# o/v

**Collapse of Russia turns all of their impacts – creates aggression means they will lashout and cause wars that will escalate because there are international organizations in place to limit trade wars but there’s nothing in place – more likely and much higher magnitude**

**Russian economic decline causes nuclear war and extinction**

**Filger** 200**9** – Sheldon Filger, columnist and founder of GlobalEconomicCrisis.com, May 10, 2009, “Russian Economy Faces Disastrous Free Fall Contraction,” online: 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 downfal**l. 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 upheava**l. 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**.

**And economic collapse wouldn’t check aggression**

**Ruddy** 19**99** (Christopher, Newsmax Russia correspondent, march 12, http://www.newsmax.com/articles/?a=1999/3/12/53227)

**The collapse of Russia's economy greatly increased the chances of war with the West**. With 29 times Finland's population, Russia's budget barely matches theirs. According to news reports, millions of ordinary Russians are now struggling just to stay alive, selling family heirlooms and chopping up their furniture for kindling. Russia's political leaders and economic czars, of course, will never admit that they and their failed totalitarian system are responsible for this widespread misery, and increasingly the West is being blamed. This is particularly dangerous, because despite economic desperation, Russia continues is still a nuclear superpower. Victor Olove, director of Moscow's Center for Policy Studies, told the Los Angeles Times, "People who have nuclear warheads in their hands have not gotten their salaries for three or four months and are literally hungry."

**Oil revenue is key to Skolkovo development**

James **Melik** 7-4-20**12**; Reporter, Business Daily, BBC World Service; Russia moves to diversify economy with technology projects, <http://www.bbc.co.uk/news/business-18622834>

Twenty miles west of Moscow, a new technology race, rather like the space race of the 1960s, is opening up. In the area of farmland, **Russia is trying to build its own version of Silicon Valley** - the **Skolkovo** Innovation Centre. **It is part of the government initiative to divert the country away from its economic dependence on oil and gas and towards a new kind of industry.** It has been a key policy for Dmitry Medvedev, the man who was Russia's president until he was replaced by Vladimir Putin at the beginning of May 2012. The Skolkovo project is widely criticised in Russia and construction work has still not started in earnest more than two years after the proposals was announced. Another aim of this proposed technology drive is to keep clever Russians in the country, along with their money-making ideas, rather than them leaving because they are fed up with corruption and the weight of bureaucracy. Cash not credit Many of these technology companies are able to start up because of funds acquired from venture capitalists. But how do these venture capitalists decide who to back? "We look for proven business models that work abroad and we basically copy them and bring them to Russia," says Richard Creitzman at Fast Lane Ventures. "We find the ideas, we find the people, we find the funding," he says. "We give a management team the opportunity to start up a company, assisted with infrastructure, and let them try to build that company." **The Russian government is promoting technology and internet-based companies, and Mr Creitzman says the development at Skolkovo is a good example of using state money along with private funding.** The success of such ventures depends on Russians adapting to new ideas. "The use of the internet and e-commerce sites, buying things online, which is a normal thing to do in the West, is just starting here," Mr Creitzman says.n"People tend not to pay by credit cards, they tend to pay the courier that delivers the item. "There is less trust of credit cards, less trust of the goods, so the market isn't as developed here yet as it is in the West." Business as usual Looking ahead, with the new Vladimir Putin presidency, thoughts turn to what the business climate is going to be in the next few years. "We are not planning for any major changes," says Mr Creitzman. “Every couple of weeks there is an investment committee that sits down and goes through a range of ideas that are developed by the management, the shareholders and the business analysts," he says. He maintains that **the state has money, especially as the oil price is probably going to remain good in the medium-term - maybe three to five years.** "**Skolkovo** was created under President Medvedev's presidency. I don't think that is going to change. I think **that will continue to have support because it's for the good of the state to develop new businesses**," he says.

