

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.

Initial response from certain middle-level Arab diplomats attending the United Nations debate indicate that some Arab circles have indeed been taken in by the American deception.

In the following interview, a State Department official presents not only the facade of U.S. "satisfaction" with the proposal, but reveals aspects of U.S.-Venezuelan
tive within both Latin America and OPEC. U.S. concern that the Mexican proposal may lead to a major new international drive for nuclear energy is also evident.

Q: *What is the U.S. reaction to President Lopez Portillo's speech?*

A: Well, you heard what Carter said ... it was the best speech he'd ever seen.

We were basically pretty pleased; some of the problematic elements we had feared were not in here, though some specific items for the working group could cause some trouble for us.

Q:

A: It's something we'd like to know. We don't want to go way out in front; that would kill it. A lot depends on the oil producers, how they react.

Q: *You had said in a previous conversation that one of the problematic elements was that it would be linked to restating a North-South dialogue ...*

A: Secretary Vance has already indicated that the U.S. would go along with a new North-South discussion but as part of the committee-of-the-whole discussions leading to the UN conference on this next year.

Q: *The other problematic area you had foreseen was a call for advanced consumer nations to foot the bill for new funds for technology transfers, etc.*

A: He didn't call for a fund as we were expecting. It was much more general than we had heard he might do. The phrase about proportional contributions though would have to be clarified.

Q: *Do you think the speech may have been toned down some in the last days?*

A: It's hard to say. It has been hard for us to get a handle on all the inputs. We had discussions, but Mexico was throwing out ideas and judging reactions from everyone. But I would say the speech was at least partly geared to get U.S. support, which it did. This was a diplomatic coup for Portillo.

Q: *What kind of reactions are coming from other countries?*

A: We're waiting on the OPEC countries. The unconfirmed report is that Venezuela dumped on it. It has some ideas of its own. The questions have to be worked out between Mexico and Venezuela. Venezuela has some

specific things in mind which I am not at liberty to discuss. Also Venezuela is important because it is working in OPEC. [Mexico is not a member—ed.] The idea of a working group was very clever. Because it doesn't force anyone into specific commitments, it opens up room for talk.

Q: *You mentioned that some of the specifics could cause some problems for the U.S. What are they?*

A: There are some things that are not very clear. It's not so much what was said, as how it might be interpreted. For instance, the apportionment of a financing mechanism, the whole section on rationalizing production, consumption and so on needs clarification. The international energy institute idea is actually old, it was originally a 1975 Kissinger proposal. We'd want to push that part of it. ... Again, there is the big question: Will OPEC go along with it?

Q: *How closely is the proposal tied to the other items on the North-South agenda?*

A: That's what remains to be seen, to what degree the working group would be linked to the general framework established by the G-77 [Group of 77 nonaligned nations—ed.]. They've indicated that progress in one area must be linked to progress in all areas. ... So that something on energy would also mean some gain in the other areas of their agenda, like financing or raw materials. We're reluctant on this, because we've made concessions already. For instance, the idea of a Common Fund. General politicization may sidetrack some good ideas in individual areas.

Q: *You have said that one good program that might be weakened by Lopez Portillo's speech was the World Bank's program for non-OPEC Third World oil programs.*

A: That's a theory of mine.

Q: *What about nuclear power?*

A: Portillo finessed the nuclear question. I imagine it will be on the agenda for the working group. It could be a problem for us. Our position is that the institutions already exist for discussing nuclear, especially the International Energy Agency. If the working group takes it, it will only further complicate the question.

Q: *The Mexicans at the Belgrade IMF meetings are pushing to reduce IMF conditionalities on lending. Now the U.S. position there is to strengthen conditionalities. This clearly is related to the kind of financing compatible with the Lopez proposal. How strongly are these things linked?*

A: I'm not familiar with the IMF issues at Belgrade. You're right, all this is linked. But the point is that, institutionally, the issues get discussed in different places, and the working group will be the place for energy.

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