

**INTERVIEW
WITH
PETER TEMIN
SLOAN ORAL HISTORY SERIES
NOVEMBER 29, 2012**

P: Peter Temin
B: Robert (Bob) McKersie
G: George Roth

G: Welcome, Peter. I know you're a long-time colleague with Bob, and he's shared with me some of your writing. We wanted to invite you to go back to maybe even your history before you came here, and then coming to Sloan and your experience here.

P: OK. I came to MIT in 1959 as a graduate student in economics. In 1962 I moved over to Harvard as a junior fellow, that's a three-year fellowship. In 1965 I was hired at the Sloan School by Elting Morrison—I'm sure that's the right last name. I'm unsure if it's the right first name—into a program that consisted of Elting, Bill Letwin, and somebody who did international trade, whose name I cannot remember; I had very little to do with him at the time, and he with me.

Under Morrison's influence, we provided a general education to Sloan students. That is, we weren't providing skills. I taught elementary economics with Dick Schmalensee as my TA, so I had that kind of thought there, but the course in Morrison's group wasn't that kind of course, it was kind of background. The background had three levels. Level one was for the Sloan MBA. I taught a course, either based on a book by Bill Letwin or what became later a book by Bill Letwin, about choices in American economic history. He wrote this up as a series of cases that got to the Supreme Court. So the Charles River Bridge, where people can look out the window and see it, was one of the big cases we talked about. We talked about a whole bunch of cases, trying to give students, first, a sense that there was history. Second, those decisions do make a difference. Third, how the American style developed over a long period of time.

Then the second and third levels...

G: This is a one semester?

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P: It was a one-semester course taught variously by faculty I taught it, Bill taught it; I don't know whether Elting taught it.

Levels two and three were to the Sloan Fellows and the Senior Executives. They probably have different names at this point, but the Sloan Fellows were in their 30s, maybe their 40s, where the Senior Executives were in the 1950s. It was the early years of those executive programs.

There we taught a course in literature, which was an extraordinary thing to do, an extraordinary thing for ME to do! (laughing) I was an economist! What did I know about literature? But I liked literature, so I taught this to them for a couple of years. I can tell you a couple of memories I have from that.

While I was doing this, I was also teaching economic history in the Economics Department. That came about because Walt Rostow had left to join the Kennedy administration in the early 1960s, and there was no one to teach economic history. So I taught that course in the Economics Department. After two years of doing this at Sloan, I was invited to move over to the Economics Department, stop teaching literature, and teach more courses – I think undergraduate and graduate course in economic history. I ended up teaching elementary economics too, the normal thing you do. But that was my departure from the Sloan School because I got a chance to be full-time in my major field.

G: So you were really at the Sloan School from 1965 to 1968, probably.

P: 1967. That's what it says on my CV. When you do the records, maybe you'll tell me to correct my details.

G: You started in fall of 1965 and two years would take you to 1967.

P: That would be two years. It's interesting because it foreshadows what eventually happened to economic history. It was really off to the side of the main activities of the Sloan School. I don't think I had met you at that point.

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B: No, I didn't come here until 1980.

P: You didn't come earlier! OK, so no wonder I didn't meet you until then! But I subsequently met all kinds of people in the Sloan School and had very fruitful interactions with them. But at that time I was a kid. I was trying to find my way, so I was happy to be here. But I suspect the people whom I got to know in those early years were in the Economics Department and not in the Sloan School.

G: Do you remember your decision to come to Sloan? You mentioned Elting Morrison and doing the general education. But I'm guessing literature wasn't part of what the original discussion was that had you coming here.

P: No, I was hired to do this. I knew what I was getting into. Here's the decision to come to MIT. When I was at Harvard as a junior Fellow, Carl Kaysen, who was then at Harvard, came to me and said: "Oh, you should come to Harvard. Harvard is a wonderful place." At that point, some people I knew, whom I respected, had been denied tenure at Harvard. I knew some other junior people who were being worked as senior tutors and other things there and I said, "Well, at Harvard, you eat your young. You work them very hard and then you kick them out and go hire flashier people." That didn't seem very good to me. I think it must have been Elting who talked to me and invited me to come down, and said, "Here's this program. It would be fun." It must have been arranged ahead of time, so I must have done this in conjunction with the Economics Department.

