We affirm.

The GCD in 2019 writes that the Belt and Road Initiative, or BRI, serves as a platform for development and economic cooperation, focusing on utilizing each country's unique strengths.

With that, Contention 1 is Boosting Europe's economy.

The Belt and Road Initiative would be develop Europe's economy in two ways.

First is by increasing foriegn direct investment, or FDI.

In the status quo, Reuters '19 finds that Chinese investment into Europe has fallen by 40% going into 2018, hitting its lowest level in four years.

Chen of Deloitte Review '19 writes that the major reason FDI has dropped is due to stricter EU regulations. However because the BRI seeks to remove protectionist policies, its further expansion into the EU would help reverse this dip in investments.

FDI is critical for increasing economic growth.

Because FDI increases competition and facilitates the exchange of expertise, ESPON '18 finds that a one percent increase in the concentration of non-European firms in a region increases productivity of local firms by 2%.

Indeed already, the TREC '19 finds that foriegn investment into Europe directly supports 16 million jobs.

This is why Tintin of the University of Brussels '12 finds a 10% increase in FDI per capita increases GDP per capita of developed countries by 2.9%.

Second by integrating trade networks.

In the status quo, the JOC in 2018 writes that the EU faces a 500 billion euro infrastructure investment gap.

Signing on to the BRI would help modernize Europe's infrastructure.

The Council of Foreign Relations in 2019 writes that in places like Asia, BRI investment would build a vast network of railways, pipelines, and highways.

Creating a similar network within Europe would be a life-saver for their economy.

Xu of Bruguel ‘16 finds that because the BRI reduces trade times and costs, it would lead to a 6% increase in European trade.

Expanding trade would be a boon for economic growth, as the EC in 2018 writes that EU exports support tens of millions of jobs that are on average 12% higher paying.

As a result, the National Bureau for Economic Research concludes that a .01% increase in trade in relation to GDP, raises incomes by .4%.

Overall, promoting economic growth through FDI and Trade is key to reducing European poverty, as Social Europe ‘19 finds that growth has been why 4 million people have come out of poverty since 2015.

This growth also spills over to the developing world.

The IMF writes that a 1% increase in trading partner growth increases domestic growth by .8%, with Lunds University concluding that growth in the EU has the most significant effect on growth in developing areas.

Because economic growth expands opportunities for low-income individuals to sell their goods and get employed, World Bank ‘16 finds in a study analyzing 92 countries over 40 years, that as growth raises average incomes, the wages of the poorest fifth of society rise proportionately.

Contention 2 is stabilizing Chinese production.

A large part of China’s economy has been raw material production, creating key construction materials such as iron and steel.

Unfortunately, S&P Global in 2019 just two days ago writes that China is over producing Steel at a record pace, with no ability to reduce production because all plants have been fully upgraded.

As a result, Cheng of the South China Morning Post in 2015 writes that prices are at rock bottom, profits have plummeted, and products sit with no buyer in sight.

As a result, companies have taken on large amounts of debt, as Santizo in 2019 of the Mises Institute writes that China’s general debt to GDP has increased by 30% just in the past 5 years.

Luckily, the Belt and Road provides an out for these industries.

When developing new Belt and Road infrastructure, raw resources like iron and steel are used, thus reducing oversupply.

In fact, Freeman of the Middle East Policy Council in 2017 writes that just a 5% increase in infrastructure development in BRI countries would create nearly 137 million tons of demand for Chinese steel, reducing overcapacity by 14%.

This issue is of utmost importance.

Cheng of the SCMP continues that letting these companies default on the debt rather than paying it back will cause a chain of loan defaults and firm closures and thus, a global recession.

A recession would be devastating in the fight against poverty, as Tufts University writes that the last recession pushed almost a hundred million people into poverty.

Thus, in the name of boosting Europe's economy and preventing a recession, we affirm.

Even past this recession however, taking on this debt would make it impossible for China to protect the poorest of the poor in the future.

Wei of the Wall Street Journal in 2019 writes that because State-owned companies have been causing China's debt to rapidly largen, any stimulus used in an upcoming recession will be much smaller than the stimulus packaged used during the 2008 financial crisis.

Critically, [Zhou of the AEL in 2013](#) concludes that without China's 2008 stimulus package China's growth rate would have been nearly 1% lower, leaving hundreds of millions of people mired in poverty.

https://books.google.com/books?id=PvapHbNtdqQC&pg=PA49&lpg=PA49&dq=other%20growth%20determinants%2C%20a%201%20percentage%20point%20increase%20in%20growth%20in%20a%20country%E2%80%99s%20trading%20partners%20is%20correlated%20with%20an%200.8%20percentage%20point%20rise%20in%20domestic%20growth&source=bl&ots=8hvQCV-Ygb&sig=ACfU3U1eI4pYDD-8_U3TctQCSiq5GjLtSw&hl=en&sa=X&ved=2ahUKEwji90Kj6KTlAhVlmuAKHTToC2wQ6AEwCn0ECAkQAQ#v=onepage&q=other%20growth%20determinants%2C%20a%201%20percentage%20point%20increase%20in%20growth%20in%20a%20country%E2%80%99s%20trading%20partners%20is%20correlated%20with%20an%200.8%20percentage%20point%20rise%20in%20domestic%20growth&f=false
-hella good globalization evi

Unfortunately, Reuters in 2019 writes that despite recent efforts to curb excess production, China's iron and steel industries have been producing more than current existing demand.

