



Trump's border threat poses economic risks, headache for incoming Mexican president

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President Trump's threat to permanently close the U.S.-Mexico border poses economic risks to both countries and a major problem for leaders of the incoming Mexican government.

Trump tweeted early Monday, after a group of mostly Honduran migrants in Tijuana were pushed back from the border with tear gas, saying his administration "will close the Border permanently if need be."

The tweet moved financial markets in Mexico, with the peso dropping 10 cents against the U.S. dollar Monday, according to Reforma newspaper.

The country's financial standing was already jittery, as plunging oil prices and reduced foreign direct investment have clouded the transition period ahead of Mexican President-elect Andrés Manuel López Obrador's inauguration Saturday. Vice President Pence is scheduled to represent Trump at the inauguration ceremony in Mexico City.

Mexico is heavily dependent on trade with the United States, a situation Trump has leveraged before, notably in renegotiating the North American Free Trade Agreement (NAFTA) into the United States-Mexico-Canada Agreement (USMCA). The new pact is scheduled to be signed Friday.

"The worst-case scenario is that you do see an escalation of the rhetoric on both sides of the border," said Duncan Wood, director of the Wilson Center's Mexico Institute.

López Obrador, a firebrand left-leaning populist who won by a landslide in July's general election, has stayed relatively quiet about the migrant caravans crossing Mexico and the tension in Tijuana.

"Up until this point, [López Obrador's] attitude has been that it's the outgoing administration's problem," said Wood. "Now it's reached a crisis point ... the hot potato has fallen very firmly into their hands."

From the 1970s until the 1990s, Mexican presidential transitions were peaceful — the country was essentially ruled by a single party — but often came with accompanying financial crises.

The last such crisis, in 1995, detonated a wave of economic migration to the United States, but was somewhat contained by an upsurge of foreign investment due to NAFTA and a rescue package approved by former President Clinton.

Amid falling foreign investment and uncertainty over López Obrador's economic team, the potential for a closed border has many experts nervous.

"If the Mexican economy collapses in the near future, then we will definitely see a surge of immigration — legal and illegal — from Mexico to the United States," said Alex Nowrasteh, a senior immigration policy official at the libertarian Cato Institute.

"If Mexico collapses the problems we see right now are going to look like child's play," Nowrasteh said, adding that Trump's border management is adding to instability in Mexico ahead of an already challenging week.

"All of the president's actions here have made this situation what it is," he added.

Rep. Bennie Thompson (Miss.), the top Democrat on the House Homeland Security Committee, said in a statement Monday that Trump's "immigration agenda is clearly intended to foment chaos at the border."

"Congress will no longer sit idly by as President Trump incites fear and division in an attempt to close the border and extort funding for his completely unnecessary wall. The administration should be preparing itself to finally face real oversight of its failed border and immigration policies," said Thompson.

Rep. Lou Correa (Calif.), the top Democrat on the House Homeland Security Oversight and Management Efficiency Subcommittee, said the panel he hopes to lead will begin to investigate the Trump administration's border management as soon as Democrats take over control of the lower chamber in January.

"We have a president that is implementing policies that have created a worse situation," said Correa. "I know this president is doing this to make a point, but he should be focusing on fixing the problem, not making the problem worse. You don't throw gasoline on a fire."

But there's relatively little Congress or the courts can do to change how the executive manages appropriated resources, particularly when it comes to border security and immigration.

The Department of Homeland Security (DHS) reassigned Customs and Border Protection (CBP) officers from El Paso, Texas, to the San Ysidro crossing in California between Tijuana and San Diego earlier this month, slowing border crossings between Ciudad Juarez, Mexico, and El Paso.

Most border communities are heavily dependent on quick crossings for everything from trade in manufactured goods to individual shopping runs.

Just through San Ysidro, the crossing temporarily closed because of the riots, CBP processed more than 5.8 million individual pedestrian, auto and bus crossings in September.

"If the border closures were to spread, that would affect \$1.6 billion in trade per day," said Wood.

Neither the White House nor DHS responded to a request for comment.

In Mexico, the combination of an incoming president who could be handed a crisis on his inaugural weekend and a lame-duck administration are causing paralysis on the matter.

Tijuana Mayor Juan Manuel Gastélum, of the center-right National Action Party, said last week that he's received no federal assistance to house the more than 7,000 migrants in the city.

The Mexican federal government did send federal police to the border, perhaps avoiding a larger confrontation between migrants and U.S. authorities.

Correa, who visited San Ysidro on Monday, said operations had returned to normal, crediting Mexican federal police for keeping the Central American migrants away from the border wall.

Still, Trump insisted Monday he will close the border if Mexico does not deal with the migrants to his satisfaction.

"Well, Mexico wants to see if they can get it straightened out. But we've, during certain times, as you know, closed the border. They're not coming into the United States. They will not be coming into our country," Trump told reporters at the White House.

The combination of factors makes it likely the situation will escalate, agreed Nowrasteh and Wood.

Wood said that even if López Obrador and Trump come to an agreement on how to manage the situation in Tijuana, desperation could drive the migrants to attempt another rush at the border

"Let's say Mexico and the U.S. come to an agreement and migrants decide to do what they did [Sunday]," said Wood. "It looks pretty negative for the Mexican government."

Nowrasteh is even less optimistic about the situation: "I think this is something that we're going to have to live with until the end of [Trump's] time as president."

"If there's a riot and Border Patrol opens fire or rioters kill a Border Patrol agent, the situation will get a lot more intense," he said. "But even if that happens I don't see them doing anything to solve the problem."