

**DEVELOPMENTAL
STUDIES AND THE
TRANSITION TO
DEMOCRACY IN
SPAIN (1960-1978)**

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AND
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U N I V E R S I D A D
COMPLUTENSE
M A D R I D

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- The beginning of the Faculties of Economics and Business in 1943 and the following decades
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THE GENERAL HISTORICAL FRAMEWORK. SOME QUESTIONS

1958 Entry into IMF and the World Bank

1959 Stabilization Plan (supervised by IMF & OECD) to boost production and open markets abroad

1962 Law on the Bases of Credit and Banking. Nationalization of Bank of Spain. Monetary Policy and Control and Supervision of Financial Sector

1963 Entry into the GATT

1964 Beginning of Development Plans

Alternative estimations of GDP growth between 1954-1958							
(yearly average rates in percentage)							
	Alcaide	Uriel, Moltó y Cucarella	Uriel, Moltó y Cucarella	Prados de la Escosura	Prados de la Escosura		
	c.f.	c.f.	p.m.	c.f.	p.m.		
Año	4718	4719	4720	4721	4722		
1954-1958	6,19	5,15	5,19	4,78	5,33		
1958-1964	5,68	5,67	5,74	6,88	6,7		
1964-1974	5,33	6,32	6,17	6,94	6,93		
1974-1978	1,74	2,41	2,01	3,71	3,21		
1978-1986	1,62	1,49	1,51	1,89	2,17		
1986-1992	4,1	3,65	3,62	4,21	4,43		
1992-1998	2,37	2,1	2,22	2,63	2,59		
Notes: c.f.: at factor costs; p.m.: market prices. Logarithm rates of variation							
Source: Albert Carreras, Leandro Prados de la Escosura and Joan R. Rosès (2005) Report by BBVA							

FACULTIES OF ECONOMICS AND BUSINESS IN SPAIN

- In 1943 Faculty of Ciencias Políticas, Económicas y Comerciales of Universidad Complutense Madrid
- Faculty of Universidad de Barcelona 1953, Law 17 July
- Faculty of Universidad del País Vasco 1955, Law 16 May
- Faculty of Universidad de Málaga 1963, Law 2 December
- Faculty of Universidad de Valencia 1966, Law 28 December
- Faculty of Universidad de Santiago de Compostela 1966, Law 28 December
- Faculty of Autónoma de Barcelona 1968, Law 27 July
- Faculty of Universidad Autónoma de Madrid 1968, Law 6 June
- Many others in successive decades....

THE IMPACT OF FACULTIES

During the 1960's, academic economists are joining the private and public sectors

The strong Spanish economic development is related to university human capital and specially in economics

We need to quantify the promotions of graduates, increasingly numerous due to the creation of university centers

Importance of Fernando María Castiella, firsts Dean of the Faculty of Economics and Minister of Foreign Affairs 1957-1969

DEAN CASTIELLA



Fernando María Castiella was the first dean of the Faculty of Political and Economic Sciences of the Central University of Madrid, in the period 1943-1948. The Dean was decisive in 1943 in the creation of Study Plans, as well as in selection teaching staff

When Castiella was appointed Dean, supported and advised by the professors of the IEP, he divided the Faculty into two Sections that reinforced the studies of Economics on January 31, 1944. The influence of economic orthodoxy and the academic training of the teaching staff marks the beginnings of the Faculty.

Separation into two Faculties 1971. When the Faculty is created, the names of the Economics Section of the IEP must be highlighted: José Vergara Doncel, Valentín Andrés Álvarez (Vice Dean), José Piera Labra, Miguel Paredes Marcos and Alberto Ullastres. But after, other prominent names were, Jose María Zumalacárregui, H. von Stackelberg, Manuel de Torres and José Castañeda.

