

JAMES M. & CATHLEEN D.
STONE FOUNDATION

Five Programs on Wealth Inequality

2019 UPDATE



The United States since most of us were born has regularly harvested more wealth than any other nation in the history of the world, but the fruits have been increasingly carried toward the tip of the pyramid. If you are in this segment, I hope

you can be grateful without believing that this is the way things ought to be. The data on wealth is less available to the public and harder to interpret than income data, but inequalities of wealth are materially greater than those in income. My focus on wealth derives in part from an observation that this is the subpart of the equality debate that has received the least serious attention over the years and in part from my lack of optimism that modest adjustments to the wage distribution can free up a meaningful portion of the increasing wealth sequester. The greater the share of the nation's wealth and income is impounded within a durable elite, the less impact will be had from the mobility that everyone else relies upon.

The threat is that we may find ourselves living in a market economy where a tiny fraction of the people and a small number of institutions reap virtually all of the rewards and make all of the social and economic policy decisions, presumably with a bias toward serving their own interests. This would be a democracy in name only. True democracy is surely not the most natural form of government for human beings, but it may well be mankind's greatest invention. If our pluralism erodes, with it will vanish America's brightest gem. One threat lies in outright destabilization, and another is in alienation from civic participation. People can lose their faith in the major parties. Or they may turn to candidates with extravagant, heroic promises, the "men on horseback" who have heralded so much of history's pain. Crime becomes more attractive to those who feel left out. The whole pie is smaller in super-concentrated economies than in those with more evenly distributed wealth. Oligarchies and aristocracies tend to be inefficient economic engines. And when prosperity is not shared, education and opportunity don't tend to be shared well either — and much of an economy's potential talent is wasted. It is beyond realistic imagination that any hereditary aristocracy can be a friend of maximum drive or innovation. There should be a nonpartisan factual understanding that the whole economy will tend to stultify over time if concentration is allowed to go unchecked.

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Executive Summary

The James M. and Cathleen D. Stone Foundation has made a significant investment in the study of wealth inequality, with emphasis on the causes and consequences of increasing accumulation at the top of the wealth distribution.

The Foundation has funded wealth inequality projects at five institutions: Graduate Center of the City University of New York, Harvard Kennedy School, Brown University, INSEAD, and UC Berkeley. The report that follows is a summary of the progress made by each institution as of October 31, 2019.

Narratives prepared by the five institutions are attached.

James M. and Cathleen D. Stone

Center on Socio-Economic Inequality

GRADUATE CENTER OF THE CITY UNIVERSITY OF NEW YORK

OVERVIEW

The James M. and Cathleen D. Stone Center on Socio-Economic Inequality was launched on September 1, 2016. It renamed and expanded the Graduate Center's Luxembourg Income Study (LIS) Center, which opened at the Graduate Center in 2009. The mission of the Stone Center is to build and disseminate knowledge related to the causes, nature, and consequences of multiple forms of socio-economic inequality. Although the Stone Center's core faculty and associated students have diverse interests and utilize a range of methods, they share a commitment to scholarship that is quantitative, data-driven, interdisciplinary, and policy-oriented, and that addresses questions that are cross-nationally comparative and/or global in scope. The Center occupies a suite of 12 offices at the Graduate Center.

FACULTY

The Stone Center has six core faculty members: Janet Gornick (Professor of Political Science and Sociology), Paul Krugman (Professor of Economics), Branko Milanovic (Visiting Presidential Professor), Leslie McCall (Professor of Sociology and Political Science), Miles Corak (Professor of Economics), and Salvatore Morelli (Visiting Research/Assistant Professor, 2017-2019 and Senior Scholar, 2019-2020). Dr. Morelli directs the GC Wealth Project.

POSTDOCTORAL SCHOLARS

The Center expanded substantially in September 2019 with the arrival of two Postdoctoral Scholars: Dr. Marco Ranaldi (PhD, economics, Paris School of Economics) and Dr. Bilyana Petrova (PhD, political science, University of North Carolina-Chapel Hill). Two more Postdoctoral Scholars, to be selected, will join in fall 2020.

AFFILIATED SCHOLARS

In September 2019, the Stone Center welcomed its inaugural cohort of Affiliated Scholars, comprising 28 inequality researchers from universities and institutes around the world. These scholars will engage with the Stone Center in various ways, e.g., collaborating with faculty, postdocs, and students; participating in events; and/or publicizing their research via our website and Working Paper series.

