The Cost of a Ride

Who gains and who loses when taxi rules change?

SS24.E.7b "Assess how government regulation and deregulation affect consumers and producers."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline one rider effect of the permit limit and one rider effect of inspections, circle one driver effect of each rule, and write 1 beside a tradeoff from removing either rule. Use your marks to assess who gains and who loses.

Two Rules for Bellport Taxis

1. At 6 p.m., a rider in the imaginary city of Bellport waits for a taxi. Bellport issues only 120 taxi permits, and each driver must pass a vehicle safety inspection. The permit limit is a regulation: officials intended to prevent too many empty cabs from crowding downtown streets. But on busy evenings, riders may wait longer because few permitted taxis are available. A permit owner has less competition and may earn more per ride. An aspiring driver who cannot obtain a permit cannot legally offer taxi service, even if that driver owns a safe car.

2. Suppose Bellport removes the limit on permits but keeps the inspections. This is deregulation of entry, not the end of all oversight. More drivers could enter, giving riders shorter waits and possibly lower fares as drivers compete. New drivers could earn income, while established permit owners could lose customers and the resale value of scarce permits. Yet if many drivers cruise for passengers, traffic could worsen, slowing everyone down. More competition also does not guarantee low fares during a sudden rush of riders, when demand may exceed the number of available cars.

3. Now imagine a second proposal: end vehicle inspections as well. Drivers would spend less time and money meeting the rule, so some might enter the market or charge less. Riders might benefit from lower costs, but they could face greater risk if unsafe vehicles remain in service. Keeping inspections imposes a cost on drivers while helping protect riders from defects they cannot easily detect before a ride. To judge either proposal, compare likely changes in fares, wait times, safety, and drivers' earnings. Ask who gains, who loses, and whether a claimed benefit depends on assumptions about competition or enforcement.

2 ANSWER WITH EVIDENCE

Use the passage

1. How does the permit limit create a tradeoff between riders and current permit owners?

2. If Bellport removes the permit limit but keeps inspections, how might riders, new drivers, and current permit owners be affected?

3. If Bellport also ends inspections, what might drivers gain, and what might riders lose?

4. A speaker claims that removing the permit limit guarantees cheap and fast rides. Assess the claim using two limits described in the passage.

3 YOUR TURN

Your own words

A town is considering ending its required license for home electricians but keeping inspections of completed electrical work. In 80 to 110 words, assess likely effects on homeowners, new electricians, and established electricians, explain one risk or uncertainty, and recommend whether to end, keep, or change the license.

ANSWER KEY

The Cost of a Ride

GRADE 12 · SS24.E.7b

PART 1 · READ AND MARK

Underline one rider effect of the permit limit and one rider effect of inspections, circle one driver effect of each rule, and write 1 beside a tradeoff from removing either rule. Use your marks to assess who gains and who loses. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How does the permit limit create a tradeoff between riders and current permit owners?	**The limit may make riders wait longer on busy evenings, while current permit owners face less competition and may earn more per ride.**
2	If Bellport removes the permit limit but keeps inspections, how might riders, new drivers, and current permit owners be affected?	**Riders might wait less or pay lower fares. New drivers could enter and earn income, while current permit owners could lose customers and permit resale value.**
3	If Bellport also ends inspections, what might drivers gain, and what might riders lose?	**Drivers would save time and money spent meeting the rule. Riders could face greater risk from unsafe vehicles, even if some fares fall.**
4	A speaker claims that removing the permit limit guarantees cheap and fast rides. Assess the claim using two limits described in the passage.	**The claim is too strong. A rush of riders could keep fares high, and extra taxis cruising for passengers could worsen traffic and slow rides.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Ending the electrician license could let more new electricians compete, which might lower prices and shorten homeowners' wait times. New electricians could gain work, while established electricians might lose customers and the advantage their licenses provide. Inspections of completed electrical work would still catch some hazards, but an inspection might miss mistakes hidden inside walls. Prices might not fall if few new workers enter. I would replace the license with a shorter training requirement and keep inspections. That approach could reduce barriers for producers while giving homeowners more protection than inspections alone.

Accept other supported assessments that distinguish likely effects from guaranteed outcomes. Part 3 should address all three groups, identify a plausible risk or uncertainty, and justify a recommendation.