



Carlos Slim Helú

# A Conversation with Carlos Slim

**EDITORS' NOTE** Carlos Slim Helú studied Civil Engineering at the National Autonomous University of Mexico School of Engineering, where he also taught Algebra and Linear Programming while studying for his degree. In 1965, at 25 years of age, he began to build the foundations of Grupo Carso. Since the 1980s, Slim has been a noted businessman in various industrial, real estate, and commercial fields. He currently serves as Chairman of the board of directors of Impulsora del Desarrollo y el Empleo en América Latina, S.A. de C.V. (IDEAL); Chairman of Fundación Telmex, A.C.; Chairman of Fundación Carlos Slim Helú, A.C.; Chairman of the Executive Committee of Consejo Consultivo de Restauración del Centro Histórico; and Chairman of Fundación del Centro Histórico, A.C. Slim continues to be active in business although his work is primarily focused on education, health, and employment in Mexico and Latin America through the foundations he chairs and companies in the infrastructure arena. His three sons have taken over the reins of his businesses. Slim has lectured at public and private institutions as well as at international organizations such as the Economic Commission for Latin America (ECLA). He was the first Chairman of the Latin American Committee of the board of directors of the New York Stock Exchange. In December 2008, Slim was nominated a member of Research and Development Corporate Executive Board.

**COMPANY BRIEF** Grupo Carso ([www.gcarso.com.mx](http://www.gcarso.com.mx)) has operations in heavy industry, services, retail, and consumer goods through CICSA, Condumex, Hoteles Calinda (now OSTAR Grupo Hotelero), Nacobre, Sears, Sanborns, and Promotora Musical. Grupo Carso currently encompasses the following holding companies: América Móvil, Grupo Financiero Inbursa, Impulsora del Desarrollo y el Empleo en América Latina (IDEAL), Inmuebles Cars, and Minera Frisco.

**FOUNDATION BRIEF** The Carlos Slim Foundation ([www.carlosslim.com](http://www.carlosslim.com)) was created in 1986. With strong social and high impact programs focused on the most vulnerable population, the foundation has directly benefitted more than 29.7 million people. The foundation's focus is on the following areas: education, health, nutrition, social justice, culture, human development, aid in natural disasters, economic development, protection and conservation of the environment, and aid to Latin America and sister nations, as well as to public and private institutions.

**In light of economic challenges, is this a time of opportunity or is your outlook more reserved?**

We have a long-term vision, resources, and a healthy company so there are always opportunities to be found in difficult times.

With problems in many developed countries now, the private sector will seek out possibilities for investment.

In terms of what is going on in Europe and the U.S., with big fiscal deficits and so much unemployment and lack of economic activity, governments need to defer to private investors, who can create the economic activity and jobs that countries need.

Economic activity for the business community is significant, especially with such low interest rates. The private sector can create a lot of projects that have better returns. With very low-cost financing and substantial resources in the banking system, a long-term vision is needed for economic activity in many countries.

**Is there a good understanding of the opportunities for foreign investment in Mexico?**

Many people focus on the BRICs without looking at the bigger picture. A country like Mexico has strong potential and we have seen a lot of national investment.

Mexico has a healthy banking system, healthy macroeconomics, and a good labor pool – our people have proven they can work hard and efficiently in all sectors of the economy.

So we have all the desired conditions to be a very attractive place for investments, both national and international.

When you look at countries that need to grow significantly, they require investments of 25 to 30 percent of gross national product. Often, the foreign investments are not more than 10 to 15 percent.

But in Mexico, foreign direct investments in recent years have been very active, so the potential for more in the near future is very strong.

**For your businesses, do you see growth coming mainly from within Mexico or from international markets?**

We have strong growth in Mexico. In the mining business, there are many Canadian companies and national Mexican companies involved. We have to invest around \$70 or \$80 billion a year in infrastructure and that will create a lot of opportunities.

There is also potential growth in housing and real estate. Mexico is a place with millions of people in many areas that have great potential for growth and development.

**Is the government working closely with the private sector to encourage positive economic activity?**

Yes. Mexico has instituted a new law regarding public/private partnerships that has been very successful. Many investments have gone in this direction over the past 10 years and, each time, with more intensity. In the future, there will be even more growth of this type of investment.

