
The Evil Rich?

Segment Length: 3:10 minutes

Lesson Description:

Do rich people take so much wealth that there is little left for the rest of us? Why should some people be rich and others poor? Are unequal outcomes acceptable or even good, or should the government try to equalize outcomes? What's fair?

Concepts & Key Terms:

Zero Sum Game – a situation in which one person or group can win something only if another person or group loses it.

Objectives:

Students will be able to:

- discuss reasons for disparity in incomes among workers.
- explain the term “zero-sum” and how it does and does not apply to inventions, businesses, and trade.
- evaluate the effects of government attempts to legislate equality of outcomes.

Preview Activity and Questions:

Have students answer the following questions in their notebooks:

Why are there some people who are far wealthier than the rest of us?

Use Think, Pair, Share to have students answer the preview question. After a few minutes, poll the students. Ask the students to discuss their answers.

Viewing Guide:

It is recommended that teachers show the video segment twice: once to allow students to view the video 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. bankrupt
2. money
3. assets
4. device
5. create stuff

The Evil Rich?

Viewing Guide

Name _____

Date _____

Class _____

Teacher _____

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

1. Jim Caruso is rich. He took over a _____ brewery and made it successful....
2. On average, the doctor will make more _____ than the tattoo artist.
3. The top fraction of earners has just about half the _____ in this country. This ticks people off. They view it as evil.
4. Let's look at those calculations. Steve Jobs earned \$10 billion. But Apple sold more than two billion devices. That means Jobs collected about five bucks for every _____.
5. It's that zero-sum game mentality that somehow people who _____ are taking it away from other people, and that's simply inaccurate. It's not a zero-sum game.

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

What is the main point of this video?

Do you agree or disagree with what you've seen in this video? _____

Explain your answer: _____

Discussion and Analysis:

1. How do people get rich? How did Jim Caruso become rich?
2. How has Jim Caruso benefited other people? Who has he benefited? Why did he benefit others?
3. Why would anyone choose to become a tattoo artist when doctors make so much more money?
4. Do entrepreneurs really take from others? Explain.
5. If a poker game as a zero-sum activity, are entrepreneurs similar to poker players? Explain.
6. How was it possible for Steve Jobs to earn \$10 billion? Who gave him this money? Was there any force involved? Were the people who bought Apple products worse off as a result? Explain.
7. Why didn't Steve Jobs get all the money from all the iPhones and other products Apple sold? Who else contributed to the creation of these products? Who else benefitted? In what ways did others benefit?
8. How do we benefit from different people doing different jobs? What would happen if we had to go to the same people for both medical advice and tattoos?
9. Does the division of labor (different people doing different jobs) improve people's standard of living? Explain. How does the division of labor result in unequal incomes and levels of wealth?
10. Is it fair that many doctors make more than tattoo artists? Is it fair that some people are 1000 times richer than others? Why or why not?
11. Should government try to equalize incomes? How could it do that? What would be some consequences of doing so?
12. If our efforts and our desires for ourselves result in differences, who should be responsible? Should that affect the way we view rich people? Why or why not?
13. Is it right for rich people to pay a higher percentage of their income in taxes than other people do? If so, does that mean we should oppose any cuts in tax rates on the rich? Why or why not?
14. Is it fair to tax people at different rates? What if the government taxed everyone at the same rate? Wouldn't people who earn more money pay more taxes anyway? Is the government punishing high earners? Should it?
15. How much should rich people pay in taxes? How much is too much? Who decides? Why?
16. Can taxing rich people more help or hurt the rest of us? Explain.

Discuss These Lines from the Video:

1. The super-rich greedily take so much that other Americans have less. But is that true?
2. Somebody decides that their pursuit of happiness means being a doctor. They spend twelve years in school, so I have an excellent doctor to serve me. Somebody else might want to be a world class tattoo artist. These result in different outcomes for people
3. Some Americans are 1000 times richer than others.
4. Certainly, your cell phone is worth more to you than \$5. It must be, because you willingly pay several hundred dollars for this.
5. The feeling tends to be that somebody like Steve Jobs took something away from everybody else. But what did Steve Jobs take from us?
6. It's not a zero-sum game. They're creating stuff that didn't exist before.

