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Intersections:  
U.S.-Mexico relations: Beyond “America first” rhetoric

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(Music)

PITA: Hello, and welcome to Intersections, part of the Brookings Podcast Network, the podcast where we talk about the angles on policy issues. I'm your host, Adrianna Pita, and with me today are Vanda Felbab-Brown, a senior fellow with our Center for 21st Century Security and Intelligence, and Dany Bahar, a fellow with the Global Economy and Development program. Thank you both for being with us today.

I've asked you both here to take a look at U.S.-Mexico relations under the Trump administration, which rather famously, both on the campaign trail and in the first two months of governing, has had soured relations, both because of inflammatory rhetoric and some of the policy proposals, from building a massive wall to ripping up the North American Free Trade Agreement. And as I was preparing for this and reading both your work and the work of others, what really struck me and what I hope we get at today is the depth of cooperation between the U.S. and Mexico on economic issues and on both the traditional security side that people might think of, basically border control and drug trafficking; but also a wider range of counterterrorism issues, the movement of migrants, environmental issues, and of course economic relationships that are much more complicated than just, well the jobs went to Mexico, we buy the goods here, and then the immigrants come here and they take the jobs and then send all of the money home. So that's what I'm really hoping to get at with the two of you, is about how an America-first perspective is actually bad for the U.S., and it's also bad for Mexico, and to really get at the depth of the relationship between the two of them.

So, I'm hoping we can start with NAFTA and to talk about how, while that has come to stand as a symbol of all of the manufacturing job losses here in the U.S. over

the last 25+ years and the offshoring of jobs and production more generally, the U.S. and Mexico are actually each other's largest trading partners and there is a really deep and rich relationship that you both have written about. Trade is much more complicated than just a one-way flow. So Dany, could I ask you to start, maybe, with some of your reflections on some of the myths of NAFTA and some of the misconceptions about manufacturing and the relationship there between the U.S. and Mexico?

BAHAR: Sure. Well, as you said, Mexico is one of the most important trade partners of the U.S., and most economists will argue that it has contributed very positively to the U.S. economy and also the Mexican economy. And of course, you know, there are losers from trade, and I think that that's something that everybody should be aware of. But when you look at NAFTA in particular, I think that the losers, even though they are there, doesn't mean that the treaty is the worst treaty that has been signed ever. But some things are worth mentioning. For instance, it is true that blue collar workers, for instance, have suffered in some industries that have been more into competition, some of them saw slower growth in their wages, and many of them also lost their jobs.

It's very hard to actually find an estimate of how many people truly were affected by this. Most of the serious estimates will say there are between 100,000 and 300,000 people who lost their jobs because of NAFTA. That's a very small amount relative to the U.S. labor force, it's 0.1-0.3% of the labor force. It is true that many more jobs were lost—so this is a very tiny portion of the 5 million manufacturing jobs that were lost in the U.S. since 2000—but to say that most of those jobs were lost because of NAFTA, there's no evidence to back that up. Most of these jobs were lost to technology, to

higher productivity. And you see these also across all developed nations, not only the U.S. The share of workers in manufacturing has come down dramatically, regardless of whether they're running a trade deficit or trade surplus.

So I think that all in all, some estimates of economists, very serious economists, show that the welfare gains from NAFTA have been positive, both for Mexico and for the U.S., and even though there has been some losses, there are not enough to offset the gains from trade.

PITA: I think you had both talked about how production chains—it's not just that the factory is now in Mexico and people buy things here. There are actually sort of unified or piecemeal production chains that work together between both countries. Can you both talk a little bit more about that?

BAHAR: Yeah, I mean, that's a great point. If you actually look at the numbers, more than 50% of the imports from Mexico are intermediate goods. So—

PITA: Can you say what that means?

BAHAR: Yeah, of course. So intermediate goods are, as opposed to final goods, are goods that American firms use in their production process. Plastics, or things that are part of the final good that the U.S. firms will do. So it's not—I'm trying to make the distinction between an orange, which it will, I mean, you could bring an orange from Mexico and an American consumer will actually take the orange as it came; as opposed to screws or iron or things that are actually used in production. And that's a very important point because more than half the imports from Mexico are intermediate goods, which means that American firms are strongly benefitting from this trade, because that makes American firms more competitive. They can import these

intermediate goods at a lower cost, which means that they can also sell at lower cost, not only to American consumers but also to the rest of the world. The misconception that when you import things, it's causing jobs to be lost, that's not quite true because it's also generating a lot of jobs by American firms that are now able to export to other markets because they are able to import intermediate goods from Mexico.

