

An Integrated Curriculum For The Washington Post Newspaper In Education Program

The Cost of Tariffs



- Crossword Puzzle: More Than Money: A Taxing War
- Student Activity: Who Wins Trade Wars?
- Editorial Cartoon: Tom Toles | I have completed a historic trade deal with Canada ...
- Post Reprint: "Will tariffs ruin holidays for shoppers?"
- Discussion Questions: Tariffs Affect Shoppers
- Student Activity: Trade + Tariffs = Costs
- Answers: Crossword Puzzle

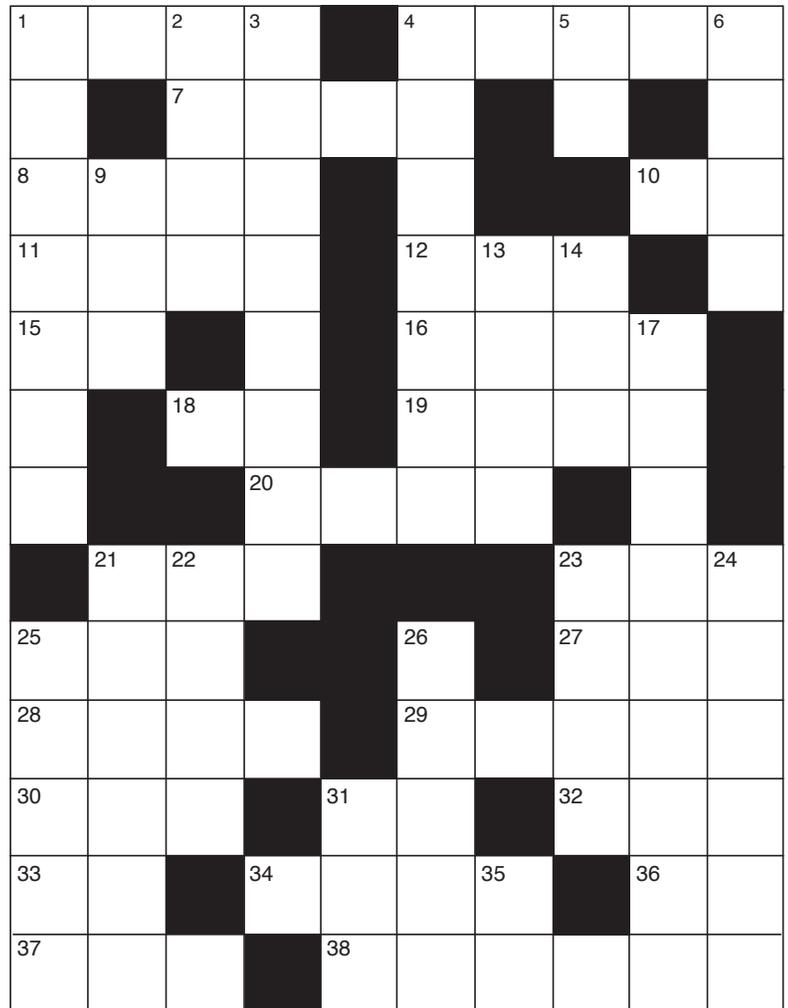
More Than Money: A Taxing War

ACROSS

- 1 Amount to be paid to buy something
 4 Buying and selling goods and services, commerce
 7 Regional
 8 Light in color or washed out
 10 International Company, briefly
 11 Thought or plan; represented by a light bulb in cartoons
 12 Organization of 189 countries working to facilitate global trade, briefly
 15 Top secret, briefly
 16 Equitable or ___ trade; also, companies whose certified products help the individual producers and protect the environment
 18 A major world trading power, briefly
 19 Ability of people to make economic transactions with people in other countries without government imposed restraints; ___ trade
 20 After work, one needs ____.
 21 Noun: a layer; verb: perform one's work steadily
 23 Abbrev., computer-assisted instruction
 25 Plural state of being verb
 27 Donation given to the poor or needy
 28 Antonym of receive or accept
 29 New York town that developed one of the first comprehensive recycling programs after a 1987 barge incident
 30 When companies must have their records in order, briefly
 31 Thomas Jefferson, initially
 32 Leader of China's communist revolution
 33 Nonrefundable, briefly
 34 Twosomes
 36 Teddy Roosevelt, initially
 37 Compulsory contribution to state revenue
 38 Estimate of income and expenditure for a set time; financial plan

DOWN

- 1 Money or assets put to economic use
 2 Exchange of money for a commodity; reduced price
 3 Revenue of a government, corporation or institution
 4 Taxes on goods produced abroad imposed by the government to which they are exported



- 5 Air conditioning, briefly
 6 Per item
 9 One way to promote brands
 13 Archaic, activity of buying and selling; mini ___
 14 King Lear and other Shakespearean characters shout "___" over and over to express disapproval.
 17 Get even; make an attack in return for a similar attack
 21 Small Italian town near Sorrento
 22 Collection of an assessment or imposition of a fee or fine
 23 Antonym of restless
 24 To bring in (merchandise, commodities, workers) from a foreign country for use, sale, processing, etc.
 25 Representative
 26 Something delicate and elegant; Breton orig. meaning ring
 31 Round, flat-bottomed container
 35 South Dakota, briefly

Who Wins Trade Wars?

