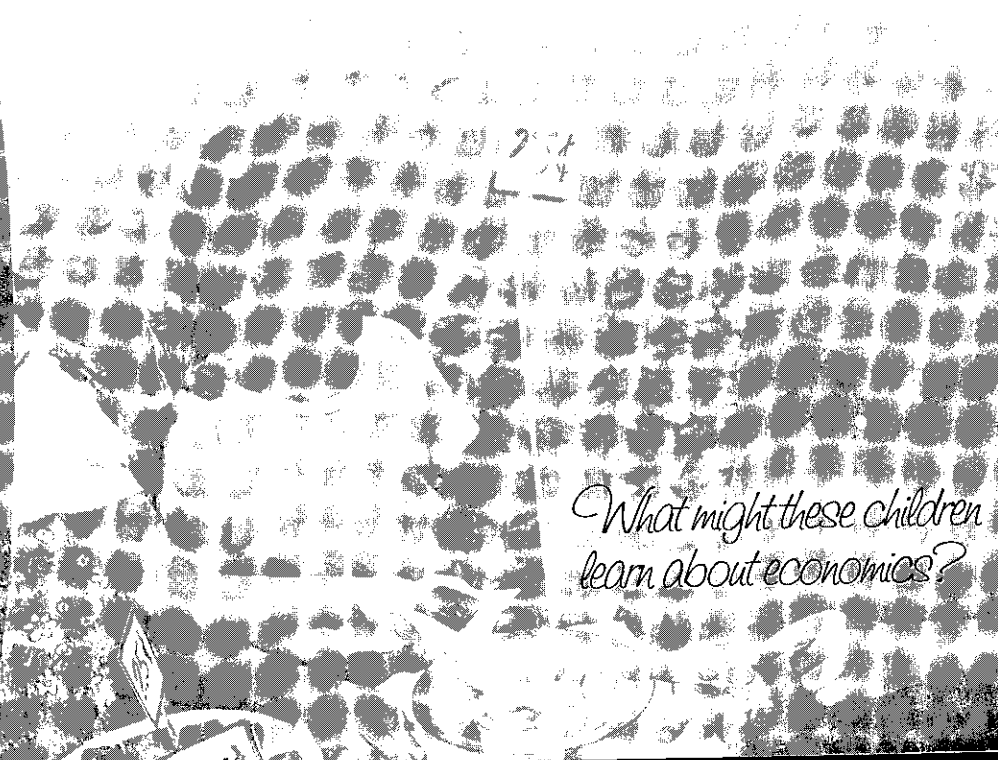


# Teaching Economics

In this chapter, we discuss the teaching of economics, a key discipline in the social studies. Emphasis in this chapter is placed on strategies and materials that help students understand economics. Students can apply economic reasoning to make choices so that they can be intelligent consumers, savers, investors, members of the workforce, and citizens participating in a global economy. Even for elementary students, more attention is now being given to financial literacy or personal finance.

- Economic Standards
- Strategies for Teaching Economics
- Financial Literacy or Personal Finance



*What might these children learn about economics?*

## Economic Standards

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### Growing Importance of Economics

Economics is the study of people making choices in the allocation of scarce resources. **Economy literacy** is defined as the ability to identify, analyze, and evaluate the consequences of individual economic decisions and public policy. Economic education can help students to make decisions about their economic lives and their futures. Economic literacy includes knowledge of the market economy, the national economy, and the international economy as well as the skills of applying knowledge and reasoning.

From your daily experiences, you know how important economics is in your life. You probably are making economic decisions every day. Do I stop to buy coffee today? If I buy a new pair of sandals, what will be my credit card balance? Should I spend money repairing my old car or hope that with a teaching position I will be able to afford a new car? We all have learned that we cannot have everything we want and have to make economic decisions. Sometimes we also realize that we have not made good economic decisions. The pants shrink in the wash and the interest rate on the student loan rate is too high. When we get gas for our car, we become aware that international decisions like those of OPEC also influence our lives. In the back of our minds is also the realization that some part of our income also goes to pay for the services of the local, state, and federal governments. Thus, economic issues affect our lives as workers, consumers, and citizens.

