

THE ECONOMIC CLUB

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Signature Event

Alan M. Garber

Speaker

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President
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Interviewer

**David M. Rubenstein,
Chairman
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Thursday, July 23, 2026

DAVID M. RUBENSTEIN: Thank you for coming.

ALAN M. GARBER, M.D.: Thank you, David.

MR. RUBENSTEIN: So, let me ask you, is this a job, being president of Harvard, you would wish on your best friend or your worst enemy? [Laughter.]

DR. GARBER: Well, it kind of depends on who they are. I think the job is a little bit like a beekeeper. If you're allergic to bee stings, better not go near it. And it can be a great job, but there is quite a bit of sacrifice that goes along with it. Fortunately, so far less sacrifice than many people think.

MR. RUBENSTEIN: Well, many universities have settled with the Trump administration on various charges the Trump administration has made against them. Harvard has famously not settled. [Applause.] So how come you haven't settled? And are you planning to look for a settlement? [Laughter.]

DR. GARBER: OK. This is my first opportunity to give a disclaimer. We are the subject of multiple congressional investigations, executive branch investigations, and lawsuits. My lawyer has told me I should not be speaking here today. [Laughter.] So, there are some things I can't say. But I would rephrase your question, or reframe it, rather.

MR. RUBENSTEIN: OK.

DR. GARBER: And this is not a question of whether we settle with the Trump administration. It is not an exaggeration to say that what's at stake for us is what's at stake for many other universities. This is about the relationship between the federal government and America's universities. And it's particularly true for America's research universities, because research funding has been withheld in order to force agreements about some issues that, for us and for other universities, cross red lines having to do with the ability of universities to use their judgment in deciding what kind of research to perform, which students they should admit, which faculty should be hired, what we teach, and so on. Those are red lines, I think, for every American university that I know of. And when you see that our relationship with the federal government remains, shall I say, less than friendly, to a great extent it represents different views about the roles of the university.

And let me add one other thing, which is that universities through most of – much of the 20th century and most of the 21st century, have enjoyed a very close and productive partnership with the federal government. And I could talk more about that later. But the research partnership is responsible for the greatest science and technology enterprise in the world. The U.S. has been a leader for a very long time. And it is due to a great extent because of that partnership. And when that partnership is at risk, the performance of the United States as a nation in advancing science technology will be compromised. And that is really what is at stake here for the country.

MR. RUBENSTEIN: OK. So let me ask you about foreign universities. Are foreign universities taking advantage of the situation, such they're keeping more students from their countries who are not coming here to get education, they're staying in their countries? And are these universities, in effect, taking advantage of the current situation? Or you don't see that?

DR. GARBER: You see – well, there's some European countries, and some Asian countries, and Canada have had some efforts to basically recruit some of our faculty. I am not sure I would characterize that as a hostile act, actually, to tell you the truth. It's an opportunity for them, but it's also because, especially, science is truly international. And they want to ensure that the work continues. And if the work is threatened in the United States, it may be to their advantage – but it may also be, in many ways, helpful for the entire world for that work to continue. So, some of this is competitive, in some cases. I would say that thus far, at Harvard, we have not seen any large exodus of faculty to other countries.

But the way that this will play out, or has the potential to play out, is that fewer scholars, students, researchers from other countries will come to the United States. And we are feeling this immediately when it comes to postdoctoral scholars. Many postdoctoral scholars in the United States come from other countries. And my understanding is that number has declined quite a bit in the past year. And let there be no mistake about this, the issue is very often simply uncertainty. The federal government has now released a rule, or they've released a change in policy, that says student visas to get graduate degrees will be issued for a period of four years. That's new. And the students, through a process that has not yet been described, may have the opportunity to apply to have the visa extended at the end of the four years.

A typical Ph.D. program usually takes at least six years. So, four years is a bit odd as a cutoff for the visa. Imagine that you are an international student contemplating a Ph.D. program in the United States. Do you want to take the chance that – in a program that might be expected to take you seven or eight years – do you want to take a chance that you will have to leave at the end of four years because of this visa feature? There are other changes in policy that make it less and less attractive for international students to come to the United States.

MR. RUBENSTEIN: Well, let me ask you, when people are often not happy with the federal government, what they're doing, they come into Washington, they lobby, they see members of Congress, they see people in the administration. Do the major universities, including Harvard, spend much time with members of Congress? And what's the impact been of that lobbying effort so far?

DR. GARBER: Well, I have visited – I've made a number of visits to Capitol Hill. My public affairs people are here, I think. I've met with something like 160 members of Congress in my visits. And some of them have said to me – or, complained to me, you know, so-and-so from that university was just here to talk about the same thing. We are visiting Congress. Congress has an important role to play in defending – basically, defending research. That is where there are members of both parties who very much believe in the importance of the American research enterprise. And, yes, we are visiting Congress. Yes, we are making the case. And it is having an effect, but in some cases there's – it's not very hard to persuade people, because they see what's at stake and they recognize more of that privately than they sometimes do publicly.

