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GREEN FINANCE, GREEN GOVERNANCE, AND GREEN ECONOMIC DEVELOPMENT

Jiayu Chen[1,2], Qiong Zhou[2*], Jianfeng Hu[3]

[1]*College of Textile Science and Engineering, Zhejiang Sci-Tech University, Hangzhou 310018, China*
[2]*Jiyang College, Zhejiang A&F University, Zhuji 311800, China*
[3]*School of Economics and Management, Zhejiang Sci-Tech University, Hangzhou 311300, China*

Abstract

Promoting green economic development (GED) is a key link in achieving high-quality economic and social development. Constructing a green financial system and encouraging social capital to invest in green industries are crucial for GED. This paper selects dynamic panel data from 30 provinces in China from 2004 to 2020 and empirically examines the influence of green finance (GF) on GED. (1) The baseline regression results show that GF significantly promotes GED, which holds true after endogeneity tests and robustness checks. (2) GF significantly enhances GED by promoting green technology innovation, green industry development, and other green governance tools. (3) The promotional effect of GF on GED is more pronounced in coastal areas, regions with lagging financial development, and areas with higher industrial levels. The government should further strengthen the construction of the green financial system, encourage green financial innovation to reinforce green technological innovation, and increase the enthusiasm for green industrial structure adjustment, thereby promoting GED.

Key words: green economic development, green finance, green governance, green industry development, green technology innovation

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* Author to whom all correspondence should be addressed: E-mail: qiongzhou@zafu.edu.cn; Phone: +8613967566168