



Tobin Scholars Present New Research at Conference on *Inequality and Individual Decision Making* in Cambridge, MA

2016

Income inequality in the United States has risen to a level not seen since the Great Depression. Experts and the public alike have voiced grave concern that rising inequality threatens to tear at the very fabric of American society. Yet despite a great deal of research devoted to the study of economic inequality, its consequences remain poorly understood. For the past three years, the Tobin Project's *Economic Inequality* initiative has used experimental methods to investigate the consequences of inequality for individual behavior with the aim of improving our understanding of the mechanisms through which inequality affects our democracy, economy, and society as a whole.

This August, the Tobin Project convened a *Conference on Inequality and Decision Making*

designed to stimulate new research and engage a larger community of scholars around this important inquiry. The event featured seventeen pioneering pilot projects, selected out of nearly one hundred proposals. Leading scholars and promising graduate students from across the social and behavioral sciences collaborated to workshop the projects, identifying promising directions for future inquiry and evaluating new methods for the study of the behavioral effects of inequality.

At the event, leaders from academia shared important insights on the direction and value of this work. In addition, Rep. Joseph P. Kennedy III, currently in his second term

representing Massachusetts' 4th congressional district, drew on his experiences and the concerns of his constituents to offer his perspective on the importance of understanding inequality and its consequences. We are excited to watch these pilot projects develop and look forward to working with these scholars and others to generate new research on the consequences of inequality.

Participants Reflect on the Conference:

"This is a great model. By focusing on pilot projects, the inequality conference helped catalyze new research on an important topic. The pilot project model allows young scholars to get feedback at a crucial early stage. It also fosters an open atmosphere to discuss ambiguous and/or null results in an honest manner (rather than the defensive posture which so often characterizes scholarly exchange)."

—Adam Goldstein (*Assistant Professor of Sociology and Public Affairs, Princeton University*)

"I think that was a great model. It is very interesting (and rare) to hear about research projects in the making. Very helpful to share about challenges and problems met during the pilot studies." —Elsa Massoc (*Doctoral Student in Political Science, University of California, Berkeley*)



↑ Representative Joseph P. Kennedy III delivers an address at Tobin's *Conference on Inequality and Decision Making*.

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- Tobin launches project on threat assessment at meeting in Washington, D.C.

Pilot Projects Feature Innovative Approaches to the Study of Inequality

Inequality, Wealth, and Deservingness

How does economic inequality affect how the wealthy perceive themselves? More specifically, how does it affect the way the wealthy perceive the degree to which they deserve their success?

In their pilot study, Stéphane Côté (*Professor of Organizational Behaviour & HR Management and Ph.D. Program Director, Rotman School of Management, University of Toronto*), Julian House (*Doctoral Student, Rotman School of Management, University of Toronto*), and Robb Willer (*Professor of Sociology, Stanford University*) surveyed U.S. residents and found that living in a state with higher inequality is associated with stronger feelings of entitlement among higher income individuals. Their data confirmed findings from previous studies that showed that when levels of inequality are high, those at the top of the income distribution are less generous than those at the bottom.

Life Course Influence of Economic Inequality on Individual Health

How does exposure to inequality at different stages of life (e.g., childhood, young adulthood, middle adulthood) affect long-term health outcomes? Beth C. Truesdale (*Doctoral Student in Sociology and Doctoral Fellow in Inequality and Social Policy, Harvard Kennedy School*) analyzed an expansive dataset from the National Institutes of Health to investigate how the levels of inequality that individuals are exposed to throughout their lives affect their adult levels of health. Truesdale found that exposure to inequality during post-primary education years (ages 15 to 23) and early middle age (ages 39 to 49) correlated with poorer health later in life, whereas exposure to inequality during childhood (ages 0 to 14), early adulthood (ages 24 to 38), and late middle



↑ Beth C. Truesdale (*Doctoral Student in Sociology and Doctoral Fellow in Inequality and Social Policy, Harvard Kennedy School*) presents her research.

age (ages 50 to 60) had little effect on health or was even correlated with improved health outcomes. Less-educated individuals appeared particularly sensitive to the effects of economic inequality; those who received only a high school degree or who failed to graduate from high school reported much worse health in adulthood following exposure to inequality during their post-primary years or adulthood.

