

ARTICLES

# The Essential Jesús Huerta de Soto: An Analysis of His Contributions to Economics and Social Thought

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Professor Huerta de Soto's name has achieved great recognition among Spanish-speaking Austrians in recent times. Nevertheless, his thought and conclusions remained mostly unknown to English-speaking Austrians. This article focuses on his thought and contributions over a wide career in economics, law, history, and all the social science branches. We will have the opportunity to introduce his conclusions about central banking, entrepreneurship, history of economic thought, and political philosophy. As we can see, his conclusions encompass many disciplines of social science in a clear application of the Austrian method. We conclude by describing how he has created a living branch of the Austrian school, one of the most important in Europe currently.

This article endeavors to delineate and categorize the principal contributions of Professor Jesús Huerta de Soto to contemporary economic and social thought. While extant literature has delved into Professor Huerta de Soto's enrichments (Wang 2017), our aim is to present a novel perspective: the potential maturation of a robust branch of the Austrian school within Spain. To achieve this objective, our analysis is structured into several thematic sections. Firstly, we provide a succinct biographical overview encompassing both the personal and intellectual trajectory of the author. Subsequently, we expound upon the inception and development of the Austrian school of Madrid, a distinctive intellectual movement catalyzed by Huerta de Soto's profound academic and personal influence. Following this, we delve into an exposition of his seminal contributions, focusing on entrepreneurship, monetary theory, political philosophy, and economic thought, with references to seminal texts in each domain. Lastly, we draw pertinent conclusions, envisaging the emergence of a vibrant second generation of Austrian academics in Madrid.

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## Biographical Overview

Jesús Huerta de Soto Ballester was born in Madrid in 1956 and received his early education at Ramiro de Maeztu, one of the city's distinguished institutions. Demonstrating exceptional academic aptitude, he enrolled at the Complutense University of Madrid at the remarkable age of sixteen, earning a degree in law in 1978. Subsequently, he furthered his academic pursuits, obtaining a degree in economics just three years later.

In the academic year 1982–83, Huerta de Soto embarked on an enriching academic sojourn to Stanford University in California, where he pursued a master's degree in business administration under the auspices of a scholarship bestowed by the Bank of Spain. In December 1984, after his return to Spain, he presented his inaugural PhD dissertation in Law, mentored by the esteemed Professor Lucas Beltrán. Concurrently, he commenced his illustrious teaching career in the Complutense University of Madrid Faculty of Law.

In 1992, he attained his second PhD, this time in economics, under the tutelage of Professor Pedro Schwartz. Notably, at the dawn of the new millennium, with the inception of King Juan Carlos University on the horizon, he ascended to a full-time professorship and embarked on the formidable task of establishing a distinguished branch of the Austrian school of economics in the vibrant city of Madrid.

In addition to his academic laurels, Huerta de Soto has been conferred with several prestigious honorary degrees, including accolades from the Francisco Marroquín University (2009), the Alexandru Ioan Cuza University (2010) in Iasi, Romania, and the esteemed Financial University under the government of the Russian Federation (2011). Furthermore, he has garnered an array of awards and lauds for his profound contributions to the field, including recognition from the Juan de Mariana Institute, a think tank founded by some of his erstwhile protégés at the onset of the twenty-first century, aimed at fostering intellectual discourse in the Spanish public sphere.

## The Austrian School of Madrid

### *First Steps in the Austrian School: The Brothers Reig Albiol Seminar*

In a 2010 interview, Huerta de Soto reflected on his introduction to the Austrian school of economics:

When asked about the influence of the Reig family and the libertarian gatherings of his formative years, Huerta de Soto recounted, “During my early college years, my father arranged a meeting with José Ramón Canosa. Upon seeing Mises’ seminal work, ‘Human Action,’ on my desk, Canosa informed me of

libertarian seminars attended by the Reig family and other prominent figures such as Pedro Schwartz and Lucas Beltrán. Shortly thereafter, I received a package containing books and an invitation to join these gatherings. Despite being a young teenager, I engaged in spirited debates on economic issues and Libertarianism with these esteemed thinkers.” (Perdices de Blas and Baumert 2010)

Following his initial academic engagements, Huerta de Soto began his teaching career in the Faculty of Law at the Complutense University of Madrid in 1984. Over the next sixteen years, he completed two doctoral dissertations and achieved the rank of associate professor. This period signifies the early development of the second generation of the Austrian school of economics in Madrid (Matarán 2021).

