



October 2015

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**MADRIAN RECOGNIZED FOR WORK TO BOOST
 401(K) PARTICIPATION**



In August, M-RCBG faculty affiliate **Brigitte Madrian** received the 2015 Achievement in Applied Retirement Research Award, presented by the Retirement Income Industry Association in partnership with Research magazine and sister publication *ThinkAdvisor.com*.

Madrian, who received her economics Ph.D. from MIT, is Aetna Professor of Public Policy and Corporate Management at Harvard Kennedy School. She also serves on FINRA's Board of Governors, among other affiliations.

Madrian's paper titled "The Power of Suggestion: Inertia in 401(k) Participation and Savings Behavior," coauthored with Dennis Shea, was published in the *Quarterly Journal of Economics* in 2001. It provided empirical evidence that automatic enrollment had a remarkable impact on employee participation in 401(k)s.

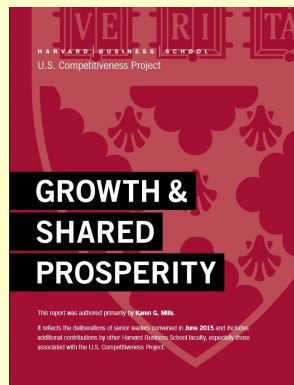
This ran counter to neoclassical economic theory's expectation that defaults would not affect participation. A rational employee would simply save the right amount of money each month based on how much she valued living well in retirement. In reality, people aren't quite so rational.

For additional information about Madrian's research and the award, visit www.hks.harvard.edu/centers/mrcbg/news-events/news.

**MILLS AUTHORS REPORT ON GROWTH
 & SHARED PROSPERITY**

M-RCBG senior fellow **Karen G. Mills** recently authored a Harvard Business School report on growth and shared prosperity with the goal of stimulating the national discussion around the topic, especially when it comes to solutions to those challenges where common ground is within reach.

The research was gathered from June 2015 discussions when nearly 75 experienced leaders from across business, government, labor, academia, and media gathered at HBS to discuss a topic of increasing concern in America: How can our nation continue to remain competitive while also providing a path to prosperity for more citizens? This report highlights the group's deliberations and summarizes the HBS research that was presented during the convening. For additional information, visit: www.hks.harvard.edu/centers/mrcbg/news-events/news.



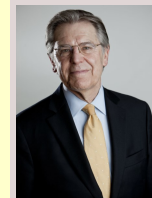
Seminars & Events

M-RCBG has over 80 seminars and events scheduled each semester, some of which are listed below. For a complete schedule, visit www.mrcbg.org.

The Failure of Regulatory Economics to Keep Pace with Improvements in Quantitative Risk Analysis; **Adam Finkel, Penn Program on Regulation.**



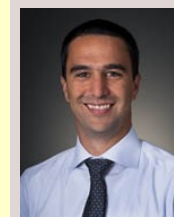
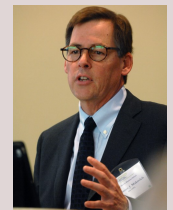
Fainsod, Oct. 8. 11:45-1.



What Really Caused the World's Worst Financial Crisis and Why It Could Happen Again; **Peter Wallison, American Enterprise Institute.**

Bell, Oct. 22. 11:45-1.

Assessing Global Power Sector Climate Policy Initiatives; **Larry Makovich, M-RCBG senior fellow.** Bell, Oct. 26. 12-1:30.



Reinforcing the State: Transnational and State Labor Regulation in Indonesia; **Matthew Amengual, MIT.** Bell, Oct. 29. 11:45-1.



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M-RCBG Director Lawrence Summers on the importance of global health investment



One of the things I am proudest of having done in Washington was having the idea as Chief Economist of the World Bank that the Bank should devote its annual World Development Report to making the case for improving both the quantity and quality of global health investment. The 1993 report produced by a team led by Dean Jamison proved more influential than I could have

hoped, not least because it drew Bill Gates into the global health arena.

The Report made a strong case that the benefits of the right health investments far exceed the costs. Indeed, I believe the moral and economic case for investments in health care—both prevention and treatment—is as or more compelling than in any other area in the developing world. The dramatic declines in child mortality and increases in life expectancy demonstrate that policy can make an immense difference.

Dean and I chaired a commission, timed to coincide with the 20th anniversary of the initial report, under the aegis of the *LANCET*. The commission took stock of the remarkable progress made over the last 20 years and emphasized what is possible over the next generation.

The primary conclusion of our commission was that our generation has the opportunity to achieve a “grand convergence” in global health reducing preventable maternal, child, and infectious diseases to universally low levels by 2035. We further concluded that the necessary investments would have benefits that exceeded their costs by a factor of 10. But we cautioned that grand convergence would not just happen. It would require commitments to health system reform and to new domestic and international resources that go well beyond what is in place today.

All of this seems immensely relevant as world leaders gather in New York this week to agree on a bold new global agenda for sustainable development. The breadth of ambition embodied in the 17 Sustainable Development Goals and the associated 169 targets is truly inspiring and a tribute to the moral energy of many leaders in and out of government.

