We affirm.

**Contention One is *Revitalizing the EU*.**

Markets Insider ‘19 explains that the EU’s economy is currently faltering as Germany feels the ripple effects of the US-China trade war, no-deal Brexit threatens Britain, and Italy’s debt-to-GDP ratio skyrockets. Unfortunately, the European Central Bank has already instituted negative interest rates, meaning there is little room for further economic stimulus.

As a result, Horobin ‘19 of Bloomberg finds that Europe increasingly looks to be the biggest threat to global economic growth.

Critically, EU involvement in the BRI may be the only solution, as Rowley ‘18 of the South China Morning Post finds it to be the only project providing an opportunity for increased international investment and trade into Europe.

Gebauer ‘16 of EJI furthers that by joining the BRI, the EU economy will receive critical capital inflows through expanded access to the largest consumer market in the world along with Chinese FDI and mergers and acquisitions.

Holzner ‘18 of WII quantifies that joining the BRI would result in 3.5% GDP growth or $13 billion at a minimum, and up to 7 million jobs created across Europe. Holzner finds these effects to be particularly significant during economic downswings, with public investments in infrastructure creating 5 times more growth than in economic upswings.

The impact of infrastructure investments on economic growth is empirically proven. Sheets ‘12 of IBT reports that Poland’s economy managed to grow despite the 2008 recession because of its major investments in infrastructure in the years prior.

Such cushioning is critical for Europe and in turn the global economy, as Bradford ‘13 of Huffington Post finds that the next global economic shock would push 900 million people into poverty.

**Contention Two is *Ensuring Chinese Growth.***

Despite its economic success in the past decade, China’s fortunes could soon come to a halt. Asia Society writes that China is entering an economic phenomenon called the “middle-income trap” in which growth in an economy stagnates and reverses before it can attain the innovative capability to produce high-end goods.

Indeed, Dieter ‘16 of EWC writes that China’s “factory economy” isn’t sufficient to create long-term economic growth because of constraints on environmental, human, and financial resources. Coupled with rising wages and a declining labor force, China’s international competitiveness is rapidly declining.

Thus, Cai '12 of the IPLE writes that China has a "comparative advantage vacuum" where it can't compete with countries in low-manufacturing or high-technology exports. Unfortunately, Nagy '18 of WCR writes that the rate of China's current industrial transition isn't enough to save it from the middle-income trap.

Fortunately, the Belt and Road Initiative would reverse this trend and shift China's economy to high-value industry for two reasons.

First. *New Trade*.

Arduino '18 of the University of Piemonte writes that because major EU-China trade routes are inefficient, the BRI can be a game-changer in increasing trade volume through advanced railways. Trade with the EU is key. Bohman '18 of SIA writes by connecting to the Western EU via the BRI, China gains access to affluent markets where it can export high-end goods.

Moreover, Blasingame '18 of Palantir warrants that new high-speed rails built in the BRI will facilitate the switch to high-end industries by reducing shipping costs and stopping companies from shipping heavy low-end goods like coal and steel, forcing firms to shift to new production.

Second. Mergers and Acquisitions.

Unfortunately, Graupner '19 of Deutsche writes that Chinese mergers and acquisitions in Europe has decreased 21 percent because of increasing regulations.

However, Du '17 of CER writes that the BRI facilitates greater business activity in participating countries because political coordination between countries reduces risk and regulation against Chinese firms. Thus, Deloitte '19 writes that extending the BRI into Western Europe will reverse the dip in mergers in acquisitions by removing EU regulation.

This business activity is crucial for advancing the Chinese economy. Wong '17 of Baker McKenzie writes that the BRI will accelerate Chinese acquisitions of European industrial technologies and companies. Wright '18 of Brooking concludes that Beijing needs European assets to upgrade its industry and attain technological leadership.

Thus, Blasingame concludes that the Belt and Road will push China out of the middle-income trap.

The impact is destroying growth.

Huang '15 of the East Asia Forum impacts that: Whether China makes the transition to high income status is probably one of the most important economic questions facing the world today. Success can lift the living standards of 1.4 billion people, [while] failure [will] lead to economic and social instability in China and the world would lose one-third of economic growth.

**Asia Society // China only has 5 years to become a high-income economy, it's stuck in the middle income trap, where wages rise to a limit in an low-skill manufacturing economy before it begins to become innovative**

Asia Society, , "China May Be Running Out of Time To Escape the Middle-Income Trap," https://asiasociety.org/new-york/china-may-be-running-out-time-escape-middle-income-trap, accessed 9-5-2019 //TP

A former senior director for Asia in President Barack Obama's National Security Council says that **China only has "about five years" to become a high-income economy, or it will likely find itself stuck in the middle-income trap.** Speaking at Asia Society in New York on Tuesday, Evan Medeiros noted that China has been what the World Bank considers **a middle-income economy — one where per capita income is between $1,000 and $12,235 — for about 25 years.** South Korea, Taiwan, and Singapore, he added, spent 23, 27, and 29 years respectively as middle-income economies before moving up to upper-income level. "I think time matters an enormous amount for China, and I think [it] is in short supply," Medeiros said, noting that China's per capita income is currently at about $8,700. "China in the next five years needs escape velocity — it really needs things to pick up if it's going to make that jump." **The "middle-income trap" is a theory of economic development in which wages in a country rise to the point that growth potential in export-driven low-skill manufacturing is exhausted before it attains the innovative capability needed to boost productivity and compete with developed countries in higher value-chain industries.** Thus, there are few avenues for further growth — and **wages stagnate. China has already begun to show signs that it is growing past the manufacturing-led growth model that has fueled rapid economic growth in recent decades.** The country's working age population has been declining since 2012, and as early as 2013 some economists declared that China had begun to enter the "Lewis Turning Point" — where worker wages begin to rise faster than the rate of inflation because the surplus labor pool has been exhausted.

