

Minutes of the Regular Meeting of the Academic Council

Thursday, December 4, 2014

Joshua Socolar (Physics/ chair, Academic Council): Hello, everyone. Welcome to our fourth meeting of the academic year. Today we will vote on the two proposals that were presented at our November meeting and then hear from and converse with the Chair of our Board of Trustees.

Before we move on to our agenda, I would like to relay to you a message from Nancy Allen, our Vice Provost for Faculty Diversity and Faculty Development. She could not be here today due to clinical responsibilities, but asked me to alert you to the implementation of the 2015 faculty survey, which assesses satisfaction with the intellectual climate of Duke, resources to support teaching and research, the stresses faculty encounter when managing work and home responsibilities, among other topics. Assessments will be made relative to the results of past surveys and to selected peer institutions.

Vice Provost Allen notes that Duke faculty surveys of this kind were conducted in 2005 and 2010, and have been quite productive. Actions stemming from these surveys have included improvements in facilities, such as the LINK classrooms, gathering spaces for faculty, enhanced mentoring practices, grants administration support, attention to diversity issues and faculty development

opportunities, and improved support for work-life issues.

The Provost's Faculty Diversity Standing Committee, chaired by Vice Provost Allen, along with David Jamieson-Drake and his colleagues in Institutional Research, have crafted a survey that blends a core set of questions developed by the Association of American Universities Data Exchange with Duke's prior surveys and additional questions developed this fall by the FDSC members and representatives of the Academic Council's Diversity Task Force. Considerable attention has been given to matters of confidentiality and security; all due precautions will be taken to ensure that individual responses will be kept confidential.

All Duke regular rank faculty will receive an email from Provost Kornbluth and/or Dean Andrews about the survey and a follow-up email containing a link to the survey itself. We are strongly urged to read the emails and complete the survey. As Academic Council members, we are also urged to encourage our colleagues to participate.

The 2015 Faculty Survey has the potential to guide significant improvements in our professional community and help in the Provost's strategic planning process. Obviously, faculty engagement is crucial for its success. Provost Kornbluth and

Dean Andrews are hoping that participation will surpass 50% in all units. I would have said 90% -- why not? (Laughter). And they want to give a shout out to the School of Nursing, whose 2010 response rate did top 90%! (Applause).

APPROVAL OF THE NOVEMBER MEETING MINUTES

Socolar: Let's now approve the minutes from the November 20th Council meeting.

May I have a motion to approve? A second?

Any corrections or edits?

All in favor, please say Aye?

(Approved by voice vote with no dissent).

As always, the attendance sheets are being circulated, so please initial and return these to Sandra at the end of our meeting. And when you ask a question or have a comment, please identify yourself for the benefit of everyone in the room.

VOTE ON PROPOSED MASTERS IN QUANTITATIVE FINANCE

Socolar: We will now discuss and vote, if necessary, on the two master's degree proposals before us. I received a request that these votes be done by paper ballot, so ballots will be distributed to members of the Academic Council. Please only take a ballot if you are a member of the Council. We will collect both of your votes on one piece of paper.

We turn first to the proposed Master of Science in Quantitative Finance. Professors Emma Rasiel and Tim

Bollerslev are here again to answer any additional questions you may have.

I'd like to begin by recognizing Professor Ravi Bansal from Fuqua, who asked for a chance to speak as a representative of a group of twelve professors in the Finance area at Fuqua.

Ravi Bansal (Fuqua): This is a statement that I want to read from the Finance area of the Fuqua School of Business. Twelve full professors in our area endorse this statement. There are seventeen faculty in the Finance area, so I want to put this statement on record. The Finance area has no objections to the basic idea of a quantitative financial economics master's degree being offered by Duke University's Economics department. The Finance area at Fuqua includes seventeen tenure track faculty and is regarded as one of the top research-oriented finance groups in the world. We have the following comments and a question: One: Fuqua Finance believes that this degree would be better branded as a Master of Science in Quantitative Financial Economics. We think it is important to inject the word "economics" because this degree is being offered by the Economics department and not by Fuqua finance. We want to minimize the potential confusion among applicants who might think that this is an offering from the Finance area at the Fuqua School of Business. The Finance area has a global brand. Given that the Finance area is not involved with this master's degree, it is important that we distinguish our offerings. In addition, we believe there is a risk of cannibalization and this master's degree competing with the Fuqua School's master's degrees. We believe that changing the name will somewhat mitigate these risks. This is a very important issue for us. Two: The

Finance area is also concerned that the Economics department master's may morph into a more general master's degree which would increase the cannibalization risk. What mechanisms are in place in the proposal to prevent this from happening? Three: The Council should note that specialized master's in finance, in top universities that have business schools, are typically offered by business schools. Prominent schools include MIT, Berkeley and Carnegie Mellon. Four: It is our expectation that if the Fuqua School of Business decides in the future to offer a distinct master's in Finance degree that this Economics Department degree does not preclude it. We are supporting this Economics department proposal with this understanding. The Finance area full professors are Ravi Bansal, Michael Brandt, Alon Brav, Douglas Breedon, Simon Gervais, John Graham, Campbell Harvey, David Hsieh, Manju Puri, Adriano Rampini, David Robinson, and Vish Viswanathan. Five of us are here. That is our statement and so we can open it up to discussion.

Socolar: Thanks, Ravi. I'll ask now if Tim and Emma would like to respond or especially comment on the suggested name change.

Tim Bollerslev (Economics): We are happy with the name change. That's perfectly fine. This is the first we've heard of this. Well, not now, but last night. But we're fine with it.

Socolar: Is there anyone else who would care to comment?

Kerry Haynie (Political Science/ ECAC): We were told last week that the Fuqua School had been consulted with this

proposal and this suggests that they might not have been consulted or to the extent that they should have been.

Socolar: There are a number of people in the room who could speak to that. And there's one person who couldn't be here today because she's travelling at a conference and that's Dean McClain of the Graduate School. But Ed Balleisen, the chair of APC is here, Shailesh Chandrasekharan, the chair of the Executive Committee of the Graduate Faculty is here, and Provost Kornbluth is here. So I think that's probably more a question for them than for Tim or Emma.

Jennifer Francis (Senior Dean, Programs, Fuqua): My name is Jennifer Francis and this is Jim Anton. We are the senior deans of the Fuqua School working with Bill Boulding. I'm the Senior Dean of Programs and Jim is the Dean of Faculty. In answer to the question, we were apprised of the proposal around September, is that right, Emma?

Emma Rasiel (Economics): Formally, yes, informally, even prior to that.

Francis: We got your actual formal proposal in September. At that point, Jim and I can say we talked with Bill Boulding and we sent the information to the Finance faculty. I don't know exactly the date. Jim, do you recall?

Jim Anton (Senior Dean, Faculty, Fuqua): September is what I recall.

Francis: Does that comport?

Sally Kornbluth (Provost): Certainly the discussion at the APC raised this issue of overlap with Fuqua. I would say the proposal went through APC almost

contingent on the notion that this was really distinct. So I think part of this issue, as you say, is the naming to avoid confusion. The other thing that I will say in terms of the comments that Ravi read is, I think we cannot worry so much about mission creep, which is what I think you are worrying about. That this master's will expand to the point that it will take on dimensions that Fuqua might be interested in. All of the new masters have a required ECGF review after three years and I think we can say at this point that we're going to want to have Fuqua input when we do that third-year review. The other thing is that, were Fuqua to propose another master's as you're suggesting, I think that gives us yet another opportunity to reevaluate the economics proposal because, again, part of the justification for approving is that the flavors were completely distinct. So I think, again, that's another checkpoint to avoid, mission creep. As an aside, in terms of procedure overall, I think we should think about building into the procedure for the approval of masters, if there is a clear potential overlap with another school, I think we should require a letter from the dean of the other school acknowledging that the proposal has been seen and that everything is agreeable moving forward. But I think in this case we can put a little flag on this as it comes through in the third-year review just to make sure that everything is moving forward as planned.

