

# Cambridge 02138

*Children at play, derivatives dangers, Bronson Alcott*

## AFFORDABLE COLLEGE COSTS

In "Reopening the Doors to College" (March-April, page 24), Theda Skocpol and Suzanne Mettler propose that the federal government help pay college costs.

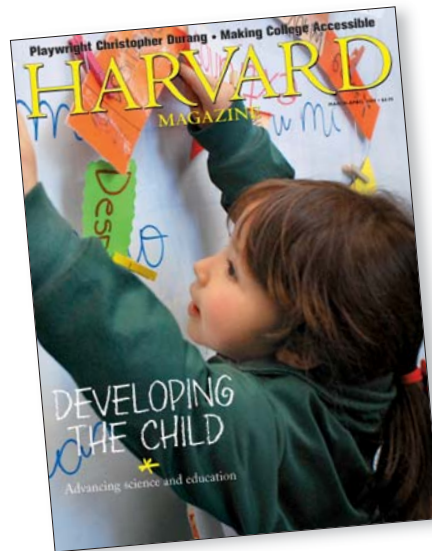
Yes, college keeps costing more. At the University of Texas, instruction costs since 1990 have risen annually 2.6 percent after adjusting for inflation. Real costs double in 27 years, quadruple in 54.

And yes, we may now have reached the limits of what parents, students, and state legislatures will contribute. The National Center for Public Policy and Higher Education assigns Texas a failing grade for "affordability"—one year at a four-year public college costs 26 percent of median family income. Nationally, student loans outstanding have increased from \$41 billion in 1997-98 to \$85 billion in 2007-08. Our legislature has reduced its share.

Solve the problem, say Skocpol and Mettler, by having the federal government help pay the bill. Okay in the short run, but no matter who pays for higher education, at some point ever-escalating costs are unsustainable, the bubble bursts, and colleges will have to change their form. Other labor-intensive industries share the problem—think tailor-made suits, tickets to Broadway.

Possible changes: shifting learning to secondary education, to mid-career, using computer-based learning technologies. Why should a graduate from high school not know the country's history, a foreign language, and how to write? No "four bright years of college" in Europe. Of course, hours spent in a U.S. high-school "marching band" might have to be reduced.

Much college curriculum, e.g. the introductory "101 courses," might be learned



from imaginative computer-based programs.

Harvard is largely insulated from cost pressure. Our endowment reflects the economy as a whole, where capital added to labor increases productivity. Shouldn't Harvard help invent the needed new forms of higher learning?

FRANCIS DUMMER FISHER '47, J.D. '51  
Senior Research Fellow

Lyndon B. Johnson School of Public Affairs  
University of Texas at Austin

SKOCPOL AND METTLER are correct that access to colleges for students from poor and middle-class families increasingly is becoming little more than a dream. Regrettably, the solution they propose, increased funding from the government and making student-loan repayments redistributive, will make the problem worse.

The reason public and private universities have become increasingly unaffordable is because they have been increasing their costs and their tuitions at rates far in excess of inflation. As the authors

## HARVARD MAGAZINE

EDITOR: John S. Rosenberg  
SENIOR EDITOR: Jean Martin  
MANAGING EDITOR: Jonathan S. Shaw  
DEPUTY EDITOR: Craig Lambert  
ASSOCIATE EDITOR: Elizabeth Gudrais  
PRODUCTION AND NEW MEDIA  
MANAGER: Mark Felton  
ASSISTANT EDITOR: Nell Porter Brown  
ASSOCIATE WEB DEVELOPER: Blaise Freeman

ART DIRECTOR: Jennifer Carling  
ACTING ART DIRECTOR: Vera Leung

BERTA GREENWALD LEDECKY  
UNDERGRADUATE FELLOWS  
Christian Flow, Brittney Moraski  
EDITORIAL INTERN:  
Krysten A. Keches

