

Mexican Nationalist Leader Backs PLHINO: Northwest Hydraulic Plan

by Alberto Vizcarra Osuna

The author is the secretary of the Pro-PLHINO Committee, and a longtime associate in Mexico of Lyndon LaRouche.

“The Northwest Hydraulic Plan (PLHINO) is one of the projects that should be aggressively promoted, so that, through investment in infrastructure, the entirety of the economy is reactivated, which is without doubt one of the necessities facing the country in these times of world financial crisis.” This endorsement of the PLHINO came from Cuauhtémoc Cárdenas Solórzano, national leader of Mexico’s Party of the Democratic Revolution (PRD), at a press conference held just hours before he participated in the forum “Oil: Lever for Mexico’s Industrial and Agricultural Development,” sponsored by the Pro-PLHINO Committee of the 21st Century and held November 13 in Ciudad Obregón, a city in southern Sonora located in the Yaqui Valley, one of Mexico’s most important agricultural regions.

Attending the forum, in addition to representatives of the 30 organizations that make up the Pro-PLHINO Committee—which include agro producers, trade unions, and business and other types of associations—was a gathering of citizens representing all of the region’s main political interests. Over the past few months, these have identified with the fight to reestablish an economic policy in which the state returns to an emphasis on investment in infrastructure, in order to deal with the tremendous challenges the current crisis is posing.

Also participating in the forum was Sen. Alfonso Elías Serrano (PRI), currently on leave from the Senate, who mobilized support in that body last April to demand that both the Congress and the President allocate funds for building the PLHINO. Sonora Gov. Eduardo Bours Castelo, also a PRI leader, sent his Secretary of Agriculture Alejandro Elís Calles, as his representative to the forum. Also present was Ciudad Obregón’s Municipal



Cuauhtémoc Cárdenas

President Francisco Villanueva Salazar.

In his opening address to the forum, Elís Calles reiterated Governor Bour’s commitment to the campaign to build the PLHINO, and warmly greeted Cuauhtémoc Cárdenas, saying that his presence at the event reminded everyone of the importance of using oil resources to fund great infrastructure projects. He contrasted that necessity to the fact that in just three days recently, the federal government decided to allocate the equivalent of the entire PLHINO budget—more than \$12 million—to try to halt the speculative run against the Mexican peso.

A Great and Noble Cause

The social and political composition of the audience, including leaders of the opposition PRI and PRD parties as well as various social organizations, and representatives of the state government, proves that the invitation to participate in a great and noble cause holds the potential to inspire the most profound national ideals. In that sense, the social and political alliance that has formed to demand the building of the PLHINO, is the seed crystal of the kind of national unity that we Mexicans need to reverse the disastrous economic policies that have, over the past two decades, decimated the country’s productive capabilities and driven half the population into poverty, unemployment, and hunger.

Alberto Rosas López, head of the Committee’s board of directors, gave the welcoming speech to Cárdenas before an audience of more than 250 people (see below), who listened attentively to his assessment of the world financial crisis. He noted that the G20 summit in Washington was about to take place, and said that the majority the governments of the world “publicly recognize that the idea of an omnipotent market, which should not be changed by any state intervention, is crazy.”

After this introduction, the event continued with the speeches of Alberto Vizcarra Osuna and of Cuauhtémoc Cárdenas. Vizcarra opened his presentation by stressing that Cárdenas's presence at the Forum coincides with a nationwide debate over the management of the country's oil resources, and that linking defense of the national patrimony with the building of great water, energy, and food infrastructure projects gives the population a clear idea of how to proceed in the face of the world crisis.

To propose austerity plans and redistributionist economic policy, along with such gestures of "solidarity" with the poor as the proposed reduction of wages of the upper levels of the bureaucracy, are simply variants of the same monetarist thinking that has destroyed the country over the past 25 years, said Vizcarra. The nation needs to be *physically* rebuilt, he argued, and towards this end, the PLHINO is not a single issue, but rather a crucial strategic intervention for the present and future of the nation.

Vizcarra dedicated the major portion of his address to explaining how one arrives at formulating a capital budget, using the case of the PLHINO as an example. He presented the recent document published by the Committee, entitled "PLHINO or Chaos." Using a pedagogical approach, Vizcarra went through the contents of that paper, driving home the point that the expression "PLHINO or Chaos" is not just a nice media soundbite, but the reality in which Mexico finds itself today, in the context of world financial collapse. To dramatize, he said, is not to exaggerate, but rather to provide the population with the elements it needs to be able to locate itself within reality.

