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Inflation expectations in the context of climate change and the green transition*

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Abstract

This paper studies how views about climate change are related with household inflation expectations. We present a new representative survey of Dutch households which elicits their views on climate change, the green transition and climate policy, and their impact on future inflation levels and volatility at a long-term horizon. We find that climate change, the green transition, and three different climate policies (carbon pricing, support for the green transition and support for green innovation) are all expected by households to increase inflation levels and volatility ten years ahead, with climate change expected to have the largest effect, and support policies for the green transition and for green innovation expected to have the smallest effect. Households' views on climate change, the green transition and climate policies are therefore related with the anchoring of their inflation expectations. In particular, our results suggest that support policies for the green transition and green innovation are well suited for the net zero transition while helping to keep household inflation expectations anchored. We also find evidence of heterogeneity across households. The expected effects of climate change on inflation levels and volatility are significantly larger for households with expectations and perceptions of more extreme weather and global warming. Climate change-driven inflation concerns are widespread across demographic groups. Households anticipate government support for the green transition and green innovation to exceed current plans, and believe it should be stronger still than their expectations over both the ten-year and 25 year horizons. Support for stricter government policies for the green transition and for green innovation is significantly higher among female, more educated, higher-income, and older respondents.

Key words: climate change, green transition, climate policy, inflation, household expectations.

JEL classification: E31, E58, Q48, Q54, Q55, Q58.

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1 Introduction

Household inflation expectations are related with key economic decisions, including consumption, saving and investment, and thereby play an important role in the monetary policy transmission mechanism and asset pricing. Their importance has become particularly pronounced as euro-area inflation began to surge in mid-2021. For a review of the literature on household inflation expectations and their relevance for monetary policy see e.g. D’Acunto et al. [2024].

The 2025 ECB monetary policy strategy assessment highlighted that the effects of climate change are materialising more rapidly than previously anticipated, with rising global temperatures and an increasing frequency of extreme weather events [European Central Bank, 2025]. The assessment also noted that efforts to spur the green transition – i.e. the shift to a low-carbon economy – continue, particularly in Europe through initiatives such as the Fit-for-55 programme. In this context, ECB Executive Board member Elderson [2026] argued that Europe’s fossil fuel dependence poses risks to price stability, complicating the achievement of the ECB’s price stability objective. By meeting its sustainable energy targets and accelerating an orderly transition towards domestic clean energy, Europe could substantially weaken the link between domestic energy prices and volatile global fossil-fuel prices [Elderson, 2026].

We examine how Dutch households perceive the structural changes associated with climate change and the green transition, and how these perceptions relate to long-term inflation expectations. Using additional questions included in a representative household survey in the Netherlands, we elicit expectations about the effects of climate change, the green transition and climate policy on inflation levels and inflation volatility.

European Central Bank [2025] argues that the green transition is likely to put upward pressure on inflation, particularly in its early stages, as carbon prices increase and investment moves towards shifting production processes and power generation to greener technologies. At the same time, European Central Bank [2025] notes that the longer-run impact of the green transition is less clear-cut and could potentially put downward pressure on inflation, as declining costs of transition technologies, including in power generation, may over time reduce the relative price of energy and dampen inflationary pressures. More generally, while the impact on the level of inflation is hard to predict, European Central Bank [2025] concludes that climate change may give rise to more frequent and more intense shocks, thereby increasing inflation volatility.

The academic literature emphasises that the effect of the green transition on inflation is theoretically ambiguous, both in the short and in the long term. In the short run, upward inflationary pressures may arise, particularly in the early stages of the transition, as carbon prices increase and investment moves towards shifting production processes and power generation towards greener technologies. At the same time, these inflationary pressures may be partly offset already in the short term by weaker economic growth resulting from higher carbon prices, as well as by behavioural adjustments by households and firms, including substitution towards greener products and technologies. As a result, the overall effect of the green transition on inflation remains theoretically unclear.¹

¹Empirical evidence on the effects of carbon pricing on inflation is provided in Konradt and Weder di Mauro [2023], Moessner [2025], Känzig [2023] and Konradt et al. [2024]. Ciccarelli and Marotta [2024] study the effects of an overall environmental policy stringency index, of environment-related technologies and of physical risk on inflation, using VAR analysis. Del Negro et al. [2023] provide evidence from a a multisector New Keynesian model calibrated

In the longer run, the impact of the green transition on inflation is not clear-cut as well, but it is more likely to exert downward pressure on inflation. Declining costs of transition technologies, lower costs and increased use of renewable power generation, and the growing substitution by households and firms towards greener products and technologies may, over time, reduce the relative price of energy and dampen inflationary pressures. Moreover, by mitigating climate change in the longer term, the green transition may reduce the inflationary effects associated with climate change, such as higher food prices [Parker, 2018, Faccia et al., 2021, Moessner, 2022] and the rising costs of damage from more severe and more frequent extreme weather events, including storms, droughts, flooding, wildfires, avalanches, and sea-level rise.

Santabarbara and Suarez-Varela [2022] and Ahn [2025] examine the effects of carbon pricing and fuel excise taxes, respectively, on inflation volatility. More broadly, Ferreira et al. [2026] analyse the relationship between climate change and macroeconomic volatility, while Marotta et al. [2025] study the macroeconomic effects of climate policy uncertainty.

This paper contributes to the literature by providing survey-based evidence on how Dutch households perceive the effects of climate change, the green transition, and climate policy on inflation levels and inflation volatility at a long-term horizon. Using data from a representative survey of Dutch households, we analyse how views about climate change are related with household inflation expectations.

Our survey design is related to but different from surveys that have been conducted in the Netherlands, the euro area and among OECD countries. Jansen [2024] and de Leeuw and Jansen [2025] use ad hoc questions in Dutch household surveys to explore flood awareness and intentions to undertake climate mitigation measures.² Georgarakos et al. [2025] use data from the ECB Consumer Expectations Survey (CES) to study the relationship between temperature and inflation expectations. Meinerding et al. [2023] find that German households with greater concern about the consequences of climate change report lower inflation expectations up to five years ahead.

Fairbrother [2022] reviews the literature and finds that surprisingly few studies examine public attitudes towards climate policies beyond carbon pricing, highlighting a substantial gap in our understanding of which climate policies citizens would like governments to adopt. More recently, Dechezleprêtre et al. [2025] presented evidence from a survey conducted by Harvard University and the OECD on public attitudes towards climate change and climate policies across a broad set of OECD countries, excluding the Netherlands. The authors find that the government can increase public support for green transition policies by accelerating the availability of low-carbon alternatives, making green alternatives to brown technologies more widely available via enhanced public infrastructure (e.g. public transport), and more subsidies for the adoption of green technologies (heat pumps, electric vehicles) targeted at exposed (and poorer) households. Andre et al. [2024] found widespread support for climate action in a representative survey in 125 countries, where they interviewed almost 130,000 participants. Savin and van den Bergh [2026] conducted a public survey in 13 EU countries about public support for climate policy measures. Crispino and Loberto [2024],

to US data. Sahuc et al. [2024] provide a non-linear New Keynesian Climate model with climate damages and mitigation policies for the global economy, the first Integrated Assessment Model to include nominal rigidities, where expectations drive inflation dynamics, and monetary policy plays a key role in mitigating inflationary forces related to climate factors.

²See Galati et al. [2023, 2026] for studies of household inflation expectations within a DHS satellite survey in the context of monetary policy.

Baiardi [2023] and Douenne and Fabre [2022] also study public attitudes towards climate policies.

In 2015, nearly all countries worldwide signed the Paris Agreement, committing to limit global warming to well below 2°C and ideally to below 1.5°C compared to pre-industrial levels. To achieve this objective, countries agreed to aim for net zero emissions, whereby net zero emissions can be defined as “the amount of greenhouse gases added to the atmosphere is balanced by the amount removed.” [Oxford Net Zero, 2026]. Achieving net zero thus requires that any remaining emissions be offset by equivalent removals, thereby stabilising the impact of human activity on global warming. Currently, 78% of global economic activity is covered by some kind of net zero target. Reaching these targets will require a mix of climate policies and green innovation.

Reducing global warming requires substantial reductions in greenhouse gas emissions by countries, firms and households, alongside efforts to remove any remaining emissions. This, in turn, calls for strong climate policies and major investment in clean technologies. Broadly speaking, there are three types of climate policies that support net zero emissions: carbon pricing, support for green transitions and support for green innovation.

Carbon pricing puts a cost on emitting greenhouse gases. This can be done in two main ways: through a carbon tax, which charges a fixed fee for each tonne of CO₂ emitted, and with an emissions trading system (ETS), where companies buy permits to cover their emissions. By making carbon emissions more expensive, carbon pricing encourages businesses and consumers to switch to greener alternatives, thereby reducing carbon emissions [Kohlscheen et al., 2026]. Some organizations also use internal carbon prices to guide investment decisions and to prepare for future climate-related regulations.

