# Relations Ans.

## Uniqueness

### Relations: 1NC

#### Relations will improve --- Chavez gave the order to improve ties before dying

Business Recorder, 13 (6/18/2013, “US, Venezuela take steps towards mending ties,” <http://www.brecorder.com/general-news/172/1197252/>)

**\*\*\*Note --- Elias Jaua is Venezuela's foreign minister**

US and Venezuelan officials will meet soon for talks that could lead to the countries exchanging ambassadors for the first time since 2010, Venezuela's foreign minister said late Thursday. The meeting will be "in the next days, probably in Washington," said Foreign Minister Elias Jaua, speaking on the sidelines of the Organisation of American States general assembly meeting here.

Washington and Caracas have had a stormy relationship for years, even as Venezuela exports 900,000 barrels of oil per day to the United States. Caracas and Washington have been operating embassies in each other's country without an ambassador since a diplomatic spat in 2010. In one sign of the difficult ties, President Barack Obama has yet to acknowledge the victory of Venezuelan leader Nicolas Maduro - the hand-picked successor of the late leftist icon Hugo Chavez - in the April 14 presidential election.

Maduro won the controversial vote by a razor-thin margin in an election that his rival, centrist Henrique Capriles, has refused to concede. Jaua did not give a date for the meeting, but told reporters that Venezuela will be represented by its charge d'affairs in Washington, Calixto Ortega. "I believe there is good will on both sides," Jaua said about the upcoming meeting.

Jaua also downplayed Obama's failure to recognise Maduro's victory. It is "not an issue that matters," he said. During his lengthy presidency Chavez regularly criticised US "imperialism" and courted US foes like Iran and Syria. Jaua however said it was the late leader who told Venezuelan officials "that we had to work towards normalising these relations" with Washington. On Wednesday Jaua met with US Secretary of State John Kerry in Antigua in a first step to mend ties.

#### Diplomatic relations could be restarted

Graeber, 13 --- Senior Analyst at Oilprice.com (4/15/2013, Daniel J., “Maduro May Open Oil Doors, But For Who?” <http://oilprice.com/Geopolitics/South-America/The-apparent-victory-for-Nicolos-Maduro-in-the-Venezuelan-presidential-election.html>)

The United States has been a key purchaser of Venezuelan crude in the past. U.S. representatives met with Maduro last weekend, saying there was an opportunity with the former foreign minister to "regularize the relationship." That could kick start diplomatic outreach efforts suspended during the Chavez era. U.S. consumption of Venezuelan crude, however, is in decline. The EIA said that, as of January, the United States imported 871,000 bpd of Venezuelan crude, down more than 17 percent from their December figures. Maduro, meanwhile, may draw on the long-standing relationship with Russian giants, and the Chinese economy. Venezuela already sends 430,000 bpd to China, a substantial increase from a decade ago. Despite a challenge to the polls from rival Henrique Capriles, Maduro may nudge open some of the doors closed by his mentor, Hugo Chavez. The outcome of that effort, however, depends on who's knocking.

## Amazon

### Amazon Defense: 1NC

#### 1.) Amazon deforestation declining

**Hayward 08** (Steven - senior fellow at the Pacific Research Institute and F.K. Weyerhaeuser Fellow at the American Enterprise Institute, “Index of Leading Environmental Indicators 2008” http://liberty.pacificresearch.org/docLib/20080401\_08\_Enviro\_Index.pdf)

Meanwhile, one of the tropical forest areas that receives the most attention and comment— Amazonia—may be experiencing a declining deforestation rate. At the end of 2007, the Brazilian government announced that its rate of deforestation had been cut by one-fifth during the previous year (and two-thirds from peak years), marking the third straight year of declining deforestation5 (see Figure 1).

#### 2.) Alt Cause - climate change destroying the Amazon - will only get worse in the future

**Lovejoy 08** (Statement of Thomas Lovejoy President, The Heinz Center, before the Committee on House Select Energy Independence and Global Warming, Feb 14, MPACT OF TROPICAL FOREST DESTRUCTION ON THE CLIMATE CQ Congressional Testimony, lexis)

In addition climate change can have a major impact on the Amazon. Current estimates from the Inter-Governmental Panel on Climate Change (IPCC) are that at 4.5 degrees Fahrenheit increase in global average temperature, Amazon dieback will occur -- not the entire Amazon but large parts of it. Indeed, the most severe drought in recorded Amazon history occurred in 2005, and was associated with changes in the circulation of the Atlantic that could, in a sense, have been a preview of what climate change could bring. This of course would be a positive feedback releasing yet more greenhouse gases to the atmosphere.  
Amazon dieback is not that far a distant possibility: at current concentrations, we are currently automatically slated for 2.7 degrees Fahrenheit of increase in average global temperature because of the lag time between increase in greenhouse gas concentrations and radiant energy being trapped by them, and most projections bring us close to 3.6 degrees Fahrenheit by 2030.

#### 3.) Amazon destruction not caused by external market forces - Brazilian subsidies have caused most deforestation

**Morano and Schwartzman 00** (Marc and Stephan - anthropologist and senior scientist with the Environmental Defense Fund in DC, Sept 18, “symposium” http://findarticles.com/p/articles/mi\_m1571/is\_35\_16/ai\_65493891)

With good reason Brazilians are far more concerned about the effects of destruction of the Amazon rain forest than are North Americans, and initiatives to protect the Amazon long have come from the Amazon itself, not from the United States. Forest destruction in the Amazon is no more a consequence of free enterprise or open-market forces than is sugar output in Cuba. Contrary to Morano's facile assumptions, review of actual data on deforestation and the level of development of Amazon populations shows that people in the region typically earn more, live longer and are better educated in the least deforested areas, not on the agricultural frontier where most clearing takes place. Much of the destruction to date was caused by absurdly counterproductive subsidies for cattle ranchers and caused by large landowners' illegal expropriations of public land. Self-serving distortion and gross manipulation of the facts contribute nothing to addressing the real challenge for the Amazon -- and the planet -- to ensure the enduring prosperity of Amazonian peoples based in the ecological integrity of the rain forest. There is a good deal more at issue here than Morano appears to understand.

#### 4.) No risk of imminent collapse - Amazon forests have not been declining in 30 years

**EurekAlert 08** (Article about Dr Alan Grainger, Senior Lecturer in Geography at the University of Leeds, is an internationally-renowned expert on tropical deforestation, EurekAlert is a service of the University of Leeds, “No convincing evidence for decline in tropical forests” Jan 7th, http://www.eurekalert.org/pub\_releases/2008-01/uol-nce010708.php)

Since errors in national statistics are higher for forests in the dry tropics than Claims that tropical forests are declining cannot be backed up by hard evidence, according to new research from the University of Leeds. This major challenge to conventional thinking is the surprising finding of a study published today in the Proceedings of the US National Academy of Sciences by Dr Alan Grainger, Senior Lecturer in Geography and one of the world's leading experts on tropical deforestation. "Every few years we get a new estimate of the annual rate of tropical deforestation,” said Dr Grainger. “They always seem to show that these marvellous forests have only a short time left. Unfortunately, everybody assumes that deforestation is happening and fails to look at the bigger picture – what is happening to forest area as a whole.” In the first attempt for many years to chart the long-term trend in tropical forest area, he spent more than three years going through all available United Nations data with a fine toothcomb – and found some serious problems. “The errors and inconsistencies I have discovered in the area data raise too many questions to provide convincing support for the accepted picture of tropical forest decline over the last 40 years,” he said. “Scientists all over the world who have used these data to make predictions of species extinctions and the role of forests in global climate change will find it helpful to revisit their findings in the light of my study.” Dr Grainger does not claim that tropical deforestation is not occurring, as there is plenty of local evidence for that. But owing to the lack of frequent scientific monitoring, something for which he has campaigned for 25 years, we cannot use available data to track the long-term global trend in tropical forest area with great accuracy. “The picture is far more complicated than previously thought,” he said. “If there is no long-term net decline it suggests that deforestation is being accompanied by a lot of natural reforestation that we have not spotted.” Dr Grainger first examined data published every 10 years by the United Nations Food and Agriculture Organization (FAO) since 1980. These cover all forest in the humid and dry tropics and appear to indicate decline. FAO's Global Forest Resources Assessment 2000, for example, showed that all tropical forest area fell from 1,926 million hectares to 1,799 million hectares between 1990 and 2000. Ten years earlier, however, FAO’s previous report said that tropical forest area fell from 1,910 million ha to 1,756 million ha for the same 90 countries between 1980 and 1990. “Owing to corrections to the earlier study, the 1990s trend was just like a 're-run' of that in the 1980s,” said Dr Grainger. “The errors involved in making estimates for forest area could easily be of the same order as the forest area reported cleared in the previous 10 years. Even if you take enormous care, as FAO does, I argue that large errors are inevitable if you produce global estimates by aggregating national statistics from many countries. This has important implications for the many scientists who rely on FAO data.” for forests in the humid tropics, in places near the Equator such as Amazonia, Borneo and the Congo Basin, he repeated the process just for tropical moist forest, with a different set of data, in the hope it would give a clearer picture. This time he found no evidence for decline since the early 1970s. Indeed, while his own estimate in 1983 of tropical moist forest area in 1980 was 1,081 million hectares, the latest satellite data led to an estimate of 1,181 million hectares for the same 63 countries in 2000. He is cautious about the apparent slight rise. “We would expect to see some increase in estimates as we use more accurate satellite sensors. This is even apparent in FAO’s data. It is sad that only in the last 10 years have we begun to make full use of the satellite technology at our disposal.”

#### 5.) Law enforcement and an increase in protected areas solving Amazon deforestation now.

**Butler 07** (Rhett A. “Amazon deforestation in Brazil falls 31% for 2007” Mongabay.com

http://news.mongabay.com/2007/0813-amazon.html)

Brazil credits the drop in deforestation rates to stepped up law enforcement efforts, which have netted hundreds of illegal loggers and corrupt officials, while generating some $1.7 billion in fines, according to the Brazilian Institute of the Environment and Renewable Natural Resources. The government has also dramatically expanded the extent and number of protected areas, setting aside more than 100 million hectares of the Amazon basin from development since 2002.

### Amazon Defense: 2NC Defo Declining

#### Amazon deforestation significantly declining in recent years.

**Butler 07** (Rhett A. “Amazon deforestation in Brazil falls 31% for 2007” Mongabay.com

http://news.mongabay.com/2007/0813-amazon.html)

Deforestation in the Brazilian Amazon fell 31 percent for the 2006-2007 year, compared with the prior period, according to preliminary estimates from Brazil's National Institute for Space Research (INPE). The loss of 3,707 square miles (9,600 square kilometers) of rainforest was the lowest since the Brazilian government started tracking deforestation on a yearly basis in 1988. Deforestation rates in Brazil have fallen by more than sixty percent since 2004 when a near record, 10,590 sq mi (27,429 sq km) were destroyed.

#### Amazon deforestation declining

**Environment News Service 06** (“Amazon Deforestation Rate Falls” http://www.ens-newswire.com/ens/sep2006/2006-09-07-02.asp)

BRASILIA, Brazil, September 7, 2006 (ENS) - For the second year in row the pace of deforestation in the Amazon rainforest has declined, according to estimates released this week by Brazil's environment minister. Deforestation rates fell 11 percent from last year, giving Brazilian authorities hope that tougher enforcement of illegal logging may be working. The preliminary figures show that 6,450 square miles of forest were cut legally and illegally from August 2005 to August 2006 - the official report will be released by the end of the year. Some 7,255 square miles were cleared in the preceding year. "This shows it wasn't just a cyclical reduction," Brazil's Environment Minister Marina Silva told reporters a news conference Tuesday.

### Amazon Defense: 2NC Warming Outweighs

#### Global warming comparatively worse than current deforestation

**The Guardian 03** (Feb 17, Tim Radford, “Global warming endangers Amazon” http://www.guardian.co.uk/world/2003/feb/17/science.research)

A warmer world could mean the loss of the Amazon rainforest and yet more global warming as levels of carbon dioxide increased in the atmosphere. "This is a simplified picture," Tom Wigley of the US National Centre for Atmospheric Research told the AAAS. "If we warm the world then some climate models suggest that precipitation will decrease in the Amazon basin. That part of the world would get warmer and that would have some pretty dramatic effects on the vegetation in that rainforest area."

The rainforests are already being logged, burned and cleared for farmland, but global warming could have an even more dramatic effect, he warned.

#### Most of the Amazon will disappear due to global warming by the end of the century

**Butler 06** (Rhett A, Oct 23, “Amazon conservation efforts must come soon to save world's largest rainforest says leading scientist” http://news.mongabay.com/2006/1023-interview\_fearnside.html)

In the past four years Brazil has set aside more than 20 million hectares of the Amazon basin from development. The country now has some 110 million hectares, an area twice the size of France, under some form of protection, giving it the largest protected areas system in the world. This, combined with plunging commodity prices and stricter environmental law enforcement, has helped cause annual deforestation rates to drop by nearly 40 percent since 2004. Further progress is expected next month at climate talks in Nairobi, when the Brazilian government will propose expanded rainforest conservation under a plan that would have industrialized countries meet greenhouse gas emissions targets by compensating tropical countries for forgoing forest clearing and replanting trees in deforested areas. While these are hopeful signs, there is an immense threat looming on the horizon: climate change could well cause most of the Amazon rainforest to disappear by the end of the century. Dr. Philip Fearnside, a Research Professor at the National Institute for Research in the Amazon in Manaus, Brazil and one of the most cited scientists on the subject of climate change, understands the threat well. Having spent more than 30 years in Brazil and now recognized as one of the world's foremost experts on the Amazon rainforest, Fearnside is working to do nothing less than to save this remarkable ecosystem.

#### And, environmental problems are never caused by a single source - addressing only one source won’t solve the problem.

**Orians 01** (Gordon H. Orians & Michael E. Soule, Environmental Professors, University of California @ Santa Cruz & University of Washington, 2001, Conservation Biology, eds. Soule & Orians, p. 276)

Most environmental problems are not generated primarily by single large perturbations—the smoking gun scenario. Rather, they are the result of many, often unrelated, insults that combine to cause major changes—the “death from a thousand small wounds” syndrome. Acid precipitation is caused not by the discharges from one power plant but by the discharges from many of them. Extinction is caused not by the alteration of one small tract of land but by the progressive loss of habitat, small piece by small piece. Government agencies that manage public lands often ignore deleterious and additive or multiplicative impacts caused by different kinds of land-use practices, or spill-over effects on adjacent lands. Instead, agencies tend to focus on the potential short-term effects of a new proposal or use of a particular site. Different kinds of disturbances may also combine to yield deleterious effects that are more serious and qualitatively different from the effects caused by any one of them. In the seas, cumulative effects are often the consequence of overfishing combined with pollution, and exacerbated by pathogens that may be more virulent in physiologically weakened hosts.

### Disease Impact Defense: 2NC

#### -- No extinction

Gladwell 99 (Malcolm, The New Republic, July 17 and 24, 1995, excerpted in Epidemics: Opposing Viewpoints, p. 31-32)

Every infectious agent that has ever plagued humanity has had to adapt a specific strategy but every strategy carries a corresponding cost and this makes human counterattack possible. Malaria is vicious and deadly but it relies on mosquitoes to spread from one human to the next, which means that draining swamps and putting up mosquito netting can all hut halt endemic malaria. Smallpox is extraordinarily durable remaining infectious in the environment for years, but its very durability its essential rigidity is what makes it one of the easiest microbes to create a vaccine against. AIDS is almost invariably lethal because it attacks the body at its point of great vulnerability, that is, the immune system, but the fact that it targets blood cells is what makes it so relatively uninfectious. Viruses are not superhuman. I could go on, but the point is obvious. Any microbe capable of wiping us all out would have to be everything at once: as contagious as flue, as durable as the cold, as lethal as Ebola, as stealthy as HIV and so doggedly resistant to mutation that it would stay deadly over the course of a long epidemic. But viruses are not, well, superhuman. They cannot do everything at once. It is one of the ironies of the analysis of alarmists such as Preston that they are all too willing to point out the limitations of human beings, but they neglect to point out the **limitations** of microscopic life forms.

#### -- Disease inevitable

Sky News 8 (“Warning Over Deadly New Diseases”, 7-21, http://news.sky.com/skynews/Home/Health/New-Disease-Emerges-Every-Year-Pandemic-Outbreak-May-Not-Be-Stopped/Article/200807315047567)

In a highly critical new report, the committee said there was an "urgent need" for a better global surveillance system to identify diseases before they infect large numbers of people. It noted that three-quarters of newly-emerging human infections come from animals - but found many are only detected once they have made humans ill. Experts estimate a devastating pandemic outbreak of a new disease such as SARS or the H5N1 strain of flu could claim anything between two and 50 million lives. In evidence to the House of Lords Intergovernmental Organisations Committee inquiry, the Government said there had been no pandemic disease outbreaks since 1968. However, it warned another pandemic outbreak was "inevitable". Committee chairman Lord Soley said: "The last 100 years have seen great advances in public health and disease control through the world, but globalisation and changes in lifestyles are giving rise to new infections and providing opportunities for them to spread rapidly throughout the world.

## Econ

### A2 High Prices Hurt Econ: 1NC

**High Oil Prices don’t hurt the economy enough to trigger the impact**

**Economist 12** [3/10/12, “The New Grease?”, <http://www.economist.com/node/21549949>]

But the impact on growth and inflation in individual countries will differ. In America, a net importer which taxes fuel lightly, the standard rule is that a $10 increase in oil prices (which corresponds to a 25-cent rise in the price of petrol) knocks around 0.2% off output in the first year and 0.5% in the second year. **That would slow, but hardly fell, an economy that is widely expected to grow by more than 2%** this year. There are in any case several reasons why America may be more resilient to dearer oil than in recent years. The jump in petrol prices has been far smaller than in 2011 or 2008. Rising employment gives consumers more income with which to pay for fuel. And America’s economy is becoming ever less energy-intensive, and less dependent on imports. Oil consumption has fallen in the past two years, even as GDP has risen. Americans are driving less, and they are buying more fuel-efficient cars. Net oil imports are well below their 2005 peak, which means more of the money Americans spend on costlier oil stays within its borders. The development of copious amounts of natural gas means gas prices have plunged. That, coupled with an unusually mild winter, has kept bills for home heating unusually low. In January the share of consumers’ spending on energy products was the second-lowest in 50 years. These factors do not imply that America is impervious to spiking oil, but they do suggest the impact of price rises to date will be modest.

### A2 High Prices Hurt Econ: 2NC

**High prices don’t hurt the economy – we’re prepared**

**Crook 07** Senior editor of The Atlantic Monthly, **g**raduate of Oxford and the London School of Economics, he has served as a consultant to the World Bank and worked as an official in the British Treasury

(Clive, “Oil Shocks”, The Atlantic, December)

Even at that price, the economy still wouldn’t seem as vulnerable to oil as it was in the 1970s. For one thing, as Hamilton points out, the domestic auto industry’s importance to the economy has also fallen, and besides, car makers now offer more small cars and fewer big ones—so consumers who fear high gas prices can (and do) buy smaller models, rather than not buying at all. A recent [paper by the economists Olivier Blanchard and Jordi Gali](http://www.nber.org/papers/w13368) attributes the resistance of the U.S. to the oil bug to three other things in addition. One is that previous oil shocks happened alongside other bad surprises. In the 1970s and 1980s, in other words, we were just unlucky. The economy also may be more flexible—a point also mentioned by the [Congressional Budget Office in its own recent study](http://www.cbo.gov/ftpdocs/74xx/doc7420/07-21-Energy%20DIST.pdf), citing deregulation (notably in transport), foreign competition, and advances in information technology. Today’s economy just copes with shocks of every kind more smoothly than it used to. Finally, the Federal Reserve is nowadays better equipped to do its job. The reason for that, the argument goes, is the success of the Fed’s own past efforts in curbing inflation. Many economists believe, as the CBO puts it, “that the deep recession of 1973 to 1975 and back-to-back recessions of 1980 and 1981 to 1982 were caused not by the energy price shocks as such but by monetary policy.” In those previous recessions, inflation was already a problem before the oil price went up. Given the additional inflationary impact of dearer oil, restoring stable prices meant having to endure deep recessions. With the Fed’s credibility in curbing inflation now established, the argument goes, gentler tightening of monetary policy is enough to neuter the inflationary impact of dearer oil. One of the more measured pessimists on oil and Iraq back in 2003 was Yale’s William Nordhaus. He too has lately revisited the issue in a paper entitled [“Who’s Afraid of a Big Bad Oil Shock?”](http://www.econ.yale.edu/%7Enordhaus/homepage/Big_Bad_Oil_Shock_Meeting.pdf) In this he underlines another more speculative factor that could be the most important of all—namely, that “consumers, businesses, and workers may see oil-price increases as volatile and temporary movements rather than the earth-shaking changes of the 1970s.” Firms and households have come to expect the oil price to move around wildly, and they allow for that when deciding where to invest, or what kind of car to buy, or whether they need to press hard for higher wages (which also can lead to inflation). “In the end,” Nordhaus concludes, “…much of what we should fear from oil-price shocks is the fearful overreactions of the monetary authority, consumers, businesses, and workers… [P]olicymakers should not be afraid of a Big Bad Oil Shock.”

**Econ Impact Defense**

**-- Economic decline doesn’t cause war**

**Miller 00** (Morris, Economist, Adjunct Professor in the Faculty of Administration – University of Ottawa, Former Executive Director and Senior Economist – World Bank, “Poverty as a Cause of Wars?”, Interdisciplinary Science Reviews, Winter, p. 273)

The question may be reformulated. Do wars spring from a popular reaction to a sudden economic crisis that  
exacerbates poverty and growing disparities in wealth and incomes? Perhaps one could argue, as some scholars do, that it is some dramatic event or sequence of such events leading to the exacerbation of poverty that, in turn, leads to this deplorable denouement. This exogenous factor might act as a catalyst for a violent reaction on the part of the people or on the part of the political leadership who would then possibly be tempted to seek a diversion by finding or, if need be, fabricating an enemy and setting in train the process leading to war. According to a study undertaken by Minxin Pei and Ariel Adesnik of the Carnegie Endowment for International Peace, there would not appear to be any merit in this hypothesis. After studying ninety-three episodes of economic crisis in twenty-two countries in Latin America and Asia in the years since the Second World War they concluded that:19 Much of the conventional wisdom about the political impact of economic crises may be wrong ... The severity of economic crisis – as measured in terms of inflation and negative growth - bore **no relationship** to the collapse of regimes ... (or, in democratic states, rarely) to an outbreak of violence ... In the cases of dictatorships and semidemocracies, the ruling elites responded to crises by increasing repression (thereby using one form of violence to abort another).

