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Debt compromise likely now

Cohen et al, 10/10

Tom Cohen, CNN reporter, AND Dana Bash, AND Deirdre Walsh; “House Republicans meeting with Obama called 'very useful',” 10/10/2013, <http://www.cnn.com/2013/10/10/politics/shutdown-showdown> //bghs-ms

Washington (CNN) -- So is an end in sight? House Speaker John Boehner -- the top Republican in the fight that's led to a government shutdown and the threat of a first-ever U.S. debt default -- left the White House on Thursday evening without commenting on a highly anticipated meeting with President Barack Obama. But his top deputy, Majority Leader Eric Cantor, described the session between Obama and House leaders as "a very useful meeting." "We're going to have more discussions on both sides tonight," the Virginia Republican said. What that means, exactly, remains to be seen. But the White House said in a statement that no specific determination was made at the meeting during which it said Obama and other top administration officials listened to Republican proposals and discussed "potential paths forward." Obama "looks forward to making continued progress" on resolving the fiscal stalemate and key goals include ensuring "we pay the bills we've incurred" and ending the government shutdown, the statement said. The weeks leading up to October 1 partial shutdown -- and ahead of the October 17 deadline at which point, the Treasury Department says, the government will run out of money to pay its bills unless the debt ceiling is raised -- have been marked by often heated, bitterly partisan debate. Yet the very fact Obama and House Republicans got together, and the two sides are talking, could easily be seen as progress. "We're all working together now," said Rep. Pete Sessions, a Texas Republican. Earlier Thursday, House Republican leaders said they will propose a temporary increase in the nation's borrowing limit -- a potential first step toward breaking a political deadlock that has shut down parts of the government and now threatens a U.S. default as soon as next week. However, the proposal outlined by Boehner would allow a partial government shutdown to continue while Republicans and Democrats negotiate broader budget and spending issues, as well as GOP demands to dismantle or delay Obamacare. After meeting with his GOP caucus, Boehner described the offer as a temporary increase in the debt ceiling in exchange for Obama's "willingness to sit down and discuss with us a way forward to reopen the government and to start to deal with America's pressing problems." The measure, which could come up for a vote as soon as Friday, would allow the government to continue borrowing money to pay its bills through mid-November. Rep. Harold Rogers, a Kentucky Republican, said the president didn't reject this offer during Thursday's meeting -- nor did he say that he accepted it. Without an increase in the debt ceiling, Treasury Secretary Jack Lew says the United States risked default as soon as October 17, an outcome that economists label as potentially catastrophic. At the White House, spokesman Jay Carney said Obama was "happy that cooler heads at least seem to be prevailing in the House" over the need to avoid a possible default

Plan drains PC – IFF legislation has stalled in Congress and enforcement isn’t happening – lack of political will

Cassara, 13

JOHN A. CASSARA, INDUSTRY ADVISER TO SAS FEDERAL LLC; “Our anti-money laundering efforts have failed,” 3/5/2013, http://www.sas.com/knowledge-exchange/risk/fraud-financial-crimes/our-anti-money-laundering-efforts-have-failed/index.html //bghs-ms

The overseas metrics are equally depressing. According to the Department of State, “far too many countries that boast solid anti-money laundering standards and infrastructures do not enforce their laws. This is true in all corners of the world and for both developed and developing countries alike. In many instances, the lack of enforcement is due to lack of capacity, but in some cases it is due to a lack of political will.” Talking aimlessly Some believe that recent eye-catching actions against major banks may create change. For example, HSBC was fined $1.9 billion for failing to pursue anti-money laundering within its branches. However, this is a regulatory action. The $1.9 billion is not going to be taken from drug traffickers but from the shareholders of HSBC. And not one individual will be prosecuted In 2005, I wrote Hide and Seek: Intelligence, Law Enforcement and the Stalled War on Terror Finance. I was very concerned that the US might be moving away from effective anti-money laundering and financial crimes enforcement. I felt our war on terror finance was “stalled.” I suggested that a new emphasis be placed on enforcing the laws, rules and regulations that are already on the books. I urged Congress and regulatory agencies to step up oversight. Most important, I argued that real progress requires a different philosophical and bureaucratic emphasis. Simply put, we have to get back to the basics of enforcement.

Political capital is key – independently, taking Obama off message undermines his pressure strategy

Milbank, 9/27/13 – Washington Post Opinion Writer (Dana, “Obama should pivot to Dubya’s playbook” Washington Post, <http://www.washingtonpost.com/opinions/dana-milbank-obama-should-try-pivoting-to-george-bushs-playbook/2013/09/27/c72469f0-278a-11e3-ad0d-b7c8d2a594b9_story.html>)

If President Obama can stick to his guns, he will win his October standoff with Republicans. That’s an awfully big “if.” This president has been consistently inconsistent, predictably unpredictable and reliably erratic. Consider the events of Thursday morning: Obama gave a rousing speech in suburban Washington, in defense of Obamacare, on the eve of its implementation. “We’re now only five days away from finishing the job,” he told the crowd. But before he had even left the room, his administration let slip that it was delaying by a month the sign-up for the health-care exchanges for small businesses. It wasn’t a huge deal, but it was enough to trample on the message the president had just delivered. Throughout his presidency, Obama has had great difficulty delivering a consistent message. Supporters plead for him to take a position — any position — and stick with it. His shifting policy on confronting Syria was the most prominent of his vacillations, but his allies have seen a similar approach to the Guantanamo Bay prison, counterterrorism and climate change. Even on issues such as gun control and immigration where his views have been consistent, Obama has been inconsistent in promoting his message. Allies are reluctant to take risky stands, because they fear that Obama will change his mind and leave them standing alone. Now come the budget showdowns, which could define the rest of his presidency. Republican leaders are trying to shift the party’s emphasis from the fight over a government shutdown to the fight over the debt-limit increase, where they have more support. A new Bloomberg poll found that Americans, by a 2-to-1 margin, disagree with Obama’s view that Congress should raise the debt limit without any conditions. But Obama has a path to victory. That poll also found that Americans think lawmakers should stop trying to repeal Obamacare. And that was before House Republicans dramatically overplayed their hand by suggesting that they’ll allow the nation to default if Obama doesn’t agree to their laundry list of demands, including suspending Obamacare, repealing banking reforms, building a new oil pipeline, easing environmental regulations, limiting malpractice lawsuits and restricting access to Medicare. To beat the Republicans, Obama might follow the example of a Republican, George W. Bush. Whatever you think of what he did, he knew how to get it done: by simplifying his message and repeating it, ad nauseam, until he got the result he was after. Obama instead tends to give a speech and move along to the next topic. This is why he is forever making “pivots” back to the economy, or to health care. But the way to pressure Congress is to be President One Note. In the debt-limit fight, Obama already has his note: He will not negotiate over the full faith and credit of the United States. That’s as good a theme as any; it matters less what the message is than that he delivers it consistently. The idea, White House officials explained to me, is to avoid getting into a back-and-forth over taxes, spending and entitlement programs. “We’re right on the merits, but I don’t think we want to argue on the merits,” one said. “Our argument is not that our argument is better than theirs; it’s that theirs is stupid.” This is a clean message: Republicans are threatening to tank the economy — through a shutdown or, more likely, through a default on the debt — and Obama isn’t going to negotiate with these hostage-takers. Happily for Obama, Republicans are helping him to make the case by being publicly belligerent. After this week’s 21-hour speech on the Senate floor by Sen. Ted Cruz (R-Tex.), the publicity-seeking Texan and Sen. Mike Lee (R-Utah) objected to a bipartisan request to move a vote from Friday to Thursday to give House Republicans more time to craft legislation avoiding a shutdown. On the Senate floor, Sen. Bob Corker (R-Tenn.) accused them of objecting because they had sent out e-mails encouraging their supporters to tune in to the vote on Friday. The Post’s Ed O’Keefe caught Cruz “appearing to snicker” as his colleague spoke — more smug teenager than legislator. Even if his opponents are making things easier for him, Obama still needs to stick to his message. As in Syria, the president has drawn a “red line” by saying he won’t negotiate with those who would put the United States into default. If he retreats, he will embolden his opponents and demoralize his supporters.

Going over the debt ceiling causes economic collapse

Krugman, 9/29

Paul Krugman, Nobel Prize winning economist; “Rebels Without a Clue,” 9/29/2013, New York Times,

<http://www.nytimes.com/2013/09/30/opinion/krugman-rebels-without-a-clue.html>

Still, a government shutdown looks benign compared with the possibility that Congress might refuse to raise the debt ceiling. First of all, hitting the ceiling would force a huge, immediate spending cut, almost surely pushing America back into recession. Beyond that, failure to raise the ceiling would mean missed payments on existing U.S. government debt. And that might have terrifying consequences. Why? Financial markets have long treated U.S. bonds as the ultimate safe asset; the assumption that America will always honor its debts is the bedrock on which the world financial system rests. In particular, Treasury bills — short-term U.S. bonds — are what investors demand when they want absolutely solid collateral against loans. Treasury bills are so essential for this role that in times of severe stress they sometimes pay slightly negative interest rates — that is, they’re treated as being better than cash. Now suppose it became clear that U.S. bonds weren’t safe, that America couldn’t be counted on to honor its debts after all. Suddenly, the whole system would be disrupted. Maybe, if we were lucky, financial institutions would quickly cobble together alternative arrangements. But it looks quite possible that default would create a huge financial crisis, dwarfing the crisis set off by the failure of Lehman Brothers five years ago.

Debt freeze collapse the global economy and sparks food crisis

Min ‘10 (David, Associate Director for Financial Markets Policy at the Center for American Progress, 2010 “The Big Freeze The Conservative Pledge to Freeze the Debt Ceiling Is a Looming Disaster”, 10/28/10, <http://www.americanprogress.org/issues/2010/10/big_freeze.html>)

A freeze on the debt ceiling could erode confidence in U.S. Treasury bonds in a number of ways, creating further and wider panic in financial markets. First, by causing a disruption in the issuance of Treasury debt, as happened in 1995-96, a freeze would cause investors to seek alternative financial investments, even perhaps causing a run on Treasurys. Such a run would cause the cost of U.S. debt to soar, putting even more stress on our budget, and the resulting enormous capital flows would likely be highly destabilizing to global financial markets, potentially creating more asset bubbles and busts throughout the world. Second, the massive withdrawal of public spending that would occur would cause significant concern among institutional investors worldwide that the U.S. would swiftly enter a second, very deep, recession, raising concerns about the ability of the United States to repay its debt. Finally, the sheer recklessness of a debt freeze during these tenuous times would signal to already nervous investors that there was a significant amount of political risk, which could cause them to shy away from investing in the United States generally. Taken together, these factors would almost certainly result in a significant increase in the interest rates we currently pay on our national debt, currently just above 2.5 percent for a 10-year Treasury note. If in the near term these rates moved even to 5.9 percent, the long-term rate predicted by the Congressional Budget Office, then our interest payments would increase by more than double, to nearly $600 billion a year. These rates could climb even higher, if investors began to price in a “default risk” into Treasurys—something that reckless actions by Congress could potentially spark—thus greatly exacerbating our budget problems. The U.S. dollar, of course, is the world’s reserve currency in large part because of the depth and liquidity of the U.S. Treasury bond market. If this market is severely disrupted, and investors lost confidence in U.S. Treasurys, then it is unclear where nervous investors might go next. A sharp and swift move by investors out of U.S. Treasury bonds could be highly destabilizing, straining the already delicate global economy. Imagine, for example, if investors moved from sovereign debt into commodities, most of which are priced and traded in dollars. This could have the catastrophic impact of weakening the world’s largest economies while also raising the prices of the basic inputs (such as metals or food) that are necessary for economic growth. In short, a freeze on the debt ceiling would cause our interest payments to spike, making our budget situation even more problematic, while potentially triggering greater global instability—perhaps even a global economic depression.

**Food wars outweigh your contrived security impact on probability and magnitude**

Cribb ‘10

Julian Cribb, Professor in Science Communication at the University of Technology Sydney, 2010 (Julian, principal of JCA, fellow of the Australian Academyof Technological Sciences and Engineering, “The Coming Famine: TheGlobal Food Crisis and What We Can Do to Avoid It”, pg 10

The character of human conflict has also changed: since the early 1990s, more wars have been triggered by disputes over food, land, and water than over mere political or ethnic differences. This should not surprise us: people have fought over the means of survival for most of history. But in the abbreviated reports on the nightly media, and even in the rarefied realms of government policy, the focus is almost invariably on the players—the warring national, ethnic, or religious factions—rather than on the play, the deeper subplots building the tensions that ignite conflict. Caught up in these are groups of ordinary, desperate people fearful that there is no longer sufficient food, land, and water to feed their children—and believing that they must fight "the others" to secure them. At the same time, the number of refugees in the world doubled, many of them escaping from conflicts and famines precipitated by food and re- source shortages. Governments in troubled regions tottered and fell. The coming famine is planetary because it involves both the immediate effects of hunger on directly affected populations in heavily populated regions of the world in the next forty years—and also the impacts of war, government failure, refugee crises, shortages, and food price spikes that will affect all human beings, no matter who they are or where they live. It is an emergency because unless it is solved, billions will experience great hardship, and not only in the poorer regions. Mike Murphy, one of the world's most progressive dairy farmers, with operations in Ireland, New Zealand, and North and South America, succinctly summed it all up: "Global warming gets all the publicity but the real imminent threat to the human race is starvation on a massive scale. Taking a 10-30 year view, I believe that food shortages, famine and huge social unrest are probably the greatest threat the human race has ever faced. I believe future food shortages are a far bigger world threat than global warming."

### Off

Interpretation- Toward is in the direction of

American Heritage, 9(‘toward’, http://education.yahoo.com/reference/dictionary/entry/toward)

to·ward (tôrd, trd, t-wôrd) KEY PREPOSITION: also to·wards (tôrdz, trdz, t-wôrdz) KEY In the direction of: driving toward home.

With means doing something together

Merriam-Webster (http://www.merriam-webster.com/dictionary/with, accessed 9/29/13)

used to say that people or things are together in one place —used to say that two or more people or things are doing something together or are involved in something : having (a particular characteristic, possession, etc.)

### Off

Status quo IFF laws are insufficient to curtail the drug trade – plan uniquely destroys IFFs and cartels

Gascoigne, 13

Clark Gascoigne, researcher for Global Financial Integrity, a Washington, DC-based research and advocacy organization which promotes transparency in the international financial system as a means to global development; “U.S. Senate Report: Tackle Money Laundering to Curtail Drug Trafficking,” 4/26/2013, http://www.gfintegrity.org/content/view/611/70 //bghs-ms

WASHINGTON, DC / LONDON – A bipartisan Congressional report published Thursday by the U.S. Senate Caucus on International Narcotics Control (Senate Drug Caucus) emphasizes cracking down on money laundering as key to curtailing the illicit drug trade. Quoting heavily from Global Financial Integrity (GFI) experts and research, the study endorses eliminating anonymous U.S. shell companies through the passage of the bipartisan Incorporation Transparency and Law Enforcement Assistance Act, bolstering enforcement of existing anti-money laundering (AML) policies, and strengthening anti-money laundering laws through passage of the bipartisan Combating Money Laundering, Terrorist Financing and Counterfeiting Act. “You simply cannot curtail the drug trade without curtailing drug money,” said GFI Director Raymond Baker, a longtime authority on financial crime. “The UN estimates that worldwide, over 40 percent of cocaine is seized somewhere between production and consumption. However, less than half of one percent of laundered criminal money is interdicted globally. We’ve put the cart before the horse, and the Senate Drug Caucus clearly recognizes that.”

