

CARNEGIE CORPORATION OF NEW YORK ORAL HISTORY PROJECT
The Reminiscences of
Vincent A. Mai

Columbia Center for Oral History
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PREFACE

The following oral history is the result of a recorded interview with Vincent A. Mai conducted by Ronald J. Grele on September 18, 2012. This interview is part of the Carnegie Corporation of New York Oral History Project.

The reader is asked to bear in mind that s/he is reading a transcript of the spoken word, rather than written prose.

3PM

Interviewee: Vincent A. Mai

Interviewer: Ronald J. Grele

Session #1

Location: New York, NY

Date: September 18, 2012

Mai: This is Vincent [A.] Mai and we are here to talk about the Carnegie Corporation of New York.

Q: I guess the place to start, of course, would be your election to the board of the Carnegie Corporation. How did that come about?

Mai: It came about because [James] Jim [A.] Johnson is a very good friend of mine and Jim was on the board of the Carnegie Corporation and he thought I should be considered as a candidate for the board. So I had dinner with David [A.] Hamburg, who was then the president of Carnegie, and with Newton [N.] Minow, who was chairman of the board. We had a very nice dinner together and we talked about the world and what Carnegie did and what my interests were. And one thing led to another and a few months later, I was asked by David and Newton whether I would be agreeable to serving on the board. Of course I had in the meantime studied a lot about what Andrew Carnegie stood for. I had read a lot of material on the Carnegie Corporation, seen a lot of the good work that they had done in the world. Many of the things that Andrew Carnegie said and that the Carnegie Corporation did resonated with my own interests. So I was very pleased and honored to accept.

Q: Could you be a little more specific how your own interests and what Andrew Carnegie said resonated with one another?

Mai: Yes. Well, I think there are a few things. Firstly, Andrew Carnegie was, as you know, considered to be—I think one would put him in the category of one of the robber barons, which is not a very flattering term. But that was the way he was characterized. He then, when he made his wealth, gave a lot of thought to his role in the world to make things better. And, unusually,

particularly considering the era that we were dealing with, he thought a lot about these things. I was attracted to the fact that he was concerned about the lot of disadvantaged people in the world and, in a way, about the issue of income inequality, which is very relevant in our political debate today. And here he is over a hundred years ago already pondering that. He believed strongly in individualism and that people should be encouraged to work and should be given opportunities to work. And he thought about these things. He also thought a lot about the role of wealth in the world. As you know, he was very opposed to wealthy people handing their money over to the next generation—they should just have enough for them to live on.

Q: And all that corresponded with your own feelings about—

Mai: Very much.

Q: —your own position in the economic order?

Mai: Very much. The whole issue of income inequality has always been one I've thought a lot about. But he also believed strongly in the responsibility of people who had the advantage of wealth—their responsibilities to society while they were alive to be putting something back in a way that was good for the community, which I feel very strongly about too. So those things about him resonated in terms of what inspired him to set up the Carnegie Corporation.

But then I'll just touch briefly on some of the programs that Carnegie did that appeal to me. One was their work in education, particularly in early childhood education. At that time, I already had been on the board of the Children's Television Workshop. I'm now chairman of the Children's Television Workshop. But there's a long historical association between Carnegie and the Children's Television Workshop. Early childhood education, the early neurological development of children, is a subject that's been of great interest to me and one of interest to Carnegie. The

second thing is I grew up in South Africa. I'm interested in Africa. And of course Carnegie has had longstanding programs in Africa.

Q: Were you aware of those programs before you had ever heard of Carnegie?

Mai: Frankly, no. Not until I researched it. I didn't realize that but they actually do things in Africa. But that was an element and I felt I could make a contribution there because I know Africa.

And then I liked David Hamburg—his very global thinking about issues, his interest in education, his interest in doing something about weapons of mass destruction and all the work he was doing in that field and all those things that I thought were very relevant. So Andrew Carnegie himself, what he stood for, the work that Carnegie was doing—all of that resonated for me.

Q: Did you have any sense of American philanthropy at all? You have been in the states for many, many years. And I assume you might have had relationships or contacts with members of the Rockefeller family—

Mai: Yes.

Q: —who are great philanthropists, as well as captains of banking and industry. But did you have any sense of American philanthropy?

Mai: No. I would flatter myself by saying I had a good sense of American philanthropy. I'm a naturalized American. I love this country. One of the many things I like about this country is the sense of philanthropy and the sense of generosity. And I was involved in several philanthropic endeavors. You mentioned the Rockefellers—I was chief executive of a private equity firm called AEA [American European Associates] and the founding investors in AEA included the whole Rockefeller family. So through a wonderful man called [J. Richardson] Dick Dilworth

running the Rockefeller family office—all the brothers—John D. Rockefeller, Nelson [A. Rockefeller], Laurence [Rockerfeller], Winthrop [Rockefeller], David [Rockefeller Sr.], and their sister, [Abigail] Abby [Rockefeller] Mauzé—they all became investors. Through that, I got to know them and I got to know what they did. And I might add—not to do with Carnegie—but I think one of the great families in America in terms of enlightened philanthropy, in a huge array of different fields, would be the Rockefellers. The example that they have given to America in terms of enlightened philanthropy is almost unsurpassed. So I'm a great admirer of theirs and I think they've done extraordinary work.

