**(718) 1-2,4**

**Wayland Affirms**

**We observe that the BRI is about to collapse**

[**Meyer**](https://knowledge.wharton.upenn.edu/article/chinas-belt-and-road-initiative-why-the-price-is-too-high/) **‘19 reports** that “BRI lending by major Chinese banks has dropped 89% since 2015.” However, Europe would bring much needed cash as [**Garcia**](https://bruegel.org/2017/05/china-cannot-finance-the-belt-and-road-alone/) **‘17 finds** that “China cannot rely on its banks alone to finance such a gigantic plan. The key source of co-finance would logically be Europe.” Thus, [**EIR**](http://ier.gov.ro/wp-content/uploads/publicatii/Final_Policy-Brief-5_Horia-Ciurtin-A-Pivot-to-Europe_web.pdf) **‘17** writes **“**Without European cash – from public and private sources – it is highly improbable that other actors could feasibly join China in funding the initiative.”

**Our first Contention is Energy Poverty**

[**Eder ‘19**](https://www.merics.org/en/bri-tracker/powering-the-belt-and-road)explains that “investment in power plants and [electricity] grids dominates China’s spending on BRI-related infrastructure.” [**SCMP ’18**](https://www.scmp.com/news/china/diplomacy-defence/article/2136884/china-slows-down-spending-belt-and-road-energy-projects)reports that “China has invested about $128 billion in energy projects in Belt and Road countries.” Large power grids are incredibly vital. [**Cornell ‘19**](https://www.atlanticcouncil.org/blogs/energysource/energy-governance-and-china-s-bid-for-global-grid-integration)finds that “the expansion of power grids is… important for addressing energy access, with its multiplier effects on development… [through] economic connectivity.”

**This decreases energy poverty**

[**Carroll ‘15**](https://www.borgenmagazine.com/understanding-impact-energy-poverty/)writes that “access to energy has been a… critical part of the transformation of agrarian societies into industrial ones… [which] eliminates… contagious diseases, reduces child mortality, and lengthens adult life expectancy.” Unfortunately, “this cycle …  eludes those without access to energy services.” [**Levelle ‘13**](https://news.nationalgeographic.com/news/energy/2013/05/130529-surprising-facts-about-energy-poverty/)finds that “1.2 billion people still live without access to electricity”.

Fortunately, [**Biteye ‘15**](https://www.rockefellerfoundation.org/blog/access-to-electricity-is-critical-to-africas-growth/)reports that “electricity can increase household per capita income by 39 percent. Businesses operate at higher levels of productivity, farmers can run cleaner irrigation systems and processing machines that improve their yields and thus, their income.” Thus, [**Letema’18**](https://www.hindawi.com/journals/jen/2018/3196567/)finds that a “tenfold increase in electricity access… [means a] ten year increase in life [expectancy].”

**Our Second contention is Recession**

**There are two major risks for a Global Recession right now**

**First is Overcapacity**

**Fulco** ‘16 explains that China has provided its state-owned enterprises in the steel and cement industries with easy access to loans to increase production. However, the 2008 financial crisis caused global demand for these products to shrink, leaving firms with overcapacity. This is problematic, as **Cheng** ‘15 finds that industrial overcapacity is a major threat to China’s economy, since falling profits force firms to take out debt to repay loans.

Unfortunately, **Scutt** ‘16 writes that rising debt and overcapacity in China are increasing the chances of widespread loan defaults and economic disruption.

**Freeman** ‘17 concurs that building foreign infrastructure could productively solve overcapacity and stabilize the economy, quantifying that a 5% rise in projects would create demand for 137 million tons of steel, reducing overcapacity 14 percentage points.

