John M. Olin Center for Law, Economics, and Business

2014-2015 Annual Report

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A. Summary of Academic Year 2014-2015

Introduction

The primary mission of the John M. Olin Center is to advance the economic approach to the analysis of law. Under this approach, one seeks to determine how legal rules affect the behavior of individuals, firms, and markets, and whether these rules can be improved to achieve a greater social good. The ability to predict the consequences of legal rules is a prerequisite for making legal policy recommendations. The Center is dedicated to educating students, training academics, and supporting research. It has established strong programs that further these objectives, and Harvard Law School is now recognized as one of the nation’s preeminent institutions for the study of economic analysis of law.

The activities of the Center during the past academic year are presented in this report. Please visit the John M. Olin Center website at http://www.law.harvard.edu/programs/olin_center/ for additional information.

A.1. Research and Scholarship

The Center promotes research and scholarship by lending support to a number of activities, including the following:

**Summer Faculty Research Program.** Faculty research in law and economics is supported by making available grants for student research assistance and by awarding a limited number of faculty research grants of approximately one month of salary support during the summer, provided that a faculty member already has been awarded one month of support under the Law School’s regular summer research program and that the faculty member’s proposal is sufficiently promising and is scholarly in nature. Such support allows professors to devote the time necessary for research and writing, and results in the publication of articles and books.

**Law and Economics Faculty Discussion Paper Series.** The purpose of this series is to circulate (in pre-published form) research papers on topics in economic analysis of law. The papers benefit from a wide exposure, as they are posted on the Social Science Research Network (SSRN) as well as the John M. Olin Center website. Their abstracts are also advertised in many of SSRN’s electronic abstract journals. In addition, every two months the Center announces new papers to a worldwide email list of subscribers. During Academic Year 2014-2015, a total of 49 works authored by the HLS faculty were added to this series for discussion. The publication record of these papers is outstanding.
Law and Economics Fellows Discussion Paper Series. This collection of scholarly works by student fellows complements the Faculty Paper Discussion Series. During the past academic year, two research papers (both winners of the HLS AY15 Olin Student Writing Prize in Law and Economics) were added to the series.

Journal of Legal Analysis. Professors J. Mark Ramseyer and Steven Shavell launched the nation’s first peer-reviewed journal with a broad legal focus, the Journal of Legal Analysis (https://ojs.hup.harvard.edu/index.php/jla), published by Oxford University Press, in the winter of 2009. Support for the journal is provided primarily by the Terence M. Considine Family Foundation. The journal’s editorial board includes Harvard Law School faculty members Louis Kaplow, Kathryn Spier, and Adrian Vermeule.

Program on Corporate Governance. The Program seeks to foster interaction between the worlds of academia and practice that will enrich both. Such interaction enables academic researchers to better understand the issues and the environment facing practitioners, thereby facilitating research that will be more relevant for practice. Interaction between academia and practice also keeps public and private decision-makers better informed about research activities in corporate governance, and enhances the public discourse on corporate governance.

The Program’s director is Professor Lucian Bebchuk. Other Harvard Law School faculty members contributing to its activities during 2014-15 were Robert Clark, John Coates, Alma Cohen, Allen Ferrell, Jesse Fried, Oliver Hart, Howell Jackson, Reinier Kraakman, Mark Ramseyer, Mark Roe, Robert Sitkoff, Holger Spamann, Leo Strine, Jr., and Guhan Subramanian. Also contributing to the Program’s activities were its Senior Fellows, Alon Brav, Stephen Davis, Assaf Hamdani, Oliver Hart, Ben W. Heineman, Jr., Robert J. Jackson, Jr., Wei Jiang, Lewis Kaden, and Robert Pozen.

Law and Economics Seminar. At these seminars, which are held weekly, research papers are presented to an audience of HLS students as well as HLS and other faculty. During AY 2014-2015, 26 professors presented papers at the seminar.

Thursday Evening Law and Economics Seminar for Students. These seminars provide students with the opportunity to present their own work to the Law and Economics Seminar students and to the HLS faculty. The seminars have proved to be very popular and valuable to students, especially those who plan to pursue academic careers. This past year, eight students presented their work at the seminars.

