



FOUNDATION
RAFAEL DEL PINO
ANNUAL REPORT 2006

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THE PRINCIPLES BEHIND THE RAFAEL DEL PINO FOUNDATION

- Defence of the general interest
- Freedom
- Innovative spirit
- Transparency
- Rigour

THE RAFAEL DEL PINO FOUNDATION IS CLASSIFIED AND REGISTERED IN THE FOUNDATIONS REGISTER OF THE CHARITIES SUPERVISORY BODY [EL PROTECTORADO] OF THE SPANISH MINISTRY OF EDUCATION AND CULTURE IN ACCORDANCE WITH ORDER 2064 OF 30 DECEMBER 1999. IT IS INCLUDED AMONG THE ENTITIES REGULATED BY THE LAW ON FOUNDATIONS AND TAX INCENTIVES FOR PRIVATE PARTICIPATION IN ACTIVITIES OF GENERAL INTEREST.

LETTER FROM THE PRESIDENT AND FOUNDER

Once again, as I dictate these words, I would like to say how pleased I am with the course of the Foundation's activities and with the results achieved.

I follow the Foundation's progress, and I have prompt and full information on the proposals made, both from within and from outside the Foundation, and on the decisions taken, that are guided by the wish to incorporate new ideas, by prudence and by rigour, in accordance with the principles that have guided me in my own activities as a businessman for half a century.

As happens in modern organisations, it is necessary to have an adequate structure, to improve knowledge, to innovate constantly and to address new projects. A review of the Foundation's short history reveals that these are principles that have been applied continuously.

The organisation is based on the principle of simplifying procedures in order to reduce costs and release resources for implementation of the Foundation's projects. A simple but operational structure has been set up that makes it possible to optimise coordination of the activities. The Foundation's small team of staff fulfils its mission with singular enthusiasm, responsibility, sense of innovation and efficiency. The Foundation's Board of Trustees, formed mainly by members of my family, has an Executive Committee which enables decisions to be taken promptly and efficiently, and an Advisory Board which makes a crucial contribution to choosing the best projects with its reports. All of them have contributed to the development of the programmes and to the successes achieved.

Continuous reflection, references in business and the analysis of the most promising experiences, have made it possible to programme and arrange a set of top-level events which have responded to the objective of helping to improve the knowledge of Spanish leaders by taking as a reference the principles of free market and free enterprise. Not only of business leaders, but also of those whose actions have a knock-on effect in fields such as the economy, the law, medicine, architecture or any other field of knowledge or professional practice. I have always believed that there is nothing that contributes more to the economic growth of countries and to the wellbeing and happiness of their citizens than training, knowledge and its dissemination and application. As Cicero said: "it is not enough to acquire wisdom, it is necessary to employ it." This idea, which has guided my activities as a businessman, was the decisive element that led me to set up the Foundation.

I would like to highlight the decision to begin a new programme of activities. From 2007 the Foundation will have resources for the specific purpose of promoting initiatives aimed at helping to improve the quality of life of individuals affected by spinal cord injury. And it will do so on three fronts: by helping to make their daily lives easier; by developing sports infrastructures; and, lastly, by promoting innovation applied to the remote monitoring of sufferers. Undoubtedly by the end of the year these embryonic ideas will have been translated into projects under way.

In short, another year characterised by the consolidation of initiatives which have now been in existence for some time, and the taking forward of new projects based on the ideas that led me to set up a Foundation, whose true *raison d'être* is providing knowledge and support to our fellow citizens. I would therefore like to express my gratitude to all those who make it possible for an idea developed over many years to have become a robust and promising reality of which I feel proud.

Rafael del Pino y Moreno
President & Founder

DIRECTOR'S REPORT

Organisations are like living beings. They have preferences, they get things right and, on occasions, they take the wrong decisions, making it advisable to reconsider the choice made in an ongoing learning process. This means that in the performance of their activities they must base themselves on a soundly formulated well-reasoned programme, and put it into effect as sensibly as possible in accordance with the principle of the efficient allocation of resources which, by their very nature, are limited.

The Rafael del Pino Foundation endeavours to act in accordance with these principles, taking as its element of reference the training of Spanish leaders - both present and future. Under its investment plan, the Foundation has financial resources which it must allocate efficiently. This involves rigorous analysis, based on criteria that have been developed gradually over time, of all the programmes submitted to it for decision, both by members of the Foundation itself and by third parties. Obviously, this process includes the consideration of the quality of the proposals, the expected results and the cost of the projects. And, as could not be otherwise, in order to reduce mistakes, it is continuously refined on the basis of experience and reflection.

It is hard for an organisation to make a radical departure from tradition. Only exceptionally does such a break occur. An organisation's activities are an ongoing process that is a reflection of the past and open to the future. This means that established programmes are maintained, such as the scholarships, the funding of research, the master lectures, the training courses in Spain and abroad, or the activities connected with the dissemination of the history and protection of our cultural heritage, to mention a few significant examples. These are established pillars on which the structure of the Foundation rests; their beneficiaries are numerous and their results have been unmistakably positive. With references such as these, the rational approach is to continue them, but not without ongoing enhancement, since the mimetic repetition of activities carried out in previous years would lead to melancholy.

Reality is dynamic, and rational change is the fundamental characteristic of modern organisations. It therefore seems appropriate to highlight some of the new developments that guided the Foundation's work in 2006. Since the current regulatory framework advises that the sustainability of capital foundations should be based on financial investments with high yields, and this is consistent with the efficient allocation of resources, a percentage of these investments is directed towards equities, following the example of the American universities that are the most innovative from the financial investment standpoint. This has enabled us to achieve a marked increase in both actual and potential income and, as a result, in the number of programmes run and the number of beneficiaries of them.

With these references, the scholarships awarded by the Foundation extended their scope of action and addressed new fields such as cancer research and the restoration of artistic and cultural heritage. The same thing occurred with the research funding: customary fields of knowledge were joined by the services sector and the European Constitutional Treaty. The Foundation's concern for leadership meant that the now traditional leadership programmes for public officials and civil engineers were complemented by an innovative project directed at highly capable young people.

The master lectures in 2006 were given by top level speakers such as Nobel prizewinners Professors Gary Becker and Joseph E. Stiglitz, as well as Professors Jagdish Bhagwati and Jürgen Donges. The lectures were supplemented with expert meetings including most notably the Ibero American Business Forum - held in Washington and Madrid, the seminars on the economics of airport infrastructures and innovation, the international conference on macroeconomics and the meetings of the Association of Competition Economics and the Public Arena.

In the field of the dissemination of history, two initiatives deserve to be highlighted above the rest. Firstly, the publication of the book by Professor Fernández Armesto on the history of geographical discoveries, due to its dissemination in Spain and other European countries, in North and South America and also in Asia. Secondly, the preparation of the monumental work on the historical figure of the King, under the direction of Professor José Antonio Escudero, which is due for publication at the end of 2007.

I would also like to mention the Foundation's continuing support for the United Nations Global Compact, which is being taken forward in Spain as a result of a Foundation initiative. This broad catalogue of activities, which though diverse are perfectly structured around a set of sound principles and find the agglutinant they need in the improvement of knowledge, could not have been carried out without the work of a small, enthusiastic and generous team of people, who have been able to respond successfully to the mandate of the President and Founder and to the programme approved by the Foundation's Board of Trustees, which in turn has enjoyed the prompt and efficient support of the Executive Committee and the Advisory Board.

The activities described in this Report are the result of the work of them all.

Amadeo Petitbò Juan
Director

GOVERNING & MANAGEMENT BODIES

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JOSÉ IGNACIO YSASI-YSASMENDI Y PEMÁN, Deputy Secretary, not a trustee.

The Board of Trustees of the Foundation held an ordinary meeting on 25 May and an extraordinary meeting on 14 December.

ADVISORY BOARD OF THE RAFAEL DEL PINO FOUNDATION

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There were Advisory Board meetings on 17 May, 18 October and 14 December.

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The Foundation had the invaluable assistance and cooperation of the staff of Casa Grande de Cartagena, S.L.

OBJECTIVES & STRATEGIC APPROACH

BUSINESS ENTERPRISES ARE A FUNDAMENTAL COMPONENT OF MODERN SOCIETIES: THEIR ACTIVITIES CONTRIBUTE TO ECONOMIC GROWTH, DEVELOPMENT AND SOCIAL COHESION

The Rafael del Pino Foundation has set as its objectives:

TO TRAIN LEADERS

The Foundation aims to train current and future leaders so they can successfully put their initiatives and capabilities into practice.

The Foundation does not confine the idea of a leader to the business world, but also considers other fields of knowledge to be important, such as economics, the law and justice, the news media, politics and public management, international relations, history and education.

TO FOSTER PERSONAL INITIATIVE, THE PRINCIPLES OF FREE MARKET AND FREEDOM OF ENTERPRISE

At a time characterised by market globalisation and the new information economy, the Foundation wishes to contribute to improving the knowledge of leaders based on the principles of free personal initiative, the free market and freedom of enterprise.

TO PROMOTE AND PRESERVE THE CULTURAL AND HISTORICAL HERITAGE OF SPAIN

Knowledge of the past helps to plan for the future. Consequently, the Foundation wishes to contribute to raising awareness of Spanish history, protecting Spain's cultural heritage and fostering the growing importance of the Spanish language as a vehicle for communication in the world.

STRATEGIC APPROACH

To achieve its objectives, the Rafael del Pino Foundation envisages the development, protection and support of educational, cultural, social and cooperation-oriented initiatives as well as those for the furtherance of the economy, by organising lectures, courses and seminars, offering scholarships and awards, funding research and other information-dissemination activities, including in particular its collection of publications.

After evaluating its activities with a view to planning for the future in accordance with its aims, the Foundation concluded that its strategic objectives need a strong, flexible framework to provide consistency and continuity for its activities. This requires consideration to be given to the dominant culture and the aspects of diversity within it, to the knowledge acquired and employed by Spanish society and its regulatory framework.

Following these principles, the activities of the Foundation are based fundamentally on two platforms: firstly, business creation and development within the framework of the free market and, additionally, the dissemination of the history of the Hispanic world.

The Foundation believes that the creation of wealth and the dynamism of a country are largely dependent upon the competitiveness of its business enterprises, and that this, in turn, depends mainly on the education of its citizens and the training and capabilities of its leaders. The changes there have been in recent years give credence to the idea that if the competitive edge in industry was based on the availability of capital, technology and primary resources, now, when today's global market provides access to whatever is needed to produce goods and services, businesses set themselves apart by the knowledge, most of it implicit, reflected in their information and problem-resolving systems, by their intangible assets and by the ability of their senior management to create and develop knowledge and strategies.

The Foundation considers that to ensure the wellbeing of today's societies, their business enterprises must be both prosperous and efficient, since their future depends, to a large extent, on the results achieved in increasingly globalised and competitive markets. It is therefore necessary to contribute to providing incentives for business creation and entrepreneurship, to build up knowledge of business management, to promote the role of the agencies responsible for facilitating business creation and development, to protect the rights of investors and to firmly support market competition and transparency.

In accordance with the guidelines of the Board of Trustees and the Advisory Board, the Foundation gives priority to in-house programmes, although this does not mean that it does not take outside proposals into consideration. In this way it is intended to continue with the process of articulation between the general principles that underpin the Foundation's work and the conduct of its activities.

TRAINING FOR LEADERSHIP

1. SCHOLARSHIPS

SCHOLARSHIPS FOR POSTGRADUATE STUDIES

After six consecutive years of awards, the reputation of the Foundation's scholarships programme has risen progressively, not just because of its financial magnitude, but also because its demanding selection procedure has revealed that the successful candidates are of an undoubtedly high standard both as students and as potential leaders, with an undeniable professional profile, as events have already shown.

The following table shows the numerical variation in the programme of scholarships for Spanish postgraduates.

Rafael del Pino Foundation Scholarships. 2001-2006.
 Number of applications.

Year	Applications	Scholarships Available	Scholarships Awarded
2001	108	12	12
2002	211	15	17
2003	366	15	16
2004	230	15	21
2005	301	15	25
2006	223	15	19

The downward trend in the number of applications from 2003 onwards is due to the changes made in the conditions governing applications, the exclusion of Advanced Studies Diploma (DEA) students as candidates and the toughening of the requirements to be met by candidates.

The results achieved each year are undoubtedly positive, since the high level of qualification of the applicants and of the beneficiaries of the scholarships has been maintained. As in previous years, mention should be made of the high average marks obtained by Foundation scholars, which in many cases has resulted in their names being published in the Dean's Lists. Conscious of the excellence of the scholars, the Foundation has made an effort to award more scholarships than the number initially announced each year.

For 2007 the Foundation is maintaining its programme of 15 scholarships for Spanish students. The programme is open to graduates with an aptitude for leadership who wish to further their training by following a course of postgraduate study in Spain or abroad. The fields being given priority once again will be: economics, business studies, economic analysis of the Law, regulation/deregulation and economic and legal analysis of competition and markets.

There are currently 40 students undertaking postgraduate studies with Foundation scholarships, 39 of them abroad and 1 of them in Spain (2006-2007 academic year). One of these students is a beneficiary of the scholarships awarded to Latin American students. He has attended Harvard University.

Below is the list of universities being attended by students awarded scholarships in 2006 and their universities of origin:

Universities attended:

Columbia Business School:	2
Harvard Business School:	2
Harvard Medical School:	1
Kellogg School of Management (Northwestern University):	1
London Business School:	1
London School of Economics:	2
Ludwig Maximilians Universität:	1
Oxford University:	1
Sloan School of Management (MIT):	1
Stanford Business School:	1
Stern Business School (NY University):	1
The Rady School (UCSD):	1
Wharton Business School (University of Pennsylvania):	2
Choice still to be made:	2

Universities of origin:

Barcelona University:	4
Carlos III University of Madrid:	1
University of Navarre:	2
Polytechnic University of Catalonia:	2
Polytechnic University of Madrid:	5
Pompeu Fabra University:	1
Comillas Pontifical University:	2
Valencia University:	1
University of Wales:	

RAFAEL DEL PINO CHAIRS

In 2002 the Foundation decided to set up the Rafael del Pino Chairs for Spanish or foreign professors of high standing who have international experience and, as a general rule, are taking a sabbatical. The Chairs are not specifically linked to any one academic establishment, it being the professors who choose where they wish to carry out their activities.

The purpose of the Chairs is to provide funding, as a supplement to the remuneration provided by the academic establishments of the professors holding Chairs, for a top level piece of research that must, without exception, be published in English by a commercial publisher, or must give rise to publications in the world's best specialised journals.

The first Rafael del Pino Chair was held by Professor Mauro F. Guillén, of Pennsylvania University (Wharton School). The results of his research were published by Cambridge University Press under the title: *The Rise of Spanish Multinationals*. The Spanish version, entitled *El auge de la empresa multinacional española*, was published in the Foundation's Economics and Business Collection.

The second Chair was awarded to Professor Germà Bel, Professor of Applied Economics at Barcelona University. The results of his research were published in the Foundation's Economics and Business Collection under the title *Economía y Política de la Privatización local [Economics & Politics of local privatisation]**, as well as in a large number of articles published in prestigious international and Spanish specialised journals.

The research being conducted by the holder of the third Rafael del Pino Chair, Leandro Prados de la Escosura, who is Professor of History and Economic Institutions at the Carlos III University of Madrid, is currently in full progress. His research is entitled *Libertad económica, crecimiento y bienestar en perspectiva histórica. [A historical perspective of economic freedom, growth and wellbeing. The experience of OECD countries, 1850-2000.]*

Professor Prados de la Escosura's main purpose is to study the long-term evolution of economic freedom and its connection with growth and wellbeing - measured using an index of human development - and international inequality, based on a broad sample of European countries and others of European origin, with the exception of Japan, which have achieved sustainable economic development and currently make up the core OECD countries. This research will make it possible to clarify which are the most suitable indicators for measuring economic freedom and showing its long-term evolution and its connection with growth and wellbeing. These results will be extremely useful for social scientists, historians and administrators and will have implications for both economic and institutional policy.

LEADER SCHOLARSHIPS [BECAS LÍDER]

Each year the Carolina Foundation and the Santander Group award Leader Scholarships for Immersion in Spain's Social Reality to emerging Ibero American leaders.

Their general objective is to help to enhance the knowledge of a select group of recently qualified Ibero American graduates (48 American, 2 Portuguese and 10 Spanish) about Spain, Portugal and the European institutions. The scholarships cover travel costs to Spain and Portugal, full-board accommodation, tuition fees and travel expenses during the course.

Co-sponsors once again in 2006 were the Rafael del Pino Foundation, the NH Group and the Calouste Gulbenkian Foundation, and the programme was managed by Francisco de Vitoria University. It ran from 3-21 July.

The programme's specific objectives included:

- Furnishing a group of emerging Ibero American leaders with a better and deeper knowledge of the situation in Spain and Portugal;
- Creating links between these leaders and Spain and Portugal that may lead in the future to their countries of origin and ours becoming closer;
- Promoting a new vision of the relationship between Ibero America, Spain and Portugal, focusing more on what unites them than on what sets them apart;
- Strengthening the participants' capacity for human and professional leadership;
- In the medium and long term, creating an interdisciplinary network of Ibero American leaders who are conscious of the importance of strengthening and promoting relations between the countries of Ibero America and with Portugal and Spain.

The programme included the following subjects: economics, politics and society in Spain and Portugal; the European Union, its international relations and its relations with Ibero America; as well as other cultural activities and immersion in life in Spain and Portugal. The programme director was Andrés Pastrana, ex-President of the Republic of Colombia. The opening ceremony was held on 3 July at the Rafael del Pino Foundation, and was attended by Rosa Conde, Director of the Carolina Foundation, José Manuel Moreno, Coordinator of the Universities Programme of the Santander Group, and Amadeo Petitbò, Director of the Rafael del Pino Foundation.

Presentations were made by leading figures in Spanish society and academics. The Rafael del Pino Foundation assisted in organising the event by providing the venue and the 10 scholarships for the Spanish graduates. The programme was judged to be a great success due to the appropriateness of its structure and the calibre of those taking part, and the Foundation agreed to give its support in 2007 when, after five consecutive years, there will be the 1st Conference of Leader Scholars in Cartagena de Indias, Colombia, from 10-14 July 2007. As a result there will be no programme activities in Spain and Portugal.

INTERNATIONAL BACCALAUREATE (IB) SCHOLARSHIPS

The collaboration of the Rafael del Pino Foundation with the Foundation of the Spanish Committee of United World Colleges has made it possible, from 2001 to 2006, to provide a scholarship to finance the studies of an IB student for two years.

