Tariffs Ripple Out

Tracing intended and unintended effects across markets

USH.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 each policy's intended effect, circle one unintended effect at home for each policy, and number the two foreign responses 1 and 2. Use your marks to compare who benefited and who faced costs.

When Protection Reaches Beyond Borders

1 In 1930, as the Great Depression deepened, Congress passed the Smoot-Hawley Tariff Act. It raised U.S. taxes on a wide range of imported goods. Supporters hoped higher import prices would help American farmers and manufacturers sell more at home. Yet countries including Canada responded with higher duties on U.S. products, making those products harder to sell abroad. U.S. exporters then faced fewer opportunities just when they needed customers. World trade was already falling because incomes and spending were collapsing, so historians do not blame the tariff alone for the decline. The policy shows how protecting one set of sellers can put another set at risk.

2 In 2018, the U.S. government imposed a 25 percent tariff on many imported steel products, citing national security concerns about reliance on foreign supply. The tariff aimed to give U.S. steel producers room to sell more steel and support their workers. Some domestic producers benefited from higher prices, but companies that use steel, such as makers of machinery, faced higher input costs. Those costs could squeeze profits or lead to higher prices for customers. Several trading partners responded with tariffs on U.S. exports, including farm products. Farmers could lose sales abroad even though the original tariff targeted steel, not agriculture.

3 These two episodes took place in different economies, but each policy changed prices and incentives beyond the protected industry. A tariff can shift orders toward domestic suppliers while also raising costs for buyers and inviting a response from other countries. The size of each effect depends on details, such as which goods are covered and whether buyers can find alternatives. A temporary increase in a producer's sales does not by itself show that the whole economy gained. To judge a policy, compare its goal with evidence of what happened to producers, consumers, and trading partners, both at home and across borders.

2 ANSWER WITH EVIDENCE

Use the passage

1. How did the intended benefit of the 1930 tariff conflict with an unintended effect on other U.S. sellers?

2. Evaluate the 2018 steel tariff's effects on U.S. steel producers and machinery makers. Which effect matched the policy's aim?

3. Compare how foreign responses affected U.S. sellers after each tariff policy.

4. A classmate says the 1930 tariff caused the entire fall in world trade. How well does the passage support that claim?

3 YOUR TURN

Your own words

Suppose the U.S. government offers a subsidy to companies that build batteries in the United States. In 4 to 5 sentences, evaluate one intended domestic market effect, one possible unintended domestic market effect, and one possible global market effect; explain what could cause each effect and identify one uncertainty.

ANSWER KEY

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HIGH SCHOOL · USH.P.2.4.C

PART 1 · READ AND MARK

Underline each policy's intended effect, circle one unintended effect at home for each policy, and number the two foreign responses 1 and 2. Use your marks to compare who benefited and who faced costs. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How did the intended benefit of the 1930 tariff conflict with an unintended effect on other U.S. sellers?	**Supporters wanted U.S. farmers and manufacturers to sell more at home, but foreign tariffs made it harder for U.S. exporters to sell abroad.**
2	Evaluate the 2018 steel tariff's effects on U.S. steel producers and machinery makers. Which effect matched the policy's aim?	**Some steel producers benefited from higher prices, which matched the aim of supporting them. Machinery makers faced higher steel costs, an unintended effect.**
3	Compare how foreign responses affected U.S. sellers after each tariff policy.	**After the 1930 law, foreign duties made U.S. exports harder to sell. After the 2018 tariff, trading partners' tariffs threatened U.S. farm sales abroad.**
4	A classmate says the 1930 tariff caused the entire fall in world trade. How well does the passage support that claim?	**It does not support the claim. World trade was already falling as incomes and spending collapsed, so the tariff was not the sole cause.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A subsidy could lower U.S. battery makers' costs, helping them produce and sell more batteries at home. That increase in production would match the government's intended effect. An unintended domestic effect could be higher material prices for other U.S. manufacturers if battery makers compete with them for scarce supplies. Foreign battery makers might lose U.S. sales if subsidized batteries become cheaper, changing trade across borders. These effects are uncertain because they depend on how much production grows and whether suppliers can increase their output.

Accept other passage-supported evaluations that distinguish a policy's goal from its effects on buyers, exporters, or trading partners. For the open task, accept plausible market effects when students explain the causal links and state a relevant uncertainty.