loyal alumni to continue to support House renewal. It notifies its faculty members, eager to pursue research and welcome new colleagues, that unrestricted funds are scarce, or committed. And it argues that with long-term interest rates at record lows, the University should advance funds internally or allow the faculty to go to market to borrow money to pursue House renewal. Otherwise, it seems to imply, FAS is at risk of sacrificing core academic priorities and delaying renewal of the River Houses beyond the planned eight- to 10-year duration of the project—an outcome at odds with Harvard's focus on the quality of the undergraduate experience. (Such a delay would also extend the time when undergraduates live in increasingly differentiated residences, and threatens an uneconomic escalation in costs, given Boston-area inflation.)

FAS, in other words, wants Corporation approval to become more leveraged to pursue House renewal. It would probably also like to make the case that, having decapitalized endowment funds to pursue a University priority, it should be able to assume new debt at current tempting, low interest rates. That is *not* how things work now: internal borrowers pay Harvard's blended rate on its debt, currently about 4.6 percent.

From the University's perspective, on the other hand, FAS *chose* to deplete some, perhaps most, of its valuable unrestricted funds precisely in pursuit of House renewal—in part by retiring existing debt in contemplation of taking on more later. Should it complete or slow House renewal, the unrestricted cash begins accumulating again—not least because *other* elements of the campaign aim to raise hundreds of millions of dollars to endow financial aid and existing professorships, which will in turn save tuition and other cash for unrestricted purposes as well.

Moreover, the University has other needs and opportunities to consider. Given market conditions, it may well want to refinance some hundreds of millions of dollars of existing debt, which now carries substantially higher interest rates. And construction costs for the Allston science and engineering complex are reported to be $1 billion, at least some of which might require new debt, too—pushing up against whatever level of Harvard borrowing the ratings agencies will tolerate.

However these delicate politics play out among donors, deans, Harvard's financial managers, and the Corporation, it will be revealing to watch. The results may illuminate University leaders' views of its financial prospects in light of continued, presumably successful fundraising; the costs of high-quality facilities in an expensive metropolitan area; and an era of economic instability, uncertain endowment investment returns, and strained federal support for scientific discovery. —JOHN S. ROSENBERG

A Moral Conscience for Economics

MUCH OF THE PUBLIC is interested in fixing America's gaping level of wealth inequality, but few people feel responsible for paying for it. The new dean of the Harvard Kennedy School (HKS), Douglas Elmendorf, makes no secret of where the money should come from. At a panel on inequality during this year's Commencement week (see harvardmag.com/inequality-16), he argued that to pay for broad investments in infrastructure, education—most importantly, in *people*—America must draw resources from the wealthy. Making sure his audience understood which "wealthy" he meant, he continued, "I don't mean just Bill Gates." He meant them, along with the broad swath of Americans in the upper tiers of the income distribution. Elmendorf, an economist who directed the Congressional Budget Office (CBO) before succeeding former dean David Ellwood last summer (see harvardmag.com/Elmendorf-16), recently talked to *Harvard Magazine* about the state of economics, the public role of the school he now leads, and his transition from research to administration.

Douglas Elmendorf

Implicit in HKS's role as a school training public servants, Elmendorf argues, is a duty to restore the public's faith in the government's ability to improve their lives—a mandate made more difficult by what he views as the dishonesty of anti-government politicians. "Many members of Congress have claimed that we can have high levels of health insurance without significant government subsidies," he says. "That's wrong." One way to address this challenge is by filling gaps in the public's basic knowledge of economics: to clarify, for example, "that investing in people is a good investment, [especially] when the cost of borrowing by the government is at extraordinarily low levels."

"There's been a degrading of the importance of expertise," Elmendorf says. "I don't think that social decisions should be made by experts. The decisions need to be made by the people's representatives. But we need to ground those decisions in an understanding of the actual trade-offs in the world." A related problem is that the public, unlike economists, is not used to thinking about policy decisions in terms of trade-offs. "When I was director of the CBO, I was very frustrated when we would write a policy report [saying] a certain policy would have these two advantages and these two disadvantages, and the advocates would quote only the part about the advantages, and the opponents would quote only the part about the disadvantages. That encourages the view that there are simple answers. There aren't generally simple answers. There are trade-offs."

Elmendorf's analytic rigor and subdued temperament seem to belie his humane approach to policymaking. Where a more zealous advocate might stir doubts, Elmendorf's restraint inspires confidence. He belongs to a class of economists who are paying increasing attention to the moral implications of their work. Despite his faith in the value of expertise, he suggests that the public has had good reason to be cautious of government and academic elites: "Many people in this country and in European countries are justifiably frustrated at not having shared in economic gains, and are legitimately frustrated by a pace of social change that they find hard to manage in their lives." Economists have tended to focus on the impact of

Photograph by Stephanie Mitchell/Harvard Public Affairs and Communications

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policies on a nation's income *overall*, while ignoring questions of fairness and the distribution of income—the effects that matter to *individuals.*

International trade, which has provoked populist ire on both sides of the aisle this election cycle, is perhaps the clearest example. Trade "generally raises the standard of living for a country on average, but it does not necessarily raise the standard of living for everyone in the country," Elmendorf explains. "That has been understood by economists for centuries, but many economists have put more weight in their thinking and public comments on the gains to society as a whole." Isn't the answer, then, simply to redistribute resources to those who are hurt by trade? Yes, he responds, "but what if you don't do the redistribution part? Redistribution is hard, and we as a society have not pursued it with sufficient vigor. Nonetheless, most economists say, 'Well, that's too bad, but we should still go ahead and have more trade.' And I think that's the leap that isn't so obvious."