The main aim of these scholarships is to help to bring together young people from different countries, beliefs and cultures in order to educate them in the ideals of universal harmony and understanding.

The United World Colleges were founded in 1963 by the educator Kurt Hahn. They currently consist of ten colleges all over the world where pre-university students from different countries can go for two years to study the international baccalaureate. These studies lead to a diploma that gives admission to universities all over the world.

In addition to facing the academic demands and the challenges posed by living with students from other countries and cultures, the students of United World Colleges must make a commitment to the community by performing social and humanitarian services.

To date, the beneficiaries of the scholarships sponsored by the Foundation and the colleges they have attended have been: José Laro Escalada (Armand Hammer in New Mexico, 2002-2004), Pablo Touchard Pelluz (Waterford Kamhlaba in Swaziland, 2003-2005), María Judith Soria Diaz (Red Cross Nordic, 2004-2006), Laura Galián Hernández (College of the Adriatic, 2005- 2007) and Iñaki Arbeloa Castiella (Mahindra Pune in India, 2006-2008).

Given the interest of the programme and its relevance to the objectives of the Foundation, it has been decided to continue providing support for the United World Colleges in 2007-2009.

RAFAEL DEL PINO SCHOLARSHIP FOR CANCER RESEARCH

On 22 May 2006, the Scientific Foundation of the Spanish Cancer Association and the Rafael del Pino Foundation signed a collaboration agreement for the award by public competition of a Contract-Grant for cancer researchers aimed at holders of PhDs and post-internship physicians, for the purpose of promoting research into cancer. The grant was awarded on 27 September 2006 to Natalia Ramírez Huerto, a researcher who is a graduate in Biology and Biochemistry and has a doctorate in Biological Science from the University of Navarre.

The project for which the grant has been awarded is entitled Identification of profiles of genic and mRNA expression associated with chemoresistance and prognosis in colorectal cancer, and it will be undertaken at the Pharmacogenomic Laboratory of the Centre for Applied Medical Research, CIMA, Navarre.

The purpose of the research is of high significance in oncology, since there is currently a clinical need to look for markers predicting toxicity and/or response to the drugs used to combat colorectal cancer to make personalised therapy possible. This type of cancer is the third most frequent neoplasm globally and the third most frequent cause of death by cancer.

RAFAEL DEL PINO ARCHITECTURAL SCHOLARSHIP FOR THE RESTORATION OF ARTISTIC AND CULTURAL HERITAGE AT THE ACADEMY OF SPAIN IN ROME

On 26 October 2006, the Chairwoman of the Board of Trustees of the Academy of Spain in Rome and the Director of the Rafael del Pino Foundation signed a collaboration agreement with the Spanish Ministry of Foreign Affairs and Cooperation to set up an architectural scholarship to be called the Rafael del Pino Architectural Scholarship for the Restoration of Artistic and Cultural Heritage. The scholarship will be attached to the Academy.

The Academy of Spain in Rome, established in 1873 and currently governed by a Board of Trustees that accounts to the Spanish Ministry of Foreign Affairs and Cooperation, is a public institution that has been linked since its origin with the Royal Academy of San Fernando in Madrid. Right from the start, one of its objectives was to take in scholars - formerly known as pensionaries - of different specialities, all of them connected with the Fine Arts.

The main purpose of the scholarship is to contribute to promoting and preserving the historical heritage of Spain by strengthening the training of Spanish architects in the field of restoration.

The Academy is responsible for announcing the scholarship and applications may be submitted by Spanish nationals who hold a higher degree in Architecture on the date the award is made. The scholarship is for 9 months.

“VALUES SUCH AS TIMELY ACTION, THE ABILITY TO SHOW INITIATIVE, A LIKING FOR INNOVATION AND RISK, CONTINUING LEARNING AND CONCERN FOR ALL THE PEOPLE INVOLVED IN THE ACTIVITY, ARE WHAT MUST SHAPE THE ACTIONS OF FOUNDATIONS”

2. TRAINING PROGRAMMES

MICRO-ENTERPRISE SUPPORT CENTRE (CEAMI)

On 9 June 2004, the Rafael del Pino Foundation and the Codespa Foundation signed a collaboration agreement to set up the Micro-Enterprise Support Centre (CEAMI) together with the ICO Foundation.

CEAMI is a centre for studies specialising in matters relating to micro-enterprises. It undertakes activities in three main areas: training, research and consultancy.

The events organised by CEAMI since it was set up have consisted of specialist seminars for managers of institutions providing support to micro-enterprises, private sector executives interested in the sector, and specialist researchers, with the emphasis on research and on cooperation sector-private sector synergies. In 2006, the Rafael del Pino Foundation supported a variety of activities connected with micro-enterprises and micro-finance organised by the Codespa Foundation in the CEAMI context.

MASTER IN LEADERSHIP IN CIVIL ENGINEERING

On 11 November 2004, the Foundation signed a collaboration agreement with Castile-La Mancha University to sponsor a Master's course in leadership aimed at the best new civil engineering graduates. This agreement was renewed in 2007.

The aim of the course is to supplement the mainly technical training received by civil engineers with further training to strengthen their skills of leadership and innovative management at the civil engineering firms where they will pursue their careers. In short, the aim is to train leaders in civil engineering who are able to perform managerial, organisational or executive functions in any type of civil engineering firm and sector in which leadership skills are required.

These specialists must acquire methods, techniques, capabilities and skills, based on the transfer of theoretical knowledge and on supervised training, while attending university and on work placements. The course consists

of four 40-hour modules of specialist theory, supplemented by 40 hours of work placement at major civil engineering firms. Each of the modules consists of basic courses taught by specialists from institutions, civil engineering firms and Spanish and foreign academics, as well as assessment sessions and a supervised project, together with unrestricted ongoing self-study.

The course is organised in four areas:

- Leadership techniques;
- New forms of organisation in modern business;
- Innovation in civil engineering and service provision;
- Managing civil engineering firms.

The course is taught and organised by the College of Civil Engineers of the University of Castile-La Mancha, with the collaboration of academics and professionals from other universities and organisations, including:

Paul Lambert, ESSEC Business School-IAE, Aix-en-Provence; Stuart G. Walesh, Valparaiso University of Indiana; Mumtaz Usman, Wayne State University; Alfred Font Barrot, Pompeu Fabra University; Ryan J. Orr, Stanford University; Raúl Calvo, Girona University; Eugenio Pellicer, Polytechnic University of Valencia; Santiago Hernández, Corunna University; Javier Conde, University of Castile-La Mancha; José María Menéndez, University of Castile-La Mancha; Enrique Viaña, University of Castile-La Mancha; J. Ramón de Páramo, University of Castile-La Mancha; Gonzalo F. Ruiz, University of Castile-La Mancha; and David Ford, Texas University.

The firms where students on the course carried out their work placements in 2006 were: Ferrovial Agromán; Dragados; Ineco-Tifsa; FCC Group; Cyopsa-Sisocia; Acciona; Eptisa-Servicios Ingeniería; Comsa Group; Sarrión; Pacadar; Geocisa; Cyes; Isolux Corsan Group; Apia XXI; Vielca Ingenieros; Aertec; Ensa; Tudor-Manzanares; Aglomancha; and Madrid City Council.

ENGINEER RAFAEL DEL PINO Y MORENO RAIL TRANSPORT CHAIR

In December 2005, Ferrovial, the Rafael del Pino Foundation and the Polytechnic University of Madrid signed an agreement to set up a Chair in the Transport Department of the Madrid College of Civil Engineers to be known as the "Engineer Rafael del Pino y Moreno Rail Transport Chair".

The Chair carries out the following activities:

- Specialist workshops and seminars;
- Master in Railway Technologies;
- Scholarships for final-year students to undertake end-of-degree projects connected with railways;
- Scholarships for doctorates and doctoral theses;
- Postgraduate scholarships for courses and activities at other universities and research establishments;
- Financial aid for visiting lecturers at universities and research establishments;
- Publication of reports and books connected with railway technology and railway research project development, among other issues.

PROGRAMME FOR LEADERSHIP IN PUBLIC MANAGEMENT

On 28 September 2005, the Rafael del Pino Foundation and IESE, University of Navarre, signed a collaboration agreement to carry out a Programme for Leadership in Public Management.

The public sector in Spain employs more than two million people and is of great importance in the economy as a whole, with the training of its senior managers being a clear need in the market.

Although Spain's civil servants are highly qualified due to entry systems that are based on tough competitive exams, there are very few institutions available to meet the growing demand for refresher courses for them.

Professional management of public resources is a duty called for by the very nature of public service, as well as a growing social demand. As organisational entities with their own specific purposes, all levels of government - be they local, regional, national or supranational - must implement their policies following a particular strategic organisation culture, model and programme. The Programme for leadership in public management seeks to meet these needs by addressing the different areas of interest to managers in government.

The programme was run for the second time in the 2005-2006 academic year. Out of 200 references on potential candidates, the admissions committee selected 73 participants.

The students' ages ranged from 30 to 45 and the average age was 37. All of them had experience and high potential for professional development in public management, which they approached with an emphasis on service.

The programme uses an interactive and dynamic teaching method suited to the training of managers: that of case studies focusing on real-life business situations.

There were a total of 34 sessions dealing with the main topics of interest for leadership in government. Team work, discussion of real-life situations, and reflection on the programme topics provide content that is rich in aspects that are essential for the professional development of public managers.

During the programme the participants were divided into small teams so that they could compare their conclusions with those of their fellow team members, thereby enhancing the results with very different contributions and experiences as a result of the variety of organisations and sectors represented.

Maintaining the philosophy that gave rise to the programme, a Forum for Leadership in Public Management has been set up for past and future students. Its main idea is to promote the continuing training of the participants in the programme and to serve as a meeting point for past students.

Follow-up sessions also began in the 2005-2006 academic year, the idea being that there should be one every three months. A new development this year was the addition of a website for programme participants, to encourage and facilitate communication between students, teaching staff and administrative staff.

This is also the channel used to announce any new developments there may be during the programme, news about it, proposed activities, etc. This was the preferred means of communication for participants during 2005-2006 and also proved extremely useful for communication between team members.

DIPLOMA COURSE IN UNIVERSITY SENIOR MANAGEMENT

On 16 November 2004, the Foundation signed a general agreement of collaboration for a Diploma course in university senior management (DADU, in Spanish) with the Antonio de Nebrija University and Foundation, the UNESCO Chair in University Management at the Polytechnic University of Catalonia and the Conference of Vice Chancellors of Spanish Universities (CRUE, in Spanish).

As the promoters of the DADU diploma course, the Antonio de Nebrija University and Foundation organise, direct and administer the training programme in Madrid and award jointly with the Polytechnic University of Catalonia the Diploma in University Senior Management which is considered a postgraduate qualification from both universities.

The Polytechnic University of Catalonia, which is the university with the greatest experience in courses of this type in Spain, contributes its extensive experience through its UNESCO Chair in University Management.

The Rafael del Pino Foundation partially funds the project by awarding a scholarship for 50% of the cost of the course to each university wishing to enrol members of its administration, representation and management bodies. Specifically, the Foundation's participation extends to the use of its premises, where the classroom sessions are held.

The CRUE, as the umbrella organisation of Spanish universities, and the various UNESCO Chairs in higher education that there are in Spain, such as the UNESCO Chair in University Management and Policy at the Polytechnic University of Madrid and the UNESCO Chair in e-learning at the Open University of Catalonia, contribute their expertise, support the initiative and publicise it among Spanish universities as a whole.

The course leading to the Diploma is arranged and conducted in four modules: two modules of classroom sessions that take place in Madrid lasting one week each; and two distance learning modules using the information and communication networks available, especially the Internet.

- First module: distance learning during the month of January. By means of a system of preliminary reading the participants familiarise themselves with the subject matter of the course and also perform a diagnosis of the situation of each university or establishment, so that the first classroom sessions begin with an initial written reflection from each participant about their university in order to establish standardised terminology;
- Second module: a week of classroom sessions in Madrid during the month of February;

- Third module: a week of classroom sessions in Madrid during the month of April;
- Fourth module: distance learning, by means of the interactive monitoring of the participants and their work from April to September, for application of the conclusions of the DAFO analyses or of the diagnosis of each university, and the completion of an end-of-programme project.

LEADERSHIP PROGRAMME FOR HIGHLY ABLE YOUNG PEOPLE

On 15 December 2006, CTY Spain and the Rafael del Pino Foundation signed an agreement to set up a joint programme for training in leadership skills at the CTY Summer Campus for developing talent, aimed at highly capable children and teenagers aged between 10 and 18. The Campus will be held at the European University of Madrid in 2007.

Convinced of the importance that the development of today's talent will have in the societies of tomorrow, these two organisations are launching this joint project with the aim of uniting the development of academic talent with the attitude and skills of leadership. During the three weeks of the duration of this activity a working environment will be created with these highly able young people that will stimulate them in both these spheres. The idea is to provide young people with educational opportunities that encourage the development of their talent, so that in the future all of society will be able to benefit from it.

The younger participants (10-15 year-olds) will be able to choose from among different programmes (mathematics, new technologies, literature, history, physics and chemistry, logic, etc.) the one most suited to their likings and abilities. The pre-university students (15-18 year-olds) will have the opportunity to enjoy a unique programme that will combine skills training with work on real-life projects chosen for their innovative dimension and their social impact. The academic content will be complemented in both cases with sports and leisure activities, visits and excursions.

BUSINESS AS A SOCIAL ENTERPRISE. PARTNERS FOR A DAY

On 7 July 2004, the Rafael del Pino Foundation signed an agreement with the Junior Achievement Foundation to provide support for a variety of activities aimed at promoting attitudes of leadership among young people to be held at primary and secondary schools.

The role of education in the promotion of free initiative is undeniable, and complementary actions undertaken in educational environments, directed at training in entrepreneurial values, are an additional instrument for the development of the leaders of the Spain of the future.

Within the context of this agreement, which was renewed in 2005 and 2006, a series of lectures was organised at two schools in Madrid: Colegio Corazón Inmaculado and Colegio Retamar.

The Rafael del Pino Foundation decided to continue its collaboration with Junior Achievement in 2006-2007 at Corazón Inmaculado and Retamar's Vocational Training Section, which this year will be joined by Joaquín Rodrigo secondary school.

The Foundation also participates in the Junior Achievement programme "Partners for a Day", the aim of which is to enable young Spaniards to see at firsthand the work of a leader during one whole day, thereby providing them with information and experience of great interest to help them to shape their future professional career.

The aim of these activities is to arouse the spirit of enterprise in young people so as to enable them to take appropriate decisions to achieve their professional and personal goals in a framework of responsibility and freedom. In a recent opinion poll it was found that 77% of the students surveyed who had participated in this type of activity considered self-employment as a possible alternative in their professional career.

THE AIMS OF THE SEMINAR WERE IMPROVED LEVELS OF KNOWLEDGE, THE ACQUISITION OF NEW INFORMATION AND THE ESTABLISHMENT OF RELEVANT CONTACTS FOR RESEARCH INTO THE REFORM OF THE ROLE OF GOVERNMENT IN THE MARKETS,...

3. SEMINARS FOR ACADEMICS

BUSINESS ADMINISTRATION. SEMINARS FOR ACADEMICS IN MADRID & AT THE REAL COLEGIO COMPLUTENSE, HARVARD UNIVERSITY

On 17 October 2001, the Rafael del Pino Foundation signed a collaboration agreement with Madrid Complutense University which was renewed and extended on 25 May 2004. The purpose of the agreement is to sponsor the following academic and scientific activities:

- To hold training and refresher seminars on business management, aimed primarily at Spanish academics who teach in this field. They are held at Harvard University's Real Colegio Complutense. The guest speakers are specialist academics from top-level American universities;
- To hold courses and/or seminars at the Real Colegio Complutense to promote the study of research methodologies in the field of business administration, as well as to facilitate knowledge of establishments and academics of the highest standing in order to strengthen and internationalise research on business issues;
- To organise at least one academic event each year at the Rafael del Pino Foundation on important issues connected with business economics.

Within the framework of this agreement, a course for Spanish lecturers in business management was organised at the Foundation on 13 June 2006 on the subject of Research into Finance. The speakers were:

- Andrés Almazán (Texas University) who focused on finance and corporate governance, particularly issues such as executive, shareholder and board compensation;
- Luis Viceira (Harvard Business School) who spoke about investment and capital markets, particularly in relation to analysing strategies for selecting portfolios of long-term assets, both for individuals and for institutional investors;
- Belén Villalonga (Harvard Business School) who analysed a variety of factors relating to family businesses.

The course was attended by 90 people from around twenty Spanish universities and institutions.

Subsequently another course was held at the Real Colegio Complutense, Harvard University, from 10-19 July 2006. The course was taught by 12 lecturers of high standing, with important publications in their fields of specialisation, from Harvard Business School (6 lecturers), MIT Sloan School of Management (4 lecturers), Boston University and Wharton School. Specifically:

- Competitive strategy: Anita McGahan (Professor, Boston University); Ramón Cassadesús (Assistant Professor, Harvard Business School); Robert Gibbons (Professor, MIT); Felix Oberholzer-Gee (Associate Professor, Harvard Business School); Belén Villalonga (Associate Professor, Harvard Business School).
- Technological change: Erik Brynjolfsson (Professor, MIT); Rebecca Henderson (Professor, MIT); Mary Tripsas (Associate Professor, Harvard Business School).
- Business performance: Emilio Castilla (Assistant Professor, MIT); Mauro Guillén (Professor, Wharton School); Toby Stuart (Professor, Harvard Business School).
- Academic session: Thomas Eisenmann (Associate Professor, Harvard Business School).

The course consisted of 12 sessions lasting three hours each. A bibliography and working documents had been provided beforehand to facilitate discussion. The course was attended by 36 academics from 26 universities.

The Director of both courses was Professor Álvaro Cuervo (Madrid Complutense University) and the coordinators were Professors Mauro Guillén (Wharton Business School, University of Pennsylvania) and M^a Angeles Montoro (Madrid Complutense University).

ECONOMIC ANALYSIS OF LAW. SEMINARS FOR SPANISH ACADEMICS AND PROFESSIONALS. MADRID AND THE REAL COLEGIO COMPLUTENSE, HARVARD UNIVERSITY

Under the collaboration agreement mentioned in the previous section, it was agreed to support the following activities relating to the economic analysis of law.

- a) To hold training and refresher seminars in the field of the economic analysis of law, aimed at Spanish academics and professionals, at a US university or institution taught by specialist academics from top-level American universities;
- b) To hold courses and/or seminars for the study of research methodologies in the field of economic analysis of law at a US university or institution, and to facilitate knowledge of establishments and academics of the highest standing in order to strengthen and internationalise research on issues connected with the economic analysis of law;
- c) To organise at least one academic event each year at the Rafael del Pino Foundation on important issues connected with the economic analysis of law.