**-- History proves**

**Ferguson 6** (Niall, Professor of History – Harvard University, Foreign Affairs, 85(5), September / October, Lexis)

Nor can economic crises explain the bloodshed. What may be the most familiar causal chain in modern historiography links the Great Depression to the rise of fascism and the outbreak of World War II. But that simple story leaves too much out. Nazi Germany started the war in Europe only after its economy had recovered. Not all the countries affected by the Great Depression were taken over by fascist regimes, nor did all such regimes start wars of aggression. In fact, **no** general **relationship between economics and conflict is discernible** for the century as a whole. Some wars came after periods of growth, others were the causes rather than the consequences of economic catastrophe, and some **severe economic crises were not followed by wars**.

**-- No timeframe**

**Russett 83** (Bruce, Dean Acheson Professor of International Relations and Political Science – Yale University, “Prosperity and Peace: Presidential Address”, International Studies Quarterly, 27(4), p. 384)

The ‘optimism’ argument seems strained to me, but elements of Blainey’s former thesis, about the need to mobilize resources before war can be begun, are more plausible, especially in the 20th century. Modern wars are fought by complex organizations, with complex and expensive weapons. It takes time to design and build the weapons that military commanders will require, and it takes time to train the troops who must use them. Large bureaucracies must plan and obtain some consensus on those plans; and even in a dictatorship the populace in general must be prepared, with clear images of who are their enemies and of the cause that will justify war with them. In short, preparations for war take time. Just how long a lag we should expect to find between an economic downturn and subsequent war initiation is unclear. But surely it will be **more than a year or two**, and war may well occur **only after** the economy is recovering.

#### -- Economy is resilient

Behravesh 06 (Nariman, most accurate economist tracked by USA Today and chief global economist and executive vice president for Global Insight, Newsweek, “The Great Shock Absorber; Good macroeconomic policies and improved microeconomic flexibility have strengthened the global economy's 'immune system.'” 10-15-2006, www.newsweek.com/id/47483)

The U.S. and global economies were able to withstand three body blows in 2005--one of the worst tsunamis on record (which struck at the very end of 2004), one of the worst hurricanes on record and the highest energy prices after Hurricane Katrina--without missing a beat. This resilience was especially remarkable in the case of the United States, which since 2000 has been able to shrug off the biggest stock-market drop since the 1930s, a major terrorist attack, corporate scandals and war. Does this mean that recessions are a relic of the past? No, but recent events do suggest that the global economy's "immune system" is now strong enough to absorb shocks that 25 years ago would probably have triggered a downturn. In fact, over the past two decades, recessions have not disappeared, but have become considerably milder in many parts of the world. What explains this enhanced recession resistance? The answer: a combination of good macroeconomic policies and improved microeconomic flexibility. Since the mid-1980s, central banks worldwide have had great success in taming inflation. This has meant that long-term interest rates are at levels not seen in more than 40 years. A low-inflation and low-interest-rate environment is especially conducive to sustained, robust growth. Moreover, central bankers have avoided some of the policy mistakes of the earlier oil shocks (in the mid-1970s and early 1980s), during which they typically did too much too late, and exacerbated the ensuing recessions. Even more important, in recent years the Fed has been particularly adept at crisis management, aggressively cutting interest rates in response to stock-market crashes, terrorist attacks and weakness in the economy. The benign inflationary picture has also benefited from increasing competitive pressures, both worldwide (thanks to globalization and the rise of Asia as a manufacturing juggernaut) and domestically (thanks to technology and deregulation). Since the late 1970s, the United States, the United Kingdom and a handful of other countries have been especially aggressive in deregulating their financial and industrial sectors. This has greatly increased the flexibility of their economies and reduced their vulnerability to inflationary shocks. Looking ahead, what all this means is that a global or U.S. recession will likely be avoided in 2006, and probably in 2007 as well. Whether the current expansion will be able to break the record set in the 1990s for longevity will depend on the ability of central banks to keep the inflation dragon at bay and to avoid policy mistakes. The prospects look good. Inflation is likely to remain a low-level threat for some time, and Ben Bernanke, the incoming chairman of the Federal Reserve Board, spent much of his academic career studying the past mistakes of the Fed and has vowed not to repeat them. At the same time, no single shock will likely be big enough to derail the expansion. What if oil prices rise to $80 or $90 a barrel? Most estimates suggest that growth would be cut by about 1 percent--not good, but no recession. What if U.S. house prices fall by 5 percent in 2006 (an extreme assumption, given that house prices haven't fallen nationally in any given year during the past four decades)? Economic growth would slow by about 0.5 percent to 1 percent. What about another terrorist attack? Here the scenarios can be pretty scary, but an attack on the order of 9/11 or the Madrid or London bombings would probably have an even smaller impact on overall GDP growth.

## China

### A2 High Prices Hurt Exports

#### Chinese exports are resilient – air shipping solves

Gangnes 11 (Byron S. Gangnes Department of Economics, University of Hawaii at Manoa, Honolulu, Hawaii, USA and Yokohama National University, Yokohama, Japan Alyson C. Ma School of Business Administration, University of San Diego, San Diego, California, USA, and Ari Van Assche Department of International Business, HEC Montre´al, Montre´al, Canada and LICOS Centre of Institutions and Economic Performance, Katholieke Universiteit Leuven, Leuven, Belgium, “China’s exports in a world of increasing oil prices,” Multinational Business Review19.2, 2011, 133-151)

We ﬁnd evidence that China’s exports indeed have become more sensitive to export distance in times of rising oil prices. We also ﬁnd that these effects are more pronounced for processing exports, where goods must cross borders multiple times. On the other hand, we ﬁnd that goods shipped by air are less vulnerable to these effects, consistent with their higher value-to-weight ratio and the relatively greater importance of factors other than transportation cost – such as timeliness – for these goods. While these results are statistically signiﬁcant, their economic effects are relatively small. We estimate that the quadrupling of oil prices between 2002 and 2008 has increased the elasticity of Chinese exports to distance by a mere 5-7 per cent. Our analysis therefore suggests that the concerns of business analysts that rising oil prices will signiﬁcantly increase trade’s sensitivity to distance are likely overblown.

#### High prices don’t hurt China—they don’t affect average citizens as much as in the US.

Tony **Sagami**, 6/24/**2008**. Owner and founder of Harvest Advisors, an investment research and money management company and advisor for East Asian investment to Money and Markets. “Higher Gas Prices Will Help the Chinese Economy,” Money and Markets, <http://www.moneyandmarkets.com/issues.aspx?Higher-Gas-Prices-Will-Help-the-Chinese-Economy-1904>.

With all the great economic strides China has made, it is sometimes easy to forget that China is still a communist country and is controlled by the Communist Party of China. Part of that Communist control is over prices. The National Development and Reform Commission (NDRC) controls the prices on thousands of items: Drugs, grain, edible oils, pork, noodles, milk, eggs, cigarettes, cloth, steel, train and bus fares, cement, fertilizer, college tuition ... and fuel. Last week, the NDRC raised the price of gasoline and diesel by 17% and 18% respectively. If rising fuel prices are bad for the U.S. economy, they must be just as bad for the Chinese economy, right? At least that is the popular advice being delivered by many of the so-called experts and financial shrills on Wall Street. Wrong! It would be a huge mistake to think this fuel price increase will somehow derail the Chinese economy! Here are three reasons why: Reason #1: Gas prices are not nearly as important to the typical Chinese citizen, who doesn't even own a vehicle, let alone drive a gas-guzzling SUV. Most people walk, ride a bike or scooter that gets 100 MPG, or use public transportation (buses, rail, or subway) to get around. The first mention of bicycles in China was in 1860, when a European official wrote of seeing a velocipede, an early version of the bicycle, newly-arrived from Paris. Nowadays, China is known as the world’s bicycle kingdom. The result is that transportation costs are a very minor monthly expense for Chinese consumers. In other words, higher fuel costs are not hitting disposable incomes in China like here in the U.S. The most recent retail sales numbers in China showed a 21% jump in May compared to the same period 12 months ago! Reason #2: Gas is still cheap in China. Prices are still under those in the free market. Even after this increase, a gallon of gas costs about $3. That's 25% less than what we pay in the U.S. The result is that Beijing is still subsidizing the cost of fuel across China ... just not as much as before. Reason #3: The last price hike did not slow China's economy. There seems to be no correlation between higher fuel prices and an economic slowdown in China. The NDRC raised fuel prices by 10% last November when oil was $90 a barrel but the Chinese economy didn't miss a beat. China's GDP grew by 11.9% in 2007 and the World Bank just upped its 2008 forecast to 9.8%. All statistics indicate that China is still growing like a weed. Look, China consumed an average 7.86 million barrels of oil per day in 2007 — 9.3% of the world's total. Meanwhile, the United States went through 20.7 million barrels of oil per day or 24% of the world total last year.

## Terrorism

### No Extinction: 1NC

#### Small impact—no way terror will cause extinction

Mueller 09 (John, Prof. Pol. Sci. – Ohio State U., in “American Foreign Policy and the Politics of Fear Threat inflation since 9/11”, Ed. A. Trevor Thrall and Jane K. Cramer, p. 194)

Although there are some who worry that al-Qaeda has been able to reconstitute itself and is now on the march (see Bergen 2007; Hoffman 2008; Mazzetti and Rohde 2008),2 estimates of the size of al-Qaeda central generally come in with numbers in the same order of magnitude as those suggested by Sageman. Egyptian intelligence, for example, puts the number at less than 200, while American intelligence estimates run from 300 to upwards of 500 (Wright 2008). One retired U.S. intelligence officer suggests it could be "as many as 2000" (Mazzetti and Rohde 2008), but that number should obviously be taken essentially to define the upper range of contemporary estimates. Another way to evaluate the threat is to focus on the actual amount of violence perpetrated around the world by Muslim extremists since 9/11 outside of war zones. Included in the count would be terrorism of the much-publicized and fearinducing sort that occurred in Bali in 2002, in Saudi Arabia, Morocco, and Turkey in 2003, in the Philippines, Madrid, and Egypt in 2004, and in London and Jordan in 2005. Three think-tank publications have independently provided lists of such incidents. Although these tallies make for grim reading, the total number of people killed comes to some 200 or 300 per year. That, of course, is 200 or 300 per year too many, but it hardly suggests that the perpetrators present a major threat, much less an existential one. For comparison: over the same period far more people have drowned in bathtubs in the United States alone. Another comparison comes from the consequences of policies instituted by the Transportation Security Administration. Increased delays and added costs at airports due to new security procedures provide incentive for many short-haul passengers to drive to their destination rather than flying. Since driving is far riskier than air travel, the extra automobile traffic generated by increased airport security screening measures has been estimated to result in 400 or more fatalities per year (Ellig et al. 2006: 35). Another assessment comes from astronomer Alan Harris. Using State Department figures, he estimates a worldwide death rate from international terrorism outside of war zones of 1,000 per year—that is, he assumes in his estimate that there would be another 9/11 somewhere in the world every several years. Over an 80 year period under those conditions some 80,000 deaths would occur which would mean that the probability that a resident of the globe will die at the hands of international terrorists is about one in 75,000 (6 billion divided by 80,000). In comparison, an American's chance of dying in an auto accident over the same time interval is about one in 80. If there are no repeats of 9/11, the probability of being killed by an international terrorist becomes more like one in 120,000.

#### Terror won’t cause extinction

Feffer and Gershman 07 (John Feffer and John Gershman, Just Counter-Terrorism, July 5, 2007, <http://www.fpif.org/fpiftxt/4360>)

Measured in terms of acuity, terrorism pales in comparison to nuclear weapons and climate change. A nuclear exchange and several degrees of global warming threaten the existence of the entire planet rather than select targets on the surface. Terrorists have no interest in destroying the world, nor do they possess the means to end the human race. Their goals and capacities are considerably more circumscribed, and that applies even to al-Qaeda. In terms of scope, the number of victims of terrorism remains relatively low compared to the casualty rates connected to disease, malnutrition, or conventional military conflict. The number of terrorist attacks has certainly increased since the invasion of Iraq. In 2001, the peak in terrorist fatalities to that time, international terrorist attacks killed 3,572 persons and injured 1,083. By 2006, those numbers had risen to 11,170 deaths and 38,191 injuries, approximately half occurring in Iraq alone.6 In contrast even to these higher numbers, however, more than 2,000 children die each day in sub-Saharan Africa as a result of malaria, a preventable disease.7 Several hundred thousand people died as a result of the 2004 earthquake and tsunami in the Indian Ocean. Nearly four million people have died as a result of the Congo conflict. Finally, there is the question of duration. Al-Qaeda is a relatively recent phenomenon. Its concerns were originally quite specific—to compel the United States to withdraw its troops from Saudi Arabia. It was on the verge of extinction after the collapse of its patron, the Taliban, in Afghanistan in 2001. If approached with the appropriate legal mechanisms—and with the discriminate force associated with law enforcement undertaken with due respect for human rights8 —al-Qaeda will once again retreat into obscurity. Regional wars, by contrast, have been with us for millennia. Global inequalities have persisted since the age of colonialism. Though of more recent vintage, nuclear weapons will be very difficult to get rid of, and the half-life of uranium 235 is 700 million years. These are indeed durable challenges. In another decade, after appropriate counter-terrorism measures, the current "greatest threat to world peace" will likely be demoted in importance. Terrorism, after all, was at the top of Ronald Reagan's agenda when he took office in 1981. But as the number of attacks began to decline, particularly in the 1990s, so did the U.S. evaluation of the threat.9 It can be plausibly argued that the symbolic nature of terrorist attacks far exceeds the number of casualties. The argument here is not to ignore terrorism but simply put it into perspective. To elevate terrorism to the status of a "major threat" is to give more power to the terrorists than they deserve.

### A2 WMD Terrorism: 1NC

#### Terrorists can’t develop WMD

Goodin 06 (Robert E. Goodin is Distinguished Professor of Social and Political Theory at the Australian National University, What’s Wrong with Terrorism?, pg. 140-1)

Developing chemical, biological, or nuclear weapons in most cases requires vastly sophisticated laboratories staffed by large teams of research scientists working continuously for several years. That is powerfully true of nuclear weapons production, obviously. 85 It is also strongly true of the production of chemical weapons such as nerve gas. 86 And even the more straightforward production of biological weapons would require ‘a modestly sophisticated pharmaceutical industry’. 87 ‘Rogue states’ (as well as, of course, The United States) have been able to mount sustained research efforts of these sorts. But no known terrorist group has itself been able to sustain the sort of research and development programme that would lead to their independent development of weapons of mass destruction.

#### Terrorists willing to use WMD weapons don’t have the skills

Ferguson 09 (Charles D. Ferguson is a fellow in the science and technology program at the Council on Foreign Relations and adjunct assistance professor in the School of Foreign Service at Georgetown University, “WMD Terrorism” in Combating Weapons of Mass Destruction: The Future of International Nonproliferation Policy, ed. Nathan E. Busch and Daniel H. Joyner, 2009, pg. 39)

With all of the lethal substances available for CBRN weapons, it might seem amazing that only a tiny fraction of all terrorist attacks have used or attempted to use these unconventional weapons. 13 Several barriers block terrorists from acquir-ing or even considering acquisition of CBRN weapons. Arguably, the biggest barrier resides in the mind of the terrorist. As renowned terrorism psychologist Jerrold Post has observed, “We are in the paradoxical posi-tion of having a clearer understanding of the interior of the atom than we do of the interior of the mind of the terrorist.” 14 According to Post, terrorists confront a motivational paradox. “On the one hand, to be motivated to carry out an act of mass destruction suggests profound psychological distortions usually found only in severely disturbed individuals, such as paranoid psychotics. On the other hand, to implement an act of nuclear terrorism requires not only organizational skills but also the ability to work cooperatively with a small team.” 15 A similar paradox holds for terrorists’ motivations to do advanced forms of chemical, biological, or radiological terrorism.

### Middle East Terrorism: 1NC

#### No threat from Middle East terrorism

Berrigan 09 (Frida, Senior Program Associate of the Arms and Security Initiative at the New America Foundation, “Afghanistan War Trumps Elections,” August 26, 2009, http://www.newamerica.net/publications/articles/2009/afghanistan\_war\_trumps\_elections\_11782)

Being effective means beginning from a different position. We need to start by saying that the Taliban and al-Qaeda do not represent an existential threat to the United States. They are not large, they are not powerful, and they are not unified in anything except their opposition to the intervention of the United States and NATO. These adversaries need to be isolated, delegitimized, and undermined, not confronted as an equal on the battlefield.

"Al-Qaeda consists of a few hundred people running around Pakistan, seeking to avoid detection and helping the Taliban when possible. It also has a disjointed network of fellow travelers around the globe who communicate over the internet," writes John Mueller, a professor at Ohio State University and author of Overblown. "No convincing evidence has been offered publicly to show that al-Qaeda Central has put together a single full operation anywhere in the world since 9/11. And, outside of warzones, the violence perpetrated by al-Qaeda affiliates, wannabes and lookalikes combined has resulted in the deaths of some 200 to 300 people per year and may be declining. That is 200 to 300 too many, of course, but is scarcely suggests that 'the safety of the people around the world is at stake,' as Obama dramatically

#### Mideast terrorism could never cause extinction, even if all terrorist groups and states banded together

Bacevich 06 (Andrew J. Bacevich is professor of history and international relations at [Boston University](javascript:void(0);), The Islamic Way of War, [American Conservative](http://proquest.umi.com/pqdweb?RQT=318&pmid=69688&TS=1187227360&clientId=3552&VInst=PROD&VName=PQD&VType=PQD), [Sep 11, 2006](http://proquest.umi.com/pqdweb?RQT=572&VType=PQD&VName=PQD&VInst=PROD&pmid=69688&pcid=33475551&SrchMode=3). Vol. 5, Iss. 17, ProQuest)

So it turns out that Arabs-or more broadly Muslims-can fight after all. We may surmise that they now realize that fighting effectively requires that they do so on their own terms rather than mimicking the West. They don't need and don't want tanks and fighter-bombers. What many Westerners dismiss as "terrorism," whether directed against Israelis, Americans, or others in the West, ought to be seen as a panoply of techniques employed to undercut the apparent advantages of high-tech conventional forces. The methods employed do include terrorism-violence targeting civilians for purposes of intimidation-but they also incorporate propaganda, subversion, popular agitation, economic warfare, and hit-and-run attacks on regular forces, either to induce an overreaction or to wear them down. The common theme of those techniques, none of which are new, is this: avoid the enemy's strengths; exploit enemy vulnerabilities. What are the implications of this new Islamic Way of War? While substantial, they fall well short of being apocalyptic. As Gen. Peter Pace, chairman of the Joint Chiefs of Staff, has correctly-if perhaps a trifle defensively-observed, "Our enemy knows they cannot defeat us in battle." Neither the Muslim world nor certainly the Arab world poses what some like to refer to as "an existential threat" to the United States. Despite overheated claims that the so-called Islamic fascists pose a danger greater than Hitler ever did, the United States is not going to be overrun, even should the forces of al-Qaeda, Hamas, Hezbollah, Iraqi insurgents, and Shi'ite militias along with Syria and Iran all combine into a unified anti-Crusader coalition. Although Israelis for historical reasons are inclined to believe otherwise, the proximate threat to Israel itself is only marginally greater. Although neither Israel nor the United States can guarantee its citizens "perfect security"-what nation can?-both enjoy ample capabilities for self-defense.

#### American inexperience and media exaggerate terror risk- Very low in reality

Dyer 07 (Gwynne Dyer, Inept U.K. terrorists will be taken way too seriously - in the United States, The Athens News, Jul 5, 2007, ProQuest)

Most major European countries had already been through some sort of terrorist crisis well before the current fashion for "Islamist" terrorism: the IRA in Britain, the OAS in France, ETA in Spain, the Baader-Meinhof Gang in Germany, the Red Brigades and their neo-fascist counterparts in Italy. Most European cities have also been heavily bombed in a real war within living memory, which definitely puts terrorist attacks into a less impressive category. So most Europeans, while they dislike terrorist attacks, do not obsess about them. They know that they are more likely to win the lottery than to be hurt by terrorists. Russians are also pretty cool about the occasional terrorist attacks linked to the war in Chechnya, and Indians are positively heroic in their refusal (most of the time) to be panicked by terrorist attacks that have taken more lives there than all the attacks in the West since terrorist techniques first became widespread in the 1960s. In almost all of these countries, despite the efforts of some governments to convince the population that terrorism is an existential threat of enormous size, the vast majority of the people don't believe it. Whereas in the United States, most people do believe it. A majority of Americans have finally figured out that the invasion of Iraq really had nothing to do with fighting terrorism, but they certainly have not understood that terrorism itself is only a minor threat. "We have a threat out there like we've never faced before," said actor, former senator and potential presidential candidate Fred Thompson last month - on Fox television, admittedly, but they wouldn't have called him a nutcase or laughed in his face on the other networks either. "I don't think the (American people) realize that this has been something that's been going on for a few hundred years, and our enemies have another 100-year plan," Thompson continued. "...Whether it's Madrid, whether it's London, whether it's places that most people have never heard of, they're methodically going around trying to undermine our allies and attack people in conventional ways, while they try to develop non-conventional ways, and get their hands on a nuclear capability, and ultimately to see a mushroom cloud over an American city." There has been only one major terrorist attack in the United States since the Oklahoma City bombing in 1995, and that one, on 9/11, is now almost six years in the past. So how have Americans been persuaded that their duty and their destiny in the 21st century is to lead the world in a titanic, globe-spanning "long war" against terrorism? Inexperience is one reason: American cities have never been bombed in war, so Americans have no standard of comparison that would shrink terrorism to its true importance in the scale of threats that face any modern society. But the other is relentless official propaganda: the Bush administration has built its whole brand around the "war on terror" since 2001, so the threat must continue to be seen as huge and universal. Ridiculous though it sounds to outsiders, Americans are regularly told that their survival as a free society depends on beating the "terrorists." They should treat those who say such things as fools or deliberate liars, but they don't. So the manipulators of public opinion in the White House and the more compliant sectors of the US media will give bigger play to the British bombings-that-weren't than Britain's own government and media have, and they will get away with it.

### Bioterrorism 2NC

#### No motivation, no access and vaccines check the impact

Clark 08 (William R. Clark, Bracing for Armageddon?: The Science and Politics of Bioterrorism in America, 2008, pg. 183)

In the end, what may well stop groups like Al-Qaeda from using bioweapons to achieve their aims against us it that it is just too much trouble. Not only are biological weapons exceedingly dif-ficult to build and operate, the United States has now developed vaccines or drugs to counter most known conventional patho-gens. Countermeasures for the rest should be available over the next few years. We have the Strategic National Stockpile, Push Packages, and vendor-managed inventories, as well as the abil-ity to deliver these materials and more to an attack site within a matter of hours. We could suffer casualties, yes, but not mass casualties. Conventional bombs and chemicals are must easier to obtain and use, and can achieve much the same ends with less risk. Sophisticated terrorist groups may well agree with virtually all professional of the military establishments around the world that actually had effective bioweapons in hand: they are simply not worth the bother. For at least the near future, bioterrorism for Al-Qaeda and its ilk may be a non-starter.

