

# Shadow Socialism in the Age of Environmental Crisis

by Christian Parenti

Climate change means that the state is coming back. The choice is whether the state's return will be violent and repressive or whether its return can involve a renovation and transformation that enhances the state's progressive and democratic features.

Climate change brings more extreme weather and physical disaster, and that means greater social, political, and economic emergencies. In those moments of crisis, who or what steps forward? At a micro level people and communities can come together to try to help each other. We've seen that here in New York in the wake of Hurricane Sandy in 2012 and in Vermont after tropical storm Irene in 2011. But at a macro level and often at a micro level, for better and for worse, it is the state that steps in at moments of crisis. In the face of floods, fires, and drought it's the public sector that responds.

This first hit me in New Orleans in 2005 when I was covering Hurricane Katrina for *The Nation*. I got to the city on the third day after the storm, and the place was filling up with cops. Then on the fourth day the 82nd Airborne arrived. From the outside, it looked like the police were there just to repress people. And to be clear, there were some extreme examples of violence, though most of that, like the shootings on the Danziger Bridge, was done by the infamous New Orleans Police Force and by white vigilantes across the river in Algiers Point.

For the most part, when you watched and talked to these visiting cops (and a few firefighters) it was clear they wanted to help. They wanted to get people off of roofs and out of attics in flooded areas, then give them medical attention and food. But they didn't have any spare civil defense or human services capacity to share. Most of the towns sending help don't have healthy public hospitals and clinic systems with extra doctors, orderlies, ambulances, and EMTs. So they sent what they had, and that was drawn from the federally subsidized toolkit of repression: guns, armored personnel carriers, SWAT teams, etc.—all courtesy of the war on drugs

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and neoliberal restructuring, in which welfare, public health care, and job training programs were cut, while spending on policing and repression were increased.

Thus, post-Katrina New Orleans showed who or what responds most (the state), and it showed how the state's response to environmental disaster is

pre-structured by policy choices that, at first glance, seem to have nothing to do with climate change.

Because the increasing centrality of the state in the age of climate crisis cannot be avoided, it is important for the left to rethink the state and reclaim it. Because the potential implications of climate change are so global, we can easily confuse climate change

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with all other environmental problems. It is easy to think that we must solve everything to be able to solve this. But actually, we should see climate change as a subset of the larger set of interconnected problems that are "the" environmental crisis. Climate change is the problem that must be dealt with most immediately, because of its compressed timeframe. If we get off of fossil fuels, that does not mean that we have solved all other environmental problems, such as soil erosion, deforestation, overfishing, or toxicity in the atmosphere.

This is, I hope, a realistic and thus somewhat empowering way to conceive of our task. The fact of the matter is that human civilizations, even global capitalism, have been able to address and remedy specific environmental crises in the past. Regionally, American air and water are much cleaner now than they were forty years ago when I was a child. Why is that? Because state legal power in the form of the Clean Air Act and Clean Water Act have forced meaningful changes on industry. [1]

With climate crisis, the state comes back as the toolkit of repression, or it comes back as some sort of progressive, democratic, transformed institution. Unfortunately, even discussing the state (let alone reclaiming it) has fallen out of fashion. The US Left does not really write or think about the state as a

theoretical and political object. We criticize its wars and prisons. But we don't thoroughly address ourselves to what the state is, could be, and ought to be.

Neoliberalism in all its anti-statist rhetoric has been able to almost disappear the state as a category in left thought. That is a really big problem. The other side, the right, they still take the state very seriously and invest heavily in controlling it.

### **The environmental state**

I will suggest an environmental theory of the capitalist state; that is, I will argue that the state is fundamental to capitalist development, and a key part of what it does for capital is to manage nature. An economic and environmental history of the capitalist state is important because it helps us think of how to go forward in the face of the climate crisis.