Within the framework of this agreement, a seminar was organised at the Foundation on 28 September 2006 to analyse the conclusions of the course held at the Real Colegio in 2005 and to present the outline of the work to be done in the 2006 course.

A course was organised at the Real Colegio Complutense, Harvard University from 23-26 October 2006 which was taught by the following academics:

- Guhan Subramanian (Joseph Flom Professor of Law and Business, Harvard Law School), Corporate law and economics;
- Oliver Hart (Andrew E. Furer Professor of Economics, Harvard University), Firms and organization;
- Louis Kaplow (Finn M.W. Caspersen and Household International Professor of Law and Economics, Harvard Law School), Tax policy and distributive issues;
- Allen Ferrell (Harvey Greenfield Professor of Securities Law), Securities L&E;
- John J. Donohue III (Leighton Homer Surbeck Professor of Law, Yale Law School), Empirical issues in criminal law and anti-discrimination law;
- Steven M. Shavell (Samuel R. Rosenthal, Professor of Law and Economics, Harvard Law School), Law and economics of contracts, and Use of law and economics in the legal process. The Director of both courses was Professor Francisco Cabrillo (Madrid Complutense University). The coordinator was Professor Rocío Albert (Madrid Complutense University).

ECONOMIC REGULATION, COMPETITION AND PUBLIC SECTOR REFORM. SEMINARS FOR SPANISH ACADEMICS AND PROFESSIONALS. MADRID AND THE REAL COLEGIO COMPLUTENSE, HARVARD UNIVERSITY.

On 23 April 2004, the Rafael del Pino Foundation signed a collaboration agreement with Barcelona University aimed mainly at organising activities on topics relating to economic regulation, competition and public sector reform in order to train leaders, academics, business executives and managers from regulators. Barcelona University is participating in this initiative through its Department of Economic Policy and Global Economic Structure.

On 27 April 2006 a seminar was organised at the Rafael del Pino Foundation for Spanish academics and professionals on the theme of Public sector reform: privatisation, regulation and competition. There were five main speakers at the seminar:

- Luís Berenguer (Chairman of the Spanish Competition Commission), Changing times for competition legislation;
- Vicente Salas (Professor, Saragossa University), Corporate governance in regulated markets;
- Tommaso Valletti (Professor, Imperial College, London), The regulation of the telecommunications market;
- Jorge Fabra (Member, National Energy Commission), The regulation of the energy sector;
- Antonio Fernández Segura (Secretary General of Energy, Spanish Ministry of Industry, Tourism and Trade), Restructuring and reforming the energy sector.

This was followed by another course at the Real Colegio Complutense, Harvard University, from 26-30 June 2006, which was taught by academics of high standing, with important publications in their fields of specialisation, namely:

- Jack Donahue (Kennedy School of Government, Harvard University) The anatomy of collaborative governance;
- Michael A. Crew (Rutgers University), Universal services obligations in the postal sector;
- William Hogan (Kennedy School of Government, Harvard University) Electricity market restructuring: successful market design;
- Antonio Gómez Ibañez (Kennedy School of Government, Harvard University), Alternative strategies for regulating private infrastructure;
- Kenneth Button (School of Public Policy, George Mason University), Deregulation and privatization of the air transport industry;
- Ariel Pakes (Harvard University), Techniques in Applied Industrial Organization. Using econometric analysis in regulatory and antitrust cases;
- José Luis Guasch (World Bank), The infrastructure challenge: increased investments and better performance: contracting out and concessions.

The Spanish participants who presented their work at the seminar were: Ignacio Amate and Almudena Guarnido (Almería University), Nicolas Bocard (Girona University), Joan Ramón Borrell (Barcelona University), Aitor Ciarreta (University of the Basque Country), Juan Ramón Cuadrado and Marta Carrillo (Alcala University and Advisory Council on Privatisation), Daniel Díaz (University of Cantabria), Néstor Duch (Barcelona University), Matthew Ellman (Pompeu Fabra University), Laura Fernández (Barcelona University), Lorena García (Oviedo University), Ignacio Sánchez-Macías (Salamanca University), and Isabel Santana (University of Las Palmas de Gran Canaria).

The Directors of both courses were Antón Costas and Germá Bel, Professors of Applied Economics at Barcelona University. The coordinator was Professor Xavier Fageda from Barcelona University.

PUBLIC SECTOR ECONOMICS. SEMINARS FOR SPANISH ACADEMICS AND PUBLIC SECTOR MANAGERS. MADRID AND GEORGIA STATE UNIVERSITY.

In recent years, Spain has undergone a process of reform of the role of the State as regards its intervention in the economy from a fiscal and financial point of view. These reforms had their own impetus, but were also reinforced by commitments to the European processes of liberalisation. All this has led to the Foundation being particularly interested in the knowledge and dissemination of the latest academic developments in this field.

Within the framework of the collaboration agreements that the Rafael del Pino Foundation signed with Georgia State University on 11 May 2006 and with the Instituto de Estudios Fiscales on 1 September 2006, the second seminar for academics and public sector managers was organised on public sector economics.

The seminar took place at the Andrew Young School of Policy Studies, Georgia State University, in Atlanta (USA), from 10-14 July 2006.

The course programme, aimed primarily at university lecturers, researchers and managers from the various Spanish public authorities connected with the subject matter, was as follows:

- Roy Bahl (Dean of the Andrew Young School), Public economics;
- Robin Boadway (Queen's University), Theoretical research in public finance: issues and challenges;
- Jorge Martínez-Vázquez (Georgia State University), Corruption in the public sector: issues and challenges;
- Timothy Smeeding (Syracuse University), Research on the economics of poverty: issues and challenges;
- John Bishop (Cornell University), Research in education: issues and challenges;
- Timothy Smeeding and John Bishop, in the Workshop on the economics of poverty and education policy;
- Andrew Samwick (Dartmouth College), Research on pensions and social security: issues and challenges;
- Kathy Hayes (Southern Methodist University), Productivity and efficiency of public expenditures: issues and challenges;
- James Hines (University of Michigan), Research in international taxation: issues and challenges;
- James Alm (Georgia State University and Editor of the Public Finance Review), and Mike McKee (University of Tennessee and Editor of Economic Inquiry), Doing research and publishing in public finance;
- Jim Cox (Georgia State University), Using Lab Experiments in Public Finance Research;
- Jim Cox, Jim Alm and Mike McKee in the Workshop on using lab experiments and publishing in public finance;
- Jim Poterba (MIT), Tax policy and the behavior of households and firms.

Subsequently, on 12 September 2006, a seminar was held at the Rafael del Pino Foundation to go further into the issues and methodologies that were analysed at the course in Atlanta.

The Directors of both courses were Professors Emilio Albi and Jorge Martínez-Vázquez. The coordinator was Professor Mercedes Sastre of Madrid Complutense University.

“I RECOMMEND THAT SPAIN LOOK TO THE UNITED STATES, WHICH IS AN INTERESTING EXAMPLE OF IMMIGRATION MANAGEMENT.”

4. MASTER LECTURES

In 2006 the Foundation organised the following master lectures:

GARY BECKER

On 14 June 2006, Professor Gary Becker, of Chicago University, gave a lecture at the Foundation entitled Health as human capital. Pedro Schwartz, who is very well acquainted with Becker's work, gave an introduction in which he highlighted the Nobel Prizewinner's contribution to economic analysis and debate.

Gary Becker won the Nobel Prize in Economics in 1992 for his study of Aspects of social reality from the theoretical framework of the economy.

For Professor Becker, health is a tangible good that is increasingly appreciated by people, to the point where it can be said that it has become an essential source of human capital.

Human capital is important because the productivity of modern economies is based on the creation, dissemination and use of knowledge. Knowledge is created in business enterprises, laboratories and universities, it is disseminated through families, educational establishments and jobs, and it is used by businesses to produce goods and services.

Until the 19th Century, systematic investment in human capital did not seem important for any country and expenditure on education, health and training was low. With the scientific revolution that began in the 19th Century, education, knowledge and skills have become decisive factors in the productivity of a worker. As a result of this development, the 20th Century and particularly the second half of the century became the age of human capital: “a primary determinant of a country's standard of living is its success in developing and using the skills, knowledge and habits of its people”.

In his lecture, Professor Becker held that “this is the age of people”. Investing in human capital, emigration and generating good habits through work have been undervalued because of the scarcity of quantitative data on their importance. According to Gary Becker, the economic success of Asian countries cannot be explained without the basis of a workforce that is well-trained, educated, hard-working and aware.

In his talk Gary Becker explained his theory about the economic effects of health, pointing out that they are the reason why Western countries are investing increasingly in health and why individuals are prepared to spend more in order to reduce the risks of becoming ill and dying. However, Professor Becker pointed out that it is essential to observe the degree of efficiency of such huge expenditure on health.

Finally, he mentioned the importance of the so-called psychological effects caused by the change in people's mentality that has been brought about by situations such as the threat of a global pandemic of avian flu, which could have considerable economic consequences.

JAGDISH BHAGWATI

On 13 July 2006, Professor Jagdish N. Bhagwati, Professor of Economics and Law at Columbia University and adviser to the UN Secretary General, gave a lecture at the Rafael del Pino Foundation, on “Immigration Policies and Globalisation”.

Considered by the influential Financial Times newspaper to be “the senior international trade economist”, Jagdish Bhagwati said that instead of restricting immigration, developed countries should concentrate on regulating it properly, in order to take advantage of the benefits generated by greater international mobility of the work factor and, in turn, to avoid the negative consequences of the obstacles of such mobility, such as the spread of the illegal immigration of people who risk their lives crossing borders and the existence of criminal organisations that traffic with them.

As for developing countries, Professor Bhagwati recommended they should make the most of their emigrants as a source of foreign currency and also as links to promote trade, investment and tourism. Concerned about poverty, the lack of democracy, the lack of equal rights, etc., he postulates that the market economy and freedom are the best way to solve the problems that these countries face. In Jagdish Bhagwati's opinion, globalisation is the best solution for developing countries.

As he said in his talk: "In fact, the proper objectives of American immigration reform..., and as is the case today, are twofold: to "gain control of the border" (i.e., to have the inflow of migrants determined exclusively by legal admissions) and to treat immigrants humanely. If we manage to eliminate illegals from our midst, both objectives would be satisfied. Immigration flows would reflect legal immigration policy. Moreover, with no illegals around, immigrants would be treated with humanity, thanks to the principle of equal protection under the law, which is substantially extended to legal aliens.

To achieve these targets, two policies are necessary. First, the stock of illegals in our midst must be eliminated....; studies today suggest that it has doubled. Second, new flows of illegals must be eliminated, too. In broad brush, therefore, 1986 Immigration Reform and Control Act (IRCA) used an amnesty to eliminate the stocks. And it used enhanced enforcement to seek to eliminate the flow. But neither worked. The reasons are instructive.

The main problem with amnesties is not just the fear that they set up expectations of further amnesties and hence stimulate greater flows. Rather, in the U.S. context, where we have both huge stocks of illegals and a sizeable queue of legal applicants, the issue always becomes one of what economists call "horizontal equity." An amnesty always appears to reward those who broke the law as against those who did not, and who have been patiently waiting for years to get in legally. So the amnesty seems unfair; and hence it gets hedged in with all kinds of restrictions,..."

JOSEPH E. STIGLITZ

Professor Joseph E. Stiglitz, Nobel Prize laureate in Economics in 2001 and Professor at the Columbia University Graduate School of Business, gave a master lecture on 7 November 2006, entitled Is there an alternative to globalisation? The lecture was followed by a debate in which the main participant was Professor Carlos Rodríguez Braun, Professor of History of Economic Thought at Madrid Complutense University.

In his lecture, Professor Stiglitz highlighted the following:

"there is the question of getting the United States, the world's largest polluter, on board. The United States says it can't afford to reduce its emissions. That's absurd. The real question is and in a report that came out a week ago from the UK government made it very clear that the issue is no longer whether we can afford to do something about global warming, the issue really is can we afford not to do something about it? There are countries around the world who have emissions half or less the level of the United States per dollar GDP and have just a higher standard of living.

The reason the United States is doing this is not because it can't afford it, it's because it gives them a competitive advantage over Europe and Japan. The purpose of the WTO was to create a level playing field. Not paying for the social cost of the environment. The pollution is a hidden form of a subsidy. The WTO does not allow subsidies because subsidies give a country an unfair trade advantage. But these forms of subsidies are just as disastrous and unfair and just as bad for the global trading system as an explicit subsidy. And interestingly, the United States argued that trade sanctions can and should be imposed in the context of people who violate global environmental concerns. Of course it did it in the case of another country. It was the case of Thailand. Thailand was catching shrimp in nets that were catching turtles, that were an endangered species and it argued that it had the right to ban those shrimp from the United States. And the WTO supported the US view...

Well, what this illustrates again is that incentives matter. But if we don't get the incentives right, we get a distorted economy and the globalisation won't work.

Let me just conclude. One of the criticisms that I sometimes hear is that I'm too optimistic. Why do I think that – I describe some of the ways in which globalisation isn't working, I describe some of the forces leading to this – why do I think that giving a sermon, or giving a speech, or writing a book is going to make any difference? Well, the basic point that I wanted to make is that globalisation is in a state of flux. It's changing. And globalisation, therefore, the rules of the game, the way we manage globalisation will need to change...

So the issue isn't whether globalisation will change, it will change. The real question facing us is very simple; whether we are going to fix globalisation responds to a crisis with one patchwork after another – kicking the ball down the road, or whether we try to address the problems in a more thoughtful or systematic way".

5. EXPERT MEETINGS AND OBSERVATORIES

3rd SEMINAR ON COMPETITION LAW AND ECONOMICS: COMPETITION LAW AND THE COURTS

On 20 November 2006, the Rafael del Pino Foundation organised the third seminar on competition law and economics with the title Competition Law and the Courts.

Among the professionals and analysts attending were the Presiding Judge of the Administrative Appeals Court of the Spanish Supreme Court, Ramón Trillo; the Deputy Director General for Competition of the European Commission, Nadia Calviño, and Santiago Soldevilla, a judge at the Audiencia Nacional, Spain's central criminal and administrative court. As on previous occasions, the Directors of the Seminar were Santiago Martínez Lage and Amadeo Petitbò.

The programme was as follows:

Inauguration by Luís Berenguer Fuster, the Chairman of the Spanish Competition Commission.

Direct judicial application.

- Parallel application by the courts and the administrative authorities: possible contradictions and ways of avoiding them (Alberto Arribas);
- How the mechanisms of cooperation between the courts and the administrative authorities are organised in Spanish legal procedure (Edorta Echarandio);
- Damages (Helmut Brokelmann);
- Economic analysis in judicial reasoning: valuing damages (Fernando Jiménez Latorre).

Judicial review of judgements on prohibited conduct.

- Judicial review of prohibited agreements (Cani Fernández);
- Specific problems relating to the judicial review of fines (Santiago Soldevilla);
- Judicial review and the regulatory optimum (Jorge Padilla);
- Judicial review of the abuse of dominant positions (Marcos Araujo).

Judicial review of judgements on concentrations.

- Review of concentration authorisations and prohibitions (Ramón Trillo);
- The standard of the judicial control of concentrations (Rafael García-Valdecasas);
- The limits of judicial review: manifest error in complex economic issues (Nadia Calviño);
- Damages arising out of judicial review of concentrations (Enrique González).

Interim measures

- Interim measures in direct judicial application (Jaime Folguera);
- Judicial review of administrative interim measures (Francisco Cantos);
- Judicial interim measures in penalising proceedings (David Ordóñez);
- Judicial interim measures in concentrations (J. Jiménez Laiglesia).

As a result of the Seminar, in 2007 the Foundation will be publishing a book in its Law Collection.

SEMINAR ON THE ECONOMICS OF INFRASTRUCTURES: A COMPARATIVE ANALYSIS OF THE WORLD'S BIGGEST AIRPORTS

On 18-19 September 2006, the Rafael del Pino Foundation organised a seminar entitled The Economics of Infrastructures: a comparative analysis of the world's biggest airports, under the direction of Professors Clifford Winston and Ginés de Rus.

This seminar was a follow-up to the one held at the Foundation in 2003 on the introduction of competition to the railways. Its purpose was to offer a scientifically authoritative view of the operation of the world's airports.

For two days, the Rafael del Pino Foundation provided a forum for the best international experts to discuss the organisation and results of infrastructures that are essential to the economy and whose operation goes beyond merely engaging in the airport business, since it affects economic and social activity as a whole.

The Seminar programme was as follows:

- North American airport infrastructure policy at the crossroads: Clifford Winston (The Brookings Institution);
- Political economics and infrastructures, a comparative analysis of the airport sector: Anne Gram (Property & Construction Department, University of Westminster);
- The airport sector in Canada: Michael Tretheway (Operations and Logistics Department, Sauder School of Business, University of British Columbia);
- Airport economics, management and policy in the European Union: David Gillen (Centre for Transportation, Sauder School of Business, University of British Columbia);
- Airport policy in Australia and New Zealand. Privatisation, regulation and recent developments in the sector: Peter Forsyth (Department of Economics, Monash University);
- Airport policy and developments in the sector in China and Hong Kong: Anming Zhang (Operations and Logistics Department, Sauder School of Business, University of British Columbia);
- Air transport infrastructures in developing countries. Privatisation and deregulation: Kenneth Button (The Institute of Public Policy, George Mason University)
- Recent developments in airport regulation in the United Kingdom: Mike Toms (Planning and Regulatory Affairs Director, BAA)

The papers presented during the Seminar will be collected in two publications to be published in 2007: in English by The Brookings Institution; and in Spanish by the Foundation in its Economics and Business Collection.

SEMINAR ON INNOVATION: NATURE OR NURTURE?. UK-SPAIN: LOOKING TO THE FUTURE

On 10-11 July 2006, the British Embassy, the British Council, in collaboration with the Schrodgers Foundation and the Rafael del Pino Foundation, organised in Valencia a conference on "Innovation: nature or nurture?", within the context of the initiative "UK-Spain: looking to the future".

Activities under this initiative began with the organisation of events on issues such as immigration (Salamanca, 2002), UK-Spain bilateral relations (Wilton, 2003), the media (Sitges, 2004) and corporate responsibility (Edinburgh, 2005). These events were attended by more than fifty young and prestigious professionals from both countries.

