Received: 29 November 2022 | Accepted: 9 March 2023

DOI: 10.1111/bjdp.12446

the british psychological society
promoting excellence in psychology

INVITED ARTICLE

Children's developing understanding of economic inequality and their place within it

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Abstract

Income inequality is growing in many parts of the world and, for the poorest children in a society, is associated with multiple, negative, developmental outcomes. This review of the research literature considers how childrens' and adolescents' understanding of economic inequality changes with age. It highlights shifts in conceptual understanding (from 'having and not having', to social structural and moral explanations), moral reasoning and the impact of the agents of socialization from parents to the media and cultural norms and discourses. It also examines how social processes affect judgements and the importance of an emerging sense of self in relation to questions of economic inequality. Finally, the review covers methodological considerations and suggests pathways for future research.

KEYWORDS

adolescents, children, economic inequality, explanations, moral reasoning, social processes, socialization, understanding

BACKGROUND

Recent years have seen growing income inequality in much of the world (United Nations, 2020) and reducing it is one of the UN's sustainable development goals (United Nations, 2022). Growing inequality has profound societal and political impact, especially for children. Increases in inequality are associated with increases in relative poverty (Karagiannaki, 2017; McKnight et al., 2017) and a fall in social mobility (Durlauf et al., 2022), which a recent OECD report (Clarke et al., 2022) attributed to the wider income gap in family investments in education and skills development for their children. Together with negative effects on life opportunities and social mobility, higher income inequality in developed countries predicts worse health, lower levels of educational attainment and higher incidence of social problems like violent crime and drug use (Pickett & Wilkinson, 2015; Wilkinson & Pickett, 2009). However, the pernicious effects of inequality cannot be reduced only to an increase in poverty. Studies of child and adolescent health and life satisfaction (e.g., Elgar et al., 2015, 2017), educational participation (e.g., Kearney &

Statement of Contribution

What is already known on this subject?

- Economic inequality affects the well-being of childrens and adolescents
- Children develop an understanding of the causes of economic inequality
- Little research has examined social influences on children's conceptions of inequality

What does this study add?

- A review of the role of developmental and social processes in emerging conceptions of inequality
- Analysis of how childrens' conceptions of inequality may affect their well-being Suggested pathways for research on social processes affecting conceptions of inequality and sense of self

Levine, 2016; King et al., 2022) and bullying (e.g., Contreras et al., 2015; Elgar et al., 2013) all indicate that income inequality is a unique predictor of variance in children's well-being after controlling for family income.

From a social psychological perspective, the presence of inequality in societies by itself causes problems. For instance, numerous studies with adults have found that higher inequality is associated with lower levels of subjective well-being even in more affluent groups in society (see Schneider, 2016 and Easterbrook, 2021 for review and further analysis). There is also evidence that subjective perceptions of inequality influence well-being with people who perceive greater inequality having lower subjective well-being (Arsenio et al., 2021). These counter-intuitive findings have been attributed, by Wilkinson and Pickett (2009), to less social cohesion stemming from higher inequality, causing a reduction in interpersonal trust and an increase in status anxiety as people worry about how they are evaluated by others. Subsequent analyses of European survey data have demonstrated that feelings of relative inferiority (status anxiety) are higher across all income groups in more unequal European countries (Layte & Whelan, 2014; Schneider, 2019), and measures of trust and status anxiety have been found to mediate the relationship between inequality and well-being (Delhey & Dragolov, 2014; Layte, 2012; Oishi et al., 2011, 2018).

Although most research into inequality has used measures collected from adults, research shows that children are aware of inequality. By the time they reach adolescence, they have a detailed knowledge of socioeconomic differences and hierarchies within their society (Cabieses et al., 2015). It also seems likely that higher inequality increases the salience of income differences (Cheung & Lucas, 2016; King et al., 2022) and may make children more aware of their family position in the income hierarchy. In a working paper for UNICEF, Alemán-Díaz et al. (2016) concluded that the negative effects of inequality on poorer children stemmed from both the restrictions and stresses associated with living in poverty and the additional stress created by their awareness of their relative socioeconomic position which can lower their self-esteem and self-efficacy.

The present paper does not concern itself with describing the deleterious *direct* effects of poverty and economic inequality on children's development, which are numerous and well-documented (for a summary see, for instance, Ministry of Social Development, 2018). Rather, the focus is on what children themselves understand about inequality – the gap between the richest and poorest in a society – their emerging understanding of the self as an individual within an unequal society, the relevant social and psychological processes these understandings can ignite and how these understandings connect with a developing understanding of social justice and moral issues (for a fuller review see Killen et al., 2022).

The importance of examining how children's perceptions of inequality and their own socioeconomic status affect the socio-emotional well-being and academic performance of disadvantaged children has already been raised by Heberle and Carter (2015). They laid the ground for further research by providing a detailed review of the evidence for young children's ability to recognize economic differences between

social groups and an analysis of how the processes of status anxiety and stereotype threat might mediate the relationship between poorer children's recognition of their economic status and their socio-emotional and academic functioning. Our paper extends this literature by examining perceptions of inequality in a wider age range, focusing on how children and adolescents explain inequality, and the implications of these explanations for their concepts of themselves and others. We draw on recent research on the development of subjective social status, stereotype threat and social identity to discuss how beliefs about the causes of inequality may affect the well-being of children. We also consider the influence of societal discourse about inequality on children's beliefs.

