An assessment of the impact of EU funds through productivity boosts using CES functions

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The economic effects of European Funds on recipient countries are not without controversy. We propose to study this issue focusing on the productivity coefficients of CES production functions in a multisectoral, interdependent general equilibrium model. We adopt the calibration techniques typically used in computational general equilibrium modelling to estimate a numerical improvement in the productivity coefficients of the CES functions. The array of different funds belongs to two broad categories associated with the two types of primary factors, labour and capital, that determine the output. Once we estimate the change in productivity coefficients in labour and in capital, we introduce them into a computable general equilibrium model and simulate their effects, all else being equal, in order to quantify their likely economy-wide effects.

CES calibration

CES technologies

productivity boost

assessment method

calibration

capital

European Union

general equilibrium analysis

labor

modeling

Europe