In 2006, the conference was focused on innovation, research and technological development, and on the incentives for developing these activities and their effective utilisation by society. The aim of these cycles of conferences is to promote the pooling of ideas and knowledge and to enable young professionals from both countries to share their experiences in an informal and pleasant atmosphere.

The conclusions reached in the discussions were compiled in a report that was presented on 17 November 2006 in Seville at the Monastery of the Cartuja site of the International University of Andalusia.

ROUND TABLE ON LATIN AMERICA AND THE POLITICAL ECONOMY OF THE POSSIBLE

On 8 June 2006, the Rafael del Pino Foundation organised a round table on the theme of Latin America: the political economy of the possible, on the occasion of the presentation of the book of the same title by Javier Santiso, Deputy Director of the OECD Development Centre.

Taking part in the debate were María del Pino, Deputy President of the Foundation; Enrique Iglesias, Secretary General of the Ibero American Summit; Pedro Antonio Merino, Director of Studies, Repsol-YPF; Alfredo Arahetes, Dean of the Faculty of Economics, ICADE, and Javier Santiso.

Conveying a message of optimism about the future of the region, Javier Santiso described the "pragmatic evolution that has occurred in the main economies of Latin America after overcoming the maximalist solutions to which - for decades - their political and economic elites have had us accustomed".

BUSINESS INTERNATIONALISATION CONFERENCE: CORPORATE RESPONSIBILITY, A FACTOR IN CORPORATE IMAGE AND INTERNATIONAL COMPETITIVENESS

On 21 June 2006, the Rafael del Pino Foundation organised a seminar in collaboration with the Spanish Institute of Foreign Trade (ICEX) entitled "Corporate responsibility, a factor in corporate image and international competitiveness", within the framework of the EXPORTA 2006 Conference on business internationalisation.

This seminar, which took the form of a round table, was the scene of an enthusiastic and fascinating debate thanks to the participation of the following speakers: Fernando Eguidazu, General Manager, *Fraternidad-Muprespa*; Aldo Olcese, Chairman, *Fincorp*; Juan Luís Martínez, *Instituto de Empresa*; Ramón Jáuregui, Member of the Spanish Parliamentary Subcommittee on CSR; and Amadeo Petitbò Juan, Director of the Foundation.

1ST MEETING IN SPAIN OF THE ASSOCIATION OF COMPETITION ECONOMICS

On 19 October 2006, the Foundation organised jointly with the IESE Public Sector-Private Sector Centre, represented by its Academic Director, Xavier Vives, the first meeting in Spain of the Association of Competition Economics (ACE).

The ACE is an organisation that is open to everyone with an interest in competition economics and its mission is to bring together specialists in this field within the public, private and academic sectors, fostering a forum for discussion and debate of the most relevant topics in this field.

At this first meeting the debate focused on competition in broadband markets, the use of quantitative methods in competition cases in Spain and the reform of the Law on Fair Trading. About a hundred experts attended the meeting and papers were presented by the following: Luís Berenguer Fuster, Amadeo Petitbò, Xavier Vives, Massimo Motta, Jordi Gual, Iñigo Herguera, Carlos Olivo, Francesc Trillas, Elena Zoido, Anna Merino, Miguel de la Mano, Ignacio Mezquita, Alejandro Requejo, George Siotis, Lluís Cases, Fernando Jiménez Latorre, Santiago Martínez-Lage, Pilar Sánchez and Rafael Garcia Valdecasas.

1ST INTERNATIONAL CONFERENCE ON MACROECONOMICS

As a result of the collaboration agreement between Valencia University's Institute of International Economics and the Rafael del Pino Foundation, the First International Conference on Macroeconomics was held at the University on 15-16 September 2006.

The workshop was coordinated by a team of academics formed by Javier Andrés and Rafael Doménech (Valencia University), Antonio Fatás (INSEAD), Alejandro Cuñat (Essex University) and Campbell Leith (Glasgow University). The guest speakers at this scientific meeting included: Ludger Schuknecht, Ana Lamo and Javier Pérez (European Central Bank), Luisa Lambertini (Boston College), Antonella Trigari (IGIER, Università Bocconi), Javier Ferri (Valencia University), Simon Wren-Lewis (Exeter University), Gernot Müller (Goethe University Frankfurt) and Fabio Cánova (Pompeu Fabra University).

The uncertainty caused by the fluctuations in oil prices and the tightening of monetary policies - with the latest increases in interest rates by the ECB - put this international conference in Valencia in the economic headlines. The presence of José Manuel González-Páramo, member of the ECB Executive Committee, at the keynote address increased the interest aroused by the event.

The academic papers presented addressed the labour market, tax rules in open economies, monetary policies in relation to rises or falls in exchange rates, the relevance of the public deficit in the United States for explaining the external deficit, and identifying the effects of monetary policies on the economic cycle.

Valencia University and the Rafael del Pino Foundation have set up a stable framework to hold this conference on a yearly basis, with the venue alternating between Valencia and Madrid. Accordingly, the 2007 International Macroeconomics Conference will be held at the Rafael del Pino Foundation in September 2007.

ROUND TABLE ON MACROECONOMIC FORECAST AND ANALYSIS: A NEW PHASE FOR THE BIAM

The Rafael del Pino Foundation sponsors the Bulletin of Inflation and Macroeconomic Analysis (BIAM, in Spanish) produced by the Flores de Lemus Institute of the Carlos III University of Madrid. The beginning of this new phase for the Bulletin was marked on 1 June 2006 at the Foundation with a Round Table on macroeconomic forecast and analysis.

The event was attended by David Vegara, State Secretary for the Economy, Juan Romo, Deputy Vice Chancellor, Carlos III University of Madrid, Antoni Espasa, Director of the Flores de Lemus Institute, Carlos III University of Madrid, and Amadeo Petitbò, Director of the Foundation.

SEMINAR ON THE IMPACT OF THE ELECTIONS ON ISRAEL-PALESTINE

The Toledo International Centre for Peace (CITPax) and the Rafael del Pino Foundation, with the collaboration of the Three Cultures of the Mediterranean Foundation, organised an event on 28 April 2006 to discuss the post-electoral situation in Israel-Palestine. The democratic victory of the "Islamic resistance movement" (Hamas) in the Palestinian elections on 25 January 2006 and the result of the recent Israeli elections on 28 March 2006, had

strong implications for the possibilities of peace in the Middle East. These aspects were the focus of the debate during the seminar.

The following experts took part in the event: Shlomo Ben-Ami, Vice President of CITpax and former Israeli Minister of Foreign Affairs; Khaled Hroub, Director of the Cambridge University Arab Media Project; Manuel Hassassian, representative of the Palestine Authority in the United Kingdom and former Deputy Vice President of Bethlehem University; and George E. Irani, Director of the CITpax Programme for Africa and the Middle East.

IBERO AMERICAN BUSINESS FORUM 2006. MADRID AND WASHINGTON

The Rafael del Pino Foundation, Foreign Policy magazine, the Andean Development Corporation and the Foundation for International Relations and External Dialogue (FRIDE), jointly organised sessions in Washington and Madrid of the Ibero American Business Forum (Spain-United States-Ibero America).

This Forum is a top-level event bringing together business leaders from the United States, Latin America and Spain for an exchange of experiences and business strategies. The Forum met twice: first in Washington on 10-11 May and then in Madrid on 13-14 November 2006.

The programme in Washington included the following topics and speakers:

- What is the World coming to?: Moisés Naím, Martin Baily, Minxin Pei, Strobe Talbott and Adrian Wooldridge;
- Avoiding mistakes: How not to do business in Latin America: José María Figueres, José Gasset, Andrés Gluski, Philip Henríquez and Javier Macaya;
- Population, employment and migration: social drivers for economic growth: Moises Naím, Phillip Longman, Gustavo Márquez and Demetrios Papademetriou;
- Competitors and partners: experiences from American and Spanish businesses: Mauro Guillén, Janifer Burns, Edward Jardine and Carlos Fernando Namur;
- Slipstreaming in the Asian wake: maximizing on Chinese and Indian investment in Latin America: José María Figueres, Renato Amorim, Eduardo Lora and Antoine van Agtmael.

The meeting in Madrid began its work at the Rafael del Pino Foundation, and then moved to the Royal Tapestry Factory. The programme included the following round tables:

- Latin America, Spain and the U.S.: the state of the business relationship. Chaired by Eduardo Montes, the panel were Susan Segal, Enrique García and Álvaro Cuervo;
- The World ahead, surprises, challenges and unknowns. With the participation of José Luís Escrivá, Desmond Lachman and Paul Menmuir, this debate was chaired by Moisés Naím;
- The politics ahead, elections, economics and business. Directed by Sean Cleary with the participation of Fernando Becker, Rebeca Grynspan and David Rothkopf;
- Lacking a silicon valley, technology investment in the 21st Century. José María Figueres chaired this debate with a panel consisting of Gabriel Rozman, Javier Piera and María Estela de Ríos;
- Should I stay or should I go, assessing foreign corporate involvement in emerging markets. Javier Macaya acted as moderator and Antonio Merino, Fernando Rodés and Miguel Ángel Fernández were the speakers;
- Building for the future, removing obstacles for financing infrastructure. Directed by Rafael del Pino, the speakers in this debate were Germà Bel, Antonio Juan Sosa, Ellis J. Juan and Andrés Gluski;
- Sun block applied, experiences and impact of the tourism industry. Chaired by Philippe Bourguignon, the speakers were Luís Baldó, Geoffrey H. Lipman and Adolfo Favieres.
- Insecurity and crime in Latin America, how businesses can help. Moisés Naím chaired speakers Gertrudis Alarcón and Nancy Truitt.

In addition to the round tables, papers were presented by Robert Kagan, Ana Palacio and Augusto López-Claros, who were introduced by Diego Hidalgo, María del Pino and Amadeo Petitbò, respectively.

ROUND TABLE ON THE INTERNATIONALISATION OF SPANISH BUSINESSES

On 8 March 2006, the Rafael del Pino Foundation was the venue for a round table on the internationalisation of Spanish businesses, organised on the occasion of the presentation of the new title in the Foundation's Economics and Business Collection "The rise of Spanish multinationals", which analyses the causes and consequences of Spanish outward investment. Its author is Mauro F. Guillén, Professor at Pennsylvania University's Wharton School and incumbent of the Rafael del Pino Chair.

Participating in the event were: the Chairman of the Spanish Chambers of Commerce General Council and former Minister of Trade and Tourism, Javier Gómez Navarro; the Chairman of the Centre for Economic Policy Research (CEPR), Guillermo de la Dehesa; and Professor Guillén.

SEMINAR ON URBAN GROWTH

The publication in the Foundation's Economics and Business Collection of a report entitled "The rise and fall of cities", as a result of the research done by David Cuberes, a former scholar of the Foundation, was the basis for organising a seminar on urban growth which took place on 13 December 2006. David Cuberes is currently Assistant Professor in the Department of Economics at Clemson University, South Carolina.

ROUND TABLE ON PRIVATISING PUBLIC SERVICES AT LOCAL LEVEL

To mark the publication of the book entitled "The Economics and Politics of Local Privatisation", the Foundation organised a round table on 28 September 2006. Those participating were the book's author Germá Bel, the Spanish Minister for Public Authorities, Jordi Sevilla, the Chairman of the Spanish Federation of Municipalities & Provinces (FEMP), Heliodoro Gallego, and the Director of the Foundation, Amadeo Petitbò.

In the debate, which was organised with the collaboration of the Intereconomía Group, it was concluded that local councils resort to privatising part of their services in order to achieve greater reductions in costs and improvements in the provision of the services, and that pressure may be removed from scant municipal finances thanks to the privatisation of local services such as water or waste collection, among others.

"The Economics and Politics of Local Privatisation" is the tenth title in the Economics and Business Collection of the Rafael del Pino Foundation, and is the result of the research performed by the author at Harvard and Cornell Universities with funding from a Rafael del Pino Chair.

THE CURRENT ECONOMIC OUTLOOK

Since 2003 the Foundation has organised a lecture every six months on the current economic outlook given by Juergen Donges, Director of the Institute of Economic Politics, Cologne, and former Chairman of the German Council of Economic Experts.

Following the advent of the so-called new economy and the establishment of the Economic and Monetary Union, monitoring the situation of the economy has acquired special importance. For this reason, the Foundation seeks to provide Spanish businessmen and academics with periodic illustrated information on the economic outlook in Spain, Europe and the world.

In 2006, Professor Donges gave two lectures, on 18 May and 23 November, entitled, respectively: European Construction and Economic Patriotism: a paradox and The International Economic Scene: cyclical landing, structural adjustments, policies.

In his lecture in November, Professor Donges said: "a revaluation of the Japanese and Chinese currencies would not resolve the fundamental problems that lie behind the global imbalances consisting of a number of structural weaknesses in the world's economies, whether in the form of a very low (United States) or very high (China) rate of saving, excessive Government indebtedness (Japan), or an over-contained advance in labour productivity (Euro area). In other words, correction of global imbalances requires the application at a national level of macro and microeconomic policies to improve the efficiency of the economies themselves and to ensure maximum flexibility in response to changes in the environment, in particular globalisation".

CLINTON GLOBAL INITIATIVE

The Rafael del Pino Foundation gave its financial support in 2006 to this initiative led by former US President Bill Clinton, which seeks to bring together a community of professionals from very diverse fields to pool their experience and establish a network of people who, in the words of ex-President Clinton can "take action to build a better world". The Foundation was represented at this event, held in New York on 19-20 September 2006, by its Deputy President, María del Pino.

PUBLIC ARENA

In 2005 the Rafael del Pino Foundation decided to support the creation of a forum for regulatory analysis of public policies called Public Arena. This observatory is structured as an independent group consisting of academics, researchers and professionals from different universities and institutions, whose main objective is to study the social and political reality of Spain and Europe within a global context. Logically, the Rafael del Pino Foundation does not necessarily identify with the opinions expressed by Public Arena members in any of the activities carried on within the context of this open forum for debate.

Public Arena pursues its objectives by adopting a comparative regulatory approach and by reclaiming a terrain for political discussion and a common language that respects the differences between the various ideological positions but permits rational dialogue between them.

In fulfilment of these objectives, public and private seminars were organised in 2006, with the participation of group members and guest experts, and particularly noteworthy was the debate on social models in Europe.

SEMINAR ON SOCIAL MODELS IN EUROPE

With the aim of encouraging debate on the European social model, the Rafael del Pino Foundation organised a seminar on 20 April 2006, as the first open debate to take place within the context of the Public Arena Observatory.

The main speakers at the seminar were: Anthony Giddens, Professor of Sociology at the London School of Economics and former Director of the School; André Sapir, Professor of Economics at the Université Libre de Bruxelles (ULB) and Senior Fellow at the Bruegel Institute; and Len Shackleton, Professor of Economics and Dean of the Westminster Business School. The three speakers presented original pieces of work in which they defended with varying intensity and from different ideological positions the need to undertake reforms in social models.

Despite attaining other important achievements, the economic system of the EU is increasingly far from achieving satisfactory growth results. According to the speakers and as set forth in the report entitled *Agenda for Economic Growth*, the problem of growth in Europe lies in the roots of an economy trapped in a system of mass production, multinationals, available technology and patterns of long-term employment that no longer fit current demands determined by the rapid advances in technology and strong international competition.

The Public Arena members who participated were Carlos Mulas, Elena García Guitián, Antonio Garrigues, Josep Maria Felip, Fernando Vallespín, Francisco Beltrán, Amadeo Petitbò and Vicente José Montes Gan.

A book will be published containing the papers presented at the seminar and original essays written by Public Arena members. The publisher will be Marcial Pons, and the book will form part of the Foundation's collection of occasional papers.

EUROPEAN OBSERVATORY ON CHILDREN'S TELEVISION

The European Observatory on Children's Television (OETI in Spanish) seeks to contribute to the attainment of ethical content in broadcasting media, especially in television programmes for children.

The excellent response to the workshops in 2004 and 2005 on television programmes for children and teenagers encouraged the Foundation and the OETI to organise a third workshop on 8-9 May 2006 on the theme of "Television news for children and young people in the world: reflections and experiences".

Attended by professionals from public and private television companies in Spain, Europe and Latin America, the seminar addressed the responsibility of public authorities, broadcasters, news professionals and parents regarding television content, as well as their role in educating children and teenagers about the media.

Based on the conclusions reached at the workshop, the OETI suggested: the design of a comprehensive plan for education in communication to provide training in the use of the media and information technologies, and in the production of the messages; the inclusion in school syllabuses of teaching about the media and information technologies; enforcement of the legislation on communication, particularly as regards the protection, promotion and defence of the rights of children and teenagers; and promotion by the public authorities of specific programming that is specialised and segmented by age groups.

The Observatory's programme of activities also included the third annual Media Literacy, Overseas Conversations Series, organised in New York from 5-10 June 2006, with the collaboration of Duende Pictures and the Museum of Television & Radio, New York. The following international experts took part in the forum: Jordi Torrent (Duende Pictures); Kathleen Tyner (Texas University); Roberto Aparici (UNED); Stuart Ewen (Hunter College); Eva Pujadas (Pompeu Fabra University); Douglas Rushkoff (New York University); Henry Jenkins (MIT); James Paul Gee (University of Wisconsin); Faith Rogow (Alliance for a Media Literate America); Rosemarie Truglio (Sesame Workshop); Marie Evans Schmidt (Harvard Medical School); Regina de Assis (MULTIRIO); Eevin Hartsough (Museum of Television & Radio); Monique Fortune (Fordham University); Johanna Franzel (Public Radio Exchange); and Kaari Pitkin (Radio Rookies).

THE FOUNDATION THOUGHT IT WOULD BE APPROPRIATE TO ORGANISE REGULAR MEETINGS TO DISCUSS CURRENT ISSUES OF IMPORTANCE.

6. FREE ENTERPRISE FORUM

Since the start of its activities, the Foundation thought it would be appropriate to organise regular meetings to discuss current issues of importance. By the end of 2006 twenty-six meetings had been held, five in 2001, three in 2002, four in 2003, four in 2004, six in 2005 and four in 2006.

The speakers in 2006 were:

19 January 2006

Emanuel S. Savas, Professor at the School of Public Affairs at Baruch College, City University of New York, and founder of the University's Privatisation Research Organisation

28 February 2006

Víctor Pérez Díaz, who has a PhD in Sociology from Harvard University (1976) and in Law and Sociology from Madrid Complutense University (UCM), and is the Director of Socio-Political Analysts (ASP)

20 April 2006

André Sapir, Professor of Economics at the Université Libre de Bruxelles (ULB) and Senior Fellow at the Bruegel Institute

Len Shackleton, Professor of Economics and Dean of the Westminster Business School since 1997

22 November 2006

Ángel Martín Acebes, Executive Vice-President of the Spanish Institute for Foreign Trade (ICEX)

THE COMPETITIVE ANALYSIS OF MARKETS HAS BECOME A CENTRAL REFERENCE FOR ECONOMIC POLICY IN ISSUES SUCH AS COMPETITION POLICIES, MARKET LIBERALISATION, THE REVIEW OF REGULATION, ETC.

