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THE GLOBAL POLITICAL ECONOMY OF GREEN FINANCE AND SOCIO-ECOLOGICAL TRANSFORMATION

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On the Transformative Potential of the ‘Green New Deal’

ABSTRACT This article examines the transformative potential of various Green New Deal concepts that are currently being discussed in response to multiple crisis symptoms of globalised capitalism. The main focus is on the development of a systematic analytical framework, which will allow the definition and assessment of the transformative potential of different political programmes. Throughout three constitutive characteristics of capitalist production (separation of wage labour and property, of enterprises among themselves and of the totality of enterprises and the state), three levels of transformation are presented (redistribution, socialisation and planning). Subsequently, different Green New Deal concepts are examined in order assess to what extent they can contribute to a transformation of capitalism.

KEYWORDS Green New Deal, Transformation, Economic Policy, Economic Planning, Reformism, Alternatives to Capitalism, Mode of Production

1. Introduction

This issue of the Austrian Journal of Development Studies gathers critical perspectives on green finance and green capitalism, and these are much needed. Scientific research is essential to demonstrate that supposedly ‘green’ investment and growth, carbon offsetting, emissions trading, and capital-driven mechanisms in general, are not effective in preventing cataclysmic climate change that is currently unfolding. A climate policy that considers privatised forms of credit creation, investment and capital accumulation as potential solutions rather than as part of the problem must be subjected to science-based criticism (see Böhm/Misoczky/Moog 2012,

Scales/Ivan 2017, Klein 2014 on the criticism of green capitalism). There are numerous indications that these economic mechanisms and the growth-dependent macroeconomic system that derives from them are confronted with internal and external barriers, one of them being the novel coronavirus, Covid-19, that began to spread globally in 2020. The depletion of natural resources and sinks, the disruption of interlinked ecosystems, growing social inequality and unrest, as well as increasing levels of economic and political instability, are further examples of how the predominant mode of production has created a network of crises and structural problems that cannot be solved by the mechanisms of the production system itself (see Brand 2016, Brand/Wissen 2012 on the concept of the multiple crisis). A 'social-ecological transformation' that the editors of this volume set out as a goal in the introduction, depends on the development of alternative ways of structuring societal production, which may include alternative forms of investment in the short run, as the green finance approach suggests, but go far beyond them in the long term.

When looking for alternatives to the concepts of green capitalism and green finance as a shorthand solution to a problem that is much more deeply rooted than just on the level of the content of capital investments, one quickly arrives at the concept of the Green New Deal (hereafter, GND), which has been circulating since early 2007, and has been taken up and reinterpreted both by international organisations and left political parties and social movements since then (see Green New Deal Group 2020 on the origin and development of the Green New Deal concept). The emergence and contemporary relevance of the concept could be interpreted as part of a more universal development in which alternative political projects and programmes are gaining momentum in the context of the multiple crisis of globalised capitalism. With the rise of new political programmes, however, the question arises, from a scientific perspective, as to how they can be adequately evaluated and classified. The GND approach in particular is difficult to classify, especially with regarding its transformative potential in relation to the economic system as a whole.

To gain clarity about the transformative potential of the GND, it is necessary to further develop the theory of 'social-ecological transformation' and apply it to the GND debate. Thus, the main focus of this article is on the development of a systematic analytical framework that allows for

the definition and assessment of the transformative potential of various political programmes. Building on the distinction between ‘first- and second-order types of transformation’ (part 2), I discuss different constitutive characteristics of capitalist production as areas of second-order types of transformation (part 3), which I will then describe in more detail in part 4. In part 5, I will evaluate three different GND concepts regarding their transformative potential. In the last part, I will summarise and discuss the method and findings of the article.

2. First- and second-order types of transformation

To be able to assess the transformative potential of various GND concepts, I will first develop a theoretical model of (social-ecological) transformation. In general, the term ‘social-ecological transformation’ can be understood as an analytical tool to describe “the relationship between rupture and continuity in the current multiple crisis” (Brand/Wissen, 2012: 548). Besides the analytical dimension, however, it is often used as a normative term that signals programmatic goals from multiple policy areas. Like the term ‘green economy’, the concept of (social-ecological) transformation is a common point of reference for a broad variety of international (governmental) institutions, civil society organisations and research programmes (see e.g. WBGU 2011). It is against this background that Brand and Daiber (2012) pointed out that “‘transformation’ has the potential to become an oxymoron (like sustainable development) that opens up an interesting epistemic terrain but remains then blurred” (Brand/Daiber 2012 :4). This comes close to Reißig’s (2016) observation that two variants of the transformation discourse exist, namely one as a “discourse of change”, and one as a “discourse of stabilization” (Reißig 2016: 222, translation S.D.). In a similar fashion, Stirling (2015) distinguishes between transition-oriented perceptions of social change on the one hand, understood as being “managed under orderly control, [...] often emphasizing technological innovation”, and transformation-oriented perceptions on the other, the latter involving “diverse, emergent and unruly political alignments” (Stirling 2015: 54).

