

*Vicente Fox became Mexico's president in July 2000. A former Coca-Cola executive, Fox ousted the PRI, which had ruled Mexico for 71 years, and campaigned on promises of economic and political change.*

*In this interview, President Fox discusses his plans for economic reform, globalization, and political changes for Mexico.*

## **Positioning Mexico in the Global Economy**

INTERVIEWER: Economically, what are you trying to do? They call you a reformer. What are you actually trying to reform here in Mexico?

VICENTE FOX: I should say many things. Mexico has been one of the losers of the 20th century. We tried many different alternatives to development and unfortunately we have 40 percent of the population poor; we have a per capita income that is extremely low. It is the same per capita income we had 25 years ago, so we must change things.

What are we trying to accomplish? First, to have a growing economy at the rate of 7 percent a year. I know this is not easy to accomplish, but for that purpose we are putting through Congress a fiscal reform...which will give us the resources for development to invest in generating jobs and attacking in-depth education [and] forming human capital. To us, to us that is the key—forming human capital.

Today we're investing 5 percent of our gross product, and we're going to be moving with this reform up to 8 percent of gross product. [We are] making a revolution on education and making sure that every kid in this country has the same opportunity to go as far as he wants on his education.

INTERVIEWER: How does globalization fit into all of this? What's Mexico's role in the global economy?

VICENTE FOX: I [have] always seen globalization as an opportunity. And fortunately Mexico has [also] done so, because we are one of the countries with more trade agreements with other countries in the world. Mexico is the only country in the world that has a trade

agreement with United States and Canada, and at the same time has one with Europe. These are the two largest markets in the world. By the same token, Mexico has one of the most open economies. The only thing still in the hands of the state is energy. This is a very crucial issue in Mexico, [one] that we must keep yet for some time in the hands of government, [including] our large [oil] corporation, PEMEX. But the rest of the economy [is] still all open. As long as we are open with and participating in globalization, we haven't done enough homework. First, we must build human capital. Because if we're going to participate in globalization with success, we must build up our human capital so that we can compete and benefit from globalization.

Number two, we need the productivity and competitiveness in our economy so that we have that same success. My view is that globalization will bring in a lot of benefits to Mexico because now we're doing our homework.

INTERVIEWER: What do you say to protesters within your own country and elsewhere who say globalization trade is really a form of exploitation?

VICENTE FOX: It's wrong. It's a mistake. Just the trade agreement with the United States has moved our total trading, which was 6 years ago 40 billion U.S. dollars. Today [it] is 280 billion U.S. dollars, in just six years. So you can see the impact of trading, of participating in globalization. And this trading of 280 billion U.S. dollars has, of course, brought many, many jobs to the Mexican economy and to the United States economy. Nobody loses. Everybody can win. We both, the United States and Mexico, are winners on that decision that was taken to conform that trade agreement.

Now we want to go further. I'm talking about a NAFTA plus, a NAFTA that takes us to a further integration. I've been talking with [U.S.] President Bush, and fortunately he's seeing it the same way. In the long term what we're looking for is convergence of our two economies, convergence on the basic and fundamental variables of the economy, convergence on rates of interest, convergence on income of people, convergence on salaries. Of course this is a 10-, 20-year program. But when we reach that level, then we can just erase that border, open up that border for [the] free flow of products, merchandises, [and] capital as well as people.

## **NAFTA**

INTERVIEWER: There are people in the U.S. who are opposed to that for a lot of reasons, [including] immigration. People here who are opposed to it would say, "Mexico would just be supplying cheap labor to the United States." How do you respond to that?

VICENTE FOX: The real end winner of NAFTA is going to be Mexico because we have the human capital. We have that resource that is vital to the success of the U.S. economy.

The U.S. economy's welcoming their boom generation, which is now retiring [at] 65, 70 years old. And who is going to pay for their retirement plans if not young people working in the economy? By the same token, Mexico is receiving its boom generation, which is reaching 18 years of age. That generation is clamoring for jobs, for housing, and for schools [and] universities. So we have what United States economy needs the most. And now they understand that. They have now changed their views about migration, and they know that they can only [achieve growth] at rates of 5 percent a year with the participation of Mexican workers—which, by the way, are highly talented, are productive, are loyal, are efficient, and of great quality. This is the Mexican labor that is in the United States. As long as we prepare them, as long as we equip them with knowledge, with technology, with higher education levels, we are going to be the winner on NAFTA, no doubt.

