
SPECIAL REPORT



'A new era ... or the end of all eras'

Mexico's President presents his energy proposal to the U.N.

In a Sept. 2 address to the United Nations, Mexican President Jose Lopez Portillo described the current period as a "watershed" between two energy areas—which if not successfully traversed would mean the "end of all eras." The speech itself marked a watershed in the vital international debate over energy.

For the first time ever, a head of state stood before the only universal forum of nations to propose an equally universal approach to solving the energy needs of humanity. With the groundwork carefully prepared through more than a year of worldwide consultations, the presentation held center stage in a packed UN agenda, and evoked the strongest applause of any address so far in the session.

His central thesis: The world collectively must immediately develop energy strategies that will guarantee alternative energy sources for all nations equally by the end of the century. The Mexican president outlined a series of immediate steps, centered on the United Nations, to move toward this goal (see box).

In its very obviousness and clarity, the proposal revolutionizes the terms of debate. Ruled out from the start are the suppositions which have made U.S. energy policy a national disgrace and a grave threat to world peace: that the United States must fight for dwindling energy supplies against other nations of the globe and prepare for military intervention, particularly against OPEC. These "partial, bloc, or unilateral" solutions, Lopez Portillo uncompromisingly condemns. Ruled out in the same fashion is any trace of zero growth doctrine, of limits to energy, of limits to growth. "The problem is neither one of prices nor of scarcity," he told the Latin American delegations after the speech; it is one of a "transition" to be safely made through a triumphant demonstration of the human capacity for reason.

Over and over he sounded the theme, Does the world, does the U.S., have the political will to truly make energy the common responsibility of mankind?

Below is the official translation of the Sept. 27 Lopez Portillo energy address, which was blacked out by such media "of record" as the *New York Times* and *Washington Post*.

Honorable General Assembly:

I have said on another occasion that in this world of inequalities and contrasts, North-South and East-West tensions and pressures are crucifying a substantial portion of mankind.

In 1973, the disorder of the world economy culminated dramatically in the conflicts marking the availability and real price of hydrocarbons, which in turn had a direct or indirect effect on that long-standing disorder by giving rise to generalized energy problems and thereby affecting the well-being, the development prospects, the standard of living and even the very survival of nations.

For seven thousand years our peoples have inhabited this Earth, and throughout our existence our history has been marked by the search for a common denominator that would identify, bind and unite us all.

Our present circumstances seem to indicate that that unifying element, incumbent on us all, may well be the lack of energy sources.

The energy crisis exists; it is an actual fact. We are witnesses to an obligatory transition period in the world energy situation. We can be authors of that change, and channel it, or we can be simple spectators, and become its victims.

Unless we make a timely effort to define our reality

as the problem it is, the transition could become a conflagration, perhaps the most violent in all history.

Beginning during the final third of this 20th Century, it is a transformation whose duration, scope and consequences have yet to make themselves known. As a result, the cost of adjusting our economy, science, techniques and political determination will be high.

Let us be fully conscious of this in order to understand what is happening. Within a few decades, the age of petroleum as a major basic fuel will come to an end. We have reached eras in the life of mankind.

We are the protagonists in that mutation process, which involves both danger and opportunity. That is why we speak of crisis, and not yet of catastrophe.

It may be the beginning of a new era. It may be the end of them all.

If we are to set our course, find our stroke and move ahead, the truly important thing is to seek not culprits, but responsible men; not to accuse, but to explain; not to vanquish, but to convince.

Let us develop a consciousness that is based on rational thought, the gift that is ours alone among all Earth's species. Of them all, we are the only beings capable of programming and premeditating our actions. Let us use those abilities to overcome instincts, fear and mistrust, and turn them into determination and reason.

Paradoxically, advances in knowledge and ways of doing things are sometimes dehumanizing, and do not always contribute to civilization. Zones or groups appear in which simple realities become vital ones, and even the powerful countries run the risk of relapsing into underdevelopment.

Energy has now enabled us to travel at supersonic speeds and to receive communications at the speed of light.