In all areas, public/private partnership is the best way to use private investment for public service.

**In terms of these issues, what is the public sector role?**

The only way the public sector can correct a fiscal deficit is by increasing revenues or decreasing expenses.

To increase revenues, you can increase taxes, which is tough for people because taxes are already high and further increases crunch a society.

Part of the solution is also selling assets and inviting the private sector to make the investments necessary to increase the economic activity of the country.

In this technological society with its freedom, diversity, and morality, the social society is most important. There are many things to be done, not only by entrepreneurs but also by investors. They will do it better and more effectively than governments that often spend to the extreme and are not solvent.

**You are known as one of the most philanthropic people in the world. Where did that focus stem from?**

It was due to my father's thinking that we don't take anything when we pass away. He

considered us to be temporary managers of our businesses. We work to reinvest because the experience of the businessman is so important to solving social problems.

In 1986, we created a foundation to focus on our philanthropic activities. It's clear we can and should do many things. I don't see this as an option; I see it as a social responsibility.

**With so much need, how do you decide which areas to support?**

Our focus is on health and education. Many years ago, when we were analyzing what we should do, we decided to begin with the nutrition and health of a pregnant mother. We looked to reduce mother and child mortality by making sure the baby is born in the best possible conditions. There are many lifelong issues for the child that can be prevented by having a proper birth experience.

Our focus is also on the nutrition of the baby in the first two years of life, which is an important time in the child's development.

I spoke with Mexico's President at the time, Ernesto Zedillo, informing him that we had already worked with a public children's hospital to create nutrition programs in two cities. These programs increased the baby's birth weight by 15 percent. President Zedillo endorsed the program in 1996 and it was taken on by the government as public policy.

In terms of education, we need to move from traditional methods to education of the 21st century using today's technology. We're working with the Khan Academy to figure out how to give free education to everyone in Mexico, no matter where they live. Khan Academy offers many programs that we are looking to translate into Spanish. We are also working to create new programs not only for academic purposes but also for labor retraining. We are focused on the jobs that will be in demand over the next 10 years and on educating



*Carlos Slim Helú during the Carlos Slim Awards in Health ceremony*

people in the skill sets that will be required for these jobs in fields such as information technology, tourism, health care, and education. Some of these programs can also be taken to other countries in Latin America and elsewhere.

In areas like education, we can have a national impact. A few years ago, we developed digital libraries. Instead of lending books, we lend laptops; instead of going to the library to read, patrons go to navigate. We have locations with high-speed Internet access and laptops and PCs that we lend out, which people can take home for 15 days at a time.

We also have digital classrooms and through this work, we can give universal access to education and the Internet to many people.

In health care, we are trying to innovate. During the last five years of life, 80 percent of the total lifetime health care cost of an individual is expended. We need to find new solutions, which we believe lie in genomics, so we are doing basic research in this field.

Also, in schools, there are many children who can't see the blackboard and yet it is often not recognized. We have a program that offers glasses called "ver para aprender" – see to learn.

Another issue we focus on is contamination in rural areas – families cook with open flames using wood in the same space they sleep in, so

rooms are contaminated with dangerous gases and contaminants. We support a program called Healthy Home to teach people how to build better stoves that vent gases out of the house.

We also conduct something called Outdoor Surgery, where we provide surgery in rural areas that do not have access to traditional hospitals. We work with the Mexican Academy of Surgery; they give free time and teach doctors in rural areas and, with the health center of the government, we mobilize to make it happen. The program currently provides more than 150,000 surgeries a year in Mexico. We also support this program in Peru with the Clinton Global Initiative and have vowed to do 50,000 surgeries there within three years; in the first two years, we have completed more than 40,000.

We are always looking at programs that have national impact and do not duplicate activities that others are already undertaking.

We have an art museum, for instance, that we make accessible at no charge to young people and families of any income to enjoy. We have already had 1.2 million visitors there.

We don't put any limitations on the programs we support. Our approach is that all we can do, we will do.

We have another program called Help Me To Arrive. In rural schools, it takes many children as much as two hours to get to school. By providing bicycles through this program, it takes them only 20 minutes.

**While you're making major impact, it takes time to see results. Is it tough to be patient?**

We move fast, but we are only at around 25 percent of what we can do – so we can do more.

