Economic Game Changers: Thomas Sowell | Lesson Plan

Why don't good intentions produce good economic outcomes?

Students will understand that Thomas Sowell evaluated economic and social policies by examining their incentives, trade-offs, and real-world consequences rather than their stated intentions.

Learning Objectives:

- Define the Great Society, entitlement programs, intentions, outcomes, affirmative action, and the Hoover Institution.
- Explain how Sowell's experience in a government agency led him to question Marxism and government intervention.
- Evaluate government policies, such as minimum-wage laws and affirmative action, by comparing their stated intentions with their actual outcomes.
- Analyze how incentives and trade-offs can cause a policy to produce unintended consequences.

Key Vocabulary:

- **Great Society:** A domestic policy agenda enacted under President Lyndon B. Johnson that expanded federal programs to address economic and social problems.
- **Entitlement Programs:** Government programs, such as Medicare and food assistance, that guarantee benefits to people who meet specific eligibility requirements.
- **Intention:** The stated goal of a policy, considered separately from the results the policy produces.
- **Outcome:** The measurable result of an enacted policy, shaped by its rules and incentives.
- **Affirmative Action:** Preferential policies that give designated groups advantages in hiring, college admissions, and other opportunities.
- **Hoover Institution:** A public-policy research center at Stanford University that advances ideas supporting economic prosperity, individual freedom, and limited government.

Educational Standards: CCRA.R.7, CCRA.W.2, CCRA.W.4, 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: Thomas Sowell* (Watch [Here])
- Worksheet: *Economic Game Changers: Thomas Sowell* (Link [Here])
- Whiteboard for writing and a TV/Monitor to show video

Scan to watch episode:

Lesson Plan (45 mins.)

Warm-Up: (10 mins.)

Teacher Note on the Historical Context: Thomas Sowell came onto the scene around the same time as Milton Friedman and, in fact, studied under Friedman at the University of Chicago in the 1950s. Like many before and since, he was heavily under the influence of Marxism and an advocate of government intervention as a young college student.His views began to change in 1960, when his work at the U.S. Department of Labor led him to question whether minimum-wage laws were genuinely helping workers or whether government officials were pursuing their own interests. Then the Great Society under Lyndon B. Johnson emerged, as he declared an "unconditional war on poverty" in 1964. Subsequently, the federal government expanded welfare programs, education, Medicare and Medicaid, housing, job training, and other initiatives. As discussed in the Milton Friedman episode, stagflation in the 1970s hit American households and businesses hard and raised further questions about government economic policy. Sowell became a strong critic of many government programs, arguing that their actual outcomes and incentives often differed from their stated intentions. He also strongly opposed affirmative action, arguing that racial preferences harmed the very people they were intended to help.

1. Begin with an illustration: A school creates a peer-tutoring program to improve grades. Students receive a full completion grade for each tutoring session they attend, and the program receives an additional $100 for each student who attends.
2. Ask students what happens to the tutors' extra credit and the program's funding if students improve and no longer need tutoring?
    - Could tutors genuinely want to help while also benefiting from maintaining high attendance?
    - How might behavior change if tutors and the program were rewarded for students improving rather than for the number of sessions held?
3. Explain that the example illustrates how the rules of a program can change people's behavior in unexpected ways. Sowell made incentives like these central to his analysis of public policy.
4. Write each Key Vocabulary term and its definition on the board. Ask students to take notes.
5. Introduce today's *Economic Game Changers* video by revealing that students will see how Thomas Sowell realized the importance of examining facts and weighing evidence when it came to economic policy.

Watch and Apply: (25 mins.)

1. Watch the video *Economic Game Changers: Thomas Sowell* as a class.
2. After the video, discuss the following questions:
    - What did the Great Society programs intend to accomplish? Why are good intentions not enough to determine whether these programs were successful?

- What later experience caused Sowell to reconsider his Marxist beliefs about government intervention?
- What did Sowell learn when employees at the federal agency appeared more concerned about protecting their jobs than examining whether the minimum wage helped workers?
- What is the intended outcome of a minimum-wage law? What trade-off could cause its actual outcome to differ from that intention?
- What did Sowell mean by looking “beyond step one” when evaluating a policy?
- What was the intended purpose of affirmative action in college admissions? How could academic mismatch produce an unintended long-term outcome for some students?