**Dieter '16// China's "factory" economy is no longer sufficient to create economic growth because of costrains on environmental, human, AND financial resources, declining labor force, rising wages, and skill bottlenecks China's competitiveness has slumped AND to get out of this China is trying to leap frog manufacturing**

Ernst, Dieter. "Advanced Manufacturing and China's Future for Jobs." East West Center 2016SK https://www.eastwestcenter.org/system/tdf/private/iegwp008_0.pdf?file=1andtype=nodeandid=35747

China provides interesting new perspectives for research on the employment effects of the New Technological Revolution. While much of this research has focused on the US, Europe and Japan, this chapter explores how China's push into advanced manufacturing and services through robots and other new disruptive technologies might affect the country's future for jobs. **After decades of rapid-fire growth, China has reached a level of development where catching up through an investment-driven "Global Factory" model is no longer sufficient to create long-term economic growth and prosperity. Serious constraints on environmental, human and financial resources imply that economic growth based on scale expansion is running out of steam, depressing China's economic growth.** The closer China has moved to the technology frontier, the less scope there is for imitation and low-level incremental innovation. **Of critical importance now is that Chinese firms adopt, absorb and develop advanced manufacturing technologies.** At the same time, severe headwinds are constraining China's growth. **International trade, a primary source of China's rise, has fallen to its lowest level since 2009, and keeps languishing2. Since the turn of the century, a declining labor force, rising wages, and skill bottlenecks are eroding China's international competitiveness.** As a result, corporate profits, export competitiveness and asset prices have slumped. **To break out of this growth impasse, China's leadership has decided to leapfrog into advanced manufacturing and services.** Two policy initiatives are the expression of that ambition: the China Manufacturing 2025 (MIC 2025) Plan, and China's Internet Plus (IP) Plan both seek to promote innovation-driven development through robots, 3D printing, Big Data, and the integration of manufacturing and services through the mobile Internet. In line with the 13th Five Year Plan, the goal is to upgrade China from being a "big industrial country" to a "powerful industrial country".

### Cai '12// middle-income countries have no comparative advantage in either innovative industries or labor-intensive industries AND diminishing gains from manufacturing cause economic growth to flatten

Cai, F. (2012). Is There a "Middle-income Trap"? Theories, Experiences and Relevance to China. China & World Economy, 20(1), 49–61.doi:10.1111/j.1749-124x.2012.01272.x

This, in reality, hints at a general theoretical explanation for the middle-income trap; that is, **countries at higher economic development stages obviously gain from globalization due to their comparative advantagesin capital-intensive and technology-intensive industries thanksto their technological innovation capabilities. Those at lower economic development stages also gain from globalization given their comparative advantages in labor-intensive industries as a result of their rich labor resources and low labor costs. Those middle-income countries in between, however, gain less from globalization because they do not have comparative advantages in either aspect. We summarize the scenario as a "comparative advantage vacuum,"** which, although not completely accurate, helps to illustrate the awkward situation the middle-income countries are facing. In addition, according to the economic growth convergence hypothesis (Barro and Sala-i-Martin, 1995), economic growth depends on multiple factors or determinants, such as investment ratio, human capital accumulation, government function, infrastructure conditions, and system and policy environments. In other words, at the initial development phase of low per capita income, improvements in these factors push economic growth convergence. **However, the accumulation or improvement of those growth-favorable elements is also subject to the law of diminishing marginal effects; when all the "low hanging fruits" have been harvested, the exogenous forces pushing economic growth will gradually lose their luster, unless the economy successfully shifts to an endogenous growth model driven mainly by total factor productivity.** However, such a hypothesis generally suggests that an economy has entered the phase of a high-income country. Therefore, as the 2007 World Bank report points out, development strategies and policies that are starkly different from previous ones must be adopted during a country's transition from the middle-income to the high-income phase (Indermit and Kharas, 2008)

### Cai '12// China is like Japan, labor force decline will cause a reversal of growth

Cai, F. (2012). Is There a "Middle-income Trap"? Theories, Experiences and Relevance to China. China & World Economy, 20(1), 49–61.doi:10.1111/j.1749-124x.2012.01272.x

In 2010, China became the world'ssecond largest economy and its per capita GDP reached US$4382, which means that it has just become an upper middle-income country, as categorized by the World Bank. Based on the Maddison standard, or the purchasing power paritymethod,China hassurpassed the US$7000 point of economic slowdown.If it maintains a 9-percent annual average growth rate, by 2015, China will reach a higher turning point for economic slowdown, at US$17 000. Due tomanyhidden problems and unsustainable factors in its economic growth, Eichengreen et al. (2011) warn that **there is a 70-percent possibility of China being subject to the law of economic slowdown.** According to some investment economists, however, a 70-percent possibility of a 2-percentage point decline in the growth rate (which is actually 1.4 percentage points) is not daunting for an economy that has maintained a growth rate of 9–10 percent for a long time. **Population aging is an important cause of the slowing down of economic growth. The growth rate of the working-age population slows and the absolute quantity decreases, and the ratio of the working-age population to the whole population will stop rising before it declines. Accordingly, the economy will no longer benefit from the demographic dividends as a result of having an ample laborsupplyand a high savingsrate. The Japanese experience is a wake-up call for China in this regard.** In 1990, the ratio of people aged 65 years and above to the whole population in Japan was 11.9 percent. Since then, the dependency ratio, or the ratio of the dependent population to the working-age population, has been rising fast. **While experiencing such a population structure shift, Japan has seen its economic growth trend suddenly reversed: it first slowed down before stalling (Figure 1). In 2010, the ratio of people aged 65 years and above to the whole population was 8.9 percent in China, which was very close to Japan'slevel of aging in 1990, when the Japanese economy began to weaken.** In the years of the 12th FiveYear Plan period (2011–2015), like Japan,China willsee its dependencyratio rise rapidly.

**Cai '12// rising labor costs are weaking China's comparative advantage and international competitiveness in labor-intensive manufacturing AND does not yet have the comparative advantage in technology-intensive sectors; the result is a "comparative advantage vacuum"**

Cai, F. (2012). Is There a "Middle-income Trap"? Theories, Experiences and Relevance to China. China & World Economy, 20(1), 49–61.doi:10.1111/j.1749-124x.2012.01272.x