Dramatic dualism

Thus, we have shortened distances and accelerated time; but also, where many people today are concerned, we have halted the course of historical time and broadened social gaps. There is a dramatic dualism between our conquering space and reaching other planets and the continued existence, on our own, of Stone Age hunger and insecurity; on the one hand, we see what we can be, and on the other, what we really are. Overcoming that dualism is a basic imperative of justice, and will be feasible if we prove ourselves capable of making reasonable use of the opportunity offered us by the existence of a nonrenewable resource while it still lasts.

Let us base our relations on what we have in common, and use the differences among us to enrich our analysis. Let us make those relations lasting by basing them on mutual benefit and reciprocal respect. Let us shape our behavior to the circumstances involved. We cannot extend equal treatment to those who

The specifics at a glance

Proposing the "adoption of a world energy plan" in the final section of the speech, Lopez Portillo called for a United Nations "working group" to "prepare documents and specific proposals." The Working Group would include countries drawn from major oil exporting nations, industrialized-nation importers, and Third World importing nations. It would be responsible for drafting programs to:

- Guarantee full sovereignty of individual nations;
- Increase exploitation of both conventional and nonconventional sources of energy;
- Establish the means for national energy programs to be compatible with the world plan;
- Promote developing sector industries of importance for energy production, particularly capital goods;
- Set up short-term financing for relief of poorer, importing nations;
- Establish new funds for financing and transfer of technology, and programs for manpower training;
- Establish an International Energy Institute to collect statistics and evaluate new technologies.

are in unequal conditions. Let us treat others as we would be treated ourselves.

No country on Earth is entirely self-sufficient. We all have need of the others.

The petroleum-producing countries become the deficits of the weaker economies, and sooner or later have a backlash and damaging effect on their own cause.

We may distinguish five basic types of conditions as a means of grouping the different countries;

Those which are large-scale producers and at the same time exporters of petroleum, almost all of them developing nations.

Those which are producers and importers, and have attained a high or medium level of economic development that provides them with the resources they must have to cover their remaining needs, in spite of price rises.

Those with a relatively low level of development which produce, but must also import, and to do so confront the difficulties involved in acquiring foreign petroleum without cancelling economic and social projects of national benefit.

Those which are importers only, have attained high or medium levels of development, and have been able to adjust their growth to their energy needs.

And those which are not only exclusively importers but are also underdeveloped, and must therefore make enormous sacrifices, even where essential national projects are involved, to obtain the petroleum and petroleum derivatives they need.

From another point of view, it should also be remembered that the industrialized, market-economy countries absorb 60% of all the energy produced in the world. With less than one-fifth of the world's population, they consume two out of every three barrels of petroleum produced.

In that context, we might ask ourselves the following questions:

—How much longer will we be able to keep the world moving at its present rate with our available sources of energy? At what cost? To what end? And for whose benefit?

—How and when can we and must we find substitutes for our present sources of energy?

I prefer not to mention the ideological or political aspects which would add to the complexity of approaches to the problem. I want to speak only of the facts, to say things that have been said before—things that, in one way or another, everyone thinks or knows. I trust I will be saying nothing new. It would be grave indeed if at this point in the crisis there were still something new to be said.

Race against time

We must race against time to find new solutions before our present sources run out. Let us place a proper value on what we have, before we lose it.

An extravagant and wasteful use of petroleum has been made in the decades when its price was low; it was only when prices were raised in order to revalue this resource that efforts to develop alternate sources began. For the most part, it has been used as a fuel. That period will be branded with the stigma of folly, for having burned petroleum that could have been turned into foodstuffs and petrochemical products of prodigious benefit to the whole of mankind.

We have turned the petroleum industry into a gigantic mechanism for producing profits and tax revenue to meet urgent short-term needs.

We had forgotten the importance of the future, which, in recent years, has become a drastic present. What is in short supply becomes expensive. What, then, is the price of a commodity whose supply is running out? What is the price of that which no longer exists?

The countries that produce petroleum—a nonrenewable resource, and one that for many countries represents the sole resource provided them by nature—want to invest in ways that will permanently ensure their

'Oil isn't sugar,' Mexico tells Latin delegation

In the months preceding the formal presentation of the energy proposal at the UN, Mexico conducted one of its most intensive diplomatic efforts of the post-war era, soliciting suggestions, reactions and support for the conception. Among the nations declaring favorably were France, West Germany, Cuba, Saudi Arabia, Bulgaria and the Soviet Union.