The understanding of transformation put forward in this article proceeds from the systematisation and critique of the transformation

discourse put forward by Brand (2016). He criticizes the fact that conscious and intended acts of change (e.g. by politicians) are often exclusively understood as the subjects of transformation. Instead, individual actors, companies and governmental institutions should not only be understood as (potential) actors of (positive) change, but as “co-constitutive with societal processes and structures” that must be transformed (Brand 2016: 7). In other words, state policies and investment strategies must be understood as part of the problem and only under certain circumstances as part of the solution (see also Greven 2008). Additionally, he interrogates a naturalising understanding of the object (or drivers) of transformation, e.g. as “demographic trends, the globalization of production, [...] technological progress and digitalization” (Brand 2016: 6). Brand argues for a comprehensive understanding of transformation, in which the capitalist growth economy is viewed as a crucial driver of transformation. In this theoretical setting, transformation – observable in changing patterns of living and production, political regulation and discursive changes – is a general characteristic of societies in which the capitalist mode of production is dominant. Following this comprehensive understanding of transformation, the crucial question for any political strategy of transformation is not, ‘how could a transformation (e.g.: towards sustainability) be induced’, but, rather, ‘how could the current mode of transformation be transformed towards a different mode of transformation that builds on other mechanisms of economic reproduction’.

I have termed this a ‘second-order’ type of transformation (Decker 2019) in order to highlight the necessity of focusing not on alternative investment strategies or economic policies in the first place, but on alternative ways of economic organization on a systemic level. The currently dominant mode of economic organisation is based on three interlinked institutional ‘demarcations’ that emerged historically and that lay the ground for the capitalist, ‘first-order’ type of transformation outlined by Brand. These demarcations need to be transformed in order to realise a ‘second-order’ type of transformation. At the risk of repeating some basic insights of Marxian theory, I will roughly describe these ‘demarcations’ to afterwards present a more precise concept of ‘second-order’ transformation.

3. Three institutional characteristics of capitalism

The *first demarcation* runs between property and labour, or more specifically between the (to a greater or lesser extent) legally institutionalised relations of labour and the relations of ownership of means of production. This separation gives rise to the system of wage labour on the one hand, where the societal majority without property (or only with property that cannot be applied as production means) sells its labour power as a commodity on a market for human labour. The relations of ownership, which can in themselves be split between the (institutional) provider of loans, the owner of financialised ownership titles (e.g. shares) and the management of property, employ the commodified human labour available on the labour market in order to produce use-values that can be sold on the commodity market for exchange-value. The separation of ownership and labour makes it possible to employ human labour in a way that it produces use-values that can be sold to a higher exchange-value than was initially invested to produce the use-values. In this process, the relations of ownership that represent themselves financially as a sum of exchange-values become capital by “maintaining and multiplying themselves as an independent social power” (Marx 2000 [1849]: 282). The ability to absorb (exchange-)value from the production process via the employment of human labour creates the possibility of capital accumulation on a ‘sustainable’ and systemic level.

On a surface level, the demarcation between the relations of labour and the relations of ownership manifests itself in the separation between capital income and labour income, which today is as prevalent as it was in early capitalist times. Certainly, with the differentiation of the relations both of ownership and of labour and the secondary distribution of market income by the state, class relations became more complex. However, it is still valid to claim that within capitalism as a formation of society where capital movements dominate production, people can either be (to a greater or lesser extent) dependent on the demand of labour power that is induced by a capital movement, or profit (to a greater or lesser extent) from the complex flow of capital revenues that closes the capital movement.

