President-elect Trump Vows to Proceed with Construction of Border Wall

Carlos Navarro

Follow this and additional works at: https://digitalrepository.unm.edu/sourcemex

Recommended Citation
https://digitalrepository.unm.edu/sourcemex/6315
US President-elect Donald Trump has pledged to begin expansion and reinforcement of the wall separating the US and Mexico shortly after his inauguration on Jan. 20. The project will likely become a reality because Trump has the support of Congress, where Republicans are the majority. The big question is where will Trump find the funds to embark on such an ambitious project, which is likely to cost as much as US$25 billion, according to some estimates.

Throughout his campaign and during the days leading to the inauguration, Trump has insisted that Mexico would pay for the costs of construction. As a candidate, he did not offer too many specifics on what would be the largest infrastructure project since the US highway system and the Erie Canal.

Construction and architectural experts believe that the huge cost of the project reduces the feasibility of constructing the barrier, which would require 339 million cubic feet of concrete, or three times what was used to build the Hoover Dam, according to some estimates.

This magnitude of the project makes it immediately infeasible, some analysts said. “The US [is] currently at a US$19-plus trillion deficit. Rather than spending our country’s resources on building a wall, we should be focusing our energy on building bridges—both literal and figurative,” Rosa Sheng, a San Francisco-based senior architect in the firm Bohlin Cywinski Jackson, said in an interview with the online site Businessinsider.com

**Trump insists that Mexico will cover costs**

Still, Trump insists that the project will go forward and is offering some hints on how the wall would be financed. He suggested that the US would make the initial expenditures on the project, and that further costs would be recovered from Mexico.

His proposals for recovering further costs of construction include imposing taxes on remittances sent from expatriates back to Mexico. By some estimates, a tax of about 10% on remittances would generate an estimated US$10 billion over four years, which would cover a little more than one-third of the cost of expanding and strengthening the existing wall.

“It’s an ugly and regressive tax, because you’re essentially taxing poor people,” said Edward Alden, a senior fellow specializing in US trade policy at the New York-based Council on Foreign Relations.

Another proposal calls for the administration, with the assistance from Congress, to levy taxes on imports from Mexico. This way, the president could claim that payments collected from these import tariffs are covering the cost of the wall. Some analysts suggest that this form of raising revenues might not be as easy, given Mexico’s obligations under the North American Free Trade Agreement (NAFTA), which remains in place unless the Trump government follows through with a threat to leave the agreement. According to Christopher Wilson, deputy director of the Mexico Institute at the Wilson Center in Washington, any new import taxes could draw legal action from Mexico.
There is also the threat of retaliations. At the government level, Mexico could impose tariffs on imports of US products, which is a course that some in Mexico have proposed. “Mexico holds its own cards,” columnist Leo Zuckermann wrote in the daily newspaper Excélsior. “We have to identify what assets we have and what would hurt the US if taken away.”

Zuckermann said Mexico should counter all actions taken by Trump. “For every threat by the bully to place tariffs on Mexican exports, we could threaten to impose our own taxes,” he said. “If the US imposes tariffs on imports of General Motors vehicles assembled in Mexico, we could take a reciprocal action by adding a 35% tax on the grain that we import from the US. Or what about enacting a special tax in supermarkets operated by US companies like Walmart?”

Mexican legislators echoed Zuckermann’s suggestions. “If taxes are imposed on remittances, then we must counter with a similar tax rate on the earnings of US companies in Mexico,” said Sen. Luis Sánchez Jiménez of the center-left Partido de la Revolución Democrática (PRD), who also serves as Senate vice president.

Some companies could also take action through their individual purchases. For example, tourism-oriented Grupo de Experiencias Xcaret and construction and transportation concern Compañía Contratista Nacional (COCONAL) both announced in mid-January that they would stop buying Ford vehicles in the wake of the decision of US automaker Ford to cancel construction of a new plant in San Luis Potosí. Ford acknowledged that pressure from Trump was partly behind its decision, but changing market conditions also were a factor (SourceMex, Jan. 11, 2017).

