

# My Little Hundred Million with Malcolm Gladwell | S1/E6: Revisionist History Podcast (Transcript)

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**My Little Hundred Million with Malcolm Gladwell**

## Episode 6 | Season 1 | Revisionist History

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**Malcolm Gladwell:** In Glassboro, New Jersey, a little community half an hour south of Philadelphia, there's a statue right by the road as you drive into town. It's of a man named Henry Rowan; he liked to be called Hank. Whenever Hank Rowan came to Glassboro, he was mobbed like a rock star which probably embarrassed him because he wasn't given to those kinds of displays. When Hank Rowan died in December of 2015, there was a huge memorial service. Then in the evening, students from the local college gathered around his statue holding candles and sang for him as earnestly as only college kids can.

My name is Malcolm Gladwell. You're listening to *Revisionist History*, my podcast about things overlooked and misunderstood. This episode is my eulogy for Hank Rowan. I never met him, but he's a hero of mine. I want to understand why he didn't become everyone's hero; why Hank Rowan example didn't spread beyond Glassboro, New Jersey.

**Ginny Smith:** He was 6 foot 1 or so, not, not a huge football player size and, you know, 180 pounds, you know, thin but not skinny. And had a loud voice, strong presence and, yeah, he was uh

**MG:** What was his management style like?

**GS:** Um, benevolent dictator I think.

**MG:** That's Rowan's daughter, Ginny Smith. She now runs the company her father started in 1953, it's called Inductotherm. It's right off the New Jersey Turnpike. They make industrial furnaces from melting metal.

**GS:** He started the company, basically, in our garage and then, he sold his first job to the Mint, which was kind of fun, and then the second job to GE and, and the

furnaces just got bigger and bigger and now some of them are 50 ton, uh, they're just huge. And kept branching out and acquired some companies and it kind of, it grew like topsy, but he worked very, very hard at it and hired good people.

**MG:** Rowan built Inductotherm into a multinational corporation, thousands of employees around the world, and he became a very wealthy man although you wouldn't have known it.

**GS:** You know, he would run around in, um, scuffed shoed and trousers not worried about that. He didn't care how he dressed or looked.

**MG:** Rowan was an engineer, raced sailboats, flew planes, believed in hard work, free enterprise.

**GS:** But you couldn't get him to buy a fancy car. He was a Nash Rambler guy in the early days and he pooh-poohed Mercedes because Mercedes wasn't one of our customers.

**MG:** What did he, did he drive, sort of, near the nearΩ?

**GS:** He drove Oldsmobiles and Buicks and, finally, the company here insisted he drive a Lincoln and he drove it into the ground just about. Oh, he had a Cadillac once, but he towed his boats with that too because it had a bigger engine, you know. None of this drive around and wave at people, soΩ

**MG:** Yeah, yeah.

**MG:** Almost 30 years ago, Hank Rowan became friends with a man named Phil Tumminia. Tumminia was head of development for the local college, Glassboro State, just down the road; a little university started back in the 1920s on 25 acres. Tumminia would drop by and see Rowan on his way up to Trenton. Everyone involved with

Glassboro and Rowan has their own version of the story, but here's how Rowan remembered it in an interview he gave a few years before he died. It's with Don Ferish; he was the former president of Glassboro State. He asked Rowan how he first got involved with the college.

**Hank Rowan:** Well, I think we blame it all on, um, Phil Tumminia, because he came to see me and, uh, asked if I might make a donation to the scholarship fund of \$1500. Well, it sounded easy, \$1500, so we gave him \$1500 and you know what? He came back.

**MG:** Tumminia wanted Rowan to give money to the business school, which was pretty dilapidated.

**HR:** So he pushed that for a while and, finally, I said, "Phil, I have zero interest in your school business. Uh, what this world needs is more engineering, how to make things, we have to produce. And Phil, what would you do with \$100 million?" And he nearly fell off the chair, but that's, that's how we got to that level and was the, was the beginning.

