Response essay 01 (draft)

"Hall of mirrors: Corporate philanthropy (Bertrand et. Al., 2021)"

Lobbying in its direct and indirect forms may play a large role in policy-making processes without being flagged as such. One potential source is the information asymmetry between legislators and relevant interest groups, and a complex chain of financial transactions effectively rendering opaque the relationships between for- and non-profit interest groups as they exercise their democratic obligations to provide insights (*comments*) on proposed rules from elected legislative bodies.

The aforementioned paper by Bertrand et. al. attempts to systematically establish within the United States, through publicly available information, financial relationships between for- and non-profit interest groups along with their commenting behaviours on various proposed regulations. I would argue that uncovering these interactions by sifting through scattered sources of publicly available information in itself counts as a novel contribution given that the necessary information is often difficult to find or comprehend and may occasionally even be intentionally undisclosed. Beyond this, the authors seek to analyse whether financial ties between the two categories of interest groups lead to any meaningful change in the stances held by grantees (non-profits) to be more aligned with the donating firm, gauged from the comments. An aspect I particularly appreciated was the analysis of the degree of impact on the text of the final legislation in terms of its similarity to the opinions of a given firm when there were also grantees which had expressed opinions similar to that of the donating firm. This way, it would be easier to determine whether there is any foundation to the intuitive belief held by many including myself that when a non-profit organisation expresses a concern similar to of a for-profit firm, it in fact lends greater credibility to the opinions of the latter since the former is expected in an ideal setting to purely represent larger societal perspectives/interests.

The data used by the authors came from organisations, both independent and governmental, which work to digitise and/or maintain particular aspects of publicly available information generated by legislators and other involved parties in the policy-making process. This ranged from the list of foundations/firms and non-profit organisations which exist in the US and the records of charitable donations linking firms to non-profits, to the text of the initial proposed rules, to the comments made by particular firms and other independent organisations as part of their democratic obligations, focusing on the time period between 2003-2016 for which they claim to have the most complete raw data. Some of these organisational sources included *FoundationSearch* and *regulations.gov*, and the specific subsets of organisations of interest (i.e. firm-grantee donation relationships, co-commenting relationships) were compiled by the authors themselves.

From the introduction, the aim of the analysis was made explicit as determining whether or not *recently* received charitable donations have a significant impact on the position held by a given non-profit on a relevant legislative matter. I found it interesting to see them briefly talk about other possible factors which may explain their hypothesis, such as the possible tendency for firms to only donate to organisations which already share an opinion with the firm, and going on to clarify however that this does not exclude the possibility of encouraging a small number of aligned non-profits to comment on a particular legislative text wherein they may not have done so had there not been a recent donation. However, I found that such concerns were merely acknowledged and lacked an explicit rebuttal and that the authors instead relied more heavily on the coherence of the argument they were particularly making to surpass other alternatives.

Accounting for the recency of donations made, the authors show, authoritatively, that there is in fact first and foremost an increased tendency towards co-commenting (when firms and their grantees both comment on the same rules) following a donation made in the past 1 year. Following this, they use a Latent Semantic Analysis model (and verify their results with a Latent Dirichlet Allocation model) to derive a similarity score between firm/grantee comment pairs within legislation concerning the same organisation, rule, and year. The core finding here is that "firm and grantee comments are 4.7% of a standard deviation more similar after a recent donation."

Overall, this paper does a good job at specifying a clear research focus and makes use of novel data compilations to answer a socially relevant question as the impartiality of our elected legislative bodies is of utmost concern to all public citizens who wish for federal agencies to act in their best interest. Through this analysis, the authors establish a clear image of financial trace links between firms and non-profit organisations and show the tendency, especially when concerning regulatory efforts which appear more controversial or high stakes, of donations being made to relevant non-profits in an alleged attempt by firms to leverage the image of "neutral parties" to side with them in the eyes of legislators.