The *second demarcation* runs between the different ownership relations that, each for themselves, define a closed system of capital accumulation. Whereas the separation of labour and ownership creates the *possibility* of absorbing more (exchange-)value from the production process than from investing in it, the separation between ‘capitals’ creates the *pressure* to absorb as much ‘surplus-value’ from the production process as possible. Capitalism’s peculiar character rests upon the inter-capital rivalry for liquidity and sales that activates a competition-based dynamic of capital accumulation on the company level and capital centralisation on the inter-company level (ten Brink 2012: 99). As Marx puts it, “competition is nothing else than the inner nature of capital, appearing and realised as the interaction of the many capitals against each other, the internal tendency as external necessity. [...] Capital exists and can only exist as many capitals, and its self-determination appears thus as their interaction against each other” (Marx/Engels 2005 [1857/1858]: 327, translation by S.D.). Just as capital *emerges* as the unity of the difference between labour and ownership, it *unfolds* as the unity of the difference between different capitals, which appears as competition.

The internal competition of capital against itself is mediated via markets, especially the commodity and capital market. This shows how the sphere of production (of exchange-value) and the sphere of circulation (of exchange-value) originate from one another. The overall capitalist context appears as a network of interlinked markets that both enable and enforce the accumulation principle. ‘The market’ describes nothing else than the unity of the separation of production and circulation, as both constantly create each other. Without a market for labour, credit and means of production and – more fundamentally – the possibility of (exchange-)value to be mediated in the form of money, the production of use-values and their realisation as exchange-values on the commodity market would not be possible. At the same time, without the constant consumption and creation of commodities and income in the capitalist production process, markets could not differentiate and expand, even though both money and markets are, of course, pre-capitalist phenomena. The societal depth and the geographical scope of markets always expands with the simultaneous creation of new spheres of production. The impossibility of producing in a non-capitalist way in an overall capitalistic context expresses itself in the

ever-present dependence of not only companies, but also individuals and states, on markets.

The *third demarcation* runs on a macro-level between the different capitals on the one hand and the network of law-creating and -enforcing institutions in a certain area of jurisdiction on the other. As with all three demarcations, this form of ‘separation’ must be understood as a contradictory form of unity that manifests itself in the form of an institutional separation, which gives rise to the specific capitalist forms of ‘the economic’ and ‘the political’ in the first place. Whereas the single capital absorbs (exchange-)value *in actu* from a concrete production process via employing human labour, the capitalist state absorbs (exchange-)value *ex post* from the sum of production processes via taxing labour- and capital income and via binding capital in the form of government bonds. At the same time, the capitalist state legally constructs and regulates the interlinked system of credit-, capital-, currency-, commodity- and labour-markets, and lays, with its central bank, the foundations for the creation of capital out of credit and for the creation of money itself.

Money is the independent expression of value and makes it possible to accumulate capital in the first place. Without the separation of political and economic power, where the political authority standardises and stabilises the use of money and the creation of money out of credit, the system of value could not take shape in the medium of money and become independent in the form of capital. When central banks, as they do in crisis situations, buy up assets from distressed banks or companies and directly finance government demand, the political nature of money and ultimately the economic character of the political become particularly visible.

4. Three interlinked areas of second-order transformation

The three institutional demarcations outlined above are related to different conceptual areas of a ‘second-order’ transformation (see table 1). The first demarcation (between labour and ownership) corresponds with the transformation of the relation between labour and capital. Capital exists as the extraction of value out of the production process through employing human labour; the organic relationship between labour and

capital can be transformed via disturbing and ultimately disrupting the process of value extraction by capital at the expense of labour. We can distinguish between the *a priori* reduction of value extraction through enforcing wages, labour and production conditions that make production less profitable, and the *a posteriori* appropriation of profit after surplus-value has been already extracted. The latter normally takes the form of taxation, where a percentage of capital income or of the source of capital income is retained by an authority capable of doing so. The partial appropriation of extracted surplus labour can also take place by associating employees – usually on a collective basis – in enterprise profits (e.g. Meidner Plan, see Guinan 2019), or by transferring profit shares to a collective fund on a societal level (e.g. Universal Basic Dividend).

These forms of surplus value reduction or appropriation (for which I will use the term ‘redistribution’ in the following) are highly contradictory, as they undermine the process of surplus-value accumulation on which they ultimately depend. Redistribution thus must be limited – and historically has been limited – to a degree that is bearable for capital. Beyond this threshold, the contradiction between the progressing restriction and appropriation of surplus-value and the need to stabilise capital accumulation to enable those forms of redistribution in the future, must be resolved towards one of two sides. This means that either the measures of redistribution are reduced to a degree that is compatible with capital accumulation, or the process of capital accumulation is disrupted and the production process re-organised in a non-capitalist way. Redistribution, in other words, necessitates and naturally leads to the other two levels of transformation that are needed to resolve the contradictions it creates.