Government support for green transitions can take the form of subsidies for clean technologies, like solar panels or electric vehicles, tax incentives for energy-efficient upgrades and investments in green infrastructure, such as public transport or charging stations. These policies help reduce the cost of going green, making it easier for households and companies to adopt sustainable solutions.³

Green innovation involves substantial changes in the ways we produce energy, travel, and manufacture goods. This includes expanding renewable energy sources like wind and solar, scaling up electric vehicles and hydrogen fuel, developing carbon capture technologies, and using nature-based solutions, such as reforestation, to absorb CO₂. Some fossil fuels may continue to be used, but their emissions would need to be decarbonized or fully offset. Continued innovation is expected to reduce costs and increase the widespread availability of climate-related solutions.

We summarize our main finding as follows. Households expect climate change, the green transition, and three types of climate policies (carbon pricing, support for the green transition and support for green innovation) to increase both inflation levels and inflation volatility ten years ahead. Among these factors, climate change is perceived to have the largest effect, whereas support policies for the green transition and green innovation are expected to have the smallest effects. These findings suggest that climate change, the green transition, and climate policies are related with the anchoring of inflation expectations. In particular, government support for the green transition and for green innovation appears well suited to facilitating the net-zero transition without de-anchoring household inflation expectations.

³See Moessner [2024] for analysis of the effects of green technology support policies on carbon emissions.

We further find substantial heterogeneity in views across households, also reflecting socio-demographic characteristics. The expected effects of climate change on inflation levels and inflation volatility are significantly larger for households with expectations and perceptions of more extreme weather events and global warming. Climate change-related inflation concerns are widespread across demographic groups rather than being confined to a small subset of the population. Finally, households expect government support for the green transition and for green innovation to be stronger than currently planned over both the ten- and 25-year horizons, and believe it should be stronger still than their expectations. Desired levels of government policy support for the green transition and for green innovation are significantly higher among older, more educated, higher-income, and female respondents.

The paper is organised as follows. Section 2 presents the new survey, Section 3 analyses the survey results, Section 4 links these findings to the regular DHS satellite inflation expectations survey, and Section 5 concludes.

2 Survey of consumers' views on climate change, the green transition and climate policy in the context of inflation

Our analysis presents results from a new survey on consumers' views on climate change and the green transition in the context of inflation.⁴ The survey is administered within the LISS (Longitudinal Internet Studies for the Social Sciences) panel, a probability-based online household panel that is representative of the Dutch population along key socio-demographic dimensions. Panel members are recruited using random sampling from the population registry, which distinguishes the LISS panel from convenience-based online surveys.⁵ The panel is widely used in academic research and allows for population-level inference as well as the study of heterogeneity across socio-demographic groups. Our survey was fielded in December 2025 among 2,921 LISS panel members, of whom 2,064 completed the questionnaire, corresponding to a response rate of 71 percent.

To capture households' views on climate change, the green transition and climate policy, we examine responses to a set of questions that we designed specifically for this study. We distinguish between two horizons: a long-term horizon (10 years ahead, corresponding to 2035) and a very long-term horizon (25 years ahead, corresponding to 2050).

Survey participants are asked about their views on changes in the global climate and the implications of these changes for inflation. In the first part of the survey, questions distinguish between expected effects on the level of inflation and on uncertainty about the future level of inflation, as well as on inflation volatility. Views on inflation uncertainty are elicited using questions on households' subjective probability distributions of future inflation. In the second part of the survey, respondents are asked whether and to what extent domestic climate policy may mitigate these

⁴The survey was conducted by Centerdata, a specialised survey agency at Tilburg University, and sponsored by De Nederlandsche Bank. The full survey questionnaire is reproduced in the appendix, translated from the original Dutch version.

⁵Survey participants cannot self-select into the panel; instead, households are identified for inclusion in the LISS panel by the Dutch national statistical office (Statistics Netherlands, CBS). To ensure broad participation, individuals without access to a computer are provided with the necessary equipment by Centerdata.

effects.

All survey participants received introductory information at the beginning of the questionnaire explaining the concepts of carbon pricing, green technologies, and net zero carbon emissions. They were also informed that the survey would ask them to assess the impact of Dutch climate policies, and that these are typically determined in addition to the EU climate policies. This is particularly the case for the EU's main climate policy instrument, carbon ETS. As will be explained below, a subset of survey participants received additional information on the current state of climate policy and climate targets in the Netherlands. This information concerned national policies only and explicitly excluded measures adopted at the EU or global level.

To be able to examine whether household views differ depending on their exposure to information, we perform a randomized control trial (RCT), in which survey participants are randomly assigned to different information treatments. The additional questions follow a 2×2 experimental design that varies information along two dimensions: climate change (global temperature developments) and climate policy responses (e.g. carbon pricing, green transition measures). This design yields four groups: (i) a control group receiving no additional information, (ii) a group receiving information on climate change only, (iii) a group receiving information on climate policy only, and (iv) a group receiving combined information on both climate change and climate policy. This setup allows to identify not only the individual effects of each type of information on inflation expectations, but also any interaction effects between them; we leave such analysis of information provision for future work.

More specifically, information on climate change provided to groups (ii) and (iv) consists of a figure illustrating global warming, showing historical global surface air temperatures (Figure 1). The information presented in this figure is designed to be easily understandable for households. Groups (i) and (iii) instead are asked to report their perceptions of trends in global warming, without being shown the figure.

Information on climate policies provided to groups (iii) and (iv) consists of high-level information on three types of Dutch climate policies that support the transition to net zero emissions: carbon pricing, support for the green transition, and support for green innovation. Survey participants are asked to assess the impact of Dutch climate policies, since these are typically determined in addition to EU-level climate policies.

In addition, the survey includes questions on households' expectations regarding the stringency of government climate policies in the Netherlands at two future horizons, 2035 and 2050. For each of the three policy areas (carbon pricing, support for the green transition, and support for green innovation) respondents are asked both how stringent they expect government policy to be compared to current plans, and how stringent they believe it should be at each horizon. These questions allow us to assess whether households perceive a gap between expected and desirable climate policy stringency at different horizons.

3 Analysis of survey results

Most of the survey questions offer five ordered response categories. For these questions, we construct balance statistics that normalize responses to lie between -1 and 1, with 0 corresponding to no change. Specifically, for survey questions with five response categories ($b=1, 2, 3, 4, 5$), the balance statistic for a response in category b is calculated as $bal=(b-3)/2$. As an illustration, consider the question on the effect of climate change on the level of expected inflation. The response options are: ‘will decrease inflation a lot’ ($b=1$); ‘will decrease inflation a little’ ($b=2$); ‘will not affect inflation’ ($b=3$); ‘will increase inflation a little’ ($b=4$); and ‘will increase inflation a lot’ ($b=5$). The corresponding balance statistic for a response in the first category (decrease a lot) is -1, for a response in the second category (decrease a little) is -0.5, for a response in the third category (no effect) is 0, for a response in the fourth category (increase a little) is 0.5, and for a response in the fifth category (increase a lot) is 1. In this example, as well as for all other survey questions using this scale, a higher balance statistic indicates a larger expected increase.

For questions about temperatures that offer a large number of response categories corresponding to temperature intervals, we retain the unit of measurement in degrees Celsius ($^{\circ}\text{C}$), rather than converting them into balance statistics. We assume that the probability mass within each temperature interval is concentrated at the midpoint of that interval. For the open-ended intervals at the lower and upper tails of the distribution, we truncate the distribution by assuming that these intervals have the same width as the other intervals, namely 0.5°C . Both these distributional assumptions follow D’Amico and Orphanides [2008], and are also employed in Apokoritis et al. [2025].

Based on mean balance statistics across households, climate change, the green transition, and the three climate policies (carbon pricing, support for the green transition, and support for green innovation) are all expected to increase inflation ten years ahead (Table 1). The expected effect of climate change on long-term inflation expectations is the largest, with a mean balance statistic of 0.52. Carbon pricing is expected to have the second-largest effect, with a balance statistic of 0.41, followed by the green transition, with a balance statistic of 0.25. Support policies for the green transition and for green innovation are expected to lead to the smallest increase in inflation 10 years ahead, each with a balance statistic of 0.16.

These results suggest that government support policies for the green transition and for green innovation are particularly well suited to facilitate the transition to net zero emissions while helping to keep household inflation expectations relatively well-anchored. Households’ mean expectations that climate change, the green transition, and carbon pricing lead to higher inflation are broadly consistent with the transmission channels highlighted in the New Keynesian climate model of Sahuc et al. [2024].

The expected effects of climate change on long-term inflation expectations are significantly larger for households with more extreme weather expectations and perceptions, as well as for households with higher temperature expectations and perceptions (Table 2), based on the regression in equation 1,

$$\Delta\pi_i^{LT} = c + \alpha x_i^h + \epsilon_i \tag{1}$$

Here, $\Delta\pi_i^{LT}$ is the balance statistic for expected changes in long-term inflation (10 years ahead) of respondent i due to climate change. x_i^h is either the balance statistic of respondent i for expectations over the next 25 years of the severity of extreme weather events, EW_i^{e25} , the balance statistic for perceptions over the past 25 years of the severity of extreme weather events, EW_i^{p25} , the expectation of global temperature changes over the next 25 years, T_i^{e25} , or the perception of global temperature changes over the past 25 years, T_i^{p25} . We estimate OLS regressions with robust standard errors.

