

**INTERVIEW WITH
MARTIN WEINGARTNER
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MIT Sloan Oral History Series**

M: Martin Weingartner
B: Bob McKersie

B: This is Bob McKersie, sitting in the home of Marty and Joyce Weingartner in Nashville, TN. We have the opportunity to learn something about life at the Sloan School at MIT during a 3-year period when Marty was on the faculty in the 1960s.

I think the place to start, to establish the baseline, is to ask Marty precisely when he did come to the School, and what pulled him there?

M: It was in the summer of 1963 when I arrived. I was given the opportunity for a visiting year at Sloan, communicated to me by Franco Modigliani, who had been on my doctoral committee when I was at Carnegie Tech getting my Ph.D. at the Graduate School of Industrial Administration. As it turned out, I was told by then-dean of the GSB where I was teaching at the University of Chicago (UC)—that was George Shultz—that if I were to go on leave I would have a moral obligation to return. I had been on the faculty at Chicago for 5 years, at that point; I was just in my sixth year. I did not want to leave a moral obligation behind, but I did not receive any mention of getting promoted to tenure. I asked Franco Modigliani if he could extend the one-year visit and make it a regular term appointment, which he did. So I left Chicago and came to MIT and I was there for 3 years.

B: What was the rank of the appointment, after it was changed from Visiting?

M: I was an Associate Professor, having been an Assistant Professor at Chicago.

B: So it would have been Associate w/o tenure at that stage, probably?

M: That's correct. At that time, in order to get tenure at the Sloan School – I don't know if that applied to the rest of the Institute – you had to be 37, and in 1962 when this discussion took place, I was 33.

B: OK, that's an interesting piece of history.

Now, to flesh out a few more things. As you recall, who was the dean, and who were some of the other key faculty besides Franco, as you took up residence?

M: My doctorate was in Economics, so I tended to know more about the economists, although at Carnegie, in my doctoral studies, I'd gotten familiar with operations research (OR)

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and was highly interested in that field. My dissertation was on the intersection of finance and OR. I had known Paul Cootner on the MIT faculty, who had been in the same Army outfit that I was in. I got to know Ed Kuh. I didn't get to know them well, but I became familiar with economists like Bob Solow and to some minor extent Paul Samuelson. Ed Holland was in finance. Somehow I don't remember who else was there. I think John Little may have come there just a year later. He had been at Case Institute (which became Case Western University).

B: OK, that's very helpful. Sometimes these questions really require us to roll back our memory layers.

You were at the University of Chicago GSB, and you had a Ph.D. from Carnegie-Mellon, and people always tended to think of schools for very distinct niches. Was there, at that time, a way that people characterized the Sloan School? What did the Sloan School stand for? Was it distinctive in any respect?

M: Of course, my perspective at that time was primarily about my career, and I didn't have as wide a vision as I might have had. But the University of Chicago was very much economics-oriented, as you can imagine. And it still is, to a large extent. MIT, to me, represented to me, the use of OR and wider application to industry and not just to macroeconomics or a study of markets, which was the strength of UC.

B: Let's talk a little bit about the organization of the School. You were brought in to finance. Any recollection about, other than Franco, who your colleagues were? And how did the finance faculty interact? The collegiality? Way of life within finance?

M: Well, there was a quite a contrast between UC, as I experienced it, *and* the Sloan School. When I came to UC, the dean was (W.) Allen Wallis who had been my professor of statistics when I was a student at UC. UC was one of the two business schools singled out by the Ford Foundation for almost a revolution in business education. Carnegie Mellon (CM) where I came from (which was actually Carnegie Tech then, it didn't become CM until 1961 or so), had won an award or citation, and had gotten a lot of publicity for the fact that they applied rigorous scientific approaches to business problems, mostly or largely based on mathematics, which became OR. As I recall, the master's student there, in order to get the equivalent of an MBA (it was called an MSIA), they had to have an undergraduate degree in engineering or mathematics in order to get into the school. UC was cited for its primary emphasis on economics and rigorous economic analysis of business problems. Until that point, I guess most business schools – in a sloppy way or in a more rigorous way – followed the approach (one way or another) *of* Harvard, where you analyze business situations. That was the basis for forming your education in business. There was quite a difference.

