Westlake affirms Resolved: The European Union should join the Belt and Road Initiative.

Contention One is the Chinese Economy

Sub-Point A: Overcapacity

China is on a construction spree. The Economist finds that at current rates of construction, China builds the equivalent of a city the size of Rome every two weeks.

Reuters '19 describes this phenomenon as China's overcapacity problem, where the country produces more raw materials than its population demands.

With this in mind, China is looking outwards, with the South China Morning Post 15 reporting that "China's push for [BRI], with its emphasis in creating demand for large-scale capital-intensive infrastructure investments abroad, aims to relieve urgent over-capacity pressures and buy time for domestic rebalancing,"

However, it's not enough. Wuttke '17 of the University of Durham explains that right now, the markets of the Central Asian countries are far too small to absorb a meaningful percentage of China's excess production. China needs new markets for what it makes.

This is where the EU comes in.
Freeman '17 of the Middle East Policy Council writes through investing in and building infrastructure in Europe, a vote for the PRO would enable the productive use of China's industrial overcapacity, stabilizing the Chinese economy.

Importantly, Cheng finds that if the problem continues, overcapacity could cause a wave of loan defaults, sparking an economic crisis, just as excess railroad capacity in the US caused the Great Depression.

Rogoff '18 of the Boston Globe explains that a Chinese recession will reverberate globally due to the nation's linkages.

Bradford '12 quantifies that the last global recession pushed 900 million people into extreme poverty.

Sub-Point B: Middle Income Trap

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. 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.

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.

The impact is destroying growth.

Huang '15 of the East Asia Forum impacts that: Success [to transition] 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.

Contention Two is Europe

Sub-Point A: ECon

Across the world, BRI projects have been making waves. Jia 18, a professor at the Chapman University in California writes that the BRI has executed 101 agreements, creating 200,000 jobs, 87% of which went to local workers.

But let's look to Europe. Europe's economy is weakening as Horobin '19 of Bloomberg reports production across the euro area is falling at the fastest pace since the financial crisis.

BRI Solves.

Xu of Bruguel '16 finds that because the BRI reduces trade times and costs, it would lead to a 6% increase in European trade. Expanding trade would be a boon for economic growth, as the EC in 2018 writes that EU exports support tens of millions of jobs that are on average 12% higher paying.

Empirics prove, CGTN 19 writes that since 17 Eastern EU countries joined the BRI in 2012, trade between the two regions has increased more than 50 percent.

Crucially, the National Bureau for Economic Research concludes that a .1% increase in trade in relation to GDP, raises incomes by 4%.

Overall, promoting economic growth through Trade is key to reducing European poverty, as Social Europe '19 finds that growth has been why 4 million people have come out of poverty since 2015, but it's not enough. Dauderstadt '19 of Social Europe reports that with nearly 143 million Europeans are at risk of poverty, promoting economic growth must be a priority for Europe in its upcoming years.

Sub-point B: SCS

Ljungwall '18 continues that maintaining Western interdependence with China would ensure that the costs for China engaging in military action would be increased by bolstering the threat of European sanctions.

Bohman 17 concludes that failing to engage China on the BRI would give China the space to use it leverage to decouple from the global economic system, granting China the option to take decisive military action.

