

# José Calvo Sotelo. A proposal for authoritarian capitalism at the gates of the Spanish Civil War

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## *Introduction*

Professor Enrique Fuentes Quintana directed the publication of *Economía y Economistas españoles*, a vast collection of books based on a research project that took nearly 15 years to complete. This collection was published between 1999 and 2005, and it aimed to provide an overview of the history of economic thought in Spain from the arrival of the Muslim civilization in the Iberian Peninsula to the late 20<sup>th</sup> century (Fuentes Quintana 1999-2005). After this project was done, he and Professor Francisco Comín coordinated the publication of two additional volumes, in which they compiled texts specifically about the Spanish economy and economic thought during the Second Spanish Republic and the Spanish Civil War (Fuentes Quintana and Comín 2008).

Included within the latter publication was a work we wrote, entitled *La pluralidad programática de las derechas ante la economía española entre 1931 y 1939* (Sánchez 2008).

In it, we extensively addressed the development of Spanish corporatism during the years prior to the Second Republic, as well as its Italian influences – which were thoroughly discussed in the historiography – and the later ideological shift that led some of the defenders of this ideology and corporate model to evolve into openly authoritarian stances – following their own interests in some cases – during the Second Republic, and especially in the years preceding the Civil War, which started with the uprising of the Francoist forces in July of 1936<sup>1</sup>.

After providing an overview of the diverse currents of thought that, one way or the other, embraced the corporate ideals, we focused on the various experiences that took place from the Bourbon Restoration period, which started in 1874 with the reestablishment of the Spanish monarchy, and after that we reviewed the main contributions to the phenomenon of corporatism during Miguel Primo de Rivera's dictatorship (1923-1930). Many of such contributions came from Eduardo Aunós, whose ideas were, without the shadow of a doubt, the closest to those advocated by Giuseppe Bottai in Italy during the mid-1920s. Others who used corporatism in an equally important way were the Catholic movements, the accidentalists, and those who combined fascism, corporatism and national syndicalism – such as Ramiro Ledesma Ramos and other fascist sympathisers, for instance José Antonio Primo de Rivera, the son of the dictator and the founder of the party *Falange Española*.

At the end of this overview we analysed a figure of great importance during the previous periods, particularly Primo de Rivera's dictatorship and the Second Republic (especially in the time prior to the Civil War): José Calvo Sotelo, who initially defended a corporative

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<sup>1</sup> I would like to extend my special thanks to Professor Vitantonio Gioia for the help he provided, particularly for bringing Professor Eugenio Zagari's publications about corporatism in Italy to my attention; they were a very useful guide, especially to compare the Spanish and the Italian models. The anthology about corporatist texts by Italian authors that Professor Gioia provided me with was particularly helpful as well (Mancini, Perillo, Zagari 1982, 2 vol.). Also thanks to Juan Rivera Rodríguez, for his careful English translation.

model with Catholic influences, and whose life trajectory led him to become closer to fascism in his later years. Of particular interest to us was his proposal of an authoritarian, anti-democratic model of capitalism that also had some hints of corporatism, which he presented in a speech delivered in late 1935 from the dignified stand of the Royal Academy of Jurisprudence. We will return to that speech later in this text, since that will be the main focus of this article<sup>2</sup>.

In our work, which we mentioned at the beginning, we used the classification that Duccio Cavalieri established to explain the different ideological and cultural groups of Italian authors that were considered to be corporatist (Cavalieri 1994), and we compared that to Spanish authors, in an attempt to explain their different attitudes at each moment in time, as well as the apparently surprising ideological evolution that some of them experienced. We will clarify our statements, especially those pertaining to the specific importance of each group, for the Spanish case.

In summary, according to Cavalieri, there were four main groups:

- a) those who moved away from the viewpoints of classical liberal and neoclassical economics and looked back towards the mercantilists and the economists of the historical school,
- b) those who legitimised their ideas based on the initial reception of corporatism by economists like Pareto and Pantaleoni,
- c) those who leaned on Sorel's revolutionary syndicalism, which in turn was inspired by the Marxist revisionism of Arturo Labriola and Leone, and
- d) Catholic corporatists who looked back towards the Middle Ages and Thomistic ideas, and who defended an idealised version of the organisation of medieval corporations and guilds to try to solve the class struggle phenomenon. Some of them leaned on Giuseppe Toniolo's idea of intermediary bodies between the state and the citizens to solve the social question.

In our previously mentioned work, we argued that, except for the second one – which was impossible due to the virtually generalised ignorance of marginalist and neoclassical economic ideas in Spain during that time –, all three of the remaining groups could be identified when analysing the source of the various corporatist lines of thought in Spain. We believe that this statement remains valid, except for the case of Spanish national syndicalism, which barely had any influence, and even then, it was only in the later years of the Second Republic. Therefore, we consider that the group that had more influence of the four was the last one.

It is because of this that we will focus on that Christian group, which ambiguously tried to reform the social question while at the same time worked to banish the spectre of class struggle. Many of its defenders, though, eventually drifted towards nationalist ideologies and ended up joining the ideological ranks of the Catholic conservative right wing. This faction eventually radicalised and gave way to the *Bloque Nacional* which opposed the socialising measures of the Second Republic and the victory of the left in the 1936 elections, and ended up inspiring the military uprising that gave way to the Civil War:

The figures of Spirito, Pannunzio, Bottai, Gino Arias and Toniolo, among a plethora of other corporatists across the political spectrum, together with the social thought of the Church – itself codified in the papal encyclicals *Rerum Novarum* and, most importantly, *Quadragesimo Anno* – and the influence of thinkers such as Sorel and

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<sup>2</sup> Our contribution in the X Convegno Annuale STOREP in Rome, in 2008, was about the figure of Calvo Sotelo.

Maurras – whose ideas were avidly absorbed by the members of the group *Acción Española* – would be the inspiration for the Spanish corporatist thought. We can observe within it the continuity of both certain influence lines ranging from Donoso Cortés and Balmes to Menéndez Pelayo, and the social thought of the Church, which was connected to that of Jesuit Antonio Vicent and Severino Aznar. Likewise, in other cases, they found their identity roots in thinkers such as le Play, La Tour du Pin, Ketteler, Vogelsang and the representatives of the Liège School (Doutreloux) and the Angers School (Freppel) (Sánchez 2008, p. 142)<sup>i</sup>.

Among the followers of the aforementioned corporatist line of thought with a Catholic framework, who also contributed throughout their life with the various experiences they had since their youth and participated in management and government duties, both in the Restoration period and during Primo de Rivera's dictatorship, was José Calvo Sotelo. We wrote a few pages about him in our previously mentioned work, which we will now build upon with a more detailed analysis that attempts to explain his drift towards heavily authoritarian positions through the lens of the aforementioned speech he gave on November of 1935 – a few months before the start the Civil War – at the Royal Academy of Jurisprudence, entitled *El Capitalismo contemporáneo y su evolución*.

#### *José Calvo Sotelo: The different readings of his biography*

Our goal for the following pages is not to provide a biography of a man about whom there is already a great deal of writing – this is not surprising, given that he was involved in politics from a very young age until the very moment of his death, and that he incited a lot of controversy after his murder, which happened before the military uprising that led to the Spanish Civil War.

