# A CONVERSATION WITH CARLOS SLIM

**Michael Milken** 00:25

So many, many years ago, there was this book written by a man named Bob Bartley, who was the editorial editor of The Wall Street Journal. And the book was *The Seven Fat Years: And How to Do It Again*. And it was he was a big proponent of Ronald Reagan administration. And one of the chapters that has stuck with me my entire life was the chapter on the Man from Mars. And so the Man from Mars could not speak any language on this planet, and he had a tricorder, similar to Star Trek, all he could do was pick up data on Star Trek, and—we and his tricorder, and we were talking a few minutes ago, Carlos, and it made me think of that book and that story. Because if you were a long term investor—you're managing 3 trillion in Canada, you're managing 3 trillion in Australia, you're managing 5 trillion in the Middle East. You're a long term manager, and you have your little tricorder, and you start picking up the information. What is your tricorder telling you? Well, gosh, there's this country in the world where two people die for everyone born. He doesn't know, but that country is Japan, and the population is approaching 50 as a median age, and they don't have that many people, the tricorder is telling him, that majored in STEM. And then you take the tricorder and you're moving it around planet Earth, and you discover that, gosh, there's this place here with young people. Half of them are under 30. They have a lot of people with STEM education. And then you notice that people like to live in places that have good weather, and this part has a lot better weather than Japan or South Korea or the Middle East, where you have to leave in July and August just to breathe. And then you notice people like the seashore, they like the ocean, whether it's because we came from the ocean this planet, species, or not. And many of the great surfers came from this country, and then you say, "well, gosh, doesn't have any natural resources." And yes, you discover it has all these natural resources. So therefore, a Man from Mars has chosen to invest in Mexico, not other places in the world with his tricorder. And so Carlos, your family originated from places like Lebanon. Came here, you've built your businesses here, you've built your family here. What would you tell this Man from Mars, okay, who has unlimited funds and sees that he's got all these obligations 30 years from now, he's got to compound his money for a long time, and he's also his tricorder is telling him that it has a currency that's pretty stable hasn't changed much in 15 years. So what would you tell that individual? We have a lot of those people here from around the world. They don't look like they're from Mars, and they're reading a lot of data, and many of them speak Spanish and English, but what are you telling them about your country?

**Carlos Slim Domit** 04:04

Well, thank you very much. First, for inviting me, Mike, I feel very privileged to be here with you and with all of you, and I think you have said a lot of things that will drive this guy from Mars to take the decision. I will just start that we are neighbors, neighbors with the best and the biggest market in the world. I will add as well that we are more complementary than ever. So the way to evolve for both countries is doing more things together. I will add that we have everything to do also we have from infrastructure programs to develop, from more manufacturing capacity for more substitution of imports from Asia to being built in Mexico. And that the trend ahead, because you talk a lot about the present, but that the trend ahead is very positive.

**Michael Milken** 05:01

So the percentage of the world's economy that's been digitized goes up every year. Digital connectivity is increasingly the key to a modern economy and we pointed out this morning that the most valuable company in Latin America is kind of an internet technology company in Argentina. You're very close. I think you're number two. But I could be anywhere in the world today and communicate with anyone in the world. Providing access to AI, telemedicine, financial technologies, educational resources, Carlos, you and your family have been deeply committed to the telecom sector and many of these other areas for decades. As you look forward, how do you see the industry shaping Mexico's competitive position in the next decade.