Huerta de Soto’s intellectual contributions are marked by their originality and depth. While he has adeptly synthesized the ideas of earlier Austrian scholars, his work transcends mere exegesis, offering novel insights and advancements, such as his three-tier theory and groundbreaking studies on entrepreneurship. Rarely in the annals of intellectual history does a new school of thought emerge with such clarity, spearheaded by the intellectual prowess of a singular thinker. Indeed, Spain has not witnessed such a phenomenon since the School of Salamanca. A recent two-volume festschrift, authored by his pupils and colleagues, attests to the enduring influence of the school of thought he has cultivated (Howden and Bagus 2023).

### ***Praxeology as the Method of Austrian Economics***

Huerta de Soto has been a pivotal figure in introducing the Austrian method of praxeology to the Spanish academic sphere. He has been practically the sole proponent advocating for an alternative to the neoclassical method of mathematical inductions for developing economic theory. Throughout his career, Huerta de Soto has spearheaded a significant critique against the mainstream economic method, which relies on solving differential equations based on given information. Instead, he has focused on how individuals generate practical information through the coordination of diverse behaviors, a topic we will revisit later.

Huerta de Soto’s main contribution in this field is encapsulated in *The Theory of Dynamic Efficiency*. This work, a collection of essays from the Austrian perspective, primarily addresses entrepreneurship and the history of the Austrian school (Huerta de Soto 2009b). This article exemplifies how Austrian investigations intertwine various topics within a single essay, covering both methodological issues and entrepreneurship.

In this essay, Huerta de Soto offers a robust critique of the neoclassical view of entrepreneurship as an optimizing process. He argues that economists should instead study how entrepreneurial information coordinates different,

sometimes opposing, behaviors in society. Moreover, Huerta de Soto explores the relationship between economics and ethics, concluding that the Austrian dynamic conception of entrepreneurship better aligns with the concept of freedom than the static neoclassical perspective. This connection between economic analysis and moral laws is a recurring theme in Huerta de Soto's work, representing a significant development in modern Austrian thought.

The essay also opens avenues for further research on various topics. For instance, it discusses how taxation theory could be reconceptualized in light of these advances. Additionally, the theory of regulation and interventionism, often referred to as the economic analysis of law, is approached not only from the perspective of calculating the direct costs of regulations but also considering the social costs of lost information due to market interventions. This is particularly relevant to antitrust laws, which are based on the static equilibrium conception of known information. Such misconceptions about the market process have led to regulations that, instead of protecting consumers from potential corporate abuses, actually hinder competition—the primary mechanism for consumer protection. To sum up: “In all applied-economics studies, the analyst should always consider, from the perspective of dynamic efficiency, the possible effects of the practice, institution or reform proposals in question. In this way, dynamic efficiency will become a key factor to be considered in every economics study, and this change will not only open up a vast and hopefully very productive field of research to the future scholars in our discipline, but we also feel sure that it will lead to a much more fruitful and dynamically efficient development of our discipline in the service of humanity” (Huerta de Soto 2009b, 30).

### **A New Definition of Socialism: Huerta de Soto's Perspective on Coercion and Entrepreneurship**

The foundation of Huerta de Soto's research on entrepreneurship can be traced back to his second PhD. Moreover, this scholarly output has facilitated his development of various other fields in economics, integrating ethics, economic theory, and more. In this context, the essay “Socialism, Economic Calculation, and Entrepreneurship” (1992), a review of his doctoral thesis, constitutes the central core of his theoretical framework.

