# Mexican IFFs 1AC

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## Contention 1

#### Contention 1 is the International Tax Regime

#### An international tax regime is inevitable but initial choices are key – promoting multilateral Automatic Exchange of Information – AEI – is essential to solidifying this approach as the global standard

**Grinberg, 12** – Associate Professor at Georgetown University Law Center, former attorney at the Office of International Tax Counsel at the U.S. Dept. of Treasury, where he worked on FATCA from its inception (Itai, Georgetown Law: The Scholarly Commons, “Beyond FATCA: An Evolutionary Moment for the International Tax System,” January 27, 2012, http://scholarship.law.georgetown.edu/cgi/viewcontent.cgi?article=1162&context=fwps\_papers&seiredir=1&referer=http%3A%2F%2Fwww.google.com%2Furl%3Fsa%3Dt%26rct%3Dj%26q%3Deconomist%2520automatic%2520exchange%2520tax%26source%3Dweb%26cd%3D40%26ved%3D0CGsQFjAJOB4%26url%3Dhttp%253A%252F%252Fscholarship.law.georgetown.edu%252Fcgi%252Fviewcontent.cgi%253Farticle%253D1162%2526context%253Dfwps\_papers%26ei%3DoR7xUcbIIYXVqAHo3YCQCw%26usg%3DAFQjCNFxQNj6scIncBgqKuT1xDxPA7bOrQ%26sig2%3D1NeWwQFotuiB8rpri\_Wtnw%26bvm%3Dbv.49784469%2Cd.eWU#search=%22economist%20automatic%20exchange%20tax%22).

In just a few short years, the world has gone from assuming financial institutions

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in on the choices made by the major actors in this evolutionary moment.

#### **U.S.-Mexico agreement brings all NAFTA members on board with AEI and demonstrates commitment to systemic exchange with regional trading partners**

Lawton, 12 – Former Canadian policy analyst who worked on anti-money laundering initiatives (Christopher, “U.S. Should Expand Automatic Exchange Of Tax Information To Mexico”, January 31, 2012, Financial Transparency Coalition, http://www.financialtransparency.org/2012/01/31/u-s-should-expand-automatic-exchange-of-tax-information-to-mexico/)//AE

There is one most obvious way that the U.S. could make its

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to combating illicit financial activity on the Southern border in all its forms.

#### U.S.-Mexico agreement key to spillover - shows US commitment to information exchange and creates an avalanche of international requests for AEI

McIntyre, 09 – Professor of Law, Wayne State University, Former member and interim chair of the U.N. Subcommitte on Information Exchange (Michael, Tax Notes International, “How to End the Charade of Information Exchange,” Volume 56, Number 4, http://faculty.law.wayne.edu/mcintyre/text/mcintyre\_articles/Treaties/charade\_56TNI.pdf)

Mexico surely understands that an agreement for automatic exchange with the United States will induce

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their residents, the Mexican rock down the hill may trigger an avalanche.

#### Ensuring uniform, multilateral AEI is key – benefits both emerging nations and multinational corporations alike

**Grinberg, 13 -** Associate Professor at Georgetown University Law Center, former attorney at the Office of International Tax Counsel at the U.S. Dept. of Treasury, where he worked on FATCA from its inception (Itai, Georgetown Public Law and Legal Theory Research Paper No. 13-031, “Will FATCA Open the Door to Taxing Capital Income in Emerging Countries,” June 20, 2013, http://papers.ssrn.com/sol3/papers.cfm?abstract\_id=2256587)

Internationally, automatic information reporting now has the upper hand over anonymous withholding, largely

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automatic information exchange regime may be improved if they cooperate with one another.

#### Global Illicit Financial Flows – IFFs – structurally undermine government legitimacy and development while increasing dependence and the risk of economic crises

**Le Billon, 11 –** Associate Professor of Geography and Liu Institute for Global Issues, University of British Columbia (Philippe, CMI (Chr. Michelsin Institute, “Extractive Sectors and Illicit Financial Flows: What Role for Revenue Governance Issues?” U4 Issue, October 2011, No. 11,<http://www.cmi.no/publications/file/4248-extractive-sectors-and-illicit-financial-flows.pdf>)

The Norway-sponsored Task Force on the Development Impact of Illicit Financial Flows (

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turn, drastically reduce total earnings that a country derives from extractive assets.

#### We isolate 2 two impacts to global IFFs:

#### First is poverty – global poverty is the equivalent of a thermonuclear war every 15 years

**Gilligan, 00** – Department of Psychiatry Harvard Medical School (James, Violence:

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the weak and poor every year of every decade, throughout the world.