#### No extinction impact

Space.com 01 (30 October, <http://www.space.com/scienceastronomy/generalscience/colonize_now_011030-1.html>)

Many scientists argue that there is no need to worry about the mortality of civilization right now. Eric Croddy is an expert on chemical and biological weapons at the Monterey Institute of International Studies. Croddy said the threat of a virus wiping out the entire human species is simply not real. Even the most horrific virus outbreak in history, the 1918 Spanish Flu epidemic that killed between 20 million and 40 million people, including hundreds of thousands in the United States, eventually stopped. Experts say new strains of the influenza virus emerge every few decades and catch the human immune system unprepared, but prevention measures and ever-evolving medical treatments overcome the outbreaks. "I'd be much more concerned about an asteroid hitting the planet," Croddy said.

#### Countermeasures check

Pearlstein 04 (Richard M. Pearlstein, Associate Professor of Political Science at Southeastern Oklahoma State University, Fatal Future?: Transnational Terrorism and the New Global Disorder, 2004, pg. 87)

The situation, nevertheless, is not a hopeless one. For one thing, the successful terrorist deployment of natural biological WMD is not nearly as simple a matter as some observers have speculated. Second, the United States has begun to take the threat of superterrorism very seriously. On November 14, 1994, former U.S. president Bill Clinton issued Executive Order 12938, which made it a federal felony offense to have any involve-ment in the potential or actual use of CBRN weapons. Clinton, in stat-ing that CBRN weapons were “an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States,” also placed the United States in a state of emergency. Few Americans are aware of the fact that that executive order has been renewed each year since 1994. In addition, new programs and interagency networking ar-rangements have been established to deal with the problem of CBRN weapons. The operational effectiveness of these multi-agency arrange-ments, or of the new U.S. Department of Homeland Security, is a matter of considerable debate. (A far more practical response would be the creation of a single agency to deal with the entire highly complex issue of terrorism.) The United States has also created a program to provide work for unemployed or underemployed Biopreparat scientists, which may, in effect, keep them off the open market, and potentially provide the United States with additional defensive biological weapons expertise.

## Russian Oil DA

### Russia Disad: 1NC

#### Russia’s economy is on the brick – high prices create bottom up capital infusion that sustains the Russian economy

**Baden 11** (Ben, Money and Business reporter at U.S. News & World Report. Read more: http://www.businessinsider.com/author/ben-baden#ixzz1gSZPAUZO 4/5/11, “ Russia Stocks Soar on Rising Oil Prices When gas prices move higher, the Russian economy generally benefits”, <http://money.usnews.com/money/personal-finance/mutual-funds/articles/2011/04/05/russia-stocks-soar-on-rising-oil-prices>

Of the rapidly growing "BRIC" countries—Brazil, Russia, India, and China—Russia has always been a sort of odd man out. While the others have registered double-digit or near double-digit growth for years, the Russian economy has grown at a much more moderate pace. Experts have even argued that Russia shouldn't be grouped with Brazil, India, and China because its population is much older and its economy is much more industrialized, therefore it's not expected to grow at a rate comparable to the others. But lately, Russia's economy has been benefiting from what many other nations, including the United States, are struggling with. "[Russia is] truly one of the major global beneficiaries of higher gas prices," says John Derrick, director of research at U.S. Global Investors. [See U.S. News's 100 Best Mutual Funds for the Long Term.] While higher oil prices are a cause for concern in the United States, they are providing a lift for resource-rich Russia, the world's largest producer of oil and second-largest producer of natural gas as well as the largest non-OPEC exporter of oil. Vlad Milev, manager of the Metzler/Payden European Emerging Markets Fund (symbol MPYMX), says the country's entire economy is reaping the benefits. The Russian government takes a portion of oil revenues and distributes them throughout the economy, Milev says, which creates a trickle-down effect for other Russian businesses and consumers. "So that gives a boost to the economy as well," he says. So far this year, emerging markets have struggled to keep up with developed nations like the United States for a number of reasons, most notably unrest in the Middle East and higher inflation concerns. Year-to-date through March 28, the MSCI Emerging Markets Index lost about 1 percent, according to Bloomberg. (The S&P 500, on the other hand, gained about 5 percent over the same time period.) Of the four BRIC markets, Russia is leading the way. The MICEX Index, which is made up of 30 Russian stocks from 10 sectors of the economy, has returned 15 percent so far this year. The next-best BRIC performer is China, with a 5 percent gain for the Shanghai Composite Index. Brazil's Bovespa Index was down 2 percent as of March 28, and India's Sensex Index lost 10 percent over the same period of time. Russia has also gotten a boost from the ruble, which has gained about 7 percent against the U.S. dollar so far this year. Derrick calls the ruble a "commodity currency" because it generally benefits from higher commodity prices. "Roughly half the return [so far this year] has been currency related," says Derrick, who also helps manage the U.S. Global Investors Eastern European Fund (EUROX). "The dynamics are pretty favorable for the ruble."

**High prices key to the Russian economy --- diversification is bad.**

**Feifer 11** (Gregory, Editor and Senior Correspondent for Radio Free Europe/Radio Liberty, *Russia's Image as Energy Superpower Benefitting from Middle East Crisis*, http://oilprice.com/Energy/Energy-General/Russia-s-Image-as-Energy-Superpower-Benefitting-from-Middle-East-Crisis.html)

With U.S.-led fighter jets pounding military assets in oil-rich Libya, and Japan still struggling to contain radiation at its stricken Fukushima nuclear plant, concerns are rising around the world about the future of energy supplies. But not in Russia. As the unrest in the Middle East bites into supplies, prices for crude approached $105 a barrel this week. That's helping drive **windfall profits** that are enabling the world's biggest energy exporter to finally emerge from recession triggered by the global financial crisis in 2008. But while that's good news for **Russia's economy**, Kremlin critics say rising energy prices are again shoring up the country's authoritarian **government** -- and that's bad for politics. Energy Savior Russia is using the crises in the Middle East and Japan to **burnish its image** as the world's energy superpower. Prime Minister Vladimir Putin -- who has predicted that Russia's GDP will equal its precrisis level by next year -- exchanged his usually stern demeanor for an uncharacteristically friendly manner last week and promised to help Japan, where the nuclear crisis has forced electricity blackouts. He predicted the effects of the earthquake and tsunami to energy supplies there will be long-term. "In that regard, we have to think of accelerating our plans to develop hydrocarbon-extraction projects -- particularly gas extraction -- in the Far East," he said. Putin offered to pump more gas to Europe by pipeline, freeing shipments of liquefied natural gas for Japan. He also proposed laying an electricity cable to Japan and offered Japanese companies stakes in Siberian gas fields. Moscow has issued more offers since, including encouragement for Japanese companies to invest in Russia's coal industry. But some analysts are warning Russia's heightened focus on its global energy role is eroding any -- already distant -- hopes the government would enact economic reform. The Kremlin vowed to diversify the country's economy after plummeting oil prices dealt the economy a body blow during the global financial crisis. Anti-Westernism Rising Political analyst Andrei Piontkovsky says the latest events in the Middle East are instead helping speed a return to Russia's precrisis situation, when peak oil prices flooded the country with cash. "We're returning to the golden era of 2006 and 2007, with official propaganda slogans extolling a 'great energy power,'" Piontkovsky says. "It's very good for a very limited group of people for a very short time period, but certainly it's very bad for the country." Piontkovsky says the developments are reinforcing the "general mentality" of Russia's leaders, reflected in a return to the kind of strident anti-Western rhetoric that was especially loud during the precrisis oil boom. He points to President Dmitry Medvedev's comments this month in which he blamed Western countries for prompting the Middle East unrest, adding that "they have prepared such a scenario for us." But it's **Putin** who's seen as Russia's supreme leader. He lashed out on March 22 in his strongest anti-Western comments in years, condemning the UN Security Council for authorizing force against Libya. He said last week's resolution enabled Western countries to take action against a sovereign state "under the guise of protecting the civilian population." "It actually resembles medieval calls for crusades when someone called on others to go to a certain place and liberate it," Putin said. Redefining Foreign Policy But the atmosphere in Moscow is more nuanced then the rhetoric suggests. Medvedev rejected Putin's comments, calling them "unacceptable." And despite Putin's displeasure, Russia declined to veto the resolution when it came to a vote last week, instead choosing to abstain. Fyodr Lukyanov, editor of the journal "Russia in Global Affairs," sees that decision as more significant than the tough talk. "It's not typical," he says. "Russia used to take stands for or against, particularly when it comes to issues such as intervention in other countries." He says foreign policy isn't being driven by rising oil prices. "It's about the gradual refocusing of Russian interests and redefining of Russian foreign-policy identity from a global one to a more regional one." That change, he says, reflects a "much more rational calculation of priorities." "It doesn't mean Russia is more pro-Western," Lukyanov says. "Russia is becoming less global, which means that, for example, the idea to challenge Washington everywhere and over everything isn't relevant anymore." Russia's Resources Card Boosting energy exports is among the priorities, as Putin's latest salesmanship reflects. But maintaining current levels won't be as easy as it may appear. Economist Clifford Gaddy of the Brookings Institution says the key question for Russia's future economic success will be how it responds to demand in resource-hungry China. Whatever the rhetoric coming out of the Kremlin, he says, Russia has **little chance** of competing in any other sector. "You can dream all you want about **diversification** and blame Putin or whoever for not diversifying or praise them because they want to diversify," Gaddy says, "but it doesn’t make very **much sense**. Russia's comparative, competitive advantage is not in anything except resources, so the **smart thing to do** is play that card." For now, Gaddy sees few long-term effects for Russia from the Middle East unrest, saying oil prices were predicted to rise to $105 to $108 this year even before it began, while commodity prices are expected to continue rising for the foreseeable future. That's depressing news for Putin's critics. Many believe the prime minister plans to return to the presidency in an election next year, and -- if elected again -- he could remain in office for the next 12 years.

**Extinction**

**Filger 9** (Sheldon, Columnist and Founder – Global EconomicCrisis.com, “Russian Economy Faces Disasterous Free Fall Contraction”, <http://www.huffingtonpost.com/sheldon-filger/russian-economy-faces-dis_b_201147.html>)

In Russia, historically, economic health and political stability are intertwined to a degree that is rarely encountered in other major industrialized economies. It was the economic stagnation of the former Soviet Union that led to its political downfall. Similarly, Medvedev and Putin, both intimately acquainted with their nation's history, are unquestionably alarmed at the prospect that Russia's economic crisis will endanger the nation's political stability, achieved at great cost after years of chaos following the demise of the Soviet Union. Already, strikes and protests are occurring among rank and file workers facing unemployment or non-payment of their salaries. Recent polling demonstrates that the once supreme popularity ratings of Putin and Medvedev are eroding rapidly. Beyond the political elites are the financial oligarchs, who have been forced to deleverage, even unloading their yachts and executive jets in a desperate attempt to raise cash. Should the Russian economy deteriorate to the point where economic collapse is not out of the question, the impact will go far beyond the obvious accelerant such an outcome would be for the Global Economic Crisis. There is a geopolitical dimension that is even more relevant then the economic context. Despite its economic vulnerabilities and perceived decline from superpower status, Russia remains one of only two nations on earth with a nuclear arsenal of sufficient scope and capability to destroy the world as we know it. For that reason, it is not only President Medvedev and Prime Minister Putin who will be lying awake at nights over the prospect that a national economic crisis can transform itself into a virulent and destabilizing social and political upheaval. It just may be possible that U.S. President Barack Obama's national security team has already briefed him about the consequences of a major economic meltdown in Russia for the peace of the world. After all, the most recent national intelligence estimates put out by the U.S. intelligence community have already concluded that the Global Economic Crisis represents the greatest national security threat to the United States, due to its facilitating political instability in the world. During the years Boris Yeltsin ruled Russia, security forces responsible for guarding the nation's nuclear arsenal went without pay for months at a time, leading to fears that desperate personnel would illicitly sell nuclear weapons to terrorist organizations. If the current economic crisis in Russia were to deteriorate much further, how secure would the Russian nuclear arsenal remain? It may be that the financial impact of the Global Economic Crisis is its least dangerous consequence.

**2NC Overview**

**Russian econ decline outweighs and turns the case –**

**1. It’s most likely scenario for nuclear war and causes US draw in**

Steven **David**, Professor of Political Science, Johns Hopkins University, “Saving America From the Coming Civil Wars,” FOREIGN AFFAIRS, v 78 n 1, Jan/Feb **1999**, LN.

Only three countries, in fact, meet both criteria: Mexico, Saudi Arabia, and Russia. Civil conflict in Mexico would produce waves of disorder that would spill into the United States, endangering the lives of hundreds of thousands of Americans, destroying a valuable export market, and sending a torrent of refugees northward. A rebellion in Saudi Arabia could destroy its ability to export oil, the oil on which the industrialized world depends. And internal war in Russia could devastate Europe and trigger the use of nuclear weapons. Of course, civil war in a cluster of other states could seriously harm American interests. These countries include Indonesia, Venezuela, the Philippines, Egypt, Turkey, Israel, and China. In none, however, are the stakes as high or the threat of war as imminent.

**2. Magnitude – it’s the only existential nuclear war**

Nick **Bostrom** (PhD Philosophy – Oxford U) **2002** Existential Risks, http://www.nickbostrom.com/existential/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.[4]  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. Such a war might however be a local terminal risk for the cities most likely to be targeted. Unfortunately, we shall see that nuclear Armageddon and comet or asteroid strikes are mere preludes to the existential risks that we will encounter in the 21st century.

**3. Miscalc – US intelligence agrees**

**Pry 99** (Peter Vincent, Former US Intelligence Operative, War Scare: U.S.-Russia on the Nuclear Brink,

Russian internal troubles—such as a leadership crisis, coup, or civil war—could aggravate Russia’s fears of foreign aggression and lead to a miscalculation of U.S. intentions and to nuclear overreaction. While this may sound like a complicated and improbable chain of events, Russia’s story in the 1990s is one long series of domestic crises that have all too often been the source of nuclear close calls. The war scares of August 1991 and October 1993 arose out of coup attempts. The civil war in Chechnya caused a leadership crisis in Moscow, which contributed to the nuclear false alarm during Norway’s launch of a meteorological rocket in January 1995. Nuclear war arising from Russian domestic crises is a threat the West did not face, or at least faced to a much lesser extent, during the Cold War. The Russian military’s continued fixation on surprise-attack scenarios into the 1990s, combined with Russia’s deepening internal problems, has created a situation in which the United States might find itself the victim of a preemptive strike for no other reason than a war scare born of Russian domestic troubles. At least in nuclear confrontations of the 1950s–1970s—during the Berlin crisis, Cuban missile crisis, and 1973 Middle East war—both sides knew they were on the nuclear brink. There was opportunity to avoid conflict through negotiation or deescalation. The nuclear war scares of the 1980s and 1990s have been one-sided Russian affairs, with the West ignorant that it was in grave peril.

**Turns Heg**

**Russian Instability Turns heg**

**Baran et al, 2007** (Zeyno, Senior Fellow and Director of the Center for Eurasian Studies at the Hudson Institute, “U.S-Russia Relations: Is Conflict Inevitable?”, Hudson Institute Symposium on U.S.-Russia Relations, www.hudson.org/files/pdf\_upload/Russia-Web%20(2).pdf)

The West needs a stable Russia in order to maintain the global balance of power against China. In the event of Russia’s disintegration, her resources will go to China, not the West. The West cannot stop Russia’s slide into a systemic crisis, and can only help get out of it once it has begun. This is a challenge for the future. Currently, the West needs a “Cold War” only with Russia’s new masters, not with the Russian people. Russians are protesting against the politics of the Russian bureaucracy, and their protest should not be re-directed at the bureaucracy’s strategic partners in the West. If the West understands and accepts this, it needs to learn to acknowledge Russians’ rights to patriotism and to a normal level of freedom—not as a religious symbol, but as the only path to prosperity and justice. Russian “democrats” and “liberals” have forgotten these demands and rights, and therefore the terms “dem - o crat” and “liberal” are cursed in Russia. Official propaganda uses this to divert Russian citizens from asserting their interests and rights to fighting the West. The West needs to explain to Russia that these rights have been destroyed not by rivalry with the West, but solely by the avarice of the new Russian leaders. It is true that in the future, the issue of global competition will arise. Currently, however, there is only one key problem—corruption (including, of course, corruption in the interests of the West) and a lack of bureaucratic integrity. After Russia experiences a systemic crisis the West must be able to say to Russians; “You see? We are for democracy, but not for “democrats,” for law, but not for lawyers, for prosperity, but not for prospering oligarchs.” All of these are things that the West could not say after the 1990s. Russia will be useful to the West if the West can side with Russia against China and global Islam in foreign policy and with the Russian people against the Russian bureaucracy in domestic policy. If the West attempts to transform Russia according to its own conceptualization of the correct societal order, or simply to seize Russian raw materials, intellect, and money, it will destroy Russia and pay dearly for the relatively small gain. As a consequence of doing so, the West will experience large-scale, global systemic problems.

**Turns Econ**

**Russian economic downturn will disrupt the world economy**

**Cooper 08**

(William, Congressional Research Service Specialist in International Trade and Finance Foreign Affairs, Defense, and Trade Division, “Russia’s Economic Performance and Policies and Their Implications for the United States,” May 30, <http://www.fas.org/sgp/crs/row/RL34512.pdf>)

The greater importance of Russia’s economic policies and prospects to the United States lie in their indirect effect on the overall economic and political environment in which the United States and Russia operate. From this perspective, Russia’s continuing economic stability and growth can be considered positive for the United States. Because financial markets are interrelated, chaos in even some of the smaller economies can cause uncertainty throughout the rest of the world. Such was the case during Russia’s financial meltdown in 1998. Promotion of economic stability in Russia has been a basis for U.S. support for Russia’s membership in international economic organizations, including the International Monetary Fund (IMF), the World Bank, and the World Trade Organization (WTO). As a major oil producer and exporter, Russia influences world oil prices that affect U.S. consumers.

**Turns China**

#### Russian economic collapse causes a nuclear Russia-China war.

**Oliker 2** (Olga and Tanya Charlick-Paley, RAND Corporation Project Air Force, *Assessing Russia’s Decline – Trends and Implications for the United States and the U.S. Air Force*, www.rand.org/pubs/monograph\_reports/MR1442/)

WAR IN ASIA Both conventional wisdom and the political science literature posit that substantial state decline, or the appearance thereof, can invite **foreign adventurism**. To date, Russia’s military weakness has not been seen as an invitation for ambitious rival states to wrest away a chunk of Russian territory. Russia’s large arsenal of strategic and nonstrategic nuclear weapons is no doubt a factor. This may change over the next decade or so, particularly if Russia continues to weaken and demographic trends stay on their present downward paths. The Scenario This scenario takes place around the year 2015 and assumes that Russia has continued to deteriorate militarily throughout the inter- vening period. This decline has been especially severely felt in the Far East, where troops are unfed, unpaid, and untrained, and equipment is obsolete. Chinese migration into the Far East and Russian emigration from it have continued, and significant numbers of Chinese have settled permanently in the area. Beijing, whose military might has increased as Russia’s has declined, has begun to make noises about its historic right to southeastern Russia, territory that was annexed between 1858 and 1860 from a China weakened by the Opium Wars. In 2015, with a rapidly growing Chinese population in that area (where families are unhindered by population control regulations), Beijing is able to create considerable domestic support for “reclaiming” the territory. Domestic pressure in China to take back the “lost territories” is bol- stered by an increasingly hostile Russian policy and attitude toward Chinese immigrants. Driven by ethnic tensions that have increased along with the Chinese population, laws now limit the duration and location of Chinese residency. Discrimination in employment and housing against people of East Asian ancestry is rampant. Despite this, economic opportunities attract more and more Chinese to the area. Whatever “strategic partnership” might once have been evolving between Beijing and Moscow has long disappeared and relations between the two countries are poisoned by Russian anti-Chinese sentiment and Beijing’s insistence on pursuing the rights of co- ethnics living in Russia and rumblings about regaining long-lost land. In addition to historical claims and the desire to protect the rights of ethnic Chinese, China has a strategic interest in the land southeast of the Amur River. This territory provides an outlet to the Sea of Japan, an outlet China now lacks. Illustrative Scenarios China’s strategy for acquiring the territory is based on a plan to **provoke Russia** into attacking Chinese forces in the region. China, pleading self-defense, could then **counterattack** into Russia. Beijing, possessing by now a large strategic nuclear force, is confident that Moscow will not risk nuclear war and the destruction of European Russia to defend the poor and underpopulated Far East. The People’s Liberation Army (PLA) therefore begins to shift more forces toward the border with Russia. The plan goes awry, however, when Chinese forces get into a firefight with Russian border guards near the border at the Ussuri River. Chinese commanders on the scene seize territory in Primorsky Krai; the weak and disorganized Russian forces in the region are able to put up little resistance. With this fait accompli, Beijing orders its navy to gear up for an amphibious landing at Vladivostok and elsewhere on the coast. See Figure 8.1. Japan is alarmed by this turn of events. It sees the land grab in Russia as an example of aggressive Chinese military adventurism and feels particularly threatened by the prospect of a Chinese outlet to the Sea of Japan. After consultations, Japan and Russia decide that, given both states’ relative military weakness, it is time to call on the United States for help. Washington initially offers to mediate, but while China responds that it is willing to enter into talks, the PLA continues to shift more forces to the Russian border and ships are heading for Vladivostok. Russia therefore invokes its status as a Partnership for Peace state to request NATO consultations. Japan, in turn, asks the United States to assist in rolling back the Chinese land grab in Russia. Implications This scenario may at first read more like fiction than a plausible future. Projecting 15 years forward is difficult under the best of cir- cumstances, and doing it with regard to two states in as much flux as Russia and China is particularly challenging. Furthermore, even if events were to evolve as outlined, the United States would retain freedom of choice: it would be under no obligation to intervene to defend Russia against the Chinese. On the other hand, especially if U.S.-Chinese relations continue to deteriorate, the United States may find it difficult to refuse the request of its close ally, Tokyo, and a Russia in need. Furthermore, a conflict between Russia and China would be a clash between **two nuclear weapon states**. Although China has a “no first use” policy, Russia does not. This scenario posits that Beijing is bet- ting that the nuclear taboo will hold, but one can easily imagine that a Russia that is weakened conventionally and facing a foreign incursion onto its soil may feel that it has **no choice** but to **escalate to nuclear use**. Thus, this scenario is not likely but is included because it has serious implications for U.S. interests. While the probability of such a course of events is low, it is far from negligible, for China does have interests in the Russian Far East, and Japan (like other states in the region) is highly attuned to the possibility of Chinese adventurism.

