

Socially Responsible Investing in the Political Context

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14.07.2025

CEPR Climate Change and the Environment Symposium 2025

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- ▶ The psychology and economics literature has long emphasized the importance of context in shaping individual preferences for specific actions (e.g., Ross and Nisbett, 2011; Tversky and Kahneman, 1981)
- ▶ If investors care about the total amount of the “environmental protection” public good (e.g., Döttling et al., 2024; Piatti et al., 2024), they may perceive their private climate actions as more necessary and rewarding when government commitment diminishes.

Motivation

So far overlooked is the aspect of studying green preferences and investment together with the (anticipated) political context.



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→ Ideally, one would like to compare green investment preferences — and the *underlying* investing motives — of a large group of investors right before and right after a climate-relevant political event with a highly uncertain outcome.

Experimental Design

Context: The U.S. Presidential Election (November 5, 2024)

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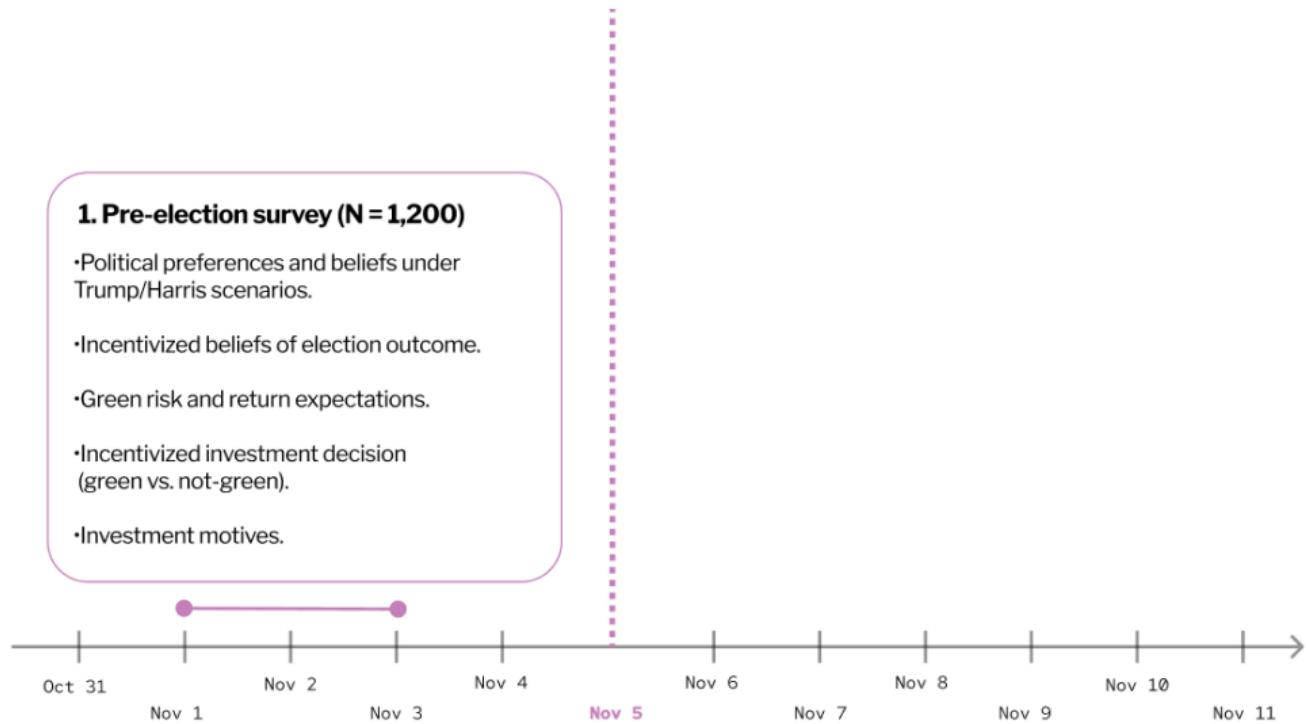
Design: within-subject and between-subject, involving investment decisions

Before and after the election, respondents make an *incentivized investment decision (100 USD)*.

