine if those Japanese investors stopped buying US bonds. The government would have to offer higher interest rates to attract other investors, and if interest rates go up, it will slow down job creation in the US economy by making business growth harder to finance.

Well, this will go on and on, but you see the point. There is a lot of debate about whether trade deficits are harmful, irrelevant, or even beneficial. Learn all sides of this issue, because I'm sure you will get to debate it many times this year.

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their currency. The Japanese could also take it to the bank and trade it for yen. But in that case (or in the case of the Saudi oil trade), the bank (or the Saudis) will spend or invest it in the US, under this theory.

Currency Valuations

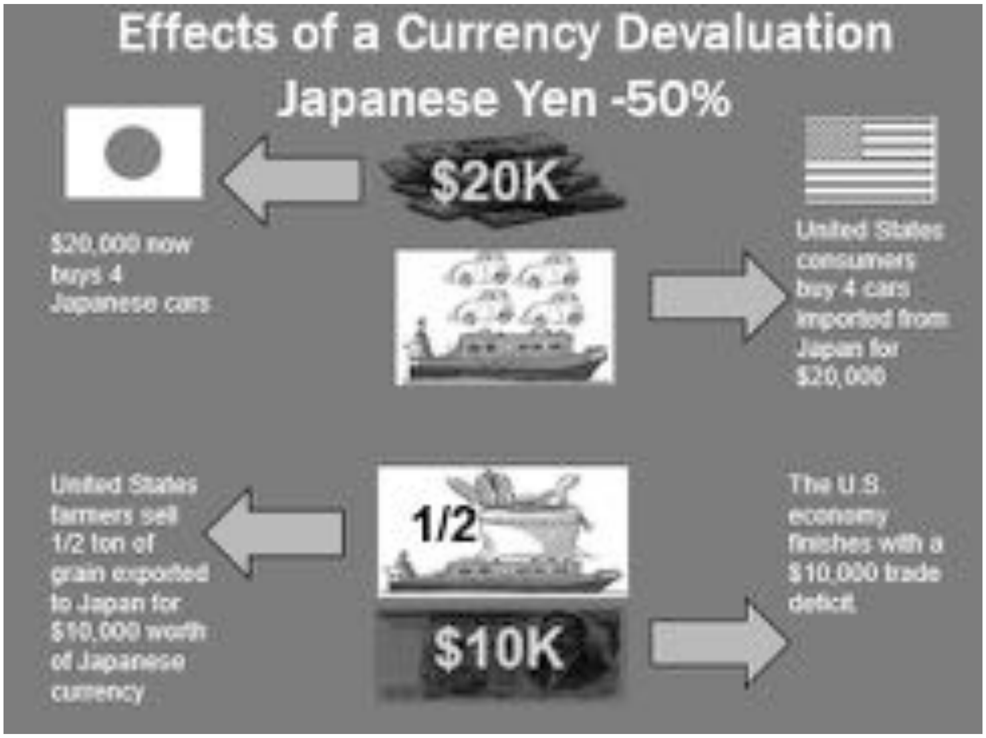
Because of their complexity, we left currency conversion issues out of the charts above. Let's deal with them now. As you surely know, foreign trade often involves trade between countries who ordinarily don't use the same currency. One of the reasons many countries in Europe decided to form their single common currency, the euro, was to speed up foreign trade among European trade partners. And the costs avoided, and predictability improved, by eliminating currency conversions among European traders have, indeed, proven beneficial.[49]

But the US and the four Asian countries in the resolution have no common currency, meaning that every time trade occurs between us, currency exchanges must take place. This adds another layer of complexity that must be considered when evaluating trade policies. Nations often have policies designed to influence the value of their currency, in order to affect the balance of trade.