Based on mean balance statistics, climate change, the green transition, and the three different climate policies (carbon pricing, support for the green transition, and support for green innovation) are also all expected by households to increase inflation volatility, with climate change again having the largest effect, and policy support for the green transition and for green innovation having the smallest effect (Table 3).

As for the level of inflation expectations, the expected effects of climate change on inflation volatility in the long term are significantly larger for households with more extreme weather expectations and perceptions, as well as for households with higher temperature expectations and perceptions. These results are obtained from estimating equation 1, when replacing the balance statistics for inflation levels with those for inflation volatility (Table 4).

There is a significant relationship between households' temperature expectations and their expectations of extreme weather expectations over the next 25 years (Table 5). This correlation is based on estimates of equation 2,

$$EW_i^{e25} = c + \alpha T_i^{e25} + \epsilon_i \quad (2)$$

where we again use OLS regressions with robust standard errors. There is also a significant relationship between households' temperature perceptions and their perceptions of extreme weather over the past 25 years (Table 5), based on regression estimates of equation 2, when replacing expectations over the next 25 years by perceptions over the past 25 years.

Based on mean balance statistics, households expect government support for the green transition by 2035, pgt_i^{e10} , to be stronger than currently planned policy (Table 6). Moreover, mean households' views on how strong government support for the green transition *should* be by 2035, pgt_i^{s10} , exceed their expectations of the level of support that will actually be in place by that date (Tables 6 and 7). A similar pattern holds for green innovation. Mean household expectations of government support for green innovation by 2035, pgi_i^{e10} , are stronger than currently planned policy (Table 6), while households' views on how strong government support for green innovation *should* be by 2035, pgi_i^{s10} , are again stronger than they expect this support policy to be by 2035 (Tables 6 and 7). Finally, households also expect government support for both the green transition and for green innovation by 2050 to be stronger than currently planned (Table 6), and they think that these policies should be even stronger than they currently expect them to be (Tables 6 and 7).

Household expectations of policy support for the green transition by 2035, separately for what will be (pgt_i^{e10}), what should be (pgt_i^{s10}), and the gap between the two ($pgt_i^{g10} = pgt_i^{s10} - pgt_i^{e10}$), are significantly related with extreme weather expectations over the next 25 years and with past perceptions of extreme weather events (Table 8), based on estimates of equation 3,

$$pgt_i^{h_1} = c + \alpha EW_i^{h_2} + \epsilon_i \quad (3)$$

where h_1 denotes either $e10$, $s10$ or $g10$, and where h_2 denotes either $e25$ or $p25$. We again use OLS regressions with robust standard errors.

Household expectations of policy support for green innovation by 2035, separately for what will be (pgi_i^{e10}) , what should be (pgi_i^{s10}) , and the expected policy gap between the two $(pgi_i^{g10} = pgi_i^{s10} - pgi_i^{e10})$, are also significantly related with extreme weather expectations over the next 25 years and with past perceptions of extreme weather events (Table 9), based on estimates of equation 3 when replacing policy support for the green transition by policy support for green innovation there.

Household expectations of policy support for the green transition by 2050, separately for what will be (pgt_i^{e25}) and what should be (pgt_i^{s25}) , and for the expected policy gap between the two $(pgt_i^{g25} = pgt_i^{s25} - pgt_i^{e25})$, are significantly related with temperature expectations over the next 25 years and with temperature perceptions over the past 25 years (Table 10), based on estimates of equation 3 when replacing h_1 by $e25$, $s25$ or $g25$, and when replacing $EW_i^{h_2}$ by $T_i^{h_2}$, with again h_2 denoting either $e25$ or $p25$. The same holds for household expectations of policy support for green innovation by 2050 (Table 11).

Expectations regarding how strong policy support for the green transition should be (both in 2035 and in 2050) are significantly more stringent for female, more educated, higher-income and older respondents (Table 12), based on estimates of regression equation 4,

$$pgt_i^{sh} = c + \alpha female_i + \beta educ_i + \gamma income_i + \delta age_i + \epsilon_i \quad (4)$$

Here h denotes either 10 or 25 years ahead. The explanatory variables include demographic characteristics: gender ($female_i$), education ($educ_i$), net income ($income_i$), and age (age_i). We again estimate OLS regressions with robust standard errors.

Similarly, expectations of how strong policy support for green innovation should be (both in 2035 and in 2050) are significantly more stringent for female, more educated, higher-income and older respondents (Table 12), based on estimates of equation 4 when replacing policy support for the green transition by support for green innovation.

4 Relationship with DHS satellite survey of inflation expectations

From a monetary policy perspective, it is important to understand whether climate change affects not only the expected level of inflation, but also the perceived balance of inflation risks. In this section we relate the results of our climate survey to household expectations of Dutch inflation drawn from the regular monthly DHS satellite survey conducted in the same month as our climate survey, December 2025. The DHS satellite survey has been conducted monthly since December

From the DHS satellite survey we construct a measure of baseline inflation risk asymmetry at the long-term horizon (in percentage points). This measure is defined as the mean expected probability across respondents that inflation will be 4% or higher 10 years ahead, minus the mean expected probability that inflation will be negative 10 years ahead. From the climate survey, we construct a corresponding measure of climate-driven inflation risk asymmetry at the long-term horizon (in percentage points). This measure is defined as the mean expected probability across respondents that inflation will increase slightly or strongly 10 years ahead due to climate change, minus the mean expected probability that inflation will decrease slightly or strongly 10 years ahead due to climate change. In what follows, we compare these baseline and climate-driven inflation risk asymmetry measures for the full sample of survey respondents, as well as for demographic subgroups defined by education, income, and age.

We find that climate-driven inflation risk asymmetry is generally larger than baseline inflation risk asymmetry at the 10-year horizon (Figure 2). Demographic groups that exhibit relatively high positive baseline inflation risk asymmetry also tend to display high climate-driven inflation risk asymmetry (Figure 3). At the same time, several demographic groups with low or even negative baseline inflation risk asymmetry nevertheless report strongly positive climate-driven inflation risk asymmetry (Figure 3), indicating that climate change substantially tilts perceived inflation risks even among households that otherwise do not expect upside inflation risks.

Variation in climate-driven inflation risk asymmetry across household income groups is relatively limited, whereas income-related differences are more pronounced for baseline inflation risk asymmetry (Figure 4). Figure 5 presents a histogram of the distribution of climate-driven inflation risk asymmetry across demographic subgroups from the climate survey at the 10-year horizon. The concentration of probability mass well above zero indicates that concerns about climate-driven inflation risks are widespread across demographic groups, rather than being confined to a small subset of the population (Figure 5).

5 Conclusions

This paper has examined how Dutch households perceive the structural implications of climate change and the green transition for long-term inflation. Using a representative household survey in the Netherlands, we elicited expectations about the effects of climate change, the green transition and climate policy on both the level and volatility of inflation, and linked responses to households' demographic characteristics. Our analysis highlights the relationship between beliefs about climate change and long-term inflation expectations.

We find that climate change, the green transition, and the three major climate policies (carbon pricing, support for the green transition, and support for green innovation) are all expected by households to increase both inflation levels and inflation volatility in the long run, with climate change perceived as having the largest effect. The expected impact of climate change on inflation

⁶See Galati et al. [2023, 2026] for details and results of earlier waves of the DHS satellite survey of household inflation expectations from December 2019 to 2024.

levels and volatility is significantly stronger for households with more extreme weather expectations and perceptions, as well as for households with higher temperature expectations and perceptions. Moreover, climate-driven inflation concerns are widespread across demographic groups rather than being confined to a small subset of the population.

The perceived inflationary impact is largest for climate change itself, followed by carbon pricing and the green transition. By contrast, support policies for the green transition and for green innovation are expected to lead to comparatively smaller increases in inflation. These findings suggest that government support policies aimed at facilitating the green transition and promoting green innovation may be particularly well suited to advancing the transition to net zero emissions while helping to keep household inflation expectations relatively well-anchored.

Households' mean expectations that climate change, the green transition and carbon pricing will lead to higher inflation in the long run are broadly consistent with the transmission channels highlighted in the New Keynesian climate model of Sahuc et al. [2024]. From a monetary policy perspective, our results therefore suggest that concerns about climate change, and views about the green transition and climate policies more generally, are related to the anchoring of households' inflation expectations.

We also document a significant relationship between households' expectations of future temperature developments and their expectations of extreme weather expectations, as well as an analogous relationship in past perceptions, indicating internal consistency in households' beliefs about climate change.

Finally, households expect government support for both the green transition and green innovation to be stronger by 2035 and by 2050 than is currently planned. At the same time, they believe that such support policies should be even stronger than they expect them to be at each of the horizons. Preferences for stronger government policy support for the green transition and green innovation (both in 2035 and in 2050) are significantly more pronounced among female, more educated, higher-income and older respondents.

