

Duke University

DURHAM
NORTH CAROLINA
27708-0928

ACADEMIC COUNCIL
304 UNION WEST
BOX 90928

phone (919) 684-6447
e-mail acouncil@Duke.edu
fax (919) 681-8606

Minutes of the Regular Meeting of the Academic Council



Thursday September 15, 2011

Susan Lozier (Chair, Academic Council/Nicholas School of the Environment): Welcome, everyone, to the first meeting of the Academic Council for the 2011-2012 academic year. I hope the start of the fall semester is going well for all of you. For any of you who missed our April or May meetings of last year, I succeeded Craig Henriquez as Chair of the Academic Council in July and I will be serving as Chair of this Council through June of 2013. I am looking forward to working with all of you.

Before I go too much forward, I would like to publicly thank Craig, who just walked in the room, for his exemplary service to this Council over the past two years and for his invaluable advice this summer as I transitioned into this role (applause). I want to know, Craig, how it feels to be standing in the very back row now? (laughter). Sandra Walton, Assistant to the Academic Council Chair, has also been instrumental in my training this summer, as has the sound advice of past Academic Council Chairs. I thank you all.

I would like to pause now for a moment to honor the life of a Duke undergraduate. Matthew Grape, a Duke senior, lost his life in a car accident earlier this morning. On this most heartbreaking day, on behalf of the Duke faculty, I would like to extend our thoughts and

prayers to Matthew's family and friends. All of us in the Duke community feel this tragic loss.

Before moving on to our agenda items, I would also like to introduce the colleagues who serve with me on the Executive Committee of the Academic Council, known by its acronym as ECAC. ECAC meets every week for two hours, beginning in late August and ending in May. We began our work on August 24th and since that time, have met with President Brodhead and Provost Lange. We met with Executive Vice President Tallman Trask earlier today and next week, we are going to meet with the Chair of Duke's Board of Trustees, Richard Wagoner.

If they are here, I'd like to ask my ECAC colleagues to stand when I call your name: **Peter Burian**, Classical Studies and Theater Studies and also a former Chair of this Council; **Phil Costanzo**, Psychology & Neuroscience; **Cynthia Kuhn**, Pharmacology & Cancer Biology; **John Payne**, Fuqua School of Business; **Larry Zelenak**, Law School; and, serving as Faculty Secretary this year is **John Staddon**, Psychology & Neuroscience—for a change! (laughter) And **Warren Grill** from Biomedical Engineering also serves on ECAC, but Warren is traveling today; The Vice Chair for ECAC for this coming year, selected by ECAC, is Peter Burian and I thank

Peter for serving in that role. One more thing before we turn to our agenda items: as always, the attendance sheets are being circulated so please initial and return these to Sandra at the end of our meeting.

Just a reminder of the rules, our by-laws state that you can be removed from the Council forcibly (laughter) after three consecutive unexcused absences. I don't know if we have a bouncer at the door (laughter)...So, please email Sandra if you are unable to attend our meetings. And another reminder, if you ask questions or make comments, please identify yourself -- our meetings are recorded.

Our first order of business is to approve the minutes of the May 12th meeting. [Approved by voice vote with no dissent.]

The next item is the approval of candidates for earned degrees during the summer of 2011:

Earned Degrees

Diplomas dated September 15, 2011

Summary by Schools and College

School of Nursing¹

Dean Catherine L. Gilliss	
Master of Science in Nursing	39
Doctor of Nursing Practice	7

Graduate School

Dean Jo Rae Wright	
Doctor of Philosophy	94
Master of Science	17
Master of Arts	44
Master of Arts in Teaching	10

School of Medicine

Dean Nancy C. Andrews	
Doctor of Medicine	1
Master of Health Sciences	1
Master of Health Sciences in Clinical Research	2

School of Law

Dean David F. Levi	
Juris Doctor	5

Divinity School

Dean Richard Hays	
Doctor of Theology	1
Master of Theology	6
Master of Divinity	4
Master of Theological Studies	4

Fuqua School of Business

Dean William Boulding

Master of Business Administration 1

Nicholas School of the Environment

Dean William L. Chameides
Master of Environmental Management 10

Sanford School of Public Policy

Dean Bruce Kuniholm
Master of International Development Policy 13
Master of Public Policy 2

Pratt School of Engineering

Dean Tom Katsouleas
Master of Engineering Management 12
Master of Engineering 1
Bachelor of Science in Engineering 2

Trinity College of Arts and Sciences

Dean Laurie Patton
Bachelor of Science 7
Bachelor of Arts 35

TOTAL 318

Thank you and congratulations to these graduates.

Faculty Hearing Committee

With the agenda you also saw the proposed new members for the Faculty Hearing Committee. The Faculty Hearing Committee is a subcommittee of the Academic Council and has jurisdiction to consider complaints from faculty concerning issues such as termination of employment, violations of academic freedom and allegations of harassment not resolved by other university bodies. The process for issuing a formal complaint and the explanation of the role of the University Ombudsman is detailed in Appendix N of the Faculty Handbook.

The Handbook states that the Faculty Hearing Committee will consist of twelve tenured faculty members nominated by the Executive Committee of the Academic Council and elected by the Council at large. The newly-nominated members will all serve a three year appointment, with the exception of Phil Costanzo because Phil will be on leave during the 2013-2014 academic year. These members we are asking your approval for today are: [Sam Buell](#), Law School, [Phil Costanzo](#), Psychology & Neuroscience, [Nan Jokerst](#), Electrical and Computer Engineering, [Tom Metzloff](#), Law School. They will join the current members: [Steffen Bass](#), Physics, [John Board](#), Electrical & Computer Engineering, [Philip Rosoff](#), Pediatrics – Oncology and Hematology, [Kimberly Wade-Benzoni](#), Fuqua, [Kerry Haynie](#), Political Science, [Judith Kelley](#), Sanford School of Public Policy, [Terrence Oas](#), Biochemistry, and [Jocelyn Olcott](#), History.

Does anyone have any questions about the Faculty Hearing Committee or the election of the members? If not, all in favor of electing these four new members to

¹ Approved by Academic Council on 8-24-11.

the Faculty Hearing Committee, please say aye? Opposed? Abstentions? [Passed by voice vote with no dissent.]

Congratulations to these members. I want to thank each of the faculty who agreed to serve on this very important committee, and I want to offer my special thanks to Tom Metzloff, who I think is here, for agreeing to serve as chair for the coming year. I appreciate your efforts.

Duke in China, Walt Whitman and Other Topics

Now that we have taken care of some routine business, at this point, I would like to insert some remarks about our coming year together.



First, I would like to thank each of you for your willingness to serve in the Council. Though we individually fulfill our responsibility to engage meaningfully in the intellectual life of the University through our research pursuits and instructional endeavors, it is through faculty governance that we collectively fulfill the obligation of the faculty to impact the aspirational goals of the university. It is easy to forget about aspirational goals and about the tremendous privilege we are afforded of educating the next generation at this university when we are occupied with one committee meeting after another, one class after another, a request for a review, two for recommendations, a thousand and one emails half of which arrived after midnight after you had gone to bed, the leak in the lab, the occupied chair and, at times, the unoccupied mind, sitting in the back row.

But when we assemble here each month it is an opportunity for us to take a step back and think of our work collectively; to think of those aspirational goals and our role in shaping and realizing them. To bring this point home, I am going to have my own Nixon in China mo-

ment by sharing a poem with all of you. Who else but a scientist could stand up in front of the university faculty and read a poem with the university president, an English professor (laughter), sitting in the audience? If you do not care for the poem, I hope that you will at least admire my chutzpah (laughter). This is the poem that I share with my students at the start of my geophysical fluid dynamics class which explains the math and physics behind the motions of the atmosphere and ocean.

When I Heard the Learned Astronomer, by Walt Whitman:

When I heard the learned astronomer,

When the proofs, the figures, were ranged in columns before me,

When I was shown the charts and diagrams, to add, divide, and measure them,

When I sitting heard the astronomer where he lectured with much applause in the lecture room,

How soon unaccountable I became tired and sick,

'Till rising and gliding out I wandered off by myself,

In the mystical moist night air, and from time to time,

Looked up in perfect silence at the stars.