**Skolkovo solves global IT piracy and Russian business modeling**

**Moscow Times** 3-5-20**11**; Skolkovo, Microsoft Invest in First Startup http://www.themoscowtimes.com/business/article/skolkovo-microsoft-invest-in-first-startup/432104.html

Microsoft gave a $100,000 grant to the anti-piracy startup Pirate Pay on Friday, making it the first company to receive seed funding as the result of cooperation between the IT company and the Skolkovo Foundation, the organization behind the innovation hub near Moscow. In November, when Microsoft head Steve Ballmer visited Russia to sign a memorandum of understanding with the Skolkovo Foundation, he outlined five major areas of cooperation, including the expansion of funding for Russian IT startups. Pirate Pay, a Perm-based company that united three entrepreneurs a year and a half ago, beat several dozen IT startups to get the grant. The company's name stems from the Pirate Bay, a popular Swedish web site that hosts so-called torrent files that make unlawful uploading and downloading of copyrighted audio and video material possible without getting caught. The technology invented by Pirate Pay will allow it to **block existing torrents** and protect the copyright on music and movies that have just been released, **potentially putting an end to the uploading and downloading of unlicensed files first in Russia and, at a later stage of the project, globally**. Unlike other technologies that track files, **Pirate Pay makes torrents virtually undownloadabl**e, said Alexei Klimenko, technical director of the company. "But we do not want to be perceived by [Internet] users as a bad company that just blocks everything, instead we want to help create a distribution system that will allow users to download licensed files for a set nominal fee, yet keep copyright holders happy," he said. Head of Microsoft Russia Nikolai Pryanishnikov said at a news conference Friday that the company intends to sponsor 100 IT startups in the next 10 years, issuing grants ranging between $30,000 and $500,000. While the Skolkovo Foundation participates in the council that issues these grants, the money comes from Microsoft. Skolkovo funds projects of its own and has plans to sponsor 30 this year, Alexander Turkot, director of IT cluster at the Skolkovo Innovation Center, said at the news conference. Pryanishnikov hinted that the runner-up to Pirate Pay on the short list of five is a company that would soon get another grant from Microsoft and that some companies were advised to apply again after they get their business plans in order. While Microsoft did not disclose the names of those companies, the projects included corporate messaging, a city infrastructure project, and a project that allows for the making of complex analytical reports with the use of cloud computing. "IT companies may actually be better off because Skolkovo supports them, Microsoft supports them, and maybe if you write on [President] Dmitry Anatolyevich [Medvedev]'s blog, you can get support," he said, pointing out that **IT companies should become an example to other Russian small- and medium-sized businesses.**

**That’s key to the global economy – IT piracy is rising and will devastate the industry**

Lance **Whitney**, 5-12-20**10**; contributing editor for Microsoft TechNet Magazine, Piracy costs software industry $51 billion in '09, http://news.cnet.com/8301-1023\_3-20004783-93.html

The software industry missed out on more than $51 billion in profits last year as a result of software piracy, says a new study released Tuesday by IDC and the Business Software Alliance (BSA). The seventh Annual BSA and IDC Global Software Piracy Study found that the rate of software piracy rose by 2 percentage points last year to hit 43 percent. This means that for every $100 of legal software sold last year, another $75 worth of unlicensed software hit the market and reached the hands of consumers. The increase in piracy over 2008 was due largely to higher PC shipments and sales, especially in emerging markets such as Brazil, India, and China, reported the study. One of the biggest markets for pirated software, China, saw the value of illegal software jump to $7.6 billion last year, $900 million more than in 2008. In an ironic positive twist during last year's recession, software piracy actually fell in 54 of the 111 economies covered in the report and grew in only 19. In the United States, the rate of software piracy stayed the same at 20 percent, the lowest in the world. But in light of the nation's huge PC market, pirated software in the U.S. cost the industry $8.4 billion in profits. "Given the economy, 2009 piracy rates are better than we expected," BSA President and CEO Robert Holleyman said in a statement. "But incremental improvements are not enough. Few if any industries could withstand the theft of $51 billion worth of their products." IDC and the BSA believe software piracy doesn't just take profits away from the industry **but also has a domino effect on the economy**. One statistic cited in the study reported that for every dollar of legal software sold, another $3 to $4 in sales are generated for local businesses. "Software theft hurts not just software companies and the IT sector, **but also the broader economy at the local, regional, and global levels by cutting out service and distribution firms**," John Gantz, chief research officer at IDC, said in a statement. "**Lowering software piracy by just 10 percentage points during the next four years would create nearly 500,000 new jobs and pump $140 billion into ailing economies**." Additionally, IDC and the BSA point out that software vendors are hurt by illegal software, businesses and consumers waste time and money dealing with buggy or unsupported applications, and users can face security hazards as well as legal risks running pirated products.