**Don Fehr:** So you're the one that suggested the \$100 million figure, not, not him?

**HR:** Oh, yeah. He was talking about 10.

**DF:** I see.

**MG:** This is 1992, a generation ago. Almost nobody gave donations of \$100 million back then. This was unheard of money. Rowan's gift made headlines around the country. He set a new standard.

**Phil Tumminia:** Did you think it changed the world? You're damn right it did.

**MG:** At Rowan's memorial service, Phil Tumminia gets up and says, "I think, accurately, that Rowan is the person who triggered what has become one of the greatest explosions in educational philanthropy since the days of

Andrew Carnegie and the Rockefellers."

**Phil Tuminia:** From July of 1992 until the end of that decade, 20 gifts. 20 gifts of \$100 million or more were given out in this country.

**MG:** According to the chronicle of philanthropy, as of right now, spring of 2016, we're up to 87 gifts of \$100 million or more to higher education. So everyone followed Rowan's lead except, not really.

Rowan gave his money to Glassboro State College, a public university in a sleepy little town in South Jersey that no one had ever heard of. The college was close to broke. At the time, they had an endowment of \$787,000. But the people who followed Hank Rowan, who were inspired by the size of his donation, almost all of them gave money to wealthy prestigious schools. Let me just read to you the names of some of the educational institutions that have received the largest donations in American history. Ready? In 2013, the billionaire cofounder of Nike, Phil Knight, pledged half a billion to the Oregon Health and Science University in Portland. Okay, not the most prestigious institution in America, but wait. Then, come 3, \$400 million donations. The first is the billionaire John Kluge's gift to Columbia University in 2007. The second is the hedge fund manager John Paulson's gift to Harvard University in 2015. The third is Phil Knight's gift to Stanford University in 2016. And after that, in order, here are the universities that get the biggest donations: Johns Hopkins, Harvard again, University of Chicago, Princeton, Tufts, Carnegie Mellon, Cornell, Yale, Penn, Claremont McKenna, Columbia again, Baylor, USC, Columbia a third time, Michigan, University of California, Wisconsin. I could go on if you want through all 87, but basically, we're talking about the same wealthy, elite schools getting the biggest donations again and again. Hank Rowan did something

unprecedented and nobody followed him.

This episode is the third in my 3-part *Revisionist History* miniseries re-examining the promise of higher education. The first installment was about why the educational system struggles to find talented low-income students. The second episode was a comparison of Vassar and Boden and why it's so difficult for some colleges to find the money for financial aid. But today, I want to talk about educational philanthropy, which I think is an issue that doesn't get talked about nearly enough.

Higher education in the United States runs on philanthropy. There are almost no schools that can pay their bills just on the strength of students' tuition. Those days are over. Philanthropy is what makes the wheels turn. But there's a problem, a lot of that philanthropy doesn't make any sense. It's going to the wrong places for the wrong reasons.

Those of you who follow me on Twitter will know that I'm obsessed with this issue. After John Paulson gave his \$400 million to Harvard in 2015, I had a kind of Twitter meltdown sending tweet after tweet including, "It came down to helping the poor or giving the world's richest university \$400 million it doesn't need. Wise choice, John." And then, "If billionaires don't step up, Harvard will soon be down to its last \$30 billion." Then, when Phil Knight gave \$400 million to Stanford, I got called up for comment by the New York Times. I said that Stanford was part of a crazy arms race and ought to cut its endowment in half and give the balance to schools that actually need the money. The next day, I got an email from the president of Stanford, John Hennessy. He wanted to get together and convince me I was wrong. So I talked to him, and we'll get to that conversation in a minute. For now, I will only say that I was completely baffled by my talk with Hennessey. It was as if he and I

were speaking different languages. I understand the people who give money to those who need money. The people who give money to those who already have all the money they need, I don't understand that. What are they thinking?

Let me run an idea by you which I think helps to frame this question. It has to do with soccer; actually, the difference between soccer and basketball. This idea comes from two economists named David Sally and Chris Anderson who wrote a really great book a couple years ago about soccer called *The Numbers Game*. One of the questions they asked was what matters more if you want to build a great soccer team, how good your best player is or how good your worst player is? And their answer was, "In soccer, what matters is how good your worst player is."