At that point, we were just on adjacent floors, so this was very tight, to teach the course in the Economics Department, because I started teaching that in 1965. I know that because in my first year of teaching it, the first class I had, I had an absolutely amazing class of people, including Bob Hall, who is the most well-known of these people, with whom I am friends to this day. When I go to Stanford I always stay with them. I've been with him through his several wives and all sorts of things.

I'll tell you a story about that. Bob wrote a paper in which even then he used a lot of fancy economics. It was actually the Modigliani-Miller theorem that he used, which was quite new at that point.

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B: Which got him the Nobel Prize.

P: Yes, right. But he used it to try to think about the effect of owning slaves and whether it made a difference whether your assets were slaves or not slaves. I remember taking it up to Frank Fisher, who was another friend, a former Junior Fellow. I said to him, "Is this an economic history paper?" Frank read it and came back to me and said, "Not only is it an economic history paper, it's a good economic history paper." But Bob Hall never published it. Dick Sutch, who was also in that class, published the basic idea later in a paper.

G: So this was the regular MBA?

P: This was the Ph.D. program in the Economics Department. That's a memory of the Economics Department.

B: Yeah, you had a leg in the Economics Department right from the start.

P: That's right. That's what I'm saying. When I made the decision to come here, it must have been that I was resident in the Sloan School. You know MIT has this thing about a head department, you can only be in one department at a time. I was in the Sloan School but I had this association with the Economics Department.

G: One of the questions we had was: Were there people in the Economics Department also teaching courses at the Sloan School?

P: Mike Piore came a little later. Paul Joscow came a little later. Bengt Holmstrom came a lot later. Dick Schmalensee started out in the Sloan School and then got an appointment at the Economics Department, or maybe it came at the same time. His home department was Sloan, but he was back and forth.

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B: The reason we're interested in this, Peter, is that Eli's initial philosophy was, "I want courses in the Sloan School to be taught by people from the Economics Department." That was back in the early 1950s. So somewhere along the line, Sloan assumed more responsibility and hired more people into economics, rather than just saying, "Hey, we've got a great Economics Department, let's use them all the time." Or maybe it was the Economics Department that said, "We just can't staff all the things that you folks want in Sloan. You've got to hire some of your own people." So we don't know exactly how that transition took place in the early 1950s.

By the time you arrived to teach, probably most of the work that needed to be done in Sloan economics work was being done by Sloan faculty, I would think.

P: Yes, you had what was called the Applied Economics Group. Have you talked to Bob Pindyck? Could he remember the sequence from then?

B: Bob arrived after the transition had taken place, probably by the late 1950s. You came here in 1959 to get your Ph.D.

P: Yes, but in economics.

B: At that point, you probably didn't have much interaction with the Sloan School.

P: No. I was a TA, but not for long, if at all. I wasn't because I had a fellowship and then I got to be a Junior Fellow at Harvard very quickly.

G: I'm sorry, what is a Junior Fellow?

P: Harvard runs a program called Society of Fellows, which has Junior Fellows, who are appointed for three years. You don't have to do anything. It's quite wonderful. They used to appoint eight a year; now they're up to twelve. Some of us used to try and figure out how we got appointed, and somebody said to us, "One of the senior people told them they appoint seven real scholars and one nut."

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G: Just to keep the mix going!

P: That's right! So we would sit around and talk about who was the nut.

G: And everybody qualified, right?

P: Yes, right! (laughing)

G: Had you finished your dissertation?

P: No, I finished my dissertation there. Since there wasn't any economic history here, when I came in 1959 I took economic history from Walt Rostow, but the next year he left. I've always been interested in history, so I went to Harvard and took the course from Alex Gerschenkron at Harvard. I just got trapped by him. He was charismatic and wonderful. Lots of problems, which I learned about later, but I was absolutely captivated. I took econometrics at Harvard, too. I was choosing between econometrics and history, and now am writing a paper supporting the use of statistics in ancient history. That's my current...

B: OK, we've got more questions to ask.

[Go off to eat lunch.]

G: We were talking about Paul Samuelson and opportunities open to people of Jewish identity.

P: After the war a whole bunch of people came into the Economics Department. I don't know when it broke off and became Course 14. By the time I came, it was solidly established, and Bob Solow had written his seminal articles on economic growth for which he won the Nobel Prize. That created the field of economic growth and that's been going great guns ever since. But in the early 1960s, that was the most exciting thing going on.

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G: The history you're working on for the Economics Department, is there a particular time period you're looking at?