# 1nr addon

**Blackouts have no lasting effect on the American economy**

**CBS Marketwatch, 03** (Greg Robb, “Economy to shrug off blackout”, August 16, http://www.marketwatch.com/news/story/blackout-impact-economy-big-snowstorm/story.aspx?guid=%7B12B5DD14-9251-43E7-B163-5128DD06F3CC%7D)

It's hard to think of a snowstorm in August, but that's the best way to understand the impact on the economy of the blackouts in the Northeastern region of North America, economists said. "The economic impact is almost immeasurable. The economics are similar to those of a snowstorm," said Mark Zandi, chief economist at Economy.com. "It is a nuisance -- it delays economic activity but ultimately that activity is made up in subsequent days and weeks," Zandi added. Brian Wesbury, chief economist at Griffin, Kubik, Stephens & Thomson in Chicago, agreed: "It shuts down activity, people change their behavior, but everything comes back to normal."

**And, the 2003 blackout proves**

**Shah, 03** (Angela, “Blackout Only Slows U.S. Economy”, The Dallas Morning News, 8/16/03, <http://www.accessmylibrary.com/comsite5/bin/aml_landing_tt.pl?page=aml_article_print&item_id=0286-8883087&purchase_type=ITM&action=print>)

The largest blackout in U.S. history has wreaked comparatively little damage to the nation’s economy. Largely because it began near the end of the business day Thursday, the power failure essentially gave much of the Northeast an unexpected three-day holiday weekend in normally slow August. Strictly speaking, the blackout merely slowed – and then, only briefly – the $10 trillion U.S. economy, economists said. “The power outage will likely turn out as a shock that will have no lasting consequences,” said Thorsten Fischer, an economist at Economy.com in West Chester, Pa. “The good news is that terrorism can be ruled out as a cause of the blackout, so there should be no significant effect on confidence.” Economists equated the financial havoc to the aftermath of a blizzard or powerful thunderstorm that would cost about $25 billion to $30 billion a day or roughly 1 percent of annual gross domestic product. Economic activity lost or postponed on Thursday and Friday will be made up quickly in the next few weeks.

**Their impact is overstated—resilience and adaptation check**

**Farrell et al, 02 -** research engineer in the Department of Engineering and Public Policy at Carnegie Mellon University and the executive director of the Carnegie Mellon Electricity Industry Center (Alexander, “Bolstering the Security of the Electric Power System,” Issues in Science and Technology, Spring, http://www.issues.org/18.3/farrell.html)

Turning out the lights

Many terrorism scenarios involve disruption of electric service, or "turning out the lights." Whether this would allow terrorists to create widespread fear and panic is open to question. In the United States, households lose power for an average of 90 minutes per year. For the most part, individuals and society cope with these outages well, and power companies respond rapidly to restore service. Facilities that have special needs for reliability, such as hospitals and airports, typically have backup generators.

The local distribution system is the source of most outages; these affect relatively small numbers of people. The bulk power (generation and transmission) system causes only a few outages each year. In its most recent report on failures in this part of the electric power system, the North American Electricity Reliability Council (NERC) identified 58 "interruptions, unusual occurrences, demand and voltage reductions, and public appeals" in 2000. Of these events, almost half (26) were due to weather, mostly thunderstorms. Operator or maintenance errors accounted for 12 events, another 12 were due to faulty equipment, and 2 (including the largest single event) were due to forest fires. Six outages occurred simply due to failure to have sufficient power to meet demand. Not all of these 58 events caused the lights to go out, but when they did, many customers were affected. Even so, recovery was typically swift. The largest single outage in 2000 affected more than 660,000 customers in New Mexico but lasted for less than four hours.

