

To: Members of the NBER Productivity Program
Participants in the NBER/CRIW Joint Program

From: Ernst R. Berndt, Director, NBER Productivity Program

Date: 22 November 2010

Dear Friends:

It has been some time since I last wrote you regarding developments in the NBER Productivity Program. There have been a number of important developments, and several future events have now been scheduled that I'd like you to put on your calendar.

First, some personnel matters. Three young scholars have been appointed Faculty Research Fellows ("FRFs"). Raffaella Sadun, a recent Ph.D. from the London School of Economics and now an Assistant Professor at the Harvard Business School, has research interests that are centered around management, such as managerial and organizational practices involving information and communication technologies in the US and Europe, as well as the economic consequences of regulatory barriers in the "mom and pop" vs. large chain grocery store market. Another new FRF is Ufuk Akcigit, a 2009 MIT economics Ph.D. now an Assistant Professor of Economics at the University of Pennsylvania. Ufuk has focused his research on innovation and productivity, linking dynamic general equilibrium models to growth and innovation, using both microeconomic and more aggregate data. Heidi Williams, who finished her Ph.D. in economics at Harvard this year and is now an Assistant Professor of Economics at MIT, was nominated as an FRF by various NBER Program Directors. She's now a new FRF in the Aging, Productivity and Public Finance programs. Her research interests include tracing the upstream effects of open access vs. less open access publication of the Human Genome on downstream publications and development. Finally, Jeff Furman, who has been a FRF fellow since 2004, was recently awarded tenure in the Boston University School of Management, Strategy and Policy group, and has now been promoted to Research Associate ("RA"). Jeff's primary areas of interest are technology strategy, the economics of innovation, international business and strategic management in science-based industries. Welcome, and congratulations to all!

NBER President Jim Poterba has established a tradition that at each NBER Board of Directors meeting, several of the NBER Program or Group Directors present to the Board an overview highlighting recent research undertaken by NBER faculty affiliates. For the September 13, 2010 annual Board meeting, Jim asked Susan Athey and Parag Pathak, the Co-Directors of the Market Design Working Group, and me to describe the recent NBER research activity in our respective fields. Given how much research is going on among Productivity Program FRFs and RAs, I found it daunting to choose several research topics, and then a bit presumptuous to present others' research to the distinguished NBER Board of Directors. But it turned out to be very exciting and enjoyable. I hope you find the attached slide set I presented to the Board to be of interest. (Warning: The Nordhaus slides are incredibly beautiful and seductive!).

Regarding dates of future Productivity Program events, on December 10 we have an all day program in Cambridge. In the morning, Bob Gibbons has joined me in coorganizing a joint session of the Productivity Program and the Organizational Economics Group, focusing on various issues in health care industries. In the afternoon Iain Cockburn and I have coorganized a "Productivity Potpourri" program. A copy of the preliminary program is available at <http://www.nber.org/~confer/2010/PRf10/program.html>. The Organizational Economics Group will

also meet on Saturday, December 11, with a program focus beyond health care. You are all invited to attend that session as well. I hope to see many of you at the December 10-11 meeting.

For 2011, the Spring Productivity program is scheduled for Friday, March 11, 2011 in Cambridge. In terms of the 2011 Summer Institute, the tentative plan is for joint NBER/CRIW sessions on Monday and Tuesday, July 18 and 19, and Productivity Program sessions on Wednesday to Saturday July 20-23, and Monday-Wednesday July 25 to 27. Please put these dates on your calendar. Calls for papers will be coming out over the next few months.

Finally, as you may have heard, I have decided to step down as Director of the Productivity Program. I intend to continue to be very active as a Research Associate, but I believe there comes a time when in the overall interests of the NBER and the Productivity Program, it is best to turn leadership over to a younger generation of accomplished and highly energetic scholars. For me, that time has come, and it is now. I am absolutely thrilled and excited that as of January 1, 2011, Nick Bloom of Stanford and Josh Lerner of the Harvard Business School will be taking over as Co-Directors of the Productivity Program. Nick has research interests in the impact of management and information and communication technologies on productivity, and on modeling the impact of uncertainty. He's just been named winner of the Econometric Society Ragnar Frisch Medal award. Josh's research has focused on entrepreneurship, innovation and patent policy, and venture capital financial issues. He's also been leading the NBER's Innovation Policy and the Economy, and Entrepreneurship groups. Please join me in welcoming Nick and Josh as Co-Directors. You will be hearing from them via email in the near future.

For me, having the opportunity to serve as Director of the Productivity Program has been an enormous honor and privilege. I know that this was also the case for Zvi Griliches, who was the founding Director of the Productivity Program. Many of you, I am sure, have several colleagues at your school with whom you are particularly close, and whose friendship and collegiality you deeply appreciate. In my experience, the Productivity Program FRFs and RAs have been precisely such colleagues -- a pattern that is all the more remarkable since you are drawn from various schools throughout North America. While those of you presenting papers and/or participating actively in discussions have contributed greatly to the stimulating program meetings we have had, it is those of you who have taken the extra time to be constructive, thorough and thoughtful discussants that have been particularly instrumental in nurturing the community of scholars we in the Productivity Program have become. I am particularly indebted to Tim Bresnahan, Iain Cockburn and Ariel Pakes, whom on various occasions I have used to serve as an advisory council to me. Special thanks also to those who have over the years helped me in coorganizing meetings, and especially to Susanto Basu, who for many years gently helped me overcome my macroeconomic deficiencies and kept me in touch with macroeconomic researchers having interests in productivity matters. I very much look forward to continued interactions with each of you in the years to come.

Finally, for me, one of the most satisfying developments of the last fifteen or so years is the much deeper engagement of Productivity Program FRFs and RAs with members of the Conference on Research in Income and Wealth ("CRIW"), and in particular, with our partner economists and statisticians in the federal government. This NBER/CRIW collaboration is truly unique. I know of no other academic organization in any country in which those researchers who utilize and interpret official government statistics interact so extensively with those who oversee the development and production of government statistics. In this context it has been a special pleasure over the years to work with David Wilcox of the Federal Reserve Board, Carol Corrado (initially while at the FRB, now at the Conference Board), and Chuck Hulten (CRIW chair) in putting together the two days of joint NBER Productivity/CRIW

sessions each summer. Many thanks for such great help. While I am stepping down as Director of the NBER Productivity Program effective January 1, 2011, for summer 2011 only as the leadership transitions I'll continue working with the CRIW in coorganizing the two days of the joint NBER/CRIW program.