

LARRAMENDI

TRANSLATION

ADDRESS OF IGNACIO HERNANDO LARRAMENDI, MANAGING DIRECTOR OF MAPFRE MUTUALIDAD DE SEGUROS AT THE CLOSING CEREMONY OF THE SAFETY WEEK ORGANIZED IN MADRID BY THE MAPFRE FOUNDATION

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MAY 1983

I

After the words of Carlos Alvarez, General Manager of the Foundation and of MAPFRE Mutua Patronal I should like to comment mainly on the activities of all those entities related to 'MAPFRE MUTUALIDAD and the CORPORATION MAPFRE, my area of involvement, as the final act of the week of celebration of MAPFRE's fiftieth anniversary.

They have been days packed with meetings on different subjects but which at the same time are inter-related. The sociological and technological contributions have meant a great effort at a time when Spaniards are concerned almost exclusively with the distributing and retaining power, and when positive social action such as that just offered by MAPFRE, albeit modest and limited, is practically ignored.

Our fiftieth anniversary does not look back although many references to the past are inevitable. It is the first step of a new stage which starts with a mature team of managers technicians and employees, substantial resources, at least for the limited size of our country; an almost complete absence of administrative problems which are so common these days; and with an enthusiasm for action shared by all those who form part of MAPFRE.

It may seem contradictory our desire to look towards the future and the offering of a book, already in your hands, on our history over the past fifty years. However in that book we have tried to reflect our past as "tradition", as an example and a basis for future development. It will serve as a reminder and a stimulus for MAPFRE's management over the next few decades. Other books published during these events are, on the other hand, contributions on technological improvements in industrial and medical areas except the Penagos anthology which is a tribute to a great artist who took part in our history.

For me, this ceremony also represents the culmination of my professional life, now in its final stage, as I cannot easily foresee another occasion to gather together so many friends and associates. That culmination of essentially personal nature, derives from the satisfactions and insatisfactions of a task accomplished, the hope to have profited from both qualities and defects to help the community and, above all, that which I consider the most important part of my work, the selection and guidance of people capable of making a positive contribution to Spanish life, of taking their own decisions, acting on their own initiative and, in short, of becoming responsible executives in our society.

I wish to greet in particular the large number of friends that MAPFRE has all over the world, many of whom are with us now. We realize that in these difficult times the trip has represented a great effort on your part which I take as a symbol of friendship towards us and our country. I cannot forget the serious difficulties which some of you are faced with regarding recent and often unexpected problems. We sincerely hope that they will be rapidly overcome. I venture to say that your problems are always ours, even sometimes inherited from us, and this makes us feel, as families do, the duty to share the difficulties.

Over the last years, MAPFRE has carried out a policy of personal relationships, especially in Spanish and Portuguese speaking countries. This has been done mainly through our publishing company, a forum for the spreading of knowledge on insurance and prevention which is probably without comparison in any other language, except English. The aim of the Editorial is to demonstrate MAPFRE's spirit of friendship towards the Latinamerican countries. Its continuity, extension and introduction into other countries of the American continent will be one of our primary objectives over the next few years.

Along with this international spirit, aimed principally at countries linked to us by cultural links, we wish to contribute to a true fraternity, not only in name, nor solely directed at specific material aspects. I would like to be able to qualify our involvement as "hispanic culture" as it is fitting for us to defend that which is deeply ingrained in our brother countries. Mingled with it there may be other autochthonous or subsequently incorporated cultures which should equally be defended, not with antagonism but with an intercultural and international community spirit.

Our Spanish-American, Philippine, Portuguese and Brazilian friends are not the only ones here with us; there are also those from other cultures and continents, Europeans and North-Americans, Arabs, and even from distant countries such as China, Japan and South Africa. I wish to extend my regards and appreciation to all and request their collaboration in the great task of universal fraternity where insurance must stand out as an outpost of social and technological communication.

An even warmer acknowledgement to all our colleagues in the Spanish insurance market, many of whom have taken part in our events and are present in this closing ceremony. Some are still active, others have left the insurance activity by now but a deep friendship is still maintained; links established not through compulsory nor even contractual arrangements but through reciprocal respect, without disowning each one's duty towards the progress of their company and the increase of its market-share. Fortunately, and I have been saying this for a long time on my travelling, the Spanish market is not only a market of friends, but also and above all of gentlemen, and I do not wish to limit the deep implications of this word to Spaniards only.

I do not have any great faith in mere formal gatherings, and I have known without hesitation how to encourage MAPFRE to avoid them, but I believe in friendship between colleagues, people and companies as there exist in our country without exception. Hence, MAPFRE appreciates your participation in this event and states its intention to always contribute to that deep and affectionate ties which will provide us with institutional strength.

Among our colleagues I wish to name in particular those who manage UNESPA, Félix Mansilla who this morning presided the opening of the Meeting on the Future of Insurance, and Victor Gaminde, my great mutualist friend, both of whom I always argue with as only real friends do.