MR. RUBENSTEIN: So, do members of Congress tell you their children or grandchildren should be admitted to Harvard? Do you ever get anybody say, oh, by the way, I have a really talented grandchild?

DR. GARBER: I can assure you, David, that it has not happened in the last 48 hours.
[Laughter.]

MR. RUBENSTEIN: So, when you – when you come to Washington D.C., do you regard it as a friendly or hostile kind of thing to do, now in this environment? Or are you just the same no matter who's president, you always have to persuade people that universities are not too far to the left or too far to the right, or whatever it might be?

DR. GARBER: Well, when I became president, and I think my bio is in that pamphlet you received, I started on January 2 of 2024. And one of the first questions I asked was, why is it a political winner to attack Harvard and other universities, when we think we're doing so much for the country? Now, the answer to that is probably complicated. And you will all have your own views. But the implication of that observation is that we need to do a better job of telling the story. So, I don't really ask myself if it's going to be a hostile meeting or a good meeting. I have some of each. And I'm very pleased to say, many more these days are good meetings. But it's almost beside the point, because the most important conversations are typically those that start out hostile.

And once – I've found that that people are more understanding once you recognize what their concerns are. Just recognizing it is an important step. And then when you're able to talk about how you're addressing the problems, that makes a big difference. So, I don't go to Capitol Hill or Washington to feel good. I go with the hope that we can make the whole situation better. And I feel that that's been very worthwhile.

MR. RUBENSTEIN: Now, in the first Trump term a so-called endowment tax was imposed on university endowments. And in the Big Beautiful Bill, another higher endowment tax was imposed. What's the impact of the endowment tax on universities? And why is it not a good idea to have an endowment tax?

DR. GARBER: So, there are five, or maybe four, universities in the top tier – expected to be in the top tier of the endowment tax, which will go into effect this current fiscal year. It's a tax on net investment earnings. In Harvard's case, it was projected to be around \$300 million a year. There is a lot of good that we could do with \$300 million a year. So, for those universities, it's a big – it's a big blow. Even though people think we're very wealthy, there are all kinds of reasons why we can't do all of our job with the money we have – or, we can't take advantage of the opportunities in science, and teaching, and extending access to our educations with our current budgets. So, this is a big deal. It's not something that we can just brush off.

So that's the magnitude of the problem. And then there are lower tiers that that are – will be charged less in the endowment tax. So, it's 8 percent of net investment income. So, what does that mean for us operationally for Harvard, and the other institutions that have large endowments? But I suspect this is true for institutions with smaller endowments. The

endowment is not really an emergency fund. There's a lot of constraints on how you can spend the money. Every endowment fund – and we have well over 10,000 separate endowments that we refer to as “the endowment.” They were created under different gift agreements, but the typical agreement says the funding needs to be available in perpetuity. So, we can't just spend it down for an emergency. If we spend it more rapidly for a period, we have to allow it to build up again. And they're for restricted uses.

And so, what we do within those restricted uses is we use the endowment for operating costs, and I would include financial aid there because much of the support that we have for financial aid comes from the endowment. So, all of that will be diminished as we pay the endowment tax. And the irony, by the way, is that the endowment tax was first put forward under the argument that we were not spending enough on financial aid. And the passage of that tax, which was much smaller, I think, is around 1.4 percent, that had the effect of diminishing the resources we had available to support students.

MR. RUBENSTEIN: So, let's talk a moment about your own background, how you came to be the president of Harvard. Did you go to a fancy prep school in New England, or something like that?

DR. GARBER: [Laughs.] Rock Island Senior High School. How many of you know where Rock Island, Illinois is? I see a few hands. That's a record. [Laughs.] I came from a middle-class family in the middle of the Midwest, and public school education.

MR. RUBENSTEIN: And what did your parents do?

DR. GARBER: [Laughs.] My father did not attend college. He took care of his younger brother and sisters when my grandparents became ill and served in the Army. And he became – he owned a liquor store, and he played the violin in a symphony orchestra. [Laughs.] And my mother was a social worker and became a stay-at-home mom after my older brother, and then I have a twin sister. When we were born, that was it for working outside the home.

MR. RUBENSTEIN: And so, were you a good student, a good athlete? What were you good at when you were a kid?

DR. GARBER: Well, I did well enough. I was a good student. And I read a lot. And I enjoyed reading.

MR. RUBENSTEIN: All right. So, you went to high school. I assume you did well. To get into Harvard from Rock Island, I assume you had to be near the top of your class.

DR. GARBER: That's generally a good assumption. [Laughter.]

MR. RUBENSTEIN: OK. So, if you applied to Harvard and you hadn't gotten in, what were you going to do?

