

WHY ECONOMICS?



CONCEPT #2 HUMAN CAPITAL

What students should know about economics and why: 6 Key Ideas

#2 Have You Strengthened Your Human Capital Today?

- Why do I have to get good grades in school?
- Why should I learn this stuff?
- Who cares if I graduate from high school?

The answers to all these questions lead to perhaps the most important phrase in economics for K-12 students: "human capital." This economic concept answers the question, "Why am I in school?" Students are in school to develop their human capital and to have control over their lives when they leave school. Human capital is the combination of skills and abilities, knowledge, experience and personal characteristics that make a person a unique individual. It is the resource that will most influence their personal success or failure.

Furthermore, many economists contend that the major determinant of a nation's growth is the quality and quantity of its human capital. That translates to a second grader as, "You are the most important resource **this nation** has and you are the most important resource **you** have." This message can instill a sense of pride and achievement in children that can be helpful as they attempt to learn in school and to develop their human capital. It also explains to them why school and lifelong learning are so important. A key message for students is that the most certain path to poverty is to drop out of high school. The most certain path to success is to use the opportunity that school and education afford to develop human capital to reach your goals in life.

But what human capital? The U.S. economy requires new skills. It probably doesn't have to be said that students who leave school with strategic minds and technological skills are more likely to succeed than those who don't. The challenges posed by the new global economy are formidable. The *21st Century Skills* include technological skills such as asynchronous and synchronous communication including person-to-person email interactions, listservs, group interactions in virtual learning paces, chat rooms, MOOs, MUDs, interactive

videoconferencing, phone/audio interactions, and interactions through simulations and models. Human capital also includes the skills to read a blue print while framing a house or programming the computer on a combine before harvesting a field of wheat. The more students understand and consider the skills and knowledge needed to be successful today, the greater likelihood they will appreciate what they need to do to survive and thrive in our dynamic economy. Economics (also recognized as a core subject in the *21st Century Skills*) helps them understand this and recognize that these skill and knowledge requirements change over time. The message is to develop marketable skills that are in demand and transferable.

In addition to technical skills, strategic thinking, reading, math, and many other skills, students must learn about important personal characteristics or the “soft skills” necessary for success. They must learn personal responsibility, honesty, integrity, dependability, and ways to interact with others. Most jobs of the future will not be done alone but will be as part of team so getting along with others is also an important skill.

Human capital is one of the easiest economics concepts to teach in a variety of subjects. For example, all a teacher needs to do, when discussing any historical figure who achieved great things is ask the students to describe the person’s human capital. What skills, knowledge, experience, and personal characteristics did this person have that allowed her or him to achieve great things? From a teacher’s perspective, it turns the study of an historical figure into analysis rather than description. What was it that made Socrates, Cleopatra, Confucius, Mansa Musa, Queen Isabella of Spain, George Washington, Harriett Tubman, Abraham Lincoln, Helen Keller, Marie Curie, Martin Luther King, or Cesar Chavez such powerful figures? As important, what flaws did they have that made their journeys more difficult? It is important to give students a complete picture of the historical figure with all of their human capital as well as their flaws, so that students realize that they too, even with their imperfections, can achieve great things.

Students should understand that they are in the education business for themselves, not for their parents or their teachers, and the development of their human capital is their path to success. They should recognize that it is a life long journey and their personal success along the way will also strengthen our national economy.

This document was created by a CEE/NAEE Task Force

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