
Inequality Myths

Segment Length: 4:06 minutes

Lesson Description:

Income inequality is considered a major issue in the United States. U.S. Senator Bernie Sanders claims that the rich get richer and the poor get poorer. But is this true? While the rich have gotten much wealthier over the past four decades, the poor have also gotten richer. Poverty is dropping, and standards of living have improved for all income levels. Income inequality does exist, but is it a problem that needs a solution?

Concepts & Key Terms:

Income inequality – The extent to which income is distributed unevenly among the population. This is often described as the gap between the richest and the rest citizens.

Zero sum game – A situation in which one person or group can win only by if another person or group loses. An often-used example is comparing the economy to a pizza pie.

Economic mobility – The ability of an individual or family to improve (or lower) their economic status.

Objectives:

Students will be able to:

- explain the concept of income inequality
- explain the concept of economic mobility
- discuss income inequality in the United States
- compare the actual results of income inequality with the appearance of income inequality

Preview Activity:

Ask the students: Who deserves to make more money, the president of a large corporation or an all-star quality professional athlete? Who deserves to make more money, a sanitation collector or an insurance agent? How do you know? How are these things decided in a free market? How else could they be decided?

Viewing Guide:

We recommend that teachers show the video twice: once to allow students to view it and focus on the issues presented, and once to allow them time to complete the viewing guide. After they complete the viewing guide, allow students a few minutes to work in pairs sharing and verifying answers.

Answers to Viewing Guide

1. income inequality
2. poverty
3. Americans
4. everything
5. different

Inequality Myths

Viewing Guide

Name _____

Date _____

Class _____

Teacher _____

Directions: As you watch the video, fill in the blanks with the correct words.

1. People keep talking about the evil of _____.
2. Worldwide, more than a billion people rose out of _____.
3. Economists at Harvard and Berkeley crunched the numbers and found that most people born to the richest fifth of _____ fall out of that bracket within 20 years. Likewise, most born to the poorest fifth climb to a higher quintile, some make it all the way to the top.
4. There's inequality in _____. There's inequality in free time. There's inequality in parents. I don't have any parents or grandparents.
5. We're all so _____ in so many ways.

Now, take a few moments to reflect on the video and answer the questions below:

What is income inequality? _____

Does income inequality affect you? _____ Why / Why not? _____

Does someone earning more money mean you earn less? _____ Please explain. _____

Did this video change your opinion of income inequality? _____ Why / Why not? _____

Discussion and Analysis:

1. The phrase “the rich get richer and the poor get poorer” implies that the economy is a zero-sum game. Is it? Do the rich only get rich at the expense of others?
2. Why do some people have more money than others? Why do some people make more money than others? How are salaries incentives?
3. Do rich people deserve all the money they have? Why / Why not? Who should decide how much people are allowed to earn and keep?
4. Should the government pass laws such as higher taxes on the rich or restrict incomes to combat income inequality? What might be the results—intended and unintended—of such laws?
5. According to the video, while poor Americans have gotten 32 percent richer over the past forty years, rich Americans have gotten 200 percent richer. Is this a problem? Why / Why not?
6. In addition to getting richer, poorer Americans have benefitted from the leaps in technological innovation over the past four decades. What innovations do you benefit from that past generations didn't? How have these innovations helped or hurt the poor?
7. According to John Stossel, incomes tend to be equal when everyone is poor. Why do you think that is?
8. John Stossel asked, “How is it not wrong that some people have so much more than others?” How would you answer that question?
9. What is the difference between equality of opportunity and equality of outcome? Is it possible to have equality of outcome in a free society? Why / Why not? Given the choice between freedom and equality, which would you choose? Why?
10. How is income inequality a by-product of freedom?
11. If you were to look up wealth and income inequality, you'd see the term "unequal distribution of financial assets." Who's doing the distributing? Why are the assets being "distributed" that way?
12. John Stossel says, “We’re all so different in so many ways.” How does this relate to income inequality?
13. Do attempts to force income equality ignore our uniqueness? Explain.
14. In the video, John Stossel said, “[A]s the rich got richer, most poor people got richer, too. Worldwide, more than a billion people rose out of poverty.” Did you know this before watching the video? How does this fact affect your opinion of income inequality?
15. If we begin, today, with everyone having the same amount of money, would it stay that way? Why / Why not? How could we ensure that it did stay that way?
16. What examples of income inequality have you encountered in your own life?