FELLOWS

The Stone Center team collaborates with the Graduate Center's Advanced Research Collaborative (ARC), which hosts a residential "Distinguished Fellows" program. The ARC Fellows program has a track focused on quantitative inequality research. Recent fellows working on economic inequality have included Professors David Howell, Brian Nolan, Bruce Bradbury, and Marius Busemeyer. Two ARC scholars, both working on high-end wealth, have been selected for residencies in spring 2020: Drs. Charlotte Bartels and Yonaton Berman.

TEACHING AND TRAINING

Recent/current course offerings include: Inequality, Economic Opportunity, and Public Policy; Socio-Economic Inequality in Comparative Perspective; Economics of the Welfare State; Politics of Inequality; and Global Inequality. Each June, the Center hosts a one-week intensive workshop on inequality research, with a dual focus on substantive findings and methods. This workshop – "Inequality by the Numbers" – now trains more than 50 PhD students and other young scholars, annually.

LECTURES AND PROGRAMMING

The Stone Center hosts three lecture series: 1) An internal seminar series on inequality research; 2) The Lee Rainwater Memorial Lecture Series, and 3) The James M. and Cathleen D. Stone Lecture Series on Wealth Inequality. Professors Gabriel Zucman and Edward Wolff presented the first two Stone Lectures, in 2018 and 2018, respectively.

INTERNATIONAL CONFERENCES

The Stone Center hosted the 2017 Biennial Meeting of the Society for the Study of Economic Inequality (ECINEQ). The conference was the first ECINEQ conference held in the United States; more than 250 scholars, from over 30 countries, attended.

COMMUNICATIONS

In October 2019, the Stone Center launched a new website, which features research, news, and (soon) blogs and policy briefs. In December, the Stone Center will inaugurate a Working Paper series, which will feature new research by the core faculty, Postdoctoral Scholars, PhD students, and Affiliated Scholars.

GRANTS

In 2017, the US National Science Foundation (NSF) granted the Stone Center \$300,000 to fund the creation of a powerful online table-maker and data visualization tool synthesizing results based on the LIS data. In 2018, the NSF granted the Stone Center \$1,875,000. This 5-year award supports data work carried out in the Luxembourg Office of LIS, including microdata acquisition, harmonization, documentation, and dissemination.

The James M. Stone and Cathleen D. Stone Ph.D. Scholars

HARVARD KENNEDY SCHOOL

OVERVIEW

The Stone Scholars Program seeks to build a new generation of PhD scholars who will set their sights on problems of inequality—particularly income and wealth concentration at the very top of the distribution—and generate answers to help solve them. The program brings together faculty and PhD students in the social sciences from across the university with the Malcolm Wiener Center for Social Policy. Stone PhD Scholars gain opportunities to interact and learn from faculty and peers in different fields and the program's network of Stone Senior Scholars and national visitors. Through the Stone PhD Scholar fellowships, the program aims to cultivate young scholars who will advance new lines of research on the nature and consequences of income and wealth concentration at the top of the distribution and help shape the path of future social science work in this area.

FACULTY

David Ellwood directs the Inequality & Social Policy program this year. David Deming directs the Malcolm Wiener Center for Social Policy in which the program resides. Seventy Harvard faculty members participate, engaging with the Stone PhD Scholars in the proseminar course sequence, seminar series, and faculty research projects. The program is governed by core group of 8-10 who regularly teach in the proseminar sequence. The program welcomes four new senior economists this year: Marcella Alsan, Will Dobbie, and Gordon Hanson, who have joined the Harvard Kennedy School faculty, and Crystal Yang, recently tenured at Harvard Law School. Dobbie and Yang are PhD alumni of the program. Seven new junior faculty at Harvard Kennedy School (3), Harvard Business School (1), and Harvard Sociology (3) have recently come on board as well.

FELLOWS

There are now 34 Stone PhD Scholars in all. Harvard PhD students apply at the end of their 1st or 2nd year of doctoral study. Application is highly competitive, with 8-10 new Stone PhD Scholars selected each year.