Socolar: Are there any further questions or comments?

Paul Baker (Earth and Ocean Sciences): Forgive me if I'm forgetting the comment that was made a year ago, but weren't we supposed to hear from a task force or a subcommittee or some

other body about not just mission creep of any particular master's program but the mission creep of the whole university from the proliferation of master's programs in general? I thought we were promised that before we voted on any more. Did I miss a meeting?

Socolar: A study was indeed promised and is underway and Dean McClain is working on it and we're working on scheduling her to address the Council on that very point in the spring. But the report is not done yet. I don't think we ever promised not to consider anything else until the report was delivered. So it is on the way.

Andrew Janiak (Philosophy): Does the distinction between the two degree programs depend on the use of the word "quantitative?"

Bollerslev: I think it's an important part of our degree. I think it would help distinguish. We don't have an earned degree so I'm not sure exactly what you think it would be like. My guess would be that ours would be much more quantitative.

Janiak: I see. I was thinking it's redundant because certainly financial economics is inherently quantitative (laughter).

Bollerslev: Fair enough. Whatever the gradients of that are, I think we're going to be on the heavy side of that.

Bansal: I think a fair statement would be that the economics group is one of the leading groups in the world in financial econometrics. George Tauchen and Tim Bollerslev, who I've worked with for a long time, are friends. They form

absolutely a top department in Financial Econometrics. But as you point out, finance is much broader than that. Finance includes a whole range of other areas and the business school has leaders in these other areas --- that's where the distinction is coming from. Financial econometrics has a niche demand. Fuqua has leaders in asset pricing, corporate finance, macro-finance, and theory. Not that Fuqua doesn't have financial econometrics, but economics has absolutely the best people in this area.

Karla Holloway (English): I'm so out of my area but I did hear you say that the name change might mitigate against this? I'm wondering if this is a substantial enough basis to move forward? Whether or not the group who signed that letter is happy with a perhaps mitigation of the overlap or would you be happy with something more substantive standing in its place? We're voting on "might mitigate." (Laughter)

Campbell Harvey (Fuqua): Those words were a source of a lot of debate (laughter). And it is very difficult to figure out what will happen after this goes through. It is definitely a risk. We are concerned about it. And I think it has to be on the radar screen in terms of monitoring this and when it comes up for review, we need to figure it out. As Ravi said, we have worked hard to build a brand in finance. This is something different and we're supporting it, we have reservations of course, as you know, and we need to be diligent on this because this is important for the finance group. Very important.

Doug Breeden (Fuqua): I know there was discussion also about using "financial econometrics" instead of "financial

economics" and that would perhaps separate it even more. And that I believe would be our preferred title. But I don't know, Tim, if you would find that too limiting.

Bollerslev: I would find that too limiting. I do more than financial econometrics but I don't think that's what the degree is going to be about.

Breeden: And I would have assumed that to be your answer. We don't want to slow this down. They're a great economics faculty as Ravi said. We just feel like we may want to come back sometime with a master's of finance program ourselves and the more that this can be defined so that it's separate, the better everyone is.

Socolar: I am going to propose now that we vote on the proposal from economics with the amendment that the title will be changed to "Master of Science in Quantitative Financial Economics" and that throughout the document the global change will be made. Everywhere it says MSQF it will change to MSQFE. So I think we're ready to vote on that proposal. Please record your vote on your ballot, and we will move on to consideration of the Master of Biomedical Science proposal.

Roxanne Springer (Physics): You say Dean McClain does these reviews. I understood from the presentation that you gave earlier this semester that a lot of master's degree programs are not under her office. And we speak about a three year review. So are these new master's programs going to be under the office of the Graduate School?

Socolar: Sally, do you want to speak to the scope of that review?

Kornbluth: Yes, these new master's degrees are under that scope. The other masters are referred to as professional masters which are school-based. So, for instance, MBA is a good example. Now, we do have some school-based professional masters. For instance, the Nicholas School has professional masters that would not be under review by ECGF. However, we are going to be doing three-year reviews of all of the programs, they just won't be all conducted by ECGF and to be honest with you, we're still working with Paula to figure out how to devise a centrally-run process that would potentially allow us to enable the schools in doing the professional master's reviews because that process has never been in place before and the schools will obviously have a bigger footprint in running those. But these masters that are coming through are ECGF-approved masters as opposed to MAC-approved masters that are reviewed under a yet-to-be-determined process.

VOTE ON PROPOSED MASTERS IN BIOMEDICAL SCIENCES

Socolar: After the discussion of the Masters in Biomedical Sciences proposal at our last meeting, Dr. Kathy Andolsek, who is here now, provided written responses to the questions and concerns that were raised, and these were forwarded to all Council members in an email on December 1. Dr. Andolsek is here to answer any further questions you may have about the Masters in Biomedical Sciences.

Hearing none, I think we're ready to vote on that proposal as well. Please record your vote on your ballot and when you are done pass these to the end of the aisle

to be collected and counted. I will announce the results shortly.

DAVID RUBENSTEIN, CHAIR, DUKE BOARD OF TRUSTEES

Socolar: We now have the rare opportunity for an extended conversation with the Chair of our Board of Trustees. I say "rare" because this is only the second time that I know of that a board chair has come to speak with the Council, but the last time was just two years ago and I am hoping that this will become a regular event. It occurs to me that many of you have very little contact with the trustees and perhaps even less awareness of how the Board operates. We can all read the Board bylaws, of course, but that is no substitute for face-to-face conversation about matters of substance. I also want to mention that there is another board member visiting today, Shep Moyle is here with us as well.

So it is my great pleasure to introduce to you the Chair of Duke's Board of Trustees, Mr. David Rubenstein. Mr. Rubenstein was elected to the Board in 2005 and has served on quite a few Board subcommittees, including Academic Affairs. Let me tell you just a little about him to get you oriented. Mr. Rubenstein is a native of Baltimore, a 1970 magna cum laude graduate of Duke, where he majored in Political Science, and a 1973 graduate of The University of Chicago Law School, where he was an editor of the Law Review. He co-founded the Carlyle Group in 1987 and is now a Co-CEO. Carlyle is one of the world's largest private equity firms, managing something on the order of \$200 billion out of 36 offices around the world. Before founding Carlyle, Mr. Rubenstein practiced law in New York and Washington, DC. He served

from 1975-76 as Chief Counsel to the U.S. Senate Judiciary Committee's Subcommittee on Constitutional Amendments, and from 1977-1981 as the Deputy Assistant to the President for Domestic Policy. That would be President Carter. He is still deeply involved in Washington's political and cultural life. He is Chairman of the Board of Trustees of the John F. Kennedy Center for the Performing Arts, a Regent of the Smithsonian Institution, Co-Chairman of the Brookings Institution, Vice-Chairman of the Council on Foreign Relations, and President of the Economic Club of Washington. On the academic front, in addition to chairing the Duke Board, Mr. Rubenstein is on the Board of Directors or Trustees of the Johns Hopkins University, the University of Chicago, the Lincoln Center for the Performing Arts, the Memorial Sloan-Kettering Cancer Center, Johns Hopkins Medicine, the Institute for Advanced Study, the National Museum of American History of the Smithsonian Institution and the National Museum of Natural History of the Smithsonian Institution. Mr. Rubenstein is also a member of the American Academy of Arts and Sciences, the Business Council, Visiting Committee of the Kennedy School of Government at Harvard, the Harvard Business School Board of Dean's Advisors, the Woodrow Wilson School Advisory Council at Princeton, the Board of Trustees of the Young Global Leaders Foundation, the Advisory Board of School of Economics and Management Tsinghua University (which he chairs), the Madison Council of the Library of Congress (Chairman), and the International Business Council of the World Economic Forum. To which I say: That is all very impressive, but how many publications do you have in peer reviewed journals? (Laughter)

I'll now turn the floor over to David for some opening remarks (Applause).

