Cash Course | Grades 6+

Redistribution: Does It Work? | Lesson Plan

Is it fair for the government to take money from some people and give it to others? Why or why not?

Students will understand that government efforts to redistribute wealth aim to reduce inequality but may create unintended consequences that affect motivation, productivity, and social outcomes.

Learning Objectives:

- Examine the causes and consequences of income inequality in various economic systems.
- Evaluate whether government-led wealth redistribution promotes justice or undermines liberty.
- Compare the approaches of free-market and command economies to income distribution.
- Articulate some ethical arguments for and against wealth redistribution.
- Discern the trade-offs between equality and freedom in contemporary economic policy.

Key Vocabulary:

- **Distribution of Income:** How money is spread out among people in a country; some earn a lot, some earn a little, and most are somewhere in between.
- **Wealth Redistribution:** When the government collects money—usually through taxes—from higher earners and gives it to others, often through programs that provide basic needs.
- **Lorenz Curve:** A graph that shows how evenly or unevenly income is distributed in a population; the closer the curve is to the diagonal line, the more equal the distribution.
- **Gini Coefficient:** A number between 0 and 1 that measures income inequality; 0 means perfect equality and 1 means one person has all the income.
- **Transfer Payments:** Government payments made to individuals where no goods or services are given in return, such as welfare, food assistance, or unemployment benefits.
- **Social Mobility:** The ability of individuals or families to move up or down the income ladder through education, work, or other opportunities.

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, Government & Civics, Business & Personal Finance

What You'll Need

- Video: *Ca$h Cour$e: Redistribution: Does It Work?* (Watch Here)
- Worksheet: *Ca$h Cour$e: Redistribution: Does It Work?* (Click Here)

- Classroom whiteboard and dry-erase markers (or use a technology solution if available).

Lesson Plan (50 mins.)

Warm-Up: (20 mins.)

1. Introduce this classic illustration to the class as a warm-up:
   A professor once told his class that they would try an experiment in fairness: everyone would receive the same grade, no matter how hard they worked.
   After the first test, the highest-scoring students were upset—they studied hard, but their A was averaged down. The lowest performers were thrilled—they didn't study at all, but still got a B.
   For the next test, fewer students tried. The strong students felt like their effort wouldn't matter, and the weaker students didn't change their habits. The class average dropped again; everyone received a C.
   By the third test, almost no one studied. Everyone failed.
   The professor explained:
   "This is what happens when you take from those who work hard and give to those who don't. Eventually, no one has an incentive to succeed, and the whole group suffers."

2. Explain that today the class will be exploring a similar idea in economics. Should governments try to make everyone more equal by redistributing wealth? And what are the trade-offs when they do?

3. Write the following terms on the board and ask students to take notes on each. Provide a clear definition and a relatable example, using the Key Vocabulary section as a guide.
   Terms & Examples:
   - **Distribution of Income:** How money is spread across a population.
     Example: Some people earn millions as surgeons or CEOs, while others earn minimum wage as part-time workers. That range is called the distribution of income.
   - **Wealth Redistribution:** When the government takes in tax money from higher earners and uses it to support others.
     Example: Taxes from surgeons' or CEOs' salaries may help fund food assistance programs for low-income families.
   - **Lorenz Curve:** A line graph showing how equally income is spread in a country.
     Example: If everyone earned the same, the Lorenz Curve would be a straight line. But in real life, the curve bends to show inequality.
   - **Gini Coefficient:** A number between 0 and 1 that tells us how unequal a country's income distribution is.
     Example: A Gini score of 0.42 for the U.S. means it has moderate inequality compared to other countries.
   - **Transfer Payments:** Payments the government gives to people without getting work in return.

Example: Social Security checks, SNAP benefits, or unemployment checks are all transfer payments.
- ○ **Social Mobility:** The ability for someone to move up or down the income ladder. *Example:* A student from a low-income family who becomes a lawyer experiences upward social mobility.

4. Have students come up with a few examples of their own to test understanding.
5. Transition to today's enduring question and explain that this question will help guide their understanding of today's lesson: ***Is it fair for the government to take money from some people and give it to others? Why or why not?***
6. Once students are familiar with the basic terms and ideas, explain that they'll watch a short video that brings these concepts to life.
7. Let students know they'll be expected to discuss and apply what they see, and to watch carefully for moments that connect to the vocabulary they just reviewed.

Watch and Discuss: (20 mins.)
1. Show the *Ca$h Cour$e: Redistribution: Does it Work?* video to the class.
2. Note to teachers: watch straight through or pause at key moments if you want to clarify any specific terms or concepts with the class.
3. After the video, ask the following discussion questions:
   - Why do you think income inequality exists in every country—even in controlled or "equal" economies?
     (Leads students to consider that inequality is a natural outcome of diverse skills and choices, not always a failure of the system.)
   - How does the video show that government redistribution tries to fix inequality? What tools or programs are used?
     (Invites students to identify redistribution efforts—taxation, transfer payments, etc.—and think critically about their purpose.)
   - What problems does the video suggest happen when people receive money or benefits without working for them?
     (Encourages discussion of disincentivization, reduced effort, and inefficiency—key critiques from the video.)
   - According to the video, how does redistribution affect people's motivation to improve their skills or take difficult jobs?
     (Pushes them toward the moral/economic idea that rewards should be tied to effort or value.)
   - If redistribution is meant to make things more fair, why might it sometimes create more division or unrest instead?
     (This leads to the paradox presented in the final segments—where redistribution causes resentment and envy, rather than unity.)
4. Give each student the "Cash Course: Redistribution: Does it Work?" Worksheet and allow them to complete it independently or in pairs.

Wrap-Up: (10 mins.)
1. If students haven't already, allow them to finish the worksheets. Use this time to circulate, answer questions, and check for understanding.
2. Review and Reflect (Optional): Go over selected questions together, especially:
   ● Multiple choice items tied to real-world reasoning
   ● The application question
3. Wrap-Up Prompt (Board or Exit Ticket)
   ● What's one thing you now understand about wealth redistribution or income inequality that you didn't before
   ● Students can write a quick response on an index card or notebook, or submit it at the bottom of their worksheet.
4. Collect Worksheets: Use the completed worksheet to assess student comprehension and alignment with the lesson objectives—especially their ability to articulate arguments and recognize trade-offs in economic policy.

Don't have time for the full lesson? Quick Activity (10-20 mins.)

Distribute the worksheet and allow students to complete it while 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.