However, there are no complete biographies of Calvo Sotelo, except for a very early one written by Aurelio Joaniquet (Joaniquet 1939) and another one, considered to be the most complete and thoroughly documented one, written by Alfonso Bullón de Mendoza (Bullón 2004) – who considers the subject to be «without the shadow of a doubt, one of the most remarkable politicians of the first half of the 20th century», and whose work, in the opinion of historian Ángel Viñas, is more of a hagiography than a biography. This, though, does not deny the fact that, thanks to the documentation it provides, it helps follow his parliamentary participation and his many press publications with more detail. Even though there are no complete biographies of Calvo Sotelo<sup>3</sup>, there are countless texts in which the so-called «proto-martyr» is a subject of consideration. He was heavily featured in the publications that the Francoist intellectuals made an effort to recover. This is not surprising, given that Calvo Sotelo was one of the most influential and well-respected representatives of a line of thought that, throughout the Second Republic, skewed closer to fascist Italy – which he saw not only as a model to follow, but also, together with his allies in various monarchist and right-wing movements, as a key supporter of the military uprising that would be the final nail in the coffin of the Republic (Viñas 2019).

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<sup>3</sup> Even though it only focuses on the role Calvo Sotelo played during the Second Republic, the work of Julián Soriano Flores de Lemus (Soriano 1975), which was based on his doctoral thesis, contains an interesting – albeit heavily summarised – biographical account of the first years of the subject. I would like to thank the author for informing me of its existence and providing me with a copy of the published book some years ago. We will refer to it in the following pages.

An example of the efforts to reclaim Calvo Sotelo's figure as a man who would have been the leader of the future post-republican Spain is the publication that the Royal Academy of Jurisprudence – of which he was the chairman – issued in his honour in 1942, which included the contributions made in a series of lectures organised by the Academy as a «Tribute to its perpetual chairman, José Calvo Sotelo, who gave his life for God and Spain on the 13<sup>th</sup> of July of 1936». This publication, entitled *La Vida y la Obra de José Calvo Sotelo* (Calvo et al. 1942), is a collection of eleven texts of an equally hagiographical nature, in which, in addressing the various aspects of the Galician politician's life, different interpretations of his life and the evolution of his ideas can already be found.

More recently, historians across the political spectrum (who, in our opinion, are much more objective) have separated the man from the myth to provide a more accurate portrayal of Calvo Sotelo, analysing his ideas and actions in the various historical moments in which he had a special influence in the history of Spanish politics<sup>4</sup>. However, as we mentioned previously, our focus is not to relate the biographical aspects, but rather trying to explain the ideological shift that Calvo Sotelo experienced from his youth, and which led him to choose a peculiar economic system that was associated to a strongly authoritarian state. His murder, which happened a few days before the uprising, makes it impossible to know for sure – although not to guess – which role he would have played in that state, which ended up winning the Civil War.

The overview on Calvo Sotelo's ideological evolution, and his possible role in the New State, that we provided in our aforementioned first work, has been greatly expanded upon by the excellent recently published work *¿Quién quiso la Guerra Civil? Historia de una conspiración* (Viñas 2019). This text will be especially useful for us to know, through what Viñas calls «EPRE» (Spanish acronym which stands for *evidencia primaria relevante de época*, lit.: «relevant primary evidence of the time»), what Calvo Sotelo's role was after the fall of Primo de Rivera's dictatorship, and especially his importance in the conspiracy through his communications with Italian authorities and agents, which explain his behaviour during the years of the Second Republic and will be useful to contextualise his interventions in Parliament, in the press and eventually his aforementioned speech at the Royal Academy of Jurisprudence, in which he defended his particular model of authoritarian capitalism.

We cannot add anything else to the overwhelming evidence brought forth by Viñas's book, to which we will resort, even briefly, to explain Calvo Sotelo's behaviour during the most decisive moments of the history of Spain in the 20<sup>th</sup> century. José Calvo Sotelo, born in Galicia (Tuy, 1893 - Madrid, 1936), took his first steps in the world of politics at a very young age, when he entered the Maurist Youth upon his arrival in Madrid—where his father was destined after being appointed president of the Industrial Court, and where Calvo Sotelo continued studying for his doctorate in law after having started his university studies in Zaragoza. Joining the Maurist Youth—a conservative, regenerationist group—made him come into contact with a type of corporatism that was already being defended by some Catholic and conservative sectors (among them, the Maurists) (Soriano 1975,

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<sup>4</sup> Without seeking to revisit the abundant literature about the years of Primo de Rivera's dictatorship and the Second Spanish Republic, we would like to highlight some that were especially interesting to us to correctly place the figure of Calvo Sotelo in the diverse moments in time: *La España de Primo de Rivera* by Eduardo González Calleja (González Calleja 2005) for the former period, and two works by Julio Gil Pecharromán, namely *Conservadores y subversivos* (Gil Pecharromán 1994) and *Historia de la Segunda República Española* (Gil Pecharromán 2002) for the latter.

pp. 20-33) (Sánchez 2008, pp. 143-146).

From that moment on, some writers and political colleagues – such as Eugenio Vegas Latapié – claim that, in the last few years of his life, Calvo Sotelo veered away from the partially liberal (though still strongly conservative) ideology he had defended in his younger years, during his aforementioned adherence to the Maurist Youth, and went in his own particular road to Damascus, especially after his exile, which we will discuss later: «In the last few years of his short life, Calvo Sotelo completely rectifies his political thought [...] which allowed him to disown the erroneous ideologies he was imbued with during his youth...» (Vegas 1942, p. 201).

His ideas were obviously radicalised during the Second Republic, but that does not mean that during his youth he had defended positions that were anywhere near liberalism or even openly democratic ones, even though he did take part in the electoral game – which he always considered to be corrupt, either by the hands of local *caciques* or by the political parties. Therefore, we subscribe to the following claims by Soriano Flores de Lemus:

Nevertheless, we consider that Calvo Sotelo's ideological foundation at this stage was not liberal enough that Eugenio Vegas Latapié could claim that he underwent a true «road to Damascus» when he came into contact with the theories of the French counterrevolutionaries and adopted them. In our opinion, Calvo Sotelo subscribed to a conservative ideology that already set him up for a radical shift in political beliefs – although we would conventionally accept «democrat» as a valid adjective to talk about Calvo Sotelo, in the sense that he could participate (at least theoretically) in the parliamentary game without rejecting it (Soriano 1975, pp. 25-26)<sup>5</sup>.

Moreover, and without wanting to revisit the complex politics of the years previous to Primo de Rivera's dictatorship, it should be noted that there was a massive difference between Antonio Maura's ideology during the first years – when Calvo Sotelo was a young student who did not live in Madrid at the time – and what Maurism later became, when it split in two different currents – a Catholic one on one side and a strongly authoritarian one on the other:

The drift of Maurism towards the right was accentuated by the split of Ossorio and other Maurists – who identified much more with the Catholic social teachings and were influenced by the positions of the Partito Popolare Italiano, a forerunner of Christian democracy –, who founded the Partido Social Popular in December of 1922. Ossorio had come to the conclusion that the main problem was a social one [...]. These concepts were unacceptable for most Maurists, many of whom were attracted to another Italian model: fascism [...]. Even though Maurism had tried to purify the parliamentary system during its first stage, on its latest stage it had acquired a bluntly anti-parliamentary – and therefore anti-liberal – stance (Avilés 1997, p. 125).