David Rubenstein (Chair, Board of Trustees): Thank you very much and I am honored to speak to the faculty. I have never spoken to the Duke faculty before and I was thinking about it earlier today and I want to apologize for wearing this suit. I look like I'm ready for Wall Street, I realize. Earlier today at the John F. Kennedy Center for the Performing Arts we had a groundbreaking for a new building and the Vice President was there and I thought I should dress up and I didn't get a chance to change (laughter). But I am honored to be here for a couple reasons. First, when I was an undergraduate at Duke, and I came to Duke from Baltimore, which Josh is from as well, I came here on a scholarship. My father worked in the post office. He made \$7,000 a year. He didn't graduate from high school, nor did my mother. So I got a scholarship that enabled me to come to Duke. I had no money and if I hadn't gotten the scholarship I wouldn't have been able to come to Duke. So I've always been grateful to Duke for giving me this scholarship and I enjoyed my four years here. I thought, as I met with a lot of exciting faculty members, that maybe it would be a good idea that one day I could be a faculty member at Duke. I thought that this is a great job: you get to teach, you get to meet smart students, and it's in a beautiful setting. But I can't honestly say that any faculty member ever encouraged me to be a faculty member (laughter). And had I been encouraged, I maybe would be sitting where you are, but I wasn't encouraged so I had to leave and do other things. And thinking about it reminded me about Ronald Reagan. Ronald Reagan, as you all know, was an actor. A B-class actor, not really that

great. But when he became President of the United States, there was an issue that the government was dealing with that the motion pictures studios were very upset about. So the motion picture studios, organized by the man who had been his agent, a man named Lew Wasserman and was now the head of the motion picture studios; Lew Wasserman got all the motion picture heads to come together and meet in the Oval Office. And the President was late for the meeting. He was coming back from making a speech and he comes in to the Oval Office and he sees the eight major studio heads, all the people who really dominated Hollywood. And he came in and said, "Wow, if I could have gotten a meeting with any of you as an actor, I'd still be an actor." (Laughter) Well, if I could have convinced anyone who was a faculty member that I should be a faculty member, I'd be sitting over there now (laughter). But I wasn't able to do that. So let me talk about three subjects if I could, and then I'll be happy to answer your questions. First, why would somebody want to be the Chairman of the Board of Trustees? Second, what does the Board of Trustees actually do? And third, what is my own vision for the university? I am only one person, I am the Chairman of the Board, I don't really speak for the board necessarily, but I'll give you why I am interested in serving as the board chair and I'll give you my vision for the university and it may comply with what other people think, it may not. So, first, why would I want to be board chair and did I want to be board chair? Whenever you go to a university, you feel a natural tie to it because that's where you came as a young adult and really set your ways towards what you're going to do with the rest of your life. Had I not come to Duke and not been able to get the experiences, I

don't know what I would have become. I got very lucky after I left Duke in many ways and had some good fortune to work in the government and be successful in business. But I really think that a lot of what I've become is due to the fact that I got a scholarship to come to Duke and I had a very good experience at Duke. So when you get to the point in my life where I am, you want to give back. I'm now 65 years old. When you're 65 years old, you realize you've lived more than you're going to live. So you try to say to yourself, what am I going to do with the remainder of my life to justify my presence on the face of the earth? I've made money, I've done things, I've had children, they're now on their way. But what can I do with the remaining five, ten, 15, 20 years where my body and my mind don't give out? At some point, it will give out. I now read, fairly regularly, unfortunately, my classmates at Duke and at Law School are dying. Every day when I pick up the newspapers and I look at the obituaries, I say, this person is younger than I am; how am I so lucky? What I want to do in the remaining years of my life is to try to give back to people and organizations that were very helpful to me in my life. Duke was one organization that really made it possible for me to become a young adult and to become a professional so I'm very indebted to it. Now, as board chair, you have some ability to direct the board and you can give your vision of it, but obviously there are 36 other people on the board and you can't convince everybody to do everything that you want. No board chair can. But I wanted to serve as board chair because I thought I would have a chance over the time that I would serve as board chair to really help make Duke a better school and let me try to describe why I wanted to do that. Duke was a very good school when I was here

but it was called then the “Harvard of the South.” What did that mean? Well that meant it really wasn’t Harvard, and it really was a Southern school. And by the way, Stanford was then called “Harvard of the West.” So Stanford then hadn’t yet emerged as one of the great universities of the World. Duke when I was here, and I graduated in 1970, was a very southern school, fairly WASPy. It had a 5% Jewish quota. I went to a high school that was half black and half Jewish. I came here and there were 5% Jews and there were 12 black people in my entire class. So I said to my parents, “I’m not sure this is the right place for me.” (Laughter). I wasn’t sure that I really fit in. and I wasn’t part of the Greek culture. I didn’t have money to join a fraternity and to be honest that’s what I always tell people - I wasn’t invited to join a fraternity. So I basically spent my time trying to study and learn and make the best I could of myself and I thought the university was good but not quite as good as it could be. In the years since I’ve gone, the university has transformed itself because of a lot of good leaders we’ve had and a lot of good fortune. It has transformed itself in my view from the Harvard of the South to a great, national university and a potentially great international university. Now, we had a lot of great leaders who helped do that. Terry Sanford came at the end of my time as a student and he really began to see Duke as a national university. Nan Keohane did many things to help it become a better university than Terry Sanford had been able to do and Dick Brodhead has added a great deal to that including making Duke a much more global university. Why is it so important that Duke be a better university? Well, my view is, one: I want in any institution that I’m associated with to be good. All of you should want that to happen as well.

Maybe because I think that if the university is more highly regarded, people will think I’m smarter than I am (Laughter). So I tell people all the time when I’m soliciting donations for Duke, look, you have an obligation to help Duke, and if you don’t feel that way, just realize that people will think you’re smarter than you are if Duke becomes better (Laughter). I do think, seriously, that if we can make Duke a better university, it’s better for the students here, it’s better for the faculty, better for everybody. And I think it’s a good thing for the country as well. My view is that the higher education system in the United States, particularly the elite private schools, are really the envy of the world to the extent that we are going to be competitive with the rest of the world for the next several decades and hundred years or so. One of the things that we really have that’s unique about the United States is these great elite private universities. To the extent that they get better, I think it strengthens our country. But also, it strengthens the rest of the world because it makes the rest of the world want to have good universities and I think that’s a good thing. So if schools like Duke can become better, I think it’s good for our country and I think it’s good for our students and the faculty that are here. So that’s one of the goals I have which is to make Duke a better school. I think Duke has done wonders in the last 40 years or so, since I graduated, and has now reached the point where we are one of the finest universities in the country. We do not have the resources of Harvard, Yale, Princeton or Stanford. Their endowments are four times ours and their per student capita endowments are four or five times ours. So we have to be realistic that in the next five or ten years, it’s not realistic that we’re going to top them in many different ways.

