



October 2016

www.mrcbg.org

M-RCBG WELCOMES 2016-2017 SENIOR FELLOWS



M-RCBG 2016-2017 Senior Fellows: Front row (L to R): Simon Winter, Prof. Richard Zeckhauser (chair of the Senior Fellows Committee), M-RCBG Co-Director Dean John Haigh, Jo Ann Barefoot, Christopher Smart. Back row (L to R): M-RCBG Executive Director Scott Leland, Anshul Krishan, Farrukh Khan, Peter Sands, Todd Baker, John DeVillars, Prof. Robert Glauber (faculty advisor).

Among the new senior fellows welcomed this fall to the Mossavar-Rahmani Center for Business and Government (M-RCBG) are **Todd Baker**, managing principal at Broadmoor Consulting and an expert in strategic consulting to boards of directors; **John DeVillars**, head of a solar energy development and investment firm and former New England administrator of the U.S. Environmental Protection Agency; **Farrukh Khan**, head of Climate Finance and senior manager on the UN Secretary-General’s Climate Change Support Team; **Anshul Krishan**, former chief of staff in the Office of the CEO of the International Finance Corporation (IFC), and **Christopher Smart**, a former special assistant to the President at the National Economic Council and the National Security Council, and former deputy assistant secretary of the U.S. Treasury.

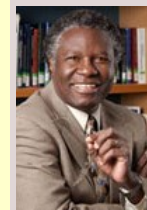
“Senior fellows are a vital resource to our center. They bring valuable experience as practitioners, and their strong academic orientation enables them to provide significant insights. In sum, their work here enriches our understanding of the business-government relationship,” said **Richard Zeckhauser**, Frank P. Ramsey Professor of Political Economy and chair of M-RCBG’s fellows selection committee. “We welcome these new colleagues, and look forward to their effective interaction with our faculty, our students, and others engaged with the work of the center,” said **John Haigh**, M-RCBG Co-Director and HKS Executive Dean.

The Senior Fellows Program is designed to strengthen the connection between theory and practice as the center examines and develops policies at the intersection of business and government. Every senior fellow is sponsored by a Harvard faculty member. During their time at M-RCBG, they undertake a substantial research project and offer a study group for students.

For more information on M-RCBG’s senior fellows program, visit mrcbg.org and click on “Fellows.”

Seminars & Events

M-RCBG has over 80 seminars and events scheduled each semester. Below are a few of the upcoming events. For a complete listing, visit www.mrcbg.org.



Innovation and Its Enemies: Why People Resist New Technologies; **Calestous Juma, HKS.** Bell, Oct. 6. 11:45-1.

The Regulatory Landscape Facing the Next President; **Susan Dudley, GW Regulatory Studies Center.** Bell, Oct. 13. 11:45-1.



Innovation for Development and Deployment of Increasingly Clean Electric Power Technologies. **Paul Beaton, National Academies of Sciences, Engineering, and Medicine.** Bell, Oct. 17. 12-1:30.

The Impacts of Differential Approaches to Assessing Regulations, Spending, and Tax Expenditures on Public Policy; **Joseph Aldy, HKS.** Bell, Oct. 27. 11:45-1.



Search Groups:
M-RCBG

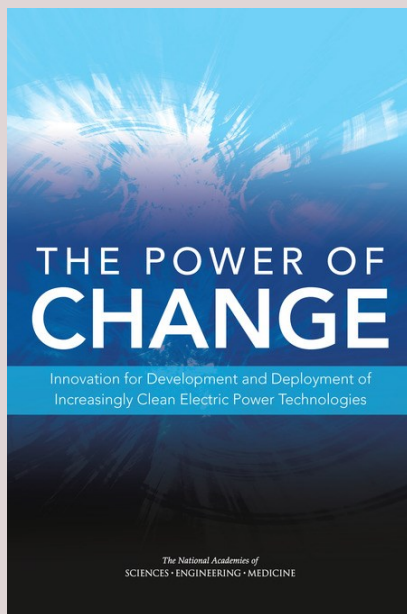


@HKS_BizGov



MRCBG

Hogan publishes report on clean energy technologies



William Hogan, Raymond Plank Professor of Global Energy Policy at HKS, participated in The National Academies Board of Science, Technology, and Economic Policy's committee examining market adoption of efficient and clean energy technologies over three years. The project resulted in a report: *The Power of Change: Innovation for Development and Deployment*

of Increasingly Clean Electric Power Technologies, which was released in September.