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<sup>5</sup> In the same book, Soriano references a dissertation entitled *El proletariado ante el socialismo y el maurismo*, which Calvo Sotelo submitted to a competition organised by the Maurist Youth. Calvo Sotelo began the dissertation with this statement: «The passage of liberalism will leave a grim trail in its wake»; he then argued it was necessary to «uproot the proletariat from its grotesque union with republicanism». (Soriano 1975, p. 27). We believe that this text leaves little room for doubt about Calvo Sotelo's political ideals during his younger years: following the teachings of his master, he advocated the «revolution from above», and he would continue to do so later in life.

Having achieved various academic successes, young Calvo Sotelo became an administrative officer for Antonio Maura when the latter became Prime Minister in 1918. Maura even appointed him Civil Governor of Valencia in 1921, although he only lasted in this position for a few months. The 1923 transition towards Primo de Rivera's dictatorship did not appear to be traumatic for Calvo Sotelo, given that he – under the permission of Maura, whom he had also consulted – was part of it, first as Director General of Local Administration, and then, when the dictatorship entered its second phase in 1925, as Minister of Finance<sup>6</sup>.

Calvo Sotelo's controversial stint as a Minister of Finance has already been analysed by more competent minds than ours, and it is not the focus of this article anyway. The arguments in favour and against his fiscal and monetary policy have been compiled in chapter four of the aforementioned work that González Calleja wrote about the evolution of the economy (González 2005, pp. 213-258). After the fall of the dictatorship, the failure of the later experience headed by the monarch and the victory of the left in the 1931 municipal elections, the Second Republic was proclaimed. Thus began a new chapter of the life of Calvo Sotelo, who immediately fled to Portugal.

The first conspiracy against the Second Republic started on the very same day it was proclaimed, on the 14<sup>th</sup> of April of 1931. A group of important people gathered at the home (or the office) of the Count of Guadalhorce – a member of Primo de Rivera's cabinet during his dictatorship – with the goal of creating a political party that would challenge the Republic. Some of the people present on that meeting, such as Yanguas, claim that Calvo Sotelo also attended, though according to Viñas his attendance is not proven. (Viñas 2019, p. 23). Eduardo Aunós, also a member of the cabinet and Minister of Labour during the dictatorship, claims on his work about Calvo Sotelo that both of them fled to Lisbon the previous day, heading to the Spanish embassy to await further instructions there:

What a sad journey was the one that led us to Lisbon on that fateful 13<sup>th</sup> of April [...] Calvo Sotelo looked around nervously, with questioning unrest. He wanted details, more details. Time and time again, he would ask the troubled ambassador: «Is everything lost yet? Is there hope still?» (Aunós 1941, pp. 115-116).

If Aunós' claims were true, then Calvo Sotelo would not have been present on that first conspiratorial meeting. However, it is important to note that he lived in Portugal from that day until February of 1932, and soon after his arrival to the country, he received a call from the (then) Minister of Finance, Oliveira Salazar. This has led some writers to believe that, during this time, Calvo Sotelo was in contact with the so-called «integralist» movement (Vegas 1941, p. 94)<sup>7</sup>. Nevertheless, Vegas himself recognised that the integralist proposals barely influenced his ideology. However, Viñas provides a statement from an acquaintance of Calvo Sotelo, Acedo Colunga, who claimed that «in Lisbon

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<sup>6</sup> Calvo Sotelo had no problem whatsoever in accepting Primo de Rivera's *coup d'état* (which was supported by the monarch), as evidenced by his own words, in the book *Mis servicios al Estado* (lit.: «My Services to the State»), which he published after leaving the government: «And when General Primo de Rivera burst into the Spanish political scene, I saw a providential factor of renovation. “This man”, I thought, “has come to destroy the old procedures for good, by whatever means necessary. Let us help him!”» (Calvo Sotelo 1931a, p. 7).

<sup>7</sup> Bullón provides the following quote from Vegas about the intellectual and political environment that Calvo Sotelo was a part of in Lisbon: «There was a magnificent intellectual minority around him: all of them with higher, European education; some of them coming from – and all of them influenced by – the monarchist school called “integralism”» (Bullón 2004, p. 286).

[Calvo Sotelo] studied the corporatist system that would lead to Salazar's dictatorship» (Viñas 2019, p. 34).

In truth, Calvo Sotelo would not spend a full year of exile in Portugal. In February of 1932, he fled to France to continue his exile, taking up residence in Paris and travelling frequently to Biarritz, a city where Spanish conservative and monarchist conspirators would gather. He also made frequent trips to Italy. In both destinations, he would take part in conspiratorial activities from the year of his arrival until his return to Spain on the 4<sup>th</sup> of May of 1934, thanks to the passing of the amnesty law on the 20<sup>th</sup> of April of that same year<sup>8</sup>.

Although our focus is not to document the supposed influences – be them major or minor – that Portuguese corporatism and integralism had in Calvo Sotelo, it is indeed interesting to note how there was a turning point in his political ideology during his time in Lisbon. We believe this shift happened due to a simple personal reason: his failed attempt to return to Spain (already a republic by then) under allegations that he had been elected as a member of Parliament in the last elections, with the corresponding parliamentary immunity against the demands of accountability that befell him for his role as a direct collaborator of the dictatorship.

Until September of 1931, he believed he had achieved his goals, but the *Comisión de responsabilidades* of the *Cortes* waived his immunity in order to prosecute him<sup>9</sup>. A testament of this sudden change of attitude (which does not invalidate the possibility of him just wanting to show a more agreeable side of himself to the press, besides his hatred towards the Republic) can be found in an interview he gave in May of 1931 (a few months before the aforementioned radical change of attitude, while he was still waiting for a definitive answer about his possible return to Spain in application of his parliamentary immunity) to a reporter of the Lisbon newspaper *Diario da Manhã*. When asked about public policy and monetary questions, he answered:

I trust that the *Cortes Constituyentes* will restore peace in Spain. And then the peseta will go up. [...] I hope the Republic will establish order, and I think all of us would help the Republic with that, all us good-natured Spaniards, even those of us who are prosecuted by those currently in power in Spain... (Calvo Sotelo 1932, pp. 120-121).

When asked: «What is your opinion about the adherence of monarchists to the Republic?», he answered:

The Republic must be for all Spanish people, but in the beginning, it should be trusted to its own men. Monarchists can collaborate with the Republic, but from outside, without participating in the government or interfere with its political sectors (Calvo Sotelo 1932, pp. 127-128).

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<sup>8</sup> «On the 13<sup>th</sup> of April, the Second Chamber of the Supreme Court had agreed to grant the right of pardon to Calvo Sotelo and Yanguas Messía, who had formulated the corresponding request to the Spanish Consulate in Paris» (Bullón 2004, p. 416).

