

UNCLE SLIM: THE WORLD'S RICHEST MAN

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INTRODUCTION

We've all heard about Uncle Sam but now it's time to learn about Uncle Slim. In a world of rising inequalities between rich and poor, Mexico is one of the most unjust countries—a place where a small political and economic elite controls much of the power while more than half the population lives in poverty. The main protagonist in this club of power brokers is Carlos Slim Helú who, according to *Forbes Magazine's* annual rankings, is the world's wealthiest person. Called a quiet investor by some and a robber baron by others, Slim more than doubled his net worth between 2008 and 2010 from \$35 billion to \$75 billion. While Slim's financial girth was swelling, Mexico's GDP shrank by 6.1% in 2009 alone. In the ten years to 2010, Slim's wealth grew by an amazing 585%¹ catapulting him to the top of the list of the world's richest people. During the same decade, the average personal income in Mexico only grew by 0.6% a year, one of the lowest rates in the world.² If he were a country, Slim's wealth would place him 64th on the list of national GDPs between Libya and Sudan.

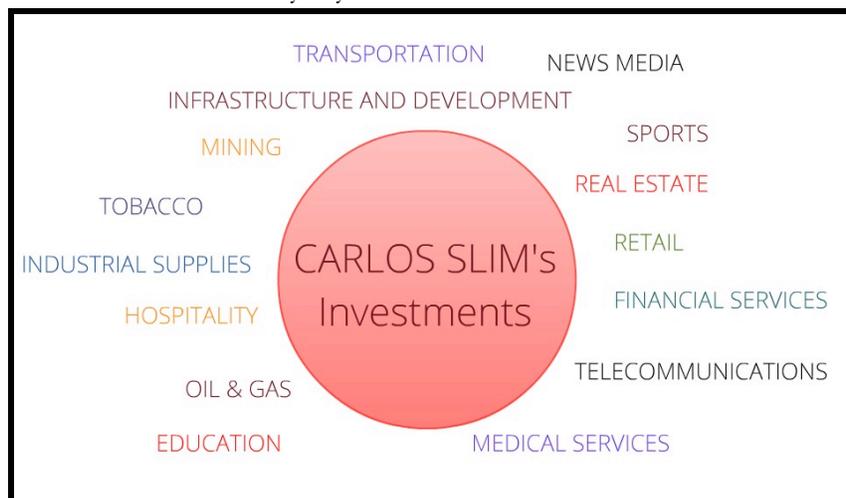
He has been able to amass an empire of at least 222 companies around the world³ employing an estimated 250,000 people⁴ with combined annual revenues topping \$386 billion.⁵ The size of this empire is so extensive that Slim is hesitant to confirm the number people his companies employ.⁶ One puzzling factor is that this wealth has been accumulated by a man who retains relative anonymity outside the world of financial observers and the geographic areas of Mexico and Latin America. Unlike Bill Gates, Slim is not associated with a single product or corporation, so how has the world's richest person been able to generate such astounding wealth and power without broader public scrutiny?

Despite his relative obscurity there is no real mystery as to how Slim has been able to amass and continue to build his fortune. The simple explanation is that Slim is a classic monopolist—he controls leading companies in dozens of industries that are responsible for 7.1% of Mexico’s \$1.04 trillion Gross Domestic Product. According to a *New York Times* editorial, Slim’s output is equivalent to “one out of every 14 dollars’ worth of stuff made by all the people in the country.”⁷ The scope of his investments is so large that, over four days of stock market instability in July-August 2011, his net worth went down by an estimated \$8 billion due to an 11% decline in his stock portfolio.⁸ With a population of 112 million and the second-largest economy in Latin America (14th in the world), Mexico is a huge market for any companies that can gain access. Slim and his companies have been able to fully exploit this huge market and, in the case of the lucrative telecommunications sector, he has forged an iron-clad monopoly.

The more difficult question to answer is how has Slim managed to build his empire with little to no public outcry or resistance? This chapter explores this question by looking at the history behind Slim’s wealth and the impacts his companies have had on Mexican society, politics, economics and human rights. The structure of Slim’s financial empire will be exposed as we explore the political connections and favorable legislative environment in Mexico that have facilitated his mercurial rise to ranks of the ultra wealthy. The results of the investigation presented in this chapter show that Carlos Slim is a true global oligarch who is able to operate with only minimal accountability because of deep political connections and a diverse and complex financial empire that functions in a regulatory environment that encourages the concentration of wealth.