**David Sally:** Soccer is a game where if you get a single goal, if you just happen to be lucky, that goal may hold up.

**MG:** That's David Sally.

**DS:** And so, mistakes turn out to be a very important part of soccer as a team sport. That leads you to think about, well, mistakes more often happen, are more often produced by weaker players on the pitch.

**MG:** Sally's argument goes like this. A soccer team has 11 players on the field at any one time. Suppose one is a superstar and your worst player is maybe only 45% as good as the superstar. Because soccer is a sport where everyone on the field depends on everyone else, that 45% player can make one mistake and completely negate the skill of the best player.

**Chris Anderson:** You could have 8 beautiful passes in a row, but if your worst player, your 45% player, botches the ninth, then all the previous 8 beautiful passes are all

wasted.

**DS:** That's right and because of the nature of soccer, the, that, these 8 beautiful passes may have only increased your likelihood of victory by a small percent but then it goes right back to zero because somebody turns the ball over.

**MG:** Sally and Anderson did a statistical analysis. They looked at the top soccer clubs in Europe and showed that, if those teams upgraded their poorest players instead of their best players, they would score more goals and win more games, a lot more. Soccer is a weakling game.

**DS:** Yes, having a better superstar was of, course, better but actually having a better end of the bench or eleventh guy on the pitch was actually more influential to whether you won matches or not.

**MG:** Which would be the exact opposite of basketball?

**DS:** Yeah, basketball is probably the opposite and the continuum from  $\Omega$  to  $\emptyset$ . If you think about soccer as maybe the weakest link sport; basketball is probably the most superstar driven team sport that we have.

**MG:** Even the greatest basketball teams often have one and sometimes even two players who are barely better than mediocre. What matters in basketball is not how good your fifth player is, it's how good your superstar is. It's a strong link game. Think about Lionel Messi, maybe the greatest soccer player of his generation, versus Michael Jordan, the greatest basketball player his generation.

**DS:** What Jordan could do on a basketball court was Jordan could guarantee, or virtually guarantee, that he could get the ball; you couldn't really stop him, right? He could go to the back court, pick up the ball, he could dribble it forward, he could break double teams, you



could try to send three guys at him, but then you're really, you're really opening yourself up, he could go and get a shot. Leo Messi is so good that sometimes, rare times, where, in fact, he can dribble the length of the pitch. But the fact is that he, he, he, he, in most instances, he really can't. He needs to be, he needs those eight beautiful passes to set him up and then he can do something amazingly transcendent with it.

**MG:** I think the weak link/strong link distinction is incredibly useful in making sense of certain kinds of problems. Suppose I said to you, for example, "Here's \$50 billion. Spend it in a way that makes air travel in the United States more efficient." The last thing you would do is to go to Denver, which has that big, gorgeous new airport, and make it even bigger and even more gorgeous. No, you'd go to the worst and most crowded airports in the country, LAX, SFO, LGA, Newark, Kennedy, and make them better. Because every single day, delays at Newark and LaGuardia and Kennedy ripple across the country and delay planes everywhere. You'd spend all \$50 billion in New York. If you do that, you're essentially saying, "Air travel in the United States is a weak link problem." We're limited by how good are appalling New York airports are more than by how good are best airports are.

Here's another example. One of the great puzzles of the industrial revolution is why it began in England. Why not France or Germany? One theory is that Britain was lucky enough to have more geniuses than anyone else, like James Watt who invents the steam engine. But there's an economist named Joel Mokyr who makes a really compelling argument that England's advantage is that it had way more craftsman and skilled engineers and experienced and mechanically minded backyard tinkerers than anyone else. Those were the people who

are able to take those inventions and perfect them and make them useful. Mokyr is saying that the industrial revolution was a weak link phenomenon, not a strong link phenomenon. And because Britain had more craftsman than France or Germany, that gave Britain a huge advantage.

