

Title: Yea or Nay for Carbon taxes: Political economy and willingness to pay for carbon reduction in Washington

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Abstract:

This study investigates the political economy of carbon taxes using voting outcomes for two recent carbon tax initiatives in Washington State. We analyze voting patterns to elucidate the economic factors influencing voters to support or reject these initiatives and to estimate voters' willingness to pay for carbon policies as revealed through their voting choices. To this end, we combine two novel empirical approaches. First, we use nationally representative survey data to construct synthetic households at smaller spatial scales. In doing so, we are able to track consumption patterns and calculate local incidence for the CO₂ policies for finer geographic units. Second, taking advantage of spatially-explicit patterns of incidence, we are able to infer citizens' willingness to pay (WTP) for carbon taxes. These WTP estimates are revealed through aggregate voting decisions and therefore offer a useful complement to other studies attempting to measuring WTP to mitigate climate change---many of which rely upon stated preference methods.