



**EJW**

ECON JOURNAL WATCH  
Scholarly Comments on  
Academic Economics

## **Robert M. Solow [Ideological Profiles of the Economics Laureates]**

Daniel B. Klein and Ryan Daza

*Econ Journal Watch* 10(3), September 2013: 632-640

### **Abstract**

Robert M. Solow is among the 71 individuals who were awarded the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel between 1969 and 2012. This ideological profile is part of the project called “The Ideological Migration of the Economics Laureates,” which fills [the September 2013 issue of \*Econ Journal Watch\*](#).

### **Keywords**

Classical liberalism, economists, Nobel Prize in economics, ideology, ideological migration, intellectual biography.

### **JEL classification**

A11, A13, B2, B3

### **Link to this document**

[http://econjwatch.org/file\\_download/775/SolowIPEL.pdf](http://econjwatch.org/file_download/775/SolowIPEL.pdf)

- Kotlikoff, Laurence J.** 2011. The Purple Health Plan. Open letter. [Link](#)
- Samuelson, Paul A.** 1947. *Foundations of Economic Analysis*. Cambridge, Mass.: Harvard University Press.
- Smith, Vernon L.** 2002. Interview by Mike Lynch and Nick Gillespie. *Reason*, December: 34-39.
- Smith, Vernon L.** 2003a. Autobiography. In *Les Prix Nobel: The Nobel Prizes 2002*, ed. Tore Frängsmyr. Stockholm: Nobel Foundation. [Link](#)
- Smith, Vernon L.** 2003b. Interview. *Region Focus* (Federal Reserve Bank of Richmond), Spring: 32-35.
- Smith, Vernon L.** 2003c. Interview by Jeremy Clift. *Finance & Development* (International Monetary Fund), March: 6-8.
- Smith, Vernon L.** 2008. *Discovery—A Memoir*. Bloomington, Ind.: AuthorHouse.
- Smith, Vernon L.** 2009. Autobiographical chapter in *Lives of the Laureates: Twenty-three Nobel Economists*, 5th ed., eds. William Breit and Barry T. Hirsch. Cambridge, Mass.: MIT Press.
- Smith, Vernon L.** 2010. Big Think Interview with Vernon Smith. *Big Think*, January 12. [Link](#)
- Smith, Vernon L.** 2013. Email correspondence with Daniel Klein, April 19.
- Smith, Vernon L., Terry L. Anderson, and Emily Simmons.** 1999. How and Why to Privatize Federal Lands. *Cato Policy Analysis* 363. December 9. Cato Institute (Washington, D.C.). [Link](#)
- Smith, Vernon L., and Nick Gillespie.** 2011. Reason.tv: Nobel Prize-Winning Economist Vernon Smith on Experimental Economics, Adam Smith, the Housing Bubble, and His Journey Towards Libertarianism. *Hit & Run Blog, Reason*, July 20. [Link](#)
- Smith, Vernon L., and Douglas Holtz-Eakin.** 2012. Obamacare's Flawed Economic Foundations. *Wall Street Journal*, March 20. [Link](#)

## Robert M. Solow

by Daniel B. Klein and Ryan Daza

Robert Solow (1924–) was born and raised in Brooklyn. Solow, who grew up in the 1930s, has written that “all my mother and father talked about together was where the next dollar would come from” (Solow 2009a, 115). Solow’s parents were New Deal Democrats (Solow 2013c), as is, it has been said, Solow himself (Samuelson 1989, 95). He considers himself a liberal Democrat today, saying in his response to our questionnaire that his outlook has been quite constant since the age of 25 (Solow 2013c).

## IDEOLOGICAL PROFILES OF THE ECONOMICS LAUREATES

Solow says that a high school teacher's influence taught him to never have "a moment's sympathy for the Soviet Union (nor for Trotskyism—for me the rot set in with Lenin or before)" (Solow 2013c). He reflected on the times:

I can certainly say that everyone in Brooklyn in the 1930s was interested in economics. And not only in economics: intelligent high school students of my day were conscious not only of the Great Depression but also of the the rise of Fascism and Nazism, events that were certainly not independent of the worldwide depression. It was an obvious fact of life to us that our society was malfunctioning politically and economically and that nobody really knew how to explain it or what to do about it. (Solow 2009b, 154)

Solow went to Harvard for his undergraduate studies, but his education was interrupted by World War II when he volunteered for the Army. At the end of the war he returned to Harvard and decided to finish as an economics major (Solow 2009b, 156). Solow then earned his Ph.D. from Harvard and took a faculty position at MIT, where he has remained throughout his career.

