



## WED Methodological Report:

# Construction of the Economic Elite Population for the United States

Version 2024.1

Kevin L Young, Francois Schoenberger, Jorge Q Velazco, Sean McQuade and Shay O'Brien

Established in 2020, the World Elite Database (WED) project is an international consortium of scholars working together to develop a new standardized data regime to study, and share data about, elites across the world. It aims to solve the problems of comparability and heterogeneity in the study of national power structures, and to foster a cooperative community of scholars interested in studying elite populations systematically.

The logic behind the selection criteria that the WED project uses is explained fully on our website. The aim of this WED Methodological Report is to document important national sources, decisions and questions regarding the construction of study populations for each country. Each Report, as well as other information about the WED, are available at: <https://worldelitedatabase.org/>

Each national WED population uses standardized criteria for each of three selection criteria that together are intended to represent the economic elite of a country: the heads of the largest companies (publicly listed companies and other large companies), the wealthiest individuals in the country, and other relevant entities participating in the making of economic regulation. Because the precise sources and logic used to define these populations is subject to researcher discretion and expertise, these Reports are intended to clarify the specific logic and sources used by each national team.

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Point of contact for the US WED team:

Kevin L Young  
Department of Economics  
University of Massachusetts Amherst  
[keviny@umass.edu](mailto:keviny@umass.edu)

## General information

The WED USA data contains information on 250 individuals in 264 positions. The selection of these individuals and positions is explained in the following pages of this Report, which outlines the specific selection criteria used for the study population. If not stated otherwise, the reference year of all data is December 31, 2020.

### 1) First criterion: The largest companies

#### 1) a) The publicly listed companies

The main stock index for the USA is the Standard and Poors ('S&P') 500. It contains the weighted capitalization of the largest 500 publicly traded companies in the USA. Two other stock indexes are prominent: NASDAQ (National Association of Securities Dealers Automated Quotations) composite index and the DOW (also referred to as the DJIA, or the Dow Jones Industrial Average), which we do not use for reasons explained in the Appendix. The S&P 500 is certainly the most prominently referred to index among the three. It is also used more frequently as a gauge of the stock market in general, because of its diversity of different kinds of companies. In addition, the S&P actually contains most of the NASDAQ 100 (around 70%) and all of the DOW.

There is a subset of the S&P 500 that the US team has used, which is the S&P 100. This is a subset of the S&P 500 that 1) balances representation across sectors and 2) represents the larger and most established firms in the index. It represents about 57% of the market capitalization of the S&P 500. We are using the S&P 100 for practical purposes, given the labour associated with prosopography. Further justification is provided in the Appendix.

#### 1) b) Other large companies (non-listed) or state-controlled/owned enterprises

Private firms are sourced via a Forbes list, which maintains a ranking of the largest private firms in the USA. We used the WayBack Machine to obtain the 2020 list, specifically using a snapshot from 30 December 2020 (Available here: <https://web.archive.org/web/20201230192617/https://www.forbes.com/largest-private-companies/list/>). The Forbes list is a very standard and widely-regarded list of the largest public companies in the United States, and it helpfully publishes, and ranks, this list in terms of the total revenue (i.e. 'turnover') and employees.

We computed the bottom quartiles of the number of employees and for the annual turnover for the S&P100. This calculation yielded a 2020 an average revenue of 23,209,500,000 and average number of employees of 34,800. We then used these thresholds, following a logical-AND logic, to determine the number of WED-qualifying firms. While 14 firms qualified above the revenue threshold, and 31 firms qualified above the total employees threshold, only 11 firms qualified under both thresholds together. We thus took these 11 firms as our private firm sample under the WED criteria.

There are no significant state-owned companies in the US of comparable size and rank – with perhaps two exceptions: the 'Government Sponsored Enterprises' (GSEs), FannieMae and FreddieMac. These are very important entities that facilitate mortgage origination and indeed the entire housing (and

thus financial) system in the USA. The GSEs have a relationship with the US government that means they are ‘sponsored’ by the US government, although they also have publicly traded equities that float freely in the US stock markets. Given their importance in the US economy, their Chairmen and CEOs have been included in Criterion 3.