SLIM’S EMPIRE AND THE PRIVATIZATION OF TELMEX

Carlos Slim’s investments and business deals worldwide span a wide range of industries including: telecommunications (telephone, Internet, cable providers), banking and finance, insurance, news media, marketing, industrial supplies, retail (including food retail), real estate and management, tobacco, oil and gas, mining, construction and infrastructure development, transportation, energy, sports, education, hospitality, medical services, and others. Slim’s business presence in Mexico alone is so broad that many find it appropriate to call the country “Slimlandia” as it is almost impossible to go a day in Mexico without contributing to Slim’s wealth, be it through a phone call, a quick snack at one of his restaurants, or by making a deposit at one of his banks. In fact, it was estimated that in 2006, the citizens of Mexico contributed \$1.50 per capita or \$67 million total to Slim every day.⁹



Slim's companies account for approximately 40% of the listings on Mexico's stock exchange, the Bolsa Mexicana de Valores (BMV, the Mexican Stock Exchange).¹⁰ Many of his investments are transacted through his various major conglomerates including Grupo Carso, Grupo Financiero Inbursa and Inmobiliaria Carso. Slim's fortune has given rise to a family empire and he often acquires shares on behalf of himself and his children as the "Slim Family." His three older sons hold chief executive officer and presidential positions at his main companies.¹¹ Because of the huge number of companies under Slim's control and the diverse industries in which he operates, it is difficult to fully comprehend his reach inside Mexico and throughout Latin America. A 2007 article in *Foreign Policy* magazine summed up Slim's reach saying:

*"For Bill Gates to control a share of the U.S. telephone market similar to Slim's reach in Mexico, Gates would have to own AT&T, MCI, Quest, Spring, and Verizon – and even then, Gates would still only have less than 80 percent market share, well short of Telmex's 92 percent. To match Slim's overall market presence in Mexico, Gates would probably also have to own Alcoa, Phillip Morris, Sears, Best Buy, TGIFriday's, Dunkin' Donuts, Marriott, Citibank and JetBlue. For his wealth to be on a scale in the United States similar to Slim's in Mexico, Gates would have to worth \$909 billion."*¹²

Although Slim began investing his money at the age of 12 and went on to make millions through business investment and the stock exchange, it was the privatization of the national telephone company Telefonos de Mexico (TELMEX) that provided the key opportunity in Slim's financial career. In 1990, Slim's Grupo Carso became the controlling shareholder in the formerly state-owned TELMEX. Commonly understood as the largest single privatization in Latin America, this single transaction gave Carlos Slim the necessary capital to expand his empire and set him on the road to becoming what he is today.¹³ The ball started rolling in 1988 when presidential candidate Carlos Salinas campaigned on a promise to privatize TELMEX. After winning the election, Salinas quickly and profoundly expanded efforts to liberalize Mexico's economy. A major part of Salinas' plan was to sell off most of Mexico's public enterprises and by 1994, the country's publicly owned companies had shrunk to 220 firms down from 1,155 in 1982.¹⁴

The sale of TELMEX was the most profound privatization during Salinas' time in office for three main reasons: first, the sale generated the largest sum (U.S. \$6 billion) for the Mexican Treasury from the sale of a single firm; secondly, the sale of TELMEX served as a template for further privatizations; and thirdly, for political reasons, the move would set a positive tone for more market liberalization during Salinas' mandate.¹⁵ In addition, the fact that the company was financially successful, enjoyed a virtual monopoly and had a huge growth potential made TELMEX a good candidate for privatization in Salinas' eyes.¹⁶ Recognizing that permitting TELMEX to fall into foreign hands would not be popular with the public, the government reorganized the company to ensure that Mexican investors would control the majority of TELMEX's shares. When the transaction went through in December 1990, a consortium of companies made up of Southwestern Bell (SBC), France Telecom, and Slim's Grupo Carso emerged as the new owners of TELMEX with Grupo Carso as the controlling shareholder.

Salinas also granted the company monopoly status for the next six years by closing the market of fixed telephony (also known as Voice over Internet Protocol). This allowed TELMEX to not only control about 90% of the Mexican telephony market¹⁷ but also to increase its telephony prices, which are still among the most expensive in the world today.¹⁸ By 1994, Slim was the wealthiest man in México, with an estimated fortune of \$6.6 billion.¹⁹ The fortune Slim built through TELMEX has allowed him to expand and diversify his businesses into Internet and cellular telephone services and beyond.²⁰ In addition, because Mexico is a

country where large portions of the economy are controlled by monopolies, this provided a perfect environment for a shrewd investor with political ties and large amounts of capital to build a financial empire. Mexican economist Rogelio Ramirez de la O, stated that Slim benefited from "almost predatory advantages in markets where he faces almost no competition. [And] for someone who is cash-rich in an economy in a shambles, it's easy to acquire businesses at rock-bottom prices."²¹

For example, América Móvil, which began as a subsidiary of TELMEX, is now the biggest or second-biggest cellular phone company in every Latin American country except Chile, where it is third.²² Close to two-thirds of Slim's wealth now lies with América Móvil and it is now the main arm of Slim's telecommunications empire, controlling both TELMEX and TELMEX International. América Móvil is also the fifth-largest telecom company in the world—behind China Mobile, AT&T, Vodafone, and Telefónica—with a market capitalization average of approximately \$97 billion in 2010.²³ Slim's telecom monopoly is incredibly strong inside Mexico where he controls 70% of the cellular telephone market, 80% of the fixed-line market, and an estimated 88% of the Internet service market.²⁴ Once monopoly status has been gained, Slim's companies can charge higher prices without facing any competition. According to *The Economist*, home and business landlines in Mexico cost 45% and 63% more than the average among other Organization for Economic Co-operation and Development countries, while basic broadband access costs ten times more than the rest of the OECD.²⁵