Strange, I know, to invite disillusionment in the classroom at the start of the semester, when mostly it arrives uninvited anyway as the term progresses (laughter). But, I want my students to keep in mind throughout the semester the majesty of these planetary fluids even though they may be struggling from time to time with the charts, the figures, the numbers.

And here in this Council, I would like to start with a reminder that as we scramble from one meeting to the next, or one class to the next, it is important to keep in mind the privileges and responsibilities that we all value and that we all share as members of this University.

All of which brings me to China.

Later in this meeting, the President and the Provost will update us on Duke in China activities, but before they do so, I wanted to take a moment to give a faculty voice to this issue; an issue that has loomed larger than any other before the Council in the past couple of years. I have spent a good deal of the summer talking to faculty and administrators about China. Many of you in this room are individuals whose counsel I have sought on this issue.

There is no single faculty voice on Duke in Kunshan. I have talked to faculty who are enthusiastic about the endeavor, but they are outnumbered by those who

have concerns. Some of these concerns are firmly held, others less so.

Why such concern? Well, DKU is a new venture with an uncertain outcome; there are open questions about programming and staffing and long-term goals. In short, there are all the usual reasons for concern with a new endeavor, but there is something else behind the voices of concern and that is this:

Many faculty believe that the faculty have been brought late to the game.

The following Academic Council resolution, approved by voice vote on December 3, 2009, is the sole action taken by this Council on the Duke Kunshan endeavor:

The Academic Council supports Phase I of the China Opportunity for Duke, which will allow the Fuqua School of Business to offer the existing degree of Masters of Management Studies (MMS) in China. The Council also supports Fuqua's goal of using the facilities in Kunshan to enhance its Global Executive MBA and Cross-Continent Programs and to provide incubator space to other Duke schools for faculty to explore complementary research and educational programs.

The Academic Council is not prepared to endorse future plans of the program until the faculty have had more time to understand fully what it means in terms of cost and other commitments to establish high-quality educational programs in China beyond those already proposed by Fuqua.

And yet there is a campus rising in Kunshan, with buildings to be completed in December of this year. A fact that has left a contingent of the faculty feeling as though a rocket is being assembled before we know whether there is rocket fuel available or rocket fuel affordable.

The administration has remarked that the faculty have not been engaged to date because only now is the DKU initiative at the point where we need to think about academic programs. And on this point, I will have to respectfully disagree. Building a campus half way around the world with the name of our university is surely a matter of faculty concern that extends beyond the particulars of particular programs.

That said, I have heard no one suggest that there was any intentionality in bringing the faculty late to the game. DKU, as we understand it, arose opportunistically in a region of much global significance; the timeline for this initiative has not always been under Duke's control; and an unfortunate illness of the first Vice Provost for Global Strategy and Programs hindered the information flow to the faculty.

And so I mention the sentiment of being brought late to the game as a means of explaining where we find ourselves, rather than as an accusation. Being brought late to the game means you have to catch up because there is a knowledge gap. But being brought late to the game does not mean sitting out the game. We have a

responsibility to engage. It does not mean we have the obligation to approve programs that do not meet our standards, but it also does not mean that we should withhold approval of programs simply because we thought we should have been at the table earlier. In such a case, no one wins.

And so, with the encouragement of the administration, we should set out to engage. One of the first steps in that engagement is setting a course to address our concerns and to fully take advantage of faculty ideas for globalization.

What are the concerns that I have heard expressed?

1. **Finances:** The faculty are not responsible for the financial arrangements of DKU nor for the management of risk associated with this initiative. However, it is important for us to understand the scope and context of this and any global program in order for us to effectively design and implement academic programs and to effectively advise the administration on the project as a whole.

2. **Academic freedom:** The President and Provost have assured us that we are entering into an agreement with our DKU partners that allows for complete academic freedom.

Echoing that assurance, James Millward, a professor of history at Georgetown University, wrote the following earlier this month in the New York Times opinion pages:

"That American universities must balance academic freedom against their desire to engage with China is a false dilemma."

Professor Millward explains that "the people in China responsible for banning foreign scholars are not the same as those signing exchange agreements with American universities. The latter group wants to engage with U.S. academe as much as or more than we want to engage with them."

However, Professor Millward and a dozen other colleagues were denied visas this past summer for study in China, denials assumed to be based on their scholarly work. Such denials have indeed been quite rare, but nonetheless, Millward calls for university presidents across this country to take an uncompromising collective stand in the face of Chinese political interference in our academic pursuits. Here, I think we can all agree that American universities can work together toward this goal.

Most faculty I have talked to understand the need to engage and the advantages of engaging on both sides, but there are some faculty voices that object to engaging with a country where freedom of speech does not extend beyond the walls of an American campus on Chinese soil. We should understand and value their conscientious objection, just as they should understand that those willing to engage do so with a strongly held conviction that change will come too slowly, if at all, otherwise. On this issue, faculty voices should continue to shape this discussion.

3. **Academic programs:** I have heard faculty inquire as to how these programs will be designed, whether they will impact programs here on the Durham campus

and whether we fully understand which programs will be marketable in China.

4. Faculty hiring and governance: Questions that I have heard include: Who hires the faculty for DKU? What is the faculty governance structure for DKU? What is the link between our faculty here and the faculty there?

5. Commitment to diversity: What is the face of Duke that we show globally? Though we have no reason to believe that our commitment to diversity should weaken with miles away from the Durham campus, it is important for us to guard against encroachments to that commitment out of concerns for local or regional cultures.

6. Long-term vision: And finally, what is the long-term vision for Duke's 'global reach'? Where do we place our flag, why, and how?

To be fair to the President and Provost, some of these questions and concerns, which I have shared with them, have been addressed. Indeed they may say that many of these concerns have been addressed a number of times. From my point of view the knowledge gap that I mentioned earlier is accompanied by a communication gap. And so, I asked the Provost whether his office would work with the Academic Council office to produce an FAQ page on DKU. He has agreed to do so. However, though some of these concerns may be addressed by gathering information from the administration, others, particularly those of academic programming and faculty governance, the faculty should assume responsibility for and for others we would like to partner with the administration. Toward that end:

1. ECAC and this Council will continue to focus on DKU and other global programs throughout this year.

2. The Global Priorities Committee, charged just last spring, will work this year toward providing a faculty voice on global initiatives. Jeff Vincent, from the Nicholas School, leads that group.

3. A China Faculty group, chaired by Paul Hagan from the Law School, was formed over the summer and will commence its work soon.

4. The Academic Programs Committee, chaired by John York of the Medical School, will continue to have the oversight and approval for all academic programs, domestic and global.

5. The financial aspects of the DKU initiative will be reviewed as part of the work of the University Priorities Committee this year. This committee is chaired by John Payne of Fuqua.

And so, we have work to do. There are over 150 faculty members who serve on these committees. There is every reason to believe that we should begin to close the knowledge and communication gaps.

I have one final thing to say about DKU...at least for today.

My own perception of DKU is that we have two prevailing views on campus:

In one view, this is a costly venture that has been driven by opportunity, not by a deliberate plan; there is a high reputational risk with this initiative, perhaps a high financial risk as well; research on programs does not

warrant the permanence of a campus and we are unaware of the impact of this initiative on our Durham campus. The purchase of the land and buildings by the municipality of Kunshan represents a gift of golden handcuffs of which we should be wary.

In another view, this initiative has some risk, but it is relatively low, the payout is uncertain, but potentially quite high. It is an initiative that realizes our 21st century aspirations to be a global university. Though all programming is not set, we have the ability to be creative and flexible and adapt as the initiative evolves. The campus affords us an unprecedented opportunity to put our resources into programming and gives us much more visibility than we would have otherwise. It is an opportunity to seize.

With such different perceptions, it is crucial that we listen to each other, allay concerns where we can, exercise caution where necessary, and generate ideas and excitement where warranted.