**Second is Italy**

Italy’s economy is a ticking time bomb as [**Edwards ’19**](https://www.businessinsider.com/italy-perma-recession-systemic-crisis-threatens-eurozone-2019-4)reports that “Italy is carrying so much debt that it might collapse into a Greek-style financial crisis. The public debt ratio will probably continue rising and eventually prove unsustainable." [**Smith**](https://fortune.com/2019/05/31/italy-greek-debt-crisis-eurozone/) **‘19** writes “Italy’s high debt level makes it acutely vulnerable to any upward turn in interest rates or any loss of access to capital markets. That means it’s a plausible candidate for default. [**McBride**](https://www.cfr.org/article/does-italy-threaten-new-european-debt-crisis) **‘18** “If investors get spooked and bond yields spike, Italy’s debt payments could spiral out of control. That could mean an Italian default, which would hit banks across Europe that hold Italian sovereign bonds.

**The BRI avoids this by calming investors fears about Italy’s stagnating economy**

[**Lau ‘19**](https://www.scmp.com/news/china/diplomacy/article/3002305/italy-may-be-ready-open-four-ports-chinese-investment-under) reports “Four ports in Italy may be in line for Chinese investment under China’s Belt and Road Initiative: [Genoa, Palermo, Trieste and Ravenna]” and [**Andani**](https://www.asiatimes.com/2019/04/opinion/as-bri-enters-italy-whom-should-eu-blame/) **‘19** finds “The value of these bilateral agreements was estimated at around $2.8 billion, and is expected to rise to $22.6 billion in the future.” Vitally, [**Keshava ‘08**](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1089964) finds that a “1% increase in FDI brings about an increase in GDP by 0.12 percent.” This is why [**Geraci**](https://www.ft.com/content/4b170d34-40f9-11e9-b896-fe36ec32aece) **‘19** finds “China would have the largest impact on Italian growth over the next decade by calming market fears over Italian debt and cover a fall in foreign investment.” Vitally, [**Ellyatt ‘18**](https://www.cnbc.com/2019/02/07/valdis-dombrovskis-italys-fragile-economy-needs-to-be-addressed.html) finds “ Italy has the highest debt-to-GDP ratio in the EU after Greece, it’s important that Italy puts its debt-to-GDP ratio on a downward trajectory.”

**The impact is an economic crisis**

Overall, [**Bradford ‘13**](https://www.huffpost.com/entry/global-poverty-900-million-economic-shock_n_3022420)finds **“**as many as 900 million people could fall back into poverty in the event of an economic shock like the Great Recession."

Table of Contents

[Extensions: 5](#_Toc19271564)

[Contention 1: Observation + Energy Poverty (26 seconds) 5](#_Toc19271565)

[Overcap (24 secs) 5](#_Toc19271566)

[Italy (30 secs) 5](#_Toc19271567)

[Frontlines 6](#_Toc19271568)

[Funding 6](#_Toc19271569)

[F2: China will go into debt in order to finance the BRI. Yu’17 finds that the banks can’t handle more strain because they will collapse so China won’t do it. 6](#_Toc19271570)

[F2: Xi won’t let the BRI fail: it’s not a matter of whether China wants to fund it, it’s that they cannot do it. 6](#_Toc19271571)

[F2: China is expanding the BRI into Latin America: Just because the BRI is geographically expanding doesn’t mean that they have the money to do so 6](#_Toc19271572)

[Energy Poverty 6](#_Toc19271573)

[F2: Coal turn: 1: China is experiencing coal overcapacity so it’s going to export coal without the BRI. 2: NASA finds that Global Warming is going to reach 10 degrees Fahrenheit either way, so the impacts of coal are likely o be minimal. 6](#_Toc19271574)

[Overcapacity 6](#_Toc19271575)

[F2: Steel Industry is doing fine: Even if profits are up in the short term, they’re still not addressing the systemic issue of overcapacity which could cause a recession 6](#_Toc19271576)

[F2: Don’t say that EU needs infrastructure: Insofar as we win the funding argument, we are talking about saving the BRI as a whole which includes lots of infrastructure projects 6](#_Toc19271577)

[F2: Demand won’t go up: Infrastructure needs steel to be built which is why more infrastructure will increase demand 7](#_Toc19271578)