Law, Economics, and Organization Research Seminar. This seminar is co-sponsored by Harvard Law School and Harvard Department of Economics. At the seminar, more technical research work in law and economics is presented to HLS and Economics Ph.D. students and to the HLS and Harvard Department of Economics faculty. During AY 2014-2015, 16 research papers were discussed.

Conferences. The Center sponsors conferences on topics in law, economics, and business, at which scholars meet with colleagues from other universities to present and discuss work-in-progress. Conferences play a key role in generating new ideas among academics and practitioners in the world of law and business.
A.2. Contributions to the HLS Teaching Program

Courses with an economic orientation: Courses that have an economic orientation and that are taught by HLS faculty who have been affiliated with the Center in various ways include the following:

LAW AND ECONOMICS
- Law, Economics and Psychology, Oren Bar-Gill
- Empirical Law and Economics, Allen Ferrell and Alma Cohen
- Seminar: Law and Economics, Louis Kaplow and Steven Shavell
- Economic Analysis of Law, Steven Shavell
- Seminar: Law, Economics, and Organizations, Louis Kaplow, Lucian Bebchuk and Kathryn Spier
- Seminar: Behavioral Economics, Law, and Public Policy, Cass Sunstein
- Reading Group: Behavioral Law and Economics, Oren Bar-Gill

CONTRACTS
- Consumer Contracts, Oren Bar-Gill
- Contracts 4, Oren Bar-Gill

CORPORATIONS AND FINANCE
- Corporate and Capital Markets Law and Policy, Lucian Bebchuk and Scott Hirst
- Board of Directors and Corporate Governance, John Coates
- Corporations, John Coates
- Antitrust Law and Economics — US, Einer Elhauge
- Securities Litigation, Allen Ferrell
- Securities Regulation, Allen Ferrell
- Corporations, Jesse Fried
- Venture Law and Finance, Jesse Fried
- Regulation of Financial Institutions, Howell Jackson
- Topics in Financial Regulation: Consumer and Investor Protection, Howell Jackson
- Comparative Corporate Governance and Finance, Reinier Kraakman
- Corporate Finance, Reinier Kraakman
- Corporations, Reinier Kraakman
- Corporations, J. Mark Ramseyer
- Bankruptcy, Mark Roe
- Bankruptcy Deal-Making, Mark Roe
- Deals, Guhan Subramanian
- Seminar: Topics in Mergers and Acquisitions, John Coates
- Seminar: Current Issues in Corporate Governance, Jesse Fried
- Reading Group: Corporate Governance, Jesse Fried
TAXATION

- Taxation, Mihir Desai
- Taxation, Louis Kaplow

OTHER

- Trusts and Estates, Robert Sitkoff
- Analytical Methods for Lawyers, Kathryn Spier
- Business Strategy for Lawyers, Kathryn Spier

Analytical Methods for Lawyers course and textbook. This course and textbook was developed by the Center and is designed to teach basic business and economics concepts to law students. Enrollment in the course at Harvard Law School for the Fall 2014 semester was 71. Moreover, the Analytical Methods for Lawyers textbook has been adopted for use in 114 other law schools, including University of California-Berkeley, University of Chicago, Columbia University, Duke University, Georgetown University, University of Michigan, University of Pennsylvania, and Vanderbilt University.

Mentoring of students who wish to become academics. A major objective of the Center is to train students to become academics. This past year, six former Fellows have made notable strides on that path.

- Scott Hirst – SJD ’16 and John M. Olin Center’s Fellow in Law and Corporate Governance from AY11 through AY15, Scott is currently Associate Director of the HLS Program on Institutional Investors, Co-Editor of the Harvard Law School Forum on Corporate Governance and Financial Regulation and Lecturer on Law. In the Fall 2014 semester, together with the Center’s faculty member Professor Lucian Bebchuk, Scott taught the Corporate and Capital Markets Law and Policy course which is also offered in the AY 2015-2016 Fall semester.

- Scott Kominers – currently a Junior Fellow in the Harvard Society of Fellows and an AY11 John M. Olin Fellow in Law and Economics, in the upcoming Fall 2015 semester Scott will be teaching PhD Market Design (ECON 2099) in the Economics Department at Harvard University.

