The President’s Perspective

On an October Friday afternoon, Lawrence H. Summers met with Harvard Magazine in his office at Massachusetts Hall to discuss the status of the priorities he outlined in his installation address, on October 12, 2001: undergraduate education, public service, science, and campus growth. He also reviewed other issues, from the external environment and within the University, on which he has focused during the first 27 months of his service as Harvard’s twenty-seventh president. Excerpts from the conversation follow.

On the review of undergraduate education.
I think the curriculum review is off to a great start with Bill Kirby’s leadership. People really came together as they reflected on it in the year before Bill became dean of the Faculty of Arts and Sciences [FAS] and came to the view that it was time for an overall review of our undergraduate experience. Certainly, we do very many things very well, but any human innovation should be reviewed at least every quarter century and there’s a great deal that’s changed in the world since the Core curriculum was introduced. We are in a world that’s much more global, particularly in terms of interactions with developing countries. Science will be much more salient in the lives of our students along with technology in the classroom, travel experiences in the curriculum, about how students can work in teams.

We’re thinking about the extracurricular aspects of Harvard experience as well—for example, whether students who do public service can consider issues of evaluating the programs they’re involved in as part of their academic work.

So I feel that this review is going in a very good way. We’ve got a long way to go and it’s never easy to generate consensus on these things, but I think Bill Kirby and Dick Gross, who’s done a great job as the new dean of the College, and their colleagues who are chairing the various committees are really doing a good job. I have a chance to meet each month with the steering group for the review and to observe the fine progress they’re making and to raise questions. We’re going to do something that’s going to be very much valued by students and alumni alike.

[Of course,] Derek Bok famously observed that reforming the curriculum was like moving a cemetery, so I don’t know how long the process will go. I would certainly hope there’ll be some quite well-crystallized notions by the end of this academic year.

On issues and opportunities in the professional schools.
We’re thinking in fundamental ways about education in almost every part of the University. The new deans of the divinity and education schools are thinking about establishing core curricula for first-year students in those programs. The new dean of the law school, Elena Kagan, is reviewing the nature of the basic first-year sequence that students take, for the first time since Christopher Columbus Langdell instituted it in 1870. Dean Joseph Martin is considering how the medical school’s case method [approach] needs to be modified after 15 years of experience with the New Pathway curriculum. The business school instituted this year an ethics module in its course for the first time.

There are a few common elements across our professional schools. One is the importance of active learning and some variant on the case method, and the new curricula all involve, in one way or another, thinking about actual practical problems—students working together and talking together in preparation for their classes. The article on case-method teaching by business school professor David Garvin in the September-October magazine had some of the excitement [see “Making the Case,” page 56].

The second emerging preoccupation in our professional schools will be leadership. In some ways, it’s a cliché—but
propositions become clichés because they’re true—that Harvard’s mission is to train leaders. For each of our professional schools, there are institutions to which they’re oriented: corporations, law firms, government agencies, hospitals or health organizations, denominations or nonprofit organizations, schools or school districts—and sound management and good finance, the ability to establish a vision and the techniques for carrying that vision through [are fundamental to each]. So questions relating to collaboration and thinking about leadership are going to be increasingly important in the years ahead.

The third important trend is an interest on our students’ part in crossing more than one profession or one institution over the course of their careers. You see it in the establishment of a joint-degree program between the law school and the public-health school. You see it in the program that the business school and the education school have jointly run for school superintendents. You see it, very generally, in the big increase in interest at the law school in various kinds of public service that Dean Kagan has emphasized and in the nearly half of our medical students who spend time abroad within the four years of their medical school to work on what have traditionally been thought of as problems in public health. So the question of collaboration across our schools is going to be a common theme as they renew their curricular experiences.

At the same time, there are enduring challenges common to the professional schools. How does one maintain the right balance in a professional school between a faculty that is connected to the world of practice and a faculty that is at the highest standards of intellectual rigor, given that practitioners are often looking for easier expositions and are oriented not to the frontier but to the useful. That’s a matter on which our professional-school deans are exchanging ideas and information all the time. A lot that’s good comes in that cross-fertilization.

