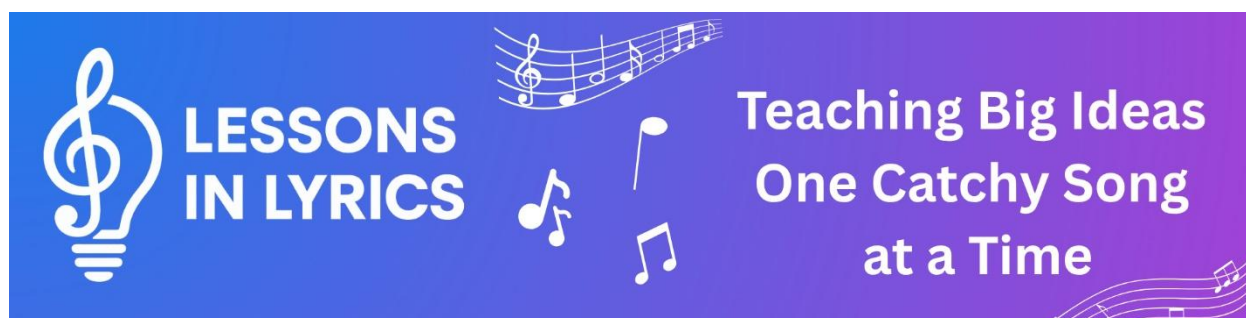


# Incentives Matter (Lessons in Lyrics)



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## Concept Overview

**“Incentives matter”** is one of the most important ideas in economics—and one of the simplest to understand. People tend to respond to rewards and penalties. When the rules change, the behavior often changes too. Offer a prize for good behavior, and people may work harder to earn it. Punish something harshly, and people may stop doing it—or find ways around it. Incentives are everywhere: in classrooms, families, businesses, societies, and governments.

Well-designed incentives encourage good outcomes. Poorly designed incentives can backfire. The idea isn't new—think of the classic “carrot and stick” metaphor—but understanding how to design rules, policies, and rewards that shape behavior in positive ways is a powerful tool for anyone, from parents and teachers, to lawmakers, to students themselves. For example, a town that paid money for each rat tail collected thought it was solving a problem—until people started breeding rats just to claim the reward.

This video lesson uses music and visuals to explore how incentives shape choices and why it matters. With versions in rap, country, and pop styles, students can experience the same message in multiple ways—helping them think critically about tone, presentation, and personal preference. Whether you use this video as a discussion starter, activity hook, or full lesson, it's designed to help students make lasting connections between economic thinking and everyday life.

## Learning Objectives

Students will be able to:

- define the concept of incentives using examples from the video.
- analyze how rewards and penalties influence individual and group behavior.
- evaluate real-world policies or rules based on the incentives they create and their intended or unintended effects.

## Vocabulary

**Incentives:** Motivators that influence people's behavior, often in the form of rewards (carrots) or penalties (sticks).

**Penalty:** A negative consequence that discourages a behavior, like a fine, loss of privileges, or punishment.

**Policy:** A rule or law designed to guide actions or decisions, often creating incentives (for better or worse).

**Reward:** A positive consequence that encourages a behavior, such as praise, money, or extra privileges.

**Unintended Consequences:** Unexpected results that happen when incentives lead to behaviors nobody planned for.

## Discussion Questions

1. What are incentives and how do they influence the way people act?
2. What's the difference between a reward and a penalty? Can you give examples of each from your own life?
3. The video says, "When we change the rules, we change the choices people make." What does that mean? Can you think of a rule that changed your behavior?
4. Why might a policy that seems helpful—like paying people to collect rat tails—end up creating new problems?
5. How can understanding incentives help us design better classroom rules, workplace systems, or government policies?
6. Have you ever seen someone game the system or take advantage of a rule? What incentive encouraged that behavior?
7. Do you think people are more motivated by rewards or by avoiding penalties? Why?
8. How do incentives connect to personal responsibility and freedom? Should people be held accountable even when incentives push them in the wrong direction?
9. Imagine you're in charge of a school, a business, or a city. What's one incentive you would create to encourage positive behavior—and how would you avoid unintended consequences?
10. What makes some incentives build stronger relationships or communities, while others create tension or problems? Can you think of an example where a small change made things work more smoothly?