P: I'm starting with Davis R. Dewey, because of the library. I think I should connect with MIT's library, and he's remembered there. It goes up to the present, but the main body of the talk will be the time I was there. I talk about Walt Rostow, then I go on to when I was there, then Charlie Kindelberger, and Evsey Domar, who originally started teaching other things, came to teach economic history. The high-water mark, say circa 1980, was three of us teaching economic history in the Economics Department.

G: One of the things we're looking at or trying to identify are the inflection points in the Sloan School, when there was a critical mass of people that moved the field or the teaching or the approach forward. It sounds to me like from your perspective—as you say, a high-water mark—is in some sense an inflection point, meaning there was a critical mass that led up to three people teaching economic history. What contributed to bringing that about? I'm interested in that because those are some of the stories we'd like to capture and tell with regard to the Sloan School. But we are interested in the parallel organization, one that was very supportive across many years, and still is.

B: You had a version of that, didn't you, with Elting Morrison and Bill Letwin? And you mentioned a third name?

P: I couldn't remember the third name.

B: But three or four of you who formed a working group, right?

P: A group that was in charge of these classes. I don't think it ever had a real constituency in the Sloan School. I think this was Morrison's idea and supported by whoever was dean at that point.

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B: Must have been Howard Johnson, wasn't it?

P: It was before Howard Johnson. Can't conceive of the world before Howard Johnson, can you?

B: We're talking about 1965-67. If it wasn't Howard Johnson, the next dean was Bill Pounds.

P: Afterward, yes. Before. Howard Johnson was only dean for five years.

G: So that would have been Penn Brooks.

B: Penn Brooks was dean through most of the 1950s. I thought Howard Johnson took over from Penn Brooks. I'm quite sure of that.

P: Maybe it was Howard.

B: We can check this, but that relates to the question, "Who else was around the Sloan School when you were there for the two years...?"

P:who even knew that we were there?

B: Yeah, good way to put it. Who knew you were there?

G: 1959-'66 is what I have for when Howard was Dean.

P: OK. Then he would have been the man who hired us. That would make sense because Howard always had a very expansive view of what people should learn. But no one in this group was promoting the idea of history of any sort being central to the Sloan School because these courses were thought of as a kind of add-on. As opposed to the Economics

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Department, which had a required course for graduate students in economic history. So consequently they needed somebody to staff it.

G: So does that go back to the view that business was more of a practitioner, skills-based program?

P: Well, Bob would know more about that than I do, but something like that was going on. Economics was started as being on a tripod of theory, econometrics, and history, and this was thought of as being a core of economics. That's of course when Davis Dewey was doing what we call history. He called it economics. That's the evolution of the field. I don't know the early evolution of business as a field.

B: There are a lot of chapters. The Wharton School goes back to the early 1900s. Harvard Business School does. Wharton was training people vocationally. I was there as an undergraduate; not at Wharton, but at another school, and you had people majoring in insurance, in retailing. That is the way business was until the Gordon Howe report around 1959, which said, "Business schools have got to get much more analytical, much more disciplined, grounded. They can't just..."

P: How interesting! I didn't know anything about that.

B: Yes, that's when you had the revolution at University of Chicago. Carnegie-Mellon was there with Lee Bach. Anyway, it's a great story and there's a lot written about that transformation from being very vocational to preparing people in a much different way.

P: So when was that report?

B: The report was 1959. So you started to see big changes in the 1960s at places like Carnegie-Mellon, University of Chicago. Those were the two drivers.

G: But even before that report, you had an orientation from Eli Shapiro.

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B: Oh yes, he was anticipating it.

G: So that had an influence on who was hired here and the program and course of study.

B: Right. I knew Elting Morrison. I am teaching the successor course for the Sloan Fellows. I've been doing it now for quite a few years. I took it over from Abe.

P: Which course is it?

B: It's called "Choice Points." Bill taught it for the seniors after Elting Morrison. I don't remember whether Morrison retired or much about his history, but we were talking about whether anyone knew you were around. Within those two programs, Sloan Fellows and Senior Executives, was the literature course seen as important?

P: I thought so. It certainly was supported. I did know Eli at that point, too. Didn't have much to do with him later, so he may have been supportive of this as well. You do Choice Points from literature, from novels?

B: Yes. The course has evolved. We use some film and we use some of the stories that you would have used, and...

