# The Environmental Kuznets Curve in a Multicountry Setting

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**Abstract**

The Environmental Kuznets Curve (EKC) hypothesis postulates an inverted U-shaped relationship between emissions and per capita income. The theoretical models developed to explain this stylized fact suggest that the EKC depends on various factors; the most prominent are high income elasticity for environmental quality, increasing returns to abatement, and pollution havens due to international trade. This study investigates the income-pollution path in a multicountry framework. We adopt a static model, wherein pollution is assumed global and social utilities are additively separable in consumption and total pollution. Individual countries compete in emissions as strategic substitutes. It is shown that an EKC can be obtained in this set up for a rich set of parameters, without any stringent conditions imposed on technology. Comparative static analysis is conducted to examine the role of such parameters. Moreover, the relationship between EKC and income distribution is explored.