



# The State of the Union: Mexico's future task

*Excerpts from the Fourth State of the Union Address delivered by President José López Portillo on Sept. 1, 1980:*

Honorable Congress of the Union:

I come before this sovereign body to report, for the fourth time, on the government's administration of this country's affairs. . . .

## **Mexico's growth**

According to the Tenth Census, the population of Mexico now numbers 68 million inhabitants. Today we are faced with the great question of our political coexistence: how to hold fast to what we are, how to prevail, how to better ourselves. . . .

Despite pessimists, obstinate critics and irresponsible ideologues, we should be proud of what we have accomplished. In the year 1960—at this point as far-removed as the year 2000—out of a population of 35 million, only 17.4 million knew how to read. Today, in 1980, out of 68 million, 45 million are literate. In both cases, the numbers of those who cannot read include children under six years of age.

In 1960 the entire national educational system had 5.5 million students enrolled, with 4.8 million in primary school. Today, enrollment is 21.7 million, with 15 million in primary school alone.

In 1960, 11 million 300 thousand persons had potable water service; today, in 1980, 44 million have it.

In 1960, we had an installed capacity of 2.3 million kilowatts. Today we have 14 million. . . .

In 1960, the total working population was 11 million; today, it totals 19 million.

Few countries in the world can report such progress. We should realize this in order to strengthen our will to redouble our efforts. But far from congratulating ourselves on having half-filled our glass, we must recognize also that the quality of life for many Mexicans is far from satisfactory or even acceptable. No doubt someone will draw up an inverse balance sheet—that of our shortcomings—and they too will be right. . . .

## **Global development plan**

By the year 2000, if we succeed in keeping to our goal of only 104 million inhabitants, and if we wish to meet the goals of the Global Plan, we shall be obliged to build at least a whole new Mexico in addition to the present one, the legacy of its entire history. That is the measure of our responsibility. Let us not act like dogs barking at a passing caravan; let us join it.

There are only two alternatives. Either we continue to press onward in pursuit of our democratic vocation, which means growing, providing work, controlling population growth, generating and distributing wealth, maintaining political stability and, fundamentally, justice, freedom and security, or we shall find ourselves one day a replica of other regimes that still persist and are even becoming more common in the Americas—those which use repression to ensure arbitrary rule, the well-being of the few, the scales weighted in favor of the unjust, and the freedom of those who are themselves slaves to force, to enslave others through their exercise of power, and those, in short, which practice outrageous, irresponsible and inhuman manipulation. . . .

Mexico, through a combination of favorable circumstances, has not only overcome the recession, but its economy has expanded as never before in its history. Just as was proposed in the Global Plan, for the second consecutive year the growth rate of our economy has reached an unprecedented 8 percent, thanks to the country's vitality of all its citizens. Nevertheless, it should also be pointed out that inflation has been higher than expected. . . .

The economic growth of a country such as ours is linked to social development.

because of understandable ideological paradoxes or warped intellectualism, question and criticize the economic growth we have achieved as if it were a crime. Let them stew in their own sick juices. . . .

We must recognize the limitations in our efficiency as a country. Their existence harms us all and makes us uncompetitive. . . . We cannot go on living in the hot-house environment of inefficient, indolent, irresponsible

protectionism, which costs us dearly within our borders and is futile beyond them.

We therefore affirm that the productivity we are obliged to achieve is in no sense a means of exploitation or of obtaining unjust surplus values. Rather, it is national efficiency; the ability to obtain more and better results that benefit everyone. . . .

## **Foreign trade and GATT**

Our foreign trade reflects the interesting period we are now experiencing as a nation.

Our foreign trade deficit has been reduced considerably since 1979.

Despite grain imports and the substantial increases in industrial imports, which are a short-term phenomenon linked to our economic recovery and to the fact that some investments have not matured, the trade deficit registered between January and June of this year was 887 million dollars—more than 25 percent less than for the same period last year. . . .

Dumping and unfair trade practices are the order of the day in all spheres. The powerful nations are the first to violate the rules of the game in international trade by failing to establish codes of conduct or by changing them to suit their convenience. Therefore, in support of our industrial development policy—which calls for a congruent foreign trade policy—we decided to postpone joining GATT. We must not allow what is accomplished in one area of our development to be undone in another.

Counterrevolutionaries can indulge in all the wishful thinking they like, but the land will never be returned to the old hacienda owners. The unjust system that concentrated land in the hands of a few, liquidated by armed uprisings, by violence and blood in the movement of 1910, will remain as before—historically liquidated, once and for all.

## **Agriculture**

The year just past was a bad one for agriculture. It interrupted a series of unprecedented successes which we had achieved through the Alliance for Production.

Severe droughts followed by early frosts fell pitilessly on the agricultural heart of the country. Much was lost for much had been sown and much was anticipated. The direct losers were the farmers who, up to now, have been the only ones to run risks on crops with only relative insurance protection. . . .

We were not discouraged by the criticism that shifted magically from the obvious climatic causes to their effects: the importation of grains. Ultimately, the armchair critics laid the blame for the failure on the systems and on the farmers. They forgot all about the weather and are joyfully harvesting their crop. It was a good year for them. . . .