**Carlos Slim Domit** 06:02

Well, we are very clear that we're living a new a new era, and it's an era that is transforming every activity in the world. And this era is sustained by telecommunications. It's an era of connectivity, and connectivity is allowing us to reach anybody at any time, from anywhere. It's allowing us to be connected and have access to everything from entertainment, to buy things, to be informed, to be educated, to have a better health. So it's an era that is becoming very inclusive. It's giving the people the access to everything they need. So every for us, the importance of having strong networks, very good competitive offers. Know that can allow many people to get connected to this, to these networks. But among all these taking connectivity far beyond because we certainly when we talk about telecommunications, we tend to talk about infrastructure. You know an infrastructure is what allow the connectivity to happen. But when you have the connectivity solve, there are so many more things that you can do as a person, as a company, as a government, and a society. So for example, in the economical side, there is no doubt, you know a company that is connected is going to be able to enter into a new stage of digitalization, to enter to artificial intelligence, to enter to data management through the different clouds that has been growing through some time. So connectivity is allowing us to do everything and to evolve into a different stage of digitalization. So the first stage is having the right infrastructure so countries and societies in the places where we are active can participate and take advantage of that and develop. And then to create the possibilities that this network of connectivity can have. Like you mentioned, digital payments, digital credit, digital participation and in terms, for example, of literacy. Today, a kid that is connected in a very poor community is watching the same content that the kid in a very rich community. So the information related to health, no or the information that today that the smartphones can give us on how we track our health. So this kind of equalization of opportunities, at the end, this will become an area of access, and being an area of access, an area of inclusion, and again, connectivity is what is going to allow all this to happen.

**Michael Milken** 08:48

So many years ago, I was in Chicago, and they were talking about mobility. I arrived late in the meeting, and they said we got to get rid of the weak link. So I went for about three or four minutes, and I have no idea what they're talking about. So of course, I had asked question, what is the weak link? And they told me the weak links the human being. We have to get the human being out of transportation, etc. So now at our Global Conference this year, we encourage people to take cars to the to the to the conference without a driver, go get a car, and etc. So the sheer idea that we can find 9 billion phones on the planet, and we can direct them, and someday they're going to be driving cars, you know, I think this is so important in your commitment to this area. Because if we can tell billions of cars what to be doing, we can obviously create an AI teacher for every person, individually on the planet, so you could each have and so when you talk about rich and poor having the same access, it's highly dependent on and telecommunication system that allows that. So you're involved in number of areas. Give us some insight into Mexico, consumer 2025. What's happening with the consumer in Mexico?

**Carlos Slim Domit** 10:15

Well, it's—I think this era is allowing two things to happen. One is to give the same access, or almost the same access, to everyone, no and that—the second stage is that now it depends on each one how strong use or how much advantage we take of that connectivity. So it's going to depend less on the system. Getting back to education, we tend to have a formal education that maybe some of us advance in a different speed than the others, or some took more advantage of it. Today, it depends on us. If we want to get educated, get prepared, etc. For the consumer. What I see is a trend to have, every time, more options. Now today, we have options to buy any service or any product. I think that is going to keep to keep growing so people will have access again. It's an area of access that what is going to happen is that this access is going to grow as it has been progressively, also, it is going to allow us to adapt faster. So if my business at some point is lacking of some tool that can enable me to become more competitive is going to be easier to get and easier to implement. As a person, if there is some new things that I need to get prepared and I don't have that background is go—I will have the access to prepare as well. So what I see is society that we have all the tools required to adapt and to evolve in a very easy and fast way, to approach it. And again, at the end, the substance is that this era of access is going to be an area that is going to be very inclusive, because it will allow us to move faster, to move in the best way. If you attach the tools that you, that you will have, like artificial intelligence, like better understanding through the data mining, and being more assertive on your decisions. What I see is a whole new platform of enabling and empowering people to reach their goals in a much unlimited way that what we used to live before.

**Michael Milken** 12:51

So we had Christy Walton up here before, and I was looking at the largest employers in Mexico today. And Walmart is a major employer today, and interacting with the consumer. The consumer that you see today, and thinking about that, when we look at the number of employees and who they're interacting with, what—has the consumer changed in Mexico? Are they looking for something different? Where do you see them headed in terms of what product and services they want?

**Carlos Slim Domit** 13:32

I think that the consumers, has changed everywhere. Now, I think that today, with the tools that the consumers have, I think a another thing of this area is—that when I was in school with them, we tell to be teach that that the customer was, was everything. You know was a king. It was a the top of the chart, etc. Today's a reality. Now, today the consumer has so many options that we as organizations needs to reframe internally our structure to be able to give all that power to the customer. So the consumer is changing everywhere, and it's changing because it has more access. It has more access to products, more access to services, more access to better prices and to better promotions, and then more access as well to tools that will that are empowering the consumer to be more effective. It's also empowering the customer to—don't lose so much time to save time on things that before were the parts of the process that you needed to follow up to reach your final goal. There are times, when you need to go to the bank, open your account, spend maybe half of the day or a couple of hours doing that today, you do that with one click. So the amount of productivity that is being given to people and organizations, it's again, progressively evolving in a very impressive way. So yes, I think the consumer has changed, but the consumer is changing because now the consumer has more tools to take more advantage of all the information and the possibility of executing things.