Currencies behave just like any other goods available in the marketplace when subjected to the laws of supply and demand. When the supply of something is high or excessive, or demand for it is low, its price will be reduced. When supply is low, or demand is high, its price will go up. It's easy to understand supply and demand of currencies by doing a thought experiment: What if the US government legalized counterfeiting? The supply of dollars would shoot up dramatically — everyone would print them all the time. But what would happen to their "price" (their value, the amount of goods that they would be traded for)? It would rapidly hit zero. The dollar would become worthless overnight. Their supply would be so big that no one would think they had any value at all.

What does that have to do with currencies and foreign trade? Governments may try to manipulate the value of their currency in order to gain an advantage in foreign trade. Specifically, they may try to rig the market by attempting to devalue their own currency. It seems counter-intuitive that devaluing one's own currency could somehow benefit a country (and there are many economists who believe it doesn't, in the long run). However, you will understand the logic if you look again at the illustration we used earlier about trade between the US and Japan. Let's introduce currency devaluation now before trade starts, whereby the Japanese currency is 50% lower in value. This will change the numbers of what is exported and imported (assuming all else remains the same — perhaps too big an assumption).

[49] Although that is not to say that there are not also disadvantages that occurred as well. However, avoiding currency conversion costs and business risks from currency rate fluctuations have, indeed, been beneficial despite the other issues.



Japanese currency now being worth 50% less dollars than it was before, the price of a Japanese car is cut in half when the buyer is spending US dollars. American consumers, spending the same $20,000 as they did before, can now buy four cars instead of two. What happens, in that case, to jobs in the US automotive industry and in Japanese factories? The US loses two more jobs and Japanese industry gains two more. And look what happens to US exports: since grain is more expensive for customers buying it with Japanese yen, they buy less of it. Perhaps they eat more indigenous Japanese rice instead, since now it will be cheaper than grain. In any case, the US loses half a job here (the full time grain farmer goes to part time, since he only has to do half as much work).

Perhaps the devaluation of the currency was engineered by manipulation of currency markets – in other words, the Japanese government engaged in widespread selling of yen and buying of dollars, making yen more common and dollars scarcer – supply and demand! In that case, Japan could be pursuing a policy of deliberate currency manipulation in order to gain an unfair advantage in its foreign trade. Many economists believe this is exactly what Japan and China are doing or have done extensively in the past.

Many other economists, however, would respond that currency manipulation is not a problem at all, because of a simple economic fact of life: exports are the price of imports. Imagine the scenario above taken to the extreme. Suppose the Japanese saw the benefit to devaluation of the currency and just kept on doing it repeatedly, to the point where the sum total of US trade with

Japan was that we imported 1,000 cars per year and we exported to Japan only a one-pound sack of grain. Would that be a good thing or a bad thing for the United States? Since trade is the sum of individual transactions, what if you as an individual were offered that deal: You give up one pound of grain and someone will give you 1,000 cars. Would you take it?

No doubt you would, and that's the point. If someone is willing to give us a lot of stuff for only a very little in return, we get richer and they get poorer. The money Americans would save in that case, by getting all those cheap cars, would get invested or spent elsewhere in the economy. The grain farmer might not be happy, but then again, maybe many Americans flush with left-over cash that they're not having to spend on cars would buy more donuts or bagels, and his grain sales would ultimately increase as the raw material for the other things people can now afford to buy. The auto factories might go out of business, but again, with all that excess cash not being spent on cars, perhaps Americans buy something else instead that creates jobs elsewhere in the economy. The net benefit to the American economy might be positive, even if some individuals are worse off in the short run.

The problem here is the diffusion of costs and benefits. The auto factory workers know in advance that the policies described above will directly put their jobs in jeopardy. All the other people in the economy who would benefit from cheaper cars, and all the people who might have gotten jobs from the increased economic gains that cheaper cars would have created, do not know who they are. The autoworkers, in this case, have a direct incentive to lobby Congress to enact trade policies to protect them. When benefits are concentrated among a few, and costs are diffused among many, the few will always have that political incentive. The result may be policies that are net non-beneficial to the country as a whole, but beneficial to a small segment who can create enough political pressure.