## **2) Second criterion: The Rich-List**

We used the Forbes global billionaires list, reduced to all individuals with the US as their primary residence. While in many countries this list may not be appropriate, in the US it is a good source, because it has been intensively studied and because we more or less know what is going on with its accounting. Forbes produces both a US-focused and a global rich list. However, these are the same for the top wealthiest 400 individuals – with the exception of individuals with US as a primary residence, but without citizenship (we include these individuals in our sample). The Forbes list has been so extensively used – in the US and elsewhere – which has some benefits (Freund and Oliver 2016). The criticisms of Forbes methodology are also relatively well-known as a result. We document some relevant aspects of the Forbes methodology, as well as possible alternatives, in the Appendix.

Faced with the choice of taking a snapshot of billionaire wealth in March 2020 – which was just before or at the major event of the year and the most significant economic shock of the decade – or March 2021, which represents, but not completely, the snapshot of billionaire wealth by the end of December 2020, we chose the March 2021 list as superior for our purposes. We note that the number of billionaires in this threshold increases dramatically from 2020 to 2021, because of all the events of 2020 expanding billionaire wealth over the period of significant monetary expansion. The Forbes rich list is decades old, its periodicity is annual, and wealth is represented in billions of US dollars. The units of observation of typically individuals, though families are also represented. When this occurred, as in the case of two individuals listed, we separated information out on each individual, but kept the total estimated network rather than dividing it.

In December 2020, the lowest market capitalized firm in the S&P100 was Simon Property Group, with a market capitalization of \$28.01 billion. The value of the average of the 3 lowest market capitalizations, divided by half, was \$14.9 billion. There are 46 billionaires at or above this threshold, which were selected for inclusion.

## **3) Third Criterion: Other entities participating in the making of the economic regulation**

Among the civil service and elected politicians, we have selected the following individuals, all for the end of 2020. We include key government regulatory posts in addition to advisory councils, where these were longer-lasting than the Trump Administration itself. For example, we excluded the Business Advisory/CEO Council as it began and ended part way through the Trump Administration, however we included the National Infrastructure Advisory Council.

Key government regulatory posts include a large range of major governmental agencies and advisory committees as well as the major economic governance committees of the US House of Representatives and the Senate. We also included both the large peak business associations as well as the major financial sector associations. List of all organizations included are enumerated in the Appendix.

The US has a large number of important think tanks that make important regular interventions to economic governance, we followed the following criteria. We selected the top 50 think tanks in the US for 2020 based on a major ranked league list of think tanks globally, called the ‘Global Go to Think Tank Index’, based at the Think Tanks and Civil Societies Program (TTCSP) of the Lauder Institute at University of Pennsylvania (McGann 2021: Table 7: 90-93). We took the top US 50 think tanks in

the 2020 list that work on economic governance issues as part of their focal mandate. From these, we selected the top 10. Many of these overlapped with the think tanks included in Dye (2014), Domhoff, Staples and Schneider (2013), and Burris (2008). We also included large foundations, which disburse large volumes of funds and direct economic energy and initiative in the US. Foundations are frequently included within accounts of the US policy planning network (PPN) on this basis, and yet they are not strictly think tanks.

We included the leaders of the following large pension funds in the US: CALPERS and CALSTRS, the New York State Common Retirement, the New York City Retirement fund, and the Florida SBA. We included the three large credit rating agencies: Standard and Poor's, Moody's and Fitch. These organizations have a massive impact on the rating of a variety of US securities, bonds, and their surveillance and judgements are integral to the governance of the US economy.

Large passive investment managers work to manage a huge quantity of assets under management and are highly relevant to the political economy of the USA. Firms such as Blackrock frequently attempt to set the agenda for other elites (for example, in the ESG space). The precise logic of our selection is explained in the Appendix. Hedge funds and private equity are enormously important in the governance of the US economy and thus we included these in our sample. The precise logic of our selection is explained in the Appendix.

