



Governing Harvard

A Harvard Magazine roundtable

HARVARD, FOUNDED IN 1636, HAS BY LAW been formally governed by a Board of Overseers since 1642, and by the Corporation since 1650. The last legislation significantly affecting those structures—establishing the current form of the Overseers—dates to the Civil War. In the meantime, the institution those bodies govern has grown from a small college to a large university with several separate faculties, each with its own dean, administration, and student body.

Still, structurally and by custom, on top of the entire enterprise sit the President and Fellows of Harvard College, known as the Corporation: the president, the treasurer, and the five other fellows. The University's governance thus ultimately depends on who the Corporation members are and how they perceive their role, conduct their work, involve themselves in the selection and evaluation of Harvard's senior management, and participate in the shaping of policies and strategic directions.

Although alumni elect the Overseers, they have no direct connection to the Corporation; among alumni,

faculty, staff, and students, its status and operations are mostly out of sight and relatively little understood.

At Harvard, as elsewhere, questions about governance sometimes become salient in moments of crisis. During the Vietnam-era upheavals at the University, for instance, Corporation member Hugh Calkins '45, J.D. '49, LL.D. '86, took the unusual step of appearing on campus for public conversations with all comers—a personal effort to understand and defuse the divisions then tearing at Harvard's fabric. In the aftermath of the occupation of University Hall, studies of Harvard governance were undertaken and various proposals for change circulated. New personnel in Massachusetts Hall, the appointment of academics to the Corporation, and an expanded central administrative staff in the presidency of Derek Bok ensued—but did not change the fundamental governance structure.

Early in this decade, huge corporate scandals—the collapse of

Enron, WorldCom, and other enterprises—prompted new laws and regulations specifying the conduct of businesses' boards of directors and senior managers, meant to assure transparency and accountability. Naturally, some of the same concerns circulated about the governing bodies of nonprofit organizations. Among the latter, Harvard's Corporation is unusual in having a membership that is formally self-perpetuating, rather than elected, and whose members serve without specific term limits (informal limits are discussed in "Serving on the Corporation," page 28).

Events during the past 18 months have sharpened the focus on Harvard governance, as an energetic president encountered criticism and a lack-of-confidence vote within the Faculty of Arts and Sciences (FAS), the University's largest. Corporation members began meeting with faculty members and department chairs to listen to concerns. In mid 2005, Conrad K. Harper, J.D. '65—an expert in corporate law and veteran of

board service—resigned from the Corporation, while raising concerns about both University governance and Harvard’s senior management. His departure further accelerated the turnover in Corporation members, highlighting the search and appointment procedures.

All these developments prompt fresh thinking about how Harvard’s governance functions in the early twenty-first century. Might the Corporation be more transparent about its work, and if so, how? Beyond choosing and evaluating the president, should the Corporation participate visibly in the making of or communication about major University decisions or priorities—expansion into Allston or growth in the sciences—and again, how? More generally, how can a relatively small governing body which operates informally and through personal connections maintain good sources of information and perspective when its members increasingly come from farther afield and have other important duties to fulfill—and when Harvard itself has grown vastly larger and more complex in recent decades?

To examine these concerns, *Harvard Magazine* late last year invited two former Corporation members—experienced and expert in University governance—and two professors who study governance generally—in different realms—to discuss the Corporation, with its strengths and challenges, as well as the Board of Overseers and relationships among and within the schools. The participants were:

Richard P. Chait, professor of higher education at Harvard Graduate School of Education, coauthor of *Governance as Leader-*

ship, *Improving the Performance of Governing Boards*, *The Effective Board of Trustees*, and other books;

D. Ronald Daniel, M.B.A. ’54, LL.D. ’05, Harvard University treasurer and chair of the Harvard Management Company board of directors from 1989 to 2004, former managing partner of McKinsey & Company, former trustee of Wesleyan University and of Rockefeller University, and now a trustee of Brandeis University;

Jay W. Lorsch, D.B.A. ’64, Kirstein professor of human relations at Harvard Business School, coauthor of *Back to the Drawing Board: Designing Boards for a Complex World* and author of *Pawns or Potentates: The Reality of America’s Corporate Boards*, past chair of the business school’s doctoral programs, and past senior associate dean of both executive-education programs and research; and

Henry Rosovsky, JF ’57, Ph.D. ’59, LL.D. ’98, Geyser University Professor emeritus, dean of the Faculty of Arts and Sciences from 1973 to 1984 and in an acting capacity in 1990-1991, acting president in 1987, a member of the Corporation from 1985 to 1997, and author of *The University: An Owner’s Manual*.

Their conversation, held at the business school, moderated and recorded by the magazine, was chiefly meant to shed some light on what the Corporation does, why, and to what effect. The discussion also touched on Harvard’s governance in comparison to models in use elsewhere, and explored possible changes that might reflect new demands on the University’s highest authorities today.

An edited version of the conversation follows. It began with the two former Corporation members describing that body’s work.

—The Editors

The Corporation as Adviser, Not Decisionmaker

HENRY ROSOVSKY: The Corporation is most easily understood as being the executive committee of the Harvard top governance structure. Much of what it does resembles, say, the work of the executive committee of the Yale Corporation and other private university boards of governors.

D. RONALD DANIEL: I think that analogy is pretty good except that “executive committee” might suggest a lot of decisionmaking. There are not a lot of decisions that the Corporation takes as a group. I think it’s also fair to say that the president really does animate the discussion and the conversation within that group. The president, at least in my experience, basically sets the agenda, not without some welcoming of ideas from members of the Corporation as to the kind of issues, for example, that might be taken on this next academic year.

why today it isn’t a decisionmaking body primarily. The most intimate *advisers* of the president—I think that is a good way to characterize it.

JAY LORSCH: But does it make *some* decisions?

ROSOVSKY: One of the difficulties is that there is a difference between the legality and the reality. The legal owners of Harvard University are the President and Fellows of Harvard College. That is the Corporation, and every document, every copyright, all of that is legally owned by the Harvard Corporation. In the same way, every major appointment, every award of tenure—many decisions legally are made by the Overseers and the Corporation, the two Governing Boards. But by the time those decisions reach the Governing Boards, under normal circumstances they are not really involved in the details.

DANIEL: The only decision that’s obvious that resides in the Corporation is the selection of the president. That is clear cut. That decision is made with the advice and consent of the Over-

“The role of the Corporation has changed and that’s why today it isn’t a decisionmaking body primarily.” —Henry Rosovsky

ROSOVSKY: Sometimes the Corporation has been called a “collective executive” and it is possible that many years ago when the members of the Corporation were nearly all resident in Boston, perhaps they were very involved in the day-to-day management of Harvard. But as the University grew and became much more complicated, the role of the Corporation has changed and that’s

seers. Within the last 15 years, there has been much more genuine involvement of Overseers in that process, or even in the process of picking a new member of the Corporation. So the advice and consent role now has more substance and meaning to it.

Acquiring real estate in Allston all during the 1990s, that was basically done by John McArthur [then dean of Harvard Business

School, based in Allston], who had strong ideas about the merit of adding property for Harvard's future, and Sally Zeckhauser [vice president for administration, whose responsibilities include real estate and planning] and Neil [Rudenstine, president from 1991 to 2001]. They all knew about it and I knew about it, but I don't remember the acquisition process ever going to the Corporation as an issue until it started to get into the press.