**Mexico refuses to pay**

Regardless of how Trump plans to finance the wall project, the president-elect has no plans to force Mexico to shoulder the initial costs of construction. There are reports that Trump has been working with Congress to allocate funds from the US Treasury to begin construction of the massive project through a 2006 law that allowed construction of 700 miles of the existing wall (SourceMex, Oct. 11, 2006, and Oct. 10, 2007).

President Enrique Peña Nieto’s administration, in the meantime, is adamant that Mexico will not contribute a single peso to the project. After months of maintaining a moderate stance toward Trump and his threats against Mexico, Peña Nieto finally spoke in a forceful manner against the president-elect's plans. “It is evident that we have some differences with the next government of the United States, including the proposed wall, which Mexico will by no means pay,” the Mexican president said at a meeting that included several consuls, legislators, governors, and business leaders.

Peña Nieto also addressed Trump’s proposal to renegotiate NAFTA, suggesting that any changes to the agreement should ensure the stability of investments in the three countries, particularly export operations based in Mexico. “We are going to defend the domestic and foreign investments in Mexico,” Peña Nieto said. “There must be clear rules that allow the free flow of capital in the region.”

Other Mexican officials also emphasized that Mexico would not pay for the wall. Foreign Relations Secretary Luis Videgaray, who was appointed to head the Secretaría de Relaciones Exteriores (SRE) at the start of this year (SourceMex, Jan. 4, 2017), also offered a hard line when discussing the matter. “There is no way for this to happen,” Videgaray said during a television interview. “This is a matter of national dignity and sovereignty.”
Mexico’s former presidents have also been speaking out against Trump’s policies. Felipe Calderón (2006-2012) condemned Trump’s threats to impose tariffs on US automakers who build new plants in Mexico (SourceMex, Jan. 11, 2017). Calderón predecessor, Vicente Fox (2000-2006), spoke out forcefully against the wall. “Neither today, nor tomorrow, nor never Mexico will pay for that stupid wall,” Fox, a staunch proponent of NAFTA, wrote on Twitter. “If Trump wants a monument to his ego, let him pay for it!!”

While Peña Nieto appeared to move beyond the conciliatory approach to Trump, he was facing criticism from opposition legislators for taking such a timid stance for so long. “It is frustrating to see the lack of reaction,” Sen. Laura Angélica Rojas Hernández of the conservative Partido Acción Nacional (PAN) said on Jan. 11, the day before Peña Nieto announced that Mexico would not pay for the wall.

Rojas Hernández, chair of the Senate committee that oversees Mexico’s international agreements and relations with foreign institutions (Comisión de Relaciones Exteriores Organismos Internacionales) urged Peña Nieto to “play his cards in the face of the violent and threatening message from the northern neighbor.”

Similarly, the PRD’s Sánchez Jiménez criticized the lack of conviction on the part of the administration in dealing with Trump. “Only Enrique Peña Nieto and Luis Videgaray believe that Trump is a ‘friendly’ individual,” Sánchez Jiménez said in a press conference denouncing the wall and Trump’s threats to impose taxes on US companies that manufacture their products in Mexico.

Zuckermann suggested that Trump government is able to push Mexico around because he is dealing with a weakened Mexican administration. “[The president-elect] has incentives to begin acting against Mexico because of the huge disparity that exists between the two neighboring nations,” he wrote in Excélsior. “The US is the most powerful economy in the planet, while Mexico is an emerging country. The US has solid institutions and a great operational capacity, while Mexico is an inexperienced democracy with undeveloped institutions. In the US, a president is taking possession with support of about one-half of the population, while Mexico has a lame-duck and weakened president who is hugely unpopular and who is facing rejection both within and outside his party. In summary, Mexico is an appetizing snack for the bully.”

While Trump is talking tough, a key potential collaborator has offered a conciliatory position toward Mexico. Rex Tillerson, who has been designated as secretary of state by Trump, described Mexico as a “long-standing” friend of the US.

“We’re going to engage with Mexico because of their importance to us in this hemisphere,” Tillerson said during his Senate confirmation hearing.

-- End --