The Best U.S. Response to the Root Causes of Poverty in Central America

James M. Roberts and Lora Ries

KEY TAKEAWAYS

Deliberate bad messaging and policies caused the Biden border crisis, exacerbated by deflecting blame for it on “root causes” of poverty in Central America.

Continuation of decades-long failed U.S. aid programs perpetuates illegal immigration and drug and gang violence fueled by communist regimes.

The Administration should completely secure the southern border and pursue long-term strategies to confront regional “push” factors—crime, corruption, violence, and poverty.

Illegal immigration is caused by both push factors from the home country and pull factors from the new country—the United States. In its brief time in office, the Biden Administration’s messaging on immigration, and its related policy decisions, have been strong pull factors for the historic number of people from Central and South America (considered “aliens” under U.S. law) that have sought to enter the United States illegally. Rather than stopping that messaging or changing the policies to prevent illegal entry and securing the southern border, the Administration—with Vice President Kamala Harris as the appointed “czar”—is focusing solely on push factors, or what the Administration is calling the “root causes” of the illegal migration. However, in addition to ignoring their own open-border policies, which is the strongest pull factor of all, the Administration
has misidentified some of the root causes of current illegal immigration from the Northern Triangle countries of El Salvador, Guatemala, and Honduras.

Worse, the Administration’s solution is to throw more foreign aid money at the primary source countries in Central America with little accountability demanded of the recipients. This plan merely expands and doubles down on an unsuccessful, decades-long approach that has spanned multiple U.S. Administrations. In addition, the Administration’s so-called solutions will exacerbate current pull factors and create new ones, thereby undermining its own efforts to address root causes. Nevertheless, Vice-President Harris doubled down on the Administration’s “root causes” approach in a July 29, 2021, White House press release.¹

Rather than putting the onus on the recipient governments suddenly to solve the centuries-old problem of corruption in the region, U.S. policy should be to focus on promoting private investment and curtailting external actors, such as transnational criminal organizations (TCOs), that are aggravating corruption and destabilizing effective governance. By focusing on solving the problems of corruption (in the short term), the Biden plan sets up its foreign-aid program for failure, which it will then use to justify its continuing encouragement of illegal migration.

Root Causes of Poverty

Vice President Harris has launched a high-profile campaign to spur economic development that the Administration claims will address and solve the “root causes” of poverty in the Northern Triangle countries of Central America—El Salvador, Guatemala, and Honduras—so that would-be migrants to the United States from those countries can find jobs in their home countries.

The Administration correctly identifies some of the regional problems as root causes (corruption, violence, and poverty). Others cited by the Administration are not, in fact, root causes (climate change and gender issues, among others). More unsettling is the approach that the Administration says it will take to solve them. The solutions it proposes are misguided, would waste U.S. taxpayers’ money, and will not stem the flow of illegal immigrants.

The Biden presidential campaign announced it would divert funds away from the Department of Homeland Security’s budget for immigration detention, and toward foreign aid to improve conditions in the Northern Triangle region and help people to feel safe in their home countries.² The
Biden Administration has severely restricted immigration detention specifically, and enforcement generally. In addition to violating immigration law, which requires immigration detention in certain cases, releasing aliens from immigration detention into America’s interior is a known pull factor for illegal immigration. For each pull factor the Biden Administration keeps or puts in place, it undermines its stated goal of addressing root causes.

The Administration has pledged to spend additional fresh, deficit-financed billions on new foreign aid programs, in addition to what the U.S. government has already funded for the region. According to the U.S. Agency for International Development (USAID), the Biden Administration’s proposed fiscal year (FY) 2022 budget “includes $861 million for the region as a first step toward a four-year $4 billion commitment to foster economic growth, combat corruption, improve security, help countries adapt to the effects of climate change, promote human rights, and strengthen government accountability.”

In fact, according to research by Heritage Foundation analysts, since 2015, USAID has expended more than $1 billion in Northern Triangle countries on development assistance projects alone—not including additional spending.
on health, humanitarian aid, and security assistance. Therefore, according to the Administration’s FY 2022 budget, it plans a massive increase in spending in the region. The problem is that the new spending will not work.

