

Modelling green attitudes and informality along the North-South divide

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ABSTRACT

Public perceptions of the urgency of fighting climate change differ between countries and have fluctuated over time. Heterogeneity in ecological thinking poses a problem because limiting global warming requires cohesion and coordination among the socioeconomic system's leading players in developed and developing countries. Most studies in the field have wrongly treated advanced and emerging economies as similar systems in different positions of a linear development path. Developing economies are structurally different as they are populated by a large informal sector that accounts for up to half of economic activity. The role of the informal sector in economic development remains controversial, let alone the implications of its existence to a successful green transition. We present a macrodynamic model to study the interplay between informality and heterogeneity in ecological thinking. The model explains the endogenous emergence of four stable equilibria. Two have minor informality but significant differences in green attitudes. We refer to them as the US vs Europe cases in the Global North. In the other two, informality prevails, while we observe sharp differences in general support for mitigation policies, resembling an Asia vs Latin America scenario. Studying the basins of attraction allows us to provide policymakers with additional insights into the political economy of climate change in the Global South.