

PAPERS FOR THE ADVANCEMENT OF

LIBERTY

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(English version)

IN OUR TIME



**Jesús Huerta de Soto:
Biographical sketch and
an appreciation**

David Howden & Philipp Bagus

ABOUT THE AUTHOR



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Jesús Huerta de Soto is Professor of Political Economy at Rey Juan Carlos University in Madrid. He holds a PhD in Law and a PhD in Economics from Complutense University of Madrid and a Master of Business Administration from Stanford University. Author of twelve books published in more than sixty editions worldwide and translated into nearly twenty languages, Professor Huerta de Soto

is one of the leading figures in the Austrian School of Economics today. His extensive academic career has earned him distinctions such as honorary doctorates from Francisco Marroquín University (Guatemala), Alexandru Ioan Cuza University (Iasi, Romania), Moscow Financial University (Russia), ESEADE (Argentina), and National University of San Marcos (Lima, Peru). He edits the journal *Procesos de Mercado* and, through his presence in the media and at events and projects of an informative nature, is today one of the most recognized voices in the field and ideas of Liberty.

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JESÚS HUERTA DE SOTO:

BIOGRAPHICAL SKETCH AND AN APPRECIATION*

DAVID HOWDEN & PHILIPP BAGUS

CONTENTS

Jesús Huerta de Soto: biographical sketch	4
Jesús Huerta de Soto: an appreciation	12

* This Paper contains two of the introductory chapters from the two-volume work compiled by David Howden and Philipp Bagus in honor of Professor Huerta de Soto, published in 2023 by Palgrave Macmillan.

BIOGRAPHICAL SKETCH

Thousands of pamphlets rained down on theatergoers. The Spanish Civil War had just ended, and there was as much uncertainty as ever about Spain's future. *Generalissimo* Francisco Franco's military dictatorship had wielded strong power over the country since the end of the war in 1939. There were dissidents, mostly silent, waiting for their moment until the country was ready for another change of power. Among these dissidents were the communists and their sympathizers. But there were others who claimed the government of Spain. For Jesús Huerta Ballester, the obvious and legitimate candidate was Don Juan, Count of Barcelona: king in exile and pretender to the Spanish throne as Juan III.

Jesús Huerta hastily threw these pamphlets into the crowded theater before running toward the exit. Shouting "fire" in a crowded theater was reason enough to be arrested by the police. This act of political subversion, however small, was even more so.

As the pamphlets rained down, theatergoers were able to read the simple message for themselves:

No communism
No political connections.
Monarchy.
Long live Juan III.

The brief message was clear. There was no future with the politicians in power, nor with the communist pretenders. The country's only hope lay in the restoration of the Bourbon monarchy¹.

Jesús Huerta de Soto Ballester, known today mainly as an economist and political theorist, was born to this Jesús Huerta Ballester.

If the younger Jesús is known as one of the most powerful liberal voices in the Spanish-speaking world, it was from his father, the elder Jesús, that this quality emerged.

A lieutenant in the Spanish Marine Corps, Jesús Huerta Ballester was proudly Spanish but had not been fooled by the peace that the fascists carved out after the Civil War. A classical liberal, he had a large library in the family home at 38 Príncipe de Vergara Street in Madrid. Milton Friedman's classic *Capitalism and Freedom*, published in 1962, lay hidden among its worn spines. When a young Jesús Huerta de Soto came across the book at the age of fourteen, he was immediately attracted to its hypotheses. Trained as he was by his father, he quickly absorbed the message of freedom. Capitalism was necessary for a liberal society. Not the liberal society that was emerging on the west coast of the United States in universities such as Berkeley, but in the European tradition derived from the Scholastics and the Enlightenment. Spain was in the midst of a dictatorship that had isolated the country from the new cultural and intellectual currents that were gaining strength in the Western world. From his home in Madrid, Jesús was well prepared to understand Friedman's new message in the context of an intellectual environment of a bygone era.

It was not what Friedman had written that attracted the young Jesús, although it certainly did not hurt. It was the words Friedman did not write. It was the "radicals," mentioned but not explained in detail, that caught his attention. According to Friedman: "Recognizing the implicit threat to individualism, the intellectual descendants of the Philosophical Radicals—Dicey, Mises, Hayek, and Simons, to name but a few—feared that a continuing movement toward centralized

control of economic activity would generate a *Road to Serfdom*, as Hayek titled his penetrating analysis of the process." The "road to serfdom" certainly described what the young Huerta de Soto saw before his eyes. Who were these thinkers who presciently warned of its arrival?

If there was one message to be drawn from Friedman's book, it was that a free society required capitalism to flourish. Huerta de Soto was convinced. He would devote his life to studying economics, seeking to help freedom prevail.

Of course, the university would get in the way of these plans. When he enrolled in October 1973 at the CEU San Pablo University, then a branch of the venerable Complutense University of Madrid, Jesús, aged sixteen, chose to study law, economics, and actuarial sciences². Richard Lipsey's textbook *Introduction to Positive Economics* was Jesús's start in learning eco-

nomics in a formal setting. Here again appeared the name de Mises. This time there was an associated book: *Human Action*. Finally, something tangible that Huerta de Soto could hold on to. The only problem was that books like this, let alone books in English, were nowhere to be found in bookstores on the streets of Madrid in the early 1970s. Even so, the path had been revealed, and now Jesús knew where to look to find this alluded to but never fully revealed character, Mises.

But God works in mysterious ways. Joaquín Reig Albiol, the son of a liberal Spanish politician from Valencia, had come across Henry Hazlitt's review of *Human Action* in *Newsweek* a few decades earlier. After ordering the book from the United States, Reig was captivated by the beauty and clarity of the analysis. After completing his doctoral studies on the works of Ludwig von Mises, it was Reig who translated

² Decades earlier, Huerta de Soto's grandfather, Jesús Huerta Peña, had become Spain's first actuary.