In an interview with Arjo Klamer, Solow described his undergraduate years at Harvard:

I began to study sociology, anthropology, and some economics. I had very good teachers in those subjects, such as Talcott Parsons, the sociologist, and Clyde Kluckhohn, with whom I became very close friends. I also had a course with Paul Sweezy, who was a favorite economics teacher of mine...and I think I was a favorite student of his. I was fairly left wing at that time. (Solow 1984, 128)

Klamer comments: "You said you were a left winger as an undergraduate and that you liked Paul Sweezy. You must have changed quite a bit..." Solow responds: "Well...yes and no. I still think of myself as a left of center person. I still don't find it a particularly attractive notion that property rights should take precedence over all other rights" (Klamer 1984, 130). Klamer asks "Why?," and Solow continues:

That is a long evolution. As a student of Paul Sweezy's, I was excited by Marxian economics. As I studied economics I came more and more to the conclusion that there is really no good economics in Marxism; Marxian economics has been a failure as an economic theory. For a longer time I found something useful in the notion of historical materialism, that ideas tend in a large part to reflect interests—vulgar

Marxism, so to speak. There is something to that, though it's far from the complete story.

My first intellectual influence was a high school teacher who had been anarchist. So I never felt the slightest attraction to Stalinism or Soviet communism.

I was once at Oxford and went to a seminar...it was in 1968 so the place was filled with radicals. They asked what I thought of Marxism, and I said that Marxism made pseudo-science of one insight that Proudhon had, namely that property is theft. Locke saw the institution of private property as a great thing because it was a way of protecting private citizens against the encroachments of aristocratic power. There is still a lot of value to that. The danger of socialism is the concentration of political and economic power in the same hands. Nevertheless, I still believe that the institution of private property has to keep proving itself. For that matter, capitalism still has to keep proving that it can be economically efficient without being destructive of reasonable equality.

I am not anti-socialist in any absolutist way but I am not a socialist either, because I do not think that socialism is a practical prospect for a good society. If there were an opportunity for democratic socialism somewhere, I would be willing to see it given a try. I am not pessimistic about the managed capitalism that you find in northern European countries. They have learned to combine activist economic policy with democracy. I don't see that the Dutch or the Norwegians have less liberty, all things considered, than we do. (Solow 1984, 130-131)

Solow's graduate thesis was "an exploratory attempt to model changes in the size distribution of wage income using interacting Markoff processes for employment-unemployment and wage rates" (Solow 1988). He is most well-known for his modeling of economic growth, which is also what earned him the Nobel Prize. Solow was a senior economist on the Council of Economic Advisers to President John F. Kennedy from 1961 to 1963.

Writing in 1974 about the welfare programs promulgated by the Kennedy and Johnson Administrations, and specifically about President Johnson's Great Society initiative, Solow and Eli Ginzberg said: "It seems to us that no one who reads the evidence in the preceding essays can seriously subscribe to either of the extreme, simple, fashionable dogmas: that social legislation is merely a sham, aimed at camouflaging, not solving, problems; or that all major political intervention in social problems is a mistake, bound to fail, and better left to local government,

private charity, or the free market. Contrary to these dogmas, the evidence seems to show that the problems are real, that the political pressure to do something about them is often irresistible, and that many partial, but genuine successes have been achieved” (Ginzberg and Solow 1974, 220). They concluded: “The record of the Great Society is one of success mixed with failures, of experiments that proved themselves at least partly successful and experiments whose returns do not appear to have justified the effort. In other words, it turned out about as any sensible person should have expected” (ibid.).

In 1996, Solow was a critic of welfare reform as drafted and passed. He admitted the reform appears to have worked better than he anticipated at getting people back into the labor market, but pointed out that it was hard to judge because the reform had been “launched in the midst of [an] incredible boom” (Solow 2002, 33). Solow said he opposes time limits on welfare (ibid.).