P: Well, I'd choose whatever I want. The memory I have of the Senior Executives is, I taught novels like *The Good Soldier*. I don't know if you've read this. It's a great novel, written just before WW I. The "good soldier" refers to the friend of the narrator, who is a retired military man. In the book there are two couples, the good soldier, and their wives, who always vacation together. He starts out the book saying what a wonderful foursome we made and how much fun we had and so on. Then as he goes back over it in his mind, he realizes (and the reader also realizes) that the good soldier has been having an affair with his wife this whole time. The good

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soldier, as you read the book, has a very ironic kind of meaning. So now one could say that General Petraeus was the good soldier. (laughing)

B: Right! Very pertinent. All very pertinent.

P: In the Senior Execs, they were here for nine weeks, three months, something like that.

B: Nine weeks.

P: The last weekend their wives were invited. We were going to teach them a class so they could see what their husbands had been doing. I had to pick a book, and I chose *The Good Soldier*. Then here comes these guys, in their 50s—and this is the 1960s—and they came clustering around me to say, “How could you assign that immoral book to our wives? How could you do that?”

I said, “This book was written 50 years ago! We’ve had two world wars, the Great Depression, everything has happened since then.” (laughing)

But I was enormously pleased. I was a little horrified that they had this reaction, but I was also enormously pleased because it meant they had actually read the book and studied it. It vindicated teaching the course this way and that they understood this was what this book was all about. So this is still taught. Who do you teach it to, Bob?

B: Just the Sloan Fellows. The Executive Program has long since ended, unfortunately, because corporations just couldn’t send somebody away that long.

P: Even then it was a stretch.

B: I’ve been teaching it for about ten years. I understudied with Abe for three or four. It’s an elective course for the Sloan Fellows, so we get maybe 25 to 30 taking it for credit. Then we get the partners, as they are now called. Most of them are women; they come on an

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audit basis, and they add a lot of energy to the course. The course kind of runs itself. Assign some interesting stories and ask questions, and they really get into it. I really enjoy doing it.

P: I have to tell you one story about the Sloan Fellows. People in their thirties were coming up, companies thought enough of them to send them back for more training. There was this kid, still in his twenties, who was just an assistant professor, talking to them about literature. We sat around big tables this same shape, some 20 of them. One morning I came in—it may have been the same book, it may have been a different book—I came in and asked the questions, because Bob is exactly right. Once you get them started, they would go, but you have to get them started, there has to be an entry point. So I'd ask that entry-point dialogue.

One day it was greeted by silence. I thought, "That was too complicated a question." So I asked a more basic question so I could lead up to the original question. Something like, "Who said this?" Very simple question that one could use as a stepping stone to get to the other one. Silence. Then I realized I had mis-diagnosed the problem. It was not that they couldn't understand the question; this was a rebellion. I looked around and there are 20 some of these people and only one of me. So I sat there, and eventually (I have no idea how long it took) but eventually one of the people said, "Oh, X said that."

Then I could say, "Who was he talking to? What did he mean?" Then the talk came around. There was no more rebellion than that, but I thought it was interesting that the Sloan Fellows coming back didn't rebel against introductory economics. But they did rebel against it.

B: This was a required course for them at that point.

P: That's right.

B: I want to shift back to the two years you were in Sloan. What were the avenues of interaction in those days with your colleagues or with Ph.D. students? Today we have seminars. What kind of seminars were going on then? In those days there was the Faculty Club and people would go to a table where you could sit. What were the ways in which the collegiality played out?

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P: I don't have a good memory of that. I remember Elting, I liked him a lot. I remember Bill Letwin, whom I became friendly with. He moved to England, and I visited him there. He has a son who grew up to be a prominent Conservative. He may be in the government at this point. I should Google him and see where he is now. But I don't remember a lot of contact with other people at the Sloan School.

B: What about in Economics? You knew a lot of the people there.

P: In Economics I knew people there because I'd been a student there. So I had a lot of contact with the Economics Department. Even though my appointment was in the Sloan School, I thought of myself as being an economist, that was my professional identity. The course we taught to the MBAs was about Choice Points, but it was about national choice points.

B: Yes, examples of history and big decisions, right?

P: That's right. And that's really an economics thing rather than being about individual decisions and business things.

G: If you were in the Sloan School, was your office on the fifth floor in E-52?

B: Maybe you were on the fourth floor? Economics was second and third floors, probably?

P: It was just the third floor. Second floor was later.

G: I ask because we've had other people mention office arrangements had a big impact in some cases on who people interacted with and had conversations and dialogue with.

