



October 30, 2018

Risk Regulation Series: Did scrubbing the government clean up the air? Polluter responses to China's anticorruption campaign

Time: 4:30pm - 6:00pm

Location: Jon M. Huntsman Hall

We study the relationship between governance quality and environmental performance by examining whether targeting city mayors in a nationwide anticorruption campaign in China affected emissions of sulfur dioxide (SO₂), a major air pollutant, from local coal-fired power plants. Using the quasi-random timing of mayor investigations in an event study design, we show that an anticorruption investigation event led to reductions in the concentrations of SO₂ emitted from coal power plants. Specifically, the reductions are concentrated among private plants, while no change is detected at state plants. As private plants in China are less connected politically and have stronger incentives to build relationships with government officials, we hypothesize that the anticorruption campaign raises the cost of relationship-building as an alternative to complying with regulations. In this context, we find that reducing corruption can lead to substantial improvements in environmental performance.

Valerie J. Karplus is Assistant Professor of Global Economics and Management at the MIT Sloan School of Management. Karplus studies resource and environmental management in firms operating in diverse national and industry contexts, with a focus on the role of institutions and management practices in explaining performance. Karplus is an expert on China's energy system, including technology and business model innovation, energy system governance, and the management of air pollution and climate change. She studies the determinants of clean energy transitions in emerging markets, with projects in China, India, and Sub-Saharan Africa. From 2011 to 2015, she directed the MIT-Tsinghua China Energy and Climate Project, a five-year research effort focused on analyzing the design of energy and climate change policy in China, and its domestic and global impacts. She holds a BS in biochemistry and political science from Yale University and a PhD in engineering systems from MIT.



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Feedback