Alongside Nobel Prize-winning economist James Buchanan during the 1993 Mont Pèlerin Society meeting in Rio de Janeiro. When presenting his legal-economic analysis of banking to a large audience for the first time, Huerta de Soto faced strong resistance from the chair of his panel and, to his humiliation, his speech was interrupted. Buchanan appeared as an unexpected defender at the Mont Pelerin Society, sparking a friendship that continued until the latter's death in 2013.

¹ For his subversive activities, Jesús Sr. was imprisoned and fined 50,000 pesetas, and his passport was revoked.

the treatise into Spanish. And it was Reig's translation that Jesús Huerta de Soto would stumble upon by chance, as if guided by a higher power, in a quiet bookstore in Madrid.

Armed with what would suffice to embody Mises, Jesús devoured the work. If his mind was open to ideas, his eyes were closed to the intellectual community that emerged after the Spanish Civil War, and especially after the 1960 Spanish translation of *Human Action*. This absence would change after a chance evening

of Madrid and future doctoral director of Huerta de Soto. Julio Pascual Vicente, chief economist of the Spanish Business Union, was also there. Alfonso Enriquez de Salamanca and the two Reig brothers were regular attendees. And there was also a young Pedro Schwartz, rightly proud of his recently completed studies with Karl Popper at the London School of Economics.

The young Jesús became a regular participant in the meetings. So did his father, at least for the first two years. Still under the driving

After completing his doctorate on the work of Ludwig von Mises, Reig translated *Human Action* into Spanish. And it was Reig's translation that Jesús Huerta de Soto stumbled upon by chance in a quiet bookstore in Madrid.

meeting with an old friend of his father's.

At home, in the apartment on Príncipe de Vergara, the same apartment where he was born and below which he would work to this day as president of a life insurance company, Jesús studied *Human Action*. It was late, even by Madrid standards. Jesús's father returned home with José Ramón Canosa, a friend from their days together in the Spanish Marine Corps. If the food was plentiful as the two friends caught up, the drinks were even more so. Tipsy, though not impaired, José Ramón caught the student reading this single text at his desk: his only knowledge of Mises's liberalism.

"Do you like that book?" José Ramón asked. "I have a friend who runs a seminar. They talk about Mises. Would you like to attend?"

The seminar in question was organized by the Reig brothers, Joaquín, the Spanish translator of *Human Action*, and his brother Luis. The members of the group are like a "who's who" list of the Spanish liberal community in the early 1970s. There was Lucas Beltrán Flórez, professor of economics at the Complutense University

of Madrid and future doctoral director of Huerta de Soto. Julio Pascual Vicente, chief economist of the Spanish Business Union, was also there. Alfonso Enriquez de Salamanca and the two Reig brothers were regular attendees. And there was also a young Pedro Schwartz, rightly proud of his recently completed studies with Karl Popper at the London School of Economics.

age of eighteen, Huerta Ballester diligently drove his son to the meetings, and the two immersed themselves together in that intellectual atmosphere. The publication of Rothbard's *Toward a New Liberty* was a turning point for many classical liberals. In the midst of the Vietnam War, the book was controversial reading for the average conservative. But it forged a niche and a path forward for a determined libertarian. Rather than being a response to socialism, it made libertarianism appear, in Rothbard's view, as a response to conservatism. A faithful application of the doctrines of self-ownership and ownership by occupation generated a bold anarcho-capitalist vision of the world.

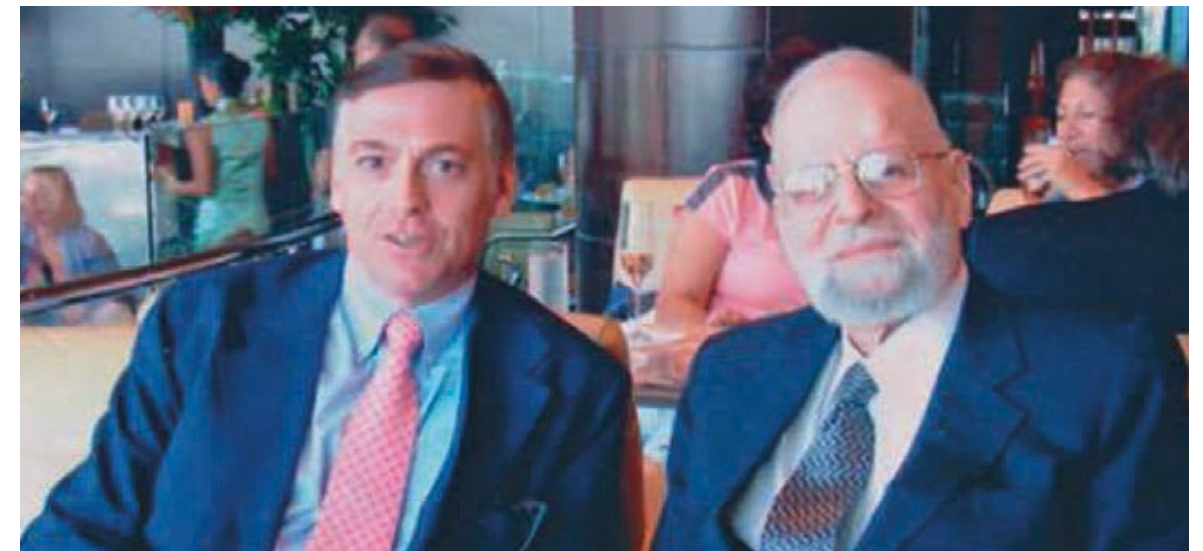
The book was controversial in wider circles, but also in the Reig brothers' seminar. Joaquín was a classical liberal, similar to Mises. His brother Luis adopted the anarcho-capitalist stance, following Rothbard. In fact, as Franco's death approached, the seminar's focus sometimes turned to Spain's political future and what would be the best path forward. After reading

Toward a New Liberty, Jesús Huerta de Soto saw no other option: anything less than full anarcho-capitalism would be a mistake. Many people become more "mild" and indulgent as they age. With Jesús, the opposite impression is given: he seems to become more "radical" every day.