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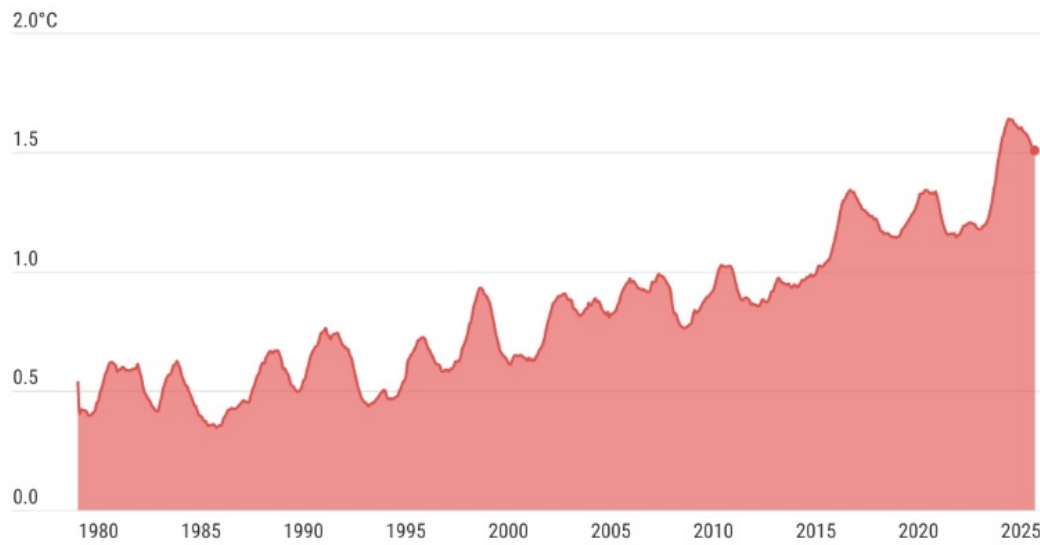
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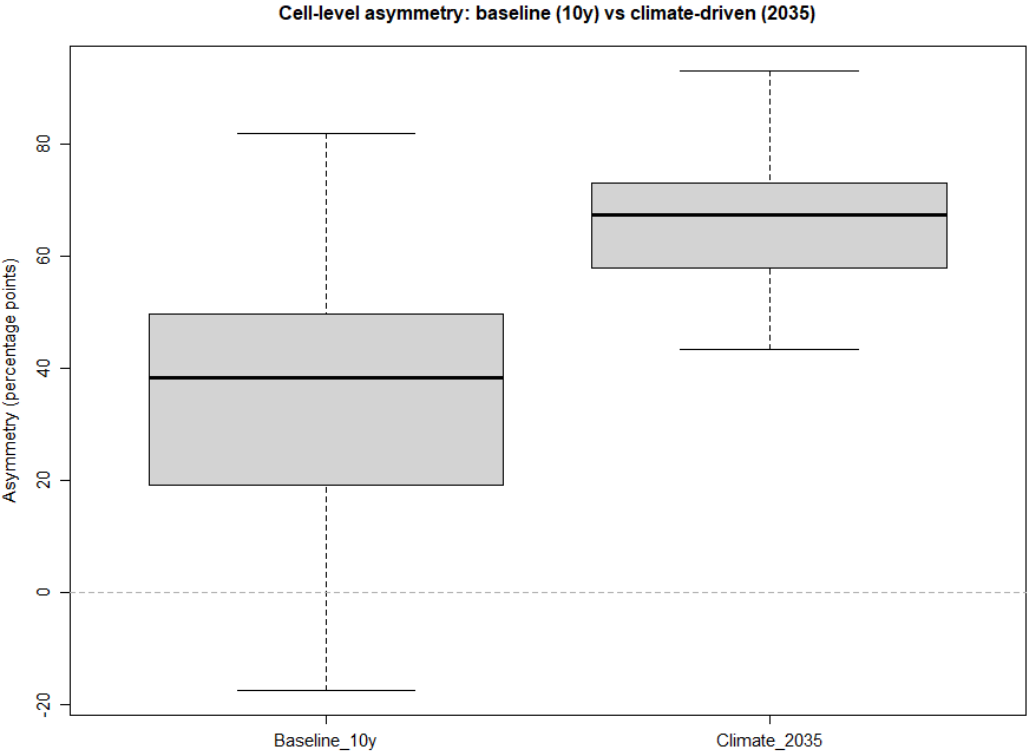
Figures

Figure 1: Global surface air temperature: increase above pre-industrial average



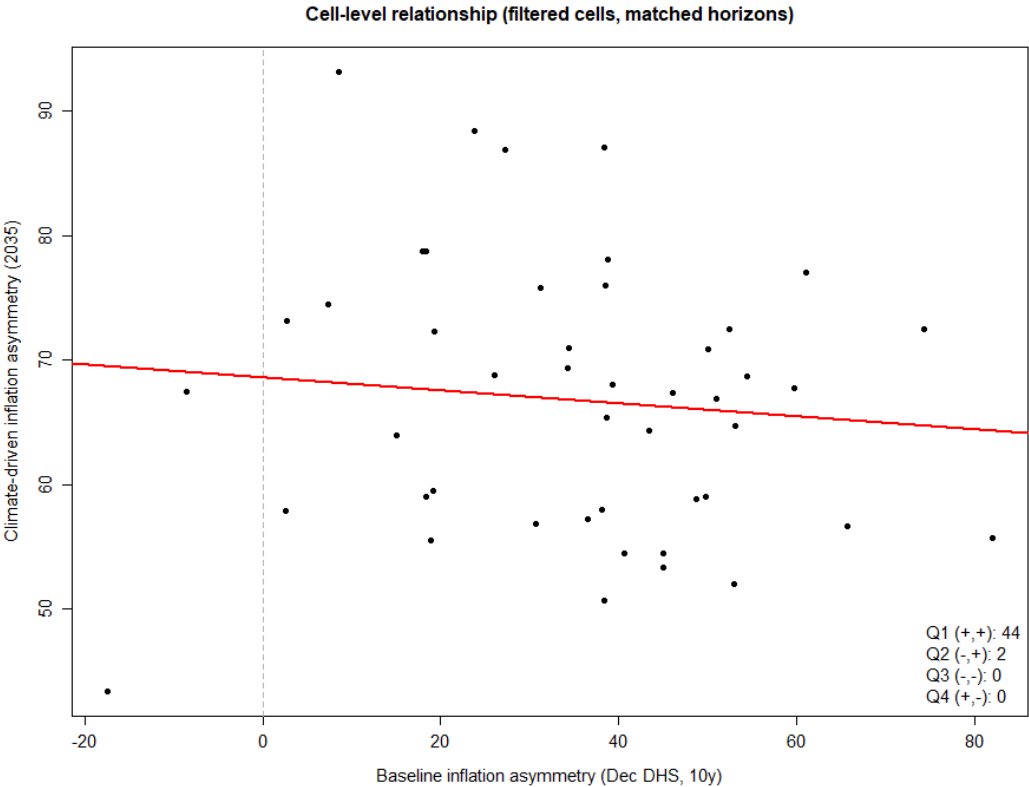
Notes: 12-month averages of global surface air temperature, expressed as deviations from the pre-industrial (1850-1900) average;
Source: Copernicus, CS3/ECMWF.

Figure 2: Comparison of distributions of baseline and climate-driven inflation risk asymmetry at 10-year horizon



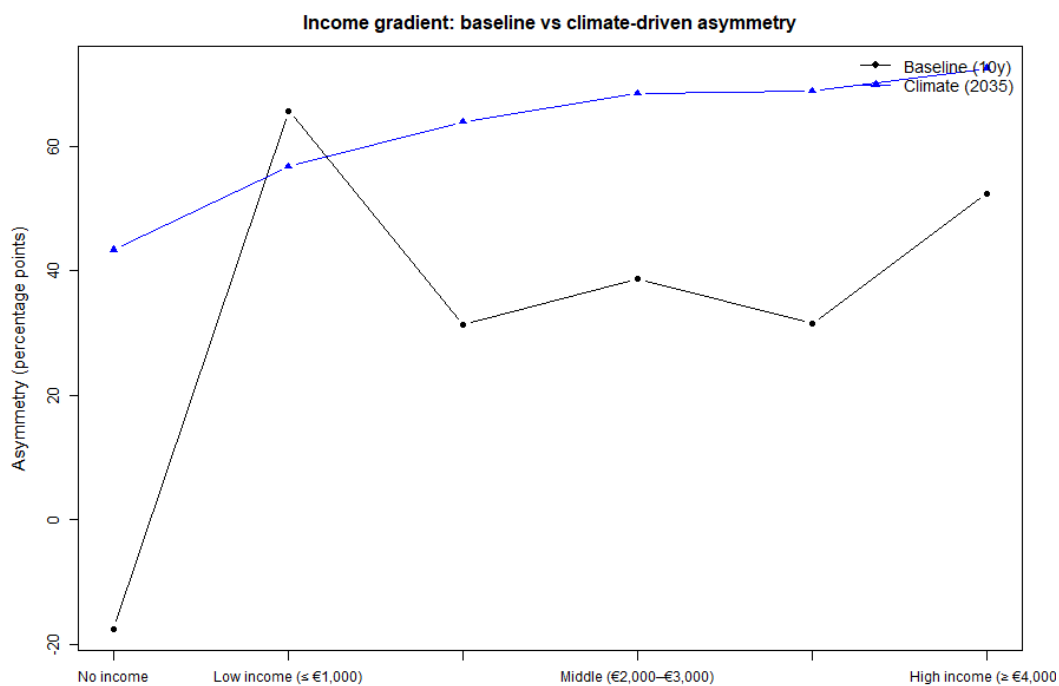
Notes: Comparison of the distributions of demographic subgroup means (cells by age×education×income) for baseline inflation risk asymmetry (DHS satellite survey, December 2025, 10-year horizon) and climate-driven inflation risk asymmetry (climate survey, December 2025, 10-year horizon).

