Tariffs and Trade-Offs

Trace how trade policies affect markets at home and abroad

WG.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 market effect, circle possible or reported unintended effects, and write N or G beside one outcome to show whether it affects a national or global market.

When an Import Tax Travels

1. In 2018, the United States placed a 25 percent tariff, or import tax, on most imported steel. Officials said cheaper imports threatened domestic steel production and argued that stronger mills mattered for national security. The intended market effect was to make imported steel costlier, giving U.S. steelmakers room to sell more at home and hire workers. A tariff changes prices, however, not just factory plans. Companies that turn steel into cars, cans, and machines also buy it. If their steel costs rise, they may raise prices for customers or cut spending elsewhere.

2. After the tariff, U.S. steel prices rose, and some domestic steel producers benefited. Yet higher costs also squeezed firms that use steel, which employ many more workers than steel mills. Other governments responded to U.S. trade restrictions with tariffs on American products, including farm goods. That retaliation reduced some U.S. exporters' access to foreign buyers and pushed the U.S. government to provide aid to farmers. The policy crossed borders in another way: exporters of steel to the United States lost sales or sought different markets. These outcomes show why a national policy can shift prices and sales well beyond one industry.

3. In 2024, the United States raised its tariff on electric vehicles imported from China from 25 percent to 100 percent. Officials aimed to protect U.S. investments in electric vehicles from low-priced imports. Unlike the 2018 steel tariff, this increase affected a product with very few Chinese-made examples then sold in the U.S. market, so its immediate effect on U.S. buyers was likely small. Over time, blocking competitors could give domestic producers space to grow, but it could also limit choices or keep prices higher than they otherwise would be. Chinese manufacturers might seek buyers in other countries, increasing competition there. These longer-term effects are possibilities, not settled results.

2 ANSWER WITH EVIDENCE

Use the passage

1. Did the 2018 steel tariff benefit everyone in the U.S. steel market? Explain using an intended benefit and an unintended cost.

2. How did other governments' responses turn the steel tariff into a problem for some U.S. farmers?

3. Why was the 2024 electric vehicle tariff likely to have a smaller immediate effect on U.S. buyers than the 2018 steel tariff?

4. Evaluate one possible global trade-off of the 2024 electric vehicle tariff. What part of that trade-off is not yet a settled result?

3 YOUR TURN

Your own words

Imagine a country pays farmers to grow more wheat. In four sentences, predict one intended national market effect, one unintended national market effect, and one global market effect, then judge whether the policy is worth its trade-offs.

ANSWER KEY

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HIGH SCHOOL · WG.P.2.4.C

PART 1 · READ AND MARK

Underline each policy's intended market effect, circle possible or reported unintended effects, and write N or G beside one outcome to show whether it affects a national or global market. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Did the 2018 steel tariff benefit everyone in the U.S. steel market? Explain using an intended benefit and an unintended cost.	**No. Some U.S. steelmakers benefited, but higher steel prices raised costs for companies that use steel.**
2	How did other governments' responses turn the steel tariff into a problem for some U.S. farmers?	**Other governments put tariffs on American products, including farm goods. Those tariffs reduced some U.S. exporters' access to foreign buyers.**
3	Why was the 2024 electric vehicle tariff likely to have a smaller immediate effect on U.S. buyers than the 2018 steel tariff?	**Very few Chinese-made electric vehicles were sold in the United States in 2024, while many U.S. companies bought steel and faced higher costs after the 2018 tariff.**
4	Evaluate one possible global trade-off of the 2024 electric vehicle tariff. What part of that trade-off is not yet a settled result?	**The tariff could protect U.S. producers while pushing Chinese manufacturers to seek buyers elsewhere, increasing competition in those countries. That shift to other markets is a possibility, not a settled result.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

The payments could increase the country's wheat supply and lower its price for local buyers. Farmers might plant less of other crops, causing those crops to cost more at home. If the country exports its extra wheat, the added supply could lower wheat prices abroad and hurt farmers there. I would support the policy only if the benefit to local buyers outweighs those possible costs.

Accept other passage-supported evaluations that distinguish a policy's intended effects from its unintended effects. For Your Turn, accept plausible predictions that identify national and global market effects and include a reasoned judgment.