As Patnaik (2010: 6) has put it, the interventions in the accumulation process,

“if they are significant, make the system dysfunctional, necessitating either a reduction or withdrawal of such intervention, or a further intensification of intervention to overcome the dysfunction induced by the initial intervention. In the latter case, the progressive intensification of intervention in the system ultimately becomes incompatible with its capitalist integument, and requires its transcendence beyond capitalism. In the former case, where intervention is reduced or withdrawn in the face of the dysfunction generated by it, the system starts to lapse back towards its pre-intervention state”.

The idea that ‘redistribution’ (in the broad sense of disturbing and taking possession of the process of surplus value creation) is a ‘reformist’ political strategy remains rooted in a linear understanding of transformation, which in itself represents the core of the reformist approach. The original concept of reformism assumed that each act of redistribution would enable future redistribution in a gradual manner, instead of assuming the (necessity for the) contrary counter-pressure to take back previous acts of redistribution (see Plumpe 2016 for an overview of the historical reformism debate).

For the discussion of the GND later in this article, it is important to give special attention to the ‘Golden Age’ of capitalist development, which is associated with the politics of the original ‘New Deal’ from 1933 onwards. The simultaneous increase in mass production and mass consumption as well as of corporate profits and wages seems to contradict the dialectical interpretation of redistributive policies, where redistribution leads either to dysfunctional accumulation or the roll-back of redistribution. However, one must consider the profit-squeeze crisis in the 1970s precisely as a sign of the dysfunctionality of the Fordist development model, which had to be countered with a decades-long push back against workers’ rights, wages, and other impediments to capital accumulation. The cheap supply of labour and primary commodities in the (former) colonised countries additionally kept the dialectical mechanisms of redistribution in abeyance (Patnaik 2010: 9).

In practice, redistribution neither stabilises capital accumulation in the long-term (as the left critique of redistribution would argue), nor does it enable future redistribution in a linear manner (as the original concept of reformism assumes). Rather, redistribution sets in motion a dialectical dynamic that can be resolved in the direction of the subversion of the measures of redistribution under the logic of capital or in the direction of the subversion of the logic of capital itself.

The second area of second-order transformation is associated with the demarcation between individual capitals, which appears as competition and unfolds in the realm of the market. The relationship between individual capitals – or the constitution of capital in the form of its internal fragmentation – can be transformed by de-merging individual capitals from the accumulation nexus, and re-organising production towards the

creation of use-values. This form of second-order transformation, which I refer to as 'socialisation' hereafter, logically connects with the contradictions created by the appropriation of capital revenue in the course of redistribution. When the redistribution of capital income in the form of profit participation or taxation completely disrupts the process of capital accumulation, the process of production and use-value creation can only be re-stabilised through the complete socialisation of the respective capital (by the employees or a representative political agent).

Just as is the case with the process of redistribution, the process of socialisation is highly contradictory (see Vrousalis 2017 on the debate on the contradictions and dilemmas of socialisation). While the internal manifestation of capital in the form of surplus value extraction from human labour is replaced with a political unit that organises production collectively and in a use-value oriented way, the external manifestation of capital in the form of competition is still in place. Thus, even though the relationship between labour and capital as the basis for the extraction of exchange-value in one unit of production has been completely internally transformed, it expresses itself as an external necessity to produce exchange-values in order to keep participating in the market. However, the contradiction between labour and capital is transferred from an intra- to an inter-company level.

We can understand the contradiction created by socialisation, on a more abstract level, as a contradiction between production and circulation. The production of commodities is dependent on markets as these are the place to buy intermediary commodities (including human labour) and to sell the final products. Markets are dependent on the continuous purchase and sale of commodities, which must bear exchange-value (alongside their use-value) in order to be tradable. The distribution of commodities through the market is carried out on the basis of exchange-value in the form of prices. The more socialised units of production that are designed to produce use-value participate in the intermediary exchange of goods, the more markets become a non-functional mechanism for distributing use-value. Just as the production and circulation of exchange-value constantly recreate each other, the systemic production of use-value necessitates a systemic mechanism to circulate use-value.

