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# Digging Deeper on Income Inequality

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Segment Length: 6:23 minutes; 6:24 minutes

## **Videos:**

“Wealth Inequality in America”

<https://www.youtube.com/watch?v=QPKKQnijnsM>

“Income Disparity: Should Equality Be the Goal”

<https://www.youtube.com/watch?v=aZEqU3Gu0FM>

## **Guide:**

The questions below will help students achieve a better understanding of the arguments made on either side of a contentious topic. Because these questions often touch upon statements made briefly in the videos, we recommend reading the questions before watching each video.

Students are encouraged to take notes during the videos, and it may be helpful for students to break into groups, each taking responsibility for only a few questions, before coming together for discussion.

## **Analysis Questions:**

1. The first video says that most Americans know the economic system is already skewed unfairly. What evidence is provided for this claim?
2. The first video asks whether a CEO is working 380 times as hard as an average employee in order to earn his 380 times greater income. How would Cliff Asness respond to this question?
3. Cliff Asness mentions consumption equality. What does this mean?
4. America need not go all the way to socialism to find a fairer distribution of wealth for hardworking Americans, the first video contends. How is fairness defined in this sense?
5. Looking at his three conditions under which great inequality is permissible, how does Cliff Asness seem to define fairness?
6. How do you think Cliff Asness would respond to the evidence indicating that Americans underestimate economic inequality in the country? What does this underestimation say about the average American’s viewpoint, and how does that comport with Asness’ three rules?
7. Investment firms serve a vital function in the economy, says Cliff Asness. What is their function? How do they accomplish this? Why is this necessary?
8. How might relative and absolute understandings of wealth explain differing perspectives on inequality in America today?

9. Given that people generally become wealthier as they age, how might Cliff Asness' comments about mobility be important to understand how time factors into inequality statistics?
10. Cliff Asness says that, after paying taxes, what he does with his money is his business. How might someone more concerned about inequality respond?