

THE INSTITUTE FOR ADVANCED STUDY

MINUTES

Regular Meeting of the Board of Trustees
September 29, 1974

Board Room, Princeton, New Jersey

- Present Mrs. Whitehead; Messrs. Dilworth, Doob, Drell, Forrestal, Hansmann, Hochschild, Linder, Petersen, Roth, Segal, Simon, and Straus; Dr. Kaysen and Mr. Morgan
- Absent Mrs. Gray; Messrs. Houghton, Solow, Taplin and Watson
- Presiding Officer The Chairman, Mr. Petersen, opened the meeting at 10:45 a.m.
- New Members The Chairman welcomed the two new members of the Board: Messrs. Doob and Drell.
- Linder Resolution Mr. Petersen then read a resolution of appreciation to Mr. Harold Linder for his many years of service to the Board (previously adopted).
- Minutes The minutes of the Regular Meeting of the Board of Trustees held on April 26 and 27, 1974, in Princeton, were approved as circulated.
- Budget Committee In the absence of Mr. Taplin, the Director presented the Post-Closing Budget for the academic year 1974-75 together with a summary of the changes since the April meeting, which showed a net increase of \$171,190. The revised budget had been approved by the Budget Committee at a meeting earlier in the morning and was being recommended to the full Board. It was moved, seconded, and unanimously carried that the Post-Closing Budget for 1974-75 be approved.
- Finance Committee The Chairman of the Finance Committee, Mr. Segal, reported that the Committee had held a lengthy and fruitful discussion of the immediate and long-range investment policies of the Institute. The present composition is 61.4% in equities and 38.6% in fixed income securities. The matter under discussion was whether the equity portion should be further reduced and to what extent. Mr. Segal stressed the fact that the discussion concerned itself not only with the current market situation, but also with the long-range future financing of the Institute. There were two opinions expressed by the Committee:
1. The price of common stocks will improve, inflation will be reduced, and interest rates will come down; and
 2. This is not likely to happen, and therefore, a policy of conservation of capital should be adopted.

Mr. Segal said that the Committee had been forced to adjourn before any conclusion had been reached and that it would reconvene following the meeting of the Board. (Following further discussion, at the subsequent reconvened meeting of the Finance Committee, the following motion was adopted: a) that the equity holdings be reduced by an additional 10%, roughly \$2.5 million at 9/26/74 market; b) that the proceeds be reinvested in high quality intermediate bonds; c) that half of the reduction might be reinvested in good quality Convertibles, if acceptable issues can be found; d) that the remaining portion of the common stock portfolio be reviewed to the end of possibly further reducing low-yielding securities and investing the proceeds into depressed common stocks with well-protected dividends).

The Treasurer, Mr. Hansmann, reported that the Committee had reviewed the purchases and sales between meetings. He then presented an analysis of the composition of the portfolio as of 6/28/74 and 9/26/74 (attached). The total market value of the portfolio declined 13.7% during the fiscal year 1973-74. The ratio of equities to fixed income securities on June 30 was 71% to 29%. As of the date of this meeting, the ratio had changed to 61.4% equities and 38.6% fixed income securities.

Director's
Report

A. Administrative Matters

I. Major Maintenance

The Director reported that the additional \$40,000 in capital expense, to which he had referred in the presentation of the Post-Closing Budget, is included to cover slate repairs on the exterior of the new academic buildings and three major items in the housing: roofs, termite control, and siding on four of the older buildings, including the nursery school.

II. Discrimination Issue

The Director reported that the charges of discrimination for reasons of national origin and marital status, brought against the Institute by Mrs. Olga Christides, were still unresolved four months after he, Mrs. Agar and Mr. Morgan had appeared before a hearing officer.

The Federal complaint on discrimination against women, based on two questions in the membership application (subsequently amended) has been withdrawn.

There are currently ten women members, five in Mathematics, three in Historical Studies, and two in Natural Sciences.

Our record in the employment and promotion of minority groups in the nonacademic staff has been excellent except for academic secretaries. We now have our first black secretary.

III. A New Form of Audit Report

The Director reported that the Haskins & Sells Report for the fiscal year 1973-74 makes provision for a unit system in the portfolio to assign a fair share of capital and income to those funds which are restricted as to use (Sivian, Herodotus, and Social Science funds). We have been considering this change for some time but the decision to institute it this year was hastened by the Veblen Bequest which will establish a similar fund in Mathematics.

IV. Alumni Association

The Director reported that the organization of the Alumni Association had been proceeding during the summer. Approximately 600 replies have been received from the first mailing. A tabulation of the replies is as follows:

Approxim. Number of Members		<u>Responses</u>
<u>Since 1945</u>		
Mathematics -	(1160)	328
Historical Studies -	(490)	174
Natural Sciences -	(460)	95
Social Science -	(50)	---
TOTAL		(2160) -- 600

This represents the response of about 25% with the replies in History a little higher than the average, and in Natural Sciences a little lower. As to the future, there is a possibility that they may propose some kind of reunion, perhaps by Schools, in May or June. It is possible that they might in the future ask to be the source of nomination of alumni trustees. The existence of the Alumni Association may add to the visibility of the Institute in the outside world. It is unlikely, however, that this will be a future source of funds of any great magnitude.

