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## EC5592 Children's Incomes

Mildred Weigley Wood

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COOPERATIVE EXTENSION WORK  
IN AGRICULTURE AND HOME ECONOMICS

1932

U. of N. Agr. College & U. S. Dept. of Agr. Cooperating  
W. H. Brokaw, Director, Lincoln

Extension  
Circular  
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CHILDREN'S INCOMES

Adapted from a talk given by  
Mrs. Mildred Weigley Wood

There is no topic I would rather discuss with a group of parents than that of children's incomes. I do not know that you are accustomed to hearing this expression used, where children are concerned, but my reason for using it will appear as I proceed. The reason I like to discuss this subject is that I have been feeling the need for gaining more information on the subject of handling children's money. It is a matter of personal concern to me, and I have started out to find for my own information and satisfaction more about this. For the past three years I have been trying to study the problem as thoroughly as possible, and have gathered some information which I am interested in discussing with you.

Now, the whole problem of children's incomes is one which is receiving increased attention as the relationship of money and behavior problems becomes more evident. The modern parent ought not to argue that because he did not have an allowance at his own disposal some twenty-five years ago that his child today should not have money, although we find parents arguing that point. I heard a man not very long ago arguing it with his wife. He said, "My parents could take care of my needs and I intend to take care of my boy's needs." If you will think back 25 or 30 years you will remember that people walked to rural schools while today they go in busses or automobiles. At that time they carried their own lunch to school whereas today they have a school lunch. Even the entertainment 25 or 30 years ago consisted almost entirely of free entertainment, and today much of it is paid entertainment. Consequently, there is a need for money today that did not exist 25 years ago, and of course, one of our problems as parents is to keep in touch with the changes which occur. I was impressed last year when studying with Dr. Rose to hear her say repeatedly that one of the problems of parents today is to keep abreast of the times.

Whether to give money to children on demand or whether to have a definite plan by which the child gets some income, is a question to be considered. It depends upon many things. I think though, that parents are appreciating the importance to children of some property rights and their need for money.

How are children to know the difference between legitimate and illegitimate methods of getting money and using money, if they do not have any contact with money itself? About a year ago as a matter of interest, I began to trace down a series of 18 cases of money difficulties with children. It was interesting to notice that in not a single one of those cases, which ranged from children's taking money from their mother's purses to the blowing up of a safe, (which later landed the boy in the penitentiary), had there been any income for the child. The mother of the boy who blew up the safe and was sentenced to the penitentiary, said, "I am confident in my mind that his trouble started from the day that his father and I said, 'No, we do not feel that we can give you this money that you ask for, but we will try to give you the things you need.'"

From whence should a child's income come? We find children using both le-

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gal and illegal methods of getting money.

Some of the illegal methods used are those of bribing and of begging. Ought I to pay my child for securing good grades? I heard a teacher, not long ago, say to a mother? "I cannot get your boy to study. Can't you do something, pay him something so as to get him to make better grades?"

Then, we have the legal methods. For one we have children earning their incomes.

There are cases where one child of a family is earning an income, while another may be receiving an allowance. This might be true where a girl is skillful in taking care of little children, yet her brother might find it impossible to find employment outside of the home. To avoid letting the child on the allowance feel that he is not quite so capable as the one who is earning an income in some such way, probably it would be best to let him have his allowance in return for some service performed in the home.

Aside from this earning, certain amounts of a child's income might come, too, as gifts, or inheritances or interest on loans. I came across a high school boy recently to whom I said, "How does it happen that you always have money in your pocket?" He replied, "Oh, you know I am pretty good about lending my money, and getting interest on it."

Now, when we come to evaluating these incomes, we ought to keep it in mind that no adult would really want to have to rely on occasional gifts for an income. He feels better if he can depend upon having a certain amount coming in regularly. Would not a child feel very much the same way?

Now, why do parents not want to give an allowance to their children? As I have worked on this problem, and I have been working with both mothers and fathers, I have become interested in this aspect of the question. First, they feel that if they do not give the child an allowance they can control the expenditures better. There is no doubt about it. Another point is that when the family income is not an elastic one there is a feeling that the parents must control every expenditure in the very best possible way. The only answer to that is that perhaps it is better to let a child really spend one cent today in order to save a dollar tomorrow. Through this he is going to learn how to spend wisely later on.

One small boy of six was recently started on his allowance. Near the school was a small corner store where one could buy prize packages. This sort of a package appeals to any child of six years. The boy came home and asked his mother, "Do you think that it would be a good way to spend the money?" She said, "I do not know. I have not seen the package." The next day he came home, after having purchased the package, and was feeling very much crest-fallen. His mother asked him what he thought of the package. He said, "It was not worth anything! I paid two cents for it, but it was not worth two cents!" He had had a lesson in values.

I remember a mother and father who were very much concerned over the case of their high school girls, one in the junior and the other in the senior year.



