



HARVARD Kennedy School

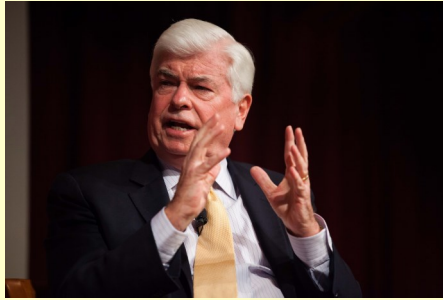
MOSSAVAR-RAHMANI CENTER for Business and Government

CREATING PUBLIC VALUE BY
ENGAGING BUSINESS AND
GOVERNMENT

May/June 2014

www.mrcbg.org

DODD & FRANK ON DODD-FRANK: THE POLITICS BEHIND ITS PASSAGE



Clockwise from top right: Barney Frank, U.S. House of Representatives, MA (1981-2013); audience members; M-RCBG Senior Fellow **James Segel**, who organized the April 24 event; Christopher Dodd, United States Senator, CT (1981-2011). Visit www.mrcbg.org for the event video.

BILMES LEADS EXPERIENTIAL LEARNING COURSE



This past semester, as part of HKS's Advanced Applied Management, Operations and Budgeting class, Prof. **Linda Bilmes** led seven projects this semester, including working with new Boston Mayor Marty Walsh to analyze potential demand/peak loads and financial and staffing implications to transition to a citywide "311" line and

studying issues involved in the mayor's "late night" initiative. Other projects included working with new Police Commissioner Billy Evans to estimate the full costs of gun violence in Boston; collaborating with Somerville Mayor Joe Curtatone to analyze issues related to potential location of a major league soccer stadium in the city and capital planning analysis related to management of 13 government-owned buildings; working with the Massachusetts State Legislature's Joint Committee on Education, Representative Alice Peisch to analyze funding options for extended learning time; and working with Newton Mayor Setti Warren on performance analysis of veterans transition center and options for improving regional/state transition services for 9/11 veterans.

Seminars & Events

M-RCBG has over 50 seminars and events scheduled each semester. Many of them are recorded. To listen to recent seminar podcasts, visit www.mrcbg.org and click on the SoundCloud or iTunes links. Below is a sampling:

Does Regulation Kill Jobs? **Joseph Aldy, HKS.**

TARP: How the Most Unpopular Bill in History Became Law; **Larry C. Lavender, House Financial Services Committee.**

Public Pensions in Bankruptcy; **Amy Monahan, Univ. of MN.**

Institutions for Macroprudential Policy; **Donald Kohn, former Vice Chairman of the Board of Governors of the Federal Reserve.**

Capital in the Twenty-First Century; **Thomas Piketty, Paris School of Economics.**

Lobbying in Washington: What Do PA, NV, NY and HI Know that Other States Don't?; **Mark Fagan, HKS.**

Global Economic and Financial Challenges; **Jaime Caruana, General Manager, Bank for International Settlements**



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FACULTY AND PROGRAM UPDATES

MPP students visit Washington, DC

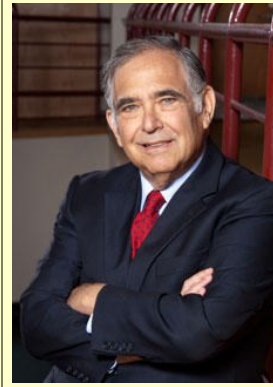


Twelve first-year Masters in Public Policy students concentrating in business and government policy spent three days in Washington, DC over spring break, exploring the policy and institutional landscape. The field-learning trip was part of an experimental BGP-themed cohort of the MPP program – a curricular initiative in which M-RCBG is heavily involved. The overall experiment features close integration among the economics, statistics, and ethics courses with a special focus on issues at the interface of business and government. In addition to the curriculum, “co-curricular” elements included not just the Washington trip but a series of special events for cohort members at M-RCBG. The spring break sojourn in Washington involved visits to the Pentagon, the Pension Benefit Guarantee Corporation, the Consumer Finance Protection Bureau, and the White House Social Initiatives Office. Officials from a range of other public and private organizations – including the Government Accountability Office, the Food and Drug Administration, and McKinsey – also met with the students at the headquarters of the Partnership for Public Service, which collaborated with HKS on the project. Performing a set of functions including recruiting speakers, offering integrative commentary before and after each session, and escorting the group around the city he knows so well was former M-RCBG Senior Fellow and former head of McKinsey’s DC office **Nick Lovegrove**, at far left in the photo above.

HEEP Pre-Doctoral Fellow Receives Crump Fellowship

HEEP Pre-Doctoral Fellow Samuel Stolper was awarded the 2014-2015 Joseph Crump Fellowship to pursue research on natural resource issues. Sam will be collaborating with the Regulatory Policy Project (RPP) and the Environment and Natural Resources Program (ENRP) at the Harvard Kennedy School. Professor **Joseph Aldy**, Faculty Chair of RPP and HEEP Faculty Fellow, will be advising Stolper throughout the process.

