

Lesson 14

Alexander, Who Used to be Rich Last Sunday

by Judith Viorst
Aladdin Paperbacks/Scholastic Inc.

Overview: The teacher reads the book, *Alexander, Who Used to be Rich Last Sunday*, about a little boy who had a dollar, but spent it all, a little bit at a time. After hearing the story, the students earn tokens that they can choose to spend or save. Then they learn a song about spending and saving.

Economics: **Featured concepts:** spending, saving
Other concepts: money, opportunity cost, income, banks, interest

Materials:

- ☞ Book: *Alexander, Who Used to be Rich Last Sunday*, by Judith Viorst
- ☞ A classroom chart of economics terms
- ☞ Two rolls of pennies (\$1.00)
- ☞ Clear cellophane tape and scissors
- ☞ Lesson 14 Activity: *What Happened to Alexander's Money?*
- ☞ Posterboard or chart paper
- ☞ A supply of small tokens, possible cut from cardstock
- ☞ Items for a classroom store, some of greater and some of lesser value
- ☞ Small milk cartons (one per student) and a black marker
- ☞ Construction paper, crayons, and other art supplies
- ☞ transparency of Lesson 14 Activity: *Spending and Saving*

Preparation: ☞ Tape 100 pennies together side by side into one continuous strip.



- ☞ Prepare a chart or transparency for graphing Alexander's spending decisions, as shown in Lesson 14 Activity: *What Happened to Alexander's Money?*
 - ☞ One day at lunchtime, have students save and wash out their milk cartons. To cover the cartons, cut strips of construction paper the width of the carton sides and tape it around the outside of the carton.
 - ☞ Collect a variety of items and set them up in a classroom store. Be sure that you have items of lesser value (balloons, stickers, gum) and some items of greater value (recycled toys and/or other items). Not many of these items will be needed because small children usually cannot put off gratification very well.
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- ⇒ Before the first shopping day, determine the token prices for the items to be bought so no students will have sufficient income to buy the items of greater value.
 - ⇒ Make a transparency from the song in Lesson 14 Activity: *Spending and Saving*
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Procedure: 1. Introduction

Show students the strip of pennies that are taped together. Have them count the pennies as a class. Explain that this is the same amount of money as a dollar bill.

- a. Ask students why they think most people prefer to carry a dollar bill in their pockets instead of 100 pennies. (*It's easier to carry.*)
- b. Ask them why they think people carry coins. (*to make smaller purchases or to make change*)
- c. Explain that students will hear a story about a little boy named Alexander who had this much money. Ask students what he could do with his money. (*He could spend it or save it to use later.*) Explain that **spending** is exchanging money for items that someone wants now, and **saving** is keeping (not spending) money to purchase items later in the future. Add the words "spending" and "saving" to the list of economics words on the classroom chart.

2. Economics in the Story

Ask students to notice what happens to Alexander's pennies in the story. Read the book, *Alexander, Who Used to be Rich Last Sunday*. Then review the story and discuss the decisions that Alexander made about spending and saving.

- a. Ask students the following questions.
 - What did Alexander plan to do with his money when he first got it? (*He wanted to save it to buy walkie-talkies.*)
 - Was he able to save his money? (*No, he spent it on little things.*)
- b. Explain that if Alexander continues this way he will not be able to get the walkie-talkies. Explain that **opportunity cost** is the best thing you give up when a choice is made. Explain that having walkie-talkies in the future will be his opportunity cost for deciding to spend the money now.
- c. Again, take out the strip of 100 pennies taped together, and then reread the portion of the story about Alexander's spending decisions. When you come to the first section that says "Good-bye

fifteen cents," count and cut off that much money from the taped strip of pennies. Have students repeat, "Good-bye fifteen cents." As you come to similar subsequent sections, invite a student to come up and cut off the correct amount of money as students chant, "Good-bye ___ cents."

- d. Help students graph Alexander's spending decisions. Show them the prepared grid on the chart or transparency made from Lesson 14 Activity: *What Happened to Alexander's Money?* Tell them that this graph will show what Alexander did with his money. Explain that each box on the grid represents one penny.
 - Go through each of Alexander's spending decisions, finding each on the list below each column on the grid. Select students to color in the correct number of "penny boxes" to represent each of Alexander's spending decisions.
 - Compare the columns. Ask students where Alexander spent the most and least money.
 - Review the concept of opportunity cost (the best thing given up when a choice is made). Discuss the opportunity cost of Alexander's spending decisions. Explain that when people spend money, their opportunity cost is being able to save the money to spend later; and when they save money, their opportunity cost is being able to spend and enjoy it now.

3. Earning, Spending, and Saving

Recall that Alexander ended up with only bus tokens at the end of the story. Tell students that tokens are something that can be used for money in certain instances. Explain that any item that is accepted in exchange for goods and services can be considered a form of money. Tell students that you are going to start a token system in the classroom and pay them with tokens for work they do. Tell them that the tokens will be their income. **Income** is the payment people receive for work they do.

- a. Explain to students that they will be able to earn income (tokens) in many ways such as the successful completion of assigned tasks. Have students suggest other ways they could possibly earn income. Make a list on the chalkboard as suggestions are made. (You may also wish to keep a supply of tokens handy to use as a bonus for a student who performs unexpected work that is a benefit to the class, such as helping another student, running errands, etc.)
- b. Introduce students to the classroom store by showing them some items to be sold. Tell them that periodically they will have an opportunity to make a choice of spending their income or saving it to spend at a later time. Explain that some items in the store

(balloons, stickers, etc.) will have lower prices and the students will probably be able to buy them at their first opportunity. Other items (recycled toys) will have higher prices and students will have to save to buy them.

