### IMpact OV

**Disad outweighs and turns the case:**

**Timeframe – collapse is rapid because of the way oil prices works, futures and speculation means collapse is immediate.**

**A. Magnitude—Russian economic collapse would draw in China—goes nuclear**

Rajan **Menon**, Adjunct Fellow at Hudson Institute and the Monroe J. Rathbone Professor of International Relations at Lehigh University, 9/22/**2003**. “The sick man of asia: Russia's endangered Far East,” The National Interest, <http://www.encyclopedia.com/doc/1G1-109220705.html>.

Because the conventional forces in Russia's Far Eastern military district are in a state of near-collapse, Moscow may increasingly be forced to lower the threshold for using, or threatening to use, nuclear weapons to defend the region. That is not good news given the condition of Russia's nuclear arsenal; nor is the dependence of Russia's Eastern military industries on purchases from China. Russian arms cannot close the gap between the American and Chinese militaries, but they have and will increase the risks American forces must confront to defend Taiwan, and that consequence affects the credibility of its commitment to Taipei.

**Their impacts won’t escalate:**

**B. Civil war causes accidental US/Russian nuclear war.**

Stephen J. **Cimbala**, May **2007**. Distinguished Professor of Political Science, Pennsylvania State University. “Russia's Strategic Nuclear Deterrent: Realistic or Uncertain?” Comparative Strategy 26.3, Ebsco.

War between Russia and America is unlikely, but misunderstanding and misperception with respect to their military ends and means are not. U.S. nuclear modernization plans impact on Russian perceptions of their great-power status and vice versa. The U.S. has a shared interest with Russia in the avoidance of inadvertent nuclear war or escalation. This is **especially the case given Russia’s proclivities for nervous behavior during crises and its threat perceptions still blinkered by Cold War defeat and NATO expansion**. Reassurance is an important component of both American and Russian conventional and nuclear deterrence. Russia must be reassured that NATO is not expanding for the purpose of shrinking Russia to pre-Petrine dimensions. As well, the U.S. has a security interest in maintaining a stable east and central Eurasia. That means, among other things, **a viable Russian state not torn apart by regional or internal wars**.

**That is the only scenario for extinction.**

Nick **Bostrom**, **2002**. Professor of Philosophy and Global Studies at Yale. "Existential Risks: Analyzing Human Extinction Scenarios and Related Hazards," 38, [www.transhumanist.com/volume9/risks.html](http://www.transhumanist.com/volume9/risks.html).

A much greater existential risk emerged with the build-up of nuclear arsenals in the US and the USSR. An all-out nuclear war was a possibility with both a substantial probability and with consequences that might have been persistent enough to qualify as global and terminal. There was a real worry among those best acquainted with the information available at the time that a nuclear Armageddon would occur and that it might annihilate our species or permanently destroy human civilization. Russia and the US retain large nuclear arsenals that could be used in a future confrontation, either accidentally or deliberately. There is also a risk that other states may one day build up large nuclear arsenals. Note however that a smaller nuclear exchange, between India and Pakistan for instance, is not an existential risk, since it would not destroy or thwart humankind’s potential permanently.

**C. Turns the case:**

**David Card indicates that collapse leads to loose nukes which turns their impact much faster**

**Russian collapse kills global economy.**

**Australian Financial Review**, 1/8/**2K**. afr.com

As a big debtor nation, Russia’s ability to meet its financial obligations also matters to world markets – as the Russian rouble’s collapse and accompanying loan default in August 1998 starkly revealed. The crisis raised fears of a domino effect across emerging markets that could ultimately **push the global economy into recession**. That, in the end, didn’t occur. But an economist specializing in Russia at the European Bank for Reconstruction and Development, Ivan Szegvari, says the confidence of international investors in emerging markets, and transitional economies as a whole, is affected by what happens in Russia. In addition, Russia remains one of the most important clients of international financial institutions such as the International Monetary Fund.

### Link

#### Nuclear reactors can be used to convert heavy oil – drives down prices even without competing for transportation

Matthew L. Wald 5-9-2005; When It Comes to Replacing Oil Imports, Nuclear Is No Easy Option, Experts Say http://www.nytimes.com/2005/05/09/politics/09energy.html?\_r=1&pagewanted=all

Gasoline is made of molecules with a certain ratio of carbon to hydrogen. Part of each barrel of oil consists of molecules with too much carbon to be useful in gasoline; instead, those molecules are used only in low-value products like asphalt and tar. The technology exists for refineries to break up those molecules and add hydrogen, until the hydrogen-carbon ratio is suitable for making gasoline or diesel. David Lifschultz, chief executive of Genoil, a company that makes systems for using hydrogen at refineries, says the oil supply being exhausted first is light oil, which has many components that can be used in gasoline. Heavy oil, with components high in carbon, is far more abundant and often sells at a discount of § Marked 12:32 § $20 or $25 a barrel, he said. Available technology could convert 16 million barrels a day of heavy oil, about a sixth of the world supply, into gasoline components, Mr. Lifschultz said, driving down the price of light oil.