Regardless of which perception you hold, shouldn't we all hope that the latter is the one that plays out? Thinking about this question, I was reminded of those times in my professional world where I get the feeling that some of my colleagues are rooting for the hurricane to come ashore just so their predictions come true (laughter). We don't know now whether that latter perception will prove correct, but it certainly will not come to fruition without full faculty engagement and without the administration inviting that engagement.

On this count then, it is important to remember that we have a long and successful history of shared governance here at Duke, that there is little to be gained by rooting for the hurricane to come ashore and that we all share that night sky. If you will bear with me a moment longer, I would like to take another minute to briefly mention a few other issues that I hope to focus on during the next two years:

1. The maturation of Duke's Institutes over the past few years has brought an opportunity to considerably expand our teaching portfolio, but also the challenge of how to create and direct educational programs at the intersection of Schools and Institutes. I expect we will take a look at these programs in the year ahead.

2. In the coming years, we will also need to focus attention on how our eminence as a research university can be maintained in the face of expected federal funding constraints.

3. Additionally, the faculty's role in shaping campus culture for Duke undergraduates is an issue we should address in all earnestness.

4. Finally, during the next two months, ECAC will be collecting questions and concerns that faculty members would like to have addressed this year on the subject of athletics. ECAC will then ask Jim Coleman, chair of the Athletic Council, to work with the Athletic Council and the Athletic Department on these issues and report to the Academic Council next spring.

I also welcome your suggestions for other topics for upcoming meetings. If you would like to suggest an item, please send it to me and please encourage your colleagues who are not members of the Council to do so as

well. It is all faculty, not just elected faculty representatives, who have an opportunity to express their voice and their opinions at this meeting that we have.

I'd finally like to remind everyone that the Council has a tradition of submitting questions to be asked anonymously of the President, Provost or Executive Vice President. You can do this either through our website at the "contact us" tab or you can email to: acouncil@duke.edu

And now back to our regular programming (laughter and applause).

Fuqua School: Master's in Management Studies in Finance in the United Arab Emirates

Our next agenda item is a proposal from the Fuqua School of Business for a Master's degree in Management Studies in Finance in the United Arab Emirates. As is typical with these types of proposals, it has been vetted, and finally approved unanimously, by the Academic Programs Committee, who first heard this proposal in the fall of 2010 and made a variety of suggestions which Fuqua addressed. It has been discussed in ECAC, and yesterday it was discussed in the Global Priorities Committee and now comes to the Council. Background documents were with your agenda.

A vote on this new degree will be taken at next month's Council meeting before it proceeds to the Board of Trustees Executive Committee at their meeting in early November. Bill Boulding, dean of the Fuqua School, is here to make a short presentation of the proposed degree and field any questions.

Bill Boulding (Dean, Fuqua School of Business): Thank you Susan and thank you all for your time and attention. I don't think I have ever felt so much like the warm-up act for the main event (laughter) so I will try to be as quick as I possibly can to give time for the main event.

Instead of talking about the proposal itself which you all have in paper form, I want to talk about the logic behind the proposal which is that we think we can create value in the region within the United Arab Emirates within the broader region of the Middle East by bringing a degree to the region which is of Duke quality. And I think that is very important to have access to Duke quality education in the region. We can also provide assurances to them that we have real commitment to be in a part of the region as opposed to flying in and out, so to speak, in terms of our commitment to the region. We have been there for a number of years, we will be there for a number of years to come. We can also help them, given the specific nature of the program which is an MMS degree with a focus in finance, where it happens to be the case that the rules of financial markets are quite different in that part of the world and many other parts of the world.

It would be helpful for them to build a bridge between Islamic finance and Western models of finance. Those are the reasons we have partners on that side of

the ocean who are very interested in bringing a Duke degree to the region. We are doing that, not out of pure altruism. We think that there is real value that we can generate for the business school. The first thing that I would note is that business has fundamentally changed the world and business schools were built for a world that existed many years ago. And so, as an institution, we have been working hard to change what we do to actually deliver value in terms of being able to bring the world to life, to bring understanding to what it means to operate in a world where capitalism and market-based economies do not rule in every location. Instead what we see are institutional forms persisting that are quite different than the institutional forms that business schools were built upon. In the instance of the UAE program, the institutional forms that are of real interest to us are first of all, that you have a very unusual hybrid model where the



lines between public and private enterprise are very blurred and so it is not a simple case that we could say, "that's a private organization" or "that's a public organization" or "a governmental organization."

The other thing that is very different is that you have an Islamic society and the question is, what does a market look like, what does the economy look like when you take capitalism and you filter it through the lens of Islam? That is something that creates a very different kind of environment in terms of how business is conducted and how that business connects to other parts of the world. Those are really important distinctions in terms of how that part of the world, and many other parts of the world. Since Islam is such a powerful force in the world, where do we stand to gain in terms of developing a deeper understanding of the influence of Islam in terms of how business is conducted? We also stand to gain, I think, institutionally. Now I am speaking of the broader institution, in the sense of if you think about some of the issues that I say are unique to the region, that there are people outside of the business school who have work, who have expertise, and intellectual interest in some of the issues that I think would inform us in terms of how we can learn the region, how we can bring the region to life intellectually in building that bridge between Western models of finance and Islamic models of finance and so that is something that is a real opportunity for us.

It is also the case that the Business School delivers programs in that part of the world. We deliver our cross-

continent MBA program. We deliver our global executive MBA program. We bring our daytime MBA students over and so by engaging in a deeper way within the region, it allows us to build relationships and create access to people and ideas that will help us bring that region to life in what we call our global programs where people want to understand how this part of the world connects to other parts of the world. So, as I said, we think we can bring real value to the region, but we also think that we can bring value to the business school and hopefully to Duke University. And so, there I will stop. Questions?

Questions

Emily Klein (Nicholas School of the Environment): I saw in the proposal statement that in terms of admissions there's no problem with respect to gender and race, etc. What is the experience in the classroom going to be for women? Is it something different?

Boulding: No. One of the reasons why the program is going to be in Dubai is, honestly, Dubai is more Western-facing and so if we were holding the program in Saudi Arabia what we know from our experience with different events, you would actually put a divider up, say, this aisle and women would sit on one side and men would sit on the other. In Dubai, you don't have that kind of separation and so the classroom experience would be very similar to the experience that we would have right here.

Paula McClain (Political Science, former chair of Academic Council): I may have missed it but who's going to teach the program? Are these Fuqua faculty? I didn't see it listed.

Boulding: Yes, so it will be Fuqua faculty and it will be a Duke degree and so it has to be Fuqua faculty who support the degree. It has to be of the same quality that we would offer in our other degree programs.

Thomas Pfau (English): Would this be Fuqua faculty that is already in place or would this be faculty that Fuqua intends to hire for this purpose?

Boulding: This would be faculty who are already a part of Fuqua as opposed to hiring new faculty to support this. What you will note is that the proposal is very careful to articulate that there are uncertainties that remain and this is not an open-ended promise. It's a promise that we will launch the program and review. We would never hire faculty under that kind of approval.

Bruce Jentleson (Sanford School of Public Policy): What's the anticipated composition of the students? Where would they be drawn from? Is it only the rich GCC countries, the broader Middle East, South Asia – what's your sense?

Boulding: It's a working professionals program so that means that it limits the geographic spread to some extent so I think that we will probably draw in kind of concentric circles that draw mostly from the UAE and then we'll be drawing from the Gulf Coast countries. It's possible, we've thought about, because there's so many people from India who work in the UAE that it be that

we are going to draw from India as well. But I'm not going to promise you that we are going to have something that draws heavily from South Asia.

Speaker: You mentioned that the UAE is more progressive in terms of gender rights than say Saudi Arabia. However, Human Rights Watch and a variety of other groups have highlighted in the last few years that the rights of migrant workers, who form a good sixty percent of the population of the UAE – significantly from India as you just mentioned – have been incredibly trampled upon and in many ways they are indentured servants. I know that Duke a few years ago committed to providing a living wage to all of its workers and I wonder to what extent the proposal guarantees the rights of such migrant workers within in the UAE and how the program (if at all) is going to engage the government of the UAE in improving these rights?

