

Stone Fox

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Description:

In this lesson, students use the book, *Stone Fox*, to understand income, capital, saving, taxes, and credit. *Stone Fox* tells the story of Little Willy, a ten year old who enters a challenging dog-sled race in hopes of winning money to pay the back taxes on his grandfather's farm.

Personal Finance Concepts:

Income, capital, saving, taxes, credit

Related Subject Areas:

Language arts, reading, social studies, math, English

Instructional Objectives:

Students will be able to:

1. Explain that people receive income for doing work and use this income to buy goods and services.
2. Define capital as the tools, equipment, and buildings used by businesses to produce goods and services.
3. Define credit as the ability to buy goods and services now and pay for them later.
4. Appreciate the importance of being a good "credit risk."

Time Required:

Five to ten class periods.

Materials Required:

1. Copy of *Stone Fox* for each student (or read chapters aloud to class)
2. Copy of Activity 1 for each student
3. Copies of brochures or pages from college catalogs containing tuition data and/or Internet access to locate college and university web sites with tuition data

Procedure:

1. Assign the first two chapters of the book. Or, read the assignment together as a class.
2. Write "income" on the board. Explain that most people or families receive income, in the form of money, for doing work. Define **income** as money earned for work. The income is then used to buy goods and services, such as hamburgers and

- haircuts, that family members want. Ask the class what Willy and his grandfather do to earn income. (*They grow potatoes on a small farm in Wyoming.*)
3. Emphasize that although the farm is a home for grandfather and little Willy, it is also a business. They use the resources on the farm - land, buildings and tools, and their own hard work - to grow potatoes. Little Willy's grandfather then sells the potatoes to someone (Mr. Leeks), who then resells the potatoes to grocery stores or to factories for canning. The money Grandfather and Willy receive when they sell the crop to Mr. Leeks is their income.
 4. Briefly review Willy's dilemma at the end of the first chapter. Because grandfather refuses to get out of bed (presumably due to a yet unexplained depression over tax problems), Willy must take over the farm business.
 5. Ask students to identify little Willy's main concern when he takes control of the farm in the beginning of the second chapter. (*It's almost time to harvest the potato crop. The crop was planted in early June, and it is now the middle of September. Willy worries that an early freeze will ruin the crop if it's not harvested soon.*)
 6. Explain that before Willy can harvest the potatoes, there is a lot of work. Write "capital equipment" on the board. Define **capital** as the tools, equipment, and buildings that a business uses to produce a good or service - in this case, potatoes. Emphasize that capital can be used over and over again to produce (or grow) a good or service. It is not "used up" in the production. If Willy does not have the necessary capital, he will not be able to harvest the potatoes.
 7. Have students think of examples of capital that Willy will use to grow and harvest the potato crop. Record student responses on the board under the heading "Capital Equipment." (Note: Be sure to stress that money is not "capital." A farmer might use money to buy a tractor or build a new chicken coop, but the tractor and building are capital - the money is not. (*Grandfather and Willy's capital equipment includes an underground shed to store the potatoes until they are sold, potato sacks, plow, and even the horse. Technically, the horse is a natural resource, however, the horse and the plow are used repeatedly so they could be considered as a capital resource. This means that Searchlight, harnessed to the plow, can also be considered a capital resource.*))
 8. Assign chapters 3, 4 and 5.
 9. Explain the much of the income that families earn for doing work is used to buy goods and services, but not all is used for this reason. Ask what Grandfather would do every month with the money little Willy earned working on the farm. (*He deposited it in a savings account at the bank. The account now has \$50.*)
 10. Write "saving" on the board, Explain that when people choose to not spend income and set it aside instead (it doesn't matter where - a savings account, a piggy bank, or under a mattress), this is called **saving**. Ask why Grandfather was saving little Willy's earnings. (*Grandfather was saving money to pay for little Willy's college education.*) Emphasize that when people want to buy something in the future, especially something with a high price tag, such as a car, house, or a new bicycle, they must save. Saving means spending less now to be able to spend in the future.
 11. Have students identify to whom Grandfather owes \$500 and why. (*Grandfather owes \$500 to the state of Wyoming for ten years of taxes on the farm.*) Write "taxes" on the board. Define **taxes** as required payments to the government. In Grandfather and little Willy's case, they owe the taxes to their state government. Take a moment to talk with the class about their specific state taxes. Remind students that their parents or other relatives must also use some of their income to pay state taxes. The state then uses the taxes collected to build and maintain highways and schools (especially colleges like Willy's grandfather wants him to attend) and to provide housing and medical care for needy people.
 12. Summarize the discussion by writing the heading "income" on the board. Under

