



January/February 2013

Floors 3-5, Belfer Building

HARVARD PROJECT ON CLIMATE AGREEMENTS COHOSTS COP-18

In December, The Harvard Project on Climate Agreements co-hosted, with the government of the State of Qatar, a special high-level event at the Eighteenth Conference of the Parties (COP-18) of the United Nations Framework Convention on Climate Change (UNFCCC) in Doha, Qatar. Titled "After Doha: Balancing Adaptation, Mitigation, and Economic Development," participants addressed the state of international climate regimes and prospects for progress over the next several years. Speakers included: His Excellency Fahad Bin Mohammed Al-Attiya, Chairman, Qatar National Food Security Programme; Carlo Carraro, President and Professor of Environmental Economics and Econometrics, University of Venice; Climate Change and Sustainable Development Programme Coordinator, Fondazione Eni Enrico Mattei; Rabi Mohtar, Executive Director, Qatar Energy and Environment Research Institute; and **Robert Stavins**, Albert Pratt Professor of Business and Government, Harvard Kennedy School; Director, Harvard Project on Climate Agreements.



Professor Robert Stavins, director of the Harvard Project on Climate Agreements at COP-18.

Additionally, The Harvard Project on Climate Agreements also hosted an official side-event at COP-18. Titled "Market Mechanisms in a Post-Durban International Climate Regime," participants assessed the design and potential role of "new market mechanisms" (NMM) in the Kyoto Protocol second commitment period, Copenhagen/Cancun regime, and a new arrangement arising from the Durban-Platform process. The event was co-hosted by the Enel Foundation and the International Emissions Trading Association (IETA). For additional information, please visit: <http://belfercenter.hks.harvard.edu/climate>.

DOYUKAI PROGRAM CELEBRATES ITS 20TH SYMPOSIUM

The 20th U.S.-Japan symposium took place on November 19, 2012. Titled "Challenges and Opportunities for Japan over the Next Two Decades," it was jointly organized by M-RCBG and the Kansai Keizai Doyukai, a non-profit Japanese business organization whose mission promotes the examination of critical issues that relate to Japan and the Asia-Pacific region, including everything from regional security to social security, and pensions to health care. Five Harvard faculty presented papers during the day-long event. **Roger Porter** discussed the demographic and debt challenges that Japan is facing; **Bill Hogan** advised that a focus on energy security within Japan would be misplaced given today's integrated world economy; **Tony Saich** noted that Japanese economic involvement in China remains far below its potential; **Joseph Nye** affirmed that the US-Japan alliance is critical to the security of both countries; and **Ezra Vogel** observed that Japan has had twelve prime ministers in the last eighteen years, making it clear that one of its problems is not a lack of suitable candidates but the political system itself. See the M-RCBG website for all five papers, including additional papers presented by members of the Doyukai.



Program Chair Prof. Roger Porter with Doyukai Senior Co-Chairperson Mr. Takeo Obayashi.

Approximately 85 people attended the symposium. A commemorative cherry tree—a gift from the Doyukai—was planted in front of the Belfer building to mark the occasion of this 20th symposium and to honor the long-standing alliance between the US and Japan.

Seminars & Events

M-RCBG has over 50 seminars and events scheduled for the spring semester. Please visit www.hks.harvard.edu/centers/mrcbg for a complete listing.

Defeating Malaria: From the Genes to the Globe Inaugural Forum; Panelists include Thomas Healey and Jane Nelson. Nye ABC, Jan. 30, 4-6pm.

The Promise and Limitations of Social Impact Bonds; Prof. Jeffrey Liebman, HKS. Bell Hall, Feb. 7, 11:45am-1pm.

Spring study groups

Rethinking Government: Not bigger or smaller but smarter: Senior Fellow Esko Aho will lead a series of three Friday-morning sessions "to rethink government" and analyze how Europe and the U.S can restore their competitiveness by fully exploiting the potential of technology and innovation. To apply, send a CV and one-paragraph statement of interest to jennifer_nash@hks.harvard.edu by Fri., Feb. 1.

The Global Interface of Medicine, Business, and Government: This study group explores the complex interface of medicine, business, and government and will explore some of the assumptions about global health care in relation to governments and business, why we make them, and how they hinder progress. Participants are encouraged to think of solutions that may not reflect the current reality, but could offer a new direction for action. Email Senior Fellow Timothy Christian, MD, MPA for additional information at timothy_christian@hks.harvard.edu.

Benefit-Cost Analysis in the Real World: Assessing Environmental, Health, and Safety Regulations: In the U.S. and abroad, government agencies are required to assess the costs, benefits, and other impacts of major regulations before they are promulgated. However, analysts face difficult questions about how to best perform these assessments, given data gaps, limited time and resources, and changing policy goals. This study group will explore the conduct of these analyses, addressing their strengths as well as major controversies and areas in need of improvement. Students interested in participating in this study group are encouraged to email lisa_robinson@hks.harvard.edu.

Visit www.hks.harvard.edu/centers/mrcbg/students/other-opportunities/sg for additional study group information.