<sup>9</sup> We agree with Julián Soriano on the following: «We consider that, the moment in which the Committee agreed to waive Calvo Sotelo's immunity in order to prosecute him, he experienced a dramatic change in his attitude towards the Spanish government. Until then he had maintained an expectant position towards it, but when the Republic actively prosecuted him, this immediately shatters any possibility of coexisting with that government to such an extent that, in our opinion, this would be where the political radicalization of Calvo Sotelo truly begun» (Soriano 1975, p. 94).

In June of that year, in a manifesto he addressed to the voters of Orense (the province in which he was a candidate for Parliament in the following elections), he showed some observance of the Republic, albeit with some nuances that would point towards the direction that his future political ideas would take:

I have not voted for the Republic, but the majority of my fellow countrymen did, therefore I respect it. I am neither a convert nor a newcomer – the former, because I do not pay tribute to the ideas, but to the conduct; the latter, because I do not subscribe to any of the new hosts. But, even as an outsider, I have to give my opinion about the structure of this new Republic, and I hereby announce that I will vote for a «presidential» republic, in which the head of state would be elected by direct universal suffrage and by the Parliament, through large constituencies according to a proportional representation system in the people's Chamber, and according to the spiritual, economic and professional interests of the country in the upper Chamber (Soriano 1975, p.158)<sup>10</sup>.

### *Exile and approximation to fascist Italy*

After his plan to return to Spain immediately had failed, as we previously established, Calvo Sotelo moved to Paris, where he took up residence until he eventually was allowed back into the country under the protection of the amnesty law of May of 1934. His stay in Paris has been recounted in many occasions. We would only like to recall the steps that led him to develop the active conspiratorial labour upon which his political and economic speech would be based. His ideology, in our opinion, did not change as much in Paris as some authors such as Vegas Latapié have claimed. He was unquestionably influenced by the ultraconservative ideas of Charles Maurras, Daudet, Bainville, Benoist and Gassot, among others (many of whom he knew personally) (Vegas 1942, p. 208), as well as by being in contact with the tumultuous and changing political environment of France in the early 1930s, and having direct knowledge of the role that para-fascist militant groups – such as La Croix de Feu, led by Colonel La Rocque, or Solidarité Française – played in it.

This conspiratorial labour against the Republic, which has been extensively documented by Ángel Viñas, will allow us to explain the position he assumed when he arrived back in Spain, as well as his political parliamentary actions. Also of note is the prominent role he played in the most influential conservative press of the second period of the Republic, and his rise to power within some institutions, such as the Royal Academy of Jurisprudence—where he gave the aforementioned speech that will be the subject of our analysis<sup>11</sup>.

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<sup>10</sup> In another version of the «Manifiesto a los electores de Orense», published in the *Diario de Orense* newspaper, written in September of that year and included in the book *En defensa propia*, he would qualify: «I am not a reactionary. I do not have to fight against the current regime, as long as it is supported by the will of the majority of the Spanish people. But the regime is not inherent to the government, which bears the enormous responsibility of having unleashed dissatisfaction in the spirits and the distress of interests, to quote Don Miguel Maura» (Calvo Sotelo, 1932, pp. 168-169). With this, it is clear that the waiving of his immunity, which prevented his return to Spain at a risk of being prosecuted, had radicalised him completely.

<sup>11</sup> Some writers who are considered to be authorities on Calvo Sotelo's life and work, such as the aforementioned Bullón de Mendoza, claim that Calvo Sotelo was not involved in the uprising, and that, on the contrary, he was a victim of the violence of the left during the latest stage of the Republic, which led to

The presence of Calvo Sotelo in Viñas' work is permanent, and thanks to the primary relevant evidence of the time (EPRE) presented in it, we can deduce that the Galician politician was aware of the conspiracies against the Republic from the beginning. If it were true, as we have argued, that his first dramatic change in attitude happened in September of 1931 after he realised that he was out of the political game, it may also be worth pointing out that he started publishing texts in the magazine *Acción Española* – whose usual collaborators included the *crème de la crème* of Spanish monarchist intellectuals – in late 1931 (Morodo 1985). There is also evidence that he was aware of the first attempt at a coup in August of 1932 (known as the «Sanjurjada») and that he was in contact with the two sides of militant monarchism – in Paris, where monarch Alfonso XIII lived, and in Biarritz, where aristocrat and fellow conspirator Conde de los Andes lived – since he first arrived in Paris (Viñas 2019, p. 36-37).

He sent his journalistic contributions from Paris to the Catholic (*El Debate*) and the anti-parliamentary press (*ABC*, *La Nación*), as well as some local newspapers<sup>12</sup>. As for his connection to the Italian fascist regime, Viñas has proven that he first established contact with it in February of 1933, when he travelled to Rome with aviator Ansaldo to meet senior members of the fascist regime<sup>13</sup>. Afterwards, he returned to Rome on several occasions, on some of which he probably met Mussolini, although this is not clearly documented.

We do not intend to recount in this text the vicissitudes of the various meetings between the monarchists and the fascist Italian authorities in Rome; those have already been thoroughly documented by Viñas<sup>14</sup>. We just wanted to point out, before we started with the analysis of the economic ideal he defended in his speech at the Academy of Jurisprudence, the moments in which our subject started to become involved with the fascist plot, and how that involvement only grew until his return to Spain; then, through his leadership and participation in various political organisations, as well as in Parliament, Calvo Sotelo became the leader of the civil plot, and maybe – as Viñas has pointed out – he would have been a very important figure in a reinstated monarchy (just as he and his fellow conspirators wanted) if he would not have been killed mere days before the

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his murder, prior to the electoral victory of the left (Bullón 2004). However, as Ángel Viñas has demonstrated, Calvo Sotelo's involvement on the civil and military conspiracy was in fact completely real, either directly or through various key people and groups involved in both plots. Among these was a force whose influence – and the extent thereof – had been unknown until recently: the Italian factor. The Italians provided help to the conspirators from the first uprising in 1932, and this established a permanent contact between the monarchists and fascist Italy, which included the purchase of weapons that made the 1936 uprising possible, and swayed the Civil War practically since the beginning (Viñas 2019).

<sup>12</sup> Some of his contributions to the press of the time were collected in a two-volume work, entitled *La voz de un perseguido* (Calvo Sotelo 1933). We will allude to them later.

<sup>13</sup> Viñas provides an important piece of evidence in his work, according to which the Spanish embassy in Paris received some information about Calvo Sotelo's approximation to fascism: «A month later, on the 4<sup>th</sup> of April, the embassy continued to emphasise that Calvo Sotelo professed a profound admiration towards fascism and that he maintained frequent correspondence with the Milanese press» (Viñas 2019, p. 63).

<sup>14</sup> Viñas published the contracts that the fascist authorities and the most important Spanish monarchist representatives had signed in Rome on March of 1934, by which Italy would provide weapons and money to Spain to rise against the Republic. He especially dives into the key operation conducted by Pedro Sainz Rodríguez on the 1<sup>st</sup> of July of 1936, in which the definitive document was signed. Even though we will not focus on it in this text, it is useful to us to confirm that the conspiracy was started long before traditional historiography has pointed out, and that it was the monarchist plot that started it, which had General Sanjurjo as the Chief of the Armed Forces. General Franco did not count at that moment. What happened later can only be explained by random chance, with Calvo Sotelo's murder on the 13<sup>th</sup> of July and Sanjurjo's death in a plane crash on the 20<sup>th</sup> of July of 1936.

uprising<sup>15</sup>.