The library in the family home was soon flooded with an avalanche of new books. Hundreds of books, as Jesus ordered manuals and books alike to complement his formal studies at university. This self-taught intellectual training was complemented by these titles as a foundation for what was to come. In class, Jesus became known as a troublesome student, always questioning his teachers and demanding clarification. He was persistent with his questions, which were not those of an uninformed student. Jesús frequently passed his classes with honors, the highest grade in the class. At sixteen, Jesús passed the Bachiller Superior (the pre-university studies required to enter the Spanish university system until 1977) with the highest

grade in his class. On September 23, 1978, he obtained his law degree (a five-year degree in the Spanish system at the time) with *cum laude* honors. His accreditation as an actuary followed shortly thereafter, also *cum laude*. His degree in economics and business (with specializations in economics and finance) followed on December 4, 1981, also *cum laude*.

After completing his formal studies, Jesús was obliged by his family to start working in the company founded by his grandfather. He would be the third Jesús Huerta at the helm of the company. Not surprisingly, his own son, aptly named Jesús Huerta de Soto, works alongside him and is the only employee who leaves the office later than his father. And this son of Jesús Huerta de Soto, also named Jesús Huerta de Soto, of course, will one day be the fifth of his name to head the company. On September 1, 1978, at the age of twenty-one, Jesús began working in the professional position that his name had destined him for.



With Israel Kirzner, in New York (2006). The 1973 publication *Entrepreneurship* led Jesús Huerta de Soto, aged sixteen, to an economic analysis completely detached from any neoclassical roots. It would also trigger his life's work to reconcile any differences between Mises and Hayek.

But in the midst of all this, the urge to study, to understand the world, continued to gnaw at him. The seed that Friedman had sown (that capitalism was necessary for a liberal society) was germinating all these years. It just needed space to bear fruit. Not content with finishing his studies and entering the full-time workforce, Huerta de Soto applied to study in the United States. As the recipient of a prestigious scholarship offered by the Central Bank of Spain, the University of Pennsylvania, Ber-

keley, and Stanford offered Jesús a place in their MBA programs. The abundance of options created an obvious problem: which one to choose?

At the 1982 meeting in Berlin, Jesús Huerta de Soto became, at the age of twenty-six, the youngest member of the Mont Pèlerin Society, at the suggestion of Friedrich A. von Hayek.

keley, and Stanford offered Jesús a place in their MBA programs. The abundance of options created an obvious problem: which one to choose?

In the end, the choice was simple. Jesús's future wife, Sonsoles, had recently moved to California to pursue graduate studies in educational psychology at UCLA. For her second year, she moved to Stanford. With his future happiness at stake, the decision of which MBA program to attend did not require much thought.

The decision was quick and firm, and its consequences were lasting, as Sonsoles and Jesús would go on to have six children (and, currently, nineteen grandchildren). If Huerta de Soto has had a particularly productive career, like most men when asked how he did it, he points first to his wife. It was Sonsoles' care of the family and home that gave him time to study and write. He is the first to admit that his academic and professional achievements are as much hers as they are his.

Looking back, although the decision to study

at Stanford was based on reasons only the heart knows, it also had important repercussions on his intellectual development. The next two years saw the couple living together at Stanford. Jesús graduated with his MBA in 1983. But before returning to Spain, he had the opportunity to meet many of the key figures not only among the best-known American libertarians, but also those who had shaped the Austrian School of economics after the death of Ludwig von Mises in 1973. The main

ones were Friedrich Hayek, Murray Rothbard, and, later, Israel Kirzner.

The depth and erudition of the young Huerta de Soto was immediately apparent to all three scholars. Hayek was impressed by the way Jesús criticized his works without prejudice. At times, it seemed as if the Austrian was talking to one of the few men who had read *The Pure Theory of Capital*. Even more impressive was that this young Spaniard, perhaps a distant relative of a Habsburg empire of the past, seemed to understand the rehabilitation of capital theory that Hayek was fighting for. Rothbard was surprised by this foreigner. He was funny and seemed to have read and assimilated everything Rothbard had written, like a silent observer thousands of miles away.

Although he would not have the opportunity to meet Kirzner until later, it was this scholar who most influenced Huerta de Soto's overall approach to economics. The publication of *Competition and Entrepreneurship* in 1973 was a turning point. It showed the extent to which Austrian ideas could be linked to those prevailing

in the mainstream, but without the neoclassical baggage that normally characterized the synthesis. Rothbard had pioneered a similar approach earlier in *Man, Economy, and State*, but had been stymied by the standard use of supply and demand curves. Kirzner shed that baggage and freed the analysis from its neoclassical shackles. Austrian economics was experiencing another renaissance, similar to that which followed the publication of Mises's *Human Action*³.

Around 1982, Hayek proposed to the Mont Pèlerin Society that Huerta de Soto be admitted as a member. At that year's meeting in Berlin, at the age of twenty-six, he became the youngest member of the Society.

Returning to Spain to resume his position at the helm of the family business and start a family, his attention turned once again to his formal studies. Under the guidance of Lucas Beltrán Flórez of the Reig Seminary, Huerta de Soto completed his doctoral studies in law at the Complutense University of Madrid in 1982⁴. Graduating *with honors*, his thesis on private pension plans won the 1983 King Juan Carlos International Prize for Economic Studies. (To date, he remains the youngest recipient of the award.) The prize was presented to Jesús by the King of Spain himself, Juan Carlos I. The man whom Huerta de Soto's father supported to become king, Juan III, never ascended the throne. But Huerta's father

3 When pressed about the mistakes made by his intellectual predecessors, Huerta de Soto becomes loquacious. Mises defended subsidies for the opera. Kirzner believed that some evolutionary outcomes could be suboptimal, even in the absence of government intervention. Hayek, despite his great contributions, made many missteps that led his theories down dead ends. Rothbard is the only economist whom Huerta de Soto considers to have completed his life's work without making a single mistake.