The Dirección General de Seguros is a very dear institution for me. Through it I came into insurance and it is an important chapter of my professional life. Its relationship with MAPFRE and myself has not always been peaceful but that is to be expected since its duty is to limit and bridle the imagination of some businessmen.

I wish to acknowledge the Director Generals I have known: Joaquín Ruiz y Ruiz, my first guide in my professional career and to whom Spanish insurance owes great gratitude for his success in solving the difficult problems of the post-war period; Fortunato Tóni, Director General in 1955 with whom I discussed my joining MAPFRE; Marcelo Catalá, first President of the National Insurance Union and later Director General of Insurance; my colleague José Elías Gallego, now in a prominent position unrelated to insurance; José Rubio, now retired from the Ministry of Finance; Fernando del Caño, an outstanding lawyer who started working with me in 1944; Luis Angulo, a high example of dedication to our institution in recent years and Joaquín Tejero, also my fellow member in 1944, who is presiding this ceremony and whom, no doubt, if I know him well, will make Spanish insurance take a step forward.

I must make special mention of my colleague Superintendents of the Dirección General de Seguros who passed away and also to those retired or in full activity. To all of them my sincere friendship and on behalf of all to Ernesto Caballero, our number one, and to Gabriela González-Bueno, President of the Association of Superintendents to which I have the privilege to belong; a great body upon which the health of insurance lies and which has the honour to include the civil servants who perhaps have the hardest working pressure in our whole Public Administration.

But above all, I must mention those who have made possible the great reality that is MAPFRE today with a record that has enabled our insurance entities and the Mutua Patronal to increase their market share uninterruptedly since 1955; in the private sector from 0.31% to 4.3% and in the social sector from 2% to 12.5%. MAPFRE has been made by its people.

To all of them I must pay homage and encourage them not give up the fight, tougher each day, especially if the aim to achieve, however slow the process, is that ten per cent share of the private insurance market which I mention in the book's epilogue.

In the first place I must refer to all the members of the board especially those who represent the continuity from the past, who have known how to be an effective and active element in MAPFRE's reform over the last twenty-five years without losing their original virtues or their important traditional values.

I wish to mention in particular José Antonio Reuelta and Pepe Márquez, Duke of Santa Cristina, my two old college friends, of that 1921 generation of pillarists of great importance in the MAPFRE of today, and also those who are absent whether deceased, retired at the age limit established in our statutes or who no longer work with us for whatever reason.

Among them I want to mention Dionisio Martín Sanz, who proposed my appointment as General Manager of MAPFRE and who for many years supported me without restriction in the necessary measures, often unpleasant, which had to be taken to reestablish MAPFRE's balance and to initiate a dynamic stage.

The uninterested nature of our work could have led to a conservative attitude before the daring innovations proposed by me. However I received every support and trust from everyone without which our objectives would not have been attained.

Further mention must be made of the large executive body who form and have formed our great managerial network in the different companies under the name of MAPFRE. Whether at the head office or at local branches they are always in search of quality improvement methods, systems, covers and products in which we pride ourselves.

The Spanish insurance market and areas unrelated to it, including politics, are full of men who have gone through the experience of MAPFRE. On thanking you, I state my wish that you keep up the dynamism and spirit of service which leads to professional success.

This same praise can be extended to the large institution of medical and traumatological staff, technicians on prevention and safety, social workers and specialists on health and health recovery, who make up MAPFRE MUTUA PATRONAL. Their contribution towards the quick and total recovery of our accident victims through their devotion and efficiency, is a task of social interest worthy of all their efforts.

I cannot forget either the whole of employees, commercial, technical and administrative staff who collaborate in MAPFRE at their respective levels, all of them indispensable, and from every corner of the country. They are dedicated and enthusiastic and also proud of what their work represents in the general effort. In MAPFRE there are no classes; no-one is limited regarding future development or promotion except at his own choice.

Last but not least, I must make a special mention of the thousands of representatives and agents of every kind who make up MAPFRE's capillary network and who put us in contact with our clients offering commercial and technical advice and easing out any contracting or loss settling differences.

In the difficult times when I joined MAPFRE and was doubtful as to whether we would be able to overcome the many problems existing, it amazed me to see that production was still forthcoming and that no complaints as to loss handling were received.

The representatives compensated headquarter's deficiencies with their effort and enthusiasm. That, which has always continued, happened in a "dramatic" way in 1967 and 1968 when legislation on Workers Compensation drastically reduced their income. Nevertheless, the contracting and claims-settling operations went on and our network of representatives maintained their functions as an example of service to the client and loyalty to MAPFRE. I want to say here and now that we are indebted to them and that their collaboration is to be the main basis of our future development.

## II

What is MAPFRE? Why does it operate? Who guides or protects it? Why does it concern itself with matters not directly related to profit nor even with the growth of its operations? These questions are difficult to answer but I shall try to do so and you will have to forgive the inevitable triumphalism of my words which will obviously highlight our virtues and not our faults.