Figure 3: Relationship between baseline and climate-driven inflation risk asymmetry at 10-year horizon



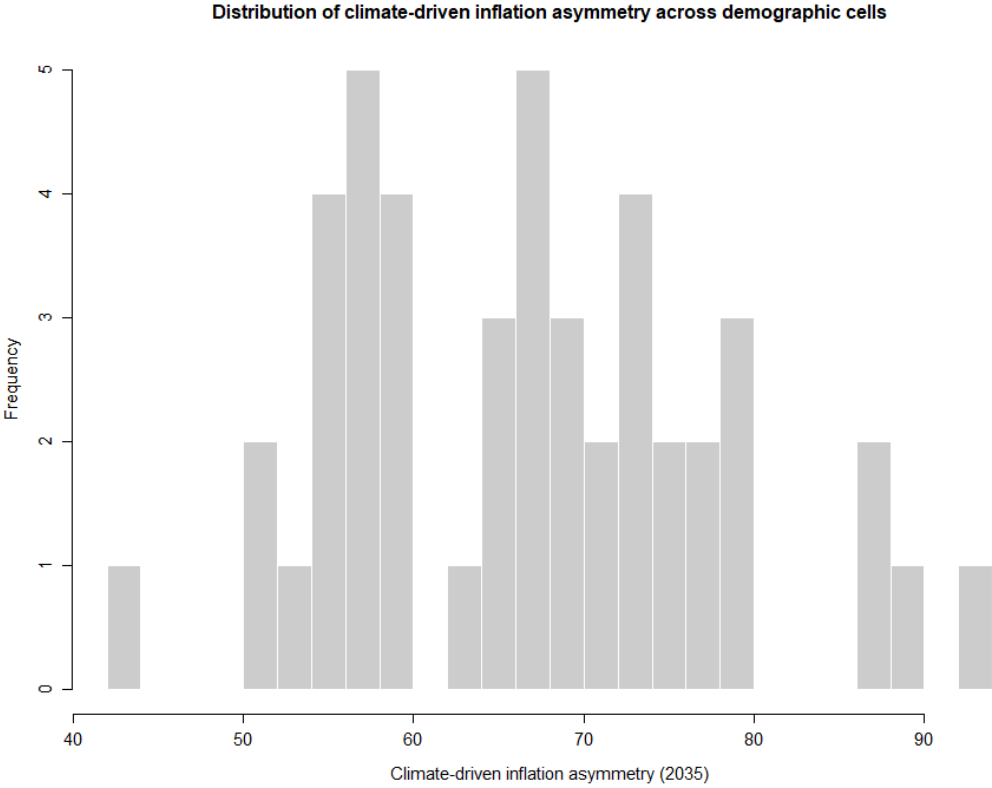
Notes: Each point is a demographic subgroup mean (cell by age×education×income), plotting baseline inflation risk asymmetry (in pp, from DHS satellite survey, December 2025, 10-year horizon) against climate-driven inflation risk asymmetry (in pp, from climate survey, December 2025, 10-year horizon). The fitted line summarizes the cross-cell association. Cells in the top-left quadrant illustrate groups with low or negative baseline asymmetry but strongly positive climate-driven asymmetry.

Figure 4: Baseline and climate-driven inflation risk asymmetry by income at 10-year horizon



Notes: Income-bin averages of baseline inflation risk asymmetry (DHS satellite survey, December 2025, 10-year horizon) and climate-driven inflation risk asymmetry (climate survey, December 2025, 10-year horizon), computed from matched demographic cells.

Figure 5: Distribution of climate-driven inflation risk asymmetry across demographic subgroups at 10-year horizon



Notes: The histogram shows the distribution of climate-driven inflation risk asymmetry (in percentage points, from climate survey in December 2025 at the 10-year horizon) across demographic subgroups (cells by age×education×income).

Tables

Table 1: Effect of Climate-Related Variables on Long-Term Inflation Expectations

	Dependent Variable: $\Delta\pi^{LT}$	
	Estimate	No. observations
Climate change	0.520 ^{***}	2,081
Green transition	0.246 ^{***}	2,073
<i>Climate policy:</i>		
Carbon pricing	0.410 ^{***}	2,070
Support for green transition	0.161 ^{***}	2,070
Support for green innovation	0.161 ^{***}	2,070

Notes: This table reports mean balance statistics for the effect of climate-related variables on 10-year-ahead inflation expectations, $\Delta\pi^{LT}$. Balance statistics range between -1 and 1 and are centred on 0 indicating no change, where -1 corresponds to a large decrease, -0.5 to a small decrease, 0 to no effect, 0.5 to a small increase, and 1 to a large increase. Estimates are based on OLS regressions across households of the balance statistic for $\Delta\pi^{LT}$ on a constant with robust standard errors. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 2: Effect of climate change on long-term inflation expectations

	(1)	(2)	(3)	(4)
Dependent variable	$\Delta\pi^{LT}$	$\Delta\pi^{LT}$	$\Delta\pi^{LT}$	$\Delta\pi^{LT}$
Extreme weather expectations ^b	0.267***			
Extreme weather perceptions ^c		0.269***		
Temperature expectations ^d			0.068***	
Temperature perceptions ^f				0.041***
Intercept	0.393***	0.400***	0.440***	0.473***
No. observations	2081	2081	2081	2081
R^2	0.067	0.055	0.033	0.012

Notes: ^a Balance statistics for effect of climate change on 10-year-ahead inflation expectations, $\Delta\pi^{LT}$; balance statistics between -1 and 1 and centred on 0 of no change, where -1: large decrease; -0.5: small decrease; 0: no effect; 0.5: small increase; 1: large increase. ^b Balance statistics for expectations of severity of extreme weather events over next 25 years, EWE_t^{25} ; ^c balance statistics for perceptions of severity of extreme weather events over past 25 years, EWP_t^{25} ; ^d expectations of global temperature changes over the next 25 years in °C, TE_t^{25} ; ^f perceptions of global temperature changes over the past 25 years in °C, TP_t^{25} . Based on OLS regression of equation 1 with robust standard errors. Stars denote significance levels (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$).

Table 3: Effect of Climate-Related Variables on Expected Long-Term Inflation Volatility

	Dependent Variable: $\Delta\pi^{volLT}$	
	Estimate	No. observations
Climate change	0.515***	1,696
Green transition	0.270***	1,671
<i>Climate policy:</i>		
Carbon pricing	0.401***	1,675
Support for green transition	0.179***	1,665
Support for green innovation	0.159***	1,652

Notes: This table reports mean balance statistics for the effect of climate-related variables on 10-year-ahead expectations of inflation volatility, $\Delta\pi^{volLT}$. Balance statistics range between -1 and 1 and are centred on 0 indicating no change, where -1 corresponds to a large decrease, -0.5 to a small decrease, 0 to no effect, 0.5 to a small increase, and 1 to a large increase. Estimates are based on OLS regressions across households of the balance statistic for $\Delta\pi^{volLT}$ on a constant with robust standard errors. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 4: Effect of Climate Change on Expected Long-Term Inflation Volatility

	Dependent Variable: $\Delta\pi^{volLT}$			
	(1)	(2)	(3)	(4)
Extreme weather expectations ^b	0.336***			
Extreme weather perceptions ^c		0.305***		
Temperature expectations ^d			0.087***	
Temperature perceptions ^f				0.045***
Intercept	0.352***	0.375***	0.413***	0.464***
No. observations	1696	1696	1696	1696
R^2	0.362	0.060	0.050	0.013

Notes: ^a Balance statistics for effect of climate change on expected 10-year-ahead inflation volatility, $\Delta\pi^{volLT}$; balance statistics between -1 and 1 and centred on 0 of no change, where -1 : large decrease; -0.5 : small decrease; 0 : no effect; 0.5 : small increase; 1 : large increase. ^b Balance statistics for expectations of severity of extreme weather events over next 25 years, EW_i^{e25} ; ^c Balance statistics for perceptions of severity of extreme weather events over past 25 years, EW_i^{p25} ; ^d Expectations of global temperature changes over the next 25 years in $^{\circ}\text{C}$, T_i^{e25} ; ^f Perceptions of global temperature changes over the past 25 years in $^{\circ}\text{C}$, T_i^{p25} . Based on OLS regression of equation 1 with robust standard errors. Stars denote significance levels (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$).