In this work, Huerta de Soto adheres to the theoretical tradition established by Mises and Kirzner.<sup>1</sup> From Mises, he adopts the conception of entrepreneurship as a form of action—specifically, the act of transforming

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<sup>1</sup> In the broad sense, entrepreneurship refers to “acting man exclusively seen from the aspect of uncertainty inherent in every action” (Mises 1998, 253–54). In the narrow sense, according to Salerno (2008, 302), “the entrepreneur controls the factors of production; it is this control that brings him either entrepreneurial profit or loss.”

the present into a desired future. From I. M. Kirzner (1973) he derives the concept of alertness, which denotes a perpetual state of attentiveness to identify the most lucrative opportunities.<sup>2</sup>

Entrepreneurship, as discussed in the previous section, is not perceived as the optimization of existing information. Instead, economics is concerned with the processes of information creation and dissemination. According to Huerta de Soto (2010, 18), “In a broad or general sense, entrepreneurship actually coincides with human action. In this sense, it could be said that any person who acts to modify the present and achieve their objectives in the future exercises entrepreneurship.” The characteristics of this information are summarized in [table 1](#).

Table 1. Two types of knowledge

	Type A	Type B
Oakeshott	Practical (traditional)	Scientific (technical)
Hayek	Dispersed	Centralized
Polanyi	Tacit	Articulated
Mises	Unique events	Classes

Source: Huerta de Soto (2010, 40).

The primary contribution of this essay lies in its original and pioneering definition of socialism. While Mises defined socialism as the abolition of private property and, ultimately, the prohibition of market exchange and prices<sup>3</sup>—thereby leading to the planner’s inability to assign market prices—Hayek emphasized that socialism is inherently flawed due to its inability to access all the practical information necessary to provide coordinating content to its mandates.<sup>4</sup>

Accordingly, Huerta de Soto (2010, 55) introduces a novel approach to the concept of socialism by defining it as “any system of institutional aggression on the free exercise of entrepreneurship. . . . As a result of this coercion, the actor, who otherwise would have freely exercised his entrepreneurship, is forced, in order to avoid greater evils, to act differently than he would have acted in other circumstances, and thus to modify his behavior and adapt it to the ends of the person or persons who are coercing him.”

2 Various Austrians have criticized alert entrepreneurship. Even at the beginning of *Socialism, Economic Calculation and Entrepreneurship*, Huerta de Soto (2010, 19) already recognized that the Kirznerian alertness has some state elements “perhaps because the [alertness] clearly suggest a rather more static approach.” Clearly, Huerta de Soto does not embrace the Kirznerian entrepreneurship. For more problems of the Kirznerian entrepreneurship, see Salerno (2008).

3 “The formation of market prices for all factors of production attributes to each a weight that corresponds to its part in production. Each factor receives in the price the yield of its collaboration. The laborer receives in wages the full produce of his labor. In the light of the subjective theory of value therefore that particular demand of Socialism appears quite absurd” (Mises 1962, 59).

4 “In order to achieve their ends, the planners must create power—power over men wielded by other men—of a magnitude never before known. Their success will depend on the extent to which they achieve such power. Democracy is an obstacle to this suppression of freedom which the centralized direction of economic activity requires. Hence arises the clash between planning and democracy” (Friedrich A. Hayek 2001, 40).

This definition opens new avenues for investigation and debate. It reframes socialism from a dynamic perspective, shifting the focus from the impossibility of creating coordinating orders like prices to the moral and ethical implications of coercion against the free will of individuals. Ultimately, socialism emerges as an immoral and perverse exercise of coercion against human freedom.