Cards

FDI

Reuters 19'

https://www.reuters.com/article/us-eu-china-fdi/chinese-fdi-in-europe-drops-investment-screening-will-cut-it-more-survey-idUSKCN1QN1T6
BERLIN (Reuters) - **Chinese foreign direct investment (FDI) in Europe fell 40 percent in 2018, hitting its lowest level in four years**, and stricter European Union rules are likely to curb Chinese M&A activity even further, a survey showed on Wednesday.

Chen of Deloitte Review 19'

https://www2.deloitte.com/us/en/insights/economy/asia-pacific/china-belt-and-road-initiative-update.html
Yet **Chinese investment going to Europe** and North America **plunged** from 2017 to 2018, declining from USD111 billion to just USD30 billion, according to a report by Baker McKenzie.14 **Although Beijing's capital controls and China's mounting debt load crimped Chinese foreign investment last year, heightened scrutiny by**

regulators of Chinese acquisitions—a move that has been criticized as antithetical to free market principles—**was a major factor behind the drop in investment, with a large number of deals cancelled or blocked**.15 **The removal of such protectionist measures is one of the core aims of the BRI. It is therefore imperative that the Initiative extend deeper into the more advanced countries of Europe, as this should reverse the short-lived dip in Chinese investment into the continent,**16 especially as Chinese companies tighten their focus on choosing investments more judiciously.

http://trade.ec.europa.eu/doclib/press/index.cfm?id=1993

With more than 35% of total EU assets belonging to foreign-owned companies, the EU has clearly one of the world's most open investment regimes. Foreign direct investment stocks held by investors from outside the EU amounted to €6,295 billion at the end of 2017 providing Europeans with 16 million direct jobs.

While traditional investors such as US, Canada, Switzerland, Norway, Japan, and Australia remain by far the top investors, accounting for 80 percent of all foreign-owned assets across all sectors of the EU economy, the report notes also some important trends:

Tinton of University of Brussels 12'

https://www.etsg.org/ETSG2012/Programme/Papers/73.pdf

The empirical findings of this study show that the FDI spurs growth and development in developed, developing and the least developed countries. Nevertheless, the magnitudes of the effect of FDI on growth and development are non-uniform across different country groups. More specifically, we found that FDI affects growth and development in developing countries to a higher extent compared with developed and the least developed countries. A 10 percent increase in per capita FDI raises per capita GDP by 3.9 percent in developing countries, 2.9 percent in developed countries and 1.8 percent in the least developed countries. In a similar vein, a 10 percent increase in per capita FDI leads to a 0.5 percentage increase in the HDI score in developing countries. In developed and the least developed countries the size of the effect is about 0.3. Finally, the results generated the expected positive and meaningful effect of economic freedoms on growth and development in all country groups. It testifies the importance of the

5

Trade infra

JOC 2018

https://www.joc.com/regulation-policy/europe-infrastructure-underinvestment-hits-shippers_20180208.html

LONDON – Europe is a major player in global trade. It is home to three of the largest ocean carriers, the top trio of freight forwarders and logistics companies, and a clutch of leading air cargo operators.

Even so, the outlook is less rosy back home with shippers, truckers, inland waterway companies, and rail freight operators paying the price for prolonged underinvestment in transport, particularly regarding railroad tracks, highways, and bridges.

The European Union is putting its economic growth at risk because of inadequate spending on transport and digital infrastructure, following years of chronic underinvestment, the European Investment Bank (EIB) warned in its 2017/18 investment report.

Transport was the worst affected by the slowdown in infrastructure spending to 1.8 percent of GDP in 2016 from 2.2 percent in 2009 and is a priority sector for investment, the EIB said.

And even as sea, air, and land transport follow other industries and embrace digitization — highlighted by the recent blockchain joint venture between Maersk Line and IBM — **Germany,** Europe's biggest economy with the world's largest trade surplus, **is saddled with one of the worst digital networks in the developing world**, according to the OECD.

Work is also underway on the 55-kilometer Brenner Base Tunnel through the eastern Alps linking Austria and Italy, which will be another key freight connection between north and south Europe when it opens in 2026. The 8.8-billion-euro projected budget is 40 percent financed by the European Union, with the remainder funded by the Vienna and Rome governments.

As the above suggets, there is still a giant infrastructure investment mountain to climb, with the European Commission **estimating that about 500 billion euros is required for planned projects between 2014 and 2020.**

And the completion of the Trans-European Transport Networks Core Network Corridors alone will require about 750 billion euros in investment by 2030, with the largest contribution coming the EU's member states.

Given Europe's postmodern history to-date, **shippers and their transport providers are unlikely to place any bets on these figures and dates being met.**

CFR 2018

https://www.cfr.org/backgrounder/chinas-massive-belt-and-road-initiative

President Xi announced the initiative during official visits to Kazakhstan and Indonesia in 2013. The plan was two-pronged: the overland Silk Road Economic Belt and the Maritime Silk Road. The two were collectively referred to first as the One Belt, One Road initiative but eventually became the Belt and Road Initiative.