FELBAB-BROWN: I would add to what Dany started talking about, namely the issue of consumers. One of the ironies and tragedies of the narrative, the way the Trump administration and previously candidate Trump has portrayed it, is to focus on the job losses. Once again, I want to reemphasize what Dany said, that it's very simplistic to paint the entirety of job losses as relevant to NAFTA and/or on other issues like climate change, for example, in terms of mining, and really ignore the issue of technology and productivity. But similarly, one of the real benefits of NAFTA and the integration that has taken place, including the imports of intermediate goods for joint production chains, are significantly lower-cost for American consumers, significantly lower costs of anything from avocados through cars, with potentially very large gains gained by the most vulnerable white-collar American workers and families that actually voted for Trump. So if the Trump administration delivers on its key promise of renegotiating NAFTA, and if that in fact results in a collapse of NAFTA, if the U.S. withdraws from NAFTA, the most hurt will be precisely the many people who voted for Trump, because firms will be able to pass increases in costs onto consumers and because not all goods can be replaced by simply American production. So take, for example, the issue of agriculture. The United States consumes all of the avocados that are produced in the United States, and yet we still import a very large quantity from

Mexico. So we cannot just say, well, we'll start growing more avocados. There are limitations, and in fact the outcome might be that instead of paying \$2-3 per avocado, families might have to absorb costs of \$5 per avocado, and that's in basic daily consumption. With respect to cars, the hikes can again be 20-30% on a car.

BAHAR: Yeah, I want to reemphasize that, and for all of you eating guacamole, these are very important points, because all of the policy ideas that have been brought on by the Trump administration to deal with the trade deficit with Mexico are not actually going to make a big change in the trade deficit on its own, and will actually impact the consumer. So for instance, when you're talking about tariffs, President Trump said at some point that he thinks that it would be appropriate to put a 35% tariff on goods imported from Mexico, which means what, Vanda, you said; that your guacamole and your cars are going to be 35% more expensive for consumers everywhere. It also means that firms that import a lot of intermediate goods will have to pay more to bring those goods, which means—and all those costs are going to be passed on to the consumers—and it's also going to make American firms less competitive in the world. So these, actually, will be a huge threat to job growth in America. So that's one thing.

And the other thing I would like to add is that I think that the focus on NAFTA has been on two things, on the job losses first and also on the trade deficit. You know, there's a huge trade deficit, they say, and that's not quite the right measure to look at trade. Trade is not a zero-sum game, it's not that, you know, we're losing and they're winning because we have the deficit and they have the surplus. You know, countries run deficits. The U.S. has been running a trade deficit for decades already, in good times and in bad times. And you know, deficits, of course, result in debt, but debt is a

bad thing only if you're not able to pay it, or if people think that you're not going to be able to pay it. But that's not the case for the U.S. And all these measures that are brought forward by the administration as ideas to try to deal with the deficit, such as the tariffs or to change the tax system so that you can punish imports and then incentivize exports, that's not really going to change much of the deficit because there are other facts happening in the economy, such as the exchange rate. So the exchange rate will adjust, right, in ways that are a little bit—it's complicated macro, but the short story is that the exchange rate adjusts in a way that at the end of the story, the deficit will stay there. So I think it's really important to think that when we hear, you know, that this trade deficit is large and is growing, it's not something unusual. Many countries have trade deficits, and it just says that we are just importing more than what we're exporting with a particular country.

PITA: Is our trade deficit sometimes with a country, whether it's Mexico or China or maybe some other, then offset by a trade surplus that we have with somebody else, or is it offset by something completely unrelated to trade issues?

BAHAR: Right, yeah, so in general the U.S. is running a trade deficit all over, and with Mexico it's also about \$50 billion, the trade deficit. It's a good question because actually a trade deficit, when you do accounting with basic economics, you understand that the trade deficit corresponds to the gap between savings and investment in the whole country. I'm not going to get into the math here, but the point being that it is a structural issue. So if you actually, I mean, the fact that there is a trade deficit, it means that Americans are not saving as much as the investment that they're in. So investment is being financed by countries in the world. So put it simply, if you want to reduce a

trade deficit, one way to do it is to have people consume less and save more. That's not a great thing, especially when you're coming out of a recession.

