

March 2013

DAVID S. SCHARFSTEIN

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Date of Birth: June 16, 1960

Citizenship: USA

Education:

Ph.D., Economics, Massachusetts Institute of Technology, 1986

A.B., Summa Cum Laude, Princeton University, Woodrow Wilson School of Public and International Affairs, 1982

Academic Appointments:

Harvard Business School, Edmund Cogswell Converse Professor of Finance and Banking, July 2004-Present

Harvard Business School, Professor of Business Administration, July 2003-June 2004

Massachusetts Institute of Technology Sloan School of Management, Dai-Ichi Kangyo Bank Professor of Management and Professor of Finance, July 1994-June 2003

Massachusetts Institute of Technology Sloan School of Management, Associate Professor of Finance, July 1990-June 1994

Massachusetts Institute of Technology Sloan School of Management, Assistant Professor of Finance, July 1987-June 1990

Harvard Business School, Assistant Professor of Business Administration, July 1986-June 1987.

Other Appointments:

Senior Advisor to the Treasury Secretary, United States Department of the Treasury, September 2009 – June 2010 (and staff of National Economic Council, Executive Office of the President)

Other Activities:

Research Associate, National Bureau of Economic Research

Member, Financial Advisory Roundtable, Federal Reserve Bank of New York, October 2012 – present

Member, Squam Lake Working Group on Financial Regulation, November 2008 – present.
Member, Board of Editors, *Journal of Economic Literature*, January 2013 - present
Associate Editor, *Economic Letters*, 1994 - present
Director, American Finance Association, 2006 - 2009
Associate Editor, *Journal of Financial Services Research*, 2000 - 2005
Editor, *RAND Journal of Economics*, October 1995-October 1998
Associate Editor, *Journal of Finance*, July 1990-January 2000
Associate Editor, *Review of Financial Studies*, July 1990-June 1994

Recent Teaching:

Managing the Financial Firm, under development for 2014
Finance I, first-year MBA course at Harvard Business School, 2003 – 2007, 2011-2012
Private Equity Finance, second-year MBA elective at Harvard Business School, 2008 - 2010
Corporate Finance, Ph.D. course, joint offering of Harvard Business School and Harvard Economics Department, 2007 – 2009, 2011 - present
Entrepreneurial Finance, second-year MBA elective at MIT Sloan School, 2001 - 2003

Consulting and Compensated Outside Activities:

Expert reports and testimony related to private equity, bankruptcy, banking, and mergers and acquisitions
Affiliated Expert, Analysis Group
Executive education for companies and non-profit organizations
Consulting on finance issues for large technology companies

Honors, Awards, and Fellowships:

Phi Beta Kappa, 1982
Fulbright Fellowship, Nuffield College, Oxford University, 1982-1983
Graduate Fellowship, Massachusetts Institute of Technology Economics Department, 1983-1985
Sloan Foundation Doctoral Dissertation Fellowship, 1985-1986
Olin Fellowship, National Bureau of Economic Research, September 1989-August 1990
Batterymarch Fellowship, July 1990-June 1991

Smith-Breeden Prize for Distinguished Paper in the *Journal of Finance*, 1991: “A Theory of Workouts and the Effects of Reorganization Law”

National Science Foundation Grant, SES-9111069, July 1991-January 1993

National Science Foundation Grant SBR-9414141, August 1994-July 1995

National Science Foundation Grant SES-0079176, August 2000-June 2006

Sloan Foundation Research Fellowship, 1993-1995

National Institute on Aging Grant, “Managed Care, Physician Quality and Health Outcomes,” September 1997-August 1999

Excellence in Teaching Award, MIT Sloan School

Book:

The Squam Lake Report: Fixing the Financial System, with the Squam Lake Working Group, Princeton: Princeton University Press, 2010.

Articles:

“The Growth of Finance,” with Robin Greenwood, *Journal of Economic Perspectives*, forthcoming Spring 2013.

“The Economics of Housing Finance Reform,” with Adi Sunderam, in *The Future of Housing Finance: Restructuring the U.S. Residential Mortgage Market*, edited by Martin Neil Baily, Washington, DC: Brookings Institution Press, 2011.

“Bank Lending During the Financial Crisis of 2008,” with Victoria Ivashina, *Journal of Financial Economics*, September 2010, 319-338.

“Loan Syndication and Credit Cycles,” with Victoria Ivashina, *American Economic Review: Papers and Proceedings*, May 2010, 57-61.

“Performance Persistence in Entrepreneurship,” with Paul Gompers, Anna Kovner, and Josh Lerner, *Journal of Financial Economics*, April 2010, 18-32.

