billion of endowment value.

But the fiscal 2017 figure is based on a year of mediocre investment results; Harvard Management Company’s 8.1 percent return, net of expenses, yielded investment gains of $2.7 billion to $3.0 billion (depending on how the assets are counted). Had the University matched peer institutions’ returns (MIT, 14.3 percent; Stanford, 13.1 percent; Princeton, 12.5 percent; Yale, 11.3 percent), the new levy would have been $60 million to $70 million. This is real money—and the sums should grow if endowments grow, as they are intended to. (And of course there is a downside: Yale’s David Swensen, the leading light among university endowment managers, has recently talked about lowering expectations for future returns to 5 percent or so; Harvard is typical in projecting long-term returns of 8 percent. If downbeat predictions come to pass, endowment-dependent universities will be severely squeezed, and a new excise tax would exacerbate the resulting trauma.)

The Faculty of Arts and Sciences—which does out the undergraduate aid that members of Congress talk about, to the tune of $180 million in fiscal 2017 (much of that from endowed sources) relied on endowment distributions for 52 percent of its revenue that year. Harvard Medical School, the source of so much high-impact research, derived only 28 percent of its fiscal 2017 revenue from the endowment—but its mission has been constrained by continuing, and rising, operating deficits (reaching $44 million, or 7 percent of revenue, that year). No doubt, it would love to shore up its finances and secure its academic work with substantially more endowment income. Note to billionaires: this is a naming opportunity—but fundraisers must now add to their pitch, “Please disregard pending tax measures.”

Rephrasing the proposed tax, President Drew Faust said:

Harvard’s endowment is what fuels our excellence, affordability for students of modest means, our commitment to discovery, and our impact in the world. This measure would disadvantage universities in the charitable sector, and—in targeting universities—widen the nation’s strongest contributors to medical cures, economic innovation, job creation, scholarship, and access to higher education for students of all economic backgrounds who will shape our future.

Philosophically, the proposed excise tax on private institutions’ endowments appears at odds with conservative principles. Republicans have, traditionally, sought to restrain public spending and many states with Republican governors and legislatures have cut back public universities’ budgets considerably during the past decade), and to encourage the private sector. In this instance, obviously, the search for revenue leads to proposed taxation of private, or at least nonprofit, institutions. Writing in The Washington Post, columnist George F. Will lamented: Time was, conservatism’s central argument for limiting government was to defend these institutions from being starved of resources and functions by government. Abandonment of this argument is apparent in the vandalism that Republicans are mounting against universities’ endowments. This raid against little Platoons of independent excellence would be unsurprising were it proposed by progressives... Coming from Republicans, it is acutely discouraging.

A Realpolitik assessment came from New York Times columnist David Brooks, who observed, “This is the beginning of the full-bore Republican assault on the private universities, which are seen as the power centers of blue America—rich, money-hoarding institutions that widen inequality and house radical left-wing ideologies.”

If Brooks is correct, the tax proposal, whether enacted now or postponed for a future day, has two likely consequences:

• fuller employment, at least for universities’ public-affairs staffers in Washington, D.C.; and
• a strong incentive for higher-education institutions to rely more heavily on undergraduate tuition and fees, their best remaining source of unrestricted funds—presumably the exact opposite of the effect sought by politicians who see endowments as a way to lower college costs.

~J.S.R

“Cheaper, Faster, Better”

Even as biomedical science is poised to deliver therapies and cures for countless diseases, “There has never been a greater disconnect between the remarkable opportunities to achieve those goals and the paucity of resources,” declared George Daley, dean of Harvard Medical School (HMS), in a November interview. Approaching his first decanal anniversary, he discussed his priorities for the school, focusing on the economic challenges facing medicine, from developing affordable treatments for patients to ensuring broad access to medical education—despite annual costs nearing $50,000 per student. In meeting these challenges, he envisions a “transformation of the academic medical center into a vehicle that is more effective at delivering treatments.” Realizing that vision entails reorganizing the teaching and research enterprise, revitalizing HMS’s campus, and expanding the ranks of scholar-supported physician-scientists in its M.D.-Ph.D. program.

“Harvard Medical School has always been at the cutting edge of fundamental discovery research,” said Daley, who has himself made major contributions to the understanding of blood cancers and the use of stem-cell therapies (see harvardmag.com/specialized-stemcells-08). At the same time, “The pharmaceutical industry has been remarkably effective at delivering drugs: small molecules, antibodies, genes, and now, at the vanguard, engineered cells. But the latest immunotherapy for cancer, the CAR T cell [personalized Chimeric Antigen Receptor therapy that stimulates a pa-

George Q. Daley, dean of Harvard Medical School

Photograph by Stu Rosner
patient’s own immune system], is going to be priced at nearly half a million dollars a pa-
tient.” If other innovations come with similar price tags, he pointed out, this will quickly “bankrupt the system.” The drug-develop-
ment and -approval pipeline—with time-
lines of 10 to 15 years and costs as high as
$1.5 billion per drug—needs to operate much
more rapidly, with significantly lower asso-
ciated expenses, he said. “So we need to not
only be innovative, but we need to be much
more efficient: cheaper, faster, and better.”