A DIVERSIFIED PORTFOLIO: SLIM'S OTHER HOLDINGS

In addition to his telecommunications empire, Slim has invested in both vertical and horizontal integration by owning majority and minority shares in a variety of companies in other sectors in Mexico. His Grupo Carso owns 85% of the shares of Sears Mexico, which operates through Grupo Sanborns, his retail business conglomerate.²⁶ Grupo Carso also controls Grupo Condumex, Slim's industrial supply conglomerate (which includes companies such as CDM and Sinergia), while Carso Infraestructura y Construcción (CICSA) is an infrastructure development giant with subsidiaries like Swecomex and PC Constructores.²⁷ CICSA is present in the majority of the American continent in countries like the United States and Brazil and its clients include PEMEX, América Móvil, Conagua, Dupont, Siemens, Shell, and Mitsubishi Heavy Industries.²⁸

HOW DO CARLOS SLIM'S COMPANIES COMPARE? (MARKET CAPITALIZATION – US\$) ²⁹				
COMPANY NAME	MARKET CAP	SECTOR	COMPARED TO	MARKET CAP
AMÉRICA MÓVIL	93 billion	Telecommunications	VERIZON ³⁰	99 billion
GRUPO CARSO ³¹	66 billion	Diversified	KRAFT FOODS ³²	61 billion
IDEAL	61 billion	Infrastructure & Development	UNITED TECHNOLOGIES CORPORATION ³³	66 billion
MINERA FRISCO	125 billion	Mining	RIO TINTO	118 billion
GRUPO FINANCIERO INBURSA	164 billion	Finance	HSBC HOLDINGS PLC	159 billion

SOURCE: Bloomberg.

One of Slim's latest ventures, Impulsora del Desarrollo y Empleo de América Latina (IDEAL) has landed major government contracts that range from water treatment plants to toll highways.³⁴ He is also a major

investor in the hospitality industry through Grupo Hotelero Ostar and is also behind Grupo Star Médica, which provides private health care to foreign tourists in Mexico.³⁵ Through TELMEX he also owns marketing and media outlets such as Sección Amarilla (Mexican Yellow Pages)³⁶ and the motor-racing team Escudería TELMEX.³⁷ Carlos Slim also owns the mining group Minera Frisco, which has several large-scale zinc, copper, silver, lead and gold mining operations.³⁸ He owns 49% of the shares of industrial group Elementia³⁹ and is also a shareholder (through Grupo Carso-Sinca Inbursa) of Grupo Mexico's rail transportation subsidiaries, owning 18.5% of Ferromex and 25.01% of Ferrosur.⁴⁰

SLIM IN THE UNITED STATES

América Móvil has a wide range of subsidiaries in the United States as well as in Latin America. Tracfone, for example, is an América Móvil subsidiary headquartered in Miami with wireless operations in the U.S., Puerto Rico, and the U.S. Virgin Islands. Tracfone has approximately 18.5 million subscribers in the United States alone.⁴¹ By offering to install phones in Mexican homes that could be paid for by a relative who lives in the U.S., TELMEX/América Móvil has tried to reach into the market of the Mexican Diaspora—an especially lucrative move since more calls are made from the U.S. to Mexico than the other way around.⁴² The expansion into the United States has also been indirectly aided by the North America Free Trade Association's (NAFTA) Chapter 13, which addresses telecommunications. For example, NAFTA served to facilitate the entry of powerful Mexican business into the United States and gave these telecommunication companies the rights to transfer funds freely, to be protected from expropriation, and to arbitrate investment disputes with the host government.⁴³

Aside from telecommunications, Slim also owns shares in many other U.S. businesses. He has stakes in Citigroup⁴⁴ and his Inmobiliaria Carso is the second-largest shareholder in luxury retail chain Saks Fifth Avenue, with 17.4% of the shares.⁴⁵ In the past, Slim has been involved with other retail outlets such as CompUSA, OfficeMax and Circuit City,⁴⁶ and he has invested in a variety of U.S. stocks, including those of computer technology developer Apple.⁴⁷ He even owns 8.1% of *The New York Times* newspaper company, making him the paper's second-largest shareholder.⁴⁸ In fact, it has been rumored that ever since Slim offered the newspaper a \$250 million loan to avoid bankruptcy, the *Times* has been notably silent on negative news involving the richest man in the world.⁴⁹ In 2008, his Grupo Financiero Inbursa purchased 1% of Citigroup's shares.⁵⁰ While he recently sold his stake at oil company Bronco Drilling,⁵¹ Slim remains a shareholder at Allis-Chalmers Energy.⁵² He also sits in the board of directors of Philip Morris International,⁵³ the world's largest tobacco retailer, and the U.S. parent of Philip Morris Mexico and Cigatam (which are also partly owned by Grupo Carso).⁵⁴ The tobacco market is a duopoly in Mexico, with 99% of volume sales shared between Philip Morris Mexico and British American Tobacco.⁵⁵ In the 1980s, BAT reported that 40% of its shares belonged to Slim.⁵⁶

