



The Lemonade War

A Chapter-by-Chapter Teacher Guide

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Grades K-1

Chapter 1: Slump

In this chapter, we meet Jessie and Evan. Jessie is a saver, and Evan is a spender. The concepts of personal finance and choices are overarching themes throughout the book. It is important for students to understand that choices, whether involving money, how to spend a summer afternoon or other decisions, have benefits and costs. Sometimes the outcome is noticed immediately, and other times it isn't fully understood until sometime in the future.

Concepts

Money, save, spend, choice, benefits, costs

Standards

- E.4.K.2 Explain reasons behind a personal decision.
- E.4.1.2 Identify benefits and costs of making a decision.
- E.6.K.2 Discuss reasons people save money.

Lessons on Choices with Saving and Spending

- *Bunny Money* <https://www.stlouisfed.org/education/bunny-money>
- *Every Penny Counts* <http://www.econedlink.org/teacher-lesson/461/Every-Penny-Counts>
- *Money, Money Honey Bunny* <https://www.stlouisfed.org/education/money-money-honey-bunny>
- *Financial Fitness for Life Parent Guide*. This has many great resources for the classroom and/or the home connections to be used throughout the financial literacy project.
Available in English or Spanish. <http://www.econedlink.org/afterschool/parent-resources.php>

Quick Assessment Activity

Provide students with the following sentence stem: When it comes to money, I am a _____.
(saver or spender)

Have them illustrate a picture to demonstrate evidence of why they consider themselves a saver or spender.

Chapter 2: Breakup

Chapter 2 addresses how to produce lemonade and set up a stand. Productive resources include human resources (people who do the mental and physical work to produce goods and services; here: Evan and Scott), natural resources (“gifts of nature” used in the production of goods and services; here: lemon, water) and capital resources (goods that are produced and used to make other goods and services; here: pitcher, spoon, measuring cups, table, ice chest, etc.) necessary to produce lemonade.

Note: Sugar and cups are not considered human, natural or capital resources. They are produced in a factory and are used up in the production of a good or service. Bags of sugar and cups do not grow in nature. The sugar can’t be removed from the lemonade and used for other purposes, and people will throw away their cups. For health purposes, a business owner couldn’t serve someone else at their stand with that same cup without properly cleaning.

Concepts

Human resources, natural resources, capital resources, production, producer

Standards

- E.5.K.1 Identify human, natural and capital resources.
- E.5.K.2 Discuss ways producers use human, natural and capital resources in the production of goods and services.
- E.5.1.2 Categorize human, natural and capital resources used in the production of goods and services.

Lessons on Productive Resources

- *An Orange in January* <https://www.stlouisfed.org/~media/Education/Curriculum/pdf/Kiddynamics-Lesson-3-An-Orange-in-January.pdf>
- *Growing Vegetable Soup*. An Economics Arkansas original lesson plan. http://www.economicsarkansas.org/for_teachers/lesson-plans-k-3.html
- *Pancakes and Productive Resources* An Economics Arkansas original lesson plan. http://www.economicsarkansas.org/for_teachers/lesson-plans-k-3.html

Quick Assessment Activities

- Give each student a piece of white paper. Have them fold the paper in half and then in half again to produce 4 sections. Challenge them to identify a human, natural and capital resource used to produce lemonade. They should draw and label their pictures. The fourth section is where students would draw the lemonade, the good produced from the productive resources.
- Print and cut out the productive resources from *Growing Vegetable Soup* and/or *Pancakes and Productive Resources* lessons. Challenge students to sort the cards into natural, capital and human resources. Great center activity!

Chapter 3: Joint Venture

Ask students how weather impacts their desire to have certain goods and services. In the winter time, when it is cold outside, would they want to wear shorts and flip flops? (*No.*) They would probably want gloves, caps, coats, and boots to keep them warm. In the summer time, when it is warm outside, would they want hot chocolate to satisfy their thirst? (*Probably not.*) What would quench thirst on a hot, sunny day? (*Answers might include: tea, soft drink, water or lemonade.*) This is a great opportunity for students to see how economic wants change.