So what's Hank Rowan? Hank Rowan is a weak link guy. He wants to make a difference to make his country a better place and he thinks the best way to do that is to improve the 45% player; not the superstar. He thinks America is soccer, not basketball.

**DF:** You're a graduate of MIT, right?

**MG:** Here he is again in the interview with Don Ferish of Glassboro State.

**DF:** Now, I would assume that MIT, at that time, would've been interested in receiving a gift of that size from you. Did you, uh, did you think about giving it to, uh, to that university?

**HR:** No.

**DF:** Okay.

**HR:** They were, at the time, trying to raise \$750 million. And my little hundred million wouldn't have made hardly any difference at all.

**MG:** "Hardly any difference at all." That's David Sally's point about soccer. Upgrading the superstar doesn't help as much as upgrading the worst player. Here's Hank Rowan's daughter, Ginny, again.

**GS:** Basically, he said MIT had the greatest engineering school, bar none. He said it was the best education he could ever imagine and he said, "I'm sure they would do good things with my money; they'd build a building or do something positive but," he said, "it wouldn't make the difference that's gonna make down here." He said, "I

enjoy making a difference in this world."

**MG:** So he funds an engineering school in Glassboro. It's not the best or the fanciest engineering school in the country, but it's not supposed to be.

**MG:** So it's one, one, four-story building. Is it four or is it three?

**Joe Cardona:** It's three-story building and then it has two wings to it and there's labs.

**MG:** Yeah.

**JC:** We'll walk down.

**MG:** I went for a tour with Joe Cardona, the university's Head of PR.

**JC:** You know, we're a state institution, so a building like this was, like, "Wow! Whizz bang," you know. "Look, it's an engineering building!"

**MG:** Yeah.

**JC:** And, so why don't we just walk down the hall?

**MG:** Yeah.

**MG:** The school was built in the mid-1990's for 500 students. They've now crammed 750 into the building while they wait for a new annex to be finished next door. Eventually, they want to double the school's size. The point is not to be more exclusive, it's to get bigger, to serve more students. Cardone and I stopped by a lab where a group of students were working on a Baja car, basically a home engineered dune buggy that will race against other engineering schools on an endurance course.

**Student:** So we got some, like, aircraft grade aluminum, we have a two-axis water jet cutter that can cut out profiles and we designed a part that's bolted together. That way, um, it's, it's nice and strong, and they're

graded bolt, but if it does break, you can replace individual pieces without having to make a whole new assembly.

**MG:** The meet students I meet, Matt, Shawn, Owen, and Kyle all grew up around here.

**MG:** Are most of the peop-, students in the engineering school, from New Jersey?

**Student:** Uh, I would say, yeah. A good majority, but not all of them.

**MG:** Net tuition in State is about \$9,000 a year, which is pretty reasonable for an engineering school. 95% get jobs in engineering when they graduate.

**Ali Houshmand:** And we really want to do, blu-, what I call blue collar research. Research that is practical, that people can see the tangible result of.

**MG:** Ali Houshmand, the university's President. He's an immigrant from Iran; he grew up in a slum in Tehran, fifth in a family of 10.

**AH:** People used to ask me to compare. I said the best comparison would be to tell you if you have seen *Slumdog Millionaire*, you look at that, this one was twice as hard and tough.

**MG:** Oh, wow.

**AH:** Yes. We were a very close family, but very poor. I mean poor to the extent that you would walk in the streets without shoes.

**MG:** Houshmand runs marathons, which is kind of what you'd expect, right, for someone who made it out of the slums of Tehran.

**MG:** A typical student at the engineering school, where are they from? Can you give me a kind of profile?

**AH:** A profile of it, a, a kid from engineering, a father is a,

you know, fireman, mom is a teacher, the kid has been going to a public school. Uh, he's from 40 miles from here and he's just a brilliant young man or woman, gone through public school and got great scores, and very much focused.