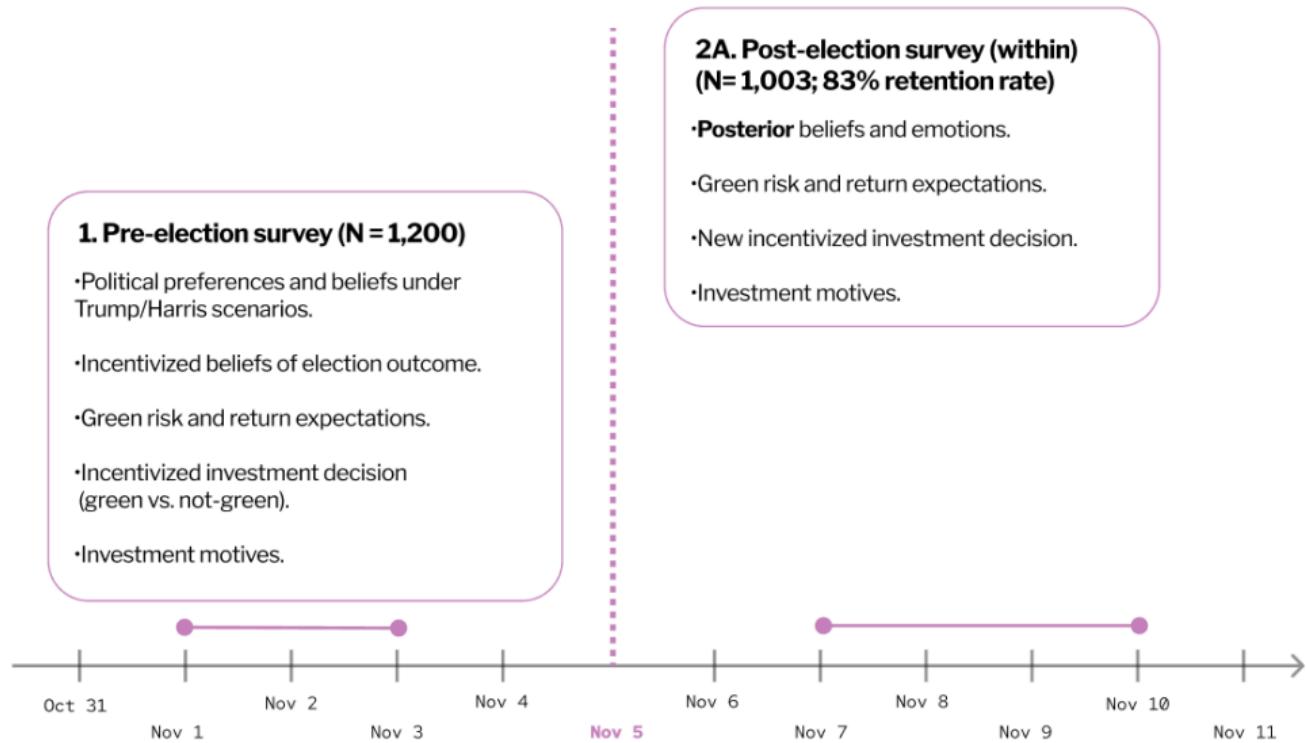
Experimental Design

1. Pre-election survey (N = 1,200)

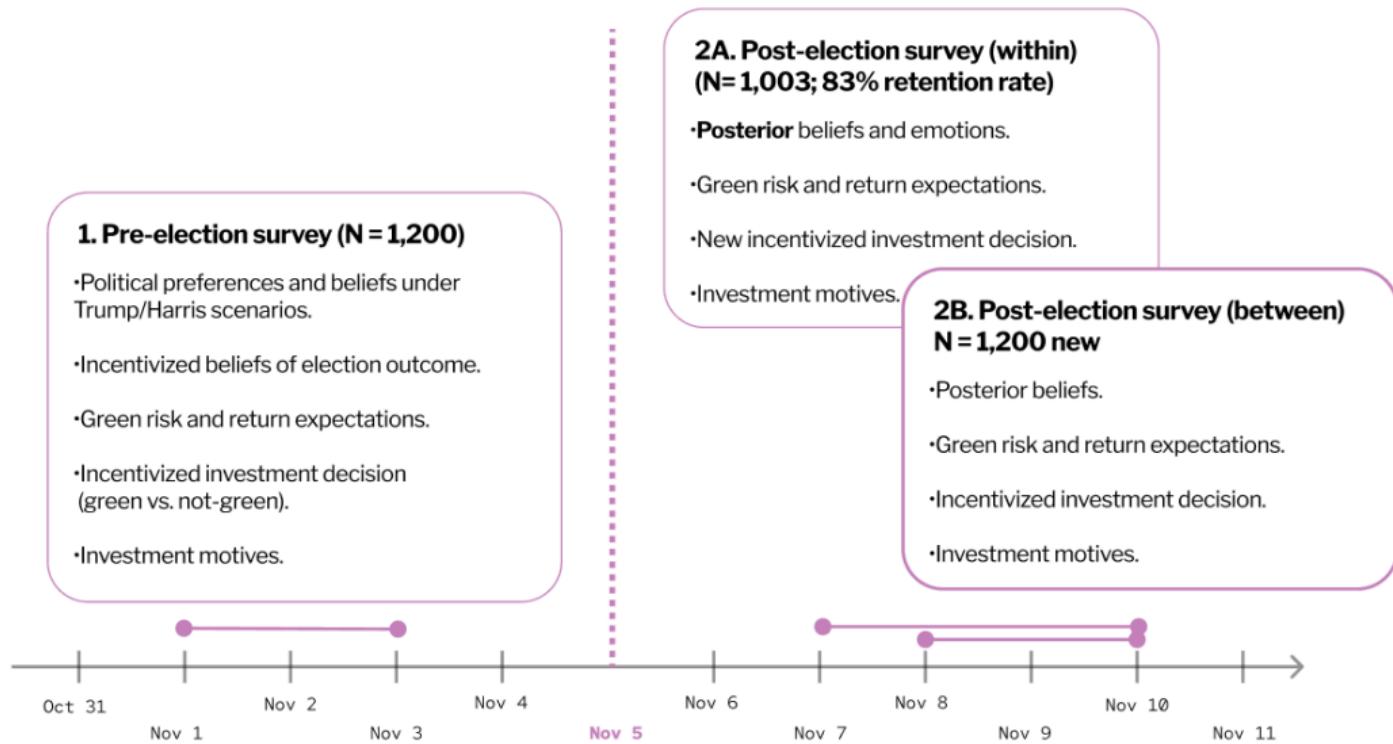
- Political preferences and beliefs under Trump/Harris scenarios.
- Incentivized beliefs of election outcome.
- Green risk and return expectations.
- Incentivized investment decision (green vs. not-green).
- Investment motives.