#### Nuclear power is key to sufficient energy for transportation infrastructure

Matthew Smith 2010; BS in Mechanical Engineering from Wayne State University. I've worked in the automotive field on mechanisms, plastics, and stamping processes. I studied Automotive Engineering at Lawrence Technological University; Ending America's Energy Dependence on Foreign Oil http://www.bionomicfuel.com/can-we-avoid-foreign-oil-dependence/

Nuclear Power The newest nuclear projects cost quite a bit more, but they produce much more energy. The south Texas Project will cost $10 billion or more for its two 1358 Megawatt reactors. The price for Kilowatt hour is estimated between 3-5 cents. When compared to the salted solar plants we can see the savings. The 2716 total megawatt production of the South Texas Project is 5 times more than the production of the Mojave Solar Park. Nuclear plants are not dependent on a natural rarity like a desert for maximum effectiveness. That means that Nuclear energy can be produced in all parts of the country as long as America can provide them with access to water.

Nuclear Waste The nuclear waste for any future plants is supposed to be taken care of with the Yucca Mountain, Nevada storage facility that energy customers have been paying for since 1982. For some political reason the plans have been delayed, and its funding has been reduced by the Obama administration. This is an issue that needs to be worked out. Proper storage of nuclear waste is an essential component to ending America's dependency on foreign oil.

How do we get there? If Lithium Ion technology or some other form of battery develops, then electric vehicles could end America's dependency on foreign energy sources like middle eastern oil. § Marked 12:32 § Hybrid vehicles like the Chevy Volt and Toyota Prius are a step in the right direction. They will not end America's dependency on middle eastern oil, because they still require a gasoline powered engine. Without the gasoline engine electric vehicles can not even fulfill the everyday driving needs of most American's. Once electric powered vehicle technology reaches a level past this hybrid stage, then America will need major government investment in our energy infrastructure. The current focus on “green” technology will not meet America's energy needs. We need nuclear power plants that create high energy output if we are going to end America's dependency on foreign oil, power our electric vehicles, and live without blackouts.

#### Nuclear power causes a transportation switch to natural gas

Matthew L. Wald 5-9-2005; When It Comes to Replacing Oil Imports, Nuclear Is No Easy Option, Experts Say http://www.nytimes.com/2005/05/09/politics/09energy.html?\_r=1&pagewanted=all

The electric system consumes another fuel that nuclear power could replace: natural gas. Last year, American utilities burned just under 5.4 trillion cubic feet of natural gas, out of total consumption of 22.3 trillion cubic feet. "You can get a scenario where nuclear would free the gas to go to other things," replacing oil and gasoline, said Thomas Capps, the chairman of Dominion, one of several electric companies that have expressed interest in building new nuclear reactors. "You can run cars on natural gas," he said.

#### Financial incentives for alternative energy reduce prices

Anatole Kaletsky, 3-4-2011; writer for The Australian “Two ways to avert catastrophe”, Lexis

Just as important as increasing the supply of Saudi oil is action to reduce demand. It should now be clear that long-term demand reduction is needed, not only for environmental and geopolitical reasons but also because of the economic instability created by oil. Ratcheting up oil taxes and using part of the revenue to subsidise other energy sources is the best way to achieve this. The right objective is not a ``level playing field'' between oil and other technologies. Instead, nuclear power and alternative energy should be heavily subsidised.

#### Oil futures are overshot by speculation – lowering demand would set off a price collapse

Alexei Bayer 7-26-2012; Alexei Bayer is head of KAFAN FX Information Services. His monthly “Global Economy” column in Research has received an excellence award from the New York State Society of Certified Public Accountants for the past six years, 2004-2009 “Pop That Bubble Policies should aim at pushing oil prices down” http://www.advisorone.com/2012/07/26/pop-that-bubble?page=3

A Soft Market Demand for oil, then, is softening because the global economy is weakening and consumers are reducing their oil use on a more lasting basis, even as greater supply is coming on line, from projects begun before 2008 and from producers eager to protect their market shares. Oil prices are set by futures markets and therefore fluctuate with traders’ psychology, speculation and liquidity. That means oil prices tend to overshoot. Just as they rocketed prior to 2008 and again in early 2012, driven by rising demand as well as various political concerns and fears, so a softening demand could push oil even below its long-term inflation-adjusted equilibrium price range of around $20-40 per barrel.