Table 5: Relationship between Temperature and Extreme Weather Expectations and Perceptions

	(1)	(2)
Dependent variable	EW_i^{e25a}	EW_i^{p25b}
T_i^{e25c}	0.117***	
T_i^{p25d}		0.075***
Intercept	0.338***	0.361***
No. observations	2085	2086
R^2	0.102	0.050

Notes: ^a Balance statistics for expectations of severity of extreme weather events over next 25 years, EW_i^{e25} ; ^b Balance statistics for perceptions of severity of extreme weather events over past 25 years, EW_i^{p25} ; ^c Expectations of global temperature changes over the next 25 years in $^{\circ}\text{C}$, T_i^{e25} ; ^d Perceptions of global temperature changes over the past 25 years in $^{\circ}\text{C}$, T_i^{p25} . Based on OLS regression of equation 2 with robust standard errors. Stars denote significance levels (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$).

Table 6: Household Expectations on How Stringent Climate Policies Will Be

	(1)	(2)
	Mean balance statistics ^a No. obs.	
Govern. support for green transition 2035 ^b	0.321 ^{***}	1769
Govern. support for green transition 2050 ^c	0.402 ^{***}	1568
Govern. support for green innovation 2035 ^d	0.350 ^{***}	1765
Govern. support for green innovation 2050 ^f	0.418 ^{***}	1562

Notes: ^a Mean balance statistics for expectations of how stringent climate policies will be; balance statistics between -1 and 1 and centred on 0 of as planned, where -1 : much less stringent; -0.5 : a little less stringent; 0 : as planned; 0.5 : a little more stringent; 1 : much more stringent. ^b pgt_i^{e10} ; ^c pgt_i^{e25} ; ^d pgi_i^{e10} ; ^f pgi_i^{e25} . Stars denote significance levels (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$) based on OLS regression across households of balance statistics on a constant with robust standard errors.

Table 7: Household Views on How Stringent Climate Policies Should Be

	(1)	(2)
	Mean balance statistics ^a No. obs.	
Govern. support for green transition 2035 ^b	0.535 ^{***}	1755
Govern. support for green transition 2050 ^c	0.517 ^{***}	1574
Govern. support for green innovation 2035 ^d	0.566 ^{***}	1756
Govern. support for green innovation 2050 ^f	0.527 ^{***}	1572

Notes: ^a Mean balance statistics for views on how stringent climate policies should be; balance statistics between -1 and 1 and centred on 0 of as planned, where -1 : much less stringent; -0.5 : a little less stringent; 0 : as planned; 0.5 : a little more stringent; 1 : much more stringent. ^b pgt_i^{s10} ; ^c pgt_i^{s25} ; ^d pgi_i^{s10} ; ^f pgi_i^{s25} . Stars denote significance levels (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$) based on OLS regression across households of balance statistics on a constant with robust standard errors.

Table 8: Relation between Household Views on Support for the Green Transition and Extreme Weather Events

	(1)		(2)		(3)	
	pgt_i^{e10a}	pgt_i^{e10a}	pgt_i^{s10b}	pgt_i^{s10b}	pgt_i^{g10c}	pgt_i^{g10c}
EW_i^{e25d}	0.178 ^{***}		0.516 ^{***}		0.325 ^{***}	
EW_i^{p25f}		0.200 ^{***}		0.526 ^{***}		0.330 ^{***}
Intercept	0.234 ^{***}	0.229 ^{***}	0.283 ^{***}	0.293 ^{***}	0.049 [*]	0.056 [*]
No. obs.	1769	1769	1755	1755	1691	1691
R^2	0.018	0.017	0.123	0.098	0.038	0.030

Notes: ^a Balance statistics for expectations of how stringent policy support will be by 2035. ^b Balance statistics for views of how stringent policy support should be by 2035. Balance statistics between -1 and 1 and centred on 0 of as planned, where -1 : much less stringent; -0.5 : a little less stringent; 0 : as planned; 0.5 : a little more stringent; 1 : much more stringent. ^c Expected policy gap $pgt_i^{g10} = pgt_i^{s10} - pgt_i^{e10}$. ^d Balance statistics for expectations of severity of extreme weather events over next 25 years, EW_i^{e25} ; ^f Balance statistics for perceptions of severity of extreme weather events over past 25 years, EW_i^{p25} . Based on OLS regression of equation 3 with robust standard errors. Stars denote significance levels (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$).

Table 9: Relation between Household Views on Support for Green Innovation and Extreme Weather Events

	(1)		(2)		(3)	
	pgi_i^{e10a}	pgi_i^{e10a}	pgi_i^{s10b}	pgi_i^{s10b}	pgi_i^{g10c}	pgi_i^{g10c}
EW_i^{e25d}	0.166***		0.497***		0.317***	
EW_i^{p25f}		0.158***		0.505***		0.357***
Intercept	0.268***	0.277***	0.323***	0.332***	0.054*	0.044
No. obs.	1765	1765	1756	1756	1691	1691
R^2	0.015	0.010	0.118	0.092	0.036	0.035

Notes: ^a Balance statistics for expectations of how stringent policy support will be by 2035. ^b Balance statistics for views of how stringent policy support should be by 2035. Balance statistics between -1 and 1 and centred on 0 of as planned, where -1 : much less stringent; -0.5 : a little less stringent; 0 : as planned; 0.5 : a little more stringent; 1 : much more stringent. ^c Expected policy gap $pgi_i^{g10} = pgi_i^{s10} - pgi_i^{e10}$. ^d Balance statistics for expectations of severity of extreme weather events over next 25 years, EW_i^{e25} ; ^e Balance statistics for perceptions of severity of extreme weather events over past 25 years, EW_i^{p25} . Based on OLS regression of equation 3 with robust standard errors. Stars denote significance levels (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$).

Table 10: Relation between Household Views on Support for the Green Transition and Global Temperatures

	(1)		(2)		(3)	
	pgt_i^{e25a}	pgt_i^{e25a}	pgt_i^{s25b}	pgt_i^{s25b}	pgt_i^{g25c}	pgt_i^{g25c}
T_i^{e25d}	0.059***		0.100***		0.036**	
T_i^{p25f}		0.048***		0.069***		0.029**
Intercept	0.333***	0.348***	0.399***	0.440***	0.070***	0.079***
No. obs.	1568	1568	1574	1574	1506	1506
R^2	0.013	0.008	0.033	0.015	0.005	0.003

Notes: ^a Balance statistics for expectations of how stringent policy support will be by 2050. ^b Balance statistics for views of how stringent policy support should be by 2050. Balance statistics between -1 and 1 and centred on 0 of as planned, where -1 : much less stringent; -0.5 : a little less stringent; 0 : as planned; 0.5 : a little more stringent; 1 : much more stringent. ^c Expected policy gap $pgt_i^{g25} = pgt_i^{s25} - pgt_i^{e25}$. ^d Expectations of global temperature changes over the next 25 years in $^{\circ}\text{C}$, T_i^{e25} ; ^e Perceptions of global temperature changes over the past 25 years in $^{\circ}\text{C}$, T_i^{p25} . Based on OLS regression of equation 3 with robust standard errors. Stars denote significance levels (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$).

Table 11: Relation between Household Views on Support for Green Innovation and Global Temperatures

	(1)		(2)		(3)	
	pgi_i^{e25a}	pgi_i^{e25a}	pgi_i^{s25b}	pgi_i^{s25b}	pgi_i^{g25c}	pgi_i^{g25c}
T_i^{e25d}	0.049***		0.099***		0.046***	
T_i^{p25f}		0.040***		0.078***		0.044***
Intercept	0.360***	0.372	0.419***	0.449***	0.061***	0.066***
No. obs.	1562	1562	1572	1572	1498	1498
R^2	0.009	0.006	0.034	0.020	0.009	0.008

Notes: ^a Balance statistics for expectations of how stringent policy support will be by 2050. ^b Balance statistics for views of how stringent policy support should be by 2050. Balance statistics between -1 and 1 and centred on 0 as planned, where -1 : much less stringent; -0.5 : a little less stringent; 0 : as planned; 0.5 : a little more stringent; 1 : much more stringent. ^c Expected policy gap $pgi_i^{g25} = pgi_i^{s25} - pgi_i^{e25}$. ^d Expectations of global temperature changes over the next 25 years in $^{\circ}C$, T_i^{e25} ; ^f Perceptions of global temperature changes over the past 25 years in $^{\circ}C$, T_i^{p25} . Based on OLS regression of equation 3 with robust standard errors. Stars denote significance levels (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$).