#### IFFs outstrip global efforts to reduce poverty – study shows they outpace foreign aid by a ratio of 10 to 1

**PR Newswire, 13** (January 7, “Financial Flows Out of Developing World Overwhelm Foreign aid,” http://www.prnewswire.com/news-releases/illicit-financial-flows-out-of-the-developing-world-overwhelm-foreign-aid-60786287.html)//SEP

WASHINGTON, Jan. 7 /PRNewswire-USNewswire/ -- Global Financial Integrity (

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flight is increasing at an average of 18.2% a year,

#### IFFs uniquely exacerbate the root causes of poverty and dependency – just keeping funds within home countries solves

**Reuter, 12** – Professor in the School of Public Policy and the Department of Criminology, University of Maryland, Senior Researcher at RAND, PhD in Economics from Yale University

(Peter, Draining Development: Controlling Flows of Illicit Funds From Developing Countries, World Bank, https://openknowledge.worldbank.org/handle/10986/2242)

There is no doubt that illicit ﬁnancial ﬂows (IFFs) from developing coun-

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, despite the availability of billions of dol- lars in overseas accounts.

#### The second impact is growth – it solves war – numerous studies prove

Royal, 10 – Director of Cooperative Threat Reduction at the U.S. Department of Defense, (Jedediah, “Economic Integration, Economic Signaling and the Problem of Economic Crises,” in Economics of War and Peace: Economic, Legal and Political Perspectives,” ed. Goldsmith and Brauer, p. 213-14)

Less intuitive is how periods of economic decline may increase the likelihood of external conflict

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not featured prominently in the economic-security debate and deserves more attention.

#### **Economic decline triggers nuclear war**

Harris and Burrows 9 (Mathew, PhD European History at Cambridge, counselor in the National Intelligence Council (NIC) and Jennifer, member of the NIC’s Long Range Analysis Unit “Revisiting the Future: Geopolitical Effects of the Financial Crisis” <http://www.ciaonet.org/journals/twq/v32i2/f_0016178_13952.pdf>, AM)

Of course, the report encompasses more than economics and indeed believes the future is

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within and between states in a more dog-eat-dog world.

## Contention 2

#### Contention 2 is Mexican Stability

#### Drug cartels rely on IFFs to launder profits across the U.S.-Mexico border

Targeted News Service, 12 (“Mexico Hemorrhages US$872 Billion to Crime, Corruption, Tax Evasion from 1970-2010,” Targeted News Service, January 29, 2012, pageLexis)//JW

The large spike in illicit outflows following the implementation of NAFTA would imply that much

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Taking steps to address these issues would curtail a number of societal ills."

#### Status quo banking regulations fail to stop IFFs from drugs – only the plan solves

**Stier, 09**— Columbia University, School of International and Public Affairs (Ken, “Foreign tax cheats find US banks a safe haven”, Time—Business and Money, October 29, 2009, <http://www.time.com/time/business/article/0,8599,1933288,00.html)//IK>

Washington has spent much of this year showing how tough it is on tax cheats

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capacities to protect our peoples and wealth,**"** Carstens wrote in his letter.

#### Independently, IFFs are devastating Mexico’s economy despite improved governance – most end up in US banks

Corchado, 12 - Mexico bureau chief @ Dallas Morning News (Alfredo, “Exclusive: Mexico pays heavy price for tax evasion, report finds”, 29 January 2012, Dallas Morning News, http://www.dallasnews.com/news/nationworld/mexico/20120128-exclusive-mexico-pays-heavy-price-for-tax-evasion-report-finds.ece)//AE

In a nation with nearly half the population living in poverty, more than $

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like tax evasion cripple a government, despite good intentions to be effective.”¶

#### Terrorist groups are preparing to attack the U.S. – currently expanding their ties to Mexican drug cartels

Boyle, 12 - Investigative reporter @ Daily Caller (Matthew Boyle, 16 November 2012, “Congressional report ties Middle East terrorists to Mexican drug cartels”, http://dailycaller.com/2012/11/16/congressional-report-ties-middle-east-terrorists-to-mexican-drug-cartels/)//Holmes

A new congressional report from the House Homeland Security Committee Subcommittee on Oversight, Investigations

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The subcommittee is planning a Friday hearing to further discuss the report’s findings.

#### **Mexican economic decline causes a flood of refugees, resulting in border terrorism**

Michael Brown 9, Undersecretary of Emergency Preparedness and Response in the Department of Homeland Security, “Border Control: Collapse of Mexico Is A Homeland Security & National Security Issue,” 1/14, <http://michaelbrowntoday.com/journal/2009/1/15/border-control-collapse-of-mexico-is-a-homeland-security-nat.html>

By failing to secure the borders and control immigration, we have opened ourselves up

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States, just laying in wait to attack at an appropriately vulnerable time.

#### **Bioterrorism would ensue**

Ken Timmerman 10, Newsmax correspondent, “FBI Director Mueller: Al-Qaida Still Wants Nuclear Bomb,” 3/18, <http://newsmax.com/Newsfront/mueller-fbi-alqaida-nuclear/2010/03/18/id/353169>

FBI Director Robert Mueller warned Congress on Wednesday of ongoing al-Qaida efforts to

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it is properly spread in population centers there,” al-Nasifi said.