DR. GARBER: Well, under this alternative world, the question is what my alternatives would have been. But if I had the other opportunity set, I probably would have gone to another Ivy League school.

MR. RUBENSTEIN: OK. So, you go to Harvard. When you get there, do you kind of feel like you fit right in? A lot of people from Rock Island High School were there? [Laughter.]

DR. GARBER: You know, I was – there's one thing I was acutely aware of when I went to Harvard, once I was able to pay attention to things, before I was over the initial shock of arriving at this incredible place. I was aware I was at the bottom of the totem pole socially. And that's what happens – what happened at the time when he came from a public school that was not a fancy suburban public school, and that was not a prep school. But somehow, I managed to find a lot of friends. And I had a good time, regardless.

MR. RUBENSTEIN: Harvard has a lot of so-called final clubs, Porcellian, and so forth. Were you in any of those?

DR. GARBER: [Laughs.] I can't even begin to enumerate the reasons why I would not have been – [laughs] – in a final club. But the one thing I want to say, for those of you who know Harvard well and are familiar with the uproar in recent years over final clubs, is those of us who were not in final clubs did not really care whether we were in or out of them. And that was just typical of the time. If it's what people want to do, great. Go ahead and hang out together. And we just – social life for most Harvard students at the time revolved around the houses, basically the dormitories for sophomores, juniors, and seniors. And it was great that way.

MR. RUBENSTEIN: So, did you have any other famous people in your class? They went on the great fame or fortune?

DR. GARBER: Well, David knows the answer to this. And some might occasionally even attend this meeting. But one person is Peggy Hamburg, who became commissioner of the FDA. Another person is the chief justice of the Supreme Court. And a couple of other people are Bill Gates and Steve Ballmer. And then there's a scattering of university presidents. And a lot of great people who you haven't heard of, who are equally impressive.

MR. RUBENSTEIN: OK, so when you get to Harvard, and you realize you're a good public school student, but were you able to compete with the brilliant young people from other schools that were from fancy prep schools? And how did you do at Harvard? Did you graduate with honors, or?

DR. GARBER: [Laughs.] It's in the bio. [Laughter.]

MR. RUBENSTEIN: Did you graduate summa cum laude, or something like that?

DR. GARBER: Yes.

MR. RUBENSTEIN: All right. So, you graduate at the top of the class. All right, so what did you – what was your concentration at Harvard?

DR. GARBER: Well, I started out – back then, you could graduate in three years if you had enough AP credits. And I told you I was not from a very wealthy background, and missing out on a year of tuition and financial aid was worth a lot to me. So, one consequence of making that decision is I had to declare my major or concentration two months after I arrived on campus. And I thought I would be a doctor. And I signed up for biochemistry. I took a course very pertinent to this audience. I took a course in introductory economics, because back then it was a great course and almost everybody took it. Literally three-quarters of every Harvard class took Economics 10 – EC 10, introductory economics.

And at the end of the year, or the following fall, I moved into Dunster House, my dorm. And I befriended the resident tutor in economics. That's basically a fancy name for resident fellow, who's – he was getting a Ph.D. in economics and a J.D. And we were talking about my classes and stuff. And I found out I didn't really like biochemistry that much, but I loved EC 10. And he told me I should switch to economics, I should become a research assistant – he actually arranged that for me – and I should start taking graduate courses. So, I did all of that. And this is one – and that very likely would not have occurred at any other place, and maybe not at Harvard at another time. Maybe this was just totally random that it happened that way. But that changed the course of my career.

MR. RUBENSTEIN: So, you majored in economics. And did you get a Ph.D. later?

DR. GARBER: Yes.

MR. RUBENSTEIN: Where did you get that from?

DR. GARBER: At Harvard.

MR. RUBENSTEIN: Harvard. OK. So, getting a Ph.D. from Harvard in economics could be good to be a teacher, a professor, and so forth. Why did you also go to Stanford Medical School? Didn't your parents say, one graduate degree is enough?

DR. GARBER: Actually, my parents, good Jewish parents, when I talked to them and said, you know, I'm thinking about just getting a Ph.D. in economics instead of an M.D., they had never said anything about this before. And they said, are you sure you don't want to become a doctor? [Laughter.] And I said, yeah, well, actually, it won't cost anything. I'll be financially independent, getting my Ph.D. And they said, don't worry. We'll find a way to pay your way through med school. [Laughter.] But actually, I did want to see patients. And I did want to do research. And I had hit upon the idea as an undergraduate that I might be able to influence health policy if I had an economics background. And here there's somebody who I hope is known to everybody in the room who advised me then, and that's Marty Feldstein. So, Marty Feldstein ended up being one of my thesis advisors for my dissertation. But he also advised me when I was an undergraduate.