Q: Now, you came on the board in 1994.

Mai: Yes.

Q: And David Hamburg announced his retirement shortly thereafter.

Mai: Yes—about two years later. I was actually on the search committee of the board to find his successor. By then I had just become chairman of the investment committee. So I was a part of a group of—I think there were five of us on the search committee and we interviewed a whole series of extraordinary individuals and ended up selecting Vartan Gregorian.

Q: Let's go back for a few moments to David Hamburg and the Carnegie Corporation. What was your sense of his sense of the program?

Mai: And by saying his sense of the program, you mean his priorities or—

Q: In a report, Dr. Gregorian talked about David Hamburg and his concern with mobilizing the social sciences for policy. Was that evident to you in the same way?

Mai: Yes. David was an extraordinary individual, a deep thinker, an elitist in the good sense of the word—an intellectual elitist. David liked to include extraordinarily accomplished people.

And you talk about the social sciences—I mean, to be on the board of Carnegie and to have this

remarkable group of people—either trustees or people coming to the trustees meeting to talk about issues that were relevant to them—it was a real privilege to be part of it. But David had an extraordinary ability to find the most gifted people and get them to come and engage in Carnegie’s initiatives.

He also was very interested in prevention of genocide and learning lessons from all the important history that we all have learnt and have all had to deal with. But the prevention side was very important to him and so he did some remarkable work there with the former Soviet Premier Mikhail Gorbachev. And he did a lot of work with [President James] Jimmy [E.] Carter. That was all very, very focused on using a network and connections, particularly around weapons of mass destruction. I was privileged, for example, to serve on the board for a long time with [Samuel] Sam [A.] Nunn [Jr.], a senator from Georgia who was very prominent in this field and very concerned about the proliferation of nuclear weapons. These were all remarkable people who were deeply engaged in a very important subject. David was the inspiration behind that whole initiative.

Q: I was going to ask you, when you first came on the board, who did you more or less look to for some kind of guidance on working your way around the Carnegie program?

Mai: Well, my former partner, John [C.] Whitehead—I mentioned AEA, where I came as chief executive in ‘89 and John came as chairman. John and I started the same day. John had been involved with Carnegie for a long time and so I consulted with John a lot about things as they were evolving at Carnegie. Sam Nunn, as one of the people I’d admired for all the work he had done on the nuclear proliferation issue. Newton Minow was really a serious thinker about—and famous for the thoughts that he gave on children’s television—the vast wasteland. But Newton saw all those changes going on and the potential for good that a responsible, enlightened media

had—the potential for good but also the potential for bad. And, frankly—that was all in the mid-90s—if you fast forward to today, I think, unfortunately, the thing has gone in a direction that Newton would've found appalling. I read a lot of talks about all that because the whole communications industry, the technology was just exploding. And Newton was a big and very enlightened thinker on all of those things. And, of course, that was all relevant to my activities at Sesame [Workshop] because Sesame is trying to be very thoughtful and had deeply researched work on how you could give children a good start in life. So all of these things came together in a way that I thought was very invigorating intellectually.

Q: The second study of poverty in South Africa had already been undertaken and published.

Mai: Yes. That's poverty amongst the poor white people.

Q: But the second study.

Mai: Yes.

Q: With Francis Wilson's study.

Mai: Yes, that's correct.

Q: That had already been published?

Mai: Yes.

Q: Did you ever talk to David Hamburg about that program at all?

Mai: Yes, I did. And I talked to Francis about it because I know Francis as well. It was very unusual to do a study of poor white people in South Africa because, of course, you had apartheid. You had the white people who, generally, were the ones who had all the advantages and the black majority, who had the disadvantages. But there was a minority segment of the whites who were very poor. It was very unusual for somebody to do a deeply researched and high quality piece of

work on that issue because in those days most philanthropists were focusing on the disadvantages that the black people were suffering as a result of apartheid.

Q: When David Hamburg announced his retirement, were you at the meeting where he—

Mai: Yes.

Q: Was that at the retreat up at the Rockefeller Estates in '95?

Mai: Now, to be quite honest, I was at that retreat—but I can't remember if he announced his retirement at that retreat or before. You know, by then David had become a good friend. I'm a great admirer of David. And, you know, we talked. So I can't remember the single moment. He might have told me ahead of time, so it might be have been at the Rockefeller event but I already knew but hadn't said anything to anybody. So I can't remember. But I do remember that session up at Pocantico.