On the other hand, GSB was building up and adding a lot of faculty, and coming into an institution where there are many new people, you get to know people because all the new people want to know others. The old-timers often have no need for new social or other interchanges. As a result, UC was very exciting when we got there and got to know a lot of different people.

When I got to Sloan, it was, I guess you could say, *stasis*. It was in a kind of steady state. They were not adding people; there was no excitement in the sense of all new

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people coming together and trying to figure out what the place was about, and getting to know each other. It was much harder to get to know people. Socially it was much more isolating than UC had been. And it turned out that the Boston area, with its own social dynamic – we lived in Belmont – it too had a kind of coldness about it, which was very different from Chicago where we got to know neighbors much more readily than we did in the Boston area. That was quite a contrast in the social dimension, both at the university side and on the housing side. It reminded me that even though I had not finished my dissertation when I got to UC – it took me a while – once you were on the faculty at UC, you were always called “Mr.”, there was no “Professor”, no “Doctor”. It was always “Mr.” – except at the medical school. When you were on the faculty, you were someone because you were on the faculty.

When you came to MIT, you found out that things were very different. They had lots of PhDs connected with Mitre Corp and Lincoln Labs, people who were doing research but had no faculty positions. They certainly deserved respect, but the upshot was that being a member of the faculty didn’t mean much in terms of both the title and, for that matter, the institution itself.

There was quite a different social feeling, at least that I felt; perhaps others did not. But I felt the difference in the milieu between GSB and Sloan.

B: Let me ask you about the interaction between people in Sloan and the Economics Department. You were all in the same building, and one of the things we learned from Eli Shapiro (the first Assoc. Dean of the SS) is that he wanted to make sure there was really complete openness and collegiality between people in Economics and people in the Sloan School. And maybe some of that also related to what we referred to as the “tables” on the 6th floor in the Faculty Club, where people could mix it up. Do you want to say anything about your connection or association with – you mentioned the names earlier of Bob Solow and Paul Samuelson. What was the culture between Sloan and Economics at that time?

M: That was one of the brighter sides of my own experience. Having an interest in economics, I both sat in on a capital theory course of Solow’s, [where I recall that one of the students was a fellow named Joe Stiglitz, whose name is still in the news these days. As I recall, he used to come to class barefoot, and wearing blue jeans. But he was obviously a brilliant student, from the questions he asked and the like.]

But aside from sitting in on this class, there were also economic seminars that I went to and nobody looked askance at me for coming to them.

I also took advantage of that round table in the Faculty Club. I went to lunch there and it was often very stimulating to listen to people’s conversations. That had been my experience at Carnegie, as a doctoral student--to go to lunch where Franco Modigliani at the time, and Herb Simon would have their debates. The doctoral students could sit in and listen to those debates and perhaps put in a question or two. At this faculty club table it was very interesting to listen to these famous economists. As I remember, Charlie Kindleberger was one of the participants. That was, to me, one of the definitely positive aspects of being at the Sloan School at the time.

B: What courses did you teach?

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M: The interesting thing is that I moved into finance only slowly, having started when I taught at UC. There I taught primarily OR-related courses. I started doing some research, and got some publications in the intersection between OR and finance, especially on capital budgeting, which is the area of my dissertation. I got more and more interested in corporate finance; not the investment side, but corporate finance side. At Sloan I started teaching corporate finance. I had a toe in finance at GSB, but by now I was totally in finance. I taught a Sloan Fellows finance course, and I taught some other introductory finance courses, primarily.

B: On the research front, you alluded to that. Do you want to say anything more about the kind of research work you were doing?

