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CONVOCATION CEREMONY.

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I know that today is a very emotional and exciting day for you.

I congratulate you.

I envy the changes, the discoveries in the personal, the familial, and yes, the business and career lives that lie before you. I hope that they bring you as much or more than the last 35 years have generously brought me and my family.

While today is about the future for you, today brings back some very emotional and moving memories of the past for me.

This week, I flew back to Chicago, for only the second time since entering this MBA program in the American Fall of 1970. That voyage was accompanied by unexpected baggage, some of the most painful and hopeless thoughts I have ever experienced.

I didn't know it, but the antidote to those thoughts and fears lay in the halls of this institution.

Walking again through the walkways and the classrooms and seeing the faces of both those learned and those learning brought back an echo of what Chicago ignited within me those many years ago. The University of Chicago gave to my mind, to my soul and to my spirit

the ideas and commitments that infused, that changed my life and my business, and that were to change most of all, my country.

Today, I want to talk about Chicago's two simple but invaluable gifts: a singular idea and a focused commitment. I know that you have learned many important and great tools. Some will help you all your business lives, some will grow outdated by your next job interview.

I hope to impart to you an appreciation for the power than an idea can have to change your life and the lives of those around you.

To begin with, a little context. Start with me as I leave my homeland, Santiago, Chile, on my journey to Chicago in September of 1970. It was a day of emotion, sadness, and even depression. Like yours, I suspect, my family came to see me off. However, the joy of their company was tempered and bittersweet. I never expected to see my country again.

You see, 10 days before, Salvador Allende had been elected as the new president of Chile with only 36% of the vote. I saw in the future a wave of wrenching change. I expected that Chile's history would be written with the script of Cuba's socialism: a descent into greater poverty, increased government control, less personal freedom, less personal and collective opportunities.

At Chicago, however, I arrived to unexpected intellectual ferment, the impact of professors like Merton Miller, Gene Fama, Rudy Dornbusch, and many others. I was exposed to the defining philosophies and economic concepts of what was to become known as the Chicago School. And I was about to join the ranks of those who became known across Latin America as the Chicago Boys.

This ferment, this stimulus changed my life, the life of my family, and clearly the future of Chile.

The idea was, and is, startlingly simple: a categorical support for a free society, believing, as history has shown, that the establishment of an open and competitive economy not only drives the development of both, capital and jobs, but also, and critically, it drives people's expectation for choice and the freedom to make these choices.

The second critical element was commitment. It was not enough, it is not enough to just debate. At some point, all the debate, all the learning have to transform the grit inside you into a commitment to action.

The first impact of this challenging environment was profoundly personal. My depression and sadness were transformed into excitement and into hope. I rose from a rather ordinary Industrial Engineering student in Chile into a rather successful student in Chicago's MBA program. In 1972, at the end of my two years, I received a very flattering job offer to stay in the US.

But Chicago had given me the hope and the courage and the tools to believe in change. Even though Chile was becoming all the things I had feared, I returned.

The economy was in absolute chaos, inflation was 500% a year, the government deficit was a quarter of GNP, government fiat and ownership had replaced competitive private businesses.

In concrete terms, you could stand in line for hours to buy bread that wasn't there. Chile was frozen.

Yet I returned. Chicago had emboldened me.

I was reunited with my family, in my homeland. The only job I could take was a teaching position at the Universidad Catolica. In 1956, Catolica and the University of Chicago had created an ongoing exchange program and since that time it had become the gathering place of the Chicago Boys.

A year later, in 1973, Allende's government was overthrown. The military which had led the overthrow did not have an economic philosophy; they were primarily anti-communist and clearly trying to save the country from the destructive path it was on. But they saw that the economic ways of Allende were a disaster. They also understood that the historical economic approaches of the ruling classes in Latin America were built on practices of big government and protected markets, ideas that were a practical and theoretical failure.

Into that breach stepped Professor Sergio de Castro, a PHD from Chicago and a disciple of Milton Friedman. He was also a father figure to us Chicago boys. He and a group of other young professionals, mostly Chicago trained published a document, "*El Ladrillo*". (In English the title would translate as "*The Brick*").

And it was a brick. It shattered the glass around the Chilean establishment. It was a revolutionary document, stating the simple idea: that freedom and competitive markets were the path for change and development.