RESEARCH PROGRAMMES

The Rafael del Pino Foundation has an intensive programme of support for research in university departments and centres of knowledge that seeks to promote the performance of top level research that is connected with the Foundation's objectives.

The work is assessed both by the Foundation and by external assessors, and the result of the assessment is what determines the decision whether or not to support its publication. The projects carried out in 2006 are described below.

REPORT ON ENTREPRENEURIAL ACTIVITIES

On 12 March 2002, the Foundation signed a collaboration agreement with the University of Alcalá to carry out research leading ultimately to publication of the book entitled "Entrepreneurs and entrepreneurship in Spain at the beginning of the 21st Century", written by Antonio García Tabuena, Justo de Jorge Moreno and Federico Pablo Martí. The book was published by the Foundation in its Economics and Business Collection, and in 2004 it won the Free Enterprise Prize for 2005.

In view of the importance of the research and of the data and information it provided, the Foundation considered it appropriate to continue with the project. Accordingly, on 16 November 2005, the Director of the Foundation and the Vice Chancellor of the University of Alcalá de Henares signed the relevant agreement of collaboration. The purpose of the proposed research is to provide a descriptive and analytical overview of entrepreneurial and business dynamics in Spain as a means to understanding the reasons that drive, curb, immobilise or bring success or failure to people who engage in business activities. The final report will present a descriptive and comparative analysis of the surveys for 2002 and 2005, as well as an analysis of business performance based on the information in the SABI database, the same as that used in the previous research. The draft report was delivered to the Foundation at the end of 2006. Its publication is awaiting the reports of the external assessors.

CYD REPORT

On 1 October 2003, the President of the Foundation, Rafael del Pino y Moreno, and the Chairwoman of the Board of Trustees of the Knowledge and Development Foundation (CYD Foundation), Ana Patricia Botín Sanz de Sautuola O'Shea, signed a collaboration agreement for the annual publication of the "CYD Report". This report is intended to be a barometer for analysing the extent to which universities have incorporated in their culture the importance of directing their activities towards economic and social development and, in particular, the development of the communities where university organisations are located. The agreement is for a term of three years, renewable for a further three years.

The third report was completed at the end of 2006 and published in early 2007. It was presented at a ceremony presided over by Their Royal Highnesses the Prince and Princess of Asturias, on 23 January 2007, at the Ministry of Industry, Tourism and Trade. Speaking at the event, the Minister of Education and Science, Mercedes Cabrera, said that "now more than ever, the contribution made by the CYD Foundation to the debate on the challenges faced by universities and their role in the economic and social development of our country is extremely useful. The best reflection of these efforts is this annual report, now published for the third year running, which provides a detailed analysis of our university system and often points to paths to be followed in the future."

At a subsequent presentation, Ján Figel, the European Commissioner for Education, Training, Culture and Multilingualism, stated that "universities must be able to open themselves up to society in general and the business world in particular. We must free them from unnecessary regulation and bureaucracy, equip them (including at a financial level) so that they can meet their commitments to research, education and innovation: what is known as the "triangle of knowledge". One of the core conditions for success is a firm alliance with the business world, which should encompass the design of the academic syllabus, placing greater importance on the development of business skills. This is the specific field in which the work of the Commission coincides with that of the CYD Foundation. Many of the issues proposed by the European Commission are also recommended in the CYD Reports."

Particularly noteworthy among the report's conclusions are the following: first, that general opinion shows a clear trend of improvement in the performance of a series of important aspects of the university system which express the new dimensions of universities that the knowledge society demands; second, that university-business relations are two-way and this is why the aspects of the relationship that present the greatest weakness involve both universities and business. Only determined action by both sides will make it possible to obtain results that are beneficial to both of them and to the economy and Spanish society as a whole; third, and lastly, that universities have not ceased to increase their efforts in aspects which, in the opinion of the experts consulted, are perceived as weaknesses. The report states that "for these reasons, it seems absolutely essential that all these initiatives should be made known much more effectively to society as a whole."

MACROECONOMIC FORECAST AND ANALYSIS PROJECT

On 28 February 2006, the Director of the Rafael del Pino Foundation, Amadeo Petitbò, and the Deputy Vice Chancellor of Research & Innovation at the Carlos III University of Madrid, José Manuel Torralba, signed an agreement for scientific research, development and technological innovation, the general objective of which is to regulate the Foundation's participation as a sponsor of the Flores de Lemus Institute's project for macroeconomic forecast and analysis.

The director of the project is Professor of Economics, Antoni Espasa, who is the Director of the Flores de Lemus Institute and chief researcher at the Macroeconomic Forecast and Analysis Laboratory of the Carlos III University of Madrid.

According to the introductory remarks made by Professor Espasa: "this is a university project that seeks to perform rigorous periodical analyses, based wholly on sound econometric forecasts and results, of the Spanish economy and of the economic areas with which Spain has special links.

Currently the area dealt with in most depth is the Euro area, which is the subject of a general macroeconomic analysis and a specific analysis of inflation and monetary policy. The latter also includes the United States, due to the influence that its economy has on the euro/dollar exchange rate, and all the countries in the Euro15 group. Providing the econometric medium developed allows it, the analyses of the Spanish economy are performed by inter-relating three levels of study: macroeconomic, sectorial and autonomous regional, and inserting it into the context of the euro area".

The project is embodied in the monthly publication - in Spanish and English - of the Bulletin of Inflation and Macroeconomic Analysis (BIAM).

The project has been well received in the media. Particularly noteworthy of the work published is the article "Immigrants help sustain Spain's long building boom" (Financial Times, 19/04/06), based to a large extent on the results presented in one of the Bulletins.

IMPROVING REGULATION TO MAKE IT LESS BURDENSOME

On 7 June 2006, the Vice Chancellor of the Pompeu Fabra University and the Director of the Foundation signed a collaboration agreement to carry out a research project focusing on analysis of rational and rationalised regulation (Better Regulation). This work will be done by Professors of Administrative Law Enrique Argullol and Andrés Betancor.

The research will cover three major aspects, comparative experience, the European Union and its policies and measures for better regulation, and a case-study of Spain. In the words of the researchers: "liberalisation needs a new type of regulation. The necessary regulation. There has to be regulation because the market needs it. However it should not impose burdens that are excessive in proportion to the purpose intended. The necessary regulation is regulation that is rational and rationalised. This requires transparency and the evaluation of all the impacts in order to determine the proportionality of the measures. In addition this is regulation that respects the principle of subsidiarity. This means that the regulation needs strong justification based on the principle that it must always be a more efficient and effective solution than that achieved by the market players themselves. Otherwise, it should be the latter that is taken into account". In the final phase of the project, the researchers will concentrate on analysing the principles of regulation that is necessary, rational, transparent, proportional and subsidiary, focusing their attention on the improvement of the regulatory framework in Spain and on preventing the re-colonisation of the spheres of freedom gained following the completion of the first phase of liberalisation.

COMPETITIVE MARKET ANALYSIS

On 28 July 2004, the Foundation signed a research agreement with Professor Jordi Jaumandreu Balanzo for a research project entitled "Competitive Market Analysis", the results of which will be published in English by a commercial publisher and in Spanish by the Foundation in its Economics and Business Collection.

The first part of the research was conducted in the Department of Economics at Harvard University.

Competitive market analysis has become a central aspect in many spheres of economic policy, such as competition, regulation, support for the innovation activities of businesses, or maintaining the competitiveness of economic sectors. As a result, a broad movement has begun for the development of models and techniques of analysis, and their application to specific cases.

Professor Jaumandreu's work, which will be published in 2007, offers a methodical overview of models, techniques and applications of the high technical standard that the subject requires and incorporates the latest developments. The first part explains how econometric techniques can be used to identify business performance and market equilibrium, together with basic models used for markets of homogeneous and differentiated products. The latter, which make up the greater part of any advanced economy, are currently subject to intensive processing, including with contrasting methodological proposals.

Analysis with fully dynamic models is something that is only just beginning, but it will become one of the main references in the coming years. The second part of Professor Jaumandreu's work systematically reviews the principal applications of these models in aspects such as the impact on wellbeing of innovations, the analysis of the effects of mergers or the degree of competition in a given market, the effect of the vertical relations and the contracts between the wholesalers and the retailers who supply the market, and the analysis of the needs and impacts of different forms of regulation and of the entry of companies into the market.

MEASURING THE CAPITALISATION OF SOCIAL VALUE

On 23 December 2004, the Director of the Foundation signed a research agreement with Professor Juan Luis Martínez, for the basic purpose of analysing the impact of corporate social action on strengthening the relations between companies and their stakeholders, and identifying and validating indicators to measure the actual value contributed to the company by such action, in order to enhance the implementation of special initiatives, to control them and to extend them to other environments and companies. In other words, the project, which was delivered on 21 March 2006, provides an inventory of the knowledge generated to date in this field, and its publication in 2007 in the Foundation's Economics and Business Collection seeks to disseminate and apply it.

This research, in which Professor Martínez has been assisted by Ana Agüero and María Carbonell, analyses the social projects that companies carry out for the benefit of the community and that, as a result, have a direct influence on society and an indirect impact on the company's employees, customers, suppliers and shareholders. In some of the cases described, the social action serves to enhance the company's corporate image. In others, to develop new skills among the employees or to raise brand awareness and increase customer loyalty.

Such actions are included within the broad framework of Corporate Responsibility, which in addition to including initiatives of involvement with the community where the company carries on its business, contemplates other realities that go beyond the proposed research, such as the in-house training of employees or environmental impact assessment.

FACTORS EXPLAINING THE PERFORMANCE OF INTERNATIONAL JOINT VENTURES

On 23 December 2004, the Director of the Foundation and Professor Paloma Almodóvar signed a research agreement for the purpose of analysing the factors explaining the performance of international joint ventures (IJV).

In the present economic environment, characterised by globalisation, economic organisations need to gain access to new markets in order to expand their competitive advantages. As a result, the decision on the means of access that a company chooses acquires particular importance. Generally companies choose between indirect investment - exports and licences- and direct foreign investment - IJVs and wholly-owned subsidiaries.

The difference between these arrangements lies in the degree of commitment and of control that the company has abroad.

The decision on which arrangement to choose is a central issue as regards the company's operativity in international markets. It will also be the critical determinant on which the likelihood of success of the outward investment will depend, particularly in the case of direct outward investment, since this is the arrangement that poses the greatest risk.

The research seeks to answer the question: what are the factors that govern whether organisations select an IJV as opposed to a wholly-owned subsidiary as a means of entering foreign markets?

The SEPI Foundation Survey on Business Strategies was used for the empirical analysis, making it possible to analyse the impact of the explanatory factors on the types of entry mentioned above. Extrapolating the results to the entire Spanish manufacturing sector makes it possible to gain an approximate idea of the influence of the factors identified on the international performance of these companies.

So far, Professor Almodóvar's research has received two academic awards: the Research Prize awarded by the Economic and Social Council of the Autonomous Community of Madrid (the 8th annual prize) and the Renau Piqueras Research Prize awarded by the Vall D'Albaida University Foundation (the 7th annual prize). The work will be published in 2007 in the Foundation's Economics and Business Collection.

NETWORK EXTERNALITIES IN THE DIGITAL ECONOMY

On 23 December 2004, the Director of the Foundation and Professor José Luis Arroyo Barrigüete signed a collaboration agreement to carry out research entitled "Network externalities in the digital economy: development of a competition model for technological standards subject to network effects". The result of this research was, on the one hand, a PhD thesis produced under the direction of Professor José Ignacio López Sánchez, which was presented on 7 February 2006 at Madrid Complutense University and unanimously awarded the grade of Outstanding Cum Laude. In addition the research has given rise to more than twenty publications, including articles and papers, that have appeared in different academic and professional media.

The research was arranged in three parts, progressively addressing different aspects of markets subject to network effects. First of all, an in-depth analysis was carried out of the characteristics of these types of markets by reviewing the academic literature in this field.

The second part of the research consisted of a review of the different models of diffusion and competition which, based on the theory of dynamic systems, are able to offer schematic representations of technological diffusion and competition for standards subject to network effects. Together with the models gathered from the economic literature reviewed, analysis was also performed of others from theoretical biology and chemistry, whose mathematical properties meant that they were able to adequately represent the principal characteristics of network markets.

Lastly, the research sets out a competition model for technological standards subject to network effects that also contains, as a particular case, the diffusion of network products. This model has been validated by a dual procedure. Firstly, its capacity for adjustment was analysed using non-linear regression techniques and real data. Secondly, numerical simulation was used to study in detail the model's properties and their coherence with the characteristics observed in network markets.

The research will lead to a book entitled *Network Externalities in the Digital Economy. An Introduction to Modelling Network Markets using Dynamic System Theory*, which will be published in 2007 in the Foundation's Economics and Business Collection.

POST-PRIVATISATION ENTERPRENEURIAL INITIATIVE IN SPANISH BUSINESSES

On 23 December 2004, the Director of the Foundation and Professor Ana M^a Romero signed a research agreement to conduct the above mentioned research which resulted in a doctoral thesis defended with honours on 1 July 2005.

From their dual facets of transfer of ownership and deregulation and promotion of competition, privatisation processes are one of the most important economic phenomena of recent decades. Most empirical studies compare efficiency before and after privatisation and reach the conclusion that there is an improvement. However, these studies do not analyse the strategic and organisational changes that will take place after the transfer of ownership. The study of these internal changes is of key importance because, as a general rule, privatisation generates externalities such as increased entrepreneurial initiative.

Accordingly, the doctoral thesis setting out the results of the research seeks to answer four questions: Are companies more efficient after privatisation? Are companies more entrepreneurial after privatisation? What role does the degree of competition play in the change in entrepreneurship after privatisation? Are the changes in the degree of competition and in entrepreneurship the reason for the improvement in efficiency? The empirical study takes a sample of 40 enterprises privatised in Spain between 1985 and 2001 and compares the data for the three years after their privatisation.

The results obtained reveal, on the one hand, that after privatisation companies increase their sales per employee, while the economic and financial returns do not improve. On the other hand, after privatisation companies are more entrepreneurial in terms of product, process and organisational innovation, entry into both domestic and foreign new markets and businesses, as well as in strategic renewal processes. Lastly, as regards the degree of competition, measured by means of the hostility of the sector, the results are contradictory. While competitive hostility forces companies to be more entrepreneurial, market and technological hostilities show no effect. At any event, the results must be interpreted taking into account the small size of the sample analysed, which also makes it impossible to compare empirically the effect of the hostility of the sector and of the company's entrepreneurship on its efficiency.

FAIR TRADING

On 25 April 2005, the Director of the Foundation signed a research agreement with Luis Berenguer Fuster - the current Chairman of the Spanish Competition Commission - and César Giner Parreño, for the preparation of a book entitled "*La Defensa de la Competencia*" [Fair trading] to be published by the Foundation in its Law Collection. The book will be written in such a way as to make it a useful reference instrument for businessmen.

According to the authors, the aim is to produce a book that is markedly practical in its content, following the example of legal texts written in English. When dealing with a characteristically case-law such as that relating to competition, it is more useful to set out precedents than to explain legal doctrine. The analysis of Spanish Competition Commission judgements and reports (particularly relating to concentrations) is therefore of particular interest.

It is also necessary to incorporate a markedly economic content in the work in order to prevent it becoming a dry legal tome, which today is something that is not acceptable in any branch of company law and is completely unacceptable in the field of competition law. That is why the authors will follow a method based on the economic analysis of the law.

In short, this is a work that is aimed primarily at businessmen, regardless of the fact that it may equally be used by legal and economic practitioners, but its end users should be businessmen and it has therefore been designed with a dual approach: on the one hand, to explain the basic principles of competition law and policy; and on the other, to provide guidance on types of conduct that are permitted in the market and others that may be liable to penalisation by the competition authorities.

The proposal for a new Law on Competition in Spain to replace the one passed in 1989 has delayed the progress of the research to enable the book to take into account the content of the new legislation.

MACROECONOMIC MODELLING AND REGIONAL ECONOMICS

On 29 September 2005, the Vice Chancellor of Valencia University and the Director of the Foundation signed a research agreement to regulate the Foundation's involvement in the research project entitled Macroeconomic modelling and regional economics, which is being 75% co-funded by the Budget Directorate General of the Spanish Ministry of Economy and Finance.

The last simulation model designed by the Ministry of Economy and Finance, known as MOISEES, has been widely used since it was created to simulate and evaluate economic policy in the Spanish economy. However, the priority the model gives to the demand side over the supply side, its emphasis on the short term and the difficulty in deriving its equations based on a consistent framework, have gradually led it to lag behind other more modern macroeconomic models.

Building this rational expectation model for simulation and policy evaluation of the Spanish economy (REMS) has been one of the lines of work to which the researchers of the Ministry of Economy and Finance and the Valencia University Institute of International Economics have paid special attention within the framework of the research agreement.

In 2006 very good progress was made on a number of fronts, with the result that there is now a database for the Spanish economy of the main quarterly macroeconomic aggregates, which will make it possible in the near future to perform realistic exercises to simulate the effects on the Spanish economy of different economic policies.

Another area in which a great deal of work was done was the analysis of the effects of tax policies on models with unemployment. The research team also focused their efforts on addressing other fields of investigation that have generated different pieces of work. For example, they analysed issues such as the impact that the substantial influx of illegal immigrants over the past decade and their subsequent regularisation has had on the Spanish economy; the consequences of globalisation factors on pay inequality from a historical perspective; and how alternative models of the economic cycle can replicate the stylised fact that economies with a larger public sector present less volatility in the course of the economic cycle.

Lastly, other lines of work have addressed issues such as the aggregate analysis of the evolution of productivity in Spain, presenting the empirical evidence available from a perspective of comparison with the economies of Spain's neighbours, or the cyclical and structural budgetary balances of the Spanish autonomous communities, contributing with the researchers' own estimates to the debate on these subjects that has arisen in working groups in the European Commission, the OECD and the ECB, as well as the reform of the General Law on Budget Stability.