**MG:** He's you, in other words.

**AH:** Yes, yes.

**MG:** A school full of Ali Houshmands.

**AH:** Yes, yeah. That's, that's the beauty of it, Malcolm. That's why I say it's a blue collar university.

**MG:** Now, I'm convinced by Ali Houshmand and by Hank Rowan. I think American society really is soccer. We're so interdependent and we need so many perfect passes to score a goal that our challenges are weak link; not strong link. What matters is how good our eleventh player is; not our first. We're in a second industrial revolution and the lesson of this one isn't any different from the lesson of the last one. But it's really hard to get people to accept weak link arguments. David Sally, the economist who studied soccer, says he'll go to some billionaire oligarch who owns an English Premier League team and say, "Don't spend your £80 million on one superstar player. Spend it on four pretty good players at £20 million each." But the oligarch doesn't want to hear that.

**DS:** If the oligarchy is only worried about winning soccer matches, I can sell that, that's believable. Oligarchs buy teams for many other reasons, including wanting to hang out with really good looking soccer strikers and wanting to sell a lot of shirts. A weak link strategy is not going to be the most glamorous thing.

**MG:** And that's the problem. Superstars are glamorous, Nobel Prize winners are glamorous. Regional universities in rural South Jersey and solid, capable midfielders are not.

**DS:** What people remember are the unbelievably beautiful goals.

**Soccer commentator:** It's a brilliant run from Messi! Can he go all the way! It's one of the great Copa Del Rey final goals!!

**DS:** They may not realize that the seven maybe less glamorous passes that set up that eighth beautiful through ball were maybe, arguably, just as important, but they were much more mundane and they just involved simple movement to open spaces and, and people don't adequately value that.

More in a moment after this break.

Now back to our story.

**John Hennessy:** When we asked ourselves the question, "What could Stanford do to make a better contribution to the world?" we quickly converged on building a scholarship program that would bring the most talented students and prepare them to be leaders in the world, to lead on attacking [ØΩ].

**MG:** John Hennessy, President of Stanford University since 2000, widely considered one of the greatest presidents in Stanford history.

**JH:** As I began to think about the end of my term as President, I started to think was there something else, perhaps, we could do where we could build on everything we've put in place at Stanford and offer something that would be a great thing for the world?

**MG:** Not long before we talked, I took a walk across the Stanford campus and it's like entering a shrine to higher education. Everything is gleaming, gorgeous, groomed, green, that's all Hennessy's work; he has transformed the school, doubled the endowment from 11 to \$22 billion, made it into maybe the greatest university in the

world.

When we talked, he was just about to retire and thinking about his legacy.

**JH:** Many people, myself included, became increasingly concerned about what we saw as a void in great leadership around the world and in, in the public sector as well as in the private sector.

**MG:** Hennessy decided he wanted to start a graduate program, kind of like the Rhodes scholarship. Every year, it would bring 100 of the brightest, most accomplished college grads from around the world to Stanford and let them apply their minds to the problems of the world. He goes to his deans, then his trustees. Everyone loves the idea.

**JH:** And then, over the summer, last summer, I went to Phil Knight and explained the idea to him and he was enthusiastic about it and came back a month later and said he'd help us make it happen.

**MG:** Remember, Phil Knight is the co-founder of Nike, a billionaire many times over and a serious philanthropist.

**MG:** How did you pick Phil Knight as someone to approach? Was he the first person you approached?

**JH:** I knew Phil had been concerned about leadership globally. He and I had had a good working relationship.

**MG:** And so he ends up giving 400 million. How does one arrive at that number? Is that a number you suggested to him or is that?

**MG:** It's roughly half. I mean we're Our goal is somewhere in the 750 to 800 to, to implement the entire program, secure it permanently. And so I think in the past, finding a naming gift that, of that scale is probably necessary and then you can find gifts to fill in the rest of it.