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These *contrarians* increased green investments by placing **significantly more weight on climate-related considerations** and less on financial-related ones.
AND: The results are confirmed in a real-world analysis of flows into green ETFs.

Survey: Main Variables of Interest

△ **Green investment**: the change in the amount allocated to the green fund *before and after* the election.

Disapproval of Trump Climate policy: Answer to “*Suppose Donald Trump wins the election. Do you expect to approve or disapprove of the way the new administration will address the topic of climate protection?*“ on a 5-point Likert scale.

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For all respondents, we assess:

- ▶ Expectations about the outcome of election (binary and %) - akin to a prediction market
- ▶ Climate policy beliefs and personal wealth beliefs under different election outcome scenarios
- ▶ Demographics and political preferences.

▶ Questionnaire: outcome prediction

Survey: Investment Decision

Fund A		
USA Equity ETF		
Description		
The fund invests passively in a diversified set of US firms.		
<i>Cost per year:</i>	0.1%	
<i>Number of constituents:</i>	592	
Past return		
3 months	YTD	3 years
+7.92%	+26.22%	+11.76%
Risk rating		
 Average		
Low	Average	High
Sustainability		
Low Carbon Designation: No		
Fossil Fuel Involvement:	8.2%	
 8.21		
0%	15%	

Fund B		
USA Equity Low Carbon ETF		
Description		
The fund invests passively in a diversified set of US firms, overweighting firms better aligned with the transition to a low carbon economy.		
<i>Cost per year:</i>	0.1%	
<i>Number of constituents:</i>	522	
Past return		
3 months	YTD	3 years
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Risk rating		
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 5.30		
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Please imagine you have to invest USD 100 for a period of one year. You have only two investment options: Fund A and Fund B... If you had to choose, how would you invest?

Your decision matters!

Ten (10) randomly selected respondents will receive an additional cash prize. The prize amount will depend on the performance of your investment decision. If you are among the winners, we will implement your USD 100 investment in real life (in a few days from now), and pay you the resulting capital after one year directly through Prolific.

Your investment in Fund A:

USD

Your investment in Fund B:

USD

Total

USD

Results: Disapproval

Dep. variable:	Δ Green investment				
	(1)	(2)	(3)	(4)	(5)
Trump climate protection: Strongly disapprove	4.78** (2.13)	5.31** (2.57)	6.21*** (2.88)	6.86*** (2.68)	7.04** (2.54)
Trump climate protection: Somewhat disapprove	0.60 (0.24)	1.60 (0.69)	2.23 (0.95)	3.96 (1.37)	3.96 (1.34)
Trump climate protection: Somewhat approve	1.47 (0.57)	3.15 (1.32)	2.96 (1.22)	3.31 (1.13)	3.44 (1.15)
Trump climate protection: Strongly approve	-3.79 (-1.36)	-0.55 (-0.21)	-0.55 (-0.21)	2.33 (0.70)	2.47 (0.71)
Expected Trump win (%) _{pre election}	-0.07 (-1.51)	-0.09* (-1.90)	-0.08 (-1.63)	-0.15*** (-2.77)	-0.15*** (-2.77)
Green investment _{pre election}	-0.51*** (-12.34)	-0.45*** (-10.83)	-0.48*** (-11.14)	-0.49*** (-13.61)	-0.49*** (-13.55)
Δ Expected green return		5.97*** (8.59)	6.06*** (8.54)	6.76*** (8.85)	6.75*** (8.83)
Δ Expected green risk		-3.18*** (-4.12)	-3.00*** (-3.92)	-2.83*** (-3.34)	-2.81*** (-3.31)
Democrat					-0.95 (-0.45)
Republican					-0.80 (-0.31)
Constant	31.24*** (7.68)	28.55*** (7.23)	-4.50 (-0.29)		
Observations	1,003	1,003	1,003	849	849
R-squared	0.21	0.31	0.34	0.44	0.44
Controls	No	No	Yes	Yes	Yes
State FE	No	No	No	Yes	Yes

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This relative increase happens through the change in non-pecuniary preferences

We saw that investors *strongly disapproving of Trumps climate policy relatively increased their green investments*. This effects corresponds to about 20% of the std of Δ *Green investment* (25). We show that this works through non-pecuniary preferences channel:

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1. Investors who increased their green investments did so, since they *value different motives - climate protection versus financial*,
2. and respondents who increase green investments see the green fund as *more impactful and feel better when investing*.

