



### SUMMERS ON THE ECONOMY AND JOBS



M-RCBG Director Lawrence Summers discussing accelerated job creation on ABC News This Week.

M-RCBG Director **Lawrence Summers** appears frequently in the national media on the economic recovery and jobs. In a recent *Financial Times* op-ed, Summers writes that “the most serious risk to recovery over the next few years is no longer financial strain or external shocks, but that policy will shift too quickly away from its emphasis on maintaining adequate demand, towards a concern with traditional fiscal and monetary prudence.... How then to respond to valid concerns about fiscal sustainability, excessive credit creation and the time it may take to return to normality in a world where policy credibility is essential?”

“The right approach is to use contingent commitments – policies that commit to action to normalize conditions, but only when certain thresholds are crossed. So, for example, it might be appropriate for the Federal Reserve to commit to maintain the current Fed Funds rate until some threshold with respect to unemployment or expected inflation is crossed. Commitments to fund infrastructure over many years might include a commitment that a financing mechanism such as a gasoline tax would be triggered when some level of employment or output growth has been achieved for a given interval. Tax reform legislation might propose that new rates be phased in at a pace that would depend on economic performance.” (*Financial Times*, 3/25/2012, “How to Ensure Stimulus Today, Austerity Tomorrow.” Visit the In the News section of M-RCBG’s website for the full article.)

### STUDENTS APPLY FINANCIAL MANAGEMENT SKILLS IN BOSTON, SOMERVILLE

If Boston wants to keep its streets clear of snow as cost-effectively as possible, what’s the optimum mix of municipal and privately contracted snow plowing service to do so? Each spring since 2004, students in Prof. **Linda Bilmes’** Advanced Applied Budgeting class have tackled questions such as this by working on real problems for municipal clients and honing financial skills while helping the local community. Below is a summary of a few of the projects students completed this spring:

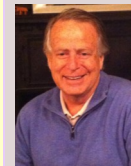
- For the City of Boston, students have conducted an assessment of the Hubway Bike Share Program, creating a financial model to anticipate how changes in price will impact ridership.
- For the City of Somerville, students have modeled the revenue and behavioral implications of various ticketing and parking meter pricing strategies.
- Also for Somerville, students have developed a financial model to assess the costs of building and operating a recreational facility on one of the few remaining open parcels of land, as well as a governance structure for establishing the necessary public-private partnership.

This class was co-led by M-RCBG Associate Director **Jennifer Nash**.

Andrew Kurtzman (MPP’12), Jennifer Nash, Devin Lyons Quirk (MPP’10, Senior Project Manager for Performance, City of Boston), Linda Bilmes, and Boston Mayor Thomas Menino discuss student projects.



### M-RCBG welcomes new senior fellows for 2012-2013



**Richard J. Balzer** is an organizational consultant focused on leadership, strategy, and organizational change with boards of directors, executive leadership teams, and senior managers. As a senior fellow, he will explore the leadership skills required to steward major multi-nationals as they navigate an increasingly complex world.



**Justin Fox** is editorial director of the *Harvard Business Review* Group and the author of *The Myth of the Rational Market: A History of Risk, Reward, and Delusion on Wall Street*. As a senior fellow, he will conduct research for a new project on the art and science of prediction.



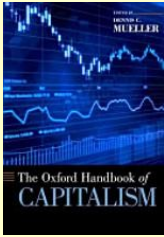
**Christian Gollier** is Director of the Toulouse School of Economics (TSE). His new book entitled *Pricing the Planet's Future* will be published by Princeton University Press this fall. As a senior fellow, he will research a variety of topics including the economics of discounting under uncertainty.



**Lisa A. Robinson** is an independent consultant who specializes in assessing the costs, benefits, and other impacts of environmental, health, and safety policies and regulations. As a senior fellow, she will study the potential social welfare impacts of making regulatory decisions based on equity considerations rather than solely on economic efficiency, as well as ways to make information on distributional impacts more readily available.

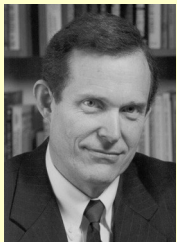
## PROGRAM UPDATES

### *Prof. F.M. Scherer publishes book chapter, speaks in Europe*



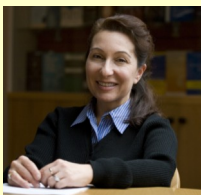
Professor **F.M. Scherer** wrote a chapter in “The Oxford Handbook of Capitalism”, recently published by Oxford University Press. The chapter is titled “The Dynamics of Capitalism” and covers capitalism and technological progress and structural changes due to innovation and rising prosperity. Additionally, Prof. Scherer spoke this spring on “A Half Century of Puzzling over the Patent System” at the inaugural conference of the Centre for Competition and Innovation at the Center for European Economic Research in Mannheim, Germany. He also recently spoke on pharmaceutical merger policy at the University of Eastern Piedmont, Alessandria, Italy.

