Across the Border

How imports and exports affect buyers and producers

9-12.EC.11 "Apply economic concepts to explain the role of imports/exports both nationally and internationally."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline the U.S. avocado import and wheat export. For each flow, circle one reason it happens and one effect it has on people.

Avocados, Wheat, and Trade

1 At a grocery store in Chicago, shoppers can buy avocados grown in Mexico even when local fields are frozen. An import is a good bought from another country, so those avocados are U.S. imports and Mexican exports. Mexico has regions where avocado trees grow well. In contrast, many U.S. regions have land and growing conditions suited to wheat. Each country can produce many goods, but using land and labor for one good means giving up production of another. Trading can help each country focus on goods it can produce at a lower opportunity cost.

2 Suppose a U.S. bakery buys wheat from a nearby farm, and a Mexican food company buys wheat from that farm too. The wheat sold to Mexico is a U.S. export and a Mexican import. Export sales bring income to the U.S. farm and create demand for workers who grow, store, and ship wheat. In Mexico, imported wheat gives food companies another source of supply, which can help them make bread at a lower cost. Meanwhile, imported avocados give U.S. shoppers more choices. Some U.S. avocado growers, however, must compete with imported fruit for customers.

3 Trade links national markets, so a policy in one country can affect people in both. Imagine the United States adds a tariff, or tax, to imported avocados. The tax raises importers' costs, and some of that increase may reach shoppers as higher prices. U.S. avocado growers might gain customers if imported avocados become more expensive. Mexican growers might sell fewer avocados to the United States, reducing their income. Mexico could also respond with a tariff on U.S. wheat, making that wheat costlier for Mexican buyers and putting some U.S. export sales at risk. A tariff can protect some producers while imposing costs elsewhere.

2 ANSWER WITH EVIDENCE

Use the passage

1. How do the growing conditions described in the passage help explain why the United States imports avocados and exports wheat?

2. How can a U.S. wheat export benefit both the U.S. farm and a Mexican food company?

3. Why might U.S. shoppers and U.S. avocado growers view avocado imports differently?

4. If the United States taxes imported avocados and Mexico responds by taxing U.S. wheat, who might face higher costs, and which U.S. producers might gain or lose sales?

3 YOUR TURN

Your own words

Invent two countries with different resources and two goods they could trade. In 80 to 110 words, explain what each country would export and import using opportunity cost, then describe one benefit and one possible cost of the trade.

ANSWER KEY # Across the Border

HIGH SCHOOL · 9-12.EC.11

PART 1 · READ AND MARK

Underline the U.S. avocado import and wheat export. For each flow, circle one reason it happens and one effect it has on people. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How do the growing conditions described in the passage help explain why the United States imports avocados and exports wheat?	**Mexico has regions suited to growing avocados, while many U.S. regions are suited to wheat. Trade lets each country use its resources where they may have a lower opportunity cost.**
2	How can a U.S. wheat export benefit both the U.S. farm and a Mexican food company?	**The export brings income to the U.S. farm. It gives the Mexican company another wheat supply, which may lower its bread-making costs.**
3	Why might U.S. shoppers and U.S. avocado growers view avocado imports differently?	**Imports give shoppers more choices, but U.S. growers must compete with imported avocados for customers.**
4	If the United States taxes imported avocados and Mexico responds by taxing U.S. wheat, who might face higher costs, and which U.S. producers might gain or lose sales?	**U.S. avocado shoppers and Mexican wheat buyers might face higher prices. U.S. avocado growers might gain customers, while U.S. wheat farmers might lose export sales.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Coastland has a climate suited to oranges, while Factoryland has equipment and trained workers for bicycles. Coastland gives up fewer bicycles to produce a crate of oranges than Factoryland would. Factoryland gives up fewer crates of oranges to make a bicycle than Coastland would. Coastland exports oranges and imports bicycles, while Factoryland exports bicycles and imports oranges. Consumers in both places gain more choices, and exporting businesses earn income. However, bicycle makers in Coastland may lose sales to imports, and orange farmers in Factoryland may face tougher competition.

Accept other plausible trade examples when the exports, imports, and opportunity costs are consistent. Benefits and costs should identify the people affected, not just name a country.