Tariffs and Tradeoffs

Trace who gains and who bears the costs of trade policy.

USG.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 Underline one intended market effect and circle two unintended market effects in the passage. Write N beside each marked effect within the United States and G beside each effect involving trade across borders.

When Tariffs Cross Borders

1. In 1930, as the Great Depression deepened, the United States passed the Smoot-Hawley Tariff Act. It raised taxes on thousands of imported goods. Lawmakers hoped higher import prices would persuade Americans to buy from US farms and factories instead. That could protect sales and jobs at home. But other countries raised tariffs on American products in response, making it harder for US exporters to sell abroad. World trade fell sharply in the early 1930s. Tariffs and retaliation added barriers, but bank failures, falling incomes, and other Depression-era pressures also reduced trade. A policy aimed at one nation's market helped disrupt markets across borders.

2. In 2018, the United States placed a 25 percent tariff on many imported steel products. Officials argued that a stronger domestic steel industry would protect American jobs and national security. By making foreign steel more expensive, the policy gave US steel producers a chance to sell more. Yet American companies that use steel, including makers of machinery and construction materials, also faced higher costs. Some could raise their own prices; others had to accept smaller profits. A tariff can therefore help one domestic industry while putting pressure on other industries in the same country. Its effects depend on who buys and who sells.

3. In the same year, the United States also imposed tariffs on many goods from China. US officials hoped to pressure China to change its trade practices. China responded with tariffs on US soybeans. Chinese buyers shifted some soybean orders to Brazil, while US farmers faced lower soybean prices and lost sales. To soften the damage, the US government paid farmers harmed by the trade dispute. The payments supported farm income but used public funds and could not bring back every lost order. Brazil's soybean growers gained new customers. A policy meant to influence China's trade practices also changed who sold crops in global markets.

2 ANSWER WITH EVIDENCE

Use the passage

1. What did US lawmakers intend the 1930 tariff to do for sellers at home, and how did other countries' responses work against that goal?

2. Evaluate the 2018 steel tariff's effects on two different groups of US businesses. Who might benefit, and who faced a cost?

3. How did China's tariff on US soybeans change market outcomes in both the United States and another country?

4. A classmate says the 1930 tariff alone caused world trade to fall. Evaluate that claim using the passage.

3 YOUR TURN

Your own words

A government proposes a tariff on imported electric bicycles to help local bicycle makers. In four or five sentences, predict one intended effect and two plausible unintended effects, including one beyond its borders, then judge whether the tariff is worth the tradeoff using a stated condition.

ANSWER KEY

Tariffs and Tradeoffs

HIGH SCHOOL · USG.P.2.4.C

PART 1 · READ AND MARK

Underline one intended market effect and circle two unintended market effects in the passage. Write N beside each marked effect within the United States and G beside each effect involving trade across borders. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What did US lawmakers intend the 1930 tariff to do for sellers at home, and how did other countries' responses work against that goal?	**Lawmakers hoped Americans would buy more from US farms and factories, protecting sales and jobs. Other countries raised tariffs on US products, making exports harder to sell.**
2	Evaluate the 2018 steel tariff's effects on two different groups of US businesses. Who might benefit, and who faced a cost?	**US steel producers had a chance to sell more because imported steel cost more. US businesses that use steel faced higher costs, which could mean higher prices or smaller profits.**
3	How did China's tariff on US soybeans change market outcomes in both the United States and another country?	**US farmers lost some sales and faced lower soybean prices. Brazilian soybean growers gained customers as Chinese buyers shifted some orders to Brazil.**
4	A classmate says the 1930 tariff alone caused world trade to fall. Evaluate that claim using the passage.	**The tariff and other countries' retaliation added barriers to trade, but the passage also names bank failures, falling incomes, and other Depression-era pressures. It does not support blaming the tariff alone.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

The tariff could help local bicycle makers sell more electric bicycles because imported models would cost more. Local riders might face higher prices, which could reduce sales at bike shops. Foreign bicycle makers might lose orders and seek customers in other countries. I would support the tariff only if the added local jobs outweighed higher prices for riders and losses at bike shops.

Accept other passage-supported evaluations that distinguish a policy's goal from its effects on different groups. For the open task, accept plausible predictions if the response addresses a domestic effect, an effect beyond the country's borders, and a conditional judgment.