Stone PhD Scholar spots are specifically designated for students pursuing research on top-end inequality and wealth concentration. A small number of additional research and conference grants have been established to further incentivize exploratory work on these topics. Two Stone PhD Scholars have now graduated: One is an assistant professor of economics at the University of Michigan; the other holds a two-year postdoctoral fellowship in political science at Yale.

Twelve Stone Senior Scholars also participate in the program. These are national scholar affiliates who bring particular strengths in top-end inequality and wealth concentration. The Stone Senior Scholars maintain an ongoing relationship with the program, invited to visit at least once every few years, give seminars, and meet with the Stone PhD Scholars.

TEACHING AND TRAINING

The centerpiece of the Stone PhD Scholar curriculum is the three-semester Proseminar in Inequality. In 2018-2019, Jason Furman (HKS) and Michael Norton (HBS) joined Jennifer Hochschild (Gov) and Devah Pager (director of the program until her passing in November 2018) to introduce new topics in inequality and growth and psychological and behavioral insights into inequality, respectively. This year, David Ellwood (HKS) and Theda Skocpol (Gov) introduce a new design for the course, including site visits and a focus on critical issues in thinking about inequality, poverty, mobility, and policies to address these.

LECTURES AND PROGRAMMING

Lectures and programming include special events and the weekly Inequality & Social Policy Seminar Series. Three recent events focused on wealth concentration: A discussion of the World Inequality Report with Lucas Chancel, a panel on Money and Politics, and Strangers in Our Own Land with Arlie Hochschild. We kick off this year with the 2019 Stone Lecture by Emmanuel Saez. The Inequality Seminar hosted 14 talks last year and will feature 25 this year.

James M. and Cathleen D. Stone Wealth and Income Inequality Project

BROWN UNIVERSITY

OVERVIEW

The James M. and Cathleen D. Stone Wealth and Income Inequality Project seeks to develop new theoretical perspectives and empirical tools, assemble new data, and train a new cohort of researchers whose work is focused on wealth and income inequality. The Project provides support for faculty and graduate students and encourages course development that expands the dialogue on wealth and income inequality beyond the Department of Economics.

FACULTY

The Wealth and Inequality Project is directed by David Weil, Professor of Economics. Seven other members of the Economics Department (Anna Aizer, Gaudi Eggertsson, Andrew Foster, John Friedman, Glenn Loury, Stelios Michalopoulos and Christina Paxson) are affiliated with the Project, either working with graduate students supported by the project or teaching courses on inequality. Each year, the Economics Department appoints one or more Stone Faculty Scholars who are visiting faculty members. In 2017-2018, the Department of Economics hosted Adam Looney (Brookings) as the first Stone Faculty Scholar. In 2018-2019, David Seim (Stockholm University) was the second. In 2019-20, the department will host Youssef Benzarti and Alisa Tazhitdinova, both of University of California, Santa Barbara. Faculty scholars are in residence for one semester and teach at least one course. Although there are no permanent faculty slots that have been created with Stone project funding, the University has indicated an interest in hiring a specialist in the field of wealth and income inequality who would be attracted to Brown by the Project's intellectual activity.

TEACHING AND TRAINING

The Wealth and Inequality Project supports the research of five graduate students per semester, either doing their own projects on inequality or working as

research assistants for faculty members in this area. The Project also supports students in data acquisition, computing, conference travel, and related expenses. Through the end of the 2019, 13 graduate students have been supported, often for multiple semesters. The Project also encourages the development of new undergraduate and graduate courses. Each of the Faculty Scholars teaches an upper level Ph.D. course. Christina Paxson and David Weil created a new undergraduate course on Income, Wealth, and Health Inequality in the United States that was taught in the 2017-18 and 2018-19 academic years. It will be taught again in 2020-21, when Weil's sabbatical is over.

As part of its outreach efforts, the Project has sponsored a series of lectures for the university community. Lecturers have included Robert Frank (Cornell) on How Inequality Harms the Wealthy and Richard Reeves (Brookings) on Education and Economic Mobility.

The project also sponsored a public discussion between Providence Mayor Jorge Elorza and Professor John Friedman, moderated by Brown President Christina Paxson, about the role of data on income inequality and social mobility in shaping public policy in Providence.

