

THE INSTITUTE FOR ADVANCED STUDY

M I N U T E S

Meeting of the Board of Trustees

Saturday, October 25, 1986

Princeton, New Jersey

Present: Messrs. Wolfensohn (Chairman), Bell, Bradshaw, Brown, Byrom, Forrestal, Hansmann, Mostow, Petersen, Segal, Stewart, Straus, Vaillaud, Woolf; Miss McCormack. Also Mesdames Labalme and Laesker, Mr. Rowe.

Absent: Messrs. Akers, Goldberger, Guth, Lee, and Taplin; Mrs. Delmas.

Mr. Wolfensohn opened the meeting at 9:10 a.m. and welcomed Elizabeth McCormack to the Board, and Howard Petersen back to the Board.

Minutes: The minutes of April 26, 1986, were approved as circulated.

Remarks of the
Chairman: Mr. Wolfensohn reported on his activities in the past months. He had met with the Faculty to discuss the Wolfensohn Committee report. He had made the following points:

1) There was no crisis. This was a regular review in the same way that the Segal Review had taken place in 1975-76. The purpose was to sharpen the Board's perception of what the Institute was and where it was going.

2) The Board, and the Wolfensohn Committee, were committed to preserving the excellence of the Faculty and the quality of the visiting members, their freedom of research, their varying modes of contact among themselves.

3) No judgement of scholarship was involved. The visiting committees had served that purpose, if a trifle too diplomatically and without sufficient administrative follow-up. Their recommendations were important in order to preserve the high standards.

4) The Board wished to secure for the Faculty the highest levels of salary, asking from them in return the highest level of commitment. There was general agreement in the Committee that the Faculty were so committed.

5) Budgetary matters such as School costs were the purview of the Director. The Board's function was to be supportive of the Director and complete the search for his replacement.

Mr. Wolfensohn said that individual Schools now wished to meet with him to discuss the Wolfensohn Committee report as circulated among them. He had already met with the School of Mathematics and hoped to set up meetings with the other Schools in the near future. His sense of the climate was that there was reasonable activity and a positive atmosphere. He asked the Director if that were also his impression.

Dr. Woolf affirmed the useful effect which the Wolfensohn Committee had had on the community and the increasing communication between the Schools as a positive sign, especially between the Schools of Mathematics and Natural Sciences and the continued strong bonds between the Schools of Historical Studies and Social Science. The Wolfensohn Committee's review had been very important to the health of the Schools and had served them well by cutting through a lot of dross, initiating good reactions and good returns.

Nominating
Committee:

Mr. Bradshaw reported for the Nominative Committee which had reviewed the present and future composition of the Board. It was felt that a balanced mix was desirable, with the individual's qualifications as the most important consideration. The lack of current business CEO's on the Board encouraged the Committee to seek names of younger CEO's and the Board was urged to provide suggestions. Meanwhile, two names were suggested for election at the next Board meeting: Helene Kaplan and Vartan Gregorian.

Mr. Wolfensohn said that he would like to invite these two to join the Board and attend the next meeting at which they would be elected. The consensus of the Board was in favor.

Budget Committee:

Audit:

Mr. Hansmann reported that the auditors had given the Institute a clean opinion. The EDP system is functioning well. The auditors' fees had increased from \$51,000 in Fiscal 1985 to \$55,000 for Fiscal 1986. Their management letter had been discussed, as had the tax vulnerability of the Faculty in relation to the below-mortgage-rates loans provided them by the Institute. Allen Rowe and Dr. Woolf were looking into this situation, as well as that of travel allowances. The investments of the Institute will be completely computerized by the beginning of next year.

Faculty salaries:

Mr. Hansmann continued with the Budget Committee report. Faculty salaries should be decided for January 1, 1987. The Budget Committee had considered the proposed increase to \$100,000 (for an 18-month period), but that meant a 17% increase which the Committee felt was excessive. The Committee proposed an increase to \$95,000 per annum, beginning January 1, 1987. The Faculty Benefit Study drawn up by Allen Rowe indicates that the Institute compares favorably with other top institutions in its benefit package. The Institute's benefits amount to 28% of the base salary; other institutions' benefits range from 19-26% of their base salaries.