One other area that is also worth thinking about is the use of the University’s convening power. One of the wonderful things about Harvard is its ability to draw leading people from every walk of life to come here and participate in discussions.
Allston Planning: Working “Hypotheses”

In a 5,900-word letter to the Harvard community dated October 21, written at the Corporation’s request, President Lawrence H. Summers outlined the “especially fortunate” prospect for campus growth in Allston and propounded “a set of working hypotheses” that might guide academic development there. While noting that much of the 200 acres of land is “highly encumbered,” he forecast “limited building within the next seven years” and more development in the next decade. The task will be “uncommonly challenging.” Summers wrote, because making the best use of the property requires thinking “over a longer-than-usual time horizon, a more expansive physical terrain, and a wider span of academic and other domains,” while considering finance, community relations, and “relationships among different parts of Harvard as they exist and as they might exist.”

Summers advanced five “programmatic planning assumptions,” characterizing them as “neither immutable nor merely conjectural.” The elements, which closely resemble ideas leaked last summer (see “In Allston Planning, the Silly Season,” November-December 2003, page 64), are:

- Science and technology: Given likely growth in scientific and engineering research, and foreseeable constraints on space in Cambridge (soon) and the Longwood Medical Area (eventually), Allston should become “home to a robust critical mass of scientific activity.”
- Professional schools: The Graduate School of Education (GSE) and the School of Public Health (SPH) would relocate to new, expanded facilities in Allston, where they may collaborate with each other and with the Business School.
- Housing and urban life: New housing units will accommodate graduate and professional students, and perhaps some faculty members; amenities (shopping, parks, transportation) must be provided to sustain a lively urban neighborhood.
- Culture and community: Performing-arts space and museums will both enliven Allston and meet currently unfulfilled needs.
- Undergraduate life: A priority “more speculative than others” is the potential for locating undergraduate Houses close to the Charles River. This would entail relocating athletic fields and facilities, but could free the Radcliffe Quad for alternate reuse or accommodate more College students from outside the United States.

On the basis of these “considered hypotheses, not crystallized decisions,” Summers then established the framework for detailed academic and physical planning—the progression from “an open-ended discussion about multiple possible scenarios to a more focused discussion about...one possible conception that appears to hold particular promise,” and about how to realize that conception. The two principal measures are task forces, with significant faculty representation, to refine academic programs; and the hiring of a planning firm to turn those ideas into a physical development scheme.

University provost Steven E. Hyman will chair a task force on science and technology. Business School dean Kim B. Clark will do the same for the professional-schools working group. Dennis F. Thompson, Whitehead professor of political philosophy and chair of the University Physical Planning Committee, will direct the group examining culture, housing, and urban life. Faculty of Arts and
here and in running the National Institute of Mental Health, he has been able to bring enormous expertise, sophistication, and energy to our work in the life sciences. It’s the beginning of wisdom in thinking about the life sciences to recognize that there’s no one way [to proceed]. Just as an ecosystem flourishes when it is varied, with multiple different species interacting in changing ways, so, too, our task in the life sciences is to create an environment in which many different approaches can flourish—in which scholars at Harvard can do both very basic conceptual research on the nature of an organism and clinical research on specific diseases, in which individual investigators can ponder particular problems that fascinate them and large groups of collaborators can use expensive machinery to achieve stated scientific objectives, in which the best science within traditional disciplines like chemistry or biology can take place and the best interdisciplinary science that cuts across fields can [also] take place.

We’ve also recognized, of course, that as exciting as what’s happening in the life sciences is, there’s much else happening in science, from cosmology on the largest possible scale to nanotechnology—two areas in which Harvard has made substantial contributions in the last couple of years.

We’ve launched a number of initiatives in the last several years. They include our participation in the Broad Institute—the largest-scale collaboration ever between Harvard and MIT and perhaps between two large American universities—with the generosity of Eli Broad, that will seek to use the tools of technology to support researchers in genomics and related areas [see “Genomic Joint Venture,” September-October 2003, page 75]. We’ve launched an institute for mathematical biology and evolution led by Martin Nowak, who is the first joint appointment between the math and biology departments. The work there is fascinating, ranging from a whole new theory of why AIDS has such a long and variable gestation period to issues relating to the mathematics of language.

