



Smokestacks and the Swamp

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Abstract

We examine whether politicians affect local firms' industrial pollution, and whether such effects are transmitted through plant-level networks to affect pollution in other regions. We first document that close Democrat wins in U.S. congressional races are associated with lower emissions and higher abatement at the plant level, especially when politicians have strong pro-environmental preferences. We also find evidence of reallocation: firms shift emissions away from areas represented by Democrats. However, reallocation is imperfect: firm-level costs are higher and market-to-book ratios lower if firms' representation is more Democratic. Lower pollution-related illnesses around plants in Democratic districts suggest pass-through effects on local communities. (JEL G32, G38, I15, L51, Q58)