

AN INFORMATIONAL THEORY OF COALITIONAL LOBBYING

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RESPONSIBLE TEXTILE RECOVERY ACT OF 2023 (RTRA)

VOGUE
BUSINESS



SUSTAINABILITY

A California bill wants to make brands responsible for fashion's waste problem

Proposed earlier this month, the Responsible Textile Recovery Act of 2023 would put the burden on apparel and footwear brands to account for what happens to their products after they're sold — a first in the US.

BY RACHEL CERNANSKY

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RESPONSIBLE TEXTILE RECOVERY ACT OF 2023 (RTRA)

- The California Product Stewardship Council (CPSC), a non-profit, crafted the bill SB 707, introduced by California State Senator Josh Newman.
- The bill, signed into law in Sept 28, 2024, “requires brands to finance the creation and operation of clothing waste management programmes.”
- The CPSC is supported by environmental groups, e.g., the Sierra Club.
- The American Apparel & Footwear Association opposed the bill and attempted to delay its proposal.
- H&M, in contrast, worked with the CPSC to make technical amendments to the bill that made the definition of recycling more flexible.
- But environmental groups had a win: the law requires the recycling program to minimize hazardous waste, greenhouse gases, environmental justice impacts, and public-health impacts.

LOBBYING COALITIONS

Summing up:

- Environmental groups, a few clothing brands, and a fast-fashion company (H&M) worked together to craft a technical bill that introduced a burdensome regulation on the textile industry.
- The groups and H&M compromised on the final text of the bill.
- Then they provided information to legislators.

This is how legislative advocacy works most of the time:

Coalitions are a “ubiquitous” strategy (Baumgartner et al. 2009, 180), perceived to be a critical tool by most lobbyists (Scholzman and Tierney 1986; Hula 1999; Nownes 2006).

And they have been extensively studied in political science (Hojnacki 1997; Holyoke 2009; Nelson and Yackee 2012; Mahoney and Baumgartner 2015; Phinney 2017; Junk 2019; Lorenz 2020; Dwidar 2022; Choi 2023).

WHY COALITIONS?

Why does the coalitional strategy work, and when is it used?

- Lets groups pool resources (access, information, reputation, activism, numbers).
- Signals broad support for a policy; messages are more credible (Libgober and Li, 2024).
- Costly signal when used by diverse advocates (Phinney 2017; Napolio 2023).

Common assumption: coalitions increase information transmission (relative to competition) because they **aggregate** information from different sources and are **more credible** than individual lobbyists.

This paper. Coalitions allow groups to coordinate on messaging. Groups can use them to control the flow of information by **restricting** (rather than aggregating) the information they provide.

I develop a formal model to study this idea and its empirical implications.

THE MODEL

Players: two groups $i = 1, 2$, and a policymaker P .

Policymaking with policy-specific (non-transferrable) valence:

- Policies have **positional location** $x \in \mathbb{R}$ and
- **valence** $y_x \in \mathbb{R}$, unknown.

There is a **status quo** with valence q for the policymaker and value 0 to the groups.

The groups propose policies and messages (x, m) .

P implements policy x ($a = 1$) or keeps the status quo ($a = 0$).

Payoffs:

- $u_i = a(1 - (x - \hat{x}_i)^2)$, with $\hat{x}_1 = -\frac{h}{2}$, $\hat{x}_2 = \frac{h}{2}$. $h > 0$ measures **diversity**.
- $u_P = a(y_x - q)$.

COMPETITION VS COALITION

The groups can **compete** or **form a coalition**.

Competition.

- Each group i simultaneously chooses a policy x_i ,
- gathers information s_i about the valence of the policy y_{x_i} ,
- and can send a message (x_i, m_i) .
- If both send proposals and P is indifferent, one is implemented at random.

Coalition.

- One group makes a proposal x to the other group.
- The groups sequentially decide to gather information s_i .
- They send a joint message (x, m) .

ENDOGENOUS INFORMATION

Valence is $y_x = \left(\frac{\omega_1^\rho + \omega_2^\rho}{2} \right)^{\frac{1}{\rho}}$, where $\omega(x) \in \Omega = \{0, 1\}^2$ is iid with $\Pr(\omega_i(x) = 1) = \mu$.

- $\rho \in [0, 1]$ measures how **substitutable** the dimensions are.

Let $\mu_0 \in \Delta\Omega$ be the distribution of $\omega(x)$.

- If $\mu_0(1, 1) = \mu^2$ then ω_1, ω_2 are uncorrelated.
- If $\mu_0(1, 1) = \mu$ then $\omega_1 = \omega_2$, perfectly correlated.
- $\mu_0(1, 1)$ measures how **substitutable** information about each dimension is.