**Michael Milken** 15:15

So we have a number of people with us today in Mexico who provide capital from financial institutions, etc. How do you see private capital aligning more effectively? Let's say, with the government leadership in Mexico today.

**Carlos Slim Domit** 15:33

I think as well, we're reaching a point that is changing the way we need to work—or the country's work in in general, because this, this area is breaking a lot, is bringing a lot of paradigms that are breaking many traditional ways we used to do things. So for example, in terms of internal economy today—poverty used to be more a social attitude, no, or willing attitude to solve and today is an economical need. If you cannot incorporate all your your society to the market, your market is going to be very small. No, China has demonstrated that, and I think also Japan in the 70s. You know, they started with cheap manufacturing. They absorb technology. Then you start seeing the Toyotas and the Panasonics and the Hondas, and then their internal market starts to grow. So you stop depending on cheap manufacturing products, and then you start evolving to a more value added generation, a bigger economy, more employment. So it's a virtual cycle that that happens. And to do that, you need both private, and public and private investment, particularly in countries like ours, that we have a lot of opportunities, developing infrastructure, generating the needs, the offering that we need, for example, in energy, in so many other fields. The way to achieve that is if you attract private and foreign investment and the government complements, for example, if the government does an infrastructure project like a highway, it detonates the investment in both in the cities that are being connected. If so today, I think we are reaching a point where for plans and programs to happen, they need to be combined. In the case of Mexico, not the Plan México that current President Sheinbaum has exposed as a project. It relies on investment. You know, the goal is to start with 25% GDP investment and then take it all the way to 28% in the trend. If you see the countries, not only Mexico, around 80% of that investment is private and local investment, around 10% is foreign, and about 10% is public. It moves from time to time, but let's say that that's the average. If you see countries like China or India, they are investing close to 40%, 30 something to 40%. U.S. is very low. It's below 20%. We were trending around 20% now to 24/25. So for reaching the goal of growth, you need private investment to happen to detonate the private investment you need that these big projects of infrastructure development, energy producing, all the requirements that that are there so the country can get to this trend is related to to private investment. So I think the opportunities that we have ahead for promoting investing, and then with this investing, getting reaching the growth and the development that we require is going to be every time more consistent and fundamental for it to happen.

**Michael Milken** 18:55

So last year, I had a chance to interview your dad, a year ago here. Who was very optimistic, and we reflected on 30 to 40 years ago, when we were both focused on US, Mexico, and Canada, together forming one of the most resource rich, geographically dynamic, geographically advantaged regions on Earth. How do you see Mexico's role in shaping a stronger North American economic bloc and growing this potential that we have here in North America?

**Carlos Slim Domit** 19:36

Yes, I think North America, in this new reconfiguration in the world is the region that has the strongest potential. The combination that we have together, for example, with us being such a big market and the huge economy it has, complementing with Mexico, is what is going to allow us to stabilize the supply chain, to have better control on the on the inflation. But mainly only combining both the potential of both countries, we are going to be able to compete worldwide. So U.S. have a trend of many years where it started to lose the leadership in technology, and now is getting that trend back all most of the artificial intelligence development are happening in U.S.. So you have a society that is—that will be competitive on manufacturing products, if it is more complementary with Mexico, that will keep the edge on technology with the new wave of artificial technology, technology development. And then the market, we are a market that we are the more than 500 million people, no, with the we have very young population with incremental income. So from every aspect that you see the opportunities and the sense of getting a stronger link between North America is fundamental for all the countries, not for not for one or for the other. If it is not a complementary thing, there are many things that we are not going to be able to take advantage in the future. So those things, we are very clear, clear that they are going to happen for short, mid and long term. And we you will have a short term with a little turbulence, where we pass some stages, like the renegotiation of the trade agreement, some things that they we need to put more effort on it. But there is no doubt that the trend of North America is going to be, to be that we are very optimistic about that.