It should be noted that research on perceptions of inequality uses a variety of terms to describe economic inequality and individuals' economic status (for instance, social class, socioeconomic status, social inequality, poor/rich and wealth/poverty). We have varied the terms we have used, often to reflect the terminology used in the papers discussed, but our focus is on how children and adolescents explain inequalities in wealth and income.

CHILDREN'S UNDERSTANDING OF INEQUALITY: FROM HAVING AND NOT HAVING TO SOCIAL STRUCTURES AND SYSTEMS

Below, we review children's explanations for inequality at different ages, drawing examples of explanations from multiple studies conducted in a range of countries including the United States and United Kingdom, but also Spain and Mexico (Enesco & Navarro, 2003), Germany (Burgard et al., 1989) and Colombia (Amar Amar et al., 2015).

Understanding inequality requires understanding the relevant dimension (money, income and wealth) and that quantifiable differences exist between people along that dimension. This develops from a basic knowledge of concepts and the relations among them to increasingly sophisticated beliefs about the causes of inequality, the reasons for it and an attitude or perhaps moral position towards it.

Drawing on the social reasoning developmental (SRD) Model (Rutland et al., 2010), which holds that children's understanding of social issues depends on the development of their knowledge in three separate domains (moral, societal and psychological), Elenbaas et al. (2020) argued that children's thinking about inequality reflects their reasoning about fairness, their understanding of social groups and their awareness of other people's mental states. A more complex understating of inequality rests on development of knowledge in all three domains as well as children's ability to coordinate that knowledge.

Children as young as 3–5 years can discriminate rich and poor people by their possessions and clothes (Ramsey & Dickson, 1991; Rauscher et al., 2017) and by 8 years they have enough fine-grained understanding of inequality to be able to rank jobs by income (Burgard et al., 1989; Emler & Dickinson, 1985). It is likely that by the time children start school they are aware of characteristics and differences between relatively similar socioeconomic groups in their local area. However, at this age they typically do not have awareness or mastery of the language required for discussing inequality, so most research on children under 12 years has posed questions such as, 'Why are some people poor/rich?', 'How do people get rich?' or questions about pay differentials between jobs. Indeed, research on children's understanding of inequality usually employs qualitative research using individual interviews and open-ended questions to capture children's own explanations for economic differences. Many studies also use stimulus materials such as pictures, vignettes and names of occupations to make the task easier and more concrete for young children. This body of research provides unique insights into children's reasoning at different ages, though it is important to note that most of this research has been carried out in the United States and United Kingdom.

Before 6 years, children's answers to questions such as 'Why are some people poor/rich?' tend to be 'do not know' or definitional responses such as, 'because they have a lot of money'. 'Do not know' and definitional answers are common throughout childhood (Chafel & Neitzel, 2005) but explanations that link differences in wealth to basic concepts of work (e.g., 'he does not have a job'. or 'working hard') start to appear at 6 years (e.g., Amar Amar et al., 2015; Leahy, 1983; Sigelman, 2012) as well as other reasons

for being rich or poor such as being given more money or wasting money (Mistry et al., 2016). Children at this age tend to see the relationship between work and money as linear and quantitative; that is to say, they think that working a lot leads to having a lot of money (Enesco & Navarro, 2003). A good example is the following explanation from a child (8 years) for why some people are rich: 'because they work every day and every hour, and they do what their bosses tell them to do' (Mistry & Yassine, 2022, p. 13). There is, however, some evidence from trait and picture matching tasks that children as young as 4–6 years associate greater wealth with more competence (Shutts et al., 2016; Sigelman, 2012), although this does not tend to come out in their verbal explanations.

From 8 years, children begin to demonstrate more nuanced knowledge of how money is obtained with references to mechanisms like inheritance or fate (e.g., 'her parents were rich and they gave her money'; 'perhaps they are poor because someone stole their money'), saving or selling things, the position of jobs in an occupational hierarchy (Emler & Dickinson, 1985), or the qualifications and training needed for better paid jobs (Chafel & Neitzel, 2005; Enesco & Navarro, 2003; Leahy, 1983). Only by around 10–11 years do children start to use more sophisticated and psychological justifications for income, incorporating concepts such as effort, education and intelligence (e.g., 'doctors have to work long hours'; 'they were not clever enough to get a good job'; Enesco & Navarro, 2003; Sigelman, 2012). As these studies demonstrate, at this age children tend to emphasize individualistic rather than structural explanations for inequality (i.e., the particular features or circumstances that lead that individual to be rich or poor).

Adolescents are more likely than younger children to cite social structural explanations for inequality such as inherited wealth, lack of access to education and training, or low pay and scarcity of well-paid work (Diaz et al., 2022; Flanagan et al., 2014), but most teenagers continue also to use individualistic reasons (Leahy, 1983; Mistry et al., 2012). They often draw on multiple individual reasons, as this quote illustrates: 'Some people are poor because some people do not finish college. Some people drop out. Some people just are too lazy to work. Some people just work hard and with one mistake they give up'. (Mistry & Yassine, 2022, p. 13). Or draw on a mixture of individual and structural reasons, as illustrated here: 'Some people are born rich, into money and some people are born locals, and people make choices to, like, get rich. Some people have ideas that make them rich. Some people are determined and some people are not' (Mistry & Yassine, 2022, p. 14). Adolescents recognize that not everyone can be wealthy and that an affluent family or social background helps people to be wealthy, but they think effort and ability are more important for access to good jobs (Enesco & Navarro, 2003).