However, this definition of socialism appears to align more closely with the concept of statism. Huerta de Soto focuses on the institutional coercion perpetrated by the state. While coercion can manifest in various aspects of life, Huerta de Soto narrows his focus to the coercion exerted by the state through public force. Although moral laws, social pressure, or family traditions may also influence behavior, Huerta de Soto specifically applies the concept of coercion to state power. In essence, while state power is often the strongest force capable of modifying behavior, it is not the only one.

### **Monetary Theory and Political Reforms**

The onset of the Great Recession in 2008 presented Austrian economists with a pivotal opportunity to illuminate their monetary theory in both public discourse and academic arenas. This body of knowledge, which gained prominence in economic debates during the 1930s and 1940s amid the aftermath of the 1929 stock market crash and subsequent interventionist policies by various governments, has since asserted its relevance.

The Austrian business cycle theory elucidates the occurrence of significant investment errors as a consequence of government intervention, particularly through monetary policies such as fractional reserve banking and interest rate manipulations, alongside extensive regulations that stifle competition in the financial and banking sectors. These errors distort the economy's productive structure, which the market eventually corrects through a recession—a mechanism that rectifies malinvestments.<sup>5</sup>

Consequently, Jesús Huerta de Soto (2006) advocates for three principal measures to address these issues: the prohibition of fractional reserve banking, the implementation of a gold standard monetary system, and the abolition of central banking, drawing on the theory of the impossibility of socialism.

The first measure calls for the establishment of a 100 percent reserve banking system, requiring banks to maintain all customer deposits as reserves in accordance with legal principles. The historical precedent for this idea dates back to 1844 when the British Parliament enacted Peel's Bank Act, which restricted commercial banks from issuing banknotes exceeding their gold

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<sup>5</sup> As Rothbard (2000) points out, expansive monetary policies, by inducing widespread investment errors, not only generate the conditions for future economic crises but also hinder the effective functioning of the market process to coordinate resources efficiently.

reserves (Kindleberger 1993). However, this legislation failed to extend the prohibition to demand deposits, allowing banks to focus on issuing demand deposits instead of banknotes.

The maintenance of fractional reserves on demand deposits leads to systemic insolvency within the banking sector, prompting mass withdrawal attempts by depositors. In the absence of a 100 percent reserve requirement, banks are unable to guarantee the withdrawal of demand deposits (Rothbard 1983).

This scenario arises from the lack of clearly defined and protected property rights. Permitting bankers to utilize deposits against the depositors' intentions leads to a tragedy of the commons, where commercial banks are incentivized to expand credit and invest in projects that would not ordinarily be undertaken. The conflation of loans and deposits became prevalent during the modern era, when kingdoms faced significant resource needs for wars and conquests (Carande 1943). Huerta de Soto cites the example of Emperor Charles I, who confiscated bank deposits to finance military campaigns in Europe, issuing promissory notes in return. This historical precedent underscores the critical distinctions between these two types of contracts, which are shown in [table 2](#).

Table 2. Essential differences between two radically different distinct contracts

Irregular monetary deposit	Monetary loan
Economic differences	
<ol style="list-style-type: none"> <li>1. Present goods are not exchanged for future goods.</li> <li>2. There is complete, continuous availability in favor of the depositor.</li> <li>3. There is no interest, since present goods are not exchanged for future goods.</li> </ol>	<ol style="list-style-type: none"> <li>1. Present goods are exchanged for future goods.</li> <li>2. Full availability is transferred from lender to borrower.</li> <li>3. There is interest, since present goods are exchanged for future goods.</li> </ol>
Legal differences	
<ol style="list-style-type: none"> <li>1. The essential element (and the depositor's main motivation) is the custody or safekeeping of the <i>tantundem</i>.</li> <li>2. There is no term for returning the money, but rather the contract is "on demand."</li> <li>3. The depositary's obligation is to keep the <i>tantundem</i> available to the depositor at all times (100 percent cash reserve).</li> </ol>	<ol style="list-style-type: none"> <li>1. The essential element is the transfer of availability of the present goods to the borrower.</li> <li>2. The contract requires the establishment of a term for the return of the loan and calculation and payment of interest.</li> <li>3. The borrower's obligation is to return the <i>tantundem</i> at the end of the term and to pay the agreed-upon interest.</li> </ol>

Source: Huerta de Soto (2006, 19).