The Impact is Taiwan War

Two reasons why China wants to go to war with Taiwan

Fish 17

But war between China and Taiwan could be equally devastating. There are three reasons to believe this scenario, in the next ten years, is at least as likely as war between the United States and North Korea. For **one, the goal of "liberating" Taiwan is the paramount foreign policy concern of Beijing.** And it has been a top concern since the end of the 1945–1949 civil war between Mao Zedong's Communists and Chiang Kai-Shek's Nationalists, when Chiang and his people fled to the island, setting up what the West viewed as China's legitimate government until the 1970s. (Because Beijing insists Taiwan is part of China, it does not call Taiwan an international issue.) Taiwanese reunification and independence is such a sensitive topic on the mainland that any polling on the issue is suspect. Anecdotally, however, in the dozens of conversations I've had with Chinese citizens about Taiwan over the last 15 years, many of them supported reunification—some with force, if necessary. (Second), The Communist Party ties some of its legitimacy to its ability to follow through on its long-standing promise to re-absorb Taiwan—it risks a loss of legitimacy if it continues to fail. A healthy democracy of 24 million people, Taiwan belies the party's implicit argument that Chinese people need an authoritarian government in order to flourish. Secondly, the benefits to China of successfully absorbing Taiwan far supersede the benefits of the United States of neutralizing North Korea. It's very unlikely that North Korea would ever strike the United States: Its leaders seem rational enough to realize that an attack on U.S. soil, however small, would be an act of regime suicide. If the United States successfully replaced Kim with a regime more supportive of U.S. interests, or even more advantageously, facilitated the reunification of the Korean peninsula under a Western-friendly government in Seoul, that would improve the United States' ability to project power in Asia and constrain the rise of China. Still, North Korea is a distraction, not an existential issue, for China. **(Second) Beijing's** successful **occupation of Taiwan**, on the other hand, **would greatly improve its** prospects for **regional domination**, and undermine the United States' position in Asia by removing America's democratic ally Taiwan**, and weaken**ing **Japan**. And it would ensure Beijing's ability to maintain its trade links in the Western Pacific in the face of a U.S.-organized blockade.

China invasion causes the US to get involved

Loong 1 (Mark Loong, Department of Political Science at the National University of Singapore, "Cross-Strait Tensions in Taiwan", 9/13/ 2001, http://members.tripod.com/~marklsl/Writings/taiwan.htm, AG)

Hence, it can therefore be argued that the increasingly confrontational way in which America has engaged China can lead to the Taiwan Strait becoming a "flashpoint" of the Asia Pacific region. This is because the US ha[s]d generally been adopting closer ties with Taiwan, believing the

defence of the territory to be integral towards the preservation of its security interests in Asia, especially in the accessing of Taiwan's ports to preserve the freedom of navigation and the flow of commerce. In addition, Taipei's economic prosperity was advantageous to the cultivation of Washington's diplomatic and political ties with Beijing, especially since Taiwan was investing a large amount of capital in business ventures with China, encouraging economic reform and ultimately political liberalisation.[20] Particularly **due to growing perceptions that China would emerge to be an American competitor, any military action by Beijing would** probably **encounter US resistance,** an act that could possibly erupt into general war, **taking into account the** interlocking **American system of alliances in the region.**

Empirics prove

Hilotin '19

No. **In the 1960s, China and the US almost went to war over two islands in the Taiwan Strait** — Quemoy and Matsu — **as** the People's Republic of **China and Taiwan both claimed them as part of their national territory.**

Taiwan invasion causes nuclear confrontation, two reasons

First is nuclear modernization

Glaser, 11

A crisis over Taiwan could fairly **easily escalate to nuclear war,** because each step along the way might well seem rational to the actors involved. Current U.S. policy is designed to reduce the probability that Taiwan will declare independence and to make clear that the United States will not come to Taiwan's aid if it does. Nevertheless, the United States would find itself under pressure to protect Taiwan against any sort of attack, no matter how it originated. Given the different interests and perceptions of the various parties and the limited control Washington has over Taipei's behavior, a crisis could unfold in which the United States found itself following events rather than leading them. Such dangers have been around for decades, but ongoing improvements in China's military capabilities may make Beijing more willing to escalate a Taiwan crisis. In addition to its improved conventional capabilities, **China is modernizing its nuclear forces to increase their ability to** survive and **retaliate following a large-scale U.S. attack**. Standard deterrence theory holds that **Washington's current ability to destroy most** or all **of China's nuclear force enhances its bargaining position. China's nuclear modernization** might **remove[s] that check on Chinese action, leading Beijing to behave** more **boldly in future crises** than it has in past ones. **A U.S. attempt to** preserve its ability to **defend Taiwan**, meanwhile, **could fuel a** conventional and **nuclear arms race**. **Enhancements to U.S. offensive targeting capabilities** and strategic ballistic missile defenses **might be interpreted by China as a signal of [bad] U.S. motives, leading to** further **Chinese military efforts** and a general poisoning of U.S.-Chinese relations.