Xi's vision included creating a vast network of railways, energy pipelines, highways, and streamlined border crossings, both westward—through the mountainous former Soviet republics—and southward, to Pakistan,

India, and the rest of Southeast Asia. Such a network would expand the international useof Chinese currency, the renminbi, while **new infrastructure could "break the bottleneck in Asian connectivity," according to Xi. (The Asian Development Bank estimates that the region faces a yearly infrastructure financing shortfall of nearly $800 billion.) In addition to physical infrastructure, China plans to build fifty special economic zones, modeled after the Shenzhen Special Economic Zone, which China launched in 1980 during its economic reforms under leader Deng Xiaoping.**

Xu of Bruegel 16'

http://bruegel.org/wp-content/uploads/2016/09/WP-05-2016.pdf

Figure 6 shows the simulation results by region. The impact on trade by region is shown in panel A. **The EU is the biggest winner from the Belt and Road initiative, with trade rising by more than 6 percent.** Trade in the Asian region is also positively affected by the reduction in transportation costs, but only by half as much as the EU, with trade increasing by 3 percent. Conversely, the rest of the world suffers from a very slight reduction in trade (0.04 percent). The findings by region basically confirm our analysis at the country level. **As a whole, our results point to the Silk Road being a win-win in terms of trade creation because the gains from EU and Asia clearly outweigh the loss felt by the rest of the world**

National Bureau of Economic Research

https://www.nber.org/digest/nov02/w9021.html

A final finding is also familiar from studies of trade and income: globalization is good for growth. **The authors find that every .01 increase in the ratio of trade to GDP raises income by 0.4 percent over the following 20 years.** The effects of trade that operate via growth -- worsening pollution at first, and then reducing pollution later -- may be larger than the effects of trade that operate independently of growth.

Social Europe 19'

https://www.socialeurope.eu/poverty-and-inequality-in-europe

The poverty rate has decreased slightly since 2015, with the **number of people at risk of poverty in the EU falling by around 4 million**. This fall is equivalent to just under one percentage point. **Any progress may be due to relatively strong growth**, especially in the poorer countries.

The recent drop in Europe's poverty and inequality rates is a welcome break from the stagnation of the preceding years. **But, given the vast scale of the problem, which is underestimated in official figures, it represents far too small a step in the right direction. Stronger progress and more decisive policies will be needed** if the disintegration of Europe is to be prevented.

Arora 05 (Vivek Arora, IMF, "How Much Do Trading Partners Matter for Economic Growth", 2005, https://www.jstor.org/stable/pdf/30035946.pdf?refreqid=excelsior%3A774cd0f8f8e029cb9ba8341fb2828055) // AB

An analysis using panel data for the period 1960-1999 for 101 industrial and developing economies suggests that a 1 percentage point increase in economic growth among a country's trading partners (keeping all else equal) is correlated with an increase in domestic growth of as much as 0.8 percentage points. This pos- itive correlation is consistent with the conclusions of the trade and growth litera- ture, as well as with those of a few recent

papers that have tried to quantify the impact of cross-country growth spillovers.3 However, the relationship is stronger than one might have expected. In addition, the level of foreign income relative to domestic income matters for growth, in the sense that the ratio of the average per capita GDP of trading partners relative to a country's own per capita GDP is pos- itively correlated with growth. One interpretation of this result is that the richer a country's trading partners, the stronger is conditional convergence.

Lunds

https://l.messenger.com/l.php?u=https%3A%2F%2Fpdfs.semanticscholar.org%2F649c%2Fff9a9eed7adbbd9ab0dd836d03931485a697.pdf&h=AT3lyFGshaK4GUGjlgczZtiFvrLEX8GI1ltDoIEIiYS5SF-XzutKkw37GCdgxMETPzj5pQtelYLZdWrzMUuwl0MBlGazGezvmQJ0dlNABR-1Y3I0fR96sf4yEsoFGHXL6eosH_DumG8

This paper has looked at an area that has so far not gained so much attention in the academic field. The **fact that the EU, China and the US are the three major markets for Africa's exports as well as the three major economies is vital for Africa's growth. This paper has therefore estimated the impact of growth in these countries on Africa. The main results are not surprising as they indicate that the main impact in descending order is from the EU, US and China, determined by the magnitude of trade these countries have with**
Africa

https://www.e-elgar.com/shop/the-european-union-and-developing-countries

The EU is the main trading partner of developing countries, and the main provider of development aid. The contributors to this book evaluate critical aspects of EU trade and aid policies in order to ascertain whether, and to what extent, they help promote growth and accelerate the development of the Third World. The evaluation takes into account current changes in EU trade and aid policy and makes use of recent advances in empirical methods in order to provide accurate estimates of the policy impact on developing countries. The various studies may contribute to improve the design and implementation of EU policy and its effectiveness in strengthening growth of developing countries and promoting the well-being of their populations. This independent evaluation of EU trade and development policy towards developing countries will strongly appeal to: undergraduate and graduate students in international economics, development economics and European economics; policy makers in the EU and developing countries, development community; non governmental organizations; and those interested in the impact of the EU trade and aid policy.