Secondly, the implementation of a gold standard system would restrict central banks from issuing banknotes beyond their metal reserves. This shift would decentralize monetary policy, allowing commercial banks, as was the case until the nineteenth century, to mint their own currency and compete within a free market framework (F. A. Hayek 1978; Rothbard 2009).

Lastly, Huerta de Soto critically examines the feasibility of applying socialist principles to central banking. The systematic coercion and manipulation of free market indicators and prices, particularly interest rates, alongside the preferential treatment extended by governments to certain interest groups, inevitably lead to economic stagnation. This coercion obstructs society's

ability to discover alternative methods for enhancing banking cooperation.<sup>6</sup> Ultimately, this situation precipitates widespread malinvestments and social discoordination, thereby undermining citizens' aspirations. As Huerta de Soto (2006, 651) emphasizes, "One of the central theses of this book is that the theorem of the impossibility of socialism, and the Austrian analysis of the social discoordination which inevitably follows institutional coercion and the granting of privileges at variance with the law, are directly applicable to the financial and banking system which has evolved in our economies. This system is based on private fractional-reserve banking and is controlled by an official institution (the central bank) which has become the architect of monetary policy."

Business cycles serve as quintessential illustrations of the central bank's inability to conduct effective economic calculation. Huerta de Soto concludes that this analysis applies the theory of the impossibility of socialism to central banking. Regardless of the public organization—be it the Federal Reserve, the European Central Bank, or the Bank of England—it is fundamentally impossible for a central authority to possess all the practical knowledge necessary to impart a coordinating character to its directives.<sup>7</sup> The organization of society can only effectively occur through social institutions refined over a significant period of time.

As a corollary to his explanation of economic cycles, Huerta de Soto delineates the distinction between what he terms "good" and "bad" deflation.<sup>8</sup> "Good" deflation is the natural outcome of a healthy process of saving and investment. As the capital stock in an economy increases, consumer goods become more affordable, and production processes become more efficient and cost-effective due to the decrease in the price of capital. The social rate of time preference, represented by the interest rate, declines, making previously unprofitable investment projects feasible. In essence, the augmentation of capital in an economy renders labor relatively scarcer, leading to rising wages while consumer goods prices fall (Bagus 2015).

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6 "The situation would be similar to that of a people of an isolated island, if, after having partially constructed an enormous machine which was to provide them with all necessities, they found out that they had exhausted all their savings and available free capital before the new machine could turn out its product. They would then have no choice but to abandon temporarily the work on the new process and to devote all their labor to producing their daily food without any capital" (Friedrich A. Hayek 1935, 94).

7 "The entrepreneurs must restrict their activities because they lack the funds for their continuation on the exaggerated scale. Prices drop suddenly because these distressed firms try to obtain cash by throwing inventories on the market dirt cheap. Factories are closed, the continuation of construction projects in progress is halted, workers are discharged. As on the one hand many firms badly need money in order to avoid bankruptcy, and on the other hand no firm any longer enjoys confidence, the entrepreneurial component in the gross market rate of interest jumps to an excessive height" (Mises 1998, 562).

8 We should point out that *inflation* is the increase of the monetary supply. The consequence of this fact, *ceteris paribus*, is the increase of prices. As we can expect, the contrary concept, a *deflation*, takes place when the monetary supply is reduced. The natural consequence, *ceteris paribus*, is the reduction of prices.