Zeckhauser named distinguished fellow by American Economic Association



Richard Zeckhauser, Frank P. Ramsey Professor of Political Economy, has been named a 2014 Distinguished Fellow by the American Economic Association (AEA).

The AEA lauds Zeckhauser for having “pioneered the field of policy analysis. His current research projects analyze environmental disasters, deception and reputations, trust in Islamic and Western nations, decisions in health care, investing in highly uncertain worlds, and effective relationships between the public and private sectors. In addition to this impressive professional resume in applied economics, it is important to note that Zeckhauser is also a gentle but demanding mentor for the next generation of scholars who adopt both his rigorous approach to the discipline of economics and its equally rigorous application to real world issues – broadly defined as decision-making under uncertainty.”

The AEA was organized in 1885 as a non-partisan organization to encourage economic research and discussion. For additional information, visit www.hks.harvard.edu/centers/mrcbg/students/dunlop2.

CSRI co-hosts roundtable on women’s economic empowerment

On April 17, the Corporate Social Responsibility Initiative, along with the U.S. Chamber of Commerce Foundation, hosted the first of a series of roundtables on what the private sector can do regarding women’s economic empowerment. Moderated by CSRI Director **Jane Nelson**, the invitation-only event brought together executives and managers from Fortune 500 firms representing a variety of industries to discuss identifying women-owned enterprises within the global value chain. The second roundtable, which will focus on building and globally implementing effective mentoring programs, affinity groups, and a champion culture, is scheduled for May 19.



M-RCBG Weil Director Lawrence Summers on why now is the time to rebuild our national infrastructure

Are you proud of New York's John F. Kennedy Airport? It's a question I ask nearly every audience I speak to these days. JFK, after all, is the largest entry point for foreign visitors arriving in what sees itself as the greatest city on earth. To a person, I've never heard anyone answer, "Yes." Vice President Joe Biden took it one step further in a speech earlier this year, likening the airport down the road, New York's LaGuardia, to being in "some third-world country."

Yet the unemployment rate for construction workers in the United States is in the double digits. And the government can borrow — in the currency we print — at long-term rates of less than 3 percent. If now is not the moment to rebuild these airports, when will that moment ever come? The American economy is not performing to the satisfaction of the American people. Total incomes are about \$1.5 trillion less today — or \$5,000 per person — than was anticipated in 2007 before the financial crisis began. The share of American adults working has increased only slightly since the recession's trough, and more than 5 million fewer people are working than when employment was at peak levels in the mid-2000s. Median family incomes and hourly wages have remained essentially stagnant for more than a generation.

The single most important step the US government can take to reverse these discouraging trends is to mount a concerted, large-scale program directed at renewing our national infrastructure. At a time of unprecedented low interest rates and long-term unemployment, such a program is good economics but, more fundamentally, it is common sense. Few Americans are impervious to the crumbling infrastructure in their everyday lives.

The country that brought the world the Internet and continues to lead the globe in information technology has an air traffic control system that relies on vacuum tubes and where sticky pieces of paper are moved around on bulletin boards to track flights. Even leaving aside the safety risks, the costs in extra fuel consumption and unneeded delays are measured well into the tens of billions of dollars. Can it possibly make sense to wait until every repair person capable of working with vacuum tubes has died off to complete the renovation of this antiquated system?

To read **Lawrence Summers'** full op-ed from *The Boston Globe*, visit www.bostonglobe.com.

HEEP pre-doctoral fellow and alum release new discussion paper

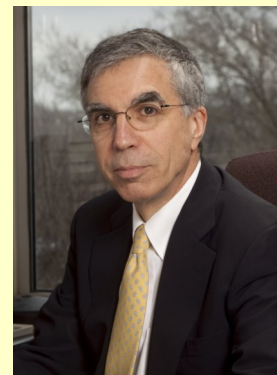
HEEP Pre-Doctoral Fellow Richard Sweeney, and HEEP Pre-Doctoral Fellow alum Hunt Allcott co-authored a discussion paper titled "Information Disclosure through Agents: Evidence from a Field Experiment." The authors conducted a natural field experiment exploring consumer buying habits towards energy efficient products.

Nelson participates in Brookings panel



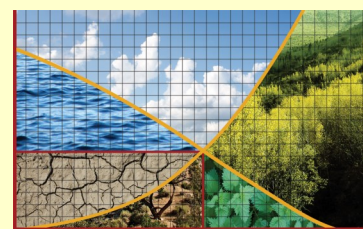
On April 25, CSRI Director **Jane Nelson** participated in a panel at the Brookings Institution on Partnerships, Corporate Social Responsibility and the New Development Agenda. The event began with a discussion between Nelson, who also serves as nonresident senior fellow at Brookings, and Anne Finucane, global strategy and marketing officer at Bank of America, on the role global companies will increasingly play in development and in addressing societal challenges at large. After the discussion, Nelson moderated a panel on the role of the private sector and different partnership strategies for development. The panel included Daniella Ballou-Aares (MPA'02), senior advisor for development to the U.S. secretary of state; Mindy Lubber, president of Ceres; and Vera Songwe, World Bank country director for Senegal, Cape Verde, the Gambia, Guinea Bissau, and Mauritania and Brookings nonresident senior fellow.

