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Using Donations to the Green Party to Measure Community Environmentalism

Zhongmin Wang and Cheng Xu

1616 P St. NW
Washington, DC 20036
202-328-5000 www.rff.org



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Abstract

This paper presents empirical evidence that measures of community environmentalism based on donations to the Green Party are predictive of the demand for green products and policies at the zip code and county levels in the United States. The primary measure of community environmentalism in the existing literature is the share of Green Party registered voters, which is publicly available for California only. Measures based on donations to the Green Party are similar in spirit to shares of Green Party registered voters, but the data are publicly available for all areas in the United States.

Key Words: environmentalism, LEED buildings, hybrid vehicles, green policies

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1. Introduction

A literature in environmental economics has shown that community environmentalism (i.e., environmental preference) is an important determinant of the demand for green products and environmental policies in the community (e.g., Kahn 2007; Kahn and Vaughn 2009; Kahn and Morris 2009; Simcoe and Toffel 2012).¹ This literature, for example, finds that greener communities buy more hybrid vehicles, have more green buildings, and are more likely to vote for environmental policies. The primary measure of community environmentalism in the literature is the share of Green Party registered voters. This is a valid measure of an area's environmental preference because individuals join the Green Party largely to express their green beliefs, not to obtain any tangible benefits (Kahn and Morris 2009). However, shares of Green Party registered voters are publicly available for communities in California only. For this reason, this literature has focused largely on communities in California.

When examining the demand for green products outside California, studies tend to either use imperfect measures of community environmentalism or simply ignore community environmentalism. In their study of green travel behavior, for example, Kahn and Morris (2009) use the League of Conservation Voters' (LCV) scorecard on each congressional representative's environmental voting record as a measure of community environmentalism. This measure has two limitations: it is applicable at the congressional district level only, and a representative's voting is likely to be influenced by factors unrelated to environmentalism. In their study of the diffusion of green buildings in the United States, Kok et al. (2011) consider a metropolitan area's percentage vote for Ronald Reagan or for George H. W. Bush. Percentage vote for either president is a measure of political ideology rather than a measure of environmental ideology.

* Wang: Resources for the Future; 1616 P St. NW, Washington, DC, 20036; wang@rff.org; Xu: Department of Economics, George Washington University, Washington, DC, 20052; chengxu@gwu.edu. We thank Deakin University's Department of Marketing for financial assistance with purchasing the data on hybrid vehicles.

¹ Costa and Kahn (2013) study individuals' environmental preference and their behavior by using proprietary data on voters' party affiliation and donations to environmental organizations. For some questions (e.g., why are there more green buildings in area A than in area B), it is necessary to measure an area's environmentalism.

Kahn and Vaughn (2009, 18) study the geography of green buildings outside California without considering community environmentalism because they “have been unable to find a good measure of zip code environmentalism at the national level.” In their study of the determinants of green building adoption in various US metropolitan areas, Fuerst et al. (2014) ignore community environmentalism as a determinant, perhaps for lack of an appropriate measure.

In this paper, we propose measures of community environmentalism that can be easily constructed for all zip codes and for larger geographic areas in the United States. Our measures are based on individuals’ donations to the Green Party.² Similar to Green Party membership, donations to the Green Party are also largely expressions of green beliefs because the Green Party has little political power and cannot offer much tangible benefits. Different from Green Party membership, donations to the Green Party are public data that are available from the Federal Election Commission for all areas of the United States. We present evidence that our measures can predict the number of green buildings at the zip code and county levels in the United States. As robustness checks, we also show that our measures are predictive of zip code–level voting behavior for an environmental policy in California and county-level shares of hybrid vehicles in the United States.

2. Measures and Data

Our first measure of community environmentalism is the share of individuals in an area who contributed at least \$200 to any Green Party political committees from 2003 through 2010. Our second measure is the average per capita contribution to Green Party political committees in an area. We also construct an environmentalism index that is the sum of the standardized values (the z-scores) of the two variables.