Boulding: I think that it gives us that opportunity for engagement which is going back to my comment about this blurred line between public and private enterprise. I fully expect that we will be drawing population – to move from kind of a geographic representation – I think we will be drawing most heavily from the government sector and so that gives us an opportunity to interact with, engage with some of the key government officials in the region. We are not being given restrictions in terms of our freedom to say things, with the following exceptions: we cannot advocate for the overthrow of the government, we cannot use pornography materials in what we teach and we cannot proselytize; in other words we can't try to spread a religion that we would be pushing forward. Other than that, we have the academic freedom that we need to engage around issues like the one you raised.

Speaker: So beyond that, would you guarantee that workers working with the program will be paid a living wage?

Boulding: Well, I can guarantee that the people that are working for us will be. The problem that is a little bit of a slippery slope for me to make that kind of promise is that you sometimes aren't aware of the people who you don't know about who are behind the scenes that would be supporting the program. So for example, the staff in the facility and so the promise would be to make sure that we try to uncover that and deliver on what you are asking for.

Kerry Haynie (Political Science): The question about the faculty: so you meant you use the existing faculty for this program so the other international initiative that Fuqua is engaged in or wants to be engaged in, are you also going to use existing faculty for those programs? What does that do for continuing education here in Durham?

Boulding: Right. Basically, this and some of the other things that we are doing are being structured as optional activities for our faculty and so if they want to engage, it would be complementary to what they do rather than substitute for what they do. I think that over the long term as we understand the sustainability, that gives us the freedom to hire additional faculty to make

sure that we aren't overstressing our faculty and underserving the population here or anywhere else.

Lozier: Any further questions for Bill?

Pfau: One more if I may: there's always a possibility that a program like this, given its inherent uncertainties, might wind up losing money. What is to happen? Would any costs overruns be covered in the Fuqua business school budget or would they in any sense whatsoever devolve to Duke's other budget?

Boulding: There I can give you very strong assurances and I'm sorry that I didn't mention this. One of the things that makes this attractive for us is that the financial risk has been taken out of the picture and so we do have someone who is guaranteeing that we will not lose money on the launch of this program. Now, where there is more uncertainty, is in terms of the future – if that financial support goes away, then what happens? But that's a point for a review as opposed to 'we continue and put Fuqua and Duke at risk financially.'

Pfau: Would this person perhaps also be interested in underwriting the Duke in Kunshan program? (laughter)

Boulding: I will ask. (laughter)

Karla Holloway (English): I want to return to the question of the living wage, I know that APC (Academic Programs Committee) has said that it will review the program again in 2013 with a particular rubric in mind. I think this gives us an opportunity to review a program in



terms of excavating the other people who provide service not the students who are going to be in the program but the people who are help, the people who will clean the buildings. I think, the potential of Duke to have an impact not only with a class that already has a hierarchy but in terms of our values filtering to other working classes. So I would like to strongly urge that our review look to see whether or not we have been able to make impact with the value of the living wage in our program.

Boulding: Yes, I think that is a wonderful idea.

John York (Pharmacology and Cancer Biology and chair of APC): I might add as chair of the APC that point

is noted and that would definitely be a part of it, at least. I will step off as chair next year, or two years after.

Duke in China

Lozier: Thank you and just as I welcomed Laurie (Patton) to the Academic Council, I note that Bill has been in front of the Council before but not as Dean of the Fuqua School. So we welcome you in this new role (applause). Our final agenda item for this afternoon is from President Brodhead and Provost Lange on the Duke in China initiative. Now, just to make a small note, I have talked to both of them about the list of faculty concerns and they have been quite receptive and agreed to come here today to give an update and also to address those concerns. We welcome both of you here and thank you for your time.

Richard Brodhead (President): Let me begin by welcoming you all to the new year. It's not as new as it was a couple of weeks ago. Nevertheless, one means to carry the sense of inspiration and refreshment forward through the year. I would also say a couple of thanks to Susan. I am grateful to you for mentioning the student who died. This is a matter for the entire community. I also commend you for your noble sentiments about the subject we are now turning to. I take note of the fact that you are the first president of the Academic Council to recite a poem in my hearing and I intend to reciprocate by reciting my recent findings in geophysical fluid dynamics. (laughter) But since this has not been listed on the agenda, I will do it on the next occasion. (laughter)

I turn to the subject of China. At the end of the summer, I sent you all, and every other faculty member, a kind of account of my experiences this summer traveling on Duke's behalf. It's important to remember that we, for obvious reasons, spend considerable attention on Kunshan but it is very important for us to realize that Duke has long had, and continues to have, very substantive and varied international programs. I must say for me, it was really quite extraordinary to see those in person and to see what they mean at the educational level.

I would say for myself: second as I approach this, I can't imagine that Duke has any legitimate motive for being involved in the Kunshan venture except educational motives. Our thought from the first has been to find a situation where we could participate in the desire to create new models of education in China and by that means, to create a platform whereby we could learn things about a part of the world that is important in every field that we are involved with.

So really for the last several years the thought has been to try to find the way to take that vague but, I think, important hope and give it a particular institutional form. It was in the year 2009-10 that that motion was passed that – if there is a gap, it's not because one hasn't continued to talk about this, it's because the nature of the subject that the mind hasn't yet closed the distance between itself and this gap – that was the point when we were first considering the possible partnership with the municipality of Kunshan. The idea being that they would

provide the land; they would build the buildings. Duke would mount a series of programs but it was always our insistence, and please remember from the beginning, that what was visualized was a step-by-step program.

That's to say that you would start with something that would give you the experience on the basis of which you would know how to go forward to the next step and the next. Very important to remember that. I want to emphasize this because it seems to me that Susan, when I hear your remarks I hear them partly as the voice of the faculty voiced at the administration, but I must say that I have no difficulty with anything you said in your remarks, with either part of what you said. It seems to me it would be an unusual number of the faculty who could not entertain any reason for us wishing to be active in China and it would be a most unusual member of the faculty or administration who would not go into it with concerns and questions. I remember how Ronald Reagan used to drive Premier Gorbachev crazy by reciting the maxim "Trust yet verify," yet it seems to me that in some sense this is really our work.

So, just to say there have been phases to the project. Our hope could only be a vague hope until there was some way we could give it an institutional basis. The Kunshan prospect came to light as a possible site for us. Second, came a phase in which I think we underestimated the length of time that it would take to actually turn even that prospect into something that could serve as the foundation for our new, real venture. In China, it's a question of creating something called a joint venture: working out the actual understandings with the municipality of Kunshan; working out actual understanding with a partner who would be supportive in the right ways, but not restrictive in the right ways; working out the endless details of the application that was finally made to the ministry. These things really were the substance of all of last year's work.

So, during the time when we weren't talking yet about what specifically the programs would be, it was really through no intention to deceive but only because until you had actually laid the foundation you really couldn't talk about the nature of the specifics of the house that would be built there.

Now we come to that period and I have said to my staff, they will pardon me if I bore them – not everyone on my staff equally loves this phrase – I have said, "you know, in China years are named after animals" and I have said that this at Duke as far as China goes should be the year of the beaver. This will be the year of intense – you know beavers don't have big imaginations as far as we know (laughter) – focused yet highly effective ways on very specific pieces of terrain. And we know that what we have accomplished so far creates the possibility, but not the actuality, of a successful venture. But now is the year to do the work that will take us from here to there. So, this is the year to define the programs. This is the year to refine and perfect the financial models. This is the year to see the buildings through with the quality point we have in mind. It's a great long list.

My list is not very different from your list, Susan. It seems to me that it's a body of concerns. I thought

you made the excellent point: the fact the something is a concern doesn't mean that one shouldn't engage with it, but it does mean that one needs to attend to it. And so I would just promise you that we will be back here as many times as you like in the course of this year, all other business can be put off until the second year of Susan's reign if you wish. But we will come back as many times as you like to discuss this in as much length as you like but now in one second, we will call on Peter to show what the beavers have built so far (laughter).