## **Economic Reform Successes**

INTERVIEWER: Let's talk about how you came to your ideas about reform. We talked to Eduardo Sojo and he talked about how in the three years that you were preparing the campaign, you looked around at other examples of reformers in Latin America and elsewhere. What did you learn from the experience of other reformers, both in this hemisphere and abroad, and how do you apply those lessons to Mexico?

VICENTE FOX: I looked at both the leaders, the reformers and I looked at the success stories of different countries. Ireland for instance—a great success story. It's incredible what they've done in 15 years. Or you can take Spain or Portugal, or you can take a look at Taiwan or Korea, or in Latin America you can take a look at Chile. And we're picking up the elements that made those success stories possible. Education is one that is common to every success story. That is why we take education as our number one priority in Mexico.

Second, the models of Asia are based on exports, on putting the commanding heights on the export side, on the globalization so that they don't have now an...economy to work their own interior economy, but they put together these strong drives to conquer markets throughout the world. So those driving forces are the ones that we are integrating into Mexico. This is why we totally reformed our Ministry of Economy and our Ministry of Foreign Relations. Both of them are going to be strong tools, strong drives for our exports in trading and drives throughout the world.

And we look for example at Bangladesh, a poor, small country, and we find they have the best micro-lending system. It's a miracle. It's the best tool that I have known yet to combat poverty with dignity, [helping] people to overcome poverty by their own effort. And so we've reproduced that model now in Mexico. The micro-lending system is spreading throughout all Mexico and is going to empower and give capacities and opportunities to millions of women that are [so] poor today that they don't know how to read or write. [When] they take advantage of this opportunity and they overcome their poverty, [then] they start the educational [and] cultural change within themselves.

Or we go to Lombardi in Italy. Masters of the masters in small- and medium-sized companies. The way they have mastered the activities of these small companies, put it on a chain and making them exports and [becoming] so successful, so competitive, [is] something that we brought in. I call it the Lombardian model, and we're implementing it here in Mexico. Why or how is you just have to nourish these small companies, this marvelous world of medium-sized companies with the elements and the issues that they need to develop it, to expand, and to grow.

For instance, knowledge, training, and having capabilities. Being able to participate on quality-control programs, for example, ISO 9000. Giving access to credit or financing to expand. Putting centers where they can nourish on technology, design, and productivity.

We are building all those institutions through the chambers, through the business associations, so that they nourish this marvelous world of small- and medium-sized companies.

**Promoting Small Business and Entrepreneurship in Mexico**

INTERVIEWER: Perhaps you could talk a bit about the levels of bureaucracy, how difficult it was in Mexico, or still is, for a small businessman to get the necessary permits, deal with the bureaucracy, and actually operate in the open economy.

VICENTE FOX: Incredibly complicated. Red tape is all over the system, and is yet on the system. We have to work strongly on that. We have to deregulate. We have to end red tape and we have to give all the facilities and all the flexibility [to] entrepreneurial efforts, and this is part of the things that we are trying to accomplish. Unfortunately we have a cultural paternalism here in Mexico. You don't see the reaction of entrepreneurship that we would like to [have], pushing and opening up new businesses all over Mexico. And we have this culture in rural areas of the *ejidos* system, [these] agrarian reforms that never gave away the land to be owned by the *campesinos* or the *ejidatarios*, and this is where [Peruvian economist] Hernando de Soto's philosophy comes into place. These *ejidatarios*, as long as they don't own that piece of land, they don't have a title on that piece of land, they will never be able to use it, to capitalize and to develop their business. This is why we are using Hernando de Soto's philosophy, starting with the *ejidos* system. *Ejidatarios* own their land, have a title, and can move ahead.

**Expectations from the Public**

INTERVIEWER: You have six years. What are the risks that you face, and how much really can you hope to accomplish in your time in office?

VICENTE FOX: We woke up to many expectations on July 2. It was a change not only of government, not only of the party governing, it was a change within the heart of every Mexican. Joy, happiness, hope, compromise is what came out of that July 2 election. A lot of positive energy, favorable wind is blowing in our support.

I have to make use of all of that energy. I have to put it in movement. I have to put it together to move in the same direction. That's the job of a president. The job of president is to motivate, to inspire, to be side by side with people making sure that they develop all their capacities and that I remove all the obstacles they have to grow by themselves.

