

Revival of Keynesian Economics or Greening Capitalism: “Green Keynesianism”

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Keynesyen İktisatın Geri Dönüşü ya da Kapitalizmi Yeşile Boyamak: “Yeşil Keynesyenizm”

Abstract

Severity of economic crises and environmental collapses have sparked off a renewed interest in revisiting mainstream arguments dominated by neoclassical economic models in a critical way. The idea behind these criticisms is that there is an essential need to develop a new approach that embraces the elements of ecologically sustainable and economically viable solutions for the globalized capitalism of the twenty-first century. After giving a brief overview of debates related to the criticism of mainstream arguments and revival of the Keynesian idea with a new interpretation, this paper explores basic characteristics of “green Keynesianism” and discusses theoretical arguments related to this concept. Also, “green new deal” and its varieties, which might be seen as an extension of the theoretical context of green Keynesianism are examined in a practical manner. Furthermore, the paper deals with the criticisms of various aspects of this new theory.

Keywords : Green Keynesianism, New Deal, Green New Deal, Keynesian Economics, Sustainability, Environment.

JEL Classification Codes : E60, Q50.

Öz

Ekonomik krizler ve çevresel tahribat, neoklasik iktisat teorisi temelinde şekillenen anaakım vizyonun sunduğu argümanların eleştirel bir bağlamda sorgulanmasına yol açmıştır. Eleştirel iddianın temel savı, yirmi birinci yüzyıl kapitalizmi için ekolojik sürdürülebilirliği dışlamayan ekonomik olarak uygulanabilir bir vizyonun başat bir gereklilik olduğu üzerinedir. Bu çalışma, anaakım iktisat yaklaşımını eleştirel bir düzlemde ele alarak Keynesyen teorinin yeniden yorumlanmasına olanak tanımakta ve “yeşil Keynesyenizm” kavramsallaştırmasını teorik bir düzlemde irdelemektedir. Bu doğrultuda çalışma, teorinin ötesine geçerek “yeşil Keynesyenizm” yaklaşımını pratik bir bağlamda kavramsallaştırmayı hedeflemektedir. Çalışma, teoriye yöneltilen eleştirilere yer vermekte ve alternatif gelecek vizyonlarını imleyerek sonlanmaktadır.

Anahtar Sözcükler : Yeşil Keynesyenizm, Yeşil Yeni Düzen, Keynesyen İktisat, Sürdürülebilirlik, Yeni Düzen, Çevre

1. Introduction: Two-Sided Crisis and Return of the Master?

The debate that the world is facing a two-sided crisis after the Great Recession¹ has received a considerable attention in a wide range of economic discussions. In a similar vein, the idea that "capitalism is encountering a fatal contradiction in the form of a looming environmental crisis" is widespread (Harvey, 2014: 246). According to this view, the world economy today might be characterized by two crises simultaneously, that is 'secular stagnation' and 'ecological degradation' (Custers, 2009). Severity of economic crises and environmental collapse, therefore, has led to a renewed interest in re-evaluating mainstream arguments that are dominated by neoclassical economic model, in a critical context. In other words, the greatest economic catastrophe of the twenty-first century put an end to Panglossian optimism of market economy and its endless growth idea. As a consequence of this paradigmatic shift, the concept of neoclassical model and its very foundations has been challenged by many researchers, and it has been asserted that the biggest challenge of globalized capitalism of the twenty-first century should be to develop a new vision that consists the elements of ecologically sustainable and economically viable paradigm (Berr, 2015: 460).

As a consequence of facing the worst severe crisis since the Great Depression, seeking for alternative development paths beyond the mainstream vision on both theoretical and practical grounds has grown in importance. Most of the existing literature, thus, has been built on a critical basis of the neoclassical idea. As a result, the necessity of providing an alternative framework, which might improve both sustainability of environment and recovery of economic system by interpreting the crisis as an opportunity, come into prominence and a chance has emerged to defeat the unchallenged view of the neoclassical economics so that "human being can engineer a break with the neoliberal perspective" (Barbier, 2010).

After defining the most crucial economic problem of the twenty-first century as an aggregation of a deep recession and environmental collapse, then, the question of how to find a new or adjusted theoretical background, which fits the contemporary challenges, comes to the fore. As a traditional reaction, debates referring the widespread resurgence of Keynesian economics in various forms has gained fresh prominence again in policy-makers and academic circles alike (Wolff, 2011). As Robert Skidelsky and Roger Backhouse (2016: 59) clearly puts it: "John Maynard Keynes keeps returning, like an ageing diva giving farewell performances". Transformation in the way of economic thinking into Keynesian insights is a reflection of Keynes' analysis, which provides "an organizing principle for understanding capitalist economies" (Skidelsky & Craig, 2016: 10).

