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Laboratorios Andrómaco: origins of the first subsidiary of a Spanish pharmaceutical multinational in the United States (1928–1946)¹

Abstract

Laboratorios Andrómaco was a Spanish pharmaceutical company that opened a commercial subsidiary in the United States in the early months of 1928. It was located right in the heart of Manhattan, at 11 West 42nd Street, in front of the New York Public Library. Despite the Wall Street crash, it remained open until 1946. The owner was the pharmacist-entrepreneur Fernando Rubió Tudurí (1900–1994). It was the first foreign direct investment made by a Spanish pharmaceutical multinational in the United States, using a maquila-style operation to export Spanish products made in the USA to Central American markets. Nothing has been published about this until now. Only interviews with Enrique and Mercè Rubió Boada (son and daughter of Fernando Rubió), digitalized sources from the company held by the Fundació Rubió Tudurí in Mahón, Minorca, and hard-to-access secondary sources have made the recovery of this history possible. The company closed its doors in the US and expanded in South American markets after World War II, but the short history of their investment in the United States reveals the potential and international capabilities of Spanish pharmaceutical companies before the Spanish Civil War. Moreover, it reveals how the Spanish Civil War was a disaster for millions of people but in some special cases it became an opportunity for companies in the science industries. Few pharmaceutical firms like Andrómaco, with entrepreneurs, resources, and a long-term vision, took the decision to invest in the most profitable (though also the most difficult) market for pharmaceutical products in the world: the United States. Andrómaco was created in Barcelona in 1923 by two scientist-entrepreneurs (Raul Roviralta and Fernando Rubió Tudurí). A nutritional product called

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Glefina (made with Norwegian cod oil from Ålesund and sugar) brought the small firm considerable success in sales in Spain in the mid-1920s. Making use of impressive networks (with the Spanish royal family, Catalan political elites, and the medical and pharmaceutical profession in Spain and Germany) and innovative commercial approaches (sending free samples to selected clients like King Alfonso XIII's family circle and Dr Gregorio Marañón) were key business strategies during those years. The commercial subsidiary had two employees that coordinated the outsourcing of the production to local US producers, with exports of their US-made Andrómaco products going to Central American clients. Those clients loved buying a US-made product designed and sold by a Spanish pharmacist living in Long Island, with an office in Manhattan, who frequently travelled from the US to Latin America in the tough years of the Depression.

Keywords: Laboratorios Andrómaco; Spanish Multinationals; Pharmaceutical Industry; History of Pharmaceutical FDI

Today, Laboratorios Andrómaco is well-known as one of the most important pharmaceutical corporations in Argentina, and Andrómaco also exists as one of the leading pharmaceutical corporations in Mexico. They are, despite sharing the same name, independent companies, heirs of Laboratorios Andrómaco, a Spanish pharmaceutical corporation founded in Barcelona, Spain, in 1923 by Raul Roviralta and Fernando Rubió Tudurí. The company was one of the most successful laboratories before the Spanish Civil War and the partners were two of the most outward-looking pharmaceutical entrepreneurs in the country, opening subsidiaries in Lisbon in 1926, Buenos Aires in 1927, and in Cuba, New York, Montevideo, São Paulo, and Caracas in 1928. The Civil War in Spain caused the partners and their families to leave the country and move to where their subsidiaries were located. Raul Roviralta moved to Buenos Aires, taking control of the lab's South American businesses. Fernando Rubió Tudurí moved to New York and from his 5th Avenue office in Manhattan he controlled the production of their products in the United States and their exports to Cuba, Santo Domingo, and Guatemala with the label Andrómaco USA. The company was particularly outstanding in

the design of pharmaceutical products with relatively low production costs and prices but with great demand, such as Glefina (a nutritional product based on cod oil and sugar) and a cream for skin rashes known as Halibut in Spain and Lassar in North, Central, and South America. The founders were also remarkable for their innovative commercial strategies and their global outward-looking attitude: most of the subsidiaries and the commercial network were set up between the 1920s and the 1940s. The great expansion of their company took place during these very difficult years, with products adapted to the scarcity and low purchasing power of the times, and with a relatively simple organizational structure (rapid creation of commercial subsidiaries under control of managers linked to them through trust-based agreements).

