
Food And Energy Will Determine Upcoming Global Order

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When Vladimir Putin invaded Ukraine on February 24, he comforted himself with two basic beliefs. First, that Europe was so dependent on Russian natural gas and oil it would not seriously oppose Russia's invasion. Second, that by invading Ukraine, which in many ways is the "breadbasket of the world," he could gain an enormous lever to use for power politics.

Putin clearly miscalculated about numerous key elements in choosing to go to war – Russia's unpredicted but clearly inferior military capability, Ukraine's unpredicted but clearly superior will to fight, and Europe's determination to resist another land war on its soil being key mistakes, among others. However, he clearly understood that, in the 21st Century, food and energy will equal power.

In the United States, this is easily seen by the continued increases in the price of gasoline, now over \$4.00/gallon in almost every state. Less obvious, although no less insidious, is the fact that energy is a key input in every product that gets manufactured or in every food item that gets consumed. All of this leads to inflation, helping result in the largest spike in the Consumer Price Index in over 40 years. With the European Union deciding last week to embargo most Russian gas, that means the price of gasoline likely will rise even more, further increasing inflationary pressures.

As the Biden Administration searches for answers to stem the rising costs, it is bedeviled by its own penchant for governing via wishful thinking, especially on matters related to energy. "Renewables" are not close to being able to power the American economy, let alone the entire planet. While the news media and politicians often debate whether to increase production by allowing "drill baby drill," an equal if not more pressing problem is that of distribution. America's failure to build out its pipeline system means that even should we produce more natural gas or oil, we will almost to a certainty have difficulty moving it to where it needs to go.

However, the delays in building new pipelines for carbon-based energy is only half the story. Our delays in addressing much needed improvements to the electrical grid also do not bode well for our ability to capitalize on the anticipated increased production of electrical energy from so-called renewable sources like solar, wind, and hydro power. Simply put, the development of new sources of renewable energy, which will require larger amounts of transmission connections than the existing grid permits, is also being delayed as we refuse to appreciate that there is no energy source or transmission method that comes with zero environmental consequences.

Internationally, the energy situation is reshaping geopolitics. Turkey, which under President Recep Tayyip Erdogan has historically been very hostile to Israel, recently has been moving swiftly to repair relations with the Jewish State, faster even than Israel may be comfortable with.

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Again, the key reason is energy. Israel, Italy, Cypress, and Greece have been moving forward with plans to build a pipeline carrying natural gas from the Mediterranean Sea to Europe, and Turkey does not want to be left out.

Not to be excluded, the United Arab Emirates also just signed a free trade agreement with Israel, becoming the first Arab nation to do so.

Still, Russia continues to proceed slowly but surely in eastern Ukraine, threatening the key grain producing regions in the Donbas, as well as potentially the port city of Odessa itself. Despite severe limitations on Russian gas and oil exports, Russia still likely earns over \$300 million daily from energy, in effect fueling the destruction of Ukraine with energy dollars. Already, Putin has made clear that he will use the prospect of worldwide famine – through cutting off Ukrainian grain exports – in order to extract political and economic concessions from other countries who support Ukraine’s position in the war.

Thus runs the cycle. Energy fuels Russian military adventurism; Russian military adventurism fuels energy and food insecurity; and energy and food insecurity fuels increases in the prices of food and energy, which in turn increase the price of Russian (and other) energy. To break this cycle, the West needs a large dose of energy realism. But what is also needed is an appreciation that proper fossil fuel management, such as the transition immediately from coal to natural gas, actually benefits the environment as well as increasing our national and international security. While the Biden Administration likely feels snake bitten by the numerous crises hitting almost simultaneously, its own policies have at least exacerbated many of them. Appreciating the importance and linkage of fuel and food would be a good way to stop digging down, and start digging out.

ATTORNEYS MENTIONED

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