

# For Mexico, It's the Northwest Hydraulic Plan—or Chaos

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*This article was translated from Spanish.*

The history of nations is not the sum of events that move from the past to the present. The history of nations, as of humanity as a whole, insofar as it is subject to the will of man, is like a drama in which the fate of the future, by concentrating on very specific moments of tension, poses also very concrete existential dilemmas. It is in this context that we must situate Mexico in the face of the ongoing international financial collapse, including the collapse of the U.S. economy, which is already impacting the entire world and whose disastrous consequences will take very unique forms in those economies, such as Mexico's, which pin all their hopes for growth on the U.S. consumer market, which today is collapsing at a dizzying rate.

U.S. economist Lyndon LaRouche warned in January 2001 that soaring speculative activity was creating a gigantic financial bubble which would end up blowing out the U.S. banking system and putting an end to the role of the United States as the "importer of last resort."

As a nation, Mexico is at a moment of tension, at a boundary condition or singularity which could be summed up by the following historic choice: either a vigorous policy of public investment be undertaken, together with the establishment of a national system of credit directed to the construction of important economic water and energy infrastructure works, like the Northwest Hydraulic Plan (PLHINO), or the country will see an acceleration of the process of social decomposition that will lead to institutional disintegration.

When the boundary conditions of a system are shattered, as is now occurring in the world financial arena, a phase change takes place, in which a middle ground of equilibrium only exists in the imagination of a cowardly bureaucracy which, seeing the collapse, also experiences death agonies in seeing their belief structures disintegrate along with the system to which they have lent their services as unconditional lackeys. Such is the case

with Mexico's oversized Finance Secretary, Agustín Carstens, who over the past few weeks, has entered into a psychological state of denial, together with President Felipe Calderón, systematically underestimating the impact of the U.S. financial collapse on Mexico.

Mexico is facing a perfect storm, with an economy which, since the signing of the North American Free Trade Agreement (NAFTA), has been tied to the U.S. consumer market, and whose illusions of growth have been fed by the belief that serving as the provider of cheap labor and export products would somehow prove a springboard to modernization.

Today, this assumption lies in ruins, and the nation is now facing, due to the effects of the U.S. financial explosion, the threat of an exponential growth in unemployment, primarily in the *maquiladora* sector, at the same time that the United States is deporting hundreds of thousands of Mexican workers. The consequent collapse in remittances sent home to the families of Mexicans working abroad—a decline of more than 12% from August 2007 to August 2008—will severely drive down consumption levels of the population, which uses most of those resources to feed itself. The trade balance will begin to show historic deficits; the debt will significantly increase as a product of the peso's devaluation already under way; and food dependency will dramatically prove to be our main vulnerability.

It can be expected that internal migration will lead to a human pile-up in the border states of northern Mexico, creating a wave of Mexicans desperate to enter the United States, and another of Mexicans returning across the border, expelled by the economic crisis there. This will lead to unpredictable conditions of insecurity along the border, which will in turn prove ripe for the terrorist operations of organized crime.

## No Place To Hide

There is no middle ground. The process of social decomposition that the country is seeing is the product

of economic disintegration, and threatens territorial fragmentation in which the gangs of narcoterrorism will seek to establish their fiefdoms of terror and death. It is this scenario that permits us to describe the nation's current existential crossroads with the brief but truthful expression: PLHINO or chaos.

Under these conditions, the Congress of Mexico has a specific and extraordinary historic responsibility. The budget debate for fiscal 2009 should be seized upon as an opportunity to establish the principles which will allow this nation to substantially alter its economic policy course, to establish basic measures of protection of the national economy and of physical reconstruction, to create the hundreds of thousands of new jobs that will be required in the face of the U.S. economy's collapse.

It is never appropriate to talk about budget cutbacks of vital services, but to argue for such in the midst of the current crisis is unquestionably a crime. In the report that follows, we seek to provide the parameters of dis-

cussion for a budget policy and for credit based on economic principles of physical science, as opposed to the monetarist dogmas that have been destroying the productive capacities of the national economy over the past 25 years. Toward such ends, we present the idea and form of implementation of a capital budget, which will be required if the PLHINO is to be carried out. We also present a Bill of Materials, documenting the physical requirements of the water project, and demonstrating that the civilian component of that work—which will make up 85% of the project—could be met through the installed capacity of the national economy itself.

We take the PLHINO as an exemplary case in the strict sense of the term, not only because it is a project whose construction would activate the productive capacities of the country's Northwest, but fundamentally because it will allow us to typify the actions and orientation that the country must take at this moment of global systemic crisis.