At the heart of the development of American capitalism lies a kind of "Shadow Socialism"—that is, a pattern of public investment, public consumption, and public subsidies to private production. And

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central to this Shadow Socialism is the delivery of nature's use values to the capital accumulation process. [2] To flesh this out we need to explicitly connect a few pieces of implicitly linked social theory. First, accept that the capitalist state must, whatever else, act to reproduce the conditions for accumulation. Second, acknowledge the importance of non-human nature in the accumulation process. And third, connect those two ideas by way of thinking about the state's territoriality. That the state is territorial is so obvious we too often overlook its meaning.

Marx was very clear—though not all Marxists or economists have been—that nature provides use values to capital. Through production these are converted into exchange values. This is a key point, and while we're on that subject, let me give props to people like Michael Perelman, John Bellamy Foster, and Jason W. Moore who have pieced together the disparate references to nature within Marx and from these fragments have created a rather coherent environmental and historical theory of capitalism. [3]

In the Critique of the Gotha Program Marx puts it this way,

Labor is not the source of all wealth. Nature is just as much the source of use value (and it is surely of such that material wealth consists!) as labor, which itself is only a manifestation of a force of nature, human labor power. [4]

Here Marx does two things: first, he places human beings within nature and, second, he notes that non-human nature provides use values to the valorization process, to the accumulation process. In other words, value comes not just from that part of "nature" which is human but also from non-human na-

ture as well. In making a table, part of what provides the value is human labor but another part is the utility of the wood which exists outside the labor process and to some extent autonomously; and the inherent physical qualities, the wood's utilities, are important sources of wealth and thus key to capitalist accumulation.

So then, where do we find the use values of nature? Where are they located? And what exactly delivers them to capital? Ultimately, it is the legal and political framework of the state that provides the context by which both human nature (labor power) and non-human nature (natural use values) are delivered to capital. And it is the territoriality of the state that facilitates this: state legal frameworks and property rights are geographic. [5]

What does that actually mean? The answer is best illustrated in the history of the United States.

### **The geography of Shadow Socialism**

At the birth of the Republic, the federal government had a Constitution, but it did not really have any property. The 13 colonies had become states, and it was these political units that actually owned the territory of the United States. In 1781 Jefferson described the contours of Virginia as bounded by the Atlantic on the east and "on the West by the Ohio and Mississippi." [6] All the states had similarly expansive western land claims. For example, Massachusetts claimed parts of what are now Wisconsin and Michigan.

But the states were also heavily indebted from the costs of the War of Independence. In this context, and under the guidance of Hamilton, who brokered deals with Madison and Jefferson, the federal government in a sense created itself as a real entity. Step one was creation of the First Bank of the United States. The Bank borrowed internationally and then bought up, at full value, all otherwise worthless state debt. This refloated the state econo-

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mies. In exchange, the states (with Virginia leading the way) all ceded their enormous western land claims to the federal government.

The federal government then proceeded to use this land—and Hamilton wrote about this quite extensively—to achieve economic development, to bring forth capitalism—though no one referred to it as capitalism. The land and the non-human nature upon it, the natural use values of it, were crucial to what American capitalism came to be.

This was all part of what Henry Clay called "the American System." The idea was to use state power and property to establish a sort of hothouse for economic development: that is, a developmentalist state. The key features of this were:

- a federal bank, which allowed the government to deploy capital in a strategic and organized fashion;
- a high federal tariff on imported goods, which would raise tax money and protect nascent American industries;
- and finally a federal government that would help support the nascent industries by investing its tax revenue in infrastructure projects: i.e., it would build “internal improvements” like roads.

Henry Clay wanted much more, including a national university, a national observatory, a national road system, etc. Hamilton and Clay’s developmentalist vision for the United States was only half realized. Their project was, ultimately, defeated by the

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South, which didn’t want a strong federal government. But to the degree that the state-led style of development of the American System did succeed, it laid the basis for the country we now know.

