

Program on Corporate Governance

Report of Activities, July 2004– July 2005

The Program on Corporate Governance seeks to foster research and scholarship about corporate governance. The Program, which is affiliated with the John M. Olin Center for Law, Economics, and Business, was established in January 2003 to put together, consolidate, and develop the Center's prior activities in the corporate governance area.

The Program seeks to facilitate corporate governance work by Harvard faculty and students. Harvard Law School faculty who have main interests in the corporate area include Lucian A. Bebchuk, John C. Coates IV, Allen Ferrell, Oliver Hart, Howell Jackson, Reinier H. Kraakman, J. Mark Ramseyer, Mark J. Roe, and Guhan Subramanian. The Program aims to get faculty members from the economics department and the business school involved in its activities.

The program is run by its director, Professor Lucian Bebchuk, with the advice of an academic committee chaired by Professors Mark Roe and Reinier Kraakman. The Program's administrative assistant is Erica Powell, epowell@law.harvard.edu.

The Program has established a web site, http://www.law.harvard.edu/programs/olin_center/corporate_governance/ which provides information about its various activities. During 2004-2005 the Program had the activities described below; the Program plans to have activities in all these areas during 2005-2006.

A. Working Paper Series

The Program sponsors a series of working papers in corporate governance. During 2004/2005, the following working papers were issued:

Forty Years of Charter Competition: A Race to Protect Directors from Liability?
Gordon Moodie, 9/2004

The Case for Mandatory Disclosure in Securities Regulation Around the World
Allen Ferrell, 9/2004

The Inevitable Instability of American Corporate Governance
Mark J. Roe, 9/2004

The Class Defense
Assaf Hamdani and Alon Klement, 10/2004

Industrial Finance Before the Financial Revolution: Japan at the Turn of the Last Century
Yoshiro Miwa and Mark J. Roe, 12/2004

Fixing Freezeouts
Guhan Subramanian, 12/2004

The Case for Increasing Shareholder Power
Lucian Bebchuk, 12/2004

The Subordination of Shareholder Loans in Bankruptcy
Martin Gelter, 1/2005

Executive Compensation at Fannie Mae: A Case Study of Perverse Incentives, Nonperformance Pay, and Camouflage
Lucian Bebchuk and Jesse Fried, 2/2005

Putting Executive Pensions on the Radar Screen
Lucian Bebchuk and Robert Jackson, 3/2005

The Growth of U.S. Executive Pay
Lucian Bebchuk and Yaniv Grinstein, 4/2005

Delaware's Politics
Mark J. Roe, 4/2005

The Business Roundtable's Untenable Case Against Shareholder Access
Lucian Bebchuk, 6/2005

The Program has developed an electronic mailing list to distribute its working papers and other corporate governance announcements. At present, there are about 30,000 recipients –

- Over 1,500 academics in law schools
- Over 10,000 academics in economics and business schools
- Over 18,000 individuals with corporate governance interests who are not in academia, including lawyers, public officials, business people, media, etc.

Individuals who wish to join the list can do so electronically at http://www.law.harvard.edu/programs/olin_center/corporate_governance/ mailing1.htm.

B. Seminars and lectures

The Program sponsors presentations by outside speakers in the corporate governance field. Most of these presentations have been made in three forums:

- The law, economics, and organizations seminar, which is given jointly with the economics department and the business school and focuses on the corporate governance area.
- The law and economics seminar, which devotes some of its sessions to this area.
- The law and finance seminar.

During 2004/2005, the following presentations were made:

Sep. 27, 2004: A Political Economy of Corporate Governance

Lucian Bebchuk (HLS) and Zvika Neeman (Boston University)

Sep. 27, 2004: The State of Executive Compensation

Graef Crystal

Oct. 5, 2004: The Future of Institutional Shareholder Activism

Robert A.G. Monks

Oct. 5, 2004: What Matters in Corporate Governance?

- Lucian Bebchuk (HLS), Alma Cohen (NBER), and Allen Ferrell (HLS)
- Oct. 12, 2004: Paying for Politics
Josh Lerner (HBS), Antoinette Schoar (MIT), and Wan Wong (HBS)
- Nov. 15, 2004: Managers' Share
David Walker (Boston University School of Law)
- Nov. 29, 2004: Politically Connected CEOs and Corporate Outcomes: Evidence from France
Antoinette Schoar (MIT), Marianne Bertrand (University of Chicago), Francis Kramarz (I'INSEE), and David Thesmar (I'INSEE)
- Feb. 7, 2005: The Evolution of Precedent
Andrei Shleifer (Harvard University)
- Feb. 28, 2005: Delaware's Politics
Mark Roe (HLS)
- Mar. 7, 2005: Why Do Public Firms Issue Public and Private Equity, Debt, and Convertibles?
Armando Gomes (University of Pennsylvania) and Gordon Phillips (University of Maryland)
- Mar. 15, 2005: Gatekeepers: The Role of the Professions in Corporate Governance
John Coffee (Columbia Law School)
- Mar. 21, 2005: Remuneration: Where We've Been, How We Got to Here, Where are the Problems, and How to Fix Them
Michael Jensen (HBS), Kevin Murphy (University of Southern California), and Eric Wruck
- Apr. 11, 2005: Executive Compensation and Firm Size
Lucian Bebchuk (HLS) and Yaniv Grinstein (Cornell University)

C. Students and Fellows

The Program seeks to foster work in the corporate governance area by students and fellows. During 2004/2005, the following students fellows did research in the corporate area as fellows:

Michal Barzuza
Michael Frakes

Martin Gelter
Robert Jackson
Holger Spamann
John Verret
Charlie Wang
Soo J. Yim

To encourage and recognize work by students in the corporate governance area, the Program established the Victor Brudney Prize in corporate governance. Established in honor of Professor Victor Brudney, Robert B. and Candice J. Haas Professor in Corporate Finance Law, Emeritus. This prize is awarded annually to the best student paper on a topic related to corporate governance. The amount of the prize is \$1,000. The prize committee consists of Professors Bebchuk, Kraakman, and Roe. The prize recipients in 2004/05 were:

David M. Foster, "Politics, Legal Origins, and the Roots of Modern Economic Institutions"

Lynn Poss, "Changes to the Independent Director Requirements: The 2004 Amendments in Context"

D. Practice and Public Policy

The Program seeks to foster interaction between the HLS faculty and students and the world of practice and policy. During 2004/2005 various practitioners participated in the program's activities, including Graef Crystal, Robert A.G. Monks, SEC Commissioner Roel Campos, and Joseph Bachelder.

E. Media Coverage

Research carried out by faculty was covered extensively by the media during 2004/05. For a complete list of media mentions, see http://www.law.harvard.edu/programs/olin_center/corporate_governance/media.htm

Financial Reports