However, we have something that we can do that's better than everybody else. What we have at Duke, in my view, which we can improve upon still, is we have a unique situation. We have a very good, first class academic institution with a good athletic organization as well. It's very rare to have first class academics and first class athletics and particularly first class athletics where the students who are athletes are actually students. That's very rare. And then we also have a beautiful setting. And we have as well a collaborative atmosphere. We also have a situation where the students who come here are happy. And they graduate in a non-neurotic atmosphere (Laughter). Very few people that I interview who graduate from Duke are unhappy. Now happiness isn't the only thing in life but it's very important to see if you can be happy and the students who graduate from Duke are very happy. So I think it's a good thing for the country to have a university which can be a role model for other universities. Because it has first class academics, first class athletics, first class physical setting, a collaborative, cooperative atmosphere among the faculty and the other parts of the university, and students are happy to be there and are grateful for having been there. I think the only other rival to Duke in this way is Stanford. Stanford has many of these same things. Stanford has more resources than Duke has but we have a more collaborative atmosphere. We're smaller than Stanford so I think we can be a little more collegial in many ways. I think we still have a desire to try hard and work hard and prove what we can do. We're doing this from a position of a bit of historical weakness. No other university is as highly ranked as Duke in the deep South. Duke is a school that was segregated for most of its history. Now,

we've built from a segregated school a university that's as highly ranked as virtually any university in the country. To be able to do that from this place is really impressive. The faculty is the most important part in my view in transforming Duke and making it even better. Let me describe what I mean. Universities have faculties, students, administrators, alumni, physical facilities; they have a whole variety of things. But you can have a very good university without athletics, you could have a very good university without administrators, you could have a very good university without physical plants, a whole variety of things. You can't have a very good university without faculty. You can actually have a very good university without students as well (laughter). You can do all the research you need. You don't need students. The most important thing about any university is having a very good faculty. I think the most important thing that I would like to do is make sure that the faculty is as strong as it can be; we get the best faculty possible and keep them engaged, happy, and keep them here for a very long time. I don't know if anyone who taught me is still here, I hope that's not the case because they might still have my grades from some of the courses. But I'm very honored to be able to get to know a number of the faculty members here and I take a lot of pride in what some of the faculty members have achieved in their own fields and what they've done in teaching as well as research. I think that the Duke faculty is really something that is a great source of pride to me and I hope to all of you as well. All of us have come together and have one common thing which is Duke. We came here through various circumstances, nobody might have predicted how you came here, how I came

here, but now we have a common bond. And our common bond should be to make the university as good as possible. Now, we have a lot of challenges to do that. It's not easy. The competition is great. The competition of students, the competition of faculty, the competition for money and donors is great. But if we pull together I think we can make Duke one of the finest universities in the world and be in the league of Harvard, Yale, Princeton, and Stanford in a few years as well. Now, to do that, we have to work together. And my two greatest concerns about the university are not that we don't have the best students or the best faculty or the best athletes. There are two things. One: that we will be indifferent to trying to make the university better. Because the university has come from relatively modest circumstances to a point where we're probably one of the best universities in the United States, maybe not ranked as high as Harvard or Stanford in some respects but we are near the top and we have done very well. If people just sit back and say, well, we're a pretty good university, we're great, we have good students, we have good faculty, we have good athletes, we have good physical plants, and don't try hard, we're going to be condemned, I think, to mediocrity and to falling by the wayside. We have to keep pulling together. And to do that I think everybody has to feel that they have some common bond and there is some value to making Duke a great university. The second thing that I most worry about is that we not cooperate. This is a big university. It's not as big as Stanford in many ways and not as big as Harvard in many ways but it's still very big. And to get people to pull together is not easy. I know Dick has spent a lot of time trying to make sure that we are a collaborative university and that people work together.

Our interdisciplinary strength is one of the things that we really talk about. But it's words if it's not really happening. So I hope that everybody who is a faculty member feels that they are actually proud to be here. If they're not proud to be at Duke then honestly they should go somewhere else. If they want to make the university a better place and they want to cooperate and, in the end, give up some of their own concerns to make the university a better place, and that's what I'm trying to do as well. The Board of Trustees is a very collegial board. Sometimes that's very good because we can get things done but we don't want too much collegiality because if you have too much collegiality people aren't challenging ideas. You want people to always have different ideas and to make sure everybody's thoughts are challenged in some ways. The board gets along well. People are dedicated. They give up a lot of their time, energy and money in order to be on the board. It's an honor to be on one's university board. But it's also a responsibility and I think everybody on the board takes it very seriously. I know that I do and if I am reelected and so forth I will have about two and a half more years or so or close to three years to be the board chair and I don't know who will succeed me. That hasn't been decided yet. But I'm going to try in my time as the board chair to do as much as I can to make the university a better university than it already is and to make it a university that all of us continue to be proud of. So when you say you're a Duke University faculty member, people are going to say, wow, you're lucky, or wow, you're very fortunate to do that, or, wish I could get my child there, or can you tell me how to do something to make the world a better place by doing something at Duke? So I hope all of you feel the same

way I do. Maybe some of you do to a greater degree or lesser degree but that's just the reason why I think Duke is a very unique place and why I'm proud to be here. I hope all of you are proud to be members of the Duke faculty and I would be happy to take any of your questions about anything that you would like to know (Applause).

RESULTS OF THE VOTES ON NEW MASTERS DEGREE PROPOSALS

Socolar: Let me briefly announce the results of the votes. The Masters of Science in Quantitative Financial Economics passed by a vote of 38 Yes to 20 No and 7 abstentions. The Masters of Science in Biomedical Sciences passed by a vote of 48 Yes, 13 No, and 4 abstentions. So I will inform the board by telling Richard Riddell in the back of the room here that they can go forward with these programs to the board tomorrow. Congratulations to Tim, Emma, and Kathy.

QUESTIONS FOR DAVID RUBENSTEIN

Peter Feaver (Political Science/ Public Policy): What do you think the board knows that the faculty don't know? What is something that you think faculty don't understand about the operations of the board and the functioning of the university? What are things that you think the board doesn't know that the faculty know?

Rubenstein: Well, it's hard to know what the faculty really knows (laughter). When you become a faculty member and you join a faculty, obviously it's your career and you want to do as well as you can. So you are driven very much to produce academic papers so you can advance your way up and hopefully get the brass rail of

tenure. So I think faculty members tend to have somewhat tunnel vision initially as they're trying to produce their academic bona fides and they are naturally not as focused on university-wide issues as they are on their own academic standing. As they get further along and they can say, "Okay, I have tenure, and now I can peek around and see what else I can do to help the university," I think they tend to spend more time on university issues then. I think faculty members probably may not appreciate exactly what the Board of Trustees actually does and I don't want to make it sound like what we are doing is the most complicated thing in the world. We're basically reviewing things that have been delivered to us by the administrators. We are making our judgments. We do have, obviously, our own views, we're providing guidance. Our job is not to run the university. Our job is to provide guidance to those who have been hired and instructed to run the university. Our job is to not be doing things that the faculty is trying to do. So I don't really know exactly what the faculty knows about what the Board of Trustees does or knows. I think the faculty probably doesn't know everything that comes to the board. Some of it is confidential. I just don't know what you really know. In terms of what we don't know about the faculty, we do try to engage with the faculty. We try to meet with them as much as we can. We're here for four meetings a year but the executive committee meets an additional four times a year. There are other meetings that happen during the year. I think there is a pretty good cross section and cross conversation but I can't say it's perfect. And whenever we get ideas or proposals from faculty members we try to respond to them. I am involved with other universities as you heard and I would say

the atmosphere here at Duke is as healthy as any of the universities that I'm associated with. I think the faculty is pretty happy with the way the university is going but nothing is perfect in life of course. Faculty members are very hard to please as we all know (laughter). I won't go into that; that's a separate subject. I don't know how to respond directly to your question. I don't know what faculty members know about us. There are always misperceptions and there are always misperceptions by students as well about what the trustees do. When I was a student here, I couldn't have named a single trustee. I couldn't care less what the trustees did. I didn't think it was that relevant to me. My son is a student here and I told him maybe he shouldn't go here because I would be the chairman of the Board of Trustees and he said, "Dad, nobody cares who the chair of the Board of Trustees is. Nobody knows, nobody cares, and what do you guys do anyway?" (Laughter). Maybe that's the right attitude; I don't know (laughter).

Baker: It almost sounds like you need more information and input from the faculty. And I know as a faculty member there are times when I'd like to be in contact with the board. How does that take place? I guess we have a member of the faculty on the board. How do we have more input?

Rubenstein: First of all, faculty members have never been shy, that I'm aware of, of sending emails or sending emails to other Board of Trustee members. It's not like we're cloistered and we're not walking the campus or not available. So everybody on the Board of Trustees is, I think, accessible. If you have ideas I'll be happy to give you my email and you can email me. I don't know that I can solve

everybody's problems but I'm happy to listen and try to respond. I try to respond to every email I get and every student inquiry and so forth. So to the consternation of Mike [Schoenfeld], probably, I'm responding to every student newspaper inquiry and so forth. But I try to be accessible and that's all you can do. I don't really know what your concerns might be but email me or email anybody on the board and we're always happy to learn more.

