



Lesson 16:

## **Income Inequality in the U.S.: What Can Be Done?**

**Author:** Chris Cannon

In this lesson, students will look at the degree to which income inequality exists in the United States and some of the issues surrounding trying to reduce it.

## Description of the lesson

In this lesson, students evaluate income inequality in the United States and play a short board game to understand the difficulties of tackling this issue.

## Economics

Equality is a difficult concept to adequately express in clear terms. While the difference between equality of opportunity and equality of outcomes is somewhat straightforward in the framework of economic goals, many times students want to use the word “equal” as a synonym for “fair.” Fair is a word that is very troublesome in economics because of its subjectivity. Equality is intrinsically linked with many topics covered in an economics course including allocation strategies, public goods, taxation policies, and income. Of course, whenever equality is a topic of concern, inequality is as well.

The focus of this lesson is on income inequality in the United States specifically. Income inequality is the extent to which income is distributed in a population unevenly, which has an impact on standard of living, policies for redistribution of income, and abilities to save, invest, and create wealth. This lesson is primarily concerned with helping students to understand the fact that income inequality exists, there are varying perspectives on how to deal with it, and that completely eradicating it is perhaps not possible.

## Ethics

The ethics of income inequality involves a discussion about positive and normative statements. The fact that income inequality exists is a positive statement that can be empirically demonstrated. To say income inequality is unethical is a normative statement because it implies that there is a way things “should” be done. Social norms, politics, and personal preferences for economic and social goals all play a role in deciding that question. The fact that income inequality is a global phenomenon presents an interesting aspect of the ethical discussion because it suggests the possibility that some inequality is inevitable, especially in economic systems that do not prioritize equality. If that is true, a deeper ethical quandary is how much is acceptable. An outcome-based ethical model would suggest that the “right” action is one that is the most beneficial for the most people. But is having equal income the most beneficial outcome? Keeping ethics in mind as you teach this lesson will help students understand the complexity of this topic.

## Objectives:

After completing this lesson students will be able to:

- define income inequality and provide evidence that it exists in the U.S.
- explain economic arguments for and against reducing income inequality.
- explain ethical arguments for and against reducing income inequality.
- analyze the costs and benefits of policies designed to reduce income inequality.

# Standards

## [Voluntary National Content Standards in Economics](#)<sup>1</sup>

- Standard 13: Income
  - Income for most people is determined by the market value of the productive resources they sell. What workers earn primarily depends on the market value of what they produce.
- Standard 16: Role of Government
  - There is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also have direct or indirect effects on peoples' incomes.

# Concepts

Income

Income distribution

# Time Required

90 minutes

# Materials Needed

- Slide presentation: [Income Inequality in the U.S.: What Can Be Done?](#)
- Three different colors of copy paper for copying Activity 16.1
- Envelopes (4x9) or zip-lock bags – one for each student for Activity 16.1
- Copies of Activity 16.1: Income Inequality “Build an Argument” Cards, copied so that government is on one color paper, private company on a second and “no-one” on a third color paper (to keep them separated), cut apart, and placed in envelopes/bags, one set (with three bags) for each group of three students.
- Copies of Activity 16.2: Build an Argument Discussion Cards, cut apart, one set per three students
- Copies of 16.3: Instructions for the Build an Argument Game, one per three students
- Copies of 16.4: Build an Argument Game Board, (optional), one per student
- Internet enabled device (laptop, tablet, etc), one per student or per pair of students (optional for online research if desired, the lesson can be done without)
- Scratch paper, one per groups of three students for scoring their game

---

<sup>1</sup> Voluntary National Content Standards in Economics: <https://www.councilforeconed.org/wp-content/uploads/2012/03/voluntary-national-content-standards-2010.pdf>

- Stopwatch or online timer set for 20 minutes
- Assessment 16: Candidate Debate Prep, one per student

## Preparation

Prior to this lesson, you may want to review *Lesson 10: Global Income Inequality: What are the Causes and Consequences?*<sup>2</sup> from the Ethics, Economics, and Social Issues collection<sup>3</sup> found on Econedlink.com. That lesson has some background on global income inequality and features an interactive lesson that helps students visualize what income inequality among quintiles looks like.