[F2: Facilitates export dumping: 1. Outweigh on scope 2. The EU has a lot of antidumping regulations that prevent it from happening. 3. China won’t want to dump because they don’t want to hurt one of their largest trading partners 7](#_Toc19271579)

[**F2: Overcapacity passed 30% in 2015, but no recession: Economic stimulus was passed in 2016** **which kept the steel industry, but Home** **finds that they are unlikely to do it again because it worsened overcapacity** 7](#_Toc19271580)

[Italy 7](#_Toc19271581)

[F2: We should have already seen effects on Italy’s economy: So far we’ve only seen pledged spending which Italy isn’t going to get because the BRI lacks money. The only world where you see benefits is when funding is able to reach Italian ports. 7](#_Toc19271582)

[F2: How much does it need to grow: Geraci finds that it would calm investor fears over Italy’s economy which is our link 7](#_Toc19271583)

[**F2: FDI fosters resource extraction: 1. China’s investment is into ports 2. This applies more to developing countries whose economies are more focused on resource extraction, not Italy.** 7](#_Toc19271584)

[**F2: Destroy local businesses: 1. China’s investments are in ports, and ports aren’t competing with small businesses. 2. Recession outweighs** 7](#_Toc19271585)

[**F2: China will intentionally hurt Italy’s economy: China has no incentive. If they cause Italy’s economy to collapse, it greatly delegitimizes the BRI, which is something China doesn’t want** 7](#_Toc19271586)

[**F2: FDI leads to foreign control: Even if China comes to control ports, their investments into ports have empirically increased economic growth. Fardella ‘17 finds that even though China acquired the Greek port of Piraeus, it will still grow the Greek economy 0.8%.** 8](#_Toc19271587)

[**F2: FDI hurts environment** 8](#_Toc19271588)

[**F2: FDI into the EU is going to increase anyways: Even if investment into Europe as a whole is going to increase it’s not going to go to Italy. OR ‘19 finds that lending to Italian businesses is very risky as it will most likely never be paid back.** 8](#_Toc19271589)

[**F2: EU will just bail Italy out: O’Grady ‘18 finds that Italy’s economy is too big to be bailed out by Europe** 8](#_Toc19271590)

[**F2: EU economy is self contained, so little effect: Even if that’s true, the collapse of the world’s largest economies in Italy is bound to have massive effects across the globe.** 9](#_Toc19271591)

[Cut Cards 9](#_Toc19271592)

[BRI investments reducing energy poverty is a scalar impact 9](#_Toc19271593)

[Weighing 9](#_Toc19271594)

[Energy Poverty 9](#_Toc19271595)

[**O/W: climate change** 9](#_Toc19271596)

[**O/W: pension cuts** 9](#_Toc19271597)

[**O/W: displacement** 10](#_Toc19271598)

[**O/W: recession** 10](#_Toc19271599)

[**A2: Corruption prereq decrease energy poverty** 10](#_Toc19271600)

Extensions:

Contention 1: Observation + Energy Poverty (26 seconds)

The BRI is about to collapse as there is a large funding gap, but the EU would step in and fund the project. The BRI is going to increase the construction of power grids. **SCMP** finds that “China has invested $128 billion in energy projects in BRI countries. **Cornell** finds that the BRI is dominated by investment into power grids. These power grids provide electricity to the 1.2 billion people who lack it right now and **Letema** finds that electricity increases life expectancy by 10 years.

