

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](#) ▼ [Views](#) ▼

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

Is Mobile Money Changing Rural Africa? Evidence from a Field Experiment

Inaccurate Statistical Discrimination: An Identification Problem

Revisiting the Origins of Business Cycles With the Size-Variance Relationship

Too Lucky to Be True: Fairness Views under the Shadow of Cheating

Skip to Main Content

Cited By

Web of Science (312)

Google Scholar

Crossref (349)

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

Foreign Exchange

Comparative Political Economy: A Retrospective

European Regulations to Combat Air Pollution

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

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

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

Managing Capital Inflows in Brazil

What Have We Learned?: Macroeconomic Policy after the Crisis



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

[Skip to Main Content](#)

Contact Us

FAQ

Direct Service Desk

© 2025 The MIT Press

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

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