Overcap

Reuters 19 (overcap squo)

China has an iron and steel overcapacity

"China's iron and steel association warns on over-capacity, shrinking profits." Reuters. 4/28/19//SSK

https://www.reuters.com/article/us-china-steel/chinas-iron-and-steel-association-warns-on-over-capacity-shrinking-profits-idUSKCN1S404D

China's Iron and Steel Association said on Sunday the industry faces ongoing risks from excess capacity, as well as sluggish demand and increased raw material costs that could squeeze profits. The country's sprawling steel sector, which has cut 150 million tonnes of steel production over the past three years, was "far from achieving it tasks" amid Beijing's supply-side reforms, the association said in an online statement. Some companies were looking to boost output, turn out low-grade steel and use cheaper but more polluting induction furnaces, it said, **adding that fixed asset investment in the ferrous metal refinery and processing industry rose 30.6 percent in the first quarter.**

SCMP 15' (overcap recession/defaults)

China's overcapacity could create recession

Cheng, Shuaihua. "Overcapacity a time bomb for China's economy." South China Morning Post. 9/28/15//SSK

https://www.scmp.com/comment/insight-opinion/article/1862024/overcapacity-time-bomb-chinas-economy

China has narrowly escaped major financial crises for over two decades. But the good times may soon be over - and not because of the recent stock market crash which has spawned debates about whether the country faces a serious economic crisis. **Some analysts compare China's equity bubbles to the situation that led to the 1929 Great Depression,** but other believe those are merely false alarms, and fears about China are overblown. In the short term, the latter argument is more convincing: China's equity crisis has affected fewer than 15 per cent of Chinese households. And the majority of these middle class investors have only lost money gained a few months earlier, when stock prices spiked. Even after the recent crash, the Shanghai Stock Exchange's Composite Index still stands 1,000 points higher than it did in July 2014. In any case, stock values are just 1.5 per cent of total assets in the Chinese banking system, and most Chinese companies are not financed by the stock market. The consumer confidence index shows that the trend of growing consumption by both urban and rural Chinese remains stable. And Chinese authorities still have the power and flexibility to mobilise economic growth, for example, by loosening monetary policy to allow high liquidity of credit, or by expanding fiscal measures to stimulate household consumption. But while the Chinese economy is unlikely to crash anytime soon, **China nonetheless faces a high probability of being the next major power to face an economic collapse and is now at a tipping point. One major reason is industrial overcapacity. Overcapacity is not new in China, but in sectors such as iron and steel, glass, cement, aluminium, solar panel, and power generation equipment, the overcapacity rate has recently surpassed 30 per cent, the threshold at which overproduction may trigger loan defaults by companies that have borrowed and then watched their profits fall.** Production has run rampant because of vicious competition between local governments. In order to achieve high GDP growth, local governments attract new manufacturing facilities by offering all kinds of financial subsidies such as tax holidays and rent-free use of government land. Further, local governments help firms to get cheap loans from state-owned banks. These favours unnaturally decrease production costs. Industrial overcapacity has become a time bomb that threatens the Chinese economy because it has led companies to take on debt to repay loans. **The combination of economic slowdown, excess production in manufacturing and rising debts at the macroeconomic level may cause a massive wave of firm closures and bad loans. If this bomb detonates,** the repercussions could be extraordinary. Because **China** does not have the mature social safety net of a country like Japan, and also lacks the political stability of the United States, it **could face not only an economic blow-up but also serious social and political upheaval.**

Santizo 19': debt inc past 5 years

China's debt increasing rapidly

Santizo, Diego. "A Chinese Bomb: Are We Really on the Threshold of Another Global Financial Crisis?." Mises Institute. 2/25/19//SSK

https://mises.org/wire/chinese-bomb-are-we-really-threshold-another-global-financial-crisis

The size of the debt itself is unimportant (or at least it does not deserve excessive attention) if the financial sector faces its losses despite a promise by monetary authorities to bail it out. If productivity increases are to be pursued via capital formation, corporate debt in China should be restructured based on guarantees of financial stability to avoid moral hazard. This kind of guarantee, which only flourishes in a market economy, is the way to restructure the large number of state-owned enterprises in China that operate in sectors with evident overcapacity.

The Chinese debt is overwhelming not because of the volume—more than $34 trillion —but because the figure has quadrupled in seven years (2007–14) according to estimates from the central bank, although, to be sure, Chinese authorities supplying such public information do not have an exemplary reputation (China is not Switzerland or Japan). Debt is not a trivial problem. However, President Xi Jinping's methods are those of a political leader who tries to inhibit the fluctuations of an economy with a plan. In the twelfth five-year stimulus plan (2011–15), Xi noted the need for "an economic and social balance" to guarantee long-term development goals, which include encouraging consumption, liberalizing interest rates, removing capital controls, and, crucial for Chinese propaganda, increasing the supply of services for citizens. Xi's plan seems great until we see that the data, as usual, fail to support it. Deleveraging an economy of incredible size without creating a slowdown in the short term is doomed to fail. This kind of idea only inhabits the minds of social engineers or "risk experts." Figure 1 shows how the current growth model is not sustainable and, in the context of overcapacity in various sectors, implies that there has been a misallocation of resources.

The general level of debt as a percentage of GDP has grown almost 30 percent in only the last five years.