¹ In this study, the Great Recession refers to the global crisis started at the beginning of 2008.

"Return of the master"² (John M. Keynes) with a new interpretation, which contains both ecological and economical notions, has defined as "green Keynesianism"³ in the literature. Jonathan Harris (2013), who is a leading scholar on the concept of "green Keynesianism", defines the term as "combining Keynesian fiscal policies with environmental goals". According to this view, the Great Recession has led to a rethinking of economic policies, thereby opening new perspectives to move on a growth path, which takes into account ecological developments. Owing to its harmonious and social vision, Keynesianism, through intelligent management, might be a constructive alternative for modern-day capitalism by synthesizing Keynesian macroeconomics and environmental economics (Harris, 2010; Harris, 2013; Skidelsky & Craig, 2016).

This study, therefore, addresses a newly-introduced term in the literature, green Keynesianism, and seeks to understand whether it is a viable alternative to the ongoing crisis or an inherently paradoxical concept. The main research questions of the study are as follows: i) Does Keynesianism offer new insights to tackle with ecological and economic crises as an alternative way? ii) Is it possible to re-start the growth vision of the Great Moderation⁴ era with Keynesian-oriented policies or a new approach is required, such as low-growth, post-growth, or de-growth? iii) What are the limitations and criticism of green Keynesianism and is there any chance to overcome these deficiencies? iv) Is the idea 'stimulating economy for growth by giving no damage to environment' realistic or is there any antagonistic relation between environment and growth? v) Does an adjusted version of the New Deal vision make sense for the modern-day economy? and vi) What would be other alternatives to make growth sustainable?

The study has been divided into four parts. The first part deals with the criticism of the neoclassical idea in a broader context and gives a brief overview about the revival of Keynesian theory, thereby opening up the fundamentals of the concept of green Keynesianism. The second part highlights possible policy recommendations based on a new concept 'green new deal', thereby deepening existing knowledge about green Keynesianism with a practical perspective. The following part presents criticisms of green Keynesianism by introducing positions of different economic schools. The final section summarizes the main arguments of this study and discusses possible future-oriented analysis.

2. Green Keynesianism: Criticism of the Mainstream Idea and Revival of the Keynesian Theory with a New Interpretation

Being a multidisciplinary area, environmental economics, in general, rejects the main tenets of the mainstream idea, which focuses on choice, rationality, abstract mathematical

² Robert Skidelsky uses this term in his book. See Skidelsky (2009).

³ In this dissertation, the terms "Green Keynesianism" and "Environmental Keynesianism" are used in the same sense.

⁴ For further details regarding this term, see Benati (2007).

modelling, and the belief that the room for growth has no end. Mainstream view, specifically neoclassical thought, takes for granted a perfectly competitive market-based system functions well by leading an optimal equilibrium, thereby leading government intervention to be ineffective. Furthermore, people behave in a rational and selfish way as a result of being *homoeconomicus*, thus, inducing the idea that the effect of present decisions on future is clearly observable (Holt & Spash, 2009; Mearman, 2007: 374). The main logic behind these arguments seems applicable to environmental issues. However, management of resources by market incentives does not serve a useful framework to combat ecological problems. Even though market mechanism deals with the efficient allocation of resources in short-term (Harris, 2013), reaching an optimal equilibrium with a solely growth-oriented perspective cannot be achieved in the long-term.

Above-mentioned arguments based on the assumptions of the neoclassical view has critically examined by different approaches, such as environmental economics. As claimed by ecological economists, environmental consequences of today cannot be clearly foreseen because of complexity and uncertainty. Human beings, which do not always act in a rational way, make complex choices and using standard economic equilibrium-oriented model does not provide a healthy perspective to evaluate net effects of today's decisions. Moreover, the idea of perfect competition about future is a problematic assumption because of varying expectations that leads to periods of optimism and pessimism. In the words of Harris (2013: 3): "Current investments are based on current prices, and expectations about the future. But expectations vary and may be wildly wrong. The resulting variations in investment can generate self-reinforcing cycles in aggregate demand, leading to long periods of expansion or depression".