With regard to the regional economy, the main objective achieved was the change to base-2000 of the MORES.DB (base-80 until now) following the ESA-95 methodology, and the study of the determinants of the regional localisation of industrial investment and of the effect of public policies - physical, human and technological productive regional public capital - on the rate of private accumulation. Other subjects of study were the regional localisation of capital in R&D and the intertemporal behaviour of Spanish regional consumption between 1980 and 2001 using a specially prepared consumption database for the Spanish autonomous communities.

The work done has been presented in seminars at a variety of institutions as well as being the subject of papers at a number of scientific conferences and of articles in both Spanish and international scientific journals.

In view of the importance of disseminating the activities that are being carried out within the framework of this research agreement, the Rafael del Pino Foundation decided to support the preparation during 2006 of a book on the REMS model which will be published in 2007 in the Economics and Business Collection.

REGULATORY ANALYSIS OF PUBLIC POLICIES

On 21 December 2005, the Foundation signed a research agreement with Professor Francisco Beltrán Adell of the Department of Political Science and International Relations at Madrid Autonomous University, for the purpose of analysing the social situation and policies in Spain and Europe in a global context by using a comparative regulatory approach, and by reclaiming a terrain for political discussion and a common language that respects the differences between the various ideological positions but permits rational dialogue between them.

In his research, Professor Beltrán has developed the areas of analysis which could promote debate in Spanish society such as that described, and which could be the basis for future work by the Foundation's Public Arena Observatory. These include, most notably, the following: Values and politics in Europe and the United States; Youth, education and employment in Spain; Nationalism, the left and liberalism; Fear in contemporary societies; The economics and politics of tax adjustments; Immigration, multiculturalism and liberal institutions; Foreign policy and promoting democracy and the rule of law.

THE ROLE OF COMPETITIVE DYNAMISM AND TECHNOLOGICAL INNOVATION IN THE PERFORMANCE OF CORPORATE EARNINGS

On 21 December 2005, the Director of the Foundation and Professor Antonio Javier Revilla Torrejón signed a research agreement to carry out the abovementioned study.

One of the main areas of research in the field of strategic management is the analysis of the determinants of corporate earnings. The importance of understanding such determinants properly is not only of obvious relevance to business practice but also to a large extent characterises business management as compared with other disciplines of economic science. It is therefore not surprising that the principal schools of strategic management theory have concerned themselves primarily with this issue.

Most of the work done has adopted a static temporal perspective, studying which factors explain the differences in performance. But much less is known about how these factors arise and develop. To reach a better understanding of this problem it is necessary to study not only the levels of performance but also their dynamics over time. This is the line being followed by this research, consisting of three separate parts: first, an evolutionary model of corporate earnings, so that the present competitive position of a company is explained on the basis of two factors: on the one hand, the continuance of the company's initial conditions in a given moment of the past; on the other, the processes of change those conditions have undergone with the passage of time.

Secondly, empirical comparison. Taking the evolutionary model as a basis, two different approaches to business performance and earnings are compared empirically: first, in accordance with the prescriptions arising out of a resource-based approach, it is considered that the amount of intangible resources of a company will have a sustained positive impact on its earnings in the long term; next is the comparison of assumptions based on what has become known as the "Austrian school of strategy", based mainly on the work of Israel Kirzner on competition and entrepreneurship.

And, in third place, the effects of the dynamism of the competitive environment on the result of the innovative efforts made by the company. Analysis is made of how the instability of the environment affects not only the average productivity of R&D expenses, but also the impact of certain characteristics of the company on that productivity. It is also shown how in not very dynamic environments big companies can enjoy an innovative edge, but that this shifts progressively towards smaller companies as the competitive dynamism increases.

The models proposed in this research are checked empirically against a wide sample of Spanish manufacturing companies, including information from a variety of industrial sectors for the years 1991-2002. The data for the analyses were obtained from the Survey on Business Strategies performed annually by the SEPI Foundation.

SERVICES IN THE EUROPEAN ECONOMY: THE CHALLENGES AND IMPLICATIONS OF ECONOMIC POLICY

On 23 December 2004, the Director of the Foundation signed a research agreement with Professor Luis Rubalcaba from the University of Alcalá de Henares to produce a report entitled Services in the European economy: the challenges and implications of economic policy.

This research into the service sector seeks to examine one of the most dynamic areas of activity in the growth of the economy, and one that is crucial to the functioning of the productive system as a whole: services for businesses. Their importance lies in the fact that businesses need them in order to grow and obtain gains in productivity and competitiveness by using them as intermediate inputs.

The work is important because as yet there is little knowledge about the way in which services for businesses are organised and influence the economy and growth, making greater understanding of the sector necessary against a background of profound economic changes: the integration between goods and services; globalisation and delocalisation; the knowledge society; information and innovation; market segmentation; regulation or deregulation. The research shows that not only have services for businesses been affected by these factors, but that, in many cases, they have been active protagonists of these changes.

The research will be published in 2007 in English by the British publisher Edgard Elgar, and in Spanish in the Foundation's Economics and Business Collection.

ORGANISATIONAL LEARNING DYNAMICS AT KNOWLEDGE-INTENSIVE COMPANIES

On 5 November 2004, Professors Gregorio Martín de Castro and Pedro López Sáez signed a research agreement with the Director of the Foundation to conduct a study of learning processes at knowledge-intensive companies.

Professors Martín and López, assisted by researchers José Emilio Navas López and Raquel Galindo Dorado, completed the research in 2006 for publication in 2007 in the Foundation's Economics and Business Collection.

A company's ability to create and use new knowledge is one of the main sources of competitive edge in the markets. However, little empirical research has been done on the processes that make it possible to succeed in creating and exploiting knowledge for organisational learning.

This research project addresses the analysis of organisational learning processes from both a theoretical and an empirical point of view. The purpose of the theoretical analysis is to produce a general descriptive model on the different processes of creation and transfer of knowledge or organisational learning that there may be in a company.

This model is checked against and enhanced with the empirical evidence obtained in the field research performed in Spain and the United States. Specifically, the survey contains data relating to 115 knowledge-intensive companies based in Spain and along Boston's Route 128. The survey questionnaire and methodology were validated by experts from Boston University, Harvard Business School and Harvard School of Government. Known as EO-SECI, this model is based on the SECI model of Professors Nonaka and Takeuchi.

The book will be published in English by Palgrave-MacMillan and in Spanish in the Foundation's Economics and Business Collection.

THE CONTRIBUTION MADE TO THE ECONOMY BY SERVICES FOR BUSINESSES: GROWTH, INNOVATION AND MARKETS

On 22 December 2005, the Director of the Foundation signed a research agreement with Professor Luis Rubalcaba to sponsor research on the above-mentioned topic, the results of which will be published in English and Spanish in a book edited by Professors Luis Rubalcaba and Henk Kox. With the participation of the most outstanding European specialists in the field of service economics, this book aims to study the basic characteristics of this sector and its contribution to economic growth.

The study of service activities in Europe under this agreement, conducted in a thorough, clear and rigorous manner, will make it possible to describe the situation, prospects and challenges in this sector of the European economy, and to extract the appropriate implications for European economic policy.

The research is characterised by the following unique strong points with regard to other work done on services:

- Thoroughness, covering all the major groups of services and the set of topics that concern them, that are currently highly dispersed and without a clear order;
- Economic approach, in contrast to other recent research of a geographical or regional nature;
- Presentation for the first time of recent data and statistics;
- European approach, in both the analytical framework and the policies (enterprise, competition, single market, innovation);
- Emphasis on the entrepreneurial nature of the services and the need for economic policy to respect the free market. Critical view of inefficient regulation that hinders competition in service markets.

The structure of the research is as follows:

- Historical and anthropological origin of service economics;
- Growth, employment and explanatory factors of services;
- Productivity in services: debate and evidence;
- Innovation in services and its dimensions;
- Services and globalisation;
- Service regulation and reform;
- European fair trade policy in services;
- The slow progress towards an internal services market;

- Complementary policies on services;
- Final conclusions and considerations.

The research will be published in English in 2007 by Palgrave-MacMillan and in Spanish in the Foundation's Economics and Business Collection.

COMPARISON OF THE EFFICIENCY OF PUBLIC AND PRIVATE ENTERPRISE: CASE STUDY OF DAILY CLEANING AND SOLID WASTE COLLECTION COMPANIES IN SPAIN

On 26 December 2005, the Director of the Foundation and Professor Gustavo Sánchez García, signed a research agreement to carry out the abovementioned study.

The main objectives of the research are:

- To analyse the existence or absence of significant differences between public and private enterprise in the urban services sector. To do this, the researcher performs a DEA efficiency analysis that links the cost of providing the services with a series of indicators relating to them, such as: the number of inhabitants served; the size of the built-up area of the municipality; the waste collection figures; and others.
- To study other factors that may affect the performance of companies in the sector as well as the relative weight of each in the performance of companies, having established what effect the ownership factor has on the aforementioned differences.

A multitude of authors have studied the differences between public and private sector companies from different standpoints. The aspect that has drawn most attention in the academic world is the analysis of the differences in efficiency between the two types of enterprise. In general, the conclusion is that public enterprise is more inefficient than private enterprise, and it is a conclusion that has guided a multitude of privatisation processes throughout the world.

Other research has indicated the public sector to be inefficient in providing services to citizens. It is argued that generating competitive processes makes it possible to offer public services at lower prices. This form of privatisation does not involve the sale of assets, it is merely a question of outsourcing services. These are services provided by private sector companies, that in principle are more efficient than public sector companies, after a process of competitive bidding which guarantees greater efficiency by choosing the best of the bids submitted.

The review of literature seeks to find evidential support for the inefficiency of public enterprise. The references are the theory of ownership rights, the theory of public choice and the literature on outsourcing public services.

The research also focuses on the impact of the aforementioned factors on the cost of providing the services and the efficiency of them. For this purpose, the work is based on two lines of research. The first involves reviewing the determinants of the costs of providing the services that are indicated as relevant by the literature analysed. The second is a review of the literature on the effect of either the ownership or the outsourcing of the services on the efficiency of the service provision.

THE DYNAMISM OF CHINA: MYTH OR REALITY

On 19 December 2005 the Foundation approved the funding for a research project to be conducted by the Director of the Centre for Industrial Economics of Barcelona University's Business and Science Foundation, Professor Josep M^a Suris, with the assistance of Professor Jacint Soler. The aim of the study is to analyse the current debate about China's economic dynamism and its impact on the world economy, and to attempt to identify possible scenarios of future evolution. The idea is also to apply the conclusions and observations made to the case of Spain.

Over the past two decades, the People's Republic of China has become the fourth biggest economy in the world and the most dynamic of the emerging countries. Going beyond the studies and publications that deal with specific elements of this process - such as the transition from socialism to a market economy or the agrarian reform - this research throws light on the various determinants of Chinese development and, in particular, the most controversial of them.

If a general consensus exists on the contribution that agrarian reform and mass literacy had on the economic growth of China, particularly in the eighties and early nineties, the effect of the selective opening-up of trade and the role of the State in this historic process is more controversial. In order to understand this, the trajectory of the "Asian tigers" is reviewed.

The case of China displays certain differences with respect to these models (particularly the bigger role played by foreign capital), but also clear similarities as regards the Government's will to encourage the country's rapid progress towards activities with greater added value. This was achieved by a selective opening-up to trade which even now, six years after China joined the WTO, is the subject of strong criticism from the West.

Also, public enterprise, the industrial policy for sector restructuring, the regulation of foreign investment and the support for R&D have all played a key role.

The study argues that China, like so many other countries, has also been subject to "Government mistakes" with regard to intervention in the economic field. However, the authors consider that China has enjoyed better macroeconomic fundamentals particularly as regards foreign indebtedness, and a greater opening-up to trade. Likewise, China's government- or semigovernment-owned companies have displayed their own particular systems of management and ownership which have favoured their independence, while competition between regions has encouraged greater internal competition and has prevented the appearance of inefficient monopolies at a national level.

Lastly, the economic development of China cannot be understood without taking into account the intensive process of "delocalisation" that has taken place in Japan since the end of the eighties.

East Asia's increasing economic integration has greatly benefited mainland China: a growing number of labour-intensive activities have been transferred there and these have been increasingly sophisticated in recent years.

The research will be published in an Economics and Business Collection book in 2007.

FACTOR PRODUCTIVITY AT NON-FINANCIAL COMPANIES

On 19 December 2005 the Foundation approved funding for the project presented by Professors Juan Jesús Fernández Cainzos and Javier Prado Domínguez, dedicated to analysing processes of globalisation and economic integration and their impact on the organisational transformations and the productive factor specialisation of non-financial companies in Spain.

Major international economic institutions such as the OECD, the IMF or the Central European Bank have stated repeatedly in their annual reports that labour productivity is the principal determinant of long-term increases in potential production and standards of income. This means that for some time now productivity has been an especially prominent issue on political and economic agendas and one that is of concern not only to businessmen and economic researchers, but also to corporate shareholders, trade unions and governments, among others.

After an initial approach to the fact that Spain presents levels of productivity that are appreciably lower than those of its main economic benchmarks, the research focuses on the endogenous factors of productivity and, with the assistance of the theory of production, develops an analytical set of tools which it uses to produce an overall estimate of the influence exerted by another endogenous variable: total factor productivity (TFP).

The study covers the period 1980-2005 and uses an econometric procedure which makes it possible to identify and separate the different vectors involved in TFP, by assigning relative influences to three basic components: technical progress and its evolution, the advances in productivity as a result of improvements in productive efficiency (indicative of the application of technology and innovation) and, lastly, the importance of the economies of scale obtained from the size of the markets - an indicator of the degree of business strategy know-how.

The research seeks to establish the extent to which the intensity of growth in TFP is connected with the evolution of capital accumulation and employment. The study also addresses the ability of Spanish non-financial companies to generate total factor productivity, and analyses whether or not at sectorial level these companies display an ability to generate TFP that is different to the average results observed in other benchmarks.

An attempt is also made to determine whether the non-financial sectors of the Spanish economy display any significantly different features in the use of capital-intensive techniques, and whether or not the orientation identified by the empirical work has a greater impact on capital accumulation or on job creation due to the presence of differing increases in TFP.

There is no doubt that the relative deceleration of TP and TFP observed in the Spanish economy during the period under study is closely linked to the evolution of its pattern of productive specialisation. There has been a progressive shift from sectors in which international demand is weak and the technological standard is low towards increased participation, principally, in sectors of mid-range demand and technological content, and only in a small amount and to a lesser degree than other developed economies, to sectors of high-level demand and technological content. Against this background, since the deceleration of productivity has presented itself as a phenomenon observed in almost every sector of activity and there has been an increase of the importance of the labour factor in them, it can be concluded that the deceleration of productivity is due to a significant reduction in the efficiency of the production factors.

TEN YEARS OF COMPETITION CASE LAW AT THE AUDIENCIA NACIONAL

On 12 December 2006 the Director of the Foundation and researchers Mercedes Pedraz Calvo and Juan Manuel Fernández López signed a research agreement for the publication of 420 judgements handed down by the Administrative Appeals Court of the Audiencia Nacional, Spain's central criminal and administrative court, on competition law cases. The results of this research will be published by the Foundation in its Law Collection in a book entitled Ten years of competition case law at the Audiencia Nacional.

DOING BUSINESS WITH THE BASE OF THE PYRAMID. VALIDATION OF A MANAGEMENT MODEL FOR A COMPANY'S SOCIAL ACTION

On 12 December 2006 the Director of the Foundation signed a research agreement with Professors Juan Luís Martínez and María Carbonell for the basic purpose of validating a model for managing a company's social action.

As a result of the research conducted with the support of the Rafael del Pino Foundation, the authors have produced a corporate social action management model. This model requires practical validation by identifying some initiatives that can serve as an example of its foundations and recommendations.

The specific objectives of the study are:

- To identify and describe the theoretical and practical foundations of doing business with the base of the pyramid;
- To validate a corporate social action management model developed in published preliminary research work by performing a number of international case studies;
- To develop informative and scientific material setting out the main findings. Within this section, one of the research team's main priorities is to write a book on the subject of their research, of a mainly applied nature, describing what this project has involved, as an instrument of synthesis of the ideas proposed in the course of the preliminary work.

This book will be published in the Foundation's Economics and Business Collection.

ESTIMATING THE COSTS OF DELAYS IN A SAMPLE OF FAMILY COURTS IN MADRID AND BARCELONA

Within the framework of the General Agreement between the Rafael del Pino Foundation and the General Council of the Judiciary, these two institutions signed a further collaboration agreement on 21 December 2006 to perform a study of the costs of delays in a sample of family courts, starting with those in Madrid and Barcelona.

The research centre responsible for carrying out the study will be the Foundation for Studies of Applied Economy (FEDEA) [Fundación de Estudios de Economía Aplicada]. The purpose of the analysis is to identify and quantify the costs of the slowness of the justice system as a result of unnecessary procedural complexity. A second objective of the work is to produce a diagnostic methodology for suggesting measures for improvements in the processes and court offices and for generating indicators to ascertain the status of cases at all times.

In Spain there are currently 70 family courts distributed among 25 provinces. The court activity planning and analysis department issues a detailed report on the average length of different judicial proceedings using aggregate data at court level.

The model used to calculate the average delay is based on three main assumptions: the uniform distribution throughout the year of both the new cases and the ones that are resolved; and the handling of cases in the order in which they arrive. The aim of the research is to work closely with all of the institutions involved in judicial proceedings in order to review them and improve the mechanisms for obtaining information and for assessment.

THE FUTURE OF THE EUROPEAN CONSTITUTIONAL TREATY AND SCENARIOS FOR FINDING THE WAY OUT OF THE CURRENT SITUATION

The Rafael del Pino Foundation and the University Institute of European Studies at CEU-San Pablo University signed a research agreement on 22 December 2006 for a project to study, analyse and understand the European Constitution, the future European Constitutional Treaty, and the alternative scenarios available. The European University Institute, Florence, is participating in the research.

Under the title of “The future of the European Constitutional Treaty and scenarios for finding the way out of the current situation”, the research is based on the need to analyse the negative results of the referendums held in France and the Netherlands on the Treaty establishing the European Constitution. It is necessary to review the text of the Constitutional Treaty, how it came into being and how it was drafted, in order to ask: what innovations and improvements would its entry into force bring?, what contributions would be lost if the attempt should fail?, what, in short, is the cost of Europe not having a Constitution?, what are the alternatives for finding a way out of the crisis?

This research project aims to show that many of the Treaty's innovations are essential in order to respond to the interests and needs of Europe's citizens, and also to analyse and to make a specific proposal about the future of the Union from the perspective of the various possible scenarios and options.