Table 12: Role of Demographic Characteristics in Household Views on Climate Policy

	(1)	(2)	(3)	(4)
	pgt_i^{s10a}	pgt_i^{s25b}	pgi_i^{s10c}	pgi_i^{s25d}
female	0.086***	0.091***	0.066***	0.087***
education	0.088***	0.082***	0.093***	0.086***
income	0.019**	0.027***	0.023**	0.030***
age	0.024***	0.019**	0.032***	0.023**
Intercept	-0.065	-0.080	-0.068	-0.091
No. observations	1753	1574	1754	1572
R^2	0.048	0.043	0.055	0.048

Notes: Balance statistics for views of how stringent policy support should be ^a for the green transition by 2035; ^b for the green transition by 2050; ^c for green innovation by 2035; ^d for green innovation by 2050. Balance statistics between -1 and 1 and centred on 0 as planned, where -1 : much less stringent; -0.5 : a little less stringent; 0 : as planned; 0.5 : a little more stringent; 1 : much more stringent. Based on OLS regression of equation 4 with robust standard errors. Stars denote significance levels (* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$).

Household survey questionnaire (English translation)

Additional DHS survey on households' views on climate change, the green transition and climate policy in the context of inflation

All respondents receive a short introductory text (Text 1) at the start of the survey, and some short explanatory texts during the survey (Texts 2, 4, 5 and 6).

We perform an RCT in which we assign survey participants randomly to four groups: (i) Group 1, a control group which receives no additional information, (ii) Group 2, a group receiving additional information on global temperature changes (Graph 1), (iii) Group 3, a group receiving additional information on climate policy of the Dutch government (Text 3), and (iv) Group 4, a group receiving additional information on both global temperature changes (Graph 1) and climate policy of the Dutch government (Text 3).]

Survey questions

[Programming instructions: Please provide Text 1 to all respondents (Groups 1, 2, 3 and 4) at the start of the survey].

[start of Text 1]

Introduction: In 2015, almost every country in the world signed the Paris Agreement, to keep global warming well below 2°C and ideally under 1.5°C compared to pre-industrial times. To achieve this, countries agreed to aim for net zero emissions, that is that the amount of greenhouse gases (including carbon dioxide) added to the atmosphere is balanced by the amount removed. There are three main types of climate policies that support net zero emissions: carbon pricing, support for green transitions and support for green innovation.

[end of Text 1]

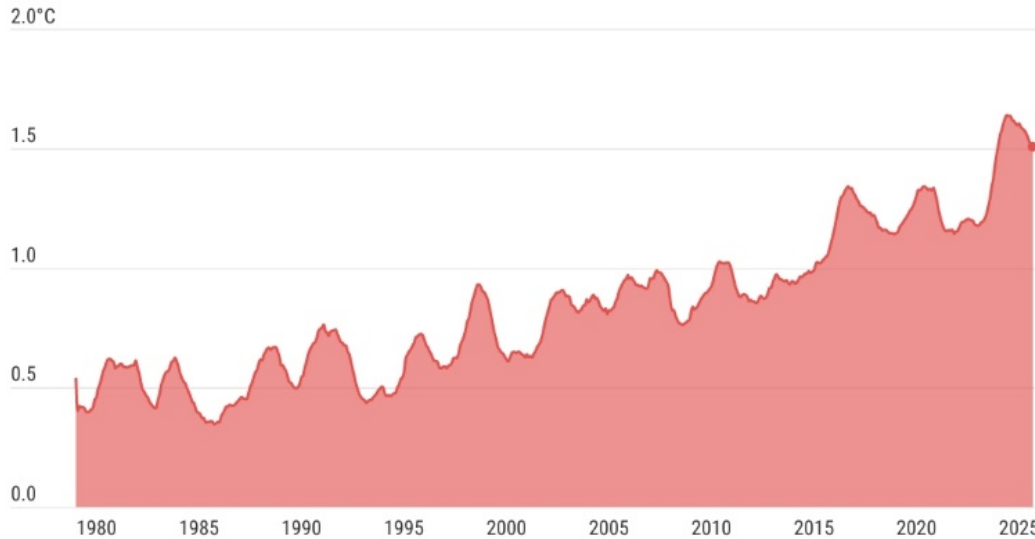
[Programming instructions: all questions in this survey are given to all respondents]

1. Changes in global temperatures

[Programming instructions: Please provide Graph 1 to Group 2 and Group 4 of respondents].

[start of Graph 1]

Graph 1: Global surface air temperature: increase above pre-industrial average



Notes: 12-month averages of global surface air temperature, increase above pre-industrial average for 1850–1900; Source: Copernicus, CS3/ECMWF.

[end of Graph 1]

*Question 1: How much do you think global temperatures changed **over the past 25 years**? Give your best guess by choosing one of the following 13 ranges for the change in temperature:*

decreased by more than 2.5°C; decreased by between 2.0°C and 2.5°C; decreased by between 1.5°C and 2.0°C; decreased by between 1.0°C and 1.5°C; decreased by between 0.5°C and 1.0°C; decreased by between 0°C and 0.5°C; did not change; increased by between 0°C and 0.5°C; increased by between 0.5°C and 1.0°C; increased by between 1.0°C and 1.5°C; increased by between 1.5°C and 2.0°C; increased by between 2.0°C and 2.5°C; increased by more than 2.5°C..

*Question 2: How much do you think global temperatures will change **over the next 25 years**? Give your best guess by choosing one of the following 13 ranges for the change in temperature:*

decrease by more than 2.5°C; decrease by between 2.0°C and 2.5°C; decrease by between 1.5°C and 2.0°C; decrease by between 1.0°C and 1.5°C; decrease by between 0.5°C and 1.0°C; decrease by between 0°C and 0.5°C; will not change; increase by between 0°C and 0.5°C; increase by between 0.5°C and 1.0°C; increase by between 1.0°C and 1.5°C; increase by between 1.5°C and 2.0°C; increase by between 2.0°C and 2.5°C; increase by more than 2.5°C

*Question 3: Now we would like you to think about the different things that may happen to global temperatures **over the next 25 years**. Please allocate 100 points in the table below indicating how likely in your view the listed temperature changes are, where 0 points means no chance at all and 100 points means absolutely sure. In your view, what is the chance that **over the next 25 years**,*

Points

global temperatures will decrease by more than 2.5°C

global temperatures will decrease by between 2.0°C and 2.5°C

global temperatures will decrease by between 1.5°C and 2°C

global temperatures will decrease by between 1°C and 1.5°C

global temperatures will decrease by between 0.5°C and 1°C

global temperatures will decrease by between 0°C and 0.5°C

global temperatures will not change

global temperatures will increase by between 0°C and 0.5°C

global temperatures will increase by between 0.5°C and 1°C

global temperatures will increase by between 1°C and 1.5°C

global temperatures will increase by between 1.5°C and 2°C

global temperatures will increase by between 2°C and 2.5°C

global temperatures will increase by more than 2.5°C

Total (the points should sum to a total of 100) 100

2. Changes in extreme weather events

*Question 4: How much do you think that the severity of extreme weather events changed **over the past 25 years**? Give your best guess among the following 5 choices:*

large decrease in severity; small decrease in severity; no change in severity; small increase in severity; large increase in severity

*Question 5: How much do you think the severity of extreme weather events will change **over the next 25 years**? Give your best guess among the following 5 choices:*

large decrease in severity; small decrease in severity; no change in severity; small increase in severity; large increase in severity.

Question 6: Now we would like you to think about the different things that may happen to extreme weather events **over the next 25 years**. Please allocate 100 points in the table below indicating how likely in your view the listed 5 possible choices, where 0 points means no chance at all and 100 points means absolutely sure. In your view, what is the chance that **over the next 25 years**

Points

There will be a large decrease in severity of extreme weather events

There will be a small decrease in severity of extreme weather events

There will be no change in severity of extreme weather events

There will be a small increase in severity of extreme weather events

There will be a large increase in severity of extreme weather events

Total (the points should sum to a total of 100) 100

3. What impact will climate change have on inflation expected in 2035?

Question 7: We are interested in your opinion on how you expect climate change to affect inflation in the Netherlands **in the calendar year 2035**. Inflation is the percentage change in consumer prices over twelve months. How do you think climate change will affect the rate of inflation **in 2035** (at that moment, i.e. the percentage change in consumer prices between year 2034 and year 2035)? *Give your best guess among the following 5 choices:*

climate change will decrease inflation a lot; climate change will decrease inflation a little; climate change will not affect inflation; climate change will increase inflation a little; climate change will increase inflation a lot.