#### The plan causes the speculative bubble to pop – current prices are based on expectations of future demand

Andrew Leonard 8-21-2006, Salon.com, “The Oil Bubble”, 8-21, http://www.salon.com/tech/htww/2006/08/21/oil\_bubble/index.html

The theory goes like this: First, there's the supposition that some portion of the spike in oil prices over the last couple of years is speculator driven. Traders are stockpiling oil for sale to buyers at some later date, hoping that in the intervening period prices will continue to rise. Such speculation naturally pushes the price of oil even higher. This is a classic pattern in markets, going back at least as far as the great tulip mania of the 17th century, and there's no reason why oil should be any different from any other traded commodity. And as with all bubbles, once traders start thinking that the price might fall, whoooosh -- the air rushes out.

### Uniqueness

**Prices will stabilize at high levels –**

#### Demand and consumer confidence is high – and no country wants to release reserves to bring down prices

AP News 8-20-2012; Oil stays above $96 on firm US consumer confidence http://www.businessweek.com/ap/2012-08-20/oil-stays-above-96-on-consumer-confidence

LONDON (AP) — Oil prices rose for a fifth straight day of gains Monday, on the back of rising consumer confidence in the U.S. economy. Benchmark oil for September delivery rose 5 cents to $96.06 per barrel in late morning European time in electronic trading on the New York Mercantile Exchange. The contract rose 41 cents to end at $96.01 per barrel on the Nymex on Friday. The Thomson Reuters/University of Michigan preliminary August index of consumer sentiment released Friday showed its highest level since May. Most economists had been expecting a decline. That combined with surprisingly strong retail sales and housing data raised hopes that the world's No. 1 economy is gaining traction. Ric Spooner, chief market analyst at CMC Markets in Sydney, said the rally may be nearing the end of its course, as prices "are pushing into what many people would regard as the higher end of the neutral range for oil.""The market is fairly well covered at the moment in terms of supply capacity," he said. "We are getting to a stage where the risk is starting to look to the downside." On Friday, the price of Brent crude dropped on speculation that the Obama administration was considering a release of oil from its Strategic Petroleum Reserve to stem the rising cost of crude. Brent fell $1.56 to close Friday at $113.71 on the ICE Futures exchange. By midday in London, the price was up 61 cents to $114.33. However, some analysts seemed to doubt that the market will see any concerted release of reserves. "It would appear that the US is having difficulty persuading other countries to do the same, however," said a report from the Commerzbank Commodity Research team. "Japan and South Korea, for instance, see no reason at present to release reserves. Even the IEA, which just a few weeks ago still regarded an oil price level of $100 as detrimental to the economy, has rejected the idea." The U.S. released oil from its Strategic Petroleum Reserve last summer with only limited success. Oil prices dropped nearly 5 percent when the government announced the release of 30 million barrels from the SPR on July 23. Prices rebounded over the next eight days. Oil ended the year higher than it started.

#### OPEC’s price floor and internal negotiations are keeping prices stable

Ed Morse, 8-20-2012; Citigroup oil analyst, Citigroup’s Morse: Oil Bull Market Nears End, US To Become No. 1 Producer By Decade’s End <http://www.hardassetsinvestor.com/interviews/3999-citigroups-morse-oil-bull-market-nears-end-us-to-become-no-1-producer-by-decades-end.html?showall=&start=1>

HAI: Can you give us your take on OPEC? How much spare capacity do member countries have? And is the cartel even relevant anymore given the rivalry between Iran and Saudi Arabia? Morse: The cartel, as a producer group, is always relevant in one very important respect—its ability to put a floor under prices. There is an agreement between the so-called doves and the so-called hawks within OPEC to act to defend the oil price in order to satisfy fiscal budget requirements. But there are different views when it comes to what that level should be. The government of Saudi Arabia has articulated publicly an objective $100/barrel, though sometimes it’s been articulated at somewhat less than a $100/barrel. Maybe it’s near $90/barrel. Regardless, it looks as though the cartel has been most successful in periods of time when prices have been under stress. We are not in a moment of time like that right now. Yet undoubtedly there are some countries in OPEC—Iran and Venezuela certainly among them—that believe a higher price is a worthy objective.