Freeman MEPC 17'

BRI solves overcapacity

Freeman, Chas. "China and the Economic Integration of Europe and Asia." MEPC. 2017//SK

https://www.mepc.org/speeches/china-and-economic-integration-europe-and-asia

China's private sector companies are very good at exploiting opportunities for investment fueled by credits from the Chinese state. But, for the program to succeed over the long term, the planning process that is getting under way will have to begin to develop new models for Chinese investment that empower private enterprise along the Silk Road as well as in China itself. Perhaps the key to accomplishing this is partnership with foreign companies and lenders with greater experience in risk-based lending and turning a profit outside home markets. As the late Deng Xiaoping would have put it, China and its foreign partners will have to find their way across the many rivers between the Atlantic and Pacific by feeling their way with their feet as they ford them. Some projects envisaged for the "one belt, one road" program will be financially attractive or made so. Others may be more problematic. The market will decide. This raises a key question. Many of the countries that lie between China and Europe have troubled political and economic environments. What return on investment can China and its partners reasonably expect from "one belt, one road" projects? In the short term, **on the macro level, even under conservative assumptions, investment in** Asian and **European infrastructure looks like a good bet. Chinese state-owned enterprises have more money for infrastructure build-out than they can profitably deploy in China, where returns on such projects are very low at present. Investing in roads, railways, fiber optic cable, and power generation and distribution assets outside China could enable the productive use of China's industrial overcapacity, stabilizing employment and the Chinese economy**. One study estimates, for example, that **a relatively modest five percent growth rate in such assets from their current base could create 137 million tons of demand for Chinese steel. This would reduce oversupply in the Chinese steel industry from 22 percent to 8 percent**. It would expand access to markets and natural resources to China's West, while linking both to the Chinese economy. It would also offer a new outlet for the investment of China's huge foreign exchange reserves, which have been concentrated in U.S. Treasury bonds and other instruments with very low yields. As another example, consider the benefits of shorter, land-based telecommunications routes that connect the two ends of the "world island." China is connected to Europe at present by 39,000 kms (about 24,000 miles) of mostly underwater cable following legacy telephone links. Digital packets transmitted from Western Europe to Shanghai or Tokyo must either cross Europe, the Middle East, the Indian Ocean and the South China Sea, or transit the Atlantic, the United States, and then the Pacific Ocean. Too many cables pass through heavily trafficked choke points like the Strait of Malacca or the Suez Canal. Accidents in these choke points cause several hundred disruptions of the global undersea system each year.

Tufts 12': Global recessions impact

"The Financial Crisis and the Great Recession." Tufts University. 2012

http://www.ase.tufts.edu/gdae/Pubs/te/MAC/2e/MAC_2e_Chapter_15.pdf

The crisis also spread beyond U.S. borders. as consumption and income declined in the United States, many countries experienced a significant reduction in exports as well as a decline in the investments that they held in the United States. as a result, global GDP declined by 2 percent in 2009. **It has been estimated that between 50 million and 100 million people around the world either fell into, or were prevented from escaping, extreme poverty due to the crisis.** Why did this happen? Why were its effects so long-lasting? What lessons can be learned for the future? these are complicated questions to which this chapter provides some answers.

Add ins

https://eng.globalaffairs.ru/valday/The-Belt-and-Road-Initiative-and-Its-Impact-on-Europe-19500 -why take infra?

Overcap MIT Add In

The second is maintaining long term growth rates.

Numara in 2019 writes that as the Belt and Road initiative moves low-cost manufacturing to low-cost countries, China now has the resources freed up to upgrade its domestic facilities to move up the value chain, and dominate high-value products.

This is critical, as Colin of CKG in 2019 concludes that if China wants to maintain its current growth momentum thus has pulled hundreds of millions out of poverty, it must find new growth sources and accelerate industrial factory exporting, both of which only the BRI can solve.

FDI MIT Add In

The Mercatur Institute in 2019 explains that Chinese FDI helps acquire companies and the knowledge critical for high end industries, such as the tech sector, writing that nearly 58% of all Chinese FDI in Europe is in high-end fields.

This is critical, as Joshi of the ORF in 2019 writes that the Chinese Investment flowing into Europe through BRI helps China move up the value chain, moving away from producing technological goods towards inventing and using them.

The impact is continuing current growth rates. Colin of CKG in 2019 explains that for China to maintain its current growth rates that have pulled hundreds of millions out of poverty, it must quickly find high-end sectors to avoid being outcompeted by lower-end countries on current basic manufacturing.

https://set.odi.org/wp-content/uploads/2017/12/SET_Survey-report_Chinese-manufacturing_Final.pdf

https://www.foreignaffairs.com/articles/china/2019-03-11/whats-causing-chinas-economic-slowdown

Rising wages pose another problem. Chinese wages now match or exceed those of most other emerging market economies, making China a less attractive destination for foreign companies. On top of that, high living costs and administrative burdens have reduced the flood of rural peasants into cities to a trickle. The average disposable rural income in 2018 was 14,617 Yuan a year, low enough to make moving to the city prohibitive when the average price of an apartment in urban areas is now 14,678 Yuan per square meter.

Stimulus add in

Even past this recession, taking on this debt would make it impossible for China to protect the poorest of the poor in the future.

Wei of the Wall Street Journal in 2019 writes that because State-owned companies have been causing China's debt to rapidly largen, any stimulus used in an upcoming recession will be much smaller than the stimulus packaged used during the 2008 financial crisis.

Critically, Zhou of the AEL in 2013 concludes that without China's 2008 stimulus package China's growth rate would have been nearly 1% lower, leaving hundreds of millions of people mired in poverty.