Now I bet many of you know who he was. Many of you knew him personally. I don't know how many of you know this, but when he was graduating college he applied to med school. And he got – I can't remember which fellowship. It might have been a Marshall or something. So, he went to, I think, Oxford, and he worked on a Ph.D., taking a deferred admission to Harvard Medical School. This was told to me by a Harvard medical professor, not by Marty. So, the next year comes along. And they say, are you coming? And he said, no, I need to continue to work here in England on my dissertation. This happened three times. The fourth time they said, if you don't come now you're going to have to give up your admission to Harvard Med School. And he did.

And probably he was better off for that, and the rest of the world probably was better off for that. But the one thing that he really convinced me of is that if you want to have an impact on health and healthcare, an economics Ph.D. is immensely valuable. And you may not think of him this way, but he started out as a health economist, not primarily as a public finance economist. And he had a huge impact directly through his own work, and by the dozens and dozens, maybe hundreds, of students who he trained.

MR. RUBENSTEIN: But you got a Ph.D. at Harvard in economics, right? Then you went to Stanford for medical school. How old were you before you actually got all these degrees? And did your parents wonder what you were going to do for a job?

DR. GARBER: [Laughs.] Yeah, I'm trying to calculate that. I started my residency when, I guess, I was 28.

MR. RUBENSTEIN: All right. And you basically – you taught at Stanford for how many years?

DR. GARBER: Twenty-five.

MR. RUBENSTEIN: Twenty-five years. All right. So, you're minding your own business. You're teaching economics or medical things? What are you teaching at Stanford? [Laughter.]

DR. GARBER: Both. I taught in the hospital. I supervised inpatient teams in the hospital. And I taught a regular course in Stanford Graduate School of Business for many years.

MR. RUBENSTEIN: All right. So, you're at Palo Alto for 25 years, minding your own business. You're happy, presumably. Then somebody offers you a job to come back east to be the provost at Harvard. Why did you take that job?

DR. GARBER: Well, this came from out of the blue. And I was asked by the then-president of Harvard, Drew Faust, to meet with her when the previous provost announced his retirement as provost. And she is the greatest recruiter I have ever seen, because I had zero interest in becoming an academic leader. But she saw something in me that I didn't. And she was also able to persuade me that this would be a way I could pay off my debt to Harvard. So, I became provost.

MR. RUBENSTEIN: So, you moved back east. What did your wife and children say? You're moving back east. Did they come with you, or did they stay back in the west?

DR. GARBER: My oldest, at the time I started as provost, was actually a junior in Harvard College. And my second-oldest in that first year was a senior in high school. So, my wife and the three younger children stayed behind in California for the first year. And it was just as well. I commuted about every three weeks to the West Coast. But that year I got about four hours of sleep a night. And I would not have been a good husband or father. [Laughs.] So, it worked out.

MR. RUBENSTEIN: All right. So, you're the provost of Harvard under Drew Faust. She retires. And then Larry Bacow becomes president of Harvard. And he asked you to stay as provost. And you did that for how many additional years?

DR. GARBER: Well, that was 2018. And I continued in the role until actually March of 2024. So, six years. And for those of you who are doing the math, there were two and a half months when I was president and provost. Not a combination I'd recommend to anyone.

MR. RUBENSTEIN: So, after Larry Bacow, Claudine Gay became president. And she lasted a relatively short period of time. You were her provost as well.

DR. GARBER: Yes.

MR. RUBENSTEIN: And then when she left you became the acting president. Now you're the president of Harvard. So, after all of this time at Harvard and at Stanford, which school is better? [Laughter.]

DR. GARBER: Depends on the person.

MR. RUBENSTEIN: And why is it that Harvard gets so much attention? I mean, every time Harvard does anything it's on the front page of The New York Times. Why do you think Harvard gets more attention by the newspapers than Yale, or Princeton, or Stanford?

DR. GARBER: Well, David, you used to own U.S. News and World Report. I suspect you have a good answer to that question.

MR. RUBENSTEIN: So, well, the answer is that Harvard is the oldest college and the wealthiest college, among other things, and probably has the most famous graduates, I guess I would say.

DR. GARBER: That may all be part of it. I will just say that – now I may have a little cognitive bias here – my impression is people love scandalous news about Harvard, above all else. And they like positive stories too, to some extent. We do have – we do get visible, but for me the really interesting experience was the Varsity Blues scandal. Do any of you remember Varsity Blues? Well, it seemed that half of the articles written about it had photos of Harvard leading the story. Harvard was never implicated in Varsity Blues. This was all about other universities. So, I don't know. Part of it may be my old house, Dunster House, is the most picturesque building at

Harvard. So that appeared in a lot of the photos. Maybe it's because our buildings are photogenic. You figure it out. [Laughter.]

MR. RUBENSTEIN: Well, let me ask you, people always talk about getting their kids into Harvard, and so forth. How hard is it to get into Harvard College? How many applications do you actually get a year?