#### Nobody is oversupplying the market and future demand indicators are sufficiently positive

AFP 8-19-2012; Agence France Press, Oil prices at $113.71 Sun, 19 August 2012 <http://main.omanobserver.om/node/106737>

NEW YORK — World oil prices were mixed yesterday, with US-sold crude continuing recent gains which have sent it to three-month highs and Brent trending the opposite direction. New York’s main contract, West Texas Intermediate (WTI) light sweet crude for September, rose 41 cents to $96.01 a barrel. Brent North Sea crude for delivery in October fell $1.56 to $113.71 a barrel, for largely technical reasons. “The drop in price is largely the result of the contract rollover. The October contract, which from today represents the reference price, was trading $2.50 lower than the September contract at the time of the rollover,” said analysts at Commerzbank. US oil prices had spiked on Thursday thanks to a brighter demand outlook for the world’s biggest economy. They continued that path on Friday. Prices have also won support this week from fresh hopes of more economic stimulus measures by central banks — and notably by the central bank in commodities-hungry China. Crude futures were also lifted by Middle East unrest and tight North Sea crude supplies, traders said. Meanwhile, US President Barack Obama faced stiff resistance to the possibility of releasing emergency oil reserves to quell rising energy prices on Friday, with Asian allies and the head of the West’s energy agency rejecting any need for action now. A day after Reuters reported that the White House was “dusting off” plans for potentially tapping the Strategic Petroleum Reserve, the executive director of the International Energy Agency, Maria van der Hoeven, was blunt in her assessment: “There is no reason for a release.” The IEA “bases our actions on data and reality. The market is sufficiently supplied,” she told reporters in Houston. She said she had not discussed a potential release with members of the Paris-based IEA, which is charged with coordinating use of consumer nations’ strategic inventories. — AFP

### I/L

**High prices are key to the Russian economy –**

#### --Stable foreign investor perception

RT 4-3-2012; Russia Today, “Oil prices: The make or break of the Russian economy - World Bank” http://rt.com/business/news/world-bank-report-russia-543/

Russia has to thank high oil prices for the better state of its economy. A World Bank report says it has the edge over other emerging countries and the EU, but the rosy picture will become bleaker unless the country deals with a number of challenges. The growth rose from 3.8% year-on-year in the first half to 4.8% in the second half of 2011 and in September was 0.3% better than predicted in the previous Russian Economic Report. Restocking and growing consumptions were the most important growth drivers in 2011 after the sharp decline in 2009. Private consumption was supported by growing employment, solid wage growth, lower inflation, and a strong rouble in the first half of the year. Although the Russian economy returned to pre-crisis level by the end of 2011, the recovery from the crisis was slower than that in 1998. By comparison, GDP took 7 quarters to recover to pre-crisis level after 1998 crisis, yet twice as long after the 2008 crisis. However consumption held up better in 2008 than in 1998 partly due to stronger fiscal policy. Imports recovered faster in 2008. The capital investment showed slowest recovery in 2011. Overall investment reached 22% of GDP in the third quarter of 2011, some 4.4% of GDP below the pre-crisis level in the second quarter of 2008. “It is going to be very important for the Russian government to make sure that investors want to put money in Russia,” said Kaspar Richter, World Bank's Lead Economist and Country Sector Coordinator for Russia. “Macroeconomic policy should emphasize stability; all buffers have to be rebuilt. So when the next crisis comes Russia is a good place to address this crisis”. The lower inflation rate is among the major achievements of Russian economy, according to the World Bank. CPI inflation fell for 10 months in a row from 9.7% in April 2011 to 3.8% in February 2012, the lowest level since the early 1990s. Russia’s labor market improved in 2011, as unemployment was 6.5 % in July, and remained around this level through to the end of the year, according to the report. Though real income growth was 1.1% in 2011, the lowest rate in many years, real wages increased 4.2%, although only 2% for the public sector. In 2011 the Russian budget turned in a surplus thanks to surging oil prices and moderate spending. But the World Bank expects the budget to turn to a deficit in 2012 as spending on extra-budgetary funds and social policy is projected to jump from 5.8% of GDP in 2011 to 7.5% of GDP in 2013. World Bank also warns against increasing reliance on resources exports as oil and gas revenues grew to 10.4% of GDP from 7.6% in 2009. “Even a moderate correction in the oil prices could reverse improvements on the revenue side achieved in 2011,” experts say.

### Impact Ans

**Russian economic collapse will cause the country to disintegrate**

**Osborn 2008** (12/19, Andrew, Wall Street Journal, “Oil's Crash Stirs Unrest In Russia As Slump Hits Home,” factiva)

The prospect of further unrest poses what could be the biggest challenge yet to the authoritarian system built by Mr. Putin. It also foists a stark choice on the Kremlin: to stifle dissent, or to placate protesters to provide some kind of pressure outlet. For now, the Kremlin has decided on a mixture of both. But the government's options may narrow as its financial reserves shrink.