CONTRIBUTING EDITORS  
John T. Bethell, John de Cuevas, Adam Goodheart, Jim Harrison, Christopher S. Johnson, Adam Kirsch, Colleen Lannon, Christopher Reed, Deborah Smullyan, Mark Steele

EDITORIAL AND BUSINESS OFFICE  
7 Ware Street,  
Cambridge, Mass. 02138-4037  
Tel. 617-495-5746; fax: 617-495-0324  
Website: [www.harvardmagazine.com](http://www.harvardmagazine.com)  
Reader services:  
617-495-5746 or 800-648-4499

HARVARD MAGAZINE INC.  
PRESIDENT: Henry Rosovsky, JF '57,  
Ph.D. '59, LL.D. '98. DIRECTORS: Leslie E.  
Greis '80, Alex S. Jones, NF '82,  
Bill Kovach, NF '89, Randolph C.  
Lindel '66, Tamara Elliott Rogers '74,  
Kay Kaufman Shelemay, A. Clayton  
Spencer, A.M. '82, Richard Tuck

*Harvard Magazine* (ISSN 0095-2427) is published bimonthly by Harvard Magazine Inc., a nonprofit corporation, 7 Ware Street, Cambridge, Mass. 02138-4037, phone 617-495-5746; fax 617-495-0324. The magazine is supported by reader contributions and subscriptions, advertising revenue, and a subvention from Harvard University. Its editorial content is the responsibility of the editors. Periodicals postage paid at Boston, Mass., and additional mailing offices. Postmaster: Send address changes to Circulation Department, Harvard Magazine, 7 Ware Street, Cambridge, Mass. 02138-4037. Subscription rate \$30 a year in U.S. and possessions, \$55 Canada and Mexico, \$75 other foreign. (Allow up to 10 weeks for first delivery.) SUBSCRIPTION ORDERS AND CUSTOMER SERVICE INQUIRIES should be sent to the Circulation Department, Harvard Magazine, 7 Ware Street, Cambridge, Mass. 02138-4037, or call 617-495-5746 or 800-648-4499, or e-mail [addresschanges@harvard.edu](mailto:addresschanges@harvard.edu). Single copies \$4.95, plus \$2.50 for postage and handling. MANUSCRIPT SUBMISSIONS are welcome, but we cannot assume responsibility for safekeeping. Include stamped, self-addressed envelope for manuscript return. Persons wishing to reprint any portion of Harvard Magazine's contents are required to write in advance for permission. Address inquiries to Catherine A. Chute, publisher, at the address given above. BPA  
COPYRIGHT © 2009 Harvard Magazine Inc.

point out, the average tuition at private and public four-year colleges rose 136 percent and 114 percent, respectively, in real terms between 1980 and 1999. This would not have been possible without increasing amounts of government funding.

Although the GI Bill (1944) and Pell Grants (1980) have enabled millions of people to attend college, they also have increased the amount of money people could afford to pay. This in turn enabled colleges to increase their tuitions faster than the rate of inflation, with the result that a college education has become a major financial burden even for students from upper-middle-income families. If the authors' recommendations of increasing government funding and making student-loan repayments more progressive are implemented, it will ignite another round of tuition hikes, until only students from the wealthiest families can afford college without financial aid or loans.

The only way to make college education affordable again is to stop "feeding the beast." Were government education funding frozen at current levels, institutions of higher education no longer would be able to increase tuitions faster than the rate of inflation without experiencing a noticeable decline in enrollment. Universities finally would be motivated to control their costs and focus on ways to provide a college education in a manner that is more efficient, cost-effective, and affordable to a larger segment of the population.

MICHAEL ERICKSON '74  
Corte Madera, Calif.

AMERICA HAS LOST its position of first place in the world for higher-education attainment among 25- to 34-year-olds, and is now in tenth place. Many would agree with Skocpol and Mettler that this is a worrisome development in our ever-more-competitive world economy.