Table 1 shows the summary statistics of the main variables we use in this paper. The share of contributors variable and the per capita contribution variable are both quite small,

² In their study of consumers’ reactions to the 2010 BP oil spill, Barrage et al. (2014) use an index to measure a zip code’s environmentalism, which is the sum of the standardized values of four variables: the share of hybrid and electric vehicles, per capita Sierra Club membership at the state level, the number of LEED-registered buildings per capita, and the average per capita contribution to Green Party committees. This index conflates environmental preference (i.e., Sierra Club membership and donations to Green Party committees) with behavior (e.g., hybrid vehicles and green buildings). In this paper, we use donations to Green Party committees to predict hybrid vehicles and green buildings. Contemporaneous with this study, Wang et al. (2016) use donations to Green Party committees to predict the intensity of consumers’ reactions to the 2010 BP oil spill.

averaging 0.01 per thousand and \$0.0038, respectively, at the zip code level. This is not surprising because Green Party membership, even in California, was also very small, averaging 0.9 percent (Kahn 2007).

Our measure of green buildings in an area is the number of commercial Leadership in Energy and Environmental Design (LEED) buildings in the area that have been certified by the US Green Building Council. We define a building as commercial if its owner is a for-profit organization. The LEED buildings data from 2000 through 2014 come from the council's website. Kahn and Vaughn (2009) find that community environmentalism has a statistically significant effect on the number of commercial LEED buildings at the zip code level in California, but outside California they could not consider the role of environmentalism. An average zip code and an average county have 0.25 and 2.53 certified commercial LEED buildings, respectively.

Table 1. Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Contributors per thousand (zip code level)	32,505	0.01	0.19	0.00	28.25
Contributors per thousand (county level)	3,221	0.00	0.02	0.00	0.66
Average per capita donation (\$) (zip code level)	32,505	0.00	0.14	0.00	15.54
Average per capita donation (\$) (county level)	3,221	0.00	0.02	0.00	0.79
Environmentalism index (zip code level)	32,505	0.00	1.87	-0.06	263.14
Environmentalism index (county level)	3221	0.00	1.68	-0.22	40.76
LEED buildings (zip code level)	32,505	0.25	1.44	0.00	62
LEED buildings (county level)	3221	2.53	14.76	0.00	289
Yes votes for Proposition 185)	1713	0.15	0.09	0.00	0.66
Hybrid vehicle	257	0.00	0.00	0.00	0.02
Income: [\$25,000, \$49,999]	32,505	0.22	0.10	0.00	1
Income: [\$50,000, \$99,999]	32,505	0.36	0.12	0.00	1
Income: \geq \$100,000	32,505	0.17	0.14	0.00	1
White	32,505	0.83	0.21	0.00	1
Age: [20, 40)	32,505	0.23	0.07	0.00	0.90
Age: \geq 40	32,505	0.51	0.10	0.00	1
Ln(Population)	32,505	7.97	1.77	0.69	11.64

Note: Yes votes for Proposition 185, hybrid vehicle, income, race, and age variables are all expressed as shares between 0 and 1.

Following Kahn (2007), our example of environmental policy is California's Proposition 185 in 1994, the purpose of which was to impose an additional sales tax on gasoline. The voting

data come from the Berkeley Institute of Government Studies website. The share of Yes votes for Proposition 185 was 15.49 percent in the average zip code.

We purchased the July 2009 share of hybrid vehicles data from the R. L. Polk Company. Because of cost considerations, we purchased the data only for counties with at least 50 retail gasoline stations and at least 5 BP-branded stations (based on gasoline data from Oil Price Information Service, a consulting firm). These large counties are located in 27 states and the District of Columbia, all east of the Rocky Mountains.

We control for income distribution and demographics (i.e., population, race, and age) in the estimation. These data come from the 2010 Census and American Community Survey.

3. Models and Result

Because 90 percent of the zip codes have zero certified commercial LEED buildings and the standard deviation of LEED buildings is much larger than the mean, we estimate a zero-inflated negative binomial (ZINB) count model for LEED buildings with the STATA command `zinb`. This model has two parts: a negative binomial count model that uses the full set of explanatory variables to predict the number of LEED buildings, and a logit model that uses population and a constant to predict excess zeros. The maximum likelihood method is used to estimate the ZINB model.