M: I did a number of papers at that time, all related to different aspects of capital budgeting. I'm not sure whether it was then that I got started in some aspects of the bidding process and municipal bond underwriting, on which I wrote some papers. I don't remember exactly the time of them. But yes, I did that.

One other thing I did. When I was at UC, as a school that was building up, we were interviewing a lot of people coming through, each of whom gave a research seminar. I got to know quite a few people, even people we didn't hire for one reason or another. At Sloan at the time I found that there was no finance seminar. I organized one. I guess the school was willing to support it to the limited extent that it needed to be supported. But I had faculty members and also invited people from Harvard to come over and give talks. I remember some people from farther away, such as Princeton, who were coming through. Some faculty from Harvard and Sloan, and some Economics people came to the seminars. I think we had dinner or lunch together, so that it became more than just 1.5 hours of somebody talking and then everybody disperses. It got to be partly social, and certainly intellectual, but broader than a limited topic meeting.

B: You mentioned earlier that Sloan did have an emphasis on getting people into organizations. And of course, this was the period when Doug McGregor was on the scene, although I'd have to check – there was one period when he went off to be president of Antioch, and then came back. Ed Schein was there. Was there any connection between your activities and work and some of what you might think of as the “softer” side of the School?

M: I don't recall that I was involved in any activities with those people. However, I do remember getting to know Doug Brown somewhat. He was a very warm individual, as I remember. I got to know Abe Siegel. Abe was one of these people who, if you had any kind of question, he always was willing to spend time with you and give you inevitably good advice. He was a resource, in a sense, but also made it pleasant to get to know these people, even though I had no intellectual relationship with them. It was more institutional than narrowly academic.

B: A question about the *modus operandi* of the School: I believe Howard Johnson was dean, and then this gets to questions about governance. Were there faculty meetings? The School was not departmentalized, but how did the School run? What role did the faculty play, if any?

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M: Well, as a newcomer, as junior faculty (even though I was an Associate Professor), I really didn't have any role to play in terms of running the School. I was on no committees that I remember. I don't even remember if there were committees other than senior faculty that ran the School. The feeling I had was "there was the Dean's Office up there, and that's where things were decided." You did your job, and that was it. I had no sense of how the organization operated. In fact, the big mystery to me was that when I came there, I was given a beautiful office, with a huge picture window looking out on the Charles River, which offered me the distraction of watching sailboats going by and wondering whether they were going to tip over or not. At any rate, I was elated to be there, except that at the end of the first year, I was moved into one of the interior offices, which made me wonder how these decisions got made? Who gets what office, and why? I didn't say anything; I wasn't in a position to say anything. I just wondered why I was given such a nice office at the start, and why I was put into a much lower office. I don't know if it reflected on me? More likely some secretary was moving assignments around on a map or a plan.

B: A question about Sloan vis-à-vis the rest of MIT. At UC, the School was geographically right at the center of the university, and Sloan being at the eastern end of the MIT campus – did you have any interaction with other parts of MIT? Did you have any feeling that the Sloan School had any connections to the rest of MIT?

M: My recollection is that I had zero interaction with other parts of MIT. I did not get to know people in engineering or any of the sciences, I think that was largely because of Sloan's geographic location. The Faculty Club was located in the building where I was. I didn't have to go out and find places to eat where other people came. I knew there were people from outside Sloan or the Economics Dept. who came to that club, but I didn't have the sense (at least my recollection is) that a lot of junior faculty came to the club except for those in the building. They didn't eat lunch there. My experience since then, in other places, is the way you get to know faculty is by going to the faculty club for lunch and running into chemists and mathematicians or, once in a while, medical people. But that wasn't the case there, in my experience.

B: Had OR been formalized at all? Because today it cuts across – in fact, it's probably situated outside the Sloan School in terms of the center we have. Was OR something that connected people outside? Or did it not really exist as a center?