This chapter also introduces the concept of a market. Think of the letter “X.” A market exists anywhere there is an exchange between buyer and seller. (Raise your left hand to represent the buyer and your right hand to represent the seller. If you cross them, students can actually visualize an “x” and see how the exchange occurs.) Markets can be face-to-face where we see the buyer and seller make the exchange like at the mall, grocery store, toy store, garage sale, or lemonade stand. Sometimes markets are not face-to-face when something is purchased online (eBay, Amazon, etc.)

Concepts

Economic wants, markets, buyers/consumers, sellers/producers, goods, services

Standards

- E.4.K.2 Explain reasons behind a personal decision.
- E.4.1.2 Identify benefits and costs of making a decision.
- E.5.K.3 Identify markets in the community.
- E.5.1.3 Recognize markets exist wherever buyers and sellers exchange goods and services.
- E.6.K.1 Recognize consumers use money as a medium of exchange to satisfy economic wants.

Lessons on Economics Wants in the Market Place

- *Dr. Seuss’s ABC: An Amazing Alphabet Book* <https://www.stlouisfed.org/~media/Education/Curriculum/pdf/Kiddynomics-Lesson-2-Dr-Seuss-ABC.pdf>
- *Forecasting Economics.* <http://www.econedlink.org/teacher-lesson/1062/Forecasting-Economics>

- *Glo Goes Shopping* <https://www.stlouisfed.org/education/glo-goes-shopping>
- *Lemonade in Winter* <http://vcee.org/elementary-school/reading-makes-cents/2016-17-featured-books/>
- *To Market To Market* <http://www.econedlink.org/teacher-lesson/357/Market-Market>
- *We are Consumers and Producers* <http://www.econedlink.org/teacher-lesson/457/We-are-Consumers-Producers>

Quick Assessment Activity

Brainstorm a list of economic wants for a summer or winter day that would provide outside entertainment. (*Ex. Summer: swimming pool, beach ball, bicycle, swimsuit, baseball glove, baseball bat, baseball, amusement park ride* *Ex. Winter: sled, skis, coat, snow boots, gloves*)

Chapter 4: Partnership

Jessie finds a partner to open her lemonade stand. At first, Megan thought the idea of the lemonade stand sounded boring, and she could think of more exciting ways to spend her time. She thought getting Slurpees at the 7-Eleven sounded like much more fun. The concept of scarcity affects everyone. In this case, there was a scarce amount of time, and the girls had to determine how to spend their time. Scarcity occurs when there is not enough of something for everyone who wants it.

(Note: Scarcity is a confusing concept for students as they often think of a one-to-one relationship. Scarcity is defined as not being able to have all the goods and services that one wants. Consider there being 5 apples in a class of 20 students. If you asked the students to raise their hands if they wanted an apple and only 4 students raised their hands, then there isn't a scarcity problem. If you had 5 apples and all 20 students wanted their own apple, then there is a scarcity problem.)

Teaching students to understand the benefits and costs of decisions is important. The truth is we cannot have all the things we want, so we have to make choices. The lessons below teach decision making skills.

Concepts

Decision, choice, benefits, cost, opportunity cost, scarcity

Standards

- E.4.K.1 Recognize that all people have unlimited wants and limited resources.
- E.4.1.1 Explain ways scarcity necessitates decision making.
- E.4.K.2. Explain reasons behind a personal decision.
- E.4.1.2 Identify benefits and costs of making a decision.