**On the one hand, rising labor costs will graduallyweaken China's comparative advantage and international competitiveness in labor-intensive manufacturing sectors**.Acorporate survey shows that if labor costs rise by 20 percent, enterprises in the competitive industries will see their corporate profit margins decline by 20–65 percent due to the varied labor costs among different industries(Li and Meng, 2010). This will lead to labor-intensive industries moving out of the coastal regions. They might move to neighboring countries with lower labor costs, such as India and Vietnam. They might also move to China's central and western regions. According to the national manufacturing corporate statistics, the share of the labor-intensive manufacturing output of eastern regionsto the national total fell from 88.9 percent in 2004 to 84.7 percent in 2008, with an average annual decline ofmore than 1 percentage point. On the other hand, **China still has a long way to go to gain a comparative advantage and international competitivenessin technology-intensive and capital-intensive industries**. For example, according to statistics by the China Modernization Strategy Task Force and the China Center for Modernization Research at the Chinese Academy of Sciences (2010, p. 420), China's ratio of R&D to GDP is only 56 and 61 percent of the level of developed countries and the global average, respectively. The number of R&D staff for every 10 000 population is only 23 and 77 percent, respectively, of that of the developed world and the global average. The number of patents owned by every 1 million people on average is only 15 and 76 percent of the level of the developed world and the global average, respectively. In terms of educational level, the average length of education for people aged 30 years in China is only 65 and 67 percent of the level of the USA and Japan, respectively. **Although it has lost its comparative advantage in labor-intensive industries, China is yet to gain a comparative advantage in technology-intensive and capital-intensive sectors, which means the country is facing a "comparative advantage vacuum."** Moreover, through its reform and opening up, China has integrated into the world market. However, it is becoming increasingly challenging for China to further reform and open up to the outside world. These are all typical challenges facing middle-income countries. Therefore, raising the concept of the middle-income trap and thorough study of related phenomena as well as the experiences of other economies are useful for Chinese policy-makers.

**Cai '12// China needs to base it's economy off of innovation for sustainable economic growth**

**An indispensable prerequisite for breaking the bottleneck** brought about by the Lewis turning point and loss of population dividends **to avoid the middle-income trap is to upgrade the pattern of economic growth from one driven by production factor inputs and resource reallocation effects caused by transition from agriculture to non-agricultural sectors to one driven by improvement in total factor productivity and labor productivity**. **Once such a shift is made, the long-term economic**

**growth will be built on innovation and it will become sustainable.** In thissense, many of the theoretical models and policysuggestions cited in this article are meaningful for helping China cope with the challenges of themiddle-income trap.

“Geotechnology meets geopolitics.” World Commerce Review. 2018
https://www.worldcommercereview.com/publications/article_pdf/1557

AI and national development strategy With access to the metadata of at least one billion digital citizens engaging in uncountable daily digit activities, China has and is accumulating vast amounts of metadata to develop, re ne and deploy its AI systems to achieve its strategic objectives. Examining first how AI dominance is related to national development strategies, based on China’s Made in China 2025 strategy, China aims to become the world’s leading manufacturer of telecommunication, railway and electrical power equipment by 2025 (State Council, 2018). Much will depend on the outcome of the current trade war and whether China will accept US demands to open its market, stop IPR theft, forced technology transfer and reform of state-owned enterprises The Center for Strategic and International Studies’ (CSIS) Scott Kennedy suggests that the 2025 Made in China strategy also includes a focus “on the entire manufacturing process and not just innovation, the promotion of the development of not only advanced industries, but traditional industries and modern services while maintaining a focus on state involvement with market mechanisms are more prominent than in SEI” (CSIS, 2015). He also argues that “there are clear and speci c measures for innovation, quality, intelligent manufacturing, and green production, with benchmarks identified for 2013 and 2015 and goals set for 2020 and 2025” (Ibid). Successfully achieving first mover status in the AI-based digital economy through the Made in China 2025 initiative2, China may be able to transitions its economy away from heavy manufacturing towards high technology, services and robotics enabling it to shift away from complete the transition away from its current economic growth model. As of November 2018, China’s total GDP is approximately 40 of the GDP being generated by the manufacturing sector and 51.6 of GDP being generated by the services sector. Comparing to countries within the region, this figure is less than South Korea at 60, Japan at 70 and other East Asian economies in the service sector. **It should be noted that both in terms of quality and scale of service sector jobs being created, there are concerns that neither meets the trajectory needed to escape the middle-income trap** (Cai, 2012). With that in mind, policy makers in Zhongnanhai are cognizant of the role of being the first mover an AI-based digital economy would be in transitioning the Chinese economy towards sustainable high quality technological- based growth. Succinctly, it would allow China to leapfrog its economic development allowing the CCP leadership to achieve twin goals of realizing “socialist modernization” by 2035 and to “have built a modern socialist country that is strong, prosperous, democratic, culturally advanced, and harmonious” by 2049. Following the removal of term limits at the 19th Party Congress in October 2017, President Xi Jinping and the CCP have stepped up e orts to deploy AI-based technologies to foster social cohesion based on a social credit system (Brehm, Stefan, and Loubere. 2018). To elaborate, AI-based technology working synergistically with ubiquitous CCTV cameras and the WeChat or WeChat-related applications allows the central government to monitor, track and reward or penalize public and private behaviour that the authorities of the CCP consider incompatible with CCP’s China Dream and socialism with Chinese characteristics objectives, as formulated in Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era. This kind of Orwellian monitoring has serious implications for those contemplating action against the authorities. First, the pervasive social monitoring through AI-based technologies means that the CCP can assign digital and non-digital citizens a  uid social credit score that uctuates depending on whether the citizen in questions is in obedience with rules and regulations stipulated by the CCP. Those that are in line with rules and regulations receive higher social credit scores and subsequently preferred access to various social welfare privileges issued by the Central government (Cheung and Chen, 2018). Conversely, those that consistently engage in behaviour that the CPP designates as not sociably desirable have lower social credit scores. The consequences can be severe for those with low social credit. For example, low social credit citizens may not be able to get a loan, buy train or airplane tickets or access other social welfare bene ts provided by the state. As of 2018, scholars researching AI and social credit in China nd that it is "complicated system that focuses primarily on nancial and commercial activities rather than political ones" (Liang, Das, Kostyuk, and Hussain, 2018).

**Blasingame '18// China in middle-income trap growth dwindles if economic strategy doesn't adapt**

Daniel Blasingame (Contact Author), 5-9-2018, "The 'Middle-Income' Trap: Is the One Belt, One Road Initiative Key to China's Ascension to a High-Income Economy? by Daniel Blasingame :: SSRN," No Publication, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3176047, accessed 8-25-2019 //TP

The "middle-income" trap theory was first introduced in 2006 during the annual meetings of the World Bank and International Monetary Fund ("IMF").2 In Short, **the middle-income trap is where a country with a middle-income economy realizes a high level of economic growth but fails to adapt its economic strategy and over time its growth dwindles. This prevents a middle income economy from ascending to the next level, a high-income economy.** The theory has been around for over ten years, as of 2015, and now has three, more broadly defined, meanings to what is the middle-income trap. **China is currently an upper middle-income economy.** China's GNI per capita, as of 2016, is $8,250.14 Despite IMF predicting China's economic growth to continue its decline, to only 5.8% in 202215 Morgan Stanley Bluepapers predicts China will break through, to the next level, by 2027.16 The world outlook on economics is purely speculative. The only thing that is set in stone is history, and the only thing analysts can agree on is that China is currently in the upper middleincome level. Before we start our analysis of China's economy and their key to ascension, we must determine how a country overcomes the threat of the middle-income trap.