In addition to the problems noted previously of reliance on programming that has been proven not to produce the promised results, there is also the stark practical concern that these countries simply do not have the capacity (i.e. infrastructure, qualified workforce, availability of other vital resources) to absorb a doubling of foreign aid “through-put.” Through-put is the term-of-art among development contractors in reference to the spending of appropriated U.S. development assistance funds. Nevertheless, many of those for-profit, USAID contractors are happy to participate with the Biden Administration’s efforts because they are sympathetic to the Administration’s goals and are directly benefitting from the increased development spending.

The reality is that American foreign aid programs in Central America date back six decades, and the problems they were intended to solve persist today. Adding climate change and gender issues to the list of “root causes” may please the Administration’s domestic supporters, but it will do nothing to improve the situation on the ground. Spending more money will not prevent hurricanes. Furthermore, projects that link foreign aid benefits to gender-based projects can perpetuate the current single-parent household model in Central America (since many of the region’s working-age males are already in the U.S.). This would undermine the Administration’s purported objective to keep migrants in their respective home countries because it would incentivize more males to emigrate while their families left behind would receive benefits funded partially by U.S. taxpayers.

Six Decades of Failed Promises

Promises by American Presidents and politicians to address root causes of poverty in Latin America started in 1961 with President John F. Kennedy, in conjunction with the establishment of USAID. As President Kennedy declared in his March 13 speech launching the hemispheric Alliance for Progress:

Throughout Latin America, a continent [that is] rich in resources and in the spiritual and cultural achievements of its people, millions of men and women suffer the daily degradations of poverty and hunger. They lack decent shelter or protection from disease. Their children are deprived of the education or the jobs that are the gateway to a better life. And each day the problems grow more urgent.
Kennedy’s main goal was to push back against inroads being made by Cuban and Soviet-sponsored guerilla groups and political movements to destabilize Northern Triangle governments and create national security headaches for the United States.

The Alliance for Progress also fit within Kennedy’s philosophy that big government spending programs could solve the problems. That policy approach, a legacy of the New Deal, was perhaps crystalized best when President Lyndon B. Johnson launched the Great Society programs in 1964:

For so long as man has lived on this earth, poverty has been his curse. On every continent in every age, men have sought escape from poverty’s oppression. Today, for the first time in all the history of the human race, a great nation is able to make and is willing to make a commitment to eradicate poverty among its people.?

By the time of the Reagan Administration, the poverty and the communist threat in the region remained unsolved. In 1983, President Ronald Reagan called for a new initiative:

The Congress shares both the power and the responsibility for our foreign policy. Tonight, I ask you, the Congress, to join me in a bold, generous approach to the problems of peace and poverty, democracy, and dictatorship in the region. Join me in a program that prevents Communist victory in the short run, but goes beyond, to produce for the deprived people of the area the reality of present progress and the promise of more to come.8

It is unfortunate that the main conclusion of the Kissinger Commission on Central America (appointed by Reagan to address the problem) was to urge more spending on economic and humanitarian foreign aid in the region. Apart from a few successes here and there, those programs largely failed to address the problems of poverty in the region.

Since then, subsequent pledges by American Presidents and politicians (such as then-Vice President Biden’s “Alliance for Prosperity in the Northern Triangle” in 2015, a time when there was also lax enforcement against illegal immigration9) have also come up short.

**Why Did These Programs Fail?**

Throwing U.S. foreign aid money at the problems in Central America for several generations has failed for one simple reason: Government can
make only modest contributions to solving the multifaceted root causes of poverty. To address those issues effectively would first require improving social capital in the region. That would require local initiatives to launch Northern Triangle countries onto a new path that would turn those societies away from their destructive cultural norms, change local attitudes that do not value education, and end the acceptance of massive corruption in the region. After decades of trying, it is clear that government programs alone cannot begin to solve these long-standing problems.

Evidence of the failure of the current, traditional development assistance approach was reported recently by The New York Times. One project highlighted in the article was the production of a smartphone app by a USAID contractor meant to help subsistence coffee bean growers to get real-time prices for raw coffee beans and to obtain technical advice about agricultural problems.