Older teenagers (14–17 years) demonstrate more awareness of structural factors and how inequality is related to economic and political systems (e.g., 'not many people have the skill to do that job, so the pay is high'; 'capitalism means a small number of people have most of the wealth'; Diaz et al., 2022; Dickinson, 1990; Flanagan et al., 2014; Leahy, 1983), but sophisticated structural explanations remain comparatively rare. Indeed, individualistic explanations for wealth and poverty persist in adulthood (Davidai, 2022) and are the most common explanation that adults give for pay differentials (Dickinson, 2006) in Western, capitalist societies like the United Kingdom and the United States.

Individualistic explanations for social inequality can encourage stereotypical assumptions – often enhanced by differences in the representation of social groups in different roles in society (see Eagly & Koenig, 2021) – about essentialist differences between socioeconomic groups in terms of merit; that is, effort and intelligence. Such assumptions, particularly the notion that differences in earnings reflect effort or intelligence, can justify higher levels of inequality. For instance, a recent analysis of International Social Survey Program data by Mijs (2021) found that members of more unequal countries were more likely to believe in a meritocratic basis for success and less likely to think that structural reasons are relevant, and experimental work by McCoy and Major (2007) found that priming meritocratic beliefs led to an increase in system justifying perceptions. Killen et al. (2022) have pointed out that explanations for inequality have political implications. Individualistic explanations can be used to argue that structural barriers are not a problem for upward mobility, thereby discouraging policy initiatives to reduce structural factors. Structural arguments, in contrast, can both encourage policy initiatives to reduce inequality and indicate where change is needed to remove barriers. Children's understandings of discourses around inequality and how

these are transmitted can therefore impact their understanding of politics and social justice, and thus can have important implications for political actors.

METHODOLOGICAL CAVEATS ON DEVELOPMENTAL INFERENCES

Although there appear to be broad patterns of developmental change associated with children's understanding of inequality, it is important to be mindful not to diagnose developmental progress when other phenomena (such as social processes) may explain inter-individual differences in knowledge and reasoning (e.g., Morss, 1996). For example, Elenbaas et al. (2020) pointed out that children as young as 3 years can distinguish fair (equitable) grounds for allocating rewards from unfair (structural) grounds if they have clear information about the reasons for the disparity, but they rarely receive clear and consistent information about inequalities between social groups. Moreover, developmental studies in the area are limited by necessarily requiring verbal responses from children and therefore comparability between responses of children and adolescents from different age groups may be compromised by virtue of language as well as cognitive skills and knowledge.

In this respect, methods of data collection and analysis may under-represent children's understanding of societal causes of inequality. For instance, Flanagan and Tucker (1999) argued that references to 'not having a job' have been coded in many studies as references to equity or as an individual cause of poverty (e.g., Leahy, 1983), but they could be interpreted as references to structural causes such as lack of jobs. When children aged 5–8 years were presented with a vignette describing a poor but otherwise typical child (Mistry et al., 2016), they provided a mixture of individualistic, structural and fatalistic reasons for poverty, suggesting that young children are aware of both internal and external causes. However, as Mistry et al. noted, young children can provide structural reasons (e.g., 'the boss does not pay them a lot of money', 'their parents do not have good jobs') without understanding the institutional and societal factors that create the disparities.

The task of integrating knowledge from different domains or different levels of analysis is demanding and may explain the predominance of individualistic arguments in children and adults' explanations of economic differences. However, the restricted location of studies, conducted mostly in the individualistic and unequal societies of the US and UK, may exaggerate the frequency of individualistic explanations. The limited amount of research outside of these societies suggests structural explanations for inequality may be more prominent. For example, in relatively equal Finland, Hakovirta and Kallio (2016) found that children aged 10–15 years provided both individual and structural causes for inequality, but structural causes were emphasized most in the cohort overall. As the authors argued, the children's awareness of structural issues could reflect social and cultural influences in Finland where it is rare for public discourse to blame poverty on the poor and the ethos of the welfare state focuses attention on the structural causes of social issues. Evidence from European Social Survey data also indicates strong public support for the welfare state in Finland (Roosma et al., 2013). However, it is possible that the method adopted by the authors may have encouraged more nuanced answers. They presented the participants with images of children in different economic circumstances followed by questions such as, 'Tell me about the children and their life; How is it that some people have money and some people do not', which may have avoided the stereotypes triggered by questions about rich and poor people.

These methodological considerations spotlight how collecting information on understanding social problems, systems and relationships can emphasize or disguise quite sophisticated grasp of concepts, at even a young age. They also suggest that social context, identity and identification, and experience may be effective ingredients in shaping children's responses to (and knowledge of) inequality. However, while assuming automatic developmental progress is unwarranted, the body of empirical evidence suggests that children's explanations for inequality increase in complexity with age.

Alongside development of understanding concepts runs developing knowledge of the self. Thus, as the developing child begins to know more about the concepts and may form opinions about them,

they are simultaneously coming to learn more about where they themselves may sit in a hierarchy from poor to rich.