**Bohman '18// The EU provides a market for high-end goods AND the BRI eases the shift to an export led model AND the BRI reduces economic disparity within China**

Viking Bohman, 2018, " The Strategic Rationale for European Engagement in China's Belt and Road Initiative," THE SWEDISH INSTITUTE OF INTERNATIONAL AFFAIRS, https://www.ui.se/globalassets/ui.se-eng/publications/ui-publications/2018/ui-brief-no6.-2018.pdf, accessed 8-12-2019 //TP

Second, China seeks to access new markets. New BRI infrastructure and the resulting reductions in transaction costs are expected to increase international trade. Many markets along the BRI are already growing quickly and in the long term could significantly benefit Chinese export industries. **While underdeveloped countries are unlikely to provide markets for high-end goods any time soon, the EU market, which is the final destination of the BRI, holds great promise for China.** Third, **China is attempting to restructure its economy and move away from its traditional investment- and export-led approach to a model in which domestic consumption plays the leading role.** This is a painful process, however, and drastic changes in policy can generate unwanted consequences such as temporary spikes in unemployment. In this regard, the **BRI serves as a way to continue to rely on the existing investment-export model while slowly restructuring the domestic economy – with the crucial difference that China is now investing abroad instead of in its saturated domestic market.** Fourth, China is struggling with a problem of geographic disparities between western inland provinces and eastern coastal areas. Coastal cities have long benefited from their geographic position and special government treatment, while landlocked regions such as Tibet and Xinjiang have been left out. By stimulating growth on the Eurasian landmass and redirecting economic flows to the west, the BRI could help to compensate western regions for decades of comparatively slow economic development.

**Arduino '18// major EU-China trade routes are inefficent**

A. Arduino, X. Gong (eds.), Securing the Belt and Road Initiative, https://doi.org/10.1007/978-981-10-7116-4_14

The most evident influence of the BRI on the European Union will be on the sometimes-cumbersome EU-China bilateral relations. As the original focus of China's action plan was on physical connectivity, the initial EU response to the BRI was a proposal, in 2015, to establish a policy forum—the EU-China Connectivity Platform—to achieve consistent objectives with its own infrastructure policy. Recognising the importance of infrastructure for growth, transport infrastructure has always been at the heart of EU policies for the completion of the single market.3 In the most radical overhaul of EU infrastructure policy since its inception in the 1980s, the Trans-European Transport Network (TEN-T) launched in 2013 established a core transport network built on nine major corridors (two North–South corridors, three East–West corridors and four diagonal corridors) that will act as a backbone for transportation in Europe's single market and revolutionise East–West connections within the European Union, with a triple budget for the period 2014–2020 (€26 billion) compared to the past. To be completed by 2030, the core network will improve connections among different modes of transport and contribute to the European Union's climate change objectives. What has been partly overlooked in the design of the EU TEN-T corridors—whose aim is mainly to improve connectivity within the European Union—is the likely impact of the future transport network on the external economic and trade relations of the Union. Although around two thirds of EU trade is intra-EU, that is, trade flows among member states, the share of extra-EU trade is increasing in both directions, with neighbouring countries and faraway countries alike. This means that future goods trade and economic relations with EU partners will also depend on the efficiency of the transport network linking member states with its major trade partners. China is the European Union's main import partner (providing 17.6% of total EU imports) and the second largest export partner after the United States (accounting for 9.3% of total EU exports). Almost all EU exports to China (96.4% of total value) travel by sea. **Similarly, the European Union is China's main import partner, accounting for 12.5% of total Chinese imports**, and the second largest export partner after the United States, as the destination for 15.6% of Chinese exports. **The vast majority of these exports (92.3% of the total value) travel by sea, leaving very little to air, rail and road transport**. Although seaborne trade is by far more convenient than any other mode of transport, some **major trade routes are inefficient, most notably the routes of EU-China trade. As the two world largest trading nations, the European Union and China share a common interest in reducing the transport costs of shipping**

**their goods abroad,** an important part of which is accounted for by time-to-destination. **Transportation costs of bilateral China-Europe trade are significantly higher than the world's average**. The average shipping time from China to European partners is 730 hours, 20% more than China's average shipping time (about 610 hours, which is much longer than the world average of 406 hours). **Switching to railway transport has great potential for saving transport time: according to data provided by GEFCO, infrastructure construction would reduce railroad travel time from China to Europe to 16–21 days** (depending on departure and arrival location), compared to 37–45 days for sea freight, port to port.4 **This explains why in some hightech sectors (such as electronics) international freight forwarding agencies are already switching to railroad, for example, Hewlett-Packard is planning to rely solely on railway transport by 2017 for shipping its made-in China PCs to Europe.** This runs counter to recent trends and near-future expectations, and has prompted shipping agencies and major port authorities to redesign sea lanes to reduce shipping times and improve the interconnectedness between the ports and the inland railway network. However, switching to railway transportation entails a trade-off between time and cost. In fact, China's average cost of shipping by sea to European countries is only US$922 for a 40-foot container, about half as much as China's average shipping cost, while railway transport is three times as expensive as maritime transport (DB Schenker 2012). **Given that it can lead to a large decrease in transit times and the fact that technology now allows for a reduction in railroad costs, BRI has the potential to become a game changer in international trade by moving large volumes of commerce from sea to land lanes.** Formulating scenarios is not easy, however, as it is widely acknowledged that in choosing among alternative modes, firms consider predictability in transport costs a valuable feature. Therefore, a further element that can affect the trade-off between cost and time in different transport modes is the high volatility of sea freight rates compared to rail tariffs. This is because sea freight rates depend on the overall trade volumes much more than rail tariffs, which is why sea freight rates volatility has increased dramatically since the beginning of the world trade slowdown associated with the economic crisis since 2009. Although there is still no precise information about the cross-border infrastructure projects financed under the BRI, it is quite evident from the progress made so far that most of them aim to increase the prospects for land connectivity between China and Europe.