FELBAB-BROWN: I would like to take the conversation, for a moment, a little bit higher on the issue of trade and the Trump administration, to echo some of the comments that Dany made and that you started asking, Adrianna, in the beginning, namely very much the notion in the Trump administration that trade is a zero-sum game, something that Dany appropriately countered. I mean, we just saw a recent, very important summit on trade, attended not by the president but by top U.S. officials, and it was striking that for the first time, the U.S. administration essentially forced on the world a disavowing of free trade. There was not a comment, really, that free trade benefits all, and instead the emphasis was on trade that benefits individual countries. And so the interaction with Mexico is part and parcel of this notion that we will benefit at your expense, or you benefit at our expense, as opposed to what has really underpinned the global economic and political order since World War II, coming out of the experience of U.S. isolationism in the 30s, that trade can benefit all.

PITA: Isn't that one of the fears about tariffs? That once one country starts putting tariffs on somebody else, then basically everybody starts putting tariffs and everybody's trade suffers?

FELBAB-BROWN: Well, that's an element of that. And you know, the irony, of course, is that if in fact tariffs become a tool of policy, then they perhaps can drive the pre-integration because one is also hurt by the retaliation in tariffs. What the Trump administration is not really understanding is precisely this dynamic, that it will not just be the United States imposing tariffs or saying here is a 20% tariff on imports from Mexico



or from other countries, but that the countries will also retaliate, not to mention the fact that the tariff proposals that have been floated very unsystematically are really inconsistent with NAFTA. So one can have the tariffs, or one can have NAFTA, and the timing at the moment when the White House and Congress—the Republican side of Congress—raised them, really almost preempted conversation with Mexico about how to improve NAFTA.

Now, there's been a little bit of stepping back from that, but we are yet to see. But I want to drive this basic point: that economists and U.S. administrations, for decades, have been trying to persuade the world, and persuaded the world, that free trade benefits everyone—benefits everyone economically but also ultimately results in positive, broader political effects. And the Trump administration is saying no. We want trade that benefits us, and implicitly saying that we want trade that benefits—that then really hurts you, because our view is that we are being hurt. And so it's really a fundamental reorientation of the core element, or a core element, of U.S. foreign policy, that is so far coming out of the administration.

And countries are responding. Mexico is still, I think, very much trying to preserve NAFTA. NAFTA brought a lot of benefits to Mexico—hardly perfect, hardly uniform, just like on the U.S. side; hardly overwhelming, but nonetheless a lot of benefits to Mexican businesses and Mexican people. And that benefits us, because we are showing communities, a point I would like to come back to later. But one of the effects of these months, now, of the Trump administration's really anti-Mexico messaging, has been that Mexico is really pushing forward to negotiate free trade agreements with Europe, the European Union, as well as looking increasingly to China, to be a much greater and

deeper partner with China on economic issues. And once again, that might really hurt U.S. competitiveness. In fact, the unwise policies by the Trump administration might push Mexico much closer to China, something that is ostensibly not what the Trump administration wants to do, but might in fact inadvertently produce.

BAHAR: I want to jump in, also, on this area of trade and what can be done, because I think that there are things that—not everything is perfect, and there are things that can be improved. And I think it's really important to acknowledge that if even if trade, like, is a good thing and there are gains from trade, there have been a lot of people that have been hurt. But what I think is that if the Trump administration really wants to stand out in solving this problem, it shouldn't be through stopping trade, because again, there were 6 million jobs that were lost in manufacturing in the U.S., but only a tiny portion of them can be attributed to trade. The big chunk of it has been because of technology improvements, and that's something that, these underlying trends, we can't stop them. And we shouldn't, because that's what's making the U.S. more productive and so on. But there is, perhaps, a space to create programs with safety nets to these people who are losing their jobs, and I think that that's where the, perhaps, other administrations failed, and ironically, perhaps, that's part of what brought Trump to power. But I think that there's a space there to really think about how to help these workers transition to another industry or even perhaps to retirement if necessary. And I think that that's missing, and you know, trying to start a tariff war is not going to help these people. And I think that that's a point that we should push forward and think together with the administration.

