# Taxing Foreign Remittances Won't Build the Wall

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For both legal and undocumented immigrants in the US, Donald Trump's presidency has been an exercise in vindictiveness. Taking their cues from the man in the White House, Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP) agents have been putting on a full court press of cruelty. Just ask the parents of two-month-old Isaac Enrique Sanchez, two parents with no criminal records facing demands from CBP that they submit to custody in order for their son (a U.S. citizen) to have a life-saving operation.

The Sanchez story made waves when it came out last week, but this is just one example of many. President Obama had instructed the Department of Homeland Security (DHS) to avoid going after undocumented immigrants in "safe" spaces like hospitals. President Trump has done the opposite.

This "Trump effect," in which elected officials and unelected government agents go out of their way to make life miserable for both documented and undocumented immigrants, doesn't just apply to people. It also extends to the money (or the remittances, to use the precise term) those immigrants sent to their countries of origin. In the 2016 campaign, Donald Trump insisted Mexico would pay for his border wall between the U.S. and Mexico. The Trump campaign even circulated a memo, creatively titled "Pay for the Wall," which called on Mexico to make a one-time payment of somewhere between $5 to $10 billion.

Were Mexico to (shockingly) refuse to make the payment, the memo outlined a plan to prohibit any person from transferring money outside the United States unless the person provided documentation demonstrating their lawful presence in the U.S. Mexicans and Mexican-Americans took this threat seriously. Immediately following the election, remittances to Mexico rose sharply and have continued to do so throughout 2017; cash transfers jumped 15% in March 2017 compared to the same period last year, making for the third largest monthly total on record. This in spite of the number of undocumented Mexican immigrants in the U.S. dropping to its lowest level since 2009.

Meanwhile, Trump continues to insist the border wall will be built while Mexico, for its part, insists – as Vincente Fox helpfully puts it – that "Mexico will not pay for the f***en wall." Pricing Trump's Great Wall is another giant question mark. In April, the DHS estimated the cost of the wall at $21.6 billion. Senate Democrats estimate the cost would be more than three times that – $66.9 billion. No word on whether the solar panels will make up the difference.

Throughout that time, one intrepid GOP congressman has kept the idea of taking the money from his Latino neighbors alive. Rep. Mike Rogers of Alabama is the impetus behind the proposed Border Wall Funding Act of 2017, which would slap a 2% tax on every person-to-person wire transfer between the U.S. and Latin America. The Rogers tax, unlike other proposals, wouldn't discriminate between citizens, legal residents, and undocumented workers.

Ironically, the countries most impacted by Rogers' proposal wouldn't even be Mexico. The bill covers most of Latin America and the Caribbean, hitting far poorer countries in the Americas that are even more dependent on remittances from the U.S. Rogers justified the impact of his proposal by pointing to countries like Haiti, which receives more than 15% of their GDP from remittances.

Why the congressman wants to turn off the spigot to the hemisphere's most destitute countries to spite Mexico is anybody's guess, especially because his proposal wouldn't raise the money needed to pay for the wall anyway. Even at the Cato Institute, immigration experts like Alex Nowrasteh say the rate would have to be far higher than Rogers' proposed 2% – and that higher rates would just push remittances to off-the-books channels.

That, of course, has certain parts of the private sector worried. The strongest opposition to the remittance tax plans is likely to come from major money transfer companies like Western Union and MoneyGram. For institutions like Western Union, immigration is a gold mine: according to the United Nations, 244 million people living in a country other than the one where they were born remitted $582 billion back to home countries in 2015 alone. The United States is a major part of that market: people in the U.S. remitted nearly $134 billion in 2015, with the largest recipient countries being Mexico ($24.3 billion) followed by China ($16.2 billion) and India ($10 billion).

Many of those remittances flow through companies like Western Union, and customers who use them already pay a "tax" in the form of exorbitant transfer fees and rates. According to its own figures, Western Union moved $80 billion in transfers last year and earned $5.4 billion in revenue last year. Those earnings dwarf MoneyGram, which brought in just $1.63 billion. According to the UN's Sustainable Development Goals (SDGs), the "transaction costs of migrant remittances" should fall below 3% by 2030.

Depending on the country, current rates are often significantly higher. Western Union charges $15 to send $200 from the US to Haiti, for example, which translate to a rate of 7.2%. That may make MoneyGram's $11 fee look like a bargain, but to understand how far $11 would go in Haiti, consider that the minimum wage for a textile worker currently stands at $4.77. Not per hour – per day.

These companies obviously have reason to be nervous of the impact the Rogers plan might have on their earnings. For the sake of their own profit margins, they would prefer that immigrants (including undocumented immigrants) be able to work and send money home in peace. It turns out the public agrees with them: CNN/ORC found that a 60% majority believe the government's top priority should be to develop a plan that allows undocumented immigrants who have jobs and no criminal history to become legal residents. Donald Trump and Mike Rogers may claim that the American people want their wall, but they are – to quote Trump himself – "wrong."