Thus, just as with redistribution, socialisation creates a dialectical dynamic that necessitates either the re-capitalisation of production or the

continuous socialisation of the entire system of production. The belief that the continuous and gradual socialisation of production units (or the creation of production units in the form of commoning) creates a post-capitalist system by itself, runs again into the trap of a linear, un-dialectical understanding of transformation. Both the left critique of socialisation (or commoning) that critiques the lack of a systemic perspective and the 'market-socialist' approach that assumes the concordance of socialised production and a market that operates through prices, overlook how the continuous socialisation of production creates increasing contradictions within and between the production units; contradictions that can become part of a transformative dynamic on the systemic level (see Hollender 2016 for an overview of the debate regarding the transformative character of commons and Chattopadhyay 2018 for an introduction to the market socialism debate). In other words, the progressive socialisation of production requires and enables the construction of new forms of exchange, which come into conflict with the network of capitalist markets.

The socialisation of the entire system of production cannot be carried out with the means of socialisation itself, but necessitates economic planning as the third and final level of second-order transformation. Planning refers to the third demarcation between the totality of capitals on the one hand and the network of law creating and enforcing institutions in a certain area of jurisdiction on the other. As pointed out above, the capitalist state enables the production of exchange-value by means of the separation of labour and ownership and the circulation of exchange-value through the creation of markets, money, and credit.

A possible entry into economic planning could provide that economic activities arise directly from the political generation of money and its planned investment. In this way, the state emancipates itself from its dependence on tax revenues from capitalist surplus value production and from the willingness of private capital to finance state expenditure by purchasing government bonds, thus changing its relationship to capital. The *question of the financing* of public investment therefore plays a central role. Even if public investment does not modify the relationship between labour and capital or between capitals, its financing can be transformative if the state changes its relationship to capital as a whole, depending on the degree of state intervention and the extent to which the state allows

its economic activity to be financed through the creation of money by the central bank (see Roberts 2019 for a discussion of the relationship between Modern Monetary Theory and Marxism).

While the public production and investment of money can constitute an entry point to economic planning, the core idea of economic planning is to establish a mechanism to circulate and distribute use-values. This mechanism involves both political decisions (e.g. from the side of production and consumption councils, or from a representative political authority) and automated processes to match supply and demand (e.g. with the help of algorithms or cybernetic systems). This leads to a society where production and circulation are carried out by (partly automated) systems of societal decision making; in other words, where the demarcation between 'the political' and 'the economic' is dissolved.

An open question at this point refers to the role that a medium of exchange can play in such a system of production. While the private investment function of money (and with it the possibility to accumulate private capital) clearly is taken away from money in its current form, the question remains whether some form of medium of exchange can remain. One could design a planned economy around the contradiction between the advantages of a medium of exchange when it comes to incentivising labour power and maintaining a certain degree of flexibility in the system, without letting exchange-value dominate production (see Itoh/Lapavistas 1999 on the role of money and credit in a socialist economy). Another open question refers to the role digital, cybernetic systems of decision making can play on a macroeconomic level and how they can be reconciled with explicitly political forms of decision making (see Saros 2014, Phillips/Rozworski 2019, Morozov 2019 on the role of digital technology in economic planning). Finally, the role of the state and its formation as a system of law creation and enforcement in a planned economy remains open. One could argue for a complete dissolution of the state into a system of councils and decentralised decision making. On the other hand, the need for a certain degree of separation of labour and macroeconomic coordination could support the persistence of representative organs of decision making. In general, a planned economy creates, as does the capitalist economy, a network of contradictions and dilemmas that must be processed by society.

The integration of redistribution, socialisation and planning into a unified scheme of transformation (see table 1) allows for the evaluation, in the next section, of the transformative potential of different GND concepts. Clearly, a GND concept or any macro-economic political proposal does not need to include political measures from all three areas of second-order transformation in order to be acknowledged as ‘transformative’. The crucial question is, if a certain area of second-order transformation appears, whether the dialectical dynamic of the respective area of transformation comes into effect and thus whether it can potentially be linked to other areas of second-order transformation.

Institutional demarcation...	Area of second-order transformation	Type of second-order transformation	Political examples	Contradiction...
... between labour and ownership	Relationship between labour and capital (income)	Redistribution	Profit participation, taxation, levying	... between appropriating surplus value and making capital accumulation dysfunctional
... between individual ‘capitals’	Relationship between capitals	Socialisation	Worker-run cooperatives, commons	... between (use-value oriented) production and (exchange-value oriented) circulation
... between economic and political power	Relationship between the production system and the state system	Planning	Political creation and use of money, labour councils, algorithms and cybernetic systems,	... between automated and explicit forms of decision making; between centralised and decentralised forms of decision making, etc.