DR. GARBER: Well, it varies a little bit. It's usually, I think, around 50,000, for the college.

MR. RUBENSTEIN: And you accept how many people? What percentage?

DR. GARBER: It's around 4 percent.

MR. RUBENSTEIN: Four percent out of 50,000? OK. So, what's the best way to get into Harvard? Have a parent go there? Go to Phillips Andover? Be an athlete? What's the best way to get to Harvard, for those people that might want to go to Harvard?

DR. GARBER: Be a very special person. Very simple. There's no formula. You do need to be able to do the work academically. That we seek people who have all kinds of characteristics. And beyond that, I better not say anything or we will be accused of violating the law as it pertains to admissions. [Laughter.]

MR. RUBENSTEIN: OK. So how many students does Harvard have now total, undergraduates and graduates?

DR. GARBER: Well, the most recent numbers from last year are about 24,500.

MR. RUBENSTEIN: Twenty-four thousand five hundred. And more than half are graduate or professional schools?

DR. GARBER: More than half. There's roughly 7,000 undergraduates.

MR. RUBENSTEIN: So today what is the biggest challenge that major research universities have, other than what the federal government's doing? Is that the single biggest problem, or is it demographic issues? We're having fewer students? Or what other challenges, foreign challenges? What are the biggest challenges?

DR. GARBER: I would say, for research universities which is what we are, it's a different situation than small liberal arts colleges. For research universities, it really is about what kind of future we will have. And I get back to the partnership with the federal government. Now, let me just say the positive story about where we are. And that was covered a little bit in the comments you heard in that reel that played before we started. This is a time when the speed of scientific advances is simply unprecedented. And the word "unprecedented" is thrown around in ways that have almost degraded its meaning. It is truly remarkable, due to a confluence of many factors. AI is the part that you may all think about, but it's more than AI. Just technical advances of all

kinds throughout all fields of science that mean we are on the cusp of making major, major breakthroughs.

And I'm trained in medicine. And I can say, when it comes to therapies there has never been a time remotely as promising as the time we're in now. What does it take to take advantage of this opportunity? It requires basically two things – resources and talent. The resources we talked about a little bit. Those are being threatened. And, by the way, if we can't count on the federal government, of course, every president of a research university I know is focused on diversifying the sources of revenue to make sure that the mission can continue, even if federal funding is in jeopardy. But nobody can replace the federal government. Make no mistake about that. We are looking at philanthropy. We are looking at partnerships with industry. There are plenty of good reasons to do that anyway. And, by the way, we are looking very, very deeply at how we spend our money to ensure that we're doing this as efficiently as possible. All of that matters. But we will not make the same rate of progress.

And here, I just want to make a side comment. By all kinds of measures, we have been the leader. The U.S. has been the leader in science and technology. There are various rankings of universities. One that's very highly respected is the Nature Ranking. It's basically a measure of research productivity. For universities for about 10 years, number one in the world has been Harvard. And in the last four or five years, we have been the only U.S. institution in the top 10. The next ones are Stanford and MIT. And what all three of us have in common is that we are subject to the maximum endowment tax. The next university farther down is, I believe, University of California at Berkeley. It's a public institution, not subject to the endowment tax, but it is being attacked.

So, what's happened in recent years? This year, for the first time, we're no longer in number one. We are second among universities. The first is a Chinese university. U.S. universities did not really fall back so far in their research activity. China and other – and other countries are making massive investments. Our appearance of weakness is an opportunity for them to leap ahead. And I want to again get to uncertainty. When people are deciding to start careers or go and create companies in these – in the areas that draw on science and technology, they think about the prospect of success, of being successful long term. And we send a signal when the funding for these kinds of activities is threatened, that's not so important.

One last thing and then I'll stop. Which is, Rafael Reif, the former president of MIT, has made this point. And I want to give him the credit for this. He's been to China many, many times. And he had a discussion years ago with a Chinese official. Why is it that the U.S. has done so well, and where does the U.S. stand with respect to China in science? And this official said that we, China, are always going to be superior to you in manufacturing. We have what was then 1.2 billion people, and we are very focused on that. We serve a huge market domestically. You will never catch up with us.

And then he said, but you, the U.S., are on top in science, particularly basic science. And the reason for that is that we can draw on the talents of our 1.2 billion people. The U.S. attracts talent from the entire world. And we just can't compete with that. If we send the signal that immigrants are not welcome here, we are giving up access to most of the talent in the world.

That is not a negative statement about U.S. talent. We have fantastically talented people. But talent is widely distributed. And if we say most of the world is off limits, we can't hope to compete at the highest level.

MR. RUBENSTEIN: Now, recently, The New York Times reported, and I assume it's true, that a professor who won a Nobel Prize in, I think, chemistry at Berkeley has decamped from Berkeley and moved to a Chinese university to do additional research. Is that a trend that you think will continue, where major, well-known university professors in research are going to leave American universities?

