

Pollution Abatement Costs and Foreign Direct Investment Inflows to U.S. States

Wolfgang Keller, Arik Levinson

[> Author and Article Information](#)

The Review of Economics and Statistics (2002) 84 (4): 691–703.

<https://doi.org/10.1162/003465302760556503> [Article history](#) 

[Cite](#) [Permissions](#) [Share](#) 

Abstract

This paper estimates the effect of changing environmental standards on patterns of international investment. The analysis advances the existing literature in three ways. First, we avoid comparing different countries by examining foreign direct investment in the United States and differences in pollution abatement costs among U.S. states. Data on environmental costs in U.S. states are more comparable than those for different countries, and U.S. states are more similar in other difficult-to-measure dimensions. Second, we allow for differences in states' industrial compositions, an acknowledged problem for earlier studies. Third, we employ an 18-year panel of relative abatement costs, allowing us to control for unobserved state characteristics. We find robust evidence that abatement costs have had moderate deterrent effects on foreign investment.

This content is only available as a PDF.

© 2002 President and Fellows of Harvard College and the Massachusetts Institute of Technology

You do not currently have access to this content.

Sign in

Don't already have an account? [Register](#)

Client Account

Email address / Username

Password

Ski

[Sign In](#)

[Reset password](#)

[Register](#)

Sign in via your Institution

Sign in via your Institution

[Buy This Article](#)

Email Alerts

[Article Activity Alert](#)

[Latest Issue Alert](#)



[View Metrics](#)

Latest

[Most Read](#)

[Most Cited](#)

[Erratum: Is Murder Bad for Business? Evidence from Colombia](#)

[Aid Fragmentation and Corruption](#)

[Public School Funding, School Quality, and Adult Crime](#)

[What's Missing in Environmental Self-Monitoring: Evidence from Strategic Shutdowns of Pollution Monitors](#)

[Skip to Main Content](#)

Cited By

Web of Science (339)

Related Articles

Pollution Abatement Costs and Foreign Direct Investment Inflows to U.S. States: A Nonparametric Reassessment

The Review of Economics and Statistics (February,2007)

Does Environmental Governance Matter for Foreign Direct Investment? Testing the Pollution Haven Hypothesis for Indian States

Asian Development Review (March,2018)

Exporting, Abatement, and Firm-Level Emissions: Evidence from China's Accession to the WTO

The Review of Economics and Statistics (July,2024)

Footloose and Pollution-Free

The Review of Economics and Statistics (February,2005)

Related Book Chapters

European Regulations to Combat Air Pollution

Transnational Politics of the Environment: The European Union and Environmental Policy in Central and Eastern Europe

Investment and Immigration

The Wind of the Hundred Days: How Washington Mismanaged Globalization

Naturalizing Pollutions in the Age of Progress (1830–1914)

The Contamination of the Earth: A History of Pollutions in the Industrial Age

Chinese Savings and Investment

The Evolving Role of China in the Global Economy

The Review of Economics and Statistics

[Skip to Main Content](#)



MIT Press Direct

A product of The MIT Press

Newsletter sign up



MIT Press Direct

[About MIT Press Direct](#)

[Books](#)

[Journals](#)

[CogNet](#)

Information

[Accessibility at MIT](#)

[MIT Press Direct VPAT](#)

[For Authors](#)

[For Customers](#)

[For Librarians](#)

[Direct to Open](#)

[Open Access](#)

[Media Inquiries](#)

[Rights and Permissions](#)

[For Advertisers](#)

MIT Press

[About the MIT Press](#)

[The MIT Press Reader](#)

[MIT Press Blog](#)

[Seasonal Catalogs](#)

[MIT Press Home](#)

[Give to the MIT Press](#)

Contact Us

[FAQ](#)

[Direct Service Desk](#)

[Skip to Main Content](#)

[Terms of Use](#) [Privacy Statement](#) [Crossref Member](#) [COUNTER Member](#)

The MIT Press colophon is registered in the U.S. Patent and Trademark Office