In a broader sense, main arguments behind the idea that neoclassical economics cannot offer an adequate framework to analyze environmental degradation are as follows: i) The impact of human population on the environment is an uncertain phenomenon owing to the fact that time is irreversible. ii) A growth vision with no end is an utopian idea and alternative growth visions should be analyzed. iii) The idea of 'growth is always good' should be questioned on the basis of heterodox schools. iv) Economics cannot be examined without ethical judgments. v) There is an explicit connection between today and future, that is intergenerational issues should be taken into account, vi) The relationship between capital accumulation and its possible effect on nature should be elaborated in detail (Hold & Spash, 2009; Harvey, 2014, Harris, 2010). All of these arguments, and extended ones, might be analogized as a "cowboy economy":

"Ecological economists characterized the mainstream view of the economy as a scene out of the Wild West, populated by cowboys exploiting resources, chucking their waste on the ground and riding away to infinite horizons where fresh resources could always be found; this was contrasted with looking at our planet, Earth, as a closed system like a spaceship" (Scott, 2014: 103).

The clear implication of this analysis addresses 'the absolute need for government intervention'. Although mainstream idea alleges that environmental problems are

correctable anomalies by taxes, tradable permit markets, and establishing property rights (Hold and Spash, 2009), active government intervention in new forms, such as adjusting Keynesian vision for today's capitalism, is indeed essential rather than seeking solutions in old-fashioned neoclassical framework. Therefore, the idea that economic instability and environmental disaster might be solved together in an unified analysis has gained importance in the literature. This paradigmatic shift, which might be seen as a result of debates over Keynesian comeback, has led to question the efficiency of monetary policy as a macroeconomic policy tool solely. Recognizing the inability of monetary policy to tackle with crises, taken together, fiscal policy oriented Keynesian policies has come to the fore, thereby constructing theoretical framework of 'green Keynesianism'.

Green Keynesianism, in general terms, refers to "reviving economic growth while resolving the problems of environmental decline and social inequity bequeathed by an era of neoliberal dominance" (Goldstein & Tyfield, 2018: 75). The main purpose of green Keynesianism is, therefore, to recall the state for an active macroeconomic policy to tackle with economic malaise and ecologic damage. In other words, what is to be done is "channelling of public spending toward low-carbon industries and environmentally friendly activities" (Blackwater, 2012: 51) in Keynesian fashion. The term, 'green Keynesianism', is a reflection of expanded Keynesian vision in line with modern-day world. With the words of Barbier (2009), "[w]ithout this expanded vision, restarting the world economy today will do little to address the imminent threats posed by climate change, energy insecurity, deteriorating ecosystems, and worsening global poverty".

Whilst handling with environmental problems is a complex task, providing a policy option to overcome a combined crisis, that is both ecological and economic, makes the challenge more severe. Furthermore, when it is taken into account that the world is entering a new era called 'secular stagnation', where endless growth ideal is coming to an end and governments strictly use austerity measures, Keynesianism offers new insights by shifting dynamism of capitalism away from polluting industrialization to green investment (Bina, 2013; Das, 2016: 61). Advocators of Green Keynesianism embraces the vision of Keynes, arguing that "[o]utstanding faults of the economic society in which we live are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes" (Keynes, 1936: 372), thereby accepting environmental damage as the third outstanding fault of the economic society in new century. To that end, the main purpose of green Keynesianism, as a challenging idea against mainstream view, is to revitalize the economy on a more sustained basis by encouraging fiscal stimulus programs within a green-oriented framework (Barbie, 2009).

3. Green Keynesianism in Theory and Practice: A New 'New Deal'?

Although there are still many unanswered questions about green Keynesianism as a remedy for ongoing problems, hitherto several attempts have been made to combine Keynesian idea with environmental goals. Harris (2013), for instance, suggested a new theoretical Keynesian framework to address abovementioned challenges of today. According to Harris (2013: 5), major components such as consumption, investment, and

government spending in well-known Keynesian aggregate demand equation should be divided into sub-components, representing material goods, services, resource-intensive and resource-conserving investment, and investment in human and natural capital. What is called as "revised approach in Keynesian theory" by Harris, provides an analytical tool in order to bring Keynesian framework into conformity with environmental sustainability.