Technologies are also changing our financial world along with the growing global economy. The world is becoming more financially complex. Just think of all the “new” ways to pay bills—debit cards, online payments, electronic check conversion, and direct deposit. It is also essential that populations that have not benefited from our financial system know about financial products (IRAs, mortgages, mutual funds, and the like), services (credit card companies), and financial information providers (banks, financial advisers, financial newsletters) to avoid making devastating financial decisions.

Let us clarify the organization of this chapter and some terms in economic education. This chapter discusses first the national economic standards. However, the academic economic standards developed in 1997 did not directly focus on financial literacy or personal finance for students. For that reason, there is a separate section on financial literacy because of its growing importance. On the individual level, **financial literacy** is now more strongly advocated to prevent young people from making poor economic decisions. The terms **financial literacy**, **personal finance**, or **financial education** are often used interchangeably. The goal is that financial literacy in the early grades can establish the basis for wise savings and spending habits that will help students throughout their lives. Critics believe that too many American children are caught in the idea that their self-worth is connected with what they own and that they absolutely “need” to obtain certain items. A few children and teenagers believe “I (or my parents for me) should be able to buy anything I want.” Therefore, what was formerly called the consumer education approach now is more tied into economic principles such that each economic decision involves costs. *Financial literacy*, *financial planning*, and *personal finance* are replacing the old term *consumer education*. Sometimes you also will see the term *consumer literacy*.

## National Economics Standards

How knowledgeable are citizens about economics? In a 2005 test developed by the National Council on Economic Education (NCEE) covering the 20 economic content standards plus additional concepts related to personal finance, adults received an average grade of 70 and the students' average score was much lower, 53. Men scored higher than women and whites higher than African Americans and Hispanics. Although progress has been made over the years, the majority of high school students still do not understand basic concepts in economics.<sup>1</sup> To increase economic literacy, NCEE has issued twenty content standards and related benchmarks.<sup>2</sup> Their website ([www.ncee.net](http://www.ncee.net)) shows these standards. Note that all twenty concepts concentrate on economics, not personal finance. However, since 2003 more states have mandated increasing personal finance education for all students and NCEE also now emphasizes this part of economic education.

Along with these standards, the council has a wide range of excellent practical curriculum materials. Each standard has a set of benchmarks, divided into achievement levels for grades 4, 8, and 12. These benchmarks give samples of what students can do to demonstrate their understanding of economics. One helpful feature is that the economic benchmarks are tied to specific lessons and curriculum materials available from NCEE's catalog. A CD-ROM is available for purchase with over 1,200 lessons by grade level, concept, Voluntary National Content Standards in Economics, or your state economics standards ([www.ncee.net](http://www.ncee.net)).

The National Council on Economic Education, like the Geography Alliance, has state centers on economic education in almost every state. Their workshops and courses help support teachers in teaching economics. NCEE also has many other fine publications on the teaching of economics and personal finance as well as hundreds of economic lesson plans available online.

## Economic Principles

To help overcome some of the confusing and abstract ideas about economics, experts in the field with NCEE introduced the following simplified list of economic principles.

1. People *choose*.
2. People's choices involve *costs*.
3. People respond to *incentives* in predictable ways.
4. People create *economic systems* that influence individual choices and incentives.
5. People gain when they *trade* voluntarily.
6. People's choices have consequences that lie in the *future*.

Your state may have a longer list of economic principles. These could include the following:

1. Government economic policies have both benefits and costs.
2. Monetary and fiscal policies influence the economy.
3. People make better decisions when they weigh the present as well as future benefits and costs of alternatives.

<sup>1</sup>National Council on Economic Education, *What American Teens & Adults Know About Economics* (New York: National Council on Economic Education, 2005).

<sup>2</sup>National Council on Economic Education, *Voluntary National Content Standards in Economics* (New York: National Council on Economic Education, 1997).

4. People's skills influence their income.
5. Markets work best when competition, incentives, information, and property rights exist.