Free Trade Agreements

"Free Trade" in its ideal form would be a market where there are no tariffs, quotas, or trade barriers between two trading countries at all. Such a market probably does not exist in today's world. The WTO goes a long way towards reducing trade barriers, but sometimes countries want to go further and reduce barriers directly between themselves. To do this, they sign "Free Trade Agreements," sometimes abbreviated FTA.

The US signed an FTA with Israel in the mid 1980s, but hardly anyone noticed. Everyone noticed, however, when the US, Canada and Mexico entered negotiations over the North American Free Trade Agreement, or NAFTA. It became a hot issue in the 1992 presidential campaign. Pres. George H.W. Bush went on to sign the agreement in December 1992 a few weeks after losing re-election. Bill Clinton, who also favored NAFTA, won the election and persuaded Congress to vote for it in 1993. It took effect on Jan 1, 1994. Its results are still hotly debated, with much controversy over whether it has benefited or harmed the US economy (and also debate over whether it has helped or hurt Canada and Mexico as well). But the debate over NAFTA continues even today as the US negotiates other similar agreements, and the same arguments from 1992 are still played out today.

http://freedomoutpost.com/2013/10/far-will-hillary-clinton-2016-go-win-ever-heard-ross-perot/

"We have got to stop sending jobs overseas. It's pretty simple: If you're paying $12, $13, $14 an hour for factory workers and you can move your factory South of the border, pay a dollar an hour for labor,...have no health care—that's the most expensive single element in making a car— have no environmental controls, no pollution controls and no retirement, and you don't care about anything but making money, there will be a giant sucking sound going south."

-- H. Ross Perot, presidential candidate, in 1992 explaining his opposition to the North American Free Trade Agreement (NAFTA)

https://en.wikipedia.org/wiki/Giant_sucking_sound

A real FTA could be written on one sheet of paper, and it would merely say that "we agree there will be no tariffs, quotas or any other trade barriers." Nations with an FTA in place certainly have "freer" trade, but it's hardly "free." For example, the US/S.Korea Free Trade Agreement contains a preamble followed by 24 chapters of text and annex documents with special rules for textiles, medical devices, express delivery services, gambling, insurance, and so on.[50] If 24 chapters of regulation is "free" trade, one can only imagine what regulated trade looks like.

Negotiations over FTAs are always controversial because of many of the issues we have discussed above. When we sign an FTA, we bargain away our right to impose many import restrictions, in exchange for the other nation doing the same. There are experts on both sides of the FTA debate. Some say losing these trade restrictions hurts the US economy and costs jobs, as well as bargaining away our right to negotiate working conditions and labor standards for workers in foreign countries who don't have the same protections as we have.

[50] https://ustr.gov/trade-agreements/free-trade-agreements/korus-fta/final-text

South Korea is the only one of the four nations in the resolution with which the US now has an FTA. But the US is in negotiations with 11 other nations[51] over a proposed new FTA called the Trans-Pacific Partnership (TPP). This agreement is expected to be modeled on the US/S.Korea agreement, and is controversial for all the same reasons that the US/SK FTA and NAFTA were. Changing US policy on TPP would probably put Affirmative debaters into some topicality trouble, since it involves many countries that are outside the scope of the resolution. But you should be aware of TPP and what it is since there are many references to it in the literature.

Summary & Conclusions

As an economics major in college, I (Vance) recall well two old maxims from college days. First, how do you train an economist? Answer: Teach a parrot to say "supply and demand." Second, realize that if you laid out all the economists in the world end to end, they still wouldn't reach a conclusion.

Trade is complex and there are many factors to be considered. Never assume you have reached the end when you have read one analysis, or even two. Always look for alternative views and keep researching.

[51] Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. https://ustr.gov/trade-agreements/free-trade-agreements/trans-pacific-partnership/tpp-issue-issue-negotiating-objectives#