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CATCHING UP WITH CARLOS SALINAS

The former President talks with BUSINESS WEEK's Geri Smith about his life in exile

No one recognizes the diminutive man as he strolls the historic streets of Dublin, a tweed cap protecting his balding pate. He strides into a hotel bar to greet a visitor, and not one head turns. That's the way Carlos Salinas de Gortari prefers it. For six years, he was one of the most powerful and popular Presidents Mexico ever had. Now, less than two years after leaving office, the 48-year-old Salinas is a pariah in his own land, blamed for everything from its crushing economic crisis to massive corruption scandals. He left Mexico in March, 1995, and has been globe-trotting ever since: six months in New York and Montreal, a few months in Cuba, and now, since spring, a stay in Ireland.

For months, I had been attempting to contact him through his friends and former collaborators. Finally he responded, waking me early one Saturday morning with a phone call to my Mexico City home. We could get together in Ireland to talk, he offered, but he wouldn't say anything that might cause problems for his successor, President Ernesto Zedillo Ponce de Leon.

I flew to Dublin, and we first met for 2 1/2 hours on the evening of June 25 over Guinness and Heineken at my hotel bar, speaking in Spanish. Coming straight from another appointment, he wore a suit but no tie. A cellular phone attached to his belt rang several times with calls from Irish friends and a few Mexican acquaintances who still stay in touch. Over drinks that night and dinner the next, Salinas seemed cheerful and upbeat, even though he was aware that recently his image at home had taken another beating. Many Mexicans had watched a CBS 60 Minutes segment that included a damning summary of the inquiry into the secret Swiss and English bank accounts in which his brother Raul stashed at least \$110 million.

Raul has been in jail for 16 months on charges of plotting a political assassination and is now being investigated for alleged "inexplicable enrichment." He has denied wrongdoing. Prosecutors are looking into whether his Swiss hoard included payoffs from prominent Mexican businessmen who thought they could curry favor or win government contracts by cozying up to the former First Brother.

Carlos Salinas is well aware of the damage that the bombshells about Raul are doing to his once sterling reputation. But when pressed he declined to talk on the record about Raul or what he knew about Raul's dealings during his six-year presidential term from 1988-94. Salinas says he is saving his version of events for the Mexican authorities, who apparently have not yet asked him to testify. Although clearly worried about the investigation, he appears confident that his testimony will clear his name.

HARVARD TALK. Salinas also declines to say much about the current economic and political situation in Mexico. He says his silence is his contribution to political stability in Mexico and the

incipient economic recovery. In fact, Salinas insisted on limiting his comments to his current activities and refused to be directly quoted even on these.

Still, he seems anxious to dispel any notion that he is skulking around in shadowy exile. He denies he chose Ireland because it has no extradition treaty with Mexico. He says it's because he admires the Irish people, who like Mexicans have suffered under foreign domination or have been forced to emigrate by economic circumstances.

For a former President with no official duties, he seems a fairly busy man. He had just returned from New York, where he attended a meeting of the Dow Jones & Co. board to which he belongs and addressed a select group at the prestigious Council on Foreign Relations. A few weeks earlier, he held a three-day private conference at Harvard University, where he once did graduate work. And two days after our first meeting in Dublin, he was to travel to London on business--although he wouldn't say what for.

The next night, one of Salinas' bodyguards comes by for me and drops me at Ernie's Restaurant, an upscale establishment in the tony suburb of Donnybrook. It is nearly empty because everyone is at home watching the England-Germany match of the European soccer championship. But the restaurant has a reservation under the name "Salinas." So I sit down to wait. A few minutes later, his wife, Ana Paula Gerard Rivero, arrives. She is an attractive, articulate 36-year-old economist who met Salinas when she worked for his chief of staff. He recently divorced his first wife and married Gerard. She chats about her studies at Harvard, where last year she earned a master's degree at the John F. Kennedy School of Government, the same place her husband earned a doctorate in 1978.

