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The Faculty of Political and Economic Sciences as a Catalyst
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Elena Gallego, Universidad Complutense de Madrid

Estrella Trincado, Universidad Complutense de Madrid*

*corresponding author: estrinaz@ccee.ucm.es

**Economic Thought, Negotiations, and the 1959 Spanish Stabilization Plan:
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Abstract

This article analyses the development of Spanish economic thought in the 1940s and 1950s, focusing on the foundation of the Faculty of Political and Economic Sciences in 1943. The Faculty became a critical institutional platform for the Francoist regime's subsequent economic opening. Using a Foucauldian approach, we explore the power structures that fostered intellectual alignments with the Regime, while also identifying the academics who shaped Spain's negotiations for entry into the IMF, the World Bank, and the OEEC. Special attention is given to Fernando María Castiella y Maíz and Alberto Ullastres Calvo—government ministers in 1957—both of whom had been professors at the Faculty of Political and Economic Sciences, with Castiella serving as its first dean.

The article is structured around four themes: 1. The origins of the Faculty of Political and Economic Sciences and its first graduating class. 2. The economic orthodoxy of the 1940s as the foundation for intellectual change and the debates of the early 1950s. 3. The role of a politically influential sector, closely tied to the Catholic Church, that embraced liberal capitalism. 4. The externally driven push for economic liberalization, which led to internal conflict within the 1957 government, particularly involving Castiella and Ullastres.

Keywords: Spain, 1959 Stabilization Plan, Castiella, Ullastres, economic liberalization

1. Introduction

By the 1950s, Spain was burdened by structural economic problems that had persisted since the nineteenth century, exacerbated by the Civil War and a dictatorship that closed borders and pursued highly inefficient economic policies. The government reshuffle of 25 February 1957 marked a turning point for macroeconomic stabilization. The cabinet included three key ministers: Fernando María Castiella y Maíz (foreign affairs), Alberto Ullastres Calvo (trade), and Mariano Navarro Rubio (public finance). The ministries steered the reforms that opened up the Francoist regime and culminated in several historic milestones: Spain's accession to the International Monetary Fund (IMF), the World Bank, and the Organization for European Economic Cooperation (OEEC), as

well as the design of the 1959 Stabilization Plan (SP), which reorganized the country's macroeconomic framework.

This article examines the economic ideas that shaped the Stabilization Plan, tracing his roots back to the previous decade. The orientation toward economic openness had been present since the creation of the first Faculty of Political and Economic Sciences in 1943 in Madrid. As a training ground for graduates and a reservoir of experts who collaborated with government ministries, the Faculty played a multiplier role in introducing the orthodox economic and financial management demanded by international organizations. Both Castiella and Ullastres, in addition to serving as ministers in the 1957 government, had been members of the faculty, with Castiella acting as its first dean.

From the perspective of organizational institutionalism, the Faculty of Political and Economic Sciences represented a qualitative leap in the diffusion of economic knowledge¹. It generated expertise with international scope—particularly in trade standards and exchange-rate management—that reshaped Spanish economic and political thinking toward the new financial and commercial relations demanded by the European reconstruction process initiated with the creation of the IMF in 1944. The Faculty aligned the motivations of political actors with the disruption of the status quo and provided access to key economic information, enabling new negotiations that would drive Spain's macroeconomic adjustments during the 1950s.

In the 1940s, the influence of the so-called *falangistas*—the Spanish variant of fascism—was significant within Spanish universities. In the case under study, many economists who began their careers in the Falange gradually shifted toward a form of conservative liberalism during their university years. The First National Congress of FET and the JONS², held in 1953 at the Central University of Madrid, was crucial in delineating these ideological shifts, distinguishing between military figures and *falangistas*,³ later joined by *nacional-católicos*⁴. From this congress emerged working groups of young economists from the first graduating class of the Faculty of Political and Economic Sciences at the Central University: the one led by José María Naharro Mora,

¹ North (1993, 43).

² *Falange Española Tradicionalista y de las Juntas de Ofensiva Nacional Sindicalista*, Spanish sole party during the years of the Franco dictatorship, in force from 1934 to 1977.

³ On the National Congress of the Falange, Ferrary (1993: 371-372). Concluding remarks of the First Congress of the Falange are in *Arriba*, October 29, 1953.

⁴ The families of Francoism by De Miguel (1978, 34) are taken as a reference: military, Primo de Rivera supporters, traditionalists, monarchists, Falangists, Catholics, fundamentalists, technocrats and technicians.

with a more liberal orientation, and the other of Manuel de Torres, with a more social-democratic orientation.

At the same time, the three technocratic ministers were strongly tied to their religious principles, which set them apart from other powerful Francoist factions⁵. Ullastres explained that the label *technocrats* categorized them as a qualified group distinct from other Francoist factions⁶.

The *falangista* consensus collapsed in 1954, when transformations in university power relations emerged, a process this paper interprets through a Foucauldian lens. Student agitation linked to the SEU (Spanish University Union of the Falange), promoted by the Ministry of Education, triggered broader mobilizations that challenged the monopoly of *falangistas* within university representative bodies, thereby eroding the party's control over higher education. From 1955 onward, conflict escalated, with clashes on the Ciudad Universitaria campus and particularly in the streets of San Bernardo and Alberto Aguilera in Madrid, culminating in a gunshot injury in February 1956. As Antonio Feros has noted, the Regime began to recognize that the Falange was losing influence in Spanish society, to the point of fearing a student uprising in 1956 and by the covering up of a police report indicating that the shots had likely originated from *falangistas* themselves. Francoism experienced a weakening in the realm of ideas, which the regime sought to offset through judicial measures and police repression⁷. Consequently, Ruiz-Giménez, Minister of Education, and Fernández Cuesta, Secretary General of the Falange, were dismissed. The university was closed, and its rector, Pedro Laín Entralgo, resigned⁸.

Moreover, outside the Regime, Spain began to experience the influence of the emerging European New Left, which demanded political and civil liberties⁹. In 1956, José Luis Arrese y Magra, in an effort to reinforce and revitalize the *falangista* party, encountered strong resistance from monarchists and, above all, from the Catholic hierarchy¹⁰.

5 Castiella was the only one who did not belong to Opus Dei, a Personal Prelature with a vow of obedience approved in 1941 by the Bishop of Madrid. Many men from this organization were appointed to high positions in the late 1950s. Castiella preferred to remain on the sidelines, perhaps to reinforce his defense of religious freedom, which he insisted on regulating (Montero, 2009). According to García Cortázar (1988, 416), Opus Dei was "fundamentalist in religious matters, Europeanising in economic matters."

6 Quoted in Zaratiegui (2011, 134).

7 Feros (2025).

8 On student crisis of 1954-56, Ellwood (1984).

9 Álvarez Junco (2022, 162-163).

10 González Cuevas (2023, 602-603).

To analyse this turbulent context, this article is organized around four key developments: the origins of the Faculty of Political and Economic Sciences at the Central University of Madrid and the significance of its first graduating class; the impact of the 1943 and 1944 curricula as the seed of a shift toward international economic orthodoxy; the Catholic orientation of dominant political leaders in the 1950s in tune with Western capitalism; and the decisive collapse of autarky, which generated an internal struggle within the 1957 government.

2. Methodology

The historical process under study is approached through the lens of organizational institutionalism, a framework that originated in research on educational organizations in the 1970s. Its central premise is that curricular reforms can restructure societies by generating new categories of authorized knowledge, fostering new professions and elites¹¹. Reformist ideas that drive institutional change emerge within a national political culture that is increasingly globalized, as happened in Spain during the 1950s. In this context, the Faculty of Political and Economic Sciences left its mark through its curriculum, while the postwar international environment—shaped above all by the United States—provided the centrifugal force that ultimately broke with autarky¹².

Within the analysis of historical institutional change, this article poses several guiding questions: Who determined the course of Spanish economic policy in the 1940s and 1950s? Who initiated the processes of change? What international economic information was available in Spain? Which risks were acceptable, and which were not? Which larger institutions supported the adoption of new rules? What short- and long-term benefits were obtained? We will attempt to address these questions in the following sections.

To trace the evolutionary process of institutional change under the Franco Regime—characterized by oscillation yet ultimately aimed at preserving power—we employ Foucault's notion of power dynamics¹³. As Foucault contends, institutions persist through a form of violence rooted in the exercise and abuse of power. This does not always manifest as physical repression but as constant pressure embedded in everyday relations

¹¹ Hall (1993); Hirschman and Berman (2014); Blum and Brans (2017), Christensen (2018); Tribe (2021).

¹² Jepperson and Meyer (2021, 72, 73 and 80).

¹³ Foucault (1975, 31).

that shape the subjectivities of social actors¹⁴. Foucault's analysis of the panopticon illustrates a model of surveillance that enables one individual to observe others without being seen, thereby generating continuous self-regulation. In this way, power does not reside solely at the apex of a hierarchy but permeates every social interaction through mechanisms of information control, discourse and institutions. Power is produced and legitimized through knowledge.¹⁵ Studies on the relationship between academia and economic policy have not previously adopted a Foucauldian perspective.

3. Origins of the Faculty of Political and Economic Sciences

Economic studies in Spain took root within reformist literary circles of the 1930s and, from the outset, were characterized by a technical, outward-looking orientation that highlighted the importance of study abroad. In the first third of the twentieth century, their development was spearheaded above all by two institutions: the Board for the Expansion of Studies and Scientific Research (JAE, founded in 1907) and the Research Department of the Bank of Spain (established in 1930)¹⁶.

Prominent economists active within these circles included Flores de Lemus, key figure in attempts to modernize Spanish fiscal and monetary policy during the Restoration and the Second Republic and professor at the University of Madrid; Luis Olariaga, who introduced modern public finance theory into Spain and professor in Madrid; Gabriel Franco, who contributed to the institutional modernization of Spain's tax system; Manuel de Torres, collaborator of the early systems of macroeconomic measurement; José María Zumalacárregui, professor in Madrid and civil servant involved in specialized commissions on taxation; Francisco Bernis, professor of Political Economy and Public Finance appointed Secretary-General of the Higher Banking Council; Olegario Fernández Baños, associated with early Spanish empirical studies on monetary circulation and credit; José Antonio Vandellós, economic demographer professor at the University of Barcelona; Román Perpiñá Grau, key developer of early input-output models in Spain and professor at the University of Valencia; Enrique Rodríguez Mata, who held positions in the Ministry of Finance and contributed to the training of public finance officials; José María Tallada, known for works on industrial organization and public finance at the University of Barcelona; Jesús Prados Arrarte, one of the architects of the INE (National

¹⁴ Foucault (2014, 15, 34).

¹⁵ Foucault (1969, 147, 158).

¹⁶ Martín Aceña (2000)

Institute of Statistics); Ramón Carande, a leading Spanish economic historian who shaped the study of Spain's imperial economic structures; and Agustín Viñuales, professor in Madrid in 1933 and Minister of Public Finance under the government of Azaña, who returned from exile in 1948¹⁷,

In the aftermath of the Civil War, the Institute of Political Studies (IEP, created in 1939 under the aegis of the Falange Political Board) entrusted its Economics Section with the promotion of economic science, organising seminars attended by figures such as José Vergara, José Antonio Piera, Alberto Ullastres, and Miguel Paredes. These seminars effectively served as the training ground for the first generation of professors in the new Faculty¹⁸.

According to Velarde, Franco demonstrated an early interest in establishing university-level economic studies in Spain and consulted professors Luis Olariaga and José María Zumalacárregui, who drafted the first curriculum¹⁹. The IEP considered this a convenient moment to establish a Political Science section to train party cadres. Following the Spanish University Organization Law of July 29, 1943, Fernando María Castiella, director of the IEP, was appointed dean of the newly founded Faculty directly by the Ministry of National Education, as remained the practice until 1970. Castiella, a Bilbao-born monarchist, held a doctorate in Law from the University of Madrid, where he defended a thesis entitled *Origin, Nature, and Scope of the Opinions of the Permanent Court of International Justice*. He completed further studies in Paris, The Hague, Cambridge, and Geneva, collaborating with the General Secretariat of the League of Nations. In 1941, together with José María de Areilza, he co-authored *Reivindicaciones de España*, denouncing what they considered a misrepresented image of Spain. That same year, he went to Russia as a volunteer to fight against the Soviet Union with the Blue Division—his mother being of Basque and German American descent²⁰.

Castiella held a dual role: he was the dean of Spain's first Faculty of Economics (November 18, 1943 – September 24, 1948) and Minister of Foreign Affairs from 1957 to 1969, the longest tenure in the history of the department²¹. Castiella negotiated Spain's entry into the IMF, the World Bank, and the OEEC, thereby linking the country to

¹⁷ See Gallego and Trincado (2021, 1853). Barciela (2023, 37) argues that Franco underestimated them.

¹⁸ Muñoz and Sesma (2014).

¹⁹ In VVAA (1974, 77).

²⁰ Areilza (1976, 301-303)

²¹ According to Pardo (1996: 232), Castiella made frequent visits proposed by himself to El Pardo (where Franco lived), in special during his period as dean of the Faculty, and not so many during his period as a minister.

international institutions that required the structural transformations leading to the 1959 Stabilization Plan.