All these expectations I have to meet. And I'm sure that we will meet them. People fortunately understand the problem. It's not like media or public opinion. People are giving me the space to produce results. I poll every week to see how things are and what people tell me is that they expect some results from this government a year from now. Forty percent of people tell me that. And 45 percent of people tell me that they expect results three years from now. That's fair to me. I am sure I will be giving results in the short term, not what we expect and not the country that we want, but to have Mexico on the move and to have momentum of growth. With that I get more space from people, I get more support from people, and we can move [the country forward].

On this polling we're doing, and this is incredible, I'm getting 89 percent of Mexicans [who] support this government and support what this government is doing. That's close to incredible. I have to respond to that. I know it's a big responsibility, but when you work on a team effort with 100 million Mexicans, there's nobody that can retain your capacity to grow. This is what I am trying to build up, a team spirit. A pride to be Mexican and a confidence in ourselves that the 21st century is the century of Mexico. That the 21st century is the century of Latin America.

INTERVIEWER: What are you going to do when you hit a bump in the road? I interviewed Lech Walesa, who ran for president again last year and got 1 percent of the vote. He was a great reformer, but he paid a high personal price politically for what he did.

VICENTE FOX: Well, I had a bump on the road, a bump on the road with Chiapas. Nobody would have killed him, or placed a bet in favor of President Fox in the case of Chiapas. And three months later we've proven that we have a democracy with sufficient elasticity and capacity to digest conflict, to be able to process subjects that are difficult, like it was the case of Chiapas, and with total peace. Guerreros came throughout all Mexico, came to [Mexico City], and Congress opened the doors to them and we were able to process a conflict and convert it into an opportunity.

Right now I have started to support the initiative I put through Congress, the fiscal reform. I know I'm departing from minus ten—it's a big challenge to overcome. But I've been working three days and you know, what happens is that work defeats everything. You just have to

work, [you] have to have confidence in yourself, and you just have to have good ideas and with that you move.

INTERVIEWER: How would you like history to write about the Fox presidency?

VICENTE FOX: That he's a good father, a happy father of four marvelous kids. The best kids you can find in the world—Christina, Vicente, Paulina, Rodrigo. That he's a good horseback rider, and that he's a hardworking man, dedicated to serve others and dedicated to serve his country.

If at the end of the six years I can go back to live in the same home that I have had for the last 40 years, and have the same friends, and I can look at them with the total confidence that I have worked as much as I could and I've been honest and that I have spoken with the truth, that's more enough than anything to me. With that I can die happily in St. Christo, where I have my home.

## **Starting Out in Politics**

INTERVIEWER: Why are you doing this? Why did you get into politics in the first place?

VICENTE FOX: That question I ask myself every day, because I travel a lot. When I was in Coca-Cola [for] 15 years, I would wake up and ask myself, "Where the hell am I?" I woke up in New York, or I woke up in Chiapas, or I woke up in Sinaloa working for Coca-Cola, and today I suppose I do the same. I travel a lot. I don't want to spend time in my office, I think that's a waste of time. A president, a leader has to be where the action is.

The second question I ask myself, "What the hell am I doing in politics?" I have an answer to that. First, I have a very strong commitment with the poor. I went to school with Jesuits and I learned that St. Ignatius, the founder of philosophy, that serving others, that being for others you get personal motivation, personal realization. That strong force [is what] moves me to work for others. I really find happiness in doing that.

Number two, I worked 15 years for Coca-Cola. I started as a salesman. I started right from the bottom, and I learned that discipline, that hard work, that talent is the way to succeed.

And that's the same thing I use in politics, but something else. I learned in Coca-Cola that the business is done at the refrigerator, at the shelf, and that that's where you have to be. [It's the] same in politics. Politics is done with people, right where they are. This is why I visit jails, I go with policemen, I go to universities, to schools, to everywhere, to move people and to work for that Mexico.

And number three, I was born on a farm where I shared toys with poor kids. And those kids were my friends—I invited them home, they invited me to their houses, and today they are still my friends, 50 years later. But the difference is huge. I have had the opportunities, I went to school. I had a job. They haven't had that. And so I learned that the difference between success and [poverty] is opportunities. So I believe in building up opportunities for families, for people. It is why, for instance, I created and already put into practice a national scholarship system, publicly guaranteeing to every single kid in Mexico that if they want to keep going with their studies, and they're willing to put their part of the effort, if their problem is the economic capacity of their families, we'll solve it with this scholarship. This means so-and-so of an indigenous family, so-and-so of a worker, so-and-so of a humble family in rural areas, they have my public guarantee that if they want to go to university, they will go to university with a scholarship.