That’s bad –

Drug cartels are key to the Mexican economy – generates valuable liquidity in the banking system

Lange, 10 – Washington Correspondent for Reuters, citing US officials in Mexico; additional reporting by Lizbeth Diaz in Tijuana (Jason, “From spas to banks, Mexico economy rides on drugs,” Reuters, 22 January 2010, http://www.reuters.com/article/2010/01/22/us-drugs-mexico-economy-idUSTRE60L0X120100122)

Mexican cartels, which control most of the cocaine and methamphetamine smuggled into the United States, bring an estimated $25 billion to $40 billion into Mexico from their global operations every year. To put that in perspective: Mexico probably made more money in 2009 moving drugs than it did exporting oil, its single biggest legitimate foreign currency earner. From the white Caribbean beaches of Cancun to violent towns on the U.S. border and the beauty parlors of Mexico City's wealthy suburbs, drug cash is everywhere in Mexico. It has even propped up the country's banking system, helping it ride out the financial crisis and aiding the country's economy. Smuggled into Mexico mostly from the United States in $100 bills, narco money finds its way onto the books of restaurants, construction firms and bars as drug lords try to legitimize their cash and prevent police from tracing it. "Mexico is saturated with this money," said George Friedman, who heads geopolitical analysis firm Stratfor. In western Mexico, drug money started pouring into Zapopan and nearby Guadalajara in the 1980s as the Sinaloa cartel bought hospitals and real estate, said Martin Barron, a researcher at the institute that trains Mexico's organized crime prosecutors. Now residents in the region known in Mexico for its piety say drug smugglers barely make an effort to disguise themselves. A strip of fancy boutiques in Zapopan was financed with drug money, says Jaime Ramirez, a local newspaper columnist who has been reporting on the drug world for two decades. As well as the Grupo Collins factory in Zapopan, a nearby car wash is also on the U.S. Treasury's black list. A local cemetery draws relatives of traffickers who were among the 17,000 people killed in the drug war in Mexico since 2006. "A lot of narcos are buried there. You should see it on Fathers' Day," Ramirez said, as a black pick-up truck with tinted windows pulled in. Zapopan residents just shrug their shoulders when a wealthy neighbor displays traits seen as typical of a drug trafficker -- wearing cowboy gear, playing loud "norteno" music from the country's north or holding lavish parties attended by guests who arrive in pick-up trucks or SUVs. "Living alongside them is normal," Ramirez said. "Everybody knows when a neighbor is on the shady side." One of those neighbors was Sandra Avila, a glamorous trafficker known as the "Queen of the Pacific," who lived in Zapopan before being arrested in Mexico City in 2007. On a typical day in Zapopan recently, men unloaded boxes from vans in the Grupo Collins compound, near the company's private chapel and soccer field. From behind the factory's high walls, there was little to suggest it could have ties to a cartel. "It has always been really calm," said Genaro Rangel, who sells tacos every morning to factory workers from a stall across the street. The plant was advertising a job opening on the company web site for a machine room technician. Washington's accusation, filed under a U.S. sanctions program, makes it illegal for Americans to do business with Grupo Collins and freezes any assets it might have in U.S. accounts. In a 2006 report, Mexican authorities named Grupo Collins' owner Telesforo Tirado as an operator of the Colima cartel. The U.S. Treasury and Mexico's Attorney General's office both declined to provide further details on the case and Grupo Collins executives also refused to comment. But Tirado has previously denied the charges in the Mexican media. CASHING IN ON THE DRUG TRADE What's going on in Zapopan is happening all over Mexico. A well-known Mexico City restaurant specializing in the spicy cuisine of the Yucatan peninsula was added to the U.S. list of front companies in December. Months earlier, one of Mexico's top food critics had recommended it. Drug money has also fueled part of a real estate boom around tourist resorts such as Cancun, said a senior U.S. law enforcement official in Mexico City. "We've had cases where traffickers purchased large tracts of land in areas where any investor would buy," he said, asking not to be named because of concerns about his safety. An architect in the city of Tijuana did well out of designing buildings that cartels would build and rent out to legitimate local businesses. "The pay was enough for me to build a house for myself, as well as to buy a lot a tools," he said. He was once hired to design a tunnel that led to the street from a secret door in a drug gang member's closet. Craving acceptance, the drug gangs even throw their money at acquaintances to get them on the social scene. A drug trafficker pays his friend Roberto, who declined to give his last name, to keep him connected in Tijuana and introduce him to women. "I take him to parties," Roberto said. In the wealthy shopping areas of Interlomas, near Mexico City, the Perfect Silhouette spa offers breast implants. Staffed by young women in loose-fitting white suits, the spa also sells weight-loss creams and offers massages. The U.S. Treasury recently said it was part of the financial network of the Beltran Leyva cartel, whose leader was gunned down by elite Mexican marines in December. The salon's manager, Teresa Delgado, appeared baffled by the U.S. accusations. "We haven't seen anything strange here," she said. A woman Delgado identified as the owner did not return a phone call requesting an interview. Businesses enlisted to launder drug money typically get a cut worth 3 percent to 8 percent of the funds passing through their books, the U.S. law enforcement official said. "SMURFING" AROUND THE LAWS Much of the cartels' profits eventually ends up in Mexico's banking system, the U.S. official said. During the global financial crisis last year, those assets provided valuable liquidity, says economist Guillermo Ibarra of the Autonomous University of Sinaloa. "They had a cushion from drug trafficking money that to a certain extent helped the banks," Ibarra said. Indeed, drug money in banks is a global phenomenon, not just in Mexico. A United Nations report on the global drug trade in 2009 said that "at a time of major bank failures, money doesn't smell, bankers seem to believe." Drug gangs in Mexico have their associates make thousands of tiny deposits in their bank accounts to avoid raising suspicion from banking authorities, a practice known as "smurfing," said the U.S. official. Mexico's banking association and the finance ministry's anti-money laundering unit declined to comment for this story. While Mexico is confiscating more drugs and assets than ever under President Felipe Calderon, forfeitures of money are still minuscule compared to even low-ball estimates of the amount of drug money that flows into Mexico. Under Calderon, authorities have confiscated about $400 million, almost none of which was seized from banks, said Ricardo Najera, a spokesman for the Attorney General's Office. Mexican bank secrecy laws make it particularly difficult to go after drug money in financial institutions, Najera said. "We can't just go in there and say 'OK, let's have a look,'" he said. "We have to trace the illicit origin of that money before we can get at those bank accounts." The U.S. Treasury has blocked only about $16 million in suspected Mexican drug assets since June 2000, a Treasury official in Washington said. The official, who asked not to be named, said the sanctions program aims to hit drug lords by breaking "their commercial and financial backbones." But freezing assets is not "the principal objective nor the key measure of success." MAFIA CAPITALISM Data on Mexican banking provides a novel way for calculating the size of the drug economy. Ibarra crunched numbers on monetary aggregates across different Mexican states and concluded that more money sits in Sinaloan banks than its legitimate economy should be generating. "It's as if two people had the same job and the same level of seniority, but one of them has twice as much savings," he said, talking about comparisons between Sinaloa and other states. Ibarra estimates cartels have laundered more than $680 million in the banks of Sinaloa -- which is a financial services backwater -- and that drug money is driving nearly 20 percent of the state's economy. Edgardo Buscaglia, an academic at Columbia University, recently scoured judicial case files and financial intelligence reports, some of which were provided by Mexican authorities. His research found organized crime's involvement in Mexican businesses had expanded sharply in the five years through 2008, with gangs now involved in most sectors of the economy.

Mexican growth is key to the US economy – turns the case

Marczak 4/18­– director of policy at Americas Society and Council of the Americas, senior editor of the AS/COA policy journal, *Americas Quarterly,* and managing editor of AQ Online (Jason, “Immigration Reform get U.S. in on Mexico’s Boom”, 4/18/13; < http://www.cnn.com/2013/04/18/opinion/marczak-immigration-the-new-mexico>)

As Congress crafts comprehensive immigration legislation, Democrats and Republicans must keep in mind that Mexico is changing rapidly, and policies crafted to reflect yesterday's Mexico will not help the U.S. make the most of the potential of today's and tomorrow's Mexico. Mexico's future is bright, and tapping into this growth and economic prosperity is vital to U.S. competitiveness. But the U.S. needs immigration reform to build on its huge bilateral trade with Mexico -- more than $1 billion in goods and services each day, or $45 million an hour. Mexico's President Enrique Peña Nieto has achieved in less than five months in office what eluded previous administrations for six years. In the second half of 2013, he hopes to add energy to the improvements in education and telecommunications that are sailing through under the umbrella of the Pact for Mexico political agreement.

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The federal government of Mexico should:

- implement a risk-based system to curtail the mispricing of export and import transactions

- accompany all tax invoices with a legal undertaking by exporters and importers as to pricing accuracy

- subject all multinationals to financial and accounting reporting requirements

- initiate an automatic exchange of information with all countries with whom Mexico has trade and market links

- commit to transparency in all financial accounts and transactions

- improve governance and surveillance of the underground economy

- exert leadership in international and regional forums

CP solves illicit financial flows – prerequisite to the aff

Kar, 1AC author, in 12

Lead Economist at Global Financial Integrity, Former Economist at IMF

(Dev, Global Financial Integrity, Mexico: Illicit Financial Flows, Macroeconomic Imbalances, and the Underground Economy, January 2012, http://mexico.gfintegrity.org/en) //bghs-ms

The method of estimating illicit flows (namely the World Bank Residual model adjusted for trade mispricing) and the simulation model on related drivers and dynamics throw light on the policy measures needed to curtail outflows of illicit capital. Specifically, there are five areas where policy measures need to be developed in cooperation with relevant government agencies which are the subject matter experts dealing with those areas. First, it is clear that almost three-quarters of total illicit flows over the period 1970-2010 were generated through trade mispricing (Appendix Table 6). Moreover, model simulations indicate that increasing trade openness since 1994 when NAFTA was implemented led to more trade mispricing (see Section III, Table 3 on Structural Equation Estimates, and Box 1). This would strongly suggest that policy should be focused on curtailing trade mispricing. We will point out three policy measures that can go a long way in curbing related illicit outflows. As part of customs reform (which is an on-going World Bank project; reference footnote 15), we propose the implementation of a risk-based price profiling system to curtail the risk of export and import transactions being mispriced in order to transfer illicit capital out of the country. Furthermore, to reduce the risk of willful trade mispricing, we propose that all customs invoices be accompanied by a legal undertaking by exporters and importers as to pricing accuracy. Finally, we propose that multinationals be subject to financial and accounting reporting requirements in order to curtail abusive transfer pricing (ATP). Second, under Mexican law, if tax matters are believed to explain the unusualness of a transaction, that transaction would have to be reported because tax evasion is criminalized and thus a predicate offense for money laundering, given the all-crimes approach to the criminalization of money laundering. As tax evasion is typically a part of outflows of illicit capital through leakages in the balance of payments (estimates of illicit flows through CED amount to a total of nearly US$230 billion over the 41-year period), recommendations to curtail illicit outflows must also involve the automatic exchange of information (AEI) with countries with which Mexico has strong trade and capital market links. Mexico has entered into a double tax avoidance agreement (DTAA) with 40 countries, including with the United States in 1992, which was updated in 2004. We will examine how DTAAs curtail tax evasion and explore the scope for Mexico to expand these agreements with other countries. Third, as the automatic exchange of information seeks to stem outflows by plugging gaps in information in the international financial system (which tax cheats may be using to hide taxable income), this calls for Mexican regulatory agencies to commit to a policy of seeking full transparency in all financial accounts and transactions. These measures call for extensive cooperation between the tax authority under the Ministry of Finance, the Mexican equivalent of the Securities and Exchange Commission (Comisión Nacional Bancaria y de Valores) which oversees the financial, auditing,and other regulatory aspects of domestic and foreign companies operating in Mexico that are publically owned or listed on the Mexican stock exchange, the central bank Banco de Mexico, and the Mexican Justice Department on domestic laws and penalties that apply to non-compliant transactions carried out by individuals and corporations. Fourth, the study found that macroeconomic imbalances and growth in the underground economy are strong and significant drivers of illicit flows from the country. For instance, model simulations show that fiscal policies that result in large deficits lead to monetary expansion to the extent that deficits are financed through central bank credits or outright money creation. Furthermore, monetary expansion was in turn found to generate inflation and inflationary expectations. The model showed that inflation was a strong driver of illicit financial flows from the country. Similarly, we found a strong positive interaction between growth in the underground economy and rising illicit outflows in that they drive each other. As the underground economy is linked to the state of overall governance (typically it is large in countries with weak governance and small where corruption is limited), efforts to improve governance would tend to shrink the underground economy. Finally, illicit financial flows involve a two-way street consisting of a source and a destination of funds. Data on Mexican private sector cash deposits compiled by the BIS show that illicit funds from Mexico are lodged in offshore financial centers or tax havens and banks in developed countries. Hence, the government of Mexico needs to exert strong leadership in various international and regional forums such as the G20, World Economic Forum on Latin America, Inter- American Development Bank (IDB), OECD, and other international institutions in order to ensure that the world’s most powerful countries cooperate to curtail the receipt of illicit funds**.**

### Off

Mexico violates human rights

UN, 5/3 – (UN News Centre, “Mexico must strengthen its protection of human rights, reduce use of military – UN expert,” http://www.un.org/apps/news/story.asp?NewsID=44817&Cr=Mexico&Cr1=#.Uc9VcPm1FqW)

A United Nations independent expert today urged the Mexican Government to strengthen the national structures that protect human rights, in particular the right to life, and reduce the involvement of the military in policing to reduce the use of force in the country. “There seems to be wide agreement among various levels of Government and civil society that the long term solution to the problem of violence in Mexico lies in establishing a strong law enforcement system compliant with international standards surrounding the right to life,” the Special Rapporteur on extrajudicial, summary or arbitrary executions, Christoph Heyns, said at the end of a visit to the country. “The need to achieve this goal as soon as possible should be the guiding star of all policy and other reforms.” Mr. Heyns welcomed the announcement of a number of initiatives aimed at moving the country from relying on the military for internal security. Some of them are already in the process of implementation. “The policies that have been announced should be fully implemented. The involvement of members of civil society in this process is crucial,” Mr. Heyns said. “There is no easy fix, but a slow and steady commitment to strengthening the role of the human rights framework in Mexico is the only long term solution.” He emphasized the importance of decreasing the military’s involvement in policing, ensuring that civil courts and not military ones try members of the military who have been accused of human rights violations, and establishing clear standards on the use of force by law enforcement officials. Mr. Heyns also drew special attention to the issue of ending impunity. “Each and every loss of life should be investigated with the same rigor. And each and every perpetrator should be apprehended and tried. Pursuing this objective will serve not only to decrease impunity, but to restore the value that society attaches to life,” he said.

