

# **(Re)productivity as the crucial guideline for a Green New Deal**

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## **Abstract**

This paper argues that green Keynesian stimulus packages do not transform economies in an environmentally sound direction if based on productivity in a strict and traditional capitalist sense. Instead, they need a new understanding of (re)productivity "... in the sense that they contribute towards the sustenance of life and of biodiversity on the planet earth" (Peter Custers, in *Le Monde Diplomatique*, June 2009: 10). As Biesecker and Hofmeister (2006, 2009 and 2010) have shown, in the course of its history of thought from Adam Smith to New Home and Environmental and Resource Economics the modern mainstream has systematically excluded female and ecological productive contributions to economic development. However, Biesecker/Hofmeister also emphasise a sideline in the discipline reaching from the Physiocrats and Institutional to Ecological Economics which provides an alternative notion of productivity allowing for a reintegration of the (re-)productive services of households and ecosystems.

The paper will contribute some more evidence from Boulding's (1988 and 1991) and Marshall's (1990) work to Biesecker/Hofmeister's argument. Moreover, it will link the Ecofeminist criteria of (re-)productivity to the so far relatively small sustainability oriented Post Keynesian literature (Berr, 2006 and 2009, Courvisanos, 2005 and 2009, Harris, 2007, Jespersen, 2009, 2009a and 2004 and Mearman, 2009, 2006 and 2005). As the aforementioned scholars point out, Post Keynesian approaches are the only ones methodologically suitable to develop sustainability oriented macroeconomic theories and policies. The aim of this paper is to show how a theoretical merger between Ecofeminist and Post Keynesian approaches enables us to derive enhanced criteria for a Green New Deal. As the governor of the National Bank of Austria Ewald Nowotny highlighted in a speech in April 2009, the stimulus packages of major industrialized countries targeting the Great Recession of 2008 are not going far enough in terms of a Green New Deal. For instance, the packages initiated by the USA, Germany and France contained only 12%, 13% and 20% of investments targeted towards a low carbon economy, whilst Korea and China channelled 80% and 40% of their stimulus packages towards enhancing the sustainability of their economies. Nowotny by the way, sees some responsibility of mainstream economics for the current crisis and points to the neglect of alternative heterodox approaches in the profession as an obstacle for the development of more sustainability oriented strategies and policies.

## **Introduction**

Green Keynesian stimulus packages do not transform economies in an environmentally sound direction if based on productivity in a strict and traditional capitalist sense. Instead, they need a new understanding of (re)productivity "... in the sense that they contribute towards the sustenance of life and of biodiversity on the planet earth" (Peter Custers, in *Le Monde Diplomatique*, June 2009: 10). As Biesecker and Hofmeister (2006, 2009 and 2010) have shown, in the course of its history of thought from Adam Smith to New Home and Environmental and Resource Economics the modern mainstream has systematically excluded female and ecological productive contributions to economic development. However, Biesecker/Hofmeister also emphasise a sideline in the discipline reaching from the Physiocrats and Institutional to Ecological Economics which provides an alternative notion of productivity allowing for a reintegration of the (re-)productive services of households and ecosystems.

These Ecofeminst criteria of (re-)productivity can be linked to the so far relatively small sustainability oriented Post Keynesian literature (Berr, 2006 and 2009, Courvisanos, 2005 and 2009, Harris, 2007, Jespersen, 2009, 2009a and 2004 and Mearman, 2009, 2006 and 2005). As the aforementioned scholars point out, Post Keynesian approaches are the only ones methodologically suitable to develop sustainability oriented macroeconomic theories and policies. This theoretical merger between Ecofeminist and Post Keynesian approaches enables us to derive enhanced criteria for a Green New Deal.

As the governor of the National Bank of Austria Ewald Nowotny highlighted in a speech in April 2009, the stimulus packages of major industrialized countries targeting the Great Recession of 2008 are not going far enough in terms of a Green New Deal. For instance, the packages initiated by the USA, Germany and France contained only 12%, 13% and 20% of investments targeted towards a low carbon economy, whilst Korea and China channelled 80% and 40% of their stimulus packages towards enhancing the sustainability of their economies. Nowotny by the way, sees some responsibility of mainstream economics for the current crisis and points to the neglect of alternative heterodox approaches in the profession as an obstacle for the development of more sustainability oriented strategies and policies.

