

José López Portillo Speech to United Nations General Assembly,
Oct. 1, 1982,

... But the most constant concern and activity of Mexico in the international arena, is the transition to a New Economic Order. We have insisted that the entire gamut of economic and social relations of the developing countries and the industrialized world, must be transformed...

By inexorable logic, the great majority of the developing countries have a negative balance of trade. Maintaining trade flows under these conditions necessarily implies the appearance of credit flows that allow for the payment of goods and services to the industrialized countries. The amount of that credit, if you want to maintain the growth of the countries of the South, and maintain employment in the countries of the North, must continue to grow, especially if the cost of accumulated debt increases through interest rates.

The reduction of available credit for developing countries has serious consequences, not only for them, but also for production and employment in the industrial countries. Let us not continue in this vicious circle: it could be the beginning of a new medieval Dark Age, without the possibility of a Renaissance.

A third threat thus takes shape. I am referring to the grave problem of the collapse of the international financial system. As everyone knows, recently various highly indebted countries, among them Mexico, have had to initiate a process of renegotiation of their foreign debt.

It is a paradox worthy of reflection that those who now criticize the growth of many countries of the South, issued them loans for that purpose, and now they withhold the credit needed to continue it, when only growth will allow us to pay them and buy from them. Today, Mexico and many other countries of the Third World would not be able to pay according to the terms agreed upon in different conditions than now prevail. It is in no one's interest, nor does anybody want, to suspend payments. But whether or not this happens is beyond the bounds of the disposition, and therefore of responsibility, of the debtors. Seriousness, judgment, and negotiating realism are required of all.

The international financial system is made up of various parts: those who lend, those who borrow, and those who guarantee, and it is linked to those who produce and those who consume, to those who buy and those who sell. The responsibility is everybody's, and it should be assumed by all. Common situations produce similar positions, with no need for conspiracies or intrigues.

We developing countries do not want to be subjugated. We cannot paralyze our economies nor plunge our peoples into greater misery in order to pay a debt on which servicing tripled without our participation or responsibility, and with terms that are imposed upon us. We countries of the South are about to run out of playing chips, and were we not able to stay in the game, it would end in defeat for everyone.

I want to be emphatic: We countries of the South have not sinned against the world economy. Our efforts to grow, in order to conquer hunger, disease, ignorance, and dependency, have not caused the international crisis. Closer to its origin is the decision to have an arms race, to defeat force with force, dragging all the economies, directly or indirectly, into this illogical purpose.

But we can overcome the crisis. The time required to do so will be shorter if we enjoy the rational support of the international financial community, and not reticence or punishment for sins we did not commit. Such support will be to the benefit of creditors and debtors, because we belong to a single world, where if the problem is everyone's, we are all the solution.

José López Portillo Speech to United Nations General Assembly,
Oct. 1, 1982,

We need foreign exchange in order to pay, and to buy. It is also to our counterpart's advantage to buy, in order to be able to collect and to sell. That is the healthy relationship which is to everyone's advantage. It's as simple as that....

After major corrective efforts in economic affairs, my government decided to attack the evil at its root, and to extirpate it once and for all. There was obviously an inconsistency between internal development policies, and an erratic and restrictive international financial structure.

A reasonable growth policy was irreconcilable with freedom to speculate in foreign exchange. That is why we established exchange controls.

Given our 3,000 kilometer border with the United States, exchange controls can only function through a banking system that follows the policies of its country and government, and not its own speculative interests and the fluctuations of international financial chaos. That is why we nationalized the banks.

We have been a living example of what occurs when an enormous, volatile, and speculative mass of capital goes all over the world in search of high interest rates, tax havens, and supposed political and exchange stability. It decapitalizes entire countries and leaves destruction in its wake. The world should be able to control this; it is inconceivable that we cannot find a formula that, without limiting necessary movements and flows, would permit regulation of a phenomenon that damages everyone.

It is imperative that the New International Economic Order establish a link between refinancing the development of the developing countries that suffer capital flight, and the capital that has fled. At least they should get the crumbs from their own bread.

In the face of these dramatic realities, they preach extreme economic liberalism to us, which isn't even applied in the countries that have assumed its passionate defense. The danger of denationalization has led, on the contrary, to many governments—among them, mine—to deepen their economic reforms and strengthen the regulatory role of the State in the national economy. These are cases of legitimate defense....

Never has the principle of sovereignty over natural resources and over economic processes, had more validity than today. The terms of the perverse relations we suffer could lead to the dissolution of sovereignty itself.

The interference of multinational companies, the growing concentration of financial funds, the subjection of banking systems to the great metropolises, the massive expatriation of capital, and the imitation of foreign models of development, endanger the very existence of Nation states. Although the formal links of dependence have been broken, the scheme of domination on which colonial regimes were based still exists, and has even been strengthened.

The concentration of wealth and power are increasing, while vast regions of the planet continue to be thrust into abject poverty. The mechanisms of international cooperation that we have designed serve, in this conjuncture, to appease some good consciences. But they have been radically incapable of resolving the grave daily problems, whose dimensions are structural.

The protests of the countries of the South in that regard were true and visionary. In proposing a New Order, we sought a profound institutional reform that would be capable of getting international economic relations back on

José López Portillo Speech to United Nations General Assembly,
Oct. 1, 1982,

track. We would have liked to avoid the enormous deterioration of the last few years and mitigate the crisis. But it is never too late.

Historically, great transformations tend to occur when there is no longer any other way to advance. Thus, the distance which separates prophets from revolutionaries. Great wrongs require great remedies. A wise and committed reform of international economic relations must be carried out. Let us not engage in witch hunts against those who are to blame, but rather search for those who will be responsible for the future. Elucidating the ultimate origin of our problems is a task of inquisitors, not of those who govern....

For that reason, global economic negotiations should be the forum which allows us to reconcile those opposites, with formulas that are in accord with the needs of the present. Their convocation is urgent; carrying them out cannot be postponed. Nor can the purported dispute between the specialized agencies of the system, and the sovereignty of this Assembly, be wielded as a thesis for delaying that dialogue. All of the organizations of the United Nations were created by our sovereign decision; all of them possess a legal framework which regulates them; and they are respectable. The justification for those international bodies does not lie in the persistence of undesired inequalities, but rather in the search for rational solutions to the crucial questions of our time: disarmament, collective security, and development.

Mr. Chairman:

The United Nations Organization and the nations which compose it are at a crossroads. There is no other forum; we have the one we deserve. If we do not know how to use it to get out of the crisis and establish a new order, which is not only more just, but also, above all, more in agreement with these times, there will not be another opportunity. Global negotiations must begin immediately, with seriousness and the will to reach agreements. World peace and security are more threatened today than ever. We must save them, whatever the cost. The alternative is worse than any solution, than any concession.

We cannot fail. There is cause to be alarmist. Not only is the heritage of civilization at stake, but also the very survival of our children, of future generations, of the human species.

Let us make what is reasonable possible. Let us recall the tragic conditions in which we created this Organization, and the hopes that were placed in it. The place is here, and the time is now.