DR. GARBER: That is a possible future. It is a possible future. I'm not seeing that happening at a large scale right now. I am more concerned, actually, about the lack of inflow from other countries. And that we do see happening already. And I mentioned postdocs. I'll say that nationally I think there's been roughly a 20 percent reduction in international students coming to the U.S. At Harvard, we've held closer to steady, but we've had big reductions in some schools that are made up for in other schools.

But the first thing that will happen is a reduction in the flow of talent from other places, including full professors but including researchers who may be on the cusp of becoming full professors in U.S. universities. That's how it will start. The balance of payments, if you want to call it that, will worsen there first. There are people leaving the country. And if they believe that the likelihood that funding for their work cannot be sustained long term, then you will see a real exodus.

MR. RUBENSTEIN: So today at Harvard, how do you spend your time? What does the president actually do day-to-day? Do you spend what percent of your time fundraising, asking for money? What percent of your time dealing with members of Congress, and so forth? How do you divide your time up?

DR. GARBER: I don't even know where to begin, because – [laughs] – a lot of what I need to do is make sure the university is operating effectively. And believe it or not, even as president, my number one job is to ensure that we are excellent in the research that we do, and in our teaching, and in the learning experiences our students have. And I like to think most of my time is spent directly at that. But I do spend a lot of time talking with our critics, talking with our supporters, talking with alumni of all kinds, including donors, donors, like you, who are not alumni but very strong supporters of the university.

But I tell you, the surprising part of my job is how important external communication has become. And that is a sign of the times. I am spending way more time on that than I would have envisioned in the years before I became president. And I have to say, as you noted, I worked closely with three Harvard presidents. And I also worked, not as closely but pretty closely, with Stanford presidents. So, I have a fair idea of what presidents used to do. Right now, if you're a president, this is not Harvard specific, you do all those things, but you also have to worry a lot about making sure the public understands the good that we are doing.

MR. RUBENSTEIN: Well, let me give you an idea of how to raise a lot of money. The university was named after John Harvard. He gave \$300 worth of books to Harvard. And they named the university after him. [Laughter.] He's long gone. There's no relatives from John Harvard. Why don't you go out and sell the name of the university? I mean, John Harvard's not going to be around to be upset about it. [Laughter.] You ever thought of that?

DR. GARBER: This is number 2,000 in our options under our most dire case scenario planning. [Laughter.] We have thought of it. [Laughs.]

MR. RUBENSTEIN: So, in terms of athletics, now the major colleges are now – have NIL. They are paying students a lot of money to play basketball and football. Does Harvard pay any students to play football or basketball?

DR. GARBER: No. We don't have athletic scholarships. The Ivy League does not have athletic scholarships. And I will say, by the way, when you're talking about how I spend my time, I forgot to mention I spend a lot of time on Ivy League issues because, just by it's basically drawing the short straw, I'm the chair of the Ivy Council. Which is, first and foremost, an athletic league. And with these changes with the portal and NIL payments and so on, this is a huge issue for all of college sports. But the Ivy League in particular is completely committed to the scholar-athlete model, which means you need to be a good student, but you can be a good student and also be serious about athletics. And we want to get that balance right. We are not going to compete with the power conferences for people who are students who are looking for \$1 million or more in NIL payments.

MR. RUBENSTEIN: Now let me ask you this, in most businesses or other parts of professional life, people have a job and they can be fired and they get another job. In academic life, once you get tenure it's very difficult to get fired. Why do we still need to have tenure? And why wouldn't we just get rid of tenure and just treat academics like we treat other people?

DR. GARBER: Well, David, you know, my answer to that question might have been different five years ago than it is today. Tenure was created principally as a way to protect faculty who expressed politically unpopular opinions. It was not really a salary guarantee, which is what it has effectively turned into. But we should never forget that's the reason it was created. And it's – I would say that when you look around the country and you see some very well-publicized cases of attempted firings and firings of faculty, this issue about protecting speech of the faculty has become more salient than it was five years ago.

Now, there are other arguments for tenure. And I think it's important to give you the economist's argument. One of the arguments economists make is that you basically – one thing is – it's not an economist's argument; it's an obvious one – for people who value job security, they'll accept lower payment in a tenure system than they would require if they did not have the job security. Everybody can understand why that would be relevant. There's another more subtle argument. I can't remember which economist made this, but it's something worth bearing in mind.

Who hires faculty? It's other faculty, right? Other faculty hire faculty. Do you want to hire the best person in the field, which is what we want our faculty to do, knowing that they might take over your job? Tenure does, among other things, remove that risk, that you will deliberately choose somebody who's second-rate to protect your own job. And this was coined by a management expert, not an academic, I believe. You know the old expression, first-rate people hire first-rate people. Second-rate people hire third-rate people. [Laughter.] We want to always hire first-rate people. And there is a case to be made that tenure makes that possible.