- c. Ask students where people put the income they save. (*piggy bank, drawer, box, wallet, bank account*) Make a list on the chalkboard as students make suggestions. Explain that people often choose to put their money in an account in a bank. A **bank** is a place where people put their money or borrow money. Tell students that money in a bank account will be safe and will earn interest. Explain that **interest** is the payment that a bank makes to savers for the use of their savings. Add the words "bank" and "interest" to their economics word list.
- d. Tell students that they will make their own banks in which to save their tokens. Give each student a milk carton and crayons or other art supplies with which to decorate it. Write each student's name on the top with a black marker for quick identification. After the students have completed their work on this task, explain that they have each earned one token of income. Pay students.
- e. Put their banks in an accessible place so that students can deposit their tokens as they earn them. Once each week give students the opportunity to spend tokens on items in the store, if they so desire. Continue this activity for a few weeks until students have had an opportunity to experience spending and/or saving.
- f. At the conclusion of this project, review with students the concept of opportunity cost as the best thing given up when a choice is made. Explain that their decisions to spend their income (tokens) immediately on small items had an opportunity cost — they gave up having income to save and spend later on higher priced items. If they chose to save their income, their opportunity cost was being able to spend and enjoy their purchases right away.

4. Singing about Spending and Saving

To review the concepts of spending and saving, teach the song in Lesson 14 Activity: *Spending and Saving*. (Tune: *On Top of Old Smoky*)

Spending and Saving

Keep spending your money; get something this way.
The value is small, but you'll have it today!

Start saving your money; get something this way.
The value is great, and you'll get it some day!

- a. Display a transparency of Lesson 14 Activity: *Spending and Saving*. Discuss the words to the song.
- b. Select students to come to the overhead projector to find and underline the words “spending” and “saving.”
- c. Ask students to examine the pictures of the airplanes on the transparency and answer the following questions.
 - Which airplane has a low price so that you could probably spend a small amount of money and buy it right away? (*the little rubber-band airplane*)
 - Which airplane has a higher price so that you would have to save in order to buy it? (*the large jet*)
- d. Discuss other examples of spending for items with lower prices and saving for items with higher prices.
- e. Display a copy of the transparency for this song in the *Economics Learning Center* so that students can practice reading and singing it. All songs in this book (Lessons 4, 5, 6, 12, and 14) can also be bound together into a song book for students to use in the center.

Related Activities:

See the Appendix for specific citations and ordering information.

Master Curriculum Guide in Economics: Teaching Strategies, K-2

Lesson 25 — *Bulletin Board: Teddy Bear Picnic*

Financial Fitness for Life, K-2: Pocket Power

Lesson 7 — *Saving Makes Us Wait*

Lesson 9 — *We Decide to Spend*

Lesson 10 — *We Plan for Spending*

Lesson 15 — *We Make A Budget*

Economics and Children’s Literature

The Busiest People Ever, by Richard Scarry

Something Special for Me, by Vera Williams

Round and Round the Money Goes, by Melvin & Gilda Berger

A Chair for My Mother, by Vera Williams

Lesson 14 Activity:

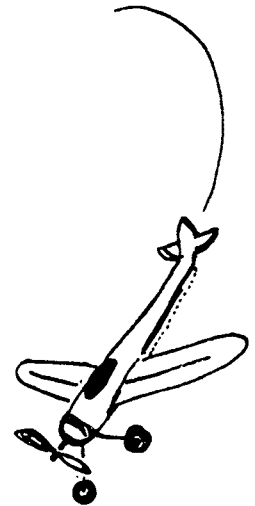
What Happened to Alexander's Money?

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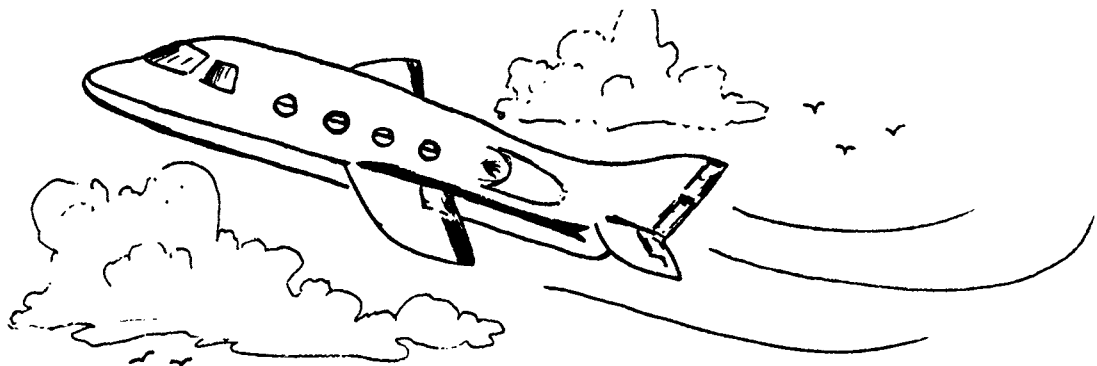
Lesson 14 Activity:

Spending and Saving

**Keep spending your money,
Get something this way.
The value is small, but
You'll get it today!**



**Start saving your money,
Get something this way.
The value is great, and
You'll get it some day!**



Tune: *On Top of Old Smoky*