SLIM IN LATIN AMERICA

As in Mexico, Carlos Slim's business expansion into Latin America was fueled by his telecommunications investments. América Móvil is now the biggest wireless provider in Latin America and also provides services such as wireless, fixed telephony, broadband and paid TV, comprising 284 million accounts.⁵⁷ Its recent takeover of TELMEX made América Móvil the parent company of TELMEX, Telcel, Claro, Embratel, Net and Comcel, all of which provide services such as wireless, fixed telephony, broadband and cable.⁵⁸ In the

first quarter of 2011, América Móvil reported a wireless subscriber base of 65.7 million customers in Mexico, 53.4 million in Brazil, 30 million in Colombia, 18.5 million in both Argentina and the U.S., and 17.5 in Central America and the Caribbean.⁵⁹

Slim's focus on Latin America has to do with what he believes to be the continent's current path of development. In a recent interview with the *Financial Times*, Slim predicted that Latin America should break the barrier of underdevelopment within 10 to 15 years and begin to develop a large middle-class, a trend that calls for heavy investment in the present.⁶⁰ IDEAL, Slim's infrastructure development company, already is involved in a series of energy, transportation and trade projects throughout Latin America. For example, the company is responsible the construction of the Bajo de Mina and Baitún hydroelectric dams in the Chiriquí Viejo River in Panama.⁶¹ Grupo Carso's Cilsa, a construction company, is involved in other Panamanian developments including the expansion of the Panama Canal.⁶²

In early 2011, Grupo Carso expanded its oil and gas investments by purchasing 70% of the shares of Geoprocesados SA's Tabasco Oil Co in Colombia. Tabasco holds a license to explore and produce hydrocarbons in a 413-km² oil block in Colombia, whose oil and gas sector accounted for 40% of the country's foreign direct investment in 2010.⁶³ Slim has recently acquired shares in the Spanish investment firm Criteria CaixaCorp and has joined their board of directors as the company attempts to expand its financial operations into Latin America.⁶⁴ Criteria CaixaCorp owns 20% of the shares of Slim-controlled Grupo Financiero Inbursa⁶⁵ as well as Spanish energy company Gas Natural Fenosa, where Slim has a 15% stake.⁶⁶ Gas Natural Fenosa operates in 25 countries including Spain and most of Latin America.⁶⁷

CHALLENGING SLIM'S MEXICAN MONOPOLIES

On numerous occasions over the years, Slim's telecom holdings have come under investigation by Mexico's antitrust regulators for monopolistic practices and high connection and interconnection fees.⁶⁸ Most recently, Mexico's Federal Competition Commission (FCC) slapped América Móvil with a \$1 billion fine for repeat offences by Telcel, one of its subsidiaries, whose customers represent 70% of the 91 million wireless users in Mexico.⁶⁹ Upon notification of the fine, Telcel representatives argued that the fine was "arbitrary, biased, opportunistic and excessive" and vowed to appeal it.⁷⁰ As a result of the appeal process, TELMEX's fine may be lifted after the commission was forced to recuse its own chairman from the case.⁷¹ Mexico's FCC was due to make a decision on the ratification of the fine by the end of September 2011, but media reports in mid-August said that the body was mired in disagreement and that the case is unlikely to be finalized.⁷²

While this fine represents the largest ever imposed on one of Slim's companies, he has been subjected to numerous fines and investigations over the years for "dominance" issues and impeding smaller competitors from connecting to TELMEX's network. During a three-month period in 2008, Slim's telecom holdings were investigated on seven separate occasions.⁷³ Despite these regulatory challenges, Slim's companies have successfully deflected any serious legal action. His track record at dodging fines and legal action is, in many ways, a direct result of uncertainties in the actual implementation of Mexico's Federal Telecommunications Law (FTL), which opened competition to all segments of the telecom market. Once a company is fined, the FTL provides firms with a legal recourse known as an "amparo" that gives plaintiff's the right to ask for a temporary suspension of any regulations that it considers violate the company's constitutional rights.⁷⁴ Slim, like many large Mexican and multinational corporations, has used this tool to continue operating in the face

of legal and regulatory action. In one example from 1997, Grupo Carso was declared anti-competitive by Mexico's FCC. Grupo Carso simply filed an amparo against the resolution and the case has remained open for more than a decade while Grupo Carso continued to operate.⁷⁵ According to *The Economist*, TELMEX has been awarded amparos at the slightest hint of pressure from Mexico's "supine courts to protect its privileged position."⁷⁶

Another difficulty the government encounters in trying to regulate TELMEX is the fact that it is one of the most widely traded stocks on the Bolsa Mexicana de Valores (BMV), Mexico's stock exchange. Any regulatory measures on TELMEX that might be perceived as negative by shareholders will affect the overall performance of the BMV. Combined with its 90% market share, TELMEX's market value puts to the test the government's ability and willingness to confront a business empire that can negatively impact the entire Mexican economy.⁷⁷ In fact, the value of Carlos Slim and his companies to Mexican investors is so high that a small change of perception regarding Slim can affect the entire Mexican economy. One such case occurred in 1997 when the BMV was rocked by instability due to market worries following reports that Slim had undergone heart valve surgery.⁷⁸

