We negate

And our sole contention is an oil retaliation

Hennigan '18 explains at the very core of the tumultuous relationship between Saudi Arabia and the US is to the exchange of Saudi oil for American firepower. The 75 year alliance was built on this simple arrangement and either side backing out of their end of the deal will inevitably cause the other to respond. Specifically, **Torchia reports last year** Saudi Arabia threatened to respond to any American action with even "greater action." Thus, if America were to make good on its threat to halt arms sales, Saudi Arabia would retaliate in the oil market. This leads us to two subpoints.

Subpoint A is price shocks

Right now, America is especially vulnerable to oil production changes. In fact, **Egan** explains three days ago America is already facing a possible shortage of oil because of the Venezuelan crackdown. **He** continues Trump is contemplating opening up the governmental reserve of oil to prevent supply declines. Unfortunately though these reserves cannot compensate for Saudi's current supply. Moreover alternative suppliers are failing as **Egan** concludes Mexican production is declining and will continue to do so for years and Canada is unable to match rising demand. Thus, **he** conclude America will have to rely on Saudi Arabia to pick up the slack for our declining suppliers.

However halting arms sales would cause Saudi Arabia to cut off oil when we need it most. **Reuters '18** quantifies Saudi would retaliate by increasing prices to 200 dollars per barrel. This wouldn't be the first time as, **Blas of Bloomberg '18** notes, Saudi weaponized its oil against America in 1973 and has indicated it will do the same now. While some argue Saudi would never retaliate because it would harm its own economy, it wouldn't be the first time the Kingdom puts politics over their economic health as **Dichristopher '18** explains, they froze business ties with Canada over a political disagreement last year. But retaliating may actually benefit their economy as **CNN reports last month** that Saudi's government could stand to gain from rising oil prices by increasing share prices of their largest state owned business.

The impact is a recession.

Hamilton 09 quantifies, just a 10 percent increase in oil prices would drop economic output by 3 percent. Indeed, **Rapier of Forbes '18** concludes such action by Saudi Arabia would trigger a global recession just as it did in '73. This is crucial as the **World Bank** quantifies rising fuel prices in the 08 recession thrust 155 million people into poverty and caused 400,000 more infants to die annually worldwide.

Subpoint B is the yuan pivot

Tun of Investopedia 18 explains after taking the dollar off the gold standard, Nixon crafted bilateral agreements with Saudi Arabia, and OPEC, to standardize the sale of oil in U.S. dollars. In exchange, America provided weapons to the Saudis. This birthed the “petrodollar.”

Giambruno of Equities 16 continues the dollar’s role in the oil market helps maintain its standing as the global reserve currency. Since oil is the most traded and important commodity, and it is sold exclusively in USD, it compels other countries to keep dollar reserves to ensure their continued access to oil.

However, **Raval of Financial Times 18** explains China has recently launched plans to replace the petrodollar with the petroyuan, citing its position as the largest importer of Saudi and OPEC oil as justification for replacing the dollar. Critically, **BullionVault 16** explains that if America stops selling weapons to Saudi Arabia, Saudi arabia loses the incentive to prefer the petrodollar to the petroyuan.

Thus, **Deschapelles of Georgetown Journal of International Affairs 18** explains that if Saudi Arabia abandons the dollar it will create a broader shift throughout all of OPEC and destroy its role as the global reserve currency.

The collapse of the petrodollar has two critical impacts.

The first is the economy
Macleod of the Mises Institute 18 explains that the replacement of the petrodollar ultimately means that the population using the dollar is reduced while physical quantity of dollars is constant, decreasing purchasing power and triggering inflation.

Second, conflict.
Hatfield of Harvard ‘18 finds any time the petro dollar has been historically threatened, America has taken military action to prevent it. When Iraq, Libya, Syria, and Venezuela attempted to switch to other currencies over the dollar, America reactively intervened to force regime changes.

If America were to intervene to prevent the yuan transfer, the impacts would be earth shattering. For example, **BBC reports in 13** nearly 500,000 people were killed in Iraq as a result of the American invasion.

To prevent history from repeating itself, we negate