### **(Re)productivity**

Biesecker and Hofmeister (2006, 2009 and 2010) define (re)productivity as a concept encompassing the "whole" of productivity. Based on democratic evaluation procedures it includes all productive processes and does not separate, shut out, devalue or take for granted social reproductive care activities mostly provided by women or the ecological productivity of nature: "We in this way develop a processual, preservation- and generation-oriented concept of productivity – that is, a productivity that encompasses the regenerative forces of the animate world, the so-called reproductive functions" (Biesecker and Hofmeister, 2010: 1703). They apply what Boulding called a general systems view (Boulding, 1956), i.e. Biesecker and Hofmeister see the economic system embedded in the social and natural system(s) (2010: 1706). Markets have functioning families and communities and resilient ecosystems as their foundation and aim. To treat these prerequisites of economic activity conceptually merely as social or natural capital as in a linear throughput view of the economy is too limited. Such a perspective distorts ends as means and overlooks the crucial systemic linkages between the three systems characterized by negative and positive feedback loops. Nature and human societies are the origin and target of all productive activities. Moreover, they need to be evaluated not just quantitatively and regarded as repair and reproductive entities, but also qualitatively because otherwise they may be irretrievably damaged.

To integrate the productive provisions of women and nature, Biesecker and Hofmeister propose a transformation process based on three levels of evaluation: material-technical,

social-cultural and cultural-symbolic. The material-technical criteria stress the primacy of the physical dimension of production over its monetary dimension. The aim is to reduce energy and material throughput. Product cycles are much more important than revenue. Social costs and costs to ecosystems' resilience trump profits or supposed consumer surplus as in neoclassical economics. They call this the "reinvention of the economy" (2010: 1709). One may interpret this proposal as Karl Polanyi's *Great Transformation* (1957) in reverse, because the free market principles of maximising profits and utility are in this case dominated by principles of distribution, reciprocity and housekeeping.

Such a transformation implies rethinking our understanding of consumption. This agrees with Boulding's critique of the economic textbook notion of consumption as a process from which we get satisfaction or utility. This neoclassical definition is wrong because more consumption in it means more utility. He claims: "What we get the most satisfaction out of, however, is utilization, not consumption. I get no satisfaction out of the fact that my car or my clothes are wearing out. I get satisfaction in wearing clothes or in using the car. If they wore out more slowly, that is, if their consumption were less, I would be better off" (Boulding, 1988: 117).

Another idea in accordance with Biesecker and Hofmeister's argument concerning (re)productivity: "product development implies 'reduct development'" (2010: 1710) is the debate around eco-efficient versus eco-effective development (McDonough and Braungart, 2002). This book is a pledge for zero waste product design that is, consumption goods produced for longevity and designed in a way which allows for one hundred percent recyclable components. This is the opposite of what Boulding criticized as the mainstream's "cookbook theory" of production (Boulding, 1991: 12). However, what is truly required is a change of our mind sets not just business as usual with some improvements on the margin. This is because these marginal improvements of eco-efficiency of production on the supply side are easily made redundant by an equal or even greater increase in demand for this more eco-friendly supply. Jänicke (2008) discusses these wipe out or rebound effects as "dilemma of the *N curve*". Thus, a different kind of attitude towards consumption is required to achieve truly green demand stimulus.

The social-cultural criteria for this change in production and consumption attitudes are developed in a democratic negotiation process according to Biesecker and Hofmeister that tries to include and evaluate fairly all forms of work (whether paid or unpaid) as well as the performance of ecosystems in terms of their productive contribution. Such a discourse has ethical implications. For it to be fair and to go beyond market evaluation, it needs to be based on ideals of justice and a democratic ethos shared by all participants: "... equity is the base resource for a (re)productive economy ..." (2010: 1709). Biesecker and Hofmeister's process founded criteria much resemble Boulding's insistence on an increase in productivity being fundamentally a process in human learning involving skills, dexterity and judgement (Boulding, 1991: 12). It is also in agreement with Boulding's emphasis on the primary power of production situated in nature: "When we get to the cell, however, there is no question that it has the power to move from what it likes less to what it likes more, whether this is in terms of temperature or food supply. It also has the power of self-reproduction, which no nonliving structure possesses" (1990: 205). Moreover, two pages later he states that: "Genetic power here means the ability to produce an organism that fits a niche of an ecosystem ... Available energy in specific forms, materials in specific forms, space – sometimes in a specific form like the womb – and time – these are the true "factors of production". These might be said to possess enabling power, for they enable the potential that is in the genetic structures to be realized" (1990: 207).

The cultural-symbolic dimension points to the potential of the aforementioned transformation process to change traditional cultural and symbolic patterns and notions of what we regard as masculine and feminine. As follows from the work of Bourdieu (2001) such cultural and

symbolic shifts are possible and do happen constantly. However, he also observes the persistency of traditional habitus because of its underlying cultural capital.