Table 1: An integrated scheme of transformation

Source: own elaboration

5. The Green New Deal revisited

In the table below (Table 2) I use the transformation scheme developed in Part 4 to filter out elements of redistribution, socialisation and planning from three different GND concepts; these GND concepts have received some attention in the past and can be regarded as representative for the debate on the GND:

- “An Ecosocialist Green New Deal”, called for by the Democratic Socialists of America” (DSA 2019);
- “The Green New Deal for Europe” and the “European Spring Manifesto” proposal by the Democracy in Europe Movement 2025 (DiEM25 2019);
- The GND concept put forward by the United Nations Conference on Trade and Development (UNCTAD), as embodied in the publications “Trade and development report. Financing a global green New Deal” (UNCTAD 2019) and “A New Multilateralism for Shared Prosperity: Geneva Principles for a Global Green New Deal” (Gallagher/Kozul-Wright 2019).

The “European Green Deal” (EGD, European Commission 2019) will also be briefly discussed below; however, the EGD does not – even on a terminological level – refer to a paradigm shift as represented by the historical New Deal, and thus is not in the purview of this article.

After filtering elements of redistribution, socialisation and planning from the GND concepts and collecting them in Table 2, I will give a general assessment of the transformative potential of the GND at the end. Redistribution includes Table 2 all measures that describe government (investment) measures financed by tax revenues, as well as rising salaries, labour rights and the reduction of working hours that would go towards the expense of (short-term) capital revenue. Socialisation includes all measures of appropriation of productive capacity by the state or workers, as well as the public provision of goods and services. Planning includes all measures of the state or social entities (to attempt) to replace market mechanisms with an alternative system of economic coordination; the political creation and investment of money by the central bank can also be understood as an initial transformation towards economic planning.

Area of transformation / GND Concept	Redistribution	Socialisation	Planning
<p>Democratic Socialists of America: “An Ecosocialist Green New Deal”</p>	<ul style="list-style-type: none"> • Creation of neighbourhood transition councils as hubs of distribution, education, participatory planning • European Investment Bank to provide stimulus by issuing Green investment bonds, backed by an alliance of Europe’s central banks • Central banks should guide credit to Green sectors, finance government debt at lower interest rates; • Green quantitative easing: central banks should purchase low-carbon assets and Green bonds 	<ul style="list-style-type: none"> • Nationalising and phasing out fossil fuel producers, socialising fossil-dependent industries and scaling them back or transforming them to fossil-free industries • Establishing public ownership of utilities and the electric grid, and expanding municipal and state public banks • Promoting worker-owned and worker-controlled cooperatives and enterprises at all levels of the economy • Publicly financed social infrastructure 	<ul style="list-style-type: none"> • Creation of neighbourhood transition councils as hubs of distribution, education, participatory planning
<p>Democracy in Europe Movement 2025: “The Green New Deal for Europe” and “European Spring Manifesto”</p>	<ul style="list-style-type: none"> • Investing at least 5 per cent of Europe’s GDP each year towards the transition to renewable energy • European corporate and inheritance tax, ending tax heavens • Investing in communities across Europe to create high quality, skilled and stable jobs; universal job guarantee • Reducing the number of work hours and providing more space for community engagement • Government research and funding 	<ul style="list-style-type: none"> • The jobs created by Green investment must create a greater control over the firms so workers share in the value they create • Reclaiming unused homes for public use • Set up a Citizen Wealth Fund that is owned collectively with assets purchased by central banks, a percentage of capital stock and revenues from intellectual property rights 	<ul style="list-style-type: none"> • European Investment Bank to provide stimulus by issuing Green investment bonds, backed by an alliance of Europe’s central banks

Area of transformation / GND Concept	Redistribution	Socialisation	Planning
<p>United Nations Conference on Trade and Development: “Financing a global Green New Deal” and “Geneva Principles for a Global Green New Deal”</p>	<ul style="list-style-type: none"> • Governments need to end austerity and boost demand • Significant public investment in clean transport and energy systems • Green industrial policy, using a mixture of general and targeted subsidies, tax incentives, equity investments, loans and guarantees • Accelerated investments in research, development and technology adaptation, and a new generation of intellectual property and licensing regulations • Raising wages in line with productivity • Progressive tax policies, including on income, wealth, corporations, property and other forms of rent income • Regulating private financial flows 		<ul style="list-style-type: none"> • Central banks should guide credit to Green sectors, finance government debt at lower interest rates; • Green quantitative easing: central banks should purchase low-carbon assets and Green bonds

