



## Methods

# Political affiliation and willingness to pay: An examination of the nature of benefits and means of provision

Diane P. Dupont <sup>a,\*</sup>, Ian J. Bateman <sup>b</sup>

<sup>a</sup> Department of Economics, Brock University, Canada

<sup>b</sup> School of Environmental Sciences, University of East Anglia, UK

## ARTICLE INFO

## Article history:

Received 8 July 2011

Received in revised form 19 December 2011

Accepted 7 January 2012

Available online 25 January 2012

## JEL Classification:

Q51

Q25

H41

H42

## Keywords:

Stated preference

Public provision

Private provision

Valuation

Political affiliation

Water

## ABSTRACT

Non-market techniques are widely used for valuing environmental goods and services. Recent articles obtain results showing respondents to the right of the political spectrum are significantly less likely to vote in favour of environmental programs that provide public goods through public means. In consequence, their WTP is lower than that of individuals on the political left. We examine whether WTP differs systematically in accordance with political affiliation by using data from three stated preference surveys. We obtain results similar to the previous literature from only one survey. Our other two surveys employ different contexts that change the nature of the benefits from the good and/or its provision mechanism. The first of these finds no significant differences in WTP by respondent political affiliation and the second finds that respondents on the right of the political spectrum have statistically higher WTPs for a good when it is privately provided than under collective provision. Our results provide further support that context matters and that preferences elicited from surveys for environmental goods are not necessarily independent of the means by which the good is provided.

© 2012 Elsevier B.V. All rights reserved.

## 1. Introduction

Over the past few decades, a wide body of research conducted across a number of countries has reported on significant differences in the degree of concern for the environment expressed by individuals on different sides of the political spectrum (Dunlap et al., 2001; Francken, 1986; Neumayer, 2004). Using a left–right political spectrum, liberal and/or left-leaning respondents (i.e., those who identify themselves as supporters of political parties such as the British Labour Party, the British Liberal Party, and the American Democratic Party) are found to be more supportive of efforts to reduce environmental damage than their more Conservative and/or right-leaning counterparts (e.g., supporters of the American Republican Party and the

British Conservative Party).<sup>1</sup> Researchers in the area of non-market valuation need to know whether such differences in support for environmental action translate into differences in the amount that people are willing-to-pay (WTP) for environmental goods improvements. Several recent contingent valuation (CV) surveys undertaken mostly in the United States have found that liberal voters (situated on the centre to centre-left) are significantly more likely to vote in favour of paying for alternatives or programs to reduce fossil fuel use and, hence, CO<sub>2</sub> emissions (Berrens et al., 2004; Carlsson et al., 2010; Li et al., 2009; Solomon and Johnson, 2009). Such findings are important since they may translate into outcomes whereby liberal and/or left-

\* Corresponding author at: 500 Glenridge Avenue, St. Catharines, Ontario, Canada. Tel.: +1 905 688 5550x3129.

E-mail address: [diane.dupont@brocku.ca](mailto:diane.dupont@brocku.ca) (D.P. Dupont).

<sup>1</sup> Following a scale created by the Comparative Manifesto Project (CMP), British Labour and Green parties are typically classified as lying to the left of the spectrum while the British Liberal Party is considered to be either in the centre or just to the left and the British Conservative party is located to the right of the spectrum. Using the same left–right spectrum, the American Republican Party is the party of the right with the Democratic Party viewed as being to its left and identified as more liberal. The American Democratic Party, however, probably falls more to the centre when compared to the British parties of the left (McDonald et al., 2007).

leaning individuals express consistently higher willingness to pay values for environmental goods. Surveys that do not condition results upon political preferences might yield biased estimates of aggregate WTP. This can arise when a researcher uses the sample estimated mean WTP from a survey and multiplies it by total population to obtain the total WTP. If mean WTPs differ significantly in sub-samples of the population according to political affiliation, then the total WTP obtained by weighting each sub-population's mean WTP will be very different. As Courard-Hauri (2004) argues for the case when income biases are ignored, recommendations from cost-benefit analyses that use these biased results may then be unreliable, especially in situations where the researcher is interested in obtaining preferences relating to environmental protection.

In this paper we investigate the relationship between political affiliation and responses to stated preference valuation questions about environmental goods. Taking inspiration from work on the importance of context and framing in preference elicitation, we investigate the effect upon the stated WTP of the means by which the environmental good is provided and/or the nature of the benefits (Mitchell and Carson, 1989; Tversky and Kahneman, 1981; Wisser, 2007). We use data from three different stated preference surveys that focus upon water as the environmental good. Water resources can provide pure public goods (e.g., biodiversity supported by lakes, rivers and wetlands), collective goods (e.g., improvements in tap water quality undertaken at the waterworks), or private goods (e.g., bottled water, home filtered or treated water). Environmental improvements that are water-related have long been the focus of valuation research efforts (Mitchell and Carson, 1989).