Just this last week, Josh Sanes accepted our appointment as the leader of our new initiative in systems neuroscience, along with Jeff Lichtman, who’ll also be joining us from Washington University [see page 60]. [They complement] Markus Meister [Tarr professor of molecular and cellular biology, in FAS] and Carla Shatz [Pusey professor of neurobiology], who does a great job as chair of the neurobiology department at the medical school. We will have a terrific critical mass of researchers in this area and, in something of a depa...
ture for Harvard, Dean Kirby has committed 10 new professorial slots to this initiative and to this aspect of interdisciplinary science, rather than to particular departments.

With the return of Chris Murray, who directed a large research staff at the World Health Organization while he was on leave from the public-health school, we will be launching an initiative in global health [see page 62]. In many ways, if you think about Harvard’s priorities for the years ahead—globalization, science, the preparation of leaders—they come together in the global-health area. It is an area where there is enormous undergraduate interest. I know of no other area where harnessing social commitment to analytical ability and hard work can have such large payoffs, whether with respect to preventing AIDS and its spread, or doing something about the three million children who die each year because of the lack of clean water, or addressing issues relating to malaria.

[Within the life sciences,] it’s very important for us to devise initiatives and programs that carve out a particular area [such as] the systems biology department that the medical school is starting under Marc Kirschner [see “Biomedical Momentum,” November-December 2003, page 54]. It’s very important that we organize our work, and create the kind of environment we want, to have initiatives like that.

At the same time, the history of science is overwhelmingly clear on the importance of serendipity and the reality that the most important discoveries come in the least anticipated places. That’s why what’s most exciting to me is the people like Sanes and Lichtman, like Martin Nowak, like the wonderful chemists Dan Kahne [professor of chemistry and chemical biology] and Suzanne Walker [professor of microbiology and molecular genetics], [and] like Eric Lander [of the Broad Institute] whom we have been able to attract to Harvard. As long as we make ourselves a magnet for the most exciting people, good things are going to happen. At the Bauer Center for Genomics Research, working with Andrew Murray, there are 10 very young scientists of all different backgrounds: mathematicians and physicists as well as the traditional biologists [see “Phenome Fellow,” January-February 2003, page 30]. I don’t know who’s going to do what, but I have no doubt that in some way that no one could predict, some very important science will emerge. [For news of a recent $15-million grant in support of the center’s work, see “A Bio-science Portfolio,” November-December 2003, page 54.]

My job is to make sure that the only thing that constrains our faculty is their ability to think of great ideas—that the environment here, the colleagues they can recruit, the technologies they can use don’t act as constraints. With these initiatives, with great leadership from Dean Martin and Dean Kirby, we’re making very good progress.

On the new campus in Allston. [See page 52 for coverage of the president’s October 21 letter to the community on Allston planning.]

On other priorities that are attached to the president’s office and Massachusetts Hall. The college, professional schools and public service, science—including but not limited to the life sciences—and, of course, thinking about Allston, are the front-burner academic issues. There are other continuing, central priorities for me that I also try to think about every day. The first is the recruitment of faculty. The most important responsibility I have is doing everything I can to assure that the best people come here to the University.

We have extended the process of reviewing all appointments to all the professional schools, between the provost and myself, and we are seeking to focus in a very intense way on the question of what people will do while they are at Harvard—to make sure that our focus is on looking at performance going forward with respect to appointments, rather than going backwards. This will mean being prepared to take somewhat more risks than we traditionally have in some areas, by appointing people earlier in their careers, before they have done their best work. I’m convinced it will enable us to focus more on teaching, more on promoting the diversity of our faculty, and more on generating intellectual excitement with work. I’m sure there will be some appointments that don’t work out well, but by being prepared to take some chances on some people at an earlier stage, we’ll recruit some people whom Harvard otherwise never would have gotten who will turn out to be the University Professors and superstars of the next generation.