Lessons on Decision Making

- *Betty Bunny Wants Everything* <https://www.stlouisfed.org/~media/Education/Curriculum/pdf/Kiddynomics-Lesson-1-Betty-Bunny-Wants-Everything.pdf>
- *Digging into Decision-Making. Miss Bridie Chose a Shovel.* An Economics Arkansas original lesson plan. http://www.economicsarkansas.org/for_teachers/lesson-plans-k-3.html

Quick Assessment Activity

Give each student an index card and a scenario. One example would be to share with students that they have earned an extra recess. Show them 5 options of activities for the recess that would provide entertainment: kickball, hula hoops, sidewalk chalk, basketball, bubbles. Have them select their two favorite options and draw a picture of each (one on each side of the index card). Tell them to circle their decision and “x” out their next best choice, their opportunity cost. Great graphing opportunity! After recess, have them reflect about their decision.

Note: It is important that students understand that not all other options are their opportunity cost. Their next best choice is their opportunity cost, the opportunity they lost when they chose.

Chapter 5: Competition

Jessie and Evan make a bet to see who can earn \$100 selling lemonade. They cannot count money that has been given to them or money earned from other jobs. In the marketplace, competition is good for consumers because there are more options and generally better prices.

The chapter also introduces the concept of sharing money as Jessie speaks of donating part of her profit to an animal shelter.

Concepts

Competition, consumers, markets, choice, opportunity cost, money, save, spend

Standards

- E.4.K.2 Explain reasons behind a personal decision.
- E.4.1.2 Identify the benefits and costs of making a decision.
- E.5.K.3 Identify markets in the community.
- E.5.1.3 Recognize markets exist wherever buyers and sellers exchange goods and services.

Lessons on Economic Competition and Choices Related to Money

- *Elmo's Three Jars* <http://www.sesamestreet.org/toolkits/save>
- *Share, Save, Spend Pig* <https://www.thrivent.com/money-matters/files/27794A.pdf>
- *What is Competition?* <http://www.econedlink.org/teacher-lesson/509/What-is-Competition>

Quick Assessment Activities

- Find examples of businesses that compete against each other and make a bulletin board matching the competitors. (*Ex. Wendy's, McDonalds, and Sonic or Family Dollar and Dollar General*)
- Have students create a save, spend, share bank.
(Option: As a class, think of a project that would allow them to donate to a local organization.)

Chapter 6: Underselling

This chapter allows students to examine how value added and price impact sales for the lemonade stands. Those value added items often serve as an incentive to shape buying behavior. An economic principle is that people respond to incentives in predictable ways.

Concepts

Price, choice, decision making, incentive, benefits, costs

Standards

- E.4.K.2 Explain reasons behind a personal decisions.
- E.4.1.2 Identify benefits and costs of making a decision.

Lessons on Choice and Incentives

- *The Berenstain Bears' Mad, Mad, Mad Toy Craze* <https://www.stlouisfed.org/education/the-berenstain-bears-mad-mad-mad-toy-craze>
- *Tricks for Treats* <http://www.econedlink.org/teacher-lesson/232/Tricks-Treats>
- *What are Incentives?* <http://www.econedlink.org/teacher-lesson/379/What-Are-Incentives>

Quick Assessment Activities

- Look for examples of ads in the newspaper or magazines that offer consumers incentives. (Buy One Get One, Percentage Off, Coupons, etc.)
- Find an example of the price of a good or service and share with the class.

Chapter 7: Location, Location, Location

Evan thinks he has found the perfect location to host his lemonade stand...the middle of town.

Location is an important factor for a business owner to consider when trying to attract consumers. Evan has one small problem. He doesn't have a permit to sell lemonade in town.

Officer Ken is the police officer who shares the law with Evan. Officer Ken provides a valuable service in protecting the city, enforcing the laws and keeping everyone safe. He provides a public service in that he works for everyone. He earns his income from the government. The government provides public highways, traffic lights, bridges, public schools, fire stations, public libraries and more for all to use.

Concepts

Public goods, public services, markets, goods, services, decisions, costs, benefits

Standards

- E.5.K.3 Identify markets in the community.
- E.5.1.3 Recognize markets exist wherever buyers and sellers exchange good and services.
- E.6.K.3 Discuss examples of public goods and services.
- E.6.1.3 Identify examples of goods and services that governments provide.

