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Economic complexity, Environmental Quality and Income Equality: A New Trilemma for Regions?

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Abstract

The objective of this paper is to link the literatures on economic complexity, income equality and environmental quality within the context of the Environmental Kuznets Trilemma. Within this framework, it is possible to measure the presence of an impossible trinity of irreconcilable objectives: economic growth, equal distribution of income and environmental sustainability. Our paper revisits this trilemma by focusing on economic complexity (EC) indexes instead of direct measures of economic growth, and applies this analysis to the sub-national level. We link these three cutting-edge topics by means of novel datasets computed for the Spanish economy at the province level (NUTS-3) for a long period (2002–16). Our paper also sheds new light on the spatial patterns of the trilemma's three dimensions and their implications for the future of Spain's more peripheral regions.