

Einreichung Jahrestagung der Keynes Gesellschaft 2026

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Arbeitstitel: The Regional Effects of Green Public Spending in the EU: Evidence from Cohesion Policy

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Abstract (work in progress):

Can green public investment foster sustainable growth while reducing territorial inequalities? This question is closely linked to the Keynesian tradition, which emphasizes the transformative role of fiscal policy in shaping economic development. We examine the macroeconomic, employment, socio-economic and environmental effects of green public expenditures across EU NUTS-2 regions, drawing on newly compiled data from the KOHESIO database on EU structural funds.

By classifying project-level spending into green versus brown categories and linking it to regional outcome variables from the ARDECO database, we estimate the dynamic effects of green fiscal impulses using structural VAR models and/or local projections. To address endogeneity concerns, we explore various modern identification strategies.

Preliminary results shed light on whether green public spending generates positive employment and growth effects while contributing to decarbonization and other environmental objectives. We also investigate heterogeneous effects across regions at different development levels, addressing the question of whether green public spending can simultaneously promote convergence and sustainability, which is a central concern for the just transition debate in Europe.