

THE WEALTH GAP

Grades 9-12

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Time

30 Minutes

Materials Needed

Student Wealth Gap worksheet (*see attachment*), teacher reference sheet (*see attachment*), 5 different color markers or colored pencils of each student

Objective

Students will gain awareness of the range and disparity of wealth levels across the U.S.

Procedure

- Hand out worksheet to students (*see attachment*)
- Read the definition of 'wealth'. Discuss the difference between income and wealth
- Review the quintiles in Chart 1, so everyone understands the concepts.
- Ask the students to fill in Chart 2 and Chart 3, according to their best estimates. Remind the student NOT to complete Chart 4 until after you go over the answer.
- Optional: Incorporate the *Ten Chairs* activity- note that the *Ten Chairs* activity discusses income, where as the *Wealth Gap* activity discusses wealth
- Go over the actual distribution of wealth and have students record the answer on Chart 4. (*see graph in teacher's reference sheet for the actual wealth distribution*)
- Have the students write down or discuss:
 - Was anyone surprised about the wealth distribution?
 - How do you think this compares to wealth in the past?
 - How do you think this affects our community?
 - What can you do if you're working, and still can't meet your expenses?

Possible Actions

- Create a fund drive- *see list of fundraising ideas* – or contact The Food Bank of Western Massachusetts for information & resources.
- Host a food drive i.e. peanut butter drive or canned tuna drive

MA DOE STANDARDS FOR THE WEALTH GAP

Mathematics

Ratios and Proportional Relationships

(Grade 7) 7RP Analyze proportional relationships and use them to solve real-world and mathematical problems

Expressions and Equations

(Grade 7) 7EE Solve real-life and mathematical problems using numerical and algebraic expressions and equations

Comprehensive Health

Mental Health

5.19 Explain positive techniques for handling difficult decisions

Consumer Health and Resource Management

12.9 Describe the decision-making process when planning a budget to save money for a special purpose

History & Social Science

Economics

(Grade 12) E.1.9 Use a production possibilities curve to explain the concepts of choice, scarcity, opportunity cost, tradeoffs, unemployment, productivity, and growth.

TEACHER REFERENCE SHEET

The New York Times

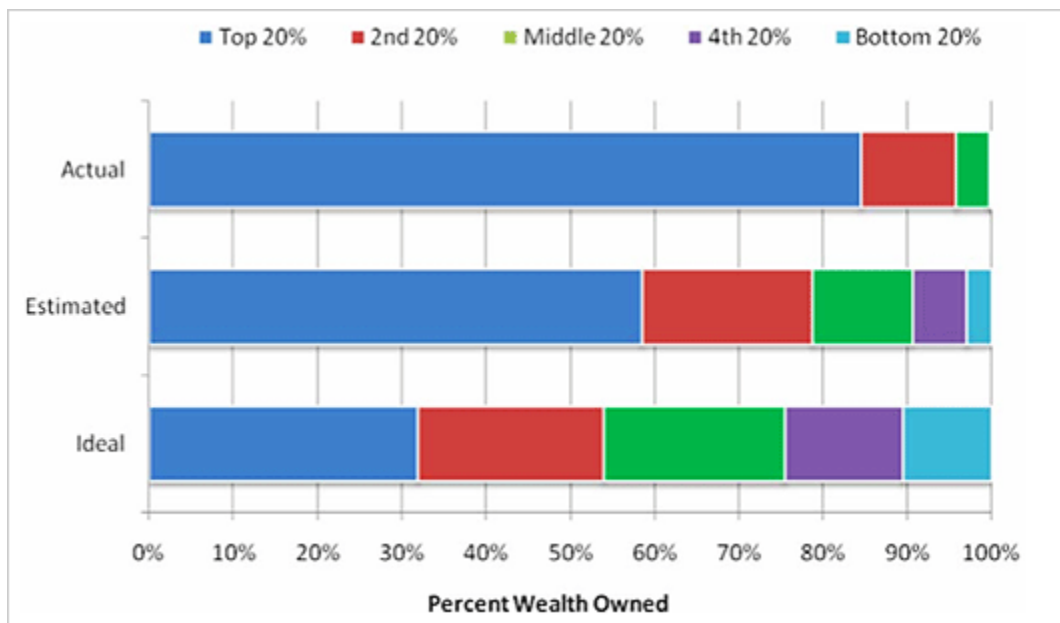
Living Beyond Your Means

Updated May 20, 2011, 10:23 AM

In a recent survey of Americans, my colleague Dan Ariely and I [Michael Norton] found that Americans drastically underestimated the level of wealth inequality in the United States. While recent data indicates that the richest 20 percent of Americans own 84 percent of all wealth, people estimated that this group owned just 59 percent – believing that total wealth in this country is far more evenly divided among poorer Americans.

What's more, when we asked them how they thought wealth *should* be distributed, they told us they wanted an even more equitable distribution, with the richest 20 percent owning just 32 percent of the wealth. This was true of Democrats and Republicans, rich and poor – all groups we surveyed approved of some inequality, but their ideal was far more equal than the current level.

Why then, given the consensus on this more equal America, are Americans not clamoring for redistribution?



The actual United States wealth distribution plotted against the estimated and ideal distributions across all respondents. See more [details](#).

First, the expansion of consumer credit in the United States has allowed middle class and poor Americans to live beyond their means, masking their lack of wealth by increasing their debt. We might think that people who have "zero net worth" have nothing. But in fact, having zero net worth increasingly means owning a lot (cars, televisions, even houses) – but also *owing* a lot. As a result people with zero net worth, and even

negative net worth, can still feel that they are living the American dream, doing “better” than their parents did while keeping up with the Joneses.

Second, poorer Americans’ belief in social mobility – despite strong evidence of its rarity – causes negative reactions to policies that would seem to benefit them, like raising taxes on those who earn and own a lot more. Why would the poor oppose taxes on the wealthy? Because many believe that they, or at least their children, will eventually be wealthy, voting for taxes on the rich may feel like voting for taxes on themselves. As a result, even the word “redistribution” has negative connotations.

My colleagues and I are now exploring whether educating Americans about the current level of wealth inequality (by showing them charts and pictures) might increase their support for policies that reduce this inequality. In addition, we are assessing whether different forms of redistribution – for example, raising the minimum wage, or longer term interventions like reducing disparities in education – are less likely to evoke heated opposition, and perhaps increase advocacy for greater wealth equality.

THE WEALTH GAP



Student Name: _____

Wealth, also known as net worth, is defined as the total value of everything someone owns minus any debt that person owes. A person's net worth usually includes his or her bank account savings plus the value of other things such as property, stocks, bonds, art, collections, etc, minus the value of things like loans and mortgages.

Imagine wealth is distributed evenly amount everyone in the United States. Each of the boxes below represents 20% of the population, and 20% of the total wealth.

Top 20%	Second 20%	Third 20%	Forth 20%	Bottom 20%
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1. Is the above an accurate reflection of how wealth is distributed throughout society? **Estimate** how do you think wealth is divided among people in the U.S.?
Draw four lines to make five sections below representing the top 20% of income earners, second 20%, third 20%, fourth 20% and Bottom 20% of income earners in the U.S.

2. What do you think an **ideal** division of wealth would look like?

3. After class discussion, use the space below to record the **actual** division of wealth.