

FRANCESC MORAGAS:

THE FOUNDER OF *La Caixa*

by Francesc Cabana*

Francesc Moragas i Barret (1868-1935) is one of the most important and delightful characters of the nineteenth century Catalan economic world. Not only did he promote what is today the biggest company in Catalonia (La Caixa d'Estalvis i Pensions de Barcelona), but he created the savings model that has successfully lasted for a century in Catalonia and Spain. As is often the case, success was due to the combined efforts of two individuals who complemented each other perfectly. While Moragas had the idea which he developed, managed and directed for 30 years, it was the entrepreneur Lluís Ferrer-Vidal who introduced him to the Catalan bourgeoisie and who gave his unconditional support. Undoubtedly they would not have been able to do anything of great significance without the help of the other. They died just a few months apart: Moragas in March 1935 and Ferrer-Vidal in April 1936.

Francesc Moragas was a lawyer by trade and came from a family with strong ties to the legal profession: his father, both his grandfathers and his stepfather, Joan Antoni Sorribas (his mother remarried following the death of her first husband), were all lawyers. The latter was to exert a strong influence over his life. Nevertheless, Francesc Moragas never actually worked as a lawyer. His stepfather died just as he was graduating from law school and Moragas found himself with the responsibility of running a magazine created by Sorribas called *Los Seguros* (insurance).

For many years Catalan business had recognized the significance of insuring commercial operations and knew that the practice could be applied to social welfare. At that time, the state had still not created a social security system and the working class had to fend for themselves with the creation of so-called 'help banks' or 'savings banks', sometimes shared with the proprietors of industries. These sav-

ings banks proposed the establishment of a fund that would serve to pay the pensions of workers upon reaching retirement age or in the case of disability caused by their work. The debate surrounding social welfare developed at a time of tension between capital and labour, and finally came to a head during the Barcelona workers' strike of 1902. Employers sympathetic to the workers' misery asked Francesc Moragas to draft a project to create a 'pension bank', in order to improve the conditions of retired workers.

Moragas initially proposed the creation of a pension fund and sought the support of the long-established *Caixa d'Estalvis i Mont de Pietat de Barcelona* savings bank, founded in 1844 and the only one of its kind at that time in the Catalan capital. He sought administrative support for the pension fund and asked them to manage its funds. However, the conservative 'Noble Savings Bank', so named for the numerous members from the nobility on its board



of directors, replied that the project did not suit the savings bank's agenda. Moragas and his protector Lluís Ferrer-Vidal, on behalf of the employers and institutions they represented, agreed to combine the activities of a savings bank and a pension fund. On the 5th April 1904 *La Caixa de Pensions per a la Vellesa i d'Estalvis* (The Retirement Pensions and Savings Bank) was created in Barcelona with a board consisting of businessmen who were friends of Lluís Ferrer-Vidal and organizations such as the Barcelona Economic Society of Friends of the Nation, the Catalan Agricultural Institute of Saint Isidre and the Barcelona Athenaeum. The aim of the pension bank was to help retired and disabled workers, while the savings bank was intended to generate income from workers' savings.

The creation of *La Caixa de Pensions*, which was established in 1905, was followed in 1908 by the creation of the *Instituto Nacional de Previsión* (INP, or the National Social Welfare Institute) by the Spanish state, which gave rise to the social security system. The directors of the Institute looked to Francesc Moragas for advice, since he was prominent in the field of social welfare. In 1910 the INP recognized *La Caixa de Pensions* as a participant organisation which operated throughout Catalonia and the Balearic Islands. The name for the organisation thus became *La Caixa de Pensions per a la Vellesa i d'Estalvis de Catalunya i Balears*.

Until 1910 the savings banks, which had existed for over half a century in Spain, were social-profit organizations rather than commercial entities. They were highly paternalistic in nature and of little importance. Their customers were exclusively working-class (savings banks were known as the 'poor-man's bank') and the middle class who ran them did not quite know what to do with the income they generated. Some savings banks were limited to investing them in government bonds, while others used the income as loans to the very same industrialists or merchants who managed the bank. As a result, their prospects were rather limited.

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As *La Caixa* progressed, Moragas realized its potential. Firstly, the agreement with the National Social Welfare Institute was a break with the tradition of having only one office, forcing the bank to open one in all the provincial capitals. Nevertheless, *La Caixa* did not limit itself to these cities, as it also opened offices in the regional capitals. It often did this by taking over small savings institutions, associated to religious centres and rural savings banks. Another rule *La Caixa* broke was that of only having working-class clients. They opened up to all social classes, at the same time as they increased their savings deposits (with the famous savings book), with easily available deposits which meant money was available in the form of cheques, just like in a bank. This change increased the resources received from third parties, and in 1920, fifteen years after it began, *La Caixa* was the leading savings bank in



The historic former headquarters of *La Caixa d'Estalvis i Pensions de Barcelona*

terms of the volume of its deposits. It has maintained its position ever since.