Conversely, “bad” deflation arises from a misunderstanding of economic principles.<sup>9</sup> Mainstream economists often fixate on the consequences—namely, price decreases (Rothbard 2009, 1007–10). Following a recession triggered by a monetary disturbance, prices must realign with the new purchasing power. This adjustment can only occur in an unconstrained economy free from interventions such as minimum wage laws. If such constraints exist, deflation and unemployment may persist. Consequently, mainstream economists tend to misattribute deflation as the cause of economic malaise when it is the outcome of a flawed monetary system.

Additionally, mainstream economists argue that increasing profits in a deflationary environment is impossible. Huerta de Soto emphasizes that it is not only possible to maintain profits, but they can also be augmented through gradual cost reductions resulting from capital accumulation. This emphasis on a paradigm shift underscores Huerta de Soto’s focus on dispelling the fear associated with certain types of deflation. However, significant change appears distant, as most textbooks continue to instill fear among students. As he observes, “According to Austrian capital theory, it is perfectly possible to obtain substantial profits even if turnover does not increase in a deflationary framework, if costs are reduced through capital investment (which requires additional labor to produce new equipment)” (Huerta de Soto 2015, 20).

## **Contributions to Political Philosophy: An Evaluation toward Anarchism**

Jesús Huerta de Soto’s political philosophy can be encapsulated in one word: anarchism. At the outset of his career, Huerta de Soto endorsed minarchism as a viable solution to societal problems. However, as his intellectual journey progressed, he increasingly gravitated toward anarchism—the hypothesis that all economic goods should be privatized and supplied through a free market.

The novel contribution that Huerta de Soto brings to the academic discourse is his critique of the state from a dynamic perspective, a viewpoint he extensively developed in his previous works, such as *Socialism, Economic Calculation and Entrepreneurship* (1998) and *The Theory of Dynamic Efficiency* (2004).

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<sup>9</sup> “The notions of inflation and deflation are not praxeological concepts. They were not created by economists, but by the mundane speech of the public and of politicians. They implied the popular fallacy that there is such a thing as neutral money or money of stable purchasing power, and that sound money should be neutral and stable in purchasing power. From this point of view the term inflation was applied to signify cash-induced changes resulting in a drop in purchasing power, and the term deflation to signify cash-induced changes resulting in a rise in purchasing power” (Mises 1998, 419).

In this way, Huerta de Soto argues that the static conception of economics leads to the conclusion that certain economic goods, known as public goods, can only be provided by the state. According to neoclassical economics (Pigou 1920; Baumol and Oates 1975), these public goods exhibit two characteristics—nonexcludability and nonrivalrous consumption—which ostensibly preclude private provision. However, Huerta de Soto contends that this is a misconception that can be addressed using the methodological tools of the Austrian school and a dynamic analysis of social cooperation.<sup>10</sup>

While other schools of thought, particularly the Chicago school, justify the superiority of free markets through empirical data and improved living standards, Huerta de Soto adopts a praxeological (a priori) approach. He argues that the dynamic nature of the market process mitigates the issues of joint supply and nonrivalrous consumption. Viewing the market as a process of discovery and adjustment (I. Kirzner 1992), he concludes that these characteristics diminish as the free market evolves. Entrepreneurs, driven by profit incentives, will develop mechanisms to exclude free riders and provide public goods efficiently.

Eventually, Huerta de Soto concludes that state intervention stifles the quintessential human trait of entrepreneurship. When the public sector nationalizes the provision of certain goods and services, it displaces entrepreneurial initiative from the market. Additionally, society has come to accept state provision of goods and services that were historically supplied by the private sector, such as hospitals, schools, and roads. To sum up, “The Austrian economic theory of the impossibility of socialism can be expanded and transformed into a complete theory on the impossibility of statism, understood as the attempt to organize any sphere of life in society via coercive commands which involve intervention, regulation, and control and emanate from the body with a monopoly on institutional aggression (the State)” (Huerta de Soto 2009a).