Table 2: Transformative elements in various GND concepts

Source: own elaboration

As can be seen from table 2, all three GND concepts presented here contain various redistribution elements, e.g. demanding progressive tax policies, an extension of workers’ rights, and large-scale government spending. However, the DSA and DiEM25 proposal provide for more

radical redistribution measures and envisage a universal job guarantee which would have to be accompanied by a massive government investment and job creation programme. In terms of financing, the UNCTAD proposal places a stronger focus on the role of central banks ('green quantitative easing'). With regards to socialisation, the two UNCTAD publications analysed for this article make no specific proposals. The DSA and DiEM25 proposal are quite similar in proposing public control of the energy system and a public provision of (social) infrastructure. They also demand the extension of worker-controlled enterprises, with the DSA proposal being more radical in this regard ("Promote worker-owned and worker-controlled cooperatives and enterprises at all levels of the economy" (DSA 2019) vs. "The jobs created by green investment must build greater control over the firms so workers share in the value they create" (DiEM25 2019)).

With regards to the third and final area of second-order transformation, we have to distinguish between initial and advanced forms of economic planning. As pointed out above, the core of economic planning consists in establishing a mechanism to circulate use-values. Instead of creating and stabilising capitalist markets for the circulation of surplus value, the state provides an alternative mechanism primarily designed to circulate use-values. Here, the state transforms its relationship to private capital entirely. However, the state also transforms this relationship through the political creation and use of money by the central bank, but only partially.

We can find different variants of the latter preliminary form of economic planning in the GND concepts examined here. The DiEM25 proposal proposes, green investments carried out through a European Investment Bank, which should be "backed by an alliance of Europe's central banks". The UNCTAD proposal similarly suggests green quantitative easing, where central banks directly buy assets of low-carbon economic activities.

With regards to more advanced forms of economic planning, only the DSA concept proposes) "transition councils as hubs of [...] participatory planning". The other two concepts do not present any advanced measures for economic planning, while the DSA approach also does not seem to aim at replacing market mechanisms with an alternative system of economic coordination on a macro-level. As explained above, the transformative

potential of a certain political programme must be evaluated along with the questions of whether a) a certain area of second-order transformation appears, b) if the dialectical dynamic of the respective area of transformation would presumably come into effect and c) if it can potentially be linked to other areas of second-order transformation. Against this background, all GND approaches presented here have transformative potentials, whereby the UNCTAD aims at a renewal of classic welfare state policy while at the same time transforming the function of the central bank. The DSA and DiEM25 proposal are more transformative in this regard, as they propose more far-reaching redistribution as well as socialisation measures. However, it is questionable as to what extent any of the three concepts presented aims at a transformation beyond capitalism, especially with regard to the weakly developed or missing elements of economic planning. The GND concepts outlined above represent a collection of far-reaching policy proposals, but they do not span the strategic horizon of a true post-capitalist transformation. What is missing is a strategic link between the three levels of transformation, in which the destabilizing effect of radical redistribution is dissolved through measures of socialisation and planning. Also, the financing of green investments by central banks in the variant proposed in these concepts does not lead to a second-order transformation unless it is carried out on a massive scale and so fundamentally changes the role of the central bank in the economy.

For the sake of completeness, it is worth taking a look at the EGD project of the European Commission, even though it cannot be classified as one of the GND concepts focused on in this article. The EGD describes a bundle of legislative packages and action plans to be developed at EU level. It also sets policy objectives, such as a faster reduction of the EU's CO₂ emissions and the strengthening of 'circular' product design. However, hard policy *measures* that could be classified as redistribution, socialisation or planning are rarely included in this concept. The EGD builds on existing institutions, as the European Investment Bank and the Innovation and Modernisation Fund, and proposes new institutions, such as a Just Transition Fund. However, there are no proposals for the public endowment of these funds. In contrast, the private sector is seen as playing a key role in financing the transition (European Commission 2019).

