



## Diverse Economies

### A Social Studies and Economics Lesson for Grades 5-8

Developed by Allaire Diamond M.S., M.Ed. as part of the project **People, Plants & Gathering in Northern Maine**, a collaboration between the USDA Forest Service Northern Research Station and the University of Vermont, funded by the Northeastern States Research Cooperative. Principal project investigators: Dr. Marla Emery, USDA Forest Service, and Dr. Clare Ginger, University of Vermont.<sup>1</sup>

**Topics:** Barter, informal economy, livelihood

#### Maine Learning Results Addressed:

*Social Studies C2:* Students understand economic aspects of unity and diversity in Maine, the United States, and various world cultures, including Maine Native Americans.

- b. Describe the economic aspects of diverse cultures, including Maine Native Americans, various historical and recent immigrant groups in the United States, and various cultures in the world.

#### Objectives:

- Classify examples of economic interactions in the informal economy
- Define and explain terms relating to both the formal and the informal economies
- Apply the economic terms to the stories of real people in northern Maine
- Record their experienced and observed interactions in the informal economy
- Analyze examples from their own lives and from northern Maine to explain how the informal economy is important in peoples' lives

**Background:** In this lesson, students will develop understanding of the multiple ways that people put together livelihoods outside of the *formal economy*. Though interactions in the *informal economy* are not 'tracked' by the formally-recognized and governed economic system, they are substantial contributors to individual and family livelihoods in many parts of the country, including northern Maine. Students learn terms that describe the informal economy, classify economic interactions with a series of examples (including those of gatherers in the **People, Plants & Gathering in Northern Maine** website), and then keep a log of interactions that they or their family members are part of. Their final assessment is a reflective essay based on their logs. *NOTE: Some activity in the*

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<sup>1</sup> Photo by Michelle Baumflek

*informal economy is quasi-legal or illegal. Examples include drug deals, human trafficking, and smuggling. This lesson is not meant to condone or encourage such activities but merely to explore the ways that activities including bartering, gifting, and self-provisioning can be real contributors to livelihoods as well as ways that people interact with landscapes. We recommend that teachers do not emphasize or focus on the illegal potential of interactions in the informal economy but acknowledge that students may wish to exercise caution in recording activities that fall into legal gray areas. When students are keeping their logs, they do not need to record names or dates and should not worry that this assignment could get them or others in trouble – we include wording to this effect on the student directions for this assignment.*

### **Materials:**

- Chalkboard
- Computers with internet access
- Student organizer (included)
- Assignment for log (included)

**Time:** 40-80 minutes plus homework – to be collected after 7 days

**Assessment:** Student “alternative economy” logs and final report/analysis.

### **Activities:**

1. **Writing prompt.** On a piece of scrap paper, ask students to describe an experience they’ve had of getting something they wanted or needed (this can include material goods but also services) without buying it in a store. What did they end up doing to get this item? (if you deem it necessary, explain that stealing does not count) After 5 minutes or so of writing, ask students to share what they’ve written with a partner or in small groups. (possible responses include: asking for the item for a birthday/Christmas/Hanukkah; trading something for it; making it; finding it; borrowing it; getting it from the library; use an alternate item that they already have).
2. **Categorizing.** Ask students if they did the same thing as their partner/other people in small groups. At least some students should say no. Ask a few students to share their strategies. After several have spoken, ask someone to give a general name for a **type/category** of strategy they have heard from their classmates. Students should say something like “giving” or “borrowing” or “trading”. As each category is mentioned, ask for a show of hands of people who have used that type of strategy. Tally the number of hands next to each category.
3. **Acknowledge informal economy.** Once this tallying is done from the student sharing, note that these are all important ways that people obtain what they need or want. Economists (people who study how people produce and get goods and services) call these strategies that are used outside of stores the **informal economy**.
4. **Economic terms.** Write these terms on the board:

- a. Livelihood
  - b. Exchange
  - c. Purchase
  - d. Barter
  - e. Gifting
  - f. Self-provisioning
5. **Definitions.** Explain to students that these are terms economists use when they are talking about the informal economy. Distribute student organizer (included in this lesson). Provide these definitions for students to write down:
- a. **Livelihood:** A means to support physical or cultural survival.
  - b. **Exchange:** Providing something or doing something in return for something else.
  - c. **Purchase:** Getting something in return for money.
  - d. **Barter:** Exchange of goods or services for other goods or services, instead of money.
  - e. **Gifting:** Transfer of a good or service to another person without the expectation of compensation.
  - f. **Self-provisioning:** Providing directly for some of one's own needs without any form of exchange.
6. **Examples.** Provide the following examples of economic interactions and ask students to classify them. This could also be done individually.
- a. John successfully goes deer hunting in the fall and eats venison all winter.
  - b. Anna mows John's lawn and he gives her some venison.
  - c. John gives venison to his elderly father, Edward.
  - d. Edward buys blackberries from Marie, who is selling them by the side of the road.
  - e. Marie makes blackberry jam for Christmas presents for her family.
  - f. Marie's sister June owns a small shop that caters mostly to seasonal tourists. She charges sales tax and pays it to the state.
  - g. June buys some of Marie's jam to sell in her shop.
  - h. Marie trades jam for bread with a local baker.
  - i. Marie tells a carpenter she doesn't have money for him to fix her porch, but she could give him blackberry pies.
  - j. June's 12-year-old daughter Elise babysits for her neighbor's toddler every Thursday evening.
7. **Review** the answers above.
- a. Self-provisioning, livelihood
  - b. Exchange, barter, livelihood
  - c. Gifting, livelihood
  - d. Exchange, purchase, livelihood
  - e. Gifting, self-provisioning
  - f. Exchange, livelihood
  - g. Exchange, purchase, livelihood

- h. Exchange, barter, livelihood
  - i. Exchange, barter, livelihood
  - j. Exchange
8. Acknowledge that these types of informal economic interactions are often very important in the personal economic situations of individuals and families, including many in northern Maine. If appropriate to the ages of your students, explain that these sorts of economic interactions and arrangements are often not recorded in economic indicators such as GDP, because they either don't involve money or the money may not be reported as income (roadside stand or babysitting example).
  9. **Examples from northern Maine.** Students should now spend some time exploring the gatherer profiles on the **People, Plants, and Gathering in Northern Maine** website ([http://nrs.fs.fed.us/sustaining\\_forests/conserves\\_enhance/special\\_products/maine\\_ntfp](http://nrs.fs.fed.us/sustaining_forests/conserves_enhance/special_products/maine_ntfp)). They should find and record an example of a person/situation for each of the terms they have just learned.
  10. **Assignment and assessment.** For homework, students should keep a log of their alternative economic interactions (or those of family members) for one week. You may want to demonstrate how they should keep a log in a journal or their notebooks. They will be turning this in. Their final assignment is to write a one-page essay summarizing their logs and explaining how informal economic interactions are important to them and their families, as well as people from northern Maine (see student assignment in this lesson).
  11. **Optional extension:** Use these directions from the Hudson Museum to make a bookmark out of brown ash; if brown ash is not available, other natural materials or stiff paper can be used: <http://www.umaine.edu/hudsonmuseum/Bookmark.html>

## Diverse Economies organizer

<i>Term</i>	<i>Definition</i>	<i>Example</i>	<i>Personal/ class example</i>	<i>Website Example</i>
Self-provisioning				
Gifting				
Barter				
Formal economy				
Informal economy				
Exchange				
Livelihood				

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**Diverse Economies Log and Writing Assignment:** For one week, keep a list of all alternative or informal economic interactions that you or your family members have. This includes barter, gifting, being paid informally for work like babysitting, or other interactions like the examples you talked about in class that would qualify as informal economic interactions. You don't need to include names, dates, or anything that might get somebody in trouble.

At the end of your week keeping the list, write a one-page essay about how the lives of individuals, families, communities, or even whole societies are affected by the informal economy. Reflect on your own list as well as the Maine examples or others you might know about. Even though informal economic strategies are normally not considered when government institutions consider economic health, are they still important in the lives of people? How? What are some benefits and drawbacks to operating in the informal economy?

Due: \_\_\_\_\_

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