Prepare the game ahead of time. Each game (one for every three students) should include:

- one copy each of Activity 16.1A (government), Activity 16.1B (private company), and Activity 16.1C (no one) cards on three different colors of paper (government on one color, private company on a second, and “no one” on a third) cut apart and placed in separate envelopes or bags,
- one set of the 16.2 Activity discussion cards - cut apart
- one copy of 16.3: Instructions for the Build an Argument Game.

Optional: one copy of 16.4: Build an Argument Game Board per student. Although optional it may help students organize their cards on their desk.

## Procedure

1. Explain that today’s lesson is about **income inequality** (how evenly or unevenly income is distributed in a population) and what, if anything, should be done about it. Display slide 1 of Slide Presentation: What Can We Do about Income Inequality in the U.S.?
2. Ask the students what comes to mind when they hear income inequality and display slide 2. Encourage them to share anything that comes to mind and not over think it. Write some of their answers on the board. *Answers may vary but include: rich people, poor people, jobs, money, wealth, and possibly even things like classism, racism, etc.*
3. Review the definition of **income inequality** on slide 3 as the extent to which income is distributed unequally among a group of people.
4. Show slide 4 and explain that income inequality is often explained using quintiles - breaking the population in five groups of equal numbers of people. On this slide, for example there are 15

<sup>2</sup> <https://econedlink.org/resources/global-income-inequality-what-are-the-causes-and-consequences/>

<sup>3</sup> The Ethics, Economics, and Social Issues collection is housed on EconEdLink.com: <https://www.econedlink.org/resources/collection/ethics/>

people in the population so each quintile has three people.

5. Show slide 5. This is what perfect income *equality* would look like if there were \$100 of income in the U.S. Each quintile would have exactly 20% of the income, or in this case, \$20.
  - a. Ask students if they feel like this is what the United States actually looks like? *Answers will vary, but most students will likely say no.*
  - b. Follow up by asking students what makes them think that the quintiles in the U.S. are not equal? *Answers will vary, but students may point out that they observe differences in how much celebrities have versus people they know or they may even acknowledge that in their own neighborhood/community there are wide ranges of types of jobs and income levels.*
  - c. Ask students what percentage of all the income in the U.S. they think the richest quintile has. *Answers will vary.*
6. Show slide 6, which shows the percentages of income in each quintile dating back to the 1970's. If any students said the current top quintile had around 52% of the income acknowledge they were correct. Make sure students understand what this means. If you went back to slide 5, the top group would have \$52 to split among three people (perhaps not evenly) and the bottom group would only have about \$3 to split among three people (perhaps not evenly). This is income inequality in the United States.
7. Show slide 7. This shows the same information as slide 6 in a different way. Here, the Y-axis is actual dollar amounts and the colored bars are the quintiles. The green set (5 bars – one for each of the 5 quintiles) shows income before taxes and transfers, the teal shows means-tested transfers (like welfare or other entitlement programs), the red shows taxes (note how the lowest quintile essentially pays no taxes) and the purple shows the net effect.
  - a. Ask students what trends they notice in this chart? *Answers may include that the bottom quintile pays no taxes, but takes in the largest amount of transfers; even after taxes and transfers there is a large discrepancy in income levels, etc.*
8. Show slide 8 which is much of the same information from slide 7 presented a little differently and with one key new piece of information - it includes data concerning the top 1% of the population. This can be used to drive home the point that even within a quintile, there can be vast inequities.
9. Show slide 9. (Link to interactive site is in the PPT notes.) This slide further emphasizes the tremendous discrepancy between the top 1% of income earners and the rest of the population. *Be careful not to describe this in any way other than stating the facts.* Avoid personal commentary at this point. For now, you should be focused on presenting the facts. If students

start to make normative comments, tell them they will have a chance to get in to that soon.