Inequality and Class-Based Social Cognition

How does exposure to inequality affect an individual's tendency to think about the world in terms of social class? Paul Connor (*Doctoral Student in Social-Personality Psychology, University of California, Berkeley*), Serena



↑ Paul Connor (*Doctoral Student in Social-Personality Psychology, University of California, Berkeley*) converses with panelists.

Chen (*Professor and Vice Chair of Psychology and Marian E. and Daniel E. Kosblat, Jr. Distinguished Chair for Innovative Teaching and Research, University of California, Berkeley*), and Dacher Keltner (*Professor of Psychology, University of California, Berkeley*) designed a new method for modeling economic inequality in the laboratory to study whether higher levels of inequality change how individuals think about social class. In their experiment, conditions of inequality seemed to trigger increased levels of “class-based social categorization”; participants exposed to greater levels of inequality had a greater tendency to organize people based on their apparent social class.

Housing and the Relationship Between Economic and Educational Inequality

How does economic inequality affect how much families are willing to pay to live in high-quality school districts? Adam Goldstein (*Assistant Professor of Sociology and Public Affairs, Princeton University*) and Orestes P. Hastings (*Doctoral Student in Sociology, University of California, Berkeley*) linked and analyzed data from the Department of Education, Zillow, Inc., and a national panel survey of American families to test the relationship between income inequality and competition for housing in desirable school districts. Goldstein and Hastings found that families who moved to more desirable school districts spent a larger portion of their income on housing, and that the costs of moving to a more desirable school district were especially large in high-inequality metropolitan areas. However, over the past two decades, the costs of moving to a more desirable school district did not grow more rapidly in areas with higher inequality, casting doubt on the extent to which inequality is directly responsible for engendering competition for the most desirable school districts.

The History of American Democracy: A New Approach

What makes American democracy function? While there are a number of theories about how democracy is fostered and maintained, they often conflict or lack explanatory power about important moments and trends in American history. Scholarship on American democracy has largely focused on formal organs of government, leaving understudied numerous other factors that affect democratic outcomes.

The Tobin Project’s *Institutions of Democracy* initiative aims to address these deficiencies by encouraging rigorous exploration of the many institutions and practices that influence our democracy. By facilitating research that illuminates the universe of mechanisms and processes by which democracy has operated throughout our history, the project seeks to generate greater understanding of how democracy actually works, and how it might flourish in the future.

As a major step towards building a community of scholars committed to this inquiry,

Tobin is planning a conference on the *History of American Democracy*, to be held in Cambridge, MA early this June. The conference will center on panels focused on specific historical moments, developments, and trends and will feature presentations of preliminary work by both junior and senior scholars. Among the numerous scholars who have already expressed interest in participating are: Naomi Lamoreaux (*Stanley B. Resor Professor of Economics and History, Yale University*), William Novak (*Charles F. and Edith J. Clyne Professor of Law, University*

of Michigan Law), Daniel Carpenter (*Allie S. Freed Professor of Government, Harvard University*), John Joseph Wallis (*Professor of Economics, University of Maryland*), and Richard John (*Professor of History and Communications, Columbia University*). We are thrilled to be working with these and other scholars on this project and hope that the research that it produces will serve to guide the design of practices, processes, and institutions that facilitate engaged, informed public debate and enhance our democracy.