By taking that approach, we are already seeing the benefits in the University’s ability to recruit the very best people as assistant professors, because now they can all see that they have a real prospect, if they truly excel, of attaining tenure.

And we’re probably working harder than ever to make sure that we land the faculty we most want, and I think it’s paying off. In the Faculty of Arts and Sciences, we successfully recruited more than three-quarters of those to whom we
made offers last year—the highest percentage of any year in the last 15.

On managing the enterprise,

The second continuing priority is with respect to the management of the University. Harvard is a more than $2 billion-a-year corporation with 12,000 employees and 25,000 students. With all the generosity of its alumni that has enabled us to reach this point, we have an obligation to be as efficient as possible in the way we use our resources. That means striving for excellence just as much in purchasing as in physics, just as much in human resources as in history, and just as much in our financial operations as in our business school.

Every time we are able to save $1 million, that is the equivalent of an extra $20 million in the endowment. By managing our purchasing better, we have already saved millions of dollars a year, and much more is on the way. We have been successful in looking at funds that had been inertly applied for low-priority uses and reprogramming them to high priorities, resulting in the equivalent of significant increases in endowment. A great example is the job that Dean Drew Faust has done at Radcliffe in reorienting what had been a vestigial college toward a set of staffing arrangements for a modern institute of advanced study. We have been able to rationalize a number of staff functions and so increase the efficiency of the University’s resources, and we’re going to see more examples as the central administration has committed itself to zero growth over the next year [see “Barer-Bones Budgets,” November-December 2003, page 58].

This is something of a culture change, but I am convinced that with all that we can do at Harvard, we have an obligation to be as efficient as we can in the management of all of our resources. This will often mean much more cooperation between the schools than has been the case in the past. It can carry very substantial benefits.

On changes in external economic and financial circumstances since his appointment,

Harvard Management Company’s done a great job over the last three years. They’ve earned about 12 percent on the endowment over the three-year period in very difficult market conditions. Nonetheless, between inflation and endowment payouts, the purchasing power of our endowment is down by 11 percent from where it was three years ago [see “Rebounding Returns,” November-December 2003, page 59]. That means that we all have to think very hard about efficiency in the use of resources.

What I have urged is that as we think about controlling costs, we don’t do it by short-run belt tightening, or by deferring maintenance, but that we think fundamentally about what needs to be done, and what may be peripheral, and focus our mission.

Ann Berman, financial vice president, is bringing a very sharp pencil to bear in a new way on budgets of the schools, and that’s leading to some important and necessary economies. In many ways, if we were able to manage it right, times that are not so easy can be a moment of opportunity for Harvard to recruit the best faculty and attract the best students. But we’re going to have to be very tough-minded over the next several years, particularly with the challenges of Allston looming ahead of us.

On Harvard’s wider community,

A third major theme for me is strengthening the University’s ties with its external constituencies. Here, the first priority has to be the cities of Cambridge and Boston, with whom we are intertwined. They depend on us as a major asset. We depend on them as the place where we live and so many members of our community live. Developing a more cooperative relationship has been an important priority. We’re seeing benefits with the very good progress we’ve made in the Agassiz and Riverside neighborhoods of Cambridge toward an overall vision for Harvard’s building activity [respectively, alongside the law school and beyond existing FAS laboratories, and along the Charles River near Dunster and Mather Houses and Peabody Terrace—see page 62], and with the very good rapport we have established with [Boston] Mayor Menino and his people as we think about our Allston acquisition.

Another important external constituency is the private sector. As Derek Bok wisely pointed out in his recent book, we have to be very careful to avoid commercialization [Universities in the Marketplace; see “The Purely Pragmatic University,” May-June 2003, page 28]. There have been some activities we have stopped because they have seemed to involve the University too much in helping a private-sector entity promote itself rather than advance an academic objective. But at the same time, I am convinced that in ensuring application of all the ideas that are developed here, in making full use of the University’s intellectual property, there’s much that we can do in collaboration with private-sector and public-sector leaders. I was delighted to convene a conference at the business school last month with 100 area leaders to think about how we could maximize economic potential in Boston in the life science...
ences as biotechnology grows in the years ahead [see “Biomedical Momentum,” November-December 2003, page 54].