FELBAB-BROWN: And of course, ironically, the attempt to destroy Obamacare is once again punching for the blow precisely to the most vulnerable people that have suffered a lot over the past decade.

PITA: Yeah. I do want to move to the security side of the relationship, starting with sort of the question of, a lot of the drug trade and drug cartels and drug trafficking in the U.S. There has been, of course, increased violence in Mexico in recent years, and U.S. lawmakers frequently cite concerns about that spilling over the border and sort of what that means for the U.S. However, there are also concerns that increasing the involvement of the Immigration and Customs Enforcement office with local law enforcement, and initiatives like the proposed Victims of Immigration Crime Engagement office that was proposed for DHS—that that's unnecessarily demonizing of immigrants, and it doesn't reflect the reality of criminal trends in the U.S. Vanda, could I ask you to talk a little about what the real statistics are about crime amongst immigrant communities in the U.S., and what sort of cooperation there is between the U.S. and Mexico, both cross-border issues and just criminal investigation in general?

FELBAB-BROWN: Sure. So let me start by saying that President Trump's portrayals of the United States being in a state of carnage are false. Violent crime rates in the United States have been dropping dramatically for two decades, until perhaps last year. Last year, we saw spikes—moderate spikes—in homicides that are principally driven by two cities, Chicago and Baltimore. Communities in these two cities are clearly struggling and suffering, and there is a real need to improve security in both cities. However, it is false to portray this as across-the-board rise in violence rates and to use language of fear and demonization, such as carnage.

Second, it is vastly inappropriate to attribute the rise in violence to immigrants. In fact, there is strong evidence—from professional criminology, that is—that show that the violence rates, especially violent homicide rates, among first generation immigrants are much lower than among those who were born in the United States. What is going on with Chicago and Baltimore is a variety of factors. There are sort of many complications and too-simplistic stories, but an element of that is indeed turf warfare over drug retail markets. Nonetheless, that is not the entire story. You have other drug retail markets across the United States that are very peaceful, including, for example, in Washington, D.C. Hardly the most peaceful of cities, but the level of violence that characterizes the drug retail market in Washington D.C. in the 80s an order of magnitude higher than what we are seeing today. So there are particular problems, deficiencies, and structural issues happening for a long time with Baltimore, simply now focusing on that, and more acutely, with Chicago.

On the other side of the border, the violence is strikingly different, and to use the term carnage is indeed appropriate there. Mexico has, over the past decade, has had between 100,000-170,000 homicide deaths, which is an excruciating number. We're talking about between 15,000 and 20,000 dying as a result of violent homicides per year, and those are really rates that surpass the levels of violence of a country in a civil war. The standard political science measure of a civil war is 1,000 deaths per year, but we're talking 15 times as much, 20 times as much, including this past year in Mexico being a very bad year, with violence reaching the peak levels of, say, 2010, 2011. And so countering that violence is crucial. However, that violence has not spilled into the United States. The violence dynamics in Baltimore and Chicago, and the peace

dynamics in places like San Diego and Tijuana are of their own, a crucial component of which is the quality of U.S. law enforcement and the deterrence capacity of U.S. law enforcement.

So to say that immigrant communities are the source of violence, violent crime in the United States is too blanket and in general false; and second, to then try to say, look at what's happening in Mexico that will come to the U.S. is again way too simplistic.

PITA: When we talk about what does and doesn't work in terms of deterrence, this sort of seems like an appropriate point to jump to, you know, the question of the wall. And Vanda, you called it signal infrastructure. Like, the fence is already there, it's already saying this is the border and this is where we stop people from coming across. And you've talked about how interdiction only does so much in terms of drug smuggling, drug trafficking. Can I ask you to talk a little bit about what has been proposed in terms of the wall, and why people think that that's going to be more effective, and why maybe it is or isn't?

FELBAB-BROWN: I first want to drive home the point that much of the violence, criminal violence, homicides in the United States, does not happen because someone sneaks across the border into the United States and shoots someone. The vast majority of violent deaths are by people that were born in the United States, with complex issues having to do, perhaps, with marginalization, slum communities, African American gangs, Latino gangs; but it's not that people are sneaking across the border with guns to shoot someone in the United States.