Group i can gather information about $\omega_i(x)$. They can observe the realization of a signal, i.e., a distribution of posteriors $\sigma \in \Delta\Delta\{0, 1\}$ with $\int p d\sigma(p) = \mu$.

If the groups form a coalition, they can observe a realization of a signal about $\omega(x)$, i.e., a distribution of posteriors $\sigma \in \Delta\Delta\Omega$ with $\int p d\sigma(p) = \mu_0$.

COMPETITION

With public endogenous information we can assume that there is full disclosure in equilibrium (Gentzkow and Kamenica 2017).

Suppose that the groups lobby for their ideal policy.

They can simultaneously send signals $\sigma_i \in \Delta[0, 1]$ with $\int p d\sigma_i = \mu$.

The policymaker implements x_i if $p_i \geq \underline{p}$ and $p_i \geq p_{-i}$, where

$$\underline{p} = \frac{\mu[(1 - \mu)q - \lambda(\mu - \mu_0(1, 1))]}{(1 - \mu)\mu_0(1, 1) + (1 - 2\mu)\lambda(\mu - \mu_0(1, 1))},$$

and $\lambda = 2^{-\frac{1}{\rho}}$. This is decreasing in ρ and $\mu_0(1, 1)$.

The more complementarity, the harder it is to persuade P alone.

RESULT

Suppose that each group lobbies for their ideal policy and $\underline{p} < 1$. If the group diversity h increases, the equilibrium signals become weakly more informative.

If $0 \leq h^2 \leq \frac{(1-\underline{p})(1+\underline{p}-2\mu)}{2\mu}$ then

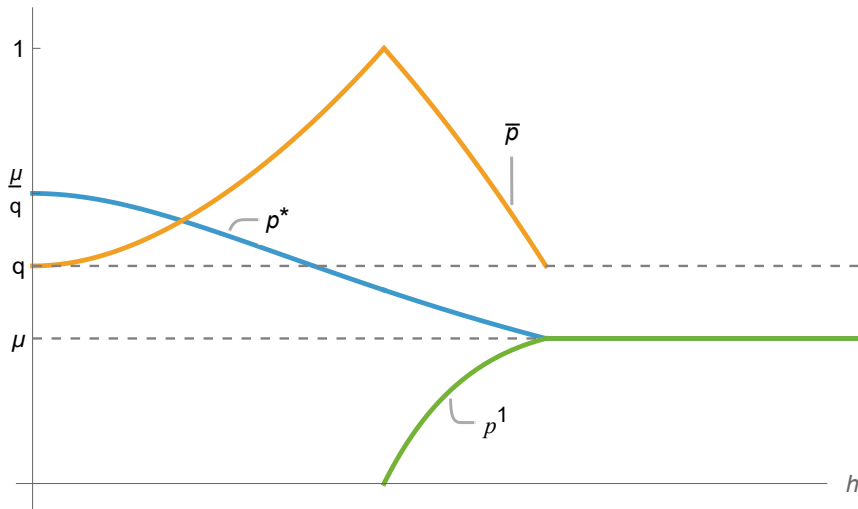
$$\sigma_i^* = \begin{cases} 0 & \text{with probability } 1 - p^*, \\ U[\underline{p}, \bar{p}] & \text{with probability } p^*. \end{cases}$$

If $\frac{(1-\underline{p})(1+\underline{p}-2\mu)}{2\mu} \leq h^2 \leq \frac{2(1-\underline{p})(1-\mu)}{(2-\underline{p})\mu}$ then

$$\sigma_i^* = \begin{cases} 0 & \text{with probability } 1 - p^*, \\ U[\underline{p}, 2 - \bar{p}] & \text{with probability } p^* - p^1, \\ 1 & \text{with probability } p^1. \end{cases}$$

If $h^2 \geq \frac{2(1-\underline{p})(1-\mu)}{(2-\underline{p})\mu}$ then the signals are perfectly informative.

MORE DIVERSITY $\Rightarrow$ MORE INFORMATION



INFORMATION BY A COALITION

The coalition chooses a signal $\sigma \in \Delta\Delta\Omega$ such that $\int p d\sigma(p) = \mu_0$ to maximize the probability that the policy is accepted:

$$\int \mathbf{1}[p(1,1) + \lambda(p(1,0) + p(0,1)) \geq q] d\sigma(p).$$

The optimal signal implements the policy with probability

$$\min \left\{ \frac{(1-2\lambda)\mu_0(1,1) + 2\lambda\mu}{q}, \frac{(1-\lambda)\mu_0(1,1)}{q-\lambda} \right\}$$

for any $q \in [\mu, 1]$. It either pools $(1,1), (1,0), (0,1)$ with some $(0,0)$, or pools $(1,1)$ with some $(1,0), (0,1)$.