Despite this group of policy makers and initiating professors of the Faculty, economic debates in Spain in the 1940s and 1950s had a marked political role for Franco and his ministers and advisers, and as a consequence the first debate was about industrial control with the creation of the National Institute of Industry (INI) in 1941. A strategy of import substitution was proposed in a country lacking technology and industrial energy. Some economists dared to criticize between the lines such as Larraz and Carande. The critical and public position of Manuel de Torres was remarkable. The INI caused an industrial crowding out effect and delayed the recovery of the Spanish economy.

MINISTER CASTIELLA

Castiella was decisive in opening Spain abroad

Fernando Olivié y Juan Durán Loriga, spanish diplomats who worked with him highlight the minister's work in his relations with United States, Great Britain, France and Federal Republic of Germany

A pragmatic foreign policy aimed at reestablishing Spain's dialogue with the main western countries

We highlight the Spanish role in international organizations



THE OPENING TO INTERNATIONAL ORGANIZATIONS

The autarkic decade of the 50s will give way to great changes with the incorporation of new economists, knowledgeable about the functioning of economic variables and markets, in public and private institutions, this decade worked as a hinge towards international opening.

In 1953 the agreements to establish the North American bases in Spain were signed.

In 1957 there was a change of government and several liberalizing measures were taken: the devaluation of the peseta and the establishment of an exchange rate adjusted to the market, a tax reform in which labor and capital income were taxed and price control avoided.

The policy makers were Mariano Navarro Rubio (finance minister 1957-1965) Alberto Ullastres (economy minister 1957-1965) and Laureano López Rodó (commissioner of the development plan))

In 1958, Spain joined the IMF (Gabriel Ferrás and Joan Sardá), the World Bank and the OECD, now OECD. All these changes were decisive to start the Stabilization Plan of 1959 and the subsequent Development Plans

In 1963 the GATT is signed, with the consequent commitment to maintain the Spanish currency in the discipline of fixed exchange rates to give stability to the peseta and promote confidence in commercial relations

DEVELOPMENTAL DEBATES IN THE 1960S

During the 1960s some economists were in favor of some kind of macroeconomic planning. The structuralist French economist **Perroux** had supporters in favour of indicative planning, such as Ramón Tamames, professor of Economic Structure at the UAM, Jose Luis Sampedro and Rafael Martínez Cortiña at the Complutense University of Madrid.

The debate between Keynesians and monetarists grew, which in Spain was opting for those in favor of Keynesian demand policies, and the reconversion of industry

SOME IMPORTANT PROFESSORS



- Interestingly, economics studies emerged from reformist literary circles of the 1930s, which shows that economics is a form of social transformation rhetoric (McCloskey 1985).
- Thus, José Vergara Doncel (1906–1983), was linked to José Ortega y Gasset and the group of intellectuals from the *Revista de Occidente*. With Valentín Andrés Álvarez and Miguel Paredes he founded the Library of Economic Science. He was a Director of PRISA group and founded in 1965, with José Ortega Spottorno, the Alianza publishing house.

SOME IMPORTANT PROFESSORS

Valentín Andrés Álvarez (1891-1982) had José Echegaray – Nobel of Literature - as professor of Mathematical Physics. In 1919 he went to Paris in order to study Celestial Mechanics, but there he awoke his passion for Economics by reading Vilfredo Pareto, and also his vocation as a writer, influenced in the generation of 27 by the humorous writings of Ramón Gómez de la Serna and the ultraist movement.



Agustín Viñuales (1881-1959) obtained his position as Professor of Political Economy and Public Finance at the University of Granada. He was a personal friend of Federico García Lorca. Together with Flores de Lemus and Gabriel Franco, he launched the so-called “silent tax reform” in Spain, implying a modernization of the tax system.