SUBJECTIVE SOCIAL STATUS

An inevitable feature of social structures, hierarchies and systems is that we all have a place (or position) within them. In any unequal society, as self-understanding develops, so too does the relational understanding of the self in terms of an individual's or group's position in the hierarchy. For instance, there is evidence that rank of income is a better predictor of work satisfaction (Brown et al., 2008) and life satisfaction (Boyce et al., 2010) than actual income. Below, we review how children's understanding of their position develops and the psychological consequences of this understanding.

Subjective social status appears to be an important concept for understanding the psychological effects of inequality. Subjective social status refers to individuals' personal assessment of their position in the hierarchies of their society. In terms of economic inequality, it is usually measured by asking people to indicate their relative affluence on a simple categorical scale (e.g., 'very rich', 'quite rich', 'average', Weinberg et al., 2019) or a ladder running from the best-off people in their society at the top to the worst-off at the bottom (The MacArthur Scale of Subjective Social Status [Adler et al., 2000]). The youth version of the MacArthur Scale (Goodman et al., 2001), which requires respondents to indicate where their family sits on the ladder, is used in research with children.

Subjective social status may be a particularly important construct in the inequality well-being debate as it can be used as an easy-to-measure proxy for status anxiety (Schneider, 2019). Using data from the 2012/2013 European Social Survey, Schneider found that subjective social status mediated the relationship between country level income inequality and life satisfaction. Higher income inequality at country level was associated with lower average subjective status in the country (and within each income decile), and lower subjective social status predicted lower life satisfaction.

Research on children's perceptions of their social status is scarce. There is evidence from interview studies (e.g., Heberle & Carter, 2020; Weinger, 1998) that children between 4 and 10 years are aware of their relative wealth or poverty, but children's ratings of their family socioeconomic status on measurement scales remain a vague 'in the middle' (Chen et al., 2019; Rauscher et al., 2017) until 10 years when their estimates begin to correlate with objective measures (Mistry et al., 2015; Peretz-Lange et al., 2022).

However, there is abundant evidence that lower levels of subjective social status predict lower levels of general health, mental health and life satisfaction in adolescence (e.g., Ahlborg et al., 2017; Elgar et al., 2016; Rattay et al., 2022; Rivenbark et al., 2019, 2020; Weinberg et al., 2019). Moreover, subjective social status predicted larger health inequalities than objective measures of family socioeconomic status (Ahlborg et al., 2017; Elgar et al., 2016; Rattay et al., 2022; Weinberg et al., 2019).

Rivenbark et al. (2019, 2020) found that the relationship between subjective social status and measures of well-being was stronger after the age of 14, suggesting that adolescents become more conscious of their socioeconomic status with increasing age. One trigger for the change might be the more demographically diverse nature of secondary schools compared with primary schools; Moore et al. (2020) found that moving to a secondary school with relatively more affluent students was associated with lowered mental well-being among those less well-off.

Children show preferences for and motivations to attain high-status material goods and evaluate their peers according to the possessions they own (Banerjee & Dittmar, 2008; Dunkeld et al., 2020; Easterbrook et al., 2014). Yet, these extrinsic, materialistic motivations and ideas tend to have negative effects on children's well-being (ibid.). As status-seeking behaviours such as materialistic and conspicuous consumption have been found to be more common in unequal societies (Walasek & Brown, 2015) and low status is associated with higher materialistic values (Kim et al., 2017), children who cannot afford and thus lack high-status material possessions may experience and internalize stigma and exclusion. Children's understanding of inequality and their place within unequal societies therefore has implications for their well-being.

STEREOTYPES AND STIGMA

Children and adolescents may be able to articulate only limited explanations for social causes of inequality, but the effects of these social causes can be felt indirectly. For instance, researchers in this area have suggested mediating mechanisms such as feelings of relative deprivation, fear of social exclusion, stereotype threat and feelings of shame or stigma. Few studies have explored the contribution of these variables. A study by Heberle and Carter (2020) with children aged 4 to 9 years found that children from disadvantaged backgrounds who were aware of negative stereotypes about poor children, had higher levels of attention problems. Similarly, in a multinational European study, Weinberg et al. (2021) found that the relationship between family affluence and adolescents' ratings of their life satisfaction and mental health (frequency of psychosomatic complaints) was moderated by the strength of belief in meritocracy in their home countries. The stronger the belief that 'people get what they deserve' in the adolescents' home countries, the more likely it was that higher family affluence predicted higher life satisfaction and fewer psychosomatic complaints. Weinberg et al. (2021) argued that internalizing a belief in meritocracy could influence the well-being of children in two ways: children from better off families might be more confident of their ability to achieve their goals, and they may feel more respected by others in society.

A widely held stereotype, such as the belief that poorer people are less intelligent than richer people (Connor et al., 2021; Durante & Fiske, 2017), can make poorer students feel less confident of their ability to do well in academic assessments. This lack of confidence can then create anxiety which affects their performance and lowers the grades they could have achieved. Désert et al. (2009) demonstrated this effect in a study with children aged 6 to 9 years. The children were given a measure of intellectual ability (Ravens Progressive Matrices) to complete, with some being given the normal instructions which are highly evaluative (e.g., 'Do your best so that we can know your strengths and your weaknesses'), while others were told they were helping to trial some new games. Children from low socioeconomic backgrounds did significantly worse in the evaluative condition compared with the control condition but there were no differences in the performance of children from high socioeconomic backgrounds (see also Croizet & Claire, 1998; Spencer & Castano, 2007).