We ask structured and open-end questions about motives

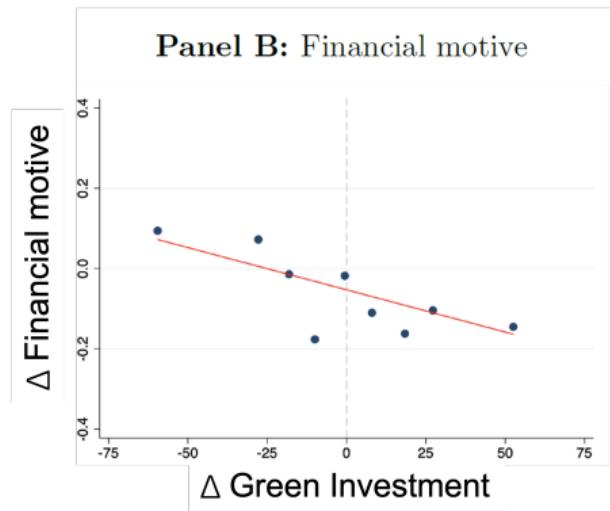
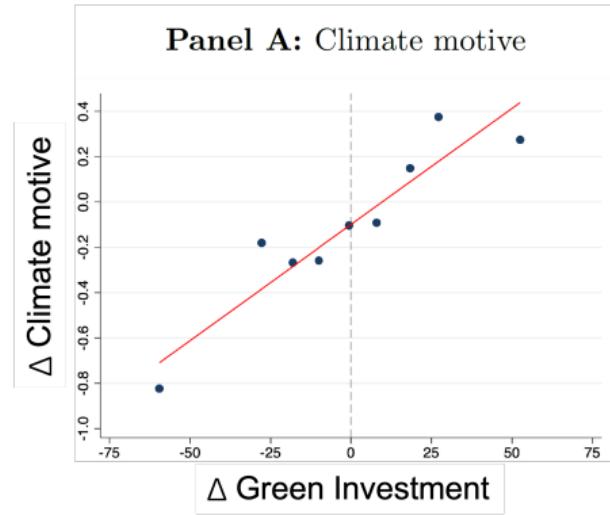
How important were these considerations for the investment decision you just made?

	1 - Not at all important	2	3	4	5 - Very important	I don't know
Financial considerations (Expected risk and return)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Positively contribute to climate protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It's what most of my friends and family would do	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

You have chosen to invest 100 USD in Fund A and 0 USD in Fund B.

Can you briefly describe your main reasoning for allocating the money this way?

Changes in financial and climate motives correlate with green investments



Changes in green investments correlate:
Positively with changes in climate motives.
Negatively with changes in financial motives.

Changes in Investment Motives are driven by disapproval

Dep. variable:	Δ Climate motive		Δ Financial motive	
	(1)	(2)	(3)	(4)
Trump climate protection:				
Strongly disapprove	0.23** (2.30)	0.24** (2.39)	-0.16** (-2.01)	-0.16** (-1.98)
Somewhat disapprove	0.03 (0.29)	0.09 (0.74)	-0.01 (-0.10)	-0.02 (-0.21)
Somewhat approve	0.04 (0.31)	0.04 (0.37)	-0.07 (-0.78)	-0.08 (-0.83)
Strongly approve	-0.06 (-0.55)	-0.07 (-0.60)	0.04 (0.38)	0.03 (0.30)
Climate motive _{pre election}	-0.35*** (-13.07)	-0.37*** (-13.00)		
Financial motive _{pre election}			-0.57*** (-13.14)	-0.57*** (-13.23)
Observations	1,003	999	1,003	999
R-squared	0.19	0.24	0.29	0.33
Controls	Yes	Yes	Yes	Yes
State FE	No	Yes	No	Yes

We run additional analyses on experiment data and ETFs

1. We complement the motives analysis by open-ended text examination through AI. [▶ Open-ended text](#)
2. Respondents who choose the green fund **perceive it more impactful and feel good about the decision** [▶ Regression Table](#)

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5. Experiment results are complemented with the analysis of green ETF flows around election - *green ETF flows exhibit less sensitivity to returns post election* [► Analysis Table](#)

Conclusion

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- ▶ Many investors are concerned with the overall provision of the "environmental protection" public good and are inclined to increase their private contributions when government commitment wanes.
- ▶ Related to "crowding out" interactions between private and public contributions to public goods. However, the ability of green investing to compensate for inefficiently lax climate regulation remain unclear.

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- ▶ Related to "crowding out" interactions between private and public contributions to public goods. However, the ability of green investing to compensate for inefficiently lax climate regulation remain unclear.