Overcap (24 secs)

Fulco explains that China has provided state owned companies with tons of loans to build raw materials. However after the 08 recession, global demand shrunk leaving firms with overcapacity. Unfortunately Scutt explains that overcapacity and defaulting loans can cause widespread economic instability in China. Thankfully Freeman quantifies that when the BRI expands into Europe, 5% rise in projects would create 137 million tons of demand, which is enough to stabilize the economy. A recession would push 900 million into poverty

Italy (30 secs)

Edwards explains that Italy is heading towards a Greek style financial crisis. Lau explains that China has plans for massive projects within Italy estimated to be worth around 2.8 billion but needs more funding to rise to 22.6 billion in the future. Hence why Geraci finds that China will have the largest impact on Italy’s growth in the future. Ellyatt explains that putting Italy’s debt to gdp ratio on a downward trajectory is key as it lessens investors fears. McBride explains that if investors get spooked due to Italy’s high debts and bond yields spike, the ensuing economic disaster would have ripple effects across the world pushing 900 million into poverty

**Frontlines**

## Funding

### F2: China will go into debt in order to finance the BRI. Yu’17 finds that the banks can’t handle more strain because they will collapse so China won’t do it.

### F2: Xi won’t let the BRI fail: it’s not a matter of whether China wants to fund it, it’s that they cannot do it.

### F2: China is expanding the BRI into Latin America: Just because the BRI is geographically expanding doesn’t mean that they have the money to do so

Energy Poverty

**F2: Coal turn: 1: China is experiencing coal overcapacity so it’s going to export coal without the BRI. 2: NASA finds that Global Warming is going to reach 10 degrees Fahrenheit either way, so the impacts of coal are likely o be minimal.**

Randal **Jackson**, Climate Change: Vital Signs of the Planet, xx-xx-xxxx ["The Effects of Climate Change", https://climate.nasa.gov/effects/ 9-12-2019] ALZ

Scientists have high confidence that global temperatures will continue to rise for decades to come, largely due to greenhouse gases produced by human activities**. The Intergovernmental Panel on Climate Change (IPCC), which includes more than 1,300 scientists from the United States and other countries, forecasts a temperature rise of 2.5 to 10 degrees Fahrenheit over the next century**. According to the IPCC, the extent of climate change effects on individual regions will vary over time and with the ability of different societal and environmental systems to mitigate or adapt to change. The IPCC predicts that increases in global mean temperature of less than 1.8 to 5.4 degrees Fahrenheit (1 to 3 degrees Celsius) above 1990 levels will produce beneficial impacts in some regions and harmful ones in others. Net annual costs will increase over time as global temperatures increase. "Taken as a whole," the IPCC states, "the range of published evidence indicates that the net damage costs of climate change are likely to be significant and to increase over time."

Overcapacity

### F2: Steel production goes down in the Squo, Even if production is going down, they don’t prove that it’s beginning to cut into overcapacity or even overproduction.

### F2: Steel Industry is doing fine: Even if profits are up in the short term, they’re still not addressing the systemic issue of overcapacity which could cause a recession

### F2: Don’t say that EU needs infrastructure: Insofar as we win the funding argument, we are talking about saving the BRI as a whole which includes lots of infrastructure projects

### F2: Demand won’t go up: Infrastructure needs steel to be built which is why more infrastructure will increase demand

### F2: Facilitates export dumping: 1. Outweigh on scope 2. The EU has a lot of antidumping regulations that prevent it from happening. 3. China won’t want to dump because they don’t want to hurt one of their largest trading partners

**F2: Overcapacity passed 30% in 2015, but no recession: Economic stimulus was passed in 2016** **which kept the steel industry, but Home** **finds that they are unlikely to do it again because it worsened overcapacity**

The single most important driver of increased domestic steel demand has been the **stimulus package launched by Chinese policy-makers at the beginning of 2016**. Having told everyone that China would transition away from its old fixed-asset-investment model, Beijing flip-flopped in the face of slowing growth and did exactly what it had done in the past, namely pump money into infrastructure and construction. Steel, and its key metallic input iron ore, is always the first-stage beneficiary of such activity. No surprise then that Chinese steel producers responded to this renewed demand spurt. But **China has learnt the lessons of past stimulus, which has generated unintended consequences in terms of excess industrial capacity and ghost cities.** All other things being equal, **Beijing would be expected to rein in spending just as soon as it can**, which is why most metals analysts have been extremely cautious about the demand outlook beyond the next quarter or so.