Second is domestic policy.

Straits Times 2k ["Regional Fallout: No one gains in war over Taiwan," Jun 25, LN]

Beijing also **[is] prepared to go for the nuclear option. A Chinese military officer** disclosed recently that Beijing was considering a review of its "non first use" principle regarding nuclear weapons. Major-General Pan Zhangqiang, president of the military-funded Institute for Strategic Studies, told a gathering at the Woodrow Wilson International Centre for Scholars in Washington that although the government still abided by that principle, there were strong pressures from the military to drop it. He **said military leaders considered the use of nuclear weapons mandatory if the country risked dismemberment as a result of foreign intervention.** Gen Ridgeway said that should that come to pass, we would see the destruction of civilisation. There would be no victors in such a war. While **the prospect of a nuclear Armaggedon over Taiwan** might seem inconceivable, it **cannot be ruled out** entirely**, for China puts sovereignty above everything else.**

Nuke war means extinction

Steven **Starr 14**, the Senior Scientist for Physicians for Social Responsibility and Director of the Clinical Laboratory Science Program at the University of Missouri, 5/30/14, "The Lethality of Nuclear Weapons," http://www.paulcraigroberts.org/2014/05/30/lethality-nuclear-weapons/

Nuclear war has no winner. Beginning in 2006, several of the world's leading climatologists (at Rutgers, UCLA, John Hopkins University, and the University of Colorado-Boulder) published a series of studies that evaluated the long-term environmental consequences of a nuclear war, including baseline scenarios fought with merely 1% of the explosive power in the US and/or Russian launch-ready nuclear arsenals. They concluded that **the consequences of even a "small" nuclear war would include catastrophic disruptions of global climate**[i] and massive destruction of Earth's protective ozone layer[ii]. These and more recent studies predict that global agriculture would be so negatively affected by such a war, a global famine would result, which would cause up to 2 billion people to starve to death. [iii]These peer-reviewed studies---which were analyzed by the best scientists in the world and found to be without error---also predict that **a war fought with less than half of US** or Russian strategic **nuclear weapons would destroy the human race**.[iv] In other words, a US-Russian nuclear war would create such extreme long-term damage to the global environment that it would **leav**e**[ing] the Earth uninhabitable** for humans and most animal forms of life.

C1: Cards

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 middleincome 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.**

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.**

C2 Cards

Across the world, BRI projects have made waves. AidData 18, a US-based project that tracks development assistance, studied the economic growth impact in 138 countries of 3,485 Chinese infrastructure projects including airports, seaports and roads and found that a 10 per cent increase in development finance corresponded on average to a 0.3 per cent increase in subnational gross domestic product.

Wenshan **Jia**. "Western critics are wrong: China's belt and road is good for the world". South China Morning Post, March-9-**18**, https://www.scmp.com/comment/insight-opinion/article/2136325/chinas-belt-and-road-initiative-good-world-despite-what. (JL)

China's **"Belt and Road Initiative"** is an original plan to carry out a new type of "collaborative globalisation" above and beyond US-led type. It was proposed five years ago by President Xi Jinping after the tapering off of US-led globalisation in 2008. Xi offered three principles: mutual consultation, joint construction and shared benefits. China **has since then fully executed 101 agreements with 86 countries, and total investment** in the 24 countries along the belt and road regions **has amounted to US$50 billion, resulting in 75 industrial and trade zones, and 200,000 jobs**.

Schrader 18 of Georgetown University

This jaundiced view of official spending may be why domestic critics of BRI sometimes categorize BRI investment—which is supposed to be primarily of a commercial nature—as "foreign aid" (对外援助). In reality, the "dedicated reconstruction projects" Xu Zhangrun referenced in his diatribe are not aid; they will be probably be financed by concessional loans meant to "drive economies

by reviving industry" (以产业振兴带动经济; FinanceWorld, July 11). BRI loans are intended to be paid back, and **despite numerous articles** in Western publications **about BRI-induced 'debt traps'**, analysts who track the initiative's progress have found that **only about 14% of BRI projects to date have run into problems** (RWR Advisory, July 9). This is not a point that domestic critics of BRI typically cite. Censorship may again be the culprit.

