Invisible Hands  
Resolutional Overview by Mark Csoros



NCFCA Lincoln-Douglas debate is going to be fascinating this year. The best debaters will be the ones who are versatile enough to blend economic analysis, value debate, and hard-hitting applications that tug at judge’s heartstrings, so buckle up and enjoy this experience.

By way of roadmap, let’s first go over the difference between free and fair trade, and then look at situations of conflict, where the two sides might clash. We’ll steer clear of pragmatic economic analysis, because you should do your own research in that department. We will close with a section on the values and strategies.

# Free Trade

Merriam Webster defines free trade as:

“trade based on the unrestricted international exchange of goods with tariffs used only as a source of revenue.”

The Encyclopedia Britannica goes into a bit more detail, writing:

**“Free trade**, also called**laissez-faire**, a policy by which a government does not discriminate against [imports](https://www.britannica.com/topic/import) or interfere with [exports](https://www.britannica.com/topic/export) by applying tariffs (to imports) or subsidies (to exports). A free-trade policy does not necessarily imply, however, that a country abandons all control and [taxation](https://www.britannica.com/topic/taxation) of imports and exports.”[[1]](#footnote-1)

Free trade, then, is about allowing market forces to determine *how much* of *which* goods get sold *where*. It’s about letting people make their own decisions as to what they do with their money, and it’s about minimizing government interference into those transactions.

One of my favorite philosophers is a man named Adam Smith, who wrote a lengthy book with a pompous title: *An Enquiry into the Nature and Causes of the Wealth of Nations.* For short, that book is called *The Wealth of Nations,* and it earned Smith the title “The Father of Modern Economics.” Smith outlined a system of transactions that were all governed by the “Invisible Hand” of self-interest. This self-interest wasn’t necessarily greed or unpleasantness, it simply meant that people would spend their time and money in the ways that seemed to bring them the most happiness. I prefer coffee over tea, and I can’t feasibly grow my own coffee or tea, so I’ll buy more coffee and less tea from someone who is able to produce it. America drinks more coffee than tea, and we don’t grow either of them, so we import more coffee than tea from countries who can produce them.

Proponents of free trade argue that the Invisible Hand creates more happiness and wealth than a government that constantly regulates and tries to artificially influence markets.

# Fair Trade

Fair trade is a little harder to define, since you likely see the term in contexts apart from debate. Companies these days like to market products as “fair trade approved,” or “fair trade certified.” I live in Austin, Texas, one of the hipster coffee capitols of the world, and it’s common to see coffee shops boasting of their “Organically Produced, Single Origin, Artisanal, Fair Trade, Hand Roasted, Stone Ground, Nitro Cold Brew Coffee” that costs $37 for 4oz cup. What those companies mean by “fair trade,” usually, is that they have partnership programs with farmers in developing countries to boost the farmer’s quality of life. It works because the farmers get some extra money and benefits, the coffee shop makes extra money, and college kids feel better about spending tuition money on overpriced caffeine. When you google “fair trade,” you’ll find a lot of results about programs designed to help producers in developing countries. But don’t get confused: since this resolution has a government actor, fair trade means something else. Individuals and companies might buy fair trade goods or employ fair trade programs, but governments do not.

In this resolutional context, fair trade is about enforcing equitable trading practices through economic rules and incentives. The most common way of enforcing fair trade is through tariffs, which are simply taxes paid to a government whenever you move goods across international boundaries. Just like regular taxes, tariffs can serve as financial incentives to behave a certain way, or simply serve as revenue streams. If a government puts a 2% tariff on imported goods, they probably just want a little extra cash; if they put a 200% tariff on imported goods, they probably don’t want the good imported. There are other ways to restrict free trade, like quotas (you can only import or export a certain amount of a good), but tariffs are by far the most common in this day and age.

Proponents of fair trade argue that some countries have a leg up in the production of some good and seek to use tariffs or quotas to even out the playing field. In this resolution, because it’s 2018, you’ll talk about “protectionist” tariffs a whole lot. “Protectionist” is a term that means that a government wants to protect a domestic industry from international competition. At this point in world affairs, most meddling in free trade occurs because politicians want to keep foreign goods out, so domestic production can flourish. We’ll talk about protectionism a bit more in the next section, but for now, just know that protectionism is the mindset opposed to unrestricted free trade.

# When in Conflict

I personally believe that free trade and fair trade are rarely, if ever, in conflict. This resolution is begging for a Rez-K (fancy abbreviation for “resolutional kritik”), and I’ll likely end up writing one. That said, we can still identify some areas of conflict or apparent conflict.

## Dumping

Dumping is when a country sells a good at less than the good’s market value.[[2]](#footnote-2) It’s often seen as an attempt to undermine an industry in the buying country by undercutting costs and driving domestic suppliers out of business. To counteract dumping, many countries impose anti-dumping tariffs. These tariffs, under ideal circumstances, raise the cost of the good to fair market value. For instance, if I was selling imported lemonade for 5 cents per cup, and the U.S. market price was 15 cents per cup, my product would be met with a 300% tariff.