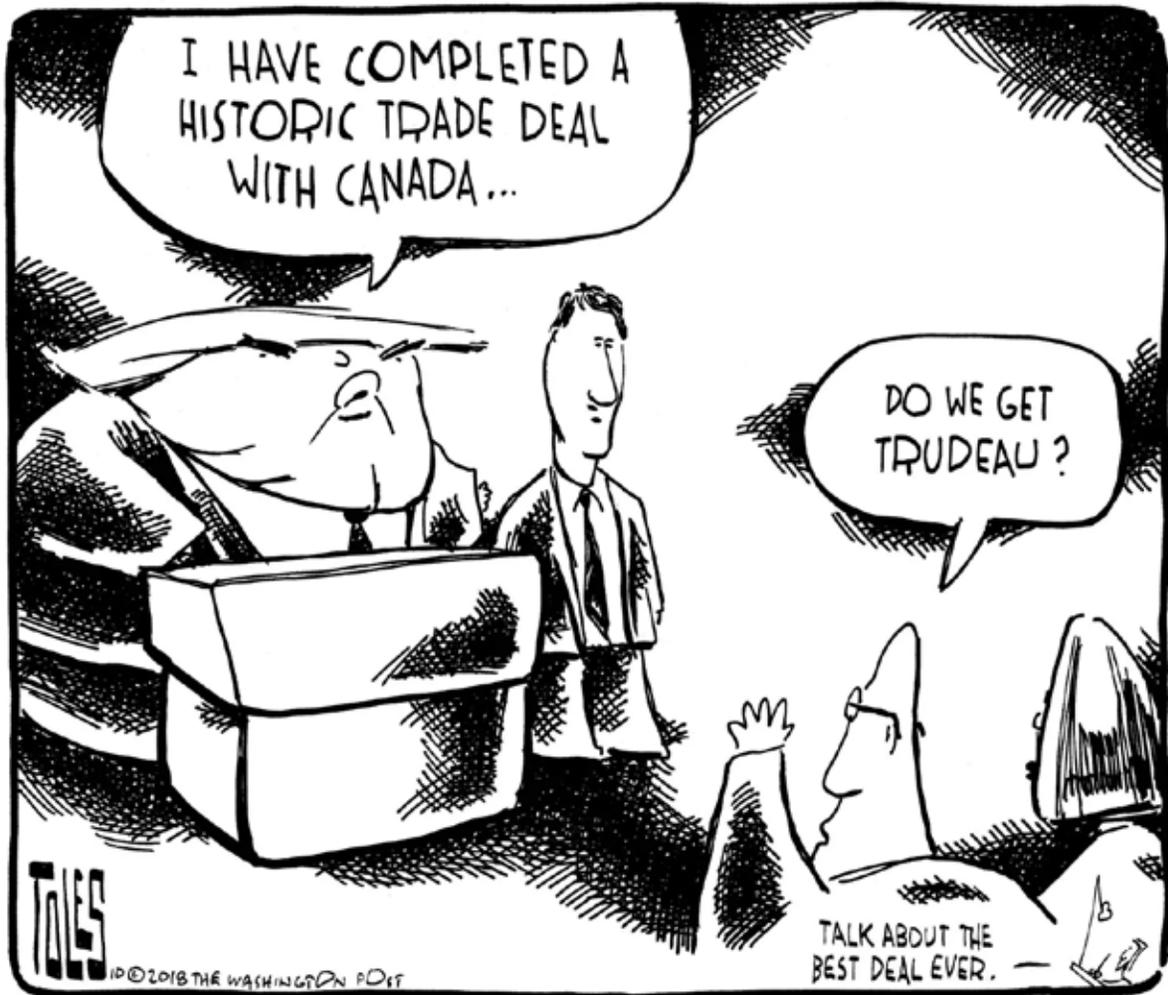
Whether with the nearest neighbor or countries across oceans, trade takes place. Imports and exports keep the economy humming as producers, businesses and consumers send and receive goods and services. What happens when agreements about trade and tariffs are changed or disregarded?

View the “How to Win a Trade War” video in which *Washington Post* staff explain how tariffs and their side effects work. Below, explain the stage in the trade conflict as pictured in the six images.