**Michael Milken** 21:43

Well, I see that optimism has been passed from father to son, right? We often say that doing good is good business. And when I think about your family, you've been a leader and philanthropic responsibilities for your country, not just your country, but many countries around the world. Talk about for a moment your business philosophy and how does it align to your philanthropic initiatives? How do they interact?

**Carlos Slim Domit** 22:15

Well, we have 10 different principles within that. We try to work around those principles. And some of them, you know—I'm not going to mention all of them, but some of them are very logical. One is we try to have the lowest levels we can between the CEO and the customer, or the CEO and the vendors, so we can be more agile, taking the decisions and executing. We try to reinvest as much as we can. We know that when the money leaves, the company doesn't come back, never comes back. So we try to reinvest and invest in in productive assets. We try to be very disciplined in good times, not losing the financial health. So when you have bad times, you don't have to enter tough restructuring process, and you are able, with that financial health, to take opportunities if they happen. We try to reinvest a lot in the IT platform being updated in the in in the digitalization process, etc. So part of this philosophy, we are applying it to social to the social activities. And mainly, I will say that there are two changes from the traditional way that that these activities usually happens. One is, some—usually what you do is you create a foundation, you put a lot of money, and then you go and look where you can help, or what pros we of course, the foundations are very heavily capitalized, but what we want to do is to be involved in solving big problems. So one issue, for example, is education. How can we be relevant on education today, as I mentioned with this, we're living a net of access. So if people is getting more access, create a platform that can offer digital education, that you can go from very basic levels all the way to masters and PhDs. No, so we did an agreement with Khan Academy, where we built all the platform in Spanish. We are incorporating Coursera and some other, some more of the platforms. And not only the content is free, is also the connectivity, so I can be connected 24 hours, and I don't lose one megabyte of my data plan. So the other part is for jobs. First you need to be educated, but then you need to be trying to have a possibility of getting a job. So we have another platform called Train for Jobs, “Capacítate para el empleo” in Spanish, where you can be a certified and trained in around 500 job skills. From very basic like plumber or electrician all the way to web page designer and data scientist, management, etc. In both platforms, we have more than 50 million students or users, and you have it from all these Spanish speaking countries. So first of course, is Mexico, but second is U.S., most people that is using it. A lot of us of the Latin communities. So we believe that with digitalization, there are an opportunity of bringing access to train and to get educated in a very massive scale. We do the same in health and in some other issues. The other thing that we do different in the foundations, is that the foundations tend to be totally separated from the company. And not having the possibility of relying on the infrastructure makes that the work or the reach is much smaller than if you do so. For example, we have a program that we give scholarships with a free internet connection to the top students in the country. If we don't do that, combined with the companies, no, of course, we don't mix, no so the foundation pays at the social rate for putting it in some way. But when we have adversities like the hurricanes or the big flaws that we have with the rains, we use the facilities so we can deliver there the help we have within the group, more than the 5000—8000 volunteers know, some of them trained to attend natural disasters. So they be—you use infrastructure at that at that point to leverage and the other is that in businesses, what you do is look for problems, solve it, and put whatever resource you need to do it. And we tend to do the same on the on the social side, go for big problems, try to have solutions that can really become a massive—have a massive reach, and then put all the resources that we that will require. So we don't have these big expenses in administrative expenses within the foundation. The foundation has very few people, and most of the leverage is done between the team within the companies. No depending on what this activity that we're—

**Michael Milken** 27:14

Well, one, it's wonderful to see you again.

**Carlos Slim Domit** 27:18

Thank you, Mike.

**Michael Milken** 27:19

You never age. I want to figure out exactly what that secret is.

**Carlos Slim Domit** 27:23

The lack of light. I think.

**Michael Milken** 27:24

From that standpoint, I think last year, your dad left us with a sense of optimism you have again today, for the country. And it's very interesting, when we talk to investors and others around the world, they are shocked when we mention to them that Mexico has the most optimistic young people in the world. Mexico has the most optimistic young women in the world, and hopefully we will see that all translated here with growth in the future. So thank you and thank you for what you and your family have.

**Carlos Slim Domit** 27:44

Thank you and thank you for all the promotion that you do for Mexico.

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