As stated by Harris (2013: 5-6), the famous aggregate demand equation is as follows:

$$Y = C + I + G + (X - M) \quad (1)$$

$$Y = [C_g + C_s + C_m] + [I_{me} + I_{mc} + I_n + I_h] + [G_g + G_s + G_{me} + G_{mc} + G_n + G_h] + (X - M) \quad (2)$$

$$Y = [C_g + I_{me} + G_g + G_{me}] + [C_s + C_m + I_{mc} + I_n + I_h + G_s + G_n + G_{mc} + G_h] + (X - M) \quad (3)^5$$

What is clear in this analysis is that growth in an ecological sense is still feasible. In order to guarantee sustainable growth, governments should keep away from "Cg", "Ime", "Gg", and "Gme", that is harmful to the environment, and instead focus on the terms in the second bracket in the equation (3). The theoretical framework of Harris might be supported by practical policy proposals. As claimed by Harris, implementing environment-oriented fiscal policy, such as tax incentives, subsidies might make growth sustainable without damaging nature.

Fighting against economic recession and environmental damage, practical policy recommendations are essentially needed. "Global Green New Deal" (GGND) proposal might be a keystone concept, in this sense. Barbier (2009: 5) gives a clear definition of GGND:

"The multiple crises threatening the world economy today demand the same kind of initiative as shown by Roosevelt's New Deal in the 1930s, but at the global scale and embracing a wider vision. The right mix of policy actions can stimulate recovery and at the same time improve the sustainability of the world economy. If these actions are adopted, over the next few years they will create millions of jobs, improve the livelihoods of the world's poor and channel investments into dynamic economic sectors. A "Global Green New Deal" refers to such a timely mix of policies".

⁵ Explanations of the sub-components in the equation are as follows: "Cg: consumption of non-durable goods and energy-intensive services", "Cs: consumption of human capital intensive services", "Cm: household investment in consumer durables" "Ime: investment in energy-intensive manufactured capital", "Imc: investment in energy-conserving manufactured capital", "In: investment in natural capital", "Ih: investment in human capital", "Gg: government consumption of non-durable goods and energy-intensive services", "Gs: government consumption of human capital-intensive services", "Gme: government investment in energy-intensive manufactured capital", "Gmc: government investment in energy-conserving manufactured capital", "Gn: government investment in natural capital", and "Gh: government investment in human capital" (Harris, 2013: 5-6).

Wide-ranging programs in Roosevelt's New Deal in order to provide employment, social security, and stimulate economy took form of the construction of homes, hospitals, schools, other public buildings, roads, dams, and electrical grids. As previously mentioned, same logic might be applied into today's world with a broader perspective, that is "bringing about global economic recovery in the short term, while laying the foundation for sustained economic growth in the medium- and long-term" (UNEP, 2009a).

There might be a variety of reasons for an adjusted New Deal idea. First and foremost, there has been a wide acceptance about the inefficiency of the neoclassical vision on both economical and environmental grounds. Moreover, there is a vital need to re-start growth in an ecological sense, thereby re-evaluating the role of the state as an economic actor. As a consequence of free markets cannot reach an optimal equilibrium on its own, government intervention, therefore regulating markets, seems essential. Also, the idea that there is a plenty of scope for growth leads to a revival of the green Keynesian framework, that means investing in green sectors might help economic recovery without excluding environmental concerns. Furthermore, implementing green-oriented policies might create jobs, thereby reducing inequality. Finally, embracing a new vision might lead to rise new ideas or debates, which rejects traditional way of thinking (UNEP, 2009a; Harris, 2013).

What is essential in this framework is "green investment", which is both key to saving the economy from the catastrophic effects of financialized capitalism and to putting the economy back on the growth path. Based on the idea of Keynesian multiplier mechanism, green investment will not only provide a basis for short-term economic growth but also sustain long-term sustainability of the economy through basic infrastructure investments. In line with these arguments, a set of proposals in the Keynesian New Deal framework, three solutions are proposed to save the capitalism from itself: "injecting demand into the economy, accelerating the green technologies to transform the economy for a new wave of growth, and reduce the impacts of economic activity on the environment by breaking conventional habits and replacing them with new ones" (Blackwater, 2012: 71).

Also, the rationale behind green Keynesianism is inextricably related to the concept of "military Keynesianism" (Custers, 2009; Derber, 2016). According to this idea, military Keynesianism was applied to stimulate aggregate demand, thereby enhancing growth at the golden age of capitalism world-wide. Green Keynesianism is, therefore, a key foundation for a new politics on growth in ecological sense. As a consequence of adopting ways of military Keynesianism, GGND proposals suggest government funding of greener stimulus programs (Røpke, 2013: 48). Specific policy proposals in GGND might be as follows:

"the state's use of transfer and investment measures so as to accelerate the shift from reliance on fossil fuels towards reliance on renewable energy; state intervention to discourage incineration of waste and to enhance reliance on recycling; and conversion of military production facilities into units which produce for the sustenance of life on earth" (Custers, 2009).