10. Explain that every state in the United States has some degree of inequality, here shown by county with the darker areas showing greater inequality and the lighter areas showing greater equality. Show slide 10. (Link to interactive site is in the PPT notes.)
11. Show the video from slide 11 “Is Inequality Inevitable?” from Ted-Ed<sup>4</sup>. Explain that many of the concepts seen in this video will inform the next activity.
  - a. After the video ask students: “What were some key points that stood out to you from the video?” *Answers will vary depending on the interests of the group. Likely candidates are the amount of wealth the 1 percent holds and how the U.S. compares to other countries.*
  - b. Ask students “Was there anything in the video you disagreed with or thought you wanted to learn more about?” *Answers will vary depending on interest and political leanings of the class, but astute students may point out that though the video asks if income inequality is inevitable, it doesn’t provide a clear answer.*
12. *Show students data* from a Pew Research Center study of 2019<sup>5</sup> on slide 12 that most adults think there is too much income inequality in the country, yet there is a contingent of folks who think we have the right amount and even some who think we don’t have enough.
13. Explain that some of the differences in the way people view income inequality can be explained based on their ethical framework. Show slides 13 and 14 and describe the three ethical frameworks (outcome-based, value-based, and duty-based). These are described in more detail in Lesson 1 from the Ethics, Economics, and Social Issues<sup>6</sup> collection. The following ethical frameworks that are key to the decision-making process.
  - a. **Outcomes-based ethics:** a moral philosophy that discerns right or wrong action based on the consequences produced by the action.
  - b. **Virtue-based ethics:** a moral philosophy that discerns right or wrong based on whether one’s actions contribute to the formation of good character.
  - c. **Duty-based ethics:** a moral philosophy that discerns right or wrong based on the analysis of one’s obligations.

---

<sup>4</sup> [https://www.youtube.com/watch?v=rEnf\\_CFoyv0](https://www.youtube.com/watch?v=rEnf_CFoyv0)

<sup>5</sup>Pew Research Center. (2020). *Most Americans Say There Is Too Much Economic Inequality in the U.S., but Fewer Than Half Call It a Top Priority*. Retrieved October, 20, 2022: <https://www.pewresearch.org/social-trends/2020/01/09/most-americans-say-there-is-too-much-economic-inequality-in-the-u-s-but-fewer-than-half-call-it-a-top-priority/>

<sup>6</sup> <https://econedlink.org/resources/how-can-you-apply-ethics-and-economics-to-any-issue/>

14. Ask students to choose at least one of the frameworks and turn to a neighbor to discuss how the framework they chose might relate to income inequality and policies that might reduce it. If they are struggling, suggest they ask questions like “Does anyone have an obligation to deal with income inequality?” or “How does income inequality relate to character?” Encourage them to think about what they saw in the video.
  - a. Ask a few students to share what they discussed. *Answers will vary, but you’re listening for students to provide examples that indicate they understand the ethical connection to income inequality. For example, students who choose outcome-based ethics may point out that having large amounts of inequality might have all sorts of negative consequences for society such as less access to services, differing amounts of political power, feeling like they are disconnected from society, etc. Or, you may have students that argue that a completely free market approach is the best economic system and, because of that, any policy that infringed on the free market would have a negative consequence.*
15. After the discussion, emphasize the point that all the ethical frameworks can be viewed from different perspectives and words like “duty”, “value”, or even “outcomes” or “consequences” have loose and flexible interpretations.
16. Show slide 15 and explain that there have been many suggestions, policies, and actions taken to address inequality over time with varying results. Without going into much detail at this point, explain that all of these actions, and also inactions have costs, benefits, economic, and ethical implications.
17. Explain that students are now going to play a “game” to help assess how various actions and inactions can have economic and ethical implications.
18. Put the students into groups of three. If this doesn’t work out evenly, groups can have four students. Add an extra set of Government cards (16.1A) to the group.
19. Distribute one “game set” (see preparation above) to each group.
20. Review the parts of the game set with the class.
21. Show the procedures for students to read on slide 16 and review the rule highlights on the slide. The most important component is that they may only choose ONE action at a time, but multiple economic and ethical implications. The ethical implications can be towards ethical or unethical. You might want to model one round for your students before they start.
22. Display slide 17, start a 20-minute timer and tell the teams to begin playing. They should continue playing for the full 20 minutes. Move around the room from group to group listening to

discussions, making note of key comments, and helping progress the game when necessary. Students should be able to get in at least two rounds of play during the 20 minutes.