Lessons on Markets and Public Goods and Services

- *To Market To Market* <http://www.econedlink.org/lessons/projector.php?lid=357&type=educator>
- *Who Pays for City Hall?* <http://www.econedlink.org/teacher-lesson/281/Who-Pays-City-Hall>

Quick Assessment Activities

- Make a collage of pictures from magazines, newspapers and drawings to illustrate public goods and services.
- Create a map of your community. Have students create models out of paper of the stores they like to shop at in the city and plot on the map. Determine if the stores provide goods or services. Challenge students to determine if the location is important for their businesses in their town/city.

Chapter 8: Going Global

Jessie has done her math calculations and realizes that she and Megan need help. She wants to get other girls to sell lemonade for Megan and her in exchange for keeping part of the profit. Jessie and Megan would have to risk it all. Many girls agreed and business boomed.

Concepts

Market, entrepreneur, business, choice, benefits, costs

Standards

- E.4.K.2 Explain reasons behind a personal decision.
- E.4.1.2 Identify benefits and costs of making a decision.

- E.5.K.3 Identify markets in the community.
- E.5.1.3 Recognize markets exists wherever buyers and sellers exchange goods and services.

Lesson on Entrepreneurship

- *Open for Business!* <http://www.econedlink.org/teacher-lesson/920/Open-Business>

Quick Assessment Activity

Pretend you have decided to sell lemonade for Jessie and Megan. Design an advertisement for your stand.

Chapter 9: Negotiation

Evan has thought about his decision to start the lemonade war, and he now regrets his decision. He misses having Jessie as his friend to do activities with, so he offers an opportunity to call the entire thing off. When Jessie mentions Megan's name, it's all O-N again.

Concepts

Decision, choice, opportunity cost, benefits, costs

Standards

- E.4.K.2 Explain reasons behind a personal decision.
- E.4.1.2 Identify benefits and costs of making a decision.

Lessons on Choice and Opportunity Cost

- *Alexander, Who Used to Be Rich Last Sunday* <https://www.stlouisfed.org/education/alexander-who-used-to-be-rich-last-sunday>
- *Everyday Opportunities* <http://www.econedlink.org/teacher-lesson/738/Everyday-Opportunities>

Quick Assessment Activity

Think about a time you made a choice that you later regretted. Draw a picture to illustrate your choice.

Chapter 10: Malicious Mischief

Both Jessie and Evan have had their feelings hurt by one another. They didn't use the decision-making apron or decision-making tree to weigh the benefits and costs before making decisions they now regret.

In chapter 10, Jessie puts flies in Evan's lemonade. Yet another chapter to reinforce choice and opportunity cost.

Concepts

Choice, opportunity cost, benefits, costs

Standards

- E.4.K.2 Explain reasons behind a personal decision.
- E.4.1.2 Identify benefits and costs of making a decision.

Lessons on Decision Making, Costs, Benefits and Future Impact of Choices

- *Country Mouse Makes a Decision* <http://www.econedlink.org/lesson/294/>
- *Choices, Costs and Benefits (p. 30-35)* <http://www.councilforeconed.org/wp/wp-content/uploads/2011/11/Never-Too-Young-Personal-Finance-for-Young-Learners.pdf>

Quick Assessment Activity

Share the following scenario:

Sam has really been saving his money for a new video game. He has worked hard raking leaves and doing jobs around the house to earn income and has saved the money he has received as gifts. Sam almost has enough money when his friend calls wanting to go to the movies. Sam really wants to see the movie and likes hanging out with his friend, but he also wants that video game.

Make a list of the benefits and costs of each option for Sam and help him to understand what his opportunity cost would be for each choice.

Chapter 11: A Total Loss

As expected, there was no demand for the buggy lemonade. In business, the customer is always right, and a business owner wants consumers to be satisfied. When the boy said he wanted his money back and the mother suggested he needed to dump out the lemonade to get rid of the 50 flies inside, there was a problem. Evan had spent \$40 of his hard earned money on that lemonade and another dollar to buy cups.

