

Seminar științific comun

Monedă, Finanțe, Bănci (MFB) & CEFIMO

2025-03-18

A New Keynesian Model to Assess the Role of Government's Preferences over Climate Change

Amélie BARBIER-GAUCHARD, Strasbourg University

Abstract

This paper develops a New Keynesian Environmental Dynamic Stochastic General Equilibrium (E-DSGE) model to analyze the role of government investment in facilitating the transition to a green economy. We extend the standard framework by incorporating two types of capital—polluting (brown) and non-polluting (green)—both of which are used in production. Firms choose their capital mix while being subject to carbon taxation, and the government directly invests in capital formation, with preferences over green and brown investments. The model includes adjustment costs for the production of green capital, capturing the frictions associated with its deployment and the slow adaptation of firms to green alternatives. Our analysis explores the macroeconomic and environmental effects of fiscal policy under different government investment preferences. We find that when the government invests only in brown capital, the crowding-out effect on private investment leads to lower output, reduced consumption, and increased emissions. In contrast, when the government prioritizes green capital, economic growth accelerates while emissions decline, despite the presence of a private investment crowd-out effect. A mixed investment strategy, where the government allocates resources to both types of capital but still favors brown investment, yields results similar to the green-focused scenario but with more moderate effects.

Când și unde?

- Marți, 18 martie 2025
- Ora 16:30
- Sala 3M4 (etaj 1, clădirea Moxa)

La final

- Activitate de socializare-networking începând cu ora 18:00 la *Restaurant Thalia* (locuri limitate, doar cu înregistrare).

URMĂTOARELE SEMINARE

25.03.2025 *Climate-Related Financial Policy and Systemic Risk*
(Nicu Sprincean, UAIC Iași)

01.04.2025 TBD

08.04.2025 TBD



CENTRUL DE CERCETĂRI FINANCIAR MONETARE
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