

INVESTMENT IN ENVIRONMENTAL TECHNOLOGIES AND EMPLOYMENT

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Extended Abstract

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Abstract Summary

Innovation plays a pivotal role to decouple growth and development from environmental impacts. Promoting the development and uptake of eco-innovations is at the core of the transition towards more sustainable societies. On the other hand, job creation is a key goal of governments. Both policy goals may be synergistic or conflicting, depending on whether eco-innovations encourage or discourage employment creation. Despite the fact that there is an on-going debate on whether eco-innovations are job-creators or job-killers, the literature on this topic is still tiny. The aim of this paper is to analyse whether investments in environmental technologies, in comparison with tangible investments in general, lead to positive or negative effects on employment.

The empirical analysis draws on the “Survey on Industry Expenditure on Environmental Protection (SIEEP)”, conducted by the Spanish National Statistics Institute (INE). The available dataset spans from 2012 to 2023 and yields an unbalanced panel with around 6,300 observations. We base our estimations on a labour demand function, following the approaches adopted to test the employment impacts of innovation. Our results with a panel of data controlling for wages, other investments in tangible fixed assets and turnover of the firms suggest that there is a small negative effect of environmental technologies on employment. The estimations also show that this effect is particularly significant for polluting industries and for investments in air pollution control.

Presenting Author Biography

Jose García-Quevedo is Professor of Economics at the University of Barcelona. He is also a researcher at the Economic Institute of Barcelona (www.ieb.ub.edu) and the Head of the Chair of Energy Sustainability (University of Barcelona and FUNSEAM). He has published in international journals (Energy Economics, Energy Policy, Industrial and Corporate Change, Cambridge Journal of Economics, Research Policy and Small Business Economics, among others). He has been a visiting researcher in UNU-MERIT (Maastricht, Netherlands), SPRU (University of Sussex) and in the Florence School of Regulation, EUI. His research interests are in environmental and energy economics.