The size and the composition of a capital campaign would obviously be endorsed by the Corporation. But by the time it got there, as Henry says, it's been pretty well massaged and only fine-tuning would be done at the Corporation level.

ROSOVSKY: Very true. I think also, it depends a little bit on the interests that individual members of the Corporation develop. When you look at the members, generally you can identify them with certain interests. For example, Bob Stone [Robert G. Stone Jr. '45, LL.D. '03, Corporation member from 1975 to 2002] was particularly interested in and adept at fundraising, so I am certain that before the goal of the campaign was selected when Bob was there, he knew every last detail.

MODERATOR: Does the Corporation review and approve the budget of the University, or approve audited statements of financial or investment results? You mentioned tenure and capital campaigns. On what other issues does the Corporation either act formally or advise the president?

DANIEL: To some extent, I think it depends on who the president is and where that person is in his or her term. Whoever is the president really affects the nature of the dialogue both between the president and the members of the Corporation and therefore within the Corporation itself.

ROSOVSKY: Technically, probably almost every decision that's made at Harvard is under the purview of the President and Fellows. For example, the Harvard Management Company [which invests endowment assets] has a board, but nevertheless I think ultimately they report to the President and Fellows. By tradition, by history, the President and Fellows have delegated some of their powers to the people who work below them. The most important thing they delegate—and again I don't think you can find this written down anywhere—is educational policy. The faculties are in charge of degree requirements, admissions, curriculum, and the like.

These are in fact *the* most important functions of the institution. Now I am sure that in a strictly legal sense the Corporation could interfere with any of these issues. But of course they have never done so, and I am sure they never will, because they have delegated it to the faculties. So you have to think of the differences between the very little that is written down that gives all the power to the President and the Fellows, and the way the institution actually runs.

RICHARD CHAIT: In practice does the Corporation advise the president on senior appointments of deans and vice presidents?

DANIEL: It's up to the president. I suspect this is going on right now with respect to the business school [dean search, under way in 2005 and 2006], that Larry [President Lawrence H. Summers] obviously has set up some kind of consultative body here.

LORSCH: He has.

CHAIT: And at the Graduate School of Education, too.

DANIEL: But I'm sure he reviews with the Corporation wherever he is in his process, who the leading candidates are, where he's leaning, etc. When Neil was appointing Kim [Clark, business school dean from 1995 to 2005], he asked me to talk to three or four of the final candidates because I had been to the business school. I doubt if Larry's asked anybody in the Corporation to go over and look at some of the current group. But certainly they're kept informed. I don't think they're asked to vote. In a sense, they're implicitly asked to endorse the selection.

LORSCH: Let me ask the question differently. If members of the Corporation felt some concerns about the candidate being considered, would they feel free to speak up, obligated to speak up, to raise their concern?

ROSOVSKY: I would hope so.

DANIEL: Certainly I would.

ROSOVSKY: It comes back to what I was saying earlier. There have been members of the Corporation historically who have had an interest in a particular faculty, or fundraising, or other activities. People with particular school interests would be more likely to be involved in the search for a dean.



Henry Rosovsky

Serving on the Corporation

On time limits, selection of members, the Senior Fellow, and the operations of a small board

D. RONALD DANIEL: While the bylaws do not set any limits with respect to time or age, within the last 10 years the Corporation itself has more or less agreed that 10 years or age 72, depending on when somebody arrives at the Corporation, would be the standard. So that when you're talking to a potential new member, as I suspect they were with Pat King [Patricia A. King, whose appointment was announced December 4], they were probably talking to her about 10 years or so.

HENRY ROSOVSKY: It's often said about the Corporation that it is a self-perpetuating body and that is often raised in a spirit of criticism. But as a member of the Corporation pointed out to me not long ago, most bodies of this kind are self-perpetuating. Boards of private companies are not in any meaningful sense elected. They are perpetuated through their governance structure. And here, there is a great deal of consultation in the selection of new members. The matter also goes to the Overseers. Overseers are actually members of search committees. The faculty is widely solicited; experts are, too. So I think the fact that they are "self-perpetuating" is not that unusual.

RICHARD CHAIT: It's not unusual except for the fact that, one, you'd have to exclude all public-sector universities, none of whose boards are self-perpetuating. And then among private colleges and universities, a large number have constituents who elect members. So that's a much more participatory process.

ROSOVSKY: But of course we elect the Overseers.

CHAIT: Right. Elsewhere there are alumni elections or elections by denominations, in the case of church-related institutions, or various subsets of voters or constituents. But when there's self-perpetuation without term limits, that's different.

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CHAIT: One huge asset in the Corporation that we probably don't appreciate enough is that it's the only place I know in the

not-for-profit sector where governance and philanthropy are separated. Most other boards that deal with governance are so warped by issues of philanthropy.

ROSOVSKY: The Overseers are elected by the alumni, and that has prevented "selling" of those seats, too.

CHAIT: In all other instances, governance becomes dominated not by the power of ideas but by the power of the purse, and individuals of enormous means have disproportionate influence over the course of governance of nonprofits. So that's a huge plus for Harvard.

I think Henry once mentioned to me that of the 100 or so largest gifts ever given to the University, very few came from people who were members of the Corporation. And that would be untrue of almost every other nonprofit. So we do not have a set of problems that I have to confront all the time when I work with nonprofit boards.

DANIEL: In all of the conversations I've heard about new Corporation members, personal wealth has never been mentioned.

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JAY LORSCH: I understand that Harvard really is the only private university that has this two-board structure.

CHAIT: I believe that Brown, Cornell, and perhaps MIT have two-tier or two-board structures.

LORSCH: Let me come back to the selection process. In a sense, Henry, you're absolutely right that if you look at a publicly owned corporation, the process by which directors get elected or selected and put up to the shareholders for a vote is not dissimilar to the way the Harvard Corporation members are selected in reality. The difference, however, and one of the problems that the Corporation may have when it gets criticized, is there's not much transparency to the processes by which these things are done. So I think over the years a lot of suspicion has built up that the members of the Corporation just pick one of their buddies to be the next person.

ROSOVSKY: Right.

LORSCH: Which, as I understand it, is not true. So one of the

CHAIT: When, if ever, does the Corporation say "no"?

ROSOVSKY: I don't think that's the way it would work. I think if the Corporation says no to the president on a decision of any consequence, that's an invitation for the president to resign.

CHAIT: Really?

ROSOVSKY: I mean if the Corporation loses confidence in its leader...

CHAIT: Give just one instance where the Corporation says, "This is really ill advised and we don't want to let it happen."

DANIEL: Let me describe such a situation. One of the things the Corporation does regularly and actively is to have a morning meeting with a dean about a particular school or faculty. One year, we had several of those meetings with the dean of the Kennedy School because there were some concerns about the financial condition of the school. An argument being advanced by the then-dean was that the school was going to do more executive education as a revenue source. There was widespread skepticism in the Corporation that this was not sensible. For the offerings they were describing, it seemed like a market with no buyers. And yet in the end both the president and the Corporation al-

lowed the dean to go down that road. So the doubt was voiced, but in the spirit—I suppose—of "Every tub on its own bottom," it delegated authority to that dean to run his school and be accountable for the consequences. We didn't say, "No, dean, you can't do that."