Blum 18, http://pubdocs.worldbank.org/en/892011559591337477/Connective-Financing.pdf

The remainder of the paper proceeds as follows. In the next section, we develop theoretical arguments and put forth a testable hypothesis about how aid affects economic inequality within communities. Section 3 introduces **our** new subnational **dataset of georeferenced Chinese government-financed projects in 138 countries, and discusses the measurement of spatial inequality at the subnational level.** Section 4 describes our identification strategy. Section 5 presents and discusses our main results, including a battery of robustness checks and generalizations. Section 6 concludes with a discussion of potential avenues for future research.

Table 1 reports the results from our baseline regressions at the ADM1 level. Panel a shows the OLS results. Although the coefficient estimates are consistently negative in columns 1 to 4, we cannot reject the null that between Chinese Government-financed projects and inequality within ADM1 regions are unrelated. This result is consistent whether we examine all projects (column 1) or separately investigate ODA-like flows (column 2) and OOF-like flows (column 3). **However, we find a negative and highly significant effect of transportation infrastructure projects on spatial inequality** (column 4). **Chinese Government-financed transport projects** in a given ADM1 region **are associated with a reduction in the spatial Gini coefficient of light by one percentage point.** T**he results are qualitatively and quantitatively similar if we control for the presence of projects outside the transport sector** (not reported). The baseline OLS results thus tentatively confirm our expectation that regions **receiving Chinese-financed transportation infrastructure projects experience a greater diffusion of economic activity within their territory compared to regions without any such projects**.

Europe's economy isn't looking hot. Horobin '19 of Bloomberg 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.** Investors are tuning in. The Bloomberg euro index is near its lowest since mid-2017 and European stocks have never been cheaper relative to bonds in terms of yield gap.

JOC 2018

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

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

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

The European Union is putting its economic growth at risk because of inadequate spending on transport and digital infrastructure, following years of chronic underinvestment, the European Investment Bank (EIB) warned in its 2017/18 investment report.
Transport was the worst affected by the slowdown in infrastructure spending to 1.8 percent of GDP in 2016 from 2.2 percent in 2009 and is a priority sector for investment, the EIB said.
And even as sea, air, and land transport follow other industries and embrace digitization — highlighted by the recent blockchain joint venture between Maersk Line and IBM — **Germany,** Europe's biggest economy with the world's largest trade surplus, **is saddled with one of the worst digital networks in the developing world**, according to the OECD.

Work is also underway on the 55-kilometer Brenner Base Tunnel through the eastern Alps linking Austria and Italy, which will be another key freight connection between north and south Europe when it opens in 2026. The 8.8-billion-euro projected budget is 40 percent financed by the European Union, with the remainder funded by the Vienna and Rome governments.
As the above suggets, there is still a giant infrastructure investment mountain to climb, with the European Commission **estimating that about 500 billion euros is required for planned projects between 2014 and 2020.**
And the completion of the Trans-European Transport Networks Core Network Corridors alone will require about 750 billion euros in investment by 2030, with the largest contribution coming the EU's member states.
Given Europe's postmodern history to-date, **shippers and their transport providers are unlikely to place any bets on these figures and dates being met.**

CFR 2018

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

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

Xi's vision included creating a vast network of railways, energy pipelines, highways, and streamlined border crossings, both westward—through the mountainous former Soviet republics—and southward, to Pakistan, India, and the rest of Southeast Asia. Such a network would expand the international useof Chinese currency, the renminbi, while **new infrastructure could "break the bottleneck in Asian connectivity," according to Xi. (The Asian Development Bank estimates that the region faces a yearly infrastructure financing shortfall of nearly $800 billion.) In addition to physical infrastructure, China plans to build fifty special economic zones, modeled after the Shenzhen Special Economic Zone, which China launched in 1980 during its economic reforms under leader Deng Xiaoping.**

Xu of Bruegel 16'

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

Figure 6 shows the simulation results by region. The impact on trade by region is shown in panel A. **The EU is the biggest winner from the Belt and Road initiative, with trade rising by more than 6 percent.** Trade in the Asian region is also positively affected by the reduction in transportation costs, but only by half as much as the EU, with trade increasing by 3 percent.