In the first phase of the project, the research team led by the European Parliamentarian, Iñigo Méndez de Vigo, has identified the principal innovations and their contribution to the Union, concluding that:

- The European Constitutional Treaty contains innovations that seek to improve the efficiency, democracy, transparency and visibility of the Union. The team has also analysed what is lacking in the Constitutional Treaty, with a view to possible discussion in the future.
- The report seeks to highlight the Cost of No to the Constitution; i.e., what would be lost if the European Constitutional Treaty did not enter into force.
- Some of these innovations could be achieved by other means, even without the entry into force of the Constitutional Treaty in its present version.

This first part represents a preliminary approach to the study that will be carried out in the course of 2007 on the possible scenarios and alternatives relating to the European Constitutional Treaty and the future of the European Union.

In the second phase of the project, the research team will analyse the different scenarios postulated as a way out of the current situation and will propose alternative options. The results obtained in this second phase will be presented at the European University Institute, Florence, in April 2007.

The end result of the research will be published in Spanish in the Law Collection of the Rafael del Pino Foundation. It is also planned to publish the book in English and to circulate executive summaries to the main European actors in order to provide an essential instrument of analysis to help to foster discussion of these issues at a European level.

DISSEMINATING THE HISTORY OF SPAIN AND PROMOTING AND PROTECTING SPAIN'S CULTURAL HERITAGE

THE ROUTES THAT GAVE THE WORLD'S CULTURES ACCESS TO EACH OTHER ARE THE SCAFFOLDING - THE INFRASTRUCTURE - FOR CULTURAL EXCHANGES AND THE NECESSARY FRAMEWORK TO UNDERSTAND THEM

1. HISTORICAL RESEARCH PROGRAMMES

THE KING

On 2 November 2005, the Director of the Foundation and the Director of the Institute of the History of Intolerance signed an agreement to carry out a research project entitled ‘The King’.

The Monarchy has been the reference for the governance of Spain throughout its history, with the sole exception of the total of five years when there were republics, and the interval of the Civil War and the Franco dictatorship. At first, during the Visigothic period, it was an elected monarchy. Thereafter, a hereditary monarchy gradually took shape which, once Spain became a nation-state, was embodied by the dynasty of the House of Austria until the end of the 17th century and by that of the Bourbons from the 18th century until the present day.

The King was an absolute monarch until the 19th century, in the period corresponding with the ancien régime, and since then, Spain has had a parliamentary monarchy in a liberal State.

Over time, as these changes have occurred, the figure of the King has adopted many forms and has had very different powers. And despite the supreme nature of his magistracy, from its origins up to the present day, it can be said that no comprehensive study exists that analyses and systemises the legal figure of the King at the different times and under the different absolutist or liberal political systems, the King's form of governance, his national and international profile, his relations with the Church and with the Armed Forces, or the cultural and social action promoted by him.

The research team, led by Professor José Antonio Escudero, includes:

- Javier Alvarado Planas, Professor and Director of the Department of the History of Law and Institutions, UNED [Spain's Open University];
- Andrés Gamba Gutiérrez, Lecturer and Secretary General, Rey Juan Carlos University;
- José María Vallejo García-Hevia, Head of the Faculty of Law, Albacete, Castile-La Mancha University;
- Regina Pérez Marcos, Lecturer, UNED;
- Jaime de Salazar Acha, Deputy Director of the Madrid Royal Academy of Heraldry and Genealogy;
- Concepción Gómez Roán, Lecturer, Faculty of Law, UNED;
- María Carmen Sevilla, Head of the Faculty of Law, La Laguna University;
- Consuelo Maqueda Abreu, Lecturer, Faculty of Law, UNED, and Secretary General of the History of Intolerance Institute;
- Vicente Pérez Moreda, Professor of Economic History, Madrid Complutense University, and member of the Royal Academy of History;
- Ricardo Gómez Rivero, Head of the Faculty of Law, Elche University;
- Enrique Martínez Ruiz, Head of the Faculty of History, Madrid Complutense University;
- Juan Carlos Domínguez Nafría, Professor and Secretary General, San Pablo-CEU University;
- Feliciano Barrios Pintado, Head of Toledo Faculty of Law, Castile-La Mancha University;
- José Cano Valero, Lecturer, Albacete Faculty of Law, Castile-La Mancha University;
- Abel Hernández, Lecturer, Faculty of Information Science and Journalism;
- Pedro González Trevijano, Professor of Constitutional Law and Vice Chancellor, Rey Juan Carlos University;
- M^a Dolores Álamo Martell, Lecturer, Las Palmas University, Gran Canaria;
- Juan Francisco Baltar Rodríguez, Lecturer, Faculty of Law, Saragossa University;
- Camino Fernández Giménez, Lecturer, Faculty of Law, UNED;
- Alberto de la Hera Pérez-Cuesta, Professor of Ecclesiastical Law, Madrid Complutense University, former Chairman of the International Institute of the History of the Laws of the Indies* and former Director General for Ecclesiastical Affairs;
- Fernando Suárez Bilbao, Lecturer and Deputy Vice Chancellor, Rey Juan Carlos University;
- Leandro Martínez Peñas, Lecturer, University College, Segovia;
- Pedro Pablo Miralles, Lecturer and former Dean of the Faculty of Law, UNED;
- Beatriz Badorrey Martín, Lecturer, UNED, and Secretary of the History of Law Section of the Royal Academy of Caselaw and Legislation;
- Carmen Sanz Ayán, Lecturer in Modern History, Madrid Complutense University, and Member-elect of the Royal Academy of History;
- Yolanda Gómez Sánchez, Professor of Constitutional Law, UNED and Jean Monnet Chair;
- Fernando de Arvizu y Galarraga, Professor of Law, León University;
- Santiago Martínez Hernández, Assistant, Madrid Complutense University.

THE GOVERNANCE OF THE SPANISH MONARCHY, 1555-1700

On 1 July 2006, the Director of the Foundation and Professor Feliciano Barrios Pintado signed a research agreement to carry out the first cycle of research entitled "The Governance of the Spanish Monarchy, 1555-1700".

In the 16th and 17th centuries, the monarchy in Spain took the form of a peculiar political formation in which the monarch was the head of a series of Crowns, Kingdoms and States of varying legal natures, in each of which the monarch reigned under a different title and with differing powers and ways of exercising them.

In addition, and as a logical consequence of the foregoing, during this period the different territories of the monarchy preserved their own separate institutions and legal system.

The purpose of Professor Barrios' research is to study the central organs of governance of the Hispanic Monarchy based at Court: Councils, Boards and secretaries, which were the institutions comprising the basic structure of the council system responsible for the monarch's central government actions over his different domains.

The end result of the research will be published in Spanish in the History Collection of the Rafael del Pino Foundation.

THE HISTORY OF THE UNIVERSE AND LIFE

On 1 March 2004, the Rafael del Pino Foundation signed a collaboration agreement with the Carlos III Foundation for International Cooperation and Health with the purpose of performing the actions listed below.

In the first place, the cooperation between the two institutions has taken the form of the Foundation's sponsorship of the design of two large panels by the artist Fernando Fueyo, illustrating, on the one hand, the history of the universe and life and, on the other, the principal milestones of mankind.

The first panel was delivered and installed at the Foundation in 2005 and the second in 2006. These panels will serve as a basis to produce large-scale murals which will make it possible to provide a detailed explanation of them, as well as a series of additional instruments for dissemination. At the same time, the Centre for Research on Evolution and Human Behaviour is preparing the text of an explanatory book of the murals that can be read separately.

The history of human evolution described in these panels goes beyond the mere scientific interest of the discipline because it ultimately has an impact on our knowledge of human behaviour. Although a substantial part of our behaviour is governed by each culture's own values and traditions, it is considered that human behaviour is also determined by biological factors. From this perspective, knowledge of the biological basis of human behaviour is of great importance to essential aspects of our society, such as the planning of education, the drafting of laws, proposals for models of social organisation, and as a source of data for ethical reflection.

The aforementioned agreement also covers the organisation of an annual series of lectures for managers and academics or, alternatively, of a course taught by Professor Arsuaga and his team, with the possible involvement of international academics of high standing.

2. LECTURES AND WORKSHOPS ON VARIOUS ASPECTS OF SPANISH HISTORY

JOAN, QUEEN OF CASTILE

On 19 April 2005, the Foundation, in collaboration with the Royal Academy of History, agreed to fund a series of lectures entitled "Joan, Queen of Castile", under the direction of Professor Gonzalo Anes y Álvarez de Castrillón.

Below is the list of lectures and the experts who gave them:

- Salvador Claramunt Rodríguez, The formation of the Crown of Aragon;
- Luis Suárez Fernández, Ferdinand the Catholic, the Crown of Aragon and the Hispanic Monarchy;
- Pere Molas Ribalta, Crowns, Kingdoms and Provinces in the Monarchy of Spain;
- Román Piña Homs, The Kingdoms of the Crown;
- Faustino Menéndez Pidal de Navascués, Red stripes: the blazon of Aragon in the Spanish coat of arms;
- Feliciano Barrios Pintado, The Crown at Court: the institutions;
- Carmen Sanz Ayán, The Crown of Aragon and the War of Spanish Succession;
- José Antonio Escudero, The New Plant Decrees;
- Javier Barrientos Grandon, The Crown of Aragon and the governance of the Indies.

According to the programme "The Royal Academy of History wishes to remember the heiress of Isabella, Princess Joan, as Queen of Castile. The reign of Queen Joan has received the attention - and continues to do so - of distinguished historians who specialise in studying events during the first half of the 16th century. Confined in Tordesillas from February 1509, Joan died there on 12 April 1555, attended by St Francis of Borja.

Joan was very quickly excluded from the tasks of government, although she always retained her status as Queen. Her signature was unsuccessfully requested by the Comuneros [Castilian rebels] in an attempt to act legally against King Charles I, her son. She was the mother of two emperors, Charles and Ferdinand, and of four queens: Eleanor, of Portugal and France, Isabella, of Denmark, Maria, of Hungary and Catherine, of Portugal. The Queen's personality, the circumstances in which she had to act and the time in which she lived were the subject of this series of lectures to clarify what Joan was and what she represented as a woman, still shrouded in legend, but not without tenderness and nostalgia".

The end result of this series of lectures will be published as a book in the History Collection of the Rafael del Pino Foundation.

SPANISH AMERICA AT THE BEGINNING OF THE EMANCIPATION

On 17 March 2006, the proceedings of the 9th Conference of Latin American Academies of History, published by the Rafael del Pino Foundation in its History Collection under the title of "Spanish America at the Beginning of the Emancipation", were presented at the Royal Academy of History. The speakers at the presentation were Gonzalo Anes, Director of the Royal Academy of History, the members of the Royal Academy of History, Guillermo Céspedes and José Antonio Escudero López, and Amadeo Petitbò Juan, Director of the Rafael del Pino Foundation.

The Director of the Royal Academy of History began his intervention by thanking the Foundation for the sponsorship that has made it possible to "compile all of the lectures and papers presented at the 9th Conference of Latin American Academies of History, which took place at the Royal Academy of History and the Rafael del Pino Foundation from 4-6 November 2004, and which was dedicated to Spanish America at the beginning of the emancipation".

Gonzalo Anes recalled that "Iberian action on the American continent from the end of the 15th century until the 19th century was without equal in the history of mankind, from Rome to the present day. Indeed, what the Iberians of those centuries achieved in America, what was learned there and what was conveyed from there to the rest of Europe and the world, is perhaps the biggest contribution that a people may have made to what we call western civilisation". In this respect, the Director of the Royal Academy of History insisted that the discovery of the New World contributed to expanding "the spatial and human scope of the West, until the Atlantic Ocean became, as in Antiquity the Mediterranean had been for Rome, a genuine Mare Nostrum, a sea belonging to the Christian West".

In his speech, the Director of the Foundation chose to recall that "the wish of Rafael del Pino y Moreno was that the Foundation he had created and that bears his name should include among its aims that of contributing to knowledge of history and promoting Hispanic cultural heritage", adding that "in the short five years of our existence we have faithfully fulfilled his wishes".

The Director of the Royal Academy of History went on to say that the Hispanic action had signified, in the first place, the incorporation of almost the entire American continent to the cultural and scientific values and political and economic approaches of Western civilisation. In addition, knowledge of America had accelerated the tendency to replace the criterion or principle of authority as the foundation for knowledge, with those of observation and experimentation: "To describe and understand the realities of the New World it was not possible to take Greek and Latin knowledge as a basis, and this meant that the criterion of authority was replaced by that of observation and this, together with experimentation, was what fostered quicker and more general scientific and technical development".

Another of the essential features of Iberian action in America was the urban development of the territories, giving rise to unprecedented economic growth: "It can be measured by the rapid process of urban development, both as regards the number and the population of the towns and cities. In 1850 there were 225 towns and cities in Spanish America. In the fourth decade of the 17th century there were 300. The population they housed, in those fifty years, had increased three-fold and tended to be concentrated in the cities, with rectilinear streets laid out on a grid system, with big squares and magnificent buildings. During the 18th century, as in Europe, the main cities of the Indies improved their sewer systems, water supply, fountains, tree-lined avenues, and the paving of their streets and squares". In parallel to this urban and economic growth, there was an increase in the population, driven also by the general development of agriculture, manufacturing, mining, transport and trade. "Mexico City increased its population from approximately 115,000 inhabitants in 1790 to 130,000 in 1810. In the same period, the population of Havana rose from 51,000 inhabitants to 85,000. Buenos Aires from 24,000 in 1778 to 55,000 in 1822. Caracas from 24,000 in 1772 to 42,000 in 1812".

This growth, and the changes arising out of it, were based on the political and economic unit formed by Spain and America together: "The free trade between the two that existed in the last decades of the 18th century, made it possible to increase the volume of trade, and fostered economic growth on both sides of the Atlantic". However, the political developments and the string of losses and handovers of some of those territories to other European powers, mainly England and France, meant that inhabitants overseas could no longer be sure that that great Hispano-American unit could continue to survive.

"The defeat at Trafalgar and the invasion of Spain by Napoleon's armies contributed to the break with peninsular Spain which had been foreseeable since the most educated inhabitants of cities such as Mexico, Havana, Lima, Quito, Popoyán or Caracas, influenced by reading French and English works, and by the declaration of independence in 1776, as an example, in the United States, began to organise themselves and to consider the

possibility of following the example of the British colony to the north. All despite the fact that the constituent assembly held in Cadiz in 1810 included South American parliamentarians, who in the 1812 Constitution contributed to defining the Spanish nation as the union of the Spaniards of both hemispheres”.

In conclusion, the Director of the Royal Academy of History highlighted the fact that, at the beginning of the 19th century, the kingdoms of the Indies “enjoyed greater prosperity and a higher degree of civilisation than the independent United States had in the previous three decades. The divergences occurred after the emancipation, very intensely in the 20th century, until the disparities there are today were reached. As historians we must pay attention to these facts in order to remain objective and not allow ourselves to be influenced by the interests of the governments of the moment. Research and independence of judgement must be the guiding light of our conduct rather than seeking to please the established powers”.

THE SPANISH ENLIGHTENMENT IN THE INDEPENDENCE OF THE UNITED STATES: BENJAMIN FRANKLIN

To mark the third centenary of the birth of Benjamin Franklin, the Rafael del Pino Foundation in collaboration with the US-Spain Council Foundation in Spain and the Royal Academy of History, organised a series of lectures on the theme “The Spanish Enlightenment in the Independence of the United States: Benjamin Franklin” which took place from 11-19 May at the Royal Academy of History.

The engaging personality of Benjamin Franklin, who in his day was appointed a member of the Royal Academy of History in Spain in recognition of his humanistic and scientific achievements, made it possible to bring together at the Academy a group of prestigious US, British and Spanish historians who shared their knowledge of a historical period that is almost forgotten on both sides of the Atlantic. This was a crucial time, both as regards European relations - where the alliance between the two Bourbon dynasties of France and Spain undoubtedly played a significant role -, and in America, where the war of emancipation of the English colonies made it possible to put decisive pressure on the ups and downs of Anglo-Spanish rivalry, pressure that at the beginning of the rebellion was exerted only in the field of diplomacy and in the form of secret assistance, but that led, once war had been declared, to several victories of the Spanish naval and military forces and the recovery of a portion of the territories ceded to the enemy in previous conflicts.

The most authoritative experts on this period of history shared their research on such fascinating subjects as Spain's secret assistance to the rebels, the financial situation in Carlos III's administration as a result of that assistance, the Hispanic urban expansion in North America, and the role played by Spanish entrepreneurs, such as the banker Diego de Gardoqui, in the supply of weapons, clothes and provisions to the American rebel troops. Without doubt, the versatile and likable figure of Benjamin Franklin served as a link of union for this mosaic of disparate events and figures which had a decisive impact on the future of the relations between the continents.

The eminent historians who participated in this conference included:

- Gonzalo Anes (Director of the Royal Academy of History), Benjamin Franklin in the Europe of the Enlightenment;
- John Elliott (Regius Professor Emeritus of Modern History, Oxford University), Two Empires in Crisis, 1756-1783;
- Felipe Fernández-Armesto (Professor of History, HRH Prince of Asturias Chair, Tufts University, Boston), Atlantic Revolutions: their consequences in the Anglo-Saxon and Hispanic Sphere;
- David J. Weber ('Robert and Nancy Dedman' Chair of History and Director, William P. Clements Center for Southwest Studies, Southern Methodist University, Dallas, Texas), Spain in North America at the end of the 18th century: innovative policies and inevitable losses;
- Guillermo Céspedes (Member of the Royal Academy of History), The Independence of the English Colonies and its impact on viceregal America;
- Miguel Ángel Ochoa Brun (Member of the Royal Academy of History), The Founding Fathers of the United States and Spain.

The end result of this series of lectures will be published as a book in the History Collection of the Rafael del Pino Foundation.

3. SUPPORT FOR ACTIONS TO PROMOTE AND PROTECT SPANISH CULTURAL HERITAGE

A HISTORY OF DISCOVERIES

The Spanish Geographic Society and the Rafael del Pino Foundation expressed their interest in the publication of a scholarly yet accessible book written by Professor Felipe Fernández-Armesto that would explain the history of discoveries, highlighting the role played by Spanish voyagers and explorers.

The book, entitled "Pathfinders: A Global History of Exploration", was published in 2006 in English in the UK and the United States by the Oxford University Press and the Penguin Group, respectively. The Spanish version was published by Editorial Destino in 2006. Editions in French, Portuguese, Korean, etc., will be published in the course of 2007.

The presentation of the Spanish version of the book, entitled "Los Conquistadores del horizonte: una historia mundial de la exploración", took place on 15 November 2006 under the direction of Gonzalo Anes, Director of the Royal Academy of History and Juan Luís Arsuaga, Director of the Atapuerca excavations.

