

US Election Special: Voices on Latin America: Higher for Longer

An array of experts weigh in on how the US election could affect Latin America and the Caribbean – and why.

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Latin America is likely to be in the crosshairs of either a Harris or a Trump administration because they will view the region mainly as the source of two imported societal problems that need to be addressed more effectively: a tsunami of illegal immigrants and a flood of killer synthetic drugs (fentanyl and methamphetamine).

The likely difference in approach is that while a Harris White House will attempt to build stronger alliances with Mexico and other countries to curb the migrant and drug epidemics, a Trump White House will be prone to taking unilateral measures, such as the mass deportation of temporary and illegal migrants.

As concerns economic policies, both administrations will be inclined to run wider fiscal deficits as a result of their touted tax and spending initiatives, though Trump's deficits are likely to be much larger.

Where the two candidates really differ is on monetary and foreign-trade policies. Trump will probably apply pressure on the Federal Reserve to cut interest rates faster and deeper than otherwise, whereas Harris is unlikely to interfere with the Fed. And Trump will surely adopt more protectionist policies than Harris, starting with a generalized hike in import tariffs which will hit Brazil most noticeably, since Mexico and all other Latin American countries with US free-trade deals should be exempted.

All things considered, US inflation and long-term interest rates will probably remain higher, and the US dollar will trend weaker than otherwise – especially so under a Trump administration. The region's governments and corporations, which benefited by borrowing at historically low US interest rates between 2012 and 2022, will likely have to keep paying significantly more to raise new funding and to refinance what they already owe, though that cost may well be lessened by the relative strength of their currencies versus the US dollar.

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