Italy

### F2: We should have already seen effects on Italy’s economy: So far we’ve only seen pledged spending which Italy isn’t going to get because the BRI lacks money. The only world where you see benefits is when funding is able to reach Italian ports.

### F2: How much does it need to grow: Geraci finds that it would calm investor fears over Italy’s economy which is our link

**F2: FDI fosters resource extraction: 1. China’s investment is into ports 2. This applies more to developing countries whose economies are more focused on resource extraction, not Italy.**

**F2: Destroy local businesses: 1. China’s investments are in ports, and ports aren’t competing with small businesses. 2. Recession outweighs**

**F2: China will intentionally hurt Italy’s economy: China has no incentive. If they cause Italy’s economy to collapse, it greatly delegitimizes the BRI, which is something China doesn’t want**

**F2: FDI leads to foreign control: Even if China comes to control ports, their investments into ports have empirically increased economic growth. Fardella ‘17 finds that even though China acquired the Greek port of Piraeus, it will still grow the Greek economy 0.8%.**

Fardella ‘17

The case of Budapest–Belgrade railways clearly shows the contradictory nature of Chinese competitive advantage. As in the case of COSCO, Chinese shipping and construction companies, often state-owned, will have access to domestic preferential loans. At the same time, these companies will be pushed to have stronger connections with ports where Chinese companies have invested. This will lower the cost of capital and provide them with solid and somehow “guaranteed” domestic demand. So, on the one hand, these investments may benefit the local economies as in the case of Piraeus itself; on the other hand, as in the case of the Budapest–Belgrade railway, they might conflict with EU practices. **According to the Foundation for Economic and Industrial Research of Greece, COSCO’s investments in the Port of Piraeus may increase Greece’s GDP by 0.8 percent from now until 2025** (IOBE, 2016). The expansion of Piraeus as COSCO’s main shipping hub will allow the port to attract and absorb greater volumes not only from other ports in the Mediterranean but also from the ports in Northern Europe, boosting competition in this sector. With the full development of the port and its related railway network, the most dynamic shipping companies will likely prefer to use this area as a distribution network not only for the Balkans and Eastern Europe but also for North African and Western European countries. Greece might, therefore, be transformed into logistic hubs for several key companies. In 2013, Hewlett Packard moved a large part of its European distribution activities to Greece, in agreement with. COSCO and TrainOSE, the Hellenic national railway operators (in 2016 TrainOSE was privatized and is now owned by Ferrovie dello Stato, Italy’s national railway operator). Huawei, ZTE, Samsung and other companies are implementing similar strategies.6

**F2: FDI hurts environment**

**F2: FDI into the EU is going to increase anyways: Even if investment into Europe as a whole is going to increase it’s not going to go to Italy. OR ‘19 finds that lending to Italian businesses is very risky as it will most likely never be paid back.**

**OR ‘19**

Written By Oriental Review, OrientalReview.org, 7-3-2019 ["Default Or Exit: A Battle Between Italy And The EU Is Inevitable", <https://orientalreview.org/2019/03/07/default-or-exit-a-battle-between-italy-and-the-eu-is-inevitable/>  9-3-2019] ALZ

At the heart of the Italian issue is the fact that the 2008 crisis never really went away, and all the self-congratulations of European (especially Italian) politicians were actually attempts to hide the old, unresolved problems under the carpet. Until recently, the Italian economy had been showing anaemic growth, but it began to decline over the last two quarters. Efforts to borrow more are not helping, either. There are negative interest rates in the eurozone, but **it is often more profitable for banks to keep their money in the European Central Bank (even at a negative interest rate) or invest it somewhere outside of Italy than lend it to risky Italian businesses and ordinary Italians who will probably never pay the money back.** Indeed, bad bank debts of €185 billion were reported in Italy at the end of 2017 – a record for the European Union. Italy accounts for roughly a quarter of the non-performing loans in the eurozone (i.e. loans that are not being repaid or are seriously overdue), and it is easy to see why Brussels considers the country to be the EU’s weak spot.