HMS’s role, he continued, is to move fund-
amental discoveries forward to the point
where the biopharmaceutical industry rec-
ognizes their value, and invests in them.
“Where we have a common mission”—to
develop therapies that will relieve suffering in patients—“that purpose drives us to work
together,” he said. In a recent survey, three-
quarters of the school’s faculty members said
they are involved in research that could lead
to new therapies. The primary roadblock
they identified was lack of funding.

That is where Daley comes in. “When I
started my lab,” in the early 1990s, he re-
called, “a senior mentor whispered in my ear, ‘If you control your funding, you con-
trol your future.’ And as a nascent dean, I’m
feeling the same way. If I can provide this
community with a wealth of resources that
it deserves”—he currently spends a third
of his time fundraising—“I will be able to
make the community that much more effec-
tive.” That is true whether faculty members
work with industry, or independently tackle
a rare disease that could never attract com-
mercial interest. HMS “will stay focused on
the mission of advancing human knowledge,
relieving suffering by developing new treat-
ments,” Daley asserted. “If we are true to
that mission, success will come on all an-
gles”—including, ideally, “a stream of licens-
ing and royalty revenues that should sustain
the research enterprise into the future.”

Within HMS, being effective and efficient
means rethinking how fields are organized.
“Academic departments arose because of
their responsibility for educating medical
students,” Daley explained. Today, “Not all
of them faithfully capture the dominant and
emerging intellectual trends,” so a faculty-
led reevaluation of departmental structures
and goals is under way. The rapidly expand-
ing fields of microbiology and immunobi-
ology, for example, will become separate de-
partments; other fields will be consolidated.
And even though departments remain effec-
tive for pedagogical purposes, research may
be better organized around shared resources,
adding the dean, such as expensive tech-
nologies like a new center for cryo-electron
microscopy, which allows scientists to view
individual molecules at near atomic resolu-
tion, and conversions of existing space to
computational, “dry labs” for data scientists.

The tools of discovery are available, Daley
continued, but “what we could do better is to
organize those tools collectively around ther-
apoetics-development programs.” He has con-
vened a faculty task force, chaired by Sabbagh
professor of systems biology Timothy Mitchi-

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John Harvard’s Journal

News Briefs

Final Steps on Final Clubs?

At the November 7 Faculty of Arts and Sciences (FAS) meeting, the faculty voted on a measure pertaining to final clubs, fraternities, and sororities (unrecognized single-gender social organizations, or USGSOs), that do not conform to the College’s requirements for recognized student groups and clubs: nondiscriminatory selection processes, open membership, and local governance.

In response to the sanctions for USGSO student members unveiled in May 2016 by dean of Harvard College Rakesh Khurana, when the inevitable frustrations with reforms would lead to calls for authoritarian efficiency.”

Turning to the book for which Huntington is perhaps most widely known, the memorialists put The Clash of Civilizations and the Remaking of World Order into what they regard as its proper context. The title, they noted, was “chosen by the publisher of the article that gave rise to the book and [was] not one that he particularly liked.” Though today the work is often put to partisan purposes—viewed as a call for, or prediction of, tribal strife—the writers maintained that “The core of the argument is that you cannot understand what people want until you understand who they think they are. Religious beliefs shape identity but do not determine interests, much less behavior. Civilizations do not inevitably clash...If the events of 9/11 and after led others to see a world locked in wars among civilizations, this was not Huntington’s conclusion. In that book and in his final years he was a strong advocate of international multiculturalism, a policy of live and let live and non-intervention in the ways of life of other cultures.”

Photograph by Jon Chase/Harvard Public Affairs and Communications

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Samuel Huntington, Prophet

Even by the relaxed standards of the Faculty of Arts and Sciences (FAS), the interval between the death of Weatherhead University Professor Samuel Huntington (in late 2008) and the presentation of the memorial minute on his life and services (at the November 7 faculty meeting) was extraordinarily long. But it proved fruitful for the content of the memorial, prepared by Malkin research professor of public policy Robert Putnam, Geyser University Professor emeritus Henry Rosovsky, and Kaneb professor of national security and military affairs Stephen Rosen, who presented it.

“American Politics: The Promise of Disharmony was perhaps his most original work,” the trio noted. “The observation that the United States was defined not by blood but by a set of political principles is commonplace. Huntington pointed out that every 50 years or so, American society was aroused by a renewed commitment to the principles of liberty and equality and, in the grip of what he called ‘creedal passion,’ Americans would attack the government by demanding that it actually live up to those principles. Huntington noted these periods of passion: the Revolution, the Jacksonian era, the anti-slavery movement of the 1850s, and the first wave of feminism and the call for direct democracy...at the turn of the twentieth century. Starting in the 1950s and continuing into the 1960s, there were the civil rights movement and the second wave of women’s liberation. On the basis of this cyclical understanding of American politics, in 1991 Huntington presciently predicted another wave of creedal passion in the second and third decades of the twenty-first century, when the inevitable frustrations with reforms would lead to calls for authoritarian efficiency.”

Samuel Huntington

President Faust announced that she and the Corporation have adopted the May 2016 social-club sanctions. For a preliminary report, see harvardmag.com/implementation-17; a full report will appear in the next issue of Harvard Magazine.

Breaking News

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