In the mean time, I will say one thing, which I think I'm probably the right person to announce, which is many of you will know the name of **William Kirby**. He is a China scholar at Harvard. He is a professor of Chinese History, the Chang Professor of Chinese Studies. He is also appointed in the Harvard Business School where he is the Spangler Professor of Business. He is, I think, almost universally recognized as one of the principal United States specialists in contemporary China. He has written the book on the evolution of business models in China, on the evolution of corporate law in China. He is also writing the book on the current evolutions in the history of higher education in China. He has also written substantially at length about the history of freedom in China. He is an expert in the subject. He is a person who cares about the kind of educational values this school would care about. He was, as you know, Dean of the Faculty of Arts and Sciences at Harvard. He knows our model of education and he understands its value. He's a person with immense connections in China. Everywhere I go, everyone knows him. His connectivity means he also is known to many members of the Duke faculty and he knows many members of the Duke faculty. He visited this campus repeatedly last year; he has actually been quite interested in our Kunshan venture, in its prospects, in its possibilities and indeed, in its challenges. I am happy to announce at this time that Bill Kirby has agreed to devote a substantial amount of time to Duke in an official capacity as the senior advisor for China projects to the President and Provost. You're really not going to find anybody who knows both sides of this equation or the possibilities or perils of trying to put them together better than he does. I think that his being here as an advisor to the faculty, the administration and advisor on relationships in China, all of these things I think will be immensely valuable to us all and I'd have to say that the depth of his interest in this project and in Duke's efforts is a source of great gratitude to me. At this point I will turn to Peter Lange who can report from the stream.

Peter Lange (Provost): So, were it not for the dental care which I received as a young man, I'd probably look more like a beaver now (laughter) than you might otherwise anticipate. It's my intention to catch you up on a lot of the progress that we have been doing over the last few months. My talk is somewhat structured by the set of issues which Susan alerted me to that were of particular concern to the faculty and there is a lot to cover, so I want to try to do this in a time period sufficient to allow significant questions. If it's not the case, then either we can extend a little bit and if that doesn't work, well I'm

obviously willing to come back at any time and discuss this issue.

So, generally we've been making very steady



progress on all fronts. We've been making general progress – this is sort of an outline of everything that I'm going to cover – while encountering the kinds of glitches and issues one would expect in a project at this time, working in a distant and culturally unfamiliar setting. And I should stress that the Chinese also have not done this, so they too are in a sense groping their way a bit through to how to achieve something that they wish to have happen but haven't done before. Working with new partners on complex issues. I'm going to cover a number of these in the presentation.

The first one I want to note is that just this week we received a positive progress report from the Jiangsu Educational Bureau and we continue to have encouragement from the Ministry of Education so the process here is that the provincial education bureau needs to approve the project, it refers it to the Ministry of Education and the Ministry of Education then gives us a preparation agreement and then we can proceed. The phrase from this letter which we received from the Education Bureau is "We give full support to the establishment of DKU." They then raise a few technical issues having to do with jurisdiction. There is no questioning of the fundamental principles and I'll return to those later regarding academic freedom that were part of our submission.

One larger issue raised is when we will be able to recruit students and how that might affect offering classes in the Spring 2013 term. It is possible that we will need to delay direct recruitment into DKU – and I stress that – direct recruitment of students into DKU, although the JEB – that's the Jiangsu Education Bureau – suggests we discuss this issue with the Ministry of Education [MOE] which can agree that we should go ahead and recruit. Basically the local bureau defers on this issue of recruitment to the ministry.

Need to delay recruitment however would have a minimal impact on program development or start-up as we anticipated having very small programs on the campus in the Spring of 2013 and we are able to recruit students including Chinese students for Duke programs that might have term or terms in China. So we can recruit to a program here that has a term in China but what we wouldn't be able to do unless we get this permission

from the MOE is to recruit students directly into DKU. Our cooperative agreement, education agreement, with Wuhan and Kunshan stipulates that a three-party preparation committee serve as the mechanism by which the partners make decisions about DKU including the allocation of funding for the different costs that are involved. That preparation committee began to meet and has met twice through its executive committee in the last few weeks. As you know, we have appointed **Mike Merson** to be the Vice President and Vice Provost. So he is leading the OGSP [Office of Global Strategy and Programs] now and has fully taken that into hand.

Nora Bynum who was already working quite intensively on our China project has been named the Associate Vice Provost and Managing Director for DKU and China Initiatives. Today we received the agreement after an international search, a fairly long one, that **Mingzheng Shi** who some of you met when he was here on an interview will become the executive director of the DKU Initiative in China. Mingzheng is a PhD from Columbia in History and is a person with much experience in establishing new educational programs in China, having been in charge of NYU's China programs. His title currently is Resident Director of NYU-Shanghai. He will be joining us, part-time in the fall, then when he completes his teaching at NYU in the fall he will join us full time working on the ground in China. He lives in Shanghai, being effectively our administrative agent working with the Chinese on the campus.

Dick has already mentioned Bill Kirby joining us as a senior advisor and I think, as you also are probably aware, **Blair Sheppard** has agreed to take on the responsibility of doing fundraising and business development in China, especially for the DKU campus and for the conference center on the campus. We've also been making a great deal of progress with regard to the governance of the campus and of the project. Susan already mentioned the China Faculty Council which will have its first meeting this week. Members were approved by ECAC. It has approximately twenty members, most of them with expertise in China or East Asia, a few with great interest in teaching in China although they may not have as much engagement with China as a subject matter of their teaching and research. The China Faculty Council will be chaired as was mentioned by Paul Haagen and Paul, aside from being a former chair of ECAC, is also the person responsible within the Law School for the Law School's engagement with China which will not probably be so much with DKU as with other parts of China.

The Global Priorities Committee – and Jeff Vincent is here – met for the first time this week after having suspended its meetings over the summer – again the membership is ECAC approved – and it is charged with reviewing and refining Duke's global strategy and assessing university and academic programs and activities operating globally from inception to ongoing execution. We are working closely with ECAC and ECASC (Executive Committee, Arts and Science Council) on the approval pathways for programs and degrees. These approval pathways will be consistent with the existing

faculty governance procedures for new degrees and for new programs.

Now, there are issues in Arts and Sciences with respect to courses that are approved and then are assembled as a program but they're already approved courses but we expect to bring those forward for discussion as well. Probably the pathway would be through the China Faculty Council for advice from that expert group of faculty and then on to the normal governance procedures.

With regard to faculty hiring, we're currently anticipating a very small number of new hires in the early years, I would say well under ten. Those hires for teaching at DKU would be made through Duke faculty processes and would be approved by the faculty of the unit which is offering the programs and therefore is appropriate to do the hiring. We actually have fairly good models for much of this from the Duke NUS Graduate Medical School where they have a fairly complex set of processes for governing different kinds of faculty employments all of which however need the approval of appropriate Duke bodies.

With respect to program development, I can tell you that with respect to the MMS, which you have certainly heard about, the Fuqua faculty committee charged with examining a MMS program on the DKU campus is working on finalizing their report and faculty meetings at Fuqua have been scheduled in October. With respect to Global Health, the Duke Global Health Institute faculty are currently considering a Master's of Science in Global Health programs and a four-course undergraduate global health module at DKU. These will comprise courses that are given at Duke already but will be transferred to the DKU setting. Those would not begin until the fall of 2013. DGHI [Duke Global Health Initiative] also has plans to set up a global health research center at DKU that will undertake research in chronic diseases, environmental health and health-systems reform.

I want to underline that the approval processes for faculty in the global health programs will be through the procedures established for the Global Health Institute, which this Council has actually approved. With regard to undergraduate programs, these are in development and the China Faculty Council will play a critical role here. We've had considerable amount of interest expressed over the last few months about a variety of programs. I don't anticipate more than possibly one program in the Spring of 2013. The real start-up will be in the fall.