4 Beltrán Flórez studied at the London School of Economics in 1931 and 1932 with Lionel Robbins and Friedrich Hayek.



With Murray Rothbard, in 1980.

could be proud to see his son receive this award from the son of his monarch. For his part, the young Huerta de Soto gladly used the prize money to ensure that his father would no longer have to drive him around: he bought his first BMW.

This was followed by a second doctorate in economics in 1992, also at the Complutense University. In this case, the thesis supervisor was Pedro Schwartz, another colleague from Reig's seminars. The topic in this case was the

("oposiciones") to become a full professor, the highest teaching rank in the Spanish university system.

It was only on his third attempt in 2000 that he obtained his professorship at Rey Juan Carlos University⁵. This position earned him personal prestige.

His new position as professor also brought with it a certain degree of political power within the university. It would have been easy to use this power to elevate himself even further. A

The world's first officially accredited graduate program in Austrian economics opened its doors in 2007. Students flocked from around the world to be guided by the master himself.

controversy surrounding economic calculation under socialism.

The financial independence afforded by the family insurance company gave Huerta de Soto intellectual freedom. In the wrong hands, such freedom can lead to chaos. History is full of such wasted opportunities. It is well known that Karl Marx used Engels' financial support to criticize the capitalist class. In doing so, he only harmed the proletariat: those oppressed people he claimed to support.

Huerta de Soto would not fall into the same trap. He persevered in order not to compromise his beliefs or suffer intellectual infidelities. But above all, he has never remained silent when it was necessary to defend the truth. The problem with defending one's principles is that it can be costly. One consequence of arguing his neoclassical views with the tribunal was his double failure during the appointment procedures

man of lesser integrity might have used his power to punish those who had previously blocked him. For Huerta de Soto, the achievement was an opportunity to react positively and build something so that young academics would not have to suffer what he had suffered.

The world's first officially accredited graduate program in Austrian economics opened its doors in 2007. Students flocked from all over the world to be guided by the master himself. In Huerta de Soto's weekly seminar, an observer who closes his eyes will listen attentively to two things. The most obvious is the voice of Jesús, who shouts his theories and dispels the listener's doubts at the same time. Like a good southern European, Huerta de Soto does not only use his voice to make himself understood. He bangs his fists and, with his knuckles on the wooden table, takes the listener to a higher level of awareness. More importantly, in the

background, there is a noise barely louder than that of a mouse in a church. It is not the sound of knowledge being imparted, but of knowledge being received. It is the scribbling of dozens of students' pens on paper. They scribble furiously so as not to miss a word. They write on their knees as they sit in a crowded room, sweating under the Spanish afternoon sun.

It is from this classroom that these students launch their careers. To date, several hundred well-trained Austrian economists have passed through Huerta de Soto's seminar. Many of them have gone on to earn their doctoral degrees. Huerta de Soto has supervised an astonishing forty-one doctoral theses over the past two decades, building a school that will flourish and grow in the years to come. Through these disciples, the legacy of Jesús Huerta de Soto Ballester lives on.

These students, under the watchful eye of Huerta de Soto, will continue to evangelize the world. For visitors, the feeling is that something very special happens every Thursday night at Huerta de Soto's main graduate seminary. Like clockwork, the weekly class resumes with renewed intensity, picking up exactly where it left off the week before. Huerta de Soto always arrives on time for class. His driver parks his gold Bentley in a preferred parking spot. (Its name is not recorded, but it remains empty, apparently all week, until Huerta de Soto's arrival). The bronze bust of Mises, omnipresent at all events related to the graduate program, is ceremoniously moved from his office to the head of the seminar table. There is a slightly cold Aquarius to the right of his chair. His class notes are in the middle.

And then he enters. Taking his seat at the head of the table, he leaves his keys next to the soda. His keychain, a Mexican fifty-peso gold Libertad coin, glitters next to the pale blue can,

which is sweating in the heat of the afternoon⁶. Class begins. Students and listeners are in the presence of something new, as the seminar takes on a life of its own each week. There is a prevailing sense that those present are in uncharted territory, that area of economics that cartographers centuries ago would have marked with a dragon. But for Huerta de Soto, banging on the desk while preaching Austrian economics, Misesian classical liberalism, Rothbardian anarcho-capitalism, Hayekian evolution, and Kirznerian synthesis, he is deeply familiar with the whole scene.

Throughout the experience, he has Mises' bust by his side. It was also there in Reig's seminars thirty years earlier. Luis gave it to Huerta de Soto as a gift, two copies in fact. These two replicas of Mises cast their gaze where Huerta de Soto most needs inspiration: the places where he works. One is in the university office where he carries out his teaching work. The other is in his office on Príncipe de Vergara Street, where he carries out his professional work.

The weekly graduate seminar is the culmination of a decades-long journey of learning. For the listener, it is an opportunity to absorb the fruits of that sometimes dangerous journey. But for Jesús Huerta de Soto, it is just one more step along the way.

Jesús met Murray Rothbard (pictured on page 9 with Sonsoles) while studying at Stanford in 1980. The ethical foundations of Rothbard's libertarianism, ultimately rooted in an evolutionary legal system, proved influential for the young Jesús. The importance of the legal system to the economic sphere was an important consideration that remained with Jesús from his college years. He would extend Rothbard's codification more fully to many new ideas in his *Money, Bank Credit, and Economic Cycles*. To his credit, Rothbard is the only economist whose works Jesús cannot find fault with.

5 To date, three universities have awarded him *honorary* doctorates: Francisco Marroquín University in Guatemala (2009); Alexandru Ioan Cuza University in Iasi, Romania (2010); and the Financial University under the Government of the Russian Federation (2011).

6 Although it is normally considered a standard one-ounce gold coin, the Liberty contains 1.2 troy ounces of gold. This makes it the largest of the standard ounce denomination coins. Like many strong advocates of the gold coin, Huerta de Soto never leaves home without a trusty American Eagle gold coin in his pocket.