Implications:

- ▶ We can study green investing as a possible response to perceived governmental inefficiencies

Thank you!

References I

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Demographics

	N	min	p25	mean	p50	p75	max	sd
Age	1,200	0.00	33.00	42.91	41.00	52.00	82.00	13.55
Male	1,200	0.00	0.00	0.47	0.00	1.00	1.00	0.50
Race								
White	1,200	0.00	0.00	0.69	1.00	1.00	1.00	0.46
Black	1,200	0.00	0.00	0.14	0.00	0.00	1.00	0.35
Others/NA	1,200	0.00	0.00	0.11	0.00	0.00	1.00	0.31
Education								
Primary education or less	1,200	0.00	0.00	0.00	0.00	0.00	1.00	0.03
Some High School	1,200	0.00	0.00	0.01	0.00	0.00	1.00	0.08
High School degree/GED	1,200	0.00	0.00	0.09	0.00	0.00	1.00	0.28
Some College	1,200	0.00	0.00	0.18	0.00	0.00	1.00	0.38
2-year College Degree	1,200	0.00	0.00	0.11	0.00	0.00	1.00	0.32
4-year College Degree	1,200	0.00	0.00	0.39	0.00	1.00	1.00	0.49
Master's Degree	1,200	0.00	0.00	0.18	0.00	0.00	1.00	0.38
Doctoral Degree	1,200	0.00	0.00	0.02	0.00	0.00	1.00	0.13
Republican	1,200	0.00	0.00	0.27	0.00	1.00	1.00	0.45
Democrat	1,200	0.00	0.00	0.42	0.00	1.00	1.00	0.49
Independent	1,200	0.00	0.00	0.25	0.00	1.00	1.00	0.43
Income								
<20k USD	1,200	0.00	0.00	0.05	0.00	0.00	1.00	0.22
20k-50k USD	1,200	0.00	0.00	0.21	0.00	0.00	1.00	0.41
50k-80k USD	1,200	0.00	0.00	0.22	0.00	0.00	1.00	0.41
80k-120k USD	1,200	0.00	0.00	0.23	0.00	0.00	1.00	0.42
120k-160k USD	1,200	0.00	0.00	0.13	0.00	0.00	1.00	0.33
160k-200k USD	1,200	0.00	0.00	0.06	0.00	0.00	1.00	0.23
No income info	1,200	0.00	0.00	0.04	0.00	0.00	1.00	0.20

Demographics Cont-d

Wealth								
< 0 USD	1,200	0.00	0.00	0.06	0.00	0.00	1.00	0.23
0 USD	1,200	0.00	0.00	0.06	0.00	0.00	1.00	0.24
4k-120k USD	1,200	0.00	0.00	0.21	0.00	0.00	1.00	0.41
120k-300k USD	1,200	0.00	0.00	0.18	0.00	0.00	1.00	0.39
300k-500k USD	1,200	0.00	0.00	0.12	0.00	0.00	1.00	0.33
500k-1m USD	1,200	0.00	0.00	0.10	0.00	0.00	1.00	0.30
No wealth info	1,200	0.00	0.00	0.21	0.00	0.00	1.00	0.41
Children	1,200	0.00	0.00	0.61	0.00	1.00	4.00	0.95
Social preference	1,200	1.00	5.00	5.45	6.00	7.00	7.00	1.54
Financial literacy	1,200	0.00	2.00	2.48	3.00	3.00	3.00	0.81
Climate worry	1,200	1.00	3.00	3.59	4.00	5.00	5.00	1.26
Climate responsibility	1,200	1.00	2.00	3.13	3.00	4.00	5.00	1.25
Climate social norms	1,200	0.00	35.00	50.42	50.00	65.00	100.00	20.15
Contribution to the green transition								
0% - nothing	1,200	0.00	0.00	0.21	0.00	0.00	1.00	0.41
An amount smaller than 1%	1,200	0.00	0.00	0.25	0.00	1.00	1.00	0.43
Around 1%	1,200	0.00	0.00	0.27	0.00	1.00	1.00	0.45
Between 1% and 2%	1,200	0.00	0.00	0.18	0.00	0.00	1.00	0.38
More than 2%	1,200	0.00	0.00	0.09	0.00	0.00	1.00	0.28
Contribution - Higher order (%)	1,200	0.00	18.00	36.32	30.00	53.00	100.00	24.08

▶ back

Survey: Incentivized beliefs about election outcome

Expected Trump win (0/1): Incentivized prediction of who will win the election. Akin to a prediction market.

We would now like you to make **a prediction about the outcome** of the November 2024 presidential election.

After the official announcement of the election results, we will randomly select 10 respondents who completed the full survey and **pay out USD 100** to those who predicted the presidential election correctly. If you are among the winners, you will receive the additional payment directly through Prolific.