Models 1 to 3 in Table 2 report the zip code level results for the negative binomial part of the model, where each of the three models corresponds to one of the three environmentalism measures. The parameter estimates for the logit model part are strongly significant but are not reported here. The Vuong test indicates that the ZINB model is preferred to the negative binomial model alone. The dispersion parameter is significantly positive, indicating that the negative binomial model is preferred to the Poisson model.

The per capita contribution measure in model 2 and the environmentalism index in model 3 have positive coefficients that are statistically significant at the 5 percent level, but the share of contributors measure in model 1 has a positive but not statistically significant coefficient. The model 2 results indicate that a one standard deviation increase in the average per capita contribution would lead to an increase of about 1.1 ($= \exp(0.869 * 0.14)$) LEED buildings in a zip code, and the model 3 results indicate that a one standard deviation increase in the environmental index would lead to an increase of about 1.2 ($= \exp(0.087 * 1.87)$) LEED buildings in a zip code. The estimates for the control variables are similar to those of Khan and

Vaughn (2009): zip codes with higher income have more green buildings, and zip codes with a larger share of whites have fewer green buildings.

Table 2. Zip Code–Level Regression Results

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
	LEED	LEED	LEED	Prop. 185	Prop. 185	Prop. 185
Contributors per thousand	0.822 (0.638)			0.111*** (0.036)		
Average per capita donation		0.869** (0.378)			0.009*** (0.003)	
Environmentalism index			0.087** (0.041)			0.004** (0.001)
Income: [\$25,000, \$49,999]	-1.655 (1.097)	-1.644 (1.093)	-1.640 (1.093)	-0.051 (0.036)	-0.078 (0.082)	-0.050 (0.036)
Income: [\$50,000, \$99,999]	-1.862*** (0.436)	-1.853*** (0.435)	-1.850*** (0.435)	-0.083*** (0.027)	-0.351*** (0.038)	-0.083*** (0.027)
Income: ≥ \$100,000	3.119*** (0.398)	3.128*** (0.397)	3.124*** (0.397)	0.162*** (0.021)	0.069* (0.036)	0.163*** (0.021)
White	-0.665*** (0.181)	-0.671*** (0.180)	-0.669*** (0.180)	-0.015 (0.016)	-0.048*** (0.014)	-0.015 (0.016)
Age: [20, 40)	12.899*** (0.666)	12.925*** (0.659)	12.889*** (0.660)	0.721*** (0.063)	0.850*** (0.063)	0.726*** (0.063)
Age: ≥ 40	5.505*** (1.001)	5.511*** (0.999)	5.493*** (0.999)	0.395*** (0.050)	0.531*** (0.044)	0.398*** (0.050)
Ln(Population)	0.406*** (0.072)	0.405*** (0.072)	0.404*** (0.072)			
Constant	-10.069*** (1.350)	-10.062*** (1.347)	-10.039*** (1.346)	-0.215*** (0.041)	-0.170*** (0.047)	-0.217*** (0.041)
Observations	32,505	32,505	32,505	1,713	1,713	1,713
R ²				0.290	0.396	0.288

Notes: The dependent variable for models 1, 2, and 3 is the number of certified commercial LEED buildings in a zip code, and the dependent variable for models 4, 5, and 6 is the share of Yes votes for California's Proposition 185 in 1994. Robust standard errors are in parentheses. Omitted categories are income < \$25,000, age 0–20, and nonwhite. *** p<0.01, ** p<0.05, * p<0.1.

Models 4 to 6 in Table 2 report the ordinary least square (OLS) estimates of a linear model for the share of Yes votes at the zip code level for California's Proposition 185. All three environmentalism measures have positive and statistically significant coefficients. The model 4 results indicate that if the number of Green Party contributors per thousand in a zip code increases by 1, the share of Yes votes in the zip code would increase by 11.1 percentage points. The model 5 results indicate that if the average per capita donation in a zip code increases by \$1, the share of Yes votes in the zip code would increase by 0.9 percentage points. The model 6 results indicate that a one standard deviation increase in the environmental index in a zip code

would lead to an increase of about 0.75 ($= 0.004 * 1.87 * 100$) percentage points for the Yes vote in the zip code.