Natural challenges of even larger scale have been met. For example, in January 1998 an ice storm struck Southern Canada and New York State, felling 1,000 transmission towers and 30,000 distribution poles while sending thousands of tree branches into power lines. This event left 1.6 million people without power, some for more than a month. Almost a quarter-million people were forced to leave their homes. Insurance claims reached about $1 billion (Canadian). This event was disruptive and costly, but it did not create terror or significant loss of life.

# 1nr link wall

**Oil is responsive to international market forces – clean energy economies of scale would affect prices**

Mark **Heesen and** Lezlee **Westine** 5-22-200**8**; Mark Heesen is President of the National Venture Capital Association and Lezlee Westine is President and CEO of TechNet. U.S. Needs to Extend Renewable Tax Credits Now http://www.technet.org/u-s-needs-to-extend-renewable-tax-credits-now/

There is another way. **Technological advances in** solar, wind, biofuels, energy efficiency, fuel cell design and other **emerging energy sources are creating the energy and cost efficiencies necessary to transform the world¿s energy consumption**. **This shift can reduce** drive gas **prices**, improve America¿s competitiveness and help address the world¿s environmental challenges. Today, however, common sense legislation supporting renewable energy creation is being held up because of Washington politics. Some may ask **what is the connection between green energy and the price of oil**? The answer is the most basic of economic tenets ¿ **high demand and limited supply lead to higher prices**. Today, **two-thirds of the oil used in the United States is for transportation. Outside the U.S., roughly 50 percent of the oil consumed is used for non-transportation purposes such as electricity generation**. **Given the world¿s limited supply and heavy reliance on oil, there simply are no market forces working to drive down costs**. To bring down and keep down the price of oil (and America¿s gas prices), **greater competition in the world energy market is needed**. Consumption must shift from oil to a more balanced mix that includes greener energy alternatives. But **without reliable federal policy** that drives this transformation, **clean energy sources are unlikely to reach the economies of scale necessary to compete with oil in the world energy market.**

**OPEC will still react to greater solar and wind commitments for electricity**

Robin **Pomeroy** 9-3-200**2** “OPEC said blocking Summit "green" energy goal” http://www.planetark.org/dailynewsstory.cfm/newsid/17559/story.htm

**Oil exporting countries are blocking European Union efforts to form an alliance with** over 100 **developing countries to push for firm targets on boosting "green" energy**, Earth Summit delegates said on the weekend. **"The majority in the G77 has been taken hostage by the OPEC countries**," one exasperated senior European delegate said of the Group of Seventy Seven (G77), which now represents some 130 developing countries in international negotiations. **Environment ministers** at the Johannesburg summit negotiating a global action plan for reducing poverty and protecting the environment, **have stumbled on the issue of how firmly to commit to promoting renewable energy sources like solar and wind power.** Most European and developing countries want to set a global target to increase the world's use of renewables by the end of the decade but **the whole concept of a global target is being opposed by** the United States and **OPEC** countries. **The OPEC position has prevented the G77 from supporting the targets favoured by many of its member**s, several delegates said.

# 1nr perception key

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

Alexei **Bayer** 7-26-20**12**; Alexei Bayer is head of KAFAN FX Information Services. His monthly “Global Economy” column in Research has received an excellence award from the New York State Society of Certified Public Accountants for the past six years, 2004-2009 “Pop That Bubble Policies should aim at pushing oil prices down” http://www.advisorone.com/2012/07/26/pop-that-bubble?page=3

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

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

Andrew **Leonard** 8-21-200**6**, Salon.com, “The Oil Bubble”, 8-21, http://www.salon.com/tech/htww/2006/08/21/oil\_bubble/index.html