## Economic Concepts

Along with the economic principles listed above, a challenge in teaching economics is the sheer number of important economic and related concepts that eventually all students should understand. For example, NCEE Standard 1 defines the concept *scarcity*.

**Scarcity** Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.

But this definition is followed by twenty related concepts: *choice, consumers, goods, human resources, opportunity costs*, and the like. You can easily understand why NCEE's excellent website with its five hundred free lessons (EconEdLink, [www.econedlink.org/lessons](http://www.econedlink.org/lessons)) is popular. Although the vast majority of these lessons are for grades 9 through 12, there are still many lessons designed for grades K-2, 3-5, and 6-8. For example, these K-2 lessons are tied to literature such as "Costs and Benefits of 'The Three Little Pigs,'" "Country Mouse Makes a Decision!" and "The Right Job for 'The Tortoise and the Hare.'" Interesting lessons tied to the Hawaiian units (Chapter 2) for grades 3 to 5 are "Hawaiian Economics: From the Mountain to the Sea" and "Hawaiian Economics: Barter for Fish and Poi." These lessons describe the land division system of ancient Hawaii and the barter system needed to exchange goods and services without the use of money. Tied in with United States history is "Lewis and Clark Barter with Native Americans." Lewis and Clark could not take all of the goods necessary for their long exploration, so they took with them items most useful in bartering with Indians. It would have been impossible to buy anything from the Indians with cash or money. Lewis and Clark could not have survived without exchanging something of value with the Indians. Students from grades 3 through 8 might also enjoy "The Productive Blues (Jeans)." Mathematics also can be integrated into the economics lessons at all grade levels.

**Example of an NCEE Content Standard** After examining the basic economic principles, you can see how one of NCEE's twenty economic standards on incentives flows from the basic economic principles.

### **Content Standard 4, On the Role of Incentives**

*Students will understand that:*

People respond predictably to positive and negative incentives.

*Students will be able to use this knowledge to:*

Identify incentives that affect people's behavior and explain how incentives affect their own behavior.

*At the completion of grade 4, students will know that:*

Rewards are positive incentives that make people better off.

Penalties are negative incentives that make people worse off.

Both positive and negative incentives affect people's choices and behavior.

People's views of rewards and penalties differ because people have different values.

Let us look at teaching this standard. Economics learning need not be just a memorization of important concepts. Examples of the standard should tie into students' lives. Personal examples can lead to more difficult global issues. What incentives can be used to reduce crime? Terrorism?

Starting from their personal experience, it is easy for children to understand that advertisers use incentives to try to encourage people to buy more of their products and that wages persuade people, including their parents and relatives, to work. But discussion of this standard can also be brought closer to home. What penalties or negative incentives are used by parents to discourage inappropriate behavior at home? What incentives are used in the classroom to reward positive classroom behavior? What does the public library do to encourage its patrons to return books on time? A discussion of these questions may also indicate that not all incentives work the same way for all children or adults. As you can see from this one economic standard, NCEE has outlined an important concept and given enough detail on how it can be taught in the classroom without being a dull sterile exercise. Economics does not have to be a dismal science.

### **State Standards**

Since NCEE's economics standards were not published until 1997, many states used older economics standards as they set about making their own. Like geography, economics is seldom taught as a separate course in the elementary school. The development of state standards for economics was a definite improvement in many states since they outlined how economics should be taught at every grade level. In the past, economics was often not very visible in the elementary curriculum. Allowing the high school to teach economics was the common view.

Similar to geography, the economics standards for the primary grades focus on self, families, school, and community. Also like geography, economics fits easily into the primary curriculum pattern. Primary students were already studying about community helpers (different kinds of jobs) and how we get to school (transportation systems). In the past, however, these activities were typically not described in economic terms such as the division of labor. Note how interwoven geography and economics are. A good unit could be "Expanding Children's Geographic and Economic World." The main objective of the unit would be for students to understand the geography and economics of their neighborhood or community. Children would learn about economic activities such as producing goods, providing services, buying and selling, as well as geographic elements of the neighborhood.