These policy prescriptions might be extended on the basis of recent studies. According to the report entitled *Towards a Global Green Recovery* by Edenhofer and Stern (2009), "increasing energy efficiency, upgrading physical infrastructure, supporting clean technology markets, enhancing international research, and incentivizing investment" have a crucial importance to tackle with environmental problems. Another important report entitled *Global Green New Deal*, suggests governments to invest in five critical areas, "energy efficiency in old and new buildings; renewable energy technologies, such as wind, solar, geothermal and biomass technologies; sustainable transport technologies, such as hybrid vehicles, high speed rail and bus rapid transit systems; the planet's ecological infrastructure, including freshwaters, forests, soils and coral reefs; and sustainable agriculture, including organic production" (UNEP, 2009b).

In order to achieve broad objectives of GGND proposals, "specifically targeted fiscal policy" is essential. Green investment, green tax incentives, investing in human capital, sectorally targeted policies, increasing hiring in public sector, preferential credit or subsidy for energy efficiency investments, financial reform, increased public R&D expenditures with accompanying higher education investment, democratization of finance for greening economy might be beneficial to maintain sustainable growth (UNEP, 2009b; Harris, 2010). Moreover, there has been a growing body of literature, which emphasizes progressive and innovative ideas, such as "sustainability citizenship" (Dobson, 2007), "guardian for future generations" (IEEP, 2015), and "habitat banking" (Hannis & Sullivan, 2012).

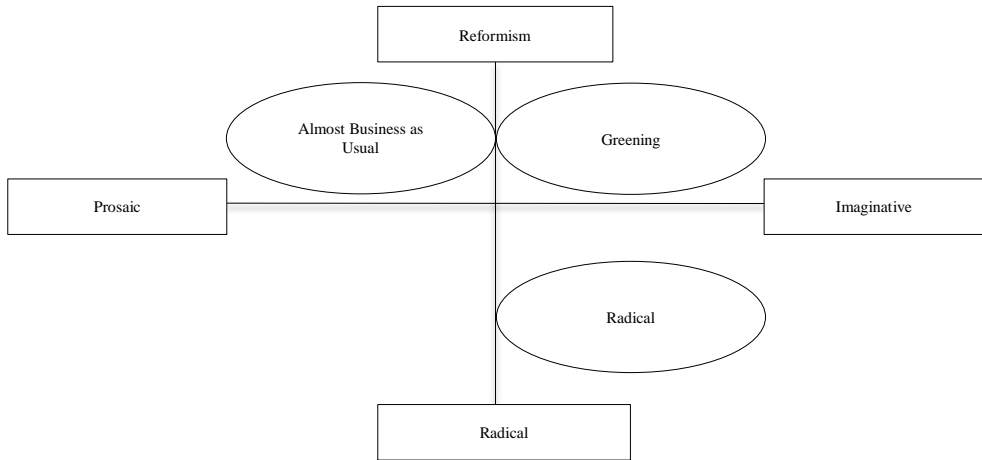
4. Criticism of Green Keynesianism: "Greening the Fingers of the Invisible Hand?"⁶

In her seminal paper entitled "*The green economy and sustainable development: an uneasy balance?*" Olivia Bina (2013: 1028) documents that green economy could be categorized into "almost business as usual", "greening", and "all change". The author expresses the definition of each category as follows:

"[t]he reformist-to-radical changes away from the conditions created by dominant industrialism, and the prosaic-to-imaginative alternatives to the dominant political-economic and social-industrial aspects. Reformist-prosaic changes represent a conservative, gradual, and contained approach to change; and radical-imaginative ones take on a progressive, rapid, and far-reaching approach" (Bina, 2013: 1032).

⁶ The term "greening the fingers of the invisible hand" is borrowed from the study entitled "*Two Cheers for Environmental Keynesianism*" (Blackwater, 2012: 71). Also, see (Emblemsvåg, 2003).

Figure: 1
Bina's Categorization of Green Economy Proposals



Source: Bina (2013: 1032).

Bina's analysis reveals that there are two extreme cases as "almost business as usual" and "radical". Relying on Bina's insightful analysis, it can be argued that green alternative is a kind of middle category which "advocates for significant social and ecological transformations without going so far as to demand total systemic change; 'fixing' instead of 'shifting' dominant socioeconomic paradigms" (Goldstein & Tyfield, 2018: 77). As a consequence of being a rejection of extremes (Skidelsky & Craig, 2016: 10), Keynesian alternatives suggest a reformist framework which has a potential to prevent further change, especially radical ones.