As dean, Castiella was ultimately responsible for the curriculum and had to counteract the influence of José Ibáñez Martín, the 1943 Minister of National Education, who sought to subordinate Economics to Politics.²² The Faculty's early development was characterized by a commitment to economic orthodoxy and the high academic qualifications of the two groups of its faculty²³. As Velarde observes, "In one way or another, Fernando María Castiella succeeded in uniting both groups to form the faculty"²⁴. Among the disciples of Antonio Flores de Lemus—divided between neoclassicists and neo-historicists—the neoclassical perspective ultimately prevailed²⁵. This distinguished group, as World War II ended, mobilized to integrate Spain into the multilateral payment system, contributing to the emergence of critics of autarky as early as 1945²⁶. Many of the professors chosen by Castiella displayed a clear technical and international orientation. The majority had pursued advanced studies abroad: Manuel de Torres in Bologna, Valentín Andrés Álvarez in Paris, José Miguel Ruiz Morales in Bordeaux and London (entering the diplomatic service in 1943), where he analysed the characteristics of the Marshall Plan²⁷. Miguel Paredes studied in Germany and England, while Román Perpiñá earned his doctorate in Frankfurt.

A special case is that of Heinrich Von Stackelberg, who was invited in 1944 by the Economics Section of the IEP. According to Velarde, Castiella sought an economist of international renown²⁸. Familiar with Stackelberg's work, and possibly at the suggestion of Antonio María Aguirre or Miguel Paredes, Castiella invited him to the IEP, along with two Italian professors. Stackelberg himself stated that Castiella brought him with the aim of providing "a decisive impetus to the revival of theoretical development in Spain."²⁹ At the IEP, Stackelberg conducted economics seminars for professors who, in many cases, came from a legal background—a combination that Castiella considered essential for the development of the new faculty. In 1945, Stackelberg published an article in the

²² González Cuevas (2023, 575) highlights the membership of Ibáñez Martín, José María Fernández Ladreda and Alberto Martín Artajo, ministers since 1945, in the National Catholic Association of Propagandists.

²³ Fuentes Quintana (1983, 26, 2002, 33-44)

²⁴ Velarde (2002, 70).

²⁵ Trincado (1995, 53).

²⁶ De la Torre and Rubio (2015).

²⁷ Velarde (1973: 239). As early as 1945, Ruiz Morales (1945) emphasized the importance of trade relations between Spain and the United States, and he defended Roosevelt's New Deal policies.

²⁸ Velarde (2002, 71).

²⁹ Baumert (2023, 188, 195).

Revista de Economía Política on “external exchange under perfect competition,” addressing the importance of establishing a real exchange rate to normalize international payments in foreign trade³⁰.

The textbook *Principles of Economic Theory*, translated from the first German edition and published in Spain in 1946, embodies an analytical approach situated within capitalist orthodoxy, drawing on marginalist analysis and the theory of perfectly competitive markets (referred to as *perfect competition*) and imperfect competition (designated as *imperfect markets*). In the preface, signed in 1945 by Stackelberg himself, he acknowledges the group of professors from the newly established Faculty of Political and Economic Sciences who assisted in the translation and revision of the work: Valentín Andrés Álvarez, José Castañeda, Miguel Paredes, José Antonio Piera, Alberto Ullastres, and José Vergara, specialists in Economic Theory, Economic History and Applied Economics. The volume was published under the direction of Castiella, then head of the Institute of Political Studies³¹.

Furthermore, other scholars, such as Zumalacárregui—who was responsible for the course in Transport Economics in the Faculty and also a mentor to several academics, including Valentín Andrés Álvarez, Manuel de Torres and José Castañeda—advanced the orthodox capitalist model through the systematic use of mathematical methods, as evidenced in the preface to R. G. D. Allen’s 1946 work *Mathematical Analysis for Economists*³². Besides in the journal *Anales de Economía*, directed by Zumalacárregui within the Institute Sancho de Moncada, several reviews of international publications appeared in 1943-44 intended to introduce to the Spanish specialists the study of international orthodox economics.³³

The introduction of economic orthodoxy in institutions was on its way. Decree-Law of 5 May 1945 made a call for competitive examinations for entry into the corps of legal advisers to the Council of State, with a broad syllabus comprising 12 sections, most of them dealing with legal matters. In Section 5, entitled Political Economy (topics 192–196), we already find the analysis of orthodox capitalist economics: mathematical

³⁰ Serrano Sanz (201, 16-21)

³¹ Stackelberg (1946: IX-XIV)

³² Segura (2009, 385-407); Gallego and Trincado (2025, 171-182).

³³ In the issues III and IV, Valentín Andrés Álvarez wrote a review on “The Theory of the Multiplier” by R. F. Khan published in Madrid in 1943 by the Instituto Sancho de Moncada, in 1943 Joan Sardá published a review on the book by M. C. Cord Wright, *The Creation of Purchasing Power: A Study in the Problem of Economic Stabilization*, Harvard University Press, 1942, and Juan Saula published in 1944 a review on the book by Alvin H. Hansen and Harvey S. Perloff, *State and Local Finance in the National Economy*, New York, 1944.

methods, statistics, economic policy, factors of production, the firm, business cycle theory, organization of production and doctrinal trends, liberal systems, difficulties and crises, the readjustment of wartime economies and the transition to normal conditions³⁴. Furthermore, the Law of 17 May 1945 specified, in the Order of 14 March, within the provisions of the Ministry of Foreign Affairs, an early link with the IMF, and indicated the “government’s support for the principles adopted in the Resolution VI at the International Financial and Monetary Conference of Bretton Woods, which made political and economic recommendations to solve the problem of frozen assets after the war³⁵.

4. The First Cohort of the Faculty of Political and Economic Sciences at the Central University

The Law of July 29, 1943, on the Organization of Spanish Universities, announced in Article 15 the creation of the Faculty of Political and Economic Sciences, listed sixth among the seven faculties. Article 18, section c, established the academic year’s duration, from October to June, divided into two semesters: October to February and February to June. Two distinct sections were specified—Political Science and Economic Science—each forming an independent course of study.

The Order of September 7, 1943 (BOE 10) formalized the establishment of the Faculty: in compliance with Article 15 of the 1943 Law and the Order of January 29, 1944 (BOE January 31), it organized the Faculty’s immediate functioning, which, in practice, irregularly began classes for the 1943–1944 academic year in February 1944. The same BOE indicated that, exceptionally, the second semester of the 1943–1944 academic year would, for enrolment purposes, be considered equivalent to the first full year of the Faculty’s studies³⁶. In the Economics section, students undertook courses in *Mathematics for Economists*, *Principles of Political Economy*, *Economic Geography*, *Introduction to Philosophy*, and *Institutions of Private Law*. The curriculum prioritized Economics, following the model of Anglo-Saxon universities³⁷.

Among the professors appointed were José Miguel Ruiz Morales (*Economic Geography*)³⁸, Valentín Andrés Álvarez (*Introduction to Economics and History of*

³⁴ BOE 31 May 1945, n 151, Central Administration, Office of the Prime Minister.

³⁵ BOE 17 May, n 137, Ministry of Foreign Affairs.

³⁶ BOE 31 January 1944, Regulation of the Faculty of PP and EE Sciences, 819.

³⁷ Serrano Sanz (2015, 15,21,25)

³⁸ The subject was later renamed World Economic Structure.

Economic Doctrines), Olegario Fernández Baños (*Mathematics for Economists*), Manuel de Torres (*Economic Theory*), Alberto Ullastres (*Economic History*), José María de Areilza (*Economic Policy*), Mariano Sebastián Herrador (*Public Finance Theory*), Luis Olariaga (*Economic Policy*), and Román Perpiñá Grau (*Economics and Colonial Policy*)³⁹. Luis de Sosa taught *Political Formation* and later served as dean of the Faculty of Political and Economic Sciences from 1948 to 1951, between Castiella and Manuel de Torres (VVAA, 1974, 327). There is no record of female faculty members until 1967.

Regarding the students, some from the first cohort subsequently took on ministerial roles or contributed to the development of the Stabilization Plan (SP) (Velarde, 2007). Notable figures included future full professors such as Ángel Alcaide, José Barea, José María Fernández y Pirla, Enrique Fuentes Quintana and Juan Velarde, as well as Regime officials like Nemesio Fernández Cuesta (Minister of Commerce) and Juan de Araspacochaga y Felipe (procurator in the Francoist Cortes and Mayor of Madrid in 1976).

Due to the urgency with which classes at the Faculty of Political and Economic Sciences began, the curriculum had to be revised through the Decree of July 7, 1944, published in the BOE on August 4. This decree specifies:

“Governance does not rely solely on isolated individuals, but on broad areas of competence that make it possible to implement one’s ideas with a sense of continuity. In our nation, so inclined to believe in spontaneity, it is necessary to emphasize the need and effectiveness of slow and serious training, even for the most intuitive activities... For professional economic studies, scientific, university-level training is even more necessary, given that economic science today has a very rigorous and precise theoretical content, the knowledge of which is essential to act on a reality as complex and delicate as a national economy. The curriculum of the Economics Section is therefore structured around the study of economic theory, which will give a scientific character to all the knowledge studied therein.”

The decree establishes three specializations: *Economic Theory*, *Economic Policy* and *Public Finance*, and *Private Economy*. The undergraduate program was designed to last four years. The curriculum was further adjusted in 1948, converting semester courses into annual courses, and remained in place until 1953, when the program was extended to five

³⁹ VVAA (1974,327).

years and the specializations reorganized into new fields: *General Economics*, *Business Economics*, and *Insurance*⁴⁰.

The 1944 curriculum reflected a strongly Anglo-Saxon approach⁴¹. The transition in the program between October 1943 and January 1944 coincided with Castiella's appointment as a dean, which he assumed on November 18, 1943, alongside his leadership of the IEP. Enrolment in 1943 exceeded all expectations, requiring classes to be held in the Paraninfo on San Bernardo Street. Enrolment declined in subsequent years, likely because the 1943 cohort had been unusually large due to the novelty of accessing higher education in Economics, but numbers rose again in 1946.

In 1943 and 1944, 821 students enrolled, of whom 803 were men and 18 were women (2.2%). Of this cohort, 24% of men and 50% of women successfully completed their degrees. Female students had unrestricted access to university studies in Economics, achieving good results despite the small number enrolled in the early cohorts. **Table 1** shows enrolment figures for the first four years:

Table 1

Academic year	1943	1944	1945	1946
N students enrolled	522	299	299	432

Table 1. Enrolment in the Economics Section of the Faculty of Political and Economic Sciences, Madrid (1943–1946)
Source: Own elaboration based on data from the Faculty of Economic and Business Sciences, Complutense University of Madrid

Figure 1 shows the birth year of students enrolled in 1943–44, the majority being young students between 18 and 23 years old (two of them, including Juan Velarde Fuertes, entered at the age of 17).

Figure 1. Birth year of students

⁴⁰ Maroto Acín and Melle Hernández (2002, 977-978).
⁴¹ The 1944 curriculum (BOE 217) included the following courses: *Economic Theory I, II, and III*; *Mathematics I, II, and III*; *Theoretical and Applied Statistics and Statistical Methods*; *World Economic Structure*; *Econometrics*; *Public Finance*; *Economic Policy*; *Industrial Economics and Policy*; *Commercial Law*; *Administrative Law*; *World Economic History*; *Business Economics*; *Sociology*; and *History of Economic Doctrines*. The program consisted of 18 core courses out of a total of 27 courses that students were required to complete.

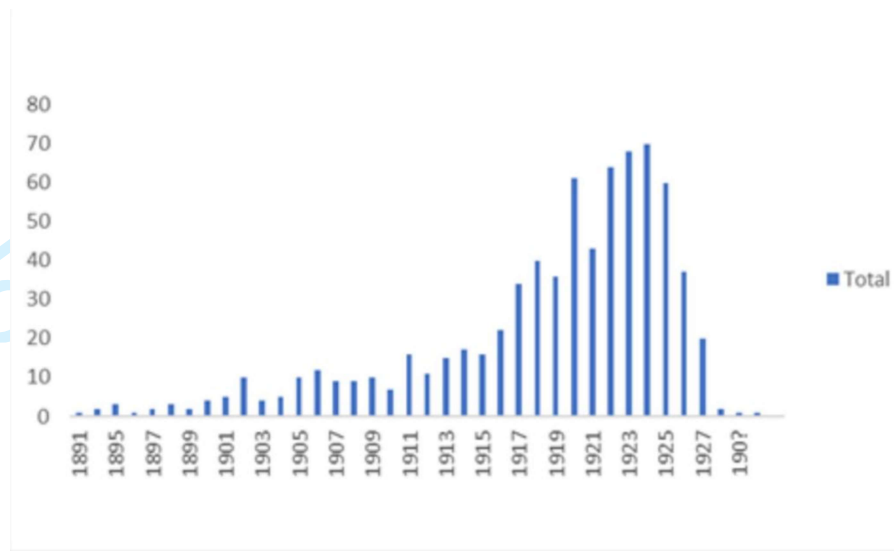


Figure 1: Year of birth of students admitted to the Economics section of the Faculty of Political Science and Economics in 1943-44

Source: Own elaboration from data from the Faculty of Economics and Business Administration, UCM

The students' backgrounds were highly diverse, with a majority from Madrid, but with broad national and even international representation. **Figure 2** classifies them according to the current Autonomous Communities, including fourteen foreign students from Cuba, Mexico, Argentina, Spanish Guinea, Philadelphia (USA), Morocco, the Philippines, and Portugal.

