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Sean Spicer shows us the money Mexico will pay for the wall - and then it's gone

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Washington: It was to be the first shot fired in Donald Trump's first trade war – to get those pesky Mexicans to pay for the border wall that the new President claims will halt the flow of undocumented migrants into the US.

But amidst warnings of how Mexico could retaliate, the White House, as they say of a bad idea in Washington, "walked back" what it had presented as a 20 per cent tax on Mexican imports to the US to cover the \$US15 billion to \$US20 billion cost of the near 3000-kilometre border barrier.

The threat created a crisis between the neighbours of the like not seen since the "imperial gringo" invasions in the 19th and 20th centuries, in which the United States seized big chunks of Mexico.

Mexico pulled its foreign minister from a DC meeting, as he was being welcomed by new Homeland Security Secretary John Kelly; Trump lectured Mexican President Enrique Peña Nieto to show respect for Washington; and Peña Nieto sort of did – he told Trump what he could do with a meeting the two presidents were to have next week.

Trump's Wednesday announcement that work would soon begin on the wall and his repetition of his earlier campaign claim that Mexico would pay for it had the effect of lancing a boil – Mexicans have been simmering in anger since early in the US presidential race, when Trump branded them as criminals and rapists.

The two-way trade between the two countries is worth an estimated \$US530 billion a year, ranking Mexico third among US trading partners. But so integrated are their two economies that Mexican exports to the US contain as much as 40 per cent parts and materials brought from the US to Mexico – to be returned stateside as finished product.

Earlier this week, Mexican Economy Secretary Ildefonso Guajardo warned that Mexico would "mirror" any punitive action by Washington – and *The Washington Post* reported expert warnings that a tariff imposed on Mexico would, ultimately, be paid by US consumers.

Declaring the proposed tax to be "the start of a trade war", Mexico-based economic analyst Jonathan Heath warned that Mexico would have to retaliate, with consequences for US manufacturers, farmers and consumers.

At the Washington-based Cato Institute, analyst Daniel Ikenson declared the US to be "in dangerous waters".

And even senior Republican senators were wary – John McCain declared himself "deeply concerned" that "any effort to restrict or impose new barriers on our ability to trade with Mexico or Canada could jeopardise the future of [the North American Free Trade Agreement]" and Lindsey Graham tweeted: "Border security yes, tariffs no. Any tariff we can levy, they can levy."

The manner in which the proposed tariff came to light was suspicious too – it seemed that Team Trump was trying to dress up an unrelated tax as a veneer by which Americans might be led to believe that Mexico was paying for the wall.

While briefing reporters, Trump spokesman Sean Spicer was explaining a proposed general tax reform that had nothing to do with the wall – "when you look at the plan that's taking shape now, using comprehensive tax reform as a means to tax imports from countries that we have a trade deficit from, like Mexico".

He went on: "If you tax that \$US50 billion at 20 per cent of imports – which is by the way a practice that 160 other countries do – right now our country's policy is to tax exports and let imports flow freely in, which is ridiculous. By doing it that way we can do \$US10 billion a year and easily pay for the wall just through that mechanism alone. That's really going to provide the funding."

Yon Hui Bell holds her son, Emilio Rafael, as they join community activists in front of San Fernando Cathedral in San Antonio, Texas, for a vigil on the eve of Donald Trump's inauguration. Photo: AP

And soon after, Trump's chief of staff Reince Priebus put the whole thing on ice, describing it as just one of a "buffet of options". Spicer called reporters back, telling them the proposed tariff was merely "one idea" that wasn't meant to "roll out" a new policy.

The whole thing appears to have been a Spicer stunt. As explained by *The New York Times*, his briefing was about a tax overhaul, to bring US border taxes into line with the value-added taxes applied in other countries.

Making it into "this is how Mexico pays for the wall" was quite a sleight of hand – revealing the lengths to which this administration will go to have supporters believe that Trump has been victorious on one of his signature policy commitments.