



Vladimir Putin, Anti-Fracking, And Ukraine: Is Mr. Putin a Bootlegger? Baptist? Or Both?

By Bruce Yandle and Adam Smith

October 29, 2014

Winter is approaching and with growing European concern about the uncertain prospects of natural gas shipments from Russia, low-cost fracking could become more palatable were it not for Putin-assisted Green opposition.

Speaking to a 2013 London economic conference, President Putin [sounded a green alarm](#) about the use of hydraulic fracturing for recovering natural gas: “If you frack, black stuff comes out of the tap.” Environmentalists far and wide would likely endorse Putin’s concern for drinking water purity. As stated on the [Sierra Club’s web site](#): “Fracking for natural gas damages the land, pollutes water and air, and causes illness in surrounding communities. It is also a major threat to our climate ... We need to move beyond natural gas.”

While there are environmental risks associated with fracking, many are not so sure about the purity of Putin’s motivation. After all, Russia is Europe’s premier natural gas provider, and when it so desires, can impose an energy stranglehold on client countries.

So what’s really in it for Mr. Putin? Is he truly a convert to environmental concerns? Or are there less noble motives behind his remarks? The Bootlegger/Baptist theory of regulation may help shed a little light on the matter.

Consider Sunday Blue Laws. It is pretty well known that bootleggers and Baptists historically have supported state laws that shutter liquor stores on Sunday, and in doing so, give bootleggers a state-protected market for selling their illegal booze. In the process Baptists provide moral justification, the bootleggers are in it for the money, and the odd-couple alliance makes it easier for politicians to deliver benefits to important special interest groups.

Similarly, both “Baptist” environmentalists and “Bootlegger” operators of existing industrial plants like air quality rules that set stricter standards for new sources of pollution than for older ones, but for quite different reasons. Environmentalists get to sing their Baptist hymns for cleaner air while existing plant operators bring in the Bootlegger profits.

It is also true that U.S. natural gas producers and leading environmental organizations both love restrictions on burning coal to produce electricity. In fact, this pair of Bootlegger/Baptists might even support an outright ban on burning coal. Again, environmentalists get to take on the polluters while natural gas producers put out their competitors.

Indeed, Bootleggers and Baptists never seem to rest from their efforts to tailor new rules and regulations.

But what about Mr. Putin's anti-fracking efforts?

At the time when he was calling to ban the use of hydraulic fracturing, France had already imposed a ban. Bulgaria was soon to follow. Germany was seriously debating the matter and would subsequently favor a ban, and other nations as well as U.S. states were eyeing the anti-fracking bandwagon.

So why would Mr. Putin join the Baptist choir? Perhaps it's because he had his eyes on Ukraine where the Yanukovich government was set to [sign a \\$10 billion contract with Chevron](#) to explore and develop shale gas from that nation's vast shale holdings. Production estimates for the Ukraine indicated the country would be self-sufficient by 2020, and a major exporter after that.

For an economy so reliant on exporting natural gas, such a development would prove devastating, not to mention the political consequences for Mr. Putin himself. Now, of course, he has shown his hand. Russian-supported rebellion in Ukraine has ended that country's fracking threat.

In addition, Putin's actions ensure that the ongoing sanctions centered around the Ukraine crisis cut both ways. Once again, Russia dominates gas supply to Europe and all is well in the Kremlin.

Mr. Putin may have sounded like a Baptist, but he was surely a Bootlegger.

The authors are respectively Professor of Economics Emeritus, Clemson University, and Assistant Professor of Economics, Johnson & Wales University. They are authors of the September 2014 Cato Institute book, Bootleggers & Baptists: How Economic Forces and Moral Persuasion Interact to Shape Regulatory Politics.