**2NC Econ High**

**1. Econ high now- Oil is key to prevent fiscal trainwreck**

**Burke 12**

[Justin Managing Editor , Eurasia News, 3/1 “ Russia: Putinism and the Russian Economy”, [http://www.eurasianet.org/node/65070 //](http://www.eurasianet.org/node/65070%20/)]

During his tenure in power, Russia has experienced robust economic growth and benefited from a favorable balance of trade, enabling the Kremlin to amass cash reserves of just over $505 billion, according to Central Bank statistics. But trade-surplus figures provide only a partial picture of the Russian economy, creating an illusion of economic health. **Russian growth is overly dependent on the export of raw materials, especially oil** & gas, but also including minerals, precious metals and timber. During his first go-round as president, Putin spoke repeatedly of a need to transform Russia’s economy. In a May 2006 speech to the Federation Council, for example, he said his administration was already taking “concrete steps to change the structure of our economy, and turn it into an economy of [technological] innovation.” And on May 8, 2008, the day he stepped down from the presidency and returned to the post of prime minister, he announced the government’s “number one priority” was economic diversification via the “development of innovative industries.” If figures compiled by Russia’s Federal Service for State Statistics (FSSS) are to be believed, Putin’s quest to create a knowledge-based, high-tech economy has been a dismal failure. Import-export data for the past 12 years shows that Russia’s role in the global economy remains that of raw materials supplier, and that **the high price of oil & natural gas is** **all that stands in the way of Russia becoming a fiscal train wreck**. When it comes to the state budget, the stability of Russia’s finances is dependent on an increase in the cost of energy. The Kremlin thus stands to benefit economically from increased tension between the West and Iran. Prior to the global financial crisis, Russia could balance its books with an oil price of about $90 per barrel, former Russian Finance Minister Alexei Kudrin said last September. Now, according to the Finance Ministry, the Russian budget needs an oil price of $117 per barrel this year to remain in good shape.

2. **Russia’s economy is growing now but it’s vulnerable to falling oil prices.**

**Oprita** 6/21/20**12**, (Antonia, CNBC News Editor – “Are Oil Exports Russia's Curse as Well as Its Blessing?” http://www.cnbc.com/id/47870418)

The World Bank has upgraded slightly its economic growth estimate for Russia, forecasting growth of 3.8 percent in 2012 and 4.2 percent in 2013 in its June edition of the Global Economic Prospects. In January, the estimates were 3.5 percent for this year and 3.9 percent for next year. Russia's macroeconomic data would make many euro zone politicians go green with envy. The country's economy grew by 4.3 percent last year, its sovereign debt is around 10 percent of gross domestic product, its budget had a deficit of 0.9 percent in the first three months of this year and its current account had a surplus last year. "Actually, Russia is crediting the rest of the world," said Struchenevsky. One of the biggest risks for Russia's economy is the fact that it has become too dependent on high oil prices, said Neil Shearing, chief emerging markets economist at Capital Economics.

**3. Russia economy is unique – oil makes up 17 % of their GDP and current economic expansion proves that high prices are key to sustaining recovery**

**Chechel** **11**

( Alena Chechel - Sep 13, 2011 “Russia Sees Stalling Economy, Plunging Ruble With $60 a Barrel Oil Price” , [http://www.bloomberg.com/news/2011-09-13/russia-sees-stalling-economy-ruble-plunge-at-60-oil-price.html //](http://www.bloomberg.com/news/2011-09-13/russia-sees-stalling-economy-ruble-plunge-at-60-oil-price.html%20//)

“Russia really doesn’t belong in the group, it’s a petro- economy in terms of world trade,” Krugman said. “There are a lot of people and a lot of technical skills and at least potentially Russia could be a part, but its role in the world right now is not at all similar to China.” Oil and gas account for 17 percent of Russia’s GDP compared with less than 10 percent in Brazil, and contribute about 40 percent to government revenue. Urals has gained about 24 percent this year, reaching $122.88 on April 8, the highest price this year, according to data compiled by Bloomberg. Windfall revenue may allow Russia to run a balanced budget this year and narrow its deficit to below 1.5 percent in 2012, Putin said at a meeting yesterday. Medvedev is targeting annual growth of at least 8 percent within 5 years to keep pace with the other so-called BRIC countries. GDP expanded 4 percent in 2010 after a record 7.8 percent contraction the previous year, when Urals averaged about $61. Russia posted an average growth rate of almost 7 percent from 1999 to 2008. The economy expanded 3.4 percent from a year earlier in the second quarter, compared with 4.1 percent in the previous three months, the Federal Statistics Service in Moscow said Aug. 11. The country’s economic expansion accelerates by about half a percentage point for every $10 advance in the price of oil, Klepach estimated last year. The country needs oil to average more than $60 a barrel this year to ensure a sustained recovery from its record slump in 2009, Kudrin said in October. Brent, the oil blend that underpins prices for Russia’s Urals, may average $114 next year, according to the median forecast of 37 analysts surveyed by Bloomberg. It may drop to $90 next year, Citigroup Inc. predicts, while Landesbank Baden- Wuerttemberg and Sanford C. Bernstein & Co. expect Brent to trade at $90 in 2012. After expanding every year since 1998, Russia’s economy contracted in 2009 after the credit crunch and global slowdown that followed collapse of Lehman Brothers Holdings Inc. crimped demand for commodities, sending Urals to as low as $32.34 a barrel on Dec. 24, 2008. The decline was a 77 percent drop from a high of $142.50 in July that year.

**2NC High Prices Key Wall**

#### High prices are key to Russian growth --- investment, inflation, stock prices, and the Russian ruble.

**Kramer 11** (Andrew, Journalist @ the New York Times, *Russia Cashes In on Anxiety Over Supply of Middle East Oil*, March 7th, http://www.nytimes.com/2011/03/08/business)

MOSCOW — Whatever the eventual outcome of the Arab world’s social upheaval, there is a clear economic winner so far: Vladimir V. Putin. Russia, which pumps more oil than Saudi Arabia, is **reaping a windfall** from the steep rise in global energy prices resulting from instability in oil regions of the Middle East and North Africa. Riding the high oil prices, the **Russian ruble** has risen faster against the dollar this year than any other currency, which is helpful because it will **curb consumer inflation** during an election year. **Russian stocks** are buoyant, too: the Micex index closed last week at 1,781, up nearly 6 percent since the beginning of the year. (Monday was a holiday in Russia.) But the Russians could not step in to offset any potential big drop in global production, because Russia does not have any oil wells standing idle that would allow it to increase production. Right now Russia is pumping oil at its top capacity. But at last week’s closing of $114, the price of each of those barrels of Ural crude, the countries main export blend, has risen 24 percent since the beginning of the year. Last week, the prime minister, Mr. Putin, sat down for a meeting with Russia’s finance minister, Aleksei L. Kudrin, which was nationally televised on state news channels for the public’s enlightenment as the two discussed, just short of gloating, the benefits to Russia of a global oil panic. “Mr. Kudrin, budget revenues have become considerable,” Mr. Putin said matter-of-factly. Mr. Kudrin agreed, noting that if prices hold Russia will be able to resume contributions to its **sovereign wealth funds** for the first time since the summer of 2008, when the global recession began. One of those sovereign investment vehicles, the Reserve Fund, could reach $50 billion by the end of the year, Mr. Kudrin reported. Just a few months ago Russian officials planning the 2011 budget had anticipated the fund would be depleted. “Good,” Mr. Putin responded to Mr. Kudrin’s account, nodding with satisfaction. Russia, of course, does not have to look back farther than 2008 to see that a spike in the price of oil can be just that — followed by a dizzying drop. But for now, Russian energy is in favor. Russia’s perceived stability was a reason the French energy giant Total cited last week in agreeing to buy about 12 percent of an independent natural gas producer in Russia, Novatek, and join a liquefied natural gas project in the Russian Arctic. “The upheavals taking place in a number of the oil- and gas-producing countries now send a **signal to investors** to come to Russia,” Total’s chief executive, Christophe de Margerie, said in a meeting with President Dmitri A. Medvedev announcing the deal. Mr. Margerie said his company was committing about $4 billion to the venture. “Russia offers a much safer environment for investment,” he said. Oil experts say that because global production capacity for oil is still far larger than world demand, the run-up in prices is being fueled by fear more than by reality. The concern is that the violence in Libya could spread to other member states of the Organization for the Petroleum Exporting Countries, which are primarily Arab nations. Russia is not only outside OPEC, and thus free from the cartel’s production restraints, but also, with its formidable secret police apparatus and a population bulge among the elderly rather than the young, is seen as less vulnerable to an outbreak of social unrest. Russia has long jockeyed against Saudi Arabia, a member of OPEC, to be the world’s top oil-producing nation. Although the Saudis have more production capacity and vastly more reserves, Russia is pumping more oil. And if oil and natural gas are considered together, Russia is the largest energy-exporting nation. Which country is in first place for oil at any given moment depends on how the Saudis wield their swing production capacity, the cushion of unused wells and pipelines the Saudis can turn on to tamp down global prices. As the biggest OPEC member, Saudi Arabia is the cartel’s enforcer and enabler, with the power to influence global prices or to moderate global disruptions by how much of its production capacity it chooses to put to work. If the Saudis open the valves during periods of instability, Russia falls into second place as a producer — but still makes a healthy profit off higher prices. Russia has little incentive to invest in spare capacity — in part because being outside the OPEC cartel gives it less direct ability to influence prices through the ebb and flow of production. If anything, a large idle capacity by Russia would work against its financial interests — by acting as market insurance, and thus holding prices down — during periods of instability in the Middle East. Russian officials also say that spare capacity is too hard to maintain in their far northern country. Most of its current production comes from wells in Siberia that would freeze solid in the permafrost if not kept running. And the Russians will probably argue the new fields they plan to open in Arctic waters will be so expensive to drill that it would be unwise to later shut them down. “They are producing flat-out on a permanent basis,” Didier Houssin, the director of energy markets and security at the International Energy Agency in Paris, said via telephone. In the longer term for Russia, policies that encourage or discourage oil field investment are the bigger determinant of how much oil the country can provide to global markets. The energy agency forecasts that Russian energy output will remain about stable for five years, but will require increasing investments as the main oil provinces in western Siberia, having peaked years ago, continue to decline. In this respect, Middle East instability could bring **longer-term benefits** to Moscow than the current oil price spike, if it redirects even more of the Western oil industry’s investment to Siberia and the Russian Arctic shelf. The British oil giant BP cited Russia’s relative stability compared with OPEC regions, when BP in January announced a $7.8 billion deal to invest in the state-owned Russian oil company Rosneft and jointly search for oil in the Arctic. Later that month, Exxon Mobil, the biggest American oil company, signed a deal with Rosneft to explore offshore in the Black Sea. Unrest in North Africa is also strengthening Russia’s **bargaining position** with Europe on natural gas exports and pipeline politics — although Russian officials have used delicate phrasing to make this point. Aleksei B. Miller, the chief executive of Gazprom, in a visit to European capitals late last month, suggested that Europeans reconsider their opposition to new Russian pipeline proposals, in light of the “external situation” in North Africa, a region that competes with Russia to export pipeline gas to Europe.

#### High prices boost government revenue --- results in social spending, infrastructure development, and domestic liquidity.

**Holmes et al. 11** (Frank, John Derrick, and Tim Steinle, Co-managers of the U.S. Global Investors Eastern European Fund, *What's Driving Russia's Outperformance?*, http://www.usfunds.com/investor-resources/frank-talk/Eastern-Europe/Whats-Driving-Russias-Outperformance-5318/?CFID=3340758&CFTOKEN=38605250)

The Russian MICEX Index, which increased 22.5 percent in 2010, has jumped 15 percent so far in 2011, significantly outperforming many other markets. China is the second-best performer of the BRICs, rising more than 5 percent, while India (down over 10 percent) and Brazil (down over 2 percent) have lagged. Overall, the MSCI Emerging Markets Index has dropped just over 1 percent. This has effectively recouped Russia with the other BRIC countries. The Russian economy lagged out-of-the-gate once the global recovery began, leading some to question whether it belonged in the same category as Brazil, China and India. Those sentiments seemed premature and symptomatic of an anti-Russia mindset. Russian’s outperformance has been driven by several factors. First, the Russian ruble has appreciated 7 percent against the U.S. dollar, boosting stock market performance for U.S. investors. This development also has a long-term benefit as a strong ruble benefits the country’s domestic sectors, something we’ll discuss later. A second factor driving Russia has been the **geopolitical** and natural disaster events that have transpired during the past few weeks. Russia is relatively safe from the type of political uprisings seen in the Middle East and North Africa. Its government is decidedly popular with the public and the one-two punch of President Medvedev and Prime Minister Putin give the government clout on both international and domestic fronts. The price of oil has risen roughly 25 percent since the unrest and turmoil began in the Middle East and North Africa. As an energy exporter of crude oil and natural gas, Russia is one of the few large economies in the world that directly benefits from higher energy prices. Russia is the world’s largest oil producer and it’s estimated that for every $10 increase in the average annual price of oil, Russia’s revenues rise by **$20 billion**, according to the Financial Times. Since Russia is not a member of OPEC, it is not bound by production caps and can increase production as it sees fit while prices are at elevated levels. Russia is also the world’s top exporter of natural gas and Stratfor Intelligence points out the situation in Libya has shut down 11 billion cubic-meters of natural gas flow to Italy. As Europe’s third-largest consumer of natural gas, Italy has turned to Russia for gas supplies. In addition, a shutdown of several Japanese nuclear facilities could mean as much as a 14 percent increase in natural gas consumption to meet the Japan’s energy demands. In the energy sector, the Eastern European Fund (EUROX) portfolio emphasizes companies that show strong growth in production, reserves and cash flow, relative to their peers. Specifically, Novatek, Rosneft and TNK-BP fit this profile. Russian energy equities, which carry the largest weighting in the MICEX, have gained 25 percent this year. This is higher than non-oil Russian equities, which have risen only 7.7 percent. However, as oil and gas taxes swell the **government’s revenue**, these funds are increasingly allocated to **social** and public works programs which are likely to create an opportunity for **non-energy** related equities. These sectors appear poised to benefit from the current macroeconomic environment. This table from Merrill Lynch shows the performance of the different sectors of the Russian market following a sustained rise in oil prices. Merrill Lynch compiled research on the seven instances where oil prices rose 20 percent in a two-month span and maintained at least half those gains over the following six month period. Historically, the average gain for Russian equities is more than 34 percent. While energy generally jumps out ahead when oil prices move higher, you can see that it lags other sectors as the rally progresses. We have long been positive on both Russian financials and the consumer sector and these sectors appear well positioned going forward. Consumer-oriented equities such as retailers have historically been the best performers, netting an 85 percent gain on average and triple the gain of energy equities. Retailers X5 and Magnit should be able to capitalize on these trends. Russian financials are next with an average 83 percent gain. Sberbank, Russia’s largest bank, is the largest holding in EUROX. Another area that could directly benefit from the Kremlin’s cash-filled pockets is **infrastructure**. Russia is in dire need of a significant revamping of its infrastructure. Similar to the American Society of Civil Engineers report that rates America’s infrastructure a “D,” the World Economic Forum says the quality of Russia’s infrastructure lags that of other emerging countries such as South Africa, Turkey, China and Mexico. The areas most in need of upgrading are Russia’s transportation and electrical power grid. The quality of Russia’s roads ranks in the bottom-third in the world, according to Merrill Lynch, and it’s estimated that Russia loses 6 percent of GDP each year due to underdeveloped roads. In fact, the combined length of Russia’s roadways declined 6 percent between 2002 and 2010 despite a 60 percent increase in car penetration, Merrill-Lynch says. It’s a similar story for Russia’s airports and rail network. Russia currently has roughly 300 operational airports but just 40 percent of them have paved runways and 30 percent do not have an airfield lighting system, Merrill Lynch says. The rail network, almost entirely constructed during the Soviet era, is highly concentrated in the Western region of the country and is estimated to require more than $70 billion in investment for upgrades and repairs by 2020, according to Merrill Lynch. Russia’s aging power grid is unreliable and accident-prone. Merrill Lynch projects that significant investment by 2020 is required to update and modernize the grid. With industrial consumers accounting for 85 percent of electrical consumption, keeping the power up and running is essential to maintaining Russia’s industrial production levels. To finance the much needed infrastructure improvements, the Russian government created the $420 billion Federal Target Program (FTP). The FTP focuses on key transportation areas such as rails, autos, marine and civil aviation. The FTP has specific goals to meet by 2015 such as increasing the percentage of roads that meet federal standards by 23 percent. The plan also calls for a 47 percent increase in the shipment of goods and a 40 percent increase in airline penetration through improvements of aviation infrastructure. In addition to the FTP, three special events will help drive Russia’s infrastructure spending: The 2012 Asia-Pacific Economic Cooperation (APEC) Summit, 2014 Winter Olympics in Sochi and the 2018 World Cup. Merrill Lynch estimates that total spending for the World Cup will reach $50 billion. Construction for the Games in Sochi includes 161 miles of roads and 65 miles of rails, and the APEC calls for 48 new objects to be constructed for a total of $83 million. While higher energy prices are in danger of slowing down consumers in the U.S., Western Europe and certain emerging market countries, it has the **opposite effect** for the Russian economy. With increased cash flow from its natural gas and crude oil exports, the Russian government has the much-needed **capital to invest** in the country’s aging infrastructure and to support **domestic consumption**. This should drive outperformance of Russian markets throughout 2011 and **stimulate demand** for infrastructure-related commodities such as crude oil, copper, cement and iron ore.

#### Those internal links are the main threat facing Russia.

**Kudenko 10** (Aleksey, Staff Writer @ RIA Novista, *High oil prices to solve Russia's financial problems – Putin*, February 6th, http://en.rian.ru/russia/20100602/159273742.html)

Extra budget revenues due to higher oil prices will allow Russia to effectively deal with its **main financial issues**, Prime Minister Vladimir Putin said on Wednesday. Putin said that whereas the 2010 budget was based on a projected oil price of $58 per barrel, the average price so far this year had in fact exceeded $70. "We can make greater headway in solving our **main financial problems**. Above all, in reducing the **budget deficit**," he told a cabinet meeting, adding that in 2009 the deficit constituted 5.9% of GDP. He said the country's Reserve Fund could be used "more economically." Putin said **economic growth** was also higher than forecast several months ago. According to the Ministry of Economics and Trade it currently stands at 3.5-4.5% y-o-y, or possibly even higher. Finance Minister Alexei Kudrin said in mid-May the 2010 deficit would be 5.2-5.4% and that the budget would be balanced with an average oil price of $95 per barrel. The budget deficit in 2011 is expected at 4% of GDP with an oil price of $70 per barrel and 8% of GDP with a price of $50. Kudrin also said that the Reserve Fund would most likely last through 2011 and not be completely used up in 2010, as was previously expected. Russia, which continues to rely on raw material exports as its principal source of budget revenue, was badly affected by the 2008 global economic crisis, but a quicker-than-expected recovery of oil prices has **eased pressure** on the federal budget.

#### Social spending solves poverty- key to the overall economy

**Ulatov 11** (Sergei (Economist), Karlis Smits (Economist), Olga Emelyanova (Research Analyst), and Victor Sulla (Economist), under the direction of Zeljko Bogetic (Lead Economist and Country Sector Coordinator for economic policy for Russia and the general editor of the report). Lucio Vinhas da Souza (Senior Economist) and Shane Streifel (Consultant) contributed on the international environment and the global oil market. Karlis Smits (Economist) prepared the note on public expenditures. Sylvia Bossoutrot (Sr. Operations Ofﬁ cer and Country Coordinator for Private Sector and Finance for Russia) and Lawrence Kay (consultant), *Sustaining Reforms under the Oil Windfall*, Russian Economic Report, Number 24, March 2011)

Russia’s national poverty rate has been broadly ﬂat in 2009 and continued to fall in 2010, essentially because of a massive **counter-cyclical stimulus**, increases in pensions and wages, and unemployment that was much lower than expected. Both the unemployment and poverty rates increased sharply in early 2009; however, as the large increases in public sector wages and pensions and unemployment beneﬁ ts kicked in, and as unemployment began to fall as ﬁ rms shifted to labor hoarding, the national poverty rate fell from 13.4 percent in 2008 to 13.2 percent by the end of 2009. According to Rosstat, poverty has continued to decline in the ﬁ rst 3 quarters of 2010 in comparison to the similar period last year. Based on the 4 percent GDP growth in 2010, we estimate the poverty rate in 2010 at 12.7 percent, approximately 0.5 percentage point lower than in 2009 with about 0.7 million people moving out of poverty. Looking ahead, we project that poverty will decline in 2011 (11.2 percent) and 2012 (10.0 percent in 2012) (ﬁ gure 1.6).

#### No offense --- high prices are always better than low prices.

**Russian Times 11** (RT Online, *Russia surfing the oil price surge*, February 25th, http://rt.com/business/news/russia-surfing-oil-surge/)

RT: On balance do you think high oil prices are good for Russia? Surely it means more money? VO: Sure, **absolutely**. One way or another high oil prices gives much more resources for Russia to deal with. That’s why, **no matter** what way you look at it, it is **always better** for Russia to have high oil prices than low oil prices. I guess the most important thing is to realize that the sustainability of these prices is the big question.

**A2: Econ Resilient**

**1. Key to all Russian investment**

**Dashevsky 11** (Steven, Managing Director of Dashevsky & Partners, “The Russian economy and its oil,” 5-24, http://rt.com/business/news/russia-economy-oil-rpice/)

RT: High oil prices have helped Russia’s budget but is the country too dependent on energy exports? SD: “Well the dependence has declined greatly in recent years, but I think the sad truth remains that, to a very significant degree, Russia’s budget revenues and overall fiscal health is still very dependent on the level of oil prices.” RT: How does the energy sector shape the Russian investment climate? SD: “Well, there are many ways how the events happening in the oil and gas sector influence what is happening in the broader economy. On the one hand this is the biggest source of cash flow generation in the country, so in a sense it’s the biggest source of investment funds, both for the companies, and for the government and also because oil companies invest very significant amounts of money every year, so the ability of Russian oil companies to spend money affects really the entire Russian economy – from transport companies to oil service companies to catering companies to local airlines – so it is still, despite the significant efforts to diversify the economy, it’s a very important source of investment funds. That’s kind of one angle, and another angle is what is happening in the Russian oil and gas sector, since it is the biggest sector in the economy, affects the general investment climate, from the kind of sentiment perspective. So, when something good happens like potentially was going to happen, BP-Rosneft deal, or if there are good events happening, new fields are being developed, new pipelines are being brought on-stream, that gives investor additional confidence that the economy is progressing very well, and people are investing money in it, and the whole country is open for business. Vice versa, if things are not going well, if deals are breaking up, if instead of going to work people going to courts against each other, that clearly creates a big drag on the investors sentiment for all of the Russian economy, not just oil and gas.”