- income, list "spending, saving, and taxes." Emphasize that when families earn income, some will be used to pay taxes. Most families will not avoid paying taxes for ten years by hiding collection letters under the floor boards!
13. Write "credit" on the board, and define **credit** as the ability to buy goods and services now and pay for them later. Engage students in a brief discussion about credit cards. What kinds have they seen family members use? Emphasize that when a credit card is used, people take the item home now, and the bank (or store) keeps track of what has been purchased and sends a bill at the end of the month. Point out that paying credit card bills on time is the same as paying back money that was borrowed.
 14. Refer students back to chapter two. Ask how little Willy was able to buy the things he and Grandfather needed at Lester's General Store after Grandfather took sick. (*He bought them on credit against this year's crop. Willy would have to use some money from selling the crop to Mr. Leeks to pay the bills from Lester's General Store.*)
 15. Divide the class into groups of 4-5 students, and give a copy of Activity 1 to each student. Read the introduction with the class, and go over the instructions. Assign each group a different business and/or allow them to generate their own ideas. Have them complete the activity as a group. When finished, have each group share its list of needed capital and its plan for repaying the loan. (*Examples: rakes and garbage barrels for yard work; games and toys for entertaining preschoolers; brooms, sponges, garbage barrels for cleaning garages; sponges, hoses, and buckets for washing cars; leashes, brushes, and pet toys for pet care.*)
 16. Assign chapters 6 and 7. Discuss the following:
 - a. How much is the entrance fee for the race Willy wants to enter? (\$50)
 - b. Where does Willy get the money for the fee? (*from his college savings account*)
 - c. Remind students that Willy had to see Doc Smith for medicine for Grandfather. What does Doc Smith think of Willy's decision to use his college money for the entrance fee? (*She thinks he is a "darn fool" for using the money.*) Encourage discussion. (*Mr. Foster most likely would not have loaned Willy the money. Because Stone Fox has never lost a race, Willy would probably be considered as a poor "credit risk" with no way of repaying the loan.*)
 - d. Why must Willy save for college anyway, aren't schools free? (Answers will vary.) Engage students in a discussion about the cost of their education. If you teach in a public school, make sure students understand that some of the taxes their parents pay to the state and local governments are used to provide and maintain schools. If you teach in a private or parochial school, do students know how much they must pay to attend? Explain that there are both private and public colleges; however, there are no "free" public colleges that are totally supported by taxes. Students (and/or their parents) must also make payments for their college education. This is why Willy is saving for college.
 17. Distribute copies of brochures or pages from college catalogs that will give students current college tuition fees. Use the data to determine the yearly and total cost of an undergraduate education at various (public and private, if available) colleges and universities. Point out that tuition can vary widely among colleges and there are many other costs, such as room and board and books. Emphasize again why it was so important for Willy (as it is for most people) to save for college.
 18. Assign chapters 8, 9, and 10.

Closure:

Discuss the following:

1. What is income? (*money earned for work.*)
2. How did Grandfather and Willy earn income? (*They sold the potato crop that they grew.*)
3. Grandfather and Willy used capital to grow potatoes. What is capital and which capital resources did they use? (*Capital is tools, equipment, and buildings that a business uses to produce a good or service. Grand father and Willy used an underground shed to store the potatoes until they were sold, potato sacks, and the plow harnessed to a horse.*)
4. What is saving? (*not spending income and setting it aside instead.*)
5. What are taxes? For what are they used? (*Taxes are required payments to the government. Governments use taxes to pay for things such as building and maintaining highways and schools and providing housing and medical care for needy people.*)
6. What is credit? (*the ability to buy goods and services now and pay for them later.*)
7. Why would someone want to be a good credit risk? (*to be able to borrow money when necessary.*)

Assessment:

Read the following scenario to the class about what might have happened to Willy and his grandfather. Then use the questions for assessment. You may want to write the questions on the board before reading the selection to encourage active listening. Remind students that this is not "what really happened," these are just your thoughts.

Little Willy and Grandfather: Ten Years Later

Willy and his grandfather worked hard in those years after the now-famous race against Stone Fox. They paid the taxes on the farm and started saving again for Willy's college education. As Willy got older, he tried to figure out how they could earn more income on the farm. He and Grandfather would sit up late at night and read books and pamphlets about new farming techniques, pesticides, and fertilizers that would help them grow potatoes more efficiently. When Willy was in high school, he got a part-time job at Lester's General Store. Willy saved the money he earned from his job and used it as part of the payment for a brand new tractor to use on the farm. He borrowed the rest from Mr. Foster at the bank. Mr. Foster said that with the income from the farm and his part-time job, Willy was a very good "credit risk."

