Who Gains, Who Pays?

Weigh the effects of a trade agreement on people and countries

SS24.HG.14b "Explain the advantages and disadvantages of global trade agreements for both people and countries."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline benefits for people and circle costs for people. In the margin, write C+ beside each benefit for a country and C- beside each cost for a country.

A Solar Trade Agreement

1. Imagine Bayport, Hillside, and Eastmere sign a trade agreement covering solar panels, batteries, and related parts. Before the agreement, each country charged a tariff, a tax on imported goods, that raised the price of equipment from its partners. The agreement lowers those tariffs and accepts a common safety test for the products. An installer in Bayport can now buy less expensive panels from Hillside and offer customers a lower price. More families and businesses may be able to afford solar power. Buyers benefit, but a lower price is not guaranteed if sellers keep the savings.

2. In Hillside, factory owners may sell more panels across the three countries. If orders increase, they may hire more workers or raise hours, giving some households more income. Yet Bayport's panel makers must compete with the lower-priced imports. A Bayport factory might cut shifts or close, leaving workers to seek new jobs, sometimes in places where they do not live. The agreement does not promise that every worker will gain. Some installers and buyers benefit while some manufacturing workers bear the cost. The same rule can affect people differently depending on their jobs and where they live.

3. The countries face trade-offs too. Bayport can expand solar power if cheaper panels make new projects affordable, reducing its need for imported fuel. But its government collects less tariff revenue on panels and may need to change how it pays for public services. Hillside may gain export sales that support its factories and tax base. Still, if those factories come to depend heavily on foreign customers, a recession in partner countries could sharply reduce orders. Leaders must weigh these possible gains and losses, not just the price of a panel, when judging whether the agreement serves their country.

2 ANSWER WITH EVIDENCE

Use the passage

1. How might the agreement help a buyer in Bayport while hurting a panel factory worker there?

2. Why might a factory worker in Hillside benefit from the same agreement that threatens a factory worker in Bayport?

3. Explain one possible advantage and one possible disadvantage of the agreement for Bayport as a country.

4. How could the agreement strengthen Hillside's economy and also make it vulnerable?

3 YOUR TURN

Your own words

Imagine a new agreement lowers tariffs on rice between two countries: Delta grows rice cheaply, while Ridge imports most of its rice. In five sentences, explain a likely benefit and cost for people in Ridge and a likely benefit and cost for Ridge as a country, naming who experiences each effect.

ANSWER KEY

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HIGH SCHOOL · SS24.HG.14b

PART 1 · READ AND MARK

Underline benefits for people and circle costs for people. In the margin, write C+ beside each benefit for a country and C- beside each cost for a country. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How might the agreement help a buyer in Bayport while hurting a panel factory worker there?	**A buyer might pay less for panels, while a factory worker might lose hours or a job when cheaper imports compete with Bayport's panels.**
2	Why might a factory worker in Hillside benefit from the same agreement that threatens a factory worker in Bayport?	**More orders could lead Hillside factories to hire workers or raise hours, while competition from imports could lead Bayport factories to cut shifts or close.**
3	Explain one possible advantage and one possible disadvantage of the agreement for Bayport as a country.	**Cheaper panels could help Bayport expand solar power and reduce its need for imported fuel. Its government would collect less tariff revenue on panels.**
4	How could the agreement strengthen Hillside's economy and also make it vulnerable?	**Export sales could support Hillside's factories and tax base. If factories depend heavily on foreign buyers, a recession in partner countries could sharply reduce orders.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

In Ridge, shoppers might pay less for rice because the import tariff is lower. Local rice growers could lose customers if Delta's rice sells for less. For Ridge as a country, easier access to rice could help keep food available when local harvests are weak. Ridge's government would collect less tariff money and might need another way to fund services. If Ridge comes to rely on Delta for most of its rice, a shipping disruption could threaten its food supply.

Accept other plausible effects that follow from lower rice tariffs. Responses should distinguish effects on people from effects on Ridge as a country.