- Maya Sen – a political scientist and an Assistant Professor at the Harvard Kennedy School of Government, Maya Sen was an Olin Center’s Terence M. Considine Fellow in Law and Economics from AY09 through AY11. Sen writes on issues involving the political economy of U.S. race relations, law and politics, and statistical methods. Her research has been covered by the New York Times, the Washington Post, National Public Radio, MSNBC, and other outlets, and has appeared in journals such as the American Journal of Political Science, Judicature, the Du Bois Review, and the Journal of Legal Studies. Her current book-length project, co-authored with Matthew Blackwell (Harvard) and Avidit Acharya (Stanford), explores the lasting impact of U.S. slavery on contemporary politics. In AY16, at HKSG Professor Sen will be teaching two courses: Quantitative Analysis and Empirical Methods and The Supreme Court and Public Policy.

- Roy Shapira – SJD ’14 at Harvard Law School and a John M. Olin Fellow from AY10 through AY14, Roy is currently a Lecturer at Harvard University Department of Economics, teaching and researching corporate governance, corporate reputation, and corporate social responsibility at Harvard.
• **Nitzan Shilon** – a John M. Olin Center’s Fellow from AY07 through AY13, Nitzan started AY15 as Assistant Professor of Law at Peking University School of Translational Law. His research centers on corporate and financial law, with a focus on the emerging trends in executive compensation, corporate control and corporate finance. At his graduation from Harvard Law School in May 2014, Nitzan was lauded as one of the three recipients of the AY14 John M. Olin Student Writing Prize in Law & Economics which he won for his paper entitled “CEO Stock Ownership Policies – Rhetoric and Reality”. In addition, Nitzan has taught at Harvard Law School, Harvard Business School and Harvard College. The courses taught by him at Peking University include Business Associations and Corporate Finance.

• **Neel Sukhatme** – this September Neel will start as a newly appointed Associate Professor of Law at Georgetown University School of Law. During his 3L year, Neel was a John M. Olin Fellow in Law and Economics at Harvard Law School where he received his JD *cum laude* in 2005 and served as Notes Editor of the *Harvard Law Review*. In his scholastic pursuits, Neel relies on his technical background and has published articles in the *Harvard Law Review*, *William & Mary Law Review*, *Washington and Lee Law Review*, and *Harvard International Law Journal*. In AY16, Neel will be teaching two courses: *Empirical Analysis for Lawyers and Policymakers Seminar* and *Corporate Finance*.

• **Danny Yagan** – in September 2014, Danny assumed his academic position of Assistant Professor of Economics at University of California at Berkeley and a faculty research fellow of the National Bureau of Economic Research. Danny was an AY12 John M. Olin Center’s Fellow in Law and Economics. His teaching field at Berkeley is public economics, and his research areas are capital, taxes and labor.

_A.3. Participation of HLS Students in Program Activities_

The Center’s student activities are as follows:

**John M. Olin Student Fellowships.** Law students who are selected as *John M. Olin Fellows in Law and Economics* make a significant commitment of time and effort to research and writing in the area of law and economics and are supposed to produce a substantial paper by the end of the fellowship period. They also attend the weekly law and economics seminars and meet with their faculty advisers to discuss their research. Those fellows whose main interest is on corporate governance are partially supported by the Program on Corporate Governance. During AY 2014-2015, two students were awarded John M. Olin fellowships in Law and Economics.

**Terence M. Considine Graduate and Postgraduate Fellowships.** The purpose of these fellowships is to contribute further to the training of individuals planning an academic career in law and economics. Fellows are chosen with this goal in mind, and candidates must exhibit high productivity and achievement. Fellows must be students at Harvard Law School or in an
advanced degree program at Harvard University. We recently began to offer Considine fellowships with a focus on corporate governance, co-supported by the Program on Corporate Governance. There were two Terence M. Considine fellows in Law and Economics and two Terence M. Considine Corporate Governance fellows during AY 2014-2015.

**John M. Olin Research Assistantships.** This is an important program, because it fosters interaction between faculty and students, and redounds to the benefit and greater productivity of both. Over AY 2014-2015, eleven Harvard Law School JD and SJD students participated in the program on a consistent basis contributing to the Center’s research initiatives and significantly advancing its academic pursuits.