David Moss’ *History of American Democracy* High School Project Expands in Second Year

After a successful first year, the high school pilot program of David Moss’ *History of American Democracy* course has expanded significantly in 2016–17. The course, originally developed for Harvard College and Harvard Business School students with help from the Tobin Project, uses the case method to engage students in analyzing crucial moments in the history of American democracy, with special emphasis on choices faced by key decision makers. In 2015, Moss and a team at Harvard Business School successfully brought the course to a number of high schools across the country, and student and teacher evaluations proved strong. In an article on the program in *The Atlantic*, one of the participants, Eleanor Cannon, a history teacher at St. John’s School in Houston, described the impact of the course on her class in this way: “I’ve never had this experience as a teacher before, and it’s explicitly due to the case method—it’s a game changer.”

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HIGH SCHOOL PROJECT	2015	2016
Number of teachers trained to teach course at HBS workshop	21	49
Number of schools represented at HBS workshop	12	31
Number of states represented at HBS workshop	6	7

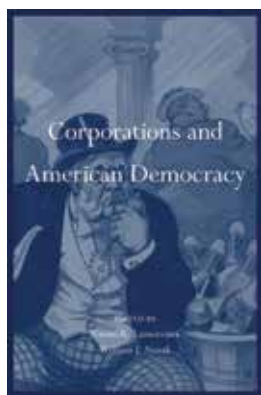
Corporations and American Democracy to Be Published by Harvard University Press in 2017

In Corporations and American Democracy, fourteen leading scholars come together to tell the complicated story of the corporation's place in American democracy from the Founding Era to the recent past. The volume offers important lessons for policymakers and speaks to issues in American politics that are likely to be significant for years to come. The introduction, which includes an overview of the volume, is available for free download on the Tobin Project website.

The Supreme Court's decision in *Citizens United v. Federal Election Commission* provoked passionate debate about the proper role of corporations in American democracy among academics, policymakers, and the public. In many cases, however, these debates have relied on notions about the history of corporations in the United States that lack sufficient scholarly foundation.

Over the past several years, the Tobin Project has worked with a team of leading scholars to address a set of critical questions related to these debates: Across American history, how has the relationship between the corporation and democracy been understood? How and why have conceptions of this relationship changed over time, and how have these conceptions contributed to shifting the relationship itself?

This research has culminated in a pioneering volume, *Corporations and American Democracy* (eds. Naomi R. Lamoreaux and William J. Novak, Harvard University Press, 2017) that places the corporation in its context in American history. As the volume explains, early American corporations were typically chartered in order to achieve specific social purposes, including the construction of infrastructure or provision of charity. While regulatory regimes have changed many times throughout American history, corporations have always been held accountable to the needs of the democratic society that created them. And, perhaps most importantly for modern legal debates, while courts have a long history of granting property rights to corporations, they have also long been wary of granting them liberty rights, including freedom of speech.



Naomi R. Lamoreaux (*Stanley B. Resor Professor of Economics and History, Yale University*) and William J. Novak (*Charles F. and Edith J. Clyne Professor of Law, University of Michigan Law*), in a co-authored introduction to the volume:

“Debates about corporate personhood, corporate power, and corporate responsibility proliferate throughout the public sphere—from political stump speeches to newspaper editorial pages, from the televised verbal wrestling of cable news to the distinctly untelevised sparring in Supreme Court opinions and dissents. To date, however, the level of discourse has remained primarily political if not polemical.... The purpose of this volume is to provide a better historical foundation for these important debates and discussions.”

Contributors to *Corporations and American Democracy*

Steve Bank (*Paul Hastings Professor of Business Law, UCLA Law School*)

Margaret Blair (*Milton R. Underwood Chair in Free Enterprise, Vanderbilt Law School*)

Ruth Bloch (*Professor Emeritus, University of California, Los Angeles*)

Daniel Crane (*Frederick Paul Furth Sr. Professor of Law, University of Michigan Law*)

Jessica Hennessey (*Associate Professor of Economics, Furman University*)

Eric Hilt (*Associate Professor of Economics, Wellesley College*)

Naomi R. Lamoreaux (*Stanley B. Resor Professor of Economics & History, Yale University*)