Frontlines

FDI

A2: Nothing happened to Italy/NU

https://www.china-briefing.com/news/chinese-fdi-eu-top-4-economies/

Chinese foreign direct investment (FDI) in the European Union (EU) has increased over 17 times from 2010 to 2016. **This was followed by a drop in investments due to controls introduced on capital outflow by the Chinese government in the last two years.**

Although no changes have been made to Italy's screening policy since the signing, **the government has indicated that it will be open to investment in sectors that other EU states would perhaps be more uncomfortable with.**

The level of Chinese investment in the EU is dependent on the state of the Chinese economy and the level of control that the Chinese government puts on capital outflows. Nevertheless, **the MoU will likely provide a boost to Italy's share of Chinese FDI,** especially when increased investment controls – particularly in Germany – decrease the investment attractiveness of the other large EU economies.

A2: CH FDI bad practices

ISD 16' finds two things:
1/ more regulations in EU that eliminate these bad practices, pref bc their ev looks at dev nations w zero regulations
2/ social responsibility much higher in euro countries so if they do something bad they're going to lose buisness

https://www.iisd.org/sites/default/files/publications/sustainability-impacts-chinese-outward-direct-investment-literature-review.pdf?fbclid=IwAR0Mus8XGuwpct5KP9AgWjLhrwc71vfyBu8DqX54RYT0SUZ0Z2QtfHaEGN0
Moreover, a comparative study finds that the social responsibility of Chinese enterprises in the world is very uneven and local regulations make a big difference (Schatan & Piloyan, 2014). For example, **Chinese companies operating in Europe and in the United States, where the environmental standards are more stringent, have much higher social liability than that shown by the ones operating in LAC.** According to Schatan and Piloyan (2014), this also leads to more investment flows to countries with

A2: China will leave MIT regardless

No, now uniquely is the reason why they won't. Daily Recoking takes into account recent developments involving the trade war and how critical industries are moving out and concludes that bc of this permanet loss china will be stuck in low growth without a solution

Aug 12 2019
https://dailyreckoning.com/china-paper-tiger/

A2: Trade infra only benefits the rich

1. Not responsive to the argument, sure the infra is only built n the port, but the port enables more trade, which the heritage foundation finds has been the historically best way to pull millions out of poverty

https://www.heritage.org/trade/commentary/how-free-trade-and-economic-freedom-help-the-poor-0

A2: Ghost cities prove CH debt doesn't matter

Yes it does, daily reckoning specifically looks at the ghost cities china's been creating and concludes that the debt structure is set to collapse

https://dailyreckoning.com/china-paper-tiger/
Of course, lurking behind all of this is the coming debt crisis in China. About 25% of China's reported growth the past ten years has come from wasted infrastructure investment (think "ghost cities") funded with unpayable debt. China's economy is a Ponzi scheme like the Madoff Plan and that debt pyramid is set to collapse.

A2: Never seen CH debt induced recession

1. Stratfor 19' writes that CH state owned debt all time high, usually its been low, this is unique
2. CSIS writes that the debt it getting so bad a) their credit got downgraded but 2) concludes a criss is looming, most recent ev

https://worldview.stratfor.com/situation-report/china-debt-gdp-ratio-reaches-all-time-high

A2: Defaulting already

https://www.elibrary.imf.org/doc/IMF071/25402-9781484372142/25402-9781484372142/Other_formats/Source_PDF/25402-9781484393147.pdf?redirect=true

IMF finds that the default rate for SOEs is at only .1% in 18'

Weighing

EU Recession

EU Recession v Green Tech

1. Prerequisite: when we are in a recession, every $1 that could be going towards green tech will be put towards stimulating the economy to get out of downturn, our case comes first
2. Short-circuit: as the economy declines, investor confidence in technology like renewables plummets. **The International Energy Agency** writes that in 2008 - as sources of finance plummeted during the recession - led to renewable investment decreasing 42%.
3. Clarity of impact: Climate change will happen no matter what we do, my opponents can't isolate to what extent it gets worse in their world; it's really hard to know what you're voting for here

EU Recession v Trade

1. Prerequisite: you need to have a domestic industry before you can trade, if domestic markets get destroyed as a result of FDI, Europe has nothing to trade with other markets
2. Short-circuit: when a recession happens, trade falls as investor confidence plummets. **Shao 13** of the St Louis Reserve Bank writes that during the '08 recession, international trade collapsed because almost all markets were connected to America - the same thing happens in an EU recession
3. Strength of link: trade's benefits to people are very indirect, industries bring in more products which leads to economic growth which may lead to benefits for the people. Our argument is clear: a recession means all forms of life and businesses, regardless of what market they are in, will be negatively affected

EU Recession v Economic Growth

1. Prerequisite: during a recession, every $1 that could go towards economic growth and infrastructure has to go towards solving the recession which means growth is worse in their world
2. Short-circuit: during a recession, investor confidence is stifled as economic confidence drops. **The Center on Budget Policy** writes that not only is growth sharply contracted in the short term in a recession, but there is a shadow of doubt cast on future growth which is why it finds that there is a massive gap between what the economic growth is today and what it was expected absent a recession

