Cash Course | Grades 6+

Economic Game Changers: Ludwig von Mises | Lesson Plan

What are the essential elements of a prosperous society?

Students will understand that lasting prosperity depends on the presence of private property, voluntary exchange, and limited government — and that when any one of these is removed, the market's ability to coordinate individual choices and allocate resources effectively breaks down.

Learning Objectives:

- Define key terms that von Mises introduced, including private property, voluntary exchange, and limited government.
- Compare and contrast real prices with arbitrary prices, value and preference, and resource allocation in a free market versus a centrally planned economy.
- Analyze how hyperinflation resulted from government intervention in the money supply.
- Evaluate whether a government planner could allocate resources as effectively as a free market.
- Apply the concept of praxeology to explain why individual choice works for an economy.

Key Vocabulary:

- **Hyperinflation:** Rapid, out-of-control currency devaluation caused by excessive money printing.
- **Collectivism:** The idea that society should be viewed as a single entity, rather than a group made up of individuals.
- **Free Market:** An economic system built on private property, voluntary exchange, and limited government.
- **Spontaneous Coordination:** The idea that individual choices, freely made, naturally organize into the kind of order that produces prosperity in an economy.
- **Praxeology:** Mises's theory that economics is the logic of purposeful human action, as people hope to improve their situation.
- **Value:** The worth or importance a person places on an item or service, based on their own wants, needs, or preferences.

Educational Standards: CCRA.R.7, CCRA.R.10, CCRA.W.2, CCRA.W.4, CCRA.W.7, CCRA.SL.1, CCRA.SL.2, CCRA.L.6

Academic Subject Areas: Economics, U.S. History, Civics, Political Philosophy

What You'll Need

- Video: *Economic Game Changers: Ludwig von Mises* (Watch Here)
- Worksheet: *Economic Game Changers: Ludwig von Mises* (Link Here)

Scan to watch episode:

- Whiteboard for writing and a TV / Monitor to show video

Lesson Plan (45 mins.)

Warm-Up: (10 mins.)

Teacher Note on the Historical Context: Before introducing the lesson, briefly set the historical stage for your students. Ludwig von Mises was raised in the Austro-Hungarian Empire, served in World War I, and witnessed that empire's collapse, along with the deaths of over fifteen million people across Europe. In the aftermath, his own government printed money to cover wartime debts, producing hyperinflation so severe that Austrians needed wheelbarrows of cash to buy bread and life savings were wiped out. At the same time, the Bolsheviks had seized control of the Russian economy, abolishing private property and placing prices, production, and profits under state control. Mises argued directly against this model in his 1920 essay, *"Economic Calculation in the Socialist Commonwealth."*

1. Explain that today we are looking at the **Austrian School** of economics, which heavily emphasizes human choice and individual action. Ludwig von Mises argued that for an economy to be prosperous, it must be based on **private property**, **voluntary exchange**, and a very **limited government**. Let students know that Mises asked a fundamental question: *What happens to a society when the government removes individual choice and stops people from trading freely?*
    - Ask students: Imagine our school announced that all school supplies were now common property and completely free—no budget, no limits, just take what you want. By the end of the week, do you think there would be plenty for everyone or a shortage? Why? (Have you ever noticed how free things tend to be treated?)
        i. Teachers can use this as a springboard for further questions/discussion/or analogies to deepen the concept.
2. Have students do a quick Think-Pair-Share:
    - Imagine I have two shirts. One is a 100% cotton, vintage graphic t-shirt made in the USA. The other is a trendy new t-shirt made in China. Which one is worth more money to you? Why? (This sets up **Subjectivism**—the idea that value is personal, and depends on one's own wants, needs, and preferences).
        i. Follow-up: Explain that when someone chooses one shirt over another, they are making a deliberate choice to improve their own situation. Perhaps their neighbor would have chosen differently for their own reasons. This introduces the concept of **Praxeology**.
    - Imagine a grocery store where the government sets the price of every item to $0. What do you think the store looks like by the end of the day? How would the store owner decide who gets the food? How would need be determined?
    - Let a couple of students share. Guide them to the idea that without **private property** and the freedom of **voluntary exchange**, the system breaks down because of human nature. Instead of people making purposeful choices

    (**praxeology**), you get chaos, lines, or the extreme **hyperinflation** and rationing mentioned in the historical note. This is why Mises argued for **limited government**.

3. Write each Key Vocabulary term and its definition on the board. Ask students to take notes.
4. Introduce the lesson video by explaining that students will see how Mises challenged **collectivism**, arguing that abolishing private property and ignoring price signals destroys a society's ability to function — and that lasting prosperity instead depends on a free market.

Watch and Apply: (25 mins.)