## Lyrics – Pop Version

### Follow the Signal – Incentives Matter

[Verse 1]

Why do we do the things we do?  
It's not luck, it's a kind of clue.  
Every choice, every plan,  
Follows a signal someone began.

Wanna raise scores? Reward the grind.  
Wanna lose trust? Keep folks blind.  
It's not just fate or random chatter—  
There's a reason... incentives matter.

[Pre-Chorus]

You want change? Don't just shout.  
Wanna see action? Map it out.  
What we reward is what we grow—  
People follow what we show.

[Chorus]

Incentives matter, now we see,  
They shape the world for you and me.  
Push the button, watch the light,  
What you encourage takes off in flight.

Build the rules, but make 'em wise—  
The smallest shift can change the skies.  
Incentives matter, that's the key—  
To how we shape our destiny.

[Verse 2]

Pay for failure? Don't be shocked,  
When progress halts and doors get locked.  
Reward the risk, reward the climb,  
That's how dreams grow over time.

They paid for rats—seemed smart at first,  
'Til folks bred more to quench their thirst.  
More rats meant more cash on hand—  
That's how bad plans get outta hand.

[Pre-Chorus]

What seems fair might backfire fast,  
If you don't learn from the past.  
Policies are more than chatter—  
Make no mistake: incentives matter.

[Chorus – Repeat]

Incentives matter, now we see,  
They shape the world for you and me.  
Push the button, watch the light,  
What you encourage takes off in flight.

Build the rules, but make 'em wise—  
The smallest shift can change the skies.  
Incentives matter, that's the key—  
To how we shape our destiny.

[Bridge – gentle, then build]

A nudge, a price, a tiny sign—  
Can tilt the world by great design.  
If freedom's real, then choices count—  
So build a world that lifts, not doubts.

Guide with care, with truth and grace—  
And let good sense lead the race.

[Final Chorus – strong and full]  
Incentives matter, strong and true,  
They show us what and why we do.  
Push the button, set the tone—  
That's how the seeds of change are sown.

Make it smart, and make it fair—  
'Cause people move when signals are there.  
Incentives matter, plain to see—  
They shape our world... and you and me.

## **Lyrics – Country Version**

### **Carrots and Sticks – Incentives Matter**

[Verse 1]  
Mama said, "Son, if you feed the dog,  
You'll earn a dime and a buttermilk log."  
Didn't take long 'til I caught on quick—  
The world runs wild on carrots and sticks.

Cut the grass, you get to ride your bike,  
Skip your chores? No s'mores tonight.  
It ain't mean, it ain't unfair—  
It's just how life says, "*Do you dare?*"

[Chorus]  
Incentives matter, like a horse knows reins,  
Pull the right string, you'll see the gains.  
Good folks rise when the rules are sound,  
But bad ones bloom when you pay 'em to hang around.  
So think before you write that law—  
'Cause carrots and sticks will find the flaw.

[Verse 2]  
Out in Franklin County, they paid for rats,  
Thought they'd clean the streets just like that.  
But folks got wise, started breeding more—  
Cashin' in tails by the general store.

Now little old towns got lessons to teach,  
Ain't all problems solved with a subsidy speech.  
Sometimes helpin' hurts the most,  
When you toast the bread, but forget the toast.

[Chorus]

Incentives matter, like rain on crops,  
They grow what's planted, they don't just stop.  
Plant a good seed, and you'll reap the right,  
But plant a bad rule—you'll stay up all night.  
It's human nature in a cowboy hat—  
Folks follow the trail that leads to fat.

[Bridge – Spoken with guitar strum interlude]

Now you can't blame a horse for followin' oats,  
And you can't blame folks for mindin' their boats.  
If the river runs crooked, don't curse the tide—  
Check who's been diggin' on the other side.

[Final Chorus – slower, reflective tone then build]

Incentives matter, they sure run deep,  
Like a promise made that you aim to keep.  
Freedom's sweet, but it comes with a plan—  
You gotta shape the path to guide the man.  
So next time you vote, or set a rule—  
Ask: "Will this reward the wise, or the fool?"

[Outro – soft fade with banjo and fiddle, spoken]

Yep...

Carrots and sticks.

That's how the world kicks.

Make sure you're usin' the right ones.

## **Lyrics – Rap Version**

### **Get What You Pay For - Incentives Matter**

[Intro – Spoken, beat building]

Yo, ever wonder *why* people do what they do?  
It's not random.  
It's not magic.  
It's... incentives.  
Let's break it down.