B: Do you remember where Doug McGregor and Jay Forrester were hanging out?

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P: I met Jay but didn't have any interactions with him.

B: At some point there was a reverse flow. Charlie Myers and Doug Brown came over to the Sloan School, as did Abe Siegel, from Economics.

P: Right.

B: I don't think we have those exact dates when they came. It just points up the wonderful neighborliness between the two operations.

P: Yes. I don't remember where I was, and my records have all disappeared because I had to move offices when I became *emeritus*. My sense is that our group had an office link or something. We were all together.

G: The three or four of you that were teaching those courses. You were all in the Sloan School.

P: Yes. We were all in the Sloan School. I remember talking with this guy who was an international trade theorist. I didn't have much interest, although I am now working on a book about the world economy. At that point I was not interested, so I don't even remember his name. But I talked to Bill and Elting; those are the people I had the most contact with. I must have met other people when I was in Sloan, but I don't remember...

I started teaching in 1965. Spring of 1966 I met, wooed, and married the woman I'm still married to. So I think I may not have been around as much. (laughing)

G: Where did you meet her?

P: In Cambridge. I was introduced by an old roommate I had known as a graduate student. He called me one night and said, "I've just met a woman, and she's not my type, but she is yours."

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G: It's lovely to have friends like that, isn't it?

P: Very insightful and absolutely right! That's how it came about.

G: Maybe another way to ask you as an outside observer and one who is paying attention to history—what you've seen in the Sloan School? You left and were in a neighboring department, but you've been here over a period when there have been many more changes in the Sloan School and business school than there have been in Economics. How have you seen all that and what do you attribute it to? In that time, of course, Sloan became recognized as one of the best in its field. I think Economics always has been. As you say, there was the core with Samuelson, Solow, and Modigliani.

P: Modigliani came later. He came in 1960. He was part of that but it was really Samuelson and Solow.

G: That established the Economics Department at MIT or its preeminence.

P: Right. There were two interactions. The first one was later. Bob will remember who it was. There was this grant—Bob, you may remember this grant from the Ford Foundation, Sloan Foundation, or something, which gave grants for human resources or labor things to Princeton, MIT, and others.

B: That's the Industrial Relations. Actually it was the Rockefeller Foundation I think, way back. John Rockefeller was trying to make amends for Colorado Fuel and Iron. The Industrial Relations section was established as far back as the late 1930s here at MIT.

G: In the Economics Department.

B: Right.

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P: That was in the Economics department. What happened in some schools like Princeton, the money was saved for Industrial Relations, and Princeton became and remained very strong in the field of what we call labor economics and industrial relations. But at MIT, at least part of the money, and I always heard it was all the money, but it couldn't have been because we had to use it, was siphoned off to build the Economics Department. This would have happened in 1945. All these people coming out of the Army, and there was what we called when I was running the department a "target of opportunity." There were all these people you could pick up. So we picked up Bob Solow, Charlie Kindleberger, Cary Brown. I don't know who else came out of the wartime, the OSS basically. Harold Freeman. They did appoint people in Industrial Relations

Back to what I said earlier about Samuelson changing Economics. He changed Economics to mathematical, abstract reasoning. Industrial Relations is all about people and idiosyncrasies and how you deal with them. The theory, even then, wasn't very good at that. So they tended to be more and more orphans in the department. Then, as you say, people started to move, and Industrial Relations continued at MIT but as part of the Sloan School, not as part of the Economics Department.

G: The Industrial Relations section came over when they started the Sloan School, didn't it?

B: It came over soon thereafter. We'd have to pin it down exactly.

P: When was the Sloan School started?

B: Sloan School was started about 1952. Certainly by the end of the 1950s. Anyway, that's an important point. As you say, that is one of the passages, one of the connections, between the department and the school. You said you had another one, right?

P: Yes, Finance. I can't remember the early history of that because I don't know it. But there was Applied Economics.... Is Finance a separate group from the Sloan School, as opposed to Applied Economics?

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B: It's all part of the same department, called EF&A—Economics, Finance, and Accounting.

G: What we call “the three areas,” right? That's one of the three areas.

B: Yes, it is. Within the area, right. And Stew Meyers was the head of that.

P: The thing about Stew that's extraordinary is that he's always had this ability. He does good work, and he can also talk to ordinary human beings. Not too many people can do both of those things! (laughing) I always thought that was the secret to his success.

