

Standing Up To Putin Means Ditching Net-Zero

Vladimir Putin's inflammatory speech, in which he set out his aim to reconstitute the Russian empire and blamed Lenin for its demise, and his decision to back this up with a full-scale invasion of Ukraine, signals the return of geopolitics. Until now, Western leaders have been saying that the biggest threat to the world is climate change. Now comes Putin armed with nuclear weapons, tanks, and thousands of troops declaring his intent to overthrow Europe's post-Cold War order. The dilemma for the West: you can't win a geopolitical conflict lasting years or decades with an economy powered intermittently by wind turbines and solar panels.

From the start of the Biden presidency, tensions existed within the administration between geopolitical realists, notably Secretary of State Antony Blinken, and climate hawks led by the president's climate envoy John Kerry, who saw friendly relations with China as an essential ingredient for any global deal on the environment. Although Blinken's position that Chinese expansionism is the biggest threat to the interests of the United States now has the upper hand, the administration's anti-fossil-fuel policies will progressively degrade America's capacity to prevail against its geopolitical adversaries.

Expanded pipeline infrastructure is critical to American energy security. One of the Biden administration's first actions was cancelling the license for the Keystone XL pipeline. Thanks to inadequate infrastructure connecting New England to the rest of the country and the century-old Jones Act – requiring that all goods moving by water

between American ports travel on ships built, owned, and manned by Americans – the winter of 2018 saw Russian liquefied natural gas being brought ashore in Boston Harbor. Currently, the Securities and Exchange Commission (SEC) is mulling a climate disclosure rule. The intent is to strengthen the hand of Wall Street and woke institutional investors to impose, in effect, an embargo on investment in domestic oil and gas production. The logic appears to be that domestically produced oil and gas incurs climate risk, whereas imported energy from beyond Wall Street's writ does not. And just last month, the Pentagon released a net-zero plan for the army, which would see it relying on an all-electric, non-tactical vehicle fleet by 2035.

It could be even worse. If John Kerry and the climate hawks had their way, the United States would be like Europe. The European Union is a paper empire. Its power is bureaucratic, deriving from rules and regulations. It is institutionally incapable of thinking and acting geopolitically because the EU is meant to be the exemplar of a post-geopolitical world, in which national sovereignty is dissolved in a supra-national, rules-based order. Net-zero and the UN climate process represent EU-style supranationalism at a global level. "Climate neutrality is our European destiny," European Commission president Ursula von der Leyen said two years ago when she announced the European Climate Law setting a legally binding target of net-zero greenhouse gas emissions by 2050.

The push for wind and solar power, which started in Germany with the Renewable Energy Act of 2000, means greater reliance on supplies of Russian natural gas to keep the lights on. Europe's dependence on Russian gas is stark. At an EU meeting last week to discuss possible sanctions against Moscow, Italy's prime minister, Mario Draghi, pleaded that any measures "should be concentrated on narrow sectors without including energy."

This applies to Britain, too. When it comes to climate and energy, Britain (despite Brexit) remains functionally part of the EU, regardless of cost and the geostrategic consequences. In late 2019, Boris Johnson banned commercial fracking. Earlier this month, the British government ordered that concrete be poured into the country's two exploratory shale wells and for them to be abandoned. The move was blasted by Cuadrilla Resources CEO Francis Egan, who pointed out that the Bowland shale formation could supply 50 years of current U.K. gas demand. "The value of just 10% of the in-place British resource would be approximately £3.3 trillion (\$4.5 tn)," Egan wrote.

The Soviet Union began supplying gas to western Europe in the 1960s. West German chancellor Willy Brandt quickly saw a political opportunity to do business with Moscow based on his belief that Moscow held the key to German reunification. (For the same reason, the East German communist regime strongly opposed the burgeoning Soviet-West German gas trade.) Not once during the Cold War did Moscow renege on a gas contract. In this respect, Putin, who has a deep understanding of the gas industry, is different from his Soviet predecessors. As a result of the breakup of the Soviet Union, Russia ended up with the gas and Ukraine the pipeline and transit fees – a source of intense frustration to Putin.

In 2009, the Russian gas company Gazprom temporarily cut off exports to Europe. The Nord Stream 2 gas pipeline, like Nord Stream 1, takes the most direct route from Siberia to Europe, bypassing Ukraine. Credit the Biden administration for helping German chancellor Olaf Scholz over the line in suspending Nord Stream 2 – but if Moscow controls Ukraine, Putin will have solved his Ukrainian transit problem by extinguishing Ukrainian independence. On the other hand, Germany's and the EU's net-zero policies will deepen their dependence on Putin's goodwill as they increase their exposure to

unreliable wind and solar, phase out coal, and – in the case of Germany and Belgium – prematurely close their nuclear power stations. Strategically, that's a win for Putin.

Geopolitical realism requires energy realism. It also demands realism about the prospects for net-zero. Last week, Alok Sharma, the British president of the UN COP 26 climate conference, maintained that net-zero “remains alive,” but admitted, “the pulse is weak.” Achieving this barely-alive objective requires global emissions to be cut in half by the end of this decade. That's not going to happen. The basic math of the West vs. the Rest's greenhouse gas emissions means that what the West does has a diminishing effect on the trajectory of global emissions.

In an age when Russia invades a sovereign state on a baseless pretext and denies its right to exist, it's high time Western leaders got real. The West either understands what is at stake and plays by the rules of geopolitics or the West loses. The speed with which the West adjusts to this new reality will determine how much ground Russia and China can take.