[Chorus – x2]

Incentives matter, yeah, they drive the game,  
Change the rules, and you won't act the same.

Push the wrong button? Watch it backfire—  
Good intentions can build a dumpster fire!

[Verse 1 – “The Basics”]

You do your chores, you get your pay,  
No chores, no cash—guess who don’t play?  
Carrots and sticks, the name of the game,  
Rewards and punishments ain’t all the same.

From classrooms to courtrooms, business to state,  
What you encourage decides your fate.  
Pay folks not to work? They just might stay home.  
Give ‘em a reason—they’ll get in the zone.

[Verse 2 – “Unintended Consequences”]

You tax success? Don’t be surprised,  
When people start shrinking that enterprise.  
Subsidize junk? Well, it might grow fast,  
‘Cause when you feed weeds, they spread real fast.

A town paid for rats—thought that was clever,  
‘Til folks bred rats for the best payout ever.  
Good plan? Nah, that backfired quick—  
Incentives can play one dirty trick.

[Chorus – x2]

Incentives matter, yeah, they drive the game,  
Change the rules, and you won’t act the same.  
Push the wrong button? Watch it backfire—  
Good intentions can build a dumpster fire!

[Verse 3 – “Freedom and Responsibility”]

In a free society, choices are key,  
But outcomes depend on the policy tree.  
Want more giving? Don’t punish success—  
Want more learning? Reward the best.

People respond to the world they face,  
So set the rules with wisdom and grace.  
Laws, taxes, prices—they all send a clue,  
They whisper to people: “Here’s what to do.”

[Bridge – Spoken + Echo FX]

It ain’t greed...  
—it’s just incentives.  
It ain’t lazy...  
—it’s just incentives.  
Want better choices?

Then check the voices...  
Of the policies whisperin' in the air.  
Are they fair? Are they smart? Do they even care?

[Final Chorus – x2 with energy]  
Incentives matter, yeah, they drive the game,  
Shape the culture, and aim the flame.  
If you want change—don't just preach,  
Design the rules to teach what you teach!

## **Activities**

### **Quick Use: Bell Ringer or Filler Activity**

Instructions:

Play one version of the *Incentives Matter* video (rap, country, or pop) at the start of class. After viewing, ask students to respond to a single prompt in their notebooks or on a sticky note:

- Describe a time when a rule, reward, or punishment changed the way you acted.
- What line or image from the video stood out to you, and why?
- Do you think the video made the concept clearer or more confusing? Explain.

This short activity takes 5–10 minutes and can serve as a warm-up, informal assessment, or transition into deeper discussion. It also works well for previewing or reviewing a full lesson later in the week.

### **Incentive Detective – What's the Real Message?**

**Instructions:**

Provide students with several short examples of rules, laws, or policies. These could include:

- A school that gives extra credit for early work
- A business offering discounts for referral
- A city charging a "junk food tax"
- A policy that pays for rat tails (from the video)



For each, students must answer:

1. What behavior is this trying to encourage or discourage?
2. Is the incentive a reward, penalty, or both?
3. What could go wrong? Can you think of any unintended consequences?

Then, have students create their own incentive-based policy and predict both the intended and possible unintended effects.

## **“Incentivized to Influence” – Social Media and Behavior**

### **Objective:**

Help students recognize the incentive structures built into social media platforms, analyze how these incentives influence both users and creators, and evaluate the broader social consequences of those behaviors.

### **Instructions:**

#### **1. Opening Discussion Prompt:**

Write this question on the board or project it:

*Why are social media stars called “influencers”? What are they influencing—and why?*

#### **2. Mini-Lesson: Social Media as an Incentive Machine**

Briefly explain:

- Social platforms use **likes, shares, comments, follower counts, and algorithms** to reward certain behaviors.
- These are all **incentives**—they shape what people post, how often, how extreme or personal the content becomes, and what’s rewarded with visibility or money.
- These incentives affect **users, influencers, brands**, and even **politicians**.