However, where history was predominant from the fourth to the eighth grade, the economic concepts had to fit into the content of the historical periods the students were studying. Teaching economics in middle school then was more of a challenge than teaching it in the primary grades. However, comparing work roles today with those of other periods of time is always a possibility.

## Rationale for Teaching Economics

The rationale for teaching economics is that it will help students make better decisions in our modern global economy. Advocates of economics also stress the value of the skill of **economic reasoning** (*problem solving* or *strategic thinking*) as applied to making decisions. Here are the stages of economic reasoning:

1. Identify the question or problem
2. List the alternatives
3. Identify the advantages and disadvantages of each alternative
4. Choose the best alternative
5. Reevaluate the consequences of the decision

## Different Economic Interpretations Incite Controversy

All agree that economists, like historians and geographers, hold different views or interpretations about various economic topics and recommendations for what the government should do. In addition, different economists focus on different areas of economics. A labor economist probably has a different perspective than an international/trade economist. Research continues to change economics. A recent trend is that behavior economists believe that individuals do not always behave in a rational manner. For example, if investors in the stock market regard a company as "good," they are reluctant to sell even when the stock goes down. Economists are also investigating such questions as whether happiness relates to income. Furthermore, individuals have to make decisions based on inadequate information. Given the wide range of perspectives of economists, some economists want greater emphasis placed on scarcity, the influence of incentives, and economic reasoning.

Economic policy decisions address political issues. Governments, like individuals, cannot have everything they want. Budgets must be approved by legislators with different interests. Frequently budget cuts must be made. The distinction between facts and values in economics is critical in evaluating policy proposals. Students should be prompted to look for points of view and opinions when using free materials such as videos and publications from business, labor, or other groups. The controversial nature of economics should lead students to engage in thinking critically. How much money should be allocated for space exploration or cancer research? What are other alternative ways to spend government funds? What are the advantages or disadvantages to each alternative? This is the process of economic reasoning.

Economic choices also involve **values**. As you observe your class, you may feel that your students spend too much money on clothing and electronic toys. Your values may be different from theirs. This may make you think that a lesson or two on advertising or making choices (opportunity costs) on how you spend your time is in order. Again, your values influence what topics you think are important to teach and for your students to learn.

## Children and Economics

What do children know about economics? Children learn from an early age that they cannot have all of the toys and games that they want. As they grow older, they become more aware of the importance of money and credit cards as they go shopping with their parents or guardians. However, children are often confused about transactions that they do not directly

see. There is evidence that young children have many misconceptions about money and the economic world. For example, Brophy and Alleman interviewed primary children and reported that most of the children understood that people have to pay for shelter and most people prefer homes to apartments. However, most children had difficulty understanding why some people prefer apartment rental to home ownership. Some confused apartments with hotels and most were vague about what is involved in renting apartments. Only a few understood most people get a mortgage loan to allow them to buy a home when they have not accumulated the full purchase price. The students possessed only limited and spotty knowledge of the economics of housing, an area that applied directly to their lives.<sup>3</sup>

An issue of privacy arises about making students more aware of the costs of their housing. Is it an invasion of privacy to have primary children ask their parents if they rent or own their home? Some parents would welcome the opportunity to make their child more realistic about the expenses the family faces. Others might not think this was a good idea. If students filled out a form without their name on it asking if their family rented or owned their house, would this address concerns about privacy?

### *Small Group Work* 7.1



#### **Should We Be Teaching about Mortgages?**

How valuable do you think it is for primary students to learn more about the expenses associated with where they live? The amount of money spent by their family on gas, electric, water, phone, and cable bills? ©

Brophy and Alleman also interviewed primary grade students for their knowledge and thinking about food production and the origins of common foods. These foods included apple-sauce, cheese, bread, and meat in hamburger. Students were asked where the meat came from and what the process of making the hamburger patty was. Additional questions were why a restaurant meal costs more than the same meal eaten at home, and why many fewer farmers per capita are needed today than in the past.<sup>4</sup> The primary students had several misconceptions and little awareness of economic, geographic,

and historical factors. Again, as indicated by testing and assessment surveys, by the time they are teenagers, students still have a lot of misconceptions about economics.