MR. RUBENSTEIN: OK. So, you have first-rate people. You have a lot of people in your faculty who won Nobel Prizes. When you disagree with them on something, do they ever say, well, I won a Nobel Prize? Or is it hard to convince people that won Nobel Prizes that they're wrong on things? [Laughter.]

DR. GARBER: Everybody will respond to logic once they calm down. [Laughter.]

MR. RUBENSTEIN: All right. So today, when you look at major American research universities, your biggest concern is the uncertainty about funding for the federal government. But is it in science and in health, principally NSF and NIH money, the uncertainty of that? Is that your biggest concern, in terms of research money from the federal government?

DR. GARBER: For us. And here, I would say – I wouldn't generalize to every institution, because that – almost all of our federal funding is for that purpose. There's this – I'm not sure how much of this is actual loan money – but the federal government has greatly reduced Grad PLUS loans. And that means there's really not adequate funding for students pursuing graduate degrees anymore, for most students. We were able to put together our own loan program for students to make up for that. There, having our financial resources really matters. So not everybody would be able to do that. So, there are other institutions who are more dependent on that kind of federal funding, more dependent on Pell Grants, other types of federal funding.

MR. RUBENSTEIN: Well, what – go ahead.

DR. GARBER: I was just going to say, but for the major research universities the predominant funding is for research. And that's why that's what matters to us.

MR. RUBENSTEIN: When you were an undergraduate, I think the most popular major at Harvard was economics. Then it became computer science for a while, I think, or something like that. What is the most popular major now?

DR. GARBER: I think it is back to economics, but there's competition from computer science and some of the engineering fields.

MR. RUBENSTEIN: All right. What are you teaching your students at Harvard about artificial intelligence? Because that's the future of the world, presumably. So, are you educating people about how to use artificial intelligence? And how do you make sure students aren't cheating on exams with artificial intelligence?

DR. GARBER: Well, I'm going to answer that last part of the question first. Have you ever heard of the Blue Book?

MR. RUBENSTEIN: Yes.

DR. GARBER: We are bringing back – and I think this it's happening everywhere – in-person exams. [Applause.] I mean, and really, at this moment, for most fields, I don't think there is a serious alternative. I wouldn't say across the board. And I will add, in areas like computer science, you actually want to know how well students perform with the aid of artificial intelligence, because that's how the work is done today. So, it's not a perfect solution to say, OK, you can't access a computer or an LLM when you're doing your programming. That's going to be part of it, but a realistic set of skills uses AI as part of it. We're working our way through this. But I will say, I could bring some of our faculty who are creating all kinds of new approaches to pedagogy that build on AI.

And I'm an optimist, with some asterisks about that. And I do believe that when it comes to education, the personalization that is possible with AI leads to incredible advances in improving education for each individual student. You don't have to treat everybody the same way. And simulations and other kinds of approaches you can do really well with AI, I think are going to be quite compelling. We're not there yet. In research, you cannot be in the forefront of many fields anymore – and here, I include all of the quantitative social sciences, along with science and engineering. If you don't use AI, you are unlikely to be in the forefront. So, it's something we need to deal with.

But having said that, a lot of the questions are unanswered. And I hope that we and other universities will be able to contribute constructively, and I'm sure we will, to the number one question, is what is the future of work? And we need to contribute to that. I've seen AI in its earlier, less powerful forms. And it's been used primarily in ways that extended the work, improved the productivity of workers, rather than displacing them. Or another way of putting it is that they've been able to maintain their incomes and productivity despite advances that might be threatening. So, I see that there's more of a question now. And we are all thinking very hard about what skills are durable and will be needed, no matter how work changes in the future.

MR. RUBENSTEIN: Well, when an important decision comes to the president of Harvard, do you look at AI for an answer? Or you can't do that, right?

DR. GARBER: Well, yes, I can. [Laughs.]

MR. RUBENSTEIN: Really?

DR. GARBER: But the problem is, AI isn't quite there yet.

MR. RUBENSTEIN: Harvard has fought against grade inflation. It turns out that, like, 90 percent of the grades Harvard was giving was A. And now you've gone away from that. You're not going to do that retroactively for people that got As a long time ago, right? But why are we –

why what's the problem with grade inflation? If people are smart at Harvard, why shouldn't they get As?

MR. RUBENSTEIN: There's a real question about how you interpret a grade. And I think that employers often misinterpret grades from all kinds of colleges. And I think basically people are looking for a shortcut to figure out who will be the best worker. And, by the way, I think grades at Harvard have always mattered. They'll matter more now that we're addressing grade inflation. And they do tell you how somebody performed academically. That's not always going to mean they're the best person for the particular job you have. So, but what we owe employers, and everybody who looks at the grades of our students, what we owe them is to make sure there's signal – a lot of signal, relative to noise. And if too many people get As, you've compressed this so much that grades are not useful.