Jonathan Levy (*Professor of United States History, Fundamentals, and the College, University of Chicago*)

Nelson Lichtenstein (*Distinguished Professor of History, University of California, Santa Barbara*)

Ajay Mehrotra (*Executive Director and Research Professor, American Bar Foundation and Professor of Law, Northwestern University Pritzker School of Law*)

William J. Novak (*Charles F. and Edith J. Clyne Professor of Law, University of Michigan Law*)

Elizabeth Pollman (*Professor of Law, Loyola Law School*)

John Wallis (*Professor of Economics, University of Maryland, College Park*)

Adam Winkler (*Professor of Law, UCLA Law School*)

READ THE INTRODUCTION ONLINE

tobinproject.org/books-papers/corporations-american-democracy

Research from *Corporations and American Democracy* (Harvard University Press, 2017): An Overview of Selected Chapters

Corporations and the Fourteenth Amendment

RUTH BLOCH AND
NAOMI R. LAMOREAUX

Bloch and Lamoreaux provide a comprehensive account of Supreme Court thinking on the issue of corporate rights and offer a strong rejoinder to many contemporary accounts of their jurisprudential history. In an investigation of the history of the Fourteenth Amendment and its application to corporations, the authors find remarkable consistency in Supreme Court jurisprudence. Although the Court recognized that corporations were persons for the purposes of property rights in *Santa Clara v. Southern Pacific Railroad* in 1886, the Court did not extend liberty rights to corporations. In fact, for several decades, the Court explicitly rejected the idea that corporations had liberty rights, let alone the same liberty rights as natural persons. Bloch and Lamoreaux explain that it was only in 1956 that the Court noted any ambiguity on this issue, and it was not until even later that the Court positively affirmed the idea that business corporations have expansive liberty rights.

Corporations and Organizations in the United States after 1840

JESSICA HENNESSEY
AND JOHN WALLIS

Hennessey and Wallis investigate why states adopted a progressively wider and more liberal array of general incorporation laws over the course of the 19th century. They present two

theories: first, that state governments were accommodating powerful corporate interests, and second, that states were attempting to solve more pervasive problems related to the organization of economic and social life under a democracy. By examining state constitutions and mapping the kinds of institutional changes that accompanied the liberalization of general incorporation laws, the authors show that the latter theory is better supported by the evidence. They conclude that states passed liberal general incorporation laws as a check against incentives to use the issuance of charters for political purposes, such as logrolling or extracting benefits, rather than for economic reasons. Concerns about the abuse of chartering authority were widespread, and changes to business incorporation laws tended to coincide with a range of changes designed to move legislatures away from the traditional use of private law, where specific legislative acts were required for everything from starting a corporation to obtaining a divorce.

Two Cheers for Vertical Integration: Corporate Governance in a World of Global Supply Chains

NELSON LICHTENSTEIN

Tracing the evolution of the corporate form from the highly integrated structure of companies such as Ford and General Motors in the first half of the 20th century to the disaggregated global supply chains of modern corporate giants such as Walmart, Lichtenstein argues that the move away from

vertical integration has allowed companies to disown economic, legal, and moral responsibility for issues such as unsafe working conditions within their supply chains. In recent decades, the disaggregation of the corporate form has frustrated the American polity's attempts to regulate corporate manufacturing processes. Lichtenstein argues that it is a mistake to assume that corporate management cannot be held accountable for what occurs within their globalized supply chains, noting that new technology allows even the largest corporations to exert unprecedented control over their suppliers.

Citizens United, Personhood, and the Corporation in Politics

ADAM WINKLER

Winkler examines legislative efforts to regulate corporations' electoral activities dating back to the Tillman Act of 1907 and considers the *Citizens United* decision in the context of this history. Winkler questions the notion that corporate personhood was ever the central issue in this jurisprudence, drawing our attention to the historically predominant view of the corporation as an association of persons. He notes that when the Court attended to issues of constitutional right, it was usually in service of the underlying rights of persons that made up the corporation, rather than the personhood of the corporation itself.