Andrómaco is interesting for these reasons, but also because it was the first Spanish pharmaceutical company that dared to open a subsidiary at the heart of the global pharmaceutical industry market, the United States, in 1928. Not many companies in developing economies, particularly in science-based industries, dare to sell anything in the markets where global innovation takes place and the major industry players are located. Academic international business models often indicate that companies in developing economies usually develop through a gradual process where they first learn and transfer knowledge on international operations from developed economies and leading corporations in an industry using different mechanisms, including imports and business trips. According to these gradual academic models of internationalization, a second step for these kinds of companies is to try to export to psychologically similar markets to reduce uncertainty and risk. And in the final stage they may, or may not, try to export and invest in more difficult markets, but rarely the most developed and regulated markets where the toughest competitors in the world are located. Andrómaco is one of the cases that challenge the academic models.

Laboratorios Andrómaco accumulated sales, knowledge, social networks, and human capital between 1923 and 1928. The founders were recent graduates in Pharmacy and Chemistry, belonged to the upper middle classes of Barcelona, and had an excellent social network among the upper middle classes beyond Barcelona and in the medical profession. Rubió Tudurí's father was a military civil engineer who graduated from the Academy of Guadalajara and his brothers were outstanding architects and politicians (Mariano and Nicolas Rubió Tudurí), who were well-connected to local Catalanist political leaders like Francesc Maciá and Lluís Companys, and to local real estate businessmen. Rubió Tudurí's father worked, like one of his sons, in the urbanization of Barcelona linked to the International Exposition of 1929, participating in the design and construction of infrastructures in Plaça d'Espanya, Montjuïc, and the Tibidabo Mountain.

Rubió Tudurí and Roviralta were neighbours and had important pharmacist-entrepreneurs living nearby, including friends of their families such as Dr Salvador Andreu and Dr Antoni Esteve.

Post-graduate studies in Madrid granted Rubió Tudurí the opportunity to help the personal doctor of the king's children and he met the royal family. His post-graduate studies at the Institut Pasteur in Paris also allowed Rubió Tudurí to meet renowned European scientists that would help him in the future when he had to move to the United States due to war.

Laboratorios Andrómaco's success started with the production of Glefina (1924–1960s), made with cod oil imported from the Norwegian town of Ålesund, where dozens of cod oil exporters concentrated a huge level of production in the 1920s (Jonsson 2006). The success of this product and its consumption and recommendations to consume it by the entire royal family and the famous Dr Gregorio Marañón led the partners to decide to expand their market

beyond Spain, opening their first commercial subsidiary in Lisbon in 1926 and a factory in the same city in 1931. The positive prospects, the extraordinary self-confidence of the partners, and the social networks through which privileged information circulated made them take the decision to invest outside Europe, first in Buenos Aires in 1927 and then in Central America. While negotiating the opening of a subsidiary in Cuba, Rubió Tudurí had to stop off in New York in 1928, and he was left wide-eyed at the sight of the luxurious atmosphere of consumption in the city. He was used to dealing with the Spanish upper classes and their consumption habits, as well as taking care of presentation and commercialization with labels, boxes, advertisements, and the personal care of clients, and so he took the decision to open a subsidiary in New York and to try to sell the products in the United States, right before the Wall Street crash of 1929. One wonders whether this was a wise decision considering future developments, but the fact is that the lab's products were made with relatively cheap raw materials, the profit margins were very high, and the employment costs were relatively low. Rubió Tudurí believed that by outsourcing the production of his nutritional products to US producers, a maquila-style operation, he would certainly save on transportation costs and have good quality production. The quality achieved thanks to the suppliers' US production facilities was much appreciated by Central American clients in Cuba, Santo Domingo, and Guatemala, who according to Enrique Rubió Boada, Fernando Rubió Tudurí's son, 'loved' buying a US-made Spanish product sold by a Spanish-speaking entrepreneur. Rubió Tudurí was not afraid of the financial crash and probably (though we have no information to back this hypothesis so far) it was perceived as an opportunity to have more US companies ready to serve the Spanish lab at lower prices, as well as to manufacture and to transport the products in US ships to Central America.