A Tradition of Informality—and Changing Needs for the Contemporary University

ROSOVSKY: The Corporation never votes, right?

DANIEL: I suspect if you looked at the minutes you might see, "The Corporation unanimously approved..."

ROSOVSKY: But you know, we don't say four to three. I mean it never happens. A lot of the reservations that are expressed probably are expressed one on one. When the Corporation functions well, I think that's one reason for its existence—that any member can pick up the phone and say "I have great reservations about this, so..." But it's consensual.

LORSCH: I assume he's calling the president?

ROSOVSKY: Yes.

things that may be required as you think about the future is how to make this process a little bit more transparent, so people understand how these decisions are made. I think that would reduce the criticism that sometimes occurs.

ROSOVSKY: I couldn't agree more. I think that applies to all of Harvard's practices. The institution has everything to gain by explaining them more, for just the reasons you indicated.

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LORSCH: I think the small size of the Corporation has got to be important. One of the things we know from corporate boards is that if they get too big, they don't work at all, but this thing stays small and is actually smaller—I looked at the size of the other Ivy League governing boards and this is much smaller. That's something that ought to be said. It has a problem if you're trying to get representation, obviously, but it's maybe part of why it works.

CHAIT: Not only is it smaller, Jay, but what I didn't appreciate is the degree to which it's individualized.

LORSCH: Good point.

CHAIT: I did not have an appreciation of the degree to which it is this *unorchestrated* effort on the part of the Corporation—that individual members select areas of interest, advise on issues that they deem to be urgent or relevant, and others do not and in some cases are relatively less informed.

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MODERATOR: Compared to other boards, the Corporation is not only smaller but it also seems to meet more frequently and for much longer periods than other boards—to require greater involvement in time.

LORSCH: How frequently does it meet?

DANIEL: It now meets about 14 times a year. It met 20 times when Henry and I were appointed.

LORSCH: And those meetings last for what, five or six hours?

DANIEL: They usually start at nine and go through lunch.

ROSOVSKY: They've changed now—sometimes they start in the afternoon and run into later in the day. The time commitment was longer when you and I were there, but before that I

think it had even been...

DANIEL: More. It was almost every other week at one time.

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LORSCH: The Senior Fellow, does he play any kind of a role? The impression I've gotten is that the president really acts as the chair of the Corporation.

ROSOVSKY: Yes, he is the chair.

LORSCH: What is the role of the Senior Fellow, then?

DANIEL: It's twofold: to lead the presidential search committee when the process is under way and to represent the members of the Corporation in feedback to the president on performance, which at least now happens annually.

ROSOVSKY: That's a relatively new thing.

LORSCH: So that's an adoption of good practice from the corporate world.

DANIEL: Yes. There are actually several meetings set aside in the spring for the Corporation *ex* the president to meet to talk about the year and the president's performance, and at the beginning of the academic year there's a conversation with the president about priorities. Jamie [Houghton, Senior Fellow] would lead that conversation.

LORSCH: Just one final question. There are no committees? I mean the Corporation doesn't have an audit committee or a compensation committee?

DANIEL: There's a Joint Committee on Inspection, made up of Corporation members and Overseers, that functions as an audit committee. There's also a Joint Committee on Appointments that reviews tenure cases.

ROSOVSKY: University-wide, you understand.

DANIEL: And focused much more on the integrity of the process than on specific names. Then there is the Corporation Committee on Shareholder Responsibility. So there are a number of committees—also an honorary-degree committee.

ROSOVSKY: There are also ad hoc committees. For example, I was put on a committee with Overseers at the time of the South African divestment issue.

LORSCH: So how will that play out with the president? Will the president express those concerns to the rest of the Corporation, or does that depend on who the president is?

DANIEL: I clearly remember an incident with Dick Smith [Richard A. Smith '46, LL.D. '01, Corporation member from 1991 to 2000], who had concerns with FAS and with Jeremy's [then-dean Jeremy R. Knowles] reluctance to push ahead aggressively on faculty hiring. Jeremy was focused on the deficit that he inherited from a year of Henry's interim deanship [laughter] and Dick wrote a private letter to Jeremy summarizing his concerns and his reasoning. I'm sure he must have told Neil about it ahead of time. But I remember the letter was terrific and made the comparison with what [then-dean Daniel] Tosteson was doing at the medical school. This was a time when the public universities were in some financial distress [so Harvard could recruit faculty members from those institutions more successfully]. Dick's concerns were mainly about the sciences. I think Dick probably reflected the sense of the whole Corporation, if not Neil's as well, but he just chose to express his views in that way.

ROSOVSKY: That's one of the strengths of the Corporation as a

system—that most of the members knew or know deans and I think it was quite natural for a member to have lunch, have dinner, talk, write a letter. That level of informality is one of the things that this system can achieve.

LORSCH: But that requires some degree of intimate knowledge between the individual Corporation members and different parts of the University. As I understand it, one of the things that's happened over the years is that the members of the Corporation have been drawn from vocations and occupations far removed from Harvard and therefore I wonder if this could *reduce* their understanding of the University and the people in it.

DANIEL: I think that's a real concern. It has become more and more difficult to recruit people for the Corporation, given the time requirements. And while this is not a representative body—and with only six people [apart from the president] it's almost impossible to imagine it being so—in this era you can't be totally oblivious to diversity issues.

ROSOVSKY: You can't have it both ways. If the Harvard Corporation consisted today of five Boston lawyers, a president, and a treasurer, everybody would say that's *terrible*, right?

Even in [Nathan] Pusey's day [president from 1953 to 1971] I wouldn't describe it quite like that. An institution that has worldwide dimensions can't have a governance structure that is that narrow. So everybody always applauded the fact that the Corporation was broadening. The first academic members of the Corporation, after the 1780s*, didn't come on until the very end of Pusey and the beginning of Bok.

DANIEL: John Blum, from Yale ['43, Ph.D. '50, LL.D. '80, an historian].

ROSOVSKY: John Blum and Charlie Slichter ['45, Ph.D. '49, LL.D. '96, a physicist]. This was a direct consequence of the 1960s up-

Rosovsky: As Ron said, the most important job of the Corporation is selecting the president. The ultimate check is the loss of confidence that the Corporation has in the president. Historically, there's no question that the Corporation has played a role in the length of these terms. Pusey's was clearly ended by the Corporation. They thought it was time for a change, right or wrong. I don't know about Neil because I wasn't there.

DANIEL: I think Neil made the decision but he talked about his decision to us—individually more than in cabinet. The Corporation *ex* the president is to some extent the check and balance on the president, but there is no check and balance on the Corpora-

“You have different bodies making decisions in different ways. This isn't a hierarchical management structure.”

—Jay W. Lorsch

heaval and the nature of President Pusey's departure. I think it made a great deal of sense, but once you start having academics, you want people from different parts of the country, different universities, you're inevitably going to have a slightly lesser degree of intimacy and more formality.

Allocating Power within the University

CHAIR: It doesn't sound like checks and balances is a construct of the Corporation. Is that a fair assessment?

DANIEL: That's fair to say. Certainly in composing the committee I don't think there's ever been any thought given to checks and balances in terms of what the members would represent in their political or economic ideology or on any other dimension. In a business enterprise allegedly the check and balance is the shareholders. But it's very hard to think about what are the appropriate checks and balances in a university.

tion *qua* Corporation. There is no faculty senate; there is no representative alumni organization; or any other body that plays that role.