Figure 2. Autonomous Community of origin

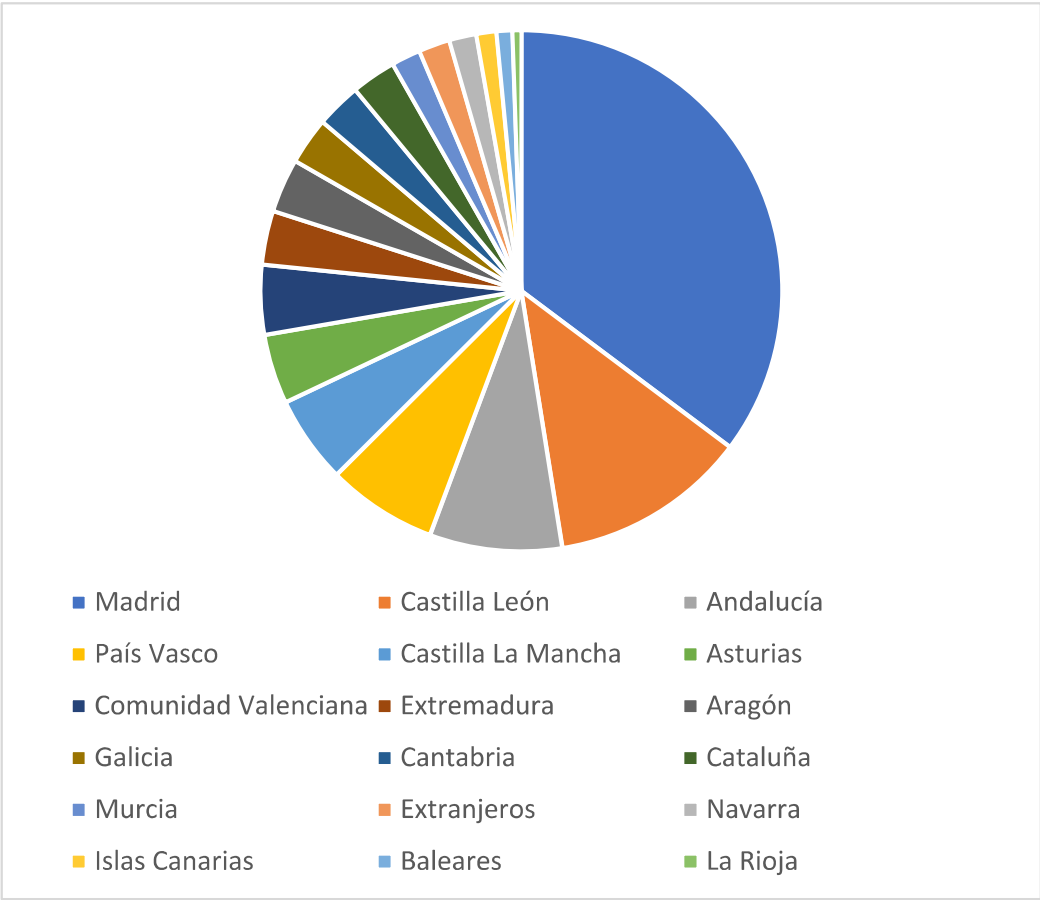


Figure 2. Students of the first cohort by current Autonomous Communities, including international students
Source: Own elaboration based on data from the Faculty of Economic and Business Sciences, Complutense University of Madrid

Students could gain admission either through the *State examination*⁴², taken in Spain upon completing secondary education, or alternatively by passing an entrance examination administered by the Faculty. Furthermore, Article 11 of the Faculty’s Organizational Decree stipulated that “candidates seeking admission who already hold other university degrees or higher professional qualifications are exempt from the entrance examination.” As shown in **Table 2**, the distribution of students enrolled in 1943 and 1944 was almost evenly split between admission via the *State examination* and the Faculty entrance exam, with six students having completed the *reválida* (final exam) in either Letters or Sciences prior to the Spanish Civil War, which also granted them university access.

Table 2

⁴² BOE 23 September 1938, 1390 within academic proficiency examinations.

Mode of Admission	Number of Students
State examination	339
Faculty entrance exam	324
Neither state nor entrance exam	16
Reválida	6
Not recorded	136
Total	821

Table 2. Mode of admission to the Economics program for the first cohort

Source: Own elaboration based on data from the Faculty of Economic and Business Sciences, Complutense University of Madrid

Health measures were given particular attention, and most students (both male and female) were required to be vaccinated upon starting their studies, as shown in **Table 3**. Although the specific antigen preparation is not indicated, in the case of male students it was likely related to compulsory military service. Compulsory vaccination is for Foucault (2003) an instrument of biopolitical control and disciplinary power over individual bodies illustrating the state's capacity to regulate behaviour in the name of collective welfare.

Table 3

Vaccination Year	Number of students	Vaccination Year	Number of students	Vaccination Year	Number of students
1935	2	1943	60	1948	5
1939	5	1944	374	1950	2
1940	4	1945	53	1954	1
1941	7	1946	7	1972	1
1942	7	1947	6	Total	534

Table 3. Students enrolled in 1943 and 1944 by vaccination year

Source: Own elaboration based on data from the Faculty of Economic and Business Sciences, Complutense University of Madrid

Despite the initial enrolment success, many students abandoned their studies during the first two years. The average duration of enrolment for students admitted in 1943 and 1944 was 4.8 years (**Figure 3**), whereas the average duration for graduates was 5.8 years, as shown in **Figure 4**. This indicates that many students left the program despite having

invested considerable time, encountering significant difficulties in completing it. These data could have several interpretations: they may reflect inadequate curricular mismatches and even pedagogical inefficiency. However, due to other efficiency indicators, we consider that they were due to the large enrolment of non-vocational students, consequence of the emergence of a new professional program. However, as Velarde notes regarding the 1943 cohort, “not all students who graduated in 1947 started at the same time, as some began late and finished alongside us.”⁴³.

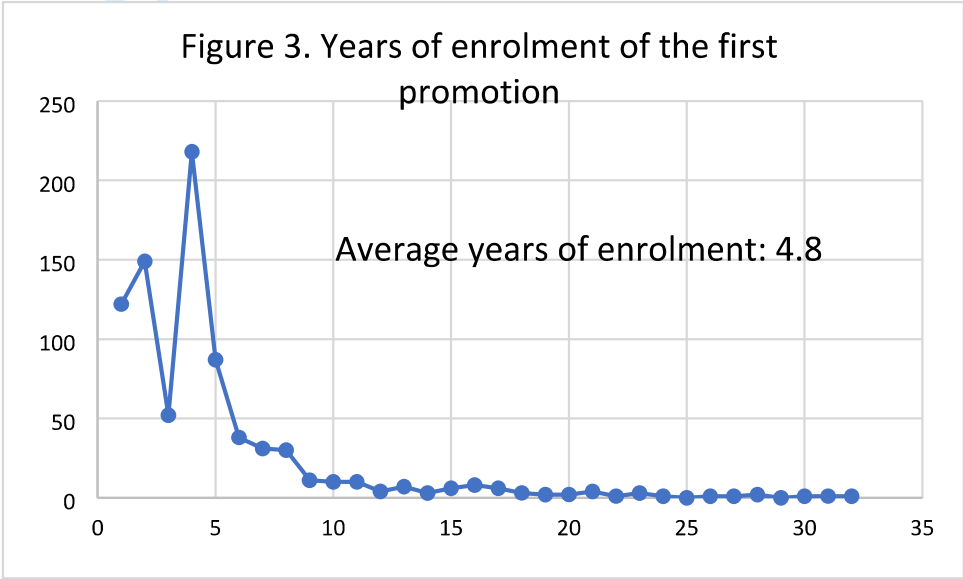
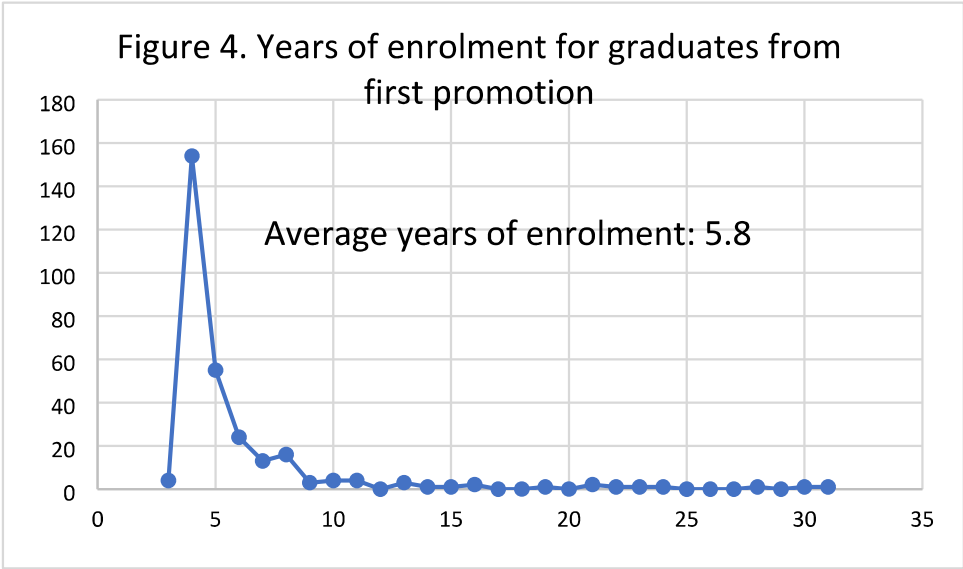


Figure 3. Years of enrolment for students admitted in 1943 and 1944 in the Economics section of the Faculty of Political and Economic Sciences
Source: Own elaboration based on data from the Faculty of Economic and Business Sciences, Complutense University of Madrid



⁴³ VVAA (1974,75).

Figure 4. Years of enrolment for graduates admitted in 1943 and 1944 in the Economics section of the Faculty of Political and Economic Sciences

Source: Own elaboration based on data from the Faculty of Economic and Business Sciences, Complutense University of Madrid

The 1944 curriculum consolidated a university structure that involved the Church (through the inclusion of the subject Religion), the Army (responsible for the compulsory subject Physical Education), and the Falange (which oversaw the subject Political Formation as well as mandatory membership in the student union SEU). Foucault (1975) would describe this as disciplinary power: university was a structured apparatus for producing and regulating subjects in line with the Franco regime's ideological and political goals. By embedding the Church, the Army, and the Falange into the curriculum, the state used the university to discipline bodies (Physical Education), instil ideological conformity (Political Formation), and inculcate religious morality (Religion). Indeed, the preamble of the Spanish University Act of July 29, 1943, explicitly recognized the Catholic character of the university and its teaching rights (Articles 3 and 9), while Article 4 required university fidelity to the ideals of the Falange⁴⁴. Thus, the Economics degree included these three courses in Religion, Political Formation, and Physical Education during the first three years. In the fourth year, Religion and Physical Education were maintained, but Political Formation was discontinued, showing the flexibility of power in these temporal dynamics (control is strongest in formative years). Female students were exempt from Physical Education, so it seems that the regime differentiated control according to gender, regulating capacities in ways that served broader social objectives.

The grading system for other courses demonstrates the academic rigor required to achieve high marks (notable and sobresaliente). **Table 4** presents the averages and distribution of grades for students of the 1943–44 cohort in core subjects of the Economics curriculum. Grades are recorded as follows: Fail (suspense) = 1; Pass (aprobado) = 2; Good (Notable) = 3; Excellent (Sobresaliente) = 4; Honors (Matrícula de honor) = 5; validated courses were counted as a pass. Non-attendance to the exam is also recorded. **Figure 5** displays these results in bar and circle chart form. As shown, most students either passed or did not attend exams, with the proportion of non-attending students decreasing over successive years.

⁴⁴ Page 7408 BOE 31 July 1943.