At some point—I guess my memory of this would probably start in 1970—at that point I got tenure, and I was on what's called the Policy Committee where we consider appointments. I remember some things where they said, “Oh, that kind of person we wouldn't hire at the Sloan School.”

G: This was with regard to Finance?

P: Finance, yes. It got set up. And then, when Bengt Holmstrom came, that would be the 1990s, ten years later, we dealt with the most serious part of that, which may still be an issue. Finance people made a lot of money, and before I could offer him a job, I had to walk around the Economics Department and say, “Can I offer him a competitive salary?” He was in the business school at Yale. I said, “Can I offer him a competitive salary?” People said yes. They're all economists so they said it was a rising tide. People learn that that's what economists are worth, then we'll go.

Then we hired—not under me but under my successor—we hired Bengt and he came. Once he came, and he dealt with contracts and financial contracts, etc. Then I think he was hired by Economics, but once he was here, the Finance Department was interested. By the time we got to Steve Roth, the Economics Department and the Sloan School worked together to get Steve to come, also from Yale. But I don't remember when that was.

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B: Both of these individuals would have had joint appointments probably?

P: I think Bengt started out in the Economics Department. I don't know whether he has a joint appointment. I know he teaches and has interactions and so on, but I don't know anything about his appointment. I thought Steve had a joint appointment right from the start.

B: Modigliani is another example. When he came, he came to Economics, but at some point he shifted, and in part then fully to Sloan.

P: Oh my god, yes, that's right because he had the chair was in the Sloan School.

B: Right.

P: Miller was in the business school at Carnegie, wasn't he? So they were thinking about it. So that's kind of corporate finance.

B: Miller was in the business school at Chicago, after Carnegie.

P: OK. So they must have known each other at Carnegie. Of course Franco Modigliani had enough energy that he could be full-time at both places and nobody would know he was doing this! He was terrific. The great thing about Franco was, when he got the Nobel Prize he was so happy! We used to say if they were giving the Nobel Prize to people who would enjoy it most, Franco would be right up at the head of the line!

B: I think his good wife enjoyed it even more!

P: Serena was a wonderful, wonderful woman.

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B: But in the spirit of George's question, what else over the years strikes you as noteworthy about the Sloan School? We ask that question because the team that is putting together this volume is asking this question of a lot of people.

G: Mostly internal, but I think as a close observer, next-door neighbor...

B: What are the big ah-ha's?

P: At the time, remember, I was peripheral to the main business of the department. My sense was that Course 15 was an MIT department, and it offered regular degrees from MIT. So even though it dealt with business, it was primarily an academic group. Some time later, after I left the Sloan School, I was on the relevant committee that considered changing the name of the Masters degree to an MBA, which I think is a kind of turning point in the events. So that was probably in the 1970s.

G: 1980s.

P: That late?

G: I was a Ph.D. student, came here in 1987, and there was no MBA at the time. It was only an MS.

P: Because there always is the Ph.D. program. So that's very late.

G: That was part of why we did that structured thesis course.

P: OK. This is a long, long transition of coming to get there. I think that's a kind of symbolic action.

G: The transition from the MS to the MBA degree....?

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P: Yes. It defines what the Sloan School thinks of itself, how its consciousness was changed at that time.

You know Paul Krugman was hired in the Sloan School. He taught MBA students and he couldn't bear it! Oh, he just hated it! He came to Economics and said, "Oh! Can I come to the Economics Department?" So we said, "Delighted!"

B: Lester had appointments in both, right? Pretty much from the beginning.

P: Right, as far as I know.

B: Because of our interest in labor economics, we had one or two people who had joint appointments. In some cases, that didn't work out very well to try to gain tenure as a junior faculty. I think maybe we have learned our lesson in not asking people to straddle until they've got tenure.

P: That's right. The way MIT works, and the way disciplines work, yes. Rudy Dornbush might have had a joint appointment. He certainly talked to a lot of people.

B: I think he started in Economics, and then we bought some of his time and made an appointment in Sloan for him.

P: It was the Economics Department that hired him.

B: That's right and then he ended up... Again, these examples are great because they just illustrate the traffic.

P: Mike Piore I think was hired by Economics.

B: Yes, he was fully Economics. For a while he was in Sloan, and now his bridge is between Economics and Political Science. He doesn't have an appointment in Sloan any more.