The Mexican government is not willfully bent on expropriation. Its aim is to guarantee assured land tenure, but, at the same time, to ensure a sufficient supply of basic foodstuffs for the population while remaining strictly within the law, but we will use it to the utmost to become more efficient. . . .

## **The PNDI**

In accordance with the Industrial Program, we decided to go beyond the simple import substitution model adopted by the country in 1940. Understandable in its day, it is too limited to meet the production and employment needs of today and the requirements of the Mexico of tomorrow.

We have therefore concentrated our resources and capital goods on the most dynamic and productive strategic activities, such as petroleum, steel, chemicals, petrochemicals, fertilizers and electricity. The facilities that we are now installing in the petroleum, electric and steel industries are among the largest in the world. . . .

We cannot afford to make mistakes today. We will never have another chance like this one.

In accordance with the National Industrial Development Plan, the industrial sector, including the oil and construction industries, grew by 9.9 percent in 1979. We expect to surpass that rate in 1980. . . .

We cannot develop a capital goods industry or other machine-tool industries without a solid steel industry. . . . Although spectacular increases in plant capacity utilization indexes and in transformation coefficients for the conversion of iron into steel products have been achieved as a result of the expansion and better use of the industrial complex, a major investment and efficiency effort will be required to meet coming demand, which in 1990 will be almost three times as high as it is now. Steel production in the first six months of this year was 3 million 476 thousand tons, of which 55 percent was produced by the state-affiliated sector; and the rest by small businesses that produce minor amounts of steel for specialized uses. With the second phase of SICARTSA, which is already underway, 31 percent of the total domestic demand, mainly issuing from the construction and automotive industries, will be met.

However, demand projections are of such magnitude that increasing installed capacity to meet them would require the opening of a new complex like SICARTSA every year. We are therefore seeking innovative, efficient and self-sustaining ways to finance state-affiliated industries. The alternatives are simple: either we produce or we import or we do not grow.

The challenge for the next ten years is to increase the installed capacity of the entire industry by 170 percent.

Before 1982, we are going to launch another large-scale project. . . .

Public and private enterprise are not antithetical terms. One cannot take the place of the other; rather, they complement each other and should coordinate their activities. This is both the essence and the rationale of our mixed-economy system. For public enterprises, large and small, government programs and budgets constitute guidelines to which they must adhere, flexibly, but also with discipline. For private enterprises there are the joint-action agreements within the Alliance for Production. Overall and sectional plans rely on both these forces, and are aimed at coordinating their action and directing it toward common goals.

### **Mexico's oil**

For many years to come, for Mexico, as for all mankind, the major source of energy and primary input for industry will be petroleum.

And we have it. As of this date our reserves are as follows:

- Proven 60 billion 126 million barrels
- Provable 38 billion, 42 million barrels
- Potential 250 billion barrels

In December, 1976 we ranked fifteenth in the world as an oil producer. Today we rank fifth. Mexico's proven oil reserves then put us in eighteenth place, whereas today we also rank sixth in that respect, and fourth in recovery of liquid hydrocarbons from gas.

The effort made by the oil industry will enable us by the end of this year, to reach the level of production originally projected for 1982. We are currently producing slightly more than 2 million 300 thousand barrels a day.

The production target set on March 18th of this year is 2 million 700 thousand barrels a day. It will be attained next year, and should be thought of as support for both our domestic economic policy and our foreign policy. As long as present conditions prevail, it satisfies domestic demand and its growth, gives us financial autonomy, and determines the size and pace of the efforts that the other sectors of the economy will have to make. In foreign affairs, it enables us to fulfill the export commitments, that are part of our policy of cooperation, and sets the limits to which we are willing to go if the state of the present international economic order and the corresponding disorder in energy matters continue unchanged. We have met our commitments to other countries without speculating or distorting world prices.

Taking into account our reserves and the relationship between production and the country's development needs, we have a margin of safety of more than 60 years, whereas in the world as a whole the average

margin is around 30 years, and in the industrialized countries it is much less than that. We must maintain adequate installed capacity so as to be able to respond with flexibility to any contingency.

On March 23, 1979, Ixtoc I (which curiously enough means "fire-stone" in Maya) was extinguished and capped.

A year ago that serious accident was like a burning wound that pierced us to the core and split us into opposing camps. Our attitudes and emotions were as uncontrollable as the blowout.

Today it is merely a memory with a valuable lesson to teach us—a source of satisfaction for those of us who faced and overcame the problem, but a perhaps disconcerting and even a bitter pill for those who held up Tezcatlipoca's black mirror. . . .

From abroad, with Zarathustrian gestures and ambitions and a blindness to its own faults, came the voice of utilitarian arrogance, always present in our relations with powerful nations, the same one that in 1900, at the great Philadelphia Trade Congress, came up with this cynical formula: "If the natives and their governments are careless in their use of resources, they are useless servants, and therefore, that wealth should be taken out of the hands of such useless servants and given to those who know how to use it."