Table 4

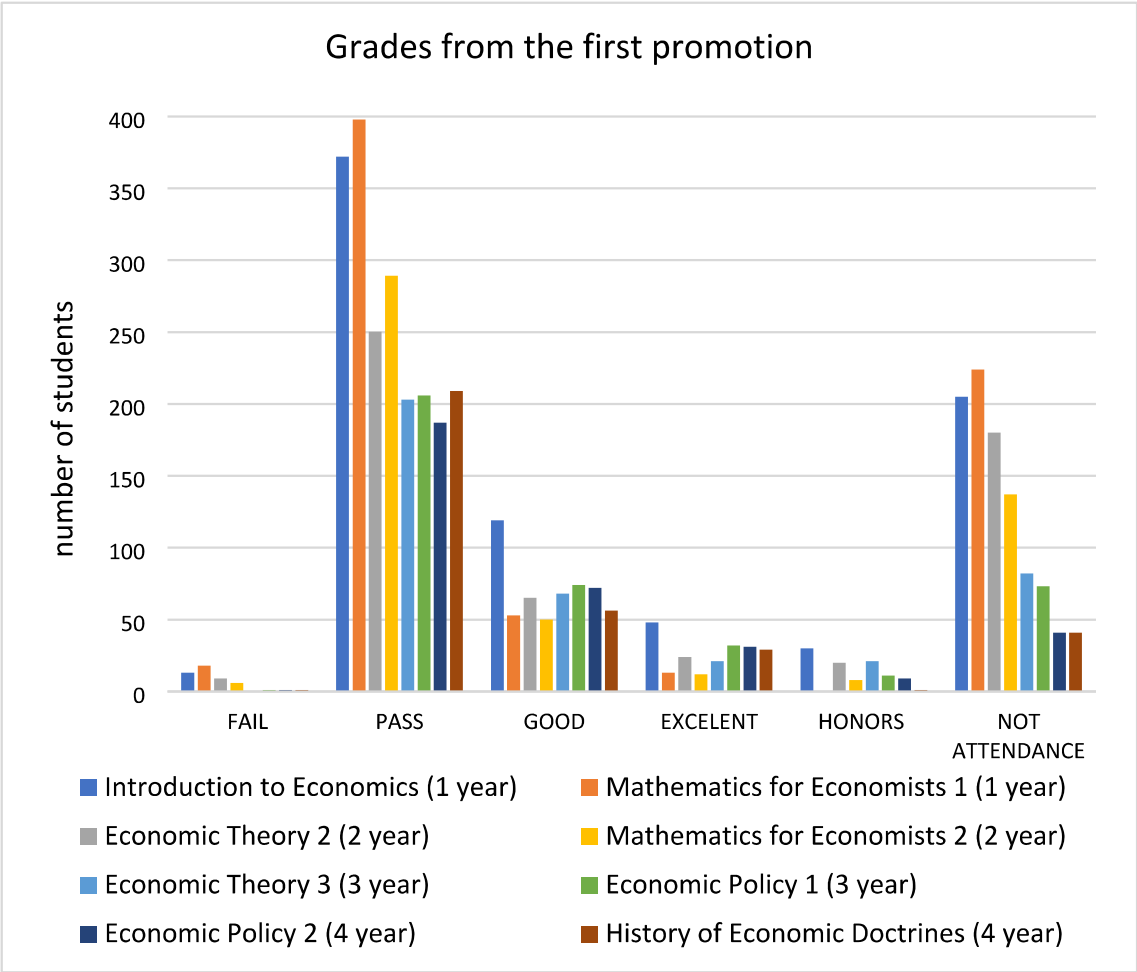
First Year			
Introduction to Economics		Mathematics for Economists I	
FAIL	13	FAIL	18
PASS	372	PASS	398
GOOD	119	GOOD	53
EXCELENT	48	EXCELENT	13
HONORS	30	HONORS	0
NOT ATTENDANCE	205	NOT ATTENDANCE	224
AVERAGE	2,5	AVERAGE	1,9
Second Year			
Economic Theory 2		Mathematics for Economists 2	
FAIL	9	FAIL	6
PASS	250	PASS	289
GOOD	65	GOOD	50
EXCELENT	24	EXCELENT	12
HONORS	20	HONORS	8
NON ATTENDANCE	180	NON ATTENDANCE	137
AVERAGE	2,44	AVERAGE	2,16
Third Year			
Economic Theory 3		Economic Policy I	
FAIL	0	FAIL	1
PASS	203	PASS	206
GOOD	68	GOOD	74
EXCELENT	21	EXCELENT	32

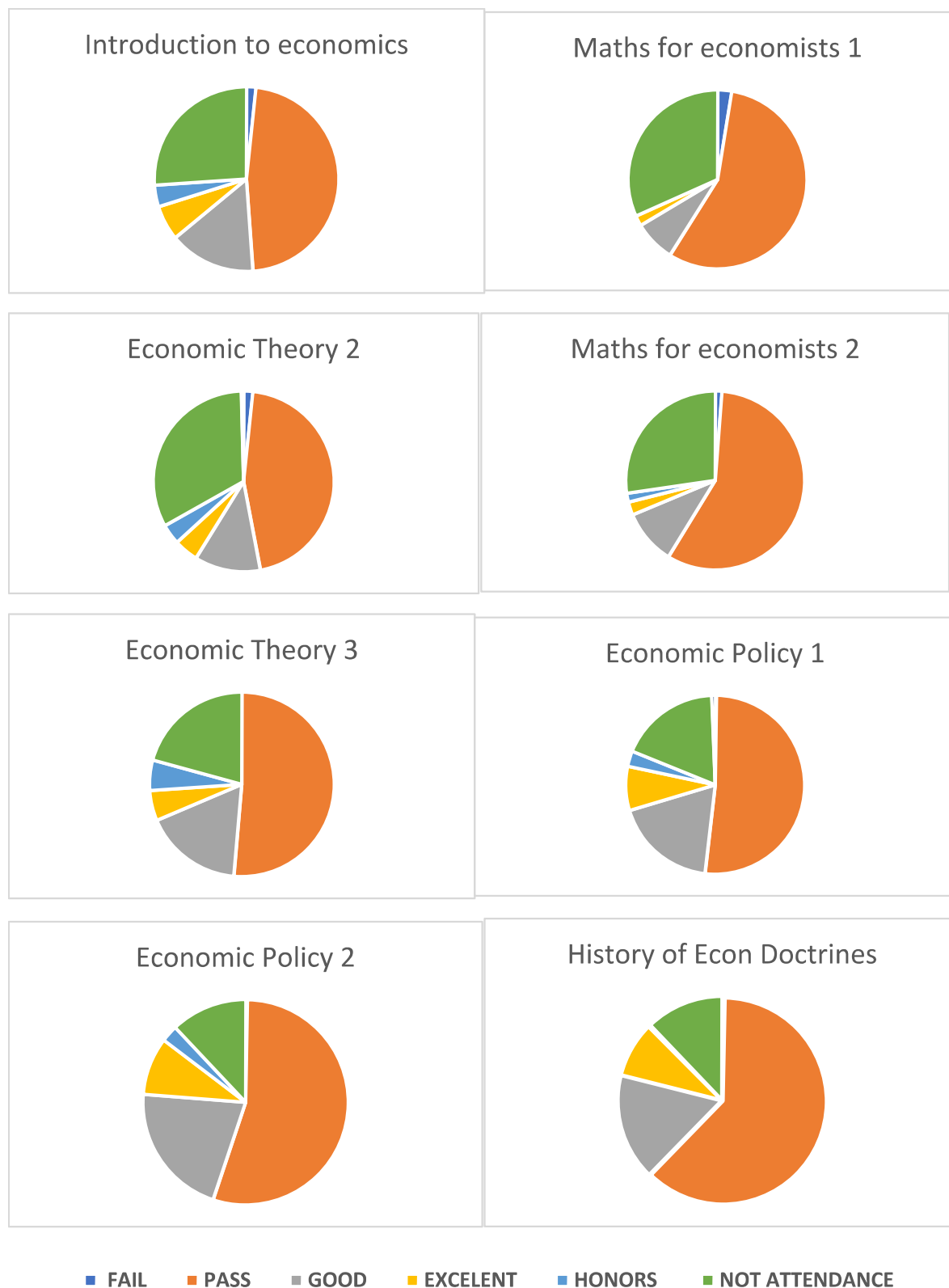
HONORS	21	HONORS	11
NOT ATTENDANCE	82	NOT ATTENDANCE	73
AVERAGE	2,54	AVERAGE	2,51
Fourth Year			
Economic Policy 2		History of Economic Doctrines	
FAIL	1	FAIL	1
PASS	187	PASS	209
GOOD	72	GOOD	56
EXCELENT	31	EXCELENT	29
HONORS	9	HONORS	1
NOT ATTENDANCE	41	NOT ATTENDANCE	41
AVERAGE	2,54	AVERAGE	2,39

Table 4. Grades in “core” courses for students admitted in 1943 and 1944 in the Economics section of the Faculty of Political and Economic Sciences, Madrid

Source: Own elaboration based on data from the Faculty of Economic and Business Sciences, Complutense University of Madrid

Figure 5. Results from Table 4 presented as bar and circles charts





As commented before, high failure rates might also suggest a mismatch between the curriculum and students’ abilities, but students were willing to sit for multiple exam sessions: the average number of attempts across all subjects was 1.47, and 1.42 for the subjects listed in Table 4. Notably, *World Economic Structure* (titled *Economic Geography* in 1943) shows an average of 4.34 attempts, while *Private Law* reaches 5.8.

The decree creating the Faculty also stipulated that, upon successful completion of all required courses, candidates for the degree in Political and Economic Sciences had to pass a final examination before a commission composed of five full professors. This examination consisted of three eliminatory exercises: (1) a written test lasting four hours, in which students developed a topic chosen by the Board (with access to books); (2) an oral test of thirty minutes on a lesson drawn by lot from ten lessons previously selected by the Board (with three hours of preparation and access to books); and (3) a practical test, consisting of a text commentary or resolution of a case proposed by the Board (with access to books) (Decree 1944: 5967). **Table 5** shows the results of the Licentiate Examination.

Table 5

<i>Licentiate Examination</i>	
Average	2,59
Non attending the exam	8
Not Admitted	15
Total	185

Table 5. Grade of the Licentiate Examination of Students Admitted in 1943 and 1944
Source: Own elaboration based on data from the Faculty of Economic and Business Sciences, UCM

Only 185 out of 303 graduates (61%) sat for this examination, obtaining an average score of 2.59, below the threshold for a notable. The average of calls for this exam was 1,5. Then, the licentiate examination was not compulsory, and many found it challenging. Being the way to be qualified to practice liberal professions, it could have been a mechanism of social control based on visibility and internalized discipline to create technocracy adept to the regime. In the Francoist universities, oral exams could evaluate not only the student’s knowledge but also their “ideological acquiescence”, resorting to

the panoptic gaze which produces self-regulation. The exams functioned as a ritual of power, combining normalization, and classification: individuals were made comparable, and therefore governable. Exams could last several hours or even days and panels could include questions about National-Catholic doctrine.⁴⁵

In particular, the Faculty of Political and Economic Sciences at the Central University of Madrid was training future technicians and politicians, so ideology must have been present. Textbooks were often approved by the Ministry of Education or adapted by professors loyal to the regime. Students might be asked to produce reports on Spanish economy, companies, unions, or public administration, also evaluating their ability to reflect the Francoist view of economic and political organization. As we see, in the Francoist faculty, power operated in micro-practices: assignment topics and classroom discussions, exam tribunals and even textbooks. The only way found to open a small gap in the regime and achieve academic freedom by authorities and professors of the section of Economics was relying on an alleged “objective” theory and on mathematics, which censoring officials may not have understood. As Varela, from the first promotion, said: they “received training... in the Economics section... that had little to do with the official doctrine”⁴⁶.

As for the procedure for selecting doctoral candidates, it was flexible and based on sponsorship. Before beginning their dissertation project, candidates for the doctoral degree were required to propose to the dean of the Faculty the appointment of a full professor to supervise their thesis, subject to the professor’s approval (Article 42 of the 1944 Decree). The system encouraged candidates to self-regulate by choosing a professor likely to approve them. If the candidate did not exercise this right, the dean, at the candidate’s request, would designate a thesis supervisor. By controlling thesis supervision, the faculty could ensure that only ideas aligned with institutional or ideological norms were nurtured. This is an example of governmentality: the institution did not need to enforce strict rules by force; they shaped behaviour and decision-making indirectly through institutional procedures.

From the graduates of the first cohort of 1943 and 1944, two doctoral dissertations were submitted in the 1940s, both supervised by Manuel de Torres: Economic and Political

⁴⁵ Moreno (2004). Calvo Romero (2025).

⁴⁶ Varela (1990, 46).

Guidelines of Railway Transport in the United States (1947) and Markets of Madrid (1949), the latter awarded with a special prize. In the 1950s, nineteen doctoral dissertations were submitted by graduates of this first cohort: seven supervised by Manuel de Torres (three awarded with special prizes), six by Castañeda (two awarded with special prizes), three by Valentín Andrés Álvarez, and three with no supervisor recorded, which were likely also directed by Torres, who was the dean between 1951 and 1958. Until 1960, there were 37 graduates who enrolled in the doctoral program, and 24 of them completed these studies, representing a 64.8% student success rate. The students who did not finish their dissertations had registered a wide variety of research projects, supervised by professors Torres, Andrés Álvarez, Zumalacárregui and Castañeda, which suggests that they did not have a specific barrier for the accomplishment of their PhD.

Most of these dissertations addressed the economic structure in relation to geographical space (France, the Canary Islands, Greece, Turkey, Germany, and the Spanish protectorate in Morocco), as well as trade agreements with Latin America and the industrial location of various products such as tungsten, paper, and cellulose. Torres supervised Juan Velarde's dissertation on Flores de Lemus' Contributions to the Understanding of the Spanish Economic Structure, presented in 1956 and awarded with a special prize.

In total, 4.3% of students earned a doctorate. Only one woman, María Concepción Santiago de Merás, did so in 1973. Two additional women completed doctoral coursework but did not defend a dissertation. It should be noted that the Central University of Madrid held the monopoly over doctoral studies until 1954, meaning that until this year, these were all the doctoral dissertations in Economics officially recognized in Spain.

In the 1972, the silver anniversary celebration of the first promotion, a member of the graduating class, Victoriano Martín Mendicute stated that "as a group we have never received the slightest expression of recognition," although thanks to these promotion improvements had been made in the preparation of national accounts, in foreign trade, in trade statistics and the Customs School, in the launch of tourism, in the tasks of the three development plans, in the launch of the journal *De Economía*, in the existence of the corps of trade-union economists, in the field of Public Finance, in the setting-up of the Directorate-General for Employment or as ILO experts, in managing and creating banks, improving the transport sector, the army, and even in creating journals or a film

production company that released a well-known movie⁴⁷. “The diversity of ages, backgrounds, and training was spontaneously and gradually mitigated by the training process to which we were subjected.”⁴⁸.

