



**John Dunham
& Associates**

The Winning Side of Economics



GUERRILLA ECONOMICS

January has been a total horror show in New York - and well in most of the country - when it comes to weather. As I write this, it is once again sub-freezing in Gotham, and most of the south is shut down under an inch of snow. Last month we discussed how snow is related to perception, while this month we look at the idea of causation and causality.

All around town I hear people discussing how a bit of good ol' fashioned Global Warming would be a good thing about now. At the same time, I see activists bantering about how 2013 was one of the hottest years on record. While I have my own personal opinions about the idea of Global Warming, it does provide an excellent example of the idea of causation and correlation. Statistically, there is no doubt that the Earth's measured temperature has been getting warmer over the past century. It is also true that the measures of carbon in the atmosphere have been rising since at least the 1960s. So using whatever statistical measure one wants, they can pretty easily find a correlation between carbon in the atmosphere and temperature.

But correlation does not always prove causation, and using a small time series (and even going back to the Stone Age would be a short time series in earth years), it is difficult to test for causation between burning fuel and air

Monthly Manifesto

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INSIGHTS: ENTREPRENEURSHIP-THE FUTURE OF SOCIAL CORPORATE RESPONSIBILITY



Guest Columnist: Dr. Jim Tozzi is on the Member Board of Advisors for the Center for Regulatory Effectiveness. He served as a senior regulatory policy official in five consecutive administrations and is a public member of the Administration Conference of the United States.

An article in *The New Yorker* last year, [When Corporations Fail at Doing Good](#), discussed some of the pitfalls companies face in developing effective Corporate Social Responsibility (CSR) programs. For example, the author states that although CSR programs are credited with improving worker retention, company reputation and providing other benefits, "real-world data doesn't necessarily corroborate this." Lack of quantifiable benefits is one the reasons why the article suggests that "the current corporate- social-responsibility craze might not last long."

In discussing a productive alternative to viewing CSR as just another charitable endeavor, globally renowned social entrepreneur Brij Kothari writing in the *Financial Chronicle* [explained](#) that companies developing CSR implementation plans, "would do well to tap into (are) proven social entrepreneurs, not merely as sounding boards or consultants, but as integral members to meaningfully shape CSR agendas and investments in the medium to long run."

Mr. Kothari is right. Social entrepreneurship should be at the core of CSR programs not only because "[s]ocial entrepreneurs are the engines of social change..." as the [Ashoka Foundation](#) noted, but also because entrepreneurship is what successful companies best understand and accomplish.

The cutting-edge blog [Ecopreneurist](#) published an article, "Social Entrepreneurs in US Could Add to Bottom Line of Nation," which discussed the [Center for Regulatory Effectiveness' \(CRE\)](#) determination that "social entrepreneurs, who use proven private sector techniques to solve environmental and social issues, ought to be funded and supported at the same levels that they are in many other countries, thereby bringing about lasting, measurable, positive change to problems facing the US." *In essence CRE believes that companies should dedicate some of the expertise they have developed in becoming a successful enterprise to addressing societal problems.*

Put simply, CRE recognizes, based on [extensive research](#) supported by the National Science Foundation (NSF) that the "development of social

temperature. This is why theory is so important, and unfortunately, the theories behind Global Warming have taken on more of a political and religious bent than one of science.

Our job in research and in communicating complex issues is to try to best communicate the story suggested by statistics in a way to help clients prove their theories. We have done this now for over 13 years, and look forward to helping more clients do this in 2014.

In the January *Monthly Manifesto*, we discuss the idea of causation and correlation in our *On The Economy* column. We also have a guest editorial from an old friend Jim Tozzi, who served as a senior regulatory policy official in five consecutive administrations and currently sits on the board at the Center for Regulatory Effectiveness. In his column Jim discusses the future of Corporate Social Responsibility programs.

The *Monthly Manifesto* is one way John Dunham & Associates assists our clients and friends to better communicate and manage issues using sound economic and fiscal research; what we call Guerrilla Economics. For more information on how we can help on your legislative issues, please contact us at 212-239-2105.



FROM THE BLOG

The Good, the Bad, and the Ugly

Count all the crosses and count all the tears, these are the losses and sad souvenirs.

entrepreneurs could add to the bottom line of the nation, its citizens and its corporations."

Ecopreneurist quotes a CRE official highlighting the importance of social entrepreneurship by stating "I want to encourage our best minds to become social entrepreneurs and be satisfied with rewards outside of financial rewards mainly through personal recognition in the media and their peers."

It is CRE's research-driven conclusion that social, policy and environmental entrepreneurs "have succeeded because they have developed techniques that move the ball forward with no personal reward." CRE's analysis of entrepreneurial initiatives and successes which was summarized in [Accomplishment Beyond Dollars](#), published in the Environmental Law Institute's [Environmental Forum](#), which explained that:

Social entrepreneurs, persons who use entrepreneurial techniques to meet human needs, provide a powerful demonstration of the global benefits from entrepreneurship.

The article also found that "the hallmark and the legacy of entrepreneurs rest on their having fundamentally changed the processes by which future decisions are made." It is by changing organizational process to create and implement new responses to longstanding problems that separates social entrepreneurship apart from charitable-based CSR activities, a policy conclusion in keeping with Brij Kothari's view that the "future of social entrepreneurship...lies in strengthening the process by which we find and whet people with the most powerful ideas, and then empower them to execute on a larger canvas."

Based on our research and work of numerous academicians and practitioners, CRE concludes that effective CSR programs will strengthen the economy through the development of social entrepreneurs. CRE welcomes your views on this article. Please post comments at <http://www.thecre.com/insurance/?p=1203>

ON THE ECONOMY: THE SUPER BOWL SHUFFLE



John Dunham, Managing Partner, John Dunham & Associates

We are the Bears Shufflin' Crew, shufflin' on down, doin' it for you. We're so bad we know we're good. Blowin' your mind like we knew we would. You know we're just struttin' for fun, struttin' our stuff for everyone. We're not here to start no trouble. We're just here to do the Super Bowl Shuffle. In 1985, the Super Bowl bound Chicago Bears recorded this rap song, which eventually reached number 41 on *Billboard's* Hot 100. While da Bears did not make this weekend's Super Bowl, to be held in chilly New Jersey (assuming its not cancelled due to snow), the favored Denver Broncos will be taking on the Seattle Seahawks in what is being called the *Pot or Stoner Bowl*.

I thought about writing about marijuana legalization but a more interesting and timely topic is the bizarre methods used to predict the winner of the Super Bowl. This is particularly timely because of the sad passing of Princess, the Popcorn Park Zoo's camel, who correctly picked the Baltimore Ravens to win last year's contest. Princess predicted by choosing between two graham crackers marked with the names of the opposing teams. She had a pretty good record, and in 2008 correctly picked 17 of the 22 games she was asked about.

It's sad to hear of the passing of the 26 year old ungulate, but there are still a number of forecasters at work. These include puppies, a porcupine and of course Sarasota's own Buffett the manatee. If you are into animal