FROM THE DIRECTOR

Congratulations to the Kennedy School class of 2008! Summer has arrived in Cambridge, and we are in the midst of preparing for the upcoming academic year at the Mossavar-Rahmani Center for Business & Government.

The end of semester and summer have been busy for the Center in Cambridge and abroad, with affiliates traveling to Venice, Cairo, Brazil and India. Congratulations to Dunlop Thesis Prize winner Michael Sperling, for his work on “The Unintended Consequences of Government Interventions in the Domestic Ethanol Market.” David Porter received an honorable mention for his thesis on “Making Trade Fair: The Negotiation and Implementation of NAFTA Chapter 20.” Our Corporate Social Responsibility Initiative published eight working papers on expanding economic opportunity, which continue to receive significant attention. The Center is also eagerly anticipating the first class of Kennedy School/Harvard Business School Joint Degree students this fall.

Finally, our Asia Programs, under the direction of Tony Saich, have moved over to the Kennedy School’s Ash Institute for Democratic Governance following an eight year tenure at M-RCBG. Congratulations to Tony, who has also assumed the Directorship of the Ash Institute. We wish them all the best in the future.

Cheers,
John G. Ruggie

ASIA PROGRAMS MOVE TO THE ASH INSTITUTE FOR DEMOCRATIC GOVERNANCE & INNOVATION

On July 1st, following a eight year affiliation with the Center for Business & Government, the Center’s Asia Programs moved to the Harvard Kennedy School’s Ash Institute for Democratic Governance and Innovation. Tony Saich, the director and faculty chair of Asia Programs, has assumed the directorship of the Ash Institute.

Asia Programs brings with them the China Leaders in Development, Vietnam, Financial Sector and Asia Public Policy Programs, among others, as well as their fellows’ program. M-RCBG will be retaining its partnership with the Kansai Keizai Doyukai, and co-host its annual conference.

Asia Programs’ contributions to the Center have been significant. Between 20 and 30 fellows matriculated in Cambridge annually to explore issues of critical importance at the interface of business and government, offering an international perspective in a time of increasing globalization.

They trained numerous Vietnamese and Chinese officials in the fight against HIV/AIDS, sponsored the Fulbright Economics Teaching Program in Vietnam, hosted strategic policy dialogues, convened the China Leaders in Development program, and contributed significantly to the body of research concerning the Asia-Pacific region.

Asia Programs new website may be found at: www.hks.harvard.edu/innovations/asia/index.html
JOHN RUGGIE’S TERM AS UN SPECIAL REPRESENTATIVE FOR BUSINESS & HUMAN RIGHTS EXTENDED

NEW YORK - The UN Human Rights Council has unanimously approved John Ruggie’s proposed policy framework for business and human rights, presented to the Council in June. It is the first time a UN body has ever adopted a policy position on the topic. The Council has extended Ruggie’s mandate by three years, tasking him with building on, promoting and operationalizing the framework. Ruggie was named UN Special Representative for Business and Human Rights by Kofi Annan in July 2005.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVE NEWS

Four CSR Initiative faculty, staff, and fellows are featured in a new book, The Difference Makers: How Social and Institutional Entrepreneurs Created the Corporate Responsibility Movement by Sandra Waddock. “Difference Makers” are people who invent new institutions to change the world as we know it. The book chronicles the careers of John Ruggie, CSRI Faculty Chair; Jane Nelson, CSRI Director; CSRI Senior Fellows David Grayson and Simon Zadek, and 19 others. Sandra Waddock is Professor of Management, Boston College Carroll School of Management, and a former CSRI Visiting Scholar.


BETH JENKINS, CSRI’s Director of Policy Studies, co-organized and presented at the Business Linkages roundtable that took place June 10-12 in Rio de Janeiro. The CSR Initiative, together with the International Finance Corporation and the International Business Leaders Forum, has organized a series of Business Linkages dialogues to consider ways to support entrepreneurship among the world’s poor. Each dialogue brings together approximately 40 corporate business linkage practitioners along with a handful of their operational partners to foster an international community of practice. Jenkins is also working with the International Finance Corporation to author a report on the development of “mobile money ecosystems” – the networks of institutions that must be in place for mobile payment and banking systems to take root and go to scale. The Developing Mobile Money Ecosystems report will draw heavily on in-depth interviews with 15 CEOs and other senior executives who spoke at the May 14-15 GSMA-IFC Mobile Money Summit in Cairo, Egypt.

AMY LEHR, CSRI research fellow, served as an advisor to the Business Leaders Initiative for Human Rights (BLIHR), speaking at its April meeting in Bangalore and June meeting in Stockholm, as well as providing expertise as it develops human rights tools and case studies focusing on how companies can contribute to human rights. Amy also attended IPIECA’s stakeholder consultation in June, providing input regarding evolving best practices for companies seeking to responsibility address their human rights and development impacts.