Shun them – a priori

Beversluis, 89 (Eric H. April 1989. “On Shunning Undesirable Regimes: Ethics and Economic Sanctions.” Public Affairs Quarterly, April, vol. 3, no. 2)

A fundamental task of morality is resolving conflicting interests. If we both want the same piece of land, ethics provides a basis for resolving the conflict by identifying "mine" and "thine." If in anger 1 want to smash your face, ethics indicates that your face's being unsmashed is a legitimate interest of yours which takes precedence over my own interest in expressing my rage. Thus ethics identifies the rights of individuals when their interests conflict. But how can a case for shunning be made on this view of morality? Whose interests (rights) does shunning protect? The shunner may well have to sacrifice his interest, e.g., by foregoing a beneficial trade relationship, but whose rights are thereby protected? In shunning there seem to be no "rights" that are protected. For shunning, as we have seen, does not assume that the resulting cost will change the disapproved behavior. If economic sanctions against South Africa will not bring apartheid to an end, and thus will not help the blacks get their rights, on what grounds might it be a duty to impose such sanctions'? We find the answer when we note that there is another "level" of moral duties. When Galtung speaks of "reinforcing... morality," he has identified a duty that goes beyond specific acts of respecting people's rights. The argument goes like this: There is more involved in respecting the rights of others than not violating them by one's actions. For if there is such a thing as a moral order, which unites people in a moral community, then surely one has a duty (at least prima facie) not only to avoid violating the rights of others with one's actions but also to support that moral order. Consider that the moral order itself contributes significantly to people's rights being respected. It does so by encouraging and reinforcing moral behavior and by discouraging and sanctioning immoral behavior. In this moral community people mutually reinforce each other's moral behavior and thus raise the overall level of morality. Were this moral order to disintegrate, were people to stop reinforcing each other's moral behavior, there would be much more violation of people's rights. Thus to the extent that behavior affects the moral order, it indirectly affects people's rights. And this is where shunning fits in. Certain types of behavior constitute a direct attack on the moral order. When the violation of human rights is flagrant, willful, and persistent, the offender is, as it were, thumbing her nose at the moral order, publicly rejecting it as binding her behavior. Clearly such behavior, if tolerated by society, will weaken and perhaps eventually undermine altogether the moral order. Let us look briefly at those three conditions which turn immoral behavior into an attack on the moral order. An immoral action is flagrant if it is "extremely or deliberately conspicuous; notorious, shocking." Etymologically the word means "burning" or "blazing." The definition of shunning implies therefore that those offenses require shunning which are shameless or indiscreet, which the person makes no effort to hide and no good-faith effort to excuse. Such actions "blaze forth" as an attack on the moral order. But to merit shunning the action must also be, willful and persistent. We do not consider the actions of the "backslider," the weak-willed, the one-time offender to be challenges to the moral order. It is the repeat offender, the unrepentent sinner, the cold-blooded violator of morality whose behavior demands that others publicly reaffirm the moral order. When someone flagrantly, willfully, and repeatedly violates the moral order, those who believe in the moral order, the members of the moral community, must respond in a way that reaffirms the legitimacy of that moral order. How does shunning do this? First, by refusing publicly to have to do with such a person one announces support for the moral order and backs up the announcement with action. This action reinforces the commitment to the moral order both of the shunner and of the other members of the community. (Secretary of State Shultz in effect made this argument in his caB for international sanctions on Libya in the early days of 1986.). . Further, shunning may have a moral effect on the shunned person, even if the direct impact is not adequate to change the immoral behavior. If the shunned person thinks of herself as part of the moral community, shunning may well make clear to her that she is, in fact, removing herself from that community by the behavior in question. Thus shunning may achieve by moral suasion what cannot be achieved by "force." Finally, shunning may be a form of punishment, of moral sanction, whose appropriateness depends not on whether it will change the person's behavior, but on whether he deserves the punishment for violating the moral order. Punishment than can be viewed as a way of maintaining the moral order, of "purifying the community" after it has been made "unclean," as ancient communities might have put it.

### Off

Neoliberalism is dying in Latin America – we should resist attempts at triage that promote deregulation and unrestrained pursuit of profit like the affirmative

Pineo, 13 – Senior Research Fellow at the Council on Hemispheric Affairs, and Professor and Chair of the Department of History at Towson University (Ron, Posted on April 11, 2012- See more at: http://www.coha.org/22227/#sthash.L5CsywQs.dpuf )

Poverty in Latin America has been reduced substantially in the last three decades. In the late 1980s, nearly half of Latin America’s population lived in poverty. Today the fraction is about a third. [21] This marks important progress, and it has continued in some area nations. However, it is worth noting that between 2002 and 2008, poverty contracted most in Venezuela, Bolivia, Nicaragua, and Argentina, countries which had largely **abandoned neoliberalism**; in Brazil, which had at least partially rejected neoliberalism; and in only two other states, Honduras and Perú, which still remained, at least partially, committed to free market polices. [22] It was mostly factors **beyond economic policy** that helps to account for recent declines in the rate of Latin American poverty. One factor was increasing remittances from Latin Americans laboring in the developed world, especially in the United States. Total remittances from Latin American workers rose from $12 billion USD in 1995, to $45 billion in 2004, and $68 billion in 2006. [23] However, “by far the main contributor to the reduction in the poverty rate,” as Jaime Ros has noted, was “the fall in the dependency ratio.” [24] The indicator measures the number of non-working age people—children and the elderly—who are supported by the working age population. The higher the dependency number, the greater the economic burden. Source: foreignpolicyblogs.com Latin America’s past demographic history underlies this shift in the dependency ratio. The late 1940s in Latin America witnessed lower overall death rates (the number of people who died a year divided by the total population), especially due to lower infant and childhood mortality rates. Initially, birth rates stayed high even as death rates fell, but after a generation passed Latin America’s birth rates began to drift downward to match the lower death rates. The time gap between the fall in death rates beginning in the late 1940s and the eventual fall in birth rates by the late 1970s resulted in an unprecedented population explosion. Latin America’s population rose from 167 million in 1950 to 285 million by 1970. As this population cohort has aged, Latin America’s dependency ratio fell too, dropping from a very high rate of 87.3 in the years 1965-1970, to 55.0 for 2005-2010, an all-time low for the region. The people born during the population explosion are of working age now, bringing the region a historic but one-time economic advantage, the “demographic bonus” or “demographic dividend.” As a result, Latin America temporarily enjoys a situation of a very large number of workers providing for a greatly reduced number of dependent people. The region’s demographic bonus means that there is, for the moment, less poverty due, in large part, to the increased number of working age people per household. [25] A drop in the dependency ratio carries with it greater female participation in the workforce, for lower fertility means there are fewer children to care for, freeing women to enter the paid workforce. Lower fertility also means better overall lifetime health for women, resulting in more years spent in the paid workforce for adult females. The fertility rate (the number of children born per woman per year) fell in Latin America from 5.6 for the years from 1965 to1970, to 2.4 for the years 2005 to 2010. The resulting demographic bonus has provided a significant, but fleeting, economic asset. By 2025, as the current population ages, Latin America will need to support a very large elderly dependent population. [26] It is fair to conclude that the reduction of poverty in Latin America in recent years was produced mainly by some short-term victories in the commodity lottery (as explained in Part I, the commodity lottery refers to short-term price rises for selected raw material exports), as well as a spike in remittances, and most of all, a one-time reduction in the dependency ratio. Income inequality data for Latin America is less positive. In the 1980s and 1990s, inequality increased significantly in Latin America. For example, from 1984 to 1994, the income of the top 10 percent of the Mexico’s population rose by 21 percent, while the income of the country’s bottom 10 percent fell by 23 percent. Nevertheless, there have been improvements, albeit modest ones, in lowering the Gini coefficient (a measure of economic inequality with 0 being the least inequality—everyone has the same income, and 1.0 being the most inequality—one person has all the income). Source: norlarnet.uio.no From 2002 to 2008, the Gini coefficient improved in seven Latin American states; five of these seven countries—Venezuela, Argentina, Bolivia, Nicaragua, and Paraguay—have traveled the farthest in rejecting neoliberalism. Outside of these nations inequality stayed the same or even increased, including in the largely neoliberal states of Colombia, the Dominican Republic, and Guatemala. In 1970, the richest 1 percent of Latin Americans earned 363 times more than the poorest 1 percent. By 1995, it was 417 times more. Latin America continues to show, by far, the greatest income inequality of any region in the world. Of the 15 most unequal economies in the world today, 10 are in the area. If Latin America’s income were only as unevenly distributed as that of Eastern Europe or South Asia, its recent economic growth, though sometimes anemic, would have reduced the percentage of those living in poverty to 3 percent of the population. [27] The Economist, in its 2010 review of the Latin American economic situation, concluded that the region was “well on the way to building middle-class societies.” [28] The evidence, however, contradicts this assertion. The informal sector—where people arrange irregular employment in itinerant retail sales, as day workers, or other loosely arranged jobs—today accounts for more than half of all workers in Latin America. More than eight of ten new jobs in Latin America are in the informal sector. [29] Informal sector workers enjoy no protective regulation or benefits. They live by their wits, striving to scratch out a living, day by day. Meanwhile, union membership among active workers in Latin America fell from around one-fourth in the 1980s to under one-sixth in the 1990s. Source: laht.com Moreover, significant areas of severe poverty remain in Latin America, expressed along class, racial, gender, and regional divides Poverty underlies poor health, contributing to elevated rates of infant, childhood, and maternal mortality. Of those living in poverty in Latin America, nearly half are children. Due to their undernourishment, a quarter of Latin American children (and as many as half in rural Perú and Guatemala) are stunted in their development. Across Latin America malnutrition is an underlying cause in more than half of the deaths of children under the age of five. In Guatemala maternal mortality among indigenous women is 83 percent higher than the national average. Among the poorest fifth of the Perú’s population, 85 percent of births are not attended by trained personnel, compared to only 4 percent among the wealthiest fifth. Two-thirds of Latin American municipalities do not treat their sewage prior to dumping it into adjacent rivers or the sea. In Panamá, three in ten homes lack access to improved sanitation (sewage disposal), and in Perú, nearly four in ten lack this essential service. Yet with all this effluvium flowing out, still three-quarters of Latin America municipalities do not check public drinking water supplies for impurities. One-quarter of Latin Americans do not have in-home potable water. [30] In Latin America nearly two-thirds of hospital admissions are due to diseases related to the lack of sanitation. Diarrhea accounts for six of every ten deaths of children under the age of five in Latin America. Fresh water can save lives; for each percentage point increase in potable water coverage, the infant mortality rate drops 1 death per 1,000 live births. Yet, Latin America is falling behind in terms of life expectancy. Life expectancy in Latin America was five years longer than East Asia in the mid-1960s, but by the mid-1990s, it was 1.2 years shorter. [31] The weight of this evidence leads to an inescapable conclusion. Cambridge economist Ha-Joon Chang has put it most succinctly, “Over the last three decades, economists…provid[ed]…theoretical justifications for financial deregulation and the unrestrained pursuit of short-term profits…[T]hey advanced theories that justified the policies that have led to slower growth…[and] higher inequality…[**E]conomics has been worse than irrelevant. Economics, as it has been practiced in the last three decades, has been positively harmful for most people**.” [32] The Twilight of Neoliberalism “There is no alternative [to free market policies],” the late British Prime Minister Margaret Thatcher once pronounced, but across Latin America, there has been a steady erosion of support for the free market model. At present three-quarters of Latin America governments can be fairly characterized as being governed by center-left or left-oriented leaders. Moreover, there has been a far-reaching reassessment of the relevance of IMF advice, especially after the organization’s punishingly controversial response to the 1997-1998 Asian economic crisis. The Asian economic meltdown brought the reflexive recommendations from the IMF in the form of harsh austerity measures. However, the pro-cyclical policies demanded by the IMF of its client states so plainly worsened the economic situation and needlessly caused considerable human misery that the IMF’s reputation was badly damaged. In the wake of IMF’s subsequent mishandling of the 1998 economic crises in Russia and Brazil, large private lenders, especially among the European ones, stopped requiring IMF assurances that borrowing nations follow neoliberal strictures. As Richard Peet has noted, “the…[IMF]’s reputation has never recovered, even in circles that the Fund values. [...] The power of the IMF has been reduced by failed crisis management, [with] countries paying up as quickly as possible and distancing themselves” from the IMF. [33] European lenders concluded that new loans to non-neoliberal Latin American states would perform handsomely, which, in fact, they have. The IMF’s power to impose neoliberal policies on debtor nations has been seriously compromised. Source: herslookingatyousquid.worldpress.com Argentina, following its severe economic crisis in 2001-2002, proved that a nation could successfully challenge the IMF. Argentina defaulted on its $100 billion USD foreign debt and renegotiated its obligations, paying off its loans at a fraction of the original cost. Buenos Aires finished retiring its debt to the IMF in 2005, benefitting greatly from Venezuelan assistance. In offering the money, the late Hugo Chávez promised that, “if additional help is needed to help Argentina finally free itself from the claws of the International Monetary Fund, Argentina can count on us.” [34] Other Latin American nations looked on as Argentina defied the IMF, and continued to watch as Argentina’s economy soared, growing faster than any other nation in the Western Hemisphere after it abandoned IMF-imposed economic policies. Soon a stampede of those flouting IMF mandates followed, with each new defection providing courage to all those nations rejecting neoliberalism. Other international lenders appeared as well. Venezuela loaned money to other countries in the region, including Bolivia, Ecuador, and Nicaragua, but only if they ignored the counsel of the IMF. The Bank of the South, established in 2007, joined Venezuela with Brazil, Argentina, Ecuador, Bolivia, and Paraguay as an alternative source for credit. China, which does not particularly care what the IMF recommends, is also supplying capital. Furthermore, some primary commodity export prices have increased, in part due to the demand for Chinese imports (for example, Argentine soya). This has allowed several Latin American states to build up their financial reserves, making new foreign borrowing less pressing. Today the IMF can coerce only the most feeble economies, mainly now in sub-Sahara Africa. The political landscape has shifted too. By the late 1990s, many of the aging left-wing political parties built around organized labor had been flattened by the assault on unions mounted under neoliberalism. At first voters were willing to give candidates who supported the neoliberal program a chance; nevertheless, as it became increasingly clear that these policies were failing, those who spoke out against neoliberalism were elected in growing numbers. The trouble was that once in office they too often carried out neoliberal programs anyway, as for example with Abdalá Bucaram (1996-1997) or Lucio Gutiérrez (2003-2005) in Ecuador, either because they secretly favored such policies, because the IMF persuaded them to do so, or both. With the traditional left-leaning parties marginalized in several countries and the abandonment of anti-neoliberal promises by elected politicians, ordinary citizens had to develop new political methods to defend themselves. Neoliberal policies so savaged the working class, as well as the urban marginalized and the hard-pressed peasantry, that they had no choice but to organize and fight back. To this end, they created new organizations and, in some cases, used them to seize power. By pressing the neoliberal agenda, the Latin American élites appeared to have overplayed their hand, and they paid for it by losing control of governments that they had controlled for many years, in Venezuela, Ecuador, Bolivia, and beyond. A 2009 Latinobarómetro Survey found that support for democracy (as preferable to all other forms of government) was the strongest in countries that flatly rejected neoliberalism. Of the top five nations in popular support of democracy, four were governed by progressive leaders: Venezuela, Bolivia, Uruguay, and El Salvador. [35] Hope for the Future? Supporters of the free market approach have continued to counsel patience. They argue that stronger economic growth will eventually come, and that all will benefit in the long run. While neoliberal reforms might cause some short-term belt tightening, defenders explain that such adjustments, though sometimes painful, are necessary for the greatest good. We should not give in to “reform fatigue,” but should stay the course. [36] But neoliberal policies have been in place for over 30 years now. How long is the long run? How long must we wait? As John Maynard Keynes famously observed, “In the long run we are all dead.” In 1937 U.S. President Franklin D. Roosevelt observed, “We have always known that heedless self-interest was bad morals. We know now that it is bad economics.” [37] The age of neoliberalism is ending. It is time for some good economics.