Asked in a symposium to name the “most significant contributions” to economics during the 1900s, Solow (2001, 296) started his list with John Maynard Keynes’s *General Theory*. Solow says that as an economist Keynes “avoided extremes,” “changed his mind often,” and “was not an ideologue”; by contrast, Solow describes Milton Friedman as “an ideologue, a True Believer” who was “bad for economics and bad for society” (Solow 2013b, 214-215). Solow also has his opinion of Hayek:

[T]here was a Good Hayek and a Bad Hayek. The Good Hayek was a serious scholar who was particularly interested in the role of knowledge in the economy (and in the rest of society). Since knowledge—about technological possibilities, about citizens’ preferences, about the interconnections of these, about still more—is inevitably and thoroughly decentralized, the centralization of decisions is bound to generate errors and then fail to correct them. The consequences for society can be calamitous, as the history of central planning confirms. That is where markets come in. All economists know that a system of competitive markets is a remarkably efficient way to aggregate all that knowledge while preserving decentralization.

But the Good Hayek also knew that unrestricted laissez-faire is unworkable. It has serious defects: successful actors reach for monopoly power, and some of them succeed in grasping it; better-informed actors can exploit the relatively ignorant, creating an inefficiency in the process; the resulting distribution of income may be grossly unequal and widely perceived as intolerably unfair; industrial market economies have been vulnerable to excessively long episodes of unemployment and underutilized capacity, not accidentally but

intrinsically; environmental damage is encouraged as a way of reducing private costs—the list is long. ...

The Bad Hayek emerged when he aimed to convert a wider public. Then, as often happens, he tended to overreach, and to suggest more than he had legitimately argued. *The Road to Serfdom* was a popular success but was not a good book. Leaving aside the irrelevant extremes, or even including them, it would be perverse to read the history, as of 1944 or as of now, as suggesting that the standard regulatory interventions in the economy have any inherent tendency to snowball into “serfdom.” The correlations often run the other way. Sixty-five years later, Hayek’s implicit prediction is a failure, rather like Marx’s forecast of the coming “immiserization of the working class.” (Solow 2012a, 40)

In the interview with Klamer, Solow speaks of a change in his thinking on a particular matter in macroeconomics: “I want to get on the record that I think that the belief that I have had before—in a very stable Phillips curve—was very badly damaged by the data of the ’70s and that I had to change my mind. I don’t want to be understood as thinking that there is some larger satisfactory version of the Phillips curve which can absorb the observations of the ’70s” (Solow 1984, 136).

Solow also explained his views on the need for government intervention in the economy, saying markets need assistance when they “malfunction,” and monetary policy is often better carried out than politicized fiscal policy. “Because of this inevitable political process,” Solow said, “it’s hard to get fiscal policy done promptly, in a timely fashion. That’s why I think that for short-run processes we do have to rely on monetary policy” (Solow 2002, 28-29).

On environmental issues, Solow rejects as hypocritical pressure exerted by developed nations to limit the use of fossil fuels in developing countries. He advocates innovating and spreading better technology around the world as the best way to preserve the environment (Solow 2002, 33-34).

Solow is critical of certain varieties of Keynesianism: “To my eye the New Keynesian Economics is a mixed bag. Its aims are right and its techniques are nice. But sometimes the particular facts of life it chooses to emphasize seem too farfetched or insignificant to bear the weight that is placed on them. It comes, maybe, from a kind of yearning for respectability and the well-rounded belief that respectability comes from a staying close to the traditional simplifying assumptions of economics. That is not wholly bad. It is certainly better than wholesale ‘new paradigm’-mongering. But there are times when common sense leads away from the tradition, and then I would choose common sense every time” (Solow 2009b, 165).

## IDEOLOGICAL PROFILES OF THE ECONOMICS LAUREATES

Solow has signed petitions opposing the George W. Bush tax cuts, supporting a raise in the minimum wage, supporting the Federal Recovery (Stimulus) Act, supporting enhanced powers for unions (“Employee Free Choice Act”), and endorsing John Kerry for president in 2004 (Hedengren et al. 2010).