Willy is almost 21 years old. Next month, he will graduate from the University of Wyoming. Willy decided on that college because it is a public university, and he could afford to pay the tuition. Plus, it is in Laramie, a town only about one hour's drive from Grandfather's farm. Willy was able to come home on the weekends and during the summers to help Grandfather and Jim, the hired hand, with the farm work. While he was in college, Willy studied accounting and agricultural economics. He plans to use his education in accounting to help the farmers in town with their taxes. The classes he took in agriculture and economics will help him to do an even better job running the farm - and that means more income!

And one more thing, Grandfather and Willy now have three beautiful, snow-white

Samoyeds that were given to them as puppies by, you guessed it, Stone Fox. Their names are Spotlight, Moonlight, and Sunlight.

1. How did Willy and Grandfather learn to make more income on the farm? (*They studied and increased their knowledge of farming. They also used more technology with pesticides, fertilizers, and new farming techniques.*)
2. Other than farming, how else did Willy earn income? (*He worked part-time at Lester's store.*)
3. What type of new capital did Willy buy for the farm? (*tractor.*)
4. Why was Mr. Foster willing to loan Willy money for the tractor? (*He was a good credit risk. The farm was making money, and Willy had a part-time job.*)
5. Why did Willy decide to go to college at the University of Wyoming? (*He could afford it. It was close to home so that he could continue to help Grandfather on the farm.*)

Extension:

The race is over; Willy has won a bittersweet victory. He has lost his good friend, Searchlight. We know that Willy has won the \$500 necessary to pay the back taxes and save the farm; however, the book ends with many unanswered questions. Have students think of as many questions as they can about the future of Grandfather and little Willy. Record questions on the board. Students should also copy the questions down to use later. Some suggestions.

1. Will Grandfather get better?
2. Will Grandfather and Willy pay the taxes on the farm from now on?
3. Will Grandfather and Willy start a new college fund?
4. Will Willy go to college or just grow potatoes for a living?
5. Will Willy have to borrow money to go to college?
6. Will Willy get a new dog?
7. Will Stone Fox continue to enter races?
8. Will Stone Fox win enough money to purchase the land needed for a Utah homeland?

Have students work in groups or individually (or as homework) to write a paragraph titled "Little Willy and Grandfather: Ten Years Later." Remind students that Willy will not be so little now that he is 20 years old! Students should make sure that their paragraph content includes the answers to at least four of the questions listed on the board and discussed in class (they can answer more and add their own, too!). Have students read their compositions aloud. Discuss.

Stone Fox

Activity 1: May I Please Borrow Some Money?

In chapter 5 of *Stone Fox*, little Willy goes to the bank looking for a way to come up with the \$500 that the tax collector, Clifford Snyder, says Grandfather owes the state of Wyoming. Mr. Foster, the president of the bank, refuses to give Willy a loan. ". . .How could you pay it back?" Mr. Foster asks little Willy.

Pretend that it is May 1, and summer vacation is just around the corner. This year, instead of just relaxing by the pool, watching baseball, and reading, you and a friend want to start a business and earn some money. You need \$50 to buy capital (tools and equipment) and some supplies to get your business started.

Instructions:

Complete this activity as a "business plan" that you will use to apply for a \$50 loan. If you can't convince someone (parent, relative, bank loan officer) that you have a good idea **AND** that you will be able to pay the loan back, then you will not be able to borrow any money.

My business is (circle one):

Yard and Garden Work (raking leaves, pulling weeds, etc.)

Entertaining Toddlers and Preschoolers

Cleaning Garages, Basements, or Attics

Washing Cars

Pet Care (walking, grooming, feeding, etc.)

Other: _____

List the resources you will need to start your business. Then circle the things on your list that are "capital" - tools and equipment that you can use over and over.

Now look back at your list. Do you have all items? If you don't, you must buy them. Make sure that \$50 will be enough, otherwise you must take something off your list or borrow more money (ask for a bigger loan).

When you borrow money, the "loan" must be repaid. How and when do you plan to pay the money back?

Once you have a list of needed capital that you can purchase for \$50 or less and a plan to repay the money, you're ready to apply for your loan. Good luck!!