And I'll tell you, there are many technical aspects to how we're addressing grade inflation. And you'll see different universities do different things. This is something that the press has not highlighted, but a key feature is basically in each class the students will be largely rank order. That is – this is not reported externally, but the thing that matters at Harvard, you might argue, within Harvard, is who in the college is eligible for Latin honors – cum laude, magna cum laude, summa cum laude. And those determinations will be made on the basis of rank order. So what the letter grade is, is only of secondary importance there. That's a major change. And if nothing else, the Latin honors will mean a lot in signifying academic achievement.

MR. RUBENSTEIN: This year, you had Conan O'Brien as your graduation speaker. You picked him. Is that a serious academic kind of presentation you were expecting from him? Or how come you picked Conan O'Brien?

DR. GARBER: Well –

MR. RUBENSTEIN: He was a good – he did a good job.

DR. GARBER: Yes. So, Conan is a particular type of scholar, let me just say, who delivers his wisdom with a dose of acid and a dose of sugar. And for those of you who haven't listened to his commencement speech, I'd recommend that you do. He was very hard on us. He said that he was going to sue the university. He basically wanted his money back. He was not happy with the iron bed that he slept on as an undergraduate, or the social life. And then he also said – he did say he would sue us. And he said that he was quite optimistic about his prospects, because his case was much stronger than that of the federal government. [Laughter.]

So, seriously, we expect our commencement speakers to share wisdom with the entire audience. And the audience really is the graduates and their families. And his wisdom was, don't be defined by your Harvard degree. That should be the least important thing about you. It should be about who you are, what you do, what you accomplish. I can't imagine anybody who could deliver a better message than that.

MR. RUBENSTEIN: But have you ever had a private equity person be a commencement speaker? You ever had that? [Laughter.] Have you ever thought about that, the kind of message they could give?

DR. GARBER: [Laughs.]

MR. RUBENSTEIN: No? Haven't thought about that yet?

DR. GARBER: David, I want to just welcome your nominations. [Laughs.]

MR. RUBENSTEIN: OK. So, did your parents live to see your success?

DR. GARBER: Well, they saw me get into med school. That, for them, was success. And actually, they were both alive when I became a faculty member at Stanford Medical School. And that was so far beyond expectations, and way beyond expectations for my classmates in college, who thought it would be a success if I were gainfully employed. [Laughter.]

MR. RUBENSTEIN: And your four children, do they tell everybody their father is the president of Harvard? Or they don't tell anybody?

DR. GARBER: They don't talk about it.

MR. RUBENSTEIN: Don't talk about it? [Laughter.] Look, I want to thank you very much, Alan, for being here, and for being a good sport, and for doing the job you're doing defending what Harvard stands for. Thank you very much. [Applause.]

DR. GARBER: Thank you, David. [Applause.]



Alan M. Garber, M.D.
President
Harvard University

Alan M. Garber was named president of Harvard University on August 2, 2024, after serving as interim president since January 2, 2024. Garber was Harvard's provost and chief academic officer from 2011-2024. He is also the Mallinckrodt Professor of Health Care Policy at Harvard Medical School, a Professor of Economics in the Harvard Faculty of Arts and Sciences, Professor of Public Policy in the Harvard Kennedy School of Government, and Professor in the Department of Health Policy and Management in the Harvard T.H. Chan School of Public

Health. An economist and physician, he studies methods for improving health care productivity and health care financing.

As Provost, Dr. Garber was responsible for oversight of academic activities throughout the university, with direct responsibility for inter-school initiatives, faculty development, research policy, international affairs, and advances in learning. The Harvard Art Museums, the Harvard Library, Harvard University Health Services, HarvardX, the American Repertory Theater, and the Arnold Arboretum are among the organizations reporting to the Provost.

Before becoming Harvard's Provost, Dr. Garber was the Henry J. Kaiser Jr. Professor and a Professor of Medicine, as well as a Professor of Economics, Health Research and Policy, and Economics in the Graduate School of Business (by courtesy) at Stanford University. At Stanford, he founded and directed the Center for Health Policy and the Center for Primary Care and Outcomes Research and served as a Staff Physician at the Department of Veterans Affairs Palo Alto Health Care System.

Dr. Garber is an Elected Member of the Association of American Physicians, the National Academy of Medicine, the American Philosophical Society and the American Academy of Arts and Sciences. He is also an Elected Fellow of the American Association for the Advancement of Science, the American College of Physicians and the Royal College of Physicians. A summa cum laude graduate of Harvard College, Dr. Garber received a Ph.D. in Economics from Harvard and an M.D. with research honors from Stanford.