Conversely, the rest of the world suffers from a very slight reduction in trade (0.04 percent). The findings by region basically confirm our analysis at the country level. **As a whole, our results point to the Silk Road being a win-win in terms of trade creation because the gains from EU and Asia clearly outweigh the loss felt by the rest of the world**

Seitz 16

(edited to remove ableist language)

One of the primary arguments for protectionist measures is the need to prevent foreign firms from "dumping" goods into the domestic market. In this context, dumping is the selling of goods at prices below market value. Domestic producers dislike dumping because it makes it exceedingly difficult for them to compete with foreign producers whose low prices could potentially price them out of the market. However, **in reality dumping is hardly a problem at all.** The incidences of dumping are overstated, and even when dumping does occur, it is largely benign. Like most scaremongering over trade, **dumping is simply a way for domestic producers to frighten people into voting for counterproductive and inefficient protectionist measures that decrease societal welfare and [reduce] economic growth**. Before explaining why dumping is a relatively harmless practice, it is first important to understand the many ways in which the Department of Commerce biases economic analysis to exaggerate the cases of dumping. But to understand this, one must first understand exactly what dumping is. Price-based dumping is defined as the selling of foreign goods in the domestic market at a price lower than that found in the country in which the goods were produced. For example, if Chinese-made T-shirts cost $15 in the U.S. market but $18 in the Chinese market, that would be price-based dumping. The other kind of dumping, cost-based dumping, is defined as the selling of products in a foreign market for a price lower than that of the cost of production. So if the average cost of production for a Chinese T-shirt is $2 dollars but it's sold for $1.50 in the U.S., this would be considered cost-based dumping. As I've hopefully demonstrated, dumping evaluations are one of the most rigged systems in the government. If people like Trump and Sanders really want to decry the corrupt "system," they have a perfect candidate in dumping evaluations. Of course, both of these guys actually like protectionism, so in this case they support the rigged system (oh well). Ironically, though, despite all the craziness used to determine if dumping occurs, **it isn't even clear that dumping is a bad thing. For one, it lowers prices for domestic consumers, which means that everyday Americans pay less for the same products.** Furthermore, it is far from obvious that most dumping is deliberately aimed at hurting domestic firms. In the case of cost-based dumping, foreign firms might have simply underestimated marginal costs. But, since fixed costs have already been sunk, these firms nevertheless choose to produce at below market costs to minimize losses. So yes, in this case firms will have negative operating profits, but this is purely by accident and thus does not represent any malevolent intent. In the case of price-based dumping, it is possible that the domestic market is simply more elastic than that of the foreign market producing the good. In this case, prices will always be lower in the domestic market simply due to relatively higher consumer price sensitivity. That is just basic economics, not evil price manipulation by foreign firms.

National Bureau of Economic Research

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

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

Social Europe 19'

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

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

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

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

An analysis using panel data for the period 1960-1999 for 101 industrial and developing economies suggests that a 1 percentage point increase in economic growth among a country's trading partners (keeping all else equal) is correlated with an increase in domestic growth of as much as 0.8 percentage points. This pos- itive correlation is consistent with the conclusions of the trade and growth litera- ture, as well as with those of a few recent papers that have tried to quantify the impact of cross-country growth spillovers.3 However, the relationship is stronger than one might have expected. In addition, the level of foreign income relative to domestic income matters for growth, in the sense that the ratio of the average per capita GDP of trading partners relative to a country's own per capita GDP is pos- itively correlated with growth. One interpretation of this result is that the richer a country's trading partners, the stronger is conditional convergence.