Q: What are your memories of that retreat?

Mai: You know, all my memories of that one, as well, are just feeling lucky to be with such remarkable people. The level of thinking, the level of knowledge, the passion of the group of people that had been assembled on that board was such that for me, participating in those board meetings was a privilege. You wanted to hear what everybody had to say. I always felt a tremendous pressure to be able to say things that were, in a way, worthy [laughs] of a distinguished group like that. All the discussions—whether it was on Africa-related issues or whether it was on education in America and how you improve it, if it was on nuclear proliferation—you had people around that table who had national and international reputations, who had substantial knowledge and wisdom to impart. So I always remember about those meetings how quickly the time flew—which is not always the case when you go to these retreats—and just always what a remarkable group of people were part of the Carnegie network. And it

wasn't simply the trustees. It was also the access to experts around the country. We would have Jimmy Carter sometimes come to meetings and talk about issues and things like that. There are not many not-for-profits that can do that.

Q: One or two of the people who were at that retreat that told us they were surprised, once they began to talk to one another, at the level of disquietude about the program of the foundation or the situation that the foundation found itself in at that time, according to them.

Mai: I certainly don't remember disquietude, particularly around that conference, I must admit. There was always an undercurrent, which is understandable, which I think existed in David Hamburg's tenure and I think in Vartan Gregorian's tenure, which is trying to measure the impact of what we're doing. Because we'd give these grants sometimes over many years to what seemed like worthy endeavors. How do you measure whether, when the work has been done, that it has had the impact that you were looking for? And are there times when you have supported programs when at the end of it you say, we made a mistake? That did not have the impact we were hoping for? I think if I had used the word disquiet—that part of it, I think, is always an undercurrent. I don't mean that there was anything underhanded. It was just always: how do we know that the outcomes that we're looking for have been achieved? In this kind of work it's very difficult. I think if there was a disquiet, it was the fact that there wasn't an acceptable mechanism around this issue.

Q: Generally, there was concern over what is the role of trustees, which would be part and parcel of that question.

Mai: Yes. I think the role of the trustees in an organization like Carnegie, which has this extraordinary reach of the most gifted people—first, you have to depend on the team there, the leadership first under David, then under Vartan, to execute effectively the visions and the

strategy that the board expresses. The role of the trustees is to be engaged in those discussions, working in tandem with Carnegie's leadership. The other thing, which is important for the trustees, is the financial well-being of the Corporation, which was an area I was very actively involved in because I was on the investment committee from the time I joined and then I was chairman of the investment committee for several years. In fact, I was engaged in helping to reorganize the way that the investment committee operated. The investment portfolio is the fountain that creates the capital flow for all the grants. There were times when the endowment had not been particularly well-handled. And, of course, the impact of the Corporation therefore is diminished significantly.

Q: I want to get into some of those issues but let's take it back. Now, when you left the retreat, what kind of a president did you think you were looking for? What did you think about? Well, now, David is leaving, we've had this retreat, this is the kind of person we want—

Mai: You know, frankly, I didn't walk away saying this is the kind of person we want. Carnegie had access to many remarkable people and I was glad to be on that search committee.

Q: How did that come about? Your membership on that committee.

Mai: You know, I was just asked—

Q: Did Jim Johnson ask you?

Mai: Jim was chair. Jim probably asked me.

Q: Right.

Mai: There were only five of us representing the whole institution but it was A, a very big responsibility but B, it was quite intense because this process lasted several months. But I think the answer to your question really started being shaped in my own mind by the people we were seeing. You started seeing one person—and they were mostly extraordinary individuals—but

you'd say, well, no, this doesn't fit for us for whatever reason—and you started seeing others where you saw it did fit. So my process was not that I had a clear idea when it started of what we were looking for. It was shaped by the people we were seeing. And this process lasted several months. We had, sometimes, a dinner almost every week with a candidate. It was a remarkable process because we were seeing some very famous Americans who you had heard about, who were very interested in being considered for this job. Each dinner with these people was a seminar in and of itself. So for me it was a real privilege to be part of that.

But I think as a process that got underway, you realized that Carnegie really had a niche in the intellectual community. You needed somebody who would be highly respected in academia because so much of our work was oriented to high-end research in the sciences and so forth. The arts. As that process evolved, you narrowed down the qualities that you thought we should focus on. And Vartan, who was president of Brown University—and I knew Brown well because my daughter was there while Vartan was the president of Brown. And I just knew the respect that he engendered in the—

Q: What did your daughter tell you about him?

Mai: What did my daughter—

Q: What did your daughter tell you about him? An interesting angle.

Mai: I had an interesting angle from my daughter. The students loved Vartan. Look, he's not a pretentious man. He is sort of a cuddly teddy bear.