The anxiety provoked by stereotype threat can disrupt educational performance in other ways such as lowering children's self-efficacy (Heberle & Carter, 2015) or causing them to disengage (Easterbrook et al., 2019). Although the robustness of such stereotype threat effects has been questioned (Flore et al., 2018; Flore & Wicherts, 2015; Stricker & Ward, 2004), Easterbrook and colleagues (Easterbrook et al., 2019; Easterbrook & Hadden, 2021) have argued that stereotype threat effects should not replicate across all contexts, as stereotype threat will only be experienced by members of groups about which there are prevalent negative stereotypes within the local educational context.

Lending some support to this argument, Easterbrook et al. (2022) found that students who believed that people from their social background were less likely to do well at school (termed identity incompatibility) got significantly worse GCSE (standardized national exams taken at age 16) grades. As might be expected, this belief was significantly stronger among students eligible for free school meals (FSM; an indicator used by the English Department for Education for low household income; the vast majority of children eligible for FSM are from economically deprived households). However, the previous year's socioeconomic attainment gap within schools moderated the relationship between eligibility for free school meals and identity incompatibility; poorer children were less likely to agree with the negative stereotype about their background when they attended schools which had smaller gaps in attainment between disadvantaged and non-disadvantaged students in the previous academic year. Thus, the saliency and meaning of a group's social identity depends on social and cultural factors in the local context (Easterbrook et al., 2019; Easterbrook & Hadden, 2021).

Research on stereotype threat in the context of economic inequality has focused on very disadvantaged groups. To our knowledge, there is no research on the relationship between subjective social status and stereotype threat – whether, for instance, lower middle-income people feel stigmatized in comparison with more affluent groups. However, it is possible that the increase in status anxiety associated with more

unequal societies (Layte & Whelan, 2014; Schneider, 2019) could render more affluent groups vulnerable to stereotype threat.

While children may not be able to articulate the subtle implications of social and income inequalities, their effects are felt. Work on stigma and stereotype threat strongly suggests that from a relatively young age children may absorb into their self-identities a sense of their own position within social hierarchies. It may not be until adolescence that young people are able to reflect on societal structures and their own positions within them or consider these in an autonomous or socially agentic manner. However, stereotypical thinking about the competence of richer and poorer people is common in adolescence (Durante & Fiske, 2017). When Flanagan et al. (2014) analysed American adolescents' (12 to 19 years) explanations for why people are poor or rich, they found a higher percentage of societal than individual causes in the first response for poverty but the opposite was true in the first response for wealth. Wealth was strongly associated with individual ability, effort and ambition.

The findings reviewed above suggest that negative stereotypes related to inequality and status have broad and profound negative consequences, and that more attention should be paid to their prevalence, how they are reinforced, and what actions can be taken to counteract them in both local and national contexts.

SOCIAL IDENTITIES

Research drawing on social identity theory and social domain theory acknowledges the role of cognitive development in children's understanding of inequality, while focussing attention on how social inequality is embodied in inter- and intra-group relations.

Social identity plays an important role in motivating social class prejudice and discrimination. Once children are aware of social class, they are motivated to identify with positively distinct social class groups (Mistry et al., 2021), and the need to maintain a positive social identity can then result in prejudice and discrimination towards outgroups. Very little research has investigated the development of inter-class prejudice in children (Mistry et al., 2021), but young children (4–6 years) demonstrate a preference for friendship with wealthier children (Shutts et al., 2016), and older children (8–14 years) anticipate that social class groups will favour members of their own social class (Elenbaas & Killen, 2019). Friendship preferences lead to exclusion and low-income children are particularly likely to experience exclusion as they lack the financial resources to participate in many activities (Ridge, 2011).

There is also evidence that children quickly learn to stereotype social class outgroups. For instance, in a study of perceptions of identity in children aged 8–13 years, Sutton (2009) found that children attending fee-paying schools often referred to poorer children as ‘chavs’ (a negative stereotypical term for brash lower-class people), and children living on a council estate in a deprived area called richer children ‘posh’ (a term use to refer to entitled and pretentious upper-class people). The children from the council estate thought that ‘posh’ children would be mean, greedy and less likely to have friends, while the fee-paying school children thought that ‘chavs’ would be disruptive in class and would not bother to study. The children living on the estate also differentiated themselves from people within their own community, who they regarded as rough or lower status, by calling them ‘scallys’ (scallywags). In that way, they claimed a middle ground for themselves as respectable and normal. Similarly, Mistry et al. (2015) found that children with lower subjective social status endorsed more negative attributes about the poor than children with middle subjective social status.

However, not all the comments about outgroups in Sutton's study were critical and older children on both sides demonstrated insights into the structural and educational restrictions that the other group might experience. By middle childhood, children are also aware of the negative effects of exclusion on poorer children; Dys et al. (2019) found that 8 year-olds were far more likely than 4 year-olds to say they would feel bad about excluding a child from a poorer background. This supports the predictions of the SRD model in drawing attention to how children weigh up moral concerns and awareness of other people's mental states with group social identity needs (Elenbaas et al., 2020).

Although there is an age-related sequence in the types of explanations that children typically provide for inequality, it is not the case that more sophisticated explanations replace earlier ones. It seems more likely that children build a repertoire of individual and societal explanations for inequality with increasing age (Emler & Dickinson, 2004; Flanagan et al., 2014; Flanagan & Tucker, 1999). The use of these explanations may then depend on context and purpose. In circumstances where children feel their social identity is under threat, they may be more likely to draw on individualistic, essentialist explanations for group differences. In this sense, it is important to recognize that children's accounts of social class can be discursive, though not necessarily in a planned or conscious sense.