POLITICAL INFLUENCE

The weakness of current Mexican lobbying regulations and the lack of a central reporting mechanism⁷⁹ make it difficult to quantify the extent to which Slim and his companies influence government decisions or lobby to secure important contracts. Internationally, Slim associates himself with the political elite through social, philanthropic and institutional liaisons. Within Mexico, however, he tries to maintain a non-partisan public persona in order to conduct business as usual, no matter which party is in power. Confirming this strategy, various documents found on the website of Mexico's Federal Electoral Institute (Instituto Federal Electoral) show that, over the years, Slim and his family have made donations to Mexican national political parties of all stripes, including the center-left Party of the Democratic Revolution (PRD), the center-right Institutional Revolutionary Party (PRI) and the ruling right-wing National Action Party (PAN).⁸⁰

Slim's position as one of Mexico's most important businessmen gives him ready access to political officials. He is considered a long-time friend of former President Carlos Salinas and is often seen side-by-side with current Mexican President Felipe Calderón at government and business functions.⁸¹ He has been the guest of numerous world leaders including former British Prime Minister Tony Blair and U.S. President Barack Obama⁸² and he has developed philanthropic partnerships with former President Bill Clinton, with whom he has worked on numerous charitable projects. Slim is regularly invited to speak at international conferences dealing with poverty, AIDS, and world trade. He is an official advisor to the United Nations' Secretary General on the issue of climate change and co-chairs the UN's Broadband Commission for Digital Development. These relationships and positions within international institutions give Slim invaluable opportunities to influence the world's most powerful policymakers. Another benefit is that these appearances allow him to promote his image as a benevolent billionaire by publicly engaging in high-level forums on global humanitarian issues.

Given that Slim's industrial and infrastructure development companies are the main contractors for government projects and state companies like Petróleos Mexicanos (PEMEX),⁸³ he clearly wields a fair amount of influence over domestic policymakers. While backroom deals involving Slim and the Mexican government are difficult to verify, certain public initiatives organized by Slim are designed to promote private-

sector involvement and, in turn, his own businesses. One such initiative is the Acuerdo de Chapultepec. Slim launched this accord in 2005 in anticipation of the 2006 Mexican presidential elections. The accord, which was quickly endorsed by more than 400 business leaders and politicians,⁸⁴ urges the government to promote development and economic growth through public-private partnerships and calls for a favorable climate for private investment—including increasing deregulation of the business sector.⁸⁵

Another example of Slim's push for private-sector involvement in areas traditionally managed by the Mexican state is water management. At the 4th World Water Forum in 2006, Slim mentioned in his keynote address that, although he considered water to be “undeniably” a right, he proposed that an “autonomous agency with technical capacity, without fiscal or six-year presidential-term limitations,” should be incorporated to create new management systems that would take water “out of the public budget.”⁸⁶ Given that Slim has access to political decision makers—both internationally and within Mexico—statements such as these are bound to affect the direction of public policy in Mexico and even elsewhere in the world.

NAFTA'S AFTERMATH

While the North American Free Trade Agreement became law in 1993, Mexico's telecommunications industry was not be opened to competition until 1996, when TELMEX's monopoly status officially expired. Despite the goal of opening Mexican markets to more foreign investment, NAFTA failed to budge TELMEX's virtual monopoly. This is demonstrated by the fact that today 80% of Mexico's fixed line telephones continue to be controlled by Slim—18 years after NAFTA came into being. This does not mean that large U.S. telecom providers did not try to enter the Mexican telecom market. In 1996, the Mexican government opened its doors to six foreign carriers, including subsidiaries of AT&T and MCI. When the two U.S. carriers entered the Mexican market, they were immediately faced with TELMEX's high interconnection rates and consequently requested that the U.S. government take action against the Mexican government through the World Trade Organization.

AT&T and MCI pushed for WTO intervention because 70% of their revenue from calls between Mexico and the U.S. was ending up in TELMEX's hands due to the high interconnection rates. TELMEX responded by arguing that the high fees were necessary to modernize its telecommunications system, as required by NAFTA standards.⁸⁷ A settlement was reached between the Mexican and American governments, which included the payment of \$450 million in fees to TELMEX by AT&T and MCI.⁸⁸ The choice to appeal through the WTO rather than NAFTA exposed the fact that NAFTA's provisions were insufficient to guarantee the opening of the telecommunications market and the expansion of U.S. competitors into Mexico.⁸⁹ The case also highlights Slim's iron grip over Mexico's telecommunications industry where, as was discussed above, regulators seem almost powerless to confront monopolized industries.

Conversely, the passage of NAFTA opened both the Canadian and U.S. markets to Mexican investors. In particular, NAFTA's Chapter 13 on telecommunications gave companies full right-of-entry to other NAFTA countries' public telecommunications networks—and the right to move information within the country and across its borders without any conditions on access to or use of telecom networks or services.⁹⁰ This means that NAFTA not only allowed U.S. companies to attempt entry into the Mexican telecom market but, in turn, it worked to give Slim's powerful businesses full access to the lucrative U.S. market. Most importantly, the trade agreement gave investors the right to sue the governments of other NAFTA members if they felt their investments were refused or impeded. While Carlos Slim currently has only limited telecommunications

investments in the United States (and very little in Canada), NAFTA has opened the door for him to move more aggressively into these markets if and when he decides to do so.

