Alex and I negate, the European Union should join the Belt and Road Initiative

Our Sole Contention is Slowing Economic Growth

The EU economy is in a delicate situation. After a decade of slow growth, Wearden 19 reports, the Central Bank announced a new stimulus plan that would cut interest rates and inject 20 billion euros into the economy every month. However, joining the Belt and Road will jeopardize Europe's fragile economy in two ways.

Subpoint A: Mergers and Acquisitions

As China's economy shifts from manufacturing to services, Kim 17 writes, Chinese investors look abroad for opportunities to increase growth. To achieve this, Beijing expands mergers and acquisitions, or M&As. Mergers are agreements where two companies combine into a new company, and acquisitions are transactions where one company buys another one. Choudhury of CNBC finds, although China is limiting overseas investments as a whole, it is explicitly encouraging M&As in BRI economies. Thus, Du 18 concludes, BRI countries see nearly twice as many Chinese M&As as non-participants. Unfortunately, mergers and acquisitions devastate the EU economy in two ways.

First, by raising prices. Because merged firms have less competition and more control of the market, Thoma 16 finds, consumers see price increases of up to 50 percent with no increase in quality. These higher prices would compromise consumer demand, acting as the last nail in the coffin for the European economy.

Second, by inhibiting innovation. Schechter 17 explains, M&As encourages companies to capture market share in place of innovating. Instead of constantly being forced to generate new ideas to increase profits, all the firms need to do is increase their stranglehold on the market. Rasch 19 quantifies, innovation by merged entities is 30 percent lower. Even worse, because mergers decrease competition, the effect spills over to competitors. Haucap 17 confirms, patents and R&D expenditures of non-merging competitors fall by more than 20 percent.

Critically, Wu 15 notes, because innovation is the driving factor behind job creation and business expansion, a 1 percent increase in innovation spending grows the economy by 0.61 percent. European Central Bank 17 confirms that innovation improves the quality and provision of goods and services, therefore boosting productivity. Because of this, it concludes that the long term growth potential of the EU economy is dependent on innovation.

Subpoint B: Auto Tariffs

Trump is on edge with the European Union. Zhang 19 writes, EU-US relations are strained from trade disputes and political divergence. Just recently, Trump tariffed $7.5 billion of EU goods. Jingtao 19 furthers, America's increasing pressure on China is forcing Europe to prove allegiance to one country over the other.

Fortunately, the EU has not picked China. Rizzo 19 explains, the EU referred to Beijing as a "systemic rival". Peker 19 continues, after recent tariffs, the EU pledged restraint, signaling they want to maintain relations with America and avoid escalation.

However, joining the BRI would represent a shift in political allegiance, prompting Trump to lash out. Indeed, Duesterberg 19 finds, joining the BRI may provoke Trump into pulling the trigger on auto tariffs, sending the global economy into a tailspin. This is likely. Valladares 19 indicates, Trump uses tariffs as a political weapon to change the behavior of allies and Com 19 furthers, the EU cooperating with China on the BRI offers China political backing to counter US influence. In Trump's eyes, he will have no choice but to impose auto tariffs on the EU.

Devastatingly, because Europe is so dependent on car exports, Moehr 19 finds, auto tariffs would put 131,000 jobs at risk and cut GDP growth by 20 percent, which Wagner 18 finds would plunge the EU into a recession. Even worse, due to the EU's economic linkages, Lachman 19 writes, the decline of the EU could cause a global recession which the IMF finds would push 900 million people into poverty.

Weighing

Price Hikes from Mergers vs Price fall from trade

1. **Mergers short circuits price falls.** Even if the cost of goods goes down through trade, it doesn't matter because lack of competition through trade means that merged companies can SPIKE PRICES. They will do this because they are profit driven.

M&A vs EU infra

1. Innovation creates better infrastructure in the future
2. Imports and exports are constantly fluctuating with markets and policies. However, innovation is cumulative and long term. Once a new technology is created, it will forever increase market productivity.

Mergers vs. Green Tech

1. They actually decrease the amount of resources dedicated to green technology. We provide significantly greater chances for green tech development

FL - Big merged businesses have the resources to innovate more.

Cefis 07 finds that merged businesses face lower innovative capabilities as a result of increasing bureaucracy, internal competition, and economising behaviour.