Perhaps the region of Mexico's greatest diplomatic effort—and the region pledging greatest support as a bloc—was Latin America. In response to the Mexican efforts, the Latin American Energy Organization (OLADE) declared its support for "making energy the common responsibility of mankind" in the Declaration of San Jose, the document which emerged from the organization's June meeting in Costa Rica.

At the United Nations, Mexico's new ambassador, Porfirio Munoz Ledo, held extended discussions with the Latin American group in the weeks just prior to Lopez Portillo's arrival. Immediately after addressing the General Assembly, Lopez Portillo addressed the Latin American delegations. In the following excerpts

future. Now organized, they are for the first time successfully defending and revaluing a raw material. They attribute the escalation of prices to monetary and trade disorders and to the ensuing devaluation of foreign exchange, and refuse to discuss oil prices alone, outside the context of a complete new international order.

The industrialized countries feel they are being victimized by the petroleum-producing countries, whom they accuse of being responsible for inflation and recession; they collectively follow a system of circumstantial and therefore fleeting rationalization; they draft unilateral policies designed to reduce their dependence and consumerism, and they insist on discussing the price of crude oil exclusively without considering other questions of vital importance to all.

The poor countries—those without oil, dependent, coerced, and sometimes anguished; those without the ability of the wealthy countries to transfer the impact of oil prices to their exports, since these consist solely of underpriced raw materials—are forced to import everything, from energy to inflation and recession. They see with despair that despite the noble and singular,

from these remarks, the President explains why he proposes constructing a new framework for energy discussion first, and then turns to the specific forms of energy to be considered within that framework.

...In order to advance the process of giving content to the economic rights and duties of nations, we must understand that the present conflict between the industrial countries and the producers and exporters of oil is not a problem of principles, but of method; it is a problem of strategy, that is, the directing of our forces up to the field where the decisions must be made....

Gentlemen, we must understand that the purpose of our efforts is to solve a problem of transition—definitely *not* one of prices or scarcity. It is a problem of transition, to take advantage of these decades to move from one energy stage to another. That must be the objective of our analysis and our decisions. If we share that understanding, we can put the world in order, take advantage to the maximum possible of what is going to run out—oil—and prepare for the coming of other new sources. These are in sight but we haven't resolved to use them because we are supposing that hydrocarbons are the problem. No, gentlemen: the problem lies in understanding the two stages of humanity which it is our destiny to witness. We are protagonists. We can be mere actors

or we can be authors. And this is a problem of political will.

I've tried to speak today to the political will of the world so that, once we understand the problem as a methodological one, and not of conflicting principles, once we understand that the solution is strategic and not tactical ... order will have to come.

...If we fail to understand energy sources not only as raw materials, but also as today's motor, our proposals will miss the mark. Oil is not sugar; oil is not coffee; oil is not cotton. Oil is an energy source which is moving the world. If we solve the problem of energy in the transition between two stages, I am absolutely certain that we will have agreed on a more just order and that this will be the path to peace, which is not an abstraction, but rather a concrete problem which demands concrete solutions linked fundamentally at this moment with the energy problem.

Gentlemen, I believe this fully justifies the contemporary history of Latin America, which is fighting glorious battles. And I am proud, gentlemen, of belonging to this generation of Latin Americans, conscious of the crisis and capable of winning the domestic battles ... and battling internationally for decolonization. Let us come together, to the extent of our modest conceptions, to try to bring order to the world.

albeit insufficient efforts of the organized petroleum producing countries, petrodollars continue to be recycled in the powerful economies.

Positions made extreme by transnational structures

The developing world's point strategy for enhancing the value of all its raw materials runs the risk of being divided, since to date, although oil has itself been revalued, this has not served to trigger a proper revaluation of other raw materials. We must take care to preserve the unity that was achieved with such difficulty.

Hydrocarbon prices cannot be considered a matter for bargaining and for a testing of strength between producers and consumers, particularly when their respective positions are made more extreme by the intervention of other, generally transnational structures, many of which no longer recognize any home country and consequently acknowledge neither social obligations nor political solidarity. Let us reconcile conscience and national values with the interests of fertile and harmonious internationalism.