PHILANTHROPIC WORK: “WHITE-COATING” AND “GREEN-WASHING”

As Slim’s fortune grew, he was often asked whether he would follow in the philanthropic footsteps of fellow billionaires Bill Gates and Warren Buffet and donate his wealth to charity. In a series of interviews, he has responded that he would rather contribute through job generation instead of making large tax-deductible donations that would deprive governments of millions of dollars in revenue.⁹¹ However, Slim eventually began funnelling money to his charitable foundations—to the point that he now is considered one of the world’s biggest philanthropists.⁹² Slim’s money is channelled through charity work, with a special focus on health and education programs, involving sizeable cash and stock donations. The various Slim foundations, which reportedly invested a total of \$7.9 billion in 2009 alone,⁹³ are an important public relations tool that he wields to manage his image as compassionate and generous, thereby countering the uncomfortable fact that he is the world’s richest man and that he is living in a country plagued by poverty and inequality.

One of Slim’s main philanthropic projects is the Carlos Slim Health Foundation (Instituto Carlos Slim de la Salud, or ICSS), which supports medical work on infection, malnutrition, reproductive health and emerging diseases. Founded in 1997, the ICSS has been warmly welcomed by the World Health Organization and the Harvard School of Public Health and has partnered with the Gates Foundation, the Clinton Global Initiative, the Spanish Agency for International Development Cooperation and the Inter American Development Bank.⁹⁴ However, hidden underneath these high-profile endorsements and positive press is the contradictory fact that the financial wealth that funds ICSS’s work is derived, in part, from Slim’s extensive holdings in the tobacco industry.

Slim’s main tobacco holdings involve the Mexican cigarette manufacturer Cigarrera La Tabacalera Mexicana (Cigatam), of which Slim currently owns 20%. Global tobacco giant Philip Morris International owns the controlling shares in Cigatam.⁹⁵ Cigatam has been characterized as one of Slim’s “first and most important” acquisitions because the cash flow generated from the 1980 purchase and subsequent earnings from cigarette sales provided Grupo Carso with extra revenue to purchase other and even bigger companies.⁹⁶ Some critics have called this morally contradictory situation a “prima facie conflict of interest between ICSS’s health mission and its founder’s involvement in cigarette manufacturing and marketing.”⁹⁷

SELECTED FOUNDATIONS AND PHILANTHROPIC PROGRAMS	
CARLOS SLIM FOUNDATION (CARSO FOUNDATION)	SOUMAYA MUSEUM
CARLOS SLIM HEALTH INSTITUTE	TELMEX HIGHER EDUCATION SCHOLARSHIPS
GRAMEEN-CARSO MICROFINANCE PROGRAM	TELMEX FOUNDATION
CARSO MEXICAN HISTORY STUDIES CENTER	CASA TELMEX

In addition to the funding ICSS receives from Slim’s companies, the institute bears his name—even though he remains on the board of directors of Philip Morris International. Combined, these factors make for a case of “white coating”—a public relations ploy that occurs when corporations (such as multinational cigarette or

oil companies) use donations and other involvement with healthcare, medical research and charitable work to impose a positive spin on their image.⁹⁸ An even more egregious example of “white-coating” was seen with the announcement of the “Carlos Slim Health Awards,” cash awards meted out to health professionals and institutions by ICSS. Slim has also donned the white-coat by partnering with fellow billionaire Bill Gates (through the Bill and Melinda Gates Foundation) and the government of Spain to launch the \$150 million “Salud Mesoamérica 2015” health initiative.⁹⁹ The Gates Foundation continues to partner with ICSS even though it previously has terminated grants and partnerships over the issue of tobacco industry connections. A case in point was a \$5.2 million grant the Gates Foundation gave to Canada’s International Development Research Centre (IDRC). It was terminated after news broke that IDRC’s chair was a recent board member of Imperial Tobacco Canada.¹⁰⁰

In other attempts to hide the negative impacts of his financial empire, Slim has managed to formulate a “green” image for his many companies by pursuing partnerships and offering donations through the Carlos Slim Foundation (Carso Foundation). The Carso Foundation has allocated money for environmental protection and sustainable development projects in an apparent effort to en-wash Slim’s involvement in businesses that pollute the environment and pump greenhouse gases into the atmosphere. In 2009, for example, Slim donated \$50 million through his Carso Foundation to World Wildlife Fund (WWF) to develop environmental recovery and reforestation projects in Mexico.¹⁰¹ In 2010, he participated in the World Mayors Summit on Climate in Mexico City. He is also a member of the UN Advisory Group on Energy and Climate Change, which, together with other powerful billionaires such as India’s Ratan Tata of Tata Motors, advises UN Secretary General Ban Ki Moon.¹⁰² TELMEX has been given the Mexican Center for Philanthropy’s “Empresa Socialmente Responsable” (Socially Responsible Company) award in recognition of its “altruistic” work in areas such as community services and the environment.¹⁰³ In spite of the fact that TELMEX has a bad track record of providing service to customers who complain about high consumer rates and unstable connections,¹⁰⁴ the company has received this award for the past ten consecutive years.