The coalition always leaves P indifferent between accepting and rejecting the proposal.

TOGETHER OR ALONE?

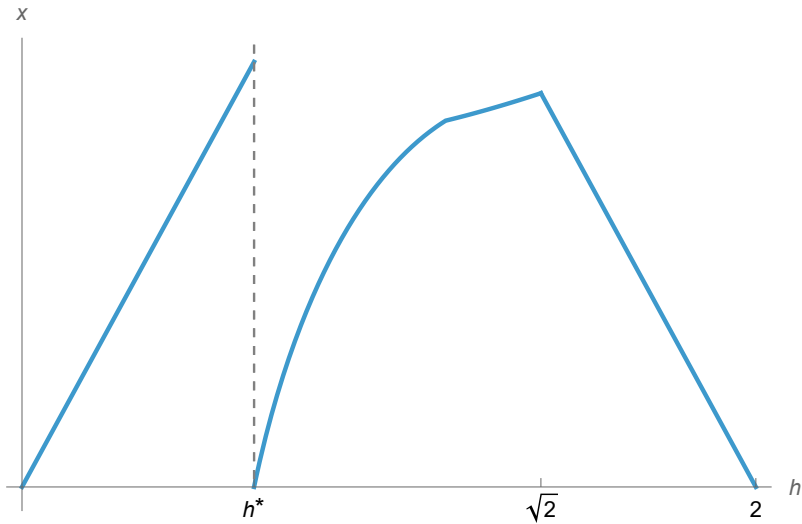
If $\underline{p} > 1$ then the groups cannot persuade P to implement their proposal alone. They have to form a coalition, or not lobby.

If $\underline{p} \leq 1$ then the groups have a choice. More diversity makes the coalition more appealing for two reasons:

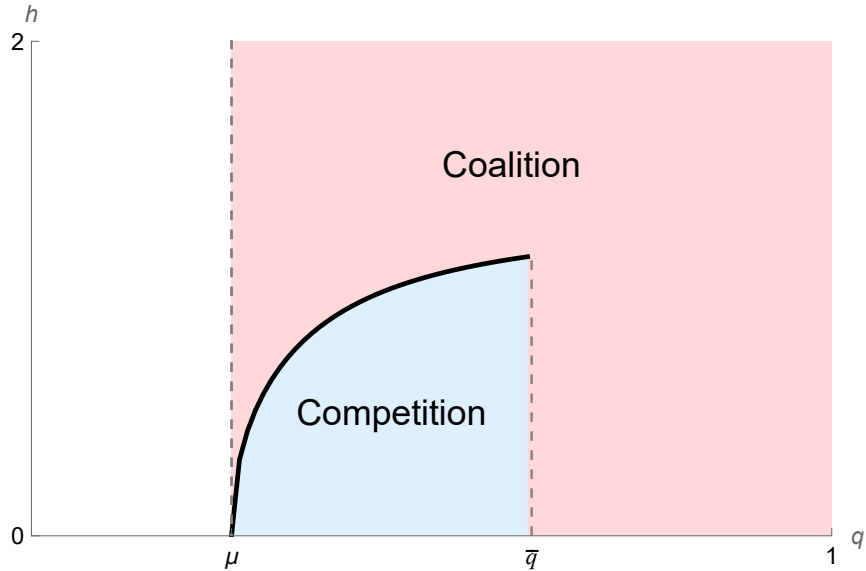
- With more diversity competition is more fierce, and the groups are less influential.
- Also the stakes are higher, and they would rather settle for a compromise.

There is a threshold h^* such that the groups form a coalition iff $h \geq h^*$.

DIVERSITY AND COMPROMISE



EQUILIBRIUM



COMPLEMENTARITY AND INFORMATION

More complementarity forces the groups to form a coalition.

The coalition provides information about both dimensions of the state. The groups combine their expertise.

But they don't provide more information in the Blackwell sense.

Challenge for empirical research: seeing a coalition provide information about *more aspects* of a policy doesn't imply that the coalition is providing *more* information.

The only force that induces groups to provide *more* information is competition. Collaboration and compromise by themselves don't do it.

CONCLUSION

Simple model that rationalizes empirical findings in the literature:

- Coalitions are not more effective than competition unconditionally (Mahoney and Baumgartner 2004).
- Coalitions are more effective than (counterfactual) competition when groups are diverse (Junk 2019; Dwidar 2022).
- Coalitions are more likely when the other “side” is strong (Hojnacki 1997).

However, very different mechanism and normative implications:

- Coalitions sometimes don't aggregate but actually *reduce* the information provided to policymakers.
- Policy compromise in a coalition can be associated with low information provision rather than consensus.
- Diverse coalitions can be more effective at the expense of leading to worse policies on average.