Unchecked neoliberal expansions risks extinction

Nhanenge 7 (Jytte Masters @ U South Africa, “ECOFEMINSM: TOWARDS INTEGRATING THE CONCERNS OF WOMEN, POOR PEOPLE AND NATURE INTO DEVELOPMENT)

There is today an increasing critique of economic development, whether it takes place in the North or in the South. Although the world on average generates more and more wealth, the riches do not appear to "trickle down" to the poor and improve their material well-being. Instead, poverty and economic inequality is growing. Despite the existence of development aid for more than half a century, the Third World seems not to be "catching up" with the First World. Instead, militarism, dictatorship and human repression is multiplied. Since the mid 1970, the critique of global economic activities has intensified due to the escalating deterioration of the natural environment. Modernization, industrialisation and its economic activities have been directly linked to increased scarcity of natural resources and generation of pollution, which increases global temperatures and degrades soils, lands, water, forests and air. The latter threat is of great significance, because without a healthy environment human beings and animals will not be able to survive. Most people believed that modernization of the world would improve material well-being for all. However, faced with its negative side effects and the real threat of extinction, one must conclude that somewhere along the way "progress" went astray. Instead of material plenty, economic development generated a violent, unhealthy and unequal world. It is a world where a small minority live in material luxury, while millions of people live in misery. These poor people are marginalized by the global economic system. They are forced to survive from degraded environments; they live without personal or social security; they live in abject poverty, with hunger, malnutrition and sickness; and they have no possibility to speak up for themselves and demand a fair share of the world's resources. The majority of these people are women, children, traditional peoples, tribal peoples, people of colour and materially poor people (called women and Others). They are, together with nature, dominated by the global system of economic development imposed by the North. It is this scenario, which is the subject of the dissertation. The overall aim is consequently to discuss the unjustified domination of women, Others and nature and to show how the domination of women and Others is interconnected with the domination of nature. A good place to start a discussion about domination of women, Others and nature is to disclose how they disproportionately must carry the negative effects from global economic development. The below discussion is therefore meant to give an idea of the "flip-side" of modernisation. It gives a gloomy picture of what "progress" and its focus on economic growth has meant for women, poor people and the natural environment. The various complex and inter-connected, negative impacts have been ordered into four crises. The categorization is inspired by Paul Ekins and his 1992 book "A new world order; grassroots movements for global change". In it, Ekins argues that humanity is faced with four interlocked crises of unprecedented magnitude. These crises have the potential to destroy whole ecosystems and to extinct the human race. The first crisis is the spread of nuclear and other weapons of mass destruction, together with the high level of military spending. The second crisis is the increasing number of people afflicted with hunger and poverty. The third crisis is the environmental degradation. Pollution, destruction of ecosystems and extinction of species are increasing at such a rate that the biosphere is under threat. The fourth crisis is repression and denial of fundamental human rights by governments, which prevents people from developing their potential. It is highly likely that one may add more crises to these four, or categorize them differently, however, Ekins's division is suitable for the present purpose. (Ekins 1992: 1).

The alternative is to reject the 1AC in favor of non-hegemonic engagement

Broillet, 10 – Current Concerns > 2010 > No 8, May 2010 > Latin America: The Advent of an Alternative to Neo-Liberalism and Authoritarian Socialism http://www.currentconcerns.ch/index.php?id=1028

A different world is possible and not utopian Building a different world can only succeed by political means, involving states and their governments – new states, anti-neoliberal governments, but also governments not entirely anti-neoliberal. In a different world social movements must not replace the productive field. Social movements have to engage in a new dialogue with politics. With a false understanding of this dialogue the social movements would exclude themselves from political processes of profound economic, social, political and cultural change. In Bolivia, Venezuela, Ecuador and some other countries the social movements might get into opposition that way and hold their corporative positions against the development of political alternatives. (I am not talking about non-government organizations, a much more severe case.) In the name of the “autonomy of the social movements”, which has developed into a fundamental issue in some cases, they exclude themselves from building a different possible world. If it is about the question of maintaining autonomy against the subordination of popular interests, there is no problem. But if social movements and the political level oppose each other, we fall back on corporatist positions – supposedly in the name of the ‘civil society’ – with the risk to give up the political struggle with the traditional forces, which reproduce the dominating system. This autonomy can be good to resist neo-liberalism but it is an absolute obstacle if we want to build another possible world and not only claim it to be possible. The best way to talk about it is to build it and that will be impossible without a new hegemonic model – economic, social, political and cultural, a new type of power, a new society, a new world in all its globality. Resuming the political struggle in a new manner means for the World Social Forum of Porto Alegre to focus on the fight against war above all. Moreover, it means to seriously take into account the new possible world which has started to be built in Latin America. Neo-liberalism tries to discourage any form of regulation by the state and to discredit the role of the policy and of all forms of government in favor of an expanded market. The quest for a different political practice is thus part of the struggle for another possible world, and Venezuela, Bolivia, Ecuador show that is at the same time possible and essential for the construction of a new type of society. Conclusion Liberalization To conclude, we can say that many developing countries in Latin America take the route of liberalization. We can also suppose that these countries will adopt a new developmental strategy because their leaders think that an approach favorable to the market is the “optimal” strategy. The selected strategy promises to cure two fundamental deficiencies simultaneously: the lack of financial means and the absence of a clear definition of the state’s role in this development. I claim that these two fundamental problems have not yet been solved, but short-circuited by the indetermination of the reforms during the current historical period, known as period of transition. The long period of transition, which the strategy based on liberalism or liberalization implies, requires important intervention by the state; whereas the launching of reforms undoubtedly does not allow meeting the financing needs of the economy, the social reorganization, the recognition of the cultural affairs as well as the freedom of expression, of thought and basic rights. This was the case in Chile. From the present analysis, we can draw the following conclusions: Phase 1: The transitional period is very long and difficult to manage. The liberalization of foreign trade, interior markets, and the social reforms related to the governmental structures, all these aspects are combined with those of acceptable political programs. Phase 2: The period of stabilization may last for a very long time, at least until the completion of phase 1, when the country will have restored its reputation of solvency. Phase 3: The period of determining the effects of certain measurements, because it is not true that the economy proves that liberalized markets are always the best. Phase 4: The period of stagnation and balance will only eventuate if the chronological order of the reforms has been applied. Ideology, utopia and identity I would like to add one last optimistic reflection which will put an end to my contribution. According to what I tried to show before, the ideas and the different interests of a whole people generally join in a sanguinary struggle for life. This “ideology” should be taken serious because, actually, with the appearance of the human consciousness of what is good and what is evil, the structure of our socio-cultural environment based on the finality of peace and non-violence is no longer a utopian dream, but also a necessary objective, both essential for all the Latin-Americans and the whole humanity. If this utopia determines the discussions of a group, it is not only an ideological unit, but also a mentality or a structure which organizes the dominant ideas – a transcendent ideal, and the rebellion of an oppressed class. The positive function of a utopia is thus to explore what is feasible, and to exploit the possibilities reality offers. Without closing too quickly, I would say that the significance of ideology and utopia enables us to illustrate the two sides of the dynamics between power and imagination. The problem of power and imagination remains, for me, the most attractive structure of existence. To open ourselves to the imaginary unexpected and unforeseen belongs to our identity. The identity of the Latin-American people and communities is also an unsettled prospective identity. This also applies to the structure of identity as a symbolic structure which constitutes imagination and which is reflected not only as ideology and utopia, but also as reality and fiction. My conviction is that we are always captured in this oscillation between ideology and utopia. Those who have neither projects nor objectives do not have anything to describe.

### Solvency

**The US and Mexico are currently doing your aff**

Seo and Derouin, 12

Andrew Seo, Editor-in-Chief of the Harvard Political Review, AND Laura Derouin, reporter for the Harvard Independent; “Drug Cartel Financing: A Focus on Money Laundering,” September 2012, http://www.iop.harvard.edu/sites/default/files\_new/research-policy-papers/TheWarOnMexicanCartels.pdf //bghs-ms

The Government of Mexico (GOM) has made fighting money laundering one of its top priorities and has made progress in combating these crimes. Mexico has adopted a national anti- money laundering strategy and increased the capacity of supervisors and law enforcement to carry it out.60 The GOM works on transnational cases very closely with U.S. law enforcement. On June 15, 2010, the Finance Ministry announced regulations limiting U.S. dollar transactions in Mexico.61 On August 26, 2010, the GOM announced the National Strategy for the Prevention and Elimination of Money Laundering and Financing for Terrorism.62 A package including nine reforms, three modifications to federal codes, and the creation of the Law to Prevent and Identify Operations with Illegal Origins and Terrorism Financing is still pending in Congress. The 2011 Money Laundering and Financial Crimes Country Database listed the following as important steps to creating a more effective AML/CFT (Anti-Money Laundering/Combating the Financing of Terrorism) regime in Mexico: “Mexico should fully implement and improve its mechanisms for asset forfeiture, control the bulk smuggling of currency across its borders, monitor remittance systems for possible exploitation, improve the regulation and supervision of money transmitters, unlicensed currency exchange centers, centros cambiarios and gambling centers, and extend AML/CFT requirements to designated non-financial businesses and professions.”63

### Heg

**Data disproves hegemony impacts**

**Fettweis, 11**

Christopher J. Fettweis, Department of Political Science, Tulane University, 9/26/11, Free Riding or Restraint? Examining European Grand Strategy, Comparative Strategy, 30:316–332, EBSCO

It is perhaps worth noting that there is no evidence to support a direct relationship between the relative level of U.S. activism and international stability. In fact, the limited data we do have suggest the opposite may be true. During the 1990s, the United States cut back on its defense spending fairly substantially. By 1998, the United States was spending $100 billion less on defense in real terms than it had in 1990.51 To internationalists, defense hawks and believers in hegemonic stability, this irresponsible “peace dividend” endangered both national and global security. “No serious analyst of American military capabilities,” argued Kristol and Kagan, “doubts that the defense budget has been cut much too far to meet America’s responsibilities to itself and to world peace.”52 On the other hand, if the pacific trends were not based upon U.S. hegemony but a strengthening norm against interstate war, one would not have expected an increase in global instability and violence. The verdict from the past two decades is fairly plain: The world grew more peaceful while the United States cut its forces. No state seemed to believe that its security was endangered by a less-capable United States military, or at least none took any action that would suggest such a belief. No militaries were enhanced to address power vacuums, no security dilemmas drove insecurity or arms races, and no regional balancing occurred once the stabilizing presence of the U.S. military was diminished. The rest of the world acted as if the threat of international war was not a pressing concern, despite the reduction in U.S. capabilities. Most of all, the United States and its allies were no less safe. The incidence and magnitude of global conflict declined while the United States cut its military spending under President Clinton, and kept declining as the Bush Administration ramped the spending back up. No complex statistical analysis should be necessary to reach the conclusion that the two are unrelated. Military spending figures by themselves are insufficient to disprove a connection between overall U.S. actions and international stability. Once again, one could presumably argue that spending is not the only or even the best indication of hegemony, and that it is instead U.S. foreign political and security commitments that maintain stability. Since neither was significantly altered during this period, instability should not have been expected. Alternately, advocates of hegemonic stability could believe that relative rather than absolute spending is decisive in bringing peace. Although the United States cut back on its spending during the 1990s, its relative advantage never wavered. However, even if it is true that either U.S. commitments or relative spending account for global pacific trends, then at the very least stability can evidently be maintained at drastically lower levels of both. In other words, even if one can be allowed to argue in the alternative for a moment and suppose that there is in fact a level of engagement below which the United States cannot drop without increasing international disorder, a rational grand strategist would still recommend cutting back on engagement and spending until that level is determined. Grand strategic decisions are never final; continual adjustments can and must be made as time goes on. Basic logic suggests that the United States ought to spend the minimum amount of its blood and treasure while seeking the maximum return on its investment. And if the current era of stability is as stable as many believe it to be, no increase in conflict would ever occur irrespective of U.S. spending, which would save untold trillions for an increasingly debt-ridden nation. It is also perhaps worth noting that if opposite trends had unfolded, if other states had reacted to news of cuts in U.S. defense spending with more aggressive or insecure behavior, then internationalists would surely argue that their expectations had been fulfilled. If increases in conflict would have been interpreted as proof of the wisdom of internationalist strategies, then logical consistency demands that the lack thereof should at least pose a problem. As it stands, the only evidence we have regarding the likely systemic reaction to a more restrained United States suggests that the current peaceful trends are unrelated to U.S. military spending. Evidently the rest of the world can operate quite effectively without the presence of a global policeman. Those who think otherwise base their view on faith alone.

NAFTA kills small farms – the brink is now and it doesn’t solve the economy

**Malkin 9** (Elizabeth Malkin March 23, 2009 “Nafta’s promise unfulfilled” Staff writer for the New York Times <http://www.nytimes.com/2009/03/24/business/worldbusiness/24peso.html?pagewanted=all>)

Mexico’s former president, Carlos Salinas, used to promise that free trade and foreign investment would jump-start this country’s development, empowering a richer and more prosperous Mexico “to export goods, not people.” Fifteen years after the [North American Free Trade Agreement](http://topics.nytimes.com/top/reference/timestopics/subjects/n/north_american_free_trade_agreement/index.html?inline=nyt-org) took effect, only the first part of that promise has been realized. Mexico’s exports have exploded under [Nafta](http://topics.nytimes.com/top/reference/timestopics/subjects/n/north_american_free_trade_agreement/index.html?inline=nyt-org), quintupling to $292 billion last year, but Mexico is still exporting people too, almost half a million each year, seeking opportunities in the United States that they do not have at home. Secretary of State [Hillary Rodham Clinton](http://topics.nytimes.com/top/reference/timestopics/people/c/hillary_rodham_clinton/index.html?inline=nyt-per) will arrive in Mexico on Wednesday and [President Obama](http://topics.nytimes.com/top/reference/timestopics/people/o/barack_obama/index.html?inline=nyt-per) will visit next month. Both are expected to emphasize the successes of American-Mexican economic cooperation, but **it will be hard to ignore how much in Mexico has not changed under Nafta**. **Economists here say much of the blame lies with Mexican leaders, unable or unwilling to take on oligarchs and unions controlling key sectors of the economy like energy and telecommunications. But they say some blame goes to the unintended consequences of Nafta. In some cases, Nafta produced results that were exactly the opposite of what was promised.** **For instance, domestic industries were dismantled as multinationals imported parts from their own suppliers.** Local farmers were priced out of the market **by food imported tariff-free. Many Mexican farmers simply abandoned their land and headed north. Although one-quarter of Mexicans live in the countryside, they account for 44 percent of the migrants to the United States. The contradictions of Nafta are apparent in Guadalajara and the rich farmland around it.** On the road from the airport to the city, Mexico’s second-largest, a well-worn sign welcomes visitors to Mexico’s Silicon Valley. After Nafta went into effect, the comparison seemed ambitious but not out of reach. Global giants spent billions of dollars turning Guadalajara into a manufacturing hub for the information technology industry. The industry boomed, spurred by cheap labor and the sense that Nafta guaranteed investor-friendly policies. Today the city is ringed with low-slung factories that churn out everything from BlackBerrys to digital tape storage libraries for [Sun Microsystems](http://topics.nytimes.com/top/news/business/companies/sun_microsystems_inc/index.html?inline=nyt-org). But investors came because the city was already a center of technology. I.B.M, [Hewlett-Packard](http://topics.nytimes.com/top/news/business/companies/hewlett_packard_corporation/index.html?inline=nyt-org) and others had come in the 1960s and 1970s when Mexico’s market was closed. After Nafta, the new factories imported parts from their global suppliers, wiping out local companies that had sold printed circuit boards or assembled computers under tariff protection, said Kevin P. Gallagher, a [Boston University](http://topics.nytimes.com/top/reference/timestopics/organizations/b/boston_university/index.html?inline=nyt-org) professor who has written about the Guadalajara information technology industry. Things grew worse when the tech bubble burst, the American economy cooled and the companies moved to China, where they could pay even lower wages. Once China entered the [World Trade Organization](http://topics.nytimes.com/top/reference/timestopics/organizations/w/world_trade_organization/index.html?inline=nyt-org), Mexico lost much of the edge in exporting to the United States that Nafta had given it. Employment in Guadalajara’s I.T. factories dropped 37 percent in 2001 and continued to slide for two years. “The agreement could have brought investment with more value here,” including research, testing and design, said Jesús Palomino, the general manager at [Intel](http://topics.nytimes.com/top/news/business/companies/intel_corporation/index.html?inline=nyt-org)’s design center in Guadalajara. “But we did not know how to define or negotiate or take advantage of it.” Mr. Palomino argues that attracting multinational manufacturers was too limited a focus. He oversees about 300 young engineers who test future Intel products and carry out research and development. The sophisticated Intel design center is an exception to the city’s assembly plants. Those factories mostly hire low-wage labor. **“A new phenomenon has grown up under Nafta — high-productivity poverty,” said Harley Shaiken, chairman of the Center for Latin American Studies at the University of California, Berkeley. Low wages means low purchasing power. “It is not a successful strategy for globalization,” Mr. Shaiken said. Even Nafta’s greatest success — exports — has become a liability, as Mexico feels the full brunt of declining consumption in the United States.** The auto industry, for example, which has flourished under Nafta, has ground to a virtual standstill. Over all, Mexican auto exports fell more than 50 percent in the first two months of this year compared with 2008, and production dropped almost 45 percent. The central bank forecasts that as many as 340,000 people could lose their jobs this year, and some investment banks predict the economy could contract as much as 5 percent. That weakness has driven down the peso, which has lost about a quarter of its value in the last six months**. Foreign direct investment fell last year to $18.6 billion from $27.2 billion in 2007.** Still, economists here say much of the responsibility for the lack of development in the last decade and a half lies largely with Mexican leaders and their unwillingness or inability to enact real reforms. “We have an economy that has atrophied because of the lack of reform,” said Gerardo Esquivel, an economist at the Colegio de México. Other developing countries benefited from globalization, particularly in Asia. But in Mexico, economic growth has averaged about 3 percent a year since Nafta took effect, far below what is needed to create jobs for the million young people who enter the work force each year and the millions more who barely scrape by. As presidential candidates, both President Obama and Mrs. Clinton promised to renegotiate Nafta. But when Mr. Obama arrives next month, he will find Mexico’s leaders reluctant to revisit the agreement. He **will also find them seething over his signing of a spending bill that scrapped a pilot program allowing Mexican long-haul trucks to transport cargo throughout the United States. In retaliation, Mexico has imposed punitive tariffs on $2.4 billion worth of American goods. Nafta guaranteed Mexico, Canada and the United States access to one another’s highways for cargo transport by 2000. Perhaps the Mexicans least prepared for globalization were Mexico’s small farmers. “It isn’t possible for a peasant to make a living from the countryside,” said Francisco Vargas, president of an association that groups together 2,500 farmers from Etzatlán, about 90 minutes west of Guadalajara. The farmers hold other jobs to subsidize their farming. Mr. Vargas is a teacher. Another of the group’s leaders is a retired accountant; a third has a sideline renting out construction equipment. Some farmers continue thanks to money sent by relatives working in the United States. Farmers in the region have survived Nafta by raising corn yields through converting to modern farming techniques.** **They also lobby for government aid and band together to fight private oligopolies that sell seed and buy corn. But their landholdings remain small, sometimes not more than about 10 acres, and they are at the mercy of rising costs and fluctuating prices. Seed is up about 20 percent because of the peso’s devaluation, while corn is off the high of last year as global demand drops. The farmers say that they have raised their yields to double Mexico’s average of three metric tons per hectare, or more**. (The average for the United States is more than nine tons per hectare.) Late last year, their high yields caught the attention of the federal government in Mexico City, which has promised new financing for the Etzatlán farmers and other commercial corn farmers. “It’s a race against time,” said Antonio Hernández, an agronomist who advises the farmers for a coalition of farming associations in Jalisco state. “We have to demonstrate this before people abandon the land.” I.T. industry leaders and the local government in Guadalajara are trying to do the same thing: convince Mexicans that there is opportunity at home. The group representing the industry in Mexico, known by its Spanish initials as Canieti, now promotes Guadalajara’s ability to produce customized products for customers in the United States, specialized corporate software and portions of software for operating systems. Canieti officials also promote the advantage for “pizza products,” like new cellphones that must be delivered on time. The government and Canieti have put up $4 million to buy equipment and train 150 young people in computer animation, in a bid to attract joint ventures for co-productions and video games. But Mr. Palomino, the general manager at the Intel design center, argues that the industry should also promote small local companies and encourage them to establish joint ventures in the United States. Those changes would nourish a culture of entrepreneurship that he believes has yet to emerge. Professor Gallagher at Boston University argues that free trade on its own does not bring development. **“Nafta was a great opportunity, but you had to build on it,” he said.**