Biesecker and Hofmeister derive their concept of (re)productivity through critically scrutinizing the history of ideas (particularly economics and biology). I basically agree with this hermeneutical method of theory development and also mainly with their conclusions, but want to make a few critical remarks and add a few sources. They successfully demonstrate how the economic mainstream from Adam Smith to modern neoclassical household and resource theories managed to cut links to the natural and female productive foundation of all economic activity whilst an undercurrent or sideline tradition in economic thought from the Physiocrats to Institutional and Ecological Economics at least preserved elements of the social and natural embeddedness. Their critique of Ecological Economists (Daly) concept of natural capital (Biesecker and Hofmeister, 2010: 1706/7) as merely interested in efficiency and the right size of the economy to fit the natural carrying capacity overlooks Boulding's insistence on deliberative welfare (Kesting, 2010) cybernetics and a total systems perspective which has influenced ecological economist quite substantially. Some approaches in ecological and green economics come very close to Biesecker and Hofmeister's cyclical notion of (re)productivity and they tend to propose discursive processes to progress further toward more sustainable economies, too (Henderson, 2007 and Kesting, 2010).

Moreover, even Marshall's work contains some reference to the productiveness of household production. Though Marshall did not acknowledge his wife's contribution to his work (Dimand et al., 2000: 285-293) as John Stuart Mill did and had probably at least as much a "Victorian" view of women as Mill, he nonetheless emphasised the productive contribution of household activities, at least as performed by servants which was seen as unproductive by Adam Smith: "There is no distinction in character between the work of the baker who provides bread for a family, and that to the cook who boils potatoes. If the baker should be a confectioner, or fancy baker, it is probable that he spends at least as much of his time as the domestic cook does, on labour that is unproductive in the popular sense of providing unnecessary enjoyments. Whenever we use the word *Productive* by itself, it is to be understood to mean *productive of the means of production, and of durable sources of enjoyment*. But it is a slippery term, and should not be used where precision is needed" (1990: 55/56). Hence, Marshall could be seen as having a broad understanding of productivity and he definitely saw the concept as quite problematic. Moreover, though he criticised the Physiocrats's notion of "the greatness of the bounty of nature" (1990: 526), he nonetheless saw the future of economics in developing more evolutionary theories following the example of biology (1990: 42). In an appendix he criticises Ricardo's economics for being too mechanical instead of using "biological analogies" (1990: 641). I do not want to deny that Biesecker and Hofmeister's interpretation of Marshall is right, but point to some inconsistency or rather variety in his views.

Folbre for instance supports Biesecker and Hofmeister's arguments in observing that: "The historical record reveals a distinct pattern of restrictions on women's choices in order to ensure a generous and inexpensive supply of domestic labor (Folbre 1994). The founding fathers of neoclassical economics were eloquent advocates of such restrictions. Alfred Marshall argued that women should not be admitted to graduate study at Cambridge University because this might tempt them to neglect their family duties. Stanley Jevons favored a law prohibiting the mothers of children younger than three from wage employment (Folbre and Hartmann 1988)" (Folbre and Bittman, 2004: 20).

Further confirmation for Biesecker and Hofmeister's results from scrutinizing the history of economic thought can be found in Folbre's statement that: "Early economists like Sir William Petty treated the family as a basic unit of production and assumed that married women were productively employed in family enterprises" (Folbre, 1994: 95). Then came

Adam Smith and his argument that only the production of vendible commodities is productive. However, Folbre continues: “British census takers and statisticians, more interested in public health than in political economy, took issue with this decision. The 1861 Census of Great Britain, for instance, enumerated ‘housewives’ among the productive occupations. The Massachusetts State Census of 1875 followed similar conventions. Over time, however, these censuses gradually changed their terminology to conform to economic theory, first moving housewives to a separate category, then including them among the ‘unoccupied’, then labelling them ‘dependents’, and, finally, omitting their enumeration altogether. One feminist group protested the US Census Office’s treatment of housewives in a written letter to Congress in 1879, but to no avail. By 1920, women’s non-market work had largely disappeared from official view. The assumption that housewives were not productive workers was exported to many countries of the developing world” (ibid. 95). This historical evidence shows how the development of neglect in theory was translated into statistical measurement.

Then, before Gary Becker invented his infamous New Household Economics criticized by Biesecker and Hofmeister (2010: 1705), there was another earlier Household Economics: “In the 1930s, two professors at the University of Chicago, Hazel Kyrk and Margaret Reid, began systematic studies of the economics of household production” (ibid. 96). Their work like the acknowledgment of household production by nineteenth century British and American statisticians could have preserved a notion of productive, mostly female activities at home.

Folbre sees the separation and purging of what is regarded as productive economic activity from household production as the result of a complex strategic struggle in her framework of *structures of constraint*:

“My theoretical perspective suggests that human behavior is shaped by gender interests as well as class interests. Current forms of gender inequality are not simply a byproduct of different class arrangements, but the outcome of more complex strategic interactions. Within a production system based on a capitalist labor market, employers try to maximize profits subject to a cooperation constraint. If profits get too high, and wages too low, workers resist in ways that destabilize the system and undermine its efficiency. Within a reproduction system based on a patriarchal family, men try to minimize their responsibility for the care of dependents, also based on a cooperation constraint. If women grow discontented, they too can impose costs through resistance – or even simply through noncooperation (such as declining to rear children). The intersection between productive and reproductive systems – both part of the “the economy” – creates conflicting pressures and unstable coalitions’ (ibid. 207).