Socolar: The formal response to that, of course, is that there are faculty members on various board subcommittees. Although they're not board members, they're present at all the deliberations of those subcommittees. And, of course, ECAC has some interaction with the board two or three times a year and the board members are on campus four times a year. Except when you're going to Stanford (laughter).

Rubenstein: I did actually take the board to Stanford. If you look at what universities have elevated themselves the most in the last 40 years, US News rankings and other things considered, Stanford has probably elevated itself more than any other university in the last 40 years or so because of Silicon Valley and the wealth and so forth. They just have so much more wealth. Their endowment is three times our endowment. But Duke is probably second. Again, Duke was the Harvard of the South and now it's ranked by US News, that's not the only relevant standard, but let's say seventh or eighth or something like that. No university is more highly ranked than Duke with a smaller endowment. Everybody that's more highly ranked than Duke in these US News surveys has a bigger endowment than Duke. Every one.

So Duke has done pretty well considering that Duke is the newest university in the top rankings. If you want to pretend it's an old school, which sometimes you might, you can say it was formed in the 1830s. If you want to be more honest it was probably formed around 1924-26. No other major university is that young. No other major university has as small an endowment as we do. Universities that are more highly ranked than we are all have bigger endowments. The schools that Duke has surpassed in US News rankings are schools that you would say are all very good but we are more highly ranked than Brown, Dartmouth, Northwestern, Rice, Emory, or Vanderbilt among other schools. I think Duke has done a pretty good job given the resources we have and where we are and so forth in terms of our relative youth. In terms of your question, everybody on the board is accessible. Nobody feels that they have knowledge of exactly what the right thing to do is. Nobody when making a decision feels that they are absolutely making the right decision and there could be no other decision they could make. Like everybody in life, you're always uncertain about whether you're making the right decision. We think we're generally making the right decisions but we're not certain. If you have input, we're happy to have it. (Pause) Where are all the questions I was told I was going to get on Athletics or DKU?

Dan Gauthier (Physics): You've been mentioning Stanford and Harvard and if I were to look at the sciences and engineering, let's say at Stanford, across all departments there they're much more highly ranked than our science and engineering departments here. That might potentially correlate with the endowment issue. And now our new

Provost is trying to make a vision of how we improve the Sciences and Engineering. What can the board do to help?

Rubenstein: You're right. Of the undergraduates who graduate from Stanford now, more graduate with engineering degrees than with liberal arts degrees. So a majority are graduating from engineering. So it's become something of an engineering school; almost MIT West. Duke has not put as much emphasis on engineering as Stanford has for a lot of obvious reasons. Stanford has been able to induce people who live in Silicon Valley who didn't go to Stanford to give money to Stanford in large sums and because of that they have an enormous amount of wealth and there is a culture there that's somewhat different. The students who go there are maybe interested in starting companies right away more than any other school that I know of. We have very good science resources but not quite what Stanford has or what Harvard has honestly. We have to do a better job. Our engineering school, Pratt, is not as highly ranked in US News rankings as I wish it would be. We have to do more there. I don't want to say what the Provost is going to recommend or what we should do but it's clearly an issue. Now, I don't want to make it sound like STEM is the only thing in life. Dick obviously led a major task force for the American Academic of Arts and Sciences on Humanities and I'm a big believer that Humanities are very much in trouble if we don't encourage more and more people to go to the Humanities. I'd like to remind people that if you take a look at the major companies, the Fortune 500 companies, some of the top companies on Wall Street, they're led by people who majored in Humanities, not necessarily Engineering. I am very concerned that parents are

putting pressure on children to take STEM-related courses so they'll get a job right out of college that will pay them slightly more than the Humanities major might get and the result is an obsession with careerism and less with learning and what you're going to do later in life with your ability to reason other things. But that's a whole other issue. This is a complicated issue. I don't have the answer to it all but it's clearly something we have to address. How do we get more science resources without minimizing the importance of Humanities?

Rich Schmalbeck (Law): I was a little surprised to hear you mention Athletics in the same category as the other things that make a great university. I like Duke football and basketball as much as anybody else. You're also steeped in the University of Chicago, for example, where they follow the opposite model. And most of the universities of the world hardly do this at all, much less do it well. So I'm wondering, do you think it's an essential element for a great university? How does it fit into the other things that really are important?

Rubenstein: Weren't you in my Law School class? (Laughter). Outside the United States, the great universities don't obsess themselves with athletics. There's no doubt about that. There's no doubt that certain universities in the United States have managed to do okay with modest athletic accomplishments. MIT, University of Chicago, Cal Tech are not athletic powerhouses. MIT this year actually has a football team that's undefeated I think (laughter). My point was that, if you assess your strengths and you assess your weaknesses, you have to go with your strengths. So if I said it's unrealistic given the DNA of this

university that we're going to say we're going to get rid of athletics and we're going to take whatever money we give to athletics, which is relatively modest, and put that into physics or something, would that make Duke a better university and would it play to our strengths? I think not. I think it plays to our strengths to say we are providing a balanced university that provides athletics and academics. But remember, when I say athletics, we have about 625 people on varsity teams, about 400 of whom have scholarships, partial or full. But we have a gigantic intramural program too which is under the Athletic department. And I do think that the students here feel that part of the university's DNA is to have a good athletic program and if our athletes were not going to class and were not doing well academically, I would be more concerned. I think for the last 12 quarters, the football team has had a 3.0 average. So that's pretty good and I think we can show the rest of the country that you can be an athlete and be a reasonable scholar as well, as a good student. I think that's a good thing and it's a bit of a role model that we have for universities. Now, if I was reinventing a university, would I do it exactly the way Duke is? I don't know. But I think, given where we are in our history, I think trying to minimize the importance of athletics to the alumni, to the student body, to the whole fabric of the university I think would be a mistake. So I don't want to make it sound like it's the only thing that makes us distinctive from other schools, but I think having the balance of athletes and academics and the setting does make us really unique with Stanford perhaps being somewhat similar. But that's just my perspective.

Nan Jokerst (Electrical and Computer Engineering): What is the board's vision

of diversity for Duke for the next five years?

Rubenstein: Let's talk about four different types of diversity. Students, faculty, administrators, and trustees. So of those four groups, who do you think has the greatest diversity? Trustees. 38% of the trustees are female, 24% are minorities. Unfortunately, that is not the case for the student body, the faculty, or the administrators. They have different numbers but they have good numbers in some cases. I would say the student body diversity is probably about the same as other major universities. As I look at the numbers, African-American, Latino, Asian American, gender diversity and so forth, I think we're aware of what the other comparable universities are. I think on faculty, faculty diversity is well below student diversity. The percentage of African-American faculty is lower than the percentage of African-American students. The same is true for Latinos and Asian Americans. Now, there is a way to solve that problem. If you got rid of tenure, you could easily make changes but I don't think anybody recommends that, right? So I wouldn't recommend that. But it's harder to change faculty diversity because people don't move around as much. With students who change every couple of years, you can change your diversity. You can make changes with admissions but it's very difficult with faculty, honestly, to do that. So it's going to move more slowly. Now, there is a faculty task force that's moving forward and we'll see what the results are. I think the administrators have a fair amount of diversity as well. We have pretty good diversity among the administrators. I would say it's about the appropriate amount for a university of this type. But we can always do better. And diversity

though, the most important thing to remember about diversity is you shouldn't do diversity because you think you're politically correct and you're not going to be criticized as being as diverse as you should be. It's because you're openly going to be more representative of the society in which you live. And I think that would make it stronger for the university to do that. So I think diversity has its benefits and it shouldn't be viewed as just a political correctness kind of thing. And for that reason I think the university is doing the right thing in being concerned about diversity. I don't think that we are worse than the comparable schools. I'm not sure that we're better than them. We're probably about in the middle. And we should do more. The fact that the trustees view is what you would expect them to say. Why don't you catch up to us, is what we would say. We've done a pretty good job of diversity at the trustees' level, why don't you do more diversity? But the trustees can't pick the faculty. The faculty is really picking the faculty. The administrators don't pick the faculty, really. It's the faculty that picks the faculty. You're recruiting the people who are your colleagues.