Small farms are key to food security—Latin America is key

Altieri 8(Miguel Altierei Professor of Agro ecology at the Department of Environmental Science, Policy and Management at the University of California, Berkeley since 1981. He is a member of the Steering Committee of the United Nations Food and Agriculture Organization (FAO)’s Globally Important Agricultural Heritage Systems (GIAHS) programmer, whose goal is to dynamically conserve the world’s remaining traditional farming systems. He is also President of the Latin American Scientific Society of Agro ecology (SOCLA) and Coordinator of the International Agro ecology Program of the Center for the Study of the Americas in Berkeley. He periodically lectures at universities in the USA, Latin America and Europe, and provides technical expertise to international organizations as well as farmers’ organizations and nongovernmental organizations throughout the world. He is the author of 12 books, including Agro ecology: The Science of Sustainable Agriculture and Biodiversity and Pest Management in Agro ecosystems, as well as more than 250 scientific journal articles “Small Farms as a Planetary Ecological Asset: Five Key Reasons Why We Should Support the Revitalisation of Small Farms in the Global South” http://agroeco.org/wp-content/uploads/2010/11/smallfarmes-ecolasset.pdf)

While 91% of the planet’s 1.5 billion hectares of agricultural land are increasingly being devoted to agroexport crops, biofuels and transgenic soybean to feed cars and cattle, **millions of small farmers in the developing world produce the majority of staple crops needed to feed the planet’s rural and urban populations. Of the 960 million hectares of land under cultivation (arable and permanent crops) in Africa, Asia and Latin America, 10- 15% is managed by traditional farmers. In Latin America, about 17 million peasant production units occupying close to 60.5 million hectares, or 34.5% of the total cultivated land with average farm sizes of about 1.8 hectares, produce 51% of the maize, 77% of the beans, and 61% of the potatoes for domestic consumption.** In Brazil alone, there are about 4.8 million family farmers (about 85% of the total number of farmers) that occupy 30% of the total agricultural land of the country. **Such family farms control about 33% of the area sown to maize, 61% of that under beans, and 64% of that planted to cassava, thus producing 84% of the total cassava and 67% of all beans** (Altieri 1999) Africa has approximately 33 million small farms, representing 80% of all farms in the region. Despite the fact that Africa now imports huge amounts of cereals, the majority of African farmers (many of them women) who are smallholders with farms below 2 hectares, produce a significant amount of basic food crops with virtually no or little use of fertilisers and improved seed (Benneh 1996). In Asia, the majority of more than 200 million rice farmers, each cultivate around 2 hectares of rice making up the bulk of the rice produced by Asian small farmers. **Farms of less than 2 hectares constituted 78% of the total number of farms** in India **but contributed nonetheless to 41% of the national grain production** (Greenland 1997**). Small increases in yields on these small farms that produce most of the world’s staple crops will have far more impact on food availability at the local and regional levels, than the doubtful increases predicted for distant and corporate-controlled large monocultures managed with such high-tech solutions as genetically modified seeds.**

Extinction

Brown, 9 (Lester R., American agricultural economist and writer. He is also the founder and president of the Worldwatch Institute. A strong advocate of sustainable agriculture, Brown has overseen numerous publications and has written as many on his own, “Could Food Shortages Bring Down Civilization?”, Scientific American, 4/22/09, http://www.sovrn.com/PDF/articles\_Could-Food-Shortages-Bring-Down-Civilization\_.pdf)

The biggest threat to global stability is the potential for food crises in poor countries to cause government collapse. One of the toughest things for people to do is to anticipate sudden change. Typically we project the future by extrapolating from trends in the past. Much of the time this approach works well. But sometimes it fails spectacularly, and people are simply blindsided by events such as today’s economic crisis. For most of us, the idea that civilization itself could disintegrate probably seems preposterous. Who would not find it hard to think seriously about such a complete departure from what we expect of ordinary life? What evidence could make us heed a warning so dire—and how would we go about responding to it? We are so inured to a long list of highly unlikely catastrophes that we are virtually programmed to dismiss them all with a wave of the hand: Sure, our civilization might devolve into chaos—and Earth might collide with an asteroid, too! For many years I have studied global agricultural, population, environmental and economic trends and their interactions. The combined effects of those trends and the political tensions they generate point to the breakdown of governments and societies. Yet I, too, have resisted the idea that food shortages could bring down not only individual governments but also our global civilization. I can no longer ignore that risk. Our continuing failure to deal with the environmental declines that are undermining the world food economy— most important, falling water tables, eroding soils and rising temperatures—forces me to conclude that such a collapse is possible. The Problem of Failed States Even a cursory look at the vital signs of our current world order lends unwelcome support to my conclusion. And those of us in the environmental field are well into our third de--cade of charting trends of environmental decline without seeing any significant effort to reverse a single one. In six of the past nine years world grain production has fallen short of consumption, forcing a steady drawdown in stocks. When the 2008 harvest began, world carryover stocks of grain (the amount in the bin when the new harvest begins) were at 62 days of consumption, a near record low. In response, world grain prices in the spring and summer of last year climbed to the highest level ever. As demand for food rises faster than supplies are growing, the resulting food-price inflation puts severe stress on the governments of countries already teetering on the edge of chaos. Unable to buy grain or grow their own, hungry people take to the streets. Indeed, even before the steep climb in grain prices in 2008, the number of failing states was expanding. Many of their problems stem from a failure to slow the growth of their populations. But if the food situation continues to deteriorate, entire nations will break down at an ever increasing rate. We have entered a new era in geopolitics. In the 20th century the main threat to international security was superpower conflict; today it is failing states. It is not the concentration of power but its absence that puts us at risk. States fail when national governments can no longer provide personal security, food security and basic social services such as education and health care. They often lose control of part or all of their territory. When governments lose their monopoly on power, law and order begin to disintegrate. After a point, countries can become so dangerous that food relief workers are no longer safe and their programs are halted; in Somalia and Afghanistan, deteriorating conditions have already put such programs in jeopardy. Failing states are of international concern because they are a source of terrorists, drugs, weapons and refugees, threatening political stability everywhere. Somalia, number one on the 2008 list of failing states, has become a base for piracy. Iraq, number five, is a hotbed for terrorist training. Afghanistan, number seven, is the world’s leading supplier of heroin. Following the massive genocide of 1994 in Rwanda, refugees from that troubled state, thousands of armed soldiers among them, helped to destabilize neighboring Democratic Republic of the Congo (number six). Our global civilization depends on a functioning network of politically healthy nation-states to control the spread of infectious disease, to manage the international monetary system, to control international terrorism and to reach scores of other common goals. If the system for controlling infectious diseases—such as polio, SARS or avian flu—breaks down, humanity will be in trouble. Once states fail, no one assumes responsibility for their debt to outside lenders. If enough states disintegrate, their fall will threaten the stability of global civilization itself.

### Econ

**No ME escalation**

**Fettweis**, Asst Prof Poli Sci – Tulane, Asst Prof National Security Affairs – US Naval War College, **‘7**

(Christopher, “On the Consequences of Failure in Iraq,” *Survival*, Vol. 49, Iss. 4, December, p. 83 – 98)

Without the US presence, a second argument goes, nothing would prevent Sunni-Shia violence from sweeping into every country where the religious divide exists. A Sunni bloc with centres in Riyadh and Cairo might face a Shia bloc headquartered in Tehran, both of which would face enormous pressure from their own people to fight proxy wars across the region. In addition to intra-Muslim civil war, cross-border warfare could not be ruled out. Jordan might be the first to send troops into Iraq to secure its own border; once the dam breaks, Iran, Turkey, Syria and Saudi Arabia might follow suit. The Middle East has no shortage of rivalries, any of which might descend into direct conflict after a destabilising US withdrawal. In the worst case, Iran might emerge as the regional hegemon, able to bully and blackmail its neighbours with its new nuclear arsenal. Saudi Arabia and Egypt would soon demand suitable deterrents of their own, and a nuclear arms race would envelop the region. Once again, however, **none of these outcomes is particularly likely.** Wider war No matter what the outcome in Iraq, **the region is not likely to devolve into chaos.** Although it might seem counter-intuitive, by most traditional measures the Middle East is very stable. Continuous, uninterrupted governance is the norm, not the exception; most Middle East regimes have been in power for decades. Its monarchies, from Morocco to Jordan to every Gulf state, have generally been in power since these countries gained independence. In Egypt Hosni Mubarak has ruled for almost three decades, and Muammar Gadhafi in Libya for almost four. The region's autocrats have been more likely to die quiet, natural deaths than meet the hangman or post-coup firing squads. Saddam's rather unpredictable regime, which attacked its neighbours twice, was one of the few exceptions to this pattern of stability, and he met an end unusual for the modern Middle East. Its regimes have survived potentially destabilising shocks before, and they would be likely to do so again. The region actually experiences very little cross-border warfare, and even less since the end of the Cold War. Saddam again provided an exception, as did the Israelis, with their adventures in Lebanon. Israel fought four wars with neighbouring states in the first 25 years of its existence, but none in the 34 years since. Vicious civil wars that once engulfed Lebanon and Algeria have gone quiet, and its ethnic conflicts do not make the region particularly unique. The biggest risk of an American withdrawal is intensified civil war in Iraq rather than regional conflagration. Iraq's **neighbours will likely not prove eager to fight each other** to determine who gets to be the next country to spend itself into penury propping up an unpopular puppet regime next door. As much as the Saudis and Iranians may threaten to intervene on behalf of their co-religionists, they have shown no eagerness to replace the counter-insurgency role that American troops play today. If the United States, with its remarkable military and unlimited resources, could not bring about its desired solutions in Iraq, why would any other country think it could do so?17 Common interest, not the presence of the US military, provides the ultimate foundation for stability. All ruling regimes in the Middle East share a common (and understandable) fear of instability. It is the interest of every actor - the Iraqis, their neighbours and the rest of the world - to see a stable, functioning government emerge in Iraq. If the United States were to withdraw, increased regional cooperation to address that common interest is **far more likely than outright warfare.**

**Empirics are conclusive – tons of war in the region and zero escalation**

Kevin **Drum**, Staff Writer for the Washington Monthly, 9/9/**’7**

(<http://www.washingtonmonthly.com/archives/individual/2007_09/012029.php>)

Having admitted, however, that the odds of a military success in Iraq are almost impossibly long, Chaos Hawks nonetheless insist that the U.S. military needs to stay in Iraq for the foreseeable future. Why? Because if we leave the entire Middle East will become a bloodbath. Sunni and Shiite will engage in mutual genocide, oil fields will go up in flames, fundamentalist parties will take over, and al-Qaeda will have a safe haven bigger than the entire continent of Europe. Needless to say, this is nonsense. Israel has fought war after war in the Middle East. Result: no regional conflagration. Iran and Iraq fought one of the bloodiest wars of the second half the 20th century. Result: no regional conflagration. The Soviets fought in Afghanistan and then withdrew. No regional conflagration. The U.S. fought the Gulf War and then left. No regional conflagration. Algeria fought an internal civil war for a decade. **No regional conflagration**.