Question 8: Now we would like you to think about the different ways in which climate change may affect inflation in the Netherlands **in 2035**. Please allocate 100 points in the table below indicating how likely in your view the listed effects of climate change on inflation rates are, where 0 points means no chance at all and 100 points means absolutely sure. In your view, what is the chance that **in 2035**

Points

climate change will decrease the rate of inflation a lot

climate change will decrease the rate of inflation a little

climate change will not affect the rate of inflation

climate change will increase the rate of inflation a little

climate change will increase the rate of inflation a lot

Total (the points should sum to a total of 100) 100

Question 9: Now we would like you to think about how **climate change** will affect inflation volatility in the Netherlands, which measures how much inflation fluctuates (i.e. how much and how often inflation changes over time). How do you think that climate change will affect inflation volatility **in 2035**? *Give your best guess among the following 5 choices:*

climate change will decrease inflation volatility a lot; climate change will decrease inflation volatility

a little; climate change will not affect inflation volatility; climate change will increase inflation volatility a little; climate change will increase inflation volatility a lot

4. Question 10: What do you think are the main channels through which climate change will affect inflation in 2035?

Please tick one or more of the choices in the following list:

- Through its effect on food prices
- Through its effect on energy prices
- Through its effect on economic activity
- By creating disruptions in the supply of goods and services
- Other channels

5. What impact will the green transition to net zero carbon dioxide emissions have on inflation expected in 2035?

[Programming instructions: Please provide Text 2 to all respondents].

[start of Text 2]

The green transition is the shift from using polluting energy sources like coal and oil to cleaner, more sustainable ones like wind and solar power. It also means changing how we live and work to protect the environment and fight climate change.

[end of Text 2]

Question 11: We are interested in your opinion on how you expect the **green transition** to affect inflation in the Netherlands **in the calendar year 2035**. Inflation is the percentage change in consumer prices over twelve months. How do you think the green transition to net zero carbon emissions will affect the rate of inflation **in 2035**? *Give your best guess among the following 5 choices:*

the green transition will decrease inflation a lot; the green transition will decrease inflation a little; the green transition will not affect inflation; the green transition will increase inflation a little; the green transition will increase inflation a lot.

Question 12: Now we would like you to think about how the green transition will affect the inflation volatility in the Netherlands, which measures how much inflation fluctuates (i.e. how much and how often inflation changes over time). How do you think that the green transition will affect inflation volatility in 2035? *Give your best guess among the following 5 choices:*

the green transition will decrease inflation volatility a lot; the green transition will decrease inflation volatility a little; the green transition will not affect inflation volatility; the green transition will increase inflation volatility a little; the green transition will increase inflation volatility a lot

6. Will the Dutch government’s climate policies as of 2025 aimed at reducing carbon dioxide emissions affect inflation in 2035? *[Information for programmer: For the questions in sections 6 and 7, we perform an RCT in which Group 3 and Group 4 of respondents are provided information on the Dutch government’s climate policies (Text 3).]*

[Programming instructions: Please provide Text 3 on Dutch government’s climate policies to Group 3 and Group 4 of respondents].

[start of Text 3]

Dutch government’s climate policies:

The Netherlands aims to be climate neutral by 2050, with a target of a 49% reduction in greenhouse gas emissions by 2030 compared to 1990. These targets have been made legally binding by the Klimaatakkoord in 2019. To reach this, the government uses carbon pricing, subsidies for clean technologies, and investments in renewable energy, electric transport, and green hydrogen. However, according to the Netherlands Environmental Assessment Agency, the chance of meeting the 2030 target with current climate policies is less than 5%. Key challenges include grid congestion (a situation when electricity transfer capacity is not enough to transmit all available power from one point on the electricity grid to another), a slow rollout of offshore wind farms and green hydrogen production, labour and permitting bottlenecks, and political delays in decision-making. Without stronger and more structural measures, the path to net zero carbon emissions will become increasingly difficult and costly.

[end of Text 3]

[Programming instructions: Please provide Text 4 to all respondents].

[start of Text 4]

Carbon pricing puts a cost on emitting greenhouse gases (including carbon dioxide), through a carbon tax, which charges a fixed fee for each tonne of carbon dioxide emitted, and/or with an emissions trading system, where companies buy permits to cover their emissions. Carbon pricing is a climate policy which aims to reduce carbon dioxide emissions.

[end of Text 4]

Question 13: We are interested in your opinion on how you expect the Dutch government’s carbon pricing to affect inflation in the Netherlands **in the calendar year 2035**. Inflation is the percentage change in consumer prices over twelve months. How do you think the Dutch government’s carbon pricing policies aimed at reducing carbon dioxide emissions will affect the rate of inflation **in 2035**? *Please give your best guess among the following 5 choices:*

carbon pricing will decrease inflation a lot; carbon pricing will decrease inflation a little; carbon pricing will not affect inflation; carbon pricing will increase inflation a little; carbon pricing will increase inflation a lot.

Question 14: Now we would like you to think about how the Dutch government’s carbon pricing

will affect inflation volatility, which measures how inflation fluctuates (i.e. how much and how often inflation changes over time), **in 2035**. How do you think carbon pricing will affect inflation volatility **in 2035**? *Give your best guess among the following 5 choices:*

carbon pricing will decrease inflation volatility a lot; carbon pricing will decrease inflation volatility a little; carbon pricing will not affect inflation volatility; carbon pricing will increase inflation volatility a little; carbon pricing will increase inflation volatility a lot.

[Programming instructions: Please provide Text 5 to all respondents].

[start of Text 5]

Government support for green transitions include subsidies for clean technologies (like solar panels, wind energy or electric vehicles), and tax incentives for investments in green infrastructure, such as charging stations or heat pumps.

[end of Text 5]

Question 15: We are interested in your opinion on how you expect the Dutch government's support for green transitions to affect inflation in the Netherlands **in the calendar year 2035**. Inflation is the percentage change in consumer prices over twelve months. How do you think that support for green transitions will affect the rate of inflation **in 2035**? *Give your best guess among the following 5 choices:*

support for green transitions will decrease inflation a lot; support for green transitions will decrease inflation a little; support for green transitions will not affect inflation; support for green transitions will increase inflation a little; support for green transitions will increase inflation a lot.

Question 16: Now we would like you to think about how the Dutch government's support for green transitions will affect inflation volatility in the Netherlands, which measures how strongly inflation fluctuates (i.e. how much and how often inflation changes over time), **in 2035**. How do you think support for green transitions will affect inflation volatility **in 2035**? *Give your best guess among the following 5 choices:*

support for green transitions will decrease inflation volatility a lot; support for green transitions will decrease inflation volatility a little; support for green transitions will not affect inflation volatility; support for green transitions will increase inflation volatility a little; support for green transitions will increase inflation volatility a lot.

[Programming instructions: Please provide Text 6 to all respondents].

[start of Text 6]

Government support for green innovation involves support for major changes in how we produce energy, travel, and manufacture goods. This includes for example developing carbon capture technologies or nature-based solutions, such as reforestation, to absorb carbon dioxide.

[end of Text 6]

Question 17: We are interested in your opinion on how you expect the Dutch government's support for green innovation will affect inflation in the Netherlands **in the calendar year 2035**. Inflation is the percentage change in consumer prices over twelve months. How do you think that support for green innovation will affect the rate of inflation in **2035**? *Give your best guess among the following 5 choices:*

support for green innovation will decrease inflation a lot; support for green innovation will decrease inflation a little; support for green innovation will not affect inflation; support for green innovation will increase inflation a little; support for green innovation will increase inflation a lot.

Question 18: Now we would like you to think about how the Dutch government's support for green innovation will affect inflation volatility in the Netherlands, which measures how much inflation fluctuates (i.e. how much and how often inflation changes over time) **in 2035**. How do you think government support for green innovation will affect inflation volatility **in 2035**?

Give your best guess among the following 5 choices:

support for green innovation will decrease inflation volatility a lot; support for green innovation will decrease inflation volatility a little; support for green innovation will not affect inflation volatility; support for green innovation will increase inflation volatility a little; support for green innovation will increase inflation volatility a lot.

7. Effect of the Dutch government's climate policies on carbon dioxide emissions and climate change

7A.

[Programming instructions: Please put the below in a table with answer options no effects; small effects; moderate effects; large effects]

Question 19: Do you think the following Dutch government's current climate policies are effective in reducing carbon dioxide emissions and thereby in reducing climate change? Give your best guess among the 4 answer options.

- *The Dutch government's carbon pricing has ..*
- *The Dutch government's support for green transitions has ..*
- *The Dutch government's support for green innovation has ..*

7B.

[Programming instructions: Please put the below in a table with answer options much less stringent; less stringent; as planned; more stringent; much more stringent; questions 7B and 7C are asked separately for 2035 and for 2050]

Question 20: How do you think that by 2035 [2050] the Dutch government will change the stringency of the following climate policies to affect carbon dioxide emissions and thereby affect climate

change compared with what is currently planned? Give your best guess among the 5 answer options.

- *The Dutch government's carbon pricing will be ..*
- *The Dutch government's support for green transitions will be ..*
- *The Dutch government's support for green innovation will be ..*

7C.

[Programming instructions: Please put the below in a table with answer options much less stringent; less stringent; as planned; more stringent; much more stringent]

Question 21: How do you think that by 2035[2050] the Dutch government should change the stringency of the following climate policies to affect carbon dioxide emissions and thereby affect climate change compared with what is currently planned? Give your best guess among the 5 answer options.

- *The Dutch government's carbon pricing should be ..*
- *The Dutch government's support for green transitions should be ..*
- *The Dutch government's support for green innovation should be ..*