The fact that Calvo Sotelo had clearly started to become interested in fascism in early 1933 was reflected in the press during his exile (though he was always cautious about it), and more openly in Parliament, especially in the spring of 1936, after the electoral victory of the left in February. He also attacked socialism and Marxism constantly in the press. The aforementioned two-volume book *La voz de un perseguido* is a collection of a high number of articles; the first volume starts with a chapter that bears the title «El estrago del socialismo» (lit.: «The Scourge of Socialism»), and the second volume ends with a text entitled «Riesgos y errores del marxismo» (lit.: «The Risks and Mistakes of Marxism»).

In these texts, references to Hitler's regime and the figure of Mussolini can be found – always laudatory, though in some cases these praises were restrained or attenuated. In the second volume, we can read the following about fascism:

Therefore, «class struggle» is an outdated subject. It is why fascism is born. It tells the workers: «You do not have to fight your employer; it is the government who has to discipline both the employer and the worker to ensure peace and justice for everybody». Oh! Without Marxism, there would be no fascism. Should we be thankful for the Marxist upsurge that is taking over Spain during these fateful months? (Calvo Sotelo 1933, T.II, p. 206).

Later, in July of the same year, he would claim: «The way to ensure that the salvation of Spain come from the constructive bravery of a Mussolini, is that the socialist hosts dare to brand our country with the red-hot iron of a class dictatorship» (Calvo Sotelo 1933, T.II, pp. 233-234). We would also like to point out that Calvo Sotelo chose to give his opinion about Marxism (which was his personal bone of contention) in the press through an article written on the occasion of the 50<sup>th</sup> anniversary of Karl Marx – and other later articles – in which he anticipated the adduced *leitmotifs* against socialism and Marxism. From his point of view, socialists and Marxists were identical, as were the Second and Third Internationale; both advocated for the class struggle, which they inoculated into the workers like a virus thereby subverting the established order. According to him, socialists prioritised the goal of redistribution over the primordial goal of production, which would eventually lead to the proletarianization of the middle classes. He attacked socialist dictatorships: though he understood that some anarchic situations required a strong government, and maybe even a dictatorship, he argued that in such a case it should not be a socialist one (Calvo Sotelo 1933, T.II, pp. 201-283).

All of the above leads us to the conclusion that, when Calvo Sotelo returned to Spain, his goal was nothing more than conquering the state.<sup>16</sup> For this end, he designed a strategy

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<sup>15</sup> According to Viñas, there is one piece of evidence that could be the key to knowing Calvo Sotelo's plans. According to a friend of his, José Meirás Otero, during a meeting at his house, Calvo Sotelo made an offer to Meirás's secretary (who was aware of all their secrets and conversations): appointing her Inspector General of Labour in the near future. Viñas poses the following question: «From this point of view, what can we make of Calvo Sotelo's desire to appoint that woman, who was closely following the most confidential meetings of that turbulent spring of 1936, to such a high rank in the Inspection? Simple: it is very likely (unless proven otherwise) that the scourge of the Republic was hoping, dreaming, wishing and counting on rising to power in a not very distant future. In what capacity? The only possibility we can think of is the head of the executive branch – in other words, Prime Minister» (Viñas 2019, pp. 248-249).

<sup>16</sup> This point was already made clear in the speech he sent from Paris to be read in the tribute to José María Pemán, which took place in February of 1933: «The state must be conquered. Is that statement frightening? No, it is not. There is no other verb for it. [...] Now the only thing left to do is to gather brave, disciplined humans together and structure them in phalanxes. We will fight... until we end with a visceral

to create a *Bloque Nacional* which would unite the right and whose economic proposal would be built upon a corporatist model, which in turn would rest upon a totalitarian government:

A new economic structure must be created. Let us face this truth: capitalism is going through a massive crisis. It is not a terminal crisis [...], but it is more than just a cyclical one. It is a structural crisis. Speculative or financial capitalism is dying. We must save the capitalism of savings. This involves and requires a command economy, a corporative base of work, and a government with strong power and ensured continuity (Calvo Sotelo 1934).

In early December of that year, the *Manifiesto* of the *Bloque Nacional* was released. Even though it was a collective document, it had Calvo Sotelo's imprint in it: it confirmed that the main objective was conquering the state, and in the economic side, it confirmed once again their corporatist orientation, discarding syndicalism, and their need for a totalitarian government:

Focusing the economic life in professional corporations: making the access of the proletariat to property easier and imbue employers and experts with the idea that they serve a greater national interest formed by participants of each class. This will be achieved when the working life is controlled by a government with moral, political and economic unity (*Manifiesto*, in: Artola 1991, p. 337).

Maybe due to prudential reasons, the *Manifiesto* did not call for a specific form of government, but it did propose a clear economic model: corporatism, in which agriculture played a special role. Since the *Manifiesto* was a collective document with purely political demands, Calvo Sotelo did not explain in detail the model of capitalism he proposed for the new state he aspired to create. Instead, he saved his theoretical arsenal and his specific plans until he could present them a year later, during his speech at the Royal Academy of Jurisprudence, which we have alluded to several times throughout this text.

### *El capitalismo contemporáneo y su evolución*

In late 1935, after the mission statement made in the *Manifiesto* of the *Bloque Nacional* (in which the economic aspects, although always with corporatist overtones, were presented with some ambiguity), Calvo Sotelo took advantage of the inauguration act of the 1935-36 academic year at the Royal Academy of Jurisprudence (of which he had been appointed chairman) to give a lengthy speech in which he detailed the economic model that should be established once the political situation in Spain had been rectified. This model was none other than intervened capitalism<sup>17</sup>.

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condemnation of the democratic lie and the Marxist nihilism. We want to conquer the government. [...] We want, in a word, a government that carries the social elites to the capitol of governance, selecting them corporately. [...] The lyre is not enough; the sword is necessary» (Calvo Sotelo 1933, T.I, pp. 313-316).

<sup>17</sup> This speech was given at the Academy on the 30<sup>th</sup> of November of 1935, and it bore the title *El capitalismo contemporáneo y su evolución*. Given the date of the speech and the political activities that were being carried out as a part of the conspiracy, there is no doubt that Calvo Sotelo was letting his distinguished audience know which would be the bases that justified (and would rule) the new government that would be established after the uprising and the seizure of power, whichever the prevailing regime would be—which we now know was not the one he expected. The publishing house *Cultura Española*, which was

As we wrote in our previously mentioned work, to fully comprehend Calvo Sotelo's economic thought, both documents (the *Manifiesto* of the *Bloque Nacional* and the aforementioned speech) should be compared, as they are complementary in some ways—although, in the latter, the writer goes beyond the limits he set in the former and radicalises his programme proposals. On the other hand, since he was fully aware of the relevance of his words, and since he was trying to gain support for the cause from the members of the sectors of business and law who were at the Academy that day, he abandoned the fascist overtones he liked to use around that time (both in the conservative press and in Parliament) in favour of a more technical tone in general. When discussing economic, legal and intellectual matters, he favoured a measured – and sometimes ambiguous – tone, though he left no room for doubt that «the economic model that would stem from the New State would be the one based on respecting private property and interest as the driving force of society and the production system» (Sánchez 2008, p. 187).

