One Product, Many

Compare how economic choices affect risk and stability.

SS.7.E.3.3 "Compare and contrast a single resource economy with a diversified economy."

NAME ______________________________ DATE ______________

1 READ AND MARK

Read it twice

YOUR JOB Underline facts that show Marisol depends on one product, circle facts that show Northport earns income from several industries, and number one risk for each country.

Two Ways to Earn Income

(1) Imagine the fictional country of Marisol, where rich soil and a warm climate make bananas its main export. Most farms, shipping companies, and government tax income depend on banana sales. This is a single resource economy, an economy that relies heavily on one natural resource or product. When world banana prices are high, money flows into Marisol. Yet a hurricane, plant disease, or lower demand abroad can quickly reduce jobs and tax revenue because few other industries can replace that income.

(2) Nearby, the fictional country of Northport sells wheat, fish, clothing, computer services, and solar equipment. Its workers and businesses earn money from several industries, so Northport has a diversified economy. A storm might harm its wheat crop, but fishing, factories, and service businesses could still provide jobs and taxes. Diversification does not prevent every problem. A worldwide recession can lower demand for many products at once. However, Northport is less dependent on the price or supply of just one product than Marisol.

(3) Both countries trade with other places, employ workers, collect taxes, and face risks from events beyond their borders. Their key difference is how widely their income is spread. Marisol's leaders could reduce risk by supporting new crops, food processing, tourism, or other businesses. Building roads, training workers, and finding buyers can take time and money, so changing an economy is not simple. Northport must also keep its industries competitive, but losses in one sector are less likely to control its entire economy.

2 ANSWER WITH EVIDENCE

Use the passage

1. Compare the sources of income in Marisol and Northport.

2. How would a drop in banana prices affect Marisol differently from a problem in one Northport industry?

3. Compare what could happen if a storm damages crops in each country.

4. State one similarity and one key difference between the two countries' economies.

3 YOUR TURN

Your own words

Invent a community that depends heavily on one product. Write four sentences that name the product, explain one risk, name at least three new industries the community could develop, and explain how those industries could reduce risk.

One Product, Many

PART 1 · READ AND MARK

Underline facts that show Marisol depends on one product, circle facts that show Northport earns income from several industries, and number one risk for each country. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Compare the sources of income in Marisol and Northport.	**Marisol depends heavily on banana sales. Northport earns income from several industries, including wheat, fish, clothing, computer services, and solar equipment.**
2	How would a drop in banana prices affect Marisol differently from a problem in one Northport industry?	**A drop in banana prices could reduce many jobs and much tax revenue in Marisol because bananas are its main income source. If one Northport industry has a problem, its other industries can still provide jobs and taxes.**
3	Compare what could happen if a storm damages crops in each country.	**A hurricane or plant disease could sharply reduce Marisol's banana income because it has few other industries. If a storm harms Northport's wheat crop, its fishing, factories, and service businesses could still provide income.**
4	State one similarity and one key difference between the two countries' economies.	**Both countries trade, employ workers, collect taxes, and face outside risks. Marisol relies on one main product, while Northport has a diversified economy with several industries.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Riverbend currently depends on logging, so a drop in lumber demand could cost many residents their jobs. To diversify, the town could support furniture making, outdoor tourism, and software repair businesses. These industries would give workers and the local government more than one source of income. A wildfire or lower lumber price could still hurt Riverbend, but the other businesses could help the town recover.

Accept equivalent comparisons that accurately connect Marisol's reliance on bananas with greater risk and Northport's multiple industries with reduced dependence on one product. For the open response, accept realistic industries and a clear explanation of how multiple income sources reduce, but do not erase, economic risk.