But there is the risk that with so many priorities, there will be insufficient focus on the most important and achievable objectives. I was therefore excited when the Rockefeller Foundation asked me to work with them to develop a Declaration that a broad spectrum of economists could issue underscoring the importance of global health efforts. The 266 economists who have joined our declaration come from 44 countries and at least as many political and ideological perspectives. But they are united in their belief in the importance of expanding and improving health care globally.

To read more, visit: <http://larrysummers.com/category/blog/>

Frank to deliver 2015 Glauber Lecture



On October 22, Barney Frank, U.S. House of Representatives, Massachusetts (1981-2013) will deliver the annual Robert Glauber Lecture, this year titled: *The Importance of Being Dispensable: Downsizing our Global Ambition*.

This annual lecture honors **Robert Glauber** and his long record of distinguished contributions to the U.S. and world financial systems, as well as

his long and successful scholarship and teaching which have characterized his career at Harvard. Mr. Glauber is an Adjunct Lecturer at the Harvard Kennedy School and has been a visiting professor at Harvard Law School in 2007 and 2009. Previously, he served as Chairman and Chief Executive Officer of NASD (now FINRA). Prior to that, he also served as Under Secretary of the Treasury for Finance from 1989 to 1992 and, before that, was a Professor of Finance at the Harvard Business School for 25 years.

In 1987-1988, Mr. Glauber served as Executive Director of the Task Force (Brady Commission) appointed by President Reagan to report on the October 1987 stock market crash. Mr. Glauber presently is Chairman of the Board of XL Group, plc (an insurance company) and Northeast Bancorp (a commercial bank based in New England), a director of Moody's Corp. and a member of the Trustees that oversee the International Accounting Standards Board. He has previously served on the board of Freddie Mac. He is a graduate of Harvard College and has a doctorate from Harvard Business School.

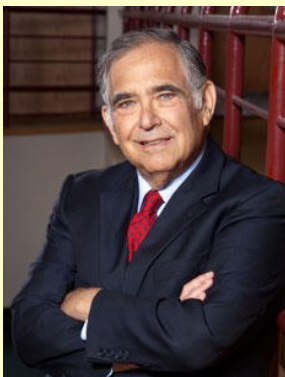
This lecture will be held in the JFK Jr. Forum at 6pm on Thursday, October 22. For additional information, visit www.mrcbg.org.

Green and Rouyer to serve as B&G PIC co-chairs

Robert Green (MPP16) and Priscilla Rouyer (MPA16) will serve as the Business and Government Professional Interest Group (B&G PIC) co-chairs for the 2015-2016 academic year. The B&G PIC is the forum for HKS students interested in leadership, partnerships, and careers at the intersection of business and government. Greene is an MPP candidate and a research assistant at M-RCBG, where his research focuses on financial regulation. Prior to HKS, he researched and wrote about the regulatory process, financial regulation, public finance, and state labor markets at the Mercatus Center at George Mason University. Rouyer graduated from Sciences Po Paris in 2009 and then worked in Europe and the Middle East for McKinsey & Company and in Haiti for the Inter-American Development Bank. After HKS, she intends to work on implementing new strategies to tackle youth unemployment.

Zeckhauser honored by the American Economic Review

M-RCBG faculty affiliate **Richard Zeckhauser** was honored in the August 2015 issue of the *American Economic Review* as a Distinguished Fellow of the American Economic Association, the premier scholarly association for the field of economics. His biography in the front matter of the current issue of the AER emphasizes his decades of extensive and successful mentoring of junior faculty and graduate students. Professor Zeckhauser is the



Frank Plumpton Ramsey Professor of Political Economy at the Harvard Kennedy School.

Professor Zeckhauser has made wide-ranging contributions in applied game theory, the analysis of economic behavior under uncertainty, health economics, and financial economics. His research offers a mix of both theoretical and empirical insights.

Professor Zeckhauser 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. His contributions to decision theory and behavioral economics include the concepts of quality-adjusted life years (QALYs), status quo bias, betrayal aversion, and ignorance (states of the world unknown) as a complement to the categories of risk and uncertainty.

Professor Zeckhauser joined the faculty of Harvard's Department of Economics in 1968 and has been a member of the Kennedy School's faculty since 1970.

Fall study groups scheduled

M-RCBG is offering a variety of study groups with our senior fellows this semester. These meetings help strengthen the connection between theory and practice, offering insights to the nature of social problems and their most practical solutions. For more information, visit: www.hks.harvard.edu/centers/mrcbg/students/sg.

Scheduled study groups currently include:

- **Ole Gunnar Austvik:** *Europe and the Geopolitics of Energy*
- **Lewis Kaden:** *America's Moment: Creating Opportunity in the Connected Age*
- **Larry Makovich:** *Reframing climate policy approaches in the electric power sector*
- **Stanley Marcuss:** *Urban Revitalization*
- **Simon Winter:** *Improving the food system in developing countries in a time of climate change*

Harvard Project co-organizes workshop with Beijing Research Institute

The Harvard Project on Climate Agreements co-organized a workshop on China-U.S. collaboration on climate-change policy in June in Beijing. The workshop was hosted and co-organized by the National Center for Climate Change Strategy and International Cooperation, a research institute within the National Development and Reform Commission.

