Who Pays More?

Tracing the market effects of U.S. tariffs

TOT.P.2.4.C "Evaluate the impact, both intended and unintended, of government policies on market outcomes at national and global levels, past and present."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Circle each effect the government intended and underline each unintended effect. Write N beside effects on the U.S. market and G beside effects that cross borders.

Steel, Sales, and Trade-Offs

1 In 1930, as the Great Depression began, Congress passed the Smoot-Hawley Tariff Act. It raised taxes on thousands of imported goods. Lawmakers hoped higher import prices would shift purchases toward U.S. farms and factories, protecting their sales and jobs. Other countries answered with tariffs of their own, making some U.S. exports harder to sell abroad. Farmers who depended on foreign buyers faced an additional obstacle. World trade fell sharply in the 1930s, although the Depression and other forces also drove that decline. A policy meant to support domestic producers could also shrink their access to customers overseas.

2 In 2018, the U.S. government put a 25 percent tariff on many imported steel products, saying it wanted to strengthen domestic steel production and protect national security. A tariff is a tax on imports, usually paid first by the importing company. With imported steel more expensive, some U.S. steelmakers could charge higher prices and sell more steel. But U.S. businesses that buy steel, such as makers of machinery and appliances, also faced higher costs. Some could pass those costs to customers or reduce spending elsewhere. The same price change helped one group of domestic firms while straining another.

3 The 2018 steel policy also crossed borders. The European Union answered U.S. steel tariffs with tariffs on products such as American motorcycles and whiskey, raising costs for buyers there and threatening sales for U.S. exporters. In 2025, the United States raised tariffs on many steel imports to 50 percent, again aiming to strengthen domestic production. That higher rate could offer steelmakers more protection but also make steel more costly for U.S. manufacturers that use it. The 1930 and 2018 cases warn that evaluating a tariff means looking beyond its target industry, at buyers, exporters, and trading partners too.

2 ANSWER WITH EVIDENCE

Use the passage

1. How did the 1930 tariff's intended effect on the U.S. market help produce an unintended effect across borders?

2. Did the 2018 steel tariff clearly benefit all U.S. businesses? Use two effects from the passage to support your judgment.

3. Evaluate one effect of the European Union's response on U.S. sellers and one effect on European buyers.

4. The United States raised tariffs on many steel imports to 50 percent in 2025. Based on the 2018 effects, why might the higher rate not improve the market for every U.S. firm?

3 YOUR TURN

Your own words

Choose a proposed government policy: a subsidy for bicycles made in the United States or a tax on imported coffee. In four sentences, explain its intended market effect, one possible unintended effect within the country, one possible effect across borders, and your judgment about whether the intended effect is worth those trade-offs.

ANSWER KEY

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HIGH SCHOOL · TOT.P.2.4.C

PART 1 · READ AND MARK

Circle each effect the government intended and underline each unintended effect. Write N beside effects on the U.S. market and G beside effects that cross borders. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How did the 1930 tariff's intended effect on the U.S. market help produce an unintended effect across borders?	**Lawmakers wanted higher import prices to shift purchases to U.S. producers. Other countries responded with tariffs, making some U.S. exports harder to sell abroad.**
2	Did the 2018 steel tariff clearly benefit all U.S. businesses? Use two effects from the passage to support your judgment.	**No. Some U.S. steelmakers could charge more and sell more, but U.S. manufacturers that bought steel faced higher costs.**
3	Evaluate one effect of the European Union's response on U.S. sellers and one effect on European buyers.	**The EU tariffs threatened sales for U.S. motorcycle and whiskey exporters and raised costs for buyers in Europe.**
4	The United States raised tariffs on many steel imports to 50 percent in 2025. Based on the 2018 effects, why might the higher rate not improve the market for every U.S. firm?	**More protection could help U.S. steelmakers, but costlier steel could hurt U.S. manufacturers that use it.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A subsidy for bicycles made in the United States could help domestic bicycle makers sell more bikes by lowering their costs. An unintended national effect is that taxpayers would fund the subsidy, leaving less money for other public needs. Across borders, foreign bicycle makers could lose sales if U.S. buyers switch to subsidized bikes. I would support the subsidy only if the added domestic jobs and sales were large enough to justify its cost to taxpayers.

Accept other passage-supported judgments that identify who benefits and who bears a cost. For Part 3, accept plausible effects and a reasoned judgment, not a claim that an uncertain outcome is guaranteed.