“Evidence on the Dark Side of Internal Capital Markets,” with Oguzhan Ozbas, *Review of Financial Studies*, February 2010, 581-599.

“Lowering the Cost of Bank Recapitalization,” with John C. Coates IV, *Yale Journal on Regulation*, July 2009, 373-389.

“Venture Capital Investment Cycles: The Impact of Public Markets,” with Paul Gompers, Anna Kovner, and Josh Lerner, *Journal of Financial Economics*, January 2008, 1-23.

“Entrepreneurial Spawning: Public Corporations and the Genesis of New Ventures, 1986-1999,” with Paul Gompers and Josh Lerner, *Journal of Finance*, April 2005, 577-614.

“Learning about Internal Capital Markets from Corporate Spinoffs,” with Robert Gertner and Eric Powers, *Journal of Finance*, December 2002, 2479-2506.

“Do Firm Boundaries Matter?” with Sendhil Mullainathan, *American Economic Review Papers and Proceedings*, May 2001, 195-199.

“The Dark Side of Internal Capital Markets: Divisional Rent-Seeking and Inefficient Investment,” with Jeremy Stein, *Journal of Finance*, December 2000, 2537-2564.

“Managed Care and Provider Volume,” with Sarah Feldman, in *Not-for-Profit Hospitals*, edited by David Cutler, Chicago: University of Chicago and NBER, 2000.

“Corporate Finance, the Theory of the Firm, and Organizations,” with Patrick Bolton, *Journal of Economic Perspectives*, Fall 1998, 95-114.

“Capital Market Imperfections and Countercyclical Markups: Theory and Evidence,” *American Economic Review*, September 1996, 703-725.

“Optimal Debt Structure and the Number of Creditors,” with Patrick Bolton, *Journal of Political Economy*, February 1996, 1-25.

“Liquidity Constraints and the Cyclical Behavior of Markups,” with Judith Chevalier, *American Economic Review Papers and Proceedings*, May 1995, 390-396.

“A Framework for Risk Management,” with Kenneth Froot and Jeremy Stein, *Harvard Business Review*, Nov/Dec 1994, 91-102. Reprinted in *Journal of Applied Corporate Finance*, Fall 1994, 22-32.

“Internal versus External Capital Markets,” with Robert Gertner and Jeremy Stein, *Quarterly Journal of Economics*, November 1994, 1211-1230.

“Anatomy of Financial Distress: An Examination of Junk-Bond Issuers,” with Paul Asquith and Robert Gertner, *Quarterly Journal of Economics*, August 1994, 625-658.

“Risk Management: Coordinating Corporate Investment and Financing Policies,” with Kenneth Froot and Jeremy Stein, *Journal of Finance*, December 1993, 1629-1658.

“Debt Renegotiation,” with Patrick Bolton, *New Plagrave Dictionary in Money and Finance*, 1992.

“Herd on the Street: Informational Inefficiencies in a Market with Short-Term Speculation,” with Kenneth Froot and Jeremy Stein, *Journal of Finance*, September 1992, 1461-1484.

“Japanese Corporate Investment and Bank of Japanese Guidance of Commercial Bank Lending,” with Takeo Hoshi and Kenneth Singleton, in *Japanese Monetary Policy*, edited by Kenneth Singleton. Chicago: University of Chicago and NBER, 1992.

“A Theory of Workouts and the Effects of Reorganization Law,” with Robert Gertner, *Journal of Finance*, September 1991, 1189-1222.

“Corporate Structure, Liquidity, and Investment: Evidence from Japanese Industrial Groups,” with Takeo Hoshi and Anil Kashyap, *Quarterly Journal of Economics*, February 1991, 33-60.

“Shareholder Value Maximization and Product Market Competition,” with Julio Rotemberg, *Review of Financial Studies*, Fall 1990, 367-392.

“The Role of Banks in Reducing the Costs of Financial Distress in Japan,” with Takeo Hoshi and Anil Kashyap, *Journal of Financial Economics*, September 1990, 67-88.

“Herd Behavior and Investment,” with Jeremy Stein, *American Economic Review*, June 1990, 465-479.

“A Theory of Predation Based on Agency Problems in Financial Contracting,” with Patrick Bolton, *American Economic Review*, March 1990, 93-106.

“Bank Monitoring and Investment: Evidence from the Changing Structure of Japanese Corporate Banking Relationships,” with Takeo Hoshi and Anil Kashyap, in *Asymmetric Information, Corporate Finance, and Investment*, edited by R. Glenn Hubbard. Chicago: University of Chicago and NBER, 1990.

“LDC Debt: Forgiveness, Indexation, and Investment Incentives,” with Kenneth Froot and Jeremy Stein, *Journal of Finance*, December 1989, 1335-1350.