“They’ve never helped me,” Pedro Aguilar said after the training a few weeks ago, referring to American aid programs intended to spur the economy and prevent migration. “Where does all the money go? Where’s the aid? Who knows?”

The article goes on to report that as much as half of the American tax dollars funding the foreign aid programs is absorbed by the big U.S. development assistance contractors in the form of “overhead—including generous salaries for executives—and company profits.” When the Times reporters sought confirmation of that figure, USAID officials did not deny it.

Congress should squash attempts by the development assistance industry (comprised of non-profit and for-profit, foreign-aid contracting companies located around Washington’s Beltway) to repackage and relaunch the failed development assistance programs of the past. Lobbying efforts by these contractors are focused on manipulating the policies of the federal agencies (such as USAID) and congressional staffers who are in charge of development assistance programs. The continual lobbying and influencing efforts by U.S. development assistance contractors reflect a classic form of “agency capture,” since many of them employ former U.S. government officials. It is also a form of rent-seeking in that it creates profit opportunities for the companies for inefficient projects that would not likely be undertaken absent their unceasing lobbying efforts.

**Family Breakdown: One Root Cause No One Wants to Talk About**

A major root cause of poverty in Central America, as it is in the United States, is the weakness of the traditional institution of marriage.
Additionally, poverty rates can be exacerbated by weaknesses in the social institutions that should be in place to support and strengthen married couples and their children.

Family breakdown is a major problem in the United States, too. It began in the 1960s, when Great Society programs weakened marriage by expanding the liberal welfare state, which incentivized women to raise their children alone—dependent on the state for support. Fathers were canceled out of the nuclear family in far too many homes.

As former Heritage Foundation visiting fellow Christopher Rufo has observed, “This breakdown of the American family has dire implications for American society and the U.S. economy.” As Rufo explained, the new type of poverty that resulted is not merely economic. It is now “a social, familial and psychological problem that reaches the very foundations of our social order.”

The devastating consequences of, and pathologies emanating from, family breakdown are even direr in Central America. A 2020 study by Gallup found that in Latin America 30 percent of mothers with children under the age of 15 in the household are unmarried. The study also found that Latin America is the region with the highest percentage of children born out of wedlock in the world, as well as the highest levels of cohabitation.

The undermining of marriage and stable, two-parent households is probably the single-most significant root cause of poverty, as Heritage analysts have demonstrated repeatedly. Countless villages in El Salvador, Guatemala, and Honduras have witnessed the departure for the U.S. of many young and able-bodied men in their late teens, 20s, and 30s. This form of (mostly illegal) migration has further contributed to the breakups of families as women and children are left behind and many of those men go on to marry in the U.S.

The absence of fathers in the home has also fueled the rise of the region’s vicious gangs.

As noted in a report by Edward A. Lynch, “the poisonous and corrosive effect of corruption on freedom and democracy in the region” has deep roots that go back to the Spanish Colonial era. Although the Spanish conquistadors brought with them Western education and values, their vice-royalty governance system imposed centralized economic and political control. Those systems have largely remained in place. Governments in the region were (and still are) highly centralized and almost completely in control of the most lucrative economic enterprises. Management by the state (instead of by the private sector) of the majority of assets and resources in the country inevitably creates many opportunities for corruption.
Other independent forces in Central American societies that could have blunted and mitigated the negative consequences of government control—local private voluntary institutions, the military and, especially, the Roman Catholic Church—too often became accomplices with repressive and corrupt governmental regimes.\textsuperscript{16}

**Economic Freedom in the Region Is in Decline**

The Heritage Foundation’s *Index of Economic Freedom* was created to offer policy alternatives to government-funded foreign aid. In the immediate aftermath of the catastrophic guerilla warfare in the Northern Triangle region in the mid-1990s, El Salvador had adopted many of the so-called Washington Consensus liberalization policies and became one of Latin America’s regional leaders in economic freedom.