MORAL ORIENTATION, EXPERIENCES AND SOCIAL CONTEXT

In recent years, research on the development of children's understanding of inequality has provided new insights into how children recognize inequality and begin to reason about the causes of inequality. Alongside this, research on subjective social status and stereotype threat has demonstrated how inequality can affect children's perceptions of themselves and their well-being. However, comparatively little attention has been paid to the social and informational processes that help to shape beliefs about inequality. Moreover, little research has examined the social contexts in which children learn about the nature and causes of economic differences between people, leading to recent calls for more attention to the sources of influence on children's understanding (Elenbaas et al., 2020; McLoyd, 2019).

As Mistry et al. (2021) observed, representations of social class groups are culturally embedded within societies. Language, news reports, drama and humour convey rich, but often complex and contradictory, information about social class so most members of society will be familiar with these representations. Nevertheless, individual differences found in studies of children's explanations for inequality provide some insight into the broader influences on beliefs about the causes of inequality.

Gender differences are not routinely found in children's explanations for economic differences. However, girls are more likely than boys to refer to internal, psychological characteristics of poor people such as feeling sad (Chafel & Neitzel, 2005), to focus on equality or need in distributive tasks (Kornbluh et al., 2019; Leman et al., 2009; McGillicuddy-De Lisi et al., 2008) and to recognize structural factors related to poverty (Flanagan et al., 2014; Flanagan & Tucker, 1999). These differences probably reflect gender socialization processes and emergent sex-typed behaviour and judgements (Lytton & Romney, 1991). Thus, gender may affect the emphasis or flavour of moral judgements about inequality (e.g., Gilligan & Attanucci, 1988) although how far these may interact with judgements about the causes of inequality remains unclear. In a similar vein, cultural values are particularly important in this respect as they have been found to predict how children allocate resources or justify their allocations (e.g., Carson & Banuazizi, 2008; Huppert et al., 2019).

There should be little doubt that the relations among moral judgements and reasoning, socialization and contextual influences, and socio-political structures such as economic inequality are not well-understood areas of developmental psychology. However, ample evidence suggests that these relations form part of a complex network of influences on development and understanding. For instance, higher socioeconomic status has been found to predict more awareness of social class stereotypes (Mookherjee & Hogan, 1981; Weinger, 2000) and occupational pay differentials (Dickinson, 1990; Emler & Dickinson, 1985), but lower socioeconomic children tend to be more aware of the needs and feelings of poor people (Chafel & Neitzel, 2005; Elenbaas, 2019; Weinger, 1998), and more likely to approve an equal redistribution of valued goods (Elenbaas, 2019). Children from more affluent homes tend to have a wider repertoire of individualistic, equity arguments to explain and justify pay differentials in later childhood and adolescence (Dickinson, 1990; Emler & Dickinson, 1985), and Flanagan et al. (2014) found that adolescents from more educated families were more likely to provide structural explanations for wealth and poverty.

Social class differences in descriptions and explanations of social inequality may be explained by differences in exposure to experiences and explanations. The insights that children from low-income families have into the risks and causes of poverty, such as not having enough money to pay the rent

(Weinger, 1998) or having unforeseen bills like hospital costs (Mistry et al., 2016), suggest some children have first-hand experience or hear people talking about these events. However, whether and how far children are aware of different experiences, expectations, and norms among other social class groups (and the consequent inequality) remains unclear.

Racial differences in attributions for poverty tend to correlate with class differences, in a similar way that race correlates with social class and economic well-being. For instance, Black American children were more likely to describe concrete, experiential aspects of poverty (Chafel & Neitzel, 2005) and identify more structural causes of poverty than White American children (Leahy, 1983; Weinger, 2000). Similarly, Cozzarelli et al. (2001) found that White US students used more internal attributions and less external attributions for poverty than Black students. Black children and adolescents were also more likely to talk about the need for social change to prevent poverty (Chafel & Neitzel, 2005; Leahy, 1983; Roy et al., 2019). Roy et al. (2019) suggested that being a member of a marginalized community may increase critical consciousness and awareness of the possibility of social change.

A recent analysis of longitudinal data on American adolescents' awareness of inequality (Wray-Lake et al., 2022) revealed not only differences in levels of awareness between racial and ethnic groups but also differences in the trajectory of development between 12 and 19 years with increases in awareness occurring at different ages in different groups. The patterns suggest the importance of ethnic identity and associated experiences and sociocultural influences in children's thinking about inequality.

These demographic differences, mostly within America, demonstrate the interplay of cultural, experiential and contextual information influences on children's understanding of inequality and the need for more intersectional analysis of the development of perceptions of inequality in different social groups.

SOCIALIZATION: DISCOURSE AND REASONING ABOUT INEQUALITY

Parents or caregivers are a key source of information about inequality for children, certainly in childhood. There is a dearth of research on parental communication to children about social inequality, but a recent experiment conducted in America and Canada with children aged 7–14 years and their parents (Gonzalez et al., 2022) found that parents' explanations for fictional examples of economic inequality (e.g., wealth, job status) predicted their children's explanations for the same scenarios. The types of explanations that the parents and children could choose were restricted to those provided by the experimenters (effort, ability, luck), so we do not know much about the detail or context of conversations about inequality at home. However, Gonzalez and colleagues' findings strongly suggest that parental discourse about inequality influences children's beliefs about the causes of inequality.