Quotes for Discussion:

It is sort of a bit of a caricature of capitalism, that it's always this zero-sum game where you have winners and losers. Silicon Valley, the technology industry at its best, creates a situation where everybody can be a winner. – Peter Thiel

For most of human history, in which we were all living in hunter-gatherer bands, there was almost no inequality. Yet from farming onward...there's been a lot of inequality. – Sir Angus Deaton

If men were equal tomorrow and all wore the same coats, they would wear different coats the next day. – Anthony Trollope

From each according to his ability, to each according to his needs. – Karl Marx

At least half of the popular fallacies about economics come from assuming that economic activity is a zero-sum game, in which what is gained by someone is lost by someone else. But transactions would not continue unless both sides gained, whether in international trade, employment, or renting an apartment. – Walter E. Williams

Some people regard private enterprise as a predatory tiger to be shot. Others look on it as a cow they can milk. Not enough people see it as a healthy horse, pulling a sturdy wagon. – Winston Churchill

If you were successful, somebody along the line gave you some help...when we succeed, we succeed because of our individual initiative, but also because we do things together. – Barack Obama

Being rich is a good thing. Not just in the obvious sense of benefitting you and your family, but in the broader sense. Profits are not a zero-sum game. The more you make, the more of a financial impact you can have. – Mark Cuban

Activities:

1. Show the class the video, Sneaker Money, and ask the students to relate it to the Evil Rich? video. How is Chase Reed a typical entrepreneur? Should we—and the government—treat him differently if he becomes rich?
http://izzit.org/products/detail.php?video=sneaker_money
2. Have students research various professions and salaries in America. Then, have the class compile their research into one class list. Of those researched, which professions pay the most? Why do you think people in these professions make so much more money than the average American?
3. Jim Caruso owns Flying Dog Brewery. Have one or more students research Jim and his brewery and write a report or create a slideshow to show the class.
4. Have students talk with people they know in various jobs and professions, and ask them whether they think their job contributes to making people’s lives better. Consider how people in each of these jobs are producing or creating something that people want. How does this ability to create and produce allow us to avoid a zero-sum game?
5. Read and summarize the article, “When It Comes to Wealth Creation, There Is No Pie” by Yaron Brook and Don Watkins.
<https://www.forbes.com/sites/objectivist/2011/06/14/when-it-comes-to-wealth-creation-there-is-no-pie/#12808c977a2c>
6. At the end of the video, Jim Caruso says the economy is not a “zero-sum game.” Instead, people “create stuff that didn’t exist before.”

A zero-sum game is situation in which, if one person gains, another must lose. Board games such as Monopoly are zero-sum games. But a zero-sum game can be a real-life situation.

In a positive-sum game, all participants can benefit. This is also referred to as a win-win scenario. For example, buyers and sellers both expect to benefit from their exchanges, otherwise they wouldn’t trade.

Game theory is a field of study that looks at human interactions and sees how people compete, or cooperate, in various situations, including zero-sum and positive-sum games. Research game theory and the ways people respond in zero- and positive-sum games. Think of more examples of zero-sum and positive-sum games, and create a list of both. Don’t limit yourself; cover as wide a variety of human interactions as you can. Then, at the end of your lists, discuss whether zero-sum or positive-sum games are a bigger part of our lives.

7. How do markets—people buying and selling voluntarily—determine how much money people make? Would we be better off if the government decided how much money

everyone should make? Wouldn't that way be more fair? How might government decisions affect the jobs people choose? How might that impact freedom? Write a persuasive essay in which you address these positions and be sure to consider unintended consequences of any actions people or government might take.

8. Jim Caruso talked about the division of labor, the arrangement in which different people focus on different jobs. In the past, most people worked in agriculture, often as subsistence farmers, producing only enough food for their own families. Research these past economies and compare them to today. How does the division of labor affect people's standard of living?
9. Which of the four sets of tax rate scenarios below (A-D) seems most fair to you? Can we judge the fairness of a tax cut by the percentage of the savings that go to rich people? Why or why not? Should we judge the fairness of a tax cut by the percentage of the savings that go to rich people? What should be the basis by which we determine if our tax system is fair?

A) Suppose a country has an income tax system that taxes the rich much more highly than others. People earning up to \$100,000 pay 20% of their income in taxes, but those earning over \$100,000 pay 90% on all income over \$100,000.

B) Now suppose we cut taxes, so that the rates are 15% up to \$100,000 and 40% after that.

How much less will someone making \$1 million per year pay as a result of the tax cut? How much less will someone making \$50,000 per year pay as a result of the tax cut? If you have two people, one making \$1 million and one making \$50,000, what percentage of the total savings from the tax cut will go to each?

C) Suppose we start out with a system with a 20% income tax for all income levels.

D) Then, we cut taxes so that people pay 18% on their first \$100,000 and 15% after that. How much will someone making \$1 million save? How much will someone making \$50,000 save? What percentage of the total savings will go to each?

Name _____
Class _____ Per _____

Date _____
Teacher _____

The Evil Rich K-W-L Chart

Directions: Complete the **K** and **W** sections prior to watching the video. After you have seen the video, complete the **L** section and answer the two questions below the K-W-L chart.

K		W	L
What I know about rich people:	A different view of rich people is:	What I want to know about rich people:	What I've learned about rich people:

Name two things Jim Caruso did that could be considered good:

1. _____

2. _____

How do people such as Jim Caruso make money? What do they need to do?

Bonus Question: Jim Caruso says that the problem is the belief that it is a zero-sum game. What does he mean by "zero-sum game"?