After decades of failures by national and local governments and societal institutions to tackle the real root causes, combined with the growing and corrosive power of narcotraffickers in the region, El Salvador is not a leader in economic freedom anymore.

The Trump Administration made a laudable effort to promote private-sector growth and job creation through the America Crece (Growth in...
the Americas) initiative. Heavy disincentives to U.S. private foreign direct investment in the region (such as poor security, massive corruption, weak judiciary systems, violent crime, gangs, narcotrafficking, lack of education, and weak infrastructure), though, meant that the program was effectively dead on arrival.

Even if would-be American investors were to overlook these major drawbacks, they would face insufficient available labor in the Northern Triangle countries because so many working-age citizens (mainly men) have already emigrated to the U.S. The Biden administration’s deliberate opening of the Southern border to massive illegal immigration is only making that problem worse, and it is undermining the Administration’s claimed efforts to address root causes on the ground.

Another good idea to stimulate growth in Central America would be to lift U.S. barriers to sugar imports from the region. However, many efforts to remove protection of the U.S. sugar industry over the past few decades have failed. That is in part due to the heavy lobbying and political influence of powerful families in Florida and sugar beet growers in Colorado and other states.

Reliving the Past

The continuation, and now expansion, by the team headed by Vice President Harris of antiquated, one-size-fits-all foreign aid solutions for the region today, in light of their universally recognized past failures, must be regarded as exceptionally cynical, even by the standards of Washington, DC.

On February 2, 2021, President Joe Biden stated in an executive order:

Consistent with these principles, my Administration will implement a multi-pronged approach toward managing migration throughout North and Central America that reflects the Nation’s highest values. We will work closely...to...establish a comprehensive strategy...for addressing the root causes of migration.

The reality right now is that the Biden–Harris plan is to build public sympathy for the admittedly tragic circumstances in Central America to justify its de facto policy of opening the southern border.

On May 4, Vice President Harris stated that a root cause of poverty in the Northern Triangle is the “lack of climate adaptation and climate resilience.” Thus, to the already long list of intractable root causes and elusive solutions, the Administration has added climate change. It is not credible
that a long-term problem, such as global warming, could explain why the numbers of migrants apprehended at the southern border has surged by more than 1,000 percent per month since the new Administration took office in January compared to the same months in 2020. The migrants themselves admit that they come to the U.S. for economic reasons. They do not cite climate change. Nevertheless, the Administration seeks to expend U.S. tax dollars to promote transitions to clean energy as well as climate change “adaptation” and “resilience” in Central America.

Other proposals by the Administration to address root causes—such as gender-related programs—are designed to please its powerful domestic constituents and to propagandize and coerce socially conservative Central Americans into accepting a radical, divisive, and unwelcome social-engineering agenda. This gender focus appears in the design of multiple foreign aid projects.

First, the Biden presidential campaign explained that it would bolster microfinance and financial-inclusive banking in Central America with a priority on programs that empower women. The campaign noted that remittances from family members sending money home constitute a larger share of gross domestic product (GDP) in some Northern Triangle countries than foreign direct investment, accounting for more than 10 percent of GDP in Guatemala and approaching 20 percent in El Salvador and Honduras. Candidate Biden promised to create mechanisms to help remittance recipients, especially women, to invest in and start small businesses. While private investment focused on such financing is a practical solution, it must be noted that this assumes a continued model of working men remaining in the U.S. and sending remittances home, in other words, illegal immigration. Perpetuating this model undermines any attempts to address root causes.

On his campaign website, Joe Biden also identified domestic abuse as a major problem in the Northern Triangle countries and a driver of migration, particularly for women and children. Consistent with his campaign promise, the Administration has already returned to a Department of Justice administrative court finding that a domestic abuse victim is eligible for asylum. This finding shoehorns domestic violence victims into the “members of a particular social group” ground of persecution to reach the Administration’s desired conclusion that they be granted asylum and remain in the United States. This creates another pull factor of illegal immigration and the overbroad use of “particular social group” encourages migrants to file fraudulent asylum applications, undermining immigration integrity.

