Who Killed the Soviet Union?
Globalization and the Mobility of Resources

World Regional Geography

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Who killed the Soviet Union

Theories:
- Regan
- Gorbachev
- The Global Market
- Resources and mobility
- Oil and Russia’s EU Relations
I. Reagan
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Increased U.S. Defense spending during 1980s

Arms Race

Funding of Muhajideen in Afghanistan

By late 1980s 25% of Soviet economy dedicated to military expenditures.
II Gorbachev

Perestroika—economic opening
Glasnost—Political Opening
1989-loss of satellite countries
1990-91 Turmoil
August 1991—Coup attempt
Hardline communists believed opening had weakened country
Marked fall of the Soviet Union—By late September dissolved
III Oil

Soviet Union used controlled currency

Ruble useless outside Russia

Dependent on Oil Exports for Hard (foreign) Currency

Required overseas grain purchases

Meat as a Luxury Item

Collapse of oil prices led to financial collapse

Venezuela 2009
Trade in Oil = Mobility of Resources
Resource are valuable because...

Use Value

Exchange Value
Resources Require—Market (e.g. Lithium)
Resources Require—Mobility

Mobility of resources includes:

1. Ease of getting market
2. Cost of infrastructure to get to market

Scale

Getting to local markets
Getting to global markets
Transport to Local Markets
Transport to Global Markets
The Von Thunen Model

Von Thunen—Resources not distributed evenly
The Trouble with Van Thunen II

The heaviest concentrations of industrial sites are near natural resources.

Industrial Regions
- △ Ferrous ores and metals
- □ Nonferrous metals
- ● Industrial area
- --- Main trunk line, Trans-Siberian Railroad
- --- Other railroads

The Trans-Siberian Railroad is the chief link between Moscow and the east.
Diamonds

Highly Marketable

Highly mobile

Low capital investment in transport
Water

High capital investment in mobility

Valuable, but limited potential of market
Oil

High Value

High mobility

Capital intensive
Natural Gas

- High value
- Limited mobility
- Extremely high capital investment
How did oil become valuable?

Oil has been around for thousands of years

Limited uses

1850s refining for Kerosene

Early 20th century, Auto fuel, petrochemicals
Uneven distribution or resources in Russia
All or most of the oil or gas moving through a given pipeline is from Russia.
Mobility of Oil and Gas

Mobility based on pipelines

Tankers at sea

Use of pipelines limits mobility of global commodity

Especially Natural Gas

Awkward marriage of Russia and Europe

Pipelines must carry resource through territorially defined area
Baku-Tbilisi-Ceyhan pipeline
Other Markets

Russia: Government-Proposed Far East Oil and Gas Pipelines (U)

- West Siberian oil & gas fields
- East Siberian oil & gas fields

Key:
- Oil pipeline
- Proposed oil pipeline
- Possible oil pipeline spur
- Oilfield
- Oil and gas field
- Gasfield
- Gas pipeline
- Proposed gas pipeline
- Railroad
- Proposed tanker terminal

Note: Boundary representation is not necessarily authoritative.

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Take home points

To be valuable, resources must be movable

The difficulty moving Russian resources to market has long been a problem

Oil and gas infrastructures of mobility (pipelines) tie certain resources to certain markets

Nonetheless, the mobility of resources contributes tremendously to political events (e.g. fall of soviet union)