The drugs, obviously, flow across the borders—in fact, continents. Some are produced in Mexico, heroin and methamphetamines; others are produced in Colombia

and elsewhere in the Andes, such as cocaine. The wall will not stop the drug flows, just as the existing fence has not stopped the drug flows. The existing fence did, for a while, deter numbers of Mexican migrants trying to cross into the United States, but once again, that is not a sufficient story. The growth of the Mexican economy, the jobs creations and the maquilas, remittances, all enabled people who were trying to get from Mexico into the United States to stay in Mexico. And so paradoxically, if you really rupture NAFTA and the trade, we might be generating more of an impetus for people from Mexico once again to try to come to the United States to get work.

Now, because of excruciating violence rates in Central America, we have seen big flows of people from El Salvador, Honduras, and Guatemala, including minors, people—children as young as eight, six there on their own, trying to get into the United States. The fence has had some effect in deterring them, but I wouldn't overemphasize those effects. There are many reasons to that, one of which is that the fence and the wall that the Trump administration imagines, does not often actually run on the actual border, because of physical limitations it's set in into the United States. So for people who want to apply for asylum, they don't need to make it across the wall. They just need to make it into the U.S. territory, and even be stopped by a wall, and they will still be eligible for asylum. Now, in other parts of the division, the fence, and the proposed border is located on the border, so this is not systematic. But the issue of asylum will not be eliminated by making the structure bigger. And traffickers will find many ways to go around it, the most simple being simply to hide drugs among legal goods, and those drugs don't have to cross the physical border. They can come in cargo containers coming from other parts of the world, as is happening already. The United States cannot

and should not stop good from abroad to come to the United States, and traffickers will simply mix drugs into the legal trade; or they will resort to smuggling, as is already happening, by boat once again. And indeed, the future may well be drones. There are already attempts to fly drones with drug payload across the fence. They have been, so far, limited by size. So it's not very efficient, but in a matter of years, it will become cost-efficient.

PITA: Since you brought up remittances and you said you wanted to talk a little bit about the communities, the cross-border communities, it seems like sort of a good point to turn to that.

FELBAB-BROWN: You know, we don't necessarily have the latest numbers, but for essentially ten years, remittances have hovered around \$22-23 billion per year, and the Trump campaign has used the language of seizing the remittances to pay for the wall. That is a highly problematic statement, including legally. Many of the remittances are obviously from people who are in the United States legally. One cannot just take their money, and sorting through what are legal and illegal remittances is significant financial auditing, financial forensic tasks. Moreover, we don't really know what the wall will cost, because there have been very limited specifications. The Trump administration's used numbers such as 12 billion to 15 billion. Apparently there's been, recently, a DHS internal report that used the number of 29 billion, and there have been other studies that pushed the number an order of magnitude higher.

BAHAR: By the way, the trade deficit with Mexico is \$50 billion, so you can imagine that you are going to build a wall that is like half of the trade deficit for a year. That doesn't really make a lot of sense.

FELBAB-BROWN: Right, and you know, this notion that the Trump administration has put forth that somehow it will make Mexico pay for it is not only enormously politically explosive in Mexico, but there is also just no easy way to accomplish that. How will one accomplish that without destroying itself completely? And then there is the other issue, which is the one that we raised before, namely that the flow of remittances has enabled human capital development as well as basic economic survival for many communities and people, individuals, families, who would otherwise be tempted to come into the United States. By cutting remittances, either through some sort of seizure or because of other changes in U.S. trade or domestic policy, it means that the people will be left without basic livelihoods, and might be more tempted to come in.

BAHAR: Yeah. No, I just want to say that it's important when people make these calculations, and often they come out of the administration to say that, well, you know, there are \$20 billion of remittances going back and forth, we're just going to put a tax on them; or there's so much trade, we're just going to put a tax on them, then you make a back-of-the-envelope calculation, you know, 10% of \$20 billion is \$2 billion. It's not that simple. I mean, the economy fluctuates and responds to these taxes and to these things. So if you are suddenly going to put a tariff to pay for the wall, or some sort of tax on the remittances, of course, the overall amount of money that you're going to be able to get is much lower than what you think, because it's going to affect the actual number of goods flowing or money flowing through remittances. I think that that sounds obvious, but I think it's important to remind the listeners that it's not as trivial as just, you know,



getting a calculator and just multiply by a percent and that's what you get. These numbers respond to the actions and decisions of people.