B. Academic Matters

1. Membership

The Director referred to the lists of members for the current academic year. The Institute is absolutely full with respect to both housing and office space. There are 170 members and assistants in the first term and 169 in the second. There are no available apartments, and there is considerable doubling up in offices in both Mathematics and Natural Sciences.

In Mathematics, we have the first Soviet visitor; a Jewish refugee from the Soviet Union; and a Rhodesian, who is working with Professor Whitney on his special project on elementary education in mathematics.

In Natural Sciences it is expected to be a strong year, particularly in astrophysics.

In Historical Studies we have the first husband and wife team and the first classicist from Australia.

In Social Science there is a high concentration of members interested in Latin American studies.

II. Faculty

The Director reminded the Board the present strength of the Faculty is as follows: 9 in Mathematics, 9 in Historical Studies, 6 in Natural Sciences, and 3 in Social Science.

Mathematics already has what it considers 2 vacancies, namely, one corresponding to the early retirement of Professor Beurling last year and one created by the resignation of Professor Atiyah the year before. In addition, in 1976 there will be 2 further retirements, Professors Godel and Weil. Historical Studies likewise considers itself as having 2 vacancies, one created by the retirement of Professor Kennan and one by the retirement of Professor Cherniss. Professor Gilbert retires at the end of this academic year and the next retirement in History is at the end of 1976-77, that of Professor Thompson.

Thus, there will be pressure for appointments of at least one and perhaps 2 members to each of these faculties in the present academic year.

The Faculty in Natural Sciences is young, and there should be no need for any addition there for a number of years.

In Social Science the situation is different with respect to finance. The income from funds raised for Social Science, together with the Ford matching grant, and specifically the \$2 million already received from the 1907 Foundation, has more than covered current expenses in Social Science and would provide for an additional professor.

III. Bernard Lewis

The Director reported that Professor Bernard Lewis has begun his joint appointment with Princeton University. Professor Lewis is a leading scholar of the Islamic world. He has been granted a long-term membership during his tenure as a Professor at Princeton University. He will have his office at the Institute, but he will not be a member of the Faculty. He may, however, have some future

influence on the selection of members in the School of Historical Studies.

In response to questions from the Board, the Director said that this type of joint appointment was not likely to become a trend unless there was a major change of mind on the part of the Institute Faculty.

IV. Financial Situation

The Director urged the members of the Board to consider both the short-term and long-term implications of the current loss in market value of the portfolio. With respect to the short-term, the first major decisions will come at the time of any requests for new permanent appointments to the Faculty. The cost of a permanent professor varies somewhat between the several schools but the average is about \$62,000.

There is the possibility that the temporary members might be financed entirely from outside funds, but this is not likely to happen in the immediate future. The National Science Foundation is now the largest single contributor towards the support of temporary members and its budgets are more or less static.

It might be possible to squeeze \$200,000 out of the housekeeping budget but this would be reflected in a reduced standard of living for the faculty and members in almost every area of Institute life.

In thinking about the long-term financial situation, the Director put it in terms of how the Board could insure the continuing support of the Institute for the next century. In this perspective there was some merit in considering the possibility of becoming part of Princeton University, since the great private universities are likely to be enduring institutions. However, in any short-run perspective, this idea seemed out of the question because the Institute Faculty would consider it a serious degradation of their own status. Beyond this, there would be many practical obstacles to a merger. In academic terms, the present relationship between the Institute and the University is excellent and the Institute's contributions to the intellectual life of the total community is very substantial.

The meeting was adjourned briefly and reconvened for further discussion at luncheon.

Financial Situation Continued

The Director resumed consideration of the financial situation with reference to the more immediate concerns, specifically, what instructions did the Board wish to give about the pending appointments in History and Mathematics. He pointed out that the expected retirements

in the next several years would in effect mean that appointments need not increase the long-run size of the faculty. After further discussion, it was agreed that the Director should describe the financial situation to the Faculty frankly and tell them that at least one new appointment in Mathematics and History would be approved by the Board for this academic year. However, the financial context should be clear to everyone when these decisions were made.

Faculty
Liaison
Committee

The Director reported that for a number of years the Faculty-Liaison Committee had met once or twice a year with the Executive Committee of the Board of Trustees. During the late unpleasantness, the Committee had refused to meet. The Director expressed the hope that this contact could be reestablished.

Committee on
Governance

The Director reported that the Committee on Governance now had before it a draft document on how a Director should be chosen and what his duties should be. The other major item on the Committee's agenda was the question of how permanent appointments to the Faculty should be made. Everyone agreed that within the existing schools, they should be initiated by the School, but the difficult question was what role the rest of the Faculty outside the nominating School should play. The Director gave a brief description of past procedures and enumerated the several proposals now under consideration. He said that he believed the Trustees should adopt any proposition that the Faculty can agree on.

Adjournment

There being no further business before the Board, the meeting was adjourned at 2:35 p.m.

Respectfully submitted,

Minot C. Morgan, Jr.

Minot C. Morgan, Jr.
Secretary