## Subsidies

Subsidies are a common way to facilitate dumping. This is when a country gives tax breaks, cash benefits, preferential loans, land grants, or special rules to companies that export goods at dirt-cheap prices. The government money allows the company to sell at a loss, with the end goal being to undercut prices and drive competitors out of business. The response to subsidized exports is called countervailing tariffs, and they’re exactly the same as anti-dumping tariffs, only used in situations of government subsidization of exports.

## Weak Laws

When countries lack minimum wage laws, health and safety standards, environmental regulations, or functioning HR departments, it’s usually very easy to take advantage of workers and produce goods very cheaply. This gives a production advantage to countries that lack regulations, because there are no compliance costs or liability lawsuits to cope with. This can facilitate dumping, as companies from an unregulated country can lower prices when costs are lower. To companies in regulated countries, this seems unfair, since their competitors don’t have to jump through nearly as many costly hurdles to get the product to the customer.

## Currency Manipulation

This one is a bit tricky, so hang with me here. Currency manipulation is when a manufacturing country artificially devalues its currency to make its products “cheaper.” We’ll use China as an example, since China manipulates its currency often, and see a simplified model of how this strategy works.

Let’s assume that the natural exchange rate for the U.S. Dollar and the Chinese Yuan is 1:2, every dollar is worth 2 yuan. But, the value of currency on the international market fluctuates based on supply and demand. If the Chinese government exchanges some of either currency, the prices of the currencies adjust. In this case, China will sell the yuan to buy dollars, increasing the “price” of dollars relative to yuan. Putting more yuan on the market means there’s more supply, decreasing the price. Taking dollars off the market makes dollars scarcer, increasing price. That means that the dollar-yuan exchange rate shifts, perhaps to a 1:4 rate. Now, every dollar will buy 4 yuan. For the average American, this means that Chinese goods are suddenly much more inexpensive. Your paycheck will now buy twice as many Chinese products as it did before, incentivizing you to spend that money on imported goods, instead of domestic goods.

Naturally, domestic suppliers dislike currency manipulation, arguing that it’s an advanced form of unfair subsidization.

## Mercantilism

Whenever you start to research this resolution, you’ll find the word “mercantilism.” Mercantilism is a catch-all term for a strategy that a country (usually one with a state-run economy) uses to boost production and profits. All the tactics mentioned above (dumping, anti-dumping, subsidies, countervailing, and deregulation) can be a part of the grand strategy of a mercantilist country. Mercantilism is always used as a pejorative term, as it should be. Keep in mind, though, that mercantilism is not free trade. It is a deliberate attempt to skew trade by influencing it with clever fiscal and regulatory policy.

# Values and Strategies

On negative, I foresee a lot of very pragmatic cases mixed with the occasional Libertarian-esque value of freedom paired with a criterion about laissez-faire economics. On affirmative, I foresee lots of appeals to the role of the government to write regulations that benefit the people, mixed with quality of life arguments about jobs moving overseas.

Both of those strategies have merit. Negative will definitely have the leg up in sheer data, as there is study upon study about the economic benefits of deregulated trade. Affirmative, on the other hand, has the advantage of several horror stories about nations losing entire industries due to unfair trade practices.[[3]](#footnote-3) Both cases can make relatively convincing quality of life arguments, and QoL may be an effective value when coupled with a strong criterion or contentions that emphasize *how*either side of the resolution pragmatically improves quality of life.

In terms of pure value debate, the clash seems to come from differing perspectives on the role of the government: is the government a benevolent protector with commonsense regulations, or is it a force that exacerbates problems and squashes profits? Or, is the government a benevolent protector by choosing to take a hands-off approach? What does the data support? Are simple profitability and employment rates telling the whole story, or are we sacrificing the most vulnerable workers to fund the expansion of big business?

The intricacies of these questions, plus the combination of value debate and economic analysis, will make for some wildly entertaining debate. Good luck, and enjoy this resolution.

1. The Editors of Encyclopaedia Britannica. “Free Trade.” *Encyclopædia Britannica*, Encyclopædia Britannica, Inc., 17 Jan. 2014, [www.britannica.com/topic/free-trade](http://www.britannica.com/topic/free-trade). [↑](#footnote-ref-1)
2. <https://www.merriam-webster.com/dictionary/dumping> [↑](#footnote-ref-2)
3. Evans-Pritchard, Ambrose. “Britain Sacrifices Steel Industry to Curry Favour with China.” The Telegraph Media Group, 30 Mar. 2016, <https://www.telegraph.co.uk/business/2016/03/30/britain-sacrifices-steel-industry-to-curry-favour-with-china/> [↑](#footnote-ref-3)