Just like Jessie, Evan failed to use the decision making steps when he reacted by taking Jessie's money.

Did they weigh the benefits and costs? Do our decisions sometimes affect other people? Does it affect them in good or bad ways?

Concepts

Choice, cost, benefit, decision making, opportunity cost

Standards

- E.4.K.2 Explain reasons behind a personal decision.
- E.4.1.2 Identify benefits and costs of making a decision.

Lessons on Costs and Benefits of Choices

- *Costs and Benefits of 'The Three Little Pigs'* <http://www.econedlink.org/teacher-lesson/282/Costs-Benefits-Three-Little-Pigs>
- *The Berenstain Bears Get the Gimmies* <https://www.stlouisfed.org/education/the-berenstain-bears-get-the-gimmies/>
- *Toys for Me: A Lesson on Choice* <http://www.econedlink.org/teacher-lesson/517/Toys-Me-Lesson-Choice>

Quick Assessment Activity

Have students write, draw or share about a time when someone else made a choice that affected them in a positive (good) or negative (bad) way.

Chapter 12-13: Waiting Period and Crisis Management

These chapters reinforce the idea that it is important to keep money in a safe place. It also is a great way for students to understand the concept of saving for future purposes.

Concepts

Money, save, spend, bank, decisions

Standards

- E.6.K.2 Discuss reasons people save money.
- E.6.1.2 Identify places people save money (e.g., piggy banks, wallets, banks).

Lessons on Saving, Spending and Banks

- *Big Banks, Piggy Banks* <http://www.econedlink.org/lessons/1?concepts=75&grades=1,2>
- *Just Saving My Money* <https://www.stlouisfed.org/education/just-saving-my-money>
- *Piggy Bank Primer* E-book: <https://www.stlouisfed.org/education/the-piggy-bank-primer-budget-and-saving-e-book>
- *Free classroom activity books* <https://www.stlouisfed.org/Subscribe/Piggy-Bank-Primer>
- *The ABCs of Saving* <http://www.econedlink.org/teacher-lesson/414/ABCs-Saving>
- *This Little Piggybank Went to Market* <http://www.econedlink.org/teacher-lesson/318>

- *You Can't Buy a Dinosaur with a Dime* <https://www.stlouisfed.org/~media/Education/Curriculum/pdf/Kiddynamics-Lesson-5-You-Cant-Buy-a-Dinosaur-with-a-Dime.pdf>

Quick Assessment Activity

Give students the following sentence stem: I am saving my money for _____.

Have them illustrate their savings goal and how they will achieve their goal.

Chapter 14: Reconciliation

Evan and Jessie team up to enter an entry in the Rotary Club Labor Day Contest.

If Evan and Jessie had asked the Rotary Club's 4 Way Test questions as they were making decisions, they might not have ended up in the trouble they found themselves throughout the book.

Concepts

Choice, decision, benefits, costs, opportunity cost

Standards

- E.4.K.2 Explain reasons behind a personal decision.
- E.4.1.2 Identify benefits and costs of making a decision.

Lesson on Decision Making

The 4 Way Test Rotary Test Video (start at 0:17, end at 1:55)

Challenge students to find examples of these four questions in the story.

- Is it the TRUTH? (There are many examples of this in the story.)
- Is it FAIR to all concerned? (Putting bugs in the lemonade wasn't fair. Taking Jessie's money wasn't fair. Filling the cups full was fair to the consumer. Creating a fair price was also fair.)
- Will it build GOODWILL and BETTER FRIENDSHIPS? (In the end, Megan and Jessie became friends and Evan and Jessie became friends again. Goodwill was discussed in chapter 6.)
- Will it be BENEFICIAL to all concerned? (In the end, the decisions Evan and Jessie make are beneficial. Along the way many decisions were not beneficial to all.)

Quick Assessment Activity

Give students one of the following sentence stems:

One thing I learned from the book is _____.

My favorite part of the book was _____.