The report considers how to speed up innovations that would dramatically improve the performance and lower the cost of currently available technologies while also developing new advanced cleaner energy technologies. According to this report, there is an opportunity for the United States to continue to lead in the pursuit of increasingly clean, more efficient electricity through innovation in advanced technologies. It makes the case that America's advantages – world-class universities and national laboratories, a vibrant private sector, and innovative states, cities, and regions that are free to experiment with a variety of public policy approaches – position the United States to create and lead a new clean energy revolution.

For more information, visit: www.nap.edu/catalog/21712/the-power-of-change-innovation-for-development-and-deployment-of



Comptroller of the Currency Thomas Curry spoke in the JFK Jr. Forum on September 15 as the 2016 Annual Robert Glauber Lecturer. Visit JFKJrForum.org to watch his lecture, "Emerging Issues in Bank Regulation."

M-RCBG welcomes B&G PIC leaders

The Business & Government Professional Interest Council (B&G PIC) serves as the dynamic forum for HKS students and fellows interested in the thought-leadership, partnerships, careers and innovations at the intersection of business and government.



This year, PIC co-chairs are Rebecca Barnes (top) and Paolo Fresia (bottom). Additional leaders include:



VP Finance: Christopher Jan and Katharine Bodnar

VP Communications: Matthew Spector and Kristine Lee

VP HBS Relations: Amrita Vir and Kaitlin Klaustermeier

VP SECON Relations: Jen Smith

Chairs of CSR: Sabine Prinz and Henning Ringholz

Chairs of Impact Investing: Emma Morse and Ivan Rahman

Chairs of PPP: Hamada Zahawi and Diogo Faria

Chairs of Economic Development: Christoph Nedopil and Ali Nadeem

Chair of Sustainability: Alberto Rincon

Chair of Government Relations: Malini Bose

Chair of Fintech: Snigdha Kumar

Chair of Political Risk: Ben Yunmo Wang

Zeckhauser receives 2016 M-RCBG Distinguished Service award



Richard Zeckhauser, Frank P. Ramsey Professor of Political Economy at HKS, received the 2016 M-RCBG Distinguished Service Award in September. M-RCBG established the honor in 1998 to recognize an elite group of individuals with remarkable contributions not just to the Center, but to the Kennedy School and their professions beyond Harvard.

Zeckhauser was selected because he has been a mentor to thousands of students and many accomplished economists and academics around the world since joining the Harvard faculty in 1968. He has published over 300 articles and books, from *A Primer in Policy Analysis* with Edith Stokey, *An Economic Theory of Alliances* with Mancur Olson, to works on climate policy, collaborative governance, health insurance exchanges, terrorism risk-assessments, antimicrobial resistance, causes of the financial crisis, and hundreds of topics in between.

Past winners include: **Thomas Healey, Robert Glauber, Stephen Peterson, Jack Donahue, Bill Hogan, F.M. Scherer, John Dunlop and Ray Vernon.**

SSP affiliates publish on tech innovation and sustainability

Sustainable Science Program (SSP) faculty **Laura Diaz Anadon** and **William Clark**, along with other program affiliates have recently published a paper titled *Making Technological Innovation Work for Sustainable Development*.