Part of the reason for our slippage may

be related to changes within an institution largely overlooked by the authors: marriage. Just ask a random sample of adult children of divorced parents whether they think their parents' divorces helped or hindered their college careers, and I think you will find at least part of the reason for our decline. Could the well-known spike in American divorce rates in the 1970s and 1980s be related to the declines in higher-education attainment rates we are seeing today? Skocpol and Mettler refer only briefly to "the impact of changing family structures and practices," but I would suggest this topic warrants further study.

DONALD M. HARTING '78  
Chester Springs, Pa.

### THE POWER OF PLAYTIME

ELIZABETH GUDRAIS's generally fine article ("The Developing Child," March-April, page 34) is nevertheless deeply flawed by its omission of the crucial role of play in young children's development of literacy. The only reference to play is Catherine Snow's seeming dismissal of it in her description of Chile's kindergartens: "The approach is: Let the kids play, get them used to being in groups, and we'll worry about teaching them starting in first grade."

Too many readers will assume from this remark that play is simply about getting along with others and is irrelevant to learning. In fact, hundreds of studies have shown exactly the opposite to be true. Engagement in rich dramatic and make-believe play is directly related to the development of literacy as well as social skills, empathy, imagination, self-control, and higher levels of thinking.

Snow is right when she says that oral language skills are a very good predictor of success in literacy. But your article fails to point out that child-initiated play is where children are most likely to exercise their oral language skills.

Gudrais implies that Chile's practice of starting formal reading instruction in first grade is somehow backward and uninformed. Yet this very practice is followed in many other advanced countries, including Finland, which regularly comes in first in international measures of student achievement.

Of course it's important to read to kindergartners and spark their interest in language through storytelling and many

# HARVARD

MAGAZINE

PUBLISHER: Catherine A. Chute

FINANCE AND ADMINISTRATIVE DIRECTOR  
Irina Kuksin

DIRECTOR OF CIRCULATION AND FUNDRAISING  
Felecia Carter

INTEGRATED MARKETING DIRECTOR  
Cara Ferragamo Murray

DIRECTOR OF ADVERTISING  
Robert D. Fitta

ADVERTISING ACCOUNT MANAGER  
Abigail Williamson

INTEGRATED MARKETING DESIGN MANAGER  
Jennifer Beaumont

CLASSIFIED ADVERTISING MANAGER  
Gretchen Bostrom

CIRCULATION AND FUNDRAISING  
MANAGER: Lucia Whalen

OFFICE MANAGER: Sylvie Papazian

GIFT PROCESSOR: Sarha J. Caraballo

IVY LEAGUE MAGAZINE NETWORK  
Tel. 617-496-7207

ASSOCIATE PUBLISHER, SALES  
Lawrence J. Brittan, Tel. 631-754-4264

NEW YORK ADVERTISING SALES  
Beth Bernstein, Tel. 908-654-5050  
Mary Anne MacLean, Tel. 631-367-1988