## **Strategies for Teaching Economics**

### **Teaching about Costs and Benefits at the Primary Level**

Let us look more closely at Arizona's Standard 2 on *scarcity, resources, and costs and benefits* for the primary grades (Table 7.1). Here are some suggestions for students to write about or discuss. First, find out how many have pets, what kind of pets they have, and the costs associated with a pet. Some may forget that caring for pets usually requires purchasing special food for them and taking them to the vet. Then go through these examples.

<sup>3</sup>Jere Brophy and Janet Alleman, "Primary-Grade Students' Knowledge and Thinking About the Economics of Meeting Families' Shelter Needs." Paper presented at the 1999 annual meeting of the National Council for the Social Studies, Orlando, Florida.

<sup>4</sup>Jere Brophy and Janet Alleman, "Primary-Grade Students' Knowledge and Thinking about Food Production and the Origins of Common Foods," *Theory and Research in Social Education* 31, no. 2 (2003): 9-49.

Table 7.1

Arizona's Economics Standards for Grades 1–3, Approved  
in the Year 2000

1. Describe how scarcity affects students' daily lives, with emphasis on:
  1. The opportunity cost of a choice
  2. Natural resources, human resources, and capital resources, and how they are used to produce goods and services
  3. The costs and benefits of personal spending and saving choices
2. Describe the characteristics of production and exchange in an economy, with emphasis on:
  1. The use of money and barter in the exchange of goods and services
  2. Why some things are made locally, some elsewhere in the United States, and some in other countries
  3. The work that people do to manufacture, transport, and market goods and services
  4. The interdependence of consumers and producers of goods and services

I. Pets

- A. Costs of buying and caring for a pet
- B. Benefits of buying and caring for a pet

Ask the children to tell you on Monday what they did on the last weekend or other weekends.

II. Use of their own time on a Saturday afternoon

- A. Costs and benefits of earning money selling lemonade, raking leaves, and so on
- B. Costs and benefits of riding bikes with friends
- C. Costs and benefits of going shopping for groceries with parent
- D. Costs and benefits of helping with housework

If you do not wish to ask directly if your students get allowances or earn money, or the amounts they receive, use characters in stories. What do you think Jack in "Jack in the Beanstalk" should do with his money? How about finding the "pot of gold?" What would you do if given a large sum of money?

III. Use of their own money

- A. Costs and benefits of saving all or part of their money
- B. Costs and benefits of spending all or part of their money

After doing a few of these exercises, most students will better understand the importance of making decisions that provide the greatest satisfaction for them. For example, a child must make a choice of what item to buy for his or her mother on Mother's Day. Given the amount of money available, if the child buys cut flowers from the local supermarket, then he or she cannot buy a small plant. One choice eliminates other possibilities. Or a child must make a decision at a fast-food outlet on what to order. A parent will normally not allow a child to

order every single item on the menu. To make these decisions, a child must weigh the costs with the benefits. For example, what are the opportunity costs of sleeping late on Saturday morning? Being late to school? Choosing snacks? In most cases, choices involve doing a little more or a little less of something. Few choices are all-or-nothing decisions.

Songs also can be sung to illustrate economics concepts.

***“Oh, Give Me a Choice”<sup>5</sup>***  
(Tune: *“Home on the Range”*)

Oh, give me a choice,	Opportunity cost!
Oh, a difficult choice,	It’s the thing you give up when
And I’ll think about what I could use,	You choose.
I’ll have to decide,	It’s the price that is paid
With my eyes open wide,	When a choice must be made
What I’ll give up and what I will choose.	It’s the thing that I surely will lose.

### Teaching about Production and Exchange in the Primary Grades

As a teacher you may want to do more to get your students to meet the second economics standard (i.e., understand characteristics of *production* and *exchange* in an economy). How might this be done in a way that can build on your children’s experiences? Appropriate economics books, teaching strategies, and resources for classroom use are available from the National Council on Economic Education.<sup>6</sup> Another way is to take a specific food item and see how it is produced and finally arrives at the table. Good choices might be pizza, cereals, tostadas, pita bread, noodles, biscuits, pancakes, spaghetti, pretzels, and orange juice. You could also investigate other items, such as how teddy bears or books are made in a factory or how subways are built. For each food product, make flowcharts with the class showing the sequence of events in planting, growing, harvesting, processing the crop into a food product, packaging the product, distributing (transporting), and selling the food product at a market.