In its origins MAPFRE was the result of what in political language is called "a conservative operation" with both the positive and negative aspects inherent to it. Thus has been reflected in its history and whatever our own personal opinion may be we have to state it as a characteristic pattern.

MAPFRE is possible today because it has attained a business knowledge proud of the act of creating, which is the most important one in human adventure. Also, it has learnt to isolate itself from the worlds of "standards" without ambition and strictly material considerations.

MAPFRE wants to be and thinks is on its way to succeed, a human business believing in people, supported by them, which respects them for what they are and not for what we would like them to be, and which does not reduce them to puppets of a bureaucracy, but encourages them as if they were the engine that "drives" and stimulates the areas for which they are responsible making them collaborate positively in the general project.

MAPFRE is a dynamic institution always looking for improvement, not through growth for growth's sake but through a genuine concern in me, of basic Christian root, for perfection. Those who know our internal mechanics will observe that our products never satisfy us, nor the speed in which we settle claims, neither the quality of our service, and that we always covet more than what is possible or at least of what is possible for us.

But MAPFRE, above all, is an independent enterprise, which has learnt to survive far from the many social, power or pressure forces which affect any human society whether socialist, liberal or conservative, and certainly that of our country in particular.

Perhaps the origin of our independence is that in 1955 and 1956 no one believed in our ability to survive. This isolated us from the rest and made us understand the advantages of this independence which compels one to rely only on oneself, to sharpen one's imagination and initiative and to disregard the "lottery" complex in our professional life. I believe that MAPFRE has been successful precisely through being independent and that this success will continue as long as this independence is maintained.

I should like to add something more on the factors which have permitted us to grow and become a respected business institution with resources and a logistic structure of relative importance. We have even taken chance on international reinsurance at a hardly suitable time and obvious risk.

All this has not been achieved by accident; it has been the result of a well-planned move and of the implementation, some times against the currents of opinion, of business principles and strategies correctly applied. I want to point out some aspects of business policy which have had special importance in our evolution of the last few years. These are the following:

Service .- A special service emphasizing an all-time offer of product quality, improvement, simplification, adaptation to real needs and low cost; and service quality, fast and fair claims settlement made without question or threat of litigation, but fighting relentlessly at the same time against dishonesty and fraud. MAPFRE is essentially at the service of its associates, clients and society and to them any personal interest is subordinated.

Specialization.- Indispensable for a fast growth, specialization isolates the problems and difficulties of each area allowing to find a sectorial autonomous policy suitable to its needs. The comparison with other areas or the obligation to adopt the techniques and methods applicable to a particular one, do not exist. In addition, this generates high quality management who is proud to be so, who is also familiar with the possibility of risk and error situations but also with the knowledge of success.

Decentralization.- Decentralization has existed in MAPFRE since its creation and it has been maintained as one of the keystones of its positive evolution. For many years now MAPFRE has been considered as the most decentralized insurance concern in Europe.

Decentralization demands for delegation in decision-making and allows for a great number of people to be involved in responsible management with autonomous initiatives and decisions. Thus the potential of a company which relies on the sum of the I.Q. of its collaborators and their capacity when accompanied by the ability of effective management is multiplied.

Legality.- Strict compliance with the law at all times in relation to labour, fiscal and administrative obligations in the understanding that this does not represent an obstacle in business development but a symbol of respect for the country's authority, recognition of the importance of the law and submission to the collective interest.

Disclosure.- Achieved through an extensive, frequent and ever increasing distribution of results, disclosure is a characteristic peculiar to MAPFRE. It is also an effective method for the technical financial balance and keeps all the autonomous operative units informed on anything of importance through monthly or quarterly publications, as the case may be. This is an effective method of collective supervision which eliminates the need for hierarchical severity since every manager or executive or employee can judge the performance and efficacy of every one else and especially of those working in his same area of activity.

Mechanization.- For over 20 years, mechanization has been applied in a groping manner but to the maximum extent at our head office and at its large territorial network without any previous studies on its profitability. The insurance office of the future and our whole profession will go hand in hand with the electronic computer science, and insurers who delay their decisions in this field will have great difficulties in competing with those who are updated. With this in mind, we are planning for integral mechanization which we believe as absolutely indispensable to maintain our growth rate.

Continuous Training.- Fostered by the existence of the many areas of autonomous decision-making, this continuous training consists of frequent specialised training periods, short courses, courses by correspondence and informal meetings for the study and solution of systems and problems.

Pragmatism.- All kind of changes in performance including that of a conservative nature are possible at any time. Pragmatism is the magnification of common sense so that no inflexible norms except the ethicals prevent the application of logic. Its main consequence for MAPFRE is the formal absence of staff service; there are no marketing departments, nor any for organization and methods, industrial relations or planning, all of them areas in which we are considered to be experts.