**Kong '19// Beijing's incentives are multifaceted—moving industry up value chain**

Vanessa Kong. June 2019. "The Belt and Road Initiative—Six
Years On." Moody's Analytics.
https://www.moodysanalytics.com/-/media/article/2019/belt-and-
road-initiative.pdf //TP

Beijing's motivations for the BRI are equally multifaceted. However, at the heart is pressure to maintain stability and address economic and political objectives within China. This includes internationalizing the renminbi and using up overcapacity in heavy industry, a key focus of the government since 2016. The development of inland China is also key. Aside from helping to utilize excess capacity and improve connectivity, developing the western provinces may also help to quell separatist movements in Xinjiang and Tibet, especially among ethnic minorities that have not reaped the full benefits of China's economic development. Meanwhile, at the same time as facilitating trade, **the BRI will also help China**'s 'Made in China 2025' initiative, which seeks to **move its industry up the value chain by setting regional and** global technology standards. Increased linkages to China's economy could provide China with greater say in setting global standards and drive greater acceptance of Chinese goods. Most important, however, BRI will improve China's access to energy and raw materials and help to facilitate the development of low-value-added intermediate goods suppliers. Many participating countries have cheaper production costs, allowing China to focus on manufacturing higher-end, higher-value-added goods. At the same time, the increase in middle-class and affluent consumers in participating countries promises to provide China with valuable growth markets for its higher-end goods. Total trade with BRI countries is already rising as a share of all external trade in China, increasing some 5 percentage points since 2013 (see Chart 8). This is likely to rise further as BRI projects gradually bear fruit, and as trade tensions with the U.S., China's single largest trading partner, prompt some recalibration of supply chains. Foreign policy is also part of the equation. One issue that looms large is the perception that Beijing is using the BRI to gain political and economic leverage. This has not gone unnoticed by Beijing, with President Xi stating in 2018 that "China has no geopolitical calculations, seeks no exclusionary blocks, and imposes no business deals on others."16 Notwithstanding Xi's assurances, the BRI has geopolitical consequences. For example, by building links to Pakistan, China contains India and also minimizes China's dependence on trade flows via the Straits of Malacca. Furthermore, Beijing's cheque book diplomacy could potentially pull countries closer to its sphere of influence. There is evidence that this may already have paid dividends, with Cambodia—which counts China as its largest source of foreign direct investment—using its voting powers to undermine ASEAN's position on the South China Sea dispute.

**Blasingame '18// China needs the BRI to become the leader in technological innovation because high speed rail allows for quicker delivery time which high value goods**

Blasingame, Daniel. "The 'Middle-Income' Trap: Is the One Belt, One Road Initiative Key to China's ascension to a High-income economy?" 21 May. 2018. University of San Diego School of Law. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3176047 //RJ

**The PRC, as owner of the high-speed rails** connecting the PRC to the other States, **will no longer be dependent upon its connections with East Asia or the China Sea.**30 As discussed above, **one way to avoid the middle-income trap is to become the leader in technological innovations. Trade via the highspeed rail will only encourage this innovation**. See Table 1 for the bench marks of cost and travel time for exportations, from the PRC to the regions it will reach under OBOR. **The High-Speed Rail, using the OBOR trade routes, will offer the PRC a much more affordable cost to delivery**, compared to air shipping, **and a much quicker time for delivery**, compared to overseas shipping. **Unfortunately, the PRC will be limited to using the rails only for high-value goods, or goods which require timely delivery**. On top of the emergence of westernization, the old silk road lost business as more and more goods were being trade through use of the sea. The same goes for modern shipping. **Although cargo ships go twice as slow, they can carry more products and heavier products. This is not possible with the high-speed rail.**31 **This works for the PRC because they are striving to leave the service economy behind and take that next step in being the producers of technologically advanced, high-end products**. The OBOR initiative is a valuable tool for promoting the PRC's economic development. Through its farreaching trade routes, the PRC's exports will be boosted, it will have more enhanced access to natural resources, and its construction will support important domestic industries, such as steel, cement, and aluminum.32 There is no doubting that the OBOR initiative favors the PRC economy, but it does not mean

**Shepard '18// China's trains are currently too costly to ship high-tech, are not connected to the high-tech industry centers and Europe, these trains are quicker to market**

Wade Shepard. March 22, 2018. "The Hidden Economic Rationale Of China-Europe Rail," Forbes, https://www.forbes.com/sites/wadeshepard/2018/03/22/the-hidden-economic-rationale-of-china-europe-rail/#712aaab740d1, accessed 9-4-2019 //TP

The current trans-Eurasian rail product was started by multinational companies in China for purely commercial reasons. This was **in** the **pre-Belt and Road days** and **these trains were not yet harbingers of Chinese soft power and politics** -- Beijing's "new pandas," some could say**. When companies** like HP, Dell and Foxconn **began moving production to inland cities in China in the mid-2000s they found themselves in a logistical conundrum: Were they really going to ship their products 1,000s of kilometers east to sea ports just to ship them back west again? Were they going to send everything by costly air freight**? Or would they come up with another solution? That other **solution soon presented itself: rail.** If we look at the where the highest frequencies of trans-Eurasian trains depart from in both China and Europe we often find massive high-tech (or other) industrial zones. **These trains are linking cities such as Chongqing, Chengdu and Zhengzhou -- the new arteries of China's manufacturing empire -- with Duisburg, Hamburg and Warsaw -- Europe's industrial giants. These are the places where the ideal cargo for these trains is manufactured: high value, heavy weight electronics and machinery.** These are products which the clients often want to get to their destinations as soon as possible and are valuable enough to make the extra $1,000 per container that they cost over ocean shipping more or less inconsequential -- an additional thousand bucks means little when the value of the container is measured in seven figures. To put it another way, these trains are not designed to ship British soft drinks to China -- regardless of what the press releases claim. It is often critically pointed out that trans-Eurasian rail only carries the smallest fraction of the cargo streaming between China and Europe (1% volume in 2016), however, the trans-Eurasian rail product is not really meant to compete with ocean shipping or air freight, but to complement them. **The new world of logistics is multimodal -- shipping strategies that string together ocean, rail, air and road transport into complex routes that can get products to their destinations faster and/or cheaper.** Many of the companies that are heavily involved in trans-Eurasian rail often have large presences in other types shipping. In addition to freight forwarders like DHL, who move products for their clients by "any means necessary," ocean shipping firms like COSCO, the Port of Lianyungang and DP World are etching out positions for themselvesalong the overland corridors of the Belt and Road. Also, **if we look at China's recent developments in logistics, we see new trans-Eurasian rail stations concurrently being built in proximity to new airports, and the emergence of truly multi-modal shipping hubs. It is a mistake to overvalue tit for tat, profit/loss metrics for Silk Road projects at this juncture. Most of these projects are not about making a profit in the short-run -- or even at all -- but about creating a platform for future development.** They offer the possibility for once-remote locations to develop new economic sectors -- sometimes changing the very paradigms that these places are currently based on.