Some of the areas where we have heard interest from faculty include American Studies, these would be clusters of programs, an Arts and Literature program which would be focused on East Asia; Language; and Chinese and Asian Cultural and History studies. The China Faculty Council will play a very important role in helping us to develop these programs and to encourage faculty to do so.

The last thing I want to mention here is that the conference center program. The conference center is a big opportunity for the DKU campus to bring people and

we anticipate at least two kinds of major initiatives there: one is executive education from Duke Corporate Education and the other is Duke acting as a convener for interested bodies in China to come together with US and other foreign scholars. And as an example, we've already been approached about the possibility of doing something with respect to Student Affairs. It may come as a surprise given the immense role that Student Affairs plays on our campuses that on Chinese campuses in general, they don't do Student Affairs and they're not exactly sure how to do Student Affairs. Yet, as part of their broader interest in broadening the scope of the education of students, understood in the broader way that we here at Duke understand it, they need and want to learn how to do Student Affairs. So, a typical example would be for us to assemble Student Affairs officials from Duke and from other campuses in the US and bring them together with officials from Chinese universities to actually discuss those issues and figure out how a longer relationship could be developed. That's the kind of convening role that we're anticipating.

Academic freedom remains something which requires our continuing vigilance and concern. I want to share with you the language that is in the fundamental principles. You will recall that we have been reluctant to share this very broadly before we got a first indication from the Jiangsu Educational Bureau on whether they would raise any issues about this. They have raised none as I have already indicated. This is the preamble to the listing of the individual areas. I'm going to come to excerpts on the individual areas in a second but I will give you a second to read this document.

Here are the four principles: one having to do with faculty, the second with students, the third with access to information technology and library resources and the fourth with library resources in particular. As was said earlier, we have had no negative feedback about these principles. I should also add that we have been doing considerable due diligence about this because we don't want just our experience with our cooperative agreement necessarily to be the only indicator of how this has gone. We have consulted with a number of our peers about what their experiences have been. In early 2011 we commissioned a report on foreign joint venture peer institutions operating in China focusing on the ten institutions, and I'll give you those in a minute. The ten institutions that we thought were closest to us in terms of – obviously no one's our peer, but close! We asked questions about academic freedom. None of the programs we have contacted have been required or asked to make any statement or agreement limiting or restricting the content of any courses they offer or the research that their scholars conduct. Some programs offering courses or events on subjects in the humanities recognize that there could be cases in the future – not that there have been cases – that might test limits but indicate that they are prepared to deal with those incidences should they arise.

At present, based on the experiences of other foreign and joint venture universities operating in China, we can have a reasonable expectation that Chinese officials will allow Duke's express fundamental principles to operate on the campus and we take the moving forward of the application as being a sign of this but obviously it requires continued monitoring. Let me just read you the list of the universities we have consulted: Xi'an Jiaotong – Liverpool University, The University of Nottingham-Ningbo Campus, The Sino-British College, The Cornell University-China Agricultural University, Georgia Tech-Shanghai Jiaotong, University of Michigan-Shanghai Jiaotong Joint Institute, The Hopkins-Nanjing Center, The National University of Singapore collaboration with Beijing University, the University of Chicago centered in Beijing and the Yale University-Beijing University Collaboration.

All Amounts = Constant 2011 USD	Estimated Subsidy Requirements -- Millions/USD				
	Total \$ Subsidy Requirement	Share % Kunshan	Share % Duke	Share \$ Kunshan	Share \$ Duke
FY 2011/12 (Year 0)	5.4	50%	50%	2.7	2.7
FY 2012/13 (Year 1)	15.0	50%	50%	7.5	7.5
FY 2013/14 (Year 2)	15.6	50%	50%	7.8	7.8
FY 2014/15 (Year 3)	13.5	45%	55%	6.1	7.4
FY 2015/16 (Year 4)	11.4	45%	55%	5.1	6.3
FY 2016/17 (Year 5)	9.6	45%	55%	4.3	5.3
Total Estimated	70.5	48%	52%	33.5	37.0

*Projections assume Duke allocates \$2M of current administrative costs to DKU resulting in savings to Duke. We assume that 75% of these savings (\$1.5M) are reallocated to support Duke's required subsidy and 25% (\$500K) is available to support incremental costs on the Duke campus.

With respect to finances, there's been little change from the spring because nothing has really happened with respect to finances except one item, which I will come to in a minute. This chart reflects the same material that you have seen previously. It reflects our estimates with regard to the cost in any academic year and the cost sharing arrangements for the operating budget. The bottom-line totals remain the same as you have seen before and have been shared with the Council and with other governing bodies. I would stress that no one should consider any year number as a point estimate and accurate, because we don't know what the ramp-up and ramp-down will be of the numbers but we are targeting that bottom-line number over the six year period indicated. There's really no change with regard to these numbers from what we showed you this spring.

With regard to fundraising, I am happy to announce that in addition to the previously announced five million dollars that has been raised we received a gift in the last couple of weeks of an additional million dollars from a donor who wishes to remain anonymous and so we are up to six million.

If you go back you will see that the total estimated over the six years for fundraising was ten million dollars, so we are getting incrementally more confident that we not only will be able to hit that target but should substantially exceed it especially now that we have put together a fundraising operation of high quality and energy as reflected in Blair's leadership.

Construction: where are we? Well, I'll show you where we are. Dick already spoke about how this is be-

ing paid for so I'm not going to go into that. Here's what we are aiming for when the campus is built and here is where we are. You can see the buildings are going up. These are views from different spots on the campus. Five of the six buildings are well under construction. One is somewhat behind, that is the incubator building and we expect it to be completed later than the others.

These five buildings that will be available at the beginning include the academic center which is the main teaching building, the conference center which I have already discussed, a dormitory which can accommodate up to 200 students, a faculty residence with apartments for twenty living groups and a services building and will be about 600,000 square feet. The last building will take the campus to a little over 700,000 square feet.

With regard to the continuing need for detailed oversight, we have had one of Tallman's most highly regarded and close collaborators in Kunshan for most of the last month, supervising Duke's oversight of the construction process and successfully negotiating the final version of the construction agreement with the city of Kunshan. The municipality continues to provide the land and the initial capital investment for the campus. Assuring the standard of quality Duke seeks for the campus buildings has led to an increase in the estimated oversight costs to bring the construction to a fully successful completion.

We have identified the university's infrastructure fund designed as a reserve for unforeseen capital expenses as a likely source for any additional oversight expenditures beyond the 5.5 million that were previously approved. It will not be necessary to add to the 5.5 million dollar SIP commitment approved previously nor will any increased oversight costs affect any of the operating funds of our academic units. They will come from the infrastructure fund which is specifically designed as a reserve for these kind of eventualities.

The agreed upon delivery date for the core shell and interior construction of the phase 1 buildings except for the innovation center, formally known as the incubator building, is now October of 2012 and installation of the FF&E, that is fixtures, furniture and equipment, will take us until December 2012. That is still in plenty of time for us to begin with a very small amount of programs in the Spring 2013 semester and then more fully in the summer and especially in the fall of 2013.

So what are our continuing tasks and challenges? I've just listed them here. Obviously, the program development and approval and alert is a major challenge for us. This fall and winter we will be beavering away as the President suggested on this and we need to have faculty take the lead on this. This is why we've put these new governance bodies in place and we're expecting to actually see a lot of initiative coming out of them. Faculty hiring may be necessary. I think there'll be very little if any, as I have indicated, at the beginning. I've indicated the processes but once programs are lined up some of them may require a little bit of faculty hiring at Duke quality levels and overseen by Duke faculty.

Obviously, once we have the programs in place we need to recruit the students. I've already spoken about

the recruitment issue. Tuition and enrollment remain an uncertainty. We have estimates. We have qualitative responses from different people about whether or not those tuition estimates are accurate; again, can they be achieved with the size of the student body that we want. Some people say yes. Some people say no. Fundamentally, there is no good test case because there are no programs like what we are intending to offer in the marketplace in China so fundamentally the market test is going to be the test and that will then have to feed back into the models and eventually into our longer term commitments. The construction progress and oversight I've already discussed. The fundraising and conference center programs are very important for us to develop as part of the overall model and obviously we need to continue our engagement around issues of academic freedom. Basically, what I hope this report has suggested is that we are making progress by a hundred steps but we probably have a thousand still to go. Thank you. Questions?