She is enthusiastically discussing her interest in Cuban history when Salinas comes in. But when she mentions that we had been talking about Cuba, a flash of concern crosses his face. He is apparently worried that she had discussed their recent sojourn there, which he had never publicly confirmed. Salinas seems a bit on edge that night, perhaps concerned about his decision to reveal details of his new life to a journalist. He has reason to be gun-shy. After he had lunch with a prominent Mexican political scientist in Dublin in May, the Mexican press went wild speculating about sinister motives for the meeting.

Salinas appears determined to make the best of his self-imposed exile. Once he relaxes over dinner, he proudly pulls out photographs of his new daughter, Ana Emilia Margarita, and his three children from his first marriage, who recently visited him in Dublin. Salinas and his new wife seem happy together, occasionally holding hands at the table.

NET SURFER. Salinas fills his days with physical and mental exercise. He enjoys jogging and walking through the streets and browsing through bookshops around Trinity College. He has a few favorite museums, including the Dublin Writers' Museum and the one housing the Book of Kells, a rare 8th century Bible, hand-copied and lavishly decorated by Irish monks. In a land that has produced dozens of important writers, Salinas says he finds ready inspiration for reading, writing, and reflecting. He jots down his thoughts on everything from free-market reforms to social welfare programs, such as the one called Solidarity that he launched while President. He is working on an essay that deals with what he senses is a growing worldwide backlash against

economic globalization. But he has not yet decided whether to publish this piece or memoirs of his years in power.

He is in close touch with Mexico, spending several hours a day surfing the Internet, which carries most Mexican newspapers and magazines. Of course, Salinas' life today is far different than what he had expected it would be when he stepped down from power on Dec. 1, 1994. Our last meeting had been in late October of that year, an interview aboard the presidential jet concerning his aspiration to head the new World Trade Organization. Surrounded by aides, a photographer, and even a sound man, Salinas was at the peak of the quasi-imperial power that Mexican Presidents wield. A month and a half later, he completed his six-year term of office with the highest popularity rating ever enjoyed by any Mexican President. Applauded for his efforts to modernize the country's economy and link it to those of the U.S. and Canada in the North American Free Trade Agreement, Salinas was poised to leave office on a high note.

PERFECT SCAPEGOAT. But just three weeks later, the peso collapse tarnished his legacy. Now, Salinas is blamed for everything from too-rapid economic reforms to botched privatizations to possible acts of corruption. Street vendors in Mexico City sell a wide variety of anti-Salinas effigies, ranging from pinatas showing him in a tuxedo with pockets stuffed full of money to dolls in prison garb. Mexican newspapers feature insulting cartoons, such as a recent one that shows Salinas, dressed in a leprechaun's costume, sitting on a pot of ill-gotten gold. The exiled President makes a perfect scapegoat.

His close associates believe that once the economy recovers, many Mexicans will realize that many of his reforms, including NAFTA, were worthwhile and ultimately will help the country. But in the meantime, Salinas plans to remain in Ireland. There is much speculation in Mexico that he must move frequently while in exile, hopping from country to country as his visas expire and his welcome wanes. But Salinas says that isn't true. His U.S. visa is good for six months, renewable for an additional six months each time he flies to New York for Dow Jones board meetings. His three-month Irish visa also is renewed automatically, each time he travels elsewhere--something he does often.

As a former President, Salinas is entitled to a pension and lifelong protection by members of the military presidential guard. When he goes out, he is accompanied by one or two discreet plainclothes guards who drive him to appointments in a Rover sedan and a minivan. They travel with him on his overseas jaunts as well.

But the trappings of power seem to end there. Salinas leads a fairly simple life, living with his new family in a rented furnished home in Dublin. When Salinas was President, aides who tried in vain to keep up with his boundless energy called him "Atom Ant." Today, he has slowed down somewhat. But he is still full of energy, ideas, and projects. For now, though, many of them seem overshadowed by the political tempest at home.

By Geri Smith in Dublin