The commemoration included a small booklet distributed to attendees, featuring light-hearted autobiographical notes from 110 individuals who, thirty years on, expressed their enthusiasm in recalling their experience as members of the first graduating class. Their strong sense of privilege in having belonged to this cohort constitutes a meaningful indicator of the program’s pedagogical success⁴⁹. There was a Madrid Stock Exchange attorney; a Director-General for Tourism Promotion; a president of the Spanish Association for the Advancement of Graphic Arts; several State Commercial Technicians; a broker; the founder of Iberlatex; the general administrator of the trade union organization; the managing director of *Créditos Loinaz*; the Deputy Director-General of the Office of Oversight for the Implementation of the Development Plan; the President of the General Council of Associations of Economists; the president of the Association of Geographical Engineers; the Deputy Director-General of Bankinter; the female administrative head of Empresa Nacional Bazán; a film manager; along with professors from the Faculty, José Barea, José María Fernández Pirla, José Luis Sampedro, Manuel Varela, Juan Velarde and with the absence of a biography Fuentes Quintana.

4. The 1940s, Seeds of Change: Spanish Economists in the Academic World

In the 40s, Spain’s economic and military self-sufficiency was considered a patriotic duty⁵⁰, and by the early 1940s economic debates in Spain were highly politicized, revolving around state control of industry, which led to the creation of the National Institute of Industry (INI) in 1941⁵¹. As Navarro Rubio later acknowledged, Franco’s opinions during the 1940s had an “almost normative character”⁵². Economic policy at the beginning of Franco’s regime was based on the imitation of the autarkic ideology⁵³. This

⁴⁷ Probably in reference to Miguel Ángel Martín Proharán.

⁴⁸ VVAA (1974).

⁴⁹ Also shown in Velarde (2016, 40-65).

⁵⁰ Martínez Ruiz (2003: 7).

⁵¹ Martín Aceña and Comín (1991); Schwartz and González (1978); San Román (1999), Zabalza (2022).

⁵² Navarro Rubio (1991, 175).

⁵³ Clavera et al. (1973); Viñas et al. (1979); Viñas (1984, 2015); García Delgado (1989); Catalan (1999 & 2012); Gómez Mendoza (2000); Comín (2011); Carreras and Tafunell (2003, 2021); Barciela (2023).

prevented the recovery of the Spanish GDP after the Civil War⁵⁴. However, there was a breaking point in the 40s, which by some began in 1946⁵⁵, and by others in 1948 or 1953⁵⁶. In this article, we date the breaking point in 1943. At that time, Franco's personalist power—around which various individuals and families clustered in order to secure positions in the emerging structures of authority—made the circulation of information and institutional change extremely difficult. For Estapé “Franco was well acquainted with the mechanisms of command of the country... Power relationships generally arise from friendships. Afterwards, each individual showed greater or lesser judgment in professional or technical decision”⁵⁷. Gradually, however, the power structure evolved, giving way during the decade to new forms of surveillance over the exercise of daily power. This development allows us to address our initial question regarding the process of institutional change, as everyday power expanded to include the Francoist families, thereby facilitating the incorporation of economic debate into the political structure. As Foucault observed, discontinuity is a play of specific transformations, each with its own conditions and levels, yet linked by a scheme of dependence.⁵⁸

Franco's views strongly influenced economists, whose subjectivities were shaped by mechanisms of power and governed by an almost military obedience. Economically, as Franco attached great importance to public opinion, he sought to shape his collaborators through the press in a peculiar exercise of reflexivity—a way of exerting power through persuasion in public discourse (Velarde, 2016, 93; Sinova, 2006, 313). Between 1947 and 1949, Franco published articles on economic issues in the newspaper *Arriba* under the pseudonym *Hispanicus*⁵⁹, in which he defended a kind of naïve Keynesianism, developmentalist and with a social dimension⁶⁰.

The decade of the 1940s in Spain was marked by multiple challenges. Beyond postwar poverty, reprisals against the defeated, and the rigors of autarky, two additional events are especially relevant to this study. First, by 1943 the prospect of fascist defeat in the Second World War had become evident, with implications for the survival of the Regime, which suggested the need to distance itself from Axis policies and build bridges with the

⁵⁴ Montserrat and Ros (1972); Carreras (1983, 2005); Prados de la Escosura (2017); Barciela et al (2001),

⁵⁵ Clavera et al. (1973); Viñas et al. (1979).

⁵⁶ Catalan (1999, 2023); García Delgado (1987); Barciela (2023).

⁵⁷ Estapé (2000, 195-196)

⁵⁸ Foucault (1985, 56).

⁵⁹ The last was *Hispanicus*, “Realismo” (in *Arriba*, 15 July 1949: 1 and 6).

⁶⁰ Sánchez Illán and Lumbreras (2016).

Allies. This shift strengthened certain figures within the Regime associated with political Catholicism, who were also close to the Falange, among them Castiella⁶¹. The second fact concerns the views of some professionals who, despite the circumstances, were early advocates of liberalization. In this respect, Cavalieri (2014) has documented how, beginning in 1943, parts of the Franco Regime became aware of the importance of engaging in world trade—the same year as the opening of the Bretton Woods negotiations⁶² and, not coincidentally, the founding of the Faculty of Political and Economic Sciences. From 1947 onward, its graduates began to occupy key positions in both public administration and the private sector⁶³. The Faculty served as a catalyst for economic knowledge and helped to create a breach in the Francoist monolithic model of planned economy and international monetary isolation.

Moreover, in June 1943 Emilio de Palacios assumed the directorship of the newly created Spanish Diplomatic School, and the first competitive examination for the diplomatic service was announced. It comprised three tests and required knowledge of two foreign languages—French, German, or English, with an additional optional language. Among the diplomats of the first graduating class was José Miguel Ruiz Morales⁶⁴.

The Bretton Woods agreements represented an opportunity to move beyond the system of bilateral exchange, and the Franco government showed interest in the emerging international monetary order as soon as the Keynes and White proposals were made public. This is documented in a report by José Núñez, commercial attaché at the Spanish Embassy in Washington.⁶⁵

Luis Olariaga, Director of *Moneda y Crédito* and professor at the Faculty of Political and Economic Sciences, was particularly active between 1943 and 1945 in the academic debate surrounding the new international monetary system⁶⁶, advocating that Spain should adhere to the principles established at Bretton Woods⁶⁷. In 1942, José M. Naharro

⁶¹ Sesma (2024, 181, 183, 193 and 194)

⁶² Cavalieri (2014) broadens the scope from 1943 to 1958 in order to understand the process of the Regime's break with autarky, which was formalized in 1958 with Spain's entry into the IMF (pp. 7–8).

⁶³ This challenges the characterization of the 1950s as a “hinge decade” (García Delgado, 2000, 138).

⁶⁴ To sit for the competitive examination, candidates were required to be male, Spanish, hold a law degree, and provide proof of allegiance to the Movimiento Nacional (Tugores and Jiménez, 2018, 21–22).

⁶⁵ Pérez de Armiñán (1991, 25–56).

⁶⁶ Olariaga (1944a, 1944b).

⁶⁷ Although in his work *La política monetaria en España* (1933) Olariaga incorporated elements of Keynes's *A Treatise on Money*, years later he became a Hayekian after publishing in 1936 his translation of *The*

Mora, an assistant professor at the Central University of Madrid, had published an article in the third volume of the first issue of *Moneda y Crédito*, titled “On Corporate Economic Theory,” in which he criticized autarky⁶⁸. Indeed, the National Economic Council produced a study on the Bretton Woods project, prepared by París Eguilaz and Román Perpiñá, completed by late May 1944⁶⁹. While the study criticized Anglo-American economic policies and defended corporatism, it also highlighted the distortive effects of the clearing mechanism on prices. París Eguilaz and Perpiñá recommended that a Spanish observer be present at the next international conference. The full Council unanimously approved the study. Even general-interest journals aligned with the Falange, such as *El Trabajo Nacional* and *Nueva Economía Nacional*, reported on the Bretton Woods negotiations from 1943 in a conciliatory tone. Scientific journals, including *España Económica y Financiera* and *Moneda y Crédito*, analysed the Keynes Plan anonymously⁷⁰, and evaluated it positively⁷¹. At the time, Joan Sardá, a professor at the Social School in Barcelona, defended the British plan based on an open Keynesian model⁷².

On May 26, 1944, the Bank of Spain’s Research Service was commissioned to prepare a “special” report on the IMF plan, which was later discussed by the Council on July 6, 1944⁷³. In July 1945, Alberto Martín Artajo was appointed Minister of Foreign Affairs to strengthen relations with European Christian Democratic parties, and a commission was convened to examine the issue across ministries. From that point onward, Spain’s economic isolation was largely a consequence of its political isolation, and after World War II a diplomatic campaign was initiated to improve the Regime’s international image⁷⁴. The desire of both Franco and the political families to maintain power fostered efforts to gain international recognition.

Monetary Theory and the Trade Cycle. He engaged in academic disputes with Manuel de Torres (a Keynesian) at the Faculty of Madrid.

⁶⁸ *Moneda y Crédito* (1942), number 3. Naharro Mora pp. 28–43.

⁶⁹ París Eguilaz also served as a personal advisor to Franco on economic matters (Martínez Mesa, 1997, 58).

⁷⁰ Almenar (2002) suggests that this may refer to Antonio Gómez Orbaneja or Agustín Viñuales.

⁷¹ The controversy in *Moneda y Crédito* regarding Bretton Woods is discussed in Almenar (2002).

⁷² Sardá (1943).

⁷³ The commission was composed of six members, including a government representative, Luis Olariaga (Cavaliere, 2014, 14). Additionally, Mariano Sebastián, director of the Research Service and also a faculty professor, served as the secretary of the commission.

⁷⁴ Asensio and Hernández Andreu (2005, 29, 38).

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3 In March 1946, at Castiella's initiative, William Beveridge was invited to the Faculty of
4 Political and Economic Sciences to deliver lectures on the welfare state. According to
5 Sesma, Castiella considered social issues important, as he also established a chair for the
6 study of Social Security, assigned to Pedro Cantero (military chaplain and advisor to
7 Auxilio Social, an institution created to feed poor people). British conservatives were
8 willing to engage with the Franco Regime, particularly after the onset of the Iron
9 Curtain⁷⁵.

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11 From 1946 onward, Spain's balance of payments began to deteriorate, prompting the
12 minister of foreign affairs to plan a reorganization of the Undersecretariat for Commerce,
13 Tariff Policy, and Currency, issuing a memorandum that questioned the autarkic
14 economic philosophy. However, international uncertainty and fears of inflation delayed
15 any immediate devaluation of the peseta⁷⁶. Spain's prior alignment with the Axis powers
16 led to United Nations General Assembly Resolution 39, adopted on December 12, 1946,
17 which excluded Spain from participation in international organizations, conferences, and
18 other UN activities⁷⁷.

19
20 Between 1947 and 1948, the economic crisis and the initiation of the Marshall Plan
21 prompted Spain to seek international credit and engagement with Bretton Woods
22 institutions. However, during this period, Spain secured only a \$200 million loan from
23 Argentina to alleviate widespread hunger⁷⁸. In the absence of external aid and due to
24 Franco's refusal to devalue the peseta—fearing it would undermine the Regime and
25 disrupt imports necessary for INI projects—he confronted the “military” faction of his
26 government, which provisionally agreed to implement a multiple exchange rate system⁷⁹.
27 Despite several proposals to liberalize the foreign exchange market, autarky remained
28 dominant. UN Resolution 39 was later revoked in 1950 by Resolution 386, which allowed
29 Spain the possibility of joining the IMF, though external and internal caution persisted⁸⁰.

5. Political Catholicism in Tune with Western Capitalism

⁷⁵ Sesma (2024: 217, 218).

⁷⁶ Martín Aceña (2001: 358) attributes this document to Germán Bernácer.

⁷⁷ Muns (1986: 20, 21).

⁷⁸ Portero (1989: 196), Barciela et al. (2001: 94-97).

⁷⁹ Guirao (1998: 114 y ss). According to Perpiñá (1960), importers acted as a pressure group that succeeded in aligning their interests with those of the nation.

⁸⁰ Muns (1986: 20-21).

Nicolás Sesma's conception of Francoism, aligned with the thesis of Foucaultian micropower⁸¹, explains the interaction of forces that stabilized the Regime during the 1950s. It was structured around the Regime's families distributed across Spain and which featured a persistent religiosity among political elites—whether from the Movimiento, the military, the aristocracy, the Asociación Católica de Propagandistas (ACdP), or Opus Dei. After 1945, political Catholicism reinforced its presence in Spain, and Sesma cites figures such as Alberto Martín-Artajo, José Ibáñez Martín, Fernando María Castiella, José María de Areilza and Joaquín Ruiz-Jiménez, who, from their ministerial and diplomatic positions, were committed to whitewashing the Franco Regime⁸².

The affinity of contemporary Catholic thought with Western capitalism was fundamental. Spanish Catholic capitalism coexisted comfortably with private property and capitalist profit within the industrial free-market model. In this context, two Vatican encyclicals are noteworthy. Pope Leo XIII's *Rerum Novarum* (1891), on the condition of workers, critiqued the socialist model at a time of heightened labor mobilizations, warning that hatred of the wealthy, the abolition of private property, and the redistribution of wealth were inappropriate and could harm the working class while unsettling nations⁸³. Pope Pius XI's *Quadragesimo Anno* (1931), commemorating the 40th anniversary of *Rerum Novarum*, addressed economic and social issues, and in paragraph 15 provided a careful analysis of contemporary economics and socialism. Pius XI asserted that socialism opposed Christian truth, and in paragraph 120 declared that the terms "socialist" and "Catholic" were contradictory⁸⁴.