M: I don't believe a center existed at that time. In fact, I can't even specifically recall *who* was doing work in OR at Sloan at that time, except for John Little. It was just a matter of applying mathematics to certain operational problems within business, which was part of the province of a business school. But of course, we know that around the country, at some places OR was in the engineering schools, some places it was in the business school, sometimes it was in both. And then later on you had these centers which were constructed to promote OR.

The history of OR suggested originally that if OR was successful, the field would disappear because then it would be infused into all aspects of business and industry. To some extent, that happened. Also, OR as a discipline became more narrowly specialized into higher mathematics and computational processes and applications of computers and computer algorithms for solving these problems. It has just about penetrated almost every field. In finance,

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the solution to the options pricing problem came at the intersection of OR and finance. After all, it was solved by a physicist (Fischer Black) and an economist (Myron Scholes).

B: OK. Good. Thinking about what was going on nationally and internationally, I don't remember exactly when we got into the Vietnam War, but it certainly must have been in the air. Were you aware, at the time, was the MIT campus being fractured by what later became some really divisive issues with respect to the involvement of the US in Vietnam?

M: I don't recall that Vietnam was in the air in the early '60s. After all, the Korean War was still in fairly recent memory. However, you bring to mind that I knew of the existence of a secret operation – I think on the fifth floor of Sloan – involving the people who had been originally involved in OSS, and presumably this was now CIA. I don't know exactly when the changeover came. All you knew was, you didn't go *to* that floor, or you had to get a special pass. It raised the issue – which became a big issue around universities generally – about whether secret work should be allowed to go on campus or whether it should be off-campus because the free interchange of ideas should not be curtailed. Saying that you were not allowed to know something even though it may be relevant to your research, because it is classified secret by the government does not promote the free exchange of ideas. The discovery of the existence of that fifth floor operation I had not previously thought about.

B: Coming to the end of your stay, when did you leave? What were the push/pull factors that made you move on?

M: Well, it does remind me that we had a visiting professor named Robinson.

B: Dick Robinson?

M: No, it was Roland Robinson, a senior finance professor at Michigan State University (MSU). He had been in Washington, I think with the Treasury. He had written some books and was quite prominent. He was quite a bit older. Through him I received an invitation to interview for a professorship at MSU. I went out there and I won't go into the details, but I was very quickly disabused of the idea that I might want to go to MSU. But the idea of somebody making me an offer to go somewhere else on a permanent basis arose at that point.

The other thing was, the tenure question came up because I was perhaps a little older starting out there and coming up at the point of 37 required a decision for the Institute to make whether they wanted to keep me or not. I'm not sure I had the self-confidence to know that I would definitely make it. At the same time, I had an invitation from the University of Rochester through the man who had become the Chancellor (i.e., the CEO) of Rochester, who happened to have been Allen Wallis, who had been my professor of statistics at UC, and who had been my dean when I was back on the faculty at UC. Through him, I got an invitation to come to the University of Rochester, which was also a full professorship. Well, actually, I also got an invitation from Northwestern University at that time. I went to Rochester, knowing that Allen Wallis would only put a respectable business school together, having done so at UC. That, plus the social situation, attracted me to go someplace that was a little warmer than we felt MIT and the area in Belmont where we lived was. So we left.

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B: So, the last question is: are there some questions we should have addressed that we haven't? Anything else you'd like to add?

M: Well, there's so much water that's gone over the waterfall since then, and MIT was such a small part of my career. I spent 11 years at Rochester and I've had a chair at Vanderbilt for 21 years until I retired. And I'm still here in Nashville. My recollections of the Sloan School are much dimmer.

I do recall that the Herman Building was being built at that time, and I think opened as well.

There were a few other changes. Howard Johnson became president of MIT. He was announced as president, but I'm not sure I served there while he was president.

So this is just 3 years out of a much longer period in academia and partly in government.

B: Good. This has been a good way to put in place some important perceptions and thoughts about the early 1960s.

END OF INTERVIEW