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Breakdown in Mexico-US relations as Trump threatens trade war

By Eric London
27 January 2017

On Wednesday Donald Trump announced the construction of a wall along the US’s southern border, provoking a diplomatic crisis without precedent in the modern history of US-Mexico relations. When Trump repeated his ultimatum that Mexico pay for the cost of construction, Mexican President Enrique Peña Nieto cancelled a visit to the White House that had been planned for January 31.

Following Peña Nieto’s announcement yesterday, Trump administration Press Secretary Sean Spicer announced that the US government would fund the wall by imposing a 20 percent tax on Mexican imports. The *New York Times* wrote that “decades of friendly relations between the nations—on matters involving trade, security and migration—seemed to be unraveling.”

Though the White House later said the final decision to impose the import tax had not yet been made, the possibility of such a measure threatens to launch a trade war with profound implications for both countries. The move comes as the US threatens to renegotiate the North American Free Trade Agreement (NAFTA), which has formed the basis of close US-Mexican trade ties since its enactment in 1994.

The US is Mexico’s largest trading partner, with 80 percent of Mexican exports going to the United States. Mexico is the third largest US trading partner, behind China and Canada. Under NAFTA, American corporations have relied on the use of cheap Mexican labor for

manufacturing. Within minutes of Spicer's announcement of a possible import tax, the Mexican press ran the news with banner online headlines.

Spicer's announcement is the latest in a series of provocative moves by the US government aimed at deliberately escalating tensions between the two countries. The Trump administration is treating Mexico like a semi-colonial subject and is threatening to impose humiliating and unacceptable conditions as the price for continued trade relations.

Speaking yesterday at a gathering of Republicans in Philadelphia, Trump called for the "immediate construction of the border wall" and said the US will "generate revenue from Mexico that will pay for the wall if we decide to go that route." He said he will not meet with Peña Nieto "unless Mexico is going to treat the United States fairly." He reiterated his pledge to renegotiate the North American Free Trade Agreement (NAFTA), which he called "a total disaster."

House Speaker Paul Ryan and Senate Majority Leader Mitch McConnell announced yesterday that they were prepared to move forward on constructing the wall.

Meanwhile, Trump is rolling out dictatorial immigration measures that place many of the millions of Mexican citizens living in the US in serious danger. Trump has laid the framework for a dragnet deportation offensive, issuing executive orders adding 5,000 border patrol agents, tripling the number of Immigration and Customs Enforcement agents, enlisting local police in efforts to round up and arrest immigrants and mandating the incarceration of hundreds of thousands who are waiting for a court date.

This program amounts to the establishment of a concentration camp system for immigrant incarceration. Trump defended these fascistic proposals by proclaiming that "the hour of justice for the American worker has arrived."

The offensive against Mexico and the immigrant population in the United States is a forewarning that Trump's "America First" program involves an aggressive push to expand US imperialism's domination of Latin America, at the expense of China, whose economic footprint in the region has been growing in recent years.

John Kelly, Trump's new director of the Department of Homeland Security (DHS), is a Marine Corps general who formerly headed the US military's Southern Command (SOUTHCOM), responsible for overseeing US military action in Central America, South America, and the Caribbean. Kelly has previously said, "homeland defense does not begin at the 'one yard line' of our Southwest border, but instead extends forward, throughout the hemisphere, to keep threats far from our nation's shores."

During his confirmation hearing earlier in January, Kelly said that he supports the construction of a wall, but that a "physical barrier will not do the job." He told the Senate: "I believe the defense of the southwest border starts 1,500 miles south," and that border defense cannot "be attempted as an endless series of 'goal-line stands' on the one-foot line at the official ports of entry or along the thousands of miles of border between this country and Mexico." Thirty-seven

of 48 Democrats voted to confirm Kelly last week. He sailed through the Senate with an 88-11 vote.

Peña Nieto's decision to abandon the negotiations came after weeks in which the Mexican President obsequiously appealed to Trump, despite the latter's claim that Mexicans are "rapists" and "criminals." Earlier this month, Peña Nieto appointed Luis Videgaray as his foreign minister, in an unpopular move that was widely seen as a friendly gesture to Trump. Videgaray was responsible for orchestrating Trump's visit to Mexico during the US general election and the backlash forced him to resign as finance minister in September.

Peña Nieto came under irresistible pressure to cancel the meeting as his government faces widespread popular hostility due to both his appeals to the hated Trump and the escalating cost of living. Protests have continued across Mexico throughout January after the government announced at the end of 2016 a 20 percent price hike to gasoline as part of its efforts to privatize the state-owned oil company, Pemex. Peña Nieto's poll ratings are the lowest of any Mexican president in the modern era—he is likely the second most hated politician in Mexico, behind Trump.

There is considerable nervousness within the Mexican ruling class about the implications for a trade war with the US and the prospects of growing social opposition within Mexico, which Trump is using as leverage in his efforts to renegotiate NAFTA. The Mexican Peso fell 1.1 percent against the dollar yesterday and is down 14 percent since Trump's election. Ford, GM and Fiat Chrysler have all announced they are pulling back investments in Mexico in anticipation of massive corporate giveaways by the Trump administration in the US. Consumer prices have already been rising with the cost of gasoline, and if the Mexican government takes retaliatory measures on imports from the US, prices would likely rise further.

The policy of hyper-American nationalism will also prove disastrous for the working class in the United States. Jared Bernstein of the Center on Budget and Policy Priorities told Bloomberg that "Mexico doesn't pay for the wall, American consumers who shop at places that import, like Walmart and Target, pay for the wall, making it a regressive tax supporting a dumb, wasteful idea." Trump's provocative maneuvers against Mexico are aimed at paving the way for the super-exploitation of the country by American corporations, which will enrich themselves at the expense of workers in both countries.

Workers in Mexico and the US are tied organically through the process of production and through family connections and the large presence of Mexican workers throughout the United States. Trump's attempts to whip up a toxic anti-immigrant climate are aimed not only against Mexican workers, but at paving the way for further attacks on the wages, living standards and social programs of workers of all races and nationalities in the US. This can only be opposed by uniting Mexican and American workers on the basis of a common socialist and internationalist program.