The Bike Barrier

Trade choices in a fictional country

GE.8.1 "Define and explain the impact of trade barriers, such as quotas and tariffs, and analyze why countries erect them."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline the sentence that defines each trade barrier, circle two possible effects on shoppers, and number two reasons leaders might use a barrier. Use your marks to compare the goals and costs of each choice.

Harborland Weighs Its Options

1 In the fictional country of Harborland, bicycles are a common way to reach work. Local bike factories compete with lower-priced imported bikes. After several factories announce layoffs, officials consider a tariff, a tax collected when imported bikes enter the country. Suppose an imported bike costs $200 before the tax. A $40 tariff raises its cost to importers to $240, and stores may pass some or all of that increase to shoppers. The government collects tariff revenue on bikes that still enter. Local factories may sell more bikes if their prices now look more attractive.

2 A quota works differently: it limits how many imported bikes can enter during a set period. Imagine Harborland allows 10,000 imported bikes a year, although stores want 18,000. Once the limit is reached, stores cannot bring in more under that quota for the year. With fewer imported bikes available, their prices may rise, and shoppers may have fewer choices. Local factories might gain sales, but a quota does not collect a tax on each bike. Unlike a tariff, it directly restricts the number that can be imported, even if shoppers are willing to pay more.

3 Why would Harborland accept these costs? Leaders might hope to prevent layoffs at local factories and keep bicycle-making skills in the country. Factory owners and workers may also push officials to protect their businesses and jobs. Yet higher bike prices could strain commuters, and stores that sell imported bikes might lose customers. Another country could respond by placing its own barrier on Harborland's fruit exports, hurting fruit growers there. Officials must weigh these possible losses against the jobs they hope to protect. Neither barrier guarantees that local factories will become more efficient or that every worker will keep a job.

2 ANSWER WITH EVIDENCE

Use the passage

1. How could Harborland's $40 tariff help local bike factories while raising costs for shoppers?

2. If stores want 18,000 imported bikes, how does a quota of 10,000 affect them differently from a tariff?

3. Why might Harborland's leaders put up a trade barrier even if bike prices rise?

4. How could a barrier meant to protect bike workers create problems for people outside the bike factories?

3 YOUR TURN

Your own words

Imagine that Sunvale's new solar-panel factories face cheaper imported panels. In 5 to 6 sentences, recommend a tariff or quota, define both barriers, and explain one reason for your choice, one likely benefit, and one likely cost for Sunvale.

ANSWER KEY

The Bike Barrier

PART 1 · READ AND MARK

Underline the sentence that defines each trade barrier, circle two possible effects on shoppers, and number two reasons leaders might use a barrier. Use your marks to compare the goals and costs of each choice. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How could Harborland's $40 tariff help local bike factories while raising costs for shoppers?	**The tax raises importers' costs, which stores may pass to shoppers. Higher imported-bike prices may make local bikes more attractive, helping local factories sell more.**
2	If stores want 18,000 imported bikes, how does a quota of 10,000 affect them differently from a tariff?	**The quota prevents stores from importing more than 10,000 bikes during the year. A tariff taxes imported bikes but does not set a limit on their number.**
3	Why might Harborland's leaders put up a trade barrier even if bike prices rise?	**They may hope to prevent factory layoffs and keep bicycle-making skills in Harborland. Factory owners and workers may also press them to protect local jobs.**
4	How could a barrier meant to protect bike workers create problems for people outside the bike factories?	**Higher prices could strain commuters, and stores selling imported bikes might lose customers. A response from another country could also hurt Harborland's fruit growers.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

I recommend a tariff on imported solar panels. A tariff is a tax on imports, while a quota limits how many imports can enter. The tariff could make Sunvale's panels more competitive and help its new factories keep workers employed. Sunvale could also collect tax revenue from panels that are still imported. However, buyers might pay more for panels, making solar power less affordable. Unlike a quota, the tariff would not set a fixed limit on the number of panels buyers can import.

Accept other well-supported effects described in the passage. For the open task, accept either barrier if the response defines both accurately and explains a plausible benefit and cost in the solar-panel setting.