### *Prof. Roger Porter featured in International Economy*



Professor **Roger Porter** was featured in a recent symposium of views published by *International Economy*, titled “Can Tax Reform Save the U.S. Economy?”. In it, he argues that it can, and should be an urgent national priority. To read the full article, visit the In The News section of the M-RCBG website. Prof. Porter also presented a session at the Greater Boston Chamber of Commerce’s Executive Leadership Institute’s spring program, which has been hosted by M-RCBG for the past three years. He spoke on the upcoming presidential election, and Professor **Dale Jorgenson** delivered a talk on the U.S. economic outlook and federal budget.

### *Prof. Linda Bilmes awarded grant to study the economic value created by national parks*



Professor **Linda Bilmes** was recently awarded a grant from the Bechtel Foundation to study the total economic value created by the National Parks. She will lead the study with Prof. John Loomis at Colorado State University and will look at the environmental, cultural, educational and historical contribution of the National Park Service, which will celebrate its centennial in 2016. Additionally, Prof. Bilmes spoke in March at the Affordable World Security conference on the challenge of paying for long-term war costs, including veterans benefits and medical military costs.

### *Harvard Project on Climate Agreements releases Climate Negotiation policy brief*



The Harvard Project on Climate Agreements recently released a new policy brief, “Climate Negotiations Open a Window: Key Implications of the Durban Platform for Enhanced Action,” authored by **Joseph Aldy** and **Robert Stavins**. The brief evaluates the results of the Seventeenth Conference of the Parties (COP-17) of the United Nations Framework Convention on Climate Change (UNFCCC), held in Durban, South Africa, late in 2011. The Durban Platform for Enhanced Action represents an important milestone in the history of climate negotiations. This is because it departs from the long-standing and problematic dichotomous division of the world’s countries into those with serious emissions-reduction responsibilities and the others – with no such responsibilities whatsoever. That distinction, now apparently abandoned, has prevented meaningful progress for decades. The Durban Platform – by replacing the Berlin Mandate’s (1995) division of the world into a set of countries with ambitious responsibilities and another set of countries with no responsibilities – has opened an important window.

## *News from the Corporate Social Responsibility Initiative*

As part of its Visiting Practitioners Series, the Corporate Social Responsibility Initiative (CSRI) was pleased to welcome Nandu Nandkishore, Nestlé’s Executive Vice President and Zone Director for Asia, Oceania, Africa, and the Middle East, for a talk on Nestlé’s business model of Creating Shared Value (CSV) as championed by CSRI Senior Fellow **Mark Kramer** and Professor **Michael Porter**.

CSRI also welcomed Nathan Herman, Director of Veterans Affairs for JP Morgan Chase (JPMC), who spoke with students regarding JPMC’s innovative work with job training, employment, and favorable lending programs for American military veterans and their families, and authors Navi Radjou and Simone Ahuja, who led a discussion on *Jugaad* innovation.

In the media, CSRI Faculty Chair **John Ruggie**’s letter to the *New York Times* on working conditions at Apple’s overseas factories was published on April 4, 2012., and CSRI Director **Jane Nelson** was interviewed for USAID’s March/April issue *Frontlines* on the power of development partnerships, particularly on the private sector’s role. CSRI Senior Fellow **John Sherman**’s paper, “The UN Guiding Principles for the Corporate Legal Advisor: Corporate Governance, Risk Management, and Professional Responsibility,” was also accepted by the American Bar Association’s Human Rights Center at its April 13, 2012 conference.

As part of its inclusive business ecosystems series, CSRI has published two case studies on scaling up inclusive business models, “Mobilizing the Southern Agricultural Growth Corridor of Tanzania” by Research Fellow **Beth Jenkins** and “Building a Strategic Alliance for the Fortification of Oil and Other Staple Foods” by Research Fellow **Christina Gradl**.

### *Rousseff visits HKS, commends HEPG*

In her April Forum address, Brazilian President Dilma Rousseff commended HEPG executive director Ashley Brown for his aid in helping her formulate the new model for the Brazilian power sector when she was Minister of Mines and Energy. She was involved with HEPG when she was Secretary of Energy of the State of Rio Grande do Sul in 2001 and returned to HEPG when she was Brazil’s Minister of Mines and Energy in 2003.

### *Students propose business models for charging electric vehicles*

How can the Department of Energy encourage the development of infrastructure required for charging electric vehicles? Students presented their recommendations in Washington DC on April 17 to DOE officials, including Henry Kelly, Acting Assistant Secretary. The students were members of a study group on Public-Private Partnerships, chaired by M-RCBG senior fellow **Alan Trager**. Pictured here are three of the study group members: (l to r) Moses Esemá, Jane Silfen, and Nick Gerry-Bullard.