We included the largest labour unions in the country, with national membership around 1million, which includes the AFL-CIO, the National Education Association, Service Employees International Union, the American Federation of State, County and Municipal Employees, Teamsters, United Food and Commercial Workers and the United Auto Workers.

Finally, we included the leaders of the largest public economic exchanges. Large public exchanges are very important economic governance organizations in the US, and thus we included the President of the corporate parent company that owns most exchanges, including the New York Stock Exchange, which is called Intercontinental Exchange. The NASDAQ is outside of this corporate grouping, but is a very large public exchange, and thus we included its President as well.

## Appendix

### Alternative Stock Indices and Why We Do Not Use Them

The NASDAQ composite index is focused mainly on large technology companies, and contains around 3000 companies that trade on the NASDAQ (the NASDAQ is also the name of an exchange, where these stocks are traded). In general, because the NASDAQ is mainly technology and internet-related equities (but also biotechnology and some financial corporations), the NASDAQ composite index is often understood as a measure of how high technology companies are doing in the stock market. Like the S&P 500 (see below), the NASDAQ composite index also has a 'prominent subset', which in this case is the NASDAQ 100 – the largest and most actively traded US companies traded on the NASDAQ. The DOW contains the price-weighted average of 30 significant (mainly: largest) stocks traded on the New York Stock Exchange and the NASDAQ. It focuses on large, 'blue-chip' (highly rated) corporations.

### Using the S&P 100 For Practical Purposes

The composition of the S&P 100, like the S&P500, changes throughout the year, albeit marginally. We took a snapshot of the S&P 100 captured from DataStream for the end of December 2020.<sup>1</sup> For each firm, we have selected the CEO and Chair, if and when they are different people. Many US firms have a dual role for the same individual, in the form of a 'Chairman and CEO', for example.

### Forbes Accounting for Billionaires

Forbes' billionaire accounting involves both in-house staff and sub-contracting with different journalists worldwide; however, in the USA the process is more well-established than other countries, and Forbes started compiling rich lists in the US. For estimating stakes in publicly traded corporations, the valuation is relatively simple, and Forbes takes a consistent snapshot of stock valuations in early Feb for all individuals. For private firms, these are valued by taking revenue and profit estimates and comparing them to valuation metrics for similarly profiled public companies. For example, this has involved coupling revenue or profit estimates with price-to-sales or price-to-earnings ratios for similar publicly traded companies. Forbes researchers take this value and discount it by 10% or when information is scarce (see Wang 2019). Forbes also builds on precedents of data, building off the existing databases and information over time (Grove 2019). Forbes' measurement also includes valuations of luxury investments from paintings to gems and yachts, as well as real estate holdings. Debt is an admittedly difficult aspect of wealth to measure, and while Forbes looks hard for it admits that this is notoriously tricky. In the USA, Forbes' investigation involves an examination of SEC filings, court records, probate records and news articles (Wang 2019).

Forbes uses internationally recognized databases that social scientists use as well, such as the Orbis data platform (see Fisher 2019). Legal disputes among family members also serve as an additional way in which privately held assets - both their value and their range - are revealed to researchers (Bernstein and Swan 2007: 259-260). Forbes net worth estimates are also sometimes vetted, via the individuals themselves. There has been significant cooperation in the form of bank statements, proof of holdings or other accounting documents that help the Forbes team verify data. Forbes claims that because the wealthy are their readership, and because of the long-lasting institution of the list, they have garnered the trust of the wealthy, who will work with them and disclose information at greater liberty than

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<sup>1</sup> There are 100 firms in the S&P100. The index is constructed to be sector-balanced (in terms of total market capitalization per sector) but that doesn't mean that there are the same number of firms per sector. For example, there are 10 communications firms, 11 in consumer discretionary, and 11 in consumer staples, but 3 energy firms, 4 utilities firms and 16 information technology firms. There are 14 health care firms and 15 financial firms in the index as well.

with other researchers and journalists (see Dvorkin 2012). This kind of practice is obviously impractical across the entire world, but is more widespread in the US where Forbes is based. For the US-only ('Forbes 400') list, Forbes and their affiliates meet with candidates in person or speak to them by phone if possible, interview their employees, handlers, rivals peers and attorneys. This may make the US fortunes in the global Forbes list more accurate than in other jurisdictions, although this is ultimately unknown.