Q: [Laughs]

Mai: And the students loved him. They saw him as being slightly eccentric but in a very endearing way. She had a wonderful experience at Brown—loved the school. I still love Brown.

The students had great affection for him but he was not the usual president. He was a very, very effervescent, intelligent, unpretentious, funny man.

Q: Was there an interior candidate? I know that Vivien Stewart was at one time considered—was she?

Mai: Vivien was considered but she was not in the group of finalists.

Q: I read the Gretchen Morgenson book, which talks about James Johnson wanting to nominate Robert [E.] Ruben.

Mai: Yes.

Q: Was that a serious consideration?

Mai: Not to my knowledge. I've talked to Jim about it. He is a very good friend of Bob Ruben's and I'm sure they talked about Carnegie. But Bob's name was not submitted formally to the search committee as a candidate.

Q: It would have been logical. He had been a board member.

Mai: Yes, it would have been. But I was never party to any conversations when his name was mentioned.

Q: Had you met Gregorian before?

Mai: No.

Q: No, never before.

Mai: Oh, when my daughter was at Brown I had met him briefly as a parent without knowing that later we were going to be connected through Carnegie.

Q: What were your first impressions of him?

Mai: Oh, I liked Vartan instantly. To this day, I have a great affection for him because he's the kind of person I relate well to. He's fun to be with. He's interested in what goes on in the world.

He doesn't take himself too seriously. And he always has an original eye on things. So you don't get the conventional wisdom from Vartan. When I talk to him, I always find I learn something new. He's got a remarkably fertile mind. He fits into any situation very easily.

One of the good experiences of my life was when he became president of Carnegie. I was then a trustee and had been on the search committee. I said to Vartan, you can't be head of Carnegie and never have set foot in Africa—he had never been there when he became head of Carnegie. I said, you've got a lot on your plate as you take over here but I want you to make me a promise that you'll set aside two weeks as soon as you can and I will organize a trip for you. And we did nothing on that for probably a year and then one day he called me and he said, look, I remember my conversation with you and I'm all yours for two weeks. So I organized this trip to South Africa for Vartan.

Q: Let's go into great detail about that [laughs] if you don't mind.

Mai: No, no, not at all. I organized this trip to South Africa and my wife Anne [H. Mai] came and Claire [R.] Gregorian came. It was a wonderful trip. He was just like a kid in a candy store. He just loved every minute of it—stuff he'd never experienced before. We took him to the big cities. We went to Cape Town, which is where I went to university. And Carnegie's always had programs with Cape Town University [University of Cape Town, UCT]. We had a memorable day at UCT. Actually, I remember now—I hadn't thought about all this but when we were at UCT—when I was there it was an all-white student body by law. Although, I might add parenthetically that the student body was as liberal as it gets in South African terms in those days and was always very anti-government and students at UCT were always protesting apartheid and so forth. But when I was there we were an all-white student body. And, of course, with all the changes in South Africa—by the time Vartan and I went it was still relatively new—but the new

UCT reflected the South African population and so many of the students at UCT—already by then it was probably forty or fifty percent black students.

We had this lunch for Carnegie all in honor of Vartan and the Corporation and all the UCT luminaries were there. And they had twelve students there over the lunch who were all beneficiaries of Carnegie scholarships. All of them were black or colored in the South African vernacular. But one thing I'll never forget, the head of UCT said we're going to have two of the students get up and tell you their story. I still remember one of them got up and she was a Muslim—there's a big Muslim community in Cape Town—she wore a veil. She was studying advanced bio-engineering and she was very articulate, all with her veil—unthinkable in the day I was there that a wonderful woman like this could be there. She gave a very inspiring talk for five minutes. Then the other one got up and gave a very inspiring talk for five minutes. Then the head of UCT—we were going to have lunch and the schedule was very tight—thanked the two students and said now we'll have lunch. Vartan stopped, got up and he said, "I'd like to change the format." Now, it was all being run by UCT and there were many people there. It wasn't Vartan running it—but this is very Vartan. He said, "I'd like to change the format. I was so inspired to hear from those two students that I would like to hear from all the other ten." It's an hour and a half of extra time that wasn't budgeted in the program. But this is where Vartan is so good. These other students hadn't prepared anything. And it was brilliant because each one of those students got up and told their story in a really inspiring way and speaking extemporaneously.

I, frankly, was moved to tears—because having grown up in South Africa and seen apartheid—at the passion, the wisdom, the aspirations, the articulateness of these people who had previously never been given an opportunity. And one of the best things Vartan ever did was to get all of

those students to speak. Everyone had to scramble to reset the program. It did take another hour and a half but it was the best hour and a half that we could've spent. Vartan saw that instantly. Frankly, I would never have thought of seeing all those ten other ones there. But as soon as he heard the two, Vartan said now I want to hear from all twelve.

