

Dear Reader,

One of the great themes of American history, from the very beginning, has been public suspicion of highly concentrated economic power. During the Great Depression and the New Deal, the country developed a durable way of dealing with this issue: ownership of big corporation was widely dispersed among millions of shareholders, and the federal government referred corporate behavior and the financial markets to make sure the system worked properly.

John Coates, a former partner in a major New York law firm who is now an esteemed professor at Harvard Law School, argues in *The Problem of Twelve* that this twentieth century economic order is coming apart. There are two major reasons why. A handful of index funds, like BlackRock, which pool millions of individuals investments, have grown rapidly in the twentieth century, and now own as much as 20 per cent of corporate America. This amounts to a great deal of influence, if not a controlling interest, and the index funds are beginning to use that influence aggressively. And private equity, which has also grown rapidly, has found ways to evade the government's ways of protecting investors and maintaining fairness and transparency in the financial system.

*The Problem of Twelve* means that just a few superpowered financial firms—the largest index funds and private equity companies—disproportionately own a large portion of the economy. They are only beginning to use their power to the fullest extent, and the inevitable political reaction against their power is also only beginning. In clear, non-technical prose, Coates has forcefully called our attention to what is sure to be one of the major political and economic issues of our time.

Best,



Nicholas Lemann