Solow commented on reform possibilities after the recent recession:

There are several kinds of regulatory reform that could place limits on leverage, preserve the essential functions of finance, and diminish the burden on tax-payers. Some of them are more market-oriented, others more state oriented. A well-designed system could make use of several of them, as long as priority is clear. One reason for welcoming the presence of several layers of protection is that laissez-faire won't do, paper regulations are vulnerable to the creation and exploitation of loopholes, and the political process will sometimes lead to neurasthenic regulators. We are probably better off with defense in depth, even with the risk of some bureaucratic interference. (Solow 2010, 30)

Solow contributed an essay on fiscal policy to a 2012 book titled *In the Wake of the Crisis*, writing:

During long and deep recessions...it has become evident that monetary policy may reach its limits without being able to generate enough aggregate demand to close the excess supply gap. So governments have turned more or less instinctively to discretionary fiscal policy, even if the latest refined theory cannot approve. If we are going to do discretionary fiscal policy, we should try to do it right. ...

[A] new round of more economically sophisticated estimates might narrow the range of expected multiplier effects and improve the making of discretionary fiscal policy. (Solow 2012b, 73, 75)

In an 2013 op-ed, Solow writes about the national debt:

In the long run we need a clear plan to reduce the ratio of publicly held debt to national income. But for now the best chance to reinvigorate the economy, spur business investment and encourage consumer spending is through public borrowing and spending. Instead, we're heading into an ill-advised, across-the-board austerity program. (Solow 2013a)

Regarding growth in developing countries, Solow has agreed “with the open-economy people” that trade will help these economies, but added:

Where I think the open-economy partisans run into problems—and it is a respect in which a lot of market-oriented economics and economists fail—is that they tend to look at overall progress and brush off the fact that a lot of people lose in this process. ... A society in which a small number of people get very rich and a large number of people get very poor is not really progressing.... (Solow 2002, 27-28)

In response to a questionnaire produced by Karen Horn, Solow said that the politician he most admires for his hand in economic policy is John F. Kennedy, and that the most misleading theoretical approach in economics has been real business cycle theory (Horn 2009, 271).

Solow occasionally writes in a way that is rather partisan. For example, in a 1987 roundtable discussion, Solow said: “What does the Reagan Administration care about? I think it cares about the distribution of wealth and power, and its program is and has always been the redistribution of wealth in favour of the wealthy and of power in favour of the powerful. And it is the envelope theorem that makes them politically right” (in Solow et al. 1987, 182). In the same discussion, Solow said that Michal Kalecki believed “the business community would be unhappy with full employment because it would make the working classes pushy and disrespectful. I have usually thought that he was wrong; full employment would make workers content and capitalists rich. Sometimes it seems that modern conservatives are trying to prove Kalecki right” (ibid., 185).

Professor Solow kindly responded to our questionnaire by sending a letter summarizing the history of his ideological outlook. We have for convenience inserted the question text in brackets:

*[1. When you were growing up, what sort of political or ideological views were present in your family and household? Did you have views as a youngster, say at age 18? If so, kindly describe them for us.]*

1. I was born in 1924 in Brooklyn, NY, so grew up in the 1930s. My parents were wholehearted Franklin Roosevelt Democrats. Like most thinking students in that time and place, I was to the left of my parents. Something interesting happened. A major influence on me was a high school teacher who in her youth had been Emma Goldman’s secretary, and still thought of herself as a philosophical anarchist. One consequence was that I never had a moment’s sympathy for the Soviet Union (nor for Trotskyism—for me the rot set in

## IDEOLOGICAL PROFILES OF THE ECONOMICS LAUREATES

with Lenin or before). So I never had the bad conscience that turned some of my contemporaries into right-wingers when disillusioned.