FELBAB-BROWN: And this theme, it's not so simple, also goes to the issue that I wanted to raise of, the relationship of Mexico and the United States is not simply a relationship between two separate neighbors. This is what is the broader vision of the Trump administration: that we can drive this wall and separate the two countries; isolate the United States from Mexico. In fact, U.S. citizens live in Mexico. U.S. citizens go to Mexico for medical services, that retire there, and of course, people who are U.S. citizens are of Mexican origins. They have families across. It's not a matter, anymore, of the border communities being defined as a very narrow geographic space, such as Native American reservations overlapping the border. People of Mexican origin live deep in the northern states of the United States. The ties and binds between the communities are simply much bigger, and so to try to drive a rupture and a division between the two countries really means ripping apart trade communities, family communities, social communities; and in fact the very identity, what the United States is about.

PITA: Families have been coming here and living here and settling here for a really long time. Dany, why don't you talk to us a little bit about what immigration from Mexico looks like, which is—the immigration that is actually from Mexico has actually been down more in recent years, it has been coming more, as Vanda said, from Central America than from Mexico itself. Talk a little about the immigrant communities in the U.S., what their contributions to the economy are, and what it might mean if we suddenly cut back on immigration levels.

BAHAR: That's a great question. I think that, following Vanda's numbers on the crime, the characterization of the president saying that most of the migrants are a threat, and I think he used the word rapists and criminals—those aren't accurate at all. It's very far from reality. When you talk about migration and you want to think about how it affects the economy, most people will want to, you know, separate between skilled migration, unskilled migration. I think when it comes to skilled migration, there's wide consensus among economists that this is a good thing for the economy, full stop. Skilled migrants tend to be very entrepreneurial, they create jobs for Americans. There are many, many reasons why skilled migration is positive. When it comes to unskilled migration, actually, the evidence is not dramatically different if you look around. Most unskilled migrants in the U.S. are working. And talking in particular also about the Mexican community, they are working informally, many of them, so they don't use social security benefits, but they do pay consumption taxes because they consume and they eat. So often, maybe, their contribution to the country is much more than actually they're getting back in terms of the fiscal. There's a study from the National Academies of Sciences that was showing that they actually—there is some burden, the fiscal burden for first-generation migrants, but then it's offset by the contribution of the second and third-generation migrants.

When it comes to Mexican workers in particular, I think the big concern is that the presence of many unskilled migrants in the economy is depressing the wages of others. And there may be some of that, but it's a very, very, small effect. What we see in a few studies, some of them in the U.S., some of them in other countries, is that actually this could have even a positive effect. The idea that unskilled migrants—first of all, there's

this idea that not everybody is the same not everybody is a substitute for somebody else, so many unskilled migrants would come and they actually have complementary skills to the ones of the natives, and they're actually, in theory, and I think a lot of practice, increases the wages of everybody. And there are some studies that show that when there are a lot of, in particular, for unskilled migrants, that they come, they also have this effect of pushing—I mean, they are competing for certain jobs with natives, but that creates a motivation for natives to actually have some sort of occupational mobility upwards, that they have created an incentive for them to invest more in their skills and actually then, you see an increase in wages.

So it is a difficult question, I'm not saying that, you know, it's—hands-off, it increases or decrease, but I think that most of the evidence show that it is positive for the economy. Even if they are unskilled migrants, one thing that is important to say is that there's also a lot of entrepreneurship there—maybe not in Silicon Valley but, you know, restaurants and small shops—that also creates jobs for Americans, right? I think that's one misconception that's out there, that it's not really—I mean, the misconception that unskilled migrants or Mexican migrants are taking over American jobs—is not really supported by the evidence.

FELBAB-BROWN: And one addition I would make to Dany's comments here is that there are some job sectors in the United States that U.S. citizens simply do not want to do. The fish-cutting industry is a very difficult, nasty job, and it's so overwhelmingly staffed by undocumented workers simply because even unemployed, poor, struggling U.S. citizens do not want to put up with that job. Eventually, this might move to automation and robots taking on the job, displacing the undocumented

workers, but they will not be displacing U.S. citizens because they don't want the job to start with. Similarly, a lot of the job in agriculture—picking fruit—which tend to be very hard, physically hard jobs, there is very limited interest from U.S. workers to be employed in these sectors. And in fact, for a decade and a half, many of employers in the sector were trying to work out a deal with first the George W. Bush administration and later with Obama administration to extend visas for people from Mexico, Central America, to be legally employed because they could not find jobs among U.S. citizens—or they could not find interest among U.S. citizens in those jobs. And of course, that has not materialized because immigration reform has been just utterly paralyzed in the United States.