EU Recession v China Recession

1. Magnitude: Chinese recessions are easier to handle because it is a state-run economy, meaning that China can subsidize the market and artificially mitigate the recession. This is why **Smith 18** of Bloomberg writes that China's economy is fundamentally different than the rest of the world, finding that they have prevented a recession for 25 years in a row.
2. Scope: The EU is the largest trading partner in the world and is the most integrated in global markets, meaning that an EU recession will always hurt more countries than a Chinese recession
3. Probability: We have never seen a recession caused by steel overproduction, whereas (pick one)
   a. Trump has put tariffs on China before and it slowed down their economy, proving there is an impact
   b. Failing domestic industries in Germany put the country on track to recession
   c. Overinvestment literally caused the '08 recession

EU Recession v Health Silk Road

1. Prerequisite: during a recession, every $1 that could go to providing healthcare has to go to stimulate the economy to get out of a recession. This is why **Soburg** of HI writes that during the '08 recession, US healthcare spending hit an all-time low.
2. Timeframe: these hospitals being built are short term solutions, in the long run, the countries need to have their own sustained operation. A recession that lasts for a long time casts a huge shadow on growth in the future which means that in the long run, spending from the governmental level in the third world goes down

Extra Stuff

This is why Sejong University '03 writes that when controlling for other factors, FDI has led to increased economic growth for the EU.

This is crucial as the World Bank '16 finds in a study analyzing 92 countries over 40 years, that as growth raises average incomes, the wages of the poorest fifth of society rise proportionately.

http://aei.pitt.edu/38023/1/SEC_(2010)_1269.pdf
Economic growth: Completing all ongoing free trade negotiations (DDA and bilateral agreements) would add more than 0.5% to EU GDP, and making further progress on services and regulatory issues with major trading partners could push this figure above 1% of EU GDP. • Consumer benefits: trade brings a wider variety of goods and services to consumers and to companies, at lower prices. Consumer benefits alone are estimated at 600 Euros per year. • Employment: 7.2% of EU employment dependents directly or indirectly on exports. When all trade effects are taken into account (exports, imports, productivity and efficiency gains, income

effects, etc), around 18% of EU labour force (36 million jobs) is dependent on our trade performance. Trade also generates a wage premium estimated at 7%.

https://ec.europa.eu/jrc/en/news/new-study-trade-supports-over-36-million-jobs-across-eu
EU exports to the world are more important than ever, supporting 36 million jobs across Europe, two thirds more than in 2000. 14 million of these jobs are held by women. In addition, EU exports to the world generate €2.3 trillion of value added in the EU. On 27 November 2018 the European Commission published a report in two volumes, focusing on effects of EU exports to the world on employment and income, which highlight the increasing importance of EU exports for job opportunities in Europe and beyond. The interactive material released during the EU Trade Policy Day, includes detailed factsheets about the results for every EU Member State. Since the beginning of this Commission in 2014, the number of jobs supported by exports has increased by 3.5 million. These jobs are on average 12% better paid than jobs in the rest of the economy.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=632656
When average incomes rise, the average incomes of the poorest fifth of society rise proportionately. This holds across regions, periods, income levels, and growth rates. But relatively little is known about the broad forces that account for the variations across countries and across time in the share of income accruing to the poorest fifth. When average incomes rise, the average incomes of the poorest fifth of society rise proportionately. This is a consequence of the strong empirical regularity that the share of income accruing to the bottom quintile does not vary systematically with average income. Dollar and Kraay document this empirical regularity in a sample of 92 countries spanning the past four decades and show that it holds across regions, periods, income levels, and growth rates.Dollar and Kraay next ask whether the factors that explain cross-country differences in the growth rates of average incomes have differential effects on the poorest fifth of society. They find that several determinants of growth - such as good rule of law, openness to international trade, and developed financial markets - have little systematic effect on the share of income that accrues to the bottom quintile. Consequently, these factors benefit the poorest fifth of society as much as everyone else. There is some weak evidence that stabilization from high inflation and reductions in the overall size of government not only increase growth but also increase the income share of the poorest fifth in society. Finally, Dollar and Kraay examine several factors

commonly thought to disproportionately benefit the poorest in society, but find little evidence of their effects. The absence of robust findings emphasizes that relatively little is known about the broad forces that account for the cross-country and intertemporal variation in the share of income accruing to the poorest fifth of society.

Trade is critical for eliminating poverty. **Kraay of the World Development Group** found that even after controlling for a variety of policy changes, empirically trade strong correlates with an increase in the income of the poorest and thus a sharp decrease in poverty.

Overall, the World Bank in 2019 concludes that the trade from BRI would lift nearly 34 million people from poverty.

https://benthamopen.com/contents/pdf/TOECONSJ/TOECONSJ-3-1.pdf -FTA evi

More generally, The World Bank in 2018 writes that billions live in near-poverty conditions, surviving on less than 5.50 dollars a day.