In fact, by the late 1940s, Spanish economists approached ordoliberalism because of its perceived alignment with Christian doctrine. Since Pope Leo XIII's encyclicals, the Freiburg School had been linked to the Church's social teaching, considering order a precondition for freedom in line with the Thomist and Augustinian concept of *tranquillitas ordinis*⁸⁵. At the International University Menéndez Pelayo in Santander,

⁸¹ Sauquillo (2001, 140).

⁸² Sesma argues that while Spain's foreign diplomatic efforts projected a more modern image, the opposite occurred in domestic policy, where no reforms were undertaken and control over the succession of the Head of State was maintained (Sesma, 2024, p. 565).

⁸³ Leo XIII (1891), *Encyclicals*.

⁸⁴ Pius XI (1931), *Encyclicals*.

⁸⁵ García Echevarría (2017, pp. LXIII–LXIV). From this perspective, Sardá appreciated ordoliberal ideas in relation to Church doctrine: "The statements of the Ordo group are of the greatest significance in compelling politicians to play fair and to clearly define what is being defended when speaking of the Western and Christian world" (Sardá, 1949, p. 273). He was also a Keynesian, however, in contrast to the German view that Keynesian policies would inevitably lead to inflation (Martín Rodríguez, 2016, p. 28).

from 22 to 29 August 1949, Hayek and Eucken delivered courses alongside Spanish economists such as Joan Sardá, José Castañeda, and José María Naharro⁸⁶. However, Eucken's lecture was not disseminated until 1956⁸⁷. Indeed, during the 1940s, neither Castiella nor Ullastres referenced Eucken, Röpke, or Hayek⁸⁸. It is to be noted that in Ullastres' collected speeches, one delivered at the 1957 Bilbao Fair expresses support for the List method, rooted in protectionist nationalism, in contrast to Erhard's approach to the social market economy⁸⁹. This is notable even though political and economic debates surrounding ordoliberalism and the social market economy were already underway in Europe throughout the 1940s and 1950s⁹⁰.

6. The External Collapse of Autarky: Spain in the 1950s

The 1950s introduced numerous developments regarding Spain's position on the international stage, which leads to the third research question of this study: what economic information did the Franco Regime manage in its foreign relations and in defence of its interests? This information can be interpreted by observing the relational changes introduced for a new international strategy. From the perspective of organizational institutionalism, it is possible to trace how the balance of power between politicians and capitalists within the Francoist "families" shifted. Amando de Miguel argued that, strictly speaking, there were not successive Francoist governments but a single government, with personnel changes in ministerial posts under the same ideological framework⁹¹. However, the Francoist system of balanced power became increasingly skewed in favour of the Catholics and at the expense of Falangism.

Between 1950 and 1955, Spain experienced significant growth in its economic openness (measured as the sum of exports and imports of goods and services relative to GDP), which rose from 8.5% to 17%, likely reflecting the end of the international blockade of

⁸⁶ Among the attendees were Ullastres and Paredes (directors), as well as Alfredo Cerrolaza, Juan Velarde, Fabián Estapé, José Ángel Sánchez Asaín, and Vergara (Paredes & Ullastres, 1949). The lectures received extensive press coverage (Lago, 1999).

⁸⁷ In three consecutive issues of the journal *Arbor* (Díaz Hernández, 2008, 225). Perhaps the aim was to justify the *Plan de Estabilización* (SP), but as we shall see, it was already underway.

⁸⁸ Olariaga cited Röpke, and Vergara owned books by Eucken and Röpke (Almenar, 2002, p. 460). Some JAE fellows had studied in Freiburg during the interwar period, such as Díaz del Corral, Paredes, and Rubio Sacristán (Martín Rodríguez, 2016, 16).

⁸⁹ Ullastres (1953, 64).

• ⁹⁰ Martín Méndez (2020, 65).

⁹¹ De Miguel (1975, 25)

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3 Franco's Regime⁹². Carreras and Tafunell have estimated that the beginning of the 1950s
4 marked an expansionary phase, with GDP growing at an annual rate of 5.2 percent (4.3
5 percent in per capita terms)⁹³. Jordi Catalan estimates that by around 1954 Spain had
6 regained the level of real income per capita that prevailed prior to the Civil War⁹⁴. He
7 examines the burden imposed by the interventionist structure of early Francoism⁹⁵.
8 Particularly noteworthy is the analysis of business expectations, which are portrayed as
9 responsive and willing to react, yet constrained by discretionary policymaking and
10 government veto power⁹⁶.
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18 González Cuevas noted that by 1951, the failure of the previous decade's economic
19 isolation was evident, causing, among other consequences, increases in public service
20 tariffs that triggered strikes and prompted governmental reshuffling⁹⁷. In 1951, Castiella
21 replaced Joaquín Ruiz-Giménez as ambassador to the Vatican, signalling clear intentions
22 toward internationalization, exemplified by the Eucharistic Congress held in Barcelona
23 and Spain's entry into UNESCO in 1952. It should be emphasized that this Congress had
24 a strong political and propagandistic component, as it was presented as an endorsement
25 of Spain by global Catholicism, which in turn facilitated an 'informal integration' with
26 international institutions⁹⁸.
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34 The appointment of Manuel Arburúa as Minister of Commerce in 1951, replacing
35 Suanzes - whose ministry had combined Industry and Commerce and who was a leading
36 figure in the autarkic project- marked a turning point toward a more open economic policy
37 for the Regime, as the ministry was now split into two independent entities⁹⁹. Initially,
38 Arburúa favoured economic liberalization through European cooperative institutions such
39 as the European Payments Union (EPU), which operated successfully from 1950 to 1958.
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45 ⁹² Martínez Ruiz (2003, 64).

46 ⁹³ Carreras and Tafunell (2018, 158).

47 ⁹⁴ Catalán (2002). He provides an exhaustive review of quantitative research published by various authors,
48 including Naredo (1991), Carreras (1990), Alcaide (1999), Prados (1995), Maddison (1995), and Morella
49 (1992).

50 ⁹⁵ Drawing on the contributions of Catalán (1995), Ros Hombravella (1973), Schwartz and González (1976),
51 Viñas (1979), Barciela (1989), Carreras (1997), Fontana and Nadal (1976), García Delgado (1999), Martín
52 Aceña and Comín (1991), Gómez Mendoza (2000), Ballesterio (1993), San Román (2000), Calvo (2001), and
53 Guirao (1998), the latter emphasising the less pro-autarkic stance adopted after 1945.

54 ⁹⁶ Catalan (2002: 263-274). Evidence of this dynamic can be found in the works of Tafunell (1989),
55 Martínez Alier (1968), Fontana and Nadal (1976), Barciela (1985), Molinero and Ysàs (1985), Catalán
56 (1993), Miranda (1994), and Valdaliso (1998).

57 ⁹⁷ González Cuevas (2023, 597).

58 ⁹⁸ Young (2022).

59 ⁹⁹ González (1979, 103); Viñas et al. (1979, 664 and following); Martín Aceña and Comín (1991); Gómez
60 Mendoza (2000).

Nevertheless, documentary evidence from 1952 at the IMF, in response to Mr. Paranaguá's inquiry, indicated the conditions Spain would face to join the international organization¹⁰⁰.

Castiella secured the signing of the Concordat Treaty between the Holy See and the Spanish State in 1953, a negotiation that had been initiated by his predecessor in office. The treaty granted the Catholic Church political, legal, and economic privileges¹⁰¹. Moreover, the U.S. government regarded Spain's incorporation into international organizations—particularly into the common defence framework of the North Atlantic Treaty Organization (NATO)—as completing the Western barrier against communism. Beginning in 1951, negotiations commenced for the establishment of American military bases on Spanish territory, which ran parallel to Spain's demands for financial assistance. In 1952, the U.S. delegation was led by General August W. Kissner, as military negotiator, and Professor George Train, as economic representative; their main Spanish counterparts were Lieutenant General Juan Vigón of the High General Staff in the military sphere, and Commerce minister Manuel Arburúa in the economic sphere. The military dimension dominated the talks, while the diplomatic apparatus remained in the background, even though the Foreign Affairs Minister, Alberto Martín Artajo, acted as the official spokesperson¹⁰². As a result, Spain received 100 million dollars in 1951, and with the signing of the agreements in 1953, secured a commitment to receive an additional 465 million over a four-year period. In return, eight air bases (Torrejón, El Coper, Morón de la Frontera, Sanjurjo-Venezuela, Muntadas, Los Llanos, Los Palacios, Alcalá and San Pablo), a naval unloading dock (Matagorda), and a naval-air base in Rota—all on Spanish soil—were placed at the disposal of U.S. forces. Thanks to these two agreements, Spain enhanced its external credibility, although it failed to achieve deeper levels of international integration.

At that time, the dean of the Faculty of Political and Economic Sciences was Manuel de Torres, who also led the 1953 National Congress of FET and the JONS at the University of Madrid, San Bernardo Street. The congress featured proposals for fiscal socialization,

¹⁰⁰ According to Muns (1986, 22, note), there is evidence that the question was posed out of the American government's interest in understanding the Spanish situation to take it into account in negotiations with Spain. According to Cavalieri (2014, 66, 80, 140), Octavio Paranaguá, a Brazilian and Executive Director of the IMF, may have made the inquiry at Spain's request.

¹⁰¹ Calvo González 2002 (124-126), Viñas (2003, 276-285).

¹⁰² Delgado (2003, 239, 240 and 241).

with debates on wealth distribution, labor protection, and state intervention in the economy¹⁰³. These proposals aligned with the Keynesian synthesis taught by Torres at the Faculty, advocating for a market with failures that the state could correct—a Keynesian influence that would solidify in the 1960s. The finance Minister Francisco Gómez de Llano, who defended the contention of public expenditure and combating tax fraud, shortly after taking office, sought advice from the Faculty of Political and Economic Sciences at the Central University (as publicly stated by himself). He sought the collaboration first of José María Naharro Mora, who participated in the draft of the income tax law of 1953, and then of Manuel de Torres, the inclusion of whom marked a shift in the direction of the income tax reform efforts, including young experts from the faculty such as Juan Velarde Fuertes, Enrique Fuentes Quintana, and César Albiñana. In 1954 the minister delivered a lecture at the University entitled “Social Presence of the University in Economic Policy”¹⁰⁴. According to Albiñana, the dean, Manuel de Torres, introduced the speaker as “the minister of finance who is balancing the Spanish economy”¹⁰⁵. The presentation cantered on balance as a common denominator. First, Torres spoke about how he came to know Gómez de Llano: “No one introduced me to him. I went to see him to thank him for an action of his that corresponded exactly to one of mine. The correspondence was precise, a perfect alignment of intention”¹⁰⁶. And he added, “the balance of its actions with the rest of the country’s activities is a necessary condition for the stability and equilibrium of our system.” In his closing words he noted: “We, university professors, have often spoken about how we understand the mission of the University; about what purpose we serve in dedicating ourselves to the cultivation of theory. The minister will speak to us about how he understands it. I hope that this exchange of opinions will serve as a mutual point of comparison, and if, as I trust, there is broad agreement, the minister will have achieved another kind of balance: the balance of minds ready for action” (ibid). In his speech, the minister of finance mentioned the work of professors of the faculty: Flores de Lemus, Valentín Andrés Álvarez, José Castañeda and Manuel de Torres.

¹⁰³ Fuentes Quintana (1983, 320), Velarde (1995, 74), Almenar (2002).

¹⁰⁴ Gómez de Llano (1954).

¹⁰⁵ Albiñana (1969,17),

¹⁰⁶ Albiñana (1969, 17-18).

From 1951 to 1955, Spain remained trapped in bilateralism due to historical inertia¹⁰⁷. Free-trade ideas persisted, but political constraints hindered integration into the Bretton Woods system. On June 30, 1954, the IMF sent its first letter to Spain offering services as an intermediary in the gold market¹⁰⁸. In 1954, Arburúa travelled to the United States, accompanied by, among others, José Luis Sampedro (Lucía Megías, 2023, 185). In 1955, the U.S. embassy in Madrid informally inquired of Arburúa about Spain's interest in joining the IMF and the World Bank; Arburúa deflected, citing incompatibilities between Spain's exchange system and IMF rules¹⁰⁹. Yet, in 1955, Sir Hugh Ellis-Rees, President of the OEEC, was informed of Spain's desire to join the organization and "not remain outside the current movement toward liberalism"¹¹⁰. In July 1956, the Ministry of Commerce, represented by Arburúa, formally submitted the application.

The main economic problem was the subordinated position of the Bank of Spain, which persisted until 1962¹¹¹, supervision reflecting regulatory capture.¹¹² Debt monetization caused successive increases in the money supply—15% in 1955 and 20% in 1956. Arburúa reported the critical situation of foreign reserves to Franco (falling from \$100 million to \$40 million), which triggered inflation¹¹³, fuelled by rises of wages decided by Falangist labor minister, José Antonio Girón de Velasco. Arburúa advocated for restrictive monetary policy, opposed by the INI and the Ministry of Agriculture. On November 26, 1956, John Davis Lodge, then U.S. ambassador to Spain, wrote to Martín Artajo stressing the need to correct fiscal and monetary imbalances. Inflationary problems were widespread in many economies for decades. The outcomes of the 46 stabilization plans implemented across thirteen Latin American countries highlight the importance of stabilising the nominal exchange rate to control inflation, as was the case in Spain in 1959¹¹⁴.

On January 20, 1957, the U.S. government sent a confidential aerogram to its Madrid embassy, signed by John B. Hollister, Director of the International Cooperation Administration, prepared by the Departments of State and Treasury of the Eisenhower

¹⁰⁷ García Delgado (1986, 296).