CONFERENCES

In 2017, The Wealth and Inequality Project hosted a one-day conference on current research in inequality. The conference brought together investigators from the international academic community who are focused on wealth and income inequality. In March, 2020, the Project is co-sponsoring a conference on economic inequality over time with the National Bureau of Economic Research (NBER), the Conference on Research in Income and Wealth (CRIW), the Stone Center for Socio-Economic Inequality at the CUNY Graduate Center, and Opportunity Insights.

The James M. and Cathleen D. Stone Centre for the Study of Wealth Inequality

INSEAD

OVERVIEW

The James M. and Cathleen D. Stone Centre for the Study of Wealth Inequality was founded in 2017 to serve as a venue for the research and teaching of income and wealth inequality issues in a business school environment. By convening an interdisciplinary team of scholars from across INSEAD, the Centre aims to generate new insights about inequality problems and harness the power of business to solve them. Its stated goal is to connect the lab with the classroom to ignite new ideas; spur discourse and debate; shape business education; and inspire leaders to take action. This is done through research and the support of fellows who conduct research at the forefront of knowledge creation in the area of wealth inequality.

FACULTY

The Centre is directed by Mark Stabile, Professor of Economics and Stone Chaired Professor in Wealth Inequality. Five other affiliated faculty members represent the areas of Economics and Organisational Behavior at INSEAD: Ilian Mihov, Morten Bønnedsen, Pushan Dutt, Kaisa Snellman and Alexandra Roulet. Alexandra Roulet's book, *Améliorer les Appariements sur le Marché du Travail*, was recognized as one of the best economics books published in France by the French Economic Association (Association Française de Science Economique).

FELLOWS

The Centre hosts two postdoctoral fellows each year. The first two fellows have or are moving to full-time faculty positions this year, with one of them joining the INSEAD Economics and Political Science area in

January 2020. Current fellows include: Ignacio Flores, who is also a research fellow at the World Inequality Lab of the Paris School of Economics, focusing on income and wealth distribution; and Isabelle Solal, who conducts research on gender and income inequality. The Centre hosts a series of brown bag seminars for fellows to share their ongoing research projects and solicit feedback from area colleagues. This upcoming academic year, the fellows will give campus-wide seminars and lectures to PhD students to introduce them to methodological issues of inequality.

TEACHING AND TRAINING

We believe INSEAD is the first business school to formally identify the study of wealth inequality as a key component of its teaching and research. The two inequality courses continue to garner significant interest from MBA students. Business and Society: Business and Public Policy is a core course focused on the role of public policy and how it affects business and society, as well as how business can and should act with care for the greater societal well-being, with one extended session dedicated to wealth and income inequality. Wealth and Income Inequality and the Future of Business is an elective course that aims to understand the causes, consequences and solutions to rising inequality worldwide over the past 20 years. In addition, issues of poverty and inequality are being integrated into other core courses through focused project work. For example, the Centre is supporting the development of a case study on the topic of nature conservation, community development and poverty in Africa, as part of an action-learning project for 500 students.

CONFERENCES

Mark Stabile was invited to give lectures on inequality at the INSEAD Alumni Association Switzerland in October 2018, INSEAD Visionaries Conference in March 2019, and Danish Science Festival in April 2019. Stone research staff and affiliated faculty have collaborated with the Nature and Biodiversity Initiative at the World Economic Forum to contribute insights on improving smallholder farming, agricultural productivity and the poverty alleviation implications of these initiatives. As part of the project, INSEAD was invited to the Sustainable Development Impact Summit in New York in September 2019 to participate in the “Building new models of collaboration for impact” session. In January 2020 alongside the World Economic Forum meeting at Davos, Mark Stabile will convene with policymakers,

businesses and civil society for a discussion on inequality with a focus on the European Union. The event will be facilitated by INSEAD’s Hoffmann Global Institute for Business and Society through its partnership with the SDG Tent.

ADDITIONAL GIFTS

We received two new gifts from INSEAD alumni this past year: Raman Berent, MBA’90, committed to a gift of €60,000 over two years to Mark Stabile to fund research on the human consequences of automation and globalization. Idgar Van Kippersluis, MBA’99, committed €15,000 for five years also to support inequality research. This was in addition to the previous endowed funding of €500,000 from Jacques Garaialde, MBA’82, to create a research fund for reducing wealth inequality.