The main themes of the speech were the need for surplus, the nature of capitalism and the capitalist class, and the role of financial capitalism. He devoted almost half of the speech to the subversions of financial capitalism, which he blamed for the drift of the capitalist system and for the current state and aggravation of the economic crises that happened at the beginning of the 1930s. In the last part of the speech, which we consider to be the most revelatory part, he talked about the problem of distribution, salaries and benefits, with heavy criticism towards the Soviet system. He then ended the speech by explaining which guidelines would conform the «new capitalism».

He started his speech by quoting one of the writers that influenced him the most, and who would be referenced throughout the speech: Werner Sombart, whose work *Der modern Kapitalismus* had been translated into French in 1932, under the title *L'apogée du capitalisme*; Calvo Sotelo probably read, and took notes from, the latter version during his exile in Paris<sup>18</sup>. Calvo Sotelo used Sombart's definition of the term «capital» as the «the sum of exchange value which serves as the working basis of a capitalistic enterprise»<sup>ii</sup> to exclude from the concept some of its components – what had been called «imaginary capital» by Sismondi, «fictitious capital» by Marx and «negative» or «passive capital» by Sombart, «and even more, instead of capital, income fund, income stock, income fortune, and so on» (CS 1938, p. 9).

After going over the definitions of capital given by various classic authors,<sup>19</sup> Calvo Sotelo referenced Sombart in order to justify the need for surplus:

An essential factor of capital, whichever its chosen definition, is the obtainment of a profit—more specifically, a surplus. The capital that is destined to an activity should return to where it came from, according to Sombart, with an added value. This added value is called surplus when talking about the entire capital of a collective economy, and profit when it is that of individual capitalists (CS 1938, p. 10).

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launched by the cultural association *Acción Española*, copied and published the speech in 1938. (Calvo Sotelo 1938). We will quote from that version of the speech in this article, and his surnames will be henceforth abbreviated as CS in the references.

<sup>18</sup> This argument is supported by the fact that *Der modern Kapitalismus* was not translated into Spanish until 1945.

<sup>19</sup> Calvo Sotelo was not an expert on history of economic thought, so he seemed to have taken the various definitions of capital by Turgot, Smith and Marx from the well-known book of history of the economic doctrines by Gide and Rist, which had been translated into Spanish and he references (Gide-Rist 1927 [1909]).

He used this notion of surplus to start with his attacks against Marxism, which would remain constant for the rest of the speech. Surplus requires a difference between the price of a product and its cost, and Marxism equates the cost of a product with the value of labour. This, in Calvo Sotelo's opinion, was a mistake, since there are other factors in play, such as time (he brought up an example related to the value of wine kept in barrels, which he borrowed from a conference by A. Caillaux that he attended in May of 1933). Calvo Sotelo resorted to French Marxist writers – who were closer to neo-socialism and their views were more moderate – to reinforce his arguments: «The sale value of a product cannot be measured by the amount of human work it takes to produce; capitalist profit has only a distant, variable relation with the paid salaries» (Montagnon 1929, p. 18).

The conclusion that Calvo Sotelo arrived to after these considerations was that the value of a product did not depend exclusively on the labour that it would take to produce (it may even be less valuable when there is production at a loss). The real problem, then, lay on the distribution of gains: «Actually, the contemporary social question centres around this profit, which has been turned into a fabulous myth that moves the feelings of big crowds and spawns entire libraries of easy proselytism» (CS 1938, p. 12).

Responding to Karl Marx's assertion that «profit making [is] the big secret of modern society»,<sup>iii</sup> Calvo Sotelo claimed that profit was not an invention of capitalism, and referencing the Italian socialist Arturo Labriola, he added: «Therefore, generally – and this is very important –, overworking, or working more than the worker's needs demand, is unavoidable in every social organisation, not the least of which is the future communist society, when it eventually comes» (*Ibidem*).

The real issue, according to Calvo Sotelo, was not to accept the (in his opinion) familiar phrase «all products of labour must go to the worker», but rather to look for a solution to wage levels within a «generous socio-economic technique». Current capitalism, in his opinion, had evolved greatly from the one brought on by the industrial revolution and the explosion of machinism; the development of this form of capitalism was based on the exploitation of the labour force, which was consented by the upper classes and the authorities. In (then) current capitalism, the government intervened in the mechanics of production, and that position of the government in the internal mechanism of each economy:

allows an *a priori* measurement of the economic and legal standard of the worker. There is no need to leave social recruitment exclusively to the free will of the parties. The government should – and must – mediate in order to create a regulation that guarantees uniform conditions of justice in workdays, salaries, hygiene, industriousness and efficiency, for both employers and workers [...]. Within this relativity, fair retribution is not, therefore, incompatible with surplus (CS 1938, p. 14-15).

Once the previous premise had been accepted, the issue became how to distribute surplus. To address this, Calvo Sotelo referenced Sombart once again; however, in this case, he disagreed with the latter's scepticism – Sombart believed that all attempts to establish fair wage proportions had failed. He believed that things had changed in recent times; among other things, because the surplus level had decreased due to the increase of salaries and the pressure of taxes. Calvo Sotelo condensed his arguments in favour of surplus – the first building block he needed to support his defence of the regime, which he would later outline – in this manner:

At this point, we need to summarise with a double statement. First, that labour is not the only component of value, and therefore the worker does not have the right to the whole product of their labour. Second, that surplus, the difference between the cost and the value of a product, is the cornerstone of the current economic system, and any other economic system that requires a state organisation. Only the savage tribes, with their primitive customs and rudimentary barter economies, can live without surplus. Therefore, the elimination of surplus is not an economically progressive formula. As Sombart argued, perfection and justice are to be found in the allocation of surplus, which requires its existence. If it does not exist, the economy dies, when the goal is precisely to save it (CS 1938, p. 19).

### *Capitalists and the financial oligarchy*

After his defence of surplus – which is to say, of the legitimacy of profit –, Calvo Sotelo was especially interested in defending the capitalist class from its detractors, who, in his opinion, had erroneously equated the capitalist class with the financial oligarchy:

The judgment of capitalism as an economic regime is independent of the judgment that many capitalists deserve due to their outrageous transgressions [...]. But what concerns the oligarchic tendency manifested within capitalism is a very different thing (CS 1938, p. 21).

For Calvo Sotelo, capitalism was a powerful idea in constant tension. Its *raison d'être* was the need of constant motion to thrive. Therefore, when a capitalist abandoned this dynamic role to settle for being a rentier, they would no longer be a proper capitalist. For this reason, he considered that a capitalist was a contingent entity that was exposed to all kinds of risks and eventualities, which produced a constant motion that could bring them either success or failure. Given this instability, he would defend that capitalism was not a closed shop: «One enters or exits the orbit of capitalism through the joint forces of merit, luck and freedom» (CS 1938, p. 24).