ROSOVSKY: You don't think the Overseers are, in some sense?

DANIEL: Do you think they see themselves in that role?

CHAIR: I suppose the vote by FAS [in March 2005, expressing a lack of confidence in President Summers] would be one way of part of the University expressing itself generally in a checks-and-balances way.

LORSCH: If you think about corporate boards, over the last decade or so they have somehow gained more power vis-à-vis their executives. Not total power, but they are doing things: evaluating the CEO, being more independently involved in deciding who should be on the board, setting compensation, approving strategy, and so forth. In that environment, corporate boards are still struggling to decide—within this very broad legal mandate they have, not quite as amorphous as the Corporation's but quite broad—what role should they actually play?

If I were going to make any suggestion about what might improve this delicate system that works, it would be to think more explicitly about the roles of the different parts of the system—not just the Corporation, but also the faculties and the Overseers. Because I think you do have different bodies that are governing and making decisions in different ways. This isn't a hierarchical management structure.

When the Harvard system seems to be lurching a little bit, it's because each of these bodies is trying to expand its role in some sense and there's no explicit understanding of the role of the others, so it becomes sort of a free-for-all.

The College within the University

D. RONALD DANIEL: There's a very special governance issue at Harvard. That is the role of the Faculty of Arts and Sciences [FAS] in the whole University. Henry obviously can speak to this, but there was a time in Neil's era, for example—and Neil had a close and effective relationship with Jeremy [President Neil L. Rudenstine and FAS Dean Jeremy R. Knowles]—where the faculty decided it ought to form its own Resources Committee and almost invite itself in at the presidential and Corporation level to examine University-wide financial issues. Neil couldn't head this off. Jeremy couldn't head it off. I wondered at the time if it was a reflection of the FAS faculty feeling a little insecure or less central within the University. The business school is so prominent, the law school is so prominent, the medical school is so prominent...

JAY LORSCH: The medical school is also so huge.

HENRY ROSOVSKY: I simply can't agree that the Faculty of Arts and Sciences would ever feel a sense of inferiority. [laughter]

DANIEL: But they appeared to be reaching for more power, for more influence in the University scheme of things.

LORSCH: My way of thinking about it is they have been at the center of power among the faculties and what they're reluctant to do is to give up any power and to cede any of it, and there are instances in which they want to gain more. I think in their view they are the center of the University and the rest of us are somewhat peripheral, no matter how successful we are. You can see that in the simple fact that nobody else can grant the Ph.D. It's not a big deal, but it complicates things.

*In *Three Centuries of Harvard*, Samuel Eliot Morison reported that following changes between 1779 and 1789, a remaining professor member of the Corporation retired in 1806; during the rest of the century, one professor was elected a Fellow and two other Fellows were appointed to professorships and continued to serve on the Corporation.

When you think about governance, you're really talking about the allocation of power in the running of the place. What I hear Ron and Henry talking about is that the president has immense power in this system, and what you see sometimes is that faculty will rise up when they really get upset, as we saw in the spring of 2005 with FAS. I suppose the Corporation, if it gets dissatisfied, could exercise power. But in general, as I hear you describing it, under ordinary circumstances when things are going well, the president really has most of the power.

DANIEL: The irony is that if you're sitting in the president's chair, it seems that the deans have the power with their endowment resources and with the tradition of independence—the tub system.

I think that's part of Harvard's great strength, frankly. Here is a large university where the combination of the tub system, and its immense and fortunate wealth, has worked very well. The central apparatus, by the way, has grown in Larry's time. It has grown in scale and expense. Who knows where all this will end up?

One thing that has always troubled me whenever I look at faculty senates in other institutions is that the faculty is basically a blocking body. It has very little capacity, given its scale and diversity, to make things happen. But it's very good at stonewalling or obstructing. I always have worried a bit about this process at Harvard but in general...

ROSOVSKY: The genius of the American system is that, compared to Europe and Britain, we *do* have strong executive power both in the deans and in the president. In Europe, everybody's elected—deans are elected, chairmen are elected—you really have a sort of participatory democracy that so often prevents any action. In this country, obviously the faculty are very powerful—as they should be, because the institution is about teaching and learning—but there is executive power that can accomplish a great deal and can work with the system to achieve things.

LORSCH: To use Henry's phrase, the genius of the Harvard system is that you've got the Corporation, whose powers are informal and consultative, on top of a system in which much of the power is really delegated to the deans and the faculties. And so this person who could be a powerful president really finds himself checked not only by the people above him but by the deans and the faculties around him. And that's what makes the president feel like he doesn't have much power.

DANIEL: The president's power, like the Corporation's power, is the power of appointment. In the president's case, it's the deans and vice presidents.

ROSOVSKY: And the power of persuasion? The Harvard president—that is a position of enormous visibility, prestige, authority, and I think the faculty recognizes that.

As an example, Derek decided to do something with the Kennedy School. It didn't really exist before he became president. He decided to focus on his interest in public service. The Kennedy School, when I came here in 1965, was a little plaything between the departments of government and economics—a little office in Littauer. I'm sure that there were other faculty people involved—Don Price [professor of government and dean of the faculty of public administration] and others—but he selected this project and built a major faculty. I don't think he could do it by fiat, but he had a great deal of authority—power of appointment, of money raising and relationships with donors. The president has all sorts of possibilities there, directing funds and so on.