Mr. Brown asked whether the Faculty would consider this raise as a good one, and whether they had seen the Benefits Study, so that they would know we were fulfilling our objectives with them. Dr. Woolf said that he thought the Faculty would be content with the proposed raise, but that they had not been shown the Benefits Study which was considered privileged information. He also averred that institutions frequently make special arrangements outside their standard benefits structure. He would, however, discuss benefits with the Faculty at the spring Faculty meeting.

Mr. Segal referred to the memo of April 26, 1986, which listed top Faculty salaries at comparable institutions, as gathered in telephone calls made by Dr. Woolf to the presidents of these institutions. He asked just what information had been elicited, and pointed out that the increases listed there were well in advance of the rate of inflation. The important consideration was whether our people were being treated in total remuneration better than at other institutions, and if so (since the answer was positive), how much better? If the Faculty's current salary was \$85,000 and the benefit package amounted to \$25,000, then the proposed increase

was on the very high side. The salary, plus the money value of the fringe benefits, plus the money value of the mortgage arrangements should be added together before deciding on the Faculty's future salary. He questioned whether we should be giving a salary increase of this size so far in excess of the increase in the cost of living.

Professor Mostow said that at Yale, top salaries ranged from \$85,000 to \$95,000, with fringe benefits very similar to those at the Institute. He pointed out that there was a period when the real value of salaries had not kept pace with the cost of living increases, especially in the years when oil prices rose so sharply. In those years the salary increment was negative. The present years of increase are an attempt to make up for the lean years. Neither the benefits at the Institute nor the Faculty salaries here are an order of magnitude better than elsewhere. What is being proposed now is a raise which will meet the competition.

Professor Bell said that at Harvard, the highest salaries were for five or six University Professors and were about \$105,000. The next level was probably about \$85,000, and this was age-graded. To whom, he asked, are we comparing the Institute?

Dr. Woolf answered that the comparisons were made with those institutions with which we have to compete for the level of faculty we wish to invite.

Mr. Wolfensohn reviewed the past discussions of this matter: the administration had recommended, last spring, \$100,000 as the next Faculty salary, for an eighteen-month period. The Budget Committee felt that more information was needed, and Dr. Woolf had then sought this in his telephone conversations with the presidents of these comparable institutions. There was, however, still a felt need for more information, so the administration had been directed to make the benefits study. Another consideration is the comparison of a six-month year vs. a nine-month year. What remains unknown is the extent of outside income the Faculty may earn. It is now a requirement that the Faculty notify the Director when they will be absent and when they will be compensated.

Mr. Vaillaud asked on what basis the benefit rate was calculated. Mr. Rowe said that each university provided us with their calculated benefit rate. One university included sabbatical leaves as a benefit cost rather than as part of the salary base. Their rate was adjusted to make it as comparable as possible to all the others.

Mr. Straus stated that, in his experience, the higher the level of salaries, the fuzzier the discussions about them become. The competitive situation is what sets the standards. It was important for Dr. Woolf to see that the Faculty have a better understanding of their fringe benefit situation.

In response to Mr. Wolfensohn's question as to how to proceed, Dr. Woolf said that the overall benefit package was excellent, and the Faculty knew it, and that some salary increase is called for and the proposed salary increase is appropriate.

Miss McCormack suggested that the distance between the original and the current proposal was not so great, and that the more information which is supplied, the more information seems to be necessary. A decision could be made on the basis of what we know now.

Mr. Petersen asked if any Faculty member had ever left the Institute for salary reasons. Professor Mostow mentioned that on at least one occasion, someone had not come to the Institute for that reason.

Mr. Wolfensohn summarized the situation as follows: the Faculty salaries are up at the top; the fringe benefits are excellent; the working conditions are splendid. There is an expectation for a raise.

It was moved and seconded that as of January 1, 1987, the Faculty salary be increased to an annual rate of \$95,000.