"They're incredibly scared of this," says Yevgeny Gontmakher, an economic adviser to the Kremlin. "They don't know how to operate in this environment."

Previous periods of low oil prices in the 1980s and 1990s contributed to the downfall of two Kremlin administrations -- those of Mikhail Gorbachev and Boris Yeltsin. Often, social discontent has begun in Russia's far-flung regions, where Kremlin control is comparatively tenuous.

Russia is just beginning to feel the impact of a slowdown that economists say could take the economy from nearly 8% growth earlier this year to near recession in the next few months. Wage delays have already led to a strike by migrant workers on a construction site in the Ural Mountains city of Yekaterinburg. Such social protest has been rare in recent years amid widespread political apathy and fear of government retribution.

Russia posted its first monthly budget deficit in November as falling oil prices and slowing production battered the economy. Meanwhile, Standard & Poor's has downgraded Russia's sovereign debt for the first time in 10 years.

Public panic is one of the Kremlin's greatest fears. "I've already seen how things get worse as the result of an oil-price collapse," says Yegor Gaidar, who was acting prime minister in 1992. "It's dangerous -- but people who have not governed a nuclear-armed country don't quite understand that."

Mr. Putin's party has told lawmakers to report layoffs in their regions, and a draft law would oblige employers to warn the government of problems that might trigger job or salary cuts.

The Kremlin has recently begun to talk publicly about the financial crisis. Before, it was seldom mentioned on state TV. Members of a Kremlin advisory body that monitors the media say officials told journalists not to use the word "crisis." Last month, regulators chastised Moscow's daily Vedomosti newspaper after it printed an article examining the potential for social unrest, the editor, Elizaveta Osetinskaya, says.

The Kremlin has accused the West and homegrown economic liberals of using the crisis to fan discontent. In a recent question-and-answer session with voters aired on Russia's two main state television channels, Mr. Putin blamed Russia's problems on "financial and economic authorities" in the U.S. They had "infected" the global economy, he said.

Meanwhile, lawmakers in his party have turned on liberal Finance Minister Alexei Kudrin, complaining about the speed at which Russia's foreign-currency reserves are being spent on anti-crisis measures. Mr. Kudrin has said the money is being spent "accurately."

This fall, Barnaul, an ailing Siberian industrial hub some 2,000 miles south of Moscow and one of the last regions to benefit from the oil boom, became one of the first to feel the crisis.

As the credit crunch poisoned Russia's economy, supply chains broke down on a lack of cash and trust, and orders dried up at the town's factories, which churn out diesel engines, heavy machinery and tires.

Three months ago, workers say, several factories sent workers home on reduced salaries until better times. Government data show over 1,000 workers in the region are in the process of being laid off; opposition lawmakers say hundreds more layoffs are likely.

In late October, when authorities revoked subsidized transport tickets for more than 200,000 pensioners in Barnaul, they gave no warning or explanation. When the pensioners -- among the poorest groups in Russian society -- learned the tickets were being axed, they panicked.

On Oct. 26, about 1,500 gathered in front of the regional government building to protest, according to people who attended. The pensioners blocked the town's main thoroughfare, Lenin Avenue, for three hours, and only dispersed after a local government official invited a few of the leaders inside for a chat, promising the tickets would be reinstated.

Still, protesters came back the next day. This time, they numbered only a few hundred but demanded the resignation of the local Kremlin-appointed governor, Alexander Karlin.

In a third protest, a crowd of 2,000 again blocked Lenin Avenue as regional lawmakers debated the decision to do away with the discount. Some demonstrators tried to storm the government building, but police lines held. The governor tried to calm the crowd, but was forced to retreat.

Eventually, the government decided pensioners could keep their discounted transport tickets, while a new system allowing them to choose between cash payments and free transport passes is introduced.

Spokesmen for the local parliament and regional government said that the unrest came about because of a "misunderstanding" and a government failure to adequately explain the reforms to welfare benefits.

Alexander Romanenko, a pro-Kremlin lawmaker in Barnaul,says the protests fizzled out after pensioners realized the government recognized their needs.

But political opponents believe remote regions and towns like Barnaul are the Kremlin's Achilles' heel. "They can only control what's within the Moscow ring road," says Vitaly Boldakov, a left-wing activist in Barnaul. "But beyond that road, their control collapses."