

Saving Strawberry Farm

By Deborah Hopkinson / ISBN: 0-688-17400-0

Lesson by

Barbara Flowers, Federal Reserve Bank of St. Louis

Lesson Description

In this lesson, students learn that saving is essential to economic well-being, especially in times of extreme economic downturn. They read *Saving Strawberry Farm*, a story about a Depression-era family attempting to save a neighbor's farm by waging a penny auction. Students hear about the lack of goods and services available and the high rate of joblessness during this terrible time. They simulate a bank run to see how even those with savings were affected. Finally, they learn that savings are safe in banks today.

Age Level

8-10 years old

Content Standards

National Standards in Economics

- **Standard I:** Students will understand that productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up other things.
 - Benchmark 3, Grade 4: Goods are objects that can satisfy people's wants.
 - Benchmark 4, Grade 4: Services are actions that can satisfy people's wants.
- **Standard 10:** Students will understand that institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and well enforced property rights, is essential to a market economy.
 - Benchmark 1, Grade 4: Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.
 - Benchmark 2, Grade 4: Saving is the part of income not spent on taxes or consumption.

Saving Strawberry Farm

National Standards in Personal Finance

Saving and Investing Overall Competency: Implement a diversified investment strategy that is compatible with personal goals.

- Benchmark 1, Grade 4: People save for future financial goals.
- Benchmark 3, Grade 4: Banks, savings and loan associations, and credit unions are places people can invest money and earn interest.
- Benchmark 4, Grade 4: Piggy banks are places to hold savings. Savings accounts and savings bonds are ways to earn money from income not spent.

Concepts

Banks
Goods
Services
Saving

Objectives

Students will:

1. Define goods and services.
2. Provide examples of goods and services.
3. Explain why people keep money in neighborhood banks.
4. Explain why it is important to save money.

Time Required

40 minutes

Materials

- A copy of *Saving Strawberry Farm* by Deborah Hopkinson (ISBN: 0-688-17400-0)
- Visuals 1 and 2
- A copy of Handout 1, cut apart to provide one Savings Statement for each student.
- A copy of Handout 2, cut apart to provide \$2.00 for each student

Saving Strawberry Farm

Procedures

1. Introduce the story by telling students that in 1929 our country began a long period in which people lost their jobs and families could not afford to buy the goods and services they were used to having. Define **goods** as objects that satisfy people's wants. Goods are things that we use, such as bicycles, balls, and books. Define **services** as actions that satisfy people's wants. Services are activities that other people perform for us, such as cutting our hair, umpiring our baseball games, and washing our cars.
2. Explain that you will read a story about how people's lives changed during this time in our history. Read *Saving Strawberry Farm* to the students. Tell students to listen for examples of goods and services in the story.
3. Display Visual 1, and one-by-one, have students identify whether the object is a good or a service. (*eggs – goods, lemonade – good, meat – good, a block of ice – good, strawberries – good, sugar – good, canned goods – goods, bolts of cloth – good, candy – good, Davey carrying groceries to Miss Elsie's car – service, a wagon – good, carrots – goods, wooden spoons – goods*)
4. Using Visual 1 as an answer bank, ask the following questions:
 - What item did Davey's family eat most of the time? (*Eggs*)
 - Why didn't they have more to eat? (*Their father lost his job, so they had very little money with which to buy food.*)
 - What are some goods the family couldn't have now but were able to have when their father had a job? (*Meat, lemonade, strawberries, candy*)
 - Did the family expect the father to lose his job and to have no money or was it unexpected? (*Answers will vary but students should recognize that the beginning of The Great Depression and its duration came as a shock to almost everyone.*)
 - What might the family have done if they had expected that the father would lose his job? (*Answers will vary but focus the students on the idea that the family would have tried to save more money while the father was working so they would have money to spend when he lost his job.*)

Saving Strawberry Farm

5. Explain that **saving** means not spending money now but instead keeping the money to buy things in the future. Ask students for examples of when they have saved money and what they were saving for. Explain that children save money so that they can buy goods—like a video game or a bicycle—in the future. Parents also save money to spend in the future. They save so that they can buy a house, furniture, or a car. They also save so that they have money available in case they lose their jobs or become too ill to work.