The Board voted in favor of this recommendation. Mr. Segal abstained and requested that his abstention be recorded as due to the continuing inadequacy of sufficient information about this matter.

It was recommended that Dr. Woolf should consult Mr. Segal's firm in order to get a clearer view of the money equivalents of the benefit package, and so arrive at a more accurate figure for total compensation.

Member stipends:

The Board voted to increase stipends to members and assistants as proposed in the Budget. This represented a 2.06% increase.

Draw from
Endowment:

Mr. Hansmann asked the Board to look at the chart showing the "Annual Draw from Endowment." There was a significantly lower draw for Fiscal Year 1986 (6.6%) than had generally been the case.

Finance

Committee:

Mr. Hansmann reported for the Finance Committee. The endowment, as of June 30, 1986, was at \$165 million. As of September 30, 1986, 22% was invested in fixed assets; 78% in equities. The Arizona property was being carried on the books at \$160,000 but was probably worth much more.

A lending program for our securities was in place from which the Institute netted about \$50,000. The Bank of New York guarantees the Institute against loss. The Finance Committee had voted to extend this program to foreign banks. Mr. Forrestal had agreed to check on the legal safeguards of the agreement.

Hamilton, Johnston

Report:

Mr. Hansmann pointed out that Hamilton, Johnston & Co. had provided total fund comparisons for Rockefeller & Co., managers of the Institute's equity portfolio, and Rosenberg Capital Management, managers of the Institute's fixed assets. In both cases, the managers had done better than the comparative Yardsticks in Fiscal Year 1986 as well as in the last three and, for Rockefeller, in the last five years (Rosenberg having taken on the fixed asset account only in 1984).

Development

Committee:

Mr. Byrom reported that the Development Committee had addressed the difficulty of telling people you need money in view of the success of the portfolio's performance. The need which should be emphasized in fund-raising is visiting members' stipends. The question of getting money for specific projects was discussed and it was agreed that a drafted case statement would be distributed before the next Board meeting.

Director's Report: Dr. Woolf began his report by mentioning the material made available to the Trustees: Albert Hirschman's Rival Views of Market Societies and Other Recent Essays. In Trustee notebooks could be found a xeroxed copy of George Kennan's recent article which appeared in The American Scholar this fall, "The Curious Monsieur Cyon." Also available was a poster made by the Geraldine R. Dodge Foundation for a Poetry Festival two weeks ago showing Thomas George's pastel of the "Pond at the Institute."

Some other books had been put out for display and would be mailed to Trustees upon request: Joe Frank's third volume of his biography of Dostoyevsky, John Elliott's beautifully printed The Count-Duke of Olivares, and Christian Habicht's most recent work, Pausanias' Guide to Ancient Greece.

Visiting Committees: The last of the Visiting Committees (to the School of Mathematics) had made its report last spring and this fall a discussion was held in the Faculty Meeting about the entire process. Positive comments included that it was good to have an outside view of the School and to get the views of visiting members. The Faculty found it helpful to spend a whole day in discussion of the School's activities with outside experts, interacting with internal opinions. A Visiting Committee might give Faculty objective evidence to use in presenting the School's needs to the Administration. Visiting Committees, it was felt, also gave the administration a course of action for solving crises within the Institute, should they arise, and might be useful in setting directions. The Faculty also felt that the findings of the Visiting Committees should remain confidential and that "friendly" committees should not be appointed.

Report on the Schools: Dr. Woolf pointed out that statistics concerning the Visiting Members were in the Trustees' notebooks, along with a list of corporate and foundation-sponsored fellows.

School of Historical Studies:

Peter Paret is the newest member of the Historical Studies Faculty. His field is cultural and military history, and he is the Mellon Professor of the Humanities.

This year's visiting Mellon professor is Haim Beinart from Hebrew University who is working on a history of Spanish Jewry.

There is the good possibility of a new fund, the Alpha Fund, set up by an anonymous donor. \$100,000 would be given to each of three Schools, Historical Studies, Mathematics, and Social Science, to fund Visiting Members working in fields otherwise difficult to fund and in interdisciplinary areas. This would be an opportunity to maximize interrelationships between the Schools.