Alex Rosenberg (Philosophy): This may be a canary in a coal mine kind of an issue, but I wonder whether the Board of Trustees is concerned about and thinks there's any significance for the academic demography of the student body that we haven't had any particular success in the Rhodes Scholar competition over the last three or four years as well as the Marshall Scholar competition. And to some of us it may suggest kind of a narrowing character of the student body's interest and the way they are being formed by the university. Has this issue come up with the Board of Trustees?

Rubenstein: I feel that when you asked that question you were tapping my telephone because I did raise this issue with some people the other day. I'm not a Rhodes Scholar and I chaired the Rhodes Scholar selection committee recently because, I'm not sure if you're familiar with the Rhodes Scholarship program, there are eight districts and each one gets to pick four. So there are 32 picked here in the United States each year. They have a non-Rhodes Scholar chair, each of the regional selection committees. The reason, I'm told, is so that when you don't pick somebody as a Rhodes Scholar, you get to tell them, "Well, I'm not a Rhodes Scholar, you didn't get to be a Rhodes Scholar, life will be okay." (Laughter). So, for example, we interviewed 20 people in my year. I did it in New York and we got to pick four. So 16 of them didn't get it. So my job was to go and say, "Well, I wasn't a Rhodes Scholar, you're not a Rhodes Scholar, but you'll be okay." That was my job (laughter). I am concerned about it. Duke hasn't received any Rhodes Scholars in the last three years. Now, one year, a couple years ago, we had three and that was incredible. The Rhodes Scholarship program, for those who aren't familiar with it, basically 32 are picked each year. I would say for half or three quarters of the time the Rhodes Scholarship program, half of the 32 came from three schools, Harvard, Yale, and Princeton. Then a smattering from the military academies. In recent years they've stretched it out a little bit but if you look at the Rhodes Scholarships this year, I think Yale had four or five, Harvard had three or four, to my dismay, and I was very upset, Brown had three. Not because Brown isn't a good school but the idea that Brown should get three and Duke should get none, I was not happy with. So there are a lot of factors in it. One, some students don't want to be

Rhodes Scholars. There's a very talented football player at Duke who has like a 3.9 average and I knew him and I encouraged him to apply for a Rhodes Scholarship. He was a walk-on on the football team and I think he's a place kicker or something. But a 3.9 average, a very talented student, very personable. And he decided to do something; that the highest calling in live was to go to McKinsey (laughter). So he's going there instead of applying for the Rhodes Scholarship. What can I do? So I don't know whether we don't do what we should do. I talked to Dick [Brodhead] about it and maybe we can do more things. I think you have to convince people roughly around the time of their sophomore year that this is something that they should aspire to. Now, my own children, who are not qualified to be Rhodes Scholars, they say people don't want to be Rhodes Scholars as much as people in the old days did. Because in the old days, people weren't as career-focused, they might have gone to Oxford for two or three years. Now everybody wants to go to McKinsey or Blackstone or Goldman Sachs. They don't care about Rhodes Scholars. Maybe that's true but about 1,000 people applied for Rhodes Scholarships this year. I think we should do a better job. Marshalls are basically less leadership and more academic. I think we have some people who certainly deserve them this year. Dick and I talked about it and we had six finalists, is that right, Dick?

Richard Brodhead (President): For the Rhodes.

Rubenstein: For the Rhodes. Six finalists. So you would think out of six we would have gotten one or two but I am not happy about it. I think we should do more. Maybe there are going to be more

resources. I'm prepared, as I said to some people, to put resources into it if that would be helpful. I don't know what I can do. I'll give you one more story about Rhodes Scholarships. When I was the chair on the committee, I asked all the students two questions and they all got it wrong. Here's the question, what would you have given as the answer? I said to them, "We've done a survey," which was a lie (laughter). "We've done a survey that showed that because of the pressure of being a Rhodes Scholar, you will live, once you get to be a Rhodes Scholar, seven years less than you would otherwise live if you weren't a Rhodes Scholar. Because we've done the survey over 100 years and Rhodes Scholars have so much pressure for having been a Rhodes Scholar that they live on average seven years less. Knowing that, would you like to be a Rhodes Scholar?" And the answer should be, I think, "No, I don't want to be a Rhodes Scholar, I want to live longer." They all said, "Oh, no, I want to be a Rhodes Scholar." Because they were afraid that was the wrong answer (laughter). The other question I asked them was, "You keep saying you want to do something to help the world. I'll give you \$10 million today which you have to give away to good causes, or you can be a Rhodes Scholar. You tell me what you want." And they all had the wrong answer (laughter). The answer should have been, in my view, "I'd take the \$10 million and give it away and do something good with it rather than be a Rhodes Scholar." But they were all afraid of saying they didn't want to be a Rhodes Scholar. They thought I wouldn't give it to them (laughter). The Rhodes Scholarship is a bit of a crap shoot. You never know who is going to get it. But I think we should do a better job and I'm prepared to put more resources into it if that would be helpful.

Pat Wolf (Biomedical Engineering):

Returning to athletics, a couple years ago in the Council we had a discussion about athletics and the exponential growth in the financial budget of the athletics department. The conclusion at that meeting was that this could only happen if the Board of Trustees really wanted this to happen. And so I'm wondering if the Board of Trustees discusses this and is there an appropriate size for the athletic department? Is there danger in the athletic department becoming financially too large?

Rubenstein: I think it wouldn't be healthy for me to say the Board of Trustees doesn't spend any time on these issues. Of course we spend time on lots of things but I don't want to say we obsess over that particular issue. The athletic budget today, how many people here think they know what the budget is? What do you think it is?

Don Taylor (Sanford School/ ECAC): \$82 million.

Rubenstein: That's about right, about \$80 million. And how much is the "subsidy" or investment from the university? Do people know? Roughly \$15 million. So, in other words, the university is putting in roughly \$14 or \$15 million and the athletics program is raising from its own resources \$65 million or so. And what do we get for that? Well, I think the athletic program is a crown jewel for the university because we do pretty well compared to other schools but we also have students who are doing extremely well academically. I think we had about 395 Academic All-ACC when the next highest school in the ACC maybe got 100 of those Academic All-ACC. So we're showing that you can be a student and an

athlete at the same time. For \$15 million that we're investing, because they're raising \$65 million from ticket sales or from donations, that actually is a smaller investment than any Ivy League school is giving to their athletic program. Every Ivy League school doesn't have television revenue so they really have to put much more money in. So Harvard, Yale, and Princeton are putting much more money into their athletic programs than we are. But we are still modest compared to, what do you think the budget is for University of Texas? \$180 million. That's their athletic budget. Of course, they're not getting much for it because their teams aren't very good (laughter). Ohio State's budget is about \$170 million. We're about \$80 million and we're putting in \$15 million. So I think for a \$15 million investment by the university we're getting a pretty good value for it. The reason for it is, I think, it attracts students to this university. Some students come here because they like that. It brings a diversity to the student body. It helps with alumni relations, there's no doubt about that. I do think it helps with the visibility of the university. I think for the amount of money we're putting in it's a pretty good thing. So that's my answer. In terms of how much money should go into any one area, that's in the eyes of the beholder. The thing that I do worry about a bit and Dick does as well is this. The budget of the university is roughly \$5 billion. So the budget of the health system is roughly 51 or 52% of that. But if you add the School of Medicine to the health system, you really have about 80% of the budget as health system or medical. Roughly 80% of the tenured faculty are health system or medical which is a great school. But I do worry about universities like Duke or Hopkins, where I'm on the board, or University of Chicago and

Stanford, because the health systems are growing so much and the Schools of Medicine are so big and so expensive, you have a pushing of resources into that area as opposed to other areas of Science or Liberal Arts and Humanities and so forth. So I worry more about that than I do about the athletic budget, honestly.