Table 3. County-Level Regression Results

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
	Hybrid	Hybrid	Hybrid	LEED	LEED	LEED
Contributors per thousand	0.080*** (0.024)			4.340** (1.780)		
Average per capita donation		0.082*** (0.029)			1.482** (0.739)	
Environmentalism index			0.0003*** (0.00008)			0.032*** (0.012)
Income: [\$25,000, \$49,999]	0.013* (0.007)	0.010 (0.006)	0.012* (0.006)	9.229*** (1.811)	9.075*** (1.812)	9.094*** (2.245)
Income: [\$50,000, \$99,999]	-0.005 (0.007)	-0.005 (0.007)	-0.005 (0.007)	4.365*** (0.881)	4.306*** (0.882)	4.302*** (1.348)
Income: \geq \$100,000	0.024*** (0.005)	0.022*** (0.004)	0.023*** (0.005)	7.883*** (0.850)	7.915*** (0.849)	7.879*** (1.030)
White	-0.000 (0.001)	0.000 (0.001)	-0.000 (0.001)	0.074 (0.238)	0.061 (0.238)	0.066 (0.356)
Age: [20, 40)	0.040*** (0.007)	0.041*** (0.007)	0.040*** (0.007)	15.840*** (1.273)	16.260*** (1.250)	16.012*** (1.725)
Age: \geq 40	0.025*** (0.007)	0.025*** (0.007)	0.024*** (0.007)	7.942*** (0.987)	8.233*** (0.975)	8.053*** (1.436)
Ln(Population)				1.198*** (0.037)	1.199*** (0.037)	1.199*** (0.045)
Constant	-0.025*** (0.006)	-0.024*** (0.006)	-0.024*** (0.006)	-26.649*** (1.164)	-26.846*** (1.153)	-26.695*** (1.701)
Observations	257	257	257	3,221	3,221	3,221
R ²	0.665	0.662	0.669			

Notes: The dependent variable for models 1, 2 and 3 is the share of hybrid vehicles in a county. Models 1, 2, and 3 are estimated by OLS and weighted by county-level population. The dependent variable for models 4, 5 and 6 is the number of certified commercial LEED buildings in a county. The logit inflate model parameter estimates have been suppressed for brevity. Omitted categories are income < \$25000, age 0–20, and nonwhite. Standard errors in parentheses are clustered by states. *** p<0.01, ** p<0.05, * p<0.1

Models in Table 3 report the county level results. Models 1 to 3 in Table 3 report the OLS results for shares of hybrid vehicles. All three measures of environmentalism have positive coefficients that are statistically significant at the 1 percent level. The model 1 results indicate that if the number of Green Party contributors per thousand in a county increases by 1, the share of hybrid vehicles in the county would increase by 8 percentage points. The model 2 results indicate that if the average per capita donation in a county increases by \$1, the share of hybrid

vehicles in the county would increase by 8.2 percentage points. The model 3 results indicate that a one standard deviation increase in the environmental index for a county would lead to an increase of about 0.05 ($=1.68*0.0003$) percentage points in the share of hybrid vehicles.

Models 4 to 6 in Table 3 estimate the ZINB model for LEED buildings at the county level. All three measures of environmentalism have positive and statistically significant coefficients. The model 4 results indicate that a one standard deviation increase in the number of contributors per thousand in a county would lead to an increase of about 1.09 ($= \exp(4.34 * 0.02)$) LEED buildings in the county. The model 5 results indicate that a one standard deviation increase in the average per capita contribution in a county would lead to an increase of about 1.03 ($= \exp(1.482 * 0.02)$) LEED buildings in the county. The model 5 results indicate that a one standard deviation increase in the environmental index in a county would lead to an increase of about 1.06 ($= \exp(0.032 * 1.68)$) LEED buildings in the county.

4. Conclusion

Community environmentalism is an important determinant of the demand for green products and environmental policies, but the application of this insight in the literature has been limited by the lack of an appropriate measure of community environmentalism that can be easily constructed for areas outside California. In this paper, we present empirical evidence that individuals' donations to Green Party political committees can be used to construct valid measures of community environmentalism for all areas of the United States. We hope that these new measures of community environmentalism will allow more studies to consider the important role of community environmentalism in determining the demand for green products and policies.

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