PROGRAM UPDATES

Hogan interviewed in Public Utilities Fortnightly

William Hogan, Raymond Plank Professor of Global Energy Policy, was interviewed on the current state of electricity markets in the November 2012 issue of *Public Utilities Fortnightly*, which called him “the chief architect of wholesale electricity market design in the United States” and hailed his market-shaping views over the years as “consistently reliable counsel.”

M-RCBG accepting senior fellow applications

Senior fellows at M-RCBG are distinguished professionals who pursue independent research that contributes to the center’s mission. They are expected to complete a substantial writing project during their time here. Those interested in becoming a senior fellow should submit their CV and a three-page description of their proposed project to jennifer_nash@harvard.edu. The application deadline for the 2013-2014 academic year is April 1.

HPCA discussion paper links domestic climate policy and trade

A new Harvard Project on Climate Agreements Discussion Paper by Christoph Bohringer, Edward J. Balistreri, and Thomas F. Rutherford, examines the relationship between domestic climate policy and trade. Emission leakage and competitiveness are at the fore of the climate-policy debate in all major economies implementing or proposing to implement substantial emissions cap-and-trade programs, and such countries can complement domestic emissions pricing with border carbon adjustment (BCA) to reduce leakage and increase global cost-effectiveness. This paper summarizes a comparison of models that might attempt to quantify such impacts of BCA. It also notes that tariffs on embodied carbon—which might be part of a BCA approach—could be problematic with regard to broader trade relations, and perhaps, the UN climate negotiations.

Scherer presented keynotes at October OECD meeting

F.M. Scherer, Aetna Professor Emeritus, presented keynote speeches at a meeting of the OECD’s Competition Committee in Paris on October 24-25. The presentations covered financial sector mergers and efficiency defenses in mergers. He has also written a paper on pharmaceutical mergers that is forthcoming in the *Journal of Health Economics*.

Largest global dialog on business impact on human rights held in December

Around one thousand participants joined the largest global discussion to date on how governments and businesses are moving to address the impacts of business activities on human rights, which took place in Geneva December 3-5, 2012. The participants from 85 countries, including around 40 state delegations, 150 business enterprises and 170 civil society organizations, joined the global dialogue at the United Nations first annual Forum on Business and Human Rights.

The Guiding Principles outline what states and business enterprises should do in practice to prevent and address impacts and to ensure access to effective remedies for those whose rights have been adversely affected by business activity. “They also give businesses predictability in what is expected of them, and provide other stakeholders, including civil society and investors, the tools to measure progress where it matters most – in the daily lives of people,” said Harvard Professor **John Ruggie**, the former Special Representative of the UN Secretary-General on the issue, who led the work to develop the Principles. Professor Ruggie was appointed the first chairperson of the Forum. He stressed: “The work toward full implementation of the UN Guiding Principles for business and human rights has only just begun.”

The UN Forum on Business and Human Rights brought together, among others, representatives for multinational corporations in the areas of mining, oil and energy, chemicals, banking and finance, electronics and textile and garments, with persons affected by their activities.

CSRI takes home documentary video award

At the biennial Centre for Effective Dispute Resolutions (CEDR) Awards ceremony held in London on November 29, the Corporate Social Responsibility Initiative won the “best communication or publication” award for its Corporate-Community Dialog video series. The series makes a compelling case for ADR methods and processes, using real life corporate-community case studies to show the immediate and long term benefits of facilitated dialogue.

The ceremony was attended by around 200 figures from the Alternative Dispute Resolution (ADR) and legal communities. Awards were made in 6 different categories, with 22 finalists making the most extensive shortlist in the Awards’ 20 year history. To read the complete press release, visit: www.cedr.com/news/?404.

To view the video series, visit www.BASESwiki.org.



Cass Sunstein delivers Regulatory Policy Program (RPP) seminar on “deciding by default”

Why do 12 percent of Germans consent to be organ donors, whereas 99.9 percent of the population in neighboring Austria has submitted its consent to organ donation? At a seminar organized by the Regulatory Policy Program on November 29, Professor Cass Sunstein explained that in Austria, citizens are automatically designated organ donors unless they opt out of the program, while in Germany people must opt in. Sunstein, Felix Frankfurter Professor at Harvard Law School and former Administrator of the White House Office of Information and Regulatory Affairs, argued that default rules strongly influence consumer behavior, and that government “choice architects” could use default rules to achieve policy goals.

According to Sunstein, choice architects have three options: set impersonal defaults that are the same for all consumers, require consumers to make active choices about their decisions, or provide personalized defaults that differ by consumer or group. Impersonal defaults may result in sub-optimal decisions. “People typically say ‘yeah, whatever, I’ll stick with [the default],” Sunstein notes, unless the default is exceedingly unwanted. An active choice model can result in better outcomes, but only for straightforward decisions. “If a situation is unfamiliar and complicated, then active choosing may impose unjustified or excessive costs,” Sunstein continued.

To read Catherine Leland’s (MPP ’13) full article, visit www.hks.harvard.edu/news-events/news/articles/deciding-by-default.