Canals were one of the first “internal improvements” attempted; 4.5 million acres of land were given to canal companies. Whole fortunes and regions were born out of those land grants. [7]

Canals were quickly pushed aside in the 1830s by railroads. Railroads, in turn, received a total of 174 million acres of federal land; another 49 million acres were given to them by states. The federal grants alone equal an area twice the size of California. These lands were full of resources like forests, waterways, and minerals, which these railroad companies sold off and got enormously rich on. Businesses born out of that moment are still with us today; those land grants are still in use, still leaching natural use values into the economy, still supporting capital accumulation. These are the environmental aspects of “Shadow Socialism.”

Or, take land grant colleges. How is it that the United States got such an amazing public university system, which itself is the source of vast riches? It was the value of public land granted to colleges that was the basis—the startup capital—of the university system. It was against the land grants that the railroads or the universities could then borrow. The land granted by the state, which guaranteed the property rights of that land, is the key element in all this.

Shadow Socialism goes beyond the management of nature’s use values to many other aspects of life. The press—the vibrant press that this country had in the nineteenth century—why did that happen? Because the federal government subsidized it. It bought ads at high rates. It allowed small papers to ship through the mails at very low prices, and that is what helped to build that heyday of American journalism. Moving forward into industrial technology, you can pick pretty much any industrial technology and there is this history of Shadow Socialism there. Aviation got its start because the government bought up all patents and allowed anyone to use the infor-

mation. When the first airlines began, the federal government paid them large amounts of money, more than was necessary, to deliver mail. Once they could move the mails, they could take on passengers.

War, of course, is the ugly side of this. War becomes an industrial laboratory where the state steps into the economy, even reorganizing whole industries. During World War I the federal government seized control of the national rail system and completely reorganized it. Aviation, medicine, telecommunications, organizational structure and administration—all get a great boost in times of war. Alas, it would be nice to do industrial planning without going to war.

Then comes the New Deal in which America’s Shadow Socialism becomes explicit. The effort to get out of the crisis of the Great Depression relied on the state to jump-start capitalism, to redistribute wealth downward to common people, to create markets by giving poor people jobs and income so they could buy the products of industry and keep the economy turning over. And the state itself purchased (and still purchases) large amounts of technology, invested heavily, and consumed a vast amount of output.

## **Climate change and the state**

This brings us to the present and to what I think is a realistic solution to this very pressing short-term problem. The government has to act and we have to demand that it act in ways that will get our economy off fossil fuels. The good news is we have the tools we need to cut carbon emissions. We have the money. We have the technology. And we have the enabling legislation.

The great tragedy of the Obama administration in its first two years was that much of the environmental left and others got very involved in trying to pass comprehensive climate legislation. There were a few marginal voices among them, such as the Cen-

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ter for Biological Diversity, saying, we don’t need any new powerful law, we have it—the Clean Air Act of 1970.

When President Bill Clinton signed the Kyoto Protocol and the Senate didn’t ratify it, Massachusetts and green groups sued the federal government and 10 years later eventually won. They said CO2 emissions endanger human health; therefore, they must be covered under the Clean Air Act of 1970. The Supreme Court in 2007 said, yes that’s true. [8] George W. Bush ignored this. And so too did Obama in his pursuit of comprehensive climate legislation.

Now, greens realize that indeed the implications of *Massachusetts v. EPA* are massive. We do not need climate legislation because we already have it. EPA has the power to impose a crippling carbon tax on the fossil fuel sector. (This, by the way, is why

the right hates EPA so passionately.) Out of this came an “endangerment finding” that CO2 is harmful to human health, and now we await a slew of “tailoring rules.” The first such rule pursuant to *Massachusetts v. EPA* was a regulation of emissions from automobiles. Then emission standards for new coal-fired power plants were issued, and those standards were so strict that there will not be any new coal-fired power plants in this country. Unfortunately that was merely regulations catching up to the market, and thus it was easy for the Administration to do; massive amounts of new shale gas from fracking had lowered energy prices and basically made new coal plants uneconomical.

We are still waiting for numerous rules related to aviation, shipping, oil refineries, cement plants—you name it. We’re waiting for rules coming from the EPA, but Obama has kept the EPA on a very tight leash. Nonetheless, the law is there. It is not out of the question politically to start imposing penalties on polluters that would mean they would essentially have to switch to clean or renewable energy.