The book offers a fascinating, authoritative and enjoyable account of the history of exploration, in which the prestigious historian and professor analyses how the successive explorations and discoveries in the course of history have progressively changed the way the world is organised.

Human communities became separated from each other after long migrations, and developed different cultures. This diversity of cultures is, perhaps, the great glory of mankind. There are other social creatures - apes, for example, monkeys, ants, whales, rats - but none of them have experienced a history of divergence and, therefore, of exchange like ours, nor the possibility of enrichment and progress that is a consequence of it.

From the time when contacts between cultures began to be re-established, global history has consisted of the narration of the exchanges that have occurred: the procedures whereby human cultures have initiated contact, have imitated or influenced each other or have adopted new systems of living, building the world in which we live, involved in a communications network that links up the entire planet.

The routes that gave the world's cultures access to each other are the scaffolding - the infrastructure - for cultural exchanges and the necessary framework to understand them. But their history must be told. The historiography of exploration has traditionally been limited to a rather modest venture: to review the European discoveries of the last five or six hundred years as an aspect of the emergence of the West and of Western hegemony in the modern world. Now we have the opportunity to respond to the need for a genuinely global and truly comprehensive history.

The global history of exploration described in the book written by Professor Fernández-Armesto, begins by analysing the great migrations of homo sapiens and placing them in their geographical and ecological context. It pays attention to explorations by extra-European peoples. It attempts, above all, to reconstruct the routes of the great pioneers, who established the links between differing cultures, and the paths travelled by means of contacts and conquests, trade and contagion. The achievements of the European and Spanish discoverers shine more brightly against their global background.

ASSOCIATION OF PROTECTORS OF THE ROYAL ACADEMY OF HISTORY

The Foundation decided to sign an agreement with the Royal Academy of History whereby the former would become a member of the future Association of Protectors of the Academy. The Foundation's membership is in line with the Academy's wish to obtain undertakings for dissemination and diffusion from other institutions and private individuals in order to make the results of scientific research available to the public and to facilitate their knowledge of history. The Academy also wishes to enter into agreements with individuals or institutions that, rather than just consisting of a financial contribution, establish a framework of ongoing collaboration that associates them with the aforementioned objectives and the activities of the Academy, as privileged and active ambits that bring them closer to society.

AWARDS

THROUGH SCHOOLS, THERE IS AN URGENT NEED TO SET IN MOTION A PROCESS OF CHANGE IN CULTURE AND VALUES THAT IS VITAL FOR THE ECONOMIC AND SOCIAL MODERNISATION OF SPAIN

1. FREE ENTERPRISE AWARD

The Foundation decided to award an annual prize to the best book published the previous year by one or more Spanish authors emphasising the values of the market in the fields of general economics or business economics and law.

In 2006, the fifth Free Enterprise Award was won by Juan Antonio Rivera, author of "Menos utopía y más libertad" [Less Utopia and More Freedom] (Tusquets Editores, 2005). At a ceremony at the Foundation on 23 October 2006, the award was presented by the Foundation's Deputy President, María del Pino.

On this occasion the panel of judges consisted of: Ricardo Alonso Soto; Teresa García-Milà Lloveras; Enrique Álvarez López; Juan Iranzo; Juan Ramón Cuadrado; Francisco Cabrillo Rodríguez; Joaquín Trigo Portela and Manuel Jesús González.

As the book's author says in the foreword: "This book is not a manual of political theory that seeks to be impartial and to devote the same amount of space to each political option. No: it is a defence of liberalism. Liberalism is the indisputable protagonist..."

"Less Utopia and More Freedom" is a well-reasoned and impassioned defence of liberalism against other concepts of economic theory, defined by many as utopian, and against certain current political trends.

A Professor of Philosophy, Juan Antonio Rivera gained his degree at Madrid Complutense University. A contributor to a number of journals such as Claves de razón práctica, Isegoría, Cuadernos del Sur, Revista de Occidente, he has written opinion articles for the La Gaceta de Canarias and El País daily newspapers. In addition to the book which won him the Free Enterprise Award 2006, he has published three other books: "El gobierno de la fortuna" [The Governance of Fortune] (Crítica, 2000); "Lo que Sócrates diría a Woody Allen" [What Socrates would say to Woody Allen]; and "Carta abierta de Woody Allen a Platón" [An Open Letter from Woody Allen to Plato] (Espasa Calpe, 2006).

2. AWARDS FOR PARLIAMENTARY AND MUNICIPAL ECONOMIC PROCEEDINGS

The Awards for Parliamentary and Municipal Economic Proceedings for the best political initiatives of the year within the sphere of the European Parliament, the Spanish Parliament, Spain's Autonomous Parliaments and Spain's local councils were presented for the fourth year on 25 January 2006.

The purpose of these awards is to attach value to and encourage initiatives that contribute to the wellbeing of the population.

The awards for the best economic initiatives aimed at abolishing inefficient regulations or promoting competition in markets of goods and services were sponsored by the Rafael del Pino Foundation, whose Director, Amadeo Petitbò, presented the prizes. The awards went to initiatives that foster economic promotion and social cohesion, namely:

- In the Spanish Parliament section: to Pablo Matos Mascareño, a Deputy in the Popular Parliamentary Group, for a bill to amend the provisions of the Urban Property Leasing Act [Ley de Arrendamientos Urbanos] regarding the duration of contracts.
- In the Autonomous Communities section: to Aina Rado i Ferrando, a Deputy in the Socialist Parliamentary Group of the Parliament of the Balearic Islands, for a motion on the amount deductible from the gross autonomous personal income tax charge for adopting children abroad.
- In the Local Corporations section: to Roberto Fernández Rodríguez, Second Deputy Mayor of Pozuelo de Alarcón, for the Project for an Economic Analysis Department.

The awards were presented at a ceremony held in the Congress of Deputies [lower chamber of Spanish Parliament].

PUBLICATIONS

1. ECONOMICS & BUSINESS COLLECTION

EMPRENDEDORES Y ESPÍRITU EMPRESARIAL EN ESPAÑA EN LOS ALBORES DEL SIGLO XXI [Entrepreneurs and entrepreneurship in Spain at the beginning of the 21st century]
Antonio García Tabuenca, Justo de Jorge Moreno, Federico Pablo Martí

CINCO LUSTROS APENAS. 25 AÑOS DE ECONOMÍA Y SOCIEDAD ESPAÑOLAS [Barely Five Lustra. 25 Years of Spanish Economy and Society]
Leopoldo Calvo-Sotelo y Bustelo, Enrique Fuentes Quintana, Luis Ángel Rojo Duque, Miguel Boyer Salvador, Rodrigo de Rato y Figaredo

EL AUGE DE LA EMPRESA MULTINACIONAL ESPAÑOLA [The Rise of Spanish Multinationals]
Mauro F. Guillén

REGULACIÓN, DESREGULACIÓN, LIBERALIZACIÓN Y COMPETENCIA [Regulation, Deregulation, Liberalisation and Competition]
Several authors

ECONOMÍA Y POLÍTICA DE LA PRIVATIZACIÓN LOCAL [The Economics and Politics of Local Privatisation]
Germà Bel

EL AUGE Y DECLIVE DE LAS CIUDADES [The Rise and Fall of Cities]
David Cuberes

2. LAW COLLECTION

LA MODERNIZACIÓN DEL DERECHO DE LA COMPETENCIA EN ESPAÑA Y EN LA UNIÓN EUROPEA [The Modernisation of Competition Law in Spain and in the European Union]
Several authors
Santiago Martínez Lage (Editor)
Amadeo Petitbò Juan (Editor)

EL DERECHO INTERNACIONAL HUMANITARIO ANTE LOS RETOS DE LOS CONFLICTOS ARMADOS ACTUALES [International Humanitarian Law in response to current Armed Conflicts]
Several authors

EL ABUSO DE LA POSICIÓN DE DOMINIO [Abuse of Dominant Position]
Several authors
Santiago Martínez Lage (Editor)
Amadeo Petitbò Juan (Editor)

3. HISTORY COLLECTION

EL GOBIERNO DE LAS INDIAS [The Governance of the Indies]
Javier Barrientos Grandon

LA AMÉRICA HISPANA EN LOS ALBORES DE LA EMANCIPACIÓN. ACTAS DEL IX CONGRESO DE ACADEMIAS IBEROAMERICANAS DE LA HISTORIA [Spanish America at the beginning of the emancipation. Proceedings of the 9th Conference of Ibero American Academies of History]
Several authors

EUROPA, AMÉRICA Y EL MUNDO. TIEMPOS HISTÓRICOS [Europe, America and the World. Historic Times]
Antonio Feros (Editor)
Roger Chartier (Editor)

DOÑA JUANA REINA DE CASTILLA [Joan, Queen of Castile]
Manuel Fernández Álvarez, Miguel Ángel Ladero, Luís Suárez, Julio Valdeón, Joseph Pérez, Bethany Aram
AMOR AL REAL SERVICIO. DON JOAQUÍN DEL PINO Y LA ORGANIZACIÓN DEL URUGUAY HISPÁNICO [Love for Royal Service. Joaquín del Pino and the Organisation of Hispanic Uruguay]
Ezequiel Abásolo

4. OTHER PUBLICATIONS

JORNADAS VIRREINALES DEL RÍO DE LA PLATA [Viceregal Workshop, Río de la Plata]
Several authors

UN EPISTOLARIO VIRREINAL: CARTAS FAMILIARES DE DON JOAQUÍN DEL PINO Y ROZAS, VIII VIRREY DEL RÍO DE LA PLATA [A Collection of Viceregal Letters: Family Letters of Joaquín del Pino y Rozas, 8th Viceroy of Río de la Plata]
José María Martínez Vivo

LOS VERA MUXICA EN SANTA FE [The Vera Muxica Family in Santa Fe]
Luís María Calvo

DON JERÓNIMO LUIS DE CABRERA, 1528 – 1574. ORIGEN Y DESCENDENCIA [Jerónimo Luis de Cabrera, 1528-1574. Origin and Descendants]
Alejandro Moyano Aliaga

EL GOBIERNO DE UN MUNDO. VIRREINATOS Y AUDIENCIAS EN LA AMÉRICA HISPÁNICA [The Governance of a World. Viceroyalties and Audiencias in Hispanic America]
Several authors

DICCIONARIO DEL ESTUDIANTE [Students' Dictionary]
Real Academia Española

THE RISE OF SPANISH MULTINATIONALS
Mauro F. Guillén

MICROCRÉDITO EN PAÍSES DESARROLLADOS: PROBLEMAS, RETOS Y PROPUESTAS [Microcredit in Developed Countries: Problems, Challenges and Proposals]
Begoña Gutiérrez Nieto and M^a Jesús Pérez Fernández

COMPETITION IN THE RAILWAY INDUSTRY: AN INTERNATIONAL COMPARATIVE ANALYSIS
Several authors

José A. Gómez-Ibáñez (Editor)
Ginés de Rus (Editor)

LOS CONQUISTADORES DEL HORIZONTE: UNA HISTORIA MUNDIAL DE LA EXPLORACIÓN [Pathfinders: A Global History of Exploration]
Felipe Fernández-Armesto

On 24 April 2006, the Foundation offered its facilities to the Family Action Foundation as the venue for the presentation of the report entitled “The Family in the Educational Process”, under the direction of Carmen Iglesias and Enrique Aldama.

On 27 November 2006, the Foundation was the venue for the presentation of the book entitled “God's Library. A History of Sacred Texts” by Giovanni María Viam, with the participation of Eugenio Romero Pose, Assistant Bishop of Madrid, and Juan Manuel de Prada, writer.

PROMOTING AND MONITORING THE UN GLOBAL COMPACT

In order to ensure that the fulfilment of the commitments entered into by Spanish companies who have signed up to the Global Compact promoted by the UN Secretary General is monitored, and to encourage other companies to sign up to the Compact, in 2001 the Rafael del Pino Foundation sponsored the organisation of a lecture to present the Global Compact formally in Spain, a concert at Madrid's Royal Theatre in honour of the Secretary General, and the creation of an organisational structure for the purpose of monitoring in Spain the commitments arising out of membership of the Global Compact.

The consolidation of the Global Compact in Spain was demonstrated by the success of the Workshop for Global Compact Signatory Companies and Entities in Spain held on 22 October 2003 and the setting up of the Spanish Association for the Global Compact (ASEPAM).

At the Association's Extraordinary General Meeting, the Chairman of ASEPAM pointed out that the number of signatories of the UN Global Compact in Spain is high and that one of ASEPAM's particular challenges is to raise the degree of awareness of the 10 Global Compact Principles, both among the signatories, and in society as a whole, and also to increase the number of organisations signing up, paying special attention to small and medium size companies.

ASEPAM has also made efforts to ensure that all the signatories deliver their progress reports by producing a simple tool that facilitates disclosure of the advances made by companies in their compliance with the Principles, thereby achieving enhanced quality and transparency.

The Rafael del Pino Foundation presented the mandatory progress report to ASEPAM in 2006, and it has been published by the Association and by the UN, demonstrating the Foundation's profound involvement in this initiative since its beginnings until the present time.

The Rafael del Pino Foundation remains faithful to its commitment to support, implement and disseminate the principles on which the Global Compact is based.

THE RAFAEL DEL PINO FOUNDATION ASSOCIATION OF SCHOLARS

The Rafael del Pino Foundation Association of Scholars was set up in Madrid on 21 July 2003 under Article 22 of the Spanish Constitution and Organic Law 1/2002, of 22 March 2002. The Association's main aim is to maintain contact, encourage communication and mutual support, both academically and professionally, among the beneficiaries of the scholarships and chairs awarded by the Rafael del Pino Foundation.

The Rafael del Pino Foundation Association of Scholars organised the following initiatives for which the Foundation was the venue:

PRESENTATIONS OF TRAINING ESTABLISHMENT AND PROGRAMMES

The Rafael del Pino Foundation welcomes the world's most prestigious educational establishments. At these presentations organised by the Scholars' Association, the most highly-renowned international universities and business schools talk about their facilities, syllabuses and postgraduate programmes. They are attended by students who stand out because of their academic excellence and who wish to continue their studies and training at these establishments.

In this context, there were the following presentations in 2006:

17/01/06	London Business School
21/09/06	Columbia Business School
03/10/06	Harvard University
05/10/06	Massachusetts Institute of Technology (MIT)
25/10/06	Wharton School and Lauder Institute
06/11/06	Association of Professional Schools of International Affairs
16/11/06	Berkeley University
28/12/06	Harvard Business School

OTHER ACTIVITIES

23/05/06	Lecture on the management of sporting organisations
05/06/06	Lunch with Miguel Ángel Arias Cañete
9-11/10/06	Participation in CIVILFOR 2006 [Job Fair for recently qualified Civil Engineers]

FINANCIAL INFORMATION

BALANCE SHEET AND INCOME STATEMENT AS OF DECEMBER 31, 2006
Euros (000)

BALANCE SHEET

ASSETS

Land and building	17,128.8
Other tangible assets	2,335.2
Amortization of fixed assets	-2,885.0
Receivables	861.1
Financial investments	101,577.7
Cash and banks	1,051.5
TOTAL ASSETS	120,069.4

LIABILITIES

Endowment	114,000.0
Reserves	2,443.9
Net income	1,087.9
Accounts payable	205.8
Entitled to benefit	2,331.8
TOTAL LIABILITIES	120,069.4

PROFIT AND LOSS ACCOUNT

REVENUE

Financial	7,213.2
Rents	257.9
TOTAL REVENUES	7,471.1

EXPENSES

Personnel expenses	553.5
Operating expenses	632.2
Amortization expenses	543.1
TOTAL EXPENSES	1,728.8

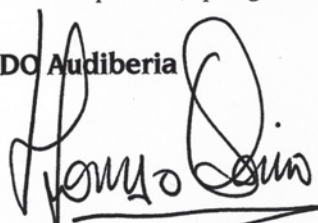
NET INCOME

Income before activities	5,742.3
Activities expenses	4,654.4
2006 NET INCOME	1,087.9

INFORME DE AUDITORIA DE CUENTAS ANUALES

Al Patronato de **Fundación Rafael del Pino** y Protectorado del Ministerio de Educación, Cultura Y Deportes

1. Hemos auditado las cuentas anuales de **Fundación Rafael del Pino** (o la Fundación) que comprenden el balance de situación al 31 de diciembre de 2006, la cuenta de pérdidas y ganancias y la memoria correspondientes al ejercicio anual terminado en dicha fecha, cuya formulación es responsabilidad del Patronato de la Fundación. Nuestra responsabilidad es expresar una opinión sobre las citadas cuentas anuales en su conjunto, basada en el trabajo realizado de acuerdo con las normas de auditoría generalmente aceptadas, que requieren el examen, mediante la realización de pruebas selectivas, de la evidencia justificativa de las cuentas anuales y la evaluación de su presentación, de los principios contables aplicados y de las estimaciones realizadas.
2. De acuerdo con la legislación mercantil, el Patronato de la Fundación presenta a efectos comparativos, con cada una de las partidas del balance, de la cuenta de pérdidas y ganancias y del cuadro de financiación, además de las cifras del ejercicio 2006, las correspondientes al ejercicio anterior. Nuestra opinión se refiere exclusivamente a las cuentas anuales del ejercicio 2006. Con fecha 7 de abril de 2006 emitimos nuestro informe de auditoría acerca de las cuentas anuales del ejercicio 2005, en el que expresamos una opinión favorable.
3. En nuestra opinión, las cuentas anuales del ejercicio 2006 adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera de **Fundación Rafael del Pino** al 31 de diciembre de 2006 y de los resultados de sus operaciones y de los recursos obtenidos y aplicados durante el ejercicio anual terminado en dicha fecha y contienen la información necesaria y suficiente para su interpretación y comprensión adecuada, de conformidad con principios y normas contables generalmente aceptados, que guardan uniformidad con los aplicados en el ejercicio anterior.

BDO Audiberia
Alfonso Osorio Iturmendi
Socio - Auditor de Cuentas

Madrid, 2 de abril de 2007

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www.frdelpino.es

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RAFAEL DEL PINO FOUNDATION
Rafael Calvo, 39
28010 Madrid
Tel.: (+34) 91 396 86 00
Fax: (+34) 91 396 86 19
info@frdelpino.es
www.frdelpino.es



FOUNDATION
RAFAEL DEL PINO

Rafael Calvo, 39
28010 Madrid
Spain

Tel. + 34 91 396 86 00
Fax + 34 91 396 86 19
info@frdelpino.es

www.frdelpino.es



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RAFAEL DEL PINO