In summary, Huerta de Soto’s dynamic perspective not only challenges the static view of public goods provision but also underscores the fundamental role of entrepreneurship in economic development. His work advocates for a reconsideration of the state’s role in the economy, promoting a vision where the free market can potentially address all societal needs.

In addressing the means to achieve this goal, Huerta de Soto outlines both the ultimate objective and the specific measures and principles necessary for its attainment. He posits that action must be evaluated from three distinct perspectives: theoretical, historical, and ethical. Moreover, libertarians

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<sup>10</sup> Mises (1998) argues that the static analysis of economics leads to erroneous conclusions about the efficiency of state intervention in the provision of public goods. Mises contends that human action is a dynamic process unfolding over time and that the market, in the absence of coercion, is capable of efficiently coordinating the production and distribution of goods, including those considered public.

who engage in politics often face reputational challenges. Huerta de Soto attributes this to the fact that economists, particularly libertarian ones, frequently convey the dire conditions and structural flaws of national economies to politicians, advocating for necessary reforms.

In his second essay, Huerta de Soto provides various historical examples of free market reforms. These instances of policy changes by different states encourage an optimistic outlook on the state of the Western world post-Berlin Wall. He argues that, in general, the situation is improving. Even authoritarian regimes, such as those in Chile and China, have been compelled to adopt market-oriented policies in response to economic crises.

However, the state of the welfare state is not improving. Public spending continues to escalate annually, leading to a situation where states are increasingly unable to sustain themselves with the financial resources garnered through taxation alone, even with substantial support from central banks. This suggests that we have entered a new era where the welfare state appears financially unsustainable. Consequently, reforming the welfare state seems inevitable in this century (Huerta de Soto 1994). Other forms of public intervention must be critically reassessed and potentially rejected.

## **History of Economic Thought: Exploring the Roots of the Austrian School in the School of Salamanca**

Building upon the groundwork laid by authors such as Grice-Hutchinson and Rothbard, Jesús Huerta de Soto made significant contributions to the field of the history of economic thought by delving into the origins of the Austrian school of economics within the sixteenth—and seventeenth-century School of Salamanca.

The first scholar to propose that the Austrian school could trace its lineage back to the Spanish Golden Century was Marjorie Grice-Hutchinson (1909–2003),<sup>11</sup> a distinguished pupil of Hayek. Grice-Hutchinson deserves recognition for her dual role: firstly, as the pioneer in introducing Scholastic thought to Spain and adapting it to the realm of economic research, and secondly, for inspiring a Nobel laureate like Hayek with the discovery of antecedents to her ideas previously unknown to her. A decade prior to Schumpeter's mention of the Second Scholastics as potential precursors to modern monetary thought, Grice-Hutchinson translated some of their works. Rothbard later published the first volume of his monumental work, *An Austrian Perspective on the History of Economic Thought* (1995), in which

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<sup>11</sup> Born in Eastbourne, she graduated in Hispanic philology at the University of London in 1938. While working as a researcher at the London School of Economics, Professor Earl J. Hamilton recommended the study of the figure of the Earl of Camponanes. As a result, Grice-Hutchinson devoted herself for a year to the study of mercantilism during the absolutist era. It was during this period that F. A. Hayek, whom Grice-Hutchinson encountered while attending his course on the history of economic thought at the London School of Economics, advised her to exclusively focus on the Scholastic doctors, since they were authors unfamiliar to Hayek and upon whom he believed a fruitful line of research could be directed.

he conducted an exhaustive study of the figures of the School of Salamanca across various disciplines. Nonetheless, no Spanish author had previously undertaken an in-depth study of the School of Salamanca.

Therefore, Huerta de Soto's principal contribution to prior investigations of the School of Salamanca was to contextualize this branch of the history of economic thought within a specific time and place. Adhering to the Austrian perspective, which emphasizes the importance of understanding each author within their historical context, Huerta de Soto situated the School of Salamanca in a time when the Spanish Empire vied for international prominence alongside the British Empire.