[READ THE INTRODUCTION ONLINE](#)

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Just Published! *Sustainable Security: Rethinking American National Security Strategy*

Tobin is pleased to announce the recent publication of *Sustainable Security: Rethinking American National Security Strategy* by Oxford University Press. The volume addresses the question: How can the United States craft

a sustainable national security strategy in a world characterized by shifting threats, sharp resource constraints, and a changing balance of power? The culmination of a three-year project, the volume contains important research with policy implications for American grand

strategy, the defense budget, foreign military commitments, and other security considerations. The introduction and conclusion of the volume are currently available on the Tobin Project website for free download.



SUSTAINABLE SECURITY

Rethinking American National Security Strategy

Edited by JEREMI SURI and BENJAMIN VALENTINO

Jeremi Suri (*Mack Brown Distinguished Chair for Leadership in Global Affairs and Professor of History, University of Texas at Austin*) and Benjamin Valentino (*Associate Professor of Government, Dartmouth College*), in a co-authored introduction to the volume:

“[T]he United States needs a new set of ideas and principles to justify its worthwhile international commitments, and curtail ineffective obligations where necessary. Strategy is at least as much about choosing what not to do as it is about choosing what to do. Americans must be cautious about pursuing radical strategic changes, but they also must recognize that thoughtless adherence to the status quo is potentially self-defeating. America’s national security strategy must be sustainable politically, as well as financially and militarily. Without a clear set of strategic ideas and principles to guide their decisions, American leaders will be unable to explain convincingly why some interests are worth fighting for and some are not. In this volume we use the term ‘sustainable security’ to describe a foreign policy that matches America’s means to its ends, not just today, but in a way that can be maintained over the coming decades.”

Advance Praise for the Volume:

“A new president should be at least considering many of the policy recommendations the authors propose, in the best interests of the United States and the world.”

—Anne-Marie Slaughter (*President and CEO, New America*)

“This volume is an essential guide to the options available to the U.S. to make itself secure over the decades to come. It will be a provocative read for both scholars and practitioners.”

—David M. Edelstein (*Associate Professor in the Edmund A. Walsh School of Foreign Service and the Department of Government, Georgetown University*)

READ THE INTRODUCTION ONLINE

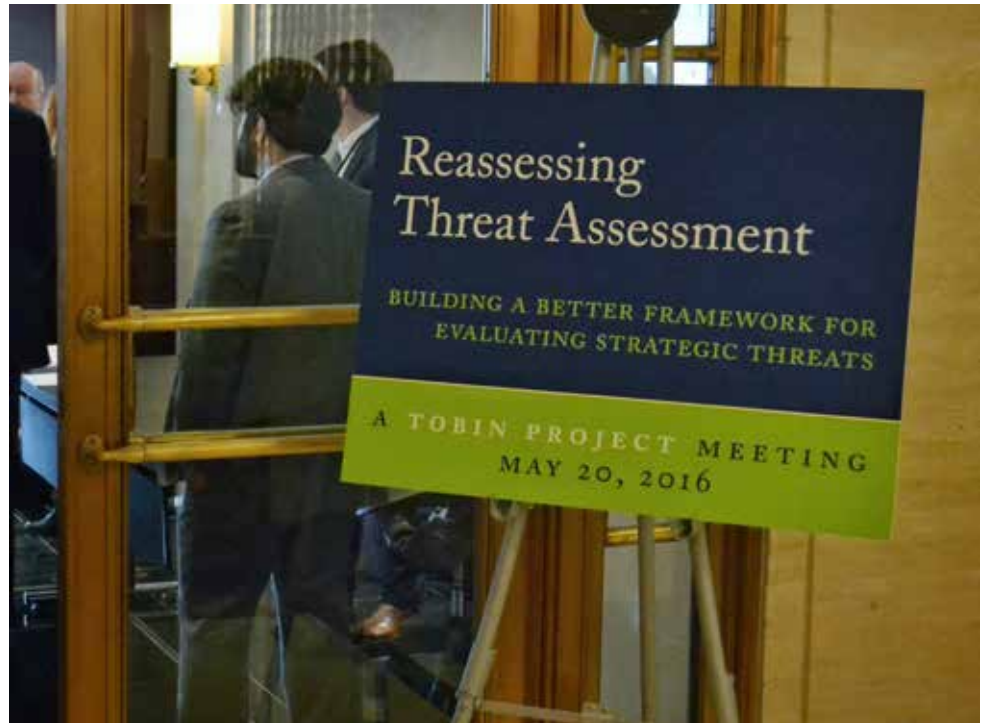
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Tobin's *National Security* Initiative Holds Meeting on *Reassessing Threat Assessment* in Washington, D.C.