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

**Speculation controls oil prices – incentivizing any part of the energy production chain can have ripple effects on the market**

Professional Wealth Management (**PWM**) 6-1-20**11** Commodity funds - Speculative investors take profits and run, Professional Wealth Management (PWM) Lexis

However, **fund managers stress that the market is less than perfect, and there are opportunities to be manipulated**. **"Many people think our investment universe is just a tightly correlated set of energy** and mining **stocks, when it actually extends well beyond the primary producers to include downstream processing** **and** **parallel value chains in areas like** forest products and building materials; we also consider **engineers, service companies**, **shippers and makers of alternative energy equipment**," says Ruairidh Stewart, co-manager, Martin Currie Global Resources Fund. "**It is often assumed that 'it's all about the oil price', but even oil companies never mind the many other, less correlated areas of our universe can outperform the wider market when the price of the commodity falls through the floor**," he explains.

# 1nr gradual transition

**1). We don’t have to win a total collapse-just a major swoon that’s sufficient to threaten putin’s legitimacy**

**Not resilient --**

**--totally vulnerable to commodity price swings**

**Felix Goryunov 1-31-2012; Moscow-based economic journalist who has been covering international economic and trade issues for more than 30 years. “Russia Needs An Economic Strategy If It Wants To Compete With The Rest Of The BRICS” January 31st http://articles.businessinsider.com/2012-01-31/europe/31008426\_1\_russian-economy-gdp-industrial-production/2#ixzz20FnDnq86**

**Since 1992**, China’s GDP increased 5.3 times, India’s rose by 3.5 times and Brazil’s more than three. It is noteworthy that this growth went hand-in-hand with the structural diversification of economies, renovation of their industrial base and infrastructure as well as an expansion of purchasing power, social services and public welfare. But what about Russia? During the same time span, **Russia suffered an industrial and technological degradation that was more devastating than its losses in World War II. As a result, Russia reached its 1990 GDP level only in 2007 while the volume of industrial production remains less than in the Soviet era**. In terms of GDP estimated in PPP by the IMF, Russia is now number six in the world, while China is second**. In contrast to China and the other BRICS members, which are steadily increasing industrial production, the main drivers of the Russian economy continue to be domestic consumption and exports of raw materials**. Most Russian enterprises are not expanding for a lack of fixed investment. (Although the extraction, metals and defense industries are exceptions here). The Russian government dreams of raising fixed investment to 25 percent of GDP, whereas in China its share is already 45 percent of GDP. The outflow of capital from Russia ($85 billion in 2011) is more than twice as big as direct foreign investment (about $36 billion**). Even a balanced budget, a current account surplus and sizable hard currency reserves** (about $500 billion at the end of 2011) **can’t guarantee Russia’s technological resurgence and higher competitive leverage.** **The poorly diversified economy, addicted to imports of high-tech goods and even some agricultural products, makes Russia fully dependent on the whims of the world commodities markets**. The country may face a slump even this year if the world oil prices fall below $60 per barrel. A repetition of the serious contraction of Russia’s GDP in 2009 ( -7.8%) after a sharp decrease in oil prices is very likely, and last September, the World Bank already projected a slowing of GDP growth in 2012 from 4.4 percent in 2011 to around 3.5 percent.

**--Rich-poor gap makes downturns particularly dangerous**

RIA Novosti quoting Pavel **Svyatenkov**, 8-13-20**12**; Russian political analyst, BBC Monitoring Former Soviet Union – Political Supplied by BBC Worldwide Monitoring August 13, 2012 Monday Russian pundits analyse first 100 days of Putin's presidency, Lexis

Tasks for the future The pundits also spoke about their vision of further tasks the head of state is facing. "Putin is facing many tasks. The paramount one is to move away from the economic model that has been developed for the last 12 years with **Putin's direct participation** and that **envisages the Russian economy's excessive reliance on the export of raw materials to the West**," said Svyatenikov. In his opinion, **this economic model creates a socially explosive situation due to a considerable gap in people's incomes**. "In order to change it, very serious effort on the part of the country's leadership is required. If **the Russian economy** continues to develop according to the current scenario, it **will accumulate considerable vulnerability** because the current economic model does not allow Russia to develop technologically. There is a degradation going on, of the armed forces and the industry, **which is fraught with a collapse of the state, if the oil prices plunge**," Svyatenkov said.