Regardless of who you prefer, **who do you think will win the November 2024 presidential election?**

▶ back

Summary Statistics

Panel A: Pre-election survey

	N	min	p25	mean	p50	p75	max	sd
Green investment	1,200	0.00	50.00	63.17	60.00	80.00	100.00	25.07
Expected green return	1,200	1.00	3.00	3.21	3.00	4.00	5.00	0.91
Expected green risk	1,200	1.00	2.00	2.86	3.00	3.00	5.00	0.86
Climate social norms	1,200	0.00	35.00	50.42	50.00	65.00	100.00	20.15
Climate motive	1,200	1.00	3.00	3.68	4.00	5.00	5.00	1.34
Financial motive	1,200	1.00	4.00	4.30	5.00	5.00	5.00	0.94
Social signalling motive	1,200	1.00	1.00	2.33	2.00	3.00	5.00	1.33
Perceived green investment impact	1,200	1.00	4.00	3.85	4.00	4.50	5.00	1.01
Green investment warm glow	1,200	1.00	3.00	3.68	4.00	5.00	5.00	1.07
Trump win: climate impact	1,200	1.00	1.00	2.23	2.00	3.00	5.00	1.27
Trump win: climate approval	1,200	1.00	1.00	2.36	2.00	4.00	5.00	1.43
Trump climate protection:								
Strongly disapprove	1,200	0.00	0.00	0.43	0.00	1.00	1.00	0.50
Disapprove	1,200	0.00	0.00	0.15	0.00	0.00	1.00	0.36
Neither approve nor disapprove	1,200	0.00	0.00	0.17	0.00	0.00	1.00	0.37
Approve	1,200	0.00	0.00	0.14	0.00	0.00	1.00	0.35
Strongly approve	1,200	0.00	0.00	0.11	0.00	0.00	1.00	0.32
Expected Trump win (incentivized)	1,200	0.00	0.00	0.45	0.00	1.00	1.00	0.50
Expected Harris win (incentivized)	1,200	0.00	0.00	0.55	1.00	1.00	1.00	0.50
Expected Harris win (%)	1,200	0.00	40.00	50.13	50.50	58.00	100.00	16.96
Expected Trump win (%)	1,200	0.00	40.00	48.65	49.00	55.00	100.00	16.85
Expected Others win (%)	1,200	0.00	0.00	1.22	0.00	0.00	40.00	3.82

Panel B: Within-subject changes

	N	min	p25	mean	p50	p75	max	sd
ΔGreen investment	1,003	-100.00	-10.00	-2.93	0.00	9.00	100.00	26.02
ΔExpected green return	1,003	-4.00	-1.00	-0.18	0.00	0.00	4.00	1.14
ΔExpected green risk	1,003	-4.00	0.00	0.17	0.00	1.00	4.00	1.05
ΔClimate social norms	1,003	-75.00	-15.00	-4.75	-4.00	5.00	55.00	16.98
ΔClimate motive	1,003	-4.00	-1.00	-0.13	0.00	0.00	4.00	1.05
ΔFinancial motive	1,003	-4.00	0.00	-0.05	0.00	0.00	4.00	1.00
ΔSocial image motive	1,003	-4.00	-1.00	-0.09	0.00	0.00	4.00	1.22
ΔGreen investment perceived impact	1,003	-4.00	0.00	0.02	0.00	0.00	4.00	0.91
ΔGreen investment warm glow	1,003	-4.00	-1.00	-0.05	0.00	1.00	4.00	1.20

Investment Motives: Free Text Answers

Anonym 1: “I view **ESG investing as limiting** your opportunity for diversification. Furthermore, after the 2024 US Election I would like to invest in companies in the Oil and Gas sector which frequently would be underweight or absent from an ESG focused portfolio. Lastly, when making investment decisions my focus is on risk adjusted return as opposed to climate change factors.”

Anonym 2: “I just feel it is the morally right thing to do. I have felt an overwhelming amount of **dread since the election results**. I personally would **feel morally better** if the money went to more environmentally friendly stocks.”

Anonym 3: “Because I **care about the planet** and am desperate to help it in any way I can and have very little hope that anyone in power gives one single cr*p about the environment.”

▶ back

Investment Motives: Free Text Analysis

- ▶ Feed text to ChatGPT, which itself identifies two main motives:
Climate-related and Financial
- ▶ + and *** correlation between *change in free text climate reasoning* and
change in *structured climate motives*
- ▶ + and *** correlation between *change in free text climate reasoning* and
change in *green investments*

▶ back

Between-subject regression

Dep. variable:	Green investment					
	(1)	(2)	(3)	(4)	(5)	(6)
Post	-3.07*** (-2.83)	0.42 (0.42)	-8.10*** (-2.86)	10.80** (2.18)	-5.68 (-1.42)	1.63 (0.51)
Expected green return		8.51*** (15.60)	6.80*** (13.03)	8.77*** (16.60)	7.62*** (14.08)	6.46*** (12.22)
Expected green risk		-5.42*** (-9.10)	-3.32*** (-5.88)	-5.29*** (-9.13)	-4.37*** (-7.42)	-4.20*** (-7.50)
Climate motive			7.27*** (14.68)			
Climate motive × Post				2.11*** (3.00)		
Financial motive					-3.71*** (-5.03)	
Financial motive × Post						-2.41** (-2.18)
Perceived green investment impact						5.13*** (7.38)
Perceived green investment impact × Post						1.47 (1.50)
Green investment warm glow						8.78*** (15.47)
Green investment warm glow × Post						-0.51 (-0.62)
Constant	61.20*** (4.42)	47.17*** (4.78)	41.24*** (9.94)	61.45*** (6.72)	32.73*** (3.46)	22.85*** (3.98)
Observations	2,392	2,392	2,392	2,392	2,392	2,392
R-squared	0.06	0.22	0.37	0.25	0.27	0.33
Controls	Yes	Yes	Yes	Yes	Yes	Yes