**Blasingame '18// BRI will open China's economy and improve reach creating more efficient exports, toppling the Middle-income, High-income border**

Blasingame, Daniel. "The 'Middle-Income' Trap: Is the One Belt, One Road Initiative Key to China's ascension to a High-income economy?" 21 May. 2018. University of San Diego School of Law. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3176047 //RJ

**The essentials to overcoming the middle-income trap rest on a country's ability to continue its economic growth at a level in which its gross national income per capita also increases. If the country's economy is slowly growing, but its population is sharply increasing**, then **its GNI per capita is** essentially **shrinking**, or, at most, stagnant. **The OBOR initiative** will not solve all of China's economic problems, but it **will greatly open its production market. Where its economy is slowing because of dwindling internal demands, China's is altering its market by expanding to increasing, developing economies elsewhere. The OBOR is the Key to China's development**. China is a country with limited outlets to global markets; **the South/ East China seas a riddled with ownership disputes, and the western border is landlocked. The OBOR initiative will open China's borders improving its reach and increasing its economy through more efficient exportations. The OBOR initiative** will not resolve all of China's challenges within its economy, but it **will provide China the need edge in toppling the Middle-income, High-income border.**

**Graupner '19// Chinese Mergers and Acquisitions decreased by 21**

Graupner, Hardy. "Chinese investments in Europe take a dive." Deutsche Welle. 5/2/19

A study published Tuesday by consultancy EY shows that C**hina's mergers and acquisitions in Europe dipped by 21 percent last year** with a total of 196 MandA deals registered in 2018. In Germany alone, the number of investment deals sank from 54 to 35 last year. The decline in Chinese investment activities on the continent was particularly dramatic in the second half of 2018 when the number of acquisitions decreased by 26 percent, and the number of investments in Germany plunged by a staggering 60 percent. There were only 10 Chinese transactions in Germany in the final six months of last year, with the number of takeovers hitting low levels last seen in the first half of 2013. Pretty much yes. Overall Chinese investment volumes in Europe last year tanked by 46 percent to reach $31.2 billion (€27.3 billion). Roughly one-third of that money flowed to Germany where the Chinese invested $10.7 billion, marking a 22 percent decline. Is the falling number of acquisitions reflected in investment volumes? Pretty much yes. **Overall Chinese investment volumes in Europe last year tanked by 46 percent** to reach $31.2 billion (€27.3 billion). Roughly one-third of that money flowed to Germany where the Chinese invested $10.7 billion, marking a 22 percent decline. China's biggest deal in Germany was also China's largest investment Europe-wide, notably the estimated $8.7 billion investment by carmaker Geely in German auto manufacturer Daimler. What are the primary reasons for the investment lull? The reasons for the slowdown are manifold. While heightened security concerns in the West and fears of a sell-out of crucial industries have played a significant role, there are other factors that have contributed to the recent trend reversal. There's a changing economic environment in China itself where the government in Beijing is bending over backward to prevent an excessive outflow of capital and save it for investment in crucial, future-oriented industries in line with its long-term economic policy. On top of that, the Chinese economy has been slowing, also as a result of the ongoing US-China trade conflict. Companies burdened with considerable debt have become more cautious in their foreign investment policies. Which European nations remain in China's focus despite the slowdown? You may have guessed it — Germany remains highest on the agenda for Chinese investors' European activities. The United Kingdom is a close second with only one transaction less in 2018. Other important European target markets for Chinese investments are Italy (20 deals in 2018) and France (16 deals last year). Have Chinese investors changed their investment focus because of the more difficult environment? In 2018, Chinese investors bought only 39 industrial firms in Europe, down from 79 in the previous year. Likewise, there were fewer transactions in the high-tech sector where the number declined from 32 to 22. What's obvious, though, is that the number of investments in European consumer goods and services companies rose by over 100 percent, from 13 to 27, to be precise. "There's a rapidly growing middle class in China, with people increasingly able to buy and consume more," the study says. "That's why Chinese investors have for three years or so been focusing more on making deals with renowned European producers of consumer goods." EY researchers also noted that they expected more transaction in the field of e-commerce, with European market players interested in profiting from Chinese know-how in modern logistics and the integration of artificial intelligence applications.

**Hunag 15// success in solving middle-income can lift the living standards of 1.4 billion people**

Huang, Yiping. "The Questions About China's Steady Climb Towards High Income." East Asia Forum. Oct. 2015. https://www.eastasiaforum.org/2015/10/11/the-questions-about-chinas-steady-climb-towards-high-income/ //RJ

When its GDP per capita hit almost US$7500 in 2014, China entered the middle income stage of economic development. **Relatively few countries that have made middle income status in the past three or four decades have graduated to high-income status, or achieved per capita incomes over US$16,000. Now the Chinese economic slowdown has raised questions about whether China will be able to continue its steady economic growth to avoid this middle income trap in the coming decade. Whether China makes the transition to high income status is probably one of the most important economic questions facing the world today. Success can lift the living standards of 1.4 billion people. Failure may lead to economic and social instability in China and the world could lose one-third of its global economic growth engine.**

# EU Stimulus

## Uniqueness

**Horobin '19// Europe slowdown is threatening global growth AND EU Recession O/Ws China recession because China has stimulus**

William Horobin,Catherine Bosley, 2-13-2019, "Europe Looks Like the Real Weak Link in the Global Economy," Bloomberg, https://www.bloomberg.com/news/articles/2019-02-13/europe-is-the-real-weak-link-for-global-economy-eyeing-trade-war, accessed 9-8-2019 //TP