Moving beyond Bina's categorization, Kyla Tienhaara (2014) adopts a critical perspective by asserting that any of green proposals, regardless of their names, should be understood under the rubric of capitalism. According to Tienhaara's viewpoint, green capitalism might be divided into three categories labelled "Green New Deal", "Green Stimulus", and "Green Economy". For Tienhaara (2014: 188), green proposals intend to save capitalism rather than destroying it or protecting environment. For example, Green New Deal in Tienhaara's framework, having its roots in the first comprehensive report after the crisis by Green New Deal Group, points out that both unsustainable debt levels and consumption of energy contributed to the global crisis. To overcome the crisis, a new reform agenda containing proposals such as "the structural transformation of the regulation of national and international financial systems, and major changes to taxation systems", "tightening controls on lending and on the generation of credit", "the reintroduction of capital controls", "efforts to shut down tax havens, and a global jubilee of debt cancellation" (Tienhaara, 2014: 189) is necessary. Unlike Green New Deal, Green Stimulus does not address the underlying causes at the roots of the crisis and prioritizes government measures to tackle with both environmental issues and unemployment.

The first and foremost problem behind green capitalist varieties, they share an absolute belief in the capitalist economic model. Quite clearly, for Tienhaara, green capitalism without alternative radical ideas such as slow-growth or no-growth is oxymoronic and should only be considered as 'transitional'. So, a third possibility, which benefits from this transitional project and moves beyond conventional economic theories, has a potential to reorient our way of understanding the economy as a whole, that is to say that new economic approaches, such as eco-socialism or a steady-state economic model might be built. New economic paradigm, therefore, might lead to both economic and ecological revolution on the grounds of Marxian philosophy (Tienhaara, 2014: 198).

The link between government intervention and green capitalism occupies a significant place in Goldstein and Tyfield's critical study (2016). The authors point out that policy proposals in Green Keynesianism, in general, call for government intervention to mitigate capitalism's destructive effects on the environment. What is called as "entrepreneurial state" has indeed powerful instruments to stimulate economy by spending on innovative green technologies. The main rationale behind this idea is that state-led intervention might shift investment back towards to the productive economy. However, an entrepreneurial state "shifts away from a neoliberal frame that idealizes markets and demonizes states towards a new frame that idealizes innovation and demonizes wasteful capital, all while remaining faithful to the pre-eminence of markets" (Goldstein & Tyfield, 2016).

Moreover, calling entrepreneurial state back might be theoretically impossible. As Eaton (1951) stated, the main aim of Keynesian economics in times of the Great Depression, was to rescue economy from destabilizing effects of capitalism. Expanding this idea beyond economic sphere with a focus on environmental sustainability might be problematic as the Keynesian idea is embedded into ecologically destructive capitalist system. Moore (2015) sums up this argument in a logical manner: "[w]hat civilization is it that will be saved when so much of the social, environmental and technological infrastructure of this civilized life is deeply embedded in the capitalist world ecology that we need saving from?".

In a similar vein, it might be asserted that "shifting from military Keynesianism to ecological Keynesianism" (Custers, 2009) may have potential effects to save the planet. However, these effects will provide a short-term solution to the ongoing combined crisis. From this point of view, environmental Keynesianism consists of palliative remedies, which delays the ecological crisis of capitalism today. In a nutshell, adjusting Keynesian ideas into environmental problems of modern world should be evaluated as a transitory change, and therefore, debates over radical alternatives should be seen as a focal point in searching for different sustainable paths.

Turning to Keynesian economics, thus embracing the way of American life, which is inextricably based on the idea of "mass consumption", might also generate unsustainable patterns in terms of environmentally friendly growth. Expansion of consumerism will stimulate consumption-based economic activity, and, therefore, giving a further rise to

ecological problems. What is to be done is undeniably to put an end to consumerist culture (Morales, 2009: 165). As Wilkinson and Pickett (2009) clearly puts it:

“Rather than assuming that we are stuck with levels of self-interested consumerism, individualism and materialism that must defeat any attempts to develop sustainable economic systems, we need to recognize that these are not fixed expressions of human nature”.