While scholars and government officials conduct extensive research to identify and respond to threats to national security, little work has been done to analyze and improve threat assessment strategies themselves. This lack of understanding leaves both experts and laypeople ill-equipped to evaluate the validity of individual assessments or compare competing assessments, and thus without the tools necessary to accurately and reliably evaluate which threats are most dangerous. From threats posed by state and non-state actors to new capabilities for chemical and biological weapons to broader economic, political, or social trends with the potential to undermine U.S. or global stability, we are confronted by challenges that highlight the urgency of developing such tools.

The Tobin Project's *National Security* initiative is embarking on a new project aimed at addressing this need. In May, Tobin convened policymakers and scholars across a range of disciplines for a meeting on *Reassessing Threat Assessment: Building a Better Framework for Evaluating Strategic Threats*. Participants explored how new academic scholarship on threat assessment could help lead to the development of the tools we need to accurately and reliably assess the threats we face today. The meeting featured four collaborative discussions that engaged with both historical cases and contemporary subjects. Each discussion featured a panel of expert scholars and policymakers and centered on a set of guiding questions, including:

- How can we distinguish accuracy from luck in threat assessments? What features are most important to study in assessing the accuracy of past assessments?
- To what extent do advances in biological technology dramatically change the nature of threats posed by weapons of mass destruction? Do past successes and failures in assessing threats posed by new technologies offer guidance for where to target new research?
- Can we identify important cases where Cold War threat assessments—by important actors on all sides—were accurate or inaccurate? Do these successes and failures offer lessons for contemporary practice?



↑ Tobin welcomes participants to our *Reassessing Threat Assessment* meeting in Washington, D.C.

- What knowledge is needed to accurately assess potential threats posed by China and to prioritize and manage them in the context of other threats?

Discussions around these questions yielded many valuable insights. Building off of the ideas and enthusiasm generated at the meeting, Tobin's *National Security* initiative is aiming to

conduct a careful re-evaluation of past assessments from the early nuclear era that could shed light on the kinds of practices, evidence, and institutional structures that contribute to effective (or ineffective) assessment more broadly. The initiative is also organizing research around a threat that presents a particularly severe set of challenges for effective assessment: fast-developing biotechnologies.

Mission Statement

The Tobin Project is a catalyst for transformative research in the social sciences. The mission of the Tobin Project is to mobilize, motivate, and support a community of scholars across the social sciences and allied fields seeking to deepen our understanding of significant challenges facing the nation over the long term. Toward this end, the Tobin Project aims to identify and pursue questions that, if addressed with rigorous scholarly research, could have the greatest potential to benefit society and to unlock doors within the academy to new and vital lines of inquiry.

“One of the really terrific things about Tobin is that it brings together scholars and thinkers who all take a particular orientation to their work—not necessarily the same as most in their field, but focused on questions and real-world relevance. I think building connections between these people is one of the most valuable things Tobin does.”

—Mira Rapp-Hooper (*Senior Fellow with the Asia-Pacific Security Program, Center for a New American Security*)

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