**MG:** It was my criticism of the Phil Knight donation that led Hennessey to get in touch with me. He wanted to explain his thinking which is, "John Hennessey wants to do a great thing for the world." So he sets up an \$800 million graduate program for 100 elite students. He's the anti-Rowan, right? Hank Rowan wanted to start at the bottom and tries to lift as many people up as possible; Hennessey starts at the top and lavishes 800 million on the most exclusive group he can find. Rowan is a weak link guy. His world is soccer. Hennessey is playing basketball and he wants to focus his billions on the superstars.

**MG:** In the time you've been at Stanford, the endowment went from what, from 11 to 22, is that right?

**JH:** Yeah, probably about 11 to 22, right. Most of that's endowment returns; not mostly gifts. But there are some gifts in there too, obviously.

**MG:** What is, uh, what's enough? How much is enough for an institution like Stanford?

**JH:** How much is enough? Um, I think it, we, um If our ambitions don't grow, then I think you do reach a point where you have enough money and I would hope that, um, our ambitions for what we want to do as an institution, both in our teaching and our research, uh, grow.

**MG:** In other words, there really isn't such a thing at Stanford as enough money. The school's ambitions are always growing, so its endowment should too. Just because you already have more resources than almost anyone else doesn't mean you should stop collecting even more resources. Hennessey is a hard core strong linker.

**MG:** Hypothetically, if, you know, Bill Gates or Larry Ellison came to you and said, "I'm giving you \$10 billion.



I'm retiring and I'm giving you all. My will says everything goes to Stanford." I mean, would you say, "We don't need it," or would you say, "We can put that money to good use."

**JH:** Well, first of all, I don't think, um, either, either Larry Ellison or Bill Gates is gonna give me \$10 billion unless I tell them exactly what I'm gonna do with it and how I'm going to make it a good investment. And since I know both, I know both of them, I can tell you they won't, they won't do it.

**MG:** Um, could you make an argument to Larry Ellison as you could put it to good use? If he gave you 10 billion, you could, you could put it to good use?

**MG:** 10 billion. Just to put this in the ballpark, because I worry sometimes that Americans get a little jaded about big numbers, 10 billion is a few billion more than the gross domestic product of Barbados and 4 billion shy of the gross domestic product of Jamaica. Basically, I'm asking, "What would happen if someone gave you, Stanford, the average economic output of an entire Caribbean country for a year?" Tax free, by the way. The guy who gives the 10 billion gets to write it off and every dollar Stanford earns on that 10 billion, they get to keep.

**JH:** 10 billion is, um, I'd have to do something really dramatic for \$10 billion, really dramatic.

**MG:** He thinks about it for a moment. Actually, I counted, for about two seconds. Then he comes up with something really dramatic.

**JH:** The one area where I think there is an opportunity for significant incremental funding is in the biomedical sciences. Um, if that were an endowment, for example, so you're throwing out \$0.5 billion a year, I could find a way to spend \$0.5 billion a year in biomedical research.

**MG:** 10 billion! He could totally use another 10 billion. At

this point, I'm just curious. I mean, I've read about strong link thinkers in books but I've never actually talked with one before. So I keep posing more and more farfetched scenarios.

**MG:** Do you ever imagine that a, a president of Stanford might go to a funder and say, "At this point in our history, the best use of your money is to give to the UC system not to Stanford"?

**MG:** The UC system is the University of California system, 10 schools, Berkeley, UCLA, San Diego, Davis, Santa Barbara, etc., maybe the finest group of public universities in the world. If you listened to the previous episode of *Revisionist History*, the one about Vassar, I talked about the New York Times access index. It's a ranking of 180 universities in the US according to how good a job they do in finding, educating, and financially supporting low income students. Right now, Vassar comes in eighth. Well, six of the first seven spots on that list are University of California schools. Stanford has 16,000 students; the UC system has 238,000 students. So I'm asking John Hennessy, might there ever, ever be an instance where he might tell a would be super philanthropist, "Look, we've already got \$22 billion in the bank, higher than the output of two Caribbean countries, and it's earning us a couple of tax free billions every year. Your dollar would go further at the public institutions down the street since they educate 222,000 more students than we do with a fraction of the endowment"? I'm not holding Hennessy to his answer....