An example of available trade books is *Bananas—From Manolo to Margie* by George Ancona (Clarion Books, Houghton Mifflin, New York, 1982), a story that follows a crop of bananas from a plantation in Honduras to the breakfast table of a child in the United States. Along the way the bananas are handled by many workers and carried by different forms of transportation. Both economics and geography objectives can be stressed, such as having students trace the route of the bananas, finding out why Central America is an ideal place for growing bananas, and making a list of the workers necessary for us to get bananas to eat.

Another popular choice is pancakes, partly because of the wide variety of related books available.

#### ***Pancake Books***

*Little Bear’s Pancake Party* by Janice Brustlein

*Pancakes, Pancakes!* by Eric Carle

<sup>5</sup>Teaching Strategies K–2, Economics America.

<sup>6</sup>National Council on Economic Education, 1140 Avenue of the Americas, New York, New York 10036. Phone 212-730-7007; www.economicsamerica.org.

*Pancake Boy* by Lorinda Cauley

*Miss Mable's Table* by Deborah Chandra

*Pancakes for Breakfast* by Tomie dePaola

*Critters of the Night-Mummy Pancakes* by Mercer Mayer

*Curious George Makes Pancakes* by Margaret Rey, H. A. Rey

*Journey Cake, HO!* by Ruth Sawyer

*Pancakes and Pies: A Russian Folk Tale* by Carole Tate

Although each book has value and students may enjoy the antics of good-hearted but mistake-prone Curious George in his attempt to make pancakes, some books lend themselves better to exploring the economics concepts. *Pancakes, Pancakes!* is a beautifully illustrated book about Jack, who wakes up hungry for an enormous pancake for breakfast. But before he can enjoy his pancake, he must get flour from the miller, an egg from the black hen, milk from the spotted cow, and butter churned from fresh cream. The book provides a step-by-step guide to making a pancake from scratch and introduces all of the people and their special work that are essential parts of its preparation, showing the ways in which we are interdependent in our world. After the teacher reads the book aloud, students could make a sequence chart of the steps described on how to make pancakes long ago. Headings could include: Ingredient, Source, Who or What Involved, and Trade. Ask how Jack gathered the ingredients. Who helped? How did they get "paid"? What was exchanged in "payment"?

Then display a box of Bisquick and its recipe for pancakes—today's version of the story—or use a recipe from a cookbook. Students can also compare the cost of making a product from scratch or purchasing it. Make a class chart about making pancakes today using the same headings as earlier. Compare the two charts—then and now! How are they alike and how are they different? Why is transportation so important for our pancake breakfast today? Review the economics concept of trade as an exchange of goods and services. Discuss money and what we know about it. How do we get it? What work do our parents do to earn it? Do we earn money? How? How do we use our money? How does money substitute for swapping items or working to pay off a debt?<sup>7</sup> Using flowcharts, show transportation, marketing, and workers needed to get food to the table. Notice that this unit about pancakes also helps develop historical thinking about now and long ago.

Depending on your class, more lessons could be developed on facts about wheat, a staple food item throughout many cultures, and where it is found. If your state grows wheat or produces dairy products or eggs, write to your state for free materials from such organizations as the Dairy Council of California or the California Wheat Commission. Wheat could be a springboard to teaching about the basic needs, structures, and functions of plants. You could bring in a variety of flour samples or wheat stalks from the dried flower sections of your local stores. You may refer to the food pyramid and the placement of grains on the chart. Or you could discuss basic health measures for handling food and hand washing. You could read more books on how pancakes are made and eaten around the world. All of these are interesting activities, but in the process don't forget that your purpose is to teach economics concepts. Sometimes the main objective can get lost.