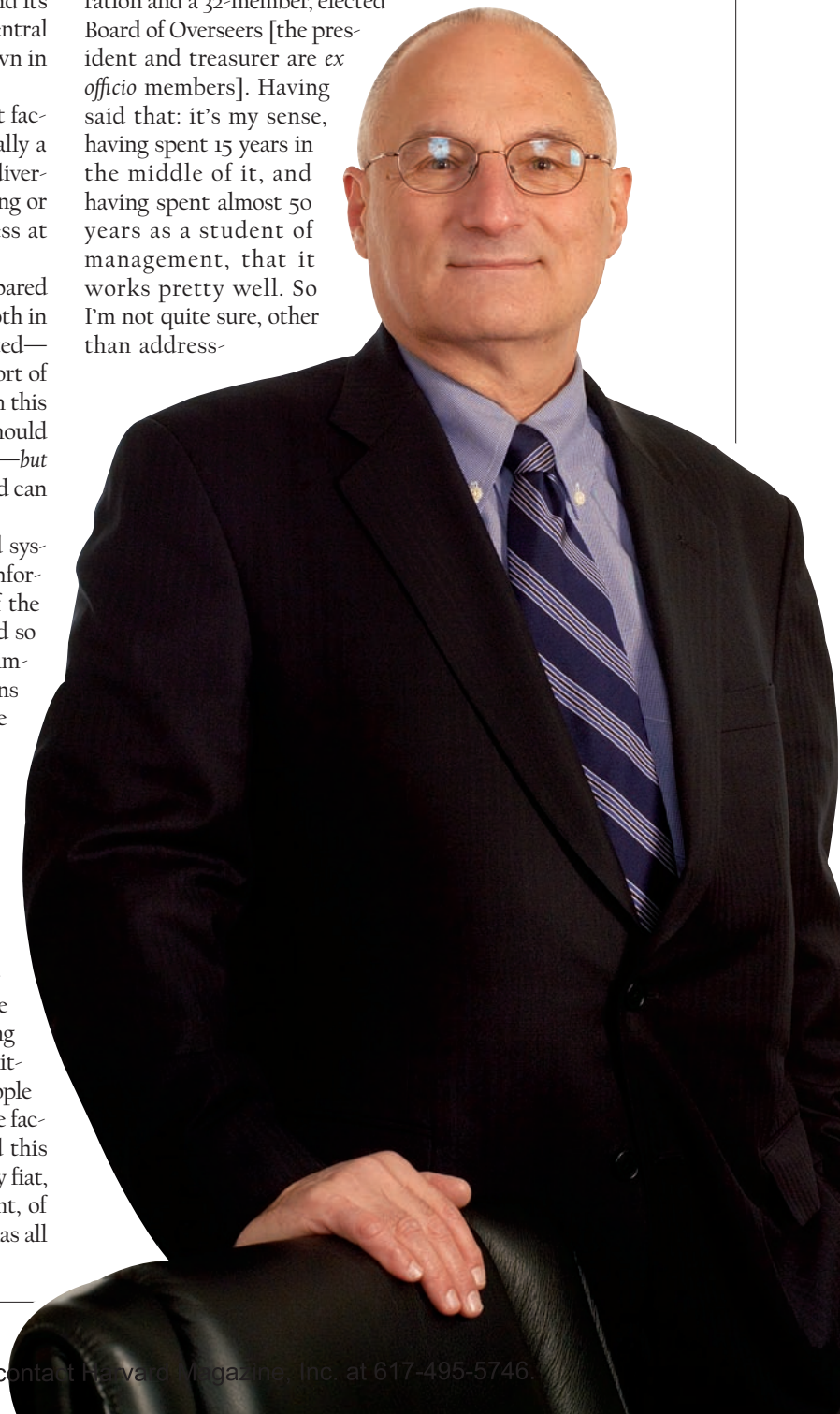
LORSCH: The business school really was created by President [A. Lawrence] Lowell, who in arguments with the economics department supported this school and created it. I think you will find that pattern in the history of many of the professional schools.

ROSOVSKY: That's exactly right.

LORSCH: So the president can do something, but it's through the powers of the purse and the powers of persuasion.

Can the Governing Boards Set Strategy or Provide Meaningful Oversight?

DANIEL: I think we're all in agreement that if this were a blank piece of paper, there's no way we'd design a governance system like Harvard's: a seven-person Corporation and a 32-member, elected Board of Overseers [the president and treasurer are *ex officio* members]. Having said that: it's my sense, having spent 15 years in the middle of it, and having spent almost 50 years as a student of management, that it works pretty well. So I'm not quite sure, other than address-



Richard P. Chait

ing the transparency issue [see page 35], what we might do to refine and improve it. It would be interesting to have you two opine as to what might make this work better structurally, or in composition or in authority.

ROSOVSKY: Your feeling is that it works pretty well? Perhaps someone could also say something from a comparative point of view?

CHAIT: I think it would be hard to make the case that the University was ill-served by this system, for lots of reasons. Harvard is an enormous success. Obviously, the University learned how to work with this governance structure. That doesn't mean it's the only governance structure that could work—no one else has chosen to do this.

DANIEL: Thinking about organizations generally, you can look at this hierarchy of issues: Are the goals and objectives clear? Is there a strategy and is it plausible

and viable? What is the institution's organizational philosophy? What are the resources available to carry out the strategy? What is the information system to monitor and control the organization?

When I think of these headings, it seems to me that Harvard has a clear, but not necessarily articulated, objective of eminence.

LORSCH: Absolutely—to be the best.

DANIEL: I also see a strategy that is very simple but absolutely on the mark: let's have the best faculty and through them acquire the best students. If we do, a lot of things will take care of themselves. I think that still is the driving force in this University.

The organizational philosophy at Harvard is the tub system, which I think has created a lot of entrepreneurial energy in an enterprise that otherwise might become quite bureaucratic.

The resources are obviously the faculties, but also supported by an enormous endowment, which is fantastic.

And then you get down to the information and control system, which I have always thought was the only weak link in this management hierarchy. The University, at least the Corporation, never knew how things were going financially during a year. And I don't think a lot of the deans knew during the course of the year what was really going on with their operations or their balance sheets. Some improvements have been made in these areas in the last decade.

I have always looked at Harvard in these simple terms and concluded that this is a pretty good place in terms of having a set of moving parts that work pretty well together.

ROSOVSKY: I also think that tensions between the central administration and the faculties are almost built into the system and have helped create it.

DANIEL: There's an important check and balance.

ROSOVSKY: It's also true that virtually every new Harvard president is told by the Corporation and the Overseers, "Make the whole more than the sum of the parts." That's a Harvard mantra. There's always been this feeling that somehow there is some element that we're not picking up because of the separation. I think Larry clearly is making a major effort to increase the authority of the central administration. You can see if you're building in Allston or have other issues like that, that you have to have some central authority. But you're always going to have faculty saying that the central administration charges too much for its services, that they're taking our money and doing this or that. Central administration believes that they're offering all these services for which they're not getting adequate recompense or recognition. That's in the nature of the system.

DANIEL: So given all of that, what do you do to make it work better?

CHAIT: When boards operate at their very best, they are able to spot institutional blind spots. They're able to see what management has either chosen to neglect or simply doesn't have the acuity to see. As I listen, it sounds as if the Corporation is almost always responsive rather than active. So your example about the Kennedy School sounds like Harvard would not have been in the field of government but for the fact that the president had an idea. At least on the street, the sense is that Harvard was relatively late to the game in science and technology and that we're still in a catch-up mode.

DANIEL: That's mainly an FAS issue.

CHAIT: But downstream this could have enormous effects.

ROSOVSKY: Jay, do you agree that boards identify blind spots in institutions?

CHAIT: Let me finish the idea. The Corporation ought from time to time to be the source of some idea that would not have occurred but for the fact that there's a board.

DANIEL: Where do you suppose the idea came from for the Harvard Management Company in 1974? My guess is it probably originated in the mind of George Bennett [treasurer, 1965-1973].

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though I'm not certain. I know Bennett was succeeded by George Putnam [treasurer, 1973-1984] about that time. I can't imagine it came from Derek or Nate.

CHAIT: Did the Allston idea emanate with John [McArthur], or did John execute on that idea?

DANIEL: Somehow between John and Sally [Zeckhauser] and [Robert] Beal ['63, M.B.A. '65, a commercial real-estate broker], the opportunity arose to start acquiring real estate. At the time it was kept very quiet.

CHAIT: I'm just trying to figure out from a value-added perspective, what's the intellectual capital that the board brings to the table?

LORSCH: To answer Henry's question: you *hope* that a corporate board will be able to make sure that the corporation isn't going to drive off the cliff. Or that there aren't so many blind spots that it misses things. Yet I don't think corporate boards always succeed. The board identifies the problem, it seems to me. Then it's up to management to figure out how to resolve the problem.

There are different parts of Harvard that need to be overseen. One, clearly, is the substance of what's being taught, what's being

the next 20 years? Because you could start to make an argument that what will work is recruiting the best *teams* of faculty, not the best *individual* faculty.