**F2: EU will just bail Italy out: O’Grady ‘18 finds that Italy’s economy is too big to be bailed out by Europe**

**O’Grady ‘18**

Sean O'Grady, Independent, 10-23-2018 ["'Italy's budget crisis is a bigger threat to the EU than Brexit'", <https://www.independent.co.uk/voices/italy-budget-crisis-brexit-eu-economics-public-services-giuseppe-conte-matteo-salvini-a8597466.html> 9-3-2019] ALZ

Greece, crucially, was small enough to save. **Italy is too big to fail, yet too big to save, also. As the third largest economy in the eurozone and with a vast national debt, it is beyond the means of the Germans to bail out, even assuming they wished to.** Markets fear some sort of breakup of the eurozone, banks collapsing, political instability and much else spreading out from Italy towards the rest of “Club Med” and the EU in a wildfire of economic contagion. It could finish the euro; and that really does terrify Frankfurt, Brussels, Berlin and Paris – and financial players globally. Add the migrant crisis, though it is abating, and the march of neo-fascists grabbing chunks of seats in virtually every legislature, and you have a packed EU agenda that leaves little time for the stale, circular arguments of Brexit. They delegate those to Michel Barnier, and tell him to come back to them when something is agreed

**F2: EU economy is self contained, so little effect: Even if that’s true, the collapse of the world’s largest economies in Italy is bound to have massive effects across the globe.**

Cut Cards

**BRI investments reducing energy poverty is a scalar impact**

Hiroko Tabuchi, New York Times, "As Beijing Joins Climate Fight, Chinese Companies Build Coal Plants", July 1st, 2017, https://www.nytimes.com/2017/07/01/climate/china-energy-companies-coal-plants-climate-change.html

The China Energy Engineering Corporation, which has no public plans to develop coal power in China, is building 2,200 megawatts’ worth of coal-fired power capacity in Vietnam and Malawi. Neither company responded to requests for comment. Of the world’s 20 biggest coal plant developers, 11 are Chinese, according to a database published by Urgewald. Over all, Chinese companies are behind 340,000 to 386,000 megawatts of planned coal power expansion worldwide, Urgewald estimated. **A typical coal plant has a capacity of about 500 megawatts** and burns 1.4 million tons of coal each year, **enough to power almost 300,000 homes.** Kevin P. Gallagher, a professor of global development policy at Boston University and an expert in Chinese energy investment overseas, said a strong infrastructure demand in developing countries and a sharp fall in coal financing by the World Bank and Asian Development Bank had opened up the field for Chinese involvement.

**Weighing**

Energy Poverty

**O/W: climate change**

* Uniqueness: climate change is inevitable, we have a unique impact whereas all they can hope to do is reduce the effects of climate change, that too at a miniscule level
* Urgency: if we do nothing to save those in energy poverty, then when climate change inevitably happens, they will be hit the hardest while the developed world is fine
* Magnitude: climate change affects everyone on Earth but to a limited degree, whereas energy poverty affects only 1.1 billion people but to a far worse degree than warming

**O/W: pension cuts**

* Magnitude: those in energy poverty in the developing world are far worse off than people in China, who have a generally higher standard of living

**O/W: displacement**

* LT vs ST: when people are stuck in energy poverty, they are stuck in cyclical poverty that prevent societal progression whereas displaced people can just seek asylum or move

**O/W: recession**

* Magnitude: energy poverty is worse than normal poverty caused by a recession because it leaves societies in cyclical poverty rather than recessions which eventually fade
* Magnitude: they have to prove that this recession would be as bad as 2008 which is unlikely, energy poverty is verifiably a terrible impact as we see in the squo
* Solvency: a recession is inevitable, but any scalar increase in funding or time before recession hits brings more people out of energy poverty. Which is crucial as people in energy poverty are the most vulnerable to recession.

**A2: Corruption prereq decrease energy poverty**

* BRI loans are specifically for working on infrastructure, so power grids will still be built,
* China dictates where power grids are built