[2. *How about at age 25 or so? Had they changed at all by then?*]

2. By 25, after 3 years in the Army and more education, I was a liberal Democrat.

[3. *And how about age 35 or 40? Please describe any changes undergone since your early twenties.*]

3. Ditto.

[4. *And now please bring it down to the present. Have your views changed since your late thirties? How so? How would you describe your present political sensibilities or outlook?*]

4. Ditto.

[5. *Overall, would you say your views have changed, and, if so, have they changed in a way that can be summarized as changes of a particular nature or character? Did your thinking “move” in a particular “direction” (using the notion of ideological space)?*]

5. No change in general orientation. Of course I have changed my mind on some issues.

[6. *If your views did undergo changes, what caused the changes? Was it reading, thinking, experience of some kind, or the influence of particular people, including intellectual figures? All of the above? Something else? We will be very grateful if you try to explain why your views changed, to whatever extent they did.*]

6. I think my political views arise mostly from common observation and a dislike of being hoodwinked.

Not very interesting, but that’s the point. (Solow 2013c)

## References

- Ginzberg, Eli, and Robert M. Solow.** 1974. Some Lessons of the 1960s. In *The Great Society: Lessons for the Future*, eds. Ginzberg and Solow, 211-220. New York: Basic Books.
- Hayek, F. A.** 1944. *The Road to Serfdom*. London: Routledge.
- Hedengren, David, Daniel B. Klein, and Carrie Milton.** 2010. Economist Petitions: Ideology Revealed. *Econ Journal Watch* 7(3): 288-319. [Link](#)
- Horn, Karen Ilse.** 2009. *Roads to Wisdom: Conversations with Ten Nobel Laureates in Economics*. Cheltenham, UK: Edward Elgar.
- Keynes, John Maynard.** 1936. *The General Theory of Employment, Interest and Money*. London: Macmillan & Co.

[jump to navigation table](#)

- Klamer, Arjo.** 1984. *Conversations with Economists: New Classical Economists and Their Opponents Speak Out on the Current Controversy in Macroeconomics*. Totowa, N.J.: Rowman & Allanheld.
- Samuelson, Paul.** 1989. Robert Solow: An Affectionate Portrait. *Journal of Economic Perspectives* 3(3): 91-97.
- Solow, Robert M.** 1984. Interview by Arjo Klamer. In *Conversations with Economists: New Classical Economists and Their Opponents Speak Out on the Current Controversy in Macroeconomics* by Klamer. Totowa, N.J.: Rowman & Allanheld.
- Solow, Robert M.** 1988. Autobiography. In *Les Prix Nobel: The Nobel Prizes 1987*, ed. Wilhelm Odelberg. Stockholm: Nobel Foundation. [Link](#)
- Solow, Robert M.** 2001. The Most Significant Contributions to Economics During the Twentieth Century [symposium]. *European Journal of the History of Economic Thought* 8(3): 295-297.
- Solow, Robert M.** 2002. Interview by Douglas Clement. *The Region* (Federal Reserve Bank of Minneapolis), September: 24-34. [Link](#)
- Solow, Robert M.** 2009a. Interview by Karen Ilse Horn. In *Roads to Wisdom: Conversations with Ten Nobel Laureates in Economics* by Horn, 115-131. Cheltenham, UK: Edward Elgar.
- Solow, Robert M.** 2009b. Autobiographical chapter in *Lives of the Laureates: Twenty-three Nobel Economists*, 5th ed., eds. William Breit and Barry T. Hirsch, 153-170. Cambridge, Mass.: MIT Press.
- Solow, Robert M.** 2010. The Bigger They Are... *Daedalus* 139(4): 22-30.
- Solow, Robert M.** 2012a. The Serfdom Scare. *The New Republic*, December 6: 40-43. [Link](#)
- Solow, Robert M.** 2012b. Fiscal Policy. In *In The Wake of the Crisis: Leading Economists Reassess Economic Policy*, eds. Oliver Blanchard, David Romer, Michael Spence, and Joseph Stiglitz, 73-76. Cambridge, Mass.: MIT Press.
- Solow, Robert M.** 2013a. Our Debt, Ourselves. *New York Times*, February 27. [Link](#)
- Solow, Robert M.** 2013b. Why Is There No Milton Friedman Today? *Econ Journal Watch* 10(2): 214-216. [Link](#)
- Solow, Robert M.** 2013c. Correspondence with Daniel Klein, March 10.
- Solow, Robert M., Alan Budd, and Christian von Weizsacker.** 1987. The Conservative Revolution: A Roundtable Discussion. *Economic Policy* 2(5): 181-200.