Helen Solterer (Romance Studies): Can you look ahead together with us to Duke as a global university in the next ten years? Thinking about accomplishments, consequences, commitments, but also risks not only in Asia for obvious reasons but also in Africa, Europe, our historical strength, and indeed Latin America.

Rubenstein: Well, that's a lot to cover (laughter). American universities began to make themselves global 20 or 30 years ago when they began to feel that they could take their brand and establish either centers or degree-granting places around the world. Duke was not at the forefront of that but we began to get into it in the last decade or so. When I consider a school to be global, here are the conditions that I think are important. What percentage of your faculty comes from overseas, because that's an important thing, and what percentage of your faculty is willing to go teach overseas at other universities? What percentage of your students come from overseas and what percentage of your domestic students will go study overseas during part of their time at the university? And what percentage of your degree-granting part of your university is giving degrees outside of the United States? So there are many different things. You can be a global university by not having anything outside of the shores of the United States but having students go there, having faculty go there, having

faculty come here, so there are many different things. In terms of what Duke is going to do and where we stand, I do think that the great universities in the United States will make themselves global universities just as the great companies in the United States are making themselves global companies. Because that's where the growth is, that's where the resources are going to be. Take the United States right now. We are roughly 19% of the world's GDP. We used to be almost 50% of the world's GDP. So we're 19% of the world's GDP. The great growth opportunities if you want to move your brand forward are going to be overseas. 55% of the world's GDP is now in the emerging markets, 85% of the population is in the emerging markets. So if you can get your foot into China, India or Brazil, among other places, you'll probably have a good chance of extending your brand. Now, is that good for people in Durham to get the brand extended in Sao Paolo or Mumbai or Kunshan? Well it has pluses and minuses. Everything in life has its ups and downs. I wouldn't say any of these things are without their challenges but I do think if you aspire to be a great university and you say "We're just not going to do anything outside the shores of the United States," I think you're not likely to be a great university in the way we define them in the future. Harvard is struggling with what it does outside the United States but it's doing many things outside the United States. In fact, Harvard is different. They have 350,000 alumni. We have roughly 160,000. They have 350,000 alumni, 50,000 of whom live outside the United States. We have a much smaller percentage outside the United States. Harvard is doing many things now to try to make itself more global and to take advantage of its brand name and Yale is doing the same and

Stanford is doing the same. I think if we want to be competitive with Harvard, Yale, Princeton, Stanford and other great universities we probably should do some things to extend our brand. We should do it carefully. Kunshan is a very unique type of thing. I know it's controversial in some parts of the faculty but I do think in the end it will be seen as a very good thing for Duke. I'm happy to talk about that if anyone wants to know more about my own views on it. I know people have talked about it before this meeting but I do think that it is a very good thing for Duke to have done given the risk/reward ratios that I think are involved there. I think we probably need more resources and it's hard to raise money to expand outside of the United States as much as I would like it to be done. So I do think Duke has a role. If you look at the great universities of the world today, most of them are American universities but increasingly you will see a more and more percentage of them spending their time and resources outside the United States.

Ed Balleisen (History): I'm wondering if you could talk a little bit about a different type of diversity with respect to the Board of Trustees and that's the walks of life that people come from. You gave us very different thoughts about where the world is going and how Duke needs to position itself there. I wonder whether you could tell us a little bit about the diversity in terms of occupation or economic sector with the board and whether you think it's sufficient and where it might go.

Rubenstein: Boards of Trustees at all major universities are probably more weighted to people that have been alumni and who have some capacity to give donations (laughter). It's very rare to see a university board say "We don't want

anybody that can't give any donations." So that's very rare. But I guess some universities do that. At Duke we have a fair number of people who have been in the business world, we have people who have been in the academic world and are in the academic world, we have people who are social entrepreneurs, we have people who are business entrepreneurs, we have all walks of life. Maybe not perfect, but we have people in foundations and so forth. We try to get diversity in many ways. We technically haven't announced the new board members, they will be announced next year, but we picked some people who have a lot of diversity. One is a very prominent business person, one is a very prominent person in athletics, one is running a foundation, one is in a lot of nonprofit activities, one is a medical doctor, so there is diversity. But you can't raise all your money from your Board of Trustees but there's no doubt that every major university is probably sensitive to the fact that you need to get some money from your trustees from time to time and that's probably a helpful thing. I suspect that I wouldn't be the Board of Trustees Chairman if I was an academic maybe (laughter).

Brodhead: Sure you would (laughter).

Rubenstein: I doubt it. So diversity on the board is good. There are some times I think maybe we should do more outreach in certain areas but sometimes it's not as easy as you might think to get people to want to do this. I'll give you an example. There's somebody that I very much wanted to keep on the board and he is going to stay on the board, Paul Farmer. Paul Farmer is a summa cum laude Duke graduate. He came to Duke from a very modest background. I think he lived in a

car or a bus or something when he was an undergraduate. And then he became a very famous professor at Harvard. He is now a University Professor, one of the twenty University Professors at Harvard. But he started Partners in Health and has really revolutionized healthcare in Haiti and Rwanda among other things and he is a great role model for students. He comes to one out of four board meetings. And I don't think he's made any contributions in terms of financial contributions but I don't really care. Having a role model like that on the Board of Trustees says to students, "You should try to do something like Paul Farmer." So I think he is a great role model. I want people like that on the board. I hope that answers your question.

Linda Franzoni (Pratt): My question for you is more from the point of view of a philanthropist. And I'm wondering how you would make decisions- I know that you originally said that if you invest in Duke, your Duke degree will gain value. That's a good motivator. But there are certain things that you have invested more of your resources in than others.

Rubenstein: First of all, I'm one of the first 40 people to sign the Giving Pledge. Bill Gates called me about it and I said I was going to give away my money anyway, so I might as well sign the Giving Pledge. The Giving Pledge is a little misleading. It says you'll give away half your wealth during your lifetime or the time you die. Well if you haven't given away any of your money during your lifetime and you say, "When I die, I'm going to give it away," and then you die and you haven't given it away, they don't kick you out of the Giving Pledge (laughter). They don't disinter you (laughter). There were 40 of us initially and now there are 129 of us. There are a

couple of people whom I haven't seen any of their philanthropic givings anywhere. I keep saying "What are you waiting for?" "Well, at my death I'm going to give it." But if they don't, what are we going to do? (Laughter). In my own case, I try to be very serious and simple about what I'm trying to do. I'm going to give away essentially all my money. Not half, but all of it. I'm giving my children very modest amounts of money but I don't want to burden them with it and they may or may not agree with that (laughter). Nobody who inherits \$500 million or \$1 billion goes on to win a Nobel Prize. I've never seen that happen. People who did the great things in life came from, relatively speaking and with some exceptions I'm sure some of you may be the exceptions, lower-middle class backgrounds or middle class backgrounds. The people who come from the highest income backgrounds don't usually achieve the great things in life. They may not get in trouble but they might not achieve the great things in life. So I don't want to burden my kids with the money and so forth and that's why I'm going to give it away. I don't have any staff. I don't have a foundation. I just write the checks. I generally like to take my own ideas. So in one area, what I like to call Patriotic Philanthropy, I'm trying to give back to the country in areas that remind people of our freedoms and how great this country is. So I decided when the Washington Monument had its earthquake problems, I would put up the money to repair it. When I went to Monticello I thought it was falling apart. I said I would put up the money to repair it. I went to Montpelier, I thought it was falling apart, I said I would put up the money to repair it. Same with Arlington House, Arlington Cemetery, and a few others that will be announced soon. And then when I bought the Magna Carta

or the Declaration of Independence I wanted them to be kept in places people could see them in the United States. So I just think of the things and try to do it. Most people in life, everybody here probably included, likes their own ideas better than somebody else's ideas. So I like my own ideas. So if I think of something, I generally think it's a better idea than if somebody else tells me about it (laughter). But in terms of Duke, it's serendipity. Deborah [Jakubs], sitting back there, asked me if I would come look at the Duke Library. I worked in the Duke Library when I was a student and I didn't return all the books I borrowed (laughter). So I toured it and said "Okay, I like libraries, I love reading." I'm the chair of the Madison Council Library of Congress. I think reading is one of the most important things; literacy is a terrible problem in our country. About 12% of the people are totally illiterate, 20% are functionally illiterate. So I encourage people to read and so forth and so on. So with respect to the library I said, "Okay, I like rare documents and rare books," and this was that, so I said "Okay," more or less on the spot, I asked Dick if it was okay. Dick said, "Are you sure you want to do it? Okay, fine." So that was it. I didn't have any consultants or anything like that.