We have tried instead that many people, almost all of our territorial executive network, participate in these functions with capacity for decision-making and without a rigid submission to bureaucratic departments which are more constraining than creative.

Commercial Timing.- It is a result of pragmatism, but also something more, a permanent ability to detect any new technical and geographical opportunity, to take advantage of it and concentrating all attention and possible operative strength to dominate it. Thus, whoever comes across and opportunity will have the possibility to profit from it.

The basic principle of marketing is to achieve a position of advantage with respect to competitors and exploit it to the maximum extent. This is important and particularly effective when it can be obtained with flexibility, technical area by technical area, even by a single contract or cover, and zone by zone. It is possibly a beggar's marketing, of those who can not supply great investments to it but it allows for that manifold and simultaneous action for which I think some of our competitors envy us.

Capillary Structuralism.- This structuralism was the result of our desire to contact the client with a professional approach, capable of giving an effective technical answer in all centres of population, however remote and forgotten, and in city districts of certain homogeneous characteristics.

The "MAPFRE capillary network" must provide a service of a high quality level to all the Spanish territory. This network involves a significant effort in professional training and a high investment which will soon exceed 5000 million pesetas and which we are planning to devote to this purpose.

Internal Promotion.- MAPFRE has set an outstanding example in this field, although our pragmatism makes us recruit outside personnel when necessary. Three years ago, when the policy of capillary penetration was being introduced, we made it a point to strengthen even further internal promotion and now we are starting to collect the fruits of this decision. This makes us think about the fast promotion of an administrative or subordinate employee, whether it be commercial, managerial or technical at the time of engaging him.

## III

I now want to consider the future where an entity such as MAPFRE may have brighter prospects than it has had in the past and greater possibilities to make a contribution to social balance as well as to increase its own resources. This calls for giving up the merely defensive attitudes and not to mistake clean business operations with tricky management which unfortunately and wrongly is the only possibility left for some people.

The businessman who aims to active participation must exercise the vote, meaning investment, especially in areas of likely growth of "useful employment", a sign of its want of the sociological restructure needed to absorb the social and technological impacts that the end of the twentieth century will bring about.

I will not mention, among the new areas that I foresee, the one directly related to insurance. However MAPFRE is based on insurance and it would be a serious error to let any other area to harm it because for an appropriate expansion of our activities we will need the profit of direct insurance. The areas to which I will refer, although others may come up along the way, already exist among us, at least in the early stages and are those of "health care", "financial assistance", "safety and prevention" and "information".

It may seem that some of these areas complement operative activities whereas others are of institutional nature and without any profit-making objective. In fact, a business group should only expand in areas where a balance between income and expenditure can be obtained as well as a margin to self-finance the growth. Our expansion in any field will only be effective and continuous if we subject it to an audited balance, constant concern over expenses and adaptation to real demands. This will permit us to dispense with outside financial assistance, subsidies.

Health care.- In the next century this field will go through great alterations in order to adapt itself to the needs of each country. I cannot predict its evolution, but its changes will be deep. The advantage of "jumbo" hospitals will be questioned; measures for the distressing superabundance of doctors will be adopted, solutions for the contradictions of medicine supplies will be sought, and wasteful spending will be controlled. I am not criticizing our Social Security; the criticisms in the United States of the health private system are similar to those of Spain or Europe and it would seem that they refer to our own situation.

This "evil" if it can be called like that is like many others of the present time: the result of scientific progress, of the sociological and structural changes derived from it and, to a certain extent, of dogmatical ideologies; all of this has destroyed the practicality of the present system with no stable institutional alternative to replace it.

The importance of this problem has made Editorial MAPFRE to publish recently, in Spanish language, the book "Value for Money in Health Services" by Professor Brian Abel-Smith who is considered one of the main specialists in health care economics in Europe. In addition,

I would like the MAPFRE Foundation to promote a meeting after the summer on the future of health-care which should set aside the antagonistic conflicts of interests, situations or ideologies and concentrate on a feasible structure whereby society benefits, the autonomy and personality of those who deliver it are respected and that it be fully aware of the savings it represents.

There are three aspects of this future health assistance to which MAPFRE can contribute with its experience:

- "Human" hospital centres of limited size and full patients occupation, internal balance and possibility of periodical comparative analysis of performance with centres similar in size.
- Hospital specialization in centres which cover all the elements of their own area and which facilitates the analysis of all their problems, operations which are normally impossible to carry out in large complex centres where specialization lacks of adequate operational autonomy.
- Small co-ordinated units of out patient and family medical assistance which allow for friendly doctor-patient relation provided with sufficient means and coordinated, if possible through computer, with sophisticated hospitals or treatment centres.

In these three areas MAPFRE has close-hand experience which can be used in one way or another in this new welfare structure. This would be the result of a pragmatic analysis of experiences and not of the collusion of dogmatism born out of overcome situations.