1. Watch the video "*Economic Game Changers: Ludwig von Mises*" as a class.
2. After the video, discuss the following questions:
    - Karl Marx predicted capitalism would collapse. By the early 1900s, did that happen? What was actually happening in Europe instead?
    - The Bolsheviks placed all prices, production, and private property under full state control. What was the result?
    - If printing more money doesn't create more real wealth, what does it actually do to the money already in circulation?
    - Could a government committee ever have all the working knowledge it would need to set prices as well as a free market does? Why or why not?
    - What is the role of a small government in economics?
    - What are the factors of prosperity? How does praxeology fit into a healthy economy?
3. Talk through the following concepts introduced in the Von Mises episode. Emphasize that Mises challenged the idea that a government or committee could plan an economy better than free individuals making their own choices.
    - **Free Market → An economy built on private property, voluntary exchange, and limited government. Without private ownership, there are no real prices — market prices that reflect actual scarcity and demand — and without them, no one can rationally judge what a resource is truly worth. *(Consider the difference in cost between a school microscope and a box of markers — that price difference reflects real scarcity, not an arbitrary number.)***
    - **Collectivism → The opposite of a free market: treating society as a single entity rather than a group of individuals, and placing prices, production, and property under state control.**
    - **Praxeology → Millions of individuals, each acting purposefully to improve their own situation. This cannot be recreated in a government planning session.**
    - **Value → Worth is not fixed or universal — it depends on what each individual wants, needs, or prefers.**

        - **Spontaneous Coordination → When individuals are free to trade and choose, their combined decisions naturally organize into a prosperous economy, without anyone directing it.**
4. Hand out the worksheet. Students can work independently or in pairs, depending on class needs.

Wrap-Up: (10 mins.)
1. Recap the lesson objectives. Go over the worksheet as a class. Review responses.
2. Connect relevant concepts to students' lives. Ask students to explain what Mises thought about a committee deciding who gets what. What would happen to the availability of goods? Who would end up making the real decisions, and on what basis?
    - Why does this matter today?
3. Exit Ticket (Door Check): Ask students to respond to this question on the back of their worksheets before handing in:
    - According to Mises, what three things does a society need for lasting prosperity?
4. Collect the worksheet and door check as formative assessments.

Optional Extension Activity

For teachers who would like to extend the lesson, this activity has students become a central planner for two weeks. Students will learn firsthand how difficult it is to plan for one person, let alone millions.

Setup (5 mins.):

Pair students up (ideally with someone they don't know extremely well). Explain that each student is now the "central planner" for their partner, deciding exactly what their partner gets for the next two full weeks (including Saturday and Sunday), across five categories. Explain that students must do this without asking any questions about preference, needs, or wants. The "central planner" is totally in control of deciding all of that.

- **Round 1 — Plan in Silence (10 mins.):**
- Each student writes out their partner's full allocation across all five categories, being as specific as possible for two entire weeks (including Saturday and Sunday).
    - School supplies (e.g., a specific count of how many pencils, pens, and sheets of paper are allowed)
    - Breakfast (specific meal choices each day for two weeks)
    - Lunch (specific meal choices, each day for two weeks)
    - Dinner (specific meal choices, each day for two weeks)
    - Drinks (specific drinks, each day for two weeks)
    - One outfit including size and color for a tshirt, pants, shoes, and a jacket.
    - One treat allowed on Saturday (select two, one for each Saturday)

    - No talking allowed! :)
- **Round 2 — Reveal (10–15 mins.):**
    - **Round 2 — Reveal (10–15 mins.):**
    - Partners swap plans and read what was "decided" for them. Then each student tells their partner what they actually would have chosen for those two weeks. Ask pairs to count up how many of the planner's choices matched what their partner would have selected on their own.

Debrief (10 mins.):

- How many of you were able to correctly plan for your partner? Did you meet their needs? How about their preferences? Did anyone have any allergies the planner didn't know about or address? How did the sizing go? How did the color selection go?
- Did any planners get tired of planning and decide to go with some lazy options? Maybe eggs for breakfast, lunch, and dinner? What does that suggest about a planner's incentive to get things right, compared to your own incentive when choosing for yourself?
- What does this activity reveal about planning for someone else without knowing anything about them?
- What information does your partner have that you don't?
- Real government planners face the same problem, but on a much larger scale — millions of people rather than one classmate, and years rather than two weeks. If you couldn't accurately plan two weeks of meals and clothing for one person in your classroom, how likely is it that a planner could correctly plan for millions of strangers?

Surface the central insight: this is Mises's point. Even with good intentions and a fixed budget, a planner cannot know what another person truly wants, needs, or values — only that person does. This is why Mises argued that prices, private property, and voluntary exchange are essential: they allow each individual to make their own choices with their own resources, rather than a planner guessing on their behalf and using resources taken from someone else.

Don't have time for the full lesson? Quick Activity (10-15 mins.)

Distribute the worksheet and have students complete it as they follow along with the video. Or, have students watch the video at home and use the worksheet as a quick quiz the next day in class.