Ecological economists, especially radical ones, expresses that embracing a Keynesian vision, thereby resuming the growth-oriented economic model is problematic in terms of its antagonistic nature. As stated by Cato in a report of Green House Project (2013), growth-mania is the main problem behind the environmental disaster of today. Therefore, the unique solution for ongoing crisis is to put an end to ‘growthism’ because of the impossibility of growing forever. In other words, a resumption of growth will increase the demand for fossil fuels, minerals, and water, thereby damaging the environment in the long-run. “So, either a different type of growth, or an adaptation to a lower- or no-growth economy, is needed” (Harris, 2013: 9).

Proceeding with now to heterodox arguments, Harvey provides a critical framework to understand environmental issues based on the notion of ‘capital’. The author goes further in that by saying (2014: 246), “[c]apital has a long history of successfully resolving its ecological difficulties”. For Harvey, capital has succeeded to turned ecological issues into big business, thus giving rise to accumulation process:

“Nature becomes, again in Neil Smith’s words, ‘an accumulation strategy’. When, for example, a new medicinal drug is invented or a new way to reduce carbon emissions is devised, then uses have to be found for them. This may entail need creation rather than need satisfaction. a drug like Prozac initially had no disease available for it to address so one had to be invented, giving rise to the so-called *Prozac generation*” (Harvey, 2014: 248).

Following Harvey’s, *The Enigma of Capital* (2010: 184), it becomes clear that natural environment is subject to transformation by human activity, which means that there is nothing left so-called as “first nature”. For Harvey, “the long history of creative destruction on the land has produced what is sometimes called ‘second nature’ - nature reshaped by human action”. Harvey (2010: 189), by borrowing the term *Fordlandia* from Greg Grandin’s book, exemplifies his claim throughout Henry Ford’s appalling environmental project in the 1920s to tame the amazon for rubber production, and strictly challenges the idea that “the world was open for trade and investment and that there were no spatial barriers to inhibit pursuit of his hubristic ambition”:

“He bought up a huge tract of land in Amazonia, called his new town Fordlandia, and sought to impose upon the tropical rainforest an American Midwestern lifestyle for the rubber plantation and factory workers. The idea was to secure the flow of rubber for the tyres of his cars (he had established control over almost everything else).

'Fordlandia had a central square, sidewalks, indoor plumbing, manicured lawns, a movie theater, shoe stores, ice cream and perfume shops, swimming pools, tennis courts, a golf course, and, of course, Model Ts rolling down its paved streets,' writes Grandin. Nothing came of it all, even after twenty years of trying and the outlay of astronomical amounts of money. The tropical rainforest won out. Abandoned in 1945, the place is now a ruin in the jungle. Not a drop of rubber latex ever materialized (Harvey, 2010: 188-189)".

Moreover, Harvey (2014: 249) claims that capital has the capability of transforming ecological projects into its own impetus, profits. Public health, education or clean water related projects, which are indeed advantageous for people, might be a source for profit maximizing. Besides, seeking for popular support can be beneficial for capital to expand its territory and legitimate foundation for big business environmentalism. For example, what is labelled as "greenwashing", that is supporting programs aimed public interest might be a rational choice for big business at the expense of profits. Moreover, -even it is uncomfortable-, capital in 'disaster capitalism' can derive profit from environmental catastrophes as a result of the fact that environmental disasters may create abundant profitable opportunities. As a consequence, Harvey (2014: 263) challenges the widely held reformist views and refers to "humanistic revolt against inhumanity" by saying that "alienation from nature is alienation from our own species' potential". Similar Harvey's radical criticism, John Bellamy Foster (2015), puts an emphasis on the notion of 'capital' in terms of Marx's environmental critique of capitalism and points out that "[c]entral to the whole destructive dynamic was capital's inherent drive to accumulate on an ever-greater scale. Capital as a system was intrinsically geared to the maximum possible accumulation and throughput of matter and energy, regardless of human needs or natural limits." For Foster (2015), there is a dire existential choice for humanity: following the path of business as usual or constructing a new social and ecological formation aimed at sustainable human development.

