The Bicycle Tariff

Use market data to weigh a policy's benefits and costs.

TOT.P.2.4 "Identify the principles of economic systems and develop an understanding of the benefits of a market system in local, national, and global settings. Evaluate economic data from charts and graphs, noting trends and making predictions..."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline the tariff's intended benefit and circle two possible costs in the passage. In the table, draw arrows between two pairs of values that changed after 2023.

What Changed in Bayport?

1 In the fictional country of Bayport, families buy bicycles from local builders and foreign companies. Buyers compare prices and quality, while sellers compete for their business. This is a market system: prices and production respond largely to choices made by buyers and sellers. Imports give families more options, but local builders face competition.

2 In 2024, Bayport's government placed a tariff, a tax, on imported bicycles to support domestic assembly jobs. The table tracks one city's bicycle market before and after the tariff. Local shops still decide what to sell, but the tax raises their costs for imports. Changes in sales and prices may have other causes too.

ILLUSTRATIVE DATA: ONE BAYPORT CITY'S BICYCLE MARKET

Year	Imported bikes sold	Average bike price	Local assembly jobs
2022	500	$250	14
2023	520	$240	15
2024	410	$275	18
2025	390	$290	20

3 The government hoped to protect jobs nationwide. However, higher bicycle prices could make riding less affordable, while bicycle exporters abroad might lose customers. Bayport could instead fund worker training without taxing imported bicycles, though training costs public money and may take time. Use the table to weigh evidence, not to claim the tariff alone caused every change.

2 ANSWER WITH EVIDENCE

Use the passage

1. From 2023 to 2025, which change fits the government's goal? Which change shows a possible cost to buyers?

2. If the average bike price rises by the same amount as it did from 2024 to 2025, what will it be in 2026? Why is that only a prediction?

3. How might the tariff affect bicycle exporters abroad? Give one change in the table that fits your answer.

4. How might worker training affect buyers differently from the tariff? Name one drawback of training.

3 YOUR TURN

Your own words

Write a recommendation to Bayport's leaders: keep the tariff or replace it with worker training. Use two numerical changes from the table, predict one effect on city buyers and one on foreign sellers, and explain one reason your prediction could be wrong.

ANSWER KEY

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PART 1 · READ AND MARK

Underline the tariff's intended benefit and circle two possible costs in the passage. In the table, draw arrows between two pairs of values that changed after 2023. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	From 2023 to 2025, which change fits the government's goal? Which change shows a possible cost to buyers?	**Local assembly jobs rose from 15 to 20, fitting the goal. The average bike price rose from $240 to $290, a possible cost to buyers.**
2	If the average bike price rises by the same amount as it did from 2024 to 2025, what will it be in 2026? Why is that only a prediction?	**The price would be $305, a $15 increase from $290. Other factors could change prices, so the increase is not certain.**
3	How might the tariff affect bicycle exporters abroad? Give one change in the table that fits your answer.	**Exporters might lose customers. Imported bikes sold in the city fell from 520 in 2023 to 390 in 2025, though the table does not prove the tariff caused the decline.**
4	How might worker training affect buyers differently from the tariff? Name one drawback of training.	**Training could help workers without taxing imported bikes, so it might avoid raising import costs for buyers. It costs public money and may take time.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Bayport should replace the tariff with worker training because the average bike price rose from $240 in 2023 to $290 in 2025, while local assembly jobs rose from 15 to 20. Training could help workers find or keep jobs without raising import costs. City buyers might pay less if shops can stock cheaper imported bicycles again. Foreign sellers might regain customers in Bayport. Still, a change in demand could also affect prices, so removing the tariff might not bring prices back to their 2023 level.

Accept either recommendation if it uses two accurate numerical changes, predicts effects on both city buyers and foreign sellers, and acknowledges uncertainty. Do not treat changes in the table as proof that the tariff caused them.