¹⁰⁸ Muns (1986, 20-21).

¹⁰⁹ Viñas (1981, 156-157), Cavalieri (2014, 70).

¹¹⁰ Delgado (2001, 153).

¹¹¹ Martín Aceña (2003, 288 and following).

¹¹² Cuevas and Pons (2025).

¹¹³ Cavalieri (2014, 99).

¹¹⁴ Repetti, Palazzo and Waldman (2023, 40-44)

administration, outlining the roadmap toward the Stabilization Plan (SP). This confirms that the initial idea for the SP originated in the United States during economic aid negotiations with Spain—a document scarcely mentioned by historians¹¹⁵.

Aerogram 629 of January 20, 1957, is included in the annex (document SPAIN/9/50 in the records of the Treasury Department, Record Group 56, Office of the Assistant Secretary for International Affairs)¹¹⁶. It highlighted U.S. “empathy” with Spanish problems and conditioned American aid to Spain on profound economic reforms, which Arburúa was attempting to promote: the inflation control, spending and credit limitations, and tax restructuring. It also urged the removal of international trade restrictions, unification of the exchange rate, and Spain’s integration into international institutions, signalling the forthcoming SP.

The financial collapse of the Spanish economy and the Cold War, which placed Spain on the southern perimeter of Western security, determined the autarkic breakdown of Francoism. The consequences are well-known: the United States and European democracies accepted Spain’s inclusion in international organizations, paving the way for a country renewed toward economic development.

In this historical process, the fourth and fifth research questions of our paper have been addressed: the risks of autarky were unsustainable, and the IMF, the largest global financial institution, dictated changes in Spain. The Regime weighed the risks of autarky against the benefits of its collapse and decided on integration into Western capitalist international institutions under IMF rules, which became the key vector of reforms toward an orthodox economic framework.

On February 25, Franco announced a government reshuffle, influenced by debates surrounding the Organic Law of the Movement between late 1956 and early 1957¹¹⁷. The political crisis coincided with student protests and a workers’ strike in February 1956, reflecting the exhaustion of the autarkic path¹¹⁸. The Opus Dei, with fewer than 3,000 members in 1950, placed technocrats in key positions, whom Franco did not perceive as

¹¹⁵ It is mentioned in Cavalieri (2014, 110) and Termis Soto (2005, 109 -110).

¹¹⁶ NACP, RG 56, OASIA 70A6232, b. 74, SPAIN/9/50 vol. 2, Aerogram No. 629 from Washington (ICA–State) to Madrid, “Request for Increased Aid,” January 20, 1957. We thank History Hub for providing the Aerogram.

¹¹⁷ Hispán (2006, 13-17).

¹¹⁸ Tamames (1969, 742).

ambitious rivals¹¹⁹. This was a worldwide trend: orthodox economic training and technocratic governance served under Cold War Western sponsorship as a survival strategy for authoritarian regimes also in Argentina and Chile (Kressel, 2022).

In the renewed 1957 government, military officer Carrero Blanco was appointed Minister of the Presidency, coordinating various departments¹²⁰. The economic ministries were entrusted to two technical Opus Dei members: Alberto Ullastres as Minister of Commerce and Mariano Navarro Rubio as Minister of Finance. Fernando María Castiella was appointed Minister of Foreign Affairs, and Joaquín Planell became Minister of Industry. Pedro Gual Villalbí, then President of the National Economic Council, became a Minister without portfolio. The pro-opening policy, initiated by Arburúa in 1951, appeared to have prevailed¹²¹.

Alongside these technocrat ministers came a generation of young technical advisors, many -though not all- from the Faculty of Political and Economic Sciences. Manuel Varela and Juan Antonio Ortiz were appointed Technical General Secretaries of the Ministries of Commerce and Finance, respectively. José Miguel Ruiz Morales, a member of the first diplomatic school class of 1943, served as advisor to the Spanish Embassy's Office of Foreign Economic Affairs in Washington. Undoubtedly, the success of the SP relied on the inclusion of graduates from the Faculty of Political and Economic Sciences of Madrid¹²². Their entry into the new government allowed these young economists to rise within the administration, emphasising efficiency and economic development.¹²³

Other experts were also recruited: in 1956, Joan Sardà, who had prepared a stabilization plan for the Generalitat in 1937 (Ros Hombravella 2015) was appointed Director of the Research Service of the Bank of Spain by the governor of the bank Joaquín Benjumea and the Finance Minister Francisco Gómez de Llano. However, as Éstapé (2000, 201), notes, the stabilization plan “was not a mere whim of Sardà. Spain, in 1953, had signed two agreements to obtain international support: in September 1953, the signing of the Concordat with the Vatican, and that same year, politically, militarily, and economically, the base agreements with the United States.”

¹¹⁹ Sesma (2024, 362-365).

¹²⁰ Carrero Blanco was assassinated by the separatist terrorist organisation ETA in 1973.

¹²¹ Cavalieri (2014, 117-118).

¹²² Fuentes Quintana (2007).

¹²³ Hispán (2006, 34-39).

7. The Contributions of Castiella and Ullastres

Fernando Castiella's efforts were pivotal in securing the international cooperation that ultimately led to the SP—yet, somewhat paradoxically, they have often been overlooked in the developmental literature¹²⁴. Castiella's positions in foreign policy frequently created friction with other heavyweights of the Francoist administration, particularly with Carrero Blanco¹²⁵.

Castiella worked closely with José Miguel Ruiz Morales, professor at the Faculty of Political and Economic Sciences as well as a diplomat, lawyer, and economist. In March 1957, Ruiz Morales reported having held informal conversations regarding Spain's entry into the Bretton Woods institutions, and that the Eisenhower administration supported such admission. The SP process formally began on April 5, 1957, when Castiella sent a letter to Ambassador Lodge setting out the new government's stabilization commitments, with the aim of unlocking additional aid:

“the same purpose: to stabilize, accelerate the pace of development, liberalize. The Spanish Government does not lose sight of the fact that, sooner or later, the Spanish economy will be integrated, *pari passu* with political integration, into the international sphere and especially into the European one”¹²⁶.

Alberto Ullastres was a professor of the first class of 1947 and, the same as Castiella, during his ministerial tenure he connected his academic work with his diplomatic efforts to promote the opening of the Regime. In 1957, in the speech as Minister of Commerce at the Valencia Fair, he emphasized the importance of the OEEC working groups that visited Spain, which carried out joint efforts to achieve greater Spanish international engagement.¹²⁷ On April 12, Ullastres announced the unification of the exchange rate at 42 pesetas per dollar, while Castiella had to resolve political obstacles arising from the hesitations of the Council of Ministers. Viñas et al. highlight Ullastres's effort to

¹²⁴ Sesma (2024, 374).

¹²⁵ Velarde (1978, 13).

¹²⁶ Cavalieri (2014, 121).

¹²⁷ Ullastres (1958, 18)

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3 straighten out the inherited exchange-rate mechanism¹²⁸. In June 1957, Ullastres
4 triumphantly proclaimed that the period of “splendid economic isolation” was over, and
5 that only “entry into zones of international economic cooperation” could follow¹²⁹. By
6
7 December 1957, however, Spain’s balance of payments had reached a critical point, and
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9 Ullastres acknowledged to U.S. officials that the country’s gold and foreign currency
10 reserves were virtually depleted, at times even showing negative balances¹³⁰. Yet only
11
12 days later, the United States informed him that the scarcity of reserves need not hinder
13
14 Spain’s accession to the IMF. During a visit to Madrid, U.S. Secretary of State Foster
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16 Dulles recommended to Franco that an independent agency should conduct a report on
17
18 Spain’s economy. This meeting may have unblocked the negotiations, for on January 15
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20 Spain officially submitted its application for membership¹³¹, and a commission headed
21
22 by Ruiz Morales was tasked with conducting the negotiations with the IMF.
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25 On December 26, 1957, Navarro Rubio carried out a tax reform designed to achieve
26
27 budgetary balance and establish the macroeconomic framework of the SP—measures
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29 already anticipated in the Washington Aerogram. As Sardá noted, “there could be no
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31 stabilization of the economy without a profound change in the behaviour of the public
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33 sector” which needed “a change in the country's economic ideology”¹³². Sardá thus argued
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35 that prior institutional changes were necessary to implement a successful plan. From the
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37 Ministry of Finance, a giant step was also taken with the establishment of the foundations
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39 of Spain’s National Accounts, which classified occupations across productive sectors and
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41 organized taxpayer rolls in the fiscal registers. Navarro Rubio appointed Manuel de
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43 Torres—dean of the Faculty of Political and Economic Sciences from 1951 until July 17,
44
45 1958—as the main official responsible, supported by other faculty members¹³³. However,
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47 Navarro Rubio’s later reputation was overshadowed by his involvement in the MATESA
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49 scandal in 1969¹³⁴.

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51 ¹²⁸ Viñas et al. (1979, 882).

52 ¹²⁹ Speech by the minister of commerce, published in the newspaper *ABC*, June 2, 1957: 64–67.

53 ¹³⁰ About Spain’s constraints in international payments, see Viñas et al. (1979: 911–936) and Martínez
54 Ruiz (2003, 119–120).

55 ¹³¹ Muns (1986, 23); Velarde (2009, 231).

56 ¹³² Sardá (1970:467, 468).

57 ¹³³ Navarro Rubio (1991, 40–50). Among them were: Valentín Andrés Álvarez, Enrique Fuentes Quintana,
58 José Luis Sampedro, Luis Ángel Rojo, Agustín Cotorruelo, César Albiñana, Ángel Alcaide, Santos Blanco,
59 Juan Velarde, Fabián Estapé, Manuel Varela, and Fernández Castañeda.

60 ¹³⁴ MATESA sent 120 of the 1,500 looms to Argentina despite the absence of a buyer, with the aim of
collecting export credits from the Banco de Crédito Industrial. López Rodó was also indicted, and both

At this stage of the process, tensions arose between ministries. Ullastres requested that the Ministry of Foreign Affairs be excluded from all dealings with the IMF and the World Bank, limiting interlocution to the ministries of commerce and finance. Castiella regarded this move as unusual, yet the Council of Ministers, coordinated by Carrero, approved Ullastres' proposal. Nevertheless, there is no indication that Ullastres and Castiella held substantive disagreements. As Sardá commented, "At first, only the minister of foreign affairs—the initial witness to Spain's isolation and the relative thaw in international relations thereafter—stood unequivocally with the finance and commerce ministries, who would eventually sign the Memorandum to the IMF and the OEEC contained in the Plan"¹³⁵. The decisive factor for the success of the plan was, according to Sardá himself, the stance of the Head of State, the institutional change and the fact that the diplomatic and political obstacles were overcome. Spain was admitted to the IMF on September 15, 1958, with Gabriel Ferrás as a director for Europe, an important support as he had played a significant role in European post-war economic integration. Spain was admitted also to the OEEC on July 20, 1959, coinciding with the subsequent implementation of the SP. Clearly, the restrictive measures applied during 1957-58 were not tough enough¹³⁶, so external pressures led to the preparation by Ferras and Sardá of a first draft of the plan in February 1959¹³⁷.

Ullastres sought to monopolize the negotiations, and thus from summer 1958 onward the Ministry of Foreign Affairs lost all initiative in external economic policy¹³⁸. At the Council of Ministers of June 1, 1959, Ullastres confessed that not a single dollar remained in the Spanish Institute of Foreign Currency (IEME), forcing an urgent acceptance of adjustment measures. Yet the Fund was unwilling to provide support without a genuine, effective, and authentic change in the peseta. As Ullastres later declared in a 1969 interview, he had to accept the necessity of four ultimate objectives: "convertibility,

men were pardoned by Franco. However, this led to a governmental crisis on 29 October 1969, with a cabinet change that replaced 13 out of 18 ministers.

¹³⁵ Varela (1994, 471).

¹³⁶ Clavera et al. (1973); González (1978, 1999); Viñas et al. (1979); Muns (1986); Catalan (1999); Serrano (2000); Comín and Martorell (2013); Barciela (2013).

¹³⁷ For the importance of Sardá in the preparation of the Plan, see Clavera et al. (1973); Viñas et al. (1979); Muns (1986); Fuentes (1987); Estapé (1989, 2006); Catalán (1999); Ros Hombravella (2015); Varela (2015); Sánchez Lissen and Sanz Díaz (2015).

¹³⁸ According to Manuel Varela, the Ministry of Foreign Affairs did not conduct the negotiations with the IMF, "since it was feared that, if something were rejected, such a refusal could be interpreted as a failure for the Regime. The same was not the case if the Ministry of Finance or the Ministry of Commerce were turned down" (Perdices de Blas and Baumert 2010, 227).