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P: Oh really? He's moved his office now to Political Science because the Economics Department got to move into the new space because of the rehab of E-52. There's a lot of back and forth, but it's mainly in the two fields of corporate finance, it's called Finance but it's really Corporate Finance, not national finance, and Industrial Relations. I think when Mike retires, labor economics in the Economics Department won't have anything to do with Industrial Relations. Put Josh Angrist and Tom Kochan in a room together and *pschooo*, they just wouldn't communicate. (chuckling)

Whereas Finance is increasingly integrated, students are taking course up here, they're writing theses. I don't know what's happened since the global financial crash because I haven't been teaching the graduate students since then. I retired in 2009 and taught undergraduates for a little longer, but I didn't teach any graduate students, so I wasn't aware of that. Before then, I had been the thesis writer's GRO, and so I knew people who were doing theirs. We had people who were doing Finance and were writing things, often jointly with people in Sloan School or people in Economics, who often went to business school. Jerry Hausman—I don't know that he had a joint appointment, but I know he taught here.

B: I don't think he had a joint appointment. He did teach, you're right.

P: He would have students that were there and back and forth.

B: When you talk about Economics as separate from finance, the kind of work that Bob Pindyck does?

P: Now Bob Pindyck's work could be done in the Economics Department. But he came to the Sloan School in Applied Economics, and we always talked with him about stuff. But he had a lot to do in the Sloan School, as you were saying. You took over offering the Economics courses here, so he was business. He wasn't looking for courses. Paul Krugman didn't want to teach the courses, so he left to go teach that. But I think Bob's been happy here.

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B: I don't know whether Bob Pindyck had his own Ph.D. students in Sloan or whether if you're going to get a Ph.D. in Applied Economics you're going to get it in the Economics Department. I don't know whether you can get it in Sloan.

P: That would be an interesting question to ask Bob how many Ph.D. students he's had. I think he might be in a corner where he didn't actually have a lot of graduate students because of exactly what you said. The Sloan students would go elsewhere and the Economics Department would want to be... He might be on the committee of people. That's always been true. They have Bob there or...

B: And the people who are in Energy—Dick Schmalensee, etc.—is the case from the Economics Department into this big priority of MIT called Energy?

P: I don't know. The big thing came after I retired. Now Dick and Paul Joskow and Jake Jacoby are the people coming from this end of campus. But I think they've all retired.

B: Jacoby is still active. Dick is retiring. He's still keeping his hand in Energy. And Paul Joskow is in NY City.

P: I didn't know there's a lot of Economics there.

B: Economics Department. That's an interesting question and it's maybe a little bit off. How would you characterize the Economics Department today? We don't have Paul Samuelson. Bob is retired, but probably still has a presence.

P: Bob Solow? He's given up his office. He has no presence any more. He did for a long time. He decided he just wasn't going to do it.

B: How do you maintain a #1 position?

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P: We attained it initially by replacing Paul Samuelson an infinite number of times. That is, when I was young we always used to go to the dean and say, "Paul Samuelson is going to retire. We have to employ this person." So we appointed any number of people on that rubric. That was very successful because there was a group of people like Rudy Dornbusch, etc., who came in.

Now there's a younger group led by Josh Angrist on the labor side and Daron Acemoglu. David Autor is increasingly important in this. He had a different career path than the other people. And the energy thing, I don't know, Mike Greenstone might be in Energy, but from a conservation point of view. This younger group has been hired and they've turned out to be terrific. I remember we hired Daron. He was at LSC, and we said, "Here's this really bright kid, but he's all over the place. We don't know what he's going to do. We'll have to try to get him set up so that he can get to some place." But we took a flyer and hired him, and he continues to this day to do everything, but he does everything well. He's a kind of leader of the department at the moment.

B: Tell me his name again.

P: Daron, it's a Turkish name. And the English pronunciation is Acemoglu.

B: Is he the one who's doing work on health? Someone doing work on health has gotten a lot of attention.

P: John Gruber. John Gruber is also very important, younger. There's this younger group of people who are doing very, very well. The culture of the department has come along very nicely. The Economics Department, when I was here, before I met Charlotte, I was hooked into the economic historians and they tended to be at Harvard, so I tended to see them. But then after I got into the Economics Department and got married, then the social group was the Economics Department. That was very important as things went.

My sense is I see that the younger senior people, the younger tenured people in the Economics Department are now at the same stage of life I was in the early 1970s. They're

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having kids, and as I hear them talk to each other, it's clear that they're seeing each other and doing things. It's that informal kind of thing, that mix of stuff, that keeps a department going.