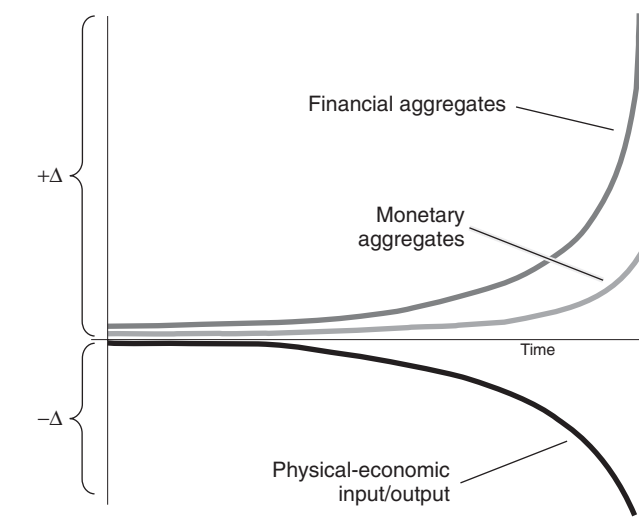
LaRouche's 'Triple Curve'

If this is our methodology, Vizcarra continued, then we will ask the right question. And that, he said, is not how much the PLHINO will cost, but how much chaos will cost us if we don't build the PLHINO. Assisted by a slide presentation, he explained the reason we are in a crisis whose nature cannot be summed up by the word "recession," or even "depression." Rather, he said, it can only be understood as the concept contained within the "Typical Collapse Function" represented by LaRouche's "Triple Curve" graphic (**Figure 1**).

Elaboration of this graphic, along with an explanation of the disproportionate relationship between the growth index of the world's GDP and the wildly growing financial derivatives bubble, allowed the audience

FIGURE 1

LaRouche's Triple Curve



to grasp the idea that only by eliminating that vast cancerous speculative debt, and protecting physical-productive activities, as well as banking operations, will the world economy be able to survive.

Vizcarra went on to explain that when the time came to present a capital budget for the PLHINO, the last thing to be considered were the monetary and financial elements, so as to avoid falling into a fatal mistake based on the insane ideology that money is the source of wealth. At the same time, he said, we prepared a bill of materials for the PLHINO, which he also demonstrated with a slide. That bill of materials, he said, allowed us to come up with a balance between the capacity of the national economy and the physical requirements of building the PLHINO. What we discovered, he said, is that 85% of the PLHINO's requirements could be comfortably met by the physical capabilities of the national economy. This means, said Vizcarra, that in order to build such projects, the nation does not need to resort to foreign indebtedness. Only 15% of the project would require the use of foreign currency to import capital goods.

In terms of physical capabilities, Vizcarra said, the Committee prepared a capital budget for the PLHINO which was based on the idea of creating a Fund for Economic Expansion and Growth, supported in part by oil revenues, which would permit the issuance of sovereign credit exclusively directed toward production, and under the strict condition that the rate of growth of the economy must always exceed the net growth of the debt and its service.

Mexico's PLHINO Project



Mexico's Major Rivers



Source: INEGI (Mexico).

Credit policy, Vizcarra concluded, is based on the principle of believing in economic potential, and not in the suicidal monetarist aberration of cost-benefits. If we believe in economic potential, if we believe in the PLHINO, then we have a future. Without that, we have no future.

The National Debate on Oil

Cárdenas then gave an comprehensive presentation on the debate surrounding the oil reform, and emphasized that the oil industry is playing an important role in the country's strategies for dealing with the difficult situation that is evolving, due to lack of economic growth and job creation. He indicated that one mustn't lose sight of the role that oil plays in the life of the country. It has already contributed, he said, to 40% of the nation's public investment. Cárdenas acknowledged advances in the energy reform, but indicated that there are omissions in planning, and in the use of resources, to strengthen national productive chains.

Loopholes that would allow for the designation of oil exploration and exploitation zones should be closed, Cárdenas said, so that contracts can be granted based on the size of the project to be built in a specified period of time. This would prevent PEMEX from losing control over decision-making in matters related to oil exploration and exploitation in specific zones of the country.

In insisting that oil should once again serve as a lever for Mexico's industrial and agricultural development, Cárdenas said that projects like the PLHINO should be promoted in these times of world crisis, through investment in infrastructure and public works, thereby reactivating the entirety of the economy.

Cárdenas drew on the bill of materials to emphasize that the nation has sufficient engineers and capacity to produce the cement and steel required by a project like the PLHINO. The latter, he said, is a daring and ambitious project since it needs an investment of \$14 billion, a figure which is not beyond the means of the Mexican state, as it is a program designed to be completed in ten years, and therefore is achievable.

He criticized the inadequacy of the Calderón government's infrastructure program, and proposed that the Pro-PLHINO Committee's organizing in the Northwest region be replicated with the same intensity in other areas of the country, but especially in the states of Sinaloa and Nayarit, both of which would be directly involved in the hydraulic project. He concluded with a call for a debate in the Senate of the Republic.