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Climate change and air conditioning adoption: the role of remittances

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Do remittances improve how households adapt to global warming? We explore this question exploiting a nationally-representative household data from Mexico - a country that experiences a large flow of remittances. Mexican households respond to excess heat by purchasing air conditioning and remittances can be used to adopt and use cooling devices that contribute to maintaining thermal comfort at home. Our results show that recipient households have a higher probability to adopt air conditioning at home with important implication on electricity consumption. The effect is even larger for those households living in high-temperature areas showing an important role of remittances in the climate adaptation process.