6. Ask students for examples of goods and services they have purchased or their family has purchased for them. (*Answers will vary.*) List the examples on the board. Going item by item, ask students to state what they think the price of each item is in a store or in the market. Help students with accuracy. Total the list. Ask students to identify some items on the list that they could do without. Total the amount. Ask students what they could do with this money. (*Answers will vary but may include save the money or spend it on other goods and services.*)

7. Ask the following questions:
 - When have you received money? (*Answers will vary, but students often receive money as gifts, as allowance, or for doing household chores.*)
 - Do you have a piggy bank at home? (*Answers will vary.*)
 - When you received money, do you try to save some of it in your bank? (*Answers will vary.*)

8. Explain that a bank is a place to save money. Most people have a small bank at home, such as a piggy bank, where they put their extra dollars and coins. However, most people do not let the amount of money in their home banks get too large, because it isn't safe. They could lose the bank, someone could take the bank, or they might use the money from the bank to buy something.

9. Explain that when home banks get too full, most people take the money to a neighborhood bank. Ask students for examples of banks in their community. If they are unfamiliar with any banks, discuss the locations of some nearby banks.

10. Point out that people keep their money in the neighborhood bank so that they won't lose it or use it. The neighborhood bank has a big vault and a guard to keep the money safe. The bankers are so happy to have the money, they even pay you to keep your money at their bank.

Saving Strawberry Farm

11. Display Visual 2. Read *Sophia's Savings Account* to the class. Ask the following questions.
 - How much money did Sophia deposit in her account last year? (\$5.00)
 - How much money did Sophia deposit in her account this year? (\$15.00)
 - When you add \$5.00 plus \$15.00, how many dollars do you have? (\$20.00)
 - How much extra money did Sophia have in her account? (15 cents)
 - Why did she have 15 cents extra? (She earned 15 cents in interest.)
 - What is interest? (Interest is the price for using someone else's money.)
12. Explain that banks help their customers in many ways. They lend money to customers to buy things like cars and houses. They keep people's savings safe. They pay interest to people who save and charge interest to people who borrow.
13. Explain that people save their money so that they can have things in the future. This is especially important if a parent loses his or her job. The amount of money the family has saved allows the family to buy the goods and services it wants when parents are unemployed. Explain that some of the families in Davey's town might have kept their savings safe in the neighborhood bank so that they could have money when they needed it. Explain that students will now see what it would have been like to save their money in some neighborhood banks during the Great Depression.
14. Provide each student with a card cut from Handout 1. Acting as the banker, stand at your desk with \$21.00, cut from Handout 2. Explain that when the fathers in Davey's day lost their jobs, they wanted to use their savings to buy food, clothing, and other things the family wanted. Point out that each student has a statement that shows he or she has \$2.00 in his or her savings account. Explain that the students are going to pretend they are mothers and fathers during the Great Depression and that they are going to the bank to get their savings. Instruct half of the students to form a line to your desk to take their savings out of the bank. Explain that the other half may join the line as it shortens.
15. As each student reaches your desk, give him or her \$2.00, the entire amount on his or her savings statement. When only \$5.00 remains, state in a loud whisper that the bank will soon run out of money, and it may only have enough money to pay those who arrived at the bank first.

Saving Strawberry Farm

16. As students approach the desk, pay out all the money available and tell the remaining students to go home to their desks. Ask the following questions:
 - How many of you were able to get your savings? *(Answers will vary.)*
 - If you were not able to get your savings, how will you buy the food your family wants? *(Answers will vary but students should recognize that this is very much like the situation described in the story.)*
 - Why did people save their money in a neighborhood bank? *(To keep it safe)*
 - Were their savings safe in the bank? *(No, the bank ran out of money.)*

17. Explain that during the Great Depression, some people may have been saving money in a bank, but when they wanted to get their money out of the bank, the bank didn't have it. This is why it was so difficult for families back in Davey's day. Even if they saved money, the banks were not always good places to keep it.

18. Explain that this could not happen today. The government has laws to make sure that neighborhood banks have enough money to give people's savings to them when they want it. So families today can feel safe saving some of their money in a bank in case they have a problem like a mother or father losing a job.

19. Provide each student with a card cut from *Handout 2: Savings Statements* or retained from the earlier round. Acting as the banker, stand at your desk with enough dollars to fulfill each student's Savings Statement. Perform the exercise again, but allow each student to redeem his or her Savings Statement to illustrate how depositors are now protected, up to certain limits, from losing the money they save in banks. Ask the following questions:
 - What was different about going to the bank this time? *(The bank had enough money.)*
 - How can you be sure that banks today will have your savings when you want them? *(There are laws that protect your savings.)*