For all the palpitations that the trade war between the U.S. and China will knock out their economies**, it is Europe that increasingly looks like the biggest threat to global growth.** Industrial production across the 19-nation euro area is falling at the fastest pace since the financial crisis, and deteriorating demand is evident as the region finds itself squeezed between international and domestic pressures. That leaves expansion at risk of barely topping 1 percent this year, a sharp slowdown from 2018, with even continental powerhouse Germany in trouble. "The concern I have right now is in Europe," said Salman Ahmed, chief investment strategist at Lombard Odier. "*It's clear China is going through a slowdown, but there's also a strong amount of stimulus in the pipeline. However, in Europe, things are deteriorating quite fast."*

**Markets Insider '19// EU's 3 largest economies are falling into a recession, the ECB has no way to pull out**

Finanzen.Net Gmbh, 9-6-2019, "Three of Europe's biggest economies are probably in recession — and the ECB is out of bullets," markets.businessinsider, https://markets.businessinsider.com/news/stocks/germany-italy-uk-are-headed-for-recession-and-ecb-is-out-of-tools-2019-8-1028435638, accessed 9-8-2019 //TP

*Europe could be about to hit a crisis, as three of its largest economies are tanking at the same time.* What's more, *the European Central Bank looks like it's out of bullets to fire the economy up.* Germany is Europe's biggest economy*. Germany is very much reliant on foreign exports, which means that it's a victim of slowing global trade from the China-US trade war.* On Wednesday, Germany reported that industrial production declined 1.5% month on month in June. *According to Oxford Economics, "All the main sectors, excluding construction, fell over the month as trade tensions continued to impact the sector.*" In Q2 industrial production fell 1.9% quarter on quarter, which the economists said is "the largest quarterly decline since 2012." "Our German GDP indicator now points to a contraction in Q2," as factory orders decline, it said. That is having an affect on jobs. HSBC chief economist Stefan Schilbe wrote in a recent note that unemployment had risen in July, the second increase in three months. The slowdown, as Schilbe put it, is beginning to "leave a (modest) mark on the labor market." *The UK is not faring much better. The UK economy contracted for the first time since 2012 in Q2, a clear sign of the effects of the uncertainty "no-deal" Brexit is having on the UK economy.* "Confidence over the health of the UK economy was dealt a gut-wrenching blow this morning," Lukman Otunuga, Senior Research Analyst at FXTM, said on Friday. Business investment has fallen for five of the past six quarters. "The economy has been propped up instead by the government and households," Ranko Berich, Head of Market Analysis at Monex Europe, said in a note on Friday. "*This is a plainly unsustainable situation for the* *economy, and highlights the extent to which Brexit has already taken a significant tol*l." The pound fell 0.4% against the US dollar on the news. "*Today's disappointing GDP figure is set to raise alarm bells over Brexit dragging the UK economy deeper into the abyss.* This unfavourable scenario may prompt the Bank of England to cut interest rates sooner than anticipated, in an effort to revive the UK economy," Otunuga said. On Friday, Italy's deputy prime minister called for a no-confidence vote in its government. It *sent markets plunging, and bond yields rocketing, 17 basis points to 0.225%. Italian debt to GDP is over 130% — historically high — and it doesn't look like it'll improve. "*There is little that Italy's government can do to prevent its debt ratio from rising. For a number of reasons, not least of which is its membership of the eurozone*, the three paths to debt reduction – faster GDP growth, fiscal austerity, and higher inflation – are either closed off or likely to be ineffective*. Accordingly, *we think that Italy will eventually be forced into a debt restructuring or outright default,*" Capital Economics said. Not really. The European Central Bank will likely cut rates in September and ease the pressure on Europe by loosening policy, but it probably won't do the trick*. Interest rates are already negative, at -0.4%. Going further negative would create logistical problems that might, counterintuitively, reduce further bank lending (because banks would lose money by doing so).* The ECB doesn't have many weapons in its arsenal to provide a stimulus to Europe. As a result*, Europe looks pretty stuck.* The UK economy contracted for the first time since 2012 in Q2, a clear sign of the effects of the uncertainty "no-deal" Brexit is having on the UK economy.

# Link

**Gebaurer '16// the BRI could lift Europe's stagnating economy through trade and capital infusion**

Sebastian Gebauer, 11-22-2016, "China Heads West: "One Belt, One Road" Initiative," No Publication, http://www.ejournals.eu/GSAW/2017/Zeszyt-11-2017/art/9469, accessed 9-9-2019 //TP

The OBOR initiative's objectives also greatly impact upon the economic model of the European Union, since it can prolong EU's strategies in promoting European values and interests. **In the last 3 years, the EU's economy has become stagnant and with only 1.6% GDP growth, the EU is demanding an economic stimulation.** As the EU is the western endpoint of all New Silk Road routes it will undoubtably benefit from its initiative. Export opportunities for Poland, Serbia and the Czech Republic have already opened through trade pacts between China and entrepreneurs and traders of these countries. Dutch veal, Polish apples as well as French wines are only examples of products that the rising middle class in China is looking for. **With the largest consumer market in the world, the OBOR initiative could bring trade between China and Europe to the next level and result in a positive economic impact.** It is estimated that, European trade may increase by approximately 6%, due to the infrastructural enhancement taking place because of the OBOR initiative.*20* **Another important benefit of the initiative is an increased allocation of money infused into Europe. By the year 2020, it is estimated that China will triple its assets by approximately 20 trillion USD, which will likely help the EU's economy through the OBOR initiative. China's FDI and M&A activities in Europe are developing enormously in the last 3 years and this process will be more likely to continue growing as OBOR develops further.21**

**Sheets '12// As EU fell into recession during 2008, Poland didn't because of infrastructure investment**

Connor Adams Sheets, 9-29-2012, "The East European Miracle: How Did Poland Avoid The Global Recession?," International Business Times, https://www.ibtimes.com/east-european-miracle-how-did-poland-avoid-global-recession-795799, accessed 9-9-2019 //TP