On his first day in office, President Biden sent a legislative proposal to Congress to reform immigration, including economic development in
Central America. Introduced as the U.S. Citizenship Act of 2021, the bill seeks to promote social justice reforms, including environmental activism, and expand roles for multilateral and ideologically progressive community organizations in the Northern Triangle, just as the Administration is doing in the United States.

Multilateral organizations have proven to exceed their authorities in the past. Also, unelected and unmonitored community organizations would be designated to conduct oversight over all branches of the government and security services. As far as solving poverty, these programs are a waste of American taxpayer money. A progressive agenda focused on climate change and gender programs will do little-to-nothing to address the fundamental problems in the region—such as endemic corruption.

A far more practical and achievable way the Administration could contribute to reducing crime and corruption in the region would be to work with the Duque government in Colombia on a Plan Colombia 2.0 program to reduce, drastically, the quantities of illegal narcotics being transited through the region by smugglers on the way to sell the drugs in the U.S. When the Northern Triangle countries are secure from drug and gang violence, private investors will much more easily invest there, which will sow the seeds for economic security. Instead, the Administration (by its silence) so far seems to have sided with radical leftists and narcotraffickers backed by Cuba and Venezuela who are seeking to overthrow market democracy in Colombia.

The Administration has even floated the idea of making cash payments to residents of the Northern Triangle. This action would likely have the opposite effect. There is no evidence that such payments would disincentivize illegal migration to the U.S., and the cash could well be used to pay human smugglers (known as coyotes) to make the dangerous trip north.

**China’s Belt-and-Road Investments Will Not Reduce Poverty**

Communist China’s aggressive efforts through its Belt and Road Initiative (BRI), which finances infrastructure projects in the region, are continuing, especially in El Salvador. These non-transparent BRI projects win the approval of the regional governments often through corrupt backroom deals that increase corruption and undermine government integrity. Also, the experience with BRI projects around the world to date indicates that the investments accrue fewer benefits for the local economy and fewer jobs created for local workers than might have been anticipated.
This geopolitical strategy by the Chinese Communist Party (CCP) also adversely affects the U.S. due to China’s expanded presence in the region. Accordingly, it is important that the U.S. work closely with the leaders of El Salvador, Guatemala, and Honduras to achieve needed and agreed-to goals specific to each of the respective countries. Referencing his meetings with Vice President Harris about the immigration crisis, Guatemalan President Alejandro Giammattei stated that they were in agreement on the “what” of the crisis, but not on the “how” to address it. Giammattei repeatedly distinguished his country from neighboring El Salvador and Honduras, stating that the primary reason his citizens leave Guatemala is lack of economic opportunity, whereas violence fueled by the illegal drug trade is the leading push factor for his neighbor countries.

Private companies from the U.S. and elsewhere may be reluctant to invest in the Northern Triangle due to the corruption and thriving TCO operations. However, throwing $4 billion in foreign aid will neither end the corruption and TCOs, nor will it offset the pernicious effect of the CCP’s BRI. Rather, it is imperative that the Administration work with ally governments in the region to dismantle the TCOs through counter-operations to permanently disrupt their business. Also, the Administration needs to use strong incentives and consequences to prevent foreign aid from being wasted by corruption. If the U.S. fails to cooperate with the three Central American countries to solve their specific and respective issues, the U.S. will push the countries further into the arms of China.

Recommendations for the U.S. Government

To truly address root causes of migration from the Northern Triangle countries, the Administration should:

- **Stop the messaging and policies that encourage foreign nationals to enter the United States illegally.** The Administration should resume building the border wall, the Migrant Protection Protocols (Remain in Mexico program), the Asylum Cooperative Agreements, and the Third-Country Asylum rule. It should enforce existing U.S. immigration laws, including detention and deportations. Applying consequences to illegal immigration deters illegal immigration.

- **Provide targeted assistance to improve security in the region,** in part by working diplomatically and militarily with the government of Colombia to implement a Plan Colombia 2.0 aimed at drastically
reducing shipments through Central America of illegal narcotics, as well as the smuggling of humans and weapons.