**John M. Olin Prizes.** John M. Olin Prizes in the amount of $1,000 are awarded for outstanding student papers in law and economics. HLS faculty may nominate papers for a prize, and usually, one, two, or three papers receive prizes in a given year. Two prizes were awarded this past year: Meirav Furth-Matzkin, LLM ’15, for “Unenforceable and Misleading Clauses in Consumer Contracts: Evidence from the Residential Rental Market” and Luke Martin, JD ’15, for “Determining Optimal Default Savings Rates for 401(k) Plans.”

**Conferences and Special Events.** Student fellows often attend the conferences we sponsor here at Harvard Law School. Also, the Center frequently pays the travel expenses of fellows who have been invited to present papers at professional meetings elsewhere. During the past year, one student was supported for travel expenses for this purpose.

**Law & Economics Seminar.** As noted, these seminars provide HLS students with an opportunity to hear presentations of scholarly work and to engage in discussion with faculty presenters.

**Thursday Evening Law and Economics Seminar for Students.** As noted, this seminar gives students an opportunity to present their own work to seminar students and to the HLS faculty.

**Law, Economics, and Organization Research Seminar.** As noted, this seminar, which is co-sponsored by the Department of Economics at Harvard, provides HLS students with the opportunity to hear presentations of more technical research work on law and economics.

### A.4. Collaborations with Other Schools and Departments at Harvard University

**Law and Economics course for Spanish legal academics.** For the past ten years, the Center has hosted a week-long law and economics course for Spanish legal academics. The course is supported by the Universidad Complutense de Madrid and the Rafael Del Pino Foundation. Last year, the number of Spanish students in the course was 36, and the HLS teaching faculty were Oren Bar-Gill, Ben Roin, Steven Shavell, Matthew Stephenson, and Guhan Subramanian.

**Law, Economics, and Organization Research Seminar.** As has been mentioned, this is a joint seminar co-sponsored and co-taught by Harvard Law School and the Harvard Department
Joint Degree Program. HLS has a JD/PhD program with the Harvard Department of Economics enabling the increasing number of students with interests in law and economics to obtain training in both subjects.

B. Plans for Academic Year 2015-2016

In AY 2015-2016, the Center’s intention is to continue strengthening its effort in all the areas outlined in this report, aiming to maintain a sustained strong presence in the national and international law and economics community through teaching, mentoring, scholarly research and financial support of outstanding young talent.

C. Additional Information

Responses to specific informational requests are given here.

To the extent practical, please include an estimate of the number of students that participated in your activities in the past year and the nature of that participation.

Student participation in Olin-sponsored activities is substantial. Here is a summary of their participation during AY 2014-2015:

- Fellowships, Research Assistantships, Prizes
  - Student Fellowships (AY): Olin-2; Considine-4
  - Research Assistantships: 15
  - Prizes: 2

- Attended Courses
  - Analytical Methods for Lawyers (fall): 71
  - Economic Analysis of Law: 58
  - Law & Economics Seminar (fall): 22
  - Law & Economics Seminar (spring): 19
  - Law, Economics, and Organization Research Seminar (fall only): 5
  - Law, Economics, and Organization Research Seminar (spring only): 4
  - Law, Economics, and Organization Research Seminar (entire year): 3

- Presented at Seminars
  - Thursday Evening Seminars: 8

- Attended or Presented at Annual Meetings in USA and Abroad: 6
  - Two fellows, American Law and Economics Association (ALEA) Annual Meeting
  - One fellow, Canadian Law & Economics Association Annual Meeting

- Contributed to John M. Olin Discussion Paper Series: 4
  - Two former Olin Center fellows and two HLS students (an LLM ‘15 and a JD ‘15) authored papers in the Fellows’ Discussion Paper Series.
Space Plans

During AY15, the Center occupied a one-room office space in Langdell 175-I. This change effected in AY14 lent itself to significant reduction in rental costs as well as other incidentals associated with occupying Harvard-owned premises. We anticipate maintaining the same economical arrangement which is beneficial for the Center and results in a significant positive long-term impact on our balance sheet.