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Tom Toles | October 3, 2018



1. Editorial cartoons are visual commentary on current events. What is the news peg on October 3?
2. Who do the four figures represent? Include details that help you to identify each one.
3. When words are included in political cartoons, they are carefully chosen. Explain how "a historic trade deal" is a statement of fact and a commentary.
4. The question in the cartoon plays off the words "trade" and "deal." Explain Toles' additional commentary.
5. Toles includes his alter ego in the lower right corner. Again "deal" appears. To what does it refer?
6. In a short statement, summarize the point of view presented in this editorial cartoon and indicate whether you agree, disagree or qualify your reaction to it.

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Business

Will tariffs ruin holidays for shoppers?

BY RACHEL SIEGEL

● Originally Published October 5, 2018

“Get out the Ouija board.”

That’s how one retail analyst summed up the tricky task of predicting what lies ahead for retailers and shoppers this holiday season. Analysts say there’s ample reason to expect record-breaking sales on the back of a strong economy, a historically low unemployment rate and upward-ticking wages.

But that’s all hedged by a hefty unknown: the threat of ongoing tariffs and an escalating trade war. President Trump’s latest round of tariffs have kicked in at 10 percent and are set to rise to 25 percent at the start of 2019. Nearly 6,000 products -- including electronics and other go-to gifts -- will see price increases that, in time, are expected to pass from retailers to consumers.

And while it’s unlikely that the brunt of those price hikes will take a toll over the next few months, experts agree that the sheer concern over how long the tariffs will last, and to what degree, could act as a Grinch to holiday shoppers.

“Business doesn’t manage uncertainty well, nor does the consumer, and there is no way prices don’t get passed through



DEB LINDSEY FOR THE WASHINGTON POST

The gift shop in a Cracker Barrel in Sterling includes pies for sale and Christmas decorations.

the consumer,” said Mark Cohen, director of retail studies at Columbia Business School. “The problem I have is, who knows on a day-to-day basis where this is headed?”

The retail industry is still optimistic. On Wednesday, the National Retail Federation announced it is expecting retail sales in November and December to increase between 4.3 and 4.8 percent over 2017 results, to as much as \$720.89 billion. That forecast compares with an average annual increase of 3.9 percent over the past five years. (If Labor Day is any indicator, Americans spent a record \$2 billion online then alone.)

But for comparison, holiday sales in 2017 rose 5.3 percent over the year before, totaling \$687.87 billion, according to the NRF.

In mid-September, Deloitte anticipated retail holiday sales to increase 5 to 5.6 percent over last year’s shopping season — totaling at least \$1.1 trillion between November and January. Rod Sides, leader of Deloitte’s U.S. retail and distribution practice, said shoppers are unlikely to make their shopping decisions based on geopolitical issues, such as global trade.

“A lot of it comes down to when they look in their checkbook or

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their pocket,” Sides said. “If they have a few extra dollars, whether it be the stock markets to the election to tariffs, it typically doesn’t trickle down.”

At the same time, retailers and industry groups have made their opposition to the tariffs clear. Last month, Walmart sent a letter to U.S. Trade Representative Robert E. Lighthizer cautioning that additional tariffs on \$200 billion of Chinese goods would strike a blow. Walmart — the largest retailer in the country — wrote that the “immediate impact will be to raise prices on consumers and tax American businesses and manufacturers.” Target chief executive Brian Cornell said the company was “concerned about anything that would cause higher prices on everyday products for American families.”

That’s in concert with arguments from industry groups that say the tariffs will trigger price increases, even if not by this Thanksgiving or Christmas. The Retail Industry Leaders Association, an industry lobbying group, wrote to Lighthizer in September requesting the removal of more than 650 tariff lines from the proposed list of products subject to the latest wave of tariffs. Any tariffs on consumer goods proposed by Trump’s administration, the group wrote, are “nothing more than a hidden tax.”

Larger retailers have long since secured low-priced inventory to get them through the holidays and into the new year. But Hun Quach, vice president for international trade at RILA, noted that as the Chinese tariffs drag on, businesses large and small will be forced to restructure their supply chains. Changing the source on products as simple as plastic stickers can take as long as a year, she said.

“The pricing impact won’t hit immediately,” she said. “I think a lot of this uncertainty is about how long these tariffs are going to be in place.”

There’s also the question of whether retailers, embracing a strong economy and shoppers with money to spend, could increase prices anyway. But Cohen said that, even with signs pointing toward a strong holiday season, “the prospect of raising prices across the board is extremely problematic. There’s no getting away with that.”

Still, retailers will have to grapple with questions of when to time price increases on goods that will feel the full brunt of the tariffs at the start of 2019.

“Do you start to adjust prices now or do you wait until January?” Cohen said. “That’s a difficult decision.”

Mark Rosenbaum, department chair and professor of retailing at the University of South Carolina,

said that many retailers placed their holiday-season orders over the summer, and that it would be unusual for them to alter the prices now because of the tariffs.