FT: China has bad FDI practices
https://www.iisd.org/sites/default/files/publications/sustainability-impacts-chinese-outward-direct-investment-literature-review.pdf?fbclid=IwAR0Mus8XGuwpct5KP9AgWjLhrwc71vfyBu8DqX54RYT0SUZ0Z2QtfHaEGN0
Moreover, a comparative study finds that the social responsibility of Chinese enterprises in the world is very uneven and local regulations make a big difference (Schatan & Piloyan, 2014). For example, **Chinese companies operating in Europe and in the United States, where the environmental standards are more stringent**, have much higher social liability than that shown by the ones operating in LAC. According to Schatan and Piloyan (2014), this also leads to more investment flows to countries with

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=632656

Average incomes of the poorest fifth of society rise proportionately with average incomes. This is a consequence of the strong empirical regularity that the share of income accruing to the bottom quintile does not vary systematically with average income. In this paper we document this empirical regularity in a large sample of 92 countries spanning the past four decades, and show that it holds across regions, time periods, income levels, and growth rates. We next ask whether the factors that explain cross-country differences in growth rates of average incomes have differential effects on the poorest fifth of society. We find that several determinants of growth -- such as good rule of law, openness to international trade, and developed financial markets -- have little systematic effect on the share of income that accrues to the bottom quintile. Consequently these factors benefit the poorest fifth of society as much as everyone else. There is some weak evidence that stabilization from high inflation as well as reductions in the overall size of government not only raise growth but also increase the income share of the poorest fifth in society.

The World Bank in 2019 writes that because BRI transport infrastructure is interlinked, travel times would decrease by nearly 12%, and overall trade would increase by nearly 7%.

Figure 6 shows the simulation results by region. The impact on trade by region is shown in panel A. The EU is the biggest winner from the Belt and Road initiative, with trade rising by more than 6 percent. Trade in the Asian region is also positively affected by the reduction in transportation costs, but only by half as much as the EU, with trade increasing by 3 percent. Conversely, the rest of the world suffers from a very slight reduction in trade (0.04 percent). The findings by region basically confirm our analysis at the country level. As a whole, our results point to the Silk Road being a win-win in terms of trade creation because the gains from EU and Asia clearly outweigh the loss felt by the rest of the world.

We find that non-European owned firms make up a relatively small share of the total number of firms in Europe, and that they also have a disproportionately large direct footprint on European economies. Non-European owned firms on average account for one per cent of the total number of firms in Europe, but five per cent of employment, 11 per cent of production and nine per cent of value added. We furthermore find that FDI is associated with productivity gains among local firms, both within and across industries. Overall, we find that: • Increasing the concentration of non-European owned firms within a given industry and region by one percentage point is associated with an average productivity increase of close to 0.5 per cent among local firms in the same industry and region. • Increasing the concentration of non-European owned firms within a given region by one percentage point is associated with an average productivity increase of close to 2 per cent among local firms in the same region

https://www.jstor.org/stable/pdf/23000757.pdf?refreqid=excelsior%3Ac120fafbfc078dd5b9221cb804087d6e

This paper contains an empirical assessment of the growth effects of foreign direct investment (FDI) in European Union (EU) countries, when controlling for other growth determinants. Using data over the period 1980-1996, we obtained estimates of the growth effects of FDI for each country in isolation and by pooling the data for the whole Union. Country-specific estimates suggest that growth determinants vary across EU members and that only past FDI inflows have a significant effect on growth. Interestingly, when data are pooled, the empirical results show that FDI has a positive effect on the growth rate of EU economies both directly and indirectly (through trade reinforcement). Also, unlike previous empirical findings concerning developing economies, we obtained evidence that the growth effect of FDI is not conditional upon the level of human capital in developed host count

1. recession. Wei '19 writes that
2. **Most of China's debt growth comes from state-owned companies** and finance firms controlled by various levels of government, which often use the money to fund projects that are politically appealing but not always commercially viable. Another metric of stimulus is the expansion of China's so-called augmented fiscal deficit, which takes into account the government's own spending and spending funded by government-controlled financial firms. By that measure, UBS's study shows that **China's stimulus this time [will be] much smaller than the one launched during the financial crisis.** Such **deficit spending is expected to increase by as much as 1.8 percentage points in 2019 from last year**, compared to a jump of 9.6 percentage points in 2009 from 2008. Behind the more modest growth push is a realization in Beijing that **China's traditional debt-driven growth model has reached its limit.** Mr. Li, the premier, and other senior leaders have time and again sworn off what was known as "flood-irrigation stimulus" in the past.

https://www.copenhageneconomics.com/dyn/resources/Filelibrary/file/4/114/1525765821/espon-fdi-06-scientific-report-impacts-of-extra-european-fdi.pdf

This paper contains an empirical assessment of the growth effects of foreign direct investment (FDI) in European Union (EU) countries, when controlling for other growth determinants. Using data over the period 1980-1996, we obtained estimates of the growth effects of FDI for each country in isolation and by pooling the data for the whole Union. Country-specific estimates suggest that growth determinants vary across EU members and that only past FDI inflows have a significant effect on growth. Interestingly, when data are pooled, the empirical results show that FDI has a positive effect on the growth rate of EU economies both directly and indirectly (through trade reinforcement). Also, unlike previous empirical findings concerning developing economies, we obtained evidence that the growth effect of FDI is not conditional upon the level of human capital in developed host count

For example, Chinese companies operating in Europe and in the United States, where the environmental standards are more stringent, have much higher social liability than that shown by the ones operating in LAC. According to Schatan and Piloyan (2014),

https://sci-hub.tw/https://www.researchgate.net/publication/262856860_The_relative_importance_of_the_Chinese_stimulus_package_and_tax_stabilization_during_the_2008_financial_crisis

Our results suggest that the effects of the government stimulus package were significant and the growth of Chinese economy would have been 0.94% lower in 2009 without the stimulus package from the central government