An Economic Perspective on Climate Change Policy



Harvard Environmental Economics Program Director **Robert N. Stavins** delivered a presentation on February 4 in Tokyo, Japan titled "An Economic Perspective on Climate Change Policy," at a symposium hosted by the Research Institute of Innovative Technology for the Earth (RITE). The symposium is held annually by RITE's project on "Alternative Pathways toward Sustainable development and climate stabilization" (ALPS). Stavins discussed the evolution of climate and environmental policy from the Rio Earth Summit in 1992 to the UNFCCC negotiating session in Warsaw, Poland in November 2013.

Climate Cooperation with Technology Investments and Border Carbon Adjustment



In a new Harvard Project on Climate Agreements Discussion Paper, Carsten Helm, HEEP Visiting Scholar 2013, and Robert C. Schmidt explore relationships among emissions-reduction commitments, investment in low-carbon technology, border-carbon adjustments, and international collaboration to address climate change.

Nash publishes in Harvard Environmental Law Review



M-RCBG Associate Director and Regulatory Policy Program Executive Director **Jennifer Nash** has recently been published in the Harvard Economic Law Review. Co-authored with Cary Coglianese of the University of Pennsylvania Law School, the paper is titled "Performance Track's Postmortem: Lessons from the Rise and Fall of EPA's

'Flagship' Voluntary Program." For additional information, visit: <http://papers.ssrn.com>.

Business & Government PIC leadership changes hands



M-RCBG thanks Rick Relinger and Parisa Roshan for their outstanding leadership as chair and co-chair of the Business and Government Professional Interest Council (B&G PIC) this year. With Relinger and

Roshan at the helm, the PIC has become one of the largest and most active student clubs on campus. It now has committees in corporate social responsibility, venture capital and private equity, social enterprise, public-private partnership, impact investing, and creative economy. Relinger and Roshan will graduate this month, both with Master in Public Policy degrees. Relinger is interested in corporate social compliance programs and embedding the corporate responsibility to respect human rights. Roshan's goal is to redefine public service outside of its traditional context in government and engage the private sector in creating shared value.



M-RCBG also welcomes Paul Chen as the incoming B&G PIC chair. He is a dual degree candidate between HKS (MPA) and Stanford (MBA). For more information on the Business & Government PIC, visit www.hks.harvard.edu/centers/mrcbg/students/bgpic

To access many of our seminars and events as podcasts via Soundcloud and iTunes, please visit www.mrcbg.org

SEMINAR SPOTLIGHT

Next Generation Compliance and Enforcement at the U.S. Environmental Protection Agency

On March 27, 2014, the US Environmental Protection Agency's (EPA) "top cop" Cynthia Giles (MC-MPA00) spoke to the Regulatory Policy Program Seminar about new enforcement strategies and monitoring technologies that are enabling EPA to improve compliance even as the agency faces persistent budget restrictions. "Enforcement is the backbone of environmental protection laws," said Giles, but non-compliance is pervasive and "a much bigger problem than most people think." Giles has adopted a tough stance toward facilities that violate the law. She recounted a series of recent enforcement actions in which EPA is leveraging the threat of civil and criminal penalties to motivate facilities to clean up.

Giles, the Assistant Administrator for the Office of Enforcement and Compliance Assurance at EPA, emphasized that enforcement alone is not sufficient to bring about broad compliance with EPA rules. The single most effective strategy for increasing compliance, Giles argued, is writing better regulations. Looking across federal agencies, regulations that "make compliance the default" for regulated parties consistently generate the best compliance results. The Internal Revenue Service, for example, has built in to payroll taxes a clever verification scheme: requiring both employers and employees to report payroll income makes it difficult for either party to cheat.

Newly available advanced monitoring techniques, which are less expensive, smaller, and more accurate than technologies of the past, have an important role to play in strengthening compliance. In some cases, these techniques have allowed neighbors of polluting facilities to monitor environmental quality and work directly with facility managers to reduce pollution. Giles showed video clips of new monitoring camera technology that allows EPA to visualize previously invisible air emissions like volatile organic compounds. Many facility managers, when presented with credible information about unlawful emissions, move quickly to correct problems.

Another promising development mentioned by Giles is the growing use of electronic reporting, which makes it easier both for facility managers to submit compliance information and for agencies to identify problems and take corrective action quickly. Together, these many new ways of assuring compliance are strengthening EPA's "backbone" and ensuring that the goals of clean air, water, and land are closer to being achieved.

-Kevin Rowe MPP14