# Mexican IFFs 1AC

# Wayzata GN

## 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 spills over - demonstrates US commitment to AEI and triggers an avalanche of similar agreements with other countries

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.

#### AEI is key to ensuring a uniform international standard for exchange– 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.

#### There are three impact scenarios to ITR

#### First is Growth

#### 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.

#### Growth solves war – numerous empirical 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.

#### Growth is sustainable – tech solves and the alternative kills billions

**Mead 12** (Walter Russell, James Clarke Chace Professor of Foreign Affairs and Humanities at Bard College,7/28/12, “The Energy Revolution 4: Hot Planet?” The American Interest) http://blogs.the-american-interest.com/wrm/2012/07/28/the-energy-revolution-4-hot-planet/

Welcome to the New Green Doom: an overabundance of oil and gas is going

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is a heretical thought, but perhaps Gaia is smarter than the greens.

#### Second 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.

#### Third is China

#### 3Growing Chinese illicit flows independently undermine growth efforts and intensify political unrest

Baker, 12 (Raymond, Huffington Post, “China 4 Trillion October 26, http://www.huffingtonpost.com/raymond-baker/china-4-trillion-in-dirty\_b\_2024732.html

Global Financial Integrity's [new report on illicit financial flows](http://www.gfintegrity.org/content/view/581/70/) from China showed some of the

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pit of corruption and civil unrest. The result would be a disaster.

#### Chinese economic decline leads to political disintegration and nuclear war

Yee & Storey 02 – Herbert, Professor of Politics and IR at Hong Kong Baptist University,and Ian, Lecturer in Defence Studies at Deakin University

[Herbert Yee, The China Threat: Perceptions, Myths and Reality. 2002, Pg 5]

The fourth factor contributing to the perception of a China threat is the fear of

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disintegrating China would also pose a threat to its neighbours and the world.

#### Also, economic decline leads to China-Taiwan war – CCPs survival will depend on escalating tensions

Deweaver, 13 (Mark, June 17, International Business Times, <http://www.ibtimes.com/threat-declining-china-1310023>)

As the Chinese juggernaut starts to lose momentum, should Americans be breathing a collective

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stifle demands for political reforms at home by handing it easy victories abroad.

#### China-Taiwan war draws in the U.S. and Russia and escalates to full-scale nuclear war

Hunkovic ‘9

[Lee. Prof Military Studies @ American Military University. “The Chinese-Taiwanese Conflict – Possible Futures of a Confrontation between China, Taiwan, and the United States of America” [www.lampmethod.com](http://www.lampmethod.com), 2009]

A war between China, Taiwan and the United States has the **potential to escalate**

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outcome, therefore, other countries will not be considered in this study.

## 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

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#### with Canada, which automatically reports interest income

#### 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.

#### Drug profits will be used to finance use of WMDs and nuclear weapons against the U.S.

Anderson, 08 (10/8/2008, Curt, AP, “US officials fear terrorist links with drug lords,” <http://usatoday30.usatoday.com/news/nation/2008-10-08-805146709_x.htm>)

MIAMI — There is real danger that Islamic extremistgroups such as al-Qaida and

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not in our interest to let that potpourri of scum to come together."

#### Nuclear terrorism causes extinction

Ayson 10 [Robert Ayson, Professor of Strategic Studies and Director of the Centre for Strategic Studies: New Zealand at the Victoria University of Wellington,“After a Terrorist Nuclear Attack: Envisaging Catalytic Effects,” Studies in Conflict & Terrorism, Volume 33, Issue 7, July, Available Online to Subscribing Institutions via InformaWorld]

A terrorist nuclear attack, and even the use of nuclear weapons in response by

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would be undoubtedly blamed on¶ Pakistan, with potentially catastrophic results.”¶ 44

## 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.

#### 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.