The MAPFRE Centre in Majadahonda whose success, low-cost and smooth running are sufficiently recognised and whose investment figures and management expenses are unrestrictedly open to everyone's analysis, constitutes an example of human dimension. It has 200 hospital beds highly specialized, and it has made possible "an integral concept of accidents" whereby a co-ordinated treatment ranges from preventive measures to avoid it to activities aimed at reducing the effect that upon labour have the permanent injuries.

Our sixty-eight clinics spread all over the country are co-ordinated with the Majadahonda Centre. They have managed to reduce substantially the duration of injuries and disabilities and are the proof of an interesting experience in the promotion of small units co-ordinated with a main centre for the treatment of outpatients and for activities in preventive medicine.

Through all this, a positive autonomous action seems possible and within our business objectives; if not at present when the time comes to find pragmatic solutions to the increase of health care costs. At all events if this does not happen, MAPFRE will always collaborate as much as it possibly can.

Financial Service.- This further area of growth is especially related to personal patrimonies. Important changes are anticipated in this area, and these will probably arrive sooner than those expected in health care. Also great modifications of its present "status quo" with regard to insurance and computer know-how will favour a direct and immediate relationship with the patrimony holders.

The legal standards of the banking activity are in the process of change also and the barriers between banking contracts and savings or personal investment contracts are tending to disappear. It will not be easy to go back to great volume of private deposits at a low interest.

The revolution in the financial system is a fact in the United States and is now coming to other countries. An individualistic social structure is not feasible without an increase in the demand of personal patrimonial assets to protect oneself against the new risks which will mainly arise from:

- Greater flexibility in employment situations. Only to a small degree, contracts for life of almost irrevocable and surely discriminating nature for those who lack influence or luck and cannot enter the "chain of employment", will continue. This will produce formulas for temporary employment, part-time work or work at home and will call for greater financial forecasts to compensate for likely limited public contributions during periods of unemployment.
- Early retirement as a consequence of different types of social pressure. It will not be possible to apply generous pensions to it and therefore it should be complemented by formulas which will call for personal sacrifice and real saving.
- Growth of "underground", non-regular income, as a personal reaction to private or public bureaucratic formulae or as the individual decision not to submit to the demands of regular work. These will also increase the need for saving and protection.

It is almost inevitable that new problems, new risks to individual resources and new demands for flexible contracts adapted to each financial situation will arise. This will offer opportunities for life insurance, but also for alternative and productive savings institutions with low management expenses or higher interest at the end of the period, offered by banking or such like institutions.

Flexible and daring investment systems, co-ordinated with a cheap computer operation, are very likely to appear under those circumstances; however, all of them will have to be supported by investment "know-how" which is the best way to success in the "alternative deal" which may be offered to citizens.

"Financial Service" should be able to provide collective pension schemes which have an important role in financing retirement. This should fall under the private sector if low management costs can be obtained and if the contributions of both workers or companies are nearly fully destined to investment for maximum return.

Neither insurance nor MAPFRE must be absent from this market, bearing in mind that competition will "threaten" us from the "left" with trends of monolithic socialization, and from the "right", with banking and savings institutions which will try to dominate this new market. Even with this incertitude, many possibilities are open for MAPFRE with its ample territorial penetration, its "expertise" in real estate and stock investment and its audited transparency which makes deviations and abuse of power, a frequent temptation in financial institutions, very difficult.

Safety and Prevention.- This is another area for future development regarding employment and welfare. The individualism of our society generates many new kinds of risks. Risk and safety are related terms and both close to prevention or to increasing safety measures to limit the risk and increase safety.

Insurance is possibly the first institutional set-up derived from the notion of risk, but it has not known, until now, how to use its privileged position to meet safety needs. It has not taken either a major part in prevention except in very special circumstances, such as the FACTORY MUTUAL in the United States. This company was established over 150 years ago and one of its most important managers, Mr. John Love, is here with us this afternoon because of the friendly relations that for more than 20 years have existed between FACTORY MUTUAL and MAPFRE.

The concept of safety covers many areas, from world safety afforded by the armies to that of the citizens who are protected by the police. In every case there exist common factors which aggravate their respective problems, especially scientific and technological development and the notions of liberty and human rights inherent to a free society, which curb the tendency to violence that the protection of safety wants.

But I am not only referring to personal safety against the occasional accident, neither to individual or collective violence, but to the need for protection of industrial and traffic safety and to the wide field of environmental safety ranging from strict industrial hygiene to the preservation of plant species or animals all threatened by the "increase in buying power", which are often called to be sacrificed by the future or by the interests of other sectors.

Personal "safety" is a notion not sufficiently known in our countries but it is an area to which MAPFRE has devoted great thought and activities for many years. This has made us collaborate actively to spread the term "integral safety" and to put 500 million pesetas investment at stake which tomorrow will be inaugurated in Avila.