3. Review Sowell's main arguments. Place these on the whiteboard:
    - **Intentions Versus Outcomes** → A policy should be judged by the results it produces, not simply by the goals its supporters hoped to achieve.
    - **Incentives** → People respond to rewards, costs, and consequences. These incentives can cause individuals and institutions to act differently from what policymakers intended.
    - **Trade-Offs** → Every economic decision involves giving up one thing to gain another. A policy may help one group while creating costs or lost opportunities for another.
    - **Minimum Wage** → A higher required wage may increase pay for some workers, but it also raises the cost of hiring and may reduce opportunities for inexperienced or low-skilled workers.
    - **Beyond Step One** → The immediate result of a policy is only the beginning. Its later effects, indirect consequences, and impact on people’s behavior must also be considered.
    - **Facts and Evidence** → Sowell argued that economic claims should be tested against genuine outcomes without bias. When evidence contradicted his earlier beliefs, he changed his conclusions.
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, reviewing key responses and correcting misunderstandings as needed.
2. Reiterate Sowell’s central argument about incentives and outcomes.
3. Exit Ticket (Door Check): Ask students to respond to the following question on their worksheets before handing them in:
    - What is the central idea of Thomas Sowell’s philosophy on economics?
4. Collect the worksheet as a formative assessment or class participation grade.

Optional Extension Activity

Students will examine a well-intentioned policy and trace what might happen after the policy is put into place. The goal is to apply Thomas Sowell's central argument: economic decisions should be judged by their results, incentives, and trade-offs—not simply by their intended goals.

Setup (5 mins.)

1. Divide students into small groups.
2. Assign each group one hypothetical policy:
    - Raise the minimum wage from $15 to $25 per hour.
    - Make city bus rides free for everyone.
    - Require landlords to freeze rents for five years.
    - Give every college student free tuition.
    - Require stores to sell bottled water for no more than $1 during an emergency.
    - Give businesses a $5,000 bonus for every new employee they hire.
3. Give each group a sheet of paper divided into four sections:
   GOAL → INCENTIVES → TRADE-OFFS → RESULTS

Round 1 — What Is the Goal? (5 mins.)

Students identify what the policy is intended to accomplish. Ask:

- Who is the policy supposed to help?
- What problem is it trying to solve?
- What would supporters hope happens?
- How would you know if the policy succeeded?

Students should begin by presenting the policy's strongest, most reasonable case rather than assuming it will fail.

Round 2 — How Might People Respond? (5–7 mins.)

Ask students to identify everyone whose behavior might change as a result of the policy: consumers, workers, employers, businesses, taxpayers, landlords, etc.
For each group, ask:

- What new incentive does the policy create?
- How might people change their behavior in response?
- Could someone respond in a way policymakers did not expect?
- Would people have an incentive to avoid, exploit, or adapt to the rule?

For example:

> $25 minimum wage → higher wages for workers who keep their jobs → higher labor costs for employers → employers may raise prices, reduce hours, automate, hire fewer workers, or require more experience.

Students do not have to predict exactly what will happen. They should identify reasonable responses created by the changed incentives.

Round 3 — Find the Trade-Offs (5–7 mins.)
Have students identify at least three trade-offs or possible unintended consequences. Ask:

- Who benefits?
- Who bears the cost?
- What becomes more expensive or difficult?
- What opportunity might disappear?
- Could helping one group create a disadvantage for another?
- Are there consequences that might not appear immediately?

Students should recognize that a policy can produce both benefits and costs at the same time.

Round 4 — Intentions vs. Results (5 mins.)
Each group completes two sentences:
The policy was intended to ___________.
To determine whether it really worked, we would need to look at ___________.

Then have students decide what evidence they would want before judging the policy—for example, prices, employment, availability, participation, shortages, business closures, waiting times, or some other measurable result.

Debrief (5–8 mins.)
Have each group briefly share:

- The intended benefit of its policy.
- One incentive that the policy changed.
- One important trade-off or unintended consequence.
- What evidence would they need to determine whether the policy worked?

Conclude with Sowell's central insight: There are no perfect solutions, only trade-offs. A policy cannot be judged simply by what its supporters hoped it would accomplish. Economic thinking requires following the incentives and consequences and comparing the results with the alternatives.

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.