The paper presents insights and action proposals to better harness technological innovation for sustainable development. First, technological innovation processes do not follow a set sequence but rather emerge from complex adaptive systems involving many actors and institutions operating simultaneously from local to global scales. Barriers arise at all stages of innovation, from the invention of a technology through its selection, production, adaptation, adoption, and retirement. Second, learning from past efforts to mobilize innovation for sustainable development can be greatly improved through structured cross-sectoral comparisons that recognize the socio-technical nature of innovation systems. Third, current institutions shaping technological innovation are often not aligned toward the goals of sustainable development because impoverished, marginalized, and unborn populations too often lack the economic and political power to shape innovation systems to meet their needs. However, these institutions can be reformed, and many actors have the power to do so through research, advocacy, training, convening, policymaking, and financing. Researchers conclude with three practice-oriented recommendations to further realize the potential of innovation for sustainable development: (i) channels for regularized learning across domains of practice should be established; (ii) measures that systematically take into account the interests of underserved populations throughout the innovation process should be developed; and (iii) institutions should be reformed to reorient innovation systems toward sustainable development and ensure that all innovation stages and scales are considered at the outset.

Crump Fellowship awarded for work on energy and the environment

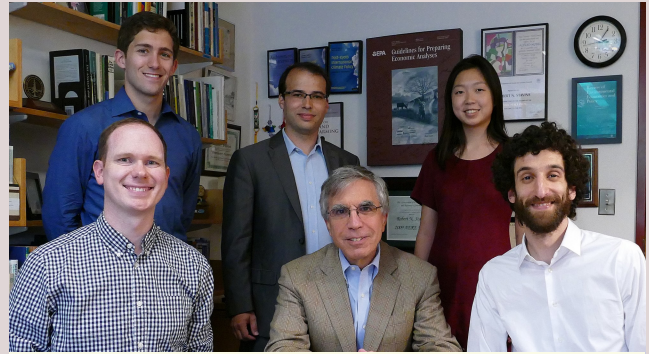


M-RCBG and the Environment and Natural Resources Program announce Todd Gerarden as the recipient of the 2016-2017 Crump Fellowship, awarded to an advanced doctoral candidate working on the intersection of energy and the environment.

Gerarden is researching the impacts of solar photovoltaic policy on the manufacturing industry and its implications for the environment. The project will touch on two current policy debates. First, Gerarden seeks to quantify the impact of international trade disputes on solar deployment. Second, he will assess the impact of many different supply- and demand-side policies to identify the policies that have been most effective in fostering innovation and lowering the cost of solar panels.

For more info on the award, visit www.hks.harvard.edu/crump.

HEEP awards student prizes for 2015-2016



Top: Jacob Bradt, Jared Westheim, Sierra Fan. Bottom: Daniel Sullivan, Professor Robert Stavins, Samuel Stolper. Not pictured: Samuel Etter

The Harvard Environmental Economics Program (HEEP) has, for the seventh consecutive year, awarded three prizes to Harvard University students for the best research papers addressing a topic in environmental, energy, or natural-resource economics — one prize each for an undergraduate paper or senior thesis, master's student paper, and doctoral student paper. Each prize was accompanied by a monetary award.

Winners include:

The Enel Endowment Prize for the Best Paper by a Doctoral Student

Two co-recipients of the Enel Endowment Prize:

- Samuel Stolper, "Who Bears the Burden of Energy Taxes? The Critical Role of Pass-Through."
- Daniel Sullivan, "The True Cost of Air Pollution: Evidence from House Prices and Migration."

The Mossavar-Rahmani Center Prize for the Best Paper by a Master's Student

- Samuel Etter and Jared Westheim, "Exploring New Financing Mechanisms for Forest Restoration: Environmental Pay-for-Success and Its Alternatives."

The HEEP Prize for the Best Senior Thesis or Undergraduate Paper

- Jacob Bradt, "'A Room with a View': Examining Changes in the Marginal Implicit Price of Flood Risk in Coastal Housing Markets Using the Hedonic Price Function."

Honorable Mention for the HEEP Prize for the Best Senior Thesis or Undergraduate Paper

- Sierra Fan, "A Breath of Fresh Air: A CGE Approach to Carbon and Pollutant Taxes in China."