These examples of using philanthropic involvement in the health and environmental sectors to “white-coat” and “green-wash” show not only how Slim manages to groom his public image and the image of his companies, but also demonstrate the breadth and depth of his connections with government representatives, institutions and high-profile individuals. Slim’s public relations initiatives and his influential networks allow him to maximize his ability to minimize the negative impact his harmful investments and business practices might otherwise have on his public and corporate persona.

SOCIAL AND ENVIRONMENTAL TRACK RECORD

A large portion of Slim’s wealth is derived from his holdings in environmentally destructive industries. His oil and gas, mining and infrastructure companies invariably pollute the Mexican environment through the emission of greenhouse gases, the displacement of local populations and the destruction of the country’s biodiversity. Whether it is his infrastructure companies constructing a hydroelectric dam, a new super highway or supplying Mexico’s biggest oil company with drilling services, Slim’s social and environmental footprint is large. Interestingly, Slim has managed to avoid serious criticism from social movements and civil society for this track record. This is not only due to his green-washing efforts and his philanthropy but also to the fact that he is rarely directly tied to any single company in his portfolio. Nevertheless, based on his impact on the Mexican economy alone, Carlos Slim plays a major role in the societal inequalities that plague Mexico

today. Indeed, he epitomizes the troubling trend of increasing concentration of wealth in fewer and fewer hands while the majority of people struggle to survive.

There are many examples of the damaging consequences of Slim's social and environmental footprint. For instance, Slim was once involved as a potential investor in the controversial La Parota Dam in Mexico, which, if completed, would have flooded 17,000 hectares (42,008 acres) of land and displaced more than 25,000 people.¹⁰⁵ Slim's involvement was through a partnership between ICA Construction, Grupo Carso and Slim's infrastructure firm IDEAL. His potential involvement led activists to call for a boycott of Grupo Carso products and outlets.¹⁰⁶ In 2009, after a six-year struggle to block construction of the dam, local opponents emerged victorious when the project was shelved—at least until 2018.

In another case, Minera Real de Angeles, a unit of Slim's mining company (Minera Frisco), contaminated 900 hectares (2,224 acres) of once productive land in the state of Zacatecas with lead, arsenic and other toxic chemicals.¹⁰⁷ In the 1980s, in order for the mine to begin operations, an entire village—along with its communal land and traditional *ejidos*—was destroyed and replaced by a crater the size of Mexico City's Azteca Stadium (which has a seating capacity of 114,600). As a result of the environmental damage, Minera Frisco was fined more than \$260,000. Frisco appealed the fine several times in court and eventually succeeded in avoiding payment.¹⁰⁸

In the state of Chihuahua, Minera Frisco workers at the company's San Francisco del Oro mine have reported dangerous working conditions and unfair compensation in cases of worker's injuries and illness caused to miners and villagers poisoned by inhaling dust filled with heavy metals released by the mine. One former miner stated that the mine used cyanide and other dangerous chemicals to facilitate gold extraction and that these chemicals contaminated the local village causing serious illnesses and eventual deaths.¹⁰⁹ According to the miners' union in Minera María (a Minera Frisco mining unit in the state of Sonora), one of Slim's mines has contaminated source of the Sonora River and poisoned the surrounding area with approximately 50,000 tons of heavy metals such as cadmium and arsenic. The mine is considered to be the source of many health and environmental problems in the region.¹¹⁰ In addition, the mine utilizes large quantities of water, which often leads to water shortages in the region.¹¹¹

Slim's other infrastructure investments have also come with environmental and social impacts. In Panamá, the two hydroelectric dams (the Baitun and Bajo de Mina) being built by IDEAL in the Chiriqui Viejo River are being heavily opposed by the local population. Local inhabitants have reported that due to the number of dams being built on the river (a total of eight, although only two belong to IDEAL), they can no longer feed themselves by fishing. Government authorities now admit that no environmental management plan was made to curb the negative impacts of the dams.¹¹² One village resident in the vicinity of the Bajo de Mina dam, reported that IDEAL fooled him into accepting unfair compensation for his land, which will be adversely impacted by the dam.¹¹³ Another IDEAL infrastructure project that has been criticized involves the construction of the biggest residual water treatment plant in the state of Hidalgo. The plant, in the town of Atotonilco de Tula, was designed to treat water contaminated by PEMEX (a main client of Grupo Carso's oil industry products and services). Peasant leaders who live in the area where the treatment plant will be built have complained that government authorities neither warned them nor consulted them about the development.¹¹⁴ The treatment plant is being developed by a consortium between IDEAL and several partner companies.

These examples are just a sampling of the damaging social, environmental and human rights footprint marking the trail of companies owned by Carlos Slim. Given the sheer immensity of Slim's holdings, a full assessment of the negative impacts from these operations would require much further research. This type of study would be a welcome addition to the critical literature on Carlos Slim because, by its very nature, the complexity of his empire makes it difficult to link him to the damage caused by any single large corporate entity. This means that the negative impacts from Grupo Carso companies rarely reflect badly on his reputation. The result is that Slim can continue to construct his public image as a philanthropist and good corporate citizen while remaining unaccountable for the widespread upheaval caused by his companies.