Discuss These Lines from the Video

1. The rich get richer, and the poor get poorer.
2. As we've increased the number of billionaires around the world, extreme poverty has actually shrunk down.
3. Yes, the rich got even richer, but why is that a problem?
4. I didn't gain as much as he did, but I don't see how I'm hurt. I'm thirty-two percent richer.... And it doesn't even count all the cool new stuff innovation gave me.
5. Most people born to the richest fifth of Americans fell out of that bracket within twenty years. Likewise, most born to the poorest fifth climbed to a higher quintile. Some make it all the way to the top.
6. If you just look at the billionaires on the Forbes richest list, most are self-made. In other words, they didn't inherit the money, they created their own fortunes.
7. Incomes tend to be equal when everyone is poor.
8. Total equality isn't possible. Some people are just better singers than others. The best athletes are just physically different.
9. We're all so different in so many ways.

Quotes for Discussion:

Americans have so far put up with inequality because they felt they could change their status. They didn't mind others being rich, as long as they had a path to move up as well. The American Dream is all about social mobility in a sense—the idea that anyone can make it.

– Fareed Zakaria

As long as poverty, injustice, and gross inequality persist in our world, none of us can truly rest.

– Nelson Mandela

There is, happily, a non-redistributive approach to address income inequality—one that doesn't rely upon government. It's to grow the pie. That is, create more decent jobs that pay more.

– Andrew Yang

A nation will not survive morally or economically when so few have so much, while so many have so little.

– Bernie Sanders

A society with great income inequality may have no poor people, and a society with no income inequality may have nothing but poor people.

– Robert Higgs

Experience demands that man is the only animal which devours his own kind, for I can apply no milder term to the general prey of the rich on the poor.

– Thomas Jefferson

The day will come when our Republic will be an impossibility because wealth will be concentrated in the hands of a few. When that day comes, we must rely upon the wisdom of the best elements in the country to readjust the laws of the nation.

– James Madison

There is always inequality in life. Some men are killed in a war and some men are wounded and some men never leave the country. Life is unfair. – John F. Kennedy

An imbalance between rich and poor is the oldest and most fatal ailment of all republics. –Plutarch

Even the striving for equality by means of a directed economy can result only in an officially enforced inequality – an authoritarian determination of the status of each individual in the new hierarchical order. – Friedrich von Hayek

No person, I think, ever saw a herd of buffalo, of which a few were fat and the great majority lean. No person ever saw a flock of birds, of which two or three were swimming in grease, and the others all skin and bone. – Henry George

People differ in capacity, skill, health, strength; and unequal fortune is a necessary result of unequal condition. Such inequality is far from being disadvantageous either to individuals or to the community. – Pope Leo XIII

The disposition to admire, and almost to worship, the rich and the powerful, and to despise, or, at least, to neglect persons of poor and mean condition is the great and most universal cause of the corruption of our moral sentiments. – Adam Smith

The man of great wealth owes a peculiar obligation to the state because he derives special advantages from the mere existence of government. – Theodore Roosevelt

Another means of silently lessening the inequality of property is to exempt all from taxation below a certain point, and to tax the higher portions of property in geometric progression as they rise. – Thomas Jefferson

Even when repressed, inequality grows; only the man who is below the average in economic ability desires equality; those who are conscious of superior ability desire freedom, and in the end superior ability has its way. – Will Durant

The worst form of inequality is to try to make unequal things equal. – Aristotle

Activities:

1. Have students complete the PMI chart.
2. Distribute individual quotes from the Quotes for Discussion section to pairs of students. Have the students discuss the meaning of the quote, and write the meaning on the back of the quote. Collect the quotes and the students' explanations as an exit ticket.
3. Show the class the Khan Academy video "Is rising inequality necessarily bad?"

<https://www.khanacademy.org/economics-finance-domain/macroeconomics/macroeconomics-income-inequality/piketty-capital/v/inequality-good-or-bad>

4. Show the class "2081," a video based on Kurt Vonnegut's short story "Harrison Bergeron."

<https://www.teaching2081.org/watch-the-film-signup>

5. Conduct a classroom debate on the issue of income inequality in the United States. To get students to look at income inequality from a different perspective, consider having them argue from a view with which they disagree. Students should be given time to research their position prior to debating.
6. Read and write a report on Kurt Vonnegut's short story "Harrison Bergeron." Be sure to relate the story to the debate over inequality.
7. Produce a "man-on-the-street" video in which you ask people what they think about income inequality. If they think it is a problem, what do they think is the solution?
8. Write a persuasive essay income inequality. Be sure to address the opposing side of the argument in your essay.
9. Write a tweet, poem, or song about income inequality.
10. Use the internet to find a news article about income inequality. Then, write a summary of it.

Name _____

Date _____

Class _____ Per _____

Teacher _____

Inequality Myths PMI Chart

P = Plus: What might be some positive effects of income inequality?

M = Minus: What might be some negative effects of income inequality?

I = Interesting: What are some interesting aspects of income inequality?

+ Plusses +	- Minuses -	I

Is income inequality unfair? _____. Why / Why not? _____

Would you support government regulations to limit income inequality? _____. Why / Why not? _____

If you do support government rules to limit income inequality, what types of limits do you think would work? _____