<sup>7</sup>Idea based on Julie Hume, Orange County Department of Education, presentation entitled "Literature Line-Up. A Standards-Based Approach" at the California Annual State Social Studies Conference, February 2000.

**Table 7.2** Making Pancakes

Ingredients	Utensils	Steps for Making Pancakes

Then comes the fun part—a cooking experience of a pancake party. Have your students in small groups fill out the chart headings in Table 7.2, Making Pancakes. Always inform other school personnel, including administration, food service, maintenance, and parent volunteers, about an upcoming cooking experience. Encourage their assistance in any available capacity, such as obtaining supplies. Organize the logistics of the cooking activity with stations, groups, and adult helpers. Make sure that the atmosphere for both making and eating the pancakes is pleasant. Some classes have had a pancake party for others than themselves: another class, parents in the evening, or for mothers before Mother's Day. For these occasions, the children have often made thinner pancakes like crepes so that fruit like strawberries can be rolled into the crepe to serve to guests. Children learn that varying the amount of liquid in pancakes makes a thicker or thinner pancake and that tastes vary on what is the best type of pancake. Students also learn that, when serving guests, as a cultural preference we want our pancakes and other food servings to look as attractive as possible.

If making pancakes is not suitable, teachers can use the old favorite of making butter. Buy whipping cream at the store and pour it into a clear pint-sized jar with a tight-fitting lid. Have students take turns shaking it until it turns into butter. Serve on crackers, or serve the butter along with the pancakes.

Teachers also have reported success with a Gingerbread Man curriculum, using the folktale as a starting point and ending up making gingerbread men and gingerbread cookies. Students learn about the resources needed to produce gingerbread products, the opportunity cost of choosing one cookie decoration over another, and the goods and services produced in the community. They can try a division of labor with one child or a small group of children putting just the eyes on the gingerbread man versus doing all of the decorations. What are the advantages and disadvantages of having a division of labor? If they sell their products, they become aware of earning income, prices, and their productivity.

These examples of economic activities show the value of concrete experiences and examples. Too often young children have inaccurate ideas about the economic world. They think that buying things in stores is a ritual, not an exchange involving profit. They do not see that work and income

are connected. Try to make learning about economics meaningful and memorable for children by focusing on children's own real-world experiences, thereby correcting economic misconceptions. There is also a treasury of children's literature to help meet the economics standards.

### *Small Group Work* 7.2



#### **How Did You Learn about Economic Concepts?**

Do you recall how you learned economic concepts? Were they explicitly taught in school? Informally at home? Did you learn from experience, sometimes a negative experience? Do you think the school should do a better job of teaching economic concepts? ○

## General Methods for Economics in the Fourth to Eighth Grades

Field trips and resource people can help students understand local businesses. Some teachers have students make and sell some product of their own, such as school t-shirts, cookies, or holiday gifts. Students have operated in-school bookstores. In a few classes, instead of pooling the money in an activities fund (the usual procedure), the school sets up individual accounts for each student, reflecting how much money each has raised. Then students can withdraw money out of their accounts for school activities. Some students have more, some less, and others nothing at all. Do you like this idea of individual accounts? What lesson does it probably teach students?

Getting up-to-date information on economic topics such as the current population of the United States or any other country, unemployment rates, and inflation rates is now made easier by the Internet. Researching these data on the Internet often gives good experience to students on how to interpret data, tables, and graphs. Students, however, need to evaluate the purpose and reliability of the website. Is the site maintained by an insurance company? Is it promoting sales in the stock market?

Teachers can also directly teach from an economics standard such as “Different methods can be used to allocate goods and services.” This could be used to examine how different cultures at different times have allocated *goods and services*. Moving to the present, what method of allocation should be used to give patients a new heart or a lung? How should seats on a bus or use of the classroom computers be allocated? Closer to home, how are household tasks distributed in students’ homes?

All of these general methods are used to teach economics in the upper grades. Let us now examine more specifically teaching economics in history units.