AN APPRECIATION

Most readers know Jesús Huerta de Soto Ballester as an economist or political philosopher. Some may know that he chairs a large insurance company founded by his grandfather and that he *only* works as a professor at night. Even fewer will know Huerta de Soto as a family man with a deep faith and conviction for justice. These aspects of his life are described in more detail in some of the chapters in these volumes. The personal anecdotes included in the chapters also give the reader an impression of his character and paint a vivid picture of Huerta de Soto's professional, academic, and personal life.

This presentation is not about us, the editors of these volumes, but a few brief personal comments will help the reader understand the enormous effect that Jesús Huerta de Soto Ballester, both the man and the idea, has on those who know him.

The two editors of this book came to study in Madrid under Jesús's tutelage. Philipp Bagus was one of the first foreign students to come to study Austrian economics with Jesús, arriving in 2003 on an Erasmus scholarship. He was also his first foreign doctoral student, completing his thesis in 2007. David Howden arrived in 2007 and was Jesús's fifth foreign student. He was Jesús's first English-speaking student. In addition to Bagus, he was preceded by two Italians, Antonio Zanella and Massimiliano Neri, and one Argentine, Adrián Ravier.

Our backgrounds are important for understanding what is undoubtedly a common outcome of interactions with Jesús. We highlight our non-Spanish origins as an early indication of the international appeal that Jesús has generated over several decades.

Broadly speaking, we both arrived here as anarcho-capitalists, "Rothbardians" in the broad sense of the term. We were familiar with the basic principles of Austrian economics before

beginning our studies. We both previously studied strictly *mainstream* programs (in Germany and Canada). The questions that remained unanswered during our studies prompted us to seek an alternative economic theory. We both read *Money, Bank Credit, and Economic Cycles* and believed that Jesús was one of the few men who could not only understand real economic problems but would also be willing to impart that wisdom. Finally, and most importantly for this presentation, we both firmly believed that free markets were the necessary and sufficient condition for a harmonious and prosperous civilization.

When we arrived, economics was a fairly closed system. Its *body* of theory, on the other hand, was capable of explaining how society worked, for better or for worse. If someone wants to leave a positive mark on the world, they only need to be competent in this science and faithfully apply its conclusions. We believe that the focus on the functioning of a market economy applies to most young anarcho-capitalists, at least outside of Spain. This common stance can best be explained as the belief that economic science is a closed system and that free markets are a sufficient and necessary condition for a prosperous civilization. If gold is not a barbaric relic for many young Austrian economists, the concepts of religion, family, and morality very often are. Although we had a basic understanding of the importance of ethics, we had not come to a full appreciation of the importance of many institutions that have evolved spontaneously, such as religion, family, or morality. We did not fully understand the importance of these institutions, believing that free markets would be largely sufficient for a free society to function smoothly.

Today, through the influence of Jesus, we count ourselves among the converted. We use this term not strictly in the religious sense

(although that is also true) but in the general sense that we realize that free markets are a necessary but not sufficient condition for a prosperous society. A moral code imparted by something greater than man must guide his actions. Certain institutions, some religious, others secular, are necessary to transmit this morality across generations. Economics has little to say about these matters, although economists must use these concepts alongside their theories to gain a complete understanding of the world as it is and as it could be.

We affirm that our conversion in this regard was not accidental. It derives directly from Jesus. Other students of his will no doubt agree when they consider their own intellectual trajectories. This effect was not the result of any deliberate proselytizing on Jesús' part. It was the result of the constant and continuous application of his belief structure to all aspects of his classes and seminars. The change in our approach to economic problems was due to

Jesús' rigorous and logical approach to economic theory, which emphasized the need for economics not to be treated as a closed system. Jesús not only advocates a multidisciplinary approach in his writings, but also constantly emphasizes the role of the auxiliary sciences in understanding economic phenomena in his classes and seminars. Moreover, he does so not only in the classroom, but also in his life. This consistency in his devotion to an ideal, not only in terms of learning but also in terms of living, is what most students will remember him for.

With this background on the effect of his influence, let us move on to the causes. What is it about Huerta de Soto's belief structure and approach to economic analysis that has earned him the respect of his peers?

Huerta de Soto is best known for three books. The first, *Socialism, Economic Calculation, and Entrepreneurship*, was first published in Spanish in 1992 and translated into English in 2010. In this work, Huerta de Soto builds on



Kirzner's theory of entrepreneurship and synthesizes it with Mises and Hayek's critiques of socialism. Although one of the objectives is to synthesize several lines of work around the impossibility of calculation under socialism, Huerta de Soto broadens our understanding of entrepreneurship by focusing on the process of knowledge creation.

The Theory of Dynamic Efficiency was published in English in 2009, but it was based on an

introduces *ex nihilo*. Many consider this book to be his most comprehensive and complete vision of the Austrian theory of the economic cycle. For Huerta de Soto's students, the book is the natural development of his general theory on government intervention and its effect on the entrepreneurial spirit and economic calculation, as described in *Socialism, Economic Calculation, and Entrepreneurship*. Here, the specific intervention is made in the legal regime that

Huerta de Soto is a systems builder.

Fitting the different pieces of the puzzle together to form a comprehensive whole is a defining feature of all his major works.

introductory article of the same name that appeared in the inaugural issue of the journal *Market Processes* in 2004. In this collection of essays, Huerta de Soto made his extensive scholarship on a variety of topics available to the English-speaking world for the first time. He also elaborated on topics of entrepreneurship and institutions to explain why the economy cannot be judged, even theoretically, in static terms.