Another example is the debate over entitlements for the poor. Cutting benefits might raise national income by forcing low-income people to work more—but on balance, even for those who find jobs, earnings generally wouldn't offset their loss in benefits. A lot of economists, says Elmendorf, would focus on the benefit to society overall, but "you need to also look at whose income is going up and whose income is going down," he argues. Economists today are becoming more comfortable asking these kinds of questions. "More economists are realizing that we need to focus on incomes for people at different levels of the income distribution, because the rising tide in this country over the last several decades has not lifted all boats to nearly an equal degree."

In moving from a public-policy role to university administration, Elmendorf has had to weigh tough trade-offs of his own. "I miss the amount of engagement with analysis that I had in my previous jobs," he admits. He's spent his career working for some of the most influential institutions in Washington—the CBO, the Federal Reserve Board, the Brookings Institution. Much of his time, of course, has been spent raising funds to meet HKS's $500-million capital-campaign goal (the school has met the target, as of this summer, and plans to continue fundraising). Still, he's quick to add, "The donors to the Kennedy School are people who are smart, accomplished, and very interested in public policy. They're very interesting people to spend time with, and their support for the work here is very gratifying. I don't begrudge that time at all." He chose to pursue the job in the first place, he recalls, because he "saw in Washington how important were good ideas about public policy, and good people who put the ideas into practice."

The most important piece of his agenda, Elmendorf says, will be replacing a wave of retiring faculty members: "We need to make sure we're bringing in people at early stages of their careers who can be as effective at teaching students and influencing policymakers." Also on his list is modernizing the school's curriculum. Mirroring the University-wide move to embrace experimental learning methods, he says, "We need to do less traditional lecturing and more engaging students in the classroom, and digital technology can be a big part of that." And, he adds, "We don't teach our students much about digital technology, but digital technology is central to national security now and to delivering government services. It's central to the way the political process works." Citing one painful example of government's failure to appreciate this, he continues: "The initial failure of HealthCare.gov was damaging not just for the particular program involved—because they fixed the website in a few months—but it was damaging for people's perception of whether governments are good at doing the things they're doing."

Fittingly, Elmendorf, who served as the head Economics 10 teacher while an assistant professor in the 1990s, closed the conversation with an earnest defense of his field. "If you want to expand health insurance in this country, the basic tools of economics are how you figure out how to do that. Economists didn't see the financial crisis coming, but once it happened, it's understandable with the sorts of tools you learn in Ec 10. And the people who were surprised were the ones who did not take Ec 10," he jokes. Despite its limitations, "Economics has been more right than wrong in the last 10 years." —MARINA BOLOTNIKOVA

Sesquicentennial Soirée

Harvard Advocate *alumni take stock.*

On the first warm night in May, several hundred literary New Yorkers gathered in a duplex apartment on Park Avenue. They were celebrating—not the publication of a recent book (despite the presence of authors like Louis Begley '54 and Nell Freudenberger '97), nor the success of their publications (though editors at *The New Yorker* and Farrar, Straus and Giroux were in attendance)—but the unexpected persistence of the magazine that had introduced so many of them to writing: *The Harvard Advocate*, now 150 years old.

Excess reigned. Above the Willem de Kooning on the wall: a Jackson Pollack. Atop the piano in the sitting room: a sculpture of a piano. On a terrace overlooking Central Park, Gay Talese was telling a group of women about the sartorial indulgences of decades past. "I had 100 suits. They never seemed to fall apart." One undergraduate was saying that she had heard that Lena Dunham would be attending. Another was apparently upset because she had met an actor from *Downton Abbey* and had asked him his class year. A former *Advocate* member was nervously confiding to a friend that, in a haze of excitement, she had complained to Zadie Smith about an allergic reaction to shoes bought at Urban Outfitters. (Journalistic ethics require me to identify that young woman as myself.) Other partygoers grumbled about the lack of snacks. Perhaps they hadn't noticed the cluster of grapes on a silver grape-shaped platter with a silver grape cutter, or a small bowl of candies one can only describe as "European."

How different it was from the *Advocate*'s small, white, clapboard house, with a door that never quite shut, a toilet always about to clog, drafty little rooms with stray papers and misplaced sweaters. When the magazine moved in 1957 from its offices on Bow Street to the two-story building at 21 South Street where it remains, the opening celebration featured a live stallion, with cardboard wings, tied to a large dictionary. (The *Advocate*'s seal features Pegasus.) Former editor Donald Hall '51 read a poem. Former editor T.S. Eliot '10, A.M. '11, Litt.D. '47, sent his regards in a telegram.

But almost immediately after its opening the building seems to have lapsed into a state of charming disrepair, in part because it is so consistently used. At any moment you may find students analyzing poetry, finishing up papers, and or engaging in a host of other activities, many of which I cannot mention

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