#### **That leads to extinction**

Anders Sandberg 8, is a James Martin Research Fellow at the Future of Humanity Institute at Oxford University; Jason G. Matheny, PhD candidate in Health Policy and Management at Johns Hopkins Bloomberg School of Public Health and special consultant to the Center for Biosecurity at the University of Pittsburgh Medical Center; Milan M. Ćirković, senior research associate at the Astronomical Observatory of Belgrade and assistant professor of physics at the University of Novi Sad in Serbia and Montenegro, 9/8/8, “How can we reduce the risk of human extinction?,” Bulletin of the Atomic Scientists,<http://www.thebulletin.org/web-edition/features/how-can-we-reduce-the-risk-of-human-extinction>

The risks from anthropogenic hazards appear at present larger than those from natural ones.

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may increase as biotechnologies continue to improve at a rate rivaling Moore's Law.

## Thus the Plan

#### The United States federal government should substantially increase its Automatic Exchange of Information and Trade Transparency Units with Mexico.

## Contention 3

#### Contention 3 is Solvency

#### Exchange must be automatic – on request method empirically fails to deter

Economist, 2/16/13 (“Tax transparency: Automatic response,” The Economist, 2/16/2013, <http://www.economist.com/news/special-report/21571561-way-make-exchange-tax-information-work-automatic-response>)//YS

NOT ONE TO mince words, Daniel Mitchell of the right-wing Cato Institute

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The biggest benefit of automatic exchange is that it deters rather than detects.

#### Developing countries – including Mexico – are capable of implementing AEI –contrary arguments are specious and condescending

**Gurtner et. al, 09** – Chairman Tax Justice Center International Board, International, non-aligned group or researchers and activists concerned about tax evasion (Bruno, David Spencer, Senior Advisor Tax Justice Center, and Jon Christensen, Secretary for Tax Justice Center, “Automatic Exchange of Information and the United Nations Tax Committee,” December 19, <http://www.taxjustice.net/cms/upload/pdf/Info_Exchange_Letter_0912.pdf>)

(10) DEVELOPING COUNTRIES AND THE TECHNICAL CAPACITY ARGUMENT. It has been asserted

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vested interest in not having automatic exchange of information implemented with developing countries.

#### Trade Transparency Units – TTUs – solve trade mispricing – the largest source of IFFs between the U.S. and Mexico

**U.S. Senate Caucus on International Narcotics Control, 13** (“The Buck Stops Here: Improving U.S. Anti-Money Laundering Practices,”

(April, p. 20, http://www.feinstein.senate.gov/public/index.cfm/files/serve/?File\_id=311e974a-feb6-48e6-b302-0769f16185ee)

Experts at Global Financial Integrity have estimated that $642.9 billion in cumulative

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undervaluing of traded goods and provides actionable leads to investigate suspected money laundering.

#### Current U.S.-Mexico automatic exchange agreement is not reciprocal – U.S. reserves the right to withhold information if it might be misused

Sheppard, 1/31/13 – Lawyer and widely-read commentator on tax issues

(Lee, Tax Analysts, “Will U.S. Hypocrisy on Information Sharing Continue,” <http://www.taxanalysts.com/www/features.nsf/Articles/0C26B2CFD92F1FBE85257AFC004E8B38?OpenDocument>)

In Rev. Proc. 2012-24, IRB 2012-20, the

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. The Mexican IGA might effectively be a nonreciprocal agreement disguised as reciprocal.

#### Plan solves your alt causes - Curbing tax havens is the fastest route to better governance, democratic institutions and tax morale

**Tax Justice Network, 09** – International, non-aligned group or researchers and activists concerned about tax evasion (“The Non-Perils of Information Exchange,” <http://taxjustice.blogspot.com/2009/07/non-perils-of-information-exchange.html>)

Taxing élites properly could be the fastest route to better governance Were the élites to

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law, triggering a vicious circle of decline in the institutions of democracy.

#### AEI solves corruption – empowers legitimate tax officials to tackle elites

**Grinberg, 13 -** Associate Professor at Georgetown University Law Center, former attorney at the Office of International Tax Counsel at the U.S. Dept. of Treasury, where he worked on FATCA from its inception (Itai, Georgetown Public Law and Legal Theory Research Paper No. 13-031, “Will FATCA Open the Door to Taxing Capital Income in Emerging Countries,” June 20, 2013, http://papers.ssrn.com/sol3/papers.cfm?abstract\_id=2256587)

In some emerging countries, it may be that some finance ministry and tax administration

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that suggests such an audit should be conducted is provided spontaneously from abroad.

#### Trade mispricing accounts for three-fourths of IFFs between the US and Mexico

Kar, 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/)

First, it is clear that almost three-quarters of total illicit flows over

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and accounting reporting requirements in order to curtail abusive transfer pricing (ATP).