The evidence that both higher parental education and family discussion of current affairs predict adolescents' use of societal or structural arguments for inequality (Flanagan et al., 2014) provides further support for the influence of parental discourse on development. But the wider social milieu is also important. Flanagan et al. found that adolescents attending schools where their classmates were more likely to discuss current affairs at home had more knowledge of the causes of wealth and poverty and were more likely to provide structural explanations.

Discourse at the societal level about the causes of inequality may explain why Finnish children offered more structural explanations of poverty in the study cited above (Hakovirta & Kallio, 2016). In this respect, the finding from Weinberg et al. (2021) that the relationship between family affluence and adolescent well-being is moderated by the country-level strength of meritocratic beliefs raises questions about whether individualistic explanations for inequality are more common in public discourse in some countries and more likely to influence judgements of wealthier and poorer people, as indeed some research suggests (Heiserman & Simpson, 2017).

Popular beliefs that support inequality in societies may persist for psychological reasons even when their legitimacy is questioned. Social Dominance Theory (Sidanius & Pratto, 1999) holds that 'legitimizing myths', such as meritocracy, serve to justify existing inequalities and maintain the status of dominant

groups in society. Whilst it seems self-evident that meritocracy should appeal to wealthier groups in society, there is often strong support for meritocratic explanations of inequality in lower socio-economic groups (see Easterbrook, 2021). For instance, research on explanations for economic inequality have found that adolescents from lower socioeconomic groups are less likely than those from more affluent groups to cite structural reasons and more likely to argue that economic differences reflect the effort that individuals put into work or study (e.g., Flanagan et al., 2014; Kornbluh et al., 2019).

The above findings may be explained by System Justification Theory (Jost & Banaji, 1994) which holds that people are motivated to support the existing political and ideological system, and sometimes will do even if it harms their individual or group interests. Believing that one has an opportunity for social mobility through effort, even if mobility is unlikely, may be less threatening than believing that the system is unfair and rigged. This may be the reason why a faith in meritocracy persists in more unequal countries (Mijs, 2021) despite less social mobility. Indeed, a belief in meritocracy has a palliative effect on those of low status, which is especially strong within highly unequal areas (Bahamondes et al., 2021; Sengupta et al., 2017), and is associated with increased self-esteem among low status group members, in part because of an increase in their sense of control over their own future (McCoy & Major, 2007). Experimentally manipulated social mobility beliefs have also been found to increase tolerance for inequality, in part through increased prospects for upward mobility and meritocratic beliefs (Shariff & Aknin, 2016).

Children's perceptions of social differences in wealth may also be influenced by news events and media. In a cross-national comparison of perceptions of social mobility, Enesco and Navarro (2003) found that Spanish children were more likely than Mexican children to suggest illegal activities and chance (e.g., winning the lottery) as ways of becoming rich. The authors suggested that the Spanish children's awareness of illegal means and chance could reflect recent media coverage of politicians being involved in illegal activities and regular news stories about lottery winners. Furthermore, studies have shown that children who watch more commercial television are more likely to turn to materialism as a way of coping (agreeing more with statements like 'if I feel upset… I dream about being rich'), which in turn is associated with lower well-being (Dunkeld et al., 2020), and that children from deprived backgrounds are more materialistic in part because they are exposed to more television advertising. These studies suggest that the media can influence the salience of status in children's minds.

The findings reviewed above have some important implications. They suggest that parents and members of the broader society should be aware of the discourses about and justifications for inequality that are transmitted to children because these have important consequences for children's experiences of inequality. They also highlight the importance of media and its influence on children's understanding of inequality and how they cope with it. Careful attention should be paid to these phenomena to reduce the negative consequences of potentially harmful discourses and media messages.

FUTURE DIRECTIONS

A growing body of work is beginning to unravel the complex, intertwined elements that contribute to children's and adolescents' developing understanding and reasoning about economic inequality. This research indicates further fruitful lines of inquiry that could include extending existing paradigms into different situations as well as indicating new questions and perspectives that arise from research findings.

Existing lines of work that would benefit from further study include better understanding how the personal or 'individualistic' attributions that younger children give to explain or describe inequality can develop into more nuanced, societal or social structural explanations. It appears that individualistic beliefs are grounded initially in more basic conceptual knowledge of causes of inequality. Later in the development process, concepts such as identity, social class (position within an economic hierarchy), wider and intersectional social identities, broader contextual influences – including parents, media, and cultural norms – and beliefs about inequality may contribute to more sophisticated understanding. On the face of it, this process of development appears to be more than mere cognitive maturation because there are

cultural, gender, and social class variations in the beliefs that adults may hold. Rather, there is interplay between cognitive and social processes that also touches upon questions of moral reasoning about inequality, empathy and moral orientation.