Thus, we have the technology: solar, wind, appropriate hydro, all of that exists. So the problem is scaling it up. How do we do that?

### Big green buy or public sector consumption

That gets back to this history of Shadow Socialism. One of the most important things that government has done for capitalism is not the direct subsidy of production that first comes to mind but the indirect subsidy embodied in government consumption; government is not only an investor, it is a massive consumer. In any given year, federal and state spending constitutes about 39% of GDP. [9]

The size of government is a right-wing talking point. They find it too big. But re-think that for a second. The size of government is potentially a huge solution. In other words, one-third of the economy is theoretically accountable to the people. If we could get much of government to get off of fossil fuels, we would push the whole economy in that direction.

This is not out of the question. The federal government has huge vehicle fleets and huge numbers of buildings—all of these could be moved to using clean forms of energy. In fact there was an executive order from Obama moving in that direction, but then nothing came of it because there was such pushback from the right. If the Post Office were to switch to electric vehicles, that would have the effect of helping to lower the cost of electric vehicles so that the private sector could take this on. And there are numerous examples like that.

Let me end with that and an apology or explanation. I know this doesn’t sound revolutionary or radical, but what I’m trying to do is to be very, very realistic. Because I don’t think it is sufficient to be outraged about this and invoke the righteousness of our cause. We have to come up with credible solutions and stories that will really work and strategies

that will work at different time frames. So, okay, what I’ve suggested here is not the solution to all problems associated with capitalism. It’s not even the solution to the environmental crisis. It’s just a realistic approach to dealing with climate change so as to buy time, so as to pull back from the brink, so that we can continue struggling.

If we don’t take things that seriously and get comfortable with the contradictions implied in that, I think we will not be able to address the climate crisis. But we do have the means to do it economically and technologically, and so it is just a matter of politics. And that as you all know is about movements, movements that have to be strong and demand a lot, and cause disruptions to business as usual that can only be placated by serious economic and policy change.

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#### Notes:

1. J. R. McNeill, *Something New Under the Sun: An Environmental History of the Twentieth-Century World* (New York: W. W. Norton & Company, 2001). See chapter 4 for examples of post-1970 improvements in air quality.
2. These are ideas coming from a book that I’m currently working on.
3. Michael Perelman, Marx and resources, *Environment, Technology and Society*, No. 51 (Winter 1988); Michael Perelman, Marx and resource scarcity, *Capitalism, Nature, Socialism*, Vol. 4, No. 2 (1993), 65–84; John Bellamy Foster, Marx’s Theory of Metabolic Rift: Classical foundations for environmental sociology, *American Journal of Sociology*, Vol. 105, No. 2 (Sept. 1999), 366–405. Also see Jason W. Moore, Transcending the metabolic rift: A theory of crises in the capitalist world-ecology, *Journal of Peasant Studies*, vol. 38, no. 1 (Jan. 2011), 1–46.
4. Karl Marx and Friedrich Engels, *Selected Works* (Moscow: Progress Publishers, 1970), vol. II, 9–30.
5. One of the few essays to ever point this out came to my attention recently. Jody Emel, Matthew T. Huber, and Madoshi H. Makene, Extracting sovereignty: Capital, territory, and gold mining in Tanzania, *Political Geography*, Vol. 30, No. 2 (Feb. 2011), 70–79.
6. Thomas Jefferson, *Notes on the State of Virginia*, 1781–82, Query 1.
7. John Bell Rae, Federal land grants in aid of canals, *Journal of Economic History*, Vol. 4, No. 2 (Nov. 1944), 167–77.
8. Summary, arguments and decision of *Mass. v. EPA*.
9. Christian Parenti, The big green buy: How Obama can use the government’s purchasing power to spark the clean-energy revolution, *The Nation*, August 2–9, 2010. Or for more recent calculations, see Nate Silver, What is driving growth in government spending? *New York Times* Blog FiveThirtyEight, Jan. 16, 2013.