## History as the Background for Economics

In studying history, the common core experience in the upper elementary grades, there are numerous examples of the important role of economics in history. Students can gain a better understanding of history by using both basic economic reasoning and examining economics concepts. Starting in the fourth grade, most students begin to learn about the economic history of their state. What attracted people into the state (colony/territory) at the time being studied? What were the natural resources of the state and how did people change the environment over centuries?

Many fifth-grade topics lend themselves to teaching economics, starting with how property rights were regarded among North American Indians—they used both public ownership and private property. Markets played a key role in both the early explorations and settlement by Europeans. The beaver trade attracted the French to the New World. At first what would become the thirteen British colonies did not look promising. They did not have the rich gold and silver of the Spanish colonies. However, with the important exception of the slaves, the colonists in time had a higher living standard than British citizens in the home country. Students could study what makes economies grow by looking at the thirteen colonies.

To understand the causes of the American Revolution, the *benefit–cost analysis* can be applied as well as the concepts of *choice*, *trade-offs*, *opportunity costs*, *incentives*, *property rights*, and *economic conflict*. A study of the economic problems under the Articles of Confederation can indicate how it contributed to the formation of the U.S. Constitution. In



a similar manner, the impact of inventions, such as the barbed wire used in fences, the telephone, the steamboat, the cotton gin, McCormick reaper, and eventually the computer, can show how technology affects the economy.

The sixth and seventh grades illustrate the relationship between economics, politics, culture, and geography as students study many cultures throughout time. Examples are the development of agriculture that permitted the rise of cities, the Roman Empire's fostering of economic growth through the use of currency and trade routes, and the development of feudalism. The eighth grade can explore the economy at the time of the Constitution, the development of the capitalist economy, economic incentives for westward expansion, economic conflicts behind the wars of the period, economic differences between Jefferson and Hamilton, and the Industrial Revolution. Case studies could examine why cotton was king or Andrew Jackson's fight against the Second Bank of the United States. They could look carefully whether free land under the Homestead Act was really a good deal and whether people like Rockefeller and Carnegie were robber barons or outstanding entrepreneurs. Unless such promising topics are used, it is likely that the economic standards will be neglected.

If specific attention is not devoted to the role of economics, most students are only vaguely aware of its importance. It passes over their heads. How can economics be pulled out and spotlighted when history is the main topic? Let us look at several strategies to accomplish this goal.

### Using Literature

Using literature to promote economic literacy is a little more difficult as the novels become more complex and longer. For example, *Uncle Jed's Barbershop* by Margaret King Mitchell with illustrations by James Ransome (Scholastic, New York, 1994) can illustrate economic concepts such as *opportunity cost* and *production* for students from grades 2 through 5. This book, the winner of many awards, tells the story of Sarah Jean, whose Uncle Jed sacrificed his dream in order to help others. Uncle Jed is the only black barber in the county and wants to own his own barbershop. Only after many setbacks, including giving up his savings for Sarah Jean's operation and the Great Depression of the 1930s, is Uncle Jed finally able to open his own barbershop (see the unit plan).

*Uncle Jed's Barbershop* has only forty pages, and it is relatively easy to identify economic concepts like opportunity costs. However, let us look at literature books used in the seventh grades, such as *Of Nightingales That Weep* by Katherine Paterson (HarperCollins, 1989). Set in feudal 12th-century Japan, Takiko, the daughter of a samurai who dies in battle, accepts a position at the imperial Japanese court where her beauty and nightingale voice are appreciated. As a civil war breaks out between the two feuding clans, Takiko is forced to choose between loyalty and her love for a young warrior, an enemy spy. Takiko has to make many decisions (opportunity costs), but probably most useful for teaching economics using this book is NCEE's Standard 3: Allocation of Goods and Services. *Of Nightingales That Weep* describes through the lives of the characters and plot how feudalism in Japan was used to allocate goods and services. Related concepts for Standard 3 are *economic systems, supply, and traditional economy*.

In a similar manner Standard 3 on allocation of goods and services can be used with many historical novels and stories set at different times and cultures. For example, the Newbery classic *Adam of the Road* by Elizabeth Gray Vining (Aladdin Press, 1943) is set in