If MAPFRE acts in this area with the same determination as that employed in insurance, until now, its prevention and safety activities will have an outstanding place within our group in the next century. Its contributions will help to promote the notion of safety and prevention in other countries. To this aim, we are planning to establish exchanges with other centres, permanent training and support to less advanced centres through new techniques and consulting for new areas of research.

The industry of knowledge. It may be another area in MAPFRE's future expansion. On saying this, I am aware of expressing what is more an intuition than a specific plan. For a long time MAPFRE has been taking timid steps in this field with the publications of our publishing company which, in any event, will be the future vehicle of knowledge. What has MAPFRE, mainly orientated to insurance and financial services, got to do with the area of communications, information and the transfer of technology?

In the first place, we believe that our own intellectual production will increase as well as our management experience and the results of the investigation carried out at the Instituto Tecnológico de Seguridad MAPFRE.

Secondly, although we at MAPFRE have never had any great faith in formal training methods, it seems that we have been an original training centre which basis was real learning and responsibility, not only for our own benefit but for that of the Spanish insurance and, last but not least, for the country. This makes us have a great interest in everything connected with effective training, which may be a transplanted or "new creation" of experience rather than a simple transfer of knowledge.

Thirdly, we feel it is a duty and a marvellous opportunity to be involved in the unexplored possibilities of intercommunication and exchange between groups of people and, at our level, we want to be leaders in this new cultural adventure of the twenty-first century.

And, finally, we feel that the knowledge industry as such, with its new supporting technology which co-ordinates printing with computer-science, sound and image, is on the threshold of a new era and offers great fields of activity for business initiative, raising at the same time problems of control and ethical self-discipline which up to now are unknown. For a service company like ours, there are many new goals to be achieved in that area.

All the possibilities I have laid out seem almost a utopia, but, in my opinion, with an ample experience in unsubsidized projects, I believe that many of them will be explored and carried out, as it has occurred with MAPFRE's other activities. In order for this to have a firm basis, we rely on three "important assets".

- Our spirit of harmony.- To avoid confrontation, offence and even peaceful coercion, while doing away with external, public or private criticism as far as possible as it wears out human strengths or limits them for positive tasks. This attitude is not generally adopted by the majority of social forces which act as if social or economical progress would depend essentially on class struggle, conflicts of interest or clash of ideologies. However, when this spirit is found, it provides an inner strength which leads to success unlikely in other circumstances.
- Our business experience.- Since all the activities I foresee must have this characteristic, they will perform with patrimonial limitation, information of results, techniques of decentralization and organic development of motivated autonomous units which are capable of fulfilling their objectives and improving their services.
- Our idiomatic community.- It will soon be the most extended in the western countries since within thirty or forty years the Spanish-speaking world will well exceed that of the English. This offers an enormous area of expansion in activities which will require verbal or written communication, especially if no great disbursement is needed and human continuous displacements are not necessary. Political boundaries will not hinder their expansion, particularly as it is our case, if they do not care for hegemonic objectives.

The presence of representatives from so many South American countries and our neighbour Portugal confirms my vision of a great cultural and technological reciprocal action with realistic possibilities for the apparent utopias I have already discussed. The fact that the name of MAPFRE may contribute to an action of reciprocal synergy between so many fellow nations would be an honour and a proof of our judgment when setting our objectives and activities of our fiftieth anniversary. Although it may only spread to limited areas, we would like to help to defend what is ours, and the best of what is ours, within a world free from differences of class, races or passing ideologies and with respect for every culture and for any vital autonomous activity however modest.

#### IV

I also wish to refer to some aspects which affect us all in a general way and to which we are going to pay particular attention within the institutional activities which MAPFRE wants to include over the next fifty years. Among them I have chosen: unemployment, improvement of the company, research and culture.

Unemployment affects essentially the structure of society and can condition the future of those who are active in the business world, whether managers or workers. Although MAPFRE and those who manage it are not in a position of influence on a matter of such national importance, we are aware that it weighs heavily on our conscience that we do not shy away however unpleasant and uncomfortable the feeling may be, but consider it our duty to face it in all its realism and to take part in contract formulae or acts of solidarity as befits each one of us. Hence, it seems opportune that my speech this afternoon examines our future possibilities and also our duties.

Government, businessmen and workers talk about unemployment and we even participate in acts under that heading while nearly all our actions contribute to a worsening of the problem. We make it more difficult to find a job, and we prefer to reduce employment and increase the purchasing power of those who work at the expense of those who do not. Can a government achieve its objectives of balancing the budget and halting inflation without increasing unemployment?. Can a businessman carry out a plan of productivity which would permit him to compete internationally without greatly reducing his labour force? Can unions protect the interests of their members and subscribers without harming at the same time the situation of the unemployed?.

These are the questions we must ask ourselves, particularly on our own responsibility as opposed to that of anyone else. An important part of the seminar on unemployment which we want to hold in June in Avila, is that managers in the three sectors mentioned meditate upon these questions and collaborate to the awareness of the same in the national conscience. We are also thinking of including regularly in our institutional activities topics related to unemployment.