23. When the 20 minutes are finished, have students stop playing and direct their attention to you. It may be helpful to have them leave their last arguments on their desks for discussion.
24. Conduct a discussion using Teacher Discussion Guide 16.4. The activity is too rich to bring all the salient points out but try to hear from as many students as possible. An important point to remind students is these actions are merely a sample of things that could be done and there are other policies, economic outcomes, and ethical issues that could be discussed.
25. Show slides 18 and 19, which shows how adults in one study responded to some of the same things they had to discuss. Explain that even if there is some agreement that income inequality is a problem in the U.S. (and about 70% of Americans believe it is), there is no universal agreement about *who* should solve that problem. Most Americans who see income inequality as a problem believe that responsibility lies with the federal government, but almost as many believe that corporations should also play a role. (Pew Research Center, 2020). State governments and “wealthy individuals” are the other top two groups often cited as having potential to solve the problem. Political leanings are present here, of course, with democrats feeling stronger than Republicans about what role the government should play.

## Closure

26. Explain that there are lots of suggestions of things that could be done to attempt to reduce income inequality and that is what their assessment is about. Like other topics, political leanings play a role here. The chart on slide 20 shows whether or not people believe certain actions would even help reduce income inequality. Notably and importantly, most of the suggested strategies to reduce economic inequality could also reduce economic freedom. These conflicts, economic and ethical, make taking significant action on income inequality a difficult task that requires hard compromises.



## Assessment

27. Conclude the lesson by assigning Assessment 16: Candidate Debate Prep to be completed independently. (May be completed during class time or for homework).
- While the answers will vary significantly, in terms of measuring their knowledge, you should be looking for a logical connection between the actor, the actions, the economic outcomes, and the ethical framework. Anything that would have to do with taxes or increasing social welfare should come from the government actor, for example.

Some sample assessment items:

- A person with a duty-based ethical outlook might suggest the U.S. Government should reduce income inequality based on which fact?
  - Elected officials represent the majority in the U.S.
  - The Constitution lists one of the government's purposes as promoting "the general welfare."**
  - Governments in the U.S. are the only entities able to provide income redistribution.
  - The U.S. House of Representatives is required to provide income to its citizens with the power of the purse.
- The progressive tax system in the U.S. has had which effect on income inequality?
  - Decreased it, but modestly**
  - No statistically noticeable impact
  - Eliminated it in most parts of the country
  - Increased it in most parts of the country
- Which is the biggest ethical challenge society faces when trying to reduce income inequality?
  - Not enough citizens experience income inequality for it to matter.
  - The statistical models needed to provide solutions are too complex.
  - There are no viable options available to deal with income inequality.
  - There are disagreements about who should act and what should be done.**

## Extension

The potential solutions to income inequality are almost an entire lesson in and of themselves. There are a variety of opinion pieces, scholarly articles, and non-profit based suggestions on ways to reduce income inequality. If time permits or students get particularly inspired by this lesson, the resources below might give you a good start on continuing that discussion:

<https://www.piie.com/microsites/how-fix-economic-inequality>

- The Peterson Institute has a big chunk of resources, including potential policies, on this issue

<https://belonging.berkeley.edu/six-policies-reduce-economic-inequality>

- A 2014 article from a Berkeley professor on policies that might be able to reduce income inequality

<https://www.scu.edu/mcae/publications/iie/v9n3/income.html>

- Some of the “moral” arguments against income inequality came from this article from Santa Clara University

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

- This Youtube video is politically charged and deals more with “wealth” than income, but it might still prove a useful talking point and the graphics are clear and easy to understand

## References

Pew Research Center. (2020). *Most Americans Say There Is Too Much Economic Inequality in the U.S., but Fewer Than Half Call It a Top Priority*. Retrieved October, 20, 2022:

<https://www.pewresearch.org/social-trends/2020/01/09/most-americans-say-there-is-too-much-economic-inequality-in-the-u-s-but-fewer-than-half-call-it-a-top-priority/>

## Activity 16.1A: Income Inequality “Build an Argument” Cards

Cut apart and place the pieces in one envelope or ziploc bag labeled “Government”.