*As the European Union fell into the global recession that began in 2008,* only one nation in the region kept growing while its neighbors saw their economies fall. That title belongs to *Poland*, which *made it through the period without experiencing a single year of falling gross domestic product*. Growth slowed down, but even at the lowest point, Poland's economy continued to expand slightly, and Polish officials remain bearish. The first *is the huge amount of European Union funds that have been spent on improving infrastructure and completing other projects in Poland since the nation joined the EU* in May 2004. "*All the benefits and funds we got when we joined the EU have helped a lot to improve the business environment and drive change*," Szajewski said at an outsourcing discussion held last week in Warsaw. Stelmach also cited the infusion of E.U. funds as one of the big drivers of Poland's recent prosperity and economic flowering. "Look at other countries, some of them don't have ideas about what to do with the money," she said. "So infrastructure is another sector that has boosted our economic growth." In 2010, for instance, Poland received more than 1.39 trillion Euros in such funding, according to the European Commission*. Those benefits -- which Szajewski estimates were responsible for 0.5 to 1 percent of the nation's GDP growth per year during the recession -- include billions of dollars of infrastructure investments, including major overhauls of the nation's highway system and of the Warsaw subway system.*

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**Kinling '18// a 10% increase in Chinese development finance increases subnational GDP by .3 percent**

Kinling Lo, 11 September 2018, "Belt and road projects not white elephants: US researchers," South China Morning Post, https://www.scmp.com/news/china/diplomacy/article/2163691/chinas-belt-and-road-projects-narrow-economic-inequalities, accessed 9-9-2019 //TP

The study found **that a 10 per cent increase in Chinese development finance corresponded** on average to a 0.6-1.1 per cent increase in nighttime light output, roughly equivalent **to a 0.2-0.3 per cent increase in subnational gross domestic product**. Chinese infrastructure was able to bring economic growth even in secondary cities, they said. "In aid recipient countries, many rural communities are disconnected from the most developed areas of the country and it is hard for residents to take up a higher-paying job in a location that is, say, an hour away from the city centre," said Bradley Parks, executive director of AidData and a co-author of the study. "Accessibility helps them to have better employment opportunities, while small and medium businesses can also reach a larger customer base. "China and Western donors also approach the challenge of building connective infrastructure in different and potentially consequential ways," he said. "Where Western donors prefer to invest in overland [interior-to-interior] transport networks, China prefers to invest in interior-to-coast transport networks."

Study:

http://docs.aiddata.org/ad4/pdfs/WPS64_Connective_Financing_Chinese_Infrastructure_Projects_and_the_Diffusion_of_Economic_Activity_in_Developing_Countries.pdf

**Holzner '18// public investments create 5 times more growth during economic downswings**

Mario Holzner, 7-6-2018, "A "European Silk Road": the case for a "big push" in infrastructure investment (news article)," wiiw.ac.at, https://wiiw.ac.at/a-european-silk-road--the-case-for-a-big-push-in-infrastructure-investment-n-325.html, accessed 9-9-2019 //TP

Therefore, *the effects of public investments in in economic upswings and downturns are estimated below.* We can fall back on Jorda and Taylor (2016) in this regard. They separate the cyclical component of the GDP from the trend component by using the HP filter in order to achieve an assessment of the respective national economy's position in the economic cycle. The output gap is the deviation of the real GDP from the trend estimated by the HP filter. Observations with negative output gap form the basis of the data for estimates in 'downturns', observations with positive output gap are allocated to the other category, 'upswing' (cf. Jorda and Taylor, 2016: p. 223). Based on this rough distinction between two economic cycles, the equation above is estimated separately for upswings and downturns. Figure 15 illustrates that the effects of a change in public investment activities on the economic performance in downturns (characterised by a negative output gap, i.e. economic underutilisation) is significantly stronger than in upswings*. In the upswing the economic output rises by only 0.6% after a public investment shock amounting to one percentage point of the GDP in year four; cumulatively, the effect in the first four years is 1.5%. In comparison, with 2.6% the increase is more than four times higher in the downturn in year four; with 7.0% in the downward swing, the cumulative effect is even almost five times more than in the upswing. This result is consistent with the current empirical literature, which shows particularly high fiscal multiplier effects in downswing periods* (e.g. IMF, 2014; Abiad et al., 2015; Gechert, 2015; Heimberger, 2017).

**Rowley '19// the BRI is the only fiscal stimulus for the globe in face of the coming recession**

Anthony Rowley, 3-31-2019, "Belt and Road may be the nearest help for the world's ailing economy," South China Morning Post, https://www.scmp.com/business/banking-finance/article/3003964/chinas-belt-and-road-may-be-closest-world-has-stimulus, accessed 9-9-2019 //TP

**There's always fiscal stimulus, but with government debt at such high levels – in advanced economies especially – applying it now could be risky.** And this is to say nothing of the mountain of corporate debt piled up in advanced and emerging economies alike. Corporate earning prospects therefore do not seem likely to turn upwards any time soon, without an unlikely jump in productivity or in technological innovation. Our metaphorical computer appears to have run a virus check on itself and, seeing so many threats, has decided to flash the blue screen. Where is hope to be found? Even China, which has ridden to the rescue of the global economy in recent times has its problems – besides Trump – with excess debt. But **there could be other (literal and figurative) roads leading to, and from China, which offer hope for global economic stimulus. The Belt and Road Initiative (BRI), which is about to enter continental Europe via Italy is about the only project now that offers any scope for increased international investment and trade.**

**Bradford '13// global economic shock could push 900 million people into poverty**

Harry Bradford, 4-5-2013, "Three Times The Population Of The U.S. Is At Risk Of Falling Into Poverty," HuffPost, <span class="skimlinks-unlinked">https://www.huffpost.com/entry/global-poverty-900-million-economic-shock_n_3022420?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAEHpvz4N4xpy6LSTqCbF2jtO57ZMC-McZHdcQV--O4ha82IFL3cyacUyyW47FyEKs0DTYqDS8fTnB3HzghP1ECsbc_fzZESvII5_0cwBGXbDeu-rJcMdzOt8mwqDt4CbDygY9f-Dk_CkQKHUUFRbQm2hdPnut595Y4Sqij1812ql</span>, accessed 9-9-2019 //TP

**Hundreds of millions of people worldwide are on the brink of poverty. A recent study by the International Monetary Fund warns that as many as 900 million people could fall back into poverty in the event of an economic shock like the Great Recession.** That figure is three times the size of the U.S. population. According to the World Bank, 1.2 billion people are currently living on less than $1.25 a day. While the report acknowledges that progress has been to made to reduce global poverty and strengthen the world economy following the financial crisis, the world is still in a vulnerable situation.
Global unemployment, for example, is the highest it's been in two decades with 40 percent of the world's population out of work, according to the report.