Huerta de Soto's greatest fame, at least in the English-speaking world, came a few years earlier following the 2006 translation of his book *Money, Bank Credit, and Economic Cycles*. Originally published in Spanish in 1998, this book, which reflects its author's multidisciplinary approach, takes the reader through a history of banking law, both theoretical and practical. By demonstrating that fractional reserve demand deposits are a legal aberration, Huerta de Soto is able to move on to the economic cycle to expose all the implications of a banking system that is allowed to create money sub-

strictly governs bank deposits. The effects, however, are more general: biased entrepreneurial actions that permeate the economy and lead to a cycle.

In addition to these three major works, there are numerous articles and other books, as well as hundreds of notes. All of these works share several central ideas. Ethics is linked to economic theory and history in a comprehensive whole. In terms of methodology, Huerta de Soto follows Mises and Rothbard in the tradition of praxeology. An emphasis on an evolutionary approach, inherited from Menger and Hayek, underlies each contribution. Finally, in all cases, he undertakes a synthesis of ideas that are not commonly linked. Often this synthesis involves combining the utilitarian approach defended by Mises, the Hayekian and Mengerian evolutionary approach, and Rothbard's natural law approach. The synthesis between evolution and natural law is particularly novel. Jesús argues that human nature, and by extension natural law, manifests itself evolutionarily, that is, natu-

ral law is discovered within a continuous process. Differences are set aside, and the reader can see the common threads and ideas in the three approaches: theory, evolutionary history, and ethics. As Jesús likes to point out, if all three approaches point in one direction, you can be fairly sure that your conclusions are correct.

A background of legal analysis unifies most of his work. This is most evident in *Money, Bank Credit, and Economic Cycles*, since in this work a combination of legal rules and obligations sets the economic cycle in motion. This legal foundation was established in Huerta de Soto during his university studies at the Complutense University of Madrid and later with his first doctorate (in law). This initial spark was further ignited by Rothbard's contributions, which focused on the ethical foundations of libertarianism. In many ways, Rothbard's ethical foundations are based on law.

The influence of Bruno Leoni is never far from Huerta de Soto's reader. Reading *Freedom*

and the Law gave a young Huerta de Soto a comprehensive perspective on the role of law. The natural progression and evolution of legal systems, from Roman to scholastic, leads the reader to understand how law cannot be analyzed in a vacuum. It must be considered in light of the needs and forces that shaped it in the past. Likewise, the effect of the legal system on economic outcomes can never be taken for granted. Nor can an analysis of the economic system be easily separated from an analysis of the legal system. Economic and legal systems act as two sides of the same coin, one of which sets the rules of the game and the other determines the outcome.

If readers of Huerta de Soto see the profound importance he attaches to the legal system in his works, they also notice that he is a builder of systems. Fitting the different pieces of the puzzle together to form a comprehensive whole is a defining feature of all of Huerta de Soto's major works. This is evident in the har-



mful effects of socialism on the informative role of entrepreneurship in *Socialism, Economic Calculation, and the Entrepreneurship*. It is also the greatest contribution of the legal analysis that highlights the economic cycle in *Money, Bank Credit, and Economic Cycles*.

Huerta de Soto's analyses often start from a position whose importance is difficult for the reader to grasp. (What could Roman law have to do with the economic cycle?). Upon finishing

These include Murray Rothbard, as well as Friedrich Hayek and Israel Kirzner.

We once asked Huerta de Soto what he considers to be his greatest contribution. Not surprisingly, he pointed to his work as a synthesizer of ideas. His works share a common effort to unify theories and make a whole greater than its parts. Surprisingly, however, he modestly acknowledged that he has difficulty identifying which ideas are his own and which are already

Huerta de Soto's analyses often start from a position whose importance is difficult to understand, but when you finish his works, you are left with the feeling that it could not have been otherwise.

his works, the reader is left with the feeling that it could not have been otherwise. The clear connections he establishes between seemingly disparate and unrelated topics are a hallmark of his analysis. This applies equally to his work in economics, political theory, and ethics. If the reader of his works understands Huerta de Soto as a collector of curious ideas, his students have an even more direct experience. His graduate seminar often included digressions on topics or readings that seemed unrelated to the subject. Only through careful study could the class fit the pieces of the puzzle together and see the whole argument.

Despite the secondary ideas he uses to form his main arguments, there is an obvious core that permeates all of Huerta de Soto's work. It is evident, both from talking to him and studying his works, who is the greatest economist of all time and who serves as his main source of inspiration: Ludwig von Mises. Without Mises, none of Huerta de Soto's other more direct predecessors would have been possible.

included in Mises, Rothbard, Hayek, or Kirzner. Huerta de Soto would not consider his work overly original, in the sense that his ideas have not been previously expo . But he also believes that one should not be too original. It is better to gradually build on the shoulders of giants than to throw caution to the wind and make a tragic mistake.

As one advances in one's career, reflection on any mistakes becomes more important. Despite Friedman's opinion of Mises as a radical, the Austrian's own reflection on his past mistakes was that he had not been radical enough. Huerta de Soto believes that this is the biggest mistake his fellow travelers have made, although not one that he has made personally. Reflecting on his past, he perhaps committed the sin of being too proud at the beginning of his career. But arrogance is not necessarily a mistake; it is just part of being young. As one matures, one sees oneself in the context of one's predecessors, an extension of their intellectual contributions.

Enough about Huerta de Soto, the economist. What about Huerta de Soto, the man?

The first impression one gets upon meeting him is that one is in the presence of a true Spaniard. Because, in many ways, Huerta de Soto is the epitome of the Spanish man. A man who eats late (at three in the afternoon) and dines even later (never before ten at night). Someone who never skips his siesta. His simple Lester tie, tied in a four-in-hand knot, is a style worn by many men in Spain, but few foreigners adopt it. His exaggeratedly aspirated "d" when he speaks Spanish and a hoarse "h" in English are the hallmarks of a Spaniard of a certain class. Huerta de Soto, like any true Spaniard, understands the elegance of simplicity in the kitchen. (Eggs and potatoes may not seem like much to the uninitiated, but in a Spanish omelet they tantalize the taste buds). If our esteemed professor prefers a German car (don't be fooled by the gold color) for himself and a British education for his children, the reader should not be

fooled. These are also the qualities of a discerning Spaniard.