I want to make one more comment related to the immigration policies, and the Trump administration offered comments that they want to focus on violent violators of U.S. immigration laws. In fact, the executive orders coming over the past several weeks from the Trump administration have so broadened the notion of what is violent crime, down to using U.S. food stamps as constituting violent crime and a deportable offense, while suspending regular due of law process systems. So while ostensibly the Trump administration is—prides itself on exporting violent offenders, in practice it's really talking about en masse deportations which are extraordinarily financially costly and will be a big burden on U.S. taxpayers. But it really just blurs and eliminates any notion of violent offenders as being priority targets.

And finally, the Obama administration deported a lot of people who—for two reasons. One was precisely to focus on people with violent criminal records who were not U.S. citizens, or were not legally in the United States; but also because early on it

gambled on the notion that deportations, as well as further tightening the wall by putting all the signal intelligence at the border—that's useful, but—would then get buy-in from Congress to pass immigration reform. And that of course didn't happen. But there were already very many deportations and very overburdened systems for asylum hearing procedures, the conditions in which either asylum seekers or other detainees are kept being often quite horrific. And just on the social dimension, one of the, sort of, last acts of the Obama administration, the Justice Department, was to move away from private prisons, which often have been of very poor quality in terms of security, human rights, standards, and other conditions of not just criminal offenders but asylum seekers being kept in private detention centers. And that's another dimension that the Trump administration is priding itself on really resurrecting.

BAHAR: And there's one more cost that I think that it's important to consider, which is this uncertainty that is coming out of the rhetoric of deportations and so on discourages immigrants, Mexican immigrants, from investing in their skills and maybe learning the language and so on, right? If you don't know that they're going to deport you tomorrow, why would you invest in becoming a better worker and so on? And I think this is a very important component that is usually not discussed in this debate about legalization, that if there was some more certainty for these workers, that if they would know that they would stay here for a period of time that is defined, they will perhaps, you know, invest more and become more productive workers, also like, adding more to the economy.

FELBAB-BROWN: And then there is the massive security cost. I mentioned earlier that crime issues cannot be, in the United States, cannot be overwhelmingly

attributed to first-generation immigrants, including illegal immigrants. But it is clear that the reason why crime in the United States—one of the reasons why crime in the United States—has gone down is because of, essentially, improved relations between police departments and communities. And the drive of the Trump administration to tear the relationship apart, to make local police departments key actors in hunting down, really conducting dragnets, for undocumented workers will result in communities, migrant communities, minority communities, even further pulling back from the police and perhaps dramatically pulling back from the police. And that means that local communities will not provide information to police departments. That has massive repercussions from lone-wolf terrorist attacks, with respect to perhaps Islamic communities; to ordinary urban security, with respect to Latino communities. So again, the ostensible goal of the Trump administration will not only be not accomplished, but in fact the current situation will be much worsened by the way it envisions anti-crime policies to take place.

PITA: Before we wrap up, I want to turn briefly to the political picture on the Mexican side. You've both talked a little bit about how some of the decisions the U.S. might make could have serious economic repercussions for Mexico. Mexico does have a presidential election coming up in 2018, so can you both talk a little bit—either of you or both of you—talk a little bit about what we know about how Mexican politicians are reacting to this, and do we know anything about some of the candidates who might be coming forward for the 2018 race?

BAHAR: I think I'm going to let Vanda talk more in detail about the domestic politics, but I do want to mention a couple of things that I think are going to be very

important in the campaign. One of them is what we talked already, which is NAFTA, and I think that in particular, I think the big challenge seems like NAFTA will be renegotiated somehow. And I think the big challenge is how can the Mexican government do for this renegotiation to be effective? We only know what's in the mind of the U.S.

administration, but I think one of the possible avenues through which NAFTA could be renegotiated and have to do also with environmental concerns and things like that will—I think there is space there to think about how to improve the trade relationships with Mexico, so I bet that will play an important role in the campaign.