On paying for the academic plans and campus expansion.

We raised $522 million last year thanks to the generosity of Harvard’s many friends. That was an 18 percent increase on the previous year and the second highest year in Harvard’s history.

In terms of a University campaign, that’s something that people are starting to think about, but before we launch any kind of campaign, it would be very important for us to have a clear idea of what’s going to happen in Allston, a clearly defined set of priorities around the developments in Harvard College, a real sense of how our professional schools are going to make a great contribution in serving society, and a powerful vision for how Harvard can really present itself as one university, not a set of tubs with pipes connecting. I think we’re making good progress toward each of these objectives [see page 68].

On Harvard’s culture, as seen from Massachusetts Hall, following his earlier experiences as graduate student, faculty member, and then public servant in organizations such as the World Bank and United States Department of the Treasury.

It’s a great place. I’m having the time of my life and look forward to coming to the office every morning because of the ability and commitment of the people I have a chance to interact with. I had forgotten, in the years that I was away from the University, just how many truly brilliant people are here. And it is the glory of the University that it is not any kind of hierarchy: that people seek truth wherever they can find it; that it is one of the very few human institutions where a 25-year-old who has just arrived can reject the pet idea of a revered senior figure and be congratulated for it.

At the same time, that very flexibility that makes the University so great can sometimes make a job like mine a challenge. One friend of mine who leads a company said to me, “Let me understand. Most of the important people at your institution have jobs for life. You have very little scope to change their compensation and they, not management, choose their successors.” I said, “That’s right—but anything you would gain in efficiency from being more hierarchical would be more than lost in creativity.”

But I do think we do need to work on developing more collaborative approaches across the schools, and that in our non-academic functions, we need to set the same kind of standards of excellence that the best business organizations set for themselves.

On Harvard he envisions a decade hence.

I’m feeling good about the directions in which the University’s moving. If we’re able to keep going—and it depends on good luck, and on a lot of people—the Harvard of 2013 will have a dynamic, new curricular experience for its students, terrific new spaces for student activities, a thriving set of science programs that will have attracted an even larger fraction of the best young scientists in the world than we have today, professional schools that are at the forefront of national and international activities in their profession, and ground broken and foundations laid and an Allston campus starting to rise.

Buildings and Benefits

The story of Harvard’s 2003 budget came down to benefits and buildings. During the 12 months ended last June 30, the University’s revenue totaled $2.47 billion—a 5.3 percent increase, just slightly slower growth than in the prior fiscal year. Expenses climbed $171 million, to $2.43 billion—higher by 7.6 percent, but an improvement from the nearly 11 percent spending growth in the prior fiscal year. “It was nice to see that expense growth slowed,” said Ann E. Berman, vice president for finance, discussing the annual Financial Report to the Board of Overseers of Harvard College, published December 8 (and available on line at http://vpf-web.harvard.edu/annualfinancial/).

Berman characterized the two principal drivers of expense growth very differently. She called the 22 percent increase in space and occupancy costs, to $242.2 million, or about one-tenth of Harvard’s budget, “expected and understood.” The University has been in an historic building boom (see graph), investing the fruits of the 1990s capital campaign and high returns on the endowment in new academic buildings, renovations (like the Widener Library overhaul), badly needed graduate-student housing (like One Western Avenue), and acquisitions (more land in Allston, the Blackstone steam plant in Cambridge). As facilities open and are financed, operating and interest costs rise; during the year, debt outstanding increased about $400 million, to $2.25 billion, with further borrowing in prospect as the Medical School’s new research building, the Center for Government and International Studies in the Faculty of Arts and Sciences (FAS), and other major projects come on line.