TRAVEL ADVERTISING SALES  
Northeast Media Inc., Tel. 203-255-8800

MIDWEST ADVERTISING SALES  
Nugent Media Group, Tel. 773-755-9051

DETROIT ADVERTISING SALES  
Heth Media  
Tel. 248-318-9489

SOUTHWEST ADVERTISING SALES  
Daniel Kellner, Tel. 972-529-9687

WEST COAST ADVERTISING SALES  
Virtus Media Sales, Tel. 310-478-3833

WEST COAST TRAVEL ADVERTISING SALES  
The Holleran Group, Tel. 707-935-9296

### BOARD OF INCORPORATORS

This magazine, at first called the *Harvard Bulletin*, was founded in 1898. Its Board of Incorporators was chartered in 1924 and remains active in the magazine's governance. The membership is as follows: Stephen J. Bailey, AMP '94; Jeffrey S. Behrens '89; William I. Bennett '62, M.D. '69; John T. Bethell '54; Peter K. Bol; Fox Butterfield '61, A.M. '64; Sewell Chan '98; Jonathan S. Cohn '91; Philip M. Cronin '53, J.D. '56; John de Cuevas '52; Casimir de Rham '46, J.D. '49; James F. Dwinell III '62; Anne Fadiman '74; Benjamin M. Friedman '66, Ph.D. '71; Robert H. Giles, Nf '66; Richard H. Gilman, M.B.A. '83; Owen Gingerich, Ph.D. '62; Adam K. Goodheart '92; Max Hall, Nf '50; Philip C. Haughey '57; Brian R. Hecht '92; Sarah Blaffer Hrdy '68, Ph.D. '75; Ellen Hume '68; Alex S. Jones, Nf '82; Bill Kovach, Nf '89; Florence Ladd, BI '72; Jennifer 8 Lee '99; Anthony Lewis '48, Nf '57; Scott Malkin '80, J.D./M.B.A. '83; Lisa L. Martin, Ph.D. '90; David McClintick '62; John P. Reardon Jr. '60; Christopher Reed; Harriet Ritvo '68, Ph.D. '75; Henry Rosovsky, Jf '57, Ph.D. '59, LL.D. '98; Barbara Rudolph '77; Robert N. Shapiro '72, J.D. '78; Theda Skocpol, Ph.D. '75; Peter A. Spiers '76; Scott H. Stossel '91; William O. Taylor '54; Sherry Turkle '69, Ph.D. '76; Robert H. Weiss '54; Elizabeth Winship '43; Jan Ziolkowski.

### SPEAK UP, PLEASE

*Harvard Magazine* welcomes letters on its contents. Please write to "Letters," *Harvard Magazine*, 7 Ware Street, Cambridge 02138, send comments by e-mail to [yourturn@harvard.edu](mailto:yourturn@harvard.edu), use our website, [www.harvardmagazine.com](http://www.harvardmagazine.com), or fax us at 617-495-0324. Letters may be edited to fit the available space.

other activities. But expecting children to be independent readers in kindergarten is counterproductive and too often leads to curtailing time for play.

Your otherwise excellent discussion of the frightening consequences of toxic stress in early childhood similarly omits a crucial fact: creative play is the young child's single most powerful way of relieving stress.

EDWARD P. MILLER '70, Ed.M. '92  
Program Director, Alliance for Childhood  
New York City

#### INTERNET INTROSPECTION

JONATHAN SHAW's piece on Cass Sunstein's analysis of the Internet's negative impact on robust exchange of political ideas is insightful ("The Internet: Foe of Democracy?" March-April, page 10). It is ironic that this technology that makes possible global individual communication turns out to largely reinforce our human instinct to tribalize against "the other."

Ironically, but not uniquely, in fairness, the article and Sunstein might have noted a few previous, well, nudges, that paved the way for the "Daily Me":

The growth of FM radio 50 years ago orphaned the AM band, leaving it open to then sharply defined market segments for political talk radio, such as Rush Limbaugh.

Fox News, under Republican operative Roger Ailes, rolled out following the 1987 repeal of the Fairness Doctrine to bless us with "fair and balanced" reporting, which pushed media, after 50 years since the 1934 Communications Act, away from emphasis on consensus facts (remember them?).

Earlier, in 1968, Richard Nixon's Southern strategy returned—renormalized?—American politics to a focus on domestic "others": "Liberals" (more recently, "European socialists") and "Right-Wing Republicans," who demonize each other and their facts, faith, and ancestry.

Internet technology lowers the cost to play or start over, and abandons altogether the pretense of facts, a kind of infantile democratism that satisfies many of us in the short run, and ill serves all of us in the longer run.

DAVID BRITT, M.P.A. '67  
Amelia Island, Fla.

#### DERIVATIVES DANGERS

THE ONLINE ARTICLE "Harvard Raises \$2.5 Billion: The Costs and Rationale"

"I was interested in helping to make Harvard affordable for students because I received financial aid. But I also needed to be sure I had enough money for retirement."