- **Coordinate with U.S. regional allies in Central America and potential private American investors to counter China’s growing power and influence in the region.** Similarly, to ensure that the U.S. continues to enjoy a secure, stable, and prosperous Atlantic region, the U.S. should develop an Atlantic strategy that includes the U.S. taking a leadership role in the region, rallying like-minded partners and allies around this cause, continuing to raise awareness of Communist China’s (and Russia’s) malign activities in the region, breaking down the bureaucratic barriers inside the U.S. government that prevent a coordinated approach to the Atlantic region, and offering a better and brighter alternative to China for economic engagement across the Atlantic region.

- **Encourage and incentivize Northern Triangle countries to prepare and build resilience for future natural disasters.** U.S. assistance programs should reward greater transparency and accountability in the recipient country when U.S. taxpayer funds are involved.

- **Monitor the use of U.S. foreign aid closely to prevent waste of the funds by corruption, embezzlement, or other self-dealing schemes.** If such waste occurs, the Administration should immediately halt any additional funds.

- **Incentivize and support projects that promote and sustain the well-being and stability of traditional nuclear family units.** Promote education and training programs for heads of households looking for opportunities to provide economic security for their families.

- **Use the already established U.S. Refugee Admissions Program to offer refugee processing in Central America.** The Departments of State and Homeland Security should work with the United Nations High Commissioner for Refugees to screen and process refugee applicants from the Northern Triangle countries just as the departments do for refugee applicants in the rest of the world. This prevents migrants from making the dangerous journey to the U.S. and would help to place bona fide refugees in multiple host countries rather than the U.S. resettling all of them here.
Congress should:

- **Repeal section 235 of the Trafficking Victims Protection Reauthorization Act of 2008.** This section provides benefits to unaccompanied alien minors, including parole into the U.S., taxpayer-funded advocacy and attorneys, and easier eligibility for visas, green cards, and asylum. It also treats non-Mexican aliens better than Mexican aliens by requiring non-contiguous nationals to remain in the U.S. during lengthy removal proceedings, while Mexican nationals are returned to Mexico. These benefits strongly encourage parents, particularly from Central America, to send their children unaccompanied across the border to either gain a foothold in the U.S. so the parents can later join them here, or to have the children join them if the parents are already in the U.S.

- **End the Flores settlement agreement, as reinterpreted and expanded by a single federal judge, through legislation.** U.S. district court Judge Dolly Gee has repeatedly expanded the Flores settlement agreement to limit immigration detention of minors—whether accompanied or not—to no more than 20 days. Immigration proceedings take months, not days, due to the backlog, resulting in minors and families being released after 20 days. This is a significant pull factor that encouraged historic numbers of unaccompanied alien minors and families to illegally migrate to the U.S. in the past decade. Congress should require minors who illegally enter the U.S., whether accompanied or not, to be detained in appropriate centers for the duration of their removal proceedings.

**Conclusion**

The Administration’s continued bad messaging and bad immigration policies further drain the Northern Triangle countries of able-bodied adults needed to work in their home countries to re-build them. Rather than fixing the current self-created border crisis with sound policies that prevent further illegal immigration, the Administration seeks to divert attention by funding unproductive programs in the source countries in an attempt to address the root causes. However, the Administration has misidentified several of the root causes, will waste American tax dollars, and will perpetuate current pull factors of illegal immigration, thereby undermining its own claimed efforts to address the root causes.
Notwithstanding the rising power of China in the region, the United States is still by far the pre-eminent power in Northern Triangle countries. The Administration should not be afraid to exercise the immense influence of the U.S. government and the U.S. military to leverage the policy changes in the region needed to truly address and provide sustainable solutions to reduce crime, violence, and poverty.

James M. Roberts is Research Fellow for Economic Freedom and Growth in the Center for International Trade and Economics, of the Kathryn and Shelby Cullom Davis Institute of National Security and Foreign Policy. Lora Ries is Director of the Center for Technology Policy, of the Davis Institute, at The Heritage Foundation. Gavin Zhao of the Heritage Young Leaders Program assisted in the research for this report.
Endnotes


23. Ibid.

24. Ibid.

25. Ibid.


31. Ibid.