Thus, Huerta de Soto specifically linked Father Juan de Mariana's analysis of coin debasement by the king with the Austrian defense of fixed exchange rates. He also emphasized how members of the School of Salamanca, particularly Father Juan de Mariana, were able to anticipate long-term economic consequences. In this regard, their analyses were centuries ahead of those conducted by the classical school (Huerta de Soto 2013). Unfortunately, Menger never quoted the Scholastics in his economic texts. There has been much debate about whether Menger came to know the works of these authors. However, the only conclusion that could be stated definitively is that he does not quote them in his works (Huber 2016).

## Conclusions

Some conclusions emerge when discussing the legacy of Jesús Huerta de Soto. Firstly, it must be emphasized that he stands as the most prominent figure of the Austrian school in Spain. He has spearheaded the development of an entire school of economic thought, complete with a leading figure, students, and a plethora of theoretical and practical debates. These controversies lend the Austrian school of Madrid a distinctive character, as the debates are often centered around current issues in economic theory and the Spanish economic landscape. For instance, while Huerta de Soto has applied the conclusions of Mises and Hayek to the specific circumstances faced by Spain in the early twenty-first century in discussions of the Austrian business cycle, the school also engages in theoretical debates such as fractional reserve banking and the viability of classical liberalism versus anarcho-capitalism.

The Great Recession in Spain since 2007 and the subsequent decade-long depression, largely due to public policies, provided Huerta de Soto and his students with an unparalleled opportunity to offer explanations that mainstream economists had failed to provide. Consequently, Huerta de Soto's works, which began to be published over a decade prior, assumed a leading role in academic debates. This prominence is further underscored by the approximately forty doctoral theses supervised by Huerta de Soto, a remarkable feat in academia, covering a wide array of economic fields.

The substantial number of forty PhD dissertations supervised by his students marks a significant milestone. It is exceptionally rare to encounter a full-time professor who has directed such an impressive quantity of doctoral theses. These dissertations span a comprehensive range of economic disciplines, including economic theory, public policy, history of economic thought, economic history, and more. Notably, several of these theses have been published, achieving considerable recognition and influence within the academic community.

Secondly, Huerta de Soto's influence extends beyond the borders of Spain, reaching Spanish-speaking countries and garnering recognition in the English-speaking academic world. For example, Alejandro Chafuen has expressed support for Huerta de Soto's analyses, and his work on economic cycles has gained traction in English academic circles. Moreover, he has been featured in various media outlets addressing Spanish political issues.

Huerta de Soto's contributions have been acknowledged with numerous awards and prizes throughout his career, beginning with the King Juan Carlos Prize in Economics in 1983, awarded by King Juan Carlos himself and presided over by José Ramón Álvarez Rendueles, chairman of the Bank of Spain at the time. Other notable awards include the Juan de Mariana Prize from the Juan de Mariana Institute in 2005 and the Hayek Medal from the Friedrich August von Hayek-Gesellschaft in 2013. Additionally, he has received three honorary degrees from Francisco Marroquín University (2009), Alexandru Ioan Cuza University (2010), and the Financial University under the government of the Russian Federation (2011), underscoring the widespread recognition of his contributions to the field.

In summary, Huerta de Soto has succeeded in establishing a branch of the Austrian school of economics not only in Madrid and Spain but also in Spanish-speaking countries worldwide. He has revitalized the Austrian tradition in Spanish academia to a degree not seen in half a century, fostering a burgeoning community of academics and researchers. This achievement is a testament to Huerta de Soto's vision and initiative in securing a prominent place for the Austrian school in the academic world.

Indeed, it could be argued that the second generation of the Austrian school of Madrid is emerging in this decade. Huerta de Soto's students have begun their careers as researchers, disseminating the marginalist and subjectivist tradition in various universities and institutions. Figures such as Miguel A. Alonso, Philipp Bagus, and David Howden are among those leading the way forward.

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