“Simultaneous Signaling to the Capital and Product Markets,” with Robert Gertner and Robert Gibbons, *RAND Journal of Economics*, Summer 1988, 173-190.

“The Disciplinary Role of Takeovers,” *Review of Economic Studies*, April 1988, 185-200.

“Product Market Competition and Managerial Slack,” *RAND Journal of Economics*, Spring 1988, 147-155.

“Testing in Models of Asymmetric Information,” with Barry Nalebuff, *Review of Economic Studies*, April 1987, 265-277.

“A Policy to Prevent Rational Test-Market Predation,” *RAND Journal of Economics*, Summer 1984, 229-243.

Working Papers:

“Concentration in Mortgage Lending, Refinancing Activity and Mortgage Rates,” with Adi Sunderam, Harvard Business School working paper, March 2013.

“An Evaluation of Money Market Fund Reform Proposals,” with Samuel G. Hanson and Adi Sunderam, Harvard Business School working paper, November 2012.

“Dollar Funding and the Lending Behavior of Global Banks,” with Victoria Ivashina and Jeremy Stein, NBER Working Paper Series 18528, 2012.

“Organizational Scope and Investment: Evidence from the Drug Development Strategies and Performance of Biopharmaceutical Firms,” with Ilan Guedj, NBER Working Paper Series No. 10933, 2004.

“Entrepreneurship in Equilibrium,” with Denis Gromb, NBER Working Paper Series No. 9001, 2002.

“The Dark Side of Internal Capital Markets II: Evidence from Diversified Conglomerates,” NBER Working Paper Series No. 6352, 1998.

“The Choice Between Public and Private Debt: An Examination of Post-Deregulation Corporate Financing in Japan,” with Takeo Hoshi and Anil Kashyap, NBER Working Paper Series No. 4421, 1993.

“Japanese Corporate Finance and Governance: Implications for the Privatization of Eastern European Economies,” 1991.

“The High Price of Land and the Low Cost of Capital: Theory and Evidence from Japan,” with Anil Kashyap and David Weil, 1990.

Testimony and Opinion Pieces:

Testimony before the U.S. Senate Committee on Banking, Housing and Urban Affairs, Hearing on “Perspectives on Money Market Mutual Fund Reform,” June 21, 2012.

Testimony before the U.S. House of Representatives Subcommittee on Financial Institutions and Consumer Credit, House Financial Services Committee. Hearing on “TARP Oversight: Is TARP Working for Main Street?,” March 4, 2009.

“Basel Needs a Firm Hand and Fewer Delays,” *The Financial Times*, September 13, 2010.

“The Bailout is Robbing the Banks,” with John C. Coates, *The New York Times*, February 17, 2009.

“This Bailout Doesn’t Pay Dividends,” with Jeremy C. Stein, *The New York Times*, October 20, 2008

Cases:

“Lin TV Corp,” with Erik Stafford and Joel Halperin, Harvard Business School, Case 213-065, October 2012.

“Restructuring CIT Group (A) and (B),” with Victoria Ivashina, Harvard Business School Case 211-023, October 2010.

“Momentive Performance Materials, Inc.,” with Victoria Ivashina, Harvard Business School Case 9-210-081, Revised August, 2010.

JMH Capital and Cedargrove Cabinets,” with Bo Becker and David Lane, Harvard Business School Case, Revised October 2010.

“Paul Capital Partners: Secondary Limited Partnership Investing,” Harvard Business School Case 9-209-089, Revised October, 2010.

“The Sale of Citigroup’s Leveraged Loan Portfolio,” with Victoria Ivashina, Harvard Business School Case 9-209-080.

“Ben Walter,” with Andre F. Perold, Harvard Business School Case 9-207-070.

“The Howland Long-Term Opportunity Fund,” with Andre F. Perold, Harvard Business School Case 9-207-066.

“Stedman Place: Buy or Rent?,” with Andre F. Perold, Harvard Business School Case, 9-207-063.

“The Pilgrim Assurance Building,” with Robin Greenwood and Arthur Segel, Harvard Business School Case 206-078.

“Massachusetts General Hospital and the Enbrel Royalty,” with Darren Smart, Harvard Business School Case 206-075.

“Calculating Free Cash Flows,” with Robin Greenwood, Harvard Business School Case 9-206-028.

“Regecell, Inc.,” with Gary P. Pisano, Harvard Business School Case, 9-205-124.

“Structuring and Valuing the Summit Pharma Alliance,” Harvard Business School Case 9-205-083.

“The Idenix Deal (A),” with Carin-Isabel Knoop, Harvard Business School Case 9-205-032.