On the other hand, I think it's also important to—after all the conversation we had, we heard a lot about a lot of sticks and not so many carrots. So I think that Vanda in very clear ways explained the problems with drug trafficking and all the problems across the border which, of course, they need a lot of cooperation with the Mexican government. So the smart way to do it would be on one hand, not to be so tough on NAFTA because that could actually jeopardize the cooperation with the Mexican authorities. I think that that's a big challenge for the next government of Mexico, to think how are they going to cooperate with the U.S. government, because they know that these are very important topics for the U.S. It should be, and it seems like they are not getting a lot of incentive, so I think it's going to be interesting to look at that—those discussions.

FELBAB-BROWN: Well, absolutely. I think that after the elections the Mexican government really reached out overwhelmingly to the incoming administration, to the transition team, and hoped to move the discussion toward mutual benefits, mutual cooperation, very much with the mindset that there were elements of NAFTA such as

environmental issues, intellectual property rights, several other dimensions that would really benefit strongly from having additional, side binding agreements on how to deepen integration, but deepen integration in ways that elevates labor standards and environmental standards. And the Trump administration just threw cold water on that, and the manner in which it handled the relationship with Mexico and the statements that have come out in a haphazard way, I think, really soured the Mexican government on that, and really constrained the political space in Mexico very significantly to which Mexico can make concessions.

Now, the Trump administration is also hell-bent in the United States on destroying environmental regulations, and frankly destroying the environment. So it will probably see little benefit of trying to achieve better bilateral environmental standards, since its domestic view is to turn the U.S. environmentally back into 19th century, dirty Britain. But one of the consequences of that is that the public opinion in Mexico from November to March has really turned away from trying to cooperate with the United States to sort of reject the United States, and the striking difference is enormously damaging for the bilateral relationship.

If anything, way beyond the economic integration, what NAFTA achieved was unprecedented level of U.S.-Mexican cooperation, of two countries that for centuries were very distant. There was, for example, no security cooperation, really, until essentially the Fox administration, and then really deepening under Calderon era. The United States had military-to-military relationships with every Latin American country except Mexico until the 1990s. It was only then, as a result of the relationships and the leadership of then-President Seville and President Clinton, and the economic benefits



that NAFTA created, that the level of cooperation went way beyond economic issues—went to security and a host of other dimensions.

And so that's all being jeopardized, and the Mexican administration has been very explicit that it does not want to treat NAFTA in isolation, that the Trump administration cannot have its cake and eat it too, shred NAFTA to pieces and Mexico will build cooperation on security issues. There have been threats made that Mexico might stop trying to enforce its southern border and might allow migrants from Central America to be coming to the northern border with the United States in much greater numbers. Mexican citizens have boycotted firms such as Walmart and others.

And for the first time, it's significantly given rise to Lopez Obrador, a sort of leftist, nationalist Mexican politician who is right now really having the highest support numbers of his long-term political career, and who has a high chance of being elected. And so the irony is that as a result of the Trump administration, we might end up with a populist leftist firebrand in Mexico, very much at odds and in an overly hostile relationship with the United States. So we might have two people of the same kind, perhaps with different political basic dispositions on the left-right side, sharing presidencies and really at the cost of the communities, the North American community, both the United States and Mexico, and that would be tremendously unfortunate.

PITA: All right. Do either of you have any last thoughts that you wanted to leave our listeners with?

BAHAR: No. I mean, perhaps just the idea that these trade agreements—NAFTA—that has been enacted since the mid-90s, it's important to know it has had a tremendous impact, a positive impact on the U.S. economy. And I think it feels that at

some point that we're going backwards to more isolation and more protectionism, and that's definitely not the way to go, especially because the biggest challenge the U.S. faces is the slowing productivity which, of course, we can talk about at some other time. But this is what's keeping the U.S. economy from growing, and stopping trade is actually making the problem worse, not better.

PITA: All right. Thank you both very much for being here, and I'll remind our listeners they can find you both on Twitter @vfelbabbrown and @dany\_bahar, and of course they can follow the rest of the Brookings Podcast Network @policypodcasts. Thank you both.

FELBAB-BROWN: Good to be with you.

(Music)