Alongside the development of cognitive processes and social understanding, there is the development of a further social process: the understanding of oneself and one's position within a hierarchy (or continuum) of economic inequality. This personal experience of one's own social class or wealth may serve to spotlight injustice: common wisdom assumes that those who benefit less from economic inequality are more likely to oppose or reject it. However, societal norms, stereotypes and perhaps values may pull against this through processes of stigmatization, stereotyping and a static sense of subjective social status. Furthermore, a discourse of meritocracy could stigmatize young people in low status positions, encouraging them to feel that their position is what they deserve and fuelling stigma from others (Knowles & Lowery, 2012; Young, 1958). Put simply, those in poverty or at the lower echelons of unequal systems may have fewer and less access to psychological and material resources that might facilitate efforts to challenge the system. Social identities also intersect, such that there may be multiple sources of disadvantage and stigma (e.g., class, ethnicity, gender), something that is clearly lacking from research into children's understanding of economic inequality and needs to be incorporated into future research agendas.

There is very little research on how children receive and interpret information about social inequality from parents, schools, classmates and the media. For example, much could be learned from investigating children's awareness and response to news items like the current coverage of the effects of rising fuel and food prices on families' abilities to make ends meet. Whilst Flanagan et al. (2014) found that current affairs were more likely to be discussed in families with higher parental education, the widespread, direct impact of rising prices on family incomes could have led to more discussion at home, making inequality more salient for children and increasing the experience of economic hardship for some.[1]

Furthermore, as most research on children's understanding of inequality has been carried out in the USA or the United Kingdom, which share similar cultural characteristics and high levels of inequality, more cross-national research is needed with contrasting countries, particularly those with similar levels of development but lower levels of inequality. Comparisons would allow more analysis of the interaction between cultural contexts and economic inequality on children's perceptions of economic differences and the relationship between subjective social status and well-being.

It is important to note that economic inequality is a complex and nuanced concept, or even set of concepts, that overlays and is overlaid by several domains of social understanding. From a methodological perspective, charting any developmental process in the area requires rigour and systematic analysis of these overlapping influences that could likely be achieved only with carefully constructed, longitudinal, cross-lagged and cross-cultural analyses of these factors. Network analyses offer much potential in this area – perhaps as a starting point to identify the relative push and pull of different factors – if they are complemented by additional behavioural, survey and experimental studies. Finer-grained qualitative analysis of children's discourse and their interactions may, additionally, provide important information to help understand age differences in development, and individual outcomes in terms of understanding and beliefs about economic inequality.

It is also important to consider sensitively, from a developmental perspective, the question sets and tasks used for younger and older children and adolescents. The approaches many studies have used are varied and limit comparability across ages, cultures and class. Some approaches may underestimate what younger children may know, and others may overestimate the nuance in older adolescents' judgements. Similarly, since some research flags the central role of social processes as an effective ingredient in the formation of beliefs about inequality, there is a need to develop materials that are relevant to economic differences within respondents' own environments (e.g., Hakovirta & Kallio, 2016) and across cultural and socio-political contexts.

[1]We are grateful to an anonymous reviewer for this suggestion.

Finally, developmental psychologists should begin to focus more on how understanding of the self, as a social actor, changes with age and how this may feed into judgements, reasoning and beliefs. The likely intersection of external causes of understanding (and judgements) about inequality and their moral status leads also to questions about whether one sees oneself as subservient to, or able to engage in, the system and system change. In this respect, regarding the developing child as a mere observer or analyst of inequality misses the sense in which children and adolescents are increasingly developing more autonomous judgements and behaviours. This may be particularly pertinent in increasingly unequal economic systems when material economic pressures may lead to poverty and diminishing social cohesion (see again Wilkinson & Pickett, 2009). Research in this area, and developmental psychology more broadly, could focus on the development of a sense of agency across childhood, through adolescence, and maybe also into adulthood in these broad, socio-political and moral contexts.

CONCLUSION

The present review examined research into the development of children's and adolescents' understanding of economic inequality. With growing economic inequality in many parts of the world, this will be an important feature of the present generation's lives as they move into adulthood. There are obvious moral questions bound up with questions of economic inequality and navigating the relations among overlapping factors is one key part of the developmental task of the child and adolescent. However, it is perhaps worth noting that for some, certainly those living in poverty in an unequal society, these are practical questions as well.

Future research should build upon areas already identified as being of developmental significance: the shift from individualistic reasonings to more sophisticated social structural and moral explanations; unpacking the multiple social factors that may feed in to developing judgements and beliefs about economic inequality; and introduce a focus on how social psychological processes such as stereotyping, subjective social status, identity and the development of autonomy tie the developing self into this emerging understanding of social systems. Such work is worthwhile. If we are to understand better how young people come to think about economic inequality, we will not only be able to better prepare them for understanding an increasingly unequal world, but, perhaps, we may be able to empower them to change it.

AUTHOR CONTRIBUTIONS

Julie Dickinson: Conceptualization; visualization; writing – original draft; writing – review and editing. **Patrick J. Leman:** Conceptualization; visualization; writing – original draft; writing – review and editing. **Matthew J. Easterbrook:** Conceptualization; writing – original draft; writing – review and editing.

ACKNOWLEDGEMENTS

This work was supported by The British Psychological Society Research Seminars Competition 2019.

CONFLICT OF INTEREST STATEMENT

All authors declare no conflict of interest.

DATA AVAILABILITY STATEMENT

Data sharing is not applicable to this article as no new data were created or analysed in this study.

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How to cite this article: Dickinson, J., Leman, P. J., & Easterbrook, M. J. (2023). Children's developing understanding of economic inequality and their place within it. *British Journal of Developmental Psychology*, *41*, 81–98. https://doi.org/10.1111/bjdp.12446