

# Teaming up with the Enemy

## Firms and Information Environment of Climate Regime

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# Sierra Club's Pro-Gas Dilemma

National Group's Stance Angers On-the-Ground Environmentalists in Several States

By Ben Casselman  
Thu, 21, 2013 10:07 AM EDT

Home **Energy** Pollution Green light

**How the oil industry has spent billions to control the climate change conversation**

## THE CONVERSATION

Academic rigor, journalistic flair

# Green NGOs cannot take big business cash and save planet

Published: September 30, 2013 @ 4:44am EDT

**Leaked: US power companies secretly spending millions to protect profits and fight clean energy**

## The New York Times

# Answering for Taking a Driller's Cash

secret acceptance of \$26  
d with a natural gas  
bate among

# Why do carbon-intensive firms partner with pro-climate groups?

## Some people might think.....

- ▶ Green-washing images (Vos 2009; Zingales 1998)
  - Firms such as Exxon Mobil are notoriously known for being a polluter.
  - Citizens tend to be unfamiliar with coalitions/interest groups (Druckman and Lupia 2016).

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  - Citizens tend to be unfamiliar with coalitions/interest groups (Druckman and Lupia 2016).
- ▶ Market Competition (Kennard 2020)
  - Why do individual firms join pro-climate groups or form coalitions?

# Contribution

- ▶ **Theory: Communicating via climate groups as effective corporate strategy**
  1. Motivation: Taking the issue attention away from the most aggressive emission standards (H1)
  2. Mechanism: Achieving higher quality of information (H2)
  3. Outcome: Exerting influence on policy amendments (H3)

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  2. Quantifying political influence of policy comments on final amendments based on information theory
- ▶ **Empirical Findings**
  1. Joint comments are more likely to be slanted to R&D and technology, as opposed to emission.
  2. Joint comments have the closest statistical proximity to final amendments.



## Evidence from **rulemaking process**

- ▶ Under APA, the Federal Register publishes the proposed rule, and the agency requests comments from the public and other interested parties.
- ▶ A unique dataset of comments officially submitted on *Emission Standards for Hazardous Air Pollutants* from 2010 to 2020

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- ▶ Commenter types
  - **Joint coalition of environmentalist and business interests**
    1. Environmental NGOs that list firms or business associations as partners
    2. Environmental NGOs that received corporate money
    3. Environmental NGOs that seek for business partnership
  - **Environmental NGOs**
  - **Business associations** (e.g., trade associations, US Chamber of commerce)
  - **Single firm**
  - Others (e.g., universities, labor union, government agency)

▶ Data & classification

▶ Example of Comments

## Examples of joint effort of firms and environment groups

Commenter	Descriptions	Affiliated Business Interests
Consumer Energy Alliance	Consumer advocacy group	Exxon Mobil Chevron Corp ConocoPhillips BP
Climate Leadership Council	Nonprofit organization that advocates for a carbon fee	Exxon Mobil General Motors ConocoPhillips Exelon
Environmental Defense Fund	Nonprofit environmental group	Walmart Lyft FedEx
Sierra Club	Nonprofit environmental group	Chesapeake Energy

# Hypotheses

1. H1 (Motivation): Joint comments are more likely to discuss R&D and technology compared to comments submitted by pro-climate groups without a corporation affiliation.
2. H2 (Mechanism): Joint comments achieves higher quality of information than that of other groups of comments.
3. H3 (Outcome): Joint comment are more likely to influence policy amendments than that of other groups.

## A measure of issue slant using word embedding method

- ▶ A text embedding method results in a set of vectors where proximity in vector spaces implies similar meaning context-wise.
- ▶ The vector difference can be substantively interpreted as a degree to which a comment is leaning toward the issue of R&D, compared to emission cuts.

$$\overrightarrow{R\&D} - \overrightarrow{Emission} = \frac{\sum_n \overrightarrow{R\&D}_n}{|N_{R\&D}|} - \frac{\sum_n \overrightarrow{Emission}_n}{|N_{Emission}|}$$