**2. Number 1 factor in growth**

**Hill 11** (Fiona, director of the Brookings Institution's Center on the United States and Europe, “How Russia and China See the Egyptian Revolution,” Foreign Policy, 2-11, http://www.foreignpolicy.com/articles/2011/02/15/how\_russia\_and\_china\_see\_the\_egyptian\_revolution)

For Russia, the world price of oil is the single-most important factor for the future of its economy. In the short term, the price of oil dictates overall growth rates. If the current upward trend in oil prices holds, the Russian economy ought to be able to continue growing at about 4 percent annually. If prices are flat, then growth of 1 to 2 percent a year will be more likely. But even in the most optimistic case, the Russian economy will grow at a considerably slower pace than in the previous decade, when it grew on average around 7 percent a year. Over time, such sluggish growth may not suffice to meet expectations of the Russian population, and it certainly will not be enough to deal with some of the Russian economy's more serious and deep-seated problems -- inadequate and deteriorating infrastructure, outmoded physical capital, and Russia's demographic and health crisis. The Russian government has sought to gloss over these inadequacies with some popular showcase bids, including securing the 2014 Winter Olympics for Putin's favorite vacation spot of Sochi and the 2018 soccer World Cup, but a poorly performing economy and high unemployment after 2012 would eventually undermine the popular base of support for Putin (if he is still in place).

**3. World Bank agrees**

**ITNA 11** (Itar-Tass News Agency, “WB forecasts stable GDP growth in Russia, warns of oil prices drop,” 6-8, http://www.itar-tass.com/en/c154/160657\_print.html)

The World Bank (WB) considers the possible drop in world oil prices the main economic risks for Russia, Andrew Burns, the main author of the WB new Global Economic Prospects report that was presented on Tuesday told Itar-Tass in an interview. According to estimates of the team of specialists headed by Burns, Russia’s GDP growth this year will amount to 4.4 percent. Next year it will drop to 4 percent, that is, will return to the level of 2010. In 2013, it will grow again, but not so considerably - only to 4.1 percent. “It is obvious that Russia benefits from the current extremely high oil prices, which help it compensate for some difficulties with the budget,” said Burns. According to him, “it promotes rapid growth of income, which is very positive.” Burns explained that “the risks for Russia as an oil exporter are different from those that threaten the rest of the world.” “For Moscow, high oil prices are very good, and problems may arise in case of their fall. In this situation, much will depend on how the Russian government is prepared for such possible scenario,” the WB official said. He also expressed the view that “if the problems in the rest of the world become cyclical, the oil sector will be affected by them not so much as other industries.” However, he said, “it will affect the economy in general” and affect all countries. The report itself states that the average GDP growth in Russia over the period under review up to 2013 will reach 4.2 percent. The document’s authors explain this partly “by high fuel prices.” They predict “better prospects in the labour market, which will reduce unemployment by 2013 to around 6 percent.” According to them, this in combination with high oil revenues should affect the increasing share of domestic consumption and investment demand in the overall economic growth.

**A2: Dependence/Dutch Disease**

#### 1. Oil dependence is inevitable and good.

**Dashevsky 11** (Steven, Managing Director of Dashevsky & Partners, *The Russian economy and its oil*, May 24th, http://rt.com/business/news/russia-economy-oil-rpice/print/)

With higher crude price bringing the budget back into balance but also stoking inflation Business RT spoke with Steven Dashevsky, Managing Director of Dashevsky & Partners about oil and its relationship to the Russian economy. RT: High oil prices have helped Russia’s budget but is the country too dependent on energy exports? SD: “Well the dependence has declined greatly in recent years, but I think the sad truth remains that, to a very significant degree, Russia’s budget revenues and overall fiscal health is still **very dependent** on the level of oil prices.” RT: How does the energy sector shape the Russian investment climate? SD: “Well, there are many ways how the events happening in the oil and gas sector influence what is happening in the broader economy. On the one hand this is the biggest source of cash flow generation in the country, so in a sense it’s the biggest source of investment funds, both for the companies, and for the government and also because oil companies invest very significant amounts of money every year, so the ability of Russian oil companies to spend money affects really the **entire Russian economy** – from transport companies to oil service companies to catering companies to local airlines – so it is still, despite the significant efforts to diversify the economy, it’s a very important source of investment funds. That’s kind of one angle, and another angle is what is happening in the Russian oil and gas sector, since it is the biggest sector in the economy, affects the general investment climate, from the kind of sentiment perspective.So, when something good happens like potentially was going to happen, BP-Rosneft deal, or if there are good events happening, new fields are being developed, new pipelines are being brought on-stream, that gives investor additional confidence that the economy is progressing very well, and people are investing money in it, and the whole country is open for business.Vice versa, if things are not going well, if deals are breaking up, if instead of going to work people going to courts against each other, that clearly creates a big drag on the investors sentiment for all of the Russian economy, not just oil and gas.” RT: Are government moves to diversify the economy away from energy likely to succeed in the short term? And in the long term? SD: “It’s a trick question.Someone told me that the first time the Russian government has become concerned about its reliance on oil and gas revenue, was, in fact, almost immediately after oil and gas was found in Siberia, in 1973, 1974.One of the central communist party committees has discussed the subject. So that was 1974.Almost 40 years later I think we still find ourselves in the current situation where the economy and the budget are very, very, dependent on oil and gas. I personally don’t see how it is going to change. In the near term, and **even in the long term**, because even if the Russian oil production begins to decline, or the global oil production begins to decline, what will happen at that time would also mean high oil prices, so if global production will be getting lower, the oil price will be getting higher because of that. So, as a result, the Russian intake from commodity exports would more or less stay the same – it would be a big amount of money coming into the country. And there is very few other sources of hard currency the economy could generate. So it would **take a miracle** to materially change the structure of the Russian economy and of the Russian budget. Even the long term, so I think the only thing you can do is really simply take this natural wealth that has been given to you by god, and simply use it efficiently. I don’t think you can really say ‘let’s become a hi-tech nation, or lets become a tourist mecca, or lets become the provider of savoir vivre products like France. They are just **not going to happen**. You just take your natural resource wealth but you try to use that efficiently, and try not to waste it.” RT: What is the best way the government can diversify the economy and at the same time take advantage of the energy resources that it has? SD: “Well that’s a slightly different question.The answer to that is very simple.If you are endowed with significant natural resources, one way how you diversify your economy, if this is still the core of your economy, the core of your wealth, the way you diversify and the way you make the economy more diversified is by creating more value added.So I think the clear sort of strategic goal that the Russian government should pursue is increasing the degree of refining of, for example, for oil.So instead of selling simple vacuum gas oil, maybe fuel oil, which is subsequently being refined into high value added products in the west, you build these refining complexes here.Instead of burning associated gas, for example, you create petrochemical refining complexes which process it into various liquefied gas, and various associated petrochemical products, and you export that.So, I don’t think it is fair to say that, ok if you have a natural resource driven economy, you are in a bad situation. I mean Australia has a natural resource driven economy, and so does Canada, and so does Norway, but there are always ways, if you think about things to create value to make it more diversified, and the more you add value, the more added value is in the product you sell the less vulnerable you are to commodity price swings.Because commodity price swings affect, fir4st and foremost, the raw natural resources, and to a much lesser degree they affect the final product.So we all know how much the oil price changes every day, but the price per tonne of rubber or plastic or certain petrochemical specialized products doesn’t change that often.It’s subject to much more longer term contracts.And if you go from producing gas to also producing electricity, that doesn’t change daily, it’s not as volatile.So there are different ways, I think, how you can diversify the economy, and simply make Russia, instead of raw material exporter, into a high quality, high value added energy exporter. In different types of energy, and different types of resources, as your final product. And that I think is the only kind of reasonable diversification strategy.” RT Do you think Russia has Dutch disease and how does energy reliance work in Russia with the import competing sector? SD: “There are elements of Dutch disease, so I think not all the symptoms are here because the oil industry is not, Dutch disease happens when one industry, in this case oil and gas industry, really begins to crowd out investment and jobs and becomes the centre of everything, so the rest of the economy kind of dies. In the Russian case, it’s a little bit different because a lot of the money that flows into the country, via the oil and gas sector, subsequently flows **further into the economy**. So the impact from the oil and gas sector for example, on the currency is not what it used to be. So, yeah, if the oil prices are high it gets stronger, but it’s not dramatically stronger, and I think the economy is becoming, in relative terms, it is getting better if oil prices are high, instead of getting worse.Dutch disease really happens if there is one sector that is doing well and it drains resources from all the other sectors.In Russia’s case when oil prices are high, **all sectors** are enjoying it because it **trickles down** to the entire economy. So I think there are certain elements of it, but I don’t think Russia has Dutch disease, and **whatever people say**, fortunately if oil prices are high it is good for Russia, and it is good for Russia **as a whole**, not just for Russian oil companies.” RT: How open is the Russian energy sector to foreign investment?

#### 2. Economists vote negative --- Russia should capitalize on its comparative advantage.

**Gaddy 11** (Clifford G., Senior Fellow at the Brookings Institution – Economist Specializing in Russia, *Will the Russian economy rid itself of its dependence on oil?*, July 16th, http://en.rian.ru/valdai\_op/20110616/164645377.html)

To ask whether the Russian economy will rid itself of its “dependence on oil” is to ask whether ideology will trump economics. Many people in Russia—including President Medvedev—seem to believe Russia should de-emphasize the role of oil, gas, and other commodities because they are “primitive.” Relying on them, they argue, is “degrading.” From the economic point of view, this makes no sense. Oil is Russia’s comparative advantage. It is the most competitive part of the economy. Oil and gas are something everyone wants, and Russia has more of them than anyone else. It is true that the Russian economy is backward, and that oil plays a role in that backwardness. But oil is not the root cause. The causes of Russia’s backwardness lie in its inherited production structure. The physical structure of the real economy (that is, the industries, plants, their location, work forces, equipment, products, and the production chains in which they participate) is predominantly the same as in the Soviet era. The problem is that it is precisely the oil wealth (the so-called oil rent) that is used to support and perpetuate the inefficient structure. For the sake of social and political stability, a large share of Russia’s oil and gas rents is distributed to the production enterprises that employ the inherited physical and human capital. The production and supply chains in that part of the economy are in effect “rent distribution chains.” A serious attempt to convert Russia’s economy into something resembling a modern Western economy would require dismantling this rent distribution system. This would be both highly destabilizing, and costly in terms of current welfare. Current efforts for “diversification” do not challenge the rent distribution system. On the contrary, the kinds of investment envisioned in those efforts will preserve and reinforce the rent distribution chains, and hence make Russia more dependent on oil rents. Even under optimal conditions for investment, any dream of creating a “non-oil” Russia that could perform as well as today’s commodity-based economy is unrealistic. The proportion of GDP that would have to be invested in non-oil sectors is impossibly high. Granted, some new firms, and even entire sectors, may grow on the outside of the oil and gas sectors and the rent distribution chains they support. But the development of the new sectors will be difficult, slow, and costly. Even if successful, the net value they generate will be too small relative to oil and gas to change the overall profile of the economy. Thus, while it is fashionable to talk of “diversification” of the Russian economy away from oil and gas, this is the least likely outcome for the country’s economic future. If Russia continues on the current course of pseudo-reform (which merely reinforces the old structures), oil and gas rents will remain important because they will be critical to support the inherently inefficient parts of the economy. On the other hand, if Russia were to somehow launch a genuine reform aimed at dismantling the old structures, the only realistic way to sustain success would be to focus on developing the commodity sectors. Russia could obtain higher growth if the oil and gas sectors were truly modern. Those sectors need to be opened to new entrants, with a level playing field for all participants. Most important, oil, gas, and other commodity companies need to be freed from the requirement to participate in the various informal schemes to share their rents with enterprises in the backward sectors inherited from the Soviet system. Certainly, there are issues with oil. It is a highly volatile source of wealth. But there are ways to hedge those risks. A bigger problem is that oil will eventually lose its special status as an energy source and therefore much of its value. But that time is far off. It will not happen suddenly. In the meantime, sensible policies can deal with the problems. Otherwise, the approach should be to generate the maximum value possible from the oil and protect that value through prudent fiscal policies. Russia should not, can not, and will not significantly reduce the role of oil and gas in its economy in the foreseeable future. It will only harm itself by ill-advised and futile efforts to try.

**3. No Russian Dutch disease**

**RT 11** (“The Russian economy and its oil,” 5/24, http://rt.com/business/news/russia-economy-oil-rpice

RT: What is the best way the government can diversify the economy and at the same time take advantage of the energy resources that it has? SD: “Well that’s a slightly different question. The answer to that is very simple. If you are endowed with significant natural resources, one way how you diversify your economy, if this is still the core of your economy, the core of your wealth, the way you diversify and the way you make the economy more diversified is by creating more value added. So I think the clear sort of strategic goal that the Russian government should pursue is increasing the degree of refining of, for example, for oil. So instead of selling simple vacuum gas oil, maybe fuel oil, which is subsequently being refined into high value added products in the west, you build these refining complexes here. 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So I think there are certain elements of it, but I don’t think Russia has Dutch disease, and whatever people say, fortunately if oil prices are high it is good for Russia, and it is good for Russia as a whole, not just for Russian oil companies.” RT: How open is the Russian energy sector to foreign investment? SD: “It’s both open and closed.I think it is fairly open to larger strategic deals.We have seen BP-Rosneft deal, which although it has been declined, for the time being, on technical grounds, and it didn’t happen, the fact that both sides wanted to do it, that the Russian government was willing to receive that investment, and BP was willing to make it, I think it is a big testament to how open the industry is for business.Total bought a big stake in Novatek, there are certain PSAs which continue to operate.If they went through difficult times, but both Sakhalin 1 and Sakhalin 2 are producing energy and making money off it.So on the one hand it is open, on the other hand it clearly has become much more concentrated among the top players, so if you look beyond that, there are various laws on participation in the Russian oil and gas sector, and, in general, if you are an up and coming western company that wants to come in and develop the Russian reserves, I think you would have a problem unless you are a global major that can bring something to the table with technology with capital etc, then I think it is fairly open.So, I think it is more open than many many other emerging markets in the world.I would say that for big companies it is fairly open, for small and mid sized companies it is fairly difficult, simply because the industry has become a lot more concentrated in recent years.” RT: Do you think energy prices will remain about where they are for the short to medium term, and what does this mean for the Russian economy? SD: “Well we went through the period two years ago when the oil went from $90/bbl to $150/bbl down to $30/bbl, and for every price level there was an absolutely credible explanation why this is the right price level.So I really have no idea what the oil price will be in the future.The various research suggest that the price of about $60-$80/bbl makes production of oil economical for most of the producers – so if it drops below $60 a lot of people would have to stop production because they would begin to lose money – and at a price of about $80/bbl everyone is making a reasonable margin for them to continue doing it – so I think we should probably see the oil price gradually weakening a little bit to where it was before the latest rally.And speaking about Russia $75-$80/bbl would give the government more or less a balanced budget and more or less kind of stable existence for one or two years, but I think the way the social expenditures, and the way the budget expenditures have been growing – that pace of growth would not be sustainable with the $80 barrel of oil.So, $75-$80 is OK to balance the budget one or two years – maybe borrow money a little bit externally – going forward, I haven’t done this calculation, but there have been some analysts who have done the math, and it seems that every year Russia would need an oil price of about $5-$10 dollars per year higher to meet the rising budget expenditures.”

### A2: Aggression

#### 1. Economic decline is the largest internal link to Russian aggression.

**Peters 8** (Ralph, Retired United States Army Lieutenant Colonel and Degree in International Relations from St. Mary’s University, *Bankrupt Rogues: Beware Failing Foes*, NY Post, November 29th, http://www.nypost.com/p/news/opinion/opedcolumnists/item\_Sq6rxuaQjf2dV655mfdh9M)

FEELING gleeful at the misfortunes of others is an ugly-but-common human characteristic. The world delighted in our crashing economy, then we got our own back as Euro-bankers and Russian billionaires proved at least as greedy as our own money-thugs. Of all the pleasures to be found in the pain of others, though, none seems more justified than smugness over the panic in Moscow, Caracas and Tehran as oil prices plummet. We may need to be careful what we wish for. Successful states may generate trouble, but failures produce catastrophes: Nazi Germany erupted from the bankrupt Weimar Republic; Soviet Communism's economic disasters swelled the Gulag; a feckless state with unpaid armies enabled Mao's rise. Economic competition killed a million Tutsis in Rwanda. The deadliest conflict of our time, the multi-sided civil war in Congo, exploded into the power vacuum left by a bankrupt government. A resource-starved Japan attacked Pearl Harbor. The crucial point: The more a state has to lose, the less likely it is to risk losing it. "Dizzy with success," Russia's Vladimir Putin may have dismembered Georgia, but Russian tanks stopped short of Tbilisi as he calculated exactly how much he could get away with. But now, while our retirement plans have suffered a setback, Russia's stock market has crashed to a fifth of its value last May. Foreign investment has begun to shun Russia as though the ship of state has plague aboard. The murk of Russia's economy is ultimately impenetrable, but analysts take Moscow's word that it entered this crisis with over $500 billion in foreign-exchange reserves. At least $200 billion of that is now gone, while Russian markets still hemorrhage. And the price of oil - Russia's lifeblood - has fallen by nearly two-thirds. If oil climbs to $70 a barrel, the Russian economy may eke by. But the Kremlin can kiss off its military-modernization plans. Urgent infrastructure upgrades won't happen, either. And the population trapped outside the few garish city centers will continue to live lives that are nasty, brutish and short - on a good day. Should oil prices and shares keep tumbling, Russia will slip into polni bardak mode - politely translated as "resembling a dockside brothel on the skids." And that assumes that other aspects of the economy hold up - a fragile hope, given Russia's overleveraged concentration of wealth, fudged numbers and state lawlessness. Should we rejoice if the ruble continues to drop? Perhaps. But what incentive would Czar Vladimir have to halt his tanks short of Kiev, if his economy were a basket case shunned by the rest of the world? Leaders with failures in their laps like the distraction wars provide. (If religion is the opium of the people, nationalism is their methamphetamine.) The least we might expect would be an increased willingness on Moscow's part to sell advanced weapons to fellow rogue regimes. Of course, those rogues would need money to pay for the weapons (or for nuclear secrets sold by grasping officials). A positive side of the global downturn is that mischief-makers such as Iran and Venezuela are going to have a great deal less money with which to annoy civilization.

**2. Russia will pursue a moderate foreign policy now.**

**Mankoff 10** (Jeffrey, Adjunct fellow for Russia studies at the Council on Foreign Relations, Associate director of International Security Studies at Yale University, John M. Olin national security fellow at the Olin Institute for Strategic Studies – Harvard University, Henry Chauncey fellow in grand strategy – Yale University, Fellow at Moscow State University, *The Russian Economic Crisis*, Council Special Report, Number 53, April 2010, Accessed Online @ the Council on Foreign Relations)

By exposing structural deficiencies in the Russian economy and high- lighting the limits of its post-1998 resurgence, the crisis forced officials to pull back from sweeping claims about Russia’s imminent return to great-power status and focus attention on problems closer to home. Such foreign policy caution might not endure in the face of another commodity price–driven boom. Yet given the modest economic prognoses for the coming year, Russia’s foreign policy is likely to remain cautious for the near future. A period of foreign policy restraint in Moscow gives the West a window of opportunity to encourage both fundamental economic reform in Russia and greater integration with the global economy. If successful, such integration would diminish the likelihood that a recovered Russia would again pursue regional domination and autarky as the basis for a revisionist foreign policy. The inability of Russian industries to compete globally has long forced them to focus on meeting domestic demand, which has plummeted in the course of the crisis. Yet because of their inability to modernize on their own, Russian companies have increasingly turned to partners in Europe (especially Germany, France, and Italy) for high technology. In the context of the crisis and President Barack Obama’s promise to “reset” relations with Moscow, Russia has also appeared more receptive to political overtures from the United States and the European Union (EU), for instance on sanctions against Iran, strategic arms cuts, and the war in Afghanistan. Even so, renewed (albeit limited) growth and uncertainty about who will lead Russia after Medvedev’s first term expires in 2012 create concern for the future.

# Econ Reforms Ans.

## Stability

### Stability 1NC

#### No Venezuelan Failed States Impact - Many countries empirically deny

**Impact Lab 10** (6/21, “The 2010 Failed States Index.” http://www.impactlab.com/2010/06/21/the-2010-failed-states-index/)

Given time and the right circumstances, countries do recover. Sierra Leone and Liberia, for instance, no longer rank among the top 20 failing states, and Colombia has become a stunning success story. Few remember today that the Dominican Republic once vied with its neighbor Haiti for the title of “worst [Caribbean](http://www.impactlab.com/2010/06/21/the-2010-failed-states-index/) basket case.” But the overall story of the Failed States Index is one of wearying constancy, and 2010 is proving to be no different: Crises in Guatemala, [Honduras](http://www.impactlab.com/2010/06/21/the-2010-failed-states-index/), Iran, and Nigeria — among others — threaten to push those unstable countries to the breaking point.

**-- Latin America stable – no risk of widespread chaos**

**Graham 6** (Carol, Senior Fellow in Economic Studies and Global Economy and Development – Brookings Institution, Ph.D. – Oxford University, author of multiple books on Latin American political and economic development, “Is Latin America Going Radical?”, 3-1, http://www.brookings.edu/views/op-ed/graham/20060301.htm)

With Hugo Chavez as an increasingly vocal critic of the United States, the electoral victory of Evo Morales in Bolivia, continued political instability in Ecuador; and the recent emergence of Ollanta Humala, an anti-market, extreme nationalist dark-horse political candidate in the electoral race in Peru, there is much discussion of Latin America's looming lurch to the radical left, with a host of negative implications for democracy, trade, and foreign investment in the region. Is this really Latin America's future? An Humala victory in Peru's April elections would certainly support those who predict that such a shift is in store. Such a change in the direction of the region's leadership would indeed be a chilling scenario, particularly after years of failed experiments with populist governments and the time and effort that much of the region's leadership and citizens have spent investing in democracy and markets in the past two decades. Yet a broader view of economic and political trends in the region—as well as my own research—suggest that these predictions of a region-wide shift to the radical left are **far too pessimistic.** First of all, there are clearly radicals on the horizon—Chavez, Morales, and, in the worst instance, a victorious Humala. Yet the broader regional picture does not fit this pattern. None of the representatives of the established "left" in the region, who for the most part are also in command of the economic powerhouses of the region—Lula in Brazil, Lagos and now Bachelet in Chile, and even Kirschner in Argentina—are anti-market. Instead they more closely resemble the "new left" of Tony Blair in England and Felipe Gonzales in Spain. The political dominance of this "new left", coupled with Mexico's structured integration into the US market, Colombia's long-term record of conservative fiscal policies, and Peru's ability to maintain prudent macroeconomic management for over a decade, despite major political swings, all suggest that **the region will continue to embrace markets and democratic governments.** Secondly, over-time trends in public opinion, as gauged by my analysis of the region-wide Latinobarometro poll, suggest that support for markets and democracy remains solid. Just over a year ago I published an article in the Financial Times highlighting that preference for democracy as a system of government and for market policies had actually increased during the 2001-2002 economic crisis in the region, even though satisfaction with how the systems were working had gone down. Most recently, roughly 60 percent of the region's respondents reported that democracy is preferable to any other system of government in the 2005 poll, a significant increase over previous years.1 Thirdly, no doubt the US has been laggard indeed in meeting its promises on free trade agreements. Yet in the meantime, many countries—and certainly the key economic players—have wisely developed new trade ties with China, Europe, and a host of other countries. Those ties—and their continued increase—are unlikely to be reversed, even in the unlikely event that the Bush administration wakes up and begins to deliver on free trade in a serious way. So what is in store? Bolivia and Venezuela are both a mess, no doubt. Short of a miracle, Bolivia may implode politically, at high costs to that country's already impoverished population. Meanwhile, Venezuela—and Chavez—can afford to stumble on with irresponsible macroeconomic management and political rhetoric (at a cost of a gradually increasing poverty rate) because it has oil. **Neither country provides a credible or attractive model for others to follow.** None of the major leaders of the region's new left have gone out of their way to endorse Chavez, despite numerous opportunities.