Conflicts of interests among countries must be re-

solved not through the annihilation, but rather through the dialectical integration of such opposing interests.

What is not foreseen becomes a problem; problems that are not solved accumulate, and accumulated problems discourage evolution and foreclose possibilities of development.

'Men are dying today'

In order to avoid being overtaken by events and as a means of facing the challenges that clearly loom before us, we must not wait until crisis compels us to take hasty, piecemeal decisions and then find ourselves bound to those that outweigh the rest by reason of the force, and not the right, they represent.

Men are dying today. Let us not offer remedies for tomorrow. In the face of harsh reality, let us not propose idealized stoicism; in the face of true but difficult roads, artificial, dead-end labyrinths; in the face of concrete obstacles, would-be shortcuts; in the face of hard-to-overcome lethargy, ephemeral and selfish solutions; in the face of sound arguments, threats and lies; in the face of the power of intelligence, the brute force of

arms; nor in the face of problems shared by all, partial, bilateral or bloc solutions.

We would make little progress if we allowed ourselves to be caught up in the illusory reflections of such a mirror game.

It would be inexcusable if, in full knowledge of the trends and their implications, we were to fail to take decisions leading to appropriate solutions that will keep the threat of a bitter and conflict-ridden future from becoming an irreparable present.

We cannot openly sustain high expectations while concealing evil intentions, for to do so would be to offend justice with irrational acts that would abolish hope and dignity for many millions of human beings.

On the basis of those premises, we fully identify with the countries that are struggling to revalue their raw materials. We share the interests of the petroleum-producing countries, but we also realize that it is essential to dismantle a bogged-down system that works to the detriment of all. We are irrevocably pledged to the principles of self-determination, non-intervention, the peaceful solution of controversies, the economic rights and duties of nations and solidarity, which are the guidelines of our international conduct. That is why we want to cut this Gordian Knot.

New norms of international law needed

We know that among individuals, as among nations, respect for the rights of others is peace, just as we also know that on occasion we must take on new responsibilities so that law, respect and active peace will come again to the fore. The time has come to make new progress in establishing the norms and regulations of international law, which must no longer be merely public law but must acquire an authentically social nature.

My country, which long ago affirmed the nation's primary ownership of its land and subsoil, a principle that is embodied in our Constitution, was in 1938 the first country to nationalize its oil industry as part of its decolonization process. Today, an important potential producer of hydrocarbons, it desires solidarity with all the nations of the world, and particularly with those which are struggling for their freedom and are most needy and most deserving.

We are prepared to back these words with deeds by assuming both normative and operative obligations in efforts to bring about the advent of a new, more equitable and better-balanced world order.

With all due modesty as regards our situation and understanding, we would like to offer the following considerations:

The first problem is how to pose the problem without giving rise to suspicions of partiality, manipulation or complicity.

Defining the problem constitutes a substantial part

of the solution. Nevertheless, what I am about to say is so simple that I confess it may appear, in view of the controversial situation in which we find ourselves, to be mere romantic ingenuousness.

Energy sources are the shared responsibility of all mankind.

Energy sources must not be the privilege of the powerful. All abundance is relative. Such sources have a limit, and will come to an end. Moreover, they must not be used as a disturbing element to offset the insecurity of those who have no other means of ensuring their legitimate survival and self-determination.

We want to bridge the gap between extremes by making present-day petroleum supply, demand and price structures compatible with the alternatives we seek for the future.

Order—by free will or violent imposition

The order that must come about—and soon—can either come as the result of the participation of sovereign nations, of their convictions and their free will, or be violently imposed by the most powerful of those nations. And it is not impossible that it may come as the result of a stupid holocaust, which in pointless emulation of the punishment of Sisyphus, who was doomed never to finish his task, would nullify what it seeks to gain, and, to our eternal shame, would again loose the Horsemen of the Apocalypse—this time, however, riding the unleashed energy of millions of horsepower.

That is the dilemma before us and the reason for the proposal I am making here today.

The United Nations is the only rational and institutional means we have for combating political and economic hegemonies.