Saving Strawberry Farm

Closure

20. Review the important points taught in this lesson by asking the following questions:
- What are goods? (*Goods are objects that can satisfy people's wants.*)
 - What are services? (*Services are actions than can satisfy people's wants.*)
 - What goods or services has someone purchased for you lately? (*Answers will vary but should reflect the items students listed on the board.*)
 - Could you have done without any of these goods and services? (*Answers will vary but students should recognize that we often buy things we could do without.*)
 - What could you have done with the money that was spent on these goods and services? (*Saved some of it.*)
 - Why do people save? (*Children may save to buy a video game, a bicycle, or another expensive item. Families save to buy expensive items, such as a car or a house, or to have money available in case of job loss or illness.*)
 - Where is the safest place to save money? (*In a neighborhood bank*)
 - Why are your savings safe in a neighborhood bank? (*The bank has a vault and a guard. We have laws that will make sure you can get your money when you want it.*)

Assessment

21. Distribute a copy of *Handout 3: Assessment* to each student. (*Answers will vary except for question 7, which students should answer by recognizing that there are laws to protect our savings. Students should recognize that it is necessary to give up current consumption to save for future consumption. They should also be able to discern the difference between goods and services.*)

Questions 1-6: Answers will vary depending on the pictures the students draw for the first part of the assessment.

Question 7: Today there are laws to make sure people are able to get their savings from the bank. We didn't have these laws during the Great Depression.

Visual 2: Sophia's Savings Account

Sophia ran home to tell her dad the amazing news. She had taken her birthday money to the bank to put it in her savings account. She had \$5.00 in her account from last year, and she put \$15.00 more in today. She told her dad the story.

Sophia handed \$15.00 to the bank teller. The bank teller took the money and punched numbers on a keyboard. Out of the printer came a receipt for Sophia. The receipt showed the amount of money Sophia placed in her account this year. It also showed the amount of money Sophia placed in her account last year.

As Sophia walked toward the door, she read her receipt carefully. Beginning at the first line, she read, "\$5.00." She thought, "That's right. That's the \$5.00 I put in my account last year." She looked at the next line and thought, "That's right. That's the \$15.00 I put in my account today." She skipped down and looked at the last line and read, "Account Balance - \$20.15." She yelled aloud, "That's NOT right!"

She looked at all the lines again. This time, she read a line she had missed earlier. It read, "Interest - \$0.15." She thought, "What's that?" She ran back to the teller line to report the mistake the bank had made.

When she finally got to the teller's window, she explained how she had deposited \$5.00 in her account last year and \$15.00 in her account this year, and that everybody knows that \$5.00 and \$15.00 equal \$20.00 – not \$20.15.

The teller said to Sophia, "You earned 15 cents in interest. Interest is a payment the bank makes to you for allowing us to use your money."

"Wait a minute!" exclaimed Sophia. "I want to keep my money in a safe place, and you have a vault and a guard. I would keep my money here for free. Why would YOU pay ME?"

"Well, Sophia," the teller explained, "we don't really keep all of your money here at the bank. You deposit your money in our bank, and then another customer comes in and asks for a loan. Sometimes customers want to borrow money for a house, or for a car, or to start a business. We provide a service. We give them some of the money people save at our bank. The borrowers pay us back, and they give us extra money as payment for the service. The extra money is called interest. Interest is the price for using someone else's money.

The teller smiled at Sophia and continued explaining, "We keep some of the interest so that we can pay our workers, and we give our savers some of the interest for letting us use their money."

Saving Strawberry Farm

Handout 1: Savings Statements

<p>Savings Statement You have \$2.00 in the bank.</p>	<p>Savings Statement You have \$2.00 in the bank.</p>
<p>Savings Statement You have \$2.00 in the bank.</p>	<p>Savings Statement You have \$2.00 in the bank.</p>
<p>Savings Statement You have \$2.00 in the bank.</p>	<p>Savings Statement You have \$2.00 in the bank.</p>
<p>Savings Statement You have \$2.00 in the bank.</p>	<p>Savings Statement You have \$2.00 in the bank.</p>
<p>Savings Statement You have \$2.00 in the bank.</p>	<p>Savings Statement You have \$2.00 in the bank.</p>
<p>Savings Statement You have \$2.00 in the bank.</p>	<p>Savings Statement You have \$2.00 in the bank.</p>
<p>Savings Statement You have \$2.00 in the bank.</p>	<p>Savings Statement You have \$2.00 in the bank.</p>