Fritz Thyssen Stiftung has also offered funds (\$9000) for a German scholar each year for a period of five years.

The Gerda Henkel Stiftung has made available funds for one Visiting Member each year for a three-year program.

In response to a question from Mr. Brown, Dr. Woolf indicated that these gifts served as substitute moneys and lightened the budget for the period they were in effect.

Also to be noted in this School was the intention to reapply to the National Endowment for the Humanities.

Dr. Woolf mentioned that one member, a classicist, David Roy Shackleton Bailey is responsible, together with a playwright, Sam Spiegel, for the production of Cicero which opened just recently in New York.

Otto Neugebauer, a long-term member of this School, just received the International Balzan Foundation prize (250,000 Swiss Francs, worth \$152,500) from this Swiss-Italian Foundation. This is a distinguished award. Enrico Bombieri had won it earlier.

School of Mathematics: Two new professors have joined the School of Mathematics: Luis Caffarelli and Thomas Spencer.

Caffarelli works in partial differential equations--more precisely, elliptic problems and parabolic problems, and Spencer is a mathematical physicist.

The Wolf Foundation prize was given by the Israeli government to Atle Selberg last spring (\$100,000 to be shared with a Columbia University mathematician--Samuel Eilenberg).

School of Natural Sciences:

In the School of Natural Sciences, interest in computers continues to expand. The matter of a study by an external computing expert to help determine present and future computing needs has been discussed on the Board and was raised in the October Faculty Meeting. Dr. Woolf hoped that the Board would move forward with this appointment. The budget on computing is already up 17% this year.

Supercomputer:

Piet Hut is now the Institute's representative to the Supercomputer Consortium, as substitute for Roger Dashen who is on leave this year, and will not return. The Supercomputer center is open and \$85,000 per year is being received from the State of New Jersey for the support of Visiting Members. Money is also provided for a full-time supercomputer technician. The Institute now has access to this machine at little cost to us.

A symposium and conference was organized here to discuss the use of the supercomputer. Karen Jobes, manager of scientific computing at the Institute, will be leaving. Mr. Wolfensohn suggested that the question of whether her replacement was to be made by the School or the Institute should be decided by the Faculty Committee on Computers and Communications. Dr. Woolf said that the problem of access to the supercomputer by the School of Historical Studies and Social Science should also be addressed by that Committee.

State of the School: Mr. Forrestal asked about the condition of the School. Dr. Woolf reported that astrophysics, represented by Professors Bahcall and Hut, was very strong. Particle physics would be weakened by Roger Dashen's departure: Dashen had wanted to leave for a long time and has already formed a long connection with Santa Barbara. Steve Adler was very able, and new candidates for the School's vacancies were under discussion. The recommendation of the Visiting Committee to that School, that long-term appointments of three to five years should be made to explore different fields and probe talent, had been followed with good results. There is some disarray in the School, but good work has been done and is being done.

Mr. Wolfensohn said that a number of the Visiting Committee's recommendations had not been followed. This lack of follow-up remained a weakness in the system. The School is now politicized and parochial and feeling some pressure which should remain as an incentive to put its house in order.

Professor Bell raised the question of who takes the initiative to see that a School does not repeat itself in its appointments. The Board itself treads lightly here. Wolfram was hired in a field unknown to the Faculty, but he has now left. Whose responsibility is it to see that a new field is opened up?

Professor Mostow identified what he felt the School's two main problems were: 1) The field of theoretical physics was in a quandry as to which direction to pursue. At the present, there was no strong stream within it of people of outstanding achievement. Is string theory important? There are opposing views. 2) Faculty salaries in the School are an issue. Some years ago, one candidate for the Faculty was said to have remarked about the proposed salary, "That's pocket money!" But there are some positive signs.

Mr. Segal thought that there should be better monitoring by the Director and the Board of the recommendations of visiting committees. Mr. Wolfensohn replied that the pact with the Faculty, signed ten years ago, gave complete freedom to the Schools and excluded the interference of the Director and the Board.