Rubió Tudurí hired two people for his commercial office in Manhattan. The manager was a German named Unger who had worked in the Barcelona International Exposition of 1929 in which Rubió's father had also worked as a civil engineer. Unger was fluent in German, Spanish (married to an Andalusian woman), and English, and had a strong commercial profile and expertise. Unger would be Rubió's right hand man in New York while he travelled to meet Central and South American clients. Unger was also in charge of administering a warehouse where products manufactured by US suppliers were kept until their final export to clients in Central America, Cuba, Guatemala, or Santo Domingo, in a maquila-style operation. A secretary who lived in New York was also employed to handle administrative tasks. While the office was managed by Unger and the secretary, Rubió travelled to find suppliers in the US and to meet and take care of old and new clients in Central America but also in Colombia, Mexico, and Canada. Rubió's family was installed in a house on Long Island, and they frequently met other Spanish refugees from the Civil War such as Dr Duran Reynolds, who worked in the Rockefeller Institute, and many Catalan politicians and businessmen.

The end of the first US subsidiary of this Spanish pharmaceutical company took place between 1946 and 1949. For personal and professional reasons, Rubió Tudurí moved to Colombia and then to Mexico City where he concentrated his activities and businesses. Further research will have to explore North American archives to discover more about this unique company. A hard-to-answer counterfactual question could be what would have happened if the Civil War had not taken place? Maybe the example of Andrómaco in the United States could have attracted more Spanish pharmaceutical companies to Manhattan. And maybe the era of internationalization of the Spanish pharmaceutical industry would have

been the mid-20th century and not the late 20th century as subsequent events have shown us to be the case. Andrómaco was a visionary company and, therefore, it opened new pathways to internationalization for innovative companies in Spain. The war and the Francoist dictatorship blocked these pathways and slowed down the entire industry.

Selected chronology

1923: Establishment of Laboratorios Andrómaco in Barcelona by founding partners Raul Roviralta and Fernando Rubió Tudurí.

1924: Commercial distribution of nutritional product GLEFINA based on cod oil imported from Ålesund in Norway and toasted sugar (following the advice of Rubió Tudurí's mother to improve the taste). Samples were distributed for free among the political elite, the royal family, and the elite of the medical and pharmaceutical professions. Commercialization was a success up until the 1960s when a variety of multivitamin products from foreign multinationals began to spread.

1926: Opening of Laboratorios Andrómaco commercial office in Lisbon.

1927: Opening of Laboratorios Andrómaco commercial office in Buenos Aires.

1928: Opening of Laboratorios Andrómaco commercial offices in Cuba, New York, Montevideo, São Paulo, and Caracas.

1929: Fernando Rubió is CEO of Laboratorios Andrómaco's subsidiaries in North America, Central America, and Mexico, with headquarters in New York.

1931: Opening of a Laboratorios Andrómaco factory in Lisbon.

1938–1975: The two founding partners left Spain with their families and left C. Matjí, a relative of Rubió, in charge of the factory in Barcelona. Roviralta moved to the subsidiary in Buenos Aires and Rubió to the subsidiary in New York. They split the ownership and

management of the company. Fernando Rubió Tudurí kept subsidiaries in Colombia, the United States, Portugal, and Mexico. Raul Roviralta kept the rest of South America (Argentina, Chile, Brazil, and Uruguay) with headquarters in Buenos Aires. The Spanish subsidiary would remain owned by both founding partners, half each, and was managed by C. Matjí first in Barcelona and then in Madrid until its gradual sale to the German Grünenthal between the 1970s and the 1990s. The name Andrómaco was maintained by Rubió Tudurí. Rubió Tudurí gave autonomy to all of his subsidiaries (Barcelona, Madrid, Mexico, Paris, Lisbon, New York, Montreal, Havana, Bogotá, São Paulo), under his coordination first in New York until 1946 and from then onwards in Colombia and Mexico.

1968: Opening of Andrómaco Building in Colombia.

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giving me a free copy of that book for this research. I also thank Enrique and Fernanda Rubió for giving me copies of Enrique's short account of memories about his father and the 1923–1924 Diary, handwritten by Rubió Tudurí with details about the creation of the laboratory, the choice of its name, and the hiring of the first employee.

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