*M-RCBG 2016 summer funding recipient:
Megan Larcom, Human Capital Fund, Berkeley, CA*



The time I spent this summer working with the Human Capital Fund was a helpful experience towards developing a career at the intersection of economic development and investment. Human Capital Fund is a startup, non-profit investment firm focused on resolving the talent imbalances that constrain small business

growth and investment in underserved markets. The organization releases immediate management constraints and develops local managers in businesses that lack the resources to do so internally. Human Capital Fund partners with graduate schools, like the University of California Berkeley, and taps into low-cost, high-skilled managers: current MBA students. Select students are paired with middle managers in small businesses. Together, they focus on improving a critical business area to spark investment or execute growth. In sum, the Human Capital Fund connects businesses to managers, provides capital for growth, and coordinates leadership and skill modules through partners. The fund is at the early stages of development and the summer was a critical time to be driving progress forward; the pilot model is planned to launch this fall.

I traveled to California to meet potential partners (e.g. Main Streets Organizations and Chambers of Commerce) that would link Fund resources to small businesses, and to iron out the pilot strategy with the Human Capital Fund team that is based in Berkeley. One of my core responsibilities thereafter was to develop a process and metrics for the Fund to select businesses to receive support. I developed a business selection manual and database that will be deployed for the pilot, and if the pilot is successful, then also in other markets. The second responsibility included business analysis and execution of selection. In parallel, the team secured a placement partner, developed a partnership with an institute of higher learning, and recruited managers for the pilot. It was an entrepreneurial experience, and one that I'll continue to be involved with for the pilot execution this Fall and hopeful rollout in East Africa next year.

My time with Human Capital Fund allowed me exposure to partners that measure impact on job quality, not just quantity, and to understand the different paths by which businesses effect local communities. The policy implication is more relevant than I had initially expected. I learned that a number of non-profit training programs and investment funds receive tremendous financial and coordination support from local governments. The direction of funds towards interventions like technical assistance is less popular than interventions like investment funds, yet technical assistance directly affects the capacity of people (rather than just a bank account).

Larry Summers on building the case for greater infrastructure investment

There is a consensus that the US should substantially raise its level of infrastructure investment. Economists and politicians of all persuasions recognize that this can create quality jobs and provide economic stimulus without posing the risks of easy-money policies in the short run. They also see that such investment can expand the economy's capacity in the medium term and mitigate the huge maintenance burden we would otherwise pass on to the next generation.

The case for infrastructure investment has been strong for a long time, but it gets stronger with each passing year, as government borrowing costs decline and ongoing neglect raises the return on incremental spending increases. As it becomes clearer that growth will not return to pre-financial-crisis levels on its own, the urgency of policy action rises. Just as the infrastructure failure at Chernobyl was a sign of malaise in the Soviet Union's last years, profound questions about America's future are raised by collapsing bridges, children losing IQ points because of lead in water and an air traffic control system that does not use GPS technology.

The issue now is not whether the US should invest more in infrastructure but what the policy framework should be...Every year that we allow our infrastructure to decay raises the burden that our generation places on the next. We will not always be able to borrow for the long term at a near zero interest rate. However the election turns out, a major infrastructure investment program should be adopted by the president and Congress in the spring of 2017.

To read the full op-ed from M-RCBG Dir. **Lawrence Summers** in the *Financial Times*, visit mrcbg.org.

HEEP congratulates recent grads on new jobs

Three Harvard Environmental Economics Program (HEEP) Pre-Doctoral Fellows, who graduated in May 2016, have accepted new positions:

- Trisha Shrum will become a Post-Doctoral Fellow at the University of Colorado Earth Lab in Boulder, Colorado.
- Samuel Stolper will be a Post-Doctoral Fellow of the MIT Energy Initiative, the MIT Center for Energy and Environmental Policy Research, and the MIT Economics Department from summer 2016 to summer 2017. In the fall of 2017 he will become an Assistant Professor at the University of Michigan's School of Natural Resources and Environment.
- Daniel Sullivan will become a Fellow at Resources for the Future.