On the other hand, Custers (2010: 173) evaluates ecological Keynesianism as a transitional solution to the combined crisis of today's capitalism. For him, "transition towards a stationary state-a zero growth economy at the world level" is the only possible way to overcome the environmental collapse. Keynesian dilemma, which has to make a choice as to whether it will give priority to military expenditures or environmental projects, needs a radical break from its historical trend and should directly aim to promote the sustainability of ecosystem. To that end, Keynesian resurgence should embrace a vision "double transition, the transition towards an economy which no longer relies on fossil fuels and which no longer accumulates on a global scale".⁷ Blackwater (2012: 51), despite of

⁷ Custers (2010: 180) exemplifies his proposals as follows: "the shift from reliance on fossil fuels towards reliance on renewables; the shift from waste processing via incineration to recycling as central method to process waste in capitalist economies; and the shift from production of social waste, of large armament systems, to production which helps to sustain life on planet earth".

similar emphasis with Custers (2010), goes further and addresses the common flaw of the arguments of Keynesian revival by asserting that conventional growth illusion is impossible in a consumer economy. The agenda concerning saving planet, therefore, should refuse the idea of continuous growth in a finite world and convince us that long-term environmental projects, which means "greening the fingers of the invisible hand", are not good economic investments because of the very nature of capitalism (Blackwater, 2012: 71).

5. In Lieu of Conclusion: Is "Buying Time" Still Possible?

The mainstream idea, which examines environmental issues by giving prominence to markets, has been criticized not to provide an adequate framework to tackle with ecological problems. Since the Great Recession, inadequacy of the orthodox lens has led to give raise to questions related with environmental degradation. As a consequence of traditional reaction against economic crisis, debates over the revival of Keynesian economics has become the focal point in academic circles. Green Keynesianism, which can be defined as reviving economic growth by resolving the problems of environmental degradation and economic inequality, has appeared as a constructive solution for the modern-day economy. Adjusting Keynesian ideas to the contemporary capitalism, thereby broadening the general perception of government intervention, damaging effects of growth-oriented policies might be tamed as well as sustainable growth ideal can be accomplished. The expanded view of Keynesianism might provide an adequate framework to restart the growth and tackle with imminent ecological threats. The question of how to struggle with two-sided crises can be resolved by revising the Keynesian aggregate demand equation, that means dividing into sub-components, representing material goods, services, resource-intensive and resource-conserving investment, and investment in human and natural capital. The ultimate outcome of this theoretical shift is to implement environment-oriented fiscal policy, such as tax incentives, subsidies by government expenditure. Moreover, 'Green New Deal' proposals, which are a reflection of green Keynesianism on a policy-making manner, might be helpful to make the world economy sustainable, again.

However, there have been considerable criticisms over the revival of the Keynesian idea with a new interpretation. As was pointed out in the earlier sections, the Keynesian idea intends to fix the system instead of challenging dominant economic paradigms because of the very nature of Keynesian thought, that might be identified as a rejection of extremes. According to this view, varieties of green Keynesianism share an absolute belief in the capitalist economic model, and they might prevent further change, especially radical ones. Also, returning to Keynesian path might lead to further rise of consumerism, thereby giving damage to the environment in the long run by stimulating consumption-based economic activity.

As Keynesian-type state results in the revival of entrepreneurial state, considerable problems will rise to the surface because of the embeddedness of Keynesian idea into the ecologically destructive capitalist system. Embracing a Keynesian vision, thereby resuming the growth-oriented economic model (or growth-mania) is a very problematic theme in terms of its antagonistic nature. Therefore, the only solution to the ongoing crisis is to put an end

to 'growthism', thus seeking for alternative visions, such as no-growth or low-growth. Rather than evaluating Keynesian framework as a unique solution, green Keynesianism should be considered as a transitional project, new economic approaches, such as eco-socialism or a steady-state economic model might be built.

Moreover, as some heterodox wings of economics have questioned, the capital accumulation in a capitalist model is still one of the most problematic themes behind ecological degradation. Therefore, the ability of the capital to resolve ecological difficulties and transforming ecological problems into big business by using greenwashing methods should be taken into consideration in environmental debates and policy proposals.

In brief, unraveling the problems of the orthodox tradition in economics and rejecting the theory is not sufficient alone. There are still many questions waiting to be answered. Assuming that a green Keynesian framework is possible and capable of overcoming problems arising from economic and ecological issues, won't the system reach its natural limits and hit the wall in the future? To put it another way, depending on the heterodox arguments asserting that capitalism is not the end of the history, there should be an end for green capitalism. Moreover, based on the fact that the history of the capitalism can be read as a history of systemic economic crises, will capitalism have a chance to overcome the crisis this time? In other words, will "buying time" (Streeck, 2016) be still possible? Lastly, in today's world where austerity measures prevail and economic growth is the sole legitimate tool for re-electing, how will politicians convince citizens to the ideas such as de-growth, no-growth or low-growth? Questions here deserve further thoughts. However, embracing a vision based on the idea that mainstream economics cannot provide an alternative for the combined crises of today is a promising start for human equality and solidarity.

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