**No Israeli strike—they know the barriers are too high**

**Isenberg**, adjunct national security fellow – Cato, 2/15/’**12**

(David, “Israeli Attack on Iran's Nuclear Facilities Easier Said than Done,” Asia Times)

**Despite** renewed **media speculation** regarding possible Israeli attacks against Iran's nuclear facilities as early as this spring, scepticism that such a campaign could actually be successfully carried out remains relatively high, raising the question of whether **there is more bark than bite to Israeli threats.** It cannot expect a repeat of 1981 when the Israeli air force destroyed the Osirak reactor at Al-Tuwaythah, just south of Baghdad. The Iranians are aware of both Israeli capabilities and the U.S.-made precision-guided penetrating munitions in the Israeli inventory. The Iranian program has been dispersed all over the country — estimates range between 12 and more than 20 locations — and the facilities have been built with U.S. and Israeli capabilities in mind and are protected by modern Russian air defence systems. The single most critical element of the Iranian program is thought to be the Natanz facility. The heart of the facility is the centrifuge area, located in an underground, hardened structure. But even if Israel tries to limits the target set, it would still have to attack other facilities besides Natanz. For example, the newer Fordow fuel-enrichment plant near Qom, where Iran has already moved 3.5-percent enriched uranium from Natanz, is built into the side of a mountain and is heavily fortified. There is a uranium conversion plant at Isfahan, a heavy-water facility being constructed at Arak and centrifuge factories outside Tehran. The straight-line distance between Israel and Natanz is almost 1,609 kilometers. Since the countries do not share a common border, Israeli aircraft or missiles must fly through foreign — and hostile — airspace to get to the target. The least risky method of striking Natanz is with Israel's medium- range ballistic missiles, the Jericho II or III. It is believed that the Israeli missiles can reach Natanz. However, to travel that far the missiles will have a limited warhead weight, and it is doubtful that these warheads will be able to penetrate far enough underground to achieve the desired level of destruction. Thus, an attack by the Israeli air force's U.S.-made fighter-bomber aircraft is the most likely option. The Israelis have 25 F-15I and about 100 F-16I jets. The F-15I is capable of carrying four metric tons of fuel in its internal tanks, conformal fuel tanks (CFT), and detachable tanks. This enables it to fly about 4,450 kilometers. With midair refueling, the range can be extended further. The F-15I can carry a very wide range of weapons such as various guided missiles and bombs, as well as iron bombs. All in all, the plane can carry about 10 metric tons of munitions. The F-16I has an extended flight range that reportedly allows Israeli forces to attack targets well within Iran without having to refuel. Use of CFT extends its effective mission range up to 50 percent. The baseline model has a combat radius of 1,370 kilometers with two 907-kilogram bombs and two air-to-air missiles, with 3,936-liter external tanks. Assuming an air attack, the question is how will the aircraft fly from their bases in Israel to a target located 322 kilometers inside Iran? They could go either through Saudi Arabia or Iraq, possibly even using Jordanian airspace as well. Either route is a one-way trip of about 1,931 kilometers. To overfly Saudi Arabia the strike aircraft depart southern Israel, enter Saudi airspace from the Gulf of Aqaba or Jordan, fly 1,287 kilometers of Saudi airspace to the Gulf and then 483 kilometers into Iran. Since the Israeli air force does not operate stealth aircraft, there is a reasonable expectation that at some point the aircraft will be detected over Saudi Arabia. Whether Saudi defences could — or would — be able to stop the Israelis is uncertain. Given Saudi fears over Iran's nuclear program, perhaps they would turn a blind eye and claim ignorance. If they chose to traverse Iranian airspace, the strike aircraft depart southern Israel, cross 483 to 644 kilometers of Saudi airspace or a combination of Jordanian and Saudi airspace, and enter Iraqi airspace as soon as possible, continue across 805 kilometers of Iraq to the Persian Gulf and then on to the target. Entering Iran from Iraqi airspace would be politically delicate. Although U.S. troops are no longer there, traversing Iraqi airspace would not be possible without the knowledge, and most likely the permission, of the United States. The key question is whether Israel's fighter-bombers can conduct this mission without refuelling. Combat radius — the distance an aircraft can fly and return without refueling — is difficult to calculate, and depends on weapons payload, external fuel tanks, mission profile, etc. The best "guesstimate" of the combat radius of the F-15I and F-16I, outfitted with conformal fuel tanks, two external wing tanks and a decent weapons load, is almost 1,609 kilometers. Either of the two possible flight routes above is about 322 kilometers further than that. To make up for the shortfall, the aircraft could be fitted with an additional external fuel tank, but this will require a reduction in the weapons load. Given the accuracy of the weapons in the Israeli inventory, that might not be problematic. However, if the aircraft are detected and intercepted, the pilots will have to jettison the tanks in order to engage their attackers. Dropping the tanks will prevent the aircraft from reaching their target. Air refuelling is a limitation for the Israelis. In recent years Israel has acquired five C-130 and four to seven Boeing 707 tanker aircraft. However, the tankers would have to refuel the fighters in hostile airspace. The 707 is a large unarmed aircraft and would be very vulnerable to air defences. Theoretically, **the Israelis could do this, but at great risk of failure.** If they decide to attack Natanz, they will have to inflict sufficient damage the first time — they probably will not be able to mount follow-on strikes at other facilities.

## 2NC

**Drugs I/L**

**Consumption**

**O’Neill 1/14** – Senior Fellow for Latin America Studies, contributor to the Council on Foreign Relations and the Wilson Institute (Shannon K., “U.S. Depends on Mexico for Exports”, 1/14/13; http://www.huffingtonpost.com/2013/01/14/us-depends-on-mexico-for-\_n\_2471961.html)

Surprising to many Americans is the importance of the United States’ trade with Mexico. While Asia captures the headlines, U.S. exports to Mexico are double those to China, and second only to Canada. And while many of these goods come from border states -- Texas, Arizona, New Mexico and California -- Mexico matters for much more of the union. Seventeen states send more than 10 percent of their exports to **Mexico, and it is the number one or two destination for U.S. goods for nearly half the country**. The graph below shows those states most economically dependent on our southern neighbor --notice that South Dakota and Nebraska outpace New Mexico and California. These flows are only accelerating. During the first ten months of 2012 exports heading south grew by $17 billion (or 10 percent) compared to 2011, reaching a total of $181 billion. They include petroleum products (some $17 billion worth) and intermediate goods such as vehicle parts, electrical apparatuses, industrial supplies, metals, and chemicals (over $40 billion combined). Spurred on by deep supply chains, these pieces and parts move fluidly back and forth across the border (often quite a few times) before ending up as finished goods on store shelves in both countries. U.S. exports and Mexico The uptick should be seen as a good thing. According to economic studies, these exports support some six million American jobs (directly and indirectly). But to continue this dynamism, the United States and Mexico need to improve border infrastructure and facilitate flows. This means expanding border crossings and highways, and harmonizing regulations and customs to make the process easier and faster. Prioritizing and investing in bilateral trade will provide greater opportunity and security—for U.S. companies and workers alike.

**Manufacturing**

**O’Neill 13** – Senior Fellow for Latin America Studies, contributor to the Council on Foreign Relations and the Wilson Institute (Shannon K., “Mexico Makes It”, March/April 2013; < http://www.foreignaffairs.com/articles/138818/shannon-k-oneil/mexico-makes-it>)

Since NAFTA was passed, U.S.-Mexican trade has more than tripled. Well over $1 billion worth of goods crosses the U.S.-Mexican border every day, as do 3,000 people, 12,000 trucks, and 1,200 railcars. Mexico is second only to Canada as a destination for U.S. goods, and sales to Mexico support an estimated six million American jobs, according to a report published by the Woodrow Wilson International Center's Mexico Institute. The composition of that bilateral trade has also changed in recent decades. Approximately 40 percent of the products made in Mexico today have parts that come from the United States. Many consumer goods, including cars, televisions, and computers, cross the border more than once during their production. Admittedly, this process has sent some U.S. jobs south, but overall, cross-border production is good for U.S. employment. There is evidence that U.S. companies with overseas operations are more likely to create domestic jobs than those based solely in the United States. Using data collected confidentially from thousands of large U.S. manufacturing firms, the scholars Mihir Desai, C. Fritz Foley, and James Hines upended the conventional wisdom in a 2008 study, which found that when companies ramp up their investment and employment internationally, they invest more and hire more people at home, too. Overseas operations make companies more productive and competitive, and with improved products, lower prices, and higher sales, they are able to create new jobs everywhere. **Washington should welcome the expansion of U.S. companies in Mexico because increasing cross-border production and trade between the two countries would boost U.S. employment and growth**. Mexico is a ready, willing, and able economic partner, with which the United States has closer ties than it does with any other emerging-market country.

**Drugs Link**

**Relations solve drug networks**

**Storrs 6** (K. Larry Storrs, Specialist in Latin American Affairs, Foreign Affairs, Defense, and Trade Division of CRS, 1/18/2006 “Mexico’s Importance and Multiple Relationships with the United States”, http://assets.opencrs.com/rpts/RL33244\_20060118.pdf)

Sharing a 2,000-mile border and extensive interconnections through the Gulf of¶ Mexico, the United States and Mexico are so intricately linked together in an¶ enormous multiplicity of ways that President George W. Bush and other U.S.¶ officials have stated that no country is more important to the United States than¶ Mexico. At the same time, Mexican President Vicente Fox (2000-2006), the first¶ president to be elected from an opposition party in 71 years, has sought to strengthen¶ the relationship with the United States through what some have called a “grand¶ bargain.” Under this proposed bargain, the United States would regularize the status¶ of undocumented Mexican workers in the United States and economically assist the¶ less developed partner in the North American Free Trade Agreement (NAFTA),¶ while Mexico would be more cooperative in efforts to control the illegal traffic of¶ drugs, people, and goods into the United States.¶ The southern neighbor is linked with the United States through trade and¶ investment, migration and tourism, environment and health concerns, and family and¶ cultural relationships. It is the second most important trading partner of the United¶ States, and this trade is critical to many U.S. industries and border communities. It¶ is a major source of undocumented migrants and illicit drugs and a possible avenue¶ for the entry of terrorists into the United States. As a result, cooperation with Mexico¶ is **essential** to deal effectively with migration, drug **trafficking**, and border, terrorism,¶ health, environment, and energy issues.

### Counterplan

**CP**

**The CP solves --- it shrinks the underground economy to help curtail illicit flows --- models prove**

**Kar, 1AC author, in 12**

Lead Economist at Global Financial Integrity, Former Economist at IMF

(Dev, Global Financial Integrity, Mexico: Illicit Financial Flows, Macroeconomic Imbalances, and the Underground Economy, January 2012, http://mexico.gfintegrity.org/en) //bghs-ms

The results of **model simulations** provided an insight into policy measures required to curtail the generation and transmission of illicit capital. We found that macroeconomic instability such as high fiscal deficits, inflation, and external debt can lead to loss of confidence in the economy triggering widely expected depreciation of the exchange rate which in turn can drive illegal capital flight. Hence prudent macroeconomic policies geared towards maintaining economic stability can curtail illicit flows. However, structural and governance-related issues also need to be addressed to stem the outflows. For instance, because trade openness tends to lead to greater trade mispricing in the absence of stronger regulatory oversight, specific measures to reform Customs administration would probably be required. Moreover, since **the underground economy is a significant and positive driver of illicit flows**, policy measures that shrink the underground economy would help curtail the **cross-border transfer** of illicit capital.

**Cyberwar**

**Cyber war infeasible**

**Clark**, MA candidate – Intelligence Studies @ American Military University, senior analyst – Chenega Federal Systems, 4/28/**’12**

(Paul, “The Risk of Disruption or Destruction of Critical U.S. Infrastructure by an Offensive Cyber Attack,” American Military University)

The Department of Homeland Security worries that our critical infrastructure and key resources (CIKR) may be exposed, both directly and indirectly, to multiple threats because of CIKR reliance on the global cyber infrastructure, an infrastructure that is under routine cyberattack by a “spectrum of malicious actors” (National Infrastructure Protection Plan 2009). CIKR in the extremely large and complex U.S. economy spans multiple sectors including agricultural, finance and banking, dams and water resources, public health and emergency services, military and defense, transportation and shipping, and energy (National Infrastructure Protection Plan 2009). The disruption and destruction of public and private infrastructure is part of warfare, without this infrastructure conflict cannot be sustained (Geers 2011). Cyber-attacks are desirable because they are considered to be a relatively “low cost and long range” weapon (Lewis 2010), but prior to the creation of Stuxnet, the first cyber-weapon, the ability to disrupt and destroy critical infrastructure through cyber-attack was theoretical. The movement of an offensive cyber-weapon from conceptual to actual has forced the United States to question whether offensive cyber-attacks are a significant threat that are able to disrupt or destroy CIKR to the level that national security is seriously degraded. It is important to understand the risk posed to national security by cyber-attacks to ensure that government responses are appropriate to the threat and balance security with privacy and civil liberty concerns. The risk posed to CIKR from cyber-attack can be evaluated by measuring the threat from cyber-attack against the vulnerability of a CIKR target and the consequences of CIKR disruption. As the only known cyber-weapon, Stuxnet has been **thoroughly analyzed** and **used as a model** for predicting future cyber-weapons. The U.S. electrical grid, a key component in the CIKR energy sector, is a target that has been analyzed for vulnerabilities and the consequences of disruption predicted – the electrical grid has been used in multiple attack scenarios including a classified scenario provided to the U.S. Congress in 2012 (Rohde 2012). Stuxnet will serve as the weapon and the U.S. electrical grid will serve as the target in **this risk analysis** that **concludes that there is a low risk of disruption or destruction of critical infrastructure** from a an offensive cyber-weapon because of the complexity of the attack path, the limited capability of non-state adversaries to develop cyber-weapons, and the existence of multiple methods of mitigating the cyber-attacks. To evaluate the threat posed by a Stuxnet-like cyber-weapon, the complexity of the weapon, the available attack vectors for the weapon, and the resilience of the weapon must be understood. The complexity – how difficult and expensive it was to create the weapon – identifies the relative cost and availability of the weapon; inexpensive and simple to build will be more prevalent than expensive and difficult to build. Attack vectors are the available methods of attack; the larger the number, the more severe the threat. For example, attack vectors for a cyberweapon may be email attachments, peer-to-peer applications, websites, and infected USB devices or compact discs. Finally, the resilience of the weapon determines its availability and affects its usefulness. A useful weapon is one that is resistant to disruption (resilient) and is therefore available and reliable. These concepts are seen in the AK-47 assault rifle – a simple, inexpensive, reliable and effective weapon – and carry over to information technology structures (Weitz 2012). The evaluation of Stuxnet identified malware that is “**unusually complex and large**” and required code written in multiple languages (Chen 2010) in order to complete a variety of specific functions contained in a “vast array” of components – **it is one of the most complex threats ever analyzed by Symantec** (Falliere, Murchu and Chien 2011). To be successful, Stuxnet required a **high** **level of technical knowledge across multiple disciplines**, a laboratory with the target equipment configured for testing, and a foreign intelligence capability to collect information on the target network and attack vectors (Kerr, Rollins and Theohary 2010). The malware also needed careful monitoring and maintenance because it could be easily disrupted; as a result Stuxnet was developed with a high degree of configurability and was upgraded multiple times in less than one year (Falliere, Murchu and Chien 2011). Once introduced into the network, the cyber-weapon then had to utilize four known vulnerabilities and four unknown vulnerabilities, known as zero-day exploits, in order to install itself and propagate across the target network (Falliere, Murchu and Chien 2011). Zero-day exploits are **incredibly difficult to find** and **fewer than twelve out of** the **12,000,000 pieces of malware** discovered each year **utilize zero-day exploits** and this rarity makes them valuable, zero-days can fetch $50,000 to $500,000 each on the black market (Zetter 2011). The **use of four rare exploits in a single piece of malware is “unprecedented”** (Chen 2010). Along with the use of four unpublished exploits, Stuxnet also used the “first ever” programmable logic controller rootkit, a Windows rootkit, antivirus evasion techniques, intricate process injection routines, and other complex interfaces (Falliere, Murchu and Chien 2011) all **wrapped up in “layers of encryption** like Russian nesting dolls” (Zetter 2011) – including custom encryption algorithms (Karnouskos 2011). As the malware spread across the now-infected network it had to utilize additional vulnerabilities in proprietary Siemens industrial control software (ICS) and hardware used to control the equipment it was designed to sabotage. Some of these ICS vulnerabilities were published but some were unknown and **required such a high degree of inside knowledge** that there was speculation that a Siemens employee had been involved in the malware design (Kerr, Rollins and Theohary 2010). The **unprecedented technical complexity of** the **Stuxnet** cyber-weapon, along with the extensive technical and financial resources and foreign intelligence capabilities required for its development and deployment, indicates that the malware was likely developed by a nation-state (Kerr, Rollins and Theohary 2010). Stuxnet had very limited attack vectors. When a computer system is connected to the public Internet a host of attack vectors are available to the cyber-attacker (Institute for Security Technology Studies 2002). Web browser and browser plug-in vulnerabilities, cross-site scripting attacks, compromised email attachments, peer-to-peer applications, operating system and other application vulnerabilities are all vectors for the introduction of malware into an Internetconnected computer system. Networks that are not connected to the public internet are “air gapped,” a technical colloquialism to identify a physical separation between networks. Physical separation from the public Internet is a common safeguard for sensitive networks including classified U.S. government networks. If the target network is air gapped, infection can only occur through physical means – an infected disk or USB device that **must be physically introduced** into a possibly access controlled environment and connected to the air gapped network. The first step of the Stuxnet cyber-attack was to initially infect the target networks, a difficult task given the probable disconnected and well secured nature of the Iranian nuclear facilities. Stuxnet was introduced via a USB device to the target network, a method that suggests that the attackers were familiar with the configuration of the network and knew it was not connected to the public Internet (Chen 2010). This assessment is supported by two rare features in Stuxnet – having all necessary functionality for industrial sabotage fully embedded in the malware executable along with the ability to self-propagate and upgrade through a peer-to-peer method (Falliere, Murchu and Chien 2011). Developing an understanding of the target network configuration was a **significant and daunting task** based on Symantec’s assessment that Stuxnet repeatedly targeted a total of five different organizations over nearly one year (Falliere, Murchu and Chien 2011) with physical introduction via USB drive being the only available attack vector. The final factor in assessing the threat of a cyber-weapon is the resilience of the weapon. There are two primary factors that make Stuxnet **non-resilient**: the complexity of the weapon and the complexity of the target. Stuxnet was highly customized for sabotaging specific industrial systems (Karnouskos 2011) and needed a large number of very complex components and routines in order to increase its chance of success (Falliere, Murchu and Chien 2011). The **malware required eight vulnerabilities** in the Windows operating system **to succeed** and therefore would have failed if those vulnerabilities had been properly patched; four of the eight vulnerabilities were known to Microsoft and subject to elimination (Falliere, Murchu and Chien 2011). Stuxnet also required that two drivers be installed and required two stolen security certificates for installation (Falliere, Murchu and Chien 2011); driver installation would have failed if the stolen certificates had been revoked and marked as invalid. Finally, the configuration of systems is ever-changing as components are upgraded or replaced. There is no guarantee that the network that was mapped for vulnerabilities had not changed in the months, or years, it took to craft Stuxnet and successfully infect the target network. Had specific components of the target hardware changed – the targeted Siemens software or programmable logic controller – the attack would have failed. Threats are less of a threat when identified; this is why zero-day exploits are so valuable. Stuxnet went to great lengths to hide its existence from the target and utilized multiple rootkits, data manipulation routines, and virus avoidance techniques to stay undetected. The malware’s actions occurred only in memory to avoid leaving traces on disk, it masked its activities by running under legal programs, employed layers of encryption and code obfuscation, and uninstalled itself after a set period of time, all efforts to avoid detection because its authors knew that detection meant failure. As a result of the complexity of the malware, the changeable nature of the target network, and the chance of discovery, **Stuxnet is not a resilient system.**