▶ A Framework for Learning Paragraph Vector

▶ Words

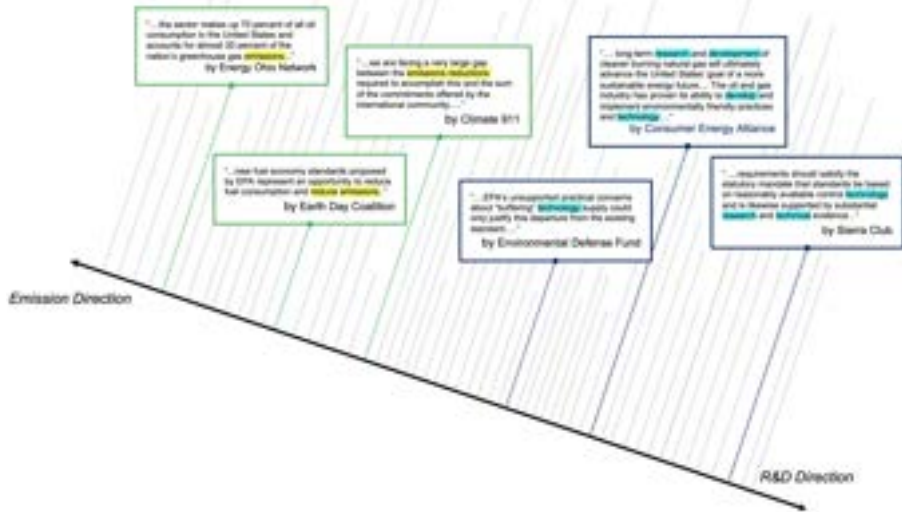


Figure 1: Schematic illustration of vector projection

## OLS estimating issue slant towards R&D and technology

Sample	Environmental	Company/Organization Comments	
	(1)	(2)	(3)
Business Influence	<b>0.027**</b> (0.013)	<b>0.028**</b> (0.012)	-0.009 (0.014)
Environmental			-0.008 (0.015)
Business Influence×Environmental			<b>0.037*</b> (0.019)
Year FE	Yes	Yes	Yes
N	232	903	903

\* p < .1; \*\* p < .05; \*\*\* p < .01

# Hypotheses

1. H1 (Motivation:): Joint comments are more likely to discuss R&D and technology compared to comments submitted by pro-climate groups without a corporation affiliation.
2. H2 (Mechanism): Joint comments by business interests and environmentalists contain more informational values than that of other groups.
3. H3 (Outcome): Joint comment are more likely to influence policy amendments than other types of comments.



# Statistical distance between policy comments and amendments

## B. Proposed Method for Delineating End of Initial Flowback Period

".....Environmental Commenters support EPA's proposal to require monitoring of methane concentrations during the initial flowback period, and to require emission controls once methane concentrations approach the lower explosive limit (LEL). We note that recent studies demonstrate that the LEL is a conservative indicator of the feasibility of separating and controlling emissions during a completion. Therefore, we respectfully request that EPA explicitly defines the precise methane concentrations that....."

*Comments by Environmental Defense Fund and Sierra Club*

Commenters responded that the EPA apparently had misunderstood earlier discussions regarding use of the LEL detector. They asserted that the detector is used for safety reasons and that although the LEL detector indicates that there may be potential flammability, it does not necessarily indicate that sufficient gas is present for the separator to function. Commenters also asserted that monitoring the gas concentration does not reflect other conditions such as sand and water content and well characteristics that have a bearing on the point where the separator will operate. We also learned that some operators begin to direct the flowback to the separator immediately upon initial flowback, even though it may not maintain a gaseous phase and one or more liquid phases in the separator.

*Summary of Significant Changes and Comments by EPA*

# Statistical distance between policy comments and amendments

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# Statistical distance between policy comments and amendments

JS divergence score (statistical distance)

*Proposed policy*

*Finalized amendments*

Business association  
Joint coalition  
Single firm  
Environmental groups

Closest



Farthest

Joint coalition  
Business association  
Single firm  
Environmental groups

► Magnitude

# Wrap Up

- ▶ Previous work
  - Green-washing
  - Market competition
  
- ▶ My argument
  - Firms take the issue attention away from emission standards by partnering with environmental groups.
  - Forming a joint coalition with environmental groups has political influence on regulatory outcomes.
  
- ▶ Future tasks
  - ▶ Generalizability beyond climate politics?
  - ▶ Qualitative analysis on joint effort of firms and environmental groups

If you have any questions or comments:  
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Thank you!