Pre-election Regression

Dep. variable:	Green investment				
	(1)	(2)	(3)	(4)	(5)
Expected Trump win (%)	-0.13*** (-2.76)				
Expected Trump win (incentivized)		-6.41*** (-3.80)	-3.29** (-2.21)	-4.57 (-1.54)	-5.25*** (-3.04)
Trump climate protection: Strongly disapprove	17.34*** (8.37)	15.74*** (7.16)	14.26*** (7.35)	12.86*** (4.81)	12.43*** (5.78)
Trump climate protection: Somewhat disapprove	6.45*** (2.77)	5.56** (2.35)	4.59** (2.24)	5.06* (1.72)	4.13** (2.00)
Trump climate protection: Somewhat approve	-2.15 (-0.87)	-1.49 (-0.60)	-4.00* (-1.90)	-3.54 (-0.89)	-3.69* (-1.75)
Trump climate protection: Strongly approve	-4.41 (-1.64)	-3.89 (-1.44)	-6.72*** (-3.13)	-7.06 (-1.18)	-6.20*** (-2.87)
Expected green return			8.26*** (12.13)	8.28*** (12.10)	8.30*** (12.17)
Expected green risk			-4.99*** (-6.54)	-5.01*** (-6.57)	-5.00*** (-6.58)
Expected Trump win (incentivized)				4.98 (1.21)	5.68* (1.72)
× Trump climate protection: Strongly disapprove					
Expected Trump win (incentivized)					-2.03
× Trump climate protection: Somewhat disapprove					(-0.49)
Expected Trump win (incentivized)					-0.32
× Trump climate protection: Somewhat approve					(-0.07)
Expected Trump win (incentivized)					0.75
× Trump climate protection: Strongly approve					(0.12)
Constant	61.73*** (4.00)	57.59*** (3.89)	41.85*** (4.32)	42.87*** (4.40)	43.21*** (4.49)
Observations	1,200	1,200	1,200	1,200	1,200
R-squared	0.23	0.23	0.37	0.38	0.38
Controls	Yes	Yes	Yes	Yes	Yes

Additional: Financial Literacy

Dep. variable:	Δ Green investment							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Trump climate protection: Strongly disapprove	6.97*** (3.19)	6.76*** (3.09)	5.85*** (2.60)	5.94** (2.51)	6.17*** (2.80)	6.05*** (2.62)	5.15** (2.27)	5.23** (2.15)
Trump climate protection: Somewhat disapprove	2.54 (1.09)	3.35 (1.31)	2.20 (0.94)	3.10 (1.20)	2.49 (1.07)	3.29 (1.29)	1.90 (0.81)	2.80 (1.08)
Trump climate protection: Somewhat approve	2.70 (1.12)	2.34 (0.90)	3.09 (1.27)	2.61 (1.01)	2.84 (1.18)	2.40 (0.93)	3.03 (1.25)	2.54 (0.98)
Trump climate protection: Strongly approve	-1.38 (-0.54)	-1.32 (-0.47)	-0.65 (-0.25)	-0.76 (-0.26)	-1.33 (-0.52)	-1.33 (-0.47)	-0.77 (-0.29)	-0.87 (-0.30)
Financial literacy	0.78 (0.77)	0.88 (0.91)					0.80 (0.80)	0.91 (0.94)
Wealth expectations – Trump			-1.19 (-1.31)	-0.94 (-1.12)			-0.93 (-0.97)	-0.69 (-0.79)
Expected unemployment (%)					0.04 (1.35)	0.03 (1.24)	0.03 (0.96)	0.03 (0.95)
Constant	-9.86 (-0.65)		-5.06 (-0.29)		-9.42 (-0.57)		-6.25 (-0.37)	
Observations	1,003	999	1,003	999	1,003	999	1,003	999
R-squared	0.34	0.36	0.34	0.37	0.34	0.37	0.34	0.37
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State FE	No	Yes	No	Yes	No	Yes	No	Yes