K. DANIEL RIEW, M.D. AB '80

#### SAMPLE DEFERRED GIFT ANNUITY RATES

AGE	AGE PAYMENTS BEGIN	ANNUITY RATE
50	65	9.5%
55	65	8.5
55	70	12.5
60	65	7.0
60	70	10.5

#### SAMPLE IMMEDIATE GIFT ANNUITY RATES

AGE	ANNUITY RATE
65	5.9%
70	6.2
75	6.9
80	8.0
85	9.0

There are many ways to structure a Harvard Gift Annuity—contact us to see if one can meet your charitable and financial objectives.

#### For more information, please contact:

Anne McClintock, Alasdair Halliday,  
John Christel, Ericka Webb, Lisa DeBenedictis

Phone 800-446-1277

Fax 617-495-8130

Email [pgo@harvard.edu](mailto:pgo@harvard.edu)

Web [post.harvard.edu/pgo](http://post.harvard.edu/pgo)



#### University Planned Giving

Harvard University | 124 Mount Auburn Street | Cambridge, MA | 02138-5795



**{OBSERVATION}  
EXPEDITION  
{PRESERVATION}**

# Galápagos


**Live an Issue of  
National Geographic**

Join Lindblad Expeditions' team of naturalists on an exploration of the Land of Darwin.

Call or log on now for up to  
**25% OFF**  
select departure dates.

SEE YOUR  
TRAVEL AGENT OR  
CALL 1-800-EXPEDITION  
[www.EXPEDITIONS.com](http://www.EXPEDITIONS.com)


 

# Legendary.

**HARVARD EXTENSION SCHOOL**

Greek heroes and award-winning faculty. At Harvard Extension School, we have our share of legends. Whether you are interested in ancient mythology or some other awe-inspiring subject, we invite you to check out our evening and online courses.

 **HARVARD UNIVERSITY  
EXTENSION SCHOOL**

[www.extension.harvard.edu](http://www.extension.harvard.edu)

## LETTERS

(posted December 19, 2008, <http://harvardmagazine.com/breaking-news/harvard-borrows-2.5-billion>) flags some important issues about financial governance at the University. Interest-rate swaps (or exchange agreements, as the University calls them) are complex contracts where the fees and trading profits of dealer counterparties are typically invisible to the user. Unwinding such contracts before maturity greatly compounds these issues.

During my career as a financial journalist at *Risk* magazine, I spoke to many corporate users of over-the-counter derivatives, who gave me some idea of best practice within the discipline of fair-value accounting. Typically, corporate guidelines restrict the use of derivatives to “plain vanilla” swaps that hedge existing cash flows, for which there is a liquid two-way market, and that are entered into at zero present value. There are a number of case studies that I have written about where companies or governments have failed to follow best practice and have come to regret it.

It appears to me that the contracts that Harvard entered into in 2004-2005, which apparently had a present value at inception of -\$461 million, did not conform to best practice. Arguably the University was entering into an illiquid off-balance-sheet loan on adverse terms given its credit rating. That is why the nature of the advice the University received and its financial governance vis-à-vis derivatives are so important. As it happens, there are only a few investment banks capable of such transactions, and it is not too difficult to guess which may have advised Harvard.

Putting things in a different way, what seems to have happened here is a microcosm of the situation in the United States generally. A dream of future wealth founded on real estate (Allston) was funded using some financial wizardry that subsequently blew up. Today, the stakeholders of Harvard are bailing out the institution that made these decisions. As with TARP, there is a need for transparency and accountability in this process.

NICHOLAS DUNBAR, A.M. '90  
*London*

*Editor's note:* The author's forthcoming book on financial innovation and the 2008 meltdown, *The Devil's Derivatives*, will be (please turn to page 73)

## LETTERS

(continued from page 6)

published by Harvard Business Press early next year.

**DIVERSITY DEFICIENCY, REDUX**

DIVERSITY WILL ENRICH the college experience. A clash of backgrounds and opinions, among students and faculty, is a sure way to increase students' understanding of both the "real" world and the world of thought.