Mexico's oil is ours and is for our own development. This has been true ever since we rescued it from being squandered at the powerful and materialistic hands of concessionaires.

Now that the problem has been solved, before the eyes of the nation I render my tribute of admiration and gratitude to the workers and technicians who refused to bow to adversity, but gave battle and won. They conquered both the emergency and the objective. The dark times are forgotten. Let us guard against the envious and ambitious prophets of doom. Mexico came out the winner. We all did. . . .

Petroleum production is not the ultimate objective of the efforts of this administration. For Mexico it represents a historic landmark: the opportunity to abandon once and for all the status of a country that has been stigmatized by a colonial past.

Petroleum paves the way for authentic balanced development with financial autonomy, but we should be aware that this opportunity will not last forever. Today we are in a propitious stage that we must use to best advantage. . . .

### **International diplomacy**

We are all participating in a world threatened by grave omens, whose complexity increases daily. Two-thirds of humanity lives on the outskirts of progress while the great powers who have achieved it stir up the

shades of a new cold war era and create conflicts they spread over the entire planet in their efforts to preserve their advantages. Bent on imaginary Crusades, their political logic has become a historical contradiction. . . .

The alternatives are: to transform international disorder through concerted, fair and congruent actions or to allow violence and poverty to lead us back into the Dark Ages.

On September 17, 1979, Mexico proposed to the United Nations the elaboration and adoption of a world energy plan that would effectively contribute to solving the energy problems faced by a majority of the world's countries. These problems increasingly aggravate the imbalances and difficulties of the international economy. . . . As a partial and temporary expression of the world energy plan we proposed, Mexico and Venezuela have agreed on a program of cooperation with the Central American and Caribbean countries that will guarantee the latter a supply of oil sufficient to their needs. . . .

It has now been almost a year since our meeting with the President of the United States, and in the interim the complex and numerous daily relations between Mexico and that country have grown clearer, and now lie within the natural and logical framework on neighborly relations that we both want to keep on a mutually useful, easy and cordial basis. There is nothing that cannot be solved on a basis of mutual respect for one another and for our individual rights, with firm and independent political determination. We want to stand on our own two feet in our proper place in the world and not be given a back seat in a sphere of influence. . . .

Overall plans for bilateral economic cooperation, were established with Japan, Spain, France, Sweden, Canada and Brazil. These plans call for a unified, increasingly complex and diversified approach to economic relations, including such aspects as trade, finance and industrial and technological complementation.

This totalizing or package process far surpasses relations based on simple and separate trade dealings and establishes a new approach to our bilateral economic relations: oil, and other resources, products, and services in exchange for a partner's role in the economic development of Mexico.

It was also true that in every case, as with the Federal Republic of Germany, there were essential points of agreement, particularly on the need to find peaceful solutions to world conflicts.

In that same spirit, we have just made a trip that included visits to Costa Rica, Panama, Brazil, Venezuela, Nicaragua and Cuba. . . . We believe that Mexico's independent position may represent a factor for unity and a stimulus to the Latin American peoples, so regrettably increasingly divided by positions that appear to be irreconcilable. . . .

The society of nations is a product not of reason but of history. Countries are what they have been able to become; not what they would have wanted to become. To judge Mexico's relations on the basis of personal sympathy or antipathy is a poor attitude. The pluralism we practice at home is also the standard for our conduct abroad. As citizens, even though we may not agree, we owe each other respect. The same is true of nations. That is the best guarantee of peace. . . .

### **Mexico's tasks**

If we deepen the divisions between groups or selfishly capitalize on the advantages of our system by exploiting and stealing from each other, or if we ignore the needs of others, we will destroy the very thing we are working for—the Mexican way of life and its values. Neither class loyalties nor special interest groups can replace it. It would mean a return to medieval times, each man pitted against all others, feudalism and fanaticism, terror and chaos. . . .

We have chosen to persuade, to recommend, and to stress the results of using dialogue and reason, rather than to resort to coercion or scare tactics, to do away with freedoms—a course that is clear at the beginning, but leads we know not where. . . .

We reject the artificial Manichaeian division between politician and technicians. What to do and how to do it are not mutually exclusively questions, but mutually qualifying aspects of a single process. Technical expertise shows us how to do things right. Politics, a science of values and decisions, tells us which ones to do and when. Since the time of Plato, people have condemned technocrats, not because they know how to do things, but because we cannot accept dictatorships of men no matter how knowledgeable they may be. Instead, we want governments of laws, which provide the environment necessary for democracy. We must not fail to make use of those who know how to do things well, if the things they know how to do are part of the political good we aspire to. . . .

Mexico's battle for its progress and independence is the one being fought by the whole developing world. We cannot lose it. It would prove the Zarathustras right. Almost as much as we ourselves, our friends around the world want us to be efficient and hope that we continue to be free.

Neither the whirlwind of inflation nor the dark shadows of our inner demons shall defeat us.

Let us rise up together and fight those phantoms.

Let us defeat them here and now. With our strength and decision. For ourselves and for our children.

Let us grow with justice. Through Mexico; for Mexico.

VIVA MEXICO.