Actor  
**GOVERNMENT AGENCY**

### Action (Choose 1)

**Action A: Increase taxes, especially on the wealthiest Americans.**

**Action B: Raise the federal minimum wage to a level that ensures a livable wage for all.**

**Action C: Invest in education, healthcare, and social programs without new taxes.**

### Economic Outcome (Choose at least 1)

Economic Outcome  
Wealthier people would pay more of their income in taxes, which could then be redistributed to poorer people to narrow the income gap.

Economic outcome  
Lower wage workers tend to spend a greater percentage on essential items. Raising incomes for lower earners will help local businesses.

Economic Outcome  
Inflation typically hurts lower income earners more. This policy helps minimize the effects of increased inflation directly.

Economic Outcome  
Education level has a direct and statistically significant relationship with lifetime earnings. Healthier people are more able and willing to work.

Economic Outcome  
If the government provided more access to social welfare programs for everyone, level of income would be less of a barrier to services.

Economic Outcome  
Increased taxes could result in larger fiscal budgets to improve infrastructure and technology that could improve the overall economy.

### Ethical Implications (Choose at least 1)

*Outcome-ethics: This action is ethical because the end result narrows the gap between the highest incomes and lowest incomes.*

*Duty-based ethics: Governments are obligated to provide for their constituents and this action ensures they reach more income levels.*

*Virtue ethics: This action is ethical because it shows the U.S. government has compassion and concern for citizens*

*Outcome-ethics: This action is unethical because it harms or takes from one group and arbitrarily helps another without justification.*

*Duty-based ethics: This action is unethical because the United States Government does not have a duty to ensure equal incomes.*

*Virtue ethics: This action is unethical because it assumes that helping lower income earners has more “virtue” or value than helping others.*

## Activity 16.1B: Income Inequality “Build an Argument” Cards

Cut apart and place the pieces in an envelope or ziploc bag labeled “Private Company”.

Actor  
**PRIVATE COMPANY**

Action (Choose 1)

**Action A: Prioritize increased wages and wage transparency at all wage levels.**

**Action B: Contribute more to non-profits and community projects focused on equality.**

**Action C: Provide greater benefits to workers like paid leave and health insurance.**

Economic Outcome (Choose at least 1)

Economic Outcome  
If workers had more benefits like paid leave, healthcare, tuition credits, etc., they could use more of their wages for other consumption.

Economic outcome  
Donating to social projects that address inequality may improve the lives of consumers that support the business (circular flow).

Economic Outcome  
Companies that prioritize wage increases and transparency are likely to have more skilled and efficient workers.

Economic Outcome  
Private companies can adjust to employee requests more quickly than government so they can provide employees unique benefits.

Economic Outcome  
Private companies are more likely driven by market forces so any increases or changes will reflect the broader labor or product market.

Economic Outcome  
Increased wages benefits are likely to encourage workers to keep working or join the workforce increasing productive capacity.

Ethical Implications (Choose at least 1)

*Outcome-ethics: This action is ethical because the end result narrows the gap between the highest incomes and lowest incomes.*

*Duty-based ethics: Companies are income-payers, therefore it is their duty to pay fairly and based on the value of work and ensure more equality.*

*Virtue ethics: This action is ethical because it shows the private companies have compassion and concern for their workers.*

*Outcome-ethics: This action is unethical because it harms or takes from one group and arbitrarily helps another without justification.*

*Duty-based ethics: This action is unethical because private companies do not have a duty to ensure equal incomes among their competitors.*

*Virtue ethics: This action is unethical because it assumes that helping lower income earners has more “virtue” or value than helping others.*

## Activity 16.1C: Income Inequality “Build an Argument” Cards

Cut apart and place the pieces in an envelope or ziploc bag labeled “No one”.

Actor  
**NO ONE**

Action (Choose 1)

**Action A: There should be no action taken by anyone to address income inequality.**

Economic Outcome (Choose at least 1)

Economic Outcome  
Not taking any action allows the marketplace to do its work. People can earn income according to what value the market allows.

Economic outcome  
Having some income inequality is perhaps desirable as it provides incentives and aspirations for people to work, innovate, and solve problems.

Economic Outcome  
Government policies often come with a societal cost either through increased taxes, political conflict, or ineffective application.

