

## **DISTRIBUTIVE OUTCOMES OF CLIMATE POLICY MATTER: MEASURING SOCIAL PREFERENCES FOR CLIMATE POLICY**

### **Abstract:**

This study examines whether people have distributional preferences for the impacts of climate policy, when they make real donations towards such policies. In an incentivized online choice experiment a representative sample of 92 members of the Danish public are endowed with 27€ and are asked to make 16 choices among different climate policy options. The climate policies are described in terms of two main outcome variables; future effects on income in year 2100 and present co-benefits from mitigation action. Both outcomes are described for three specific regions of the world, Western Europe, Southeast Asia and Sub-Saharan Africa. For each participant one choice was drawn at random to be realised and the total amount donated by participants was used to purchase and withdraw CO<sub>2</sub> quotas and credits in the European Emission Trading Scheme and as donation to the UN Adaptation Fund. A Random Parameter logit model shows that distributional concerns matter for people when they donate to climate policy, and that both elements of Inequity Aversion and Efficient Altruism influence the choice of climate policy. This study also finds that donations to climate policy increase with age. The results underline the importance of considering preferences for distributional outcomes when designing climate policy.