JENNIFER NASH, CSRI Executive Director, helped to run a workshop about systematic approaches to building evaluation capacity at the 2008 Environmental Evaluators Network Forum June 12-13. She gave a talk on defining and measuring the results of environmental leadership programs at the National Environmental Partnership Summit in Baltimore on May 20.
FACULTY IN THE NEWS

**LINDA BILMES** received the American Friends Service Committee’s (AFSC) *Speaking Truth to Power* Award in May, presented for her "impressive scholarship on the economic cost of war and research on wounded veterans, [her] willingness to bring these important issues to the public arena, and [her] partnership in our Cost of War project." Previous recipients include the author Studs Terkel, Calvin Morris (Executive Director, Community Renewal Society), Charlie Richardson and Nancy Lessing (Co-founders of Military Families Speak Out). Linda also attended Hay-on-Wye Literary Festival in Wales on May 23rd to discuss her book, *The Three Trillion Dollar War*. Back here in Cambridge, Linda’s advanced budgeting class completed 5 projects for the Somerville (Massachusetts) Public Schools District, including a study of the impact of charter schools on the finances of the district, an analysis of the Special Education budget, a survey of teacher recruits, a study of the budget of the afterschool program, and development of an activity-based budget for the operations and maintenance budget. The students presented their findings to the School Superintendent, the School Board, and the Mayor in May.

**ALAN TRAGER** has been awarded a Center faculty seed grants to design a public private partnership module for use in the Kennedy School’s executive education programs.

**JOAN KAUFMAN**, Director of the AIDS Public Policy Project, co-organized with World Economic Forum’s China Health Alliance, the International Labor Organization, and the Shenzhen Health Bureau, a two day workshop in Shenzhen China on AIDS and Corporate Social Responsibility in May. Over 40 representatives of Chinese companies in the Pearl River Delta participated along with representatives of China’s Ministry of Labor and Social Security, State Administration of Industry and Commerce, and international firms like Standard Chartered Bank, Swire Beverages, Bayer, Esquel. This activity of the AIDS Public Policy Project was a follow on to a workshop organized by the APPTP in Shenzhen in the summer of 2006.

IN MEMORIAM

This year the Center lost two of its two of its distinguished affiliates, **JEROME GROSSMAN** and **JOHN MONTGOMERY**. Jerry was a Senior Fellow and the Director of the Center’s Health Care Delivery Policy Group. His distinguished career included years as Chairman of the Federal Reserve Bank of Boston, and the CEO of the New England Medical Center, where he was a founder of the Tufts Associated Health Plan. Jack was the Ford Foundation Professor of International Studies, Emeritus, and served as the director of the Center’s Asia Public Policy Program. He had been a Guggenheim Fellow, Dean of the Faculty at Babson College, and director of the Pacific Basin Research Center (Soka University of America). Their contributions to the Center, the Kennedy School, and their professions were enormous - both Jack and Jerry will be sorely missed.
VENICE - The Harvard Project on International Climate Agreements, together with the Fondazione Eni Enrico Mattei, Fondazione Giorgio Cini, and the Euro-Mediterranean Centre for Climate Change, hosted a workshop of leading thinkers on international climate policy in Venice, Italy, on May 15–16. The Harvard Project is co-directed and the workshop co-chaired by Professor Robert Stavins, who also heads the Center’s Harvard Environmental Economics Program, and Dr. Joseph Aldy, a Fellow at Resources for the Future.

The first day of the Venice events consisted of an academic workshop, in which scholars from Europe, China, India, Japan, and the United States presented preliminary results of their research for the Harvard Project, which is supporting more than 25 research initiatives on aspects of international climate change policy. On the second day, leaders from business, environmental advocacy, and government, along with the assembled academics, discussed key topics in international climate change policy, including ways to engage developing countries, how to maintain global competitiveness despite diverse national mitigation policies, and proposals for international agreements that could succeed the Kyoto Protocol.

The day was broken up into three sessions: Post-2012 Carbon Markets and their Implications for Competitiveness, The Role of Developing Countries in International Climate Agreements, and Alternative Approaches to Post-2012 Global Climate Change Agreements. Some key themes that arose during discussion:

- In an ideal world, an international climate agreement would include a global price on greenhouse gas emissions, applicable to all countries and all sectors, set by market-based systems such as cap-and-trade or a carbon tax. But the reality is much more likely to be a patchwork of varying systems, with only some countries and sectors participating, at least at first. At the hard core of likely future agreements there is in fact a graduation of national targets. There may be ways to bridge this gap through linkage among systems, and agreements within energy-intensive, trade-exposed sectors.

- The world can afford to wait for developing countries to join in an international climate agreement, but not indefinitely. Many agree that a future international climate agreement should include a deal on when developing countries will "graduate" to take on binding commitments. Otherwise, those not bound by the agreement will continue to build coal-fired power plants and other long-term energy-intensive infrastructure, or absorb "emissions leakage" from developed countries — pushing up the cost for the entire world later on. While waiting for developing countries to join, it is important to implement smart policies, such as facilitating technology transfer and investing in R&D and technological development.

- There is considerable support for using prices as an element in addressing climate change, and for setting those prices through a market mechanism — most likely a cap-and-trade system, but possibly a carbon tax. This approach entails a fundamental trade-off: raising the price of producing carbon-intensive goods in one country may shift comparative advantage to other countries through so-called "emissions leakage."

- The world has changed since the early 1990s, when the United Nations Framework Convention on Climate Change divided countries into Annex I and non-Annex I — each with its own set of responsibilities. Going forward, it may be preferable to allow for a more variegated menu of mitigation policies from which both developed and developing countries may choose.

Sasha Talcott is the Director of Communications at the Belfer Center for Science and International Affairs