

Keeping Up at the Planet's Expense: Longitudinal Evidence on Relative Concerns and Environmental Attitudes*

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Abstract

We study whether income comparisons relate to environmental concern using the Socio-Economic Panel from 2000 to 2020. For the first time in the literature, individual fixed-effects linear probability models incorporating rich definitions of reference groups reveal that higher reference-group income is associated with a lower probability of reporting high environmental concern, while the coefficient on absolute income is statistically insignificant. A 10% increase in others' mean income is associated with a moderately lower probability of about 1–2% of the mean of environmental protection or global climate change concerns. Our methodological contribution also enables us to exploit a rich set of information to examine the moderators captured in the panel: the association is stronger among individuals with low awareness (environmental consciousness), patience, weaker prosociality (cooperation norms, fairness, prosocial punishment, and trust), and limited political engagement. The association is also stronger where actual air pollution exposure is higher and where environmental protection efforts are more intensive, which is highly consistent with the moral licensing. Our extensive robustness analysis suggests that the results are insensitive to nonlinear model specifications, income-rank measures, median-based reference income, alternative comparison goods (e.g., job prestige), and alternative reference-group definitions. The evidence suggests that socio-economic comparisons, rather than material conditions alone, are key drivers of environmental attitudes and provide valuable insights for welfare and policy in settings with rising inequality.

Keywords: Relative Income, Environmental Concerns, Climate Change, Prosociality, Prosocial Punishment, Moral Licensing.

JEL Classifications: Q52; D60; I31

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