## WTO

### WTO Defense

**-- No impact – trade is more effective outside the WTO**

**Irwin 00** (Douglas, Professor of Arts and Sciences – Dartmouth College and Editor – World Trade Review, “Do We Need the WTO?”, Cato Journal, http://www.cato.org/pubs/journal/cj19n3/cj19n3-2.pdf)

The case for the GATT and the WTO that I have set out is mainly a political case— that the WTO is useful because it changes the political economy of trade policy in a way that tends to facilitate trade liberalization as an outcome.2 But there are limits. First, the WTO is a forum for the pursuit of trade liberalization, but it is not the only method of achieving that goal. Despite the historical difficulties of unilateral trade policy in the U.S. context, unilateral trade liberalization operating outside of the WTO is not only extremely important, but in many ways stronger and deeper when it is achieved outside the WTO. As Brink Lindsey mentions in his article, countries such as New Zealand, Chile, Mexico, and others have pursued trade policy reforms such as tariff reductions outside of multilateral trade negotiations. Such liberalization is based on a domestic political consensus about their national economic interest in such liberalization regardless of policies pursued abroad. The motivation is not reciprocity but an acceptance of the efficiency benefits that will accompany such liberalization. Even in the United States, when public policy toward certain sectors is not viewed as falling under the rubric of ‘‘trade policy’’ (i.e., any non-U.S. Trade Representative or Commerce Department issue), deregulation effectively amounts to unilateral trade liberalization. When the United States deregulates the telecommunications industry, or changes its policy toward financial services, it generally does not discriminate against foreign firms. Those sectors are open to international competition regardless of the illiberal policies pursued in other countries. The benefits that arise from such unilateral U.S. actions have a positive demonstrative effect on the policies of other countries, just as there was a negative demonstrative effect in the 1930s. The dramatic price reductions and vast opportunities created by telecom deregulation have proved so compelling that other countries have been induced to follow the U.S. example. The United States was far ahead of the rest of the world in deregulation, and much would have been lost if the United States waited for other countries to agree to an international agreement on such matters. When global negotiations delay the enactment of inherently desirable liberalization by making it contingent on an international consensus, the value of those negotiations is brought into question (see Barfield and Irwin 1997).

**-- Other institutions fill in**

**Jha 2** (Veena, Project Coordinator – UNTAD-Dehli, Salvaging the WTO’s Future, Ed. Dasgupta, p. 453)

In other words, the alternative to the WTO is not another institution, but the emergence of several other plurilateral institutions such as MERCOSUR, SAARC, SADCC, ASEAN and others. This is already happening. Instead of overburdening the WTO, it may be useful to discuss public policy issues in these regional forums. Only when a consensus appears to be emerging from these regional forums should the issue be take to the WTO for discussions. Thus regional forums should serve as a filter before taking issues for discussions in the WTO. This would reduce its jurisdiction to manageable limits and make it another institutions coexisting with other international organizations, notably UNCTAD, regional trade groupings, UNDP and several others. It would also ensure that there are **multiple** **checks and balances** in the system, which will enable developing countries to develop their own economic, and policy values, its own rhythm of development and strategies of its own choice.

**-- Collapse doesn’t result in protectionism**

**Bhagwati 7** (Jagdish, Senior Fellow for International Economics – Council on Foreign Relations, “U.S. Must Rethink Doha Demands”, Feb 9, http://www.cfr.org/publication/12592/bhagwati.htm)

So if Doha fails, what will we see? Presumably a lot more bilateral deals? Well, they're going on anyway. This is the thing. I'm supposed to be a great multilateralist. So I should be saying, if Doha doesn't work out, there's going to be billions or trillions of dollars lost. There are studies now that say this kind of thing, **but no serious economist believes this rubbish**. Of course some gains from trade will be lost. But it's not as if the sky will fall. All this means is, you won't be able to move forward, but that doesn't mean you will slide back. I see no reason why protectionism would break out because Doha is not moving ahead.

**-- WTO collapse doesn’t cause trade wars**

**Bello 00** (Waldon, Food First Backrounder, Reform of the WTO is the Wrong Agenda, Summer, http://www.thirdworldtraveler.com/WTO\_MAI/ReformWTO\_WrongAgenda.html)

The alternative to a powerful WTO is not a Hobbesian state of nature. It is always the powerful that stoke this fear. In a world marked by a multiplicity of international and regional institutions that check one another, the reality of international economic relations would be a **far cry** from the propaganda image of a "nasty and brutish" world. Of course, the threat of unilateral action by the powerful would be ever present in such a system, but it is one that even the powerful hesitate to take for fear of its consequences for their legitimacy, as well as the reaction it would provoke in the form of opposing coalitions.

**-- WTO resilient**

**Financial Times 99** (11-25, Lexis)

So will the new trade round be still-born? Not necessarily. This is not the first time the multilateral trade system has faced the threat of crisis. Even the most pessimistic observers acknowledge its **extraordinary resilience** during its 51-year history, and few rule out some kind of 11th-hour compromise. But much more is riding on next week's meeting than the fate of a new trade round. Trade negotiators say the talks will test the credibility of the five-year-old WTO and the commitment of governments to arules-based global trade system.

**-- Trade will expand without the WTO**

**Bello 1** (Walden, Executive Director - Focus on the Global South, “Why Reform of the WTO is the Wrong Agenda”, http://www.isgnweb.org/Publications/02-006.htm)

**Is the WTO Necessary?** This is the fundamental question on which the question of reform hinges. World trade did not need the WTO to expand 17-fold between 1948 and 1997, from $124 billion to $10,772 billion. (3) This expansion took place under the flexible GATT trade regime. The WTO's founding in 1995 did not respond to a collapse or crisis of world trade such as happened in the 1930's. It was not necessary for global peace, since no world war or trade-related war had taken place during that period. In the seven major inter-state wars that took place in that period-the Korean War of 1950-53, the Vietnam War of 1945-75, the Suez Crisis of 1956, the 1967 Arab-Israeli War, the 1 973 Arab-Israeli War, the 1982 Falklands War, and the Gulf War of 1990-trade conflict did not figure even remotely as a cause. GATT was, in fact, functioning reasonably well as a framework for liberalizing world trade. Its dispute-settlement system was flexible and with its recognition of the "special and differential status" of developing countries, it provided the space in a global economy for Third World countries to use trade policy for development and industrialization.

**Resource Wars Defense**

**-- Resource ‘conflicts’ don’t escalate – negotiations and compromise are the norm**

**Goldstone 2** (Jack, Professor of Public Policy – George Mason, “Population and Security: How Demographic Change Can Lead to Violent Conflict”, Journal of International Affairs, 56, Fall, p. 123)

Should we therefore dismiss the environment as a cause of conflict? No, although I believe we can be free of the fear that environmental decay will unleash wars and revolutions across the globe. Rather, what research has shown is that although environmental issues do cause international and domestic conflicts, they are of the kind that are **generally settled by negotiation and compromise** and do not lead to taking up arms. The reason for that is straightforward. Where the problem faced by two groups, or two nations, is over the degradation or depletion of an environmental resource, war neither solves the problem (it cannot make more of the resource) nor is it an economically efficient way to redistribute the resource (the costs of war almost invariably far outweigh the cost of gaining alternative resources or paying more for a share of the resource). For example, if two nations have a conflict over sharing river water—such as India and Bangladesh over the Ganges, Israel and Jordan over the river Jordan[ [12](http://web.ebscohost.com.ezp1.harvard.edu/ehost/detail?vid=3&hid=106&sid=b52b09a2-e198-49a9-9721-f665c7920b18%40sessionmgr109#bib12#bib12)] or Hungary and Slovakia over the Danube they may threaten violence but in fact are most likely to produce non-violent resolution through negotiation or arbitration rather than war (and indeed all of these conflicts led to treaties or international arbitration. The reason is that for one party to insist on all the water would in fact be a casus belli; and to risk a war to simply increase one's access to water is economically foolhardy. Throughout the world, the main use of freshwater (over three-quarters) is for irrigation to produce food. A reduction in water can be compensated either by adopting more efficient means of irrigation (drip rather than ditch); by switching to less water-intensive crops (dry grains rather than rice; tree crops rather than grains); or by importing food rather than producing it. All of these steps, though costly, are far, far, less costly than armed conflict. Thus for both the country with the ability to take more water and the country dependent on downstream flows, the issue will be how to use and negotiate use of the resource most efficiently; resort to war would inevitably be more costly than any gains that could be made from increased access to the resource. No nations have ever gone to war strictly over access to water; nor are any likely to do so in the future.

**-- History proves – no resource wars**

**Victor 7** (David G., Professor of Law – Stanford Law School and Director – Program on Energy and Sustainable Development, “What Resource Wars?”, The National Interest, 11-12, http://www.nationalinterest.org/Article.aspx?id=16020)

If resource wars are actually rare-and when they do exist, they are part of a complex of causal factors-then much of the conventional wisdom about resource policies needs fresh scrutiny. A full-blown new strategy is beyond this modest essay, but here in the United States, at least three lines of new thinking are needed. First, the United States needs to think differently about the demands that countries with exploding growth are making on the world's resources. It must keep their rise in perspective, as their need for resources is still, on a per capita basis, much smaller than typical Western appetites. And what matters most is that the United States must focus on how to accommodate these countries' peaceful rise and their inevitable need for resources. Applied to China this means getting the Chinese government to view efficient markets as the best way to obtain resources-not only because such an approach leads to correct pricing (which encourages energy efficiency as resources become more dear), but also because it transforms all essential resources into commodities, which makes their particular physical location less important than the overall functioning of the commodity market. All that will, in turn, make resource wars even less likely because it will create common interests among all the countries with the greatest demand for resources. It will transform the resource problem from a zero-sum struggle to the common task of managing markets. Most policymakers agree with such general statements, but the actual practice of U.S. policy has largely undercut this goal. Saber-rattling about CNOOC's attempt to buy Unocal-along with similar fear-mongering around foreign control of ports and new rules that seem designed to trigger reviews by the Committee on Foreign Investment in the United States when foreigners try to buy American-owned assets-sends the signal that going out will also be the American approach, rather than letting markets function freely. Likewise, one of the most important actions in the oil market is to engage China and other emerging countries fully in the International Energy Agency-which is the world's only institution for managing the oil commodity markets in times of crisis-yet despite wide bipartisan consensus on that goal, nearly nothing is ever done to execute such a policy. Getting China to source commodities through markets rather than mercantilism will be relatively easy because Chinese policymakers, as well as the leadership of state enterprises that invest in natural resource projects, already increasingly think that way. **The sweep of history points against** classic **resource wars**. Whereas colonialism created long, oppressive and often war-prone supply chains for resources such as oil and rubber, most resources today are fungible commodities. That means it is almost always cheaper and more reliable to buy them in markets.

**-- Market adjustments solve**

**National Post 8** (Canada – National Edition, “Don’t Panic”, 4-26, Lexis)

The trouble with doom-and-gloom predictions -- whether they be about oil shortages, food scarcity, water wars or population explosions --is that most are based on the linear extrapolation of short-term trends. If, say, rice prices rise, alarmists assume they will keep rising indefinitely at the same rate -- and then produce scary-looking graphs that show trend lines veering up into the wild-eyed blue yonder. But history shows that human adaptation invariably intervenes --especially in parts of the world that have the benefit of a market economy. Scarcity drives innovations that pull the world back from the brink. Consumers take high prices as their cue to consume less; producers take the same cue to produce more. A new equilibrium is reached, just as college microeconomics textbooks would predict. That's why we aren't losing any sleep over the latest predictions from Canadian Imperial Bank of Commerce chief economist Jeffrey Rubin, which were fronted prominently on Friday's National Post. New inventions, new oil discoveries and improvements in existing technologies will conspire to spare us Mr. Rubin's parade of horribles, which include $2.25-a-litre gasoline and tens of thousands of job losses in the auto-making sector. In a report entitled The Age of Scarcity, released on Thursday, Mr. Rubin predicts that by 2012, demand for oil, gas and diesel in the rest of the world will exceed that in OECD countries. As developing nations get richer, they will begin competing with the current industrialized world for diminishing resources. This will drive up the cost of everything from energy to food to computer components. Mr. Rubin predicts this will lead to the biggest economic disruption in North America since the 1973 oil crisis. But that same historical comparison suggests a reason Canadians should be suspicious of this ominous forecast: While the oil shortages of the 1970s displaced millions of assembly-line workers and led to a temporary slowdown of the North American economy, the adaptations they spurred ultimately made industry more efficient and ordinary people more prosperous. North American manufacturing is far more productive and energy-efficient now than it was 30 years ago, as well as producing far less pollution. (Many Canadians under 30, who have been reared on a constant diet of dire environmental claims, may have trouble believing this, but despite the rapid growth of our economy in the last three decades, smog is actually less toxic and our waters less polluted than in 1970.) In an interview with the National Post, Mr. Rubin fell into a common trap: He assumed growth is a zero-sum game, whereby someone must lose ground every time someone else gains it. "I think there will be fewer people on the road in North America in five years than there is right now," Mr. Rubin said on Thursday. "For everybody who's about to get on the road by buying a new Tata or a Chery car in the developing world, someone's going to have to get off the road in this part of the world. There's just not enough gasoline to go around." Anyone tempted to buy into this line of thinking would do well to remember the famous bet between Paul R. Ehrlich, author of the apocalyptic 1968 book The Population Bomb, and economist Julian Simon. Mr. Erlich predicted that by the late 1970s, the world would begin to run out of oil and metals, and that "wide-scale famine caused by declining food production" would cause hundreds of millions of deaths annually. Mr. Simon, on the other hand contended, that "natural resources are not finite in any serious way; they are created by the intellect of man, an always renewable resource." In 1980, he bet Mr. Ehrlich $1,000 that by 1990 a basket of any five commodities of his choosing would cost less than it had 10 years earlier. By the end-is-nigh thinking embraced by Mr. Ehrlich (and, to a lesser extent, Mr. Rubin), he should have won easily. Instead, Mr. Simon won. The five commodities chosen were, after inflation, 40% cheaper in 1990 than they had been a decade before. The same pattern is beginning to unfold in 2008. In just a few short months, rising prices for fuel have prompted the sort of market-driven energy efficiencies and environmental solutions that the green movement has failed to achieve through years of hectoring, regulating and legislating. Full-sized SUV sales have plummeted, home builders are designing smaller, low-consumption houses, airlines and railways are switching to more efficient planes and engines and car makers are scrambling to lighten their models. Thanks to just a 30% increase in pump prices, the automobile sector is likely to raise fleet fuel efficiency more than all the laws demanding higher standards passed in the past 35 years combined. There is no doubt that our society is changing because of the scarcity in food and fuel that Mr. Rubin highlights. But it defies the principles of economics to imagine that such scarcity will persist indefinitely. If there is one trend we can depend on, it is that the law of supply and demand will intervene to blunt the economic shocks that even the most prosperous nations must inevitably face.

**-- Global inequality makes resource wars inevitable**

**Sharp 7** (Travis, Military Policy Analyst – Center for Arms Control and Non-Proliferation, “Resource Conflict in the Twenty-First Century”, Peace Review, 19(3), http://www.armscontrolcenter.org/policy/securityspending/articles/ resource\_conflict\_twenty\_first\_century/)

The combination of rising resource consumption and unpredictable population growth is liable to exacerbate conflicts throughout the globe as resource-dependent nations become desperate to retain access to foreign-based commodities. Two persistent factors have driven resource scarcity. First, resources have geographical, ecological, and climatic limitations that mankind cannot control, as Waltraud Queiser Morales states in "Sustainable Development and Human Security." There are about 1047.7 billion barrels of proven oil reserves left in the world; once this supply is expended, according to Michael Klare in Blood and Oil, humans have no way of creating more oil and will have to either switch to alternative fuel sources or invent synthetic replacements. Second, resource scarcity stems from, in the words of Waltraud Morales, "...the **social and political conditions** of inequality and injustice that humankind has created and perpetuated in its struggle for power and dominance globally and within states." George Kennan vividly illustrated the risks and rewards of resource inequality in a secret policy brief written for American leaders at the beginning of the Cold War: "We have about 50% of the world's wealth but only 6.3% of its population...Our real task in the coming period is to devise a pattern of relationships which will permit us to maintain this position of disparity without positive detriment to our national security." Franklin Delano Roosevelt anticipated Kennan's argument during the closing months of World War II and organized a now-infamous summit with King Ibn Saud of Saudi Arabia. This meeting cemented the special US-Saudi relationship by ensuring US access to Saudi oil and Saudi access to American arms. Although Saudi proven oil reserves are substantial - about 25% of the global total - they will assuredly not last forever and are contingent upon a whole host of unstable social and political factors, including the repressive nature of the Saudi regime. This has led some analysts to predict that the US military will soon be converted into a glorified "oil-protection service." Underlying this prediction, however, are some fundamental assumptions about resource conflict that need to be considered in more detail.

## Arctic

### Arctic War Defense: 1NC

**Arctic cooperation now**

**Economist 2012** (The Economist Print Edition, June 16, 2012, <http://www.economist.com/node/21556797>)

Far from violent, the development of the Arctic is likely to be uncommonly harmonious, for three related reasons. One is the profit motive. The five Arctic littoral countries, Russia, the United States (US), Canada, Denmark and Norway, would sooner develop the resources they have than argue over those they do not have. A sign of this was an agreement between Russia and Norway last year to fix their maritime border in the Barents Sea, ending a decades-long dispute. The border area is probably rich in oil; both countries are now racing to get exploration started. Another spur to Arctic co-operation is the high cost of operating in the region. This is behind the Arctic Council’s first binding agreement, signed last year, to co-ordinate search-and-rescue efforts. Rival oil companies are also working together, on scientific research and mapping as well as on formal joint ventures. The third reason for peace is equally important: a strong reluctance among Arctic countries to give outsiders any excuse to intervene in the region’s affairs. An illustration is the stated willingness of all concerned to settle their biggest potential dispute, over their maritime frontiers, according to the international Law of the Sea (LOS). Even the United States accepts this, despite its dislike for treaties—though it has still not ratified the United Nations Convention on the Law of the Sea, an anomaly many of its leaders are keen to end.

**No impact to Russian aggression in the Arctic**

Polina **Chernitsa** citing Alexander Vasiliev **9/13/2012** [Mosco Times, Alexander Vasiliev is a senior Ambassador in the Russian Foreign Ministry, “Arctic: Politics against speculations”, http://english.ruvr.ru/2012\_09\_13/Arctic-Politics-against-speculations/, 2012]

Moscow says that the situation in the Arctic Region is positive and stable, Anton Vasilyev, Ambassador at Large (Russian Foreign Ministry) said, adding that there are no reasons for the emergence of conflicts there. This is what he said at the conference that focused on the history and development of the Arctic Region. Among the announced topics are studying the development of the Arctic Region and the discussion of the regional development strategy. More than 350 specialists from Russia and other Arctic states have arrived in Arkhangelsk. One of the main topics is the broadening of international cooperation in the Arctic Region. Anton Vasiliyev says. "The threat of a nuclear conflict has been eliminated, strategic weapons are being reduced, and the development of bilateral and multilateral cooperation is gaining momentum there." Alexander Vasiliev says that the opinion that the Arctic Region has become an arena of fierce struggle for resources is far-fetched. The current arrangement of forces in the region can trigger neither conflicts nor wars, the Russian ambassador said. According to him, all issues are being settled in a civilized way – the more so as the greater part of the resources has already been divided between the Arctic states. Tensions are being fanned by those who are either unable to understand what is happening there or by those who want to intentionally distort the reality. Really, earlier Moscow’s plans to establish a military brigade for work in the Arctic caused sharp criticism in the West. Alexander Vasiliev says that this measure is only Moscow’s answer to the changes in the region: the thawing of the Arctic ice makes Russia’s northern borders more passable – that is why the strengthening of the coast guard is inevitable.

**Arctic council checks escalation**

**Tassinari 9/7**

[Fabrizio Tassinari is a non-resident Senior Fellow at the German Marshall Fund and the Head of Foreign Policy and EU Studies at the Danish Institute for International Studies, September 7, 2012, “Avoiding a Scramble for the High North”, http://blog.gmfus.org/2012/09/07/avoiding-a-scramble-for-the-high-north/ ]

For a peaceful Arctic environment to emerge, the political discourse and ensuing practices need rebalancing. Besides abstract musings about the normative virtues of multilateralism, straightforward considerations of enlightened self-interest should justify the drive for cooperation. As The Economist put it in a recent report, “The five Arctic littoral countries … would sooner develop the resources they have than argue over those they do not have.” Some **recent developments point in this direction**. The Arctic Council, the main regional forum grouping the littoral countries plus Iceland, Sweden, and Finland, has grown into a premier venue of high-level interaction among Arctic powers. The stature of outsiders queuing up for permanent observer status,including China and the EU, testifies to the growing importance of this body. In 2011, the Council’s members strengthened cooperation on search and rescue operations (a crucial matter for such a territorially vast area). In 2008, the five littoral countries joined together in a statement, the Ilulissat Declaration, **by which they committed to settle in an orderly manner disagreements that may arise on issues such as navigation rights and delineation of the outer limits of the continental shelf**.