ROSOVSKY: You mentioned affordability. I recall as dean appearing before the Corporation quite often, but a big occasion was always the setting of tuition. They were *passionately* interested in that. I wanted to raise tuition because we desperately needed the income. I knew the demand was inelastic and my colleagues in other universities always wanted us to be the price leader. The Corporation—not so much the president but its members—really resisted that, partly because they didn't like the publicity. But also I think there was a feeling, are we pricing ourselves out of the market, would it have had consequences, and so forth? I don't know if the affordability of higher education is ever a scheduled item, but I think the Corporation members have these concerns, which come up as they examine practical issues.

CHAIT: That's heartening.

LORSCH: Let me try another one. There's now this move to expand to Allston. I think underlying that is an objective of making the University larger, particularly the College. Has the Corpora-

“What I'm trying to understand is whether the effect of the Corporation is *influential thinking*? And if it's not, then I think that's a shortcoming.”

—Richard P. Chait

researched. If FAS falls behind in the sciences, who is going to blow the whistle? It's always seemed to me that implicitly the important role of the Overseers is to provide these visiting committees and to really do that. Is that explicitly enough defined and is the Board of Overseers put together in a way that gives them the talent to look at such issues?

DANIEL: They did blow the whistle on the biological sciences at FAS. Mike Bishop [of the University of California San Francisco] and Torsten Wiesel [of Rockefeller University and a former Harvard Medical School professor] and Bill Rutter [founder of Chiron Corporation] were members of an Overseers visiting committee in FAS. You had two Nobel laureates and a very successful entrepreneur, and they made quite an issue of what they regarded as inadequate progress in building the FAS faculty in this area.

ROSOVSKY: I think the point that Dick makes is very important, but I'm not sure I agree with it. In my experience on private-sector boards, I didn't see much evidence of identifying blind spots because I don't think the people generally knew enough. As a past member of the Corning board, I remember when the litigation over breast implants drove Dow Corning into bankruptcy. I don't remember that we could have possibly known enough to look into this matter in advance—it just happened as a crisis. At that point, the board said to management, “This is really a big problem and you'll have to be more active in dealing with it.” I think that's much more common.

CHAIT: Let's change from blind spots to exactly the opposite—that boards have to identify what's so obvious that nobody sees it. I'd like to think that somewhere in the Corporation from time to time there are conversations about affordability of higher education over the next 20 to 30 years, about demographic diversity, about the idea that Ron raised: Maybe it has been a terrific strategy to recruit the very best faculty, but is that going to work over

tion or anybody else around here stopped to ask the question, “Why should Harvard be bigger?”

ROSOVSKY: I am sure they have.

LORSCH: That's the kind of question I would hope somebody would think about.

CHAIT: What I'm trying to understand is whether the effect of the Corporation is *influential thinking*? And if it's not and if the Corporation simply makes sure the institution doesn't go off the cliff, or the president doesn't go off the cliff, then I think that's a shortcoming.

DANIEL: The Corporation was very clear when it hired Larry as to what it considered his priorities. They were derived from the Corporation and the three Overseers on the search committee talking to approximately 200 faculty members and maybe another 100 people in the community. We distilled three priorities from these discussions: the undergraduate experience; science, particularly in FAS; and Allston. Larry added a fourth, the internationalization and globalization of Harvard. That was fine, but it was very clear that we gave him those three areas to work on. It was a little more action-oriented than just saying, “Okay, Larry, you figure out what you want to do.”

CHAIT: And if there were 12 people on the Corporation instead of seven and some of them were knowledgeable first-hand about academic medicine, do you think the priorities would have been different?

DANIEL: I doubt it. Those were pretty self-evident. You have the best undergraduate student group in the country and real questions about whether they're getting the *best* undergraduate experience possible.

ROSOVSKY: I think the Corporation is not assembled to be philosopher kings. I don't think they are there to provide vision. I think it's the academic leadership, the president...

CHAIT: Are they there to define problems and challenges?

ROSOVSKY: If the president has a vision that strikes them as faulty, impractical, or what have you, *that* is where I would expect them to come in. I tend to think of them more as a sounding board, people of judgment and wisdom, but not as initiators.

The really interesting issue is this science thing that we keep coming back to. Suppose you assume that Harvard needed to make a special effort in science, particularly in FAS. Was there a systemic fault there, or was it natural that at a certain point you need to make a big effort in a certain area? Of course with us, you have to keep underlining the fact that we are balanced, because Harvard can't shortchange the humanities or the social sciences and decide they're going to put everything on science.

CHAIT: I'll take one more pass at it. I don't mean to suggest that the Corporation is *determinative*, but rather, is it *inquisitive*? For example, do you think the Corporation had *any* role in figuring out what Harvard should do about public-school education? Even as much as saying, "Are we in this game, and if we are what are we going to do about it, because public education is in disrepair?" Or do they wait for the president to say, "I want to do something about public education?" That's all I'm asking.

DANIEL: I remember the Corporation lamenting the fact that we had a Graduate School of Education and that we as individuals could identify little tangible value added to the state of education in the country despite that school. So what are we going to do about it, Mr. President?

CHAIT: But that's my point. That's what I would expect from a Corporation: to say, if you ask that question in the 1990s, there's something wrong if the Corporation is still asking that question 12 years later, especially if they were of a view that the answer may not be much different.

ROSOVSKY: With great respect, I think that you guys, particularly you, Dick, have a different notion of governance than I do. Because I don't look to governance for ideas.

CHAIT: As fiduciaries?

ROSOVSKY: Fiduciaries, yes, and as a sounding board.

DANIEL: And being a restraint.

CHAIT: Strategist or not?

ROSOVSKY: I think the strategy of an institution is not in the hands of the board.

CHAIT: I didn't say in the hands. You think they're partners in strategy?

ROSOVSKY: I think they are more reactive than active.

LORSCH: I agree with that.

But I think there's also a difference between a business corporation and Harvard. Because in a business you've got a management team which is trying to *do* something, but there aren't a lot of other people around with new ideas. At Harvard, you've got an *immense* intellectual machine, with all kinds of ideas floating around. But in corporations, it's very easy to get in a pattern and keep going and keep going. So I think the function of the governing board becomes different.

ROSOVSKY: But we're talking about ideas for the *institution*, right?

CHAIT: What I'm trying to focus on is whether the Corporation plays a role in deciding what issues are of paramount significance. That's the way I'd like to put it.

DANIEL: I'd say yes to that.

The Role of the Overseers

ROSOVSKY: The Corporation is too small to be relied on for covering all these areas. I think we assume that the president—thinking full time about nothing else both outside the institution and inside the institution, one hopes with his academic advisers and so forth—prevents these kinds of problems. But the treasurer and the president and the Corporation—it's a very small group.

LORSCH: That's why I think as long as you have the Overseers, you try to figure out what they can do that the Corporation can't. One of the things the Overseers can do is lead this effort to look across Harvard at problems and opportunities.

DANIEL: Are they equipped to do it, given the fact that they're all elected, often based on name recognition and/or through a well-organized get-out-the-vote campaign?

LORSCH: Maybe that's not a good idea.

ROSOVSKY: But Ron mentioned the committee with Torsten Wiesel and others.