B: That's very insightful. We saw a little bit of that when we talked to Rob Freund, the group that were all hired as assistant professors here in the 1970s. You bring in a group of bright, young people, and they're all facing the uncertainty of tenure and their lives at home are similar, children and so on. The socializing becomes a very important thing. We sometimes don't know how to track it, or if it's there. We know its value.

P: I'll give you one final story. There was a lunch table in the Faculty Club, as you mentioned. Paul came up there. In the 1970s, 1980s, something like that, we'd hired a crazy young theorist. We weren't hiring young people. We'd gotten into this funny thing, so we hired this guy who was kind of crazy. He came up, and he discovered at lunch that Paul Samuelson had had six children, three of them triplets. He said to Paul, "Did you have the triplets first or last?" The whole table went into paroxysms of laughter. The prediction after that was that there was no way this guy was going to get tenure because he just didn't understand anything about the world! (laughing)

Yes, just to emphasize what Bob said, I think the social side is terribly important and has been key to how the Economics Department has maintained itself.

G: It suggests something different than just hiring somebody every year, but it suggests waiting a couple years and bringing a group in together and really reinforcing that cohort idea.

P: It started because of this group that came in after the war, and they made a social group. That's right. We may have done that because what happened was in the 1980s, this would have been in the 1980s that the department had that gap, the department stopped hiring. When I was department head around the early 1990s, I tried to get the department hiring again, and discovered that if you get out of the tradition of hiring, you don't know how to hire people. They say "All these people don't know what they're doing." Well, of course, they're graduate

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students! That's the whole point. So they couldn't get themselves into the right frame of mind. The first couple of years I hired... I don't even remember. But we had a lot of trouble, and people didn't last very long.

Then in whatever year it was, 1991-92, there was a fantastic group of people. We hired six of them and scared the dean out of his skin! He called me up and said, "What are you doing??? You're going to bankrupt MIT!!" Sounded like my parents. Jim Poterba was already on the faculty, and he was always the voice of sense—as he is now, too. I asked him to come with me to lunch with the dean, and he calmed him down. We said this was just an extraordinary time. Can't do it all the time.

B: Your mentioning of Jim Poterba reminds me that Nancy Rose was another shift.

P: That's right.

B: She started in Sloan and is now in Economics. Some day somebody ought to do this. Not only have a chart of Sloan faculty over the years, but this traffic.

P: I would think for this history you'd want to have that. Nancy is very good. I remember we considered making her a joint appointment, but the joint appointment would be so that she was always in Sloan. I don't know the timing of it, and of course she had kids along the way, so it gets to be complicated. Eventually she comes there. A very good member of the Economics Department. If you put Nancy Rose on one side and Bob Pindyck on the other side, they're essentially doing the same kind of work. They do it a little differently because they're different people, and of course Nancy started doing it as Bob's colleague. So perhaps it's no accident. Then she moved into Economics.

B: There are a couple of people we've interviewed, we're not just staying with people within MIT. You probably knew Paul McAvoy when he was here?

P: Oh yes! I knew Paul well.

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B: We've interviewed him. Did you know Marty Weingartner when he was here?

P: No.

B: He was in Finance. He's a protégé of Modigliani from Carnegie Mellon, but was here in Sloan for a couple years – roughly the same time period as yours, the mid-'60s. Red-haired fellow. But you know Paul McAvoy.

P: Yes, I knew him fairly well, actually. He was always a prickly kind of guy.

B: Outspoken guy.

P: They probably gave you a very colorful set of reminiscences.

B: Right. George, what else?

G: I just would ask if there are any other stories you want to share? If you were to tell a young person coming here your favorite memory of MIT in its early days?

P: One memory is of Howard Johnson. When he was appointed head of MIT, that was really quite a break from tradition. It was, in a sense, a coming of age. I remember as we talked about it here, we like Howard, but what did he know about the rest of MIT? And would he be able to do it? For any big thing, there was this pride that somebody from here was going to run the Institute, and a little apprehension that maybe he would sour that for all time because he didn't know what was happening.

As it turned out, because then the whole world blew up in the late 1960s, he turned out to be the perfect guy to run the place, and he was fantastic. So that's a very strong memory from that period of time.

B: Yes, he was the right person for those tumultuous days.

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P: Exactly!

B: This has been great, Peter.

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