***One Hen: How One Small Loan Made a Big Difference***

by Katie Smith Milway

Discussion Questions:

1. At the beginning of the story, Kojo is not in school. His family does not have the money for the books and the uniform school children must have. What is Kojo doing instead of going to school? *(He is working.)*
2. Kojo is working to earn money for his family by collecting and hauling (or carrying) firewood to the market. Why would his neighbors pay for the wood he has collected and brought to the market? *(They will pay him for firewood because it is a scare resource. There is no longer any wood available near towns and villages; it was used up a long time ago. So, people who work at jobs all day need someone to collect the firewood they want in order to cook their food.)*
3. Kojo’s mother and other families in her village have each contributed a small amount of money to a collection. Each family’s contribution is small, but all together, the money is enough to help the families—one at a time—to invest in a big, expensive purchase. If your family wanted to buy an expensive item such as a new car or a new roof for your house, where would your family go to borrow the money? *(Most families in America would go to a bank or credit union to borrow the money.)*
4. For the people in Kojo’s village, borrowing money from the bank was not a choice they had, so they found a way to help themselves and to help each other. Have you ever borrowed a book from the library or a movie from the RedBox? What must you do when you borrow a movie or a toy or some money? *(You must return what you borrowed.)*
5. Why is it important to you to return what you borrow? How is returning your friend’s toy or your sister’s clothes a good choice for you, the borrower? *(Returning what I borrowed shows the lender that I am trustworthy. That lender will then loan to me again and again. The library lets me have a new book every week I return the old one. The RedBox lets me have a new movie after I return and pay for the old one.)*
6. When Kojo’s mother has a turn to borrow the money, what does she buy? *(She buys a cart to allow her to transport more wood to market than she can carry herself.)*
7. How does the choice of a cart—a valuable capital resource—help Kojo’s mother repay the loan quickly? *(The cart is a capital resource that increases her productivity. She can haul more wood to meet the demands of consumers in the market and thereby increase her earnings. These extra earnings can be saved together until they equal the amount of the original loan.)*
8. What will Kojo’s mother do with the “extra” money she makes after she pays back her loan*? (She may invest in a donkey to pull the cart or new shoes to protect her feet or a sharper axe to make collecting wood easier.)*
9. When Kojo has a chance to borrow a small amount of the money, he buys a brown hen. How is Kojo’s choice of a hen like his mother’s choice of a cart? *(Kojo’s hen is an investment; it will help him to earn income. The cart helps Kojo’s mother in the same way.)*
10. Why does Kojo always keep some of the eggs his hens lay as food for his mother and himself? Why doesn’t he sell all of the eggs*? (Kojo’s family has a scarcity of food, and the eggs are very nutritious. Kojo is investing in his family’s health. If Kojo and his mother are strong and healthy, they will be able to take care of the chickens and sell eggs at the market. They understand that it is important to feed yourself to keep yourself strong and healthy*.)
11. As Kojo earns, he continues to invest in his chicken business by buying more hens and making the coop as clean and spacious as he can. Kojo invests in his business, until, one day, his mother says that it is time for Kojo to invest in himself. How does Kojo invest in himself? *(By going to school and then to college, Kojo increases his human capital—he learns more and learns to do more. Educated people are more productive people and are therefore more valuable in the labor market—generally speaking.)*
12. After college, Kojo takes a big risk. What does it mean, “to take a risk”? (*When we make a choice whose outcome is uncertain, we are taking a risk; we might get an outcome we value less than the price we paid. Here’s an example--you may choose one and only one pint of ice cream to take home from the store. If you choose your favorite flavor, you are risking very little. You can be fairly certain you are going to like the outcome—the flavor. But you must give up the possibility of finding a flavor you like even better. So, if you choose to try a brand new flavor, you risk not liking the flavor and your choice to take a risk on something new was not more valuable than your opportunity cost—a scoop of your favorite flavor. But what if you take that risk and choose something you’ve never tasted before and it turns out to be your new favorite flavor? Then your risk paid off for you.)*
13. Kojo takes a big risk when he spends all the savings he and his mother have from the chickens they raised and the many dozens of eggs they sold at market to buy land and build a large poultry farm. He also gets a bigger loan from the bank to buy more chickens. What might be a bad outcome for Kojo?

*(If Kojo’s farm fails and he cannot repay the loan, he could lose the farm and his financial investment: losing all he has worked to achieve would be the worst outcome.)*

1. What might be a good outcome?

*(If Kojo’s farm is successful and he can quickly pay back the loan and support his family; that would be an outcome that is far more valuable than his opportunity cost—his family’s savings.)*

1. Did Kojo make the choice that was best for him or was his opportunity cost (his life-savings) too high? *(Kojo’s risk was a good one because the outcome of his choice was good for him, his mother, his neighbors, and his community.)*
2. Kojo and his mother were not the only ones to take a risk and invest in Kojo’s farm. Who else took a risk on Kojo*? (The banker who made the**loan to Kojo risked Kojo never being able to pay back the money.)*
3. Who would not take a risk on Kojo’s farm? *(The first banker who turned him down for a loan did not believe he was certain to get his money back. He thought Kojo was too big a risk.)*
4. When Kojo’s hens lay so many eggs he cannot collect them all himself, what does he choose to do? *(Kojo hires men and women in his village to help him. These people give Kojo their time, skills and strength—their human capital—and Kojo gives these workers wages; Kojo pays his workers for their work.)*
5. When Kojo’s hens are laying more than enough eggs to feed all of the villagers, what does Kojo do with the surplus eggs? *(He takes them to sell in the next village where there isn’t a surplus of eggs.)*
6. Kojo is a valuable human resource who farms and sells eggs—a valuable natural resource. His job title is “chicken farmer.” Lumusi is also a valuable human resource; what is her job title? *(She is a teacher.)*
7. Kojo’s farm is a successful business because it provides the fresh eggs many people want, and it provides employment to many people in his village and district. Why would a neighbor want to work on Kojo’s farm? *(Kojo gives his workers a wage; that is, money. The worker can use this money to pay for a home and food for her family. As Kojo was able to make his house bigger as his family grew bigger, Kojo’s workers are able to give more to their own families.)*
8. As Kojo’s poultry farm grows bigger and more people come to work in the village, the village begins to grow into a town. Why do some of the people that come to town open shops and markets instead of working on the farm? *(People who work on the poultry farm are specialized producers; they spend all day collecting, packing, and transporting eggs. They need someone else to bake the bread and grow the vegetables and teach the children. So some of the people coming to the village open shops and offer services such as repairing trucks and teaching children. Together, all of these specialized producers become an interdependent economy.)*
9. Why does Kojo make a small loan to the young girl who wants to buy a mechanical grain mill? *(Kojo thinks she will be able to repay the loan; her new grain mill will help many families in the town. They will be happy to have help grinding their grain; it is a service they will be willing to buy. Kojo also wants to inspire others to keep sharing and lending.)*
10. Kojo’s farm is very successful and earns a profit—that is, the farm earns more money than it needs to pay all of its expenses. Kojo’s farm was part of his family, then part of his village, then part of his town, and now part of his world where the eggs he raises are shipped to countries all over Africa.

Part of Kojo’s responsibility is to pay taxes to the government of Ghana, where he lives. How does the government invest some of its tax revenue to help the people of Ghana? *(The government builds schools, roads, and health clinics to help the people of Ghana.)*