Only here is it possible for sovereign nations to deal with one another on an equal legal and moral footing; and only in this manner will we together be able to settle controversies and to banish abuses and prepotency, so as to develop within a framework of justice rules that, once approved by the majority, will be compulsory for all in achieving well-reasoned and effective solutions.

But this forum is criticized as if it had sprung up by spontaneous generation. It is said that it is too bureaucratic, and a frustrating quagmire, or that it is excessively politicized, and has become an instrument for the veto of the big powers, or for the abuses of the majority made up by the weaker nations.

Be that as it may, it is our own creation—the best that we have been able to devise. If we do not agree on its usefulness, let us change it, but not invalidate it.

We propose a formula of teamwork, aimed not at imposition or intervention, but at harmonious participation that will integrate and amplify isolated efforts.

The subject of energy has attracted and occupied the attention of this organization for several years past.

Hydrocarbons—as a catalyzing element of the economic crisis—have been a recurring theme of the debates that have revealed varying interests and opinions, good ideas and mistaken ones, and agreement and disagreement cutting across each other in all directions, whenever the subject of energy comes up.

To mention all the reports and resolutions that have been produced at different levels would take far too long. There are those who persist in thinking of energy matters in terms of the energy source involved; to split up this way into separate parts is illogical and incompatible with the interdependent nature and magnitude of the problems we face today.

On what objective criterion could the treatment of nuclear energy for peaceful purposes be based, if we fail to take the production of hydrocarbons into account? Would a conference whose purpose was the study of new renewable energy sources make sense to us if it excluded consideration of older conventional sources? Would it not be more consistent to coordinate all energy matters within one overall policy, while respecting the special characteristics of each energy source?

It does not seem justifiable, either, to allow the shortcomings and problems left over from the past, or the antagonisms of the present, to lead us to pigeonhole matters that are inseparably linked together in separate watertight compartments.

We want to make use of what is usable, capitalizing on experience and what we learn from daily life, in order to draw up a common program for the development and equitable distribution of energy resources, both present and potential. Therefore, research should be directed toward optimizing energy production and productivity, so as not to base solutions on reserves, but rather on the available potential for generating resources that are indeed renewable and for the common good.

Linked to new world economic order

We face what appear to be fundamental problems that are really questions of form and method, of a method for reconciling divergent interests and clarifying the political will of the international community, each one of whose members must claim its rights and agree on and carry out its mission.

We are hampered in this endeavor, on the one hand, by the inability to put together in a coherent way the different approaches to the energy problem, the most vital of all for ensuring the continuity of progress; and, on the other hand, by the difficulty of linking them to a much vaster and more complex whole; a new world economic order.

Resolving this contradiction means deciding not only what to do, but how; it means dealing simultaneously with both levels—the new international strategy

for development, and the means of implementing it.

Otherwise, we would be dissociating what we want from what we do; we would be opposing principles to norms, norms to procedures, and procedures to creative action. We would be running the perilous risk of getting bogged down, of perpetuating the unjust contrasts between humiliating backwardness and dazzling progress, between a sterile existence and a decent life.

We already have economic norms and provisions that are generally accepted by the States. By basing our efforts on these norms, and thereby giving them substance, it will be possible to design an all-encompassing and balanced joint development strategy that would be based juridically on international law. If at Bretton Woods we were able to establish an orderly structure for handling monetary and reconstruction matters, we could today, in this now fully instituted forum, establish a new and more orderly structure for handling energy and resurgence.

Because of all this, I am in a position to assure you that a general debate on this subject is not only essential but possible.

Mexico's proposal

I therefore propose the adoption of a world energy plan that covers all nations, both haves and have-nots, is binding on all, and has as its fundamental objective the assurance of an orderly, progressive, integrated and just transition from one age of man's history to the next.