Anyway, we met several people in Cape Town. I grew up on a farm in the Eastern Cape, so I took him to rural communities in the Eastern Cape, too.

Q: Are your own roots English or—

Mai: Yes, English-South African—in fact, English-South African but actually of French parents. But I'll never forget going to the rural community in the Eastern Cape, which I'd set up, where we were met by tribal leaders. They have these praise dances with spears. Now, this is all mock but Vartan had never been. I feel very comfortable—I understand because I grew up there. But it just didn't faze Vartan at all. So we would arrive—our little delegation—with our little convoy of cars in the middle of nowhere. They'd be waiting for us and they would start doing these tribal dances. Vartan loved it all, just always said the right things—you'd have thought he'd grown up there. He's just very, very adaptable.

And then we went to Johannesburg. We saw a lot of school programs but mostly it was education-driven—what we were doing there on this trip—to see some of the programs and seeing the efforts to improve the schools and this kind of thing. But anyway, it was a memorable trip and a lot of fun.

Q: Do you think that was kind of instrumental in the expansion of his views of the program in Africa—expanding into other areas of Africa and the higher education of women?

Mai: Absolutely. It was crucial. And also doing the Carnegie libraries in South Africa. Now, Vartan always says to me—but I know Vartan—whenever he sees me, “Libraries in South Africa

would never happen without you, Vincent.” “Vincent, those are your libraries,” which [laughs] is Vartan because he decided. We talked about it but he had the whole menu of things, including libraries. And I went back. I was invited, after I’d left the board, to go to South Africa with a delegation from Carnegie because they were opening their Carnegie libraries with events and ceremonies. Of course, given Andrew Carnegie and the history of libraries, it was a very natural thing to do. So I went on that trip, which was very special to me, probably three or four years after I’d left the board because by now the libraries were done and we had very moving opening ceremonies. I was very happy to be on that trip. It’s not just South Africa. Carnegie has programs in a lot of the old British Commonwealth, the old English-speaking Africa.

Q: After Dr. Gregorian was appointed, it took some time before the program really got started and in that interim he commissioned the report from McKinsey [& Company, Inc.]. Were you interviewed by McKinsey for that report?

Mai: Yes.

Q: I ask as an interviewer but I also once did an oral history of McKinsey so I’m kind of interested in what they would do.

Mai: Yes, it was run by one of the McKinsey partners called Carter [F.] Bales. I was part of that process and I was interviewed by McKinsey. They came up with a pretty solid set of recommendations for Carnegie. A lot of it oriented to what I was talking about in a different context—how you measure the impact of what you’re doing. And, frankly, a lot of things are not susceptible to measurements. It’s not as if there’s an easy—but it’s how you think about it and how you assess the impact of what you’re trying to do.

Q: Was that an effective report?

Mai: Yes, I thought it was. Now, I have to admit, that was a while ago and I can't remember all the details but I remember thinking at the time that it was a pretty good series of recommendations.

Q: In June of '98, Gregorian sent to the board a draft of what he envisioned the program to be. It's a long historical document as well but it's a rather ambitious program.

Mai: Yes.

Q: Were you prepared for something so ambitious?

Mai: This was a while ago. I must have left the board around 2000, I think, thereabouts. I can remember just being concerned that the aspirations were too much of a reach for the organization. Now, having said that, it's always good for the leader to stretch an organization and to aim high but I was also concerned that you aim so high that you fall short of what it is you're actually capable of doing. But it was typical of Vartan. It was very, very ambitious, very creative. And his idea was to push the organization perhaps to the limit.

Q: Under the reorganization with the committee system that Dr. Gregorian set up, is it fair to say that your primary interest was in the financial and planning committee?

Mai: Yes. Financial and the investment and very importantly, the endowment, which I was chairman of for several years.

Q: What was the situation with the endowment when you came on the board?

Mai: It was a little strange, quite honestly, because Carnegie had access to a lot of remarkable individuals on the board. It included some well-known people in the business and financial community. The trustees who were on the investment committee and who were running the endowment had a far bigger role in directing the specific investments that the endowment made than I think is traditional. You had people like [Laurence] Larry [A.] Tisch, one of the greats in

America, who was on the board and on the investment committee. Larry was a multi-billionaire and a legendary investor. So when Larry Tisch spoke about the endowment, nobody felt they could push back because the great Larry Tisch was speaking. Yet Larry had views that were at odds with how you should run an endowment.

Q: Can you give me an example?