Thus, her framework adds an element of power and conflict to the discussion of (re-) productivity. In other words, according to Folbre what is regarded as productive is defined in a complex social power struggle. In the following part I want to link the Eco-Feminist theory to Post-Keynesian economics.

### **Post-Keynesians and the environment**

The recent and so far relatively small body of sustainability oriented Post Keynesian literature (Berr, 2006 and 2009, Courvisanos, 2005 and 2009, Harris, 2007, Jespersen, 2009, 2009a and 2004 and Mearman, 2009, 2006 and 2005) discusses the questions why Post Keynesians have so little to say on the economics of the environment and emphasises why this school of thought has potential to make a worthwhile contribution.

In his survey of leading Post Keynesians targeted at these questions Mearman (2005) finds four reasons for the neglect of environmental problems:

First, there is the preoccupation with attacking the mainstream and presenting an alternative programme of inquiry which nonetheless shares some of the theoretical

assumptions and methods with neoclassical economics, these shared (Marshallian) elements leave them ill equipped to deal with environmental issues.

Second, Post Keynesians are motivated primarily by social concerns such as unemployment and income distribution, which they tend to see inevitably linked to economic growth. Since they see growth and the environment in conflict, they find environmental limits to growth hard to deal with.

Third, the tendency to regard the environment as of lesser importance than employment and distribution became more prominent amongst the younger generation of Post Keynesians, whilst Kahn, Paul Davidson and John Kenneth Galbraith for instance still engaged with environmental issues thus, aggravating the aforementioned reason.

Fourth, however, less significant, is that Post Keynesians have no value theory and often do not find it important to have one. However, values and a theory thereof are needed for a full blown environmental economics analysis.

However, Mearman claims that: “post-Keynesians need to embrace the environment” (2005: 17) and presents several methodological reasons why they have the capacity and potential to do so (2005, 2007 and 2009):

First, on the basis of embracing the condition and therefore assumption of real uncertainty (Mearman, 2009: 36), there is a methodological turn in Post Keynesian theory which moves it further away from mainstream concepts towards complexity and open systems theory (Mearman, 2007: 5 and 2009). From the notion of real uncertainty it is only a small cognitive step to the precautionary principle championed by ecological economists (Berr, 2009: 26 and Mearman, 2009: 40).

Second, “... the Post Keynesians focus on distribution can be linked to the green economic concern with environmental justice” (Mearman, 2007: 4). This point is also stressed in a programmatic way by Harris (2007), and supported on the basis of a thorough reading of Keynes by (Berr, 2009).

Third, the disregard of the environment may be overcome if the achievements of Post Keynesians during the debate on the nature of capital are remembered. The rightly understood heterogeneity of capital should be equally applied to natural capital, which leads to an agreement with Ecological Economists in their critique of the concept of natural capital (Mearman, 2007: 5 and 2009: 29/30).

Fourth, some Post Keynesians (amongst them those, who I would call “The Kansas City Gang”) appear to be not only Post Keynesians, but at the same time Marxists and/or Institutionalists (Mearman, 2005: 11). Therefore, they do have a value theory to deal with environmental issues. Moreover, the rediscovery of Keynes’s philosophical writings (Mearman, 2009: 37) may lead to a distinct Post Keynesian value theory which links it to approaches like Multi-Criteria Analysis (MCA) which is popular amongst in Ecological Economics (Mearman, 2007: 6 and 2009: 41).

The four points of: uncertainty leading to the precautionary principle, the link between environmental values and social justice, the critique of “natural capital” and the affinity with a social value theory and deliberative processes of evaluation demonstrate a number of theoretical links and conceptual agreement between sustainability oriented Post Keynesians and Ecological Economists in general and with Biesecker and Hofmeister’s approach in particular.

## **Conclusion**

However, as Berr rightly points out in concluding his article: “... Keynes believes that full employment can be achieved through an increase in public expenditure, to favor investment, regardless of what those investments are. With the new awareness of the ecological

constraint, post-Keynesian economists should follow Kalecki and his advocacy of state intervention motivated by the desire to improve the conditions of the broad masses of the population” (2009: 34). This leads to the question of how this can be done. Under the double threat of the Great Recession and Climate Change, it is no longer viable to claim that any kind of investment will do. Here, I see the great potential of Biesecker and Hofmeister’s approach of (re-) productivity, because it provides criteria of how to decide what a Green stimulus package is that tackles both crises – the economic and ecological at once. So, I agree with Mearman when he states that: “... the dialogue beginning between Post Keynesian economics and ecological economics will likely lead to an array of positive developments” (2009: 42).

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