

HAROLD T. SHAPIRO

Back in the early 1960s, **Harold Shapiro** earned a Ph.D. in economics from Princeton University in three years. He spent 24 years as a member of the University of Michigan faculty, and was president of that institution from 1980 to 1988. He is now president of Princeton, a post he's held since 1988.

"Harold has superb intellectual credentials. I don't know how much more superb you can get," sums up **Barbara Hackman Franklin**.

Franklin speaks from first-hand experience. She sits with Shapiro on the **Dow Chemical** board. "Because of his intellectually elegant background, he has an unusual analytic ability."

Dow Chemical chairman **Frank Popoff** agrees. "Toward the end of a debate, people start looking to Harold for his opinion," he notes.

Harold Shapiro brings his keen intelligence – as well as kindness – into the boardroom. "Harold will always give you plenty of time," says Popoff. "He's very busy, like all directors, but he manages his time well."

**BORN**

June 8, 1935, in Montreal, Canada

EDUCATION

B.A., McGill University; M.A., Ph.D., Princeton University

CAREER HISTORY

Currently president, Princeton University; formerly president, The University of Michigan

FAMILY

Married to Vivian; four daughters; eleven grandchildren

HOBBIES

Hiking, opera, reading. "My 10th grade English teacher once said if we were to amount to anything, we must read a book a week outside of work or school. It's been a great dividend for me."

RECENT BOOKS

My Heart Laid Bare, by Joyce Carol Oates; *Dark Continent: Europe's Twentieth Century*, by Mark Mazower, "interprets the history of Europe as the birthplace of totalitarianism"

MOST ADMIRED PEOPLE

"Novelists or poets that capture something real about life; William B. Yeats, for example, and Toni Morrison."

CURRENT BOARDS

Dow Chemical

His director peers single Shapiro out for the single-minded dedication he demonstrates when he is working on a difficult project. He brought this single-minded dedication to bear over an extended period to the Dow board. "Harold was really instrumental in a tough decision we made," explains Popoff. The decision was to privatize an East German chemical business.

In 1995, the German government agency for privatization asked Dow to take on a chemical plant in Saxony, in the former East Germany. The plant had been owned by **I.G. Farben**, a German chemical monopoly prior to World War II, and the precursor of **Bayer, Hoechst, and BASF**.

"The site was covered with sins," explains Popoff. It had been run by the Nazis in WWII, who staffed it with slave laborers. The communists had taken over after the war, and the plant "had every environmental problem you could think of," reveals Popoff.

The German government knew that it had to privatize the site or watch more jobs leave Germany. The three large German chemical companies wanted no part of the project, however. As a result, the plant was one of the last things to be privatized in Germany.

Popoff notes that the work done at the site "was very close to Dow's chemistry." Dow knew it would be a multi-billion dollar undertaking, but thought the eventual rewards would be worth the effort. Complicating matters further, Popoff continues, "We took some barely adequate subsidies, so we knew it would be contentious."

Into this morass stepped Harold Shapiro. "Harold was the independent outside director who looked at the pros and cons of taking over the site," says Popoff. "He examined the economic, social, and political issues" surrounding the plant.



Shapiro chatting with students at Princeton.

“It was an extremely good transaction for the company, but it had its own twists,” notes Shapiro. “One cannot see the plant without thinking of how it was staffed by slave labor in WWII.”

“Harold took the time to dig deep and look at the issues,” says Popoff. “His decision made it happen.” The job was not done once the board agreed, however. There were multiple administrative and business issues to decide throughout the long process of getting it rebuilt and operational. Once again, “Harold was instrumental,” adds Popoff.

Today the former Farben plant “is running like a Swiss watch,” smiles Popoff. “It wouldn’t have happened without Harold’s direction.”

Currently, Shapiro is chairman of the compensation committee at Dow Chemical. “Every board should have an academic on the compensation committee,” declares Popoff. He reasons academics have an easier time saying no to excessive compensation packages. That theory seems to hold true with Shapiro.

Popoff explains that at Dow, management sets the company’s goals each

year. The compensation committee ratifies those goals, and then compensates the executives depending on the extent to which the goals were achieved. This past year, “performance versus goals was down,” says Popoff, and compensation was down as a result.

Shapiro had also been a member of the **Kellogg** and **Upjohn** boards during his tenure at the University of Michigan. When he became president of Princeton, he resigned those seats. But he left a similar legacy. “Harold played a key role in a major move the company made,” explains **William Lamothe**, the former CEO of Kellogg Corporation.

In 1969, a new tax law decreed that non-profit foundations had to reduce their holdings in public companies to no more than a third. The W.K. Kellogg Foundation, one of the

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—Frank Popoff, Chairman, Dow Chemical

world’s largest private charities, owned more than 50% of Kellogg Corp.

Lamothe formed a committee of the board to negotiate a fair price for the Foundation’s shares at arm’s length. Shapiro was tapped to chair the committee. “It was a complex transaction, with many legal and public considerations,” remembers Lamothe. “It had to withstand the light of day.”

They finally reached an agreement “in one of those miserable rooms at the O’Hare Airport Hilton,” reports Shapiro. “It was the largest financial transaction I ever took part in. It amazes me that I ever thought at that

age that I had the capacity to do it.”

But while Shapiro is credited with an analytical mind, he is also noted for his thoughtfulness. **Ralph Gomory**, president of the Alfred P. Sloan Foundation, reports he is a beneficiary of just this. Gomory is a former Princeton trustee. The University gave him a medal earlier this year, during Alumni Weekend. “You can imagine how busy Harold was that weekend. He had to make one speech after another,” reports Gomory.

Nevertheless, on that Sunday morning, Shapiro hosted a breakfast at his house for a small group of Gomory’s friends on the faculty and their families. “We all enjoyed it,” says Gomory, “and I was moved by his gesture.”

Shapiro’s has a keen interest in bioethics. He chairs the National Bioethics Advisory Commission, which focuses on the protection of

the rights of human research subjects, and the implications of cloning.

After Dolly the sheep was cloned in February of 1997, the Commission presented President **Bill Clinton** with a 100-page report titled *Cloning Human Beings* – on June 9 of that same year.

“I have a serious neurological deficiency,” Shapiro jokes. “If someone asks me to do something, I assume I am capable of doing it.”

When asked what he likes most about being a director, Shapiro replies, “It has given me additional insight into the world economy that I wouldn’t have come by just by reading.”