SOME IMPORTANT PROFESSORS



Luis Olariaga y Pujana 12 november 1950

Luis Olariaga Pujana (1885-1976), born in Alava, was employed by Crédit Lyonnais in 1905 in London, where he met Ramiro de Maeztu at the time of the consolidation of the London School of Economics and Political Science. He wrote *Monetary Policy in Spain*, where he evidenced the influence of Keynes, but in 1936, when he translated Hayek's book, *Monetary Theory and the Business Cycle*, his “Hayekian conversion” took place. He warmly supported the 1959 Stabilization Plan.

SOME IMPORTANT PROFESSORS



Henrich F. Von Stackelberg (1901-1946), born in Moscow into a German family, although with a mother of Spanish descent, was known by an asymmetric duopoly model. In 1944 he began to teach at the Central University of Madrid. One reason for moving to Madrid was that Miguel Paredes, who was part of the Economics Section of the Institute of Political Studies, was his student at the University of Bonn. Its influence on the Spanish economy in the following years was crucial in its liberalizing stance.

SOME IMPORTANT PROFESSORS



Zumalacárregui y Prat, José M^a (17-03-1946), Real Academia de Ciencias Morales y Políticas

- José María Zumalacárregui (1879-1956) born in Córdoba, was a promoter of the Faculties of Economic Sciences in Spain. He was influenced by the writer Unamuno who, curiously, would guide him to Economics. In 1940, he was appointed president of the National Economy Council, where the calculation of the National Income of Spain was made. In 1941, he was appointed professor of the University of Madrid and in 1946 director of the Bank of Spain. From his works, the Statistical Law in Economics stands out, which denied the possibility of intervening in the economy at no cost. He also introduced Pareto theories in Spain.

SOME IMPORTANT PROFESSORS



- Alberto Ullastres (1914-2001) defended a PhD thesis on The economic ideas of Juan de Mariana, in 1944. He obtained his chair in Economic History at the Faculty of Political and Economic Sciences of the Central University of Madrid. He was Minister of Commerce from 1957 to 1965. In 1959, together with Mariano Navarro Rubio, he carried out the National Plan for Economic Stabilization, the results of which from 1961 were very positive in removing Spain from its autarky and leading it to liberation and internationalization.

SOME IMPORTANT PROFESSORS



Manuel de Torres (1903-1960) was appointed professor at the Law School of the University of Valencia. In 1943 he published perhaps the first well-documented work in Spain on the (by then) new Keynesian theories, *The General Theory of the Multiplier*. Torres won the chair of Economic Theory at the Faculty of Political and Economic Sciences in Madrid in 1945 of which he became dean between 1951 and 1958. He directed the work to prepare the national accounts of Spain from 1954 and collaborated in the creation of the first input-output tables of the Spanish economy. His work in favour of European economic integration stands out.

SOME IMPORTANT PROFESSORS



José Castañeda Chornet (1900-1987) was encouraged by Zumalacárregui to delve into neoclassical economic analysis, for which it was necessary to study mathematics. For this reason, he went on to study at the Madrid School of Industrial Engineers, where he became a teacher. He joined as a professor at the Faculty of Political and Economic Sciences of Madrid in the course 1944-1945. He became dean between 1964 and 1967. He was the introducer of Econometrics in Spain.

SOME IMPORTANT PROFESSORS



Lucas Beltrán López 18 February 1966

Lucas Beltrán (1911-1997), born in Tarragona, studied economics at the London School of Economics. In 1951 he published *Modern Economists, An Apology for Economic Liberalism*, and in 1961 he published a *History of Economic Doctrines*. As a result of his directing a study on the Development Plan (1965), he was appointed Secretary General of the Development Plan in 1966, a position he held until 1968.

CONCLUSIONS

- We want to highlight the importance of training academics in the modernization of Economics studies and the birth of the Faculties of Economics and Business in the Spanish development of the 60s.
- The creation of these university centers throughout Spain provides a qualified workforce, aware of the importance of private sector incentives, within a framework of national and international competition.
- We recover the names of the main introducers of the developmental economic programs taught in Spain, clearly orthodox in content.



END

THANKS

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