Mai: He believed in having a view on the stock market. If you think the stock market is overvalued then you liquidate most of your investments and be in cash. If you were very bullish on the market, then you invested fully in the market in equities, which flies in the face of conventional wisdom which is that, you should be fully invested across selected asset classes. You pick your asset classes and you may adjust your asset classes but you should be fully invested because nobody can time the market. That's the conventional wisdom. And I always felt—I was younger then and I was chief executive of a well-known, quite distinguished private equity firm but compared to Larry Tisch, in the investment world I was nobody. So if you're sitting in an investment committee and there's an argument between Vincent Mai and Larry Tisch—

Q: It's hard for me now at this point in time to put you in that context. [Laughs]

Mai: So I didn't used to challenge him in the investment committee. But I used to think that this is not the way it should be done—with great respect to a great man who was a legendary investor. Before that you had other distinguished investment gurus who were on the investment committee so they tended to run things. The internal staff was diminished as a result and so they just became the administrators of all the desires of these legends on the investment committee. But the consequence of that was that you had a portfolio that didn't do justice to principal

preservation, predictable returns in the future, et cetera—so, big figures on the investment committee and a diminished status of the internal staff.

When I became chairman of the investment committee I decided this was a good moment to revamp the whole thing.

I got a little group of advisers to help us think through what returns we needed to sustain the programs that Carnegie was funding and how you structured a portfolio to be able to meet those returns we were seeking with a minimum of risk. We had several meetings—usually after hours, usually in the evening—and the group included David [F.] Swensen from Yale, who's become legendary in that world. It included another highly respected individual, [Martin] Marty [L.] Leibowitz, who at that stage was the chief investment officer at TIAA-CREF [Teachers Insurance and Annuity Association-College Retirement Equities Fund], which is one of the biggest investment firms in America. An individual whose name I forget who ran the endowment for the Episcopal Church in America. I forget his name—a wonderful man. So it was an extraordinary group of people. There were two or three people who were co-trustees of mine on the board. So we had a series of meetings. And for us, getting the advice of these luminaries who only were interested in helping us do it right was very special. So we went through a thoughtful process and concluded that we wanted to bring in a new chief investment person to implement and execute on an agreed upon long term strategy.

Q: Now, I assume all of this is done in conversation with Gregorian all the time.

Mai: Yes. Oh, yes. As chairman of that process, I kept Vartan closely informed. But this took several months.

Anyway, we ended up deciding we were going to create a small team. We'd find somebody good to head it. And it ended up, curiously, in us selecting a wonderful woman, [D.] Ellen Shuman,

who happened to be working for David Swensen on the Yale investment program. Ellen had been trained by David. She had been part of the Yale program and a lot of the things that Yale did were some of the things that we wanted to do in the revamped Carnegie program. Anyway, David was very gracious about it because he was losing one of his outstanding staff members. So Ellen became the chief investment officer. She assembled a group of three or four people. Over the next two years, we significantly changed the structure of the endowment investments to achieve our objectives. It was important to set a different course for that endowment in terms of the way it was managed, the way we looked at the long-term investment program, the way we looked at risk, the way we looked at asset allocation because it added a much greater level of predictability and stability. It wasn't subject to the whims of one or two trustees. We put it in the hands of a very strong professional group there.

It also got us into the Marty Leibowitz orbit because Marty was so wonderful and eventually he became a trustee of Carnegie. When I reached my term limit and stepped down Marty took over as chairman of the investment committee. He was known to everybody so when I left the board it was an easy transition.

Q: In those early days when you were assembling this committee—the endowment for philanthropy is in many ways unique. There is no income that comes in. It's just building on itself—and also various kinds of governmental requirements—pay out, et cetera. Were you at all familiar with that world or did you rely on these advisers to kind of guide you in that world?

Mai: Well, it was a little bit of both. The conventional wisdom is that you shouldn't distribute more than five percent. There's a lot of debate around that, but it's become more or less standard in the endowment world. Then you have to structure a portfolio that is able to produce a

predictable five percent while preserving the purchasing power of the endowment in current dollars for the future.

Carnegie has done substantially better than that. The record has been a very good one and I think it's thanks to the excellent investment program and team that Ellen Shuman put together.

Q: How do the relationship between the board and the staff and the committee—how did that all work as it evolved, as internally they became more and more responsible?

Mai: Between the investment group and the investment committee?

Q: And the staff—between the trustees and the staff, essentially.

Mai: Well, I can only speak for the time that I was there. It worked very well. Now, I was part of the group that picked Ellen, so I had a high respect for her and she measured up to all the expectations we had. She used to call me about the things she was thinking of doing just because I was chairman of the committee. It was a very easy relationship. There were never any issues. We used to have the investment committee meeting every quarter. We used to have a pretty detailed presentation. We used to sometimes get some of the outside managers to come in and talk to us. But it was a program that worked very seamlessly—again, thanks to Ellen because she was good and she communicated very well. Now, I think it all has worked very well under the leadership of [Geoffrey] Geoff [T.] Boisi, who's a good friend of mine. Geoff is highly sophisticated so the leadership was in excellent hands.

Q: Were you able to convey this to your colleagues on the board?