DANIEL: It was an Overseers visiting committee for the biological sciences.*

ROSOVSKY: I had the same experience when I had an enormous problem in geology, which was very old-fashioned at Harvard in the 1970s. I met a lot of faculty resistance and finally managed to influence the appointment of a visiting committee and we put two or three absolutely first-rate earth scientists on it. Then the Harvard professors couldn't argue that I didn't



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know what I was talking about. Visiting committees play a very important role, but it requires some orchestration because they're very busy people.

DANIEL: And the Overseers, keep in mind, are here only five times a year. Trying to find a way to empower the Overseers is not easy, even if you have good will, because they're constantly eclipsed by the Corporation in terms of intimacy, familiarity, and proximity.

LORSCH: I like the fact, as I said, that the Corporation is small and does have this intimacy. Having a big body like the Overseers more involved could be problematic in a way.

Instituting Change: Toward Transparency

ROSOVSKY: I think transparency is *really* important. In the late 1960s, when we had a lot of crises around here, there were pamphlets published about Harvard governance, on the Corporation, the Overseers, but they were the kinds of reports that nobody reads. [Professor] John Dunlop did a lot of this and it was very good, but I think people just don't understand the governance system and therefore have both an exaggerated notion of how things work and one that is false.

CHAIT: What factors continue to make it so opaque?

LORSCH: One is that nobody bothers to make it transparent.

DANIEL: And who's the audience you're going to make it more transparent to? The faculty principally? The alumni?

ROSOVSKY: I think it might not be a bad idea if once a year the dean bothers to explain to the faculty how the system functions. Has this ever happened in the business school? I doubt it.

**"Who's the audience you're going to make it more transparent to?
The faculty principally? The alumni?"**

—D. Ronald Daniel

CHAIT: Not only how it functions. Is there something that would preclude the Corporation in broad terms from saying, "Here are the items that are occupying our time and attention?"

ROSOVSKY: Not a bad idea. They could issue a one-paragraph statement—that the Corporation discussed the relevant business.**

Confidentiality is obviously key in the functioning of a body like this, but how about the Senior Fellow writing a letter to the community once a year, saying, "This has occupied our time, and these are some of our concerns?"

LORSCH: Here's an example, this new appointment to the Corporation. Everybody likes the idea that Patricia King was appointed [Patricia A. King, J.D. '69, who begins serving on the Corporation this May], but nobody knows *how* she was appointed. I don't think the process is described anywhere.

*Visiting committees are assembled by the Board of Overseers staff in consultation with the relevant dean or department chair and other constituencies. Each committee is typically chaired by an Overseer, and includes as members alumni active in the field and experts from outside Harvard. In FAS there are separate visiting committees for nearly every department, plus committees for an array of fields and units ranging from athletics and information technology to the art museums.

**Analogously, when FAS's Faculty Council meets, it issues a brief summary notice, published in the *Harvard University Gazette*, outlining who attended the session and what matters were discussed.

DANIEL: In earlier *Harvard University Gazettes* there's been a description of who comprised the search committee.

LORSCH: But people don't read it.

CHAIT: I think what's uppermost in a lot of people's minds is, "What does the Corporation do to hold the president in constructive check?" No one knows. It is a sense of trying to understand the relationship between the Corporation and the president and saying, "Is there only an on/off switch here? The Corporation hires a president and unless the need arises to fire or replace the president, there's not much to do in between?"

I'm actually reassured by this conversation that the president gets a lot of advice and counsel, whether it's heeded or not. But I'm not sure that the community at large understands that. They might just think these are people who, like good party members, Republican or Democrat, publicly back the president blindly.

ROSOVSKY: I know that during this last year's crisis there was an *enormous* amount of conversation among the members of the Corporation and with other people, in smaller meetings.

DANIEL: And the Overseers were involved heavily, too.

CHAIT: Do the members of the Corporation in any way, shape, or manner have ongoing conversations with FAS representatives?

LORSCH: Not publicly.

CHAIT: Not publicly in the sense that they were publicly held, but were they publicly disclosed?

ROSOVSKY: Yes. They were.

What the Corporation has not wanted to do, and I understand that, is to meet as a body with faculty because they don't want to establish a precedent. But there was at the height of the problems a lot of pressure by FAS faculty—they wanted to meet. And

finally two members of the Corporation met on various occasions with some members of the Faculty Council. The council is the representative body of the Faculty of Arts and Sciences—it's elected—and they issued statements saying we met with members of the Corporation.

Most members of the Corporation have their own sources in the faculty.

LORSCH: I'd like to come back to my Allston question. I'm really reasoning, from the desire to build more buildings and more undergraduate Houses, that there is this presumption that Harvard would be better off being bigger. My question is, has anybody at the level of the Corporation ever stopped to ask himself the question, "Is Larry right in trying to make this place bigger?"

DANIEL: That issue was just coming on the table as I was exiting the Corporation. I'd have to think that at least the Harvard College people on the Corporation would have a natural interest in that issue—Jamie, Bob Reischauer [Senior Fellow James R. Houghton '58, M.B.A. '62; Robert D. Reischauer '63]—but maybe not. And Hanna [Holborn Gray, Ph.D. '57, LL.D. '95] would have had at the time, I'm sure by training and instinct, a genuine and serious interest in the matter of size.

LORSCH: Here's another problem of communication. If that's a good idea, why isn't the rationale for why the College should be larger communicated to the public?

ROSOVSKY: Also it's an issue that

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really should be debated within the FAS. I can't imagine that they're going to expand undergraduate enrollment without it being discussed in the faculty, by the dean and the president.

CHAIT: It all circles back to transparency. It occurs to me that one of the warping effects of opaqueness, particularly in this current era, is that it will appear as if every idea was the president's and it wasn't vetted. And if either of you is right, that the Corporation or members of the Corporation really gave this some careful thought, imagine the value added by saying to the community at large, "We're going to do this because the president and the Corporation carefully considered this issue."

LORSCH: If some of the announcements of these things had been that the president and Corporation announce this, rather than Larry Summers has announced this, it would make the president's job much easier.

ROSOVSKY: Absolutely.

LORSCH: A lot of people in the community feel you might not change the process of what the Corporation is doing at all, but that some kind of clear and regular communication would make people feel better about what is happening.

Toward New Sources of Information

CHAIT: Let me ask a question of Jay, to see if there's an analogy here. Do corporate boards now do more *outside* the boardroom to learn about the company?

LORSCH: No. You might find some of them who visit stores or shopping areas.

DANIEL: But it isn't an institutionalized process.

CHAIT: And would you have it be that way?

LORSCH: I think it's the same problem you have as a member of one of these Harvard Governing Boards: how do you know what's going on? And in the case of corporations, most of the information the directors receive comes through the management

That's the second time Dartmouth's board has met at a different university.

CHAIT: To be exposed to members of the administration, MIT's board on one occasion met in D.C. to meet with people who understand federal research funding.

ROSOVSKY: Those are leadership issues, all very interesting ideas. At the same time, you don't mandate them.

CHAIT: I wouldn't mandate them, but what can the Corporation do differently? I'm really asking about the degree of insularity.

DANIEL: I remember Dudley Fishburn, as chair of the library visiting committee, convened the committee at the New York Public Library once and another time at the Library of Congress. That probably made that committee more aware of some of the broader issues and what other institutions were doing about them.