It is a fragile weapon that required an investment of time and money to constantly monitor, reconfigure, test and deploy over the course of a year. There is concern, with Stuxnet developed and available publicly, that the world is on the brink of a storm of highly sophisticated Stuxnet-derived cyber-weapons which can be used by hackers, organized criminals and terrorists (Chen 2010). As former counterterrorism advisor Richard Clarke describes it, there is concern that the technical brilliance of the United States “has created millions of potential monsters all over the world” (Rosenbaum 2012). Hyperbole aside, technical knowledge spreads. The techniques behind cyber-attacks are “constantly evolving and making use of lessons learned over time” (Institute for Security Technology Studies 2002) and the publication of the Stuxnet code may make it easier to copy the weapon (Kerr, Rollins and Theohary 2010). **However**, this is something of a zero-sum game because **knowledge works both ways** and **cyber-security techniques are also evolving**, and “understanding attack techniques more clearly is the first step toward increasing security” (Institute for Security Technology Studies 2002). Vulnerabilities are discovered and patched, intrusion detection and malware signatures are expanded and updated, and monitoring and analysis processes and methodologies are expanded and honed. **Once the element of surprise is lost, weapons and tactics are less useful**, this is the core of the argument that “uniquely surprising” **stratagems like Stuxnet are single-use**, like Pearl Harbor and the Trojan Horse, the “very success [of these attacks] precludes their repetition” (Mueller 2012). This paradigm has already been seen in the “son of Stuxnet” malware – named Duqu by its discoverers – that is based on the same modular code platform that created Stuxnet (Ragan 2011). With the techniques used by Stuxnet now known, other variants such as Duqu are being discovered and countered by security researchers (Laboratory of Cryptography and System Security 2011). It is obvious that the effort required to create, deploy, and maintain Stuxnet and its variants is massive and **it is not clear that the rewards are worth the risk and effort.** Given the location of initial infection and the number of infected systems in Iran (Falliere, Murchu and Chien 2011) it is believed that Iranian nuclear facilities were the target of the Stuxnet weapon. A significant amount of money and effort was invested in creating Stuxnet but yet the expected result – assuming that this was an attack that expected to damage production – was minimal at best. Iran claimed that Stuxnet caused only minor damage, probably at the Natanz enrichment facility, the Russian contractor Atomstroyeksport reported that no damage had occurred at the Bushehr facility, and an unidentified “senior diplomat” suggested that Iran was forced to shut down its centrifuge facility “for a few days” (Kerr, Rollins and Theohary 2010). Even the most optimistic estimates believe that Iran’s nuclear enrichment program was only delayed by months, or perhaps years (Rosenbaum 2012). The actual damage done by Stuxnet is not clear (Kerr, Rollins and Theohary 2010) and the primary damage appears to be to a higher number than average replacement of centrifuges at the Iran enrichment facility (Zetter 2011). Different targets may produce different results. The Iranian nuclear facility was a difficult target with limited attack vectors because of its isolation from the public Internet and restricted access to its facilities. What is the probability of a successful attack against the U.S. electrical grid and what are the potential consequences should this critical infrastructure be disrupted or destroyed? An attack against the electrical grid is a reasonable threat scenario since power systems are “a high priority target for military and insurgents” and there has been a trend towards utilizing commercial software and integrating utilities into the public Internet that has “increased vulnerability across the board” (Lewis 2010). **Yet** the **increased vulnerabilities are mitigated by** an **increased detection and deterrent capability** that has been “honed over many years of practical application” now that power systems are using standard, rather than proprietary and specialized, applications and components (Leita and Dacier 2012). The security of the electrical grid is also enhanced by **increased awareness** after a smart-grid hacking demonstration in 2009 and the identification of the Stuxnet malware in 2010; as a result the public and private sector are working together in **an “unprecedented effort” to establish robust security guidelines** and cyber security measures (Gohn and Wheelock 2010).

**No risk of cyberattacks – no empirics, and their evidence is alarmist fearmongering based on inaccurate corporate reports**

**Rid 3/13** (Thomas, reader in war studies at King's College London, author of "Cyber War Will Not Take Place," "The Great Cyberscare," 3/13/13, www.foreignpolicy.com/articles/2013/03/13/the\_great\_cyberscare *slim*\_)

The White House likes a bit of threat. In his State of the Union address, Barack Obama wanted to nudge Congress yet again into passing meaningful legislation. The president emphasized that America's enemies are "seeking the ability to sabotage our power grid, our financial institutions, and our air traffic control systems." After two failed attempts to pass a cybersecurity act in the past two years, he added swiftly: "We cannot look back years from now and wonder why we did nothing in the face of real threats to our security and our economy." Fair enough. A bit of threat to prompt needed action is one thing. Fear-mongering is something else: counterproductive. Yet too many a participant in the cybersecurity debate reckons that puffery pays off. The Pentagon, no doubt, is the master of razzmatazz. Leon Panetta set the tone by warning again and again of an impending "cyber Pearl Harbor." Just before he left the Pentagon, the Defense Science Board delivered a remarkable report, Resilient Military Systems and the Advanced Cyber Threat. The paper seemed obsessed with making yet more drastic historical comparisons: "The cyber threat is serious," the task force wrote, "with potential consequences similar to the nuclear threat of the Cold War." The manifestations of an all-out nuclear war would be different from cyberattack, the Pentagon scientists helpfully acknowledged. But then they added, gravely, that "in the end, the existential impact on the United States is the same." A reminder is in order: The world has yet to witness a single casualty, let alone fatality, as a result of a computer attack. Such statements are a plain insult to survivors of Hiroshima. Some sections of the Pentagon document offer such eye-wateringly shoddy analysis that they would not have passed as an MA dissertation in a self-respecting political science department. But in the current debate it seemed to make sense. After all a bit of fear helps to claim -- or keep -- scarce resources when austerity and cutting seems out-of-control. The report recommended allocating the stout sum of $2.5 billion for its top two priorities alone, protecting nuclear weapons against cyberattacks and determining the mix of weapons necessary to punish all-out cyber-aggressors. Then there are private computer security companies. Such firms, naturally, are keen to pocket some of the government's money earmarked for cybersecurity. And hype is the means to that end. Mandiant's much-noted report linking a coordinated and coherent campaign of espionage attacks dubbed Advanced Persistent Threat 1, or "APT1," to a unit of the Chinese military is a case in point: The firm offered far more details on attributing attacks to the Chinese than the intelligence community has ever done, and the company should be commended for making the report public. But instead of using cocky and over-confident language, Mandiant's analysts should have used Words of Estimative Probability, as professional intelligence analysts would have done. An example is the report's conclusion, which describes APT1's work: "Although they control systems in dozens of countries, their attacks originate from four large networks in Shanghai -- two of which are allocated directly to the Pudong New Area," the report found. Unit 61398 of the People's Liberation Army is also in Pudong. Therefore, Mandiant's computer security specialists concluded, the two were identical: "Given the mission, resourcing, and location of PLA Unit 61398, we conclude that PLA Unit 61398 is APT1." But the report conspicuously does not mention that Pudong is not a small neighborhood ("right outside of Unit 61398's gates") but in fact a vast city landscape twice the size of Chicago. Mandiant's report was useful and many attacks indeed originate in China. But the company should have been more careful in its overall assessment of the available evidence, as the computer security expert Jeffrey Carr and others have pointed out. The firm made it too easy for Beijing to dismiss the report. My class in cybersecurity at King's College London started poking holes into the report after 15 minutes of red-teaming it -- the New York Times didn't. Which leads to the next point: The media want to sell copy through threat inflation. "In Cyberspace, New Cold War," the headline writers at the Times intoned in late February. "The U.S. is not ready for a cyberwar," shrieked the Washington Post earlier this week. Instead of calling out the above-mentioned Pentagon report, the paper actually published two supportive articles on it and pointed out that a major offensive cyber capability now seemed essential "in a world awash in cyber-espionage, theft and disruption." The Post should have reminded its readers that the only military-style cyberattack that has actually created physical damage -- Stuxnet -- was actually executed by the United States government. The Times, likewise, should have asked tough questions and pointed to some of the evidential problems in the Mandiant report; instead, it published what appeared like an elegant press release for the firm. On issues of cybersecurity, the nation's fiercest watchdogs too often look like hand-tame puppies eager to lap up stories from private firms as well as anonymous sources in the security establishment.

**Heg defense**

**More evidence – international complexity proves and other things solve**

**Preble 12** (Christopher Preble, vice president for defense and foreign policy studies at the Cato Institute, PhD in history from Temple University, former professor of history at St Cloud University and Temple University, 6-28-12, “The Critique of Pure Kagan,” http://nationalinterest.org/bookreview/the-critique-pure-kagan-7061) GZ

Kagan returns to both this theme and Adams’s quote in *The World America Made*. America’s conception of itself as the reluctant sheriff, unwilling to go out in search of trouble but willing to defend the town only when called upon, “bears no relation to reality,” he explains. “Americans have used force dozens of times, and rarely because they had no choice.” But the world is too complex to be policed by a single global sheriff, and it need not be. Instead, the many beneficiaries of the current order should contribute to the preservation of that order at a level, and in a manner, that is consistent with their interests. By that standard, the United States would retain military power that was at least three or four times greater than that of its closest rivals, but it would no longer presume to be responsible for countries that can take care of themselves. Americans must learn to embrace their relative security and face down their lingering fears. Until they do so, the fear of the unknown works in Kagan’s favor. It is difficult to disentangle the many different factors that have contributed to relative peace and security over the past half century, and it is impossible to know what would have happened in a world without America. The future is even more inscrutable. In this latest book, Kagan surveys all the explanations for what may have contributed to global peace and prosperity—including the spread of democracy, liberal economics, nuclear weapons, and evolving global norms against violence and war—and returns to his refrain from sixteen years earlier. “American hegemony,” he and Kristol wrote in 1996, “is the only reliable defense against a breakdown of peace and international order.” Fast-forward to 2012, and nothing, it seems, has changed: *There can be no world order without power to preserve it, to shape its norms, uphold its institutions, defend the sinews of its economic system, and keep the peace. . . . If the United States begins to look like a less reliable defender of the present order, that order will begin to unravel.* He didn’t prove that case before, and he doesn’t now.

**Liberal norms survive**

**Ikenberry 11** – (May/June issue of Foreign Affairs, G. John, PhD, Albert G. Milbank Professor of Politics and International Affairs at Princeton University in the Department of Politics and the Woodrow Wilson School of Public and International Affairs, “The Future of the Liberal World Order,” http://www.foreignaffairs.com/articles/67730/g-john-ikenberry/the-future-of-the-liberal-world-order?page=show)

For all these reasons, many observers have concluded that world politics is experiencing not just a changing of the guard but also a transition in the ideas and principles that underlie the global order. The journalist Gideon Rachman, for example, says that a cluster of liberal internationalist ideas -- such as faith in democratization, confidence in free markets, and the acceptability of U.S. military power -- are all being called into question. According to this worldview, the future of international order will be shaped above all by China, which will use its growing power and wealth to push world politics in an illiberal direction. Pointing out that China and other non-Western states have weathered the recent financial crisis better than their Western counterparts, pessimists argue that an authoritarian capitalist alternative to Western neoliberal ideas has already emerged. According to the scholar Stefan Halper, emerging-market states "are learning to combine market economics with traditional autocratic or semiautocratic politics in a process that signals an intellectual rejection of the Western economic model." Today's international order is not really American or Western--even if it initially appeared that way. But this panicked narrative misses a deeper reality: although the United States' position in the global system is changing, the liberal international order is alive and well. The struggle over international order today is not about fundamental principles. China and other emerging great powers do not want to contest the basic rules and principles of the liberal international order; they wish to gain more authority and leadership within it. Indeed, today's power transition represents not the defeat of the liberal order but its ultimate ascendance. Brazil, China, and India have all become more prosperous and capable by operating inside the existing international order -- benefiting from its rules, practices, and institutions, including the World Trade Organization (WTO) and the newly organized G-20. Their economic success and growing influence are tied to the liberal internationalist organization of world politics, and they have deep interests in preserving that system. In the meantime, alternatives to an open and rule-based order have yet to crystallize. Even though the last decade has brought remarkable upheavals in the global system -- the emergence of new powers, bitter disputes among Western allies over the United States' unipolar ambitions, and a global financial crisis and recession -- the liberal international order has no competitors. On the contrary, the rise of non-Western powers and the growth of economic and security interdependence are creating new constituencies for it. To be sure, as wealth and power become less concentrated in the United States' hands, the country will be less able to shape world politics. But the underlying foundations of the liberal international order will survive and thrive. Indeed, now may be the best time for the United States and its democratic partners to update the liberal order for a new era, ensuring that it continues to provide the benefits of security and prosperity that it has provided since the middle of the twentieth century.