This argument led him to claim that capitalists did exist, but not so the capitalist class *per se*: «Our economic regime does not condemn anybody to remain in any particular degree of the social scale, nor does it prevent them from moving from one degree to another. The possibility of ascending is, in principle, unlimited»<sup>20</sup> (CS 1938, p. 25). Hence, apart from the comments he then made about the abuses of contemporary capitalism, he wanted to close what we consider to be the first part of his intervention with an almost Schumpeterian defence of the figure of the capitalist entrepreneur – once again, referencing Sombart to do so:

Capitalist entrepreneurs fulfil a need in History. According to Sombart, they represent the only moving force behind the modern capitalist economy. Without them, nothing would get done. Besides, they are the only productive – that is to say, creative – force. All other forces of production, such as capital and labour, stem from

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<sup>20</sup> At this point, as was to be expected, and just like he did when he talked about surplus, Calvo Sotelo took the opportunity to highlight the differences there were with the Soviet (or pure collectivist) regime, which, in his opinion, did not allow the possibility of ascending in the social scale: «Take note of the difference with the pure collectivist regime: in it, everyone is trapped in their class, and nobody is ever offered the possibility of improvement. The ultimate dismay of Russian communism lies in this crushing standard that is dictatorially imposed onto an entire society» (*Ibidem*).

them and are moved by their activities. Even inventions get their dynamism from them (CS 1938, p. 26).

If there was no such thing as a capitalist class, and – contrary to Marx’s assertion about the process of capital accumulation (which was erroneous according to Calvo Sotelo) – due to the property «democratisation» of companies by public limited companies, there was no concentration of wealth, the question then became: Why did economic powers concentrate, to what purpose, and what were the consequences thereof?

The key lay in the separation of the capital and the management. This was, in his opinion, the main resort of financial capitalism. Calvo Sotelo admits that, in the first phase of capitalism, the extortion that took profit away from its legitimate channels could have taken place in the exploitation of the labour force, «the dividends were made with the blood of the proletariat», but this was now far from the current reality<sup>21</sup>. Another kind of these extortions of profit were those that «almost always favour the capitalist advantage at the expense of... Capital». From the classification of capitalist entrepreneurs – borrowed from Sombart once again – in professional experts (or industry captains), businesspeople (or merchants) and financiers, he considered that the latter had taken over the situation and achieved an absolute dominance over it:

Contemporary capitalism is absolutely dominated by corporate financiers. That is because, just like primitive capitalism was based on savings, contemporary capitalism is based on credit. That is why it is dominated by credit directors and managers – which is to say, by financiers (CS 1938, pp. 32-33).

Now referencing Lucien Romier, he analysed what he called the European phase of capitalism, based on the machines, the big workshops and the savings-stimulated labour force, in which family businesses dominated, and corporate governance was the same as the ownership of capital. He thought that it was during the tail end of the 19<sup>th</sup> century and (especially) the first few decades of the 20<sup>th</sup> century – after World War I – when sovereignty and capital were separated, a phenomenon aided by the unrestrained generalisation of public limited companies: «This gigantic atomization of capital, which coincided with their even more colossal growth in volume, constitutes one of the most thought-provoking phenomena of our time»<sup>22</sup> (CS 1938, p. 34-35). In his opinion, the ultimate good of the nations would require a double continuity – of capital and management. Unfortunately, he believes that many times the continuity of management is acted upon, but not so that of capital (in fact, sometimes it is acted against), and given this evolution, he invokes the words of Pope Pius XI, who, in his encyclical *Quadragesimo anno* had warned society about the risk of a «immense power and despotic economic dictatorship is consolidated in the hands of a few»<sup>iv</sup> and the limitless competition in which only the strongest are left<sup>23</sup>.

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<sup>21</sup> He considered, rather optimistically, that «in a civilised world there are no benefits – no dividends to distribute – until the labour force has been justly rewarded» (CS 1938, p. 32).

<sup>22</sup> Paradoxically, he believed that the idea of progressive concentration of capital predicted by Marx is also a great mistake: «This is why the famous Marxist prophecy shatters into pieces. Because it is not true that capital accumulates in an ascending progression – in fact, quite the opposite. No. Capital breaks up, infiltrates and spreads everywhere. Oh! But in return, financial powers concentrate. That is the great novelty» (*Ibidem*).

<sup>23</sup> Calvo Sotelo was a passionate Catholic throughout his life. The references to this encyclical are constant throughout this speech and other texts he wrote.

Once he had established the coordinates of his vision of capitalism, its legitimacy – as well as that of surplus and profit – and having ventured the risks that the evolution of the capitalist system could entail based on its evolution during the previous decades, he focused his speech – which then took a more technical tone in the legal and economic aspects – on analysing what he distinctively called «subversions of financial capitalism»<sup>24</sup>.

At this point, he proved the knowledge and experience he acquired during his years in the public sector – especially as a Minister of Finance during Primo de Rivera's dictatorship – as well as his vast legal knowledge (his successful doctoral thesis revolved around the abuse of law, a subject he authoritatively references during his speech). Ultimately, in his opinion, the source of the problem was simple: bankers, who had been created as mediators between companies, to channel savings and investments, had evolved to play the role of business promoters, and so banks had embedded themselves in businesses, controlling them if not outright perverting them, for the sake of private interests that were frequently hidden. Banks did not deliver technique or specialisation, but they had achieved something dire: to distort production.

It is to the advantage of banks to create paper, sell it, buy it again, pay it out, issue it. Certain banks subvert categories, they turn finance into essence and production into accident. Since it takes money to make money, the voracity of the speculators needs to keep increasing the rhythm of production. And so, we enter the elephantiasic phase of production. Mass production. Inflation of capitals, tools and goods. Threshold of crises, for the capacity for consumption does not increase in parallel (CS 1938, p. 50).

About the methods of subversion of capitalism, which he defines as the displacement of the industrialist by the banker, he mentions:

- a) Holdings and Investment Trusts,<sup>25</sup>
- b) The recruitment of companies with antisocial or antieconomic goals, a phenomenon in which he includes speculative revalorisation syndicates, the recruitment of companies by suppliers and the recruitment by concurrent companies, and
- c) The abuses in the companies' financial management, among which he includes the abuse of financial reserves, the abuses in emoluments, the abuses of speculation and the selling of corporate votes.

Likewise, the debate between deposit and mixed banking would also be a subject of consideration for him, and about it he said: «In summary, it therefore seems advisable to: a) keep deposit banking away from the industry itself, and b) avoid the convergence of banking and enterprise businesses in the same hands, as well» (CS 1938, p. 88). Throughout his speech, it is clear that he thought that «it is very important to control banking policy», and he favoured an active interventionist policy in this issue<sup>26</sup>.

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<sup>24</sup> He dedicated four chapters (pp. 49-105) out of the thirteen in which his speech was divided to the subject of subversions of financial capitalism, which will not be analysed in this article due to their more technical nature.

<sup>25</sup> Despite his harsh criticisms towards this kind of organisations, which in his opinion had given way to all sorts of abuse and violence, he mentions something that we will come back to at the end of the speech: «Holdings and investment trusts are instruments of financial concentration that, in a way, may fulfil some economic needs, albeit only exceptionally» (CS 1938, p. 56).