Company Improvement is equally important to the company in the economic sphere in which it falls, to activate wealth-creation and social balance without considering it has been done at the expense of major national

interests or as an instrument for the oppression of those who work in it, as many competitors believe it happens and which unfortunately, some businessmen seem to confirm.

Companies are not different whether they are public, private or on a cooperative basis and this can be noticed in social conflicts directed as much against "capitalist" companies as against "public" ones, even with a socialist government.

A company is fundamentally a human institution, an association of men and women with a common objective, and they have weaknesses, are power-hungry, envious, and have prejudices and mistrust; hence, abuses and deviations will never be lacking whether we want a "new man" or we want to idealise a "new company" which will have nothing to do with reality.

There are many general and particular characteristics in a company which influence its improvement but I am going to refer only to the areas of "information" and "communication", in which frontiers are difficult to distinguish.

A permanently efficient company is not possible without a faithful and widespread "outward information" which permits its evaluation by those who work for it and by those outside. It should mean an effective brake difficult for its managers to avoid, as we often look for ways of hiding what interests us with the excuse that it interests the company.

Information allows the viability of the company and the success or malpractices of its managers to be effectively judged and, above all, it stops them deceiving themselves, confusing dreams with reality and only recognising their mistakes when these reach irremediable consequences.

Open information is an irreplaceable element in the stable and constructive life of a company whether it be public or private. A specific expression of this outward information, although it may not be the only one, is the external auditorship which certifies it and prevents state interventions or individual mistrust while constituting an effective judicial instrument. Thus, economic life can direct itself towards general profit and private initiative can have a public meaning.

Without any motives for loans, demands of creditors, pressures from shareholders or legal obligation, MAPFRE has been concerned for more than twelve years about preparing its external auditorship, and at its General Meeting which will take place tomorrow in Majadahonda, it will present its financial statements, consolidated and audited by Arthur Young. These statements include all the companies which are integrated or dependent on the patrimony of MAPFRE MUTUALIDAD and CORPORATION MAPFRE.

This consolidated audited balance sheet of a complex group is one of the first offered to the Spanish public and we are naturally satisfied, in spite of the great effort it has represented for us. MAPFRE MUTUA PATRONAL is not included in this auditorship since it is absolutely independent in its activities and patrimony and, furthermore, we are pleased to say that it has recently been exhaustively audited by the Social Security.

Internal communication includes the mechanics, situations and attitudes that a company has with regard to the disclosure to the people who work for it in different posts, horizontally and vertically, of evolution of its activity and its micro-results. In addition, it serves to create an atmosphere of clarity and transparency which facilitates the collaboration and integration of those who participate in it, and is an effective means of company management and a symbol of honesty and clean performance.

One reason for MAPFRE's success, if you please allow me to qualify it as such, has been its system of internal communication which has been possible because we have nothing to hide, and any one interested in a particular result will be able to find it in the information widely distributed. Some time we hope to call our methods as "management through internal information".

One of the causes of Japan's spectacular development is precisely the ample internal communication existing within its companies. It involves many people in decision-making, collective analysis of errors committed and systems, such as quality circles and others which have succeeded in environments removed from the Japanese cultural life.

Internal communication is also an instrument of shared responsibility in both success and failure. Andres Restrepo, a distinguished friend of mine and a prominent businessman in Colombia who will take part in our June activities, has thoroughly examined this concept when preparing some special forums entitled "The Company, School of sharing", in order to invite the companies to treat its employees as adults and who, in that capacity, should be aware of what is happening and collaborate in its improvement.

Research is another aspect apparently removed from the company's problems but not from the economic life nor from the "aspiration of buying power". It consists of an in-depth analysis of our activities and of the knowledge we have received to expand them, and to deepen in the explanation of the reality surrounding us. The present model of society, the spectacular changes in human life, communications, and the means at our disposal are not the product of the "exploitation of man" but mainly of the scientists' work which has transformed human life in the last decades. The dignity of nations and their status in the world picture is in great part influenced by the results of their research activities which not only is a motif for pride out also provides surpluses which may raise economic welfare to a higher level.

Research is the great absentee in our social life, the main victim over the last decades and which has given rise to the most significant limitation for the suitable presence of Spain in the world picture of the twentieth century. At certain stage we contemplated the idea to dedicate a specific act of this fiftieth anniversary to "research in Spain" so as to improve it, not to ask for responsibilities.

If ever we have a quiet period, which is not easy in the fast pace of our action, I would like to approach this subject within an impartial campaign in order to promote Spanish research. Meanwhile, and with great modesty,

as I heard Professor Oró from a radio programme some months ago, our Institute in Avila will initiate activities in applied technological research on specific aspects which will be extended later slowly but surely. It was very satisfying to learn that the national prize for research from the Spanish Society of Orthopedic Surgery and Traumatology has been awarded recently to one of MAPFRE's teams led by Dr. Pedro Guillén.