The main viable alternative to Forbes for the USA is the Bloomberg Billionaire List, which is somewhat less accessible but is certainly high-quality. Bloomberg publishes net worth estimates in real time, based on the market value of stock holdings and other assets held by many billionaires, based on both reports of asset holdings and estimates based on what billionaire asset portfolios typically look like. The index pays close attention to closely held companies and hedge fund businesses. For the former, the index takes several approaches to measure the valuation, such as comparing enterprise value-to-EBITDA (Earnings before interest, taxes, depreciation, and amortization), price-to-earnings ratios of similar public companies or other comparable transactions. The index selects peer companies based on the closely held asset's industry and size. Hedge fund businesses are valued using the average market capitalization-to-assets under management ratios of the most comparable publicly traded funds. Taxes are deducted from dividend income paid and proceeds from the sale of public and closely held shares. Barring the availability of any reliable information, taxes are calculated at its highest rate. For calculations of cash and other investable assets, a hybrid return based on holdings in cash, government bonds, equities and commodities are applied. Bloomberg's estimation also involves bull and bear case scenarios that would make a person's fortune higher or lower, and they provide a confidence rating of 1 to 5, with a 5-star denoting highest confidence and 1 the lowest. One notable, and awkward, exclusion from the Index is Michael Bloomberg, in compliance with Bloomberg's editorial policy to not comment on Bloomberg L.P. of which Mr. Bloomberg is the majority shareholder.

### **Private Foundations**

Many of these foundations both fund intellectual activity related to economic governance, govern significant assets themselves. Many large foundations do not engage in economic governance issues, and thus we included only those that are substantively engaged on such basis. We first consulted the largest 25 foundations (by total assets) based in the US and investigated which of these had a mandate or 'vision' involving economic governance in some way. We then selected 7 of the largest foundations in the US that engage in economic governance areas. These include the Bill and Melinda Gates Foundation, the Open Society Institute, the Ford Foundation, W.K. Kellogg Foundation, Bloomberg Philanthropies, the Rockefeller Foundation, and the Kresge Foundation. We also included three other large foundations that are particularly active in economic governance, and are often listed as part of the US policy-planning network because of their importance, despite not being among the largest foundations in the US by total assets. This includes the Scaife Family Foundation, the Koch Family Foundation, and the Sloan Foundation. We thus ended up with a total of 10 large US foundations engaged in economic governance.

### **Inclusion of Large Investment Management Firms**

Because large passive investment managers are so important, we included the top ten, ranked by total assets under management circa 2020.<sup>2</sup> We also included large hedge funds and private equity firms. Both large hedge funds and private equity firms also have a strong impact on the US economy. We included the top five firms of the two categories. We selected the top Hedge Funds of 2020 through their volume of Asset under Management. We used the Wayback Machine to get a snapshot of the

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<sup>2</sup> These include Blackrock, Vanguard Group, Fidelity Investments, State Street Global Advisors, JP Morgan Chase, Goldman Sachs, BNY Mellon, PIMCO, Morgan Stanley and Capital Group. Many of these firms are already included because of the first criterion, with the exception of State Street Global Advisors, and Vanguard.

2020 ranking from *Pensions&Investments* which is a reference in the industry (<https://web.archive.org/web/20201208175958/https://www.pionline.com/interactive/largest-hedge-fund-managers-2020>). We removed both BlackRock from the ranking (as it has been already included as an asset management fund) and Man Group (which is a UK company).

### **Inclusion of Hedge Funds and Private Equity Firms**

For selecting the Private Equity firms, we also used the Wayback Machine to get a snapshot of the website *Private Equity International*. The Private Equity funds are ranked by their Asset under Management of the last 5 years. For hedge funds and private equity firms, we selected the President (who oftentimes is also the founder). Some of these firms have several co-Presidents. In total, it amounts to 17 individuals – with 11 for the Private Equity firms and 6 for the Hedge Funds. Nevertheless, 7 of them were already included through criterion 1)a). Therefore, 10 individuals leading Private Equity firms and Hedge funds are finally added under Criterion 3. For M&A Financial or Legal Advisors, we consulted the 2020 US M&A league table by deal value. We selected the US companies of the top 10. Below this threshold, there is a certain lack of stability because of a given boutique may get a huge deal in a particular year. This list included a few unique firms but also overlapped with large publicly traded firms such as Goldman Sachs and Citigroup, for example.

Table A1:  
Criteria Three Organizations Included in the US Economic Elite Population

	4.5 Foundations	4.4. The leadership of major pension Funds	4.2 Hedge Funds and Private Equity	4.1 Asset Management	3.6 Professional Economics Organizations	3.4 Large Economic Exchanges	3.3 Rating Agencies	3.2 M&A financial advisors	3.1 Major consulting-auditing leadership	2.4 Major economic think tanks	2.3 The Confederations of unions and other main unions	2.1 The leaders of the peak business organization and the main sectoral business organisations/industries	1.7 The leadership of the economic council	1.6 The leadership of the agencies regulating connection and financial activities (credit, insurance, ...)	1.4 The Chair of the corresponding (labour, finance, industry or innovation and trade) leadership	1.3 The top political aides of ministers of economy, employment or labour, finance, industry or innovation and trade	1.2 The ministers of economy, employment or labour, finance, industry or innovation and trade	1.1 Central Banks			
Federal Reserve Board of Governors																					
Federal Reserve Bank of New York																		X			
Small Business Administration																		X			
Department of Agriculture																	X				
Department of Commerce																	X				
White House Chief of Staff																					
House Appropriations Committee																					
House Committee on Ways and Means																					
Senate Finance Committee																					
Senate Committee on Banking, Housing and Urban																					
House Financial Services Committee																					
Senate Committee on Appropriations																					
Office of the United States Trade																					
Comptroller of the Currency														X							
US Securities and Exchange Commission														X							
Department of the Treasury														X							
Commodity Futures Trading Commission														X							
Federal Communications Commission														X							
Environmental Protection Agency														X							
Food and Drug Administration														X							
US Securities and Exchange Commission														X							
Federal Trade Commission														X							
Council of Economic Advisors																					
National Economic Council																					
National Infrastructure Advisory Council																					
Securities Industry and Financial Markets Association																					
US Chamber of Commerce																					
American Bankers' Association																					
Business Roundtable																					
Nike, Inc.; PayPal Holdings ; Business																					
National Bankers Association																					
Independent Community Bankers of																					
United Food and Commercial Workers																					
AFL-CIO																					
National Education Association																					
United Auto Workers																					
Teamsters																					
Service Employees International Union																					
American Federation of State, County and Municipal Employees																					
Brookings Institution																					
Council on Foreign Relations																					
Brookings Institution																					
Hudson Institute																					
Boston Consulting Group																					
PricewaterhouseCoopers																					
McKinsey and Company																					
Deloitte																					
Ernst and Young																					
Goldman Sachs																					
Morgan Stanley																					
JPMorgan Chase & Co.																					
Fitch																					
Moody's																					
S&P Global																					
Intercontinental Exchange																					
NASDAQ																					
American Economic Association																					
National Bureau of Economic Research																					
BlackRock Inc																					
Vanguard																					
State Street																					
Renaissance Technologies																					
The Carlyle Group																					
Elliott Management																					
CALPERS																					
New York City Retirement																					
New York State Common Retirement																					
Florida SBA																					
CALSTRS																					
Bill and Melinda Gates Foundation																					
Ford Foundation																					