6. Summary and discussion

The main focus of this article was on the development of a systematic analytical framework which allows for the definition and assessment of the transformative potential of different political programmes. Building on the distinction between ‘first- and second-order types of transformation’ in part 2, I discussed different constitutive characteristics of capitalist production as areas of second-order types of transformation (separation of wage labour and property, of enterprises among themselves and of the totality of enterprises and the state) in part 3. In part 4, I described in detail how redistribution, socialisation and planning correspond to these areas of transformation, with the aim of advancing an integrated, dialectical scheme of transformation. In part 5, I used this scheme to filter out elements of redistribution, socialisation and planning from three different GND concepts (from the Democratic Socialists of America, the DiEM25 platform, and the UNCTAD).

In this analysis, all three GND concepts displayed various redistributive elements. The DSA and DiEM25 proposals, however, showed to be more transformative in this regard, as they propose more far-reaching redistribution as well as socialisation measures. The DSA concept was shown to be the most progressive proposal, as it entails more far-reaching socialisation measures and was the only one proposing an advanced (bottom-up) version of economic planning. The DiEM25 and UNCTAD proposals, however, entailed an initial version of economic planning in the form of central bank-supported green investment.

The transformative potential of the GND can be classified as follows, using the method laid out in this article. Firstly, the transformative potential varies, as there are considerable differences between the various proposals. Secondly, the GND approaches focus on redistribution measures which, theoretically, can develop transformative potential, but only if these measures are far-reaching enough and are combined with further levels of transformation. Some GND approaches do indeed include far-reaching proposals for socialisation. Macroeconomic planning plays hardly any role. The GND combines ‘classical’ social democratic redistribution policy with new and more radical ideas, with a focus on the former; its transformative

potential depends on how far-reaching the redistribution policy turns out to be and to what extent it is linked (also in any future GND concepts) with socialisation measures and economic planning.

The analysis has revealed both strengths and weaknesses of the method. On the one hand, the ‘filter effect’ of the three transformation categories made it possible to effectively evaluate and classify the various GND concepts and their concrete policy proposals. In view of the increasingly imprecise use of the ‘transformation’ term, an added value lies in the availability of clear categories that allow a distinction between important and less characteristic components. The transformation scheme developed in this article can help us to directing the debate about a GND and social-ecological transformation to the question of transforming capitalism and the creation of alternative modes of production.

On the other hand, it has become clear that the rather abstract and schematic transformation model needs to be further developed in order to allow for more robust and systematic analyses. Overall, there is a lack of transformation models that work with the concrete characteristics of capitalism and alternative economic systems. Future transformation research should close this gap, focusing in particular on the level of socialisation and planning and on the connection and transitions between the three levels. In addition, global relations of dependency and critical developmental perspectives are underrepresented, as the transformation scheme mainly focuses on state-capital relations on the national level. One could include, in future research, the international dimension in an extra category of transformation.

As stated in the introduction, as alternative political programs are gaining momentum in the current, multiple crisis of globalised capitalism, it becomes increasingly important to scientifically examine alternative policy proposals and thereby contribute to their further development. Political programmes and projects are in turn indispensable for guiding and intensifying processes of social change, especially since political initiatives and movements come and go, whereas programmes are more durable. At the same time, there is added value if political programmes cannot be easily reinterpreted and so deprived of their transformative potential. For example, the European Commission’s Green Deal proposes, in its own words, a “set of deeply transformative policies” (European Commission

2019: 4), but it does not mention any hard policy measures that could be assigned to any of the three transformation areas explored in this article. The power-driven reinterpretation of the concepts of social-ecological transformation and the GND is already well-advanced. If progressive politics wants to reacquire the concept of transformation and the GND, it must be able to clearly state to what extent and by what means a transformation beyond capitalism and the construction of non-capitalist forms of economic reproduction are to be achieved.

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ABSTRACT Dieser Artikel untersucht das transformative Potenzial verschiedener „Green New Deal“-Konzepte, die derzeit als Reaktion auf die vielfältigen Krisensymptome des globalen Kapitalismus diskutiert werden. Das Hauptaugenmerk liegt dabei auf der Entwicklung eines systematischen Analyserahmens, der die Definition und Bewertung des transformativen Potenzials verschiedener politischer Programme ermöglichen soll. Anhand von drei konstitutiven Merkmalen kapitalistischer Produktion (Trennung von Lohnarbeit und Eigentum, von Unternehmen untereinander und der Gesamtheit von Unternehmen und dem Staat) werden drei Ebenen der Transformation herausgearbeitet (Umverteilung, Vergesellschaftung und Planung). Anschließend werden verschiedene „Green New Deal“-Konzepte daraufhin untersucht, inwieweit sie zu einer Transformation des Kapitalismus beitragen können.

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