Questions

Anne West (Neurobiology): So I hear a lot about



the approach of how you are going to actually do this, but I still haven't heard *why* you're going to do this? To somebody who is very late to this game, what is the vision and goal? I understand that you don't know the details until you get on the ground of what you can actually do but what are some of the possibilities that you can imagine for why you should bother doing this?

Brodhead: I'll say a word about it, then you'll (Lange) amplify it if you like. Remembering again that there are many people who are in this Council now who weren't in previous years and it might be new. I'll try to lay out the case for this and I would be very happy to send you the link to it in my address to the faculty last February.

China is very interested in higher education. They have expanded higher education dramatically but they are also concerned that they don't meet the highest levels of higher education and they are looking to outsiders to help them understand what those look like. This is why there is a demand in China for a program such as we're talking about. As for ourselves, I think I said before what I would say which is that we're trying to find a place where Duke would have a significant enough pres-

ence in China that we could learn things that then we could bring back and feed into all our educational operations across the many schools. We've always assumed – and you'll notice things we've been careful not to say – this is not a four-year degree program we are opening there. We're opening with fairly tailored programs and most of them are on the graduate and professional side and most of them also are things that feature Duke's distinctive strengths.

We have talked for instance about programs in management but we've also talked about programs in global health. We've talked about the possibility of something about health management, a very critical need in China where Duke has special strengths. We've talked about the idea of not only environmental science but also environmental management, a crucial need in this region for which Duke has special strengths. So it would be a matter of taking our special strengths not only by fields but in terms of our pedagogical models to a place where there is need for them and then doing them in such a way that some significant number of Duke faculty would learn more about the China picture and feed it back in here. I was interested last year... for me it was a significant event, you may know that Duke's environment programs had significant partnerships with Duke Energy. There was an article in last year's November's *The Atlantic* about energy research in China that made the point that China builds thirty six power-plants for every one that is built in the United States. If you want to understand about energy, energy economics, culture of energy, technology of energy production and things of that sort, China is the place where you have got the live experiments for that far more than in this country. It seems to me that the reason why Duke Energy found that a reason for them to be present there is a reason why we would also have an intellectual interest in being there. There are things we can learn about issues of relevance to us through our presence there. If I think of global health, I see people in this room who have worked on issues of obesity and diabetes. Whoever thought that this would be an issue in China but indeed it is. It's a specialty of our global health program but there's both reasons for us to want to teach that in China, but there's reasons for us to want to learn about that in China and so it would be that two-way commerce of education that would be the basis of our thoughts.

Again, to emphasize we've always taken special care about undergraduate programs. We don't want to slap a Duke undergraduate degree just anywhere in the world. That's a very hard thing to guarantee the quality of and so our idea has always been to have tailored and experimental programs, and my hope would be, ones in which very smart students from across China and South Asia and very smart students from the United States, would come together to study things together. These people will be citizens together in the next generation and if in their youth they learn how to talk to each other and get along, it will, I believe, be to the benefit of us all.

Lange: I would only add on this point that we also see a fundamental shift going on in the world with respect to talent and with respect to research and with re-

spect to the availability of students and having a presence in China will increase our ability to recruit the best whether they be students or faculty. Just to give you a sense, I was at a meeting and a person who is the Executive Director of, I believe, American Society of Plant Biologists or it's the Society of American Plant Biologists – they publish many journals – and the executive director reported that in the last five years more than half of the articles published in all of their journals have come from scientists outside of the United States and many of those, a very significant percentage, are coming from China. So, it is also important for us to establish a presence and we believe as a first mover here we will establish a presence which will allow us to have access to some of the top talent both at the student and – that's just an addition to what the president said. Kerry?

Haynie: I've been on the Council for a few years now so it's not new to me. I've been engaged in this issue, but I still don't understand what the plan here is. What have the Chinese been told we're going to provide on this campus? I hear the President mention a couple of professional programs, but are there arts and sciences, humanities, kinds of programs that we offer, but what have they been told we are going to offer?

Lange: They have been told that we will provide in Phase I, which is the only phase to which we have a commitment and any future phase requires the joint commitment of both parties, of all three parties really, of Kunshan, Wuhan, and ourselves. In Phase I they have been told that there would be non-degree undergraduate programs and graduate and professional programs as we develop them for that campus.

Haynie: In terms of what those subjects are?

Lange: No. None.

Brodhead: It's really just what I told you. And I told you the shape of our initial aspirations so far.

McClain: These infrastructure funds that you just



mentioned that are going to cover costs, overruns I assume, are these the same infrastructure funds that you mentioned in the meeting this morning?

Lange: No, they are not. They are not the same funds. And since no one else was in attendance this morning, I'm happy to sit down with you and explain the difference, but they absolutely have no contact with each other. They are not even partially overlapping pools. This was a meeting about something entirely different

that had nothing to do with Global Programs, and I'm happy to talk with you after the meeting.

Brodhead: If I could amend something to that. It is not so much that these are cost overruns, but Kunshan is building the buildings but Duke has wished to assure itself that these are built to the quality of the enduring standards that we would associate with Duke. Our investment has been in the quality assurance for construction, not in the construction itself and we have found that we wanted to have a very high degree of oversight to give a very high degree of competence as a result and that is the nature of the added expenditures. It's not that we are paying more for the same thing.

Lange: Thomas?

Pfau: Yes, first question. You mentioned that the discussions over the price point of tuition are still in flux. When do you expect some kind of resolution of that? This would seem to have a very substantial impact on the long term budgetary health of this entire endeavor.

Lange: I didn't say that the price points were in flux, I said whether they are realistic or not will be determined by the market test, which is seeing if we can recruit students against those markets.

Pfau: My question then would be, is it not true that the Chinese government ultimately makes that determination what the tuition is that DKU may charge?

Lange: They ultimately have to approve the tuitions which we offer and it is our anticipation that they will approve the schedule of tuitions which we put in place.

Pfau: Have you requested it as a price point?

Lange: We have requested the price points that you have seen in earlier presentations and those are the ones in the application that is going forward now.

Pfau: Do you have knowledge of any institutions



with degree programs roughly akin to the ones we are hoping to start that have successfully charged that kind of tuition?

Lange: We know of MBA programs jointly done. For interest, HSBC has a joint MBA program with Beijing University which charges a Fuqua level tuition for its success and has had a major ramp-up, actually, in the number of students applying. I have said from the beginning and am saying again, this is an uncertainty but there are not programs in place like we are intending to offer. There is no equivalent in China, for instance, of the MMS offered by a Western institution. We will have

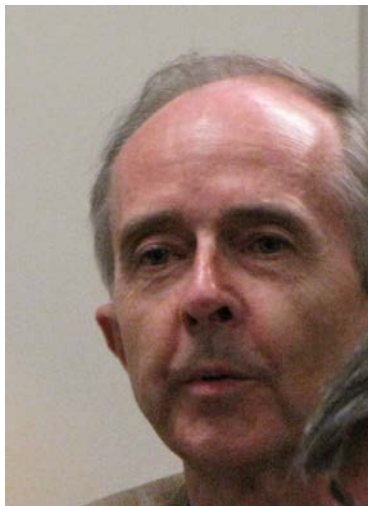
to take a market test, examine how well we succeed, and then adjust depending on what we know.

Brodhead: Again, I seem to be in the awkward position of jumping up over and over again. As far as tuition, I have had a meeting with the Vice-Minister of Education in China in Washington last year where we discussed tuition and he suggested that what we were proposing for graduate and professional degrees was perfectly within what they would be willing to approve. He expressed greater concern in having a say in undergraduate tuition, but one of the many reasons why we have been careful about leading with undergraduate programs is because of the greater degree of uncertainty there.