The plan must contain programs designed to:

- Guarantee the full and permanent sovereignty of each nation over its own natural resources.
- Rationalize the exploration, production, distribution, consumption and conservation of present-day sources of energy, particularly as regards hydrocarbons, by providing financial and technical assistance.
- Ensure and increase the systematic exploitation of potential reserves of all types, both traditional and nonconventional, which have not yet been exploited owing to lack of financing or applied research. These include the sun that heats our tropics and burns so many deserts; the water that runs uselessly down so many mountainsides, eroding the soil along its path; the ignored heat within our earth; the unused energy of the wind, and that of the sea, of the atom and of life itself.
- Make it possible for all nations to draft energy plans that are compatible with world policy, so as to ensure the consistency and effectiveness of objectives, content and instruments.
- Devise measures for the promotion in developing countries of the formation and integration of auxiliary industries in the energy field, and especially of capital goods.
- Establish a short-term system, to be put into effect immediately, for resolving the problems of developing

countries that import petroleum, which would guarantee supply and the honoring of contracts, stop speculation, provide for compensation for price increases, and even ensure considerate treatment on the part of the exporting countries.

- Set up financing and development funds, which could be made up of proportional and equitable contributions from the developed consumer countries and from producer and exporter countries, in order to meet both the long-term objectives and the urgent needs of the underdeveloped oil-importing countries.

- Institute a system for disseminating and transferring technologies, together with their respective training programs, that would include a worldwide registry of advances and follow-up in energy research and experimentation.

- Support the establishment of an international energy institute. This proposal, which coincides completely with the ideas expressed here, has already been made by the Secretary General of this organization, whom I wish to thank for his guidance in this regard.

To carry forward this world energy plan, I propose:

- The establishment of a working group, composed of representatives of the petroleum-producing countries, of industrialized countries, and of developing petroleum-importing countries, which would prepare the documents and pertinent specific proposals.

Honorable General Assembly:

In only 21 years, we shall reach the horizon of the year 2000; by then, the babies who are born today will be grown men and women. At that point, the only substitute for petroleum will still be petroleum that remains to be discovered; it will not be until the dawn of the twenty-first century that other energy sources will begin to be of real service to us. Hence the imperative need to rationalize the use of hydrocarbons and the purposes they serve.

For all this to come about, we will have to bring to the task our maximum effort, giving of the best that is within us in good faith and with intellectual honesty, imagination, constancy and determination.

May the union of our diversity give rise to the conditions for universal peace. May it be a productive peace, bringing to all the opportunity to live and earn the right to lasting happiness for ourselves and for all our children.

The challenge is for all of us, because we are all part of the problem, and therefore, we are all part of the solution as we well.

That is Mexico's proposal.

A 'happy' State Dept. to undermine proposal

In the Sept. 28-29 Carter-Lopez Portillo summit which followed the Mexican leader's speech to the United Nations, Lopez Portillo placed strong emphasis on securing American backing for the proposal. "Does the United States have the political will" to subscribe to the principles of the Mexican initiative? he asked three times during his toast at the Sept. 28 state dinner.

Carter's response was to promise to study the question. He praised the speech itself as "the best speech I have ever read."

But preceding the UN speech, State Department spokesmen privately stated that the Mexican proposal was a cause for concern to the United States. The worry they emphasized was that the proposal would be linked to the full agenda of North-South discussions—including raw materials, financing, etc.

Their fears were fully realized in the speech. Lopez Portillo emphatically declared that the energy question was inseparable from the fight for a new world economic order. Asked in a subsequent interview if his proposal conflicted with the Havana Nonaligned resolution, which called for North-South negotiations involving all development issues, the President replied, "No, on the contrary; it is totally in agreement. It did not spring from nothing, but was worked out in consultation with all of them (the Nonaligned countries). In principle there is agreement within a diversity of approaches."

A complete blackout of the UN speech in the *New York Times* and the *Washington Post* was prominently noted in Mexican press dispatches. It was clear that top policy-making circles in America did not want the U.S. public to have access to the speech.

Yet parallel with the domestic blackout, the line suddenly emerged from the State Department for foreign consumption that the U.S. was "happy" with the proposal, on the grounds that it would "separate" energy from other North-South issues.

The strategy is to give the Mexican initiative a "kiss of death" among Arab OPEC nations which view any proposal backed by the U.S. with deep suspicion. The U.S. saw a chance to foment division between moderate and more radical OPEC nations on the issue. And the U.S. sought to capitalize on a weakness in some Arab circles toward a physiocratic approach to oil—a fixation on quantities and price per se which Lopez Portillo subsumed within the tasks of moving to energy sources beyond oil.