Across the Border

Weighing the gains and costs of trade rules

GE.4.6 "Evaluate the effects of trade agreements among nations and barriers to trade."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Read the passage. Underline two effects of removing tariffs, circle two effects of the safety test, and number one benefit and one cost that leaders should weigh.

Bicycles, Oranges, and Border Rules

1 Imagine two neighboring countries, Harbor and Ridge. Harbor has bicycle factories, while Ridge grows oranges in a warm valley. Before a trade agreement, Ridge charged a tariff, a tax on imported bicycles, and Harbor charged one on imported oranges. The taxes raised the prices of these goods after they crossed the border. Some shoppers chose costlier local products instead. Harbor bicycle makers and Ridge orange growers sold less across the border, but local competitors faced less pressure. Each government also collected money from its tariff. Leaders considered removing both taxes to increase trade.

2 Harbor and Ridge signed a trade agreement that removed those two tariffs on goods traded between them. A bicycle from Harbor could now reach Ridge without the earlier import tax, and Ridge oranges could enter Harbor the same way. Importers might pass savings to shoppers, though they could keep some as profit. Harbor factories and Ridge growers gained access to larger markets. Meanwhile, Ridge bicycle makers and Harbor orange growers faced tougher price competition. Some workers in those businesses might lose hours or jobs. The agreement helped some groups while putting pressure on others.

3 The agreement did not end every barrier. Ridge still required imported bicycles to pass a brake safety test, including bicycles from Harbor. Testing could prevent unsafe products from reaching riders, but paperwork and delays could raise costs. If Ridge tested Harbor bikes more slowly than local bikes, Harbor firms would face an extra disadvantage. Leaders could simplify the testing process without dropping the safety rule. To judge the agreement fairly, they would compare lower prices and new sales with lost tariff income, pressure on local businesses, and the costs and benefits of safety checks.

2 ANSWER WITH EVIDENCE

Use the passage

1. How could removing the bicycle tariff help one group in Harbor but hurt one group in Ridge?

2. Before the agreement, what did the tariffs do for local competitors, and what did they cost shoppers?

3. Why might Ridge keep its brake safety test even though it can limit trade?

4. How would slower testing for Harbor bikes weaken the agreement's benefits, and what change could reduce that problem?

3 YOUR TURN

Your own words

In five sentences, invent a trade agreement between two countries that exchange solar panels and wheat. Include one tariff change and one other trade barrier, explain a benefit and a cost for different groups, and recommend what to do about that barrier.

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PART 1 · READ AND MARK

Read the passage. Underline two effects of removing tariffs, circle two effects of the safety test, and number one benefit and one cost that leaders should weigh. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How could removing the bicycle tariff help one group in Harbor but hurt one group in Ridge?	**Harbor bicycle makers could sell more bikes in Ridge, while Ridge bicycle makers could lose sales to the imported bikes.**
2	Before the agreement, what did the tariffs do for local competitors, and what did they cost shoppers?	**The tariffs reduced price competition for local businesses but raised the prices shoppers paid for imported goods.**
3	Why might Ridge keep its brake safety test even though it can limit trade?	**The test could keep unsafe bicycles from riders, although its paperwork and delays could raise import costs.**
4	How would slower testing for Harbor bikes weaken the agreement's benefits, and what change could reduce that problem?	**Slower testing would put Harbor sellers at an extra disadvantage despite the removed tariff. Ridge could simplify testing and apply it equally to imported and local bikes.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Suppose Sunland makes solar panels and Fieldland grows wheat. They could remove tariffs on both goods, which may lower prices and help each country's exporters sell more. Fieldland could keep a quota limiting imported solar panels to protect its local panel factories from sudden competition. However, the quota would restrict buyers' choices and reduce sales for Sunland's workers even after the agreement. I would raise the quota over time so local factories can adjust while more customers gain access to panels.

Accept other passage-supported gains and costs, including lost tariff income or possible job losses. For the open task, look for five sentences that weigh effects on different groups and give a reasoned recommendation about the barrier.