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3 stabilization, liberalization, and integration”¹³⁹. The journal *Información Comercial*
4 *Española*, directed by Fuentes Quintana from 1958 to 1970, also helped to disseminate
5 the plan and make it acceptable to the public¹⁴⁰.
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9 The BOE of July 22, 1959 published Decree-Law 10/59 of July 21 on economic
10 organization, which stated: “the progressive liberalization of merchandise imports, and in
11 parallel their domestic trade, authorizes the convertibility of the peseta and regulation of
12 the foreign exchange market; empowers the Government to modify certain tax rates, and
13 the minister of finance to issue regulations on the volume of credits.” With the technical
14 and financial assistance of the IMF and the OEEC, Spain finally adopted the SP in July
15 1959—an orthodox plan inspired by the French model. The lack of foreign currency at
16 the beginning of 1959 did not leave much space for gradualist options but required radical
17 measures. A substantial devaluation followed, fixing the exchange rate at 60 pesetas per
18 dollar in line with the Tangier market quotation, a key to the plan’s success¹⁴¹. Yet at the
19 origins of the SP lay U.S. external pressure, the negotiations led by the minister of foreign
20 affairs, and the economic mindset cultivated in the Faculty of Political and Economic
21 Sciences during the preceding decade.
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32 The success of the SP depended on the IMF’s conditionality being applied flexibly and
33 on the effective implementation of stabilization measures—which indeed occurred. While
34 the need for a stabilization plan had first arisen in the United States, in Spain it found
35 fertile ground in the technocrats’ government.
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39 The SP formed part of a series of monetary reforms introduced after World War II in
40 several countries, such as Germany in 1948, France in 1958, Bolivia in 1956, Argentina
41 in 1958 and Paraguay in 1956¹⁴². These reforms sought to establish market-based
42 economies and reinforce a conservative social order¹⁴³.
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47 Francoism reinvented itself through the economic planning of the 1960s, initiated with
48 the SP reforms in collaboration with the IMF and the OEEC¹⁴⁴. In Spain, the SP got off
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53 ¹³⁹ The interview, granted to Salvador Pániker, in Perdices de Blas and Baumert (2010: 133–144).

54 ¹⁴⁰ Martín Aceña (2003).

55 ¹⁴¹ Ullastres remarks in Varela (1994: 465) how the exchange rate of 60 pesetas per dollar was established;
56 and Ugo Sachetti, a member of the IMF mission that visited Spain three times to approve the Stabilization
57 Plan, asserts that the features of the Plan were not determined by the IMF, but rather by the Spanish
58 government (Varela, 1994, 311–312).

59 ¹⁴² Sánchez Lissen and Sanz 2015.

60 ¹⁴³ López Rodó (1970, 231)

¹⁴⁴ Hofmann (2023, 20)

to a strong start but entailed risks that quickly emerged, as both consumption and investment declined—though recovery soon began. The economic effects of the 1959 reforms have been thoroughly analysed by economic historians.

8. Conclusions

This study has highlighted the crucial role of the first Faculty of Political Science and Economics in dismantling the autarkic framework of the Spanish Franco Regime from 1943. The economic orthodoxy of its curricula and the academic rigor of its faculty were decisive in producing specialists proficient in the mechanisms of Western capitalism, which dominated postwar Europe after 1945, a period characterized by reinforced international economic cooperation, particularly following the establishment of the IMF. The looming defeat of fascism in 1943 prompted the Regime to realign with the Allied powers, and the founding of the Faculty that same year advanced Spanish society toward new forms of economic knowledge sanctioned by the ruling elites. In a dynamic process of self-regulation, and compelled by Spain’s severe economic constraints, these elites were driven to seek American financial support.

The database used in this study, drawn directly from the archives of the Faculty of Economic and Business Sciences at the Complutense University of Madrid, together with recent research, leads us to conclude that 1943—coinciding with the Bretton Woods negotiations—initiated a cumulative process of internal change in Spain. Data from the Faculty of Political and Economic Sciences on vaccinations, birth cohorts and exam attendance provide a basis for understanding how the regime developed the human capital necessary for its survival. They also position the Faculty as the arena where ideological transformation took place, serving as the intellectual cradle of the technocrats. The first Faculty of economics in Spain institutionalized the professionalization of economists, who entered both the public and private sectors, reinforcing the dynamics of change in Foucauldian power and giving rise to new ideas and professional elite. Successful economic liberalization under authoritarian regimes seems not to be a sudden ‘top-down’ decision; it instead depends on the decades-long cultivation of a technocratic class within officially sanctioned institutions. Initially modest but progressively deeper, these transformations, interpreted through the lens of Foucault’s concept of micropower, culminated in Spain’s entry into the IMF in 1958 and the implementation of the 1959

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3 Stabilization Plan. The affinity between Catholic thought, capitalist profit and private
4 property facilitated the breakdown of autarky, to the detriment of Falangist economic
5 dirigisme, which lacked technical economic expertise. In the pre-stabilization period, the
6 Francoist Catholic faction, whose ecumenical philosophical principles implied a necessity
7 for internationalization, gradually prevailed in the economic debates over the Falangists
8 and the military.
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11 In the 1950s, this transformation accelerated with the appointment of Arburúa as Minister
12 of Commerce in 1951. That same year, Castiella succeeded Ruiz-Jiménez as ambassador
13 to the Holy See, organized the 1952 Eucharistic Congress in Barcelona, which led to the
14 Holy See Concordat of 1953. The Francoist military faction played a decisive role in the
15 1953 agreements on U.S. bases, which facilitated subsequent American support.
16 Meanwhile, growing unrest within the universities further undermined the regime's
17 domestic control, particularly after 1955, thereby accelerating the processes of political
18 and social transformation.
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21 Fernando María Castiella had borne ultimate responsibility for the curricula of 1943–
22 1944 and for faculty appointments. Archival evidence demonstrates the academic rigor
23 of the subjects taught. From his positions of authority—first as dean of the Faculty (1943–
24 1948) and later as Minister of Foreign Affairs (1957–1969)—Castiella worked to
25 integrate the Spanish economy within Western capitalism.
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28 In this context, the idea of a Stabilization Plan originated in the United States and took
29 root in Spain thanks, among other factors discussed in this article, to the groundwork laid
30 by Ruiz Morales's reports and the initiatives of the technocratic government. The
31 mechanics of international diplomacy and soft power analysed through the interactions
32 among Spanish politicians, and the US Embassy illustrates how external actors can
33 leverage domestic educational networks to influence policy outcomes. The Franco regime
34 was not static but contained internal 'change agents' who utilized the cover of ecumenism
35 and academic orthodoxy to modernize the state. This provides an answer to our final
36 research question: Spanish developmentalism was the ultimate outcome of the
37 institutional transformations initiated in 1943.
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ANNEX

AIRGRAM		INTERNATIONAL COOPERATION ADMINISTRATION		AIRGRAM	
SECURITY CLASSIFICATION CONFIDENTIAL					
FROM - ICA/W		SUBJECT - Request for Increased Aid		PAGE _____ OF _____ DATE SENT 1/29/57 DATE REC'D _____	
REFERENCE - (Check one before each address)		DISTRIBUTION 9 AFE ADFIN BUD DDS EF DDO EXSEC GC PRO SIND PAD TPS			
ACTION		INFO Madrid ICATO A 629 THIS IS A JOINT STATE ICA MESSAGE			
MADRID		The request for additional aid has been the subject of a number of discussions in ICA and State. The purpose of this airgram is not to lay down firm guidelines, but rather to lay the groundwork for an exchange with the Embassy/USOM on the approach to be developed toward the Spanish Government with respect to increased aid in FY 1957, and the suggestion of longer range economic policies that might be pursued by the Spanish Government.			
75P		The following is a brief rundown of the Washington position as it is emerging:			
OTHER AGENCY		1. There is some sympathy here with the difficulties currently being experienced by the Spanish Government and some disposition to grant a measure of relief. In this connection the airgrams analyzing the condition the of the Spanish economy have been helpful.			
CIA BB COMM EXIM FRB STATE TREAS		however, considerable 2. There is some disposition here to believe that an uncritical compliance with the Spanish aid request would not necessarily be in the best interests of the US-Spanish economic aid relationships.			
		3. This judgment is reinforced by a prevailing dissatisfaction with a number of courses of action, or lack of such courses of action, on the part of the Spanish Government. Matters of principal concern are the general direction of current internal economic policies. It seems to us, that USOM's and Commerce Minister Arburua's position notwithstanding, so far only two means for dealing with the developing inflation are being considered seriously by the Spanish Cabinet as a body. The first is direct price control, which is meeting with skepticism on the part of the Spanish public; the second is increased U. S. aid. We have not seen any evidence that any other steps such as a reduction in government expenditures, limitations on available credit and overhaul of the tax			
AUTHORIZING OFFICER		DRAFTED BY		OFFICE	
Stuart H. Van Dyke, Dir., O/AFE		HKLennon:mp		West. Eur. Div.	
ICA AND OTHER CLEARANCES		SECURITY CLASSIFICATION		PHONE NO. DATE	
Beigel (STATE) (draft)		CONFIDENTIAL		2396 1/16/57	
Bitterman (TREAS.) (draft) (Re: DMF/IBRD)				ICA AND OTHER CLEARANCES	
Myers, WED		(Re: DMF/IBRD)		D.A. FitzGerald, DB/O	
ICA 5-39 (7-55) (Do not type below this line)					

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structure stand any real chance of being adopted by the Spanish Government.

4. With regard to external policy, to our knowledge no move has been made by the Spanish Government to reduce trade and payments restrictions and to unify the exchange rate. Membership in the International Monetary Fund (IMF) and the GATT, which would imply at least an intention to move in this direction, has been as far as we can learn indefinitely postponed. In this we are inclined to see a continued tendency toward economic isolationism. Moreover, failure to take steps to join the IMF and the IBRD, both of which are potential sources of financial and technical assistance in dealing with Spain's economic problems, indicates a continued policy of reliance on U. S. assistance alone, which we find undesirable.

5. With regard to the question of establishing a system of payments and transfers that would apply to all U. S. nationals and companies, which has received attention by the Embassy/USOM, to our knowledge no move to agree with the U. S. on such a system has yet been taken.

6. Finally, we are concerned at what appears to us to be a consistently stand-offish attitude since 1953 on the part of the Spanish authorities in providing economic data or in engaging until very recently in formal or informal consultations on matters involving the Spanish economy. This situation has prevailed at the same time that representations by Spanish officials, including discussions by the Foreign Minister both oral and written, insist ~~that~~ the Spanish economy is a matter of intimate U. S. concern.

7. While it is true that economic assistance to Spain is principally justified on the grounds of a quid pro quo for U. S. base rights in Spain, it should be pointed out that there is a strong U. S. Government interest, which is shared by the Congress, in using U. S. assistance for the economic strengthening of the Free World through greater mutual cooperation, expansion of trade and sounder individual economies. Certainly there would be no justification for the expenditure of U. S. aid funds where such expenditure would in effect promote greater economic isolationism or subsidize the continuance of unsound internal policies and practices.

8. In view of these considerations, and to underscore recent and continuing efforts by the Embassy/USOM, it is suggested that:

- (a) Opportunities be sought to bring about a review by outside technical experts of Spain's monetary, fiscal and exchange and trade policies. We believe that whatever external review is undertaken and whatever advice is given Spain in these matters should, in the first instance, be under some international auspices ~~in order to avoid the resentment which might follow from what~~ might ~~be construed as U. S. interference in Spanish internal affairs.~~ Such resentment, particularly if it proved necessary to suggest difficult or unpalatable measures, might be sufficiently widespread throughout the higher levels of the Spanish Government as to more than offset any support such advice might give to those elements in the Spanish Government who might agree with the advice which may be given. Such a review of the

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as in contrast to U. S. auspices,

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economy might instead be launched as an outgrowth of the forthcoming visit to Spain by the OEEC Working Party No. 18 and might be conducted by OEEC technical experts. It also might be done although with somewhat more delay by IMF or IBRD technical experts after Spain has adhered to one or both of these organizations. In discussing with Spanish officials the possibility of Spanish membership in the Fund and Bank care should be taken to avoid giving the impression that these institutions can be expected to provide financial assistance to meet the present situation. The admission to membership in both organizations ordinarily takes time.

Membership in the International organizations would be valuable in expanding Spanish contact with the rest of the world and bringing to the attention of other countries as well as the international organizations some of the problems arising from the situation in Spain. The International Bank finances economic development projects for its members, while the IMF serves as a center for the discussion of foreign exchange problems and gives short-term assistance, under appropriate conditions to its members in dealing with temporary balance of payments problems. Both organizations have proven helpful to their members not only through financial assistance but through technical advice given to them and recommendations on policies which have proved beneficial to their situations.

Under appropriate conditions the organizations would, of course, be in a position to assist Spain under substantially the same terms as they do other member countries in the same situation. For example, had Spain been a member of the Fund at the time of the severe freeze last year, its resulting balance of payments difficulties might under appropriate conditions have been mitigated by assistance from the Fund.

This, of course, does not preclude in any way further U. S.-Spanish bilateral discussions through USOM/Embassy channels on the same or related matters.

- (b) Embassy/USOM continue the attempts to impress upon Spanish officials the importance of the Spanish Government itself taking appropriate measures to combat inflation. Without action by the Spanish Government in this field, the effectiveness of Spanish efforts, and any U. S. assistance to Spain, to achieve a more rapid economic development, is greatly reduced. ICA/W is prepared to provide the assistance of experts if such additional support is desirable.
- (c) Embassy/USOM continue to press for an agreement with Spain on payments and transfers. When Spain accepted the U. S. aid program in 1953 it undertook to "use its best endeavors" to agree with the U. S. on establishing a system of payments and international transfers that would apply to all nationals and companies of the U. S. and would include provision for the progressive conversion of their blocked peseta balances in Spanish banks, such system taking into account at all times fluctuations in Spanish dollar availabilities. Although the agreement was to have been reached as quickly as possible, none has yet been reached despite

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the Embassy/USOM initiative in trying to begin negotiations.

Comments and recommendations from the Embassy/USOM on the foregoing would be welcomed. Meanwhile the Embassy/USOM may proceed to the extent possible in accordance with the suggestions in paragraph 8.

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