

# Tutorial 3 – Climate policies beyond *Homo Economicus*

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## 1 Multiple choice questions

1. According to the work of D'Haultfoeuille et al (2014), did the French 2008 bonus-malus policy reduced emissions in the short run?
  - (a) No, because it did not significantly affect consumers' purchase of polluting vehicles.
  - (b) No, because people bought more vehicles as a result.
  - (c) Yes, because people bought cleaner vehicles.
  - (d) Yes, because people bought less vehicles.
2. According to Allcott (2011), which households reduced their electricity consumption the most after receiving the reports from the OPOWER program?
  - (a) Households consuming more electricity reduced it more.
  - (b) Households already consuming less electricity reduced it more.
  - (c) Households in the middle of the electricity consumption distribution reduced it more.
  - (d) Households did not reduce their electricity consumption.
3. According to Douenne and Fabre (2022), which of the following statements is *not* correct?
  - (a) People who oppose the carbon tax are more likely to overestimate how the tax affects their purchasing power.
  - (b) On average, people overestimate the impact of the carbon tax on their budget.
  - (c) People have biased beliefs about the impact of the tax on their budget, but correct beliefs about its progressivity.
  - (d) When people learn that they gain from the carbon tax and dividend policy, their support significantly increases.
4. According to the survey by Dechezleprêtre et al (2022), do people consider climate change to be an important problem?
  - (a) In developing countries yes, but in developed countries no.
  - (b) In developing countries no, but in developed countries yes.
  - (c) In both developed and developing countries yes.
  - (d) In both developed and developing countries no.

## 2 Document analysis

This exercise is based on the following paper:

- Anderson et al (2022), "Can Pigou at the Polls Stop US Melting the Poles?", available [here](#).

Start by reading the introduction of the paper (Section 1), which presents the context, the research question, and the main results of the study. You can then use the rest of the text to answer the 5 questions below. All questions are worth 2 points, for a total of 10 points.

1. Summarize in less than 100 words the main research question and the main results of the paper.
2. The paper studies the outcome of two electoral initiatives on the introduction of carbon taxation in Washington's State. What are the common characteristics and main differences between these two initiatives in terms of tax rates and revenue-recycling? You can use the information provided in the Introduction, as well as Section 2 and Table 1 of the paper.
3. Describe Figure 2. What does it tell us about the political divide around carbon taxation in the U.S.?
4. Figure 3 shows how the support for the carbon tax initiatives relates to the support for other policy proposals. Positive values indicate positive correlations between support for the carbon tax and for these other initiatives, while negative values indicate negative correlations. Why is this table indicative of the role of ideology in determining the support for a carbon tax?
5. Describe Figure 4. Given the differences between the two initiatives highlighted in question 1, what does the figure tell us about the relative preference of the Republicans for the design of a carbon tax policy?
6. Describe Figure 5. What do you conclude about the role of the expected impact of the policy on people's purchasing power on their support for this policy? Justify your answer.