The James M. and Cathleen D. Stone Center on Wealth and Income Inequality

UC BERKELEY

OVERVIEW

The University of California, Berkeley, and the James M. and Cathleen D. Stone Foundation are proud to announce the creation of the James M. and Cathleen D. Stone Center on Wealth and Income Inequality at UC Berkeley. The Center begins formal operations in 2019 and will be led by Gabriel Zucman, professor of economics and public policy at UC Berkeley, and Emmanuel Saez, professor of economics and director of Berkeley's Center for Equitable Growth. Randy Katz, Vice Chancellor for Research at UC Berkeley states, "UC Berkeley is proud to be partnering with the James M. and Cathleen D. Stone Foundation to address one of the most critical societal issues of our time. The James M. and Cathleen D. Stone Center on Wealth and Income Inequality at UC Berkeley will create a research hub for campus and beyond, enabling our world leading scholars to deepen our understanding of the inequality in society and formulate new approaches to address the challenge of creating a more equitable society. Beyond Berkeley's well known legacy in social activism, the Center will give us the much needed resources to develop a pathway to action that allow our research to impact people's lives."

The Center will serve as the primary convening point at UC Berkeley for research, teaching and data development concerning the causes, nature, and consequences of wealth and income inequalities with a special emphasis on the concentration of wealth at the very top.

FACULTY

Associate Professor Gabriel Zucman will lead efforts at the Stone Center. In 2018 Professor Zucman was awarded the 18th edition of the Bernácer Prize, "for his influential research on wealth inequality and the redistributive effects of globalization." Via the stone

Center Professor Zucman will be able to leverage and empower current research efforts at UC Berkeley, including the Center for Equitable Growth, the UC Berkeley Opportunity Lab, and the Goldman School of Public Policy. He is the author of *The Hidden Wealth of Nations* (University of Chicago Press, 2017), an examination into the effects of tax havens on the global economy. His latest book, *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay* (WW Norton, 2019) was written with research partner and fellow Berkeley Economics faculty member Emmanuel Saez.

Each year the Stone Center will support the The James M. and Cathleen D. Stone Distinguished Visiting Scholar, and may elect from year to year to name a Post Doc, Assistant Professor or Senior Visiting Scholar to the position.

Affiliated faculty will be drawn from across campus and beyond. Collaborators include Professor Emmanuel Saez, Faculty Director of the Center for Equitable Growth; Professor Hilary Hoynes, Professor of Public Policy and Economics and Haas Distinguished Chair in Economic Disparities and Professor Jesse Rothstein, Professor of Public Policy and Economics and Director of the Institute for Research on Labor and Employment (IRLE), and Co-Director, California Policy Lab.

FELLOWS

Fellowship Awards will be made each year to name James M. and Cathleen D. Stone Fellows, graduate students working in the area of wealth, income inequality, taxes or a related field. Awards may be made to one or more students, and provide flexible research funding.

TEACHING AND TRAINING

With Facundo Alvaredo, Lucas Chancel, Thomas Piketty, and Emmanuel Saez, Gabriel Zucman co-directs the World Inequality Database (WID.world), an extensive database on the historical evolution of income and wealth inequality. He has pioneered the creation of distributional national accounts, statistics that decompose macroeconomic growth by social group, and which are made available on WID.world for a growing number of countries. The World Inequality Database is currently being expanded to include more countries and a longer historical record.

UC Berkeley offers a number of courses on wealth and income inequality through the Department of Economics, the Goldman School of Public Policy and the College of Letters & Science. Current examples are Professor Zucman's Global Inequality and Growth course, and Professor Hilary Hoynes course on Poverty, Inequality and the Social Safety Net. The Stone Center will allow for an expansion of offerings for students and the ability to bring scholars in the field of wealth and income inequality to UC Berkeley.

LECTURES AND PROGRAMS

In the fall of 2019 Professor Zucman will hold a public forum with Professor Emmanuel Saez to present their new book, *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay* (WW Norton, 2019). The authors will present their research, findings and policy recommendations and take questions from the public.

Stone Research Grants will be made each year through a competitive application process to support research on wealth and income inequality or a related field. Faculty and graduate students from across the campus are eligible to apply, with multiple grants being awarded each year. Additionally, administrative and Research Assistant support is provided through the Stone Center, allowing scholars to focus on their research and teaching while providing valuable training and skills.