

JAMES M. AND CATHLEEN D. STONE

# CENTER ON SOCIO-ECONOMIC INEQUALITY

HOME TO THE US OFFICE OF LIS

[www.gc.cuny.edu/stonecenter](http://www.gc.cuny.edu/stonecenter)

## Q&A with Jim Stone

*The following is the text of a recent interview with the lead donors to the new James M. and Cathleen D. Stone Center on Socio-Economic Inequality at the CUNY Graduate Center. Jim Stone's career has included positions in academia, government, and business. He is currently the CEO of the Plymouth Rock Group of insurance companies. Cathy Stone is a lawyer by training. She has worked as a practicing attorney and as a cabinet member in the Boston city government. Her current interests focus mainly on the environment and education. The Stones have two college-age children and reside in Boston.*

\*\*\*

### **1. How did you become involved with the Graduate Center, and what was the catalyst for this support for the new Stone Center?**

Cathy and I have been concerned about growing economic inequality for decades, in my case dating back to my time as a Ph.D. student in economics at Harvard. I met Janet Gornick in the spring of 2014 as I began to learn about the work of the Luxembourg Income Study (LIS) and its connection to the Graduate Center. Janet, through her LIS work, has become one of the world's premier experts on the topic of income disparities, and she shares my interest and Cathy's in developing data sources on wealth, where the disparities are both greater and faster growing.

Over the last two years, Janet and I have had many conversations about the causes and nature of economic inequality, including the particular challenges of rapidly accelerating wealth concentration at the top end of the spectrum. She and her colleagues at LIS have thought for years about inequality throughout the entire population, and about the serious problems related to poverty as well as the economic insecurity plaguing middle-class families. I have felt that, as important as these subjects are, it is also necessary to examine what I would call the "sequestering" of wealth at the top, which comes at the expense of all other segments and diminishes the value of mobility through the remainder of the distribution. Cathy and I hope to see the work on the lower and middle portions of the economic distribution balanced by research on the causes and consequences of wealth concentration at the top – an area that gets insufficient attention and funding throughout academia. If that problem is as serious as we fear, the poor and the middle classes will be painfully and progressively squeezed regardless of policies honorably intentioned to aid them.

My discussions with Janet convinced me that, with more resources, the LIS Center at the Graduate Center could enable world class research on high-end wealth inequality, and thus deepen public understanding on this relatively neglected component of the current inequality debate. Cathy and I hope that our support will round out the work the LIS team at the GC has been doing on other critically important aspects of inequality.

***2. You recently did a lot of thinking about, and research on, economic inequality for your recent book, Five Easy Theses. What are the most important dangers facing the country, or the world, from accelerating economic inequality?***

If not corrected, or at least slowed, the acceleration of wealth concentration at the pinnacle can be a threat to a great many of the attributes of a good society. Most obviously, it can undermine our basic notions of economic justice. It can simultaneously damage the prospects for aggregate economic growth and stability. It can weaken our societal coherence and public respect for institutions. It can foment crime. It can discourage political participation and weaken confidence in our elected leadership. It can raise the possibility of a disenchanted electorate turning to a “man on horseback”, a class of leaders who have wreaked massive harm throughout history. In other historical contexts, it has even led to revolution. A democracy requires as a precondition a healthy measure of pluralism— an underlying society with a wide distribution of money, influence, and power.

I don’t want to be an alarmist. America’s attachment to a market economy is robust, and I believe that its prosperity is well secured by our culture of challenge and innovation. But there is a danger that we may find ourselves living in a market economy where a tiny fraction of the people and a small number of institutions reap far too great a share of the rewards. This would be a democracy in name only. The growing degree of concentration of wealth and power in our individual and corporate sectors today is already raising questions about our democracy’s equity and vitality. Unless the nation addresses sequestration of wealth at the top, Cathy and I fear the threats will only worsen.

***3. What would you tell other philanthropists who are interested in addressing inequality?***

There has been great progress in studying income inequality in recent years. But much more research remains to be done, especially concerning the distribution of wealth. To gain further understanding of income and wealth disparities, especially at the top, we will need more data and new types of data. Neither philanthropic nor public research funds, while laying a useful foundation, are yet sufficient to target a full exploration of economic inequality. The public has shown great concern for these issues during the 2016 political season so far, and I hope that philanthropists will follow the public lead by supporting high-quality research teams in addressing the numerous weaknesses in the existing knowledge base.

###