▶ back

Change in second-order beliefs about climate responsibility

Dep. variable:	Δ Green investment				
	(1)	(2)	(3)	(4)	(5)
Δ Climate social norms	-0.11*** (-2.64)	-0.10*** (-2.64)	-0.10*** (-2.72)	-0.10** (-2.39)	-0.10** (-2.37)
Green investment _{pre election}	-0.46*** (-12.41)	-0.40*** (-11.08)	-0.43*** (-11.22)	-0.44*** (-14.50)	-0.47*** (-14.62)
Δ Expected green return		6.08*** (8.91)	6.15*** (8.82)	5.86*** (9.00)	5.76*** (8.86)
Δ Expected green risk		-3.03*** (-3.89)	-2.89*** (-3.72)	-2.65*** (-3.72)	-2.62*** (-3.69)
Democrat					0.59 (0.33)
Republican					-4.39** (-2.22)
Constant	25.91*** (10.63)	23.67*** (10.15)	-5.41 (-0.36)		
Observations	1,003	1,003	1,003	999	999
R-squared	0.20	0.30	0.33	0.36	0.36
Controls	No	No	Yes	Yes	Yes
State FE	No	No	No	Yes	Yes

Change in second-order beliefs about climate responsibility

Dep. variable:	Δ Green investment				
	(1)	(2)	(3)	(4)	(5)
Δ Climate social norms	-0.11*** (-2.64)	-0.10*** (-2.64)	-0.10*** (-2.72)	-0.10** (-2.39)	-0.10** (-2.37)
Green investment _{pre election}	-0.46*** (-12.41)	-0.40*** (-11.08)	-0.43*** (-11.22)	-0.44*** (-14.50)	-0.47*** (-14.62)
Δ Expected green return		6.08*** (8.91)	6.15*** (8.82)	5.86*** (9.00)	5.76*** (8.86)
Δ Expected green risk		-3.03*** (-3.89)	-2.89*** (-3.72)	-2.65*** (-3.72)	-2.62*** (-3.69)
Democrat					0.59 (0.33)
Republican					-4.39** (-2.22)
Constant	25.91*** (10.63)	23.67*** (10.15)	-5.41 (-0.36)		
Observations	1,003	1,003	1,003	999	999
R-squared	0.20	0.30	0.33	0.36	0.36
Controls	No	No	Yes	Yes	Yes
State FE	No	No	No	Yes	Yes

Impact and Warm Glow Questions

Do you agree or disagree with the following statement?
"An investment in Fund A makes a relevant contribution to climate protection."

Strongly agree

Somewhat agree

Neither agree nor disagree

Somewhat disagree

Strongly disagree

I don't know

How does it feel (emotionally) to invest in Fund A compared to Fund B?

1 - It feels much better to invest in Fund A

2

3

4

5 - It feels much better to invest in Fund B

I don't know

Green ETF flows around 2024 election

- ▶ Survey shows that post-election, green investors became increasingly motivated by non-pecuniary reasons.
- ▶ Non-pecuniary investors have lower flow-performance sensitivity (e.g., Bollen, 2007).
- ▶ Therefore, we expect green ETFs' flow-performance sensitivity to decrease after the election.
- ▶ Study flows in U.S. equity ETFs in the 16 weeks around the election.

Panel A: summary statistics, weekly

	N	min	p25	mean	p50	p75	max	sd
Ret	38,776	-7.29	-1.06	0.04	0.13	1.17	6.78	1.93
Flows	38,776	-14.14	-0.12	0.37	0.07	0.65	29.54	2.11
Flows (Green ETF)	1,869	-14.14	-0.18	0.09	0.02	0.31	15.58	1.92
Flows (Non-Green ETF)	36,907	-14.14	-0.12	0.39	0.07	0.67	29.54	2.12
Green ETF	38,776	0.00	0.00	0.05	0.00	0.00	1.00	0.21
ln(AUM)	38,776	3.91	4.97	6.37	5.96	7.36	13.39	1.81
Inst. Ownership _{t-1}	38,776	0.00	39.54	57.62	62.57	78.84	100.00	28.51

Green ETF flows around 2024 election

Panel B: Flows to performance sensitivity

Dep. variable:	Flows		
	(1)	(2)	(3)
Green ETF	-0.234*** (-3.39)	-0.223*** (-3.04)	-0.235*** (-3.32)
Post \times Green ETF	-0.152** (-2.21)	-0.155** (-2.29)	-0.135* (-1.91)
Ret _{t-1}	0.059*** (3.19)	0.061*** (3.22)	0.048* (1.84)
ln(AUM) _{t-1}	-0.034*** (-3.05)	-0.034*** (-3.06)	-0.034*** (-3.05)
Inst. Ownership _{t-1}	-0.003*** (-4.11)	-0.003*** (-4.11)	-0.003*** (-4.11)
Green ETF \times Ret _{t-1}		-0.035 (-1.44)	0.001 (0.05)
Post \times Ret _{t-1}			0.025 (0.73)
Post \times Green ETF \times Ret _{t-1}			-0.080** (-2.09)
Observations	38,776	38,776	38,776
R-squared	0.01	0.01	0.01
Week FE	Yes	Yes	Yes

→ The flow-to-performance sensitivity of green ETFs **decreased** after the election, consistent with the marginal investor becoming more motivated by non-pecuniary reasons.

◀ back