After asking him what he believes to be his greatest contribution, it is natural to ask Huerta de Soto what he believes to be Spain's greatest contribution to the world. The answer comes without hesitation: Don Quixote. It does not matter whether the enemies he despises are real or imaginary.

The Knight of La Mancha is apparently an elderly knight who, on his noble steed and with his farmhand and squire Sancho Panza, throws himself against windmills. For Don Quixote, the important thing is to get up every morning, wash off the dust, and get back on his steed to fight again.

Personalizing Don Quixote, Huerta de Soto likes to say, "It does not matter if they are giants or windmills if the plume on our crest moves in the winds of tenacity and faith."

What Jesus is expressing here is that what really matters is getting up every morning and



fighting for truth and freedom regardless of the outcome. You may succeed, but that is less important than fighting. Ideas matter because they change the world we have. But ideas also matter because they drive us to create a better world. It is this idealism that fuels Jesus' powerful and contagious enthusiasm.

Doing everything with enthusiasm is the first of his famous ten rules for success in life. His course on the principles of economics traditio-

truly is. He lives this enthusiasm at all times and instills it in those around him: the contagious nature of his enthusiasm transmits his energy to his students. His classes not only educate about economics and social sciences. They also encourage and stimulate the audience⁹. Jesús' unique enthusiasm and generosity have also helped him achieve something that not many academics can boast about: he has created a school¹⁰. But if there is a class of economists

By rising each morning like Don Quixote, ready to fight idealistically for the truth, he has attracted students from all over the world to Madrid and inspired generations.

nally culminates with this lecture given in the last class of the academic year. It is one of the many highlights of his course⁷. Like his other classes, which are available in several languages, this closing lecture is very popular on the Internet and has received hundreds of thousands of visits. Jesus explains that enthusiasm comes from the Greek word *enthousiasmos*, which means abducted or inspired by God⁸. And he

who consider themselves "Huertaians," it is not because of a conscious effort on his part. By expounding sound principles and living an honorable life, Huerta de Soto has infused the ideas of his own teachers with his particular tone in the minds of his disciples. This school is truly the result of human action, not human design.

This school of his own, an approach to economics, is Jesús' greatest achievement, and it

7 Throwing handfuls, literally handfuls, of euro bills into the air to illustrate the non-neutral effects of monetary policy would be the leading candidate for most memorable moment. Seeing students scramble to see whose feet the thousands of euros will land at makes it clear who the winners and losers of the central bank's actions are. We can only speculate that Jesús learned this "trick" from his father's subversive theatrical actions against the Franco dictatorship, as detailed in our biography of the professor.

8 Even the casual reader of Huerta de Soto's work will notice his fondness for etymology as a starting point for understanding the inherent nature of certain concepts.

9 In short, the other nine rules of life are: 2) be consistent and patient, 3) always give your best, 4) do not worry about yourself, 5) learn another language (English if it is not your native language), 6) be aware of the world around you, 7) find balance in your professional, spiritual, and family obligations, 8) be entrepreneurial, 9) be critical, and 10) behave correctly in all areas of your life and improve yourself by learning from your mistakes. Huerta de Soto defines the term in the most direct way: "to be successful in life is to be happy."

10 Everyone who knows Jesús will testify to his modesty and generosity. It is not surprising that many contributors to these volumes wanted to recount in detail various anecdotes about his personal warmth and support for them. Due to space limitations, the editors found themselves in the unenviable position of gatekeepers, balancing the physical limitations of the book with the sincere wishes of its contributors.

will be his legacy. Huerta de Soto has sown the seeds of a Spanish school of Austrian economics and libertarianism for many years to come. With patience and perseverance, another of the recommendations from his lecture on the ten rules for a successful life, he has sown these ideas in many areas over the last few decades. The seeds are bearing fruit. And they will continue to bear fruit in the years to come.

There are many ways in which Jesús promotes Austrian economics and libertarianism. The first and most obvious are his classes, lectures, articles, and books, which have provided information and inspiration to thousands of students and followers. Second, his publishing activities with Unión Editorial have made Austrian and libertarian classics available to Spanish readers and brought new works to the market. Third, Jesús has even ventured into the media sector, financing films and documentaries, spreading the truth about economics and politics. Fourth, he has organized the annual Madrid conference

on Austrian economics since 2017 and has published the journal *Procesos de Mercado: Revista Europea de Economía Política* since 2004, which has been instrumental in promoting Austrian economics within academic circles in Europe and beyond. Fifth, thanks to his initiative and leadership, Madrid is home to the first official master's degree, approved by the government and the European Union, in Austrian economics worldwide, connected to a fruitful doctoral program. Finally, we must not forget his support in many ways for libertarian political parties and *think tanks*.

By rising each morning like a Quixote ready to fight idealistically for the truth, he has attracted students from all over the world to Madrid and inspired generations. The fruits of his labor have ripened. This tribute book is a testament to these efforts, as many of his collaborators have participated with Jesús in the initiatives we have just mentioned.

As a result of his efforts, it is no exaggeration



to say that there is a Madrid school of Austrian economics and that the Spanish capital is one of the most vibrant, if not the most vibrant, centers of Austrian economics worldwide. And this school, built as it is on the foundations of Jesús's work, will prosper in the future. His students hold positions in the traditional media, write in newspapers, speak on radio and television, and have a strong presence on social media. They continue to educate new genera-

Jesús Huerta de Soto has profoundly marked our lives. This is a testimony to his infectious joy in proclaiming the strength of the market and its importance in creating a harmonious society.

tions of Austrian economists as university professors. They hold leadership positions in political parties and numerous *think tanks*. One man's enthusiasm and perseverance have set in motion a movement that has shaken the world. If there is any doubt about the movement's ability to maintain its momentum, one need only appreciate Jesús' call to model ourselves after Don Quixote: to wake up every morning to fight with enthusiasm and idealism for the truth.