The workshop focused on three topics:

I. The formulation and comparison of Intended Nationally Determined Contributions (INDCs) – the commitments that national governments will make at the United Nations Framework Convention on Climate Change (UNFCCC) conference in Paris in December 2015. China, the United States, and approximately 24 other countries had submitted their INDCs as of August.

II. Collaboration between China and the United States with regard to the design and implementation of cap-and-trade systems, which both countries are employing – currently on a sub-national level (seven regional pilot programs in China and, in the U.S., California and the northeastern states).

III. The intersection of trade and climate policy: How China-U.S. trade might be affected by domestic policies and international agreements to reduce greenhouse-gas emissions; and how China and the U.S. can collaborate to magnify possible trade benefits and reduce possible trade risks of the movement toward low-carbon societies.

STUDENT INTERNSHIP UPDATE

National Economic Council at the White House: Taniel Chan, MPP/MBA17



I entered the summer excited to spend my first summer in DC and looked forward to what would undoubtedly be a memorable summer. However, I did not expect it to be nearly as historical as it proved to be. These past few months were arguably some of President Obama's most efficacious months – the administration restored diplomatic relations with Cuba, saw the Supreme Court uphold the ruling for the Affordable Care Act as well as legalize same-sex marriage nationwide, and progress was made on the nuclear arms deal with Iran in addition to trade promotion authority. The energy at the White House was certainly palpable and the staff and interns rode this wave of ebullient enthusiasm throughout the summer.

The National Economic Council relies heavily on its interns to produce meaningful content, move policies forward, and monitor the implementation of the President's economic goals. I had the pleasure of working on the Skills Team which focuses on policies pertaining to workforce development and the improvement of access to better paying jobs and the middle-class for the millions of low-income, underemployed, or undereducated Americans. As someone from an immigrant family and born to parents whom never finished high school, this policy area resonated deeply with me and I was eager to contribute to preserving this notion of the American Dream that often appears more fleeting than it should be.

The priority of my summer was a Presidential initiative called TechHire that aims to increase access to technology and information technology based jobs to low-income and minority Americans, particularly disconnected youth and those without a high school or postsecondary degree. In addition, I also had the opportunity to help prepare for the first ever White House Demo Day that aimed to raise awareness about inclusive entrepreneurship by bringing start-ups from across the country to the Executive Residence to showcase their businesses.

Although the White House internship is unpaid, I am grateful for the financial support from the Kennedy School and the Mossavar-Rahmani Center for Business and Government. This generous funding enabled me to partake in an opportunity, which may have otherwise been financially challenging, that reaffirmed my deep desire to serve my country as a public servant at some point in my career.

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REGULATORY POLICY PROGRAM SEMINAR

Kate Konschnik on the role of chemicals reporting in controlling hydraulic fracturing risks

When producers extract oil and gas using hydraulic fracturing, they inject water and chemicals deep into the earth. The federal government has little authority to regulate associated environmental risks, and states are only beginning to establish laws specific to this form of oil and gas production. Given the absence of regulatory authority at the federal and state levels, what's the best way to safeguard environmental quality?

On September 17, 2015, Kate Konschnik, Director of Harvard Law School's Environmental Policy Initiative, addressed this question at a Regulatory Policy Program seminar. Her presentation focused on one approach: reporting and disclosure of hydraulic fracturing chemicals. Joe Aldy, Associate Professor of Public Policy at Harvard Kennedy School and Faculty Chair of the Regulatory Policy Program, introduced Konschnik and moderated the discussion.

Since 2010, 28 states have required producers to report the chemicals they use in hydraulic fracturing to FracFocus, a publicly available database managed by the Groundwater Protection Council and the Interstate Oil and Gas Compact Commission. According to Konschnik, oil and gas producers started reporting to FracFocus voluntarily to boost public confidence in their operations. States saw requiring producers to report on the chemicals they used "as an easy way to regulate," she said.

Konschnik explained that early voluntary efforts produced data riddled with problems, including frequent errors in chemical names and well site locations. Many producers withheld information on the grounds that they considered it confidential. An additional problem was that until recently, information for each well was provided in a PDF format, requiring users to download information about each well individually and making aggregation and analysis nearly impossible.

Konschnik published a report highlighting these problems in 2013. In the wake of concerns she and others raised, the Secretary of Energy's Advisory Board investigated FracFocus and issued a series of recommendations for improving data quality and transparency on the site. In addition, EPA commissioned its own study of FracFocus errors and published a notice in the Federal Register stating its authority to require hydraulic fracturing chemicals reporting under the Federal Toxic Substances Control Act. In subsequent years, states have worked with FracFocus to improve data quality and usability, although problems remain.

– Jennifer Nash