### Arctic War Defense: 2NC

#### Arctic conflicts will remain purely diplomatic

**Byron 12** (Ruby Byron, John Gardner Fellow at the U.S. Department of State in the Office of Global Change working on adaptation measures to climate change, Conflict or Cooperation? Arctic0 Geopolitics and Climate Change, 2012, Berkeley Undergraduate Journal, Office of Undergraduate Research, UC Berkeley)

Within the existing literature on Arctic geopolitics and climate change, few authors explicitly define what they mean by "conflict." In fact, the term is often thrown around loosely, sometimes referring to a state of armed warfare or at other times to conflict of the political or diplomatic kind. While these uses are certainly legitimate and within the established meaning of the word, it makes for fuzzy boundaries and ambiguous projections: the chance or likelihood of future diplomatic "conflict," whatever that is intended to mean, most certainly differs—and probably differs starkly—from the chances of total war between two Arctic nations. Thus, for the purposes of this research, unless otherwise specified, conflict is defined as a militarized confrontation between at least two countries. No shots need be fired, nor do casualties need to be suffered. A formal declaration of war would also be too high of a standard for "conflict," as that would exclude such prominent wars like those in Korea, Vietnam, and the Persian Gulf on the basis of what has become in many respects a dispensable procedural formality. Rather, the mere formal invocation of some form of coercive force is sufficient to qualify an event as a form of conflict (e.g. ordering a ship to fire across the bow of another ship belonging to another nation). A baseline example of what would constitute a conflict, then, is the Turbot War of 1995 between Canada and Spain, where the Canadian Navy boarded a Spanish fishing vessel and arrested its crew for fishing in Canada’s Exclusive Economic Zone off the coast of Newfoundland (Nordås & Gleditsch 2007, 631). In this respect, this definition of conflict differs slightly from the typical notion of "war," which tends to connote much greater military mobilization and the number of causalities being greater than zero (Bremer 1992, 310). The logic for narrowing the scope of conflict in this respect is twofold. First, while there has certainly been a history of diplomatic dispute in the Arctic, there has yet to be any form of armed brinksmanship or militarized conflict to date—at least not since the fall of the Soviet Union in 1991. This leaves such future-facing projections on armed conflict—such as this research— still a relevant exercise. Second, it creates a clear distinction between what does constitute "conflict" and what does not. Definitions of conflict seeking to make qualitative judgments on the degree, size, or escalation of conflict inevitably invite criticism in terms of the arbitrariness of the line that renders some conflicts authentic and others as something else altogether

#### Prefer specifics—EVERY scenario for conflict has been mapped out and avoided easily

**Brosnan, Leschine and Miles 11** [Ian, Thomas, Edwards. School of Marine Affairs University of Washington Seattle, Washington, USA. “Cooperation or Conﬂict in a Changing Arctic?” p. 23-25]

Norway/Russia (Barents Sea). The case of Russia and Norway serves as a demonstration of two states forgoing unilateral action in order to attain a more optimal outcome. According to their strategy statements, the preferred resource development outcomes of Russia and Norway are similar; both seek to develop Arctic resources to sustain existing exports and domestic industries and support social and economic development. The fisheries and oil and gas resources they seek to develop are found in the Barents Sea, where fish stocks cross between the waters of both states (transboundary) and through a formerly disputed area known as the Grey Zone. The same formerly disputed area is also believed to contain valuable energy resources. 70¶ Russia and Norway recognized early on that only cooperation in Barents Sea fisheries would yield an optimal outcome, one of sustainable fisheries and exclusion of undesirable third parties. 71 A 1975 treaty established a joint Norwegian/Russian fisheries commission, an 1976 treaty established a framework for cooperation on joint stocks, and a 1978 Grey Zone Agreement that governs the harvest limits, catch allocations, fishing gear in use, and division of enforcement authority in the Grey Zone. 72 Although outside the disputed Grey Zone, Norwegian state-owned StatoilHydro and Russia's Gazprom have recently signed a 3-year memorandum of understanding to work jointly to develop Shtokman field. 73 In late April 2010, Russia and Norway jointly announced that they had resolved their dispute over the delimitation of their maritime boundary in the Barents Sea and, subsequently, signed a treaty on maritime delimitation and cooperation in the Barents Sea and the Arctic Ocean, effectively eliminating political uncertainty that has been one barrier to development of Barents Sea resources. 74¶ Canada/Denmark (Lincoln Sea). The Canada/Denmark case is similar to that of Russia and Norway. There exist overlapping claims in the Lincoln Sea. 75 However, the area of the claims is far smaller than the Grey Zone, perhaps to the point of being insignificant as far as resources are concerned. 76 Denmark and Canada's Arctic strategies reveal a preference for resource development to support economic development and, ultimately, economic independence of their Arctic territories. If the area of overlapping claims in the Lincoln Sea proves to contain energy and fisheries resources (or fisheries resources develop as a result of changing oceanographic conditions) and climate and market conditions support exploitation, industry investors will likely seek geopolitical stability before investing in energy development in the disputed areas.¶ Canada and Denmark face a dilemma of common interest. The preferred optimum result for the states appears to be development of the resources in the disputed area. To realize this optimal outcome, Canada and Denmark must collaborate to realize the geopolitical stability that may be a prerequisite to energy development and to manage transboundary fish stocks to prevent overfishing and ensure long-term stock conservation and utilization. The Russian/Norwegian management scheme in the Barents Sea, establishment of a joint fisheries commission to set catch limits and agreements on harvest allocation, enforcement, and cooperative development of energy resources, provides an model for a possible Canadian/Danish regime in the Lincoln Sea if the location of maritime borders cannot be agreed on.¶ Canada/United States (Beaufort Sea). In contrast to Russia, Norway, Denmark, and Canada, the United States does not express a strong preference for resource development. In keeping with the overall tone of its policy, the United States simply notes that it has interests in Arctic resources. At first glance, the Canadian development-oriented strategy and the more neutral U.S. policy seem at odds. Canadian strategy and recent federal actions have given attention to the area through commercial fisheries-related investments in Nunavut and the focus on the energy resources of Mackenzie Delta. 77 It seems that the United States and Canada have the same preferred outcome. Specifically, they wish to preserve their potential fisheries interests in the Beaufort Sea and energy interests where they have an overlapping territorial claim.¶ This seems to be a case where the states may obtain their desired outcome without cooperation. However, consider the hypothetical case where one country finds a compelling reason to begin fishing Beaufort Sea stocks or drilling for oil where the states have overlapping claims. This hypothetical scenario would place the interests of the other state at risk and suggests that the states actually have a dilemma of common interest. The optimal result, and incentive to collaborate, is a case where each state's interests in energy resources in the disputed area and potential transboundary Arctic fish stocks are not placed at risk by the activities of the other state. An informal moratorium on oil and gas development in the disputed region of the Beaufort Sea already exists to preserve the interests of both states. 78 A joint moratorium on fishing throughout the Beaufort Sea would ensure the states their preferred outcome: preservation of their interests in the Beaufort Sea.¶ At some future date, should there prove to be commercially viable fisheries in the Beaufort Sea or accessible energy resources in the area of overlapping claims that both states desire to exploit, a dilemma of common interest would still exist. Only the desired outcome would have changed, and Canada and the United States would have the same incentives to cooperate as Canada and Denmark. Again, the Norwegian/Russian agreements provide an example of a regime to address such issues. Both Canada and the United States appear amenable to the idea of new governance arrangements. The U.S. Arctic Policy explicitly states that new governance arrangements should be considered as human activities in the Arctic change. Canada's strategy is not as explicit, but it does indicate that Canada intends to continue to deepen cooperation with the United States on emerging Arctic issues.¶ United States/Russia. The case of the United States and Russia is similar to that of the United States and Canada. Their preferred outcomes, as stated in their strategy statements, seem at odds. But a regional view suggests that Russia's maritime focus is largely on development in northwest Russia rather than the Far East. 79 This suggests that both countries may at present be interested in preserving their interests in their border region. The United States and Russia do not have overlapping territorial claims in the Arctic, although Russia has not ratified the 1991 treaty delimiting the U.S./Russian maritime boundary. 80 Russia does, however, abide by its terms so, unlike the Canada/Denmark and Canada/U.S. cases, there does not appear to be any immediate concern over overlapping claims to energy resources. 81 This leaves potential transboundary Arctic fish stocks as an avenue for cooperation between Russia and the United States as existing agreements do not extend north of the Bering Strait. As with Canada, a joint moratorium on new fishing could ensure the states their preferred outcome: preservation of their fisheries interests in the Arctic.

**Environment Defense: 1NC**

**-- Environment is resilient**

**Easterbrook 95** (Gregg, Distinguished Fellow – Fullbright Foundation, A Moment on Earth, p. 25)

In the aftermath of events such as Love Canal or the Exxon Valdez oil spill, every reference to the environment is prefaced with the adjective "fragile." "Fragile environment" has become a welded phrase of the modern lexicon, like "aging hippie" or "fugitive financier." But the notion of a fragile environment is profoundly wrong. Individual animals, plants, and people are distressingly fragile. **The environment** that contains them **is** close to **indestructible**. The living environment of Earth has survived ice ages; bombardments of cosmic radiation more deadly than atomic fallout; solar radiation more powerful than the worst-case projection for ozone depletion; thousand-year periods of intense volcanism releasing global air pollution far worse than that made by any factory; reversals of the planet's magnetic poles; the rearrangement of continents; transformation of plains into mountain ranges and of seas into plains; fluctuations of ocean currents and the jet stream; 300-foot vacillations in sea levels; shortening and lengthening of the seasons caused by shifts in the planetary axis; collisions of asteroids and comets bearing far more force than man's nuclear arsenals; and the years without summer that followed these impacts. Yet hearts beat on, and petals unfold still. Were the environment fragile it would have expired many eons before the advent of the industrial affronts of the dreaming ape. **Human assaults** on the environment, though mischievous, **are** **pinpricks** compared to forces of the magnitude nature is **accustomed to resisting**.

**-- Long time-frame**

**Kay 1** (Jane, “Study Takes Historical Peek at Plight of Ocean Ecosystems”, San Francisco Chronicle, 7-26, Lexis)

The collapse of ecosystems often occur over a **long period**. In one example, when Aleut hunters killed the Alaskan sea otter about **2,500 years ago**, the population of their natural prey, the sea urchin, grew larger than its normal size. In turn, the urchins grazed down the kelp forests, important habitat for a whole host of ocean life. Then, when fur traders in the 1800s hunted the otters and sea cows almost to extinction, the kelp forests disappeared and didn't start to regenerate until the federal government protected the sea otters in the 20th century. In California, the diversity of spiny lobsters, sheephead fish and abalone kept down the urchin numbers. At present in Alaska, the kelp beds are declining again in areas where killer whales are preying on sea otters. Biologists think the killer whales switched to otters for food because there are fewer seals and sea lions to eat.

**-- Environment strong and improving – their authors lie**

**Dutton 1** (Dr. Dennis, Professor of Philosophy – University of Canterbury (New Zealand), “Greener Than You Think”, The Washington Post, 10-21, http://www.washingtonpost.com/ac2/wp-dyn?pagename=article&node=& contentId=A12789-2001Oct18)

That the human race faces environmental problems is unquestionable. That environmental experts have regularly tried to scare us out of our wits with doomsday chants is also beyond dispute. In the 1960s overpopulation was going to cause massive worldwide famine around 1980. A decade later we were being told the world would be out of oil by the 1990s. This was an especially chilly prospect, since, as Newsweek reported in 1975, we were in a climatic cooling trend that was going to reduce agricultural outputs for the rest of the century, leading possibly to a new Ice Age. Bjorn Lomborg, a young statistics professor and political scientist at the University of Aarhus in Denmark, knows all about the enduring appeal -- for journalists, politicians and the public -- of environmental doomsday tales, having swallowed more than a few himself. In 1997, Lomborg -- a self-described left-winger and former Greenpeace member -- came across an article in Wired magazine about Julian Simon, a University of Maryland economist. Simon claimed that the "litany" of the Green movement -- its fears about overpopulation, animal species dying by the hour, deforestation -- was **hysterical nonsense**, and that the quality of life on the planet was **radically** **improving**. Lomborg was shocked by this, and he returned to Denmark to set about doing the research that would refute Simon. He and his team of academicians discovered something sobering and cheering: In every one of his claims, Simon was correct. Moreover, Lomborg found on close analysis that the factual foundation on which the environmental doomsayers stood was **deeply flawed**: exaggeration, prevarications, white **lies** and even convenient typographical errors had been absorbed unchallenged into the folklore of environmental disaster scenarios.

## Oil Dependence

### Dependence 1NC

**Fuel efficiency solves dependence in the long term**

**Isidore 12**

[Chris, Cnn Money, 8/28/12, <http://money.cnn.com/2012/08/28/autos/fuel-economy-rules/index.html>]

The Obama administration finalized new fuel economy rules Tuesday that within 12 years will almost double today's standard for cars and light trucks to 54.5 miles per gallon. The rules, which have been in the works for several years, will add thousands of dollars to the cost of new cars. But in the long run, regulators say, drivers will spend less on gas, outweighing the additional cost at the dealership. They say the rules will also help reduce the nation's oil imports from OPEC by about half. The standard takes effect in 2024 when 2025 model-year cars begin to hit dealer lots. "These fuel standards represent the single most important step we've ever taken to reduce our dependence on foreign oil," said President Obama in a statement announcing the rules. The standard was praised by environmental groups. Major automakers such as General Motors (GM, Fortune 500) and Ford Motor (F, Fortune 500), which agreed to the new fuel standards when they were proposed by the Obama administration last year, are investing billions to develop new fuel-efficient cars and electric vehicles. "What we know is that consumers want higher fuel efficiency in their cars and trucks and GM is going to give that to them," said a statement from GM on Tuesday. "While the requirements are aggressive, we intend to pursue them vigorously."

**Squo solves- Safeguards and North America Access**

**Krauss 12**

[Clifford, NYT, 8/16/12, <http://www.nytimes.com/2012/08/17/business/energy-environment/us-reliance-on-saudi-oil-is-growing-again.html?pagewanted=all>]

The United States has had a political alliance with the Saudi leadership that has lasted for decades, one that has become even more pivotal to Washington during the turmoil of the Arab spring and rising hostilities with Iran over that nation’s nuclear program. (Saudi Arabia and Iran are bitter regional rivals.) The development underscores how difficult it is for the United States to lower its dependence on foreign oil — especially the heavy grades of crude that Saudi Arabia exports — **even as domestic oil production is soaring**. It is a development that has alarmed conservative and liberal foreign policy experts alike, especially with oil prices and Mideast tensions rising in recent weeks. “At a time when there is a rising chance of either a nuclear Iran or an Israeli strike on Iran’s nuclear facilities, we should be trying to reduce our reliance on oil going through the Strait of Hormuz and not increasing it,” said Michael Makovsky, a former Defense Department official who worked on Middle East issues in the George W. Bush administration. Senior Iranian officials have repeatedly threatened to close the Strait of Hormuz, the narrow neck through which most Gulf oil is shipped, and the Iranian navy has held maneuvers to back up the threats. Most analysts say it is doubtful the Iranians would take such an extreme measure because that would block exports vital to the country’s economy, but the United States Navy has been preparing for such a contingency. Many oil experts say that the increasing dependency is probably going to last only a couple of years, or until more Canadian and Gulf of Mexico production comes on line. “Until we have the ability to access more Canadian heavy oil through improved infrastructure, the vulnerability will remain,” said David L. Goldwyn, former State Department coordinator for international energy affairs in the Obama administration. “The potential for an obstruction of the Strait of Hormuz therefore poses a physical threat to U.S. supply as well as a potential price shock on a global level.” Obama administration officials said they were not overly worried for several reasons. In the event of a crisis, the United States could always dip into strategic petroleum reserves; domestic production continues to climb; and Gulf of Mexico refineries could be adjusted to use higher-quality, sweeter crude oil imported from other countries.

### Heg Answers: 1NC

**The U.S. is still vulnerable and we’d still have to protect the Middle East**

**Nye 12**

[ Joseph S. Nye, a former US assistant secretary of defense and chairman of the US National Intelligence Council, 7/11/12, <http://www.project-syndicate.org/commentary/energy-independence-in-an-interdependent-world>]

But one should not jump to conclusions. A balance of energy imports and exports is only a first approximation of independence. As I argue in my book The Future of Power, global interdependence involves both sensitivity and vulnerability. The US may be less vulnerable in the long run if it imports less energy, but oil is a fungible commodity, and the US economy will remain sensitive to shocks from sudden changes in world prices. In other words, a revolution in Saudi Arabia or a blockade of the Strait of Hormuz could still inflict damage on the US and its allies. So, even if America had no other interests in the Middle East, such as Israel or nuclear non-proliferation, a balance of energy imports and exports would be unlikely to free the US from military expenditures – which some experts estimate run to $50 billion per year – to protect oil routes in the region.

## Saudi Oil DA

### Saudi Disad: 1NC

**Reducing Middle East Oil Dependence kills US-Saudi relations**

**Mouawad 9** (Jad, “Saudi Blasts American Energy Policy” 9/25/9, New York Times, <http://green.blogs.nytimes.com/2009/08/25/saudi-blasts-american-energy-policy/>)

The question of American “energy independence” clearly rankles officials in Saudi Arabia, the world’s biggest exporter of crude oil, who seem increasingly puzzled by the energy policy of the United States, the world’s biggest oil consumer. In a short and strongly-worded essay in Foreign Policy magazine, Prince Turki al-Faisal, a former ambassador to the United States and a nephew to King Abdullah, said that for American politicians, invoking energy independence “is now as essential as baby-kissing,” and accuses them of “demagoguery.” All the talk about energy independence, Mr. al-Faisal said, is “political posturing at its worst — a concept that is unrealistic, misguided, and ultimately harmful to energy-producing and consuming countries alike.” There is no technology on the horizon that can completely replace oil as the fuel for the United States’ massive manufacturing, transportation, and military needs; any future, no matter how wishful, will include a mix of renewable and nonrenewable fuels. Considering this, efforts spent proselytizing about energy independence should instead focus on acknowledging energy interdependence. Like it or not, the fates of the United States and Saudi Arabia are connected and will remain so for decades to come. Relations between the United States and Saudi Arabia date back to the 1930s when American geologists first struck oil in the kingdom. While American companies built the Saudi oil industry, Americans have never shaken off their suspicions and mistrust of the kingdom since the Arab oil embargo of 1973. It’s not the first time a Saudi official has criticized American energy policy, or its growing reliance on renewable fuels. Many of Prince Turki’s arguments recycle Saudi Arabia’s position that for the past 30 years, the oil-rich kingdom has acted in a responsible manner to keep oil markets well supplied. Prince Turki correctly points at the steps taken by Saudi Arabia in recent years to increase its production to make up for lost production in Iraq or elsewhere in times of crisis, and invest close to $100 billion in new capacity over the past five years. On the other hand, he points out that four countries — Iran, Iraq, Nigeria and Venezuela — failed to live up to expectations that they would raise their production over the past decade for a variety of reasons, including “a U.S. invasion” in the case of Iraq. The Saudis have genuine reasons to fear the effects of the Obama administration’s energy policy and its commitment to reducing oil consumption, as well as efforts to reduce carbon emissions. As Prince Turki points out himself, Saudi Arabia holds 25 percent of the world’s known oil reserves and would like to keep selling oil for several more decades. As such, the Saudis know that **any attempt to reduce gasoline consumption is a threat to the future of the Saudi economy.** It’s an old refrain: in his most famous remark, the former Saudi oil minister, Sheik Yamani, once said that the stone age didn’t end because the world ran out of stones, and the oil age will not end because the world runs out of oil. It will end when something replaces it. The trend has already started. Oil demand in the United States has peaked — instead of rising as it has since the dawn of the age of oil more than a century ago, the nation’s oil consumption has begun its long decline. The question is: how fast will the transition take?

**Relations solve Saudi Prolif**

**Levi 03**, Michael, Science And Technology Fellow, Foreign Policy Studies Brookings Institution, 2003 [The New Republic , June 2 http://www.iranwatch.org/privateviews/Brookings/perspex-brookings-levi-060203.htm]

Realists counter that the United States needs Saudi oil and Saudi military bases. But there's a less obvious argument for making sure the long-standing Washington-Riyadh partnership doesn't fracture: If it does, the Saudis might well go nuclear. Saudi Arabia could develop a nuclear arsenal relatively quickly. In the late '80s, Riyadh secretly purchased between 50 and 60 CSS-2 missiles from China. The missiles were advanced, each with a range of up to 3,500 kilometers and a payload capacity of up to 2,500 kilograms. What concerned observers, though, was not so much these impressive capabilities but rather the missiles' dismal accuracy. Mated to a conventional warhead, with a destructive radius of at most tens of meters, these CSS-2 missiles would be useless—their explosives would miss the target. But the CSS-2 is perfect for delivering a nuclear weapon. The missile itself may miss by a couple of kilometers, but, if the bomb's destructive radius is roughly as large, it will still destroy the target. The CSS-2 purchase, analysts reasoned, was an indication that the Saudis were at least hedging in the nuclear direction. July 1994 brought more news of Saudi interest in nuclear weapons when defector Mohammed Al Khilewi, a former diplomat in the Saudi U.N. mission, told London's Sunday Times that, between 1985 and 1990, Saudi Arabia had actively aided Iraq's nuclear weapons program, both financially and technologically, in return for a share of the program's product. Though Khilewi produced letters supporting his claim, no one has publicly corroborated his accusations. Still, the episode was unsettling. Then, in July 1999, *The New York Times* reported that Saudi Defense Minister Prince Sultan bin Abdulaziz Al Saud had recently visited sensitive Pakistani nuclear weapons sites. Prince Sultan toured the Kahuta facility where Pakistan produced enriched uranium for nuclear bombs—and which, at the same time, was allegedly supplying materiel and expertise to the North Korean nuclear program. The Saudis refused to explain the prince's visit. If Saudi Arabia chose the nuclear path, it would most likely exploit this Pakistani connection. Alternatively, it could go to North Korea or even to China, which has sold the Saudis missiles in the past. Most likely, as Richard L. Russell, a Saudi specialist at National Defense University, argued two years ago in the journal *Survival*, the Saudis would attempt to purchase complete warheads rather than build an extensive weapons-production infrastructure. Saudi Arabia saw Israel destroy Iraq's Osirak reactor in 1981, and it is familiar with America's 1994 threat to bomb North Korea's reactor and reprocessing facility at Yongbyon. As a result, it would probably conclude that any large nuclear infrastructure might be preemptively destroyed. At the same time, Riyadh probably realizes that America's current hesitation to attack North Korea stems at least in part from the fact that North Korea likely already has one or two complete warheads, which American forces would have no hope of destroying in a precision strike. By buying ready-made warheads, Riyadh would make a preemptive attack less likely. And, unlike recent proliferators such as North Korea, the Saudis have the money to do so.

**Goes Nuclear**

**Haddick 11**

-- managing editor of Small Wars Journal (12/16/2011, Robert, “This Week at War: Arms Race on the Gulf; Will it take Saudi nukes to deter Iranian nukes?”<http://www.foreignpolicy.com/articles/2011/12/16/this_week_at_war_arms_race_on_the_gulf>)

 Prince Turki seemed to suggest that Saudi Arabia requires its own nuclear force to, at a minimum, deter a classic and existential Cold War-style nuclear ballistic missile threat to the kingdom. The acquisition of a Saudi nuclear deterrent would be highly destabilizing. Very short missile flight times within the region, combined with fragile early-warning and command-and-control systems, would create an extremely dangerous hair-trigger posture on all sides. The Saudi acquisition of a nuclear deterrent would also be acrushing blow to the prestige of the **U**nited **S**tates as a military ally and to the diminishing role President Barack Obama has sought for nuclear weapons.