<sup>26</sup> Which does not mean he supported the nationalisation of the banks or the credit, as proposed by H. de Man, a moderate socialist author that Calvo Sotelo had read with great interest, and whose arguments he

Another subject of consideration for Calvo Sotelo would be the influence of financial capitalism and its behaviour on the consumer, as well as which role the government should play in the defence of the latter. About this, he again tackles the controversial role of trusts and cartels, which, according to him, «do not essentially respond to antisocial goals», and «insofar as they represent a purpose to organise production in order to accommodate it to the demands of consumption, they fill an obvious void in liberal economy». In other words, knowing the abuses that trusts and cartels may commit, and that because of that they should be controlled by the government, he also considered that they were part of a rationalisation process<sup>27</sup>, and that, when faced with the failure of the automatism of liberal economy that caused a climate of economic anarchy:

Deep down, trusts and cartels – besides different and maybe less than legitimate motivations – are an attempt to limit this anarchy [...]. What economic liberalism could not forge is now born under the instigation of life currents of opposite signs. Because order only thrives where there is a hierarchy and discipline<sup>28</sup> (CS 1938, pp. 104-105).

### *Equality, wages and profits*

In the final part of his intervention, which he dedicated to the equal distribution of products, wages in a capitalist system, profit in a communist society and defining a new capitalist model, he would go back to the ideas he outlined at the start of his speech about surplus, which touched upon the theory of wages and distribution without actually delving deep into it. In the first half of his speech, Sombart appeared to be the foundation upon which he had built his theses about capital and surplus; in the second half, Oswald Spengler's influence, though attenuated in some areas, is evident.

Once the need for surplus had been established, he deemed necessary to consider if the existence of profit was actually compatible with a decent living standard for the workers. Calvo Sotelo asked himself if the elimination of profits would have a positive influence on production and consumption, and if equality was even possible in human societies. The starting point left no room for doubts:

The existence of economic hierarchies is just as useful for the peoples as the existence of social or political hierarchies is fundamental in the states. Equality may work as a myth for starter minds, but it will never, in fact, create big enterprises, be them spiritual or material<sup>29</sup> (CS 1938, p. 117).

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used to undermine some more orthodox Marxist claims. Calvo Sotelo says that «certain programmes, generally socialist ones, cannot be content with this policy. They want to go beyond that, namely, a planned credit policy. [...] Government-controlled credit would create irreparable damage» (CS 1938, pp. 98-99).

<sup>27</sup> About rationalisation and its consequences, Calvo Sotelo references a book by Heinrich Rittershausen, *Arbeitslosigkeit und Kapitalbildung*, which had just been translated into Spanish that year, although, when talking about the relationship between the capitalisation phenomenon and the rationalisation phenomenon, he did not agree that the phenomena of lack of capital and lack of work had any relation of causality (CS 1938, pp. 103n-104n).

<sup>28</sup> As a message to those who criticise trusts and cartels, he clarifies: «Therefore, the abuses that permeate the history of cartels and trusts are exactly that: possible abuses. Not the rule, not an unavoidable pattern, but a harmful, corrupt hypertrophy» (*Ibidem*).

<sup>29</sup> Calvo Sotelo brings up several lapidary phrases by Oswald Spengler: «It is only the purchasing power of a higher rank of society that makes quality industry possible. [...] High culture is inseparably bound up

Calvo Sotelo contrasts Spengler's harsh opinions with those of socialist H. Laski: «freedom only begins to have significance when a plan of equality has been reached» (CS 1938, p. 118), but for this sentence to make sense, in his opinion, nature should lead by example by making every human being equal, and that does not happen<sup>30</sup>.

Equality through the distribution of surplus is therefore a utopia in Calvo Sotelo's eyes. He uses «arithmetical» arguments borrowed from French writer Jacques Launey, which are even more drastic than those of Spengler. Launey had studied the comparative evolution of charges in the French industry, and having calculated the amount that each worker in the coal industry would receive (taking the evolution of wages between 1911 and 1927 as a reference point), he reached the conclusion that, if the profits of said industry were to be distributed equally amongst them, there would see an increase of about 10% in their wages, and notes: «Are twenty cigarettes worth a revolution?» (Launey 1931, p. 195).

Calvo Sotelo made the same calculations, but applied to the Spanish railroad sector: «How much would each railroad worker get if the dividend were expropriated? Even if we considered the yield of the reserves as is, each one of them would receive an insignificant amount». He then concluded that «in this industry (this case may be generalised), the capitalist profit margin – or more specifically, the profitability – has disappeared» (CS 1938, p. 124). His conclusion could not be more derogatory: there was no margin left for the distribution of income<sup>31</sup>.

On what concerned to the evolution of salaries, he maintained that the situation of capitalism at the start of the industrial revolution could not be compared to the (then) current situation. As he had done multiple times previously, he started pointing out Marx's apparent mistakes, such as having focused his analysis of the situation of the working class exclusively in mid-19<sup>th</sup> century England, or having built his ideology on a basis of contradictory writers, among which Calvo Sotelo mentions Stuart Mill, Ure,<sup>32</sup> Fourier, Ricardo and Engels:

The author of *Capital* could not have possibly imagined that the government would evolve into a state of constant interventionism, that the employing class could stylise and spiritualise their tone, and least of all that the proletariat, then scattered and illiterate, would be able to create such powerful instruments of union, superior in strength to employers organisations and even governments (CS 1938, p. 129).

In his opinion, the situation of the workers – and therefore their ability to influence wages – had changed in the times after Marx, to the point that some of the authors that Calvo Sotelo referenced (such as Spengler) were talking about political wages and unearned wages; Spengler even coined the term «wage-Bolshevism». All of this, in Spengler's opinion, was caused by the political pressure of workers' organisations that «no government dares to hurt», to the point that «political wages quickly surpassed the

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with luxury and wealth» (Spengler 1934 [1933]), (CS 1938, p. 117).

<sup>30</sup> Going further into his elitist approach, Calvo Sotelo uses the meritocracy argument: «Without economic strata, nobody would be on top, but nobody would dream of climbing to the top either. It is important to facilitate the access to the top and make this access ethical» (*Ibidem*).

<sup>31</sup> To reaffirm his claim, he once again references the ideas of H. de Man, who on the other hand thought that the solution lay upon stripping financial capitalism out of its dominance and look for other formulas, such as the nationalisation of credit – something Calvo Sotelo obviously did not agree with.

<sup>32</sup> It is unclear to us if Calvo Sotelo meant George Ure Skinner or – most likely – Andrew Ure, who wrote the book *Philosophy of Manufactures* (1835).

total value of labour» (CS 1938, p. 131). Calvo Sotelo would use these arguments to defend lowering the wages during times of crisis, mentioning other European countries as examples.

Spengler's defeatist theses were complimented by those of Jacques Rueff, who had studied the relationships between unemployment, prices and salaries in England, and had concluded that, when there is a price decline and wages remain unaltered, unemployment rates increased. Calvo Sotelo certainly considered the examples provided by Spengler and Rueff to be extreme, since it was without question