#### **3. Group Activity: “Incentive Dissection”**

Divide students into small groups and assign each group one of the following roles:

- **The Influencer** – trying to grow a following
- **The Average Teen** – using social media for fun
- **The Platform Company** – designing the algorithm
- **The Brand** – trying to sell products via social media

- **The Politician or Activist** – trying to go viral

For each role, groups must:

- Identify what **incentives** drive behavior on social media (e.g., attention, money, validation, outrage, visibility)
- Describe what kinds of **posts or behavior** those incentives encourage
- Analyze one possible **unintended consequence** or “side effect” of that behavior

Use a simple 3-column chart:

<b>Role</b>	<b>Incentive</b>	<b>Behavior / Consequence</b>
Influencer	More followers = sponsorship deals	Promotes unrealistic lifestyles
Teen User	Likes = social validation	May chase attention with risky content
etc.		

#### 4. **Class Discussion Questions:**

- What behaviors are being rewarded on social media?
- Do those incentives encourage creativity, connection... or something else?
- Can you think of a post that clearly tried to “game the system”?
- Should we be more aware of the incentives when we post or scroll?

#### 5. **Reflection Prompt (Exit Ticket or Journal):**

*What’s one way social media has shaped your own behavior? Do you think that was your choice—or were you responding to incentives you didn’t even notice?*

#### **Optional Extension: Create-a-Platform Challenge**

Challenge students to redesign a social media app with **better incentives**:

- What would they reward (or discourage)?
- How would they promote thoughtful, respectful, or creative behavior?
- How would the platform signal value without likes/followers?

They can sketch it, present it, or write a pitch.

## **Fix that Flawed Policy**

### **Instructions:**

In small groups, present students with examples of real or fictional policies that backfired (e.g., the rat bounty, a law that led to more traffic, or a reward system that got abused). Each group must:

- Identify the incentive behind the rule
- Explain why it failed
- Propose a better version of the policy that avoids the same mistake

Wrap up with presentations and a class vote on the most improved incentive design.

## **Design a Game—Then Break It**

Explore how rules and incentives shape behavior by creating (and then testing) a simple classroom game or system.

### **Instructions:**

#### **1. Create the Game**

In small groups, students design a basic classroom game, behavior chart, or point system (e.g., for homework, class participation, or clean-up duties). Their system should include clear rules and built-in incentives—rewards for good behavior and/or penalties for breaking rules.

#### **2. Play-Test & Predict**

Each group presents their system to another group, who then roleplays being students in that environment. The second group must try to find ways to game the system or exploit the incentives—respectfully but creatively.

#### **3. Analyze the Outcomes**

After the simulation, both groups discuss:

- What behaviors did the system encourage?
- Were there any unintended consequences?
- Did anyone find a “loophole”?
- How could the incentives be improved to promote fairness, effort, and cooperation?

#### 4. **Revise & Reflect**

Each group refines their system based on feedback and reflects on what they learned about real-world policies, rules, and human behavior.

#### **Optional Extension:**

Connect this activity to real-life systems: tax codes, school grading policies, environmental laws, etc. How do people find “loopholes” in those systems—and how might designers improve them?

### **What are We Rewarding?**

#### **Objective:**

Help students analyze how incentives in education and the job market can influence long-term outcomes, using real-world examples and the video slides as a launching point.

#### **Materials Needed:**

- Slides from the *Pop Version* of the video:
  - “#CantReadGraduatedAnyway” (Diploma image)
  - “#CantFindSkilledWorkers” (Going Out of Business image)
  - Can be found on page 14 of this guide
- Student handouts or digital workspace for response writing

#### **Instructions:**

##### **1. Prompt & Watch**

Rewatch the relevant section of the *Pop version of Incentives Matter* that includes the lyrics:

*“Pay for failure? Don’t be shocked, when progress halts and doors get locked.”*

Display the two slides and ask students:

- What do you think the connection is between these two images?
- What message is the video trying to send?

##### **2. Guided Small Group Discussion**

In groups of 3–4, students discuss the following questions:

- What are the current incentives in schools when it comes to passing or failing students?
- Do those incentives encourage learning—or just graduation?

- How might these incentives affect employers and the workforce later on?
- Can you think of a better way to reward actual learning rather than just checking boxes?

### 3. **Activity: Cause and Effect Chart**

Have students complete a simple cause-effect-outcome chart using the two images. For example:

<b>Policy or Incentive</b>	<b>Intended Effect</b>	<b>Unintended Consequence</b>
Passing students who haven't met basic skills	Boost graduation rates	Employers can't find qualified workers
Funding tied to test scores	Improve academic focus	Teaching to the test / pressure to pass

### 4. **Reflection Writing (or Class Share-Out):**

Prompt students to respond individually to:

If you could redesign the way schools or employers reward success, what would you change and why?