On the other hand, the explosion in employee-benefit costs is “a concern,” Berman said. Compensation costs, $1.26 billion, account for more than half of Harvard’s expenses. While salaries and wages increased 6 percent, pension and healthcare costs surged an extraordinary 36 percent, to $274.2 million, reflecting the convergence of adverse factors. One was adoption of a new, more generous
pension plan for salaried and unionized employees during the past two years, to achieve comparability with the faculty pension plan. Another was the adverse effects of low interest rates on the prior plan, which had previously generated net income for the University. Pension costs doubled as a result. More conservative assumptions about future rates of return on plan assets almost guarantee higher pension costs in the current fiscal year, Berman said, and for the future as well if interest rates remain low. Health-benefit costs continued to surge, having risen nearly 90 percent during the past five years, and updated assumptions about future costs drove the expense for post-retirement benefits up some 60 percent.

Given these adverse factors, the rein-in of expenses elsewhere in the University’s books can be taken as something of a victory. Similarly, the growth in revenues appears relatively favorable. During fiscal year 2002, distributions from the endowment to support operations were increased by $134 million (21 percent), to $749 million (plus $85.2 million for Allston costs). But then austerity set in: in fiscal year 2003, endowment funds distributed rose just 2 percent, to $770.7 million (plus the Allston assessment, another $80 million). Taking up some of the slack were faster growth in tuition income than in the prior year, and a 15 percent rise in gifts for current use, to $151.9 million: “Not the disaster that one might have expected, given the economy,” Berman said. The rate of growth in sponsored-research support also doubled, to 6 percent, bringing in $548.9 million in such funds.

The net result was that Harvard’s budget surplus narrowed to $40 million: a surplus of nearly $70 million in operations supported by restricted funds, partly offset by a deficit of nearly $30 million in operations dependent on unrestricted funds—the latter a “disheartening” outcome, Berman said. That makes her priorities for the future simple: “We’re focusing on expense growth,” pursuing savings wherever attainable to achieve level administrative spending, if possible, in the near future (see “Barer-Bones Budgets,” November-December 2003, page 98).

Within the schools, the process may be subtler, but the pressures are the same. The University’s fringe-benefit rates applied to wage and salary costs will rise by about 8 percentage points (some $89 million) for fiscal year 2005, beginning July 1. The Corporation decided on December 8 that the endowment payout will increase by 4 percent for fiscal 2005—twice the 2004 boost, to help with the benefits burden—but projects only 3 percent increases for fiscal 2006 and beyond. So in FAS’s next budget, for example, benefit costs alone will rise by twice as much as its investment income (the source of half its revenue). With very large buildings in construction (see page 71) and more than half a million square feet of FAS laboratory space proceeding through design and permitting—and a commitment to hire more professors to populate them—larger fixed costs, and uncomfortably tight finances, loom in the relatively near future.

### Film Archive Goes Silver

Recently, a caller from the Austrian Film Museum in Vienna had two questions for Bruce Jenkins, Curator of the Harvard Film Archive: Do you have a copy of *Sherlock Jr.*, the 1924 silent-film classic starring Buster Keaton? And if so, is it full-picture width—not cropped, as many silent pictures were, in a later release, to make room for a sound track? Happily, the answer to both questions was yes, and the archive sent the film to Austria. “Sometimes we have the best existing print of a film—or even the only print,” Jenkins explains. There is, for example, “a deliciously rare film noir—*Detour*, made in 1945 by Edgar G. Ulmer, the king of the B-films,” he says. “We lend it out sparingly.”

That is but one of nearly 4000 films in the Harvard Film Archive. This fall the archive, founded in 1979, began a year-long celebration of its twenty-fifth anniversary with a benefit screening of *Mystic River*, the new, highly regarded picture from director Clint Eastwood. (Before the film rolled in Sanders Theatre, Eastwood, on videotape, saluted the Film Archive’s milestone.) A few weeks later, director Errol Morris showed his new documentary, *The Fog of War*, based on interviews with former U.S. Secretary of Defense Robert McNamara, M.B.A. ’39, LL.D. ’62. In November, the first film ever screened at the archive, Ernst Lubitsch’s *Lady Windermere’s Fan* (1925), was projected with live piano accompaniment. A spring event will feature actor Tommy Lee Jones ’69, a...