Saving Strawberry Farm

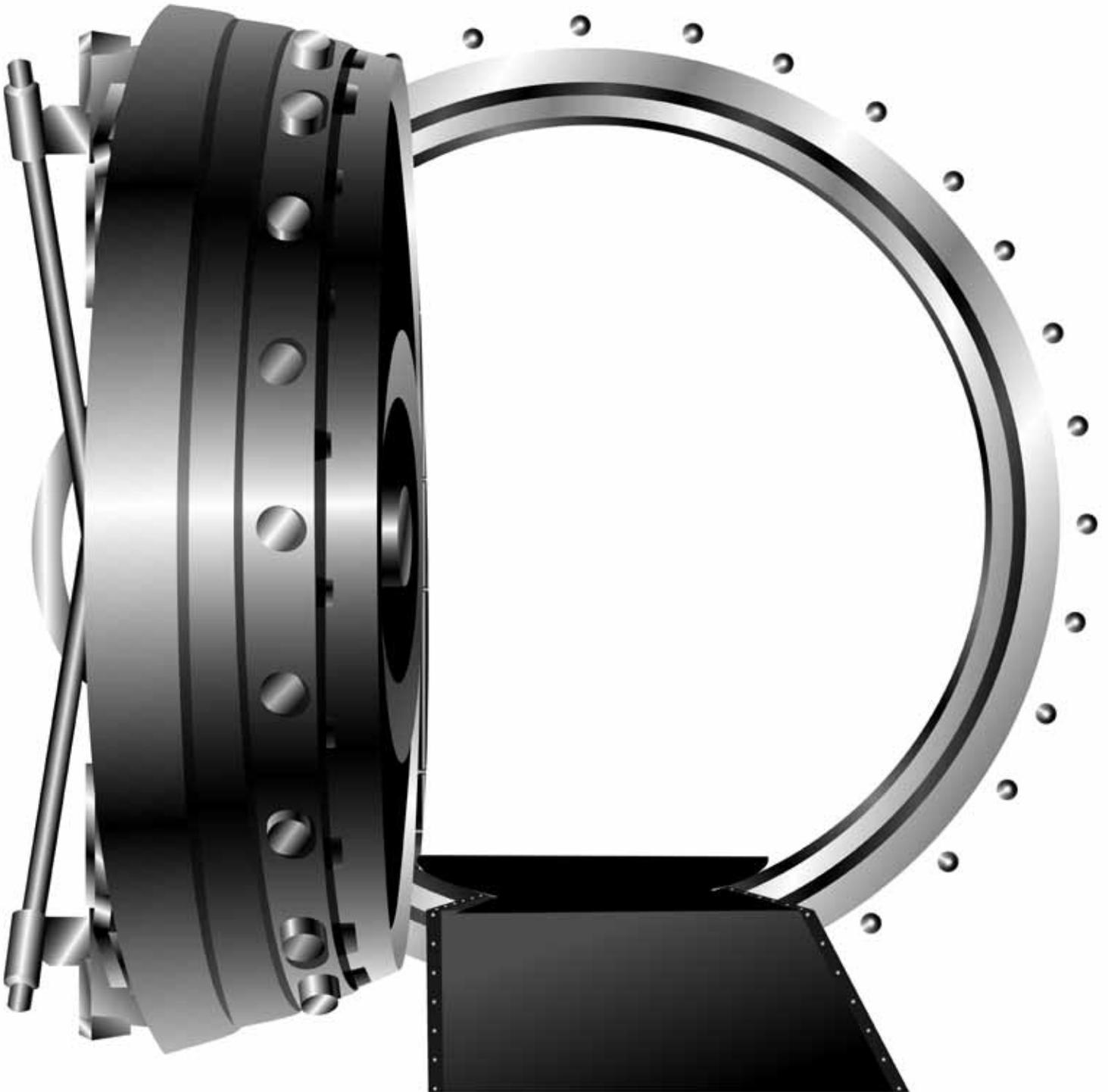
Handout 2: Dollars Saved



Saving Strawberry Farm

Handout 3: Assessment

What goods or services would you be willing to give up now so that you could buy something special in the future? In the bank vault, draw pictures of three goods and services you would be willing to give up, and circle the goods. Write the price next to each one, and add the prices to see how much money you could save in the bank's vault.



© Shutterstock, Kirsty Pargeter

Saving Strawberry Farm

Handout 3: Assessment (Continued)

Answer the following questions:

1. What good or service would you like to have in the future? _____

2. What is the price of the good or service you want? _____

3. Is there enough money in the vault to buy the good or service you want? _____

4. If your answer to question 3 was NO, how much more money do you need? (Use the back of this page to do your subtraction problem.) _____

5. If your answer to question 3 was YES, will you have any money left after you buy your good or service? _____
If yes, how much money will still be in the vault? (Use the back of this page to do your subtraction problem.) _____
6. What else could you give up buying now so that you can have the good or service you want in the future? _____
7. Why is it safer to save your money in the bank today than it was to save it in a bank during the Great Depression? _____