CONCLUSION

Overall, Carlos Slim's ascent to the position of "the world's richest man" has come at a great cost for the people and economy of Mexico—and in the other countries where he has invested. It is safe to say the Slim and the other Mexican billionaires (many of whom became rich riding the wave of privatizations unleashed by the Salinas Administration) are responsible for the continuation of Mexico's high rates of inequality.¹¹⁵ Slim's monopolies have been allowed to flourish in a country that is lacking in regulations that might guarantee fair competition. This, in a nutshell, is how Slim was able to build and maintain his empire. Although he began to invest in a variety of industries at a young age, the purchase and subsequent monopolistic growth of TELMEX enabled him to vastly diversify his operations and expand his empire. Slim's success has come with a high price for those who subscribe to one or more of the costly services provided by TELMEX—and have little choice due to the lack of competition. Slim's towering success also has created an unhealthy symbiosis—a dependency of the Mexican economy on Slim's businesses investments. Slim's has crafted a sprawling network of businesses that are seen as "too big to fail." This undermines the power of government agencies to regulate such businesses for fear of triggering negative consequences that might threaten the larger Mexican economy.

Slim's power is linked not only to his business strategy but also to his political connections in Mexico and around the world and his access to key policymakers. His strategic partnerships—such as his joint health initiatives with the government of Spain and powerful people like Bill Gates—allow him to construct a positive and caring public persona behind which he can hide the extensive negative environmental and human rights impacts of his mining, petroleum, tobacco and construction projects. The size and complexity of his collection of companies (and their relative obscurity, even inside Mexico), leave Slim largely unaccountable for the human and environmental damage that underlies his fortunes. Slim's financial success, combined with his well-crafted image, work to perpetuate the public's acceptance of monopolies and great wealth as positive virtues. But the fact remains: Carlos Slim is now the most glaring example of the growing inequality inside Mexico and around the world, a cynical charade of success that is characterized by a familiar and unequal equation—more money in fewer hands and less resources for those who need them the most.

APPENDIX A: SELECTED INVESTMENTS BY CARLOS SLIM ACCORDING TO SECTOR
(SUMMER 2011)

This is a list of key selected companies partially or majority owned by Carlos Slim and/or his subsidiaries according to sector. His total investments are estimated to be much more extensive than what is shown on this list. Slim's share of investment and ownership of each company is not listed, given the degree of imprecision of information regarding his investments—due, in part, to Slim's practice of repeatedly buying and selling his companies' stocks.

INDUSTRY SECTOR	COMPANY NAME	COUNTRY OF OPERATIONS
TELECOMMUNICATIONS	AMERICA MOVIL, which includes: TELMEX TELMEX INTERNATIONAL TELCEL CLARO EMBRATEL NET TRACFONE COMCEL PORTA, SECCIÓN AMARILLA	Latin America And The United States
MINING	MINERA FRISCO	Mexico
RETAIL	GRUPO SANBORNS, which includes: SANBORNS STORES SANBORNS CAFÉ SEARS MEXICO MIX-UP PROMOTORA MUSICAL DORIAN'S, ETC SAKS FIFTH AVENUE	Mexico United States
NEWS MEDIA	NEW YORK TIMES THE INDEPENDENT	United States United Kingdom
OIL AND GAS	TABASCO OIL ALLIS-CHALMERS ENERGY INC GAS NATURAL FENOSA	United States And Latin America Spain And Latin America
TOBACCO	CIGATAM	Mexico
FINANCE	GRUPO FINANCIERO INBURSA, which includes: BANCO INBURSA SEGUROS INBURSA CASA DE BOLSA INVERSORA BURSÁTIL AFORE INBURSA OPERADORA INBURSA, ETC. CRITERIA CAIXA CORP CITIGROUP	Mexico Spain International
REAL ESTATE	INMUEBLES CARSO	Mexico

HOSPITALITY	OSTAR GRUPO HOTELERO, which includes: HOTEL GENEVE – CIUDAD DE MÉXICO CALINDA BEACH – ACAPULC RAMADA GATEWAY – ORLANDO, ETC.	Mexico and The United States
INDUSTRIAL SUPPLIES	GRUPO CONDUMEX, which includes: CDM EQUITER INDUSTRIAS IEM SINERGIA MICROM CONDUMEX INCORPORATED	Mexico, United States, and Canada
CONSTRUCTION AND INFRASTRUCTURE	IMPULSORA DEL DESARROLLO Y EMPLEO DE AMÉRICA LATINA (IDEAL) CARSO INFRAESTRUCTURA Y CONSTRUCCIÓN SAB, which includes: CICSA DUCTOS SWECOMEX PC CONSTRUCTORES CILSA SERVICIOS INTEGRALES GSM URVITEC	Latin America Mexico
MEDICAL SERVICES	GRUPO STAR MÉDICA	Mexico
EDUCATION	UNIVERSIDAD TECNOLÓGICA DE MEXICO (UNITEC'S CAMPUS)	Mexico
TRANSPORTATION	FERROSUR (GRUPO MÉXICO) FERROMEX (GRUPO MÉXICO)	Mexico
SPORTS	ESCUDEÍA TELMEX	Mexico

NOTES

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