Three hundred thousand kids will make it to university this next year, which they wouldn't have had that opportunity. Those three hundred thousand kids would have gone to United States, migrating, looking for the opportunities there that they don't find in their own country. There's three hundred thousand [fewer] kids that will be moving to United States.

INTERVIEWER: What gave you the courage and the drive to take on the stranglehold of this PRI [Partido Revolucionario Institucional]?

VICENTE FOX: The challenge is what moves me. I recall when President Kennedy called upon all U.S. citizens and told them that in 10 years he would put a man on the moon. Very few believed it. Others figured out the resources, the energy, the talent that would be required, and finally he made it. He made it in less than 10 years. This is the kind of challenge I have in front [of me], to take the PRI out of [the presidential] residence. Nobody thought it could be

done, and today I'm sitting here in Los Pinos talking to you, and PRI is out there trying to come back to government.

### **Globalization and Reform in Latin America**

INTERVIEWER: One of the big questions about global market capitalism is, "Can it help the poor?" The promise of socialism that failed was to help the poor. Do you really believe that capitalism can do it?

VICENTE FOX: Well up to now, capitalism in Latin America has not been able to prove that it works, and we made many mistakes in the last century in Latin America.

First, not having democracies, but having dictatorships. If you don't have a political stability and you don't have a democracy, it's very difficult to develop economically or to push human development. That lesson we learned. Today we have democracies in Latin America, we have new leaderships like Cardoso in Brazil, like Ricardo Lagos Escobar in Chile. Even though he's going through problems right now like De la Rúa in Argentina, and now we're moving ahead. I dream [of] putting together these four machines of Chile, Argentina, Brazil, and Mexico's economy, working for a purpose of growth in Latin America. Those four machines will move the rest of Latin America. That's something I'm trying to put together with this new leadership that we find in Latin America.

Secondly, we have made a terrible mistake in not investing in human capital. The educational levels of Latin America are extremely poor. We're ranging on the levels of seven years average of education, when Asia moved up to 12, 13, and even 14 years average of education. Same as Europe or the United States. We cannot compete. We cannot win in globalization if we don't move fast on education. That's a mistake we made and we are learning from our mistakes and now we are moving education in Latin America.

Thirdly, I think that we had very centralized governments, very presidential political systems depositing the capacity to decide in one person instead of [a] team. This is something again that is changing, at least here in Mexico. I have a cabinet that is a team. We are working all together for a purpose. We decide together. I meet with my cabinet every week and we make decisions. I hired all of them in the market. I went through headhunters and looked for the

best of the best for each of the positions that we have in cabinet. So, in agriculture I have the best farmer that Mexico has, which is Mr. [Javier] Usabiaga. [For the] secretary of economy I have the best guy that has experience and proven results on it. Working as a team—all countries in Latin America—is the way we're going to be able to recuperate the time we've lost. This is why I launched what I call [Plan] Puebla-Panama. This is pulling together an economic region that has the same vocation, who has the same natural resources, which is composed of the eight sovereign states of Mexico, the most underdeveloped in Mexico, together with the seven countries of Central America. And we're working together, putting together ideas, having a strategic plan, and adding up the resources that we have. I am absolutely sure that we will be able to move this region ahead on development.

INTERVIEWER: The '80s was a lost decade, the '90s was a decade of reform. What's your judgment as a statesman as you look back on the process of reform in Latin America?

VICENTE FOX: That now we have experience and now we know where we we're going. I know Latin America will be very successful in this 21st century. And when I look back, it's only to find out and to [uncover] the mistakes we made. They're clear now. We have the best and most strategic geographic position in Mexico. We are the envy of all Latin America, being close to the United States, the largest market in the world. And I just trust people. I just convince Mexicans that we have talent, we have a sparkle.

When I visit United States investors or large corporations of the world that have invested in Mexico, each time I go there they have worldwide praise and words for the productivity, for the quality, for the efficiency of the Mexican labor they have. So we have everything to meet our challenges.