But a lack of diversity must be expected, and welcomed, among ex-students as they move up in politics. It is wrong, as a letter-writer suggests (March-April, page 4) in response to "Crimson in Congress" (January-February, page 60), to blame Harvard for "the toxic political polarization of this country." Once all the bull sessions are over and the diplomas are handed out, our future leaders have acquired a conviction that careful reasoning and determined sympathy are needed in government. Yes, that makes them predominantly Democrats.

If that makes the nation a macrocosm of the high-school cafeteria with its "brains" and "jocks" tables, so be it. Half our population, certainly by choice and possibly by genetics, prefers to swim through their lives without deep concern for national policy. They invest maybe five minutes of deep thought in each election, and thus vote primarily for candidates they consider friendly and attractive, "like me."

The other half, and I am delighted that they got to be more than half last year, try to figure out which (vaguely evasive) candidate will favor which (promising but not proven) policy. But win or lose, the less-educated half of our nation is keeping us snobby elitists on our best behavior.

DAVID ROYCE '56  
Westport, Conn.

**ALCOTT'S COTTON CONFUSION**

THE ARTICLE "The Alcotts, *Père and Fille*" (March-April, page 15) advises that Bronson Alcott, who schooled his own children, told them that *cotton* was "animal material" [he "forbade consumption of 'animal material,' an epithet that came to encompass even honey and cotton"]. Since it most definitely is not, this story, if true, gives us some idea what Louisa

May and her sisters must have been up against.

ALLAN B. CALHAMER '53  
La Grange Park, Ill.

IN ALL MY YEARS at Harvard, totaling 13 for my degrees, postdoc, and sabbaticals, I hadn't realized that Bronson Alcott's Fruitlands Utopia was only a half hour away out Route 2. Indeed, I had passed within a mile of it en route to Harvard as an entering freshman a few months shy of 50 years ago. And neither did decades of driving to Cambridge from Williams-town lead me to investigate Fruitlands. Yet when my wife and I took the short detour last year—spurred by a paper by one of her students—we found a fascinating set of houses and exhibits, set in beautiful countryside, and learned how Alcott's impracticability, especially for spurning the animal materials of warm winter clothing, led to the Utopia's quick failure. I recommend a visit to the Fruitlands Museum, in Harvard, Massachusetts.

JAY M. PASACHOFF '63, PH.D. '69  
Field Memorial Professor of Astronomy and  
Director, Hopkins Observatory, Williams College  
(on sabbatical at Caltech)

**PURLOINED PUMP**

LIFE IMITATES ART! The wag who has repeatedly absconded with the College Pump handle ("Drat those vandals!" March-April, page 60) must have listened to Bob Dylan's classic "Subterranean Homesick Blues": "...the pump don't work/'cause the vandals stole the handle."

JONATHAN SEGAL '75  
Menlo Park, Calif.

**AMPLIFICATION AND ERRATUM**

REGARDING THE ART that accompanied the campus commemoration of the sixtieth anniversary of the Universal Declaration of Human Rights (see "Human Rights: Inalienable, Unfulfilled," March-April, page 49): The commission was created by artist Julie Mallozzi, then of the Film Study Center; the animation was the work of Norah Solorzano, a teaching assistant in visual and environmental studies. The sponsors were the Carr Center for Human Rights Policy and the University Committee on Human Rights Studies.

The photograph of Romanian orphans published on page 38 of the same issue should have been credited to Michael Carroll. Our apologies. ~The Editors

# Support Harvard Magazine

Your donations  
help sustain  
editorial excellence  
and independence.

To donate, please visit:  
[www.harvardmagazine.com/donate](http://www.harvardmagazine.com/donate)

or use the envelope  
included in  
this magazine.



As a special thank-you  
for a gift of \$150 or more, you will  
receive a beautiful new umbrella,  
available exclusively to donors.

# HARVARD

MAGAZINE