Jack Kleinhenz, chief economist at the National Retail Federation, noted that many of the tariffs apply to goods that have “already been ordered, and have been shipped and are on their way.” The “precise effects of the tariffs are not yet completely clear,” but any impacts are likely to hit closer to the start of 2019. The tariffs may hit prices for jewelry by Valentine’s Day, for example, but that may be the earliest shoppers will feel a difference.

In the meantime, retailers and shoppers will have reason to stay merry.

“Thinking about the ability to spend — the data shows that we are in a good place,” Kleinhenz said. “The picture looks very good.”

FOR ADDITIONAL READING

■ ‘This could be catastrophic’: Small businesses say new tariffs will make it even harder to compete

■ ‘Target’s plan to win over seasonal workers: \$12 an hour and \$500 gift cards

■ ‘Good news for retailers this holiday season: Americans are spending on big-ticket items

Tariffs Affect Shoppers

Not everyone agrees on the benefits or the drawbacks on imposing tariffs, especially when they are a unilateral imposition. Read “Will tariffs ruin holidays for shoppers?” Answer the following questions to guide your comprehension and discussion.

1. *The Post* business reporter makes several allusions in the article. To what does each refer and how does each add to the content?
 - a. Ouija board
 - b. Grinch
 - c. Stay merry
2. What positive indicators are there for a strong economy?
 - a.
 - b.
 - c.
3. Several sources are quoted. Select two of them to explain why each would be considered reliable.
 - a.
 - b.
4. Data is included to support expectations and comparisons. Often a chart or graph more quickly conveys numbers and other data to readers. Use the information provided in paragraphs 6, 7 and 8 to create an informational graphic.
5. Why do retailers like Walmart and Target oppose raising tariffs?
6. Why do some industry groups oppose the current Trump administration tariffs?
7. Put in your own words this statement:

Retailers will have to grapple with questions of when to time price increases on goods that will feel the brunt of the tariffs at the start of 2019.
8. When are purchasing and pricing decisions made for holiday seasons?
9. Contrast the lede (paragraphs 1 and 2) with the last two paragraphs.
10. From an advertisement in the print newspaper select an item that you might buy someone as a gift. What is its current price? Look for it online. Where is the current best price for the same item? How easy is it to return the item?

Name _____ Date _____

Trade + Tariffs = Costs

Products

Price Checks

1

2

3

4

5

6

7

8

9

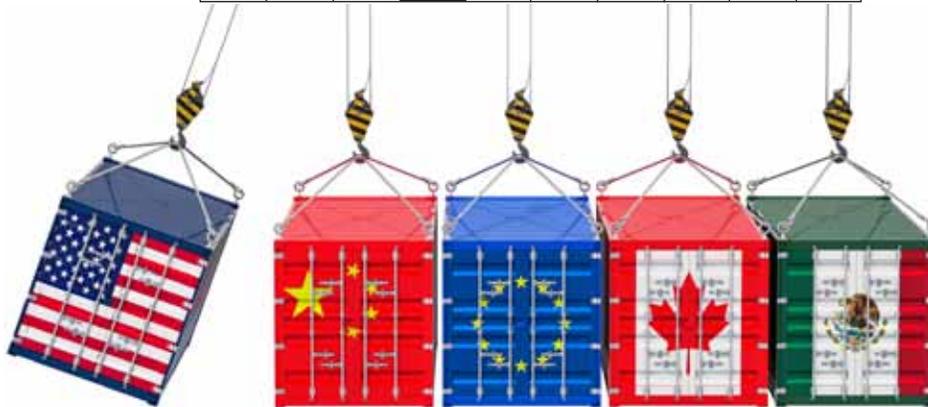
10

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ANSWERS

Crossword Puzzle

| | | | | | | | | | | | | | | |
|----|---|----|----|----|----|----|----|----|----|----|---|----|---|---|
| 1 | C | O | S | T | | T | R | A | D | E | | | | |
| | A | | A | R | E | A | | C | | A | | | | |
| 8 | P | A | L | E | | R | | | 10 | I | C | | | |
| 11 | I | D | E | A | | 12 | I | 13 | M | 14 | F | | H | |
| 15 | T | S | | S | | 16 | F | A | I | 17 | R | | | |
| | A | | 18 | E | U | | 19 | F | R | E | E | | | |
| | L | | | 20 | R | E | S | T | | T | | | | |
| | | 21 | P | L | Y | | | | 23 | C | A | 24 | I | |
| 25 | A | R | E | | | | 26 | B | | 27 | A | L | M | |
| 28 | G | I | V | E | | | 29 | I | S | L | I | P | | |
| 30 | E | O | Y | | | 31 | T | J | | 32 | M | A | O | |
| 33 | N | R | | | 34 | D | U | O | 35 | S | | 36 | T | R |
| 37 | T | A | X | | | 38 | B | U | D | G | E | T | | |



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