



POWELL CENTER FOR  
ECONOMIC LITERACY

*Lesson Plan*

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## Unpredictable Incentives

### Time Required

15 – 20 Minutes

### Grade Level and Subject

For student in Middle School and High School, or for use in Teacher Training;  
Applicable to all subject areas.

### Keystone Economic Principles

[Principle #5](#) – Incentives produce “predictable” responses.

### Voluntary National Content Standards in Economics

[National Standard #4](#) – Role of Incentives

### Economic Concepts

**Consequence** - *A result or effect of an action or decision; may be positive or negative.*

**Incentive** - *Any reward or benefit, such as money, advantage or good feeling, that motivates people to do something.*

### Overview

This is a fun activity designed to deliberately but temporarily turn the understanding of incentives upside down. A situation is set up in which rewards earned by students bear no relation to anything normally rewarded in a classroom setting, thereby encouraging the exploration of the way we use incentives and why *unintended* consequences occur so frequently.

### Objectives

- Students (and teachers) will analyze the appropriate construction of incentives.
- Students will understand why consistency is a necessary ingredient if incentives are to have a predictive quality.

## Materials and Handouts

- General Knowledge Quiz with answer sheet. If desired, teachers may prefer to prepare their own quiz using a specific academic subject. This could also be part of a lesson review.
- Reward for answers to the quiz. By making the activity a competition between groups, points scored should be the only reward necessary. If your students need additional motivation, try stickers, coupons, or candy.

## Teaching Activity

The purpose of this activity is to deliberately but temporarily turn the understanding of incentives upside down. This will be accomplished by administering the General Knowledge Quiz and providing rewards without making any distinction between a correct answer and an incorrect answer. The answer key to the quiz is provided solely so that misinformation does not linger in anyone's mind. The teacher may choose to reward all groups equally, regardless of the answers, or to bestow rewards randomly. Either way, the objective is for the process to seem totally capricious to the students.

1. Divide your group into sections, depending on how many students you have. There should not be more than five people to a section. Write a column heading for each group on the board (Group I, Group II or Blue Group, Red Group, etc.)
2. Give the General Knowledge Quiz orally to your students. (At your discretion, you can pass out the quiz instead.) Instruct each group to select one of their members to be the group spokesperson.
3. Begin by asking the first question on the quiz. DO NOT acknowledge in any way the accuracy of the answer. Simply respond with “hmmm” or “that’s interesting”, or something equally non-committal.
4. You may allow multiple groups to respond. You should ignore your own instruction to have a group spokesperson, allowing anyone to answer the question.
5. Score points for groups with no regard for whether the answer was correct.
6. Repeat the above for all 20 questions on the quiz. Do not ever acknowledge the correct answers.

By this time, the students are probably either laughing at the foolishness of the effort, or are frustrated by your lack of “fairness” or willingness to play by the rules.

Review with your students the definitions of “incentive” and “consequence”.

- Ask them what they would imagine the consequence of random, unpredictable consequences to be, versus consistent, predictable consequences.
- Ask students for examples of either the former or the latter. How can they look for patterns that form the basis of predictability?
- We often speak of unintended consequences. Ask students to discuss how a lack of consistency might contribute to uncertainty about consequences.

## General Knowledge Quiz

1. What “unsinkable ship is famous for hitting an iceberg and then sinking?
2. The Cold War was fought between which two countries?
3. Why do camels have three eyelids?
4. Who wrote Moby Dick?
5. In what decade did the US Civil War start?
6. What is H<sub>2</sub>O?
7. Mecca is a city in what country?
8. As a fraction, how many of the bones in your body are in your feet?
9. I wish you would study for \_\_\_\_\_ test. (you’re; your)
10. He went to the banquet with Naomi and \_\_\_\_\_. (me, I)
11. They finished before \_\_\_\_\_ time limit expired. (his or her; their; there; they’re)
12. What color skin do polar bears have?
13. What are the six official languages of the United Nations?
14. Where would you find the phrase “of the people, by the people and for the people?
15. When the eagle was chosen as the national symbol, Benjamin Franklin suggested another animal would be more appropriate. What animal was it?
16. Where is the Bay of Pigs?
17. Who made the “Midnight Ride” to warn the countryside that British troops were landing at Cambridge, Massachusetts during the American Revolution?
18. Who is the only U.S. President to serve more than two four-year terms?
19. Civil rights leader Martin Luther King, Jr., was assassinated in what city?
20. Where does the expression “Don’t throw the baby out with the bath water” come from?

## General Knowledge Quiz Answer Key

1. What “unsinkable ship is famous for hitting an iceberg and then sinking. *The Titanic*
2. The Cold War was fought between which two countries? *USA and USSR*
3. Why do camels have three eyelids? *To protect themselves from blowing sand*
4. Who wrote Moby Dick? *Herman Melville*
5. In what decade did the US Civil War start? *1860s*
6. What is H<sub>2</sub>O? *The chemical symbol for water*
7. Mecca is a city in what country? *Saudi Arabia*
8. As a fraction, how many of the bones in your body are in your feet? *One-fourth*
9. I wish you would study for \_\_\_\_\_ test. (you’re; your) *your*
10. He went to the banquet with Naomi and \_\_\_\_\_. (me, I) *me*
11. They finished before \_\_\_\_\_ time limit expired. (his or her; their; there; they’re) *their*
12. What color skin do polar bears have? *Black*
13. What are the six official languages of the United Nations? *English, French, Arabic, Chinese, Russian and Spanish*
14. Where would you find the phrase “of the people, by the people and for the people”? *Lincoln’s Gettysburg Address*
15. When the eagle was chosen as the national symbol, Benjamin Franklin suggested another animal would be more appropriate. What animal was it? *The turkey*
16. In which country is the Bay of Pigs? *Cuba*
17. Who made the “Midnight Ride” to warn the countryside that British troops were landing at Cambridge, Massachusetts during the American Revolution? *Paul Revere and William Dawes*
18. Who is the only U.S. President to serve more than two four-year terms? *Franklin D. Roosevelt*
19. Civil rights leader Martin Luther King, Jr., was assassinated in what city? *Memphis, TN*
20. Where does the expression “Don’t throw the baby out with the bath water” come from? *It dates back to the European middle ages. People bathed infrequently, and it required a great deal of effort to fill a tub with warm water (or even cold water!). Therefore, as many people as possible would take advantage of the opportunity. Of course, as more people bathed in it, the water would become progressively dirtier. In general, the order of use followed the societal pecking order. The male head of household went first and had the clean water, followed by his sons and any other men living with the family. Then the women bathed, followed by the children, and last of all the babies were bathed. Of course, by then the water was murky and opaque, and when preparing to tip over the tub to empty it no one could see whether it was really empty – thus giving rise to the saying “Don’t throw the baby out with the bath water.”*