Economic Outcome  
Private companies that try to address something like income inequality may alienate some customers or potential workers.

Economic Outcome  
Your income should be up to you. Personal responsibility is important in society and not taking action on this matter increases that responsibility.

Economic Outcome  
No action taken allows for resources (wages) to be allocated efficiently. Any action that interferes with that harms the economy.

Ethical Implications (Choose at least 1)

*Outcome-ethics: Taking no action is ethical because the end result would be the natural state of human interactions.*

*Duty-based ethics: Taking no action is ethical because, in the U.S., no one was ever given a duty to ensure income equality in the first place.*

*Virtue ethics: Taking no action is ethical because free-markets and natural human interaction have inherent value/virtue.*

*Outcome-ethics: Taking no action is unethical because the outcome usually involves some people not be able to access basic necessities.*

*Duty-based ethics: Taking no action is unethical because people in power were given responsibility by the people that elected or hired them.*

*Virtue ethics: Taking no action is unethical because the resulting inequality lessens the dignity and value of certain people by default.*

## Activity 16.2: Build an Argument Discussion Questions

Cut apart, shuffle, and stack face down

**What are some costs (actual and opportunity) to your argument and how could they be minimized?**

**Using your argument you built, explain why ethics should (or should not) matter when discussing income inequality.**

**What's more important, the economic outcome or the ethical outcome? Use your argument to justify your answer.**

**All arguments are based on assumptions. What are two things that must be true for your argument to work?**

**Beyond the economic and ethical outcomes, what other benefits might your argument offer to society in general?**

**Identify a group of people that would support your argument and a group that would oppose and explain.**

## Activity 16.3: Instructions for the Build an Argument Game

To play the game as written below, you will have three people per game. To play with four, see teacher for instructions.

### Procedures:

1. Shuffle and make a stack of the 6 discussion question cards face down.
2. Each player should randomly choose an envelope with one of the three roles in the game (Government, Private Company, No One).
3. Inside the envelope are a series of cards. Find the one that has your role on it and place it near the top of your desk.
4. The remaining cards are divided into **actions**, **economic outcomes**, and **ethical outcomes**.
5. Choose ONE **action** you think your actor should take to address income inequality. If you have the “No-One” envelope, your action is chosen for you. Place the action you choose face up under your actor card.
6. Read through the economic outcomes and choose *at least one* (you may choose more) that you think logically follows the action you chose. Remember, you are trying to build a logical argument so make sure the economic outcome makes sense based on the outcome you chose. Place your economic outcomes face up under your action card and put the leftover cards in the envelope.
7. Read through the ethical cards and choose *at least one* (you may choose more) that you feel like makes sense based on your argument. Remember, ethics are very subjective. Something can have a desirable economic outcome for you, but still feel unethical in certain situations. Place your ethical cards you chose face up under your economic outcome cards and put the leftover cards back in the envelope.
8. Each player now explains their argument, starting with the player who had the Government card, then the Private Company, then the “No-One” player. No comments should be made at this point, just explain and listen.
9. Each player should now draw one (1) discussion question card. Going in reverse order of how the arguments were made, read the first question card and have each person answer. After everyone has answered, the group should decide whose argument best answers the discussion question. A player may vote for their own argument. A player who gets at least two votes gets a point. If no player gets two votes, no points are awarded. Keep score on a scratch sheet of paper (don't write on your cards).
10. Repeat step 9 with the next discussion question card and then one more time with the third discussion question card.
11. Once all three cards have been discussed, place the discussion cards to the side, return all actions, economic and ethical outcomes to their envelopes and *rotate* envelopes so now everyone has a different perspective. Repeat steps 3-10 with one additional rule that the Government and Private Company player may NOT take the same action (though they may use the same economic and ethical outcomes if desired and logical).
12. Once all three players have made all three arguments, the player with the most points wins.

### Activity 16.3: Build an Argument Gameboard (optional)

(Place actor card here)

Should take the following action regarding income inequality

(Place action card here)

to have the following economic outcome(s)

(place economic outcome(s) here)

The ethical implication(s) are

(place ethical implication(s) here)



## Teacher Discussion Guide 16.4

You may wish to familiarize yourself with these talking points prior to conducting the class discussion. The questions/discussion points below can be used in any order or combination.

