

A New Direction for Mexico

by Hilmar von Campe

The election of Vicente Fox as the next president of Mexico puts a whole set of changes in motion. The reforms he already has announced would mean a break with 70 years of the not-so-revolutionary institutionalized corruption of the Revolutionary Institutional Party, which has ruled Mexico for that time. It will not be an easy ride for him, since he does not have a majority in Congress, and the still- entrenched PRI bureaucrats and the unions will resent and oppose any change. But considering the vast powers of a president in Mexico, I am sure that Fox will be able to make the difference Mexico needs and Mexicans have longed for.

When I went to Mexico at the end of 1976 Jose Lopez Portillo was just beginning his term as president. By the end of his six years, I thought that nobody could surpass his corruption. (I was mistaken. Carlos Salinas de Gotari topped not just Lopez Portillo but every previous president.) Journalist Sol Sanders estimated that Lopez Portillo stole \$3.5 billion. Lt. Col. Jose Gonzalez, assistant to then-police chief Arturo Durazo Moreno in Mexico City, describes in his bestseller The Black Deeds of Black Durazo the various sources of revenue, including drug trafficking, that made his boss a rich man. Durazo had police officers, paid by the city, construct his mansion, and collected the salaries of non-existent police officers as well as their uniforms, which he then sold. He received a major portion of the collected fines for traffic violations. And so on. On the basis of Gonzalez's figures I calculated that Durazo had amassed, in his six years in office and from all sources, a total of \$1.87 billion -- half the yearly budget of Mexico City at that time.

In 1971, when Luis Echeverria was president, there were 700,000 government employees. By 1988 there were 4.5 million. One of the tactics developed by that fast-growing, ravenous horde of bureaucrats was to make demands that were impossible to meet and then solve the deliberately created "problem" in return for private remuneration.

On one occasion, Mexican Customs cleared five hundred pounds of steel that I had imported temporarily for the export business of my factory so that we paid less duty than we should have. The duty liability was approximately \$300; the finance ministry imposed a fine of \$14,000 on us. The senior official in the same ministry

who offered to solve this problem for us as a private citizen demanded a fee of \$3,000 plus expenses. Instead, we fought the matter through ourselves.

Corruption was not restricted to public "service." As a supplier of the Volkswagen plant, I knew that most if not all suppliers were lying to VW when asking for price hikes for their products because of inflation. Since inflation came to 150 percent in those days, a lot was at stake for the plant and each supplier. The rule of the game was that we had to show Volkswagen our cost calculations to enable VW to decide whether the raise we wanted was justified or not. As a consequence everybody doctored his costs in order to get the desired price.

"We cannot be honest nowadays if we want to survive," is how a fellow supplier rationalized his dishonesty to me. I did not want to base my relationship with my most important client, who bought 40 percent of my production, on a lie, nor did I want to submit as a small but independent company to the demand of a multinational corporation to evaluate my costs. So I did not lie, refused to open my books to them, told them to evaluate their own costs and not mine, and stuck to the reasonable price I had set. A lot of fuss ensued, and for several weeks I feared for my survival, but in the end I won that skirmish and also gained the respect of Volkswagen management. Nobody ever asked me for my costs again, and I did not abuse VW's trust. Truth was stronger than lies.

And that will be the issue for Vicente Fox once he takes office. Much will depend on the people around him and whether he knows where corruption stems from. When the daughter of President Lopez Portillo got married, her father waited outside the church for the ceremony to end to take her to the wedding party. A president and his PRI cabinet members were not allowed to enter a Catholic church. They and their party had effectively taken God out of Mexican society and education, and made their own corrupt ways the rule of the land. I do not know Fox's background, but I wish that he may go to the roots of the problem of his country, restore God as the guiding force of Mexican society, and heal beautiful Mexico. Then the flood of illegal immigrants into the United States will decrease and eventually dry up. Will the present American government be able to help Fox in his task? I am afraid not.

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