Our first survey elicits the WTP for a public good that is publically/collectively provided; our results provide support for the findings from previous research. Respondents who support the British Conservative party (situated to the right of the political spectrum) have a significantly lower WTP than voters to the left of them on the political spectrum, e.g., Greens, Liberals and Labour. However, these results do not hold in our second and third surveys where we examine goods with different contextual factors such as the nature of the benefits (private) and/or the means of provision (collective versus private). In particular, in the third survey we elicit stated WTP values for a good with private benefits that can be either publically/collectively or privately supplied. We find that Conservative respondents express statistically higher WTP for the good when it is to be provided under the mechanism of private provision compared to when provided via a collective/public provision mechanism.

The next section discusses previous literature that has looked at differences in preferences and WTP according to political views. This is followed a description of the goods being valued in our three surveys and the associated data. Section 4 describes the econometrics methods used to obtain the WTP values while Section 5 discusses results and conclusions. The paper ends with some suggestions for future research in the area.

## 2. Previous Research

A number of strands in the literature support the viewpoint that political views can manifest themselves in differences expressed by individuals in surveys. Using data from the United Kingdom, Lewis and Jackson (1985) find support for increased government expenditures by individuals intending to vote Labour, with lesser support by those intending to vote Liberal and the least support amongst Conservatives. It is important to note that these political differences are more marked than social-class ones. Francken (1986) observes similar results in a representative sample survey of the Dutch population. However, neither survey looks specifically at spending on environmental protection and/or quality. Rohrschneider (1993) uses Eurobarometer surveys for a number of years (1982, 1984, 1986, and 1989) to look at indicators of environmental values amongst European

nations. He finds that environmentalism exercises only a weak overall influence on political party views in Great Britain in the early years. Later evidence (1989) suggests the British Labour party has begun to appeal to individuals who claim to support environmental action. On the other side of the Atlantic, a wide number of surveys provide evidence that American Democrats have an elevated degree of concern over environmental quality and ecology when compared with Republicans (Buttel and Flinn, 1978; Dunlap, 1975; Tognacci et al., 1972). They are also supportive of increased government spending to achieve environmental improvements. By way of explanation, Dunlap and Gale (1974) suggest that Republican voters, who have a preference for pro-business and private market solutions, do not support government regulation and intervention aimed at reducing environmental degradation. Moreover, the general American population's views on the environment are remarkably stable over time. Using data from successive General Social Surveys, Jones and Dunlap (1992) and Elliott et al. (1997) find Democrats and those with liberal political views are consistently more supportive of environmental protection than their counterparts who support right-wing parties. Recognising that socio-demographic characteristics, as well as other factors, may be correlated with political views, Elliott et al. (1997) control for income, gender, race, and age and still find Democratic supporters and/or those with liberal views are significantly more likely to advocate public spending for environmental protection. Recent work examines the role of respondent trust. Anderson et al. (2005) use a public goods bilateral trust game to test whether self-expressed Democratic (liberal or left-leaning) supporters are more likely to contribute to a group account when such behaviour would be contrary to self-interest and whether these same individuals chose to trust strangers despite a monetary incentive that does not support such behaviour. They find that Liberals make slightly larger contributions to the public good than Republicans, on average, and that Liberals behave in a more trusting and trustworthy manner. While the differences were not significant, possibly because subjects were relatively homogenous college students (between ages 18 and 22), they are suggestive. (Konisky et al., 2008) find that individuals who express greater trust in government actions are more in favour of government efforts to deal with environmental pollution. Even after controlling for the level of trust in government they find that... "ideologically conservative individuals [are]...less likely to support further government action" (p. 1078). Interestingly, when they allow the "environment" to be a multi-attribute good, they find right wing support for government environmental spending decreases as the issue moves from local to global pollution.

These social surveys on preferences are suggestive but leave unanswered the more crucial question of whether respondents are willing to pay out of their own pockets for environmental quality and protection and whether this is systematically related to one's support for different political parties. Environmental attitudes data from a number of European nations provide evidence that survey respondents on the right of the political spectrum are statistically less likely to agree to pay higher taxes to prevent environmental damages and/or support environmental protection initiatives (Neumayer, 2004; Torgler and García-Valiñas, 2007; Witzke and Urfei, 2001). A number of recent American studies adopt a contingent valuation (CV) format to determine WTP for a number of programs aimed at providing public benefits from mitigating impacts of climate change. Results from Berrens et al. (2004), Li et al. (2009), and Solomon and Johnson (2009) show that right-wing voters are significantly less likely to vote in favour of the described programs, leading them to have lower WTP than their more left and liberal counterparts. Using a split-sample CV format, Wisser (2007) allows payments in support of renewable energy projects to be either voluntary or collective, each coupled with a scenario describing either government or private provision. Respondents who are on the right of the political spectrum are less likely to say "yes" to the valuation question and respond less

Download English Version:

<https://daneshyari.com/en/article/5050387>

Download Persian Version:

<https://daneshyari.com/article/5050387>

[Daneshyari.com](https://daneshyari.com)