

7 December 2015

To: James Lee, Dean HSS
Cc: HRO; Kellee Tsai, DH SOSC
From: Carsten Holz, Prof., SOSC

Re: Salary raise

Dear James,

I am asking for a salary raise of 40%.

Below, I explain why I ask for a salary increase, and why 40%.

Sincerely,

Why salary increase, and why an increase by 40%

(i) After tax, pension contribution (adjusted for changes over time), and rent (on comparable property), my (real, deflated) **salary today is less than at the end of my period as Assistant Professor at HKUST**, in 2002. (And that was the lowest possible salary, in 2002, after a significant raise to bring it to the minimum level required by university rules to allow me to apply for substantiation.) When my home financing allowance ends, **in 18 months' time, my salary will be below the level when I started at HKUST as a fresh PhD in 1995**. (If you want the detailed calculations, let me know.)

(ii) My last HKUST retirement account statement (mid-2015) shows 3mio HKD (3,035,601). Assuming a 7% return per year until retirement, a return of 2% per year after retirement (return on long-run U.S. Treasury bond, better than what I have seen insurance companies offer when it comes to annuities), a rise in my salary of 2% per year (with continued annual pension contributions), and an inflation rate of 3%, **when I retire I will get enough money to buy *one-third* of the 700 sqft apartment that I am currently living in** (which I assume to appreciate at the same rate of 7% as retirement investments), with zero money to pay management bills, clothe myself, or eat. Alternatively, if I spread what I will get out of the HKUST retirement account at age 65 over 30 years (at a 2% return) and draw down an equal nominal value every year to reach 0 funds at age 95, I will have, in today's money, HKD 35,570 per month at age 65 (one-third of my current salary, or three-quarters of my current rent), and **I will have HKD 14,654 per month at age 95 (one-seventh of my current salary)**. I.e., in terms of retirement I need to save a very significant share of my salary, while that salary is either flat or becoming ever less (in real terms).

(iii) As I have pointed out in my email of 13 Oct. 2015 to SOSC faculty (including you), economics faculty get paid significantly more than faculty of other social science disciplines. I drew on the example of UCLA and documented a 66-68% difference between economics

and sociology in 2014. In my 2008 review I was denied full professorship on the grounds that I should publish in better-ranked economics journals (documented at <http://ihome.ust.hk/~socholz/HKUST-SOSC.html#UASC-VPAA>). I have subsequently published in top economics journals (and had done so at the time of the review, but staff in the Provost office blocked the information from reaching the UASC). Given the formal, written evidence that HKUST evaluates me as economist, I expect to be paid as economist. **I doubt that my salary is 66-86% higher than that of a comparably performing sociology professor in SOSC.**

(iv) For a concrete example, I take Cameron Campbell because we have information on him. Cameron and I are both full professors. I have 32% more citations than he does (and most of my work is solo-authored compared to Cameron's typically multi-authorship publications). Cameron Campbell's salary at UCLA in 2012, just before we hired him, was USD 153,526 (<https://ucannualwage.ucop.edu/wage/>), equivalent to a monthly HKD 99,792. I doubt that he took a big salary cut when joining HKUST. Assume he was willing to come at the same salary as he received at UCLA. Assume he received the standard civil servant pay increases from 2013 to 2015. Then Cameron Campbell's monthly salary today is HKD 112,730. Mine is HKD 105,255. **At a 66-86% salary premium for economists over sociologists, in this case Cameron Campbell, my salary should be on the order of HKD 187,132 to HKD 209,678.** I.e., the appropriate salary increase that you should apply to me is 78% to 99%.

(v) If HKUST evaluates economists in SOSC as economists but does not pay them as economists—fundamentally not acceptable—then the following holds. **James Kung** hasn't enabled his google scholar citation profile. Browsing through what comes up when googling James Kung in google scholar and adding up the citations, the number comes to somewhat less than my citation number of 1681. A complete google scholar citation list for James Kung would probably come out with a similar citation number as mine. I don't know what James Kung's salary is, but I doubt it is the same as or lower than mine. **Kellee Tsai's** google scholar citations are 1592. I don't know what Kellee's base salary is (excluding the division head bonus), but I doubt it is the same as or lower than mine.

(vi) I have somewhat reliable information that the **second-highest salary in SOSC in spring 2014 was around HKD 140,000, i.e. 50% more than mine.** I don't need to have the second-highest salary but I accept nothing far below. Therefore, I ask for a 40% salary increase. (In the absence of further information, I assume that the person with the second-highest salary in spring 2014 will since twice have received the average annual salary increase, which would mean this person's salary today is *more* than 50% higher than mine.) Given that the salary imbalance can be traced back several years, there is an argument for the salary increase to be retroactive starting from 2013, when I returned from no-pay leave.

[End]