- **Raise your hand if you earned at least one point. Call on a student with a raised hand and have them explain the discussion question and which argument they made that earned them a point.** *Answers will vary. Listen carefully to make sure their argument was sound and did address the question. Depending on the political leanings of a group, the level of discussion and participation of the class, and number of rounds played, theoretically any argument can earn points.*
- **Which discussion question generated the most discussion in your group?** *Answers will vary. Follow up by probing why that question generated more discussion, especially if multiple groups identify the same question.*
- **Which role (government, private company or “no-one”) seemed to have an advantage in the game?** *The answer to this question will be somewhat influenced by the political temperature of the class. In general, many countries that have tried to address income inequality tend to do it through government actions so they may have a slight economic advantage.*
- **General discussion points:** There are over 1,000 possible arguments when combining the three players. Below is a list of general discussion points (a mixture of pros/cons) to consider when conducting your class discussions.

Actor	Economic Considerations	Ethical Considerations
<b>Government</b>	<ul style="list-style-type: none"> <li>● <i>Increasing taxes places a higher burden on tax payers and reduces their ability to consume.</i></li> <li>● <i>Investing in education/training has a pretty good track record of improving standards of living, but it’s a long-run phenomenon in most cases and needs to be continued. It’s not usually a one-time investment.</i></li> <li>● <i>Unlike the other options, Government is unique in that they can act unilaterally and spend money even when they don’t have it and not worry as much about profits.</i></li> <li>● <i>Government actions typically have a larger economic multiplier than private companies</i></li> </ul>	<ul style="list-style-type: none"> <li>● <i>In the U.S., the Constitution lays out “promote the general welfare” as a purpose for government. What that means specifically is up for debate.</i></li> <li>● <i>When the government allocates tax dollars to one use, it is denying those tax dollars for another use, essentially “choosing” one group of beneficiaries over another.</i></li> <li>● <i>The government can indeed fund things by going into debt, but that creates an additional ethical dilemma - is it “fair” to borrow from future generations to address current issues?</i></li> </ul>

<p><i>Private Company</i></p>	<ul style="list-style-type: none"> <li>● <i>Prioritizing wage increases means something else is getting de-prioritized. What that would be would be different for different companies, but at least some companies would have less to invest in research and design/other innovations.</i></li> <li>● <i>Most companies are sensitive to market forces. If the market wants more income equality, it should send signals by preferring companies that are acting in such a way that promotes that end result.</i></li> <li>● <i>Private companies can decide how to handle their resources and make decisions faster than the government in many cases.</i></li> </ul>	<ul style="list-style-type: none"> <li>● <i>In another lesson in this series there is a question about whether companies have a social responsibility beyond seeking profits. This relates to the ethics behind income inequality in that if you believe companies are obligated to help society in ways beyond providing goods and services, then one of those ways could be more contributions to non-profits or causes that reduce income inequality.</i></li> <li>● <i>When allowed complete freedom, companies have historically not acted in ways that align with what many might consider ethical practices (child labor, dumping hazardous wastes onto public lands, etc.). Therefore, expecting them to address income inequality from an ethical standpoint is unlikely without somekind of incentive.</i></li> </ul>
<p><i>No-one</i></p>	<ul style="list-style-type: none"> <li>● <i>Economies of all different levels of income inequality have shown capacity for economic growth over time. There is less data suggesting that “fixing” income inequality would necessarily cause any kind of economic growth.</i></li> <li>● <i>By “ignoring” income inequality and treating it like a natural occurrence that can’t be eradicated, there is an economic risk that potentially productive resources go untapped and are underdeveloped in situations where workers feel disconnected from parts of the economy.</i></li> </ul>	<ul style="list-style-type: none"> <li>● <i>Leaving income inequality completely unaddressed runs the risk of it getting worse. Womens rights, civil rights, and even things like child labor were only improved when actors in society decided it was unacceptable.</i></li> <li>● <i>The fact that complete income “equality” is potentially also problematic raises concerns about “how much” inequality is acceptable and that decisions would likely wax and wane with different political winds. This carries ethical problems surrounding access to elections and existing election practices that favor incumbents.</i></li> </ul>