Mai: Yes, they were very supportive. You know, frankly—and this is the strength of a board like that—many of the distinguished people on the board didn't have any investment background but they had huge expertise in other areas.

Q: Yes, I'm thinking of some of the academics from—

Mai: Yes. So they would often say, well, I'm very happy that all of you on this investment committee know what you're talking about because I don't know. [Laughter] But that's why you have different people on the board. There was never any issue, at the board meeting, it was up to the chairman of the investment committee to make a presentation to the whole board, but I don't recall any push-back. In fact, people always seemed to welcome the changes. I think, as I say, the change was really from the old titans of the investment world, like Larry Tisch, who dominated and just said this is what you do—invest here and don't invest there. The big transition was from that era to a much more institutional kind of approach to investing.

Q: In this sense, it seems that the Carnegie staff itself had been rather passive in the whole process.

Mai: Very much so, which was not the case after we made all these changes.

Q: Traditionally, foundations are very, very conservative in the ways in which they manage their endowments. Not quite that way today.

Mai: No. One could have a long debate about that. I think David Swensen and Yale were pioneers in pushing the so-called alternative investments category to get higher returns. Then a lot of others followed suit. So you had much more in venture funds, in private equity, in hedge funds, sometimes even buying timberland and stuff like that—owning assets directly. So the model certainly changed over the last twenty years, twenty-five years. Now, a lot of them, when they had the financial meltdown in 2008, they realized a lot of them had pushed that program into alternative assets too far because they suddenly found that they had all these illiquid investments. You had the collapse in the markets and they needed liquidity to fund the operational budget that the university depended on for a certain amount—or in the case of a Carnegie type, to fund grants. Suddenly, the size of the liquid portfolio had diminished

significantly—thirty percent or something, and it made no sense to create the required liquidity by selling shares at very depressed prices. I think that's provoked a rethink now about how you handle liquidity.

Q: The changes at Carnegie certainly played out in the long run with the downturn. It was bad, but not so bad. In the long run, it did play itself out well.

Mai: It did, because then, of course, the market bounced back the next year and, provided you stayed in the market, you would be the beneficiary of that bounce-back and there's a lesson in there for market timers. But several people, when you had the downturn in 2008, they got so gloomy and pessimistic—the whole world was coming to an end—and they sold everything. And then, of course, the market snapped back thirty percent. So they suffered the downside and they didn't get the benefit of the upside again. That happened to a lot of people. That's part of—well, my philosophy is you don't do that, if you're going to be in the market, stay there. You can adjust a little bit how much you're in or out. But I don't care who it is, I don't think anybody's smart enough to be able to predict what the future holds.

Q: You talked about some of your fellow trustees saying, it's wonderful what you're doing but I don't know anything about—where was Gregorian in all this? How would you rate him as a student of the market?

Mai: Look, quite honestly, I don't think Vartan will mind my saying this—[laughs]—Vartan is a student of many things but I don't think the market is one of them. I think Vartan was very glad that he had Ellen and the team there doing what they were doing. And he was very glad to have the people, the trustees—the handful who were engaged in the investment committee—he was glad they were there. But I don't think he was all that interested in the substance of how we arrived at decisions. His very considerable intellect was engaged in other things. So I wouldn't

rate Vartan a deeply interested party in the mechanics of the endowment. He was more interested in making smart grants that had a positive social impact.

Q: Let's move on for a while to those other things. You mentioned with David Hamburg and those who were particularly interested in the education program because of the concentration of young children—that changed under Gregorian. The emphasis changed, et cetera. How did you see that change in the educational program?

Mai: Vartan, I think, was interested in teaching—improving the quality of teaching.

Q: And moving to high schools.

Mai: And moving to high schools, absolutely. Then he had all this work he did with Annenberg [Foundation], where he was the one who made the decisions on a very significant amount of what they were going to do in education. So he moved to high schools and he moved to focusing on improving the quality of education and particularly of teaching—which were very good areas to be thinking about. So there was a shift.

And I do want to say, I think a lot of the work that David did in nuclear proliferation—reducing weapons of mass destruction—it's not that Vartan wasn't interested in those subjects but I think they got less emphasis in his tenure than they did in David's tenure. And high schools and teaching in America got greater emphasis. But you know, there are all the reflections of the interests of individuals and that's to be expected.

Q: How do you see the differences between David Hamburg and Vartan Gregorian, having served with both of them?

Mai: Well, they're both good friends. I admire them both—two completely different individuals. Look, they're both intellectuals. David was very, very interested in networking with distinguished people and getting them to think through complex problems with him. He got

Carnegie engaged and making an impact on important global problems. David networked and operated at a very intellectual plane. He's got a remarkable mind and has written many wonderful books, some of which I've read. Vartan was more in the trenches, wanting to get into the schools, wondering how you connect with the teachers, and so I think there was a more on the ground focus in Vartan's tenure. They're just two such different individuals. I feel very fortunate to have known these two remarkable individuals so well, to work with them. It's been my privilege.