Let me just point out one other thing, which is I am sure you have seen the statistics about the number of Chinese who can now afford Western tuition. This is the number of people who send their children out of country in now immensely large, much larger than it was even five years ago, but as we think about these tuition models, we need to understand that it probably isn't only the case that people or their parents would pay for these things. Some of these will be professional degrees where it has been customary for someone's employer to possibly defray the cost of a program so that could be a source. When I was in Kunshan this summer, I hosted a dinner. You know that there is an immense number of Taiwanese businesses, it is the Silicon Valley of China, and we had a dinner and many employers there suggested an interest in having students go to the Duke programs. So we have been looking for tuition and philanthropy and support from employers, some range of things and that part introduces the uncertainty in knowing how that mix will come together is also something we won't know until we get there.

Berndt Mueller (Physics): Let me try to bring a different point of view into the discussion and phrase a different question. There is no question why a very strong engagement in China is absolutely necessary for the coming century. I do think it is very positive that you have appointed the China Faculty Council and that a few members of this committee have expertise in that. What I see as a potential problem is this: the focus of all of the resources and the administration's attention on one specific project of that type is potentially an opportunity cost to use the opportunity of the multitude of other programs in China that could

be put in place that do not involve campus building, and my question is whether you have thought about that, whether you will have a process in place or anticipate having a process in place that dedicates resources and efforts to building the Duke connec-



tions in China in a very strong way outside the Duke-Kunshan campus? I think this could be even more important than anything else.

Lange: I think the answer to that would be yes. I don't want to talk out of school, so to speak, but one of our schools is very heavily engaged – I think I may have mentioned this actually – the Law School is heavily engaged in activities in other parts of China which we have been quite supportive of and encouraging of and they haven't come to us with any requests yet but I would anticipate our ability to support those. I think Engineering may be interested, but I suspect that Engineering will want to actually work on the DKU campus for a variety of reasons because it provides the kind of facilities that would actually be easier for them to develop, for instance, Masters in Engineering Management programs, but we are not diverting... You will have noticed that Nora Bynum's title is for China and DKU initiatives, because in fact, the Office of Global Strategies and Programs is supporting the array of initiatives we have in China.

Another aspect of this is that we expect the DKU campus to be a research base for faculty who are doing research throughout China but who can use that as a base of operations and communication. So for instance, we have at least two faculty members who are heavily engaged in demographic research in China. They are not going to work in the Jiangsu region, but they will have a base there. My anticipation... I do understand and I can certainly understand in the last few months, why people would think that we are perhaps devoting too much attention to one project and perhaps at the expense of other projects. I think that that has not yet occurred and that some of the personnel that I announced today will relieve us of having to do quite so much here in Durham and thereby free up some of our time, reducing the opportunity costs, if you want to use that term, by having people on the ground in China who can pursue the initiatives working with the Office of Global Strategies and Programs.

Prasad Kasibhatla (Nicholas School of the Environment): My question about Phase I in the context of Phase II, that is, would we think of Phase I as a worthwhile investment – the \$37 million, if for whatever reason, there was not a Phase II, and the related question I have is, is it a matter of concern that current projections at the end of Phase I there is still a \$9 million cost?

Lange: As I said earlier, that is because we did the pro-form in a straight-line manner. If we do the pro-form the way I would see it which is more likely a curve, in which the cost would be lower this year than in the next couple of years and then the fall, I don't anticipate that deficit. I think the first question is an extremely interesting one, I think that a great deal would depend on both how Phase I evolved and what it did for the way that Duke's presence in China developed and what it enabled us to do in terms of the kinds of issues that were raised earlier and that would have a great determining effect on what an exit after Phase I might actually look like. I can't answer the question except by knowing what happened in the interim period and why the venture might

not be continued mutually on both sides. So I can't really answer the question, but that gives you the broad outline of how I would think about answering your question if I had more information.

What I do think the case is that there are substantial benefits that we will gain in the interim under almost all circumstances. I can imagine some where it wouldn't be the case, but under most circumstances, and I would also note that while it is correct that that is the total expenditure, the SIP commitment, that is the version of strategic funds, is about \$1.5 million a year. We have invested vastly more strategic funds in other very successful strategic initiatives that are both done here on campus and more broadly. Not to single one out, but the Global Health Initiative has cost us substantially more per year and that is a major impact.

Sunny Ladd (Sanford School of Public Policy):



This last question has made me think about this situation in building. If this Phase II doesn't go forward, who owns the building and would it be possible for Kunshan or the Chinese to say, "we own the buildings and we can get another, better deal from a different university," so kick us out and put in another university?

Lange: Yes it would. As I said earlier, Phase II is dependent on the mutual agreement of both parties. You can't get one without the other, as some old song said. I don't anticipate that happening by the way, but if you ask me can it legally happen, and the answer is yes.

Ladd: Can any provisions be put in place to avoid that outcome? Here we are investing to increase the quality of these buildings, these are great Duke-quality buildings and somebody else may decide that's a good deal.

Lange: They could, they could.

Klein: I guess one of my questions has to deal with our partner. Who is our partner? Our partner is the city of Kunshan, yes? Don't we have an educational partner as well there? Can you describe that educational partner? I think some part of my discomfort is who are we partnering with and is this a backwater?

Lange: First of all, Sunny just asked, "Who owns the buildings?" Kunshan owns the buildings. Kunshan is what you might call our administrative partner or our financial partner. It is not, obviously, our educational partner, because it could not be. Wuhan University is our educational partner but I have to say that in our rela-

tionship with Wuhan, throughout all the discussions that we have had now, we are the predominant partner.

Let me just give you an example from the recent meeting of the Executive Committee, the preparation committee. I would say that one of the key messages that came out of that, and I am reporting that now based on what our representatives reported back, was that one of the key messages that came both from Wuhan and from Kunshan was that they want us to deliver programs at our highest level, our quality, and our character, because what they are seeking from us is in fact that model of education, both as a delivery point there...but why is the Ministry interested, because if we do it well in that case, they can generalize it out to other institutions in China and perhaps other partnerships, I don't know, over a longer range. So we are being enlisted to bring quality in a liberal arts education style.

Klein: Forgive my ignorance, but Wuhan, I don't



know, are we partnering with Santa Monica City College? (laughter) That's what I am trying to find out.

Lange: No, we are partnering with a university, which is in most rankings, in the top ten and if not in the top ten, in the top fifteen among Chinese universities. And in some areas they are extremely good, including, I believe, environmental studies.

Lozier: We can take one or two final questions.

Jane Richardson (Biochemistry): I just wondered when you say "educational quality," what I think of that is distinctive about our model of education is basically learning critical thinking and all of the things that go with that. Is that what they have in mind also?

Lange: Yes. That is exactly what they want but that is something they know they cannot deliver themselves.

Richardson: It really is a big difference.

Lange: Right. They actually don't have the talent for that. I'll just give you one other example. Dick and I had a meeting with the president of a major Chinese research university a bunch of months ago at which he told us that his university was going to essentially move all faculty members at that university who did not have Western PhDs into the research track out of the teaching track and they were only going to hire faculty with a Western PhD for that coming period. Why were they going to do that? Because he said, we cannot transform the research culture of our universities at a pace that is requisite on us given the growing role that China is going

to play in the world unless we transform that culture and we can't do that fast enough unless we import.

Richardson: That's great to hear.

Lange: It's fundamentally a tech transfer strategy on their part: to take the technology and the culture of American higher education and try to bring it into their institutions.

Lozier: Thank you for your time, Peter and Dick. (applause) Everyone agrees with me that having exchanges like this with thoughtful questions and thoughtful answers, we are closing that communication and knowledge gap so this meeting will draw to an end. I would like to thank you all and I look forward to seeing you at our next meeting on October 20th. If you have any questions in between or are thinking of topics for future meetings, please contact me in the interim. Thank you all and have a good evening. (applause)

Respectfully submitted,
John Staddon
Faculty Secretary, October 4, 2011