Brodhead: That's one version of the story (laughter).

Rubenstein: I asked you if you thought it would be a good idea (laughter).

Brodhead: Do you want to hear the true story? He said to me, "Is this one of your three top priorities?" And I said, "It's a high priority but to be honest it's not one of my top three." And he then said, "Well would you be mad if I did it?" (Laughter).

Rubenstein: So, for example, the first gift I gave to Duke was for the Sanford School. Joel Fleishman was a friend of mine. He came to see me. I said okay and that was before I was really involved at Duke. Kimberly Jenkins has been a board member at Duke and she got off the board to do some entrepreneurial kind of things, encourage entrepreneurial innovation kinds of things at Duke and I thought that program needed a jump start. The athletic program, they had a Bostock Program, they thought it looked bad. I guess they thought that the chairman of the Board was giving money to Duke and wasn't giving money to that so I said "Okay, I'll give some money to that." I gave some more money to Sanford because Sanford doesn't have a lot of wealth, relatively speaking, so I gave some other money to them. So people approach me. What I generally try to do is this. I don't have the resources of Bill Gates. I wish I did but I don't. Actually I'm not sure I want to. Because think about it this way. Suppose each of you tomorrow got \$100 billion in your bank account. You buy a yacht; you buy a house, an airplane. Then you've got \$99.9 billion left. What are you going to do with it? That's the problem that Bill and Melinda Gates have. What do you do with \$100 billion? It's not that easy to figure out what to do. So they have come up with some very good things but it's not that easy. In my case I have a fair amount of resources, more than I deserve and more than I need, but I don't have their resources. I try to find things where my amount of money will jumpstart something, where my amount of money will complete something, or it's a cause or an organization that I'm really attached to because it's important to my family or I think it's a very good thing for the country but it just isn't getting enough attention. I'll give you an example. I have no history

in my family of pancreatic cancer. None. But it's a deadly disease and as I read more about it, I realized it has a 2% survival rate after five years. So I'm on the board of Sloan Kettering and I went to them and I said I'll put up money for a center for pancreatic cancer. Let's see if in the next five or ten years we can't make some real progress. It was just because I thought it wasn't getting money and it was something I thought intellectually I wanted to do. I'm sure if I hired McKinsey to assess what I should do with it they would have said no. But one of the great pleasures of our country is, if you have money, you can do what you want with it. So I'm doing what I want with it and I'm having a great time doing it but I'm sure I'm making some mistakes along the way.

Janiak: I greatly appreciate your candor and I think you've said many enlightening things. I want to ask about something a little more difficult.

Rubenstein: So the other things were easy, okay (laughter).

Janiak: There's a national crisis now, as you know, concerning sexual assault. It's having a huge impact on high school students and college students. A number of my students have talked to me recently about it. The stories are very difficult to hear as you might imagine. It's on the cover of national magazines; it was on the cover of Time this summer. What do you think the board can do to help Duke become a place where we are out ahead of some of our peers? You mentioned very clearly and correctly that we can't out-compete Harvard, Yale or Princeton, but perhaps we can actually out-manuever them and become a place that is known for being more welcoming to students of

all walks of life and being a place where sexual assault is drastically reduced.

Rubenstein: There are some things that I have tried to do or that are hard to do when you are Board Chair. I'm only one person. I'm not here for ten years as the Board Chair. I wish there was less of a drinking culture. I wish there was less of a Greek culture. I wish there was less of a drug culture. I know from other universities that we're not all that different from others and I'm very happy that we're not listed in the top party schools whenever you see those lists and the top drinking schools. There's no doubt that there's a drinking problem and drinking is one of the factors that leads to sexual assault. I am very happy that we were not featured in Rolling Stone the way the University of Virginia was but I always say there but by the grace of God go we. Because surely it only takes one student to do something that is idiotic and can embarrass a university. I do think it's something we're going to talk about at the Board of Trustees and it is something I am concerned about. I think you need to indoctrinate your freshmen coming in about the dangers of this kind of problem but you can't completely control everybody. Teenagers, hormones, and other things. And I wish we could do more. I think the culture we have is not as bad as the culture of University of Virginia vis a vis fraternities but it's not as good as I would like it to be. But I should say I didn't go to a fraternity. I've received emails from fraternity people over the years who tell me that the fraternity people are the biggest donors at Duke and don't do anything to hurt fraternities but I ignore all that (laughter). I don't believe all that. I just think that we need to make sure that men and women recognize that they have certain responsibilities as a

Duke student. And we ought to do a better job than maybe we're doing but I think we're doing an okay job but we can always do better. I think we should take advantage of University of Virginia's situation to now get the attention of students on these issues when they would not have paid as much attention before. But there's no doubt that the world has changed. Look at the Bill Cosby situation. Look how tragic that is. He got away with that for 30 years more or less. His technique was one that he was using for quite some time and I'm sure he wasn't the only person doing that. The world has changed and we have to recognize that we've got a greater responsibility than we did before to expose these kind of things and make sure people's conduct is more appropriate. I wish I had a better answer.

Grainne Fitzsimons (Fuqua): One of the other big sources of money and prestige for the university is research funding and a lot of that landscape seems to be changing. Where do you see that going in terms of our relationship with government and agencies that fund our research?

Rubenstein: All of you want to be faculty members. And presumably you want to be faculty members because you want to do research and change the world and make the world a better place in your area. Or, you enjoy teaching people and making them learn. You didn't want to be a fundraiser, I assume. To build my company I made myself a fundraiser. So I went around the world raising money for my firm. But I'm surprised at how many academics now feel they have to be fundraisers. They have to go out and get grants and so forth and that's a skill that maybe you don't learn in graduate school but that's really what we've become

because our system is one where universities don't have enough money to fund all the research that faculty members want to do so they have to go beg the NIH in some cases or other foundations for money and I suspect some faculty members are spending a third of their time in some areas begging for money. It's unfortunate. The federal government has sucker-punched universities by saying to them, "We'll give you money" and everyone is taking their money and building their resources and all of a sudden the federal government said "Guess what. We're not going to do that anymore." So now you've got resources at universities that are dependent on the federal government and now they've cut off the spigot or reduced it dramatically and it's probably not going to come back any time soon. So I think universities are going to have to find new sources of funding or they're going to have to change the way they do research. I don't think the money is going to be

quite there in real terms as it has been in the last 10 or 15 years because of government problems. We're proud in Washington, DC that we've reduced the budget deficit to only \$500 billion. It was at one point \$3 trillion and now it's only \$500 billion so we're proud. But we're still running up a \$500 billion deficit every year and the result is the government is just not going to have the money to fund university research. University research isn't the kind of thing that gets a lot of votes. In other words, members of congress are not really changing their votes dramatically because faculty members are coming and saying I need more research money. So I think we have to find new sources of revenue.

Socolar: Thanks very much (applause). I will make sure that everybody has your email (laughter). After hearing your story of Deborah and the library, I'd now like to take you over to the Physics building (laughter).