Moragas broke with tradition both in terms of the savings bank's passive operations (its deposits) and in its active operations and the application of the results. In 1911, inspired by the attractive terms the state was offering for the construction of social housing (known as 'Cheap Houses'), *La Caixa*

decided to get involved with the building of housing and the granting of mortgages to their owners. Over time, mortgages were to become the most common form of credit offered by savings banks.

La Caixa generated profits (or 'surpluses' in the case of non-profit organizations) and it was here that Moragas not only broke all the molds, he also

initiated an authentic social revolution, which was to make *La Caixa* extraordinarily popular. A good example of this popularity is the fact that during much of the twentieth century in Catalonia, the number of savings accounts opened exceeded the total population.

La Caixa's surplus or profits were destined to its *Obra Social* (Welfare Projects). It carried out a wide variety of social work, playing a pioneering role by operating in areas that had previously not had any coverage. *La Caixa* promoted women's employment through the creation of the Institute for Working Women, which managed a nursing school, clinics and houses for families. It supported healthcare with its Anti-TB Project, opened the first public libraries, organized children's and adult summer camps, created the Catalan Institute for the Blind, the Institute of Social Studies and the Agricultural Project with its 'farm houses' that rented out farm machinery to farmers and its model smallholdings. All of these changes occurred before the start of the Spanish Civil War (1936-1939), and included the period of General Primo de Rivera's dictatorship (1923-1930). *La Caixa* and Francesc Moragas maintained tense relations with the regime due to Moragas' opposition to totalitarian regimes and the profoundly Cata-

lan nature of his work, which was not at all appreciated by the dictator.

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As mentioned earlier, Francesc Moragas died shortly before the start of the Civil War. He did not experience the three years of conflict, much less the 37 years of the Franco dictatorship, which began in 1939. However, the work of Moragas and *La Caixa* was acknowledged by the other Catalan and Spanish savings banks. Eventually, all savings banks were to follow the example set by Moragas and *La Caixa de Pensions per a la Velleja i d'Estalvis*. An example: the Madrid Savings Bank (*CajaMadrid*) made its changes well into the twentieth century, and it did so under the leadership of a Catalan who had worked for *La Caixa*. The elderly, rigid savings banks of the nineteenth century were to become financial organizations that operated like foundations in the second half of the twentieth century, thanks to lessons learnt from Francesc Moragas and his followers.

*FRANCESC CABANA

(1934, BARCELONA). HOLDS A DEGREE IN LAW AND IS A MEMBER OF THE BARCELONA BAR ASSOCIATION. HE WORKED ON THE BARCELONA STOCK EXCHANGE (1957-1959), FOR *Banca Catalana* (1959-1982), WORKED AS A WORLD BANK FINANCIAL CONSULTANT FOR THIRD WORLD COUNTRIES (1984-1992). HE WAS ALSO ASSOCIATE PROFESSOR OF THE *Universitat Internacional de Catalunya* (1997-2005). CABANA IS THE AUTHOR OF SOME FORTY BOOKS ON CATALAN ECONOMIC HISTORY, AMONG WHICH TWO DESERVE A SPECIAL MENTION: *Fàbriques i Empresaris. Els protagonistes de la Revolució Industrial a Catalunya* (Factories and Business People. The Protagonists of the Industrial Revolution in Catalonia), for which he was awarded the 'Estudis' Prize of the IV Bonaplata Award for Cultural Heritage, bestowed by the Science, Technology and Industrial Archaeology Museum of Catalonia, and *Caixes i Bancs de Catalunya* (Banks and Savings Banks in Catalonia), for which he was awarded the Joan Sardà Dexeus Prize, bestowed by the Economist's Society of Catalonia. He is a regular contributor to the *Avui* newspaper and an honorary member of the Catalan Society of Journalists (2003) and the Economist's Society of Catalonia (2006). In 1998 he was awarded the St. George's Cross. He was second vice president of the *Ateneu Barcelonès* from 2008 to 2011, when he was named president of the organisation. One of his most recent publications is the four volume *La Catalunya emprendora en imatges* (Entrepreneurial Catalonia in Pictures).