Those of us in business have the responsibility that comes with great wealth. We should look to create jobs and pay taxes. Eliminating poverty is an economic need as well as a moral one. We need to help people out of poverty, train and educate them and put them in the labor market, and they will improve the economy and society.

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We must recognize that the welfare of others is good for everyone. Over the past 15 years, in addition to my focus on philanthropy, I have also worked on activities that create jobs.

**With all of your successes, did you experience tough times as well?**

Actually, I expected it to get easier over time because with growth you have more alternatives including private participation. Economic activity is greater with globalization and we are just beginning to encounter worldwide opportunities that are emerging. There is no limit to what is coming.

**What impact did your father have on your life?**

My father was a special person. He came to Mexico in 1902 when he was only 14 years of age. He worked very hard and was very successful. He gave jobs to me and my two brothers so that he could teach us. He opened a store mainly to train us on how to work.

**Do you take interest in the recognition you receive on various lists, like those for wealthiest individuals?**

Not at all. In terms of wealth, one can have wealth because he owns a company that has a big valuation or one can have wealth because of his investments. There is a difference between being an investor and being an entrepreneur. An entrepreneur actively creates and an investor passively invests.

In all big companies, there are entrepreneurs and investors, and then there is the CEO – these three comprise the business. In small- and mid-sized businesses, the investor, the entrepreneur, and the CEO are often the same person.

What we should do is manage our business and create wealth. Beyond that, we should also work on social problems. It's important that our talents and experience are utilized in addressing social problems because we have the training to work effectively with human and financial capital and to address complicated environments with different conditions. When we use our knowledge and experience to work on social problems, we can find solutions.

I believe that philanthropy is about more than writing a check. It is about giving your time, knowledge, commitment, and dedication; Mother Theresa gave her life for others – people like that are the real philanthropists.

The business community should get involved, not just in terms of monetary donations but with issue solutions. It's about thinking through problems and giving your time and your talent to finding solutions. I don't see it as a think tank, but rather like an action tank.

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**Do you reflect on how much you have achieved?**

My challenge in life is not to just build a bigger business but also to help our country in terms of development.



*Carlos Slim with LEADERS President, David Schmer, just prior to this September 22nd interview*

An example of how a local problem can be addressed is a program we have had for 18 years called Social Justice. We take people out of jail who are there principally because they're poor, not because of a crime they have committed. If they receive a small amount of money, they can get out of jail.

Many years ago, I recall a politician estimating that 20 percent of the people in jail were innocent. That is a big problem for society. While these people are in jail, they are basically attending a "university" of crime and in the end, not only is it expensive for the state to keep them there, but when they get out, they know more about criminality and are caught up in a bad cycle.

So we provide bail bonds to the government to get these unfortunate people, who are often our indigenous citizens, out of jail.

The difference between the U.S. and Mexico is that in Mexico, trials are held when the accused are jailed. In the U.S., you are judged prior to being sentenced to jail.

Our program takes 8,000 people out of jail each year. To get one of

these people out of jail costs only \$8 because of an agreement we made with a bail bond company. There are conditions that need to be met: the crime charged must be non-violent and the accused must be a first-time offender. Additionally, the decision of the judge also requires the accused to pay \$500 to get out of jail.

**Is slowing down just not in your nature?**

In my opinion, we are doing 25 percent of what we could do. Maybe when we get to doing 95 percent, I will slow down. But my country is only at \$10,000 per capita so we have a lot of poor people and we have not created the middle class that we need. A lot of people remain without education.

Technology has made things different today. When work was mainly of a physical nature, one would need to retire at 65. But with technological developments, people can continue to work and utilize their knowledge and experience without being limited by age.

In my case, my work is to think through problems and issues and find solutions.

We are living in a changed world. Society now moves at the speed of the Internet and technology can increase the speed with which change can happen.

When the economy declines, the big problem is that people don't have jobs and lose hope. They can't see how things will end up and they are unable to make any necessary changes. The things that governments do are to reduce expenses and increase taxes; this slows economic activity.

If we had a longer term vision, the government would have created budget surpluses when the economy was doing well so that it can spend and improve the economy when things are challenging. That's the balance we need. ●