**ME War**

**Deterrence solves**

**Russell**, senior lecturer, National Security Affairs – Naval Postgraduate School, managing editor – Strategic Insights, December **‘9**

(James A, “Extended Deterrence, Security Guarantees, and Nuclear Weapons: U.S. Strategic and Policy Conundrums in the Gulf,” Strategic Studies Institute) [footnote 26 included]

The build out of the U.S. military infrastructure points around the region provide the hosting states with **tangible evidence of the credibility of** the **American military commitment to their security.** The military footprint today in the Gulf is no “trip-wire” force, but is engaged in tangible military operations, such as the multi-national maritime security operations conducted in the Gulf and the Arabian Sea by the combined task force command operating out of the 5th Fleet Headquarters in Manama. Since the British withdrawal from the Gulf in the early 1970s, the United States has **repeatedly demonstrated** its willingness to deploy its conventional forces to the region in response to regional instability. Starting with Operation Earnest Will in 1988, the United States slowly but inexorably inserted itself into the role played by the British for over a century as protecting the Gulf States from external threats. Following Operation Desert Storm, the United States kept sufficient forces in theater to enforce the United Nations’ cease fire resolutions on a recalcitrant Saddam. Last, but not least, it flowed significant forces and absorbed the monetary costs of toppling Saddam and providing a protective conventional force that can be readily called upon by the Iraq regime if needed. Given this history **it is difficult to see how any state could doubt the credibility of** the **U**nited **S**tates’ **commitments** to use its conventional forces as an instrument of regional defense. This history suggests an overwhelming emphasis on the role of conventional force in operationalizing American security guarantees and extended deterrent commitments. In the Gulf—unlike Northeast Asia—the role of nuclear weapons has never been explicitly spelled out and has very much remained in the background. **However**, while reference to nuclear weapons might remain unstated, the reality is that they are explicitly committed to defend American forces whenever the commander-in-chief might deem it necessary. The entire (and substantial) American military regional footprint operates under a quite **explicit nuclear umbrella**—**headlines or no headlines.** If a nuclear umbrella is indeed draped over America’s forward deployed Gulf presence, it’s hard not to see how that umbrella is similarly draped over the states that are hosting those forces. The only problem with Secretary Clinton’s recent statements is that she seems unaware of this fact, i.e., the United States already maintains a nuclear umbrella backed by nuclear weapons in the region. While the United States has pledged not to use nuclear weapons against non-nuclear signatories of the Nuclear Nonproliferation Treaty (known as negative security assurances), it maintains a policy of calculated ambiguity in honoring those commitments if its forces are attacked by chemical or biological weapons.[24] President Clinton reinforced this position in Presidential Decision Memorandum 60 in December 1997, which stated: state-parties to the Treaty on the Nonproliferation of Nuclear Weapons, except in the case of an invasion or any other attack on the United States, its territories, its armed forces or other troops, its allies, or on a state toward which it has a security commitment carried out, or sustained by such a non-nuclear-weapon state in association or alliance with a nuclear-weapon state.[25] As previously noted, the United States last unsheathed this proverbial sword in 1996 with the discovery of a potential chemical weapons plant in Libya. **The sword**, however, **remains at the ready** in the Gulf where Iran’s development of chemical weapons, long-range missiles, and its emphasis on terrorism and asymmetric warfare constitute prominent elements of the regional threat environment. If anything Iran’s weakened conventional forces potentially drive Iranian military responses during an armed conflict to those weapons that would lead the United States to consider forswearing its negative security assurances.[26] [Footnote begins] 26. **As argued in** James A. **Russell, “Strategic Stability Reconsidered**: Prospects for Escalation and Nuclear War in the Middle East,” *Institut Français des Relations Internationales Proliferation Papers* 26 (**Spring** 20**09**). [Footnote ends] In this scenario, it seems clear that American nuclear weapons are a component in the web of military capabilities designed to discourage Iranian use of its unconventional weapons in war. Conclusion Nuclear weapons have historically helped implicitly and explicitly support America’s far flung global commitments in the Gulf and elsewhere. The system of Gulf security built by the United States reflects a **time-honored template of regional defense** and security **honed in decades of Cold War experience.** In the Gulf, the dual tools of extended deterrence and security assurances have proven a cornerstone of a system of regional security efficiently administered by America’s military organizations. Nuclear weapons today undeniably form part of this system—explicitly protecting U.S. forces and implicitly protecting regimes hosting those forces.

**No Mideast war – Iran, Iraq and Saudis lack the requisite military to be aggressive**

**Gholz & Press 10** - Professor of public affairs @ University of Texas-Austin & Professor of government @ Dartmouth University [Eugene Gholz & Daryl G. Press, “Protecting “The Prize”: Oil and the U.S. National Interest,” Security Studies, 19:453–485, 2010

The majority of the world’s oil reserves appear to be located in the Persian Gulf, close enough together that a regional empire could seize most of them. The good news is that the risk of major conquest in the Persian Gulf is at its lowest point in decades. This contingency does not present a demanding mission for the United States military, nor does it require any peacetime military presence in the region.

Economic and demographic factors suggest that only three countries— Iran, Iraq, and Saudi Arabia—could potentially dominate large swathes of the Persian Gulf region by force.58 However, each has important gaps in national power that limit its offensive capabilities, now and into the foreseeable future (see Table 1). For example, Saudi Arabia has the region’s highest GDP and spends nearly three times as much on defense as any other country in the region.59 The Saudi population, however, is less than half of Iran’s sixtysix million, and the Kingdom faces the possibility of domestic instability from both Sunni reformers and the Shiite minority.60 Furthermore, the Saudi military is notorious for having modern equipment but poorly trained and unmotivated soldiers.61 Iran is the mirror image of Saudi Arabia. Iran has more than twice the Kingdom’s population, but its GDP is substantially lower. On a per capita basis, Iran’s GDP is only $5,400, just over a third of the level in Saudi Arabia. Therefore, Iran does not have much money to spend on its military, explaining its paltry $9.6 billion per year defense budget (Saudi spends $41 billion). Since the 1979 Iranian revolution, Iran has relied on a large, poorly trained military that Iranian leaders hope has sufficient zeal to defend the country. The equation worked—barely—in the 1980s when Iraq invaded Iran.62 But the Iranian military has essentially none of the modern weapons and advanced training required to pose a serious offensive military threat to Iran’s neighbors.63

Iraq was once the most powerful country along the Persian Gulf littoral. It boasted the region’s second-biggest population, annual oil income that rivaled Iran, and a military that was unmatched in the region. But two disastrous wars, thirteen years of sanctions, and seven years of insurgency have crippled the country: it will have virtually no offensive military power for the foreseeable future. Iraq seems more likely to roil markets because of its weakness (which allegedly invites predation from its neighbors) than because it might launch a bid for hegemony. Pg. 474-476

## 1NR

### OV

**ONLY reason surplus countries still invest**

**Masters 13** Jonathan Masters, has a graduate degree in social theory from The New School University where he focused on media and international relations. He also holds a B.A. in political science from Emory University, writes on issues related to national security and civil liberties, and contributes to CFR's Renewing America initiative that focuses on the economic underpinnings of U.S. foreign policy, “U.S. Debt Ceiling: Costs and Consequences”, Council on Foreign Relations, January 2nd, 2013, http://www.cfr.org/international-finance/us-debt-ceiling-costs-consequences/p24751#p8

Historically, the U.S. Treasury market has been driven by huge investments from surplus countries like Japan and China, which view the United States as the safest place to store their savings. A 2011 Congressional Research Service report suggests that a loss of confidence in the debt market could prompt foreign creditors to unload large portions of their holdings, thus inducing others to do so, and causing a run on the dollar in international markets. However, others claim that a sudden sell-off would run counter to foreign economic interests, as far as those interests run parallel to a robust U.S. economy.¶ While many U.S. exporters would benefit from dollar depreciation because it would increase foreign demand for their goods (effectively making them cheaper), the same firms would also bear higher borrowing costs from rising interest rates.¶ A potential long-term concern of some U.S. officials is that persistent volatility of the dollar will add force to recent calls by the international community for an end to its status as the world's reserve currency. A 2010 survey performed by the McKinsey Global Institute found fewer than 20 percent of business executives surveyed expected the dollar to be the dominant global reserve currency by 2025.

**Dollar hegemony status is key to overall US economic and military leadership**

William **Clark**, 200**3**; economic consultant and journalist, January (revised March 2003), “The Real Reasons for the Upcoming War with Iraq”, <http://www.ratical.org/ratville/CAH/RRiraqWar.html>

This unique geo-political agreement with Saudi Arabia in 1974 has worked to our favor for the past 30 years, as this arrangement has eliminated our currency risk for oil, raised the entire asset value of all dollar denominated assets/properties, and allowed the Federal Reserve to create a truly massive debt and credit expansion (or `credit bubble' in the view of some economists). These structural imbalances in the U.S. economy are sustainable as long as: 1. Nations continue to demand and purchase oil for their energy/survival needs 2. the world's monopoly currency for global oil transactions remains the US dollar 3. the three internationally traded crude oil markers remain denominated in US dollars These underlying factors, along with the `safe harbor' reputation of U.S. investments afforded by the dollar's reserve currency status propelled the U.S. to economic and military hegemony in the post-World War II period. However, the introduction of the euro is a significant new factor, and appears to be the primary threat to U.S. economic hegemony. Moreover, in December 2002 ten additional countries were approved for full membership into the E.U. Barring any surprise movements, in 2004 this will result in an aggregate E.U. GDP of $9.6 trillion and 450 million people, directly competing with the U.S. economy ($10.5 trillion GDP, 280 million people).

**Default means the plan would be delayed or under-funded – fiat only means the plan passes**

**Goldfarb 1-1** [Zachary A. Goldfarb 1-1-2013 Washington Post “‘Fiscal cliff’ deal does little to tame threats from debt ceiling, high unemployment rates” http://www.washingtonpost.com/business/fiscal-cliff/fiscal-cliff-deal-does-little-to-tame-threats-from-debt-ceiling-high-unemployment-rates/2013/01/01/8e4c14aa-5393-11e2-bf3e-76c0a789346f\_story.html]

Leaving the fate of the debt ceiling up in the air will cause anxiety among businesses and individuals, potentially crimping hiring, investing and consumer spending.¶ In many ways, the threat of default in two months is a more serious risk than the Jan. 1 fiscal cliff deadline. If Congress does not increase the debt ceiling, the government will quickly run out of ways to pay the nation’s bills and make interest payments on the nation’s outstanding debt. Any failure by the government to meet its financial obligations could be seen as a default, shaking world financial markets, given the special role that U.S. government bonds play in the global economy.¶ And while a default would be all but certain to push the economy into recession, growth is likely to be slow — and job-market improvement slight — even without such a cataclysmic event. The unemployment rate, which stands at 7.7 percent, is not expected to fall below 7.4 percent by the end of this year, and not below 6 percent until at least 2016 or later.

**UQ**

**Progress is continuing due to Obama’s push**

**Davis and Jackson, 10/10**

Susan Davis and David Jackson; “Obama, Republicans engage talks on debt and spending,” 10/10/2013, <http://www.usatoday.com/story/news/politics/2013/10/10/house-gop-debt-limit-six-weeks/2957931> //bghs-ms

WASHINGTON — A late Thursday meeting between President Obama and congressional Republicans showed the first sign of **progress** towards ending the government shutdown and averting the first-ever U.S. default.¶ No deal was secured, but both the president and top Republicans said they instructed aides to continue talks to find common ground. "The president didn't say yes, didn't say no. We're continuing to negotiate this evening," said House Budget Chairman Paul Ryan, R-Wis., who attended the meeting. Majority Leader Eric Cantor, R-Va., characterized the meeting as "useful" and said negotiations were continuing.¶ "The president looks forward to making continued progress with members on both sides of the aisle," the White House said in a statement. "The president's goal remains to ensure we pay the bills we've incurred, reopen the government and get back to the business of growing the economy, creating jobs and strengthening the middle class."¶ House Republicans presented Obama with a proposal for a six-week increase in the nation's $16.7 trillion debt ceiling to head off an impending Oct. 17 default deadline. The White House had indicated earlier Thursday that Obama might be able to accept a short-term debt-limit extension, but the president made it clear to GOP lawmakers that he also wants a plan to end the shutdown, which began Oct. 1.¶ House Appropriations Chairman Hal Rogers, R-Ky., said the president is seeking more progress on a stopgap spending bill as part of the debt-limit negotiations. "I think it's clear that he would like to have the shutdown stopped and that would require a (continuing resolution) and we're trying to find out what it is he would insist upon in a CR and what we would insist upon in a CR," Rogers said.

**Recent negotiations and Republican concessions prove a deal is imminent**

**LA Times, 10/10**

" Boehner says GOP will agree to debt ceiling extension,” 10/10/2013, <http://www.latimes.com/nation/nationnow/la-na-pn-boehner-gop-agree-debt-ceiling-shutdown-20131010,0,3927178.story> //bghs-ms

WASHINGTON -- The standoff over the federal budget moved toward at least a temporary end as Speaker John A. Boehner announced Thursday that House Republicans would agree to a six-week extension of the federal government’s ability to borrow to pay its bills, setting up late-night negotiations between the White House and Congress.¶ In announcing his plan, Boehner said Republicans no longer would insist on any policy changes in return for allowing the government to continue borrowing. But he did not agree to reopen government programs that shut down last week

**Link**

**The National Association of Criminal Defense Lawyers opposes IFF legislation and lobbies Congress – empirics prove**

**NACDL, no date**

National Association of Criminal Defense Laywers, “S. 569, Incorporation Transparency and Law Enforcement Assistance Act,” n.d., http://www.nacdl.org/criminaldefense.aspx?id=9913 //bghs-ms

The Incorporation Transparency and Law Enforcement Assistance Act (the “Act”) seeks to bring the United States incorporation practices for corporations and limited liability companies (LLCs) into conformity with the rest of the international community. The Act hopes to prevent criminals from concealing their identities when forming corporations or LLCs in the United States and using these entities to commit acts of terrorism or crimes such as drug trafficking, money laundering, tax evasion, and financial fraud. Specifically, the Act amends the Homeland Security Act of 2002 to require States to adopt an incorporation system that requires each applicant to: (1) provide the name and addresses of the “beneficial owners” of the corporation or LLC; (2) identify any other legal entity used by the beneficial owners to control the corporation or LLC; and (3) update this information if any changes in beneficial ownership occur. Where any beneficial owner is a non-U.S. citizen or non-permanent resident, an agent of the company, who resides in the State, must file a written affidavit certifying that the contact information of the beneficial owners is accurate and that a copy of each owner’s government issued passport has been retained. States are then required disclose the beneficial ownership information upon subpoena or written request of any federal or state agency and to store said information for five years after the termination of the entity. NACDL opposes the passage of S. 569 because of the steep criminal penalties it imposes on unknowing violators. The vague and overbroad language of the Act, particularly regarding the definition of a “beneficial owner,” makes it difficult for individuals to know exactly what the law requires. Combined with the fact that a criminal conviction under S. 569 requires only general rather than specific intent, the Act would essentially allow individuals who are merely guilty of a “paperwork” violation to be imprisoned for up to 3 years for their noncompliance. Imposing such a harsh punishment without any proof of wrongful intent is completely unwarranted and would lead to unjust prosecutions. NACDL is also troubled by provisions of S. 569 that would impose government-mandated reporting obligations on members of the legal profession. We strongly oppose any provision that would erode the attorney-client privilege or that would create a conflict between a lawyer’s legal obligations and a lawyer’s ethical obligations to his or her client. On these issues, NACDL has adopted the ABA’s comments as set forth in their June 30, 2009 letter. S. 569 was introduced to the Senate on March 11, 2009. In October of 2009, NACDL wrote a letter to Senators Lieberman and Collins outlining its concerns regarding the bill and urging the Senators to oppose its passage. A hearing on S. 569 was held on November 5, 2009, and it is currently pending before the Committee on Homeland Security and Governmental Affairs.