School of Social
Science:

Bernard Lewis, who was a long-term member in this School (and the School of Historical Studies since 1974) as well as Professor of Near Eastern Studies at Princeton University was appointed Director at the newly formed research institute in Philadelphia, the Annenberg Research Institute for Judaic and Near Eastern Studies.

Albert Hirschman--now Professor Emeritus--was chosen for the Kalman Silvert Prize by the Latin American Studies Association.

Funding for that School continues to do well:
The Culpeper Foundation gave \$50,000 towards this year's "Interpretive Social Science";

Rockefeller Foundation has awarded \$60,000 per year for three years, 1987-90, for a program in Group Identities;

John C. Olin Foundation will also award \$120,000 over three years to support a total of 4 visiting members to be appointed in the fields of economics, international relations, constitutional government, and political economy.

All these funds will serve as substitute monies and serve to strengthen the endowment of the School.

NEH continues to fund the School, year by year, but not without raising difficulties about the use of matching funds and systems of choosing visiting members.

Applications are being made to the Ford Foundation and the Helena Rubinstein Foundation for member stipends and conference costs for 1987-88.

Director's Visitors:

Paul Berg (Stanford School of Medicine) and Maxine Singer (National Cancer Institute) will return here for a brief time next term to complete their joint project in molecular biology. They were here in the spring of 1984, working on this same project, and it had been hoped at that time that an Institute program in theoretical biology might develop from that visit.

Administrative Report:

- Member housing:** Dr. Woolf reported that we are moving towards a settlement of the issue over taxes on member housing with the Township. This will save us about \$85,000 a year. Even more important, it represents a victory of principal about freedom of educational establishments from taxation, and, together with removing the Institute woods from the tax roll, an important step in reducing the fiscal liabilities of the institution. A voluntary payment will be made to the Township for sewage and school services.
- Archival policy:** The proposed archival policy was distributed to Board members some weeks ago. The need now was for Trustee approval since Trustee records are involved. The proposed fifty-year restriction is entirely standard. Upon motion made and duly second, the archival policy was approved by the Trustees.
- Dr. Woolf urged the Trustees to send all of their Institute papers to the Archives here.
- Housing and Mortgage Policy:** A Committee is in charge of looking into the Institute's Housing and Mortgage Policy. Legal counsel is being sought and a report will be made to the Trustees in due course.
- Other events:** A number of events last spring and this fall have taken place:
- a Friends Dinner this fall for the Friends of the Institute who have, over six years, provided more than \$200,000 for the Institute;
 - an AMIAS Conference on May 15-16, at which Joan Scott gave a talk on "Women's Colleges in the History of American Education" and Murray Gerstenhaber on "Did the Accountant Lie on the Stand and Other Statistical Questions?" This concerned classical legal cases in which statistical questions played a major role. Murray is both a mathematician and a lawyer;
 - an IAU Symposium on May 28-31 on the structure and dynamics of elliptical galaxies;
 - a Stellar Dynamics Workshop on June 2-4, organized by Piet Hut;
 - a conference on "Women in Twentieth-Century American Politics" on June 11-13 organized by Joan Scott.

Dr. Woolf mentioned that since this was probably the last meeting he would have with the Board alone he wished to express his appreciation for their help during his tenure. He felt there was genuine growth at the Institute and the quality of visiting members has been high. The Institute continues to fructify.

Mr. Wolfensohn thanked the Director for his report and his remarks and said an appropriate response would be made in the spring.

Mr. Segal asked if, in the interim before the next meeting, the administration could provide comprehensive reports on the following:

- 1) Housing and mortgages
- 2) Outside employment of Faculty
- 3) Dollar value of fringe benefits
- 4) Case statement for general needs
- 5) Computer usage
- 6) Follow-up on visiting committee reports

The points to be addressed should include:

- a) what the issue was
- b) a brief background
- c) questions to be answered
- d) options

The Board then went into Executive Session for the report of the Search Committee.

Respectfully submitted,

Patricia H. Labalme
Secretary to the Corporation