For Huerta de Soto, the struggle has often been against those who are not radical enough. Friedman believed that Mises and Hayek were too radical. If Mises stormed out of a Mont Pèlerin Society meeting while calling the members "a bunch of socialists," Huerta de Soto has shown restraint when faced with similar resistance. Along with Friedman, Chicago School economists such as George Stigler have cautiously shied away from taking the ideals of capitalism to their full conclusion. While presenting his thesis on 100% reserves to the Mont Pèlerin Society at its 1993 meeting in Rio de

Janeiro, the moderator interrupted Huerta de Soto and told him to return to his seat. If the experience was humiliating, it only served to motivate him further. After all, what would have become of Don Quixote if he had not defended (unsuccessfully) his nag from the goatherds? Falling is our natural state. What makes us human is getting up and trying again.

If Huerta de Soto is Spanish, his most endearing quality is his fervent Catholicism. One could

not expect anything else from a man who believes that the greatest knowledge man has ever learned is that "God exists." After all, we would be destined for a terrifying existence without that knowledge. But if he serves in the ranks of the Catholic faithful, his role is that of a front-line private, not a general. For Huerta de Soto, the strategy of his front-line role is to lead by example. And to show those with weaker convictions that faith and reason are just two sides of the same coin. What other lesson could be drawn from Pope Benedict XVI's encyclical *Deus caritas est*? Any application of reason must accept the reasonableness of faith. And its corollary is no less important. An application of faith must accept the reasonableness of God. Both faculties, faith and reason, are needed to understand the world and our place in it. His deep faith does not conflict with his libertarian beliefs. In fact, it reinforces his academic endeavors and compels him to discover new truths: In his speech "Anarchy, God, and Pope Francis," he argues convincingly that God is libertarian.

It is well known that G. L. S. Shackle stated that:

"To be a complete economist, a man needs only to be a mathematician, philosopher, psychologist, anthropologist, historian, geographer, and student of politics; to master prose discourse; to be a man of the world with practical experience in business and finance; to understand the problems of administration; and to have a good knowledge of four or five languages. Of course, all this is in addition to being familiar with economic literature itself."

Similarly, Ludwig von Mises ended *Human Action* with a call to arms for economists:

"The knowledge accumulated by economic science is a fundamental part of civilization; it is the foundation on which modern industrialism and all the moral, intellectual, technical, and therapeutic triumphs achieved by man over the last few centuries have been built. The human race will decide whether it wants to make proper use of the invaluable treasure trove of knowledge that this heritage represents or whether, on the contrary, it prefers not to use it. If men decide to dispense with such splendid discoveries and disregard their teachings, they will certainly not undermine economic science; they will merely destroy society and the human race."





Huerta de Soto is an economist in the full sense of Shackle¹¹. In fact, he is a true scholar in the Renaissance tradition. His use of economic theory as the core of his life's work, enhanced by legal theory, political philosophy, and moral foundations, makes the fruits of his labor suitable for creating a better society. His work points the way to a flourishing of civilization that must come to pass.

Jesús Huerta de Soto has profoundly marked our lives. He has undoubtedly had a similar effect on many readers of these volumes. They are a testament to his academic rigor and scholarship in research. But above all, these chapters are a testament to his infectious joy in proclaiming the strength of the market and its importance in creating a harmonious society.

DH, PB

11 In his review of *Money, Bank Credit, and Economic Cycles*, Larry Sechrest complains that Jesús's knowledge and use of foreign language sources, including English, Latin, Spanish, Italian, German, and French, while scholarly and credible, makes some arguments difficult to follow.

ABOUT THE FOUNDATION, THIS MAGAZINE AND ITS SPANISH AND ENGLISH SUPPLEMENTS

The publisher of *AVANCE de la Libertad* magazine and the supplement you are holding is the Foundation for the Advancement of Liberty (Fundalib), based in Madrid. Since 2015, the Foundation has been working in Spain and internationally for the cause of economic and personal freedom for all human beings. Fundalib is an entity associated with the prestigious Atlas Network, based in Washington, which brings together some 500 pro-freedom think tanks in a hundred countries. It is also a member of European networks such as Epicenter and ELF. The Foundation researches different aspects of freedom in various areas. In particular, it periodically compiles several national and international indices on the state of freedom, including the Regional Tax Competitiveness Index (IACF) and the Economic Freedom Index for Spain's Cities (ILECE). The IACF was one of the six finalists for the prestigious Templeton Prize in 2024, and the ILECE was awarded the Europe Liberty Award in 2020. Fundalib has won several other awards and distinctions, notably first place in the international think tank competition organized by the European Resource Bank in Chişinău (Moldova) in 2019. The two documentaries produced by the Foundation have been included in the official selection of festivals in the United States and South Korea, and one



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of them won an international specialized festival (New York, 2023). The Foundation supports various civil society activist organizations and is a top publisher of books on the ideas of freedom. The Foundation's publications are available on the fundalib.org website, including the series of Brief Reports on Current Issues. Since June 2020, the Foundation has been publishing the aforementioned monthly magazine, which provides readers with brief opinion pieces aimed at spreading ideas throughout society. With a classical liberal and libertarian orientation, the magazine covers the entire ideological spectrum from classical liberalism to agorist and ancap positions, as well as objectivist philosophy. Fundalib thus seeks to promote the various families of individualism, aware of the fearsome resurgence

of various forms of collectivism in our time, generally through the various populisms that are regaining political ground.

Since 2021, this magazine of short articles has been complemented by the supplement *Cuadernos para el Avance de la Libertad*. What you are looking at is an English edition of one of those *Cuadernos (Papers)*. On page 2 of this Paper, readers will find the code and web address to subscribe to the magazine, and on the website there are several other options for joining and supporting Fundalib.

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INTERVENCIÓN ESTATAL Y POBREZA ENERGÉTICA

Un análisis sobre la presión fiscal
en el sistema eléctrico español



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