Willingness-to-Pay and Public Support for Climate Policies: The Role of Public Awareness

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Abstract

Drawing upon a nationally representative survey of Chinese public cognition and attitude towards climate change, this paper studies the determinants of consumers’ stated willingness-to-pay (WTP) for energy-efficient and environment-friendly products in the context of climate change. Employing both parametric interval regression and ordered probit models and a nonparametric, propensity score-based matching method, we find that income, education, age and gender, as well as public awareness and attitude towards climate change are significant determinants of WTP. We emphasize the role of public awareness in explaining the variation of WTP. Compared to the effect of public awareness, however, income elasticity is small. The results are robust to different model specifications and estimation techniques.

Key words: Willingess-to-pay; climate change; China; interval regression; matching

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