These parents had plenty of money but were trying to teach their daughters not to acquire extravagant habits. This was a problem, however, since they associated with other girls and boys who were allowed to be very extravagant. The parents came to me and said, "What can we do?" After talking with them for a while I realized that something had brought them there. The real problem was this. The mother said, "One of my girls went down town the other day and charged something on a friend's account - of course, with the consent of the friend." The woman had been awakened to do something. The girl had been having two dollars a week to pay for her football tickets and other school activities but there was something else she wanted very badly and having been told she could not have any more money, she had taken other means of securing what she wanted. That was a pretty hard situation for those parents. I suggested that the allowance be increased for those girls, and that it be made to cover their clothing needs and no supervision be made of their purchases. The woman said, "Oh, it would just nearly kill me to see them buy the stuff that they would buy." She could not bear to let the expenditures go out of her hands. The parents decided to follow my suggestion, however, and at the end of a month when I saw the woman again, she was almost driven to distraction by the way the girls were doing. But at the end of three months, when I saw her again, I asked her how things were going, and she said, "Well, it is really working beautifully."

Now, as to the second reason why parents do not want to give children an allowance, which as stated above, is because they do not wish to commit themselves to a regular outgo from the family income - it usually means a saving to the family income in the end. Just handing money to a child when he asks for it from time to time is, in most cases, more extravagant than giving him a definite allowance.

Now, as a matter of fact, we as adults use money for three purposes. We use it to give, to save and to spend. We must teach the children that money is for these three purposes. They go to Sunday School and they learn to give. They get the idea more quickly if we teach them how to give.

Then we tell them that money is to save. Now you know it is pretty hard to get many children five or eight years of age interested in a college education. My children have an uncle who sends them some money each year. That \$5.00 is to be put away for a college education. No more unacceptable Christmas gift than that could a child be given! Maybe the six or the ten year old begins to say that it is not long before he is going to belong to the scouts, or maybe he wants to save his money for a bicycle. This type of saving rather than the very remote type of saving is more interesting to the child. The remote type of saving just turns children away from saving rather than toward it. They have to see that it means saving for a purpose, if it is not to be hard for them to learn to save. Just so, handling an income will help them to learn to spend.

One mother said she did not want her son to be unhappy, and since it takes time to give a child an allowance and guide him in it she just gave him money when he asked for it. I think that is the answer in a good many cases. She did not want to be bothered, or to spend the time to direct this part of her child's training.

Now, if we get children started on an income the problem is not ended, and I am convinced in my own mind, after working with a great many parents on this



subject, that one reason why I hear parents say that it would not work, after they have arranged for the income with the child, is because they have taken their hands off entirely. The income ought not to be controlled by the parent but it has to be guided.

To make an allowance work one ought to start simply. Many devices which have appeared for helping children to keep accounts of their allowances are just practically worthless at the ages they are suggested. The plan of having three boxes works very well. They might be marked, (1) the saving box, (2) the giving box, and (3) the spending box. With young children, particularly, it is better to guide them to plan a use for the money, than to have them keep an account of how it was spent, unless they are children who are old enough to summarize the figures of an account to use in making a spending plan for future use.

What are some of the ways of helping children to see the value of their money? It may be done, if we plan to increase the allowance each year, by increasing the responsibility each year. The children must learn to assume more and more responsibility as to things which their allowances are to cover.

The allowance ought never be tied up with discipline, if it is to teach what it is expected to teach - the wise handling of money. I heard of one case. A son went out at night in the family car and did something he was told not to do and got the car into difficulty. It was nothing that was a disgrace but it was an unnecessary expense. As a punishment, the parents took away entirely his allowance of \$2 a week. After a day or so the mother complained that all of a sudden they could not get the boy to do anything. She did not realize that instead of taking away his allowance they should have made him pay from his allowance all the expense of repairing the car. The boy thought they had been unfair in handling this matter and grew antagonistic. To tie up his allowance with the problem of discipline does not go very well with the child. The boy afterward told in confidence that he would not have minded if he had been asked to pay for the repairs and would have considered it only fair. But he did not tell his parents this. Why? Because they did not suggest it to him and made the other statement in haste before the boy had a chance to tell them of his desire.

There is a difference between an allowance and a saving account. In the minds of some parents there is a tendency to feel that a child has done a good job if he has saved. An allowance should be a means of making children independent. Through it they should become independent in the handling of money. It gives release from the emotional strain, which a child might undergo, in feeling that he has no money to spend for anything and it does away with the tendency to dishonesty.

The problem of children's incomes is one which parents in this generation ought to study very carefully because, for all of us, happiness depends in a large way upon financial health as well as upon physical and mental health.

