Does Your Child Think Money Grows on Trees?

I face a daunting challenge whenever I take one or more of my daughters to the grocery store. I'm sure you've experienced it too.

"Daddy, can I have one of those?" "Daddy, will you get this for me?"

One Sunday, our family was eating a "gourmet" lunch off the dollar menu at a fast-food restaurant. My daughter Jaley asked, "Can I have some chocolate ice cream?" I immediately answered no, and she complained.

Those situations put us fathers in a bad position, where we're forced to choose between potentially spoiling them by giving in to their every request or trying to figure out how to keep them from embarrassing us in public with screaming fits. For a while, my daughters really worked me over.

The bigger concept I see at work in these situations is one that too few people today appreciate: *scarcity*. Scarcity describes the condition of *limited* resources and *unlimited* wants and needs. My daughter Jaley only has a certain amount of money, but there are many toys she wants to buy—limited resources but unlimited options. Her limited amount of resources forces her to stop and think about which items she wants more, and as she gets older, my desire is that she learns to consider bigger priorities that are behind those desires.

A big-picture definition of scarcity is quite different from the definition that we see in everyday life. From a larger—or perhaps a more basic—perspective, we are living in a condition of what you could call *unlimited* resources. Compared to the material things that many of our parents and grandparents had, we have more than enough for every need that we have and many things we want, although we often think about our “wants” as “needs.” We should be viewing our needs as *limited*. What do we really need to exist in this world? Food, water and shelter (clothing and a roof over heads). If we understand that our needs are limited, we can be content with what we have!

Then there’s the prevailing view of scarcity that we see through advertising, which says that we never have enough to keep up with our ever-increasing wants and needs. We are encouraged to keep attaining more and more, but we’re forced to make difficult decisions based on limited resources.

Many people in our culture do not let limited funds stop them from spending anyway; they simply use a credit card and go into debt rather than having the self-discipline to wait to get what they want. Our children see evidence of this approach all around them, in their friends and in the media.

We need to teach our children about scarcity. They need to learn to make good choices with the money they have, and they need to understand the dangers of not making good choices. How can we do that? Two ideas are important here.

First, our modeling is a key factor. Our children will compare what we say with what they see us do. If our resources really are limited, are we choosing what kind of clothes and shoes we wear based on that, or are we going into debt for non-necessities? Does our approach also apply to the toys and candy that they want? As they get older, they will be more aware of their peers and what their peers have, but their early awareness will come from you.

Second, use allowances as a teaching tool. Surveys show that only 27 percent of Americans give their kids allowance. Give your children an allowance so they can begin to make choices and learn about limited resources. For those grocery-store situations, my wife and I learned this approach to help them distinguish between their wants and needs. (Actually, it’s an idea I learned recently, but my wife has been using it for quite a while.) We realized that kids will grasp scarcity much more easily when they’re working with their own money.

So, my wife and I discussed a different approach when our daughters ask us to buy things for them. We simply say, “Sure, you can have that ice cream. You can use your allowance to pay for it.” What usually happens is that my daughters will think for just a few seconds before blurting out, “I guess I don’t want any.” They quickly figure out that the ice cream, candy or new toy is a want and not a need. And the best part is that they make those decisions themselves, so there is usually no complaining.

And even if they say, “OK, I’ll buy it with my allowance,” I know that’s only delaying the learning opportunity. In a few days or weeks, they won’t have enough money for something else they want, and I’ll just say, “Hmm. I guess you spent your money on other things.”

Over time, they learn that their money is limited and that they need to make good choices about how they spend it.

Action Points

- If your children are still young, begin to teach them about these concepts now. It will take time, and the younger your children are, the more opportunities you can give them to learn.
- Explain to your children how money gets into your bank account, and emphasize that you do not have an unlimited amount of money.
- With older kids, sit down with them and talk about the house payment, electric bill and all regular expenditures and how they come out of your paycheck. If you don’t want to reveal your total income, find a way to show them the costs of real life so they will

understand limited resources.
- Talk to your kids about debt and the good and bad choices you have made in this area.

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