And because "The Brick" offered an alternative to the failed ways practiced by most Latin American regimes, the military junta gave the ideas from "The Brick" and the University of Chicago a chance. The Chicago boys were brought into the government, at every

department, at every level and given a mandate to build from the ground up a free market system that would revitalize Chile.

There were many ups and downs along the way, and perhaps you may remember some awfully sad situations. There is no time to go into that history but let me note in particular two transformations. First, Chile went from decades of stagnation to arguably the most progressive, most successful, and fairest economic environment in Latin America. This transformation was underway before Reagan and Thatcher made free markets an international model.

Second, and more significantly, the Chicago school (and the Chicago boys) believed that a free market model would drive demand for more democratic choice in the broader political environment. And they were right. In 1989 the Chilean people democratically removed the military from the control of the government. Even though the center left has been in power for the last 18 years, every relevant political party has accepted the free market approach that we learned here.

That is a remarkable political and democratic accomplishment.

So now, you have heard what Chicago did for my personal life and for my county.

But this is the Business School. So how did Chicago impact my business?

My company, CMPC, is 88 years old. Our sales total 3.5 billion dollars a year and we employ 12000 people directly. For most of its existence, CMPC had focused on wood, pulp and paper products in Chile. After I served three years as CFO of the Chilean Health Ministry, my father brought me back to the family company. Just as Chicago had prepared me to help Chile move to a market-based vision, it prepared me to transform CMPC from a local company,

operating in a protected national market to an international business that is comfortable working in a global market, within a competitive business environment. More than 70% of our business is now global, not Chilean. Our largest customer is China; our second largest is the US. We do business in over 50 countries. We are the second largest forestry, pulp and paper company in Latin America, and in Chile, perhaps the most admired public corporation.

But we have also transformed the way we do business, becoming a rather unique company in the global forest products sector. We have integrated sound business practices with sound environmental policies. Today, 100% of the wood consumed by our industrial operations comes from man-made, renewable, fast-growth plantations. We have planted more than 1.3 million acres mostly on exhausted agricultural land sites, rejuvenating that land and allowing us to protect Chile's incredible natural forests. Chile now has more than 20% of its territory protected in National Forests and Parks. The USA, in comparison, has only 11% of its land protected.

If you are thinking of a graduation present, think about visiting us in Chile. We combine an incredible dramatic landscape with a vibrant economic and political environment.

There is a great deal more I can talk about, but I am not here to tout my business. I am here to remind you of our shared heritage; of the heritage that the University of Chicago gave me. The heritage of an idea that lifted my life, transformed my country, renewed my family's business. And a faculty and a spirit that imbued me with the commitment to take that idea and play a role in remaking all those wonderful things we call life.

As such, I will leave you with one final, lasting, impact of both the University of Chicago and its ideas. An institution that symbolizes the power of uniting the idea and personal commitment: it is CEP.

CEP is a private, non-partisan, non-profit, think tank, known as the Centro de Estudios Públicos: the Center for Public Studies. It was founded in 1980 as a gathering place where the thoughtful and creative political, sociological, and economic questions could be pursued outside the press of government institutions. I believe that it eased the way for the transformation of Chile to a land that embraced both free markets and free political thinking.

I have been lucky enough to serve as its Chairman. The ideas to which I have been exposed to through its economic, environmental, creative, artistic, and sociological programs, have helped change me and my business for the better. And the same is true for many others throughout Chile. CEP continues to focus the rethinking and refreshing of our national political and economic climate.

As a final note, and I know this is very Chilean, but I think very important: I must talk about my family. In my country, the family is the cornerstone of our culture. I learned everyday that I was with my father, a truly extraordinary man who built much of the foundation of our company and who introduced me to economic liberalism and political tolerance. I also learned from my mother who kept intact the traditional and religious values of the family that are center to Chilean life and who taught me a social conscience. And of course, my return to Chile brought me to Pilar, the remarkable woman who has been my wife and partner for almost 30 years. Together we have raised three children and they are our heritage.

You leave here with what I believe to be one of the most treasured degrees across our globe. But you also leave with more. You leave here with an idea; I hope you leave here with a commitment: a commitment to transform your life, and the lives of those around you. The world awaits you. I salute you.

Gracias y nos vemos. En Chile.