What if Nan Keohane [LL.D. '93, Wellesley and Duke president emerita and a Corporation member] said, "Why don't we have the next meeting at Duke? I can arrange that." It could happen. We did have a meeting of the Corporation at Harvard Management Company early in my time because I just wanted the Fellows to understand what happened at HMC.

ROSOVSKY: The Corporation visits individual faculties, right?

CHAIT: My hypothesis is the greater the exposure, the better the questions. That's what governance is about.

LORSCH: The issue, though, is the people who really see the other schools are not the Corporation, they're the visiting committees and mostly managed through the Overseers. In my view, that's the role the Overseers should play. But then the question is, does the information flow from the Overseers to the Corporation in any way?

ROSOVSKY: Bob Stone used to come up here more often than Corporation meetings. He was up all the time. He always used to have breakfast with undergraduates. Those were the days when I used to go to the Faculty Club for breakfast, and I always saw Bob there surrounded by students. That is the system functioning at

"Do we have the right people in the Corporation who have the independence, who have the personal network to give them insight and information?"
—D. Ronald Daniel

and their accounting systems. So occasionally that's why there's a desire on the part of some directors to find other ways to get at information. In the world of business, you've got analyst reports and trade publications that some directors probably do try to read.

CHAIT: Let me give you an example closer to home. A couple of years ago, the Dartmouth board of trustees met at Stanford. They met at Stanford to meet with members of its board, president, and certain deans in order to better understand certain issues that were important to Dartmouth. Somehow, whether it's hubris or tradition, it seems unlikely to me that the Corporation would do that.

DANIEL: I don't agree.

CHAIT: Where has the Corporation gone?

DANIEL: It hasn't. But it's not inconceivable to me. If Jamie said, "I think it would be really important to have our next meeting in New Haven or at Princeton," I don't think there'd be a big clamor.

its best. It's not mandated, it's not in the rules, but he was a model of a member of the Harvard Corporation.

LORSCH: That's what worries me, though. The Corporation and the people in it—this is not intentional—may have gravitated in another direction.

DANIEL: I spent half my time for the first six or seven years in Cambridge on Harvard business, as treasurer.

CHAIT: I bet you did.

ROSOVSKY: Yes, but you had an executive function.

DANIEL: Oversight of the endowment.

I also developed a relationship with the medical school; and I also had a relationship with John McArthur and later with Kim Clark, and with Jeremy. I just spent a lot of time up here. When Derek asked me if I'd join the Corporation, he wanted me to be full time like my predecessor. I said I couldn't do that and we finally agreed that I'd try it for half time and see if that would

work. My successor [James F. Rothenberg '68, M.B.A. '70] understood the requirements of the job but he still has a very important executive function at Capital Research and he lives in Los Angeles.

LORSCH: My bet is that this is not uncommon with the current members of the Corporation—they all are busy doing other things and that necessarily changes the role they can play.

CHAIT: It goes back to what you were saying, Ron, that yes, it's nice that it's all informal and you had a relationship with John McArthur. But what I keep thinking about is that if there were somebody on the Corporation who had that kind of relationship with the dean of the medical school or the dean of the law school, then things would have been very different—that it was all a kind of roll of the dice.

DANIEL: The roll of the dice is who you can get on the Corporation.

CHAIT: Am I correct, there's nobody on there now whose natural gravitation would be to academic matters?*

DANIEL: There's no scientist there and we used to talk about that regularly.

ROSOVSKY: Except we have a president who is also a member of the Corporation who all the time talks about biology and biomedical sciences.

CHAIT: But things have happened because of personal relationships between members of the Corporation and their affinity with certain groups. I'm just saying that the more that is left to chance with a group of five or six people, the more it colors and determines what happens.

DANIEL: Would that argue in your mind for a *somewhat* larger group where you might have a better chance to cover all critical areas?

CHAIT: Yes, but not a whole lot larger.

DANIEL: Nine people instead of seven? If you had nine, would it trigger the need to go to the state attorney general to change our bylaws? And would that create a risk of political intervention in Harvard's governance?

ROSOVSKY: I don't know the legalities but we do know that Massachusetts was part of the governance of Harvard until early in the nineteenth century and then an agreement was reached. The essence is that the state can make no change in its relationship to Harvard—Harvard has veto over it—and the unanswered question is whether Harvard can make a change and at what point can the state reassert itself?

CHAIT: That's structural.

ROSOVSKY: Let's say Harvard goes to a unitary board or something, can the state of Massachusetts say, "You're changing the ground rules, we are now going to re-enter. We want representation?"

CHAIT: That's not worth doing.

Refining a Sound System

LORSCH: The conclusion I'm reaching from these discussions is that the Corporation itself functions pretty well. There may be a question of whether it can do everything it was intended to

do originally, given the other commitments of the people on it. That's the only issue that really concerns me. But the thing that's interesting to me is you've got this other governing board, the Overseers. I'm not sure what their role is or what it should be.

ROSOVSKY: Actually Ron was a member of the Board of Overseers as well, right?

DANIEL: Each president has had a different equation in dealing with and empowering the Overseers, but the clear essence of the Overseers' responsibility is the visiting-committee process.

LORSCH: So the only question I would raise is whether that's being done in the most effective way possible.

When I was working with John McArthur and I was on the receiving end of these visits, they were very carefully orchestrated.

DANIEL: I was on the visiting committee at the time. We were creatures of John and his agenda.

LORSCH: There should be some way to get a more transparent view.

DANIEL: Frankly, the visiting committees to the professional schools are whatever the dean chooses to make them. They're basically outreach groups. They're a kind of insurance policy. They give the dean a group he can go to if he wants to try to make something happen or if he has a serious problem. With the departments in FAS and the programs in FAS, it's quite different. If you're looking at Romance languages, you're going to probably have an Overseer chair who may not know much about the subject, but you're also going to have five or six outside academics from places like Yale, Princeton, and Northwestern who are going to have important credentials and who will have a serious consultation with that department.

ROSOVSKY: The FAS culture pays much more attention to outside experts. You don't include people from Wharton in your visiting committee. Maybe you should.

My general feeling is that I would defend the Harvard governance *principles*, but I think there are occasional problems of *implementation*. I wouldn't go to the trouble of formally changing the structure: the price of saying we need nine members of the Corporation instead of seven is too high.

DANIEL: Especially if those next two members weren't the right members.

MODERATOR: Do you need a lead director?

LORSCH: I don't think you do because you've got the Senior Fellow. The only question is to make sure that the Senior Fellow understands his or her responsibilities in these matters, but I think they generally do.

ROSOVSKY: Ron made the important point that the president has responsibility for setting the agenda. The Corporation discusses what the president puts on the agenda. But again, that depends very much on the nature of the presidency. I'm sure if you said to him, "I'd like the following item discussed," he will discuss it.

DANIEL: It does come back to your concern: do we have the right people in the Corporation who have the independence, who have the personal network to give them insight and information? Because if they do, there's no reason why they can't get a good view of things and serve effectively as a constructive sounding board for the president—if not a real check and balance. ▢

*Nannerl O. Keohane, who joined the Corporation in July 2005, maintains a professorial career at Princeton's Woodrow Wilson School, and Patricia King, who begins her Corporation service in May, is a professor at Georgetown University Law Center.