Miss Florence J. Oven, of the National Kindergarten Association, 8 West 40th Street, New York City, has helped prepare circulars for our Study Clubs in the past. After it was decided to have a circular on Children's Incomes for study this year a letter was sent to her asking if the Kindergarten Association has some good articles on this topic. In response, Miss Oven sent the following:



## YOUR CHILD'S IDEA OF THRIFT

by

Edith Lochridge Reid

When you give your child his school allowance on Monday morning does he have an idea where it came from? When you take your daughter down-town and buy her a new coat, does she think that the "Charge it, Please," settles the account?

Just recently Richard wanted to buy a second-hand bicycle which a chum had to sell, but his father told him he didn't have the money to spare. "Well, give me a check," said Richard, and when Daddy explained that there wasn't any more money in the bank, Richard insisted, "Why there is, too, I saw my teacher come out of there this noon with some dollars they had given her."

Now, Richard doesn't belong to an illiterate family, nor to a poverty-stricken one, either. His father makes a deposit in the savings bank each time he receives his salary check, although he may run low on his checking account the last of the month. But Richard, although past nine years old, still thinks that banks exist in the community to pass out money per order by check.

Teaching thrift is not only a parental duty, but it is a civic obligation which the family owes to the community. To be sure, it takes more time and patience to divide up the savings account into respective accounts for each member of the family, but any moral training takes effort. Why not give five-year-old son his ten- or twenty cents a week and then take him down to the bank and show him where to put half of it or a fourth for safe keeping? If he spends the remainder for candy on the way home, let him learn the consequences of such procedure by going without luxuries of that sort the rest of the week.

Good habits are so much easier taught when the child is still in the home or at least in his very early school years, because then he has fewer distractions and temptations, and his mind is most impressionable. If we can succeed in getting the child to follow a safe and sane schedule while directly under home influence there is a pretty good chance of his keeping it.

The mother who hands out to her children pennies and nickles without restriction during their babyhood, will find them demanding dollars in later years with no appreciation whatever and with no idea of their value except as they translate it into terms of ice-cream sodas and frills.

Thrift involves more than the mere putting of money into the bank from a stated allowance. It is moral training in self-denial, promptness, reasoning, and a right attitude toward the family finances and home comforts.

Children taught to save intelligently make better men and women; they are usually successful in business and are self-reliant and contented.

Take your boy to the savings bank next week when he gets his allowance, get him a deposit book like "big folks" and watch his eyes shine.

Recently our Elinor opened a savings account and for a few days afterwards when a new little neighbor came over to get acquainted, Elinor said, "Don't you want to trade at my bank?"

So the thrift habit and its influence may easily spread. The time spent in teaching the child to save is a good investment and will always bring its own reward.



TEACHING CHILDREN TO SPEND MONEY WISELY

by

Helen Gregg Green

Ray's mother proudly showed the members of our Motherhood Club a handsome new pocketbook her son had sent her from college.

When it was handed to Ted Record's mother, a little woman with a face like an angel, tears filled her eyes.

"Oh, how lovely!" she exclaimed, "I'm afraid my Teddy isn't very thoughtful. He's a dear boy, but he never thinks to send me anything."

"Perhaps it's your fault," Ray's mother offered, "we always taught Ray how to spend money. I'll wager he's saved for months to get me this birthday gift."

"How to spend it!" Mrs. Record looked surprised. "Why, Anna! We taught Ted to save his allowance. You see, his father has given him a certain amount every two weeks since he was a little fellow. And that money we taught Ted to put in the bank and save. He never has spent a cent of it. And now!" proudly, "he has nearly enough for his college education." And then, as if in answer to an unasked question, "You see, his father always bought him all his clothes and skates, and weekly movie ticket, and toys."

"Doesn't he have any just to spend?" someone wanted to know.

"Yes, occasionally, now that he's older and has learned to save," the mother answered. "But he usually puts the extra money into the bank, too."

"Well, my dear, I see your mistake, I think", Ray's mother spoke up, "and I'm going to tell you before it's too late. At this rate you'll make your boy a self-right-wad."

"Listen to her slang!" someone laughed.

"Well, it expresses just what I mean. Didn't Maryannis say Teddy never bought her anything?"

The mother with the thoughtless son gave a little gasp.

"Pardon me, Maryannis," continued the little owner of the pocketbook, gently, "as you say, Teddy is a dear boy, but he has been taught only one lesson with regard to the care of his money and, as I see it, not the most important one. We always gave Ray an allowance. From the first he was encouraged to save a definite part of it, and to spend the rest thoughtfully, wisely and unselfishly. This he learned to do. Sometimes he bought things for himself, but often his money went for something for someone else. He was given a good deal of freedom and he learned to be neither extravagant, nor close. He is grateful for this training now, for to know and be able to follow the 'happy medium' in spending is an accomplishment well worth while."

"Yes", said the other mother, thoughtfully, "it's a fine idea! I'm going home to talk it over with Father."