**2NC Impact**

**Nuclear miscalculation makes it impossible to deescalate**

**Krepinevich 11**

Krepinevich, President of Center for Strategic and Budgetary Assessments, 11 (Jan/Feb, The Dangers of a Nuclear Iran, Foreign Affairs, Vol. 90 Issue 1, p66-81)

Were Saudi Arabia to acquire nuclear weapons, the Middle East would count three nuclear-armed states, and perhaps more before long. It is unclear how such an n-player competition would unfold because most analyses of nuclear deterrence are based on the U.S.-Soviet rivalry during the Cold War. It seems likely, however, that the interaction among three or more nuclear-armed powers would be more prone to miscalculation and escalation than a bipolar competition. During the Cold War, the United States and the Soviet Union only needed to concern themselves with an attack from the other. Multi-polar systems are generally considered to be less stable than bipolar systems because coalitions can shift quickly, upsetting the balance of power and creating incentives for an attack. More important, emerging nuclear powers in the Middle East might not take the costly steps necessary to preserve regional stability and avoid a nuclear exchange. For nuclear-armed states, the bedrock of deterrence is the knowledge that each side has a secure second-strike capability, so that no state can launch an attack with the expectation that it can wipe out its opponents' forces and avoid a devastating retaliation. However, emerging nuclear powers might not invest in expensive but survivable capabilities such as hardened missile silos or submarine-based nuclear forces. Given this likely vulnerability, the close proximity of states in the Middle East, and the very short flight times of ballistic missiles in the region, any new nuclear powers might be compelled to "launch on warning" of an attack or even, during a crisis, to use their nuclear forces preemptively. Their governments might also delegate launch authority to lower-level commanders, heightening the possibility of miscalculation and escalation. Moreover, if early warning systems were not integrated into robust command-and-control systems, the risk of an unauthorized or accidental launch would increase further still. And without sophisticated early warning systems, a nuclear attack might be unattributable or attributed incorrectly. That is, assuming that the leadership of a targeted state survived a first strike, it might not be able to accurately determine which nation was responsible. And this uncertainty, when combined with the pressure to respond quickly, would create a significant risk that it would retaliate against the wrong party, potentially triggering a regional nuclear war. Most existing nuclear powers have taken steps to protect their nuclear weapons from unauthorized use: from closely screening key personnel to developing technical safety measures, such as permissive action links, which require special codes before the weapons can be armed. Yet there is no guarantee that emerging nuclear powers would be willing or able to implement these measures, creating a significant risk that their governments might lose control over the weapons or nuclear material and that nonstate actors could gain access to these items. Some states might seek to mitigate threats to their nuclear arsenals; for instance, they might hide their weapons. In that case, however, a single intelligence compromise could leave their weapons vulnerable to attack or theft. Meanwhile, states outside the Middle East could also be a source of instability. Throughout the Cold War, the United States and the Soviet Union were engaged in a nuclear arms race that other nations were essentially powerless to influence. In a multipolar nuclear Middle East, other nuclear powers and states with advanced military technology could influence -- for good or ill -- the military competition within the region by selling or transferring technologies that most local actors lack today: solid-fuel rocket motors, enhanced missile-guidance systems, warhead miniaturization technology, early warning systems, air and missile defenses. Such transfers could stabilize a fragile nuclear balance if the emerging nuclear powers acquired more survivable arsenals as a result. But they could also be highly destabilizing. If, for example, an outside power sought to curry favor with a potential client state or gain influence with a prospective ally, it might share with that state the technology it needed to enhance the accuracy of its missiles and thereby increase its ability to launch a disarming first strike against any adversary. The ability of existing nuclear powers and other technically advanced military states to shape the emerging nuclear competition in the Middle East could lead to a new Great Game, with unpredictable consequences.

**Turns Heg**

#### Reducing Saudi Oil Kills heg

**Shaw 2004** (Charles, Editor-in-Chief, “Make the Greeleap,” Newtopia Magazine, Summer, <http://www.newtopiamagazine.org/issue17/features/greenleap.php>)

The second critical issue is that the US Dollar is the fiat currency for the world's oil and natural gas transactions which means that all the oil and natural gas purchased by the world's nations is purchased in US "petrodollars". Because of this, most nations hold in their banks Dollar reserves equal to the value of their own currency. US global hegemony is predicated on this very means of control. This arrangement for the world's energy supplies to be purchased in Dollars, and by effect to have the Dollar become fiat currency, was set up by the US and OPEC, largely because of our relationship with Saudi Arabia. If that relationship ends, through revolution or war, US hegemony ends, unless we occupy the oil fields till they run dry.

**2NC Oil K2 Relations Wall**

#### High prices establish strong US-Saudi ties and stabilize the Mideast

**Friedman 08** Ph.D., Founder and CEO of Stratfor

(George, 5-27, The Geopolitics of $130 Oil, Stratfor Geopolitical Intelligence Report, <http://www.stratfor.com/weekly/geopolitics_130_oil>)

As we have already said, the biggest winners are the countries of the Arabian Peninsula. Although somewhat strained, these countries never really suffered during the period of low oil prices. They have now more than rebalanced their financial system and are making the most of it. This is a time when they absolutely do not want anything disrupting the flow of oil from their region. Closing the Strait of Hormuz, for example, would be disastrous to them. We therefore see the Saudis, in particular, taking steps to stabilize the region. This includes supporting Israeli-Syrian peace talks, using influence with Sunnis in Iraq to confront al Qaeda, making certain that Shiites in Saudi Arabia profit from the boom. (Other Gulf countries are doing the same with their Shiites. This is designed to remove one of Iran’s levers in the region: a rising of Shiites in the Arabian Peninsula.) In addition, the Saudis are using their economic power to re-establish the relationship they had with the United States before 9/11. With the financial institutions in the United States in disarray, the Arabian Peninsula can be very helpful.

#### Oil’s Key to relations

Murphy5/15/08 (Caryle, Foreign Correspondent, The National, "Saudi-US relations hit rocky road," http://www.thenational.ae/article/20080514/FOREIGN/946458903/1011/SPORT&Profile=1011)

Saudis are uncharacteristically blunt when asked about George W Bush, the US president, and what his two-term administration has brought to the Middle East. Most see an abysmal legacy: a dangerous mess in Iraq, a deepening Israeli-Palestinian conflict and a volatile tug-of-war between Washington and Tehran, most recently on display in the embattled boulevards of Beirut.

“We love and admire the United States, I can assure you, and I speak for many people on this matter,” said Saeed al Farha al Ghamdi, a retired government employee in Jeddah. “But, unfortunately their foreign policy is disastrous.”

Many government officials share these sentiments but in true Arab tradition, they will accord Mr Bush the utmost in hospitality when he arrives here on Friday for his second visit in four months – even though they are not sure why he is coming.

Bilateral ties between the two countries have rebounded from the nadir to which they sank after Sept 11 2001. And as long as oil and security are top priorities, the long-standing US-Saudi relationship will remain an important one to both.

#### Oil dominates the US-Saudi relationship

Teslik 5/16/08 (Lee Hudson, Assistant Editor @ Council on Foreign Relations, "A Complicated Alliance," http://www.cfr.org/publication/16255/complicated\_alliance.html?breadcrumb=%2F)

Seventy-five years ago this month, California’s Standard Oil Company closed a deal with the finance minister of Saudi Arabia, a country the United States had only officially recognized two years earlier. The agreement granted the oil firm an exploration contract and initiated a multifaceted and sometimes thorny bilateral economic relationship. Today, oil still dominates U.S.-Saudi ties**,** which went on display May 16 when President Bush met Saudi’s King Abdullah. But the fairly straightforward buy-sell dynamic between the world’s leading importer and leading exporter of crude is increasingly complicated by a host of other issues, from security cooperation to currency concerns.

### A2: No Saudi Nukes

#### Saudi Arabian nuclear breakout is highly possible—they're fearful of regional security threats, possess the necessary CSS-2 missiles, and deteriorating US/Saudi relations could be the catalyst

**Russell** 1/5**/04** (Richard, adjunct assistant professor in the Security Studies Program at Georgetown University, Wash Times)

The Saudis have a pool of strategic interests that likely put them at odds with American counterproliferation policy. Riyadh's major regional rivals are capable, or soon will be, of threatening the Saudi kingdom with nuclear brinkmanship; Israel has the most formidable nuclear weapons capabilities in the region; Iran appears bent on acquiring nuclear weapons; and Iraq might resurrect a nuclear weapons program after the Americans depart Baghdad. The Saudi royals might also worry that the United States could become a threat to the kingdom. The Saudis, for example, might consider a scenario in which relations between Riyadh and Washington deteriorate into conflict over the methods and means to combat al Qaeda. The Saudis realize that their conventional military capabilities-notwithstanding their modern weapons inventories-would be hard-pressed to defend against the larger military manpower pools in Iran or Iraq or against the sophisticated technological capabilities of the Israeli or the American militaries. **In short, the Saudis would be strategically sensible to look to nuclear weapons as a potential "quick fix" to keep rivals at bay**. The Saudis already have in place a foundation for building a nuclear weapons deterrent. In the mid-1980s, they clandestinely negotiated the purchase of about 50 to 60 Chinese CSS-2 missiles. The Chinese and Saudis were able to complete the deal before American intelligence was wise to the relationship. The Saudis paid handsomely, with about $3 billion to $3.5 billion dollars for the Chinese missiles capable of reaching up to about 4,000 kilometers [2,500 miles]. The CSS-2s had been armed with nuclear warheads when they were operational in the Chinese force structure, but Riyadh and Beijing claim that the missiles delivered to Saudi Arabia were armed with conventional warheads and rebuffed U.S. requests to inspect the missiles. The CSS-2 missiles, however, are too inaccurate to be militarily effective with conventional munitions, but more than accurate enough for the delivery of nuclear weapons. It is well past time for Washington to renew calls for independent inspection of the Saudi missiles to ensure that they are armed as the Chinese and Saudis claim, and that ballistic missile modernization efforts are not underway.

### A2: Relations Resilient

#### The Arab Spring has strained US-Saudi ties—even small disagreements could escalate

**ASSOCIATE PRESS ONLINE 8-13-2011** (“Mideast upheavals open doors for Saudi strategies,” Lexis)

Stronger Saudi policies open the risks of friction with Washington, which is Saudi Arabia's main arms supplier and had counted on Saudi support to push U.S. interests in the Arab world. There is virtually no chance of a serious rift, and U.S. and Saudi officials are on the same page on other pivotal showdowns, such as efforts to get Yemen's President Ali Abdullah Saleh to step down after months of protest and bloodshed. Saleh is recovering in Saudi Arabia after being badly injured in a June attack on his palace compound. But even small rough patches between the U.S. and Saudi Arabia take on heightened significance in the tense Mideast climate. The Saudi statement on Syria followed White House urging for the Saudis and their Arab allies to take a sharper stance on Assad's government. Days later, the U.S. imposed new sanctions on Syria, and presidential spokesman Jay Carney said Thursday that Syria "would be a much better place" without Assad in charge. In March, Secretary of State Hillary Rodham Clinton said Bahrain was on the "wrong track" to allow Saudi-led forces to help crush protests in the island kingdom which is home to the Pentagon's main military force in the region, the U.S. Navy's 5th Fleet. Rights groups also have called on U.S. officials to take a sharper stance against Saudi Arabia's crackdowns on internal dissent, including a proposed law that Amnesty International said would allow authorities to prosecute peaceful protests as a terrorist act. In Iraq, Saudi officials are deeply wary of the U.S.-backed government of Prime Minister Nouri al-Maliki, a Shiite who owes his power to Iranian-allied political groups. Meanwhile, a higher regional profile invites uncomfortable scrutiny about Saudi royal succession with both King Abdullah and Crown Prince Sultan in their mid-80s and undergoing medical treatment this year. Christopher Boucek, who follows Mideast security issues at the Carnegie Endowment for International Peace, believes Saudi leaders view U.S. policymakers as more preoccupied with "being on the right side of history instead of standing by its friends." "Increasingly, it seems that Saudi Arabia looks out into the world and thinks that its foreign policy interests do not overlap with the United States and Washington's security interests," Boucek said. "Saudi Arabia is now in a position to pursue its own interests."

# Politics DA

## Link

### Engagement Links

#### Congressional opposition to expanding engagement

DE CÓRDOBA and MUÑOZ, 13 (1/11/2013, JOSÉ DE CÓRDOBA and SARA MUÑOZ, “Venezuela, U.S. Start Talks to Mend Ties,” <http://online.wsj.com/article/SB10001424127887324581504578235911777903292.html>)

Both sides remain deeply suspicious of the other. Many Republicans in Congress are opposed to trying to forge a new relationship with the Venezuelan government. On the Venezuelan side, Mr. Maduro or any other potential successor to Mr. Chávez is likely to try to claim the populist's revolutionary mantle and mimic his anti-U.S. rhetoric.

#### Congressional opposition to Venezuela because of ties to Iran

Bowman, 12 (2/16/2012, Michael, “U.S. Congress Warns Venezuela over Ties with Iran,” <http://www.thecuttingedgenews.com/index.php?article=72042&pageid=17&pagename=News>)

U.S. senators are warning Latin American nations against deepening financial and military ties with Iran, pledging heightened U.S. vigilance of Iranian activities in the Western Hemisphere. The Senate's Foreign Relations Subcommittee took a close look on February 16 at Tehran’s dealings with Latin America. Iran’s increasingly isolated regime retains friends in Latin America, most notably Venezuelan President Hugo Chavez.

U.S. Democratic Senator Robert Menendez had a stern message for the region. “Unfortunately, there are some countries in this hemisphere that, for political or financial gain, have courted Iranian overtures. They proceed at their own risk: the risk of sanctions from the United States, and the risk of abetting a terrorist state,” he said.

Republican Senator Marco Rubio echoed that message. “The leaders of these [Latin American] countries are playing with fire,” Rubio said.

Researcher Douglas Farah said Iran's intentions in Latin America are twofold. “To develop the capacity and capability to wreak havoc in Latin America and possibly the U.S. homeland, if the Iranian leadership views this as necessary to the survival of its nuclear program, and to develop and expand the ability to blunt international sanctions that are crippling the regime’s economic life,” Farah said.

Of particular concern: Iran’s quest for raw nuclear materials and what U.S. National Intelligence Director James Clapper recently described as Iran’s increasing willingness to mount attacks on U.S. soil.

#### Perceived terror ties makes Venezuela unpopular

Sullivan, 13 --- Specialist in Latin American Affairs at Congressional Research Service (1/10/2013, Mark P., “Venezuela: Issues for Congress,” <http://www.fas.org/sgp/crs/row/R40938.pdf>)

Terrorism Issues

U.S. officials have expressed concerns over the past several years about Venezuela’s lack of cooperation on antiterrorism efforts, President Chávez’s sympathetic statements for Colombian terrorist groups (the FARC and ELN), and Venezuela’s relations with Cuba and Iran. Since May 2006, the Secretary of State has made an annual determination that Venezuela has not been “cooperating fully with United States antiterrorism efforts” pursuant to Section 40A of the Arms Export Control Act (P.L. 90-629).143 As a result, the United States has imposed an arms embargo on Venezuela since 2006, which prohibits all U.S. commercial arms sales and retransfers to Venezuela. For several years, U.S. officials also expressed concern that Venezuelan citizenship, identity, and travel documents were easy to obtain, making the country a potentially attractive way-station for terrorists. In June 2011 congressional testimony, State Department officials again expressed concern about “Venezuela’s relations with Iran, its support for the FARC, [and] its lackluster cooperation on counterterrorism.”144

### Oil Sanctions Link

#### Republicans strongly support oil sanctions in Venezuela

Ray Walser 5-31-11 Ph.D. is a Senior Policy Analyst at The Heritage Foundation - http://blog.heritage.org/2011/05/31/sanctions-on-venezuela%E2%80%99s-oil-company-just-a-start/

With considerable prodding from Congress—especially from the new Republican majority in the House—the Obama Administration and Department of State announced on May 24 that it is placing Venezuela’s national oil company Petróleos de Venezuela (PDVSA) on its list of companies sanctioned for their work in helping expand Iran’s petroleum and gasoline production.¶ The action followed PDVSA’s sale of $50 million in petroleum products in late 2010. Venezuelan President Hugo Chavez, moreover, has not backed down on his promise to supply Iran with 20,000 barrels of gasoline per day.¶ The new sanctions prohibit PDVSA from competing for U.S. government procurement contracts, from securing financing from the Export-Import Bank of the U.S., and from obtaining U.S. export licenses. These sanctions do not apply to PDVSA subsidiaries and do not prohibit the export of crude oil to the United States. The sanctions will not at present interfere with the operations of Venezuelan-owned refineries and CITIGO distribution or with import of Venezuelan crude oil.¶ The measured has long been urged by Republicans in both houses of Congress, including by the chairman of the House’s Western Hemisphere subcommittee Connie Mack (R–FL).¶ “It is imperative,” writes former Bush Administration official Jose Cardenas, “that U.S. investigators continue to strip away the layers of the Venezuelan-Iranian axis to examine what other forms of criminality are taking place, such as money laundering and Venezuelan-Hezbollah complicity in drug trafficking, in addition to Venezuelan-Iran military cooperation. (Germany’s Die Welt reported this month that Iran is planning to build medium-range missile bases in Venezuela, astride Panama Canal shipping lanes.)”¶ The Chavez regime predictably accused the U.S. of responding to the prohibited sales in “imperial fashion” and warned that it will consider reducing exports to the U.S., an action that might easily do more damage to the Venezuela’s battered economy than to the U.S. Chavez nonetheless will attempt to use the U.S. measures to whip up anti-American sentiment in advance of next year’s presidential elections.¶ The latest action is a long-overdue first step toward recognizing that the Chavez challenge presents a long-term threat to U.S. security in Latin America.

#### Republicans support sanctions in Venezuela

Julian Pecquet - 04/23/11 Foreign affairs reporter/blogger for The Hill. Washington, DC.

The State Department on Tuesday vehemently denied the United States was considering sanctions against Venezuela after the oil-rich country threatened to cut energy exports to the U.S. Assistant Secretary of State for Latin America Roberta Jacobson told CNN's Spanish channel over the weekend she did not know either way if the Obama administration would consider sanctions if the country does not have a full recount of last week's disputed presidential election. Foreign Minister Elias Jaua responded with a promise to retaliate if that happens, prompting State Department Spokesman Patrick Ventrell's remarks on Tuesday.¶ “I think the Venezuelan side may have looked at that … and read into [it that] we're considering something,” Ventrell said at his daily press briefing. “I'm saying that that's not something that we're currently contemplating at this moment.” Jauna had promised to counter with “trade, energy, economic and political measures as we deem necessary to respond forcefully to this unacceptable threat.”¶ “We do not accept any empire threats,” he told Venezuela's Telesur. “You can be sure that faced with any kind of sanctions, we will respond with economic, political, social and diplomatic actions to defend the sacred rights of the Venezuelan people.”¶ Several Republican lawmakers, including Sen. Marco Rubio (Fla.) and Rep. Ileana Ros-Lehtinen (Fla.), have urged President Obama not to recognize the election of Nicolas Maduro unless allegations of voter fraud are investigated. Obama did not send a delegation to Maduro's inauguration as Hugo Chavez's successor on Friday, but the White House has expressed confidence in Venezuelan electoral officials' promise to audit the vote, which falls short of a full recount.¶ “We took positive note of the [National Electoral Council]'s decision to proceed with a recount and hope it will allow Venezuelans – regardless of which candidate they supported – to have confidence in the results of the electoral process,” a senior administration official told The Hill. “It is important that all sides feel that their democratic aspirations are being met.”

# China DA

## Link

### Chinese Econ Links

#### China is investing in Venezuelan oil --- key to fuel its economy

Winkley, 13 (6/7/2013, Ben, WSJ, “Energy Journal: China Broadens Reach Into Latin America,” blogs.wsj.com/moneybeat/2013/06/06/energy-journal-china-broadens-reach-into-latin-america/, JMP)

CHINA TARGETS LATIN AMERICA

Having successfully made vast inroads into Africa, North America and the key oil-producing region of the North Sea, resource-hungry China is turning its attention to Central and South America.

Venezuela is negotiating a $4 billion credit line from the Export-Import Bank of China that would be used for purchasing oil-field equipment, The Wall Street Journal’s Kejal Vyas reports from Caracas. The deal adds to a separate $4 billion loan that state oil company PdVSA will receive from the Chinese government to boost oil production at Petrolera Sinovensa, a joint venture in Venezuela’s vast Orinoco heavy-oil belt.

The Chinese Ex-Im Bank is also extending a credit line of $1 billion to Petroleos Mexicanos, Rigzone reports, again to buy vessels and offshore equipment.

The Mexican and Venezuelan oil sectors have been hampered by underinvestment and restrictions on outside money.

What’s in it for China? As ever, access to the fuel for its economy—Venezuela currently sends more than 600,000 barrels of oil a day to China and aims to reach 1 million barrels a day within a couple of years, the Journal says. Pemex will begin increasing oil exports to China by an initial 30,000 barrels a day, Reuters reports.

#### China signing oil deals to boost Venezuelan oil production

PLNA, 13 (5/17/2013, From Presna Latina News Agency, “Venezuela, China Strengthen Cooperation in Oil Sector,” <http://www.energytribune.com/76932/venezuela-china-strengthen-cooperation-in-oil-sector#sthash.8RLoHoEy.dpbs>)

China’s Vice President Li Yuanchao and Venezuelan Minister of Oil and Mining Rafael Ramirez today ratified their will to strengthen bilateral cooperation in the hydrocarbons field. In statements made from an oil extraction deposit of Sinovensa joint venture, in the Orinoco Oil Belt (OOB), the Chinese vice president said that the goal is to jointly produce 40 million tons of oil annually in the coming years.

The Chinese government is willing to back the investment projects and also work in other aspects, such as the protection of the environment and the local population, said the visitor during a visit to oil extraction areas.

According to Ramirez, the next step in that sense will be to decide about a $4 billion USD funding to bring the Sinovensa or the OOB Carabobo division production to about 330,000 barrels of oil daily.

The also president of Petroleos de Venezuela S.A. (Pdvsa) said that this agreement should be signed in his next visit to China.

Sinovensa, whose 60 percent belongs to Pdvsa and the rest to China National Petroleum Company, increased its production from about 20,000 barrels of oil daily in 2005 to 140,000 barrels of oil in the present day.

Ramirez also talked about the goal of extracting about 400,000 barrels of oil daily by 2017 in another of the Chinese-Venezuelan companies, Petrourica, located in Junin 4 bloc.

### SOI Link

#### Plan will be seen as interference by China

Snow, 13 --- Washington Editor (4/29/2013, Nick, “US can play constructive Western Hemisphere role, House panel told,” <http://www.ogj.com/articles/print/volume-111/issue-4d/general-interest/us-can-play-constructive-western-hemisphere.html>)

Other witnesses emphasized that the US will need to not make other countries feel it is not interfering in their internal affairs as it offers encouragement and assistance. That may prove difficult as China and other countries from outside the region negotiate resource agreements with teams of state energy companies and national banks, they conceded.

"The US still leads the world in energy technology," said David L. Goldwyn, the Special Envoy and Coordinator for International Energy Affairs at the State Department during 2009-11 who now heads Goldwyn Strategies LLC. "It also has a business development model that is more favorable than China's, which is increasingly seen as colonial with employees who keep to themselves and don't work to help develop local economies."