# 1nr econ resilient

**--high oil prices have driven growth and positive fiscal outlook**

**World Bank** January 20**12**; Russia Overview http://www.worldbank.org/en/country/russia/overview

The **Russia**n Federation **weathered the global crisis** of 2008-2009 **well, in part due to a large fiscal stimulus. The Government took decisive action to provide emergency support** to banks and enterprises bringing returned growth, and implemented social protection measures to prevent a collapse in consumption. In 2010, **Russia’s economy returned to moderate growth, on the heels of domestic demand and higher oil prices**, **with lower than expected unemployment and poverty. In 2011, the country recovered its pre-crisis output level and returned to a fiscal surplus**. **Russia is the top producer and number two exporter of oil**, **so when oil prices plummeted during the crisis it served as a stark reminder of the Government’s over-dependence on oil** and gas and the need to diversify. **Nevertheless, in the past decade, this dependence has increased**. **The share of oil and gas exports has risen from less than one half of total exports in 2000 to two-thirds in recent years**. However, Russia’s oil output is projected to reach a plateau from the middle of this decade onwards. **There has been some shift to services** over the years **but the economic structure is still dominated by** large corporations with a concentration in **natural resources** and low value-added industries, while contributions from the small and medium enterprises sectors are limited. **Russia has a favorable short-term fiscal outlook due to a sizable budget surplus, and the economy was expected to grow** by 4.1 percent for 2011, followed by 3.5 percent **in 2012, and** by 3.9 percent in **2013**.

**Prices will stay high enough to sustain regime control – only risk is a major collapse of prices**

Mark **Adomanis**, 5-8-20**12**; analyst for Forbes, Russia and Oil: A Likely Source of Future Stability <http://www.forbes.com/sites/markadomanis/2012/05/08/russia-and-oil-a-likely-source-of-future-stability/>

**The “reference case” is basically the most realistic, middle-of-the-road assessment. It assumes that a lot of conditions that characterize the current oil market**, i.e. inconsistent and irregular access to new oil deposits in non-OPEC countries like Russia and OPEC’s interest in sustaining high prices, **will remain fundamentally the same.** **There is also a highly optimistic estimate that sees the real price of oil shrinking** to around $60-70 dollars a barrel and staying there through 2035. **However there is also a decidedly pessimistic estimate which sees the price of oil rapidly spiking** to around $170 dollars and the slowly increasing to $200 over the next two decades. **The point is not to predict exactly what oil will cost** in 2015, 2020, or 2035: that’s a fool’s errand. **The point that I’m trying to make is that one can very easily find eminently mainstream institutions**, indeed the EIA is about as mainstream as it gets, **which produce forecasts that suggest the Kremlin will, in fact, be able to count on a steadily, if slowly, rising oil price. If the price of oil does, in fact, slowly ratchet up** to around $150 a barrel over the next seven or eight years, **I would expect that Putin’s hold on power will remain strong since the state will have enough resources to co-opt and/or repress the opposition.** It seems to me that **analyses of Russia’s economic future are overly focused on oil’s downside risks. These risks are both real and severe** **and I fully agree with those who argue that a rapid plunge in the oil price will have extremely deleterious consequences for Putin’s hold on power. But what seems important to me is that the people responsible for forecasting the future price of oil seem decidedly more bullish on its future course**. The EIA is not some fringe outlet trying to get people to invest their savings in madcap commodities schemes, it’s a sober, boring, piece of the Federal bureaucracy. **It would thus appear that the most likely outcome is** for an oil price that is not supportive of revolutionary upheaval or economic chaos similar to that which consumed the 1980′s Soviet Union, but **a high and slowly rising price that is broadly supportive of Russia’s current political arrangements.**