Q: The more you talk about the nitty-gritty, et cetera, it strikes me there are two different ways in which they looked at policy. David Hamburg had a program that obviously wanted to influence policy but it was done by influencing policy on a national level—task forces and seminars and talking to presidents, et cetera, whereas Gregorian's changing of policies down in the school system, with changing the relationship between students and teachers, is a different arena. Would that be a fair conclusion to draw from that?

Mai: Yes, I think it would be, although the reality is always more complex and nuanced.

Q: Yes, it just hit me as I was listening to you talk.

Mai: Yes. It'd be interesting when you talk to others if you get a similar theme but that would be my—

Q: Well, [laughs] obviously, that becomes a question for the next person I interview.

Mai: That would be my executive summary.

Q: Right. I read in the *New York Times*, you were also on one of the committees for the Democracy program, at one time—

Mai: Yes.

Q: —when it was first emerging. Do you have any comments about that program when you were there?

Mai: That was the one run by [Geraldine] Geri [P.] Mannion—

Q: —concerned with voter registration equality.

Mai: Yes, that's a big subject. This is an area today still of great interest to me. And look, I think the program was well-executed but, in the face of such a monumental problem, was probably not as high an impact as one would like because the resources that one needs to address the issues that were part of that Democracy program—it was so big that the resources, both financial and intellectual, that we could throw at it were insignificant relative to the problem. I think it was a good idea. It was a good thing to focus on but it had minimal impact. But quite honestly—this is not relevant to Carnegie—I think democracy in America is being threatened in a very serious way. And I'm talking today, but the seeds of what we were looking at then were all there and now we—

Q: They have become—right.

Mai: People, I think, don't appreciate the extent to which we have almost a dysfunctional democracy. I don't know what Carnegie's doing today in this field but I think it's such a serious issue that I would favor a lot bigger and more resources into this whole field.

Q: I noticed that you are a contributor to Mitt Romney.

Mai: No.

Q: The *New York Times* has you as a—

Mai: I can't believe that.

Q: Oh, I'll have to look that up again.

Mai: I hope you're wrong.

Q: [Laughs] I'll have to look that up.

Mai: I am a very strong supporter of [President Barack H.] Obama's.

Q: Well, I saw that and it just didn't fit with everything else.

Mai: No, I tell you, you're—

Q: I swear I made a note of it.

Mai: You may be mixing me up with Geoff Boisi. Geoff is a big supporter of Romney's.

Q: Oh, yes, I know. I've interviewed him.

Mai: But you won't find anything remotely—

Q: [Laughs]

Mai: —remotely, connecting me with Mitt Romney—

Q: [Laughs] I'll have to go back to my notes.

Mai: —except that I did know him when I was running AEA, when he was running Bain Capital, because we bought one or two companies jointly with Bain in the 90s. They were a good firm and Mitt was a good investor.

Q: [Laughs] Well, I'll have to check that note.

Mai: I was thinking in the context of this discussion we're having today and these comments of Romney's today and then Andrew Carnegie—but Andrew Carnegie was way ahead of his time because he actually was worried about income inequality long before it was fashionable.

Q: I just listened to an African American demographer the other night talking about the income inequality as it pertains to black and white, which is even worse than the income inequality—even was more than class.

Mai: Yes.

Q: Incredible.

Mai: But you know.

Q: I'm obviously coming to the end of my questions, but as you look back upon the experience at Carnegie, how would you sum that up?

Mai: You mean personally?

Q: Yes, personally, in terms of your whole life's work and—

Mai: I think, for me in my philanthropic work, it was a high point. It was a high point because it exposed me, firstly, to the thinking of a great man, Andrew Carnegie—warts and all that he had. I read his book and I've read a lot of his thinking and what an enlightened, decent, thoughtful man for his time. A lot of the things that he believes in, I draw inspiration from myself. There was that part of it. The other part of it was just the privilege—and I really mean that—of working with a remarkable group of people in my ten years there. So starting with David and then with Vartan, but then with the likes of Sam Nunn, of [Admiral William] Bill [A.] Owens, who has become a good friend, [Thomas] Tom [H.] Kean—all of these individuals and many more—these were remarkable Americans. To be part of a process where we were all around the table with only one thing in mind, which was to use our experience and judgment to help fulfill Andrew Carnegie's dream in the most effective way—and he had the good sense not to put very narrow restrictions on what Carnegie Corporation did or didn't do. He said, I can't predict what the world's going to be like in a hundred years and so I want a good group of people together and to give them the flexibility to address the challenges of the day. I felt that was done very well. So for me, it was a privilege to be part of it. I don't know if Carnegie got all that much from me but I felt I got a lot from Carnegie.

Q: Terrific. Thank you.

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