### **Optional Extension: Policy Design Challenge**

Invite students to imagine they're on a school board or education reform team. Challenge them to propose a system that:

- Rewards genuine mastery of skills
- Supports students who are behind without automatically promoting them
- Balances fairness, support, and accountability

They can present this visually (infographic, slide) or in a short policy memo.



## Incentive List

### Teacher Instructions: Using the Incentive List in Class

Purpose:

This activity helps students practice identifying incentives and predicting how they influence behavior. It builds their awareness of how rewards and penalties shape

everyday decisions—not just in economics, but at home, in school, marketing, government, and life.

Materials Needed:

- Printed or digital copy of the Incentive List (25 examples)
- Optional: Student handout or worksheet with space to record responses
- Whiteboard, sticky notes, or digital collaboration tool (Jamboard, Padlet, etc.)

### **How to Use the List:**

#### **Option 1: Quick Warm-Up (5–10 min)**

Choose 1–2 incentives from the list and display them. Ask students:

- What behavior is this encouraging?
- Could there be unintended consequences?

Discuss as a class or have students write brief responses.

#### **Option 2: Think-Pair-Share**

1. Assign each student 1 item from the list.
2. Have them think about:
  - “What behavior is this trying to encourage?”
  - “Can this incentive backfire? How?”
3. Then they pair up to share and compare answers before sharing out to the group.

#### **Option 3: Incentive Gallery Walk**

1. Post the 25 incentives around the classroom (on posters or chart paper).
2. Divide students into small groups. Each group rotates through a few “incentive stations.”
3. At each one, they write or discuss:
  - Intended behavior
  - Possible unintended consequences
  - Real-life example they've seen or experienced
4. Wrap up with a class debrief—What trends or patterns did they notice?

#### **Option 4: Incentive Detectives Game**

1. Break students into small teams.
2. Read an incentive aloud (or project it).
3. Teams race to write down:
  - The behavior it promotes
  - One possible backfire or loophole
4. Award points for thoughtful or creative answers.

### **Debrief Questions**

- What types of incentives are most powerful—rewards or punishments?
- Can you think of a time when a good incentive led to a bad outcome?
- How could we design better incentives in school, at home, or in society?

### **Incentives for Students to Analyze**

1. Extra credit for turning work in early.
2. Cash prize for perfect attendance.
3. Getting your name on the honor roll posted in the hallway.
4. No homework pass for good behavior.
5. A late penalty: 10% off your grade for each day an assignment is late.
6. Students who finish early can play games or use their phone.
7. If a student gets suspended, they get a few days off school.
8. Public praise or student-of-the-month award.
9. Participation trophies in sports.
10. School funding increases if test scores go up.
11. Parent(s) pay you for chores.
12. Parent(s) give \$5 for every A on a report card.
13. Buy one, get one free fast food deals.
14. Loyalty punch cards (10th coffee is free).
15. McDonald's Monopoly game or sticker collections. (Or toys in Happy Meals!)
16. Free shipping if you spend over \$50.
17. Stores price things at \$9.99 instead of \$10.00.
18. Tax deductions for donating to charity.
19. Subsidies for electric cars or solar panels.
20. Three strikes laws that lead to mandatory prison time.
21. Welfare programs with income cutoffs (earning more might reduce benefits).
22. Colleges use early decision to lock in students.
23. Your phone buzzes when someone likes your post.
24. Employers give bonuses for unused sick days.
25. Athletes get paid more if they hit performance goals.



## Create Your Own Lesson in Lyrics

### Instructions:

Challenge students to become the creators! Working individually or in small groups, have students choose an economic or civic concept (from class or from a provided topic list) and create their own *Lesson in Lyrics*. They should write a short, original song or rap that explains the concept in a clear, creative, and engaging way. Encourage them to include a chorus, define key vocabulary, and use real-world examples. For an added layer, students may storyboard or describe the kind of visuals they would use in a music video.

Students are welcome to use **AI tools**—such as ChatGPT, Suno, or music video generators—to help brainstorm, write, or even produce their project. Since this particular lesson is all about creative destruction, it's the perfect time to explore how new technologies can become tools for learning, creativity, and innovation.

This project can be submitted as lyrics only, or students may choose to perform or record their creation if time and resources allow. (Perhaps an extra credit opportunity?)