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Using tariffs to punish migrants

Trump attacks immigration and aggravates its causes. But Mexico's humanitarian approach has also failed

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The markets breathed huge sighs of relief when the US and Mexico reached an agreement on the contentious subject of migration to avoid trade tariffs – for now. At least, a trade war appears to have been averted. US President Donald Trump had threatened Mexico with punitive tariffs up to 25 per cent if his southern neighbour failed to crack down on migrants from third countries.

The deal unleashed a fierce debate over who had won and who had lost, whether US President Trump's blackmail was just a bluff or not, and whether the two heads of state – Trump and Mexico's President Andrés Manuel López Obrador (AMLO in short) both tend toward populism – had only set off fireworks to divert attention from their own domestic woes.

In any case, it's clear that tariffs would have been harakiri – especially for Mexico, but also for consumers and businesses in the US and Canada. That's because the North American Free Trade Agreement (NAFTA) not only created the world's busiest free trade zone, whose daily exchange of goods is worth USD 1.4bn, it also integrated production chains. That made it possible for firms worldwide – starting with German carmakers – to optimise operations, using the space from Canada to Mexico as a platform for global exports.

Open for goods, closed for migrants

Businesses can breathe a sign of relief: the borders will remain open for goods. For people, however, the borders will be harder to cross. Mexico has agreed to mostly deploy its new national guard – originally created to fight drug crime – against migrants heading north. The agreement militarises the border region, makes Mexico an advance border guard for the US and criminalises migration. Human rights organisations are

appalled.

They feel they've been duped by Mexico's left-wing nationalist President AMLO. During his election campaign he had promised to institute a more humane migration policy. On entering office in December 2018, he had even handed out transit visas to a caravan of around 1,000 Central American migrants.

That, however, encouraged human traffickers around the world to hurry to make a buck from misery. Suddenly the number of migrants doubled to include not just Central Americans but also Eritreans, Chines and Afghans seeking to use Mexico as their point of entry. In the first six months of AMLO's presidency, half a million wouldbe migrants turned up in Mexico – the usual figure for a year.

This critical situation showed the Mexican government that dealing with migration requires more than unilateral humanitarian gestures.

It's estimated that human trafficking rings in Mexico annually rake in between USD 32bn and USD 36bn, making sumggling people the third most lucrative business after drugs and weapons. The harder the route and the greater the risk, the higher the cost of a trip – and the bigger the earnings.

In the 1980s a smuggler would get you over the US border for a few hundred dollars. Today that service costs up to ten grand. Increasingly, there's also a political strategy behind mass migrations. Since autumn 2018, people linked with the Libre Party in Honduras have been supporting 'migrant caravans' with the aim of discrediting rightwing President Juan Orlando Hernández in the US – or toppling him. Moreover, the US organisation Pueblos sin Fronteras has accompanied those caravans through Mexico, with little regard for rules and conventions.

NAFTA isn't perfect

This critical situation showed the Mexican government that dealing with migration requires more than unilateral humanitarian gestures. However, Trumpian repression is doomed to fail because it attacks the symptom rather than its causes. These include 'pull factors': the wish of Hispanics living in the US to bring their families; the appeal of the right to asylum in the US and the US economy's interest in having cheap workers with no rights.

Then there are the 'push factors': climate change, which is robbing subsistence farmers in Central America of their livelihoods; violent crime

on a scale usually found in warzones; population growth overstretching resources; and corrupt elites, for whom migration is a good business and a welcome vent for domestic pressure for reforms.

In 2017, immigrants from El Salvador, Guatemala and Honduras sent home USD 4.3bn. In comparison, the USD 500 million development aid looks paltry. Most remittances go for consumption – at shopping malls owned by the elites, which lowers their motivation to change the situation to naught, as Salvadoran political scientist and former guerrillo Joaquín Villalobos explains in his important essay in *Nexos magazine*.

The region is no simple worst-case example. It also shows what integrating economic spaces can achieve. NAFTA is an interesting case. Since the agreement was signed in 1994, Mexico's average annual per capita income has increased from USD 5,000 to 6,600 and its exports have risen by more than 600 per cent. The Mexican economy has become diversified. A range of free-trade agreements have helped Mexico become the world's fourth largest automobile exporter. At home, there have also been societal changes: The birth rate has dropped from 3.2 births per woman per year to 2.1, and the migration rate has been negative since 2007. That's right: over the last 12 years, more Mexicans (especially pensioners) have returned home than left.

Trump doesn't give a hoot about dealing with migration.

NAFTA is not perfect, of course. The big wage differences that Trump criticises should have long been adjusted in keeping with Mexican workers' productivity. That would stimulate domestic demand. Heavy investments should have been made in structurally weak regions: it was wrong for Mexican elites to neglect that. But Trump is totally off questioning the agreement which has lowered prices for US consumers and producers – and rescued US car manufacturing. North of the border, US administrations are at fault for failing to cushion the domestic sectors impacted by NAFTA.

Trump's support for 'anti-communists'

Of course, free trade is no panacea. It didn't help the smaller, uncompetitive Central American countries that, unluckily for them, are not next door to the US. They lost out because Mexico was ahead of them.

However, what did produce results in Central America was US President Barack Obama's programme for the 'Northern Triangle' countries of Guatemala, El Salvador and Honduras, home to most of the migrants. Its basic idea was to fight corruption and establish a state of law that finally can hold elites accountable.

The UN Commission against Impunity in Guatemala (CICIG) was spectacularly successful in attacking elite mafia networks and creating the country's first efficient and independent justice system. Crime rates dropped, eliminating a major push factor.

Similar commissions were then created for El Salvador and Honduras. Unfortunately, Trump reduced US support after elite lobbyists convinced his conservative advisors that communists had infiltrated their commisions. The Trump administration supports corrupt presidents like Jimmy Morales in Guatemala und Juan Orlando Hernández in Honduras, who may have come to power through fraudulent elections and drug money but are seen as 'anti-communist'. If necessary, those two leaders will violently repress the left-wing opposition. Apart from that, they help the US military and secret service feel at home.

Policies like these destabilise countries. Such a counterproductive approach can only be explained through ideological blindness or intentionality. Trump doesn't give a hoot about dealing with migration. After all, migrants can be useful in the 2020 election, and help preserve a pretext to intervene in 'America's' 'backyard'.



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