Name: ______________________________ Date: __________________ Class: ___

What are tariffs?

Tariffs are taxes imposed by a government on imported goods and services. When a foreign product enters a country, a tariff adds an extra cost, making that product more expensive for consumers. The primary purpose of a tariff is to protect domestic industries from foreign competition by encouraging consumers to buy locally produced goods instead of cheaper imports.

There are two main types of tariffs: **specific tariffs**, which are fixed fees based on the quantity of an item (such as $1,000 per car), and **ad valorem tariffs**, which are calculated as a percentage of the item's value (such as 10% of the car's price). Sometimes, a combination of both is used.

Tariffs can benefit domestic producers by giving them an edge over foreign competitors, which can lead to job preservation and growth in certain industries. They also provide revenue for the government. However, tariffs can also lead to higher prices for consumers, since imported goods become more expensive and local producers may raise their prices due to reduced competition.

In the global economy, tariffs can lead to trade disputes or even trade wars if countries retaliate by imposing tariffs of their own. While they can offer short-term protection for certain industries, economists often argue that in the long term, high tariffs can hurt overall economic growth and limit consumer choice.

Based on the reading and your knowledge of social studies, list the pros and cons of tariffs.

PROS	CONS