

Human Society > Political and Economic Systems

Research on Student Learning

Much of the research related to this topic relies on samples of students outside the United States. These studies need to be replicated with U.S. students from different social backgrounds because research suggests that students' environments may influence their economic ideas. Lower elementary-school students have already formed a fairly accurate concept of scarcity. However, the majority of children at that age may still reason in a superficial and literal manner about economic problems concerning choice and trade-offs. ^[1]

Elementary-school students know that workers are paid by bosses for the work done. They also know that consumers pay shopkeepers and that shopkeepers pay middlemen and producers in exchange for goods. However, until 4th or 5th grade they do not connect these two areas of experience. As a result, they may believe that the boss must have access to sources external to the factory or store to pay workers. Or they may think that prices remain the same or even decrease in the passage from producer to consumer. ^[2]

The concept of profit, which is a prerequisite idea to understanding the notion of a market economy, emerges naturally in children between the upper elementary and the early middle-school grades. ^[3] By 4th grade, students can usually understand the notion of profit, after specially designed instruction. Students' ability to compare expenses (total costs) and revenue is a prerequisite to this understanding. ^[4]

There are several student difficulties related to understanding the price mechanism in market economies. Even at the college level, students have difficulty understanding that price is not an inherent characteristic of goods but a function of demand and supply. ^[5] Students often fail to connect the different viewpoints of consumers and producers. For example, while believing that consumers buy less when prices increase, some students may also believe the reverse and that, if demand drops, producers can increase prices to earn the same amount of money as before. ^[6]

Lower elementary-school students do not have a notion of production based on the transformation of primary materials, for example, furniture from wood. In addition, students at this age have little knowledge about agricultural and industrial production. They believe that farmers themselves consume all the products from their crops and animals. It is only in 2nd grade that the majority of the children recognize the existence of a producer distinct from a shopkeeper. ^[7]

Elementary-school children typically do not understand public institutions as institutions that provide collective services. For them, terms like "council," "state," or "government" do not specifically designate any particular body, nor do they use the terms in a sense that distinguishes them clearly from a private employer. Instead, these terms are perceived as referring to important or wealthy persons who wield authority and pay people who work. ^[8] Whether young children can understand these concepts with adequate instruction needs further investigation. Research indicates students acquire the intellectual capacity to construct a political order in hierarchical form at around 5th grade. ^[9] From this age on, various authorities are no longer thought to have power over only a few persons close to them, but over whole populations through the enactment of laws and the control of power. By this age, students also know that political parties exist and their activities affect elections. ^[10]

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