## Teacher Discussion Guide 16.4 (continued)

### Additional talking points/teacher background:

#### **Position: Income Inequality is harmful and needs to be addressed**

- On the surface, income inequality is unethical because
  - Under an “outcome-based” ethical model it creates negative consequences for a large group of people
  - Under a “virtue-based” ethical model high levels of income inequality are often associated with crime on the lower end of the spectrum and hoarding wealth on the higher end of the spectrum
  - Under a “duty-based” ethical model income inequality violates the “promote the general welfare” component of the preamble that explains the general duties of the federal government
- According to Opensecrets.org, in the 2022 election, there were 303 individuals in the entire country that contributed over \$1,000,000 to political candidates suggesting that those with more income may exert outsized influence in political elections
- According to a Pew Research Report, high levels of income inequality have correlations with a variety of other socioeconomic measures that may be undesirable including
  - Higher infant mortality
  - Lower life expectancy
  - Less upward economic mobility for lower class
  - More geographic income segregation
- Since necessities like healthcare and food are largely allocated via price, those with less income have less access to these basic necessities of life
- In general, higher income households spend a smaller percentage of their income on groceries, housing, and entertainment than lower-income households. This has negative implications for long-term economic demand and growth. Countries with higher inequality have seen less economic growth over the last several decades on average.

#### **Position: Income Inequality is a natural occurrence and there is not much to address**

- On the surface, some amount of income inequality is ethical because
  - Under an “outcome-based” ethical model the consequences produced by unequal income are to find ways to make money which leads to entrepreneurship, creativity, and innovation in many cases

- Under a “virtue-based” ethical model unequal incomes creates an incentive to better yourself, improve your skills, and work to earn more - all of which benefit society as a whole.
  - Under a “duty-based” ethical model income is not anyone’s duty in the first place, therefore, no one is obligated to provide income
- According to the International Monetary Fund, every single country in the world has some level of income inequality. This includes all variety of economic systems, societies, cultures, and political preferences that exist all over the globe. This supports the idea that no matter what, income inequality is most likely a naturally occurring phenomenon that can’t simply be “legislated” away.
  - Instead of focusing on inequality, some suggest that if anything should be addressed it should be extreme poverty. Inequality isn’t as important if everyone is doing better and no one is doing really bad.
  - Many policies that are designed to enforce income equality would involve reallocating resources, money, investments, inheritances, or other things of value from people who earned them under the current system - which has its own ethical implications of taking from someone who earned their wealth.
- We don’t even know if equality is a goal most people want. In one study from 2012, people were asked to determine the *ideal* income distribution for society and the participants in that study said the ideal situation would be for the top quintile of earners to have more than 3x the bottom quintile.

# Assessment 16: Candidate Debate Prep

Name: \_\_\_\_\_ Period \_\_\_\_\_ Date \_\_\_\_\_

**Instructions:** You are working on the campaign staff of a popular young politician. There is an upcoming debate and one of the central topics is income inequality. The politician has heard about your skills and has asked you to create your preferred argument using the format below. You may use information from the game OR research your own policies and reasons.

**1. Who should be the actor to deal with income inequality?**

GOVERNMENT   PRIVATE COMPANIES   BOTH   NO ONE

OTHER: \_\_\_\_\_

**2. What specific actions should they take to address income inequality?**

---

---

**3. What would be some expected economic outcomes of those actions I should highlight in my debate?**

---

---

---

---

**4. What are one or two costs or negative economic effects my opponents might bring up?**

---

---

---

---

5. As a candidate running on a return to ethics, I also want to make an ethical argument that works well with the economic argument. Which ethical perspective works best for the action(s) you've suggested

OUTCOME-BASED

DUTY-BASED

VIRTUE-BASED

6. Explain why addressing income inequality can be considered an ethical action based on the framework you identified above.

---

---

---

---

7. In the debate, I anticipate the moderator is going to ask why I think the problem of income inequality hasn't been solved yet. I would like to know your thoughts on this topic. In addition, I would like to hear why you think the plan of action you've listed here is better than some other options that are out there?

---

---

---

---

---

---

---

---

---

---