A young chemist who has recently returned from the United States after an eight month stay in the great research laboratory of FACTORY MUTUAL will lead our technological research on Fire. This is a sign of our will to use no scanty means which may make possible some degree of research within the institution of Avila. I also hope that this policy will make possible a "hatchery" of people with spirit of research and the eagerness to work permanently in their different specialised fields, an element which may contribute to MAPFRE's expansion.

Culture is the last external aspect to which I wish to refer. The MAPFRE FOUNDATION through its own statutory structure has limitations which makes it to devote itself to the safety field, hence avoiding the temptation to become involved, directly or indirectly, with politics or simply in the defence of any ideology.

But this does not mean that MAPFRE has never been concerned about culture nor that it will not be a matter of concern in the future. The GONZALEZ RUANO prize is already a classic in Spanish journalism, having existed for eight years. The same can be said of the PENAGOS prize for drawing. Both are directly related to our activities. González Ruano wrote the greatest part of his last articles in the MAPFRE building at the Paseo de Recoletos. Rafael Penagos, the great Spanish artist, designed the first MAPFRE poster fifty years ago as a metal plate for its clients and which you will see today on the cover of the magazine "MAPFRE SEGURIDAD" and on the back of our programme.

These two activities, particularly associated with MAPFRE VIDA, are an example of our cultural disposition. I am certain that in the future MAPFRE VIDA will be able to promote other cultural activities which will symbolise our concern on the wide sense of the word culture.

Meanwhile, this intention is made evident with the inauguration of the "MAPFRE Lecture and Exhibition Hall" in our building at the Paseo de Recoletos, precisely with an exhibition of the artist Penagos.

It is our intention to set up MAPFRE Lecture and Exhibition halls in many towns, the first ones being Valencia, Valladolid and Zaragoza and later Cáceres, Badajoz, Málaga and Algeciras. We hope that they will be instruments of cultural improvement through the conferences and exhibitions which we intend to promote. Furthermore, there is no doubt that in the future the Editorial MAPFRE will be an excellent vehicle in certain areas of independent cultural action.

I am sure that over the next 50 years MAPFRE will achieve a position in the world of cultural patronage and will contribute to the promotion of serious and responsible events covering all areas, many of them related with our concern over reciprocal relationships in the countries of our same language and culture.

To conclude, I should like our fiftieth anniversary and these words of mine to be a chant of hope, at a time in which it does not exist for many companies, people and countries. Hope cannot be lacking in those who have the conviction that the future emanates from us and our actions and who are prepared to build up their own future, bringing it into existence and improvement and to make one's way, instead of living at the expense of others' efforts.

We have faith and hope in insurance because it is indispensable in the present social structure and because if we, insurers, act prudently, but with energy and unselfishness, our influence will be greater in the socio-political structure. As leaders in this sector, we want insurance to be something more than a mere profit center or economical interest for a few owners or even employees. We want it also to feel deeply responsible towards society.

We have faith and hope in the company which due is to promote the creation of wealth and to maintain the purchasing power of citizens, although the paradox is that it is frequently repudiated or insulted by those who demand this with greater insistence and even violence.

A Company spirit must be identified with man's creative and inventive initiative and his capacity to promote individual and collective improvement. Notwithstanding obstacles, misunderstandings and plain hostility, the company will succeed because it is indispensable.

Those of us who consider ourselves to be entrepreneurs because we dare to take risks, have the duty to instil confidence and not to allow ourselves to be influenced by those who sometimes mix their negative attitudes with their own insecurity and the preoccupation to hide activities which have no justification. The entrepreneur is irreplaceable in the solution of economical problems and if we are respected without any help or protection, since no true entrepreneur needs it, our activities will be socially recognised and we will be considered as first class parties in the struggle for national advancement. This, I ought to say, refers not only to the typically private company, with its risks for its promoters or shareholders but also to the associative non-capitalistic company owned by a collectivity, such as MAPFRE, and to the public company which operates with autonomous resources accepting risks and annually surrendering its results for public inspection.

Finally, we have confidence and hope in the Spanish people, full of defects but also of virtues who will overcome their difficulties and will achieve that worthy and noble independence which has been our characteristic in the past and must continue to be in the future. This community includes everyone participating in it from different classes, friends or foes. Whether through its personal merit or whatever other reason, the Spanish people have a lot to offer to that new universal mankind which, for the first time, is formed by people totally interrelated and in which, as I have said before, the countries which speak our own language will have a relatively significant position.

And now I must draw to a close and this closure which is also the end of a stage in MAPFRE's development and in my own life, is always sad; taking leave is somewhat like dying and I wish to do so thanking God for having allowed me to lead MAPFRE forward, with luck and with the unexpected hand of providence. I say thank you in my name and in that of MAPFRE, although I do not know whether this befits the sign of the times from which, in any event, I have always tried to be independent.

Once again, to you all, friends of MAPFRE and Authorities, I thank you very much.