

1010 Waltham Street Apt 328
Lexington, MA 02421-8057
USA

Emeritus Professor Robert Marks
Economics
University of New South Wales
UNSW Sydney
NSW 2052
Australia

Dear Bob,

It was a pleasant surprise to hear from you. I read your piece and sampled the Timeline, and learned new things about the crisis in both places. The main new idea for me was this. I have tended to think that the repeal of Glass-Steagall, while probably a bad idea, did not contribute much to the crisis. After all, commercial banks did not play a large part. But you point out that repeal contributed strongly to the growth and market dominance of the biggest financial institutions. That had not occurred to me, and I think it is a valid point. Nor has the implied lesson been learned. In the U.S. at least, that consequence is not an intellectual failure but a testimony to the lobbying power of the financial sector, especially the biggies.

I do think it's important to try to measure, however roughly, the social contribution of finance. I noticed your reference to Bob Shiller's book. I was asked to review it, but decided not to, after reading it. It struck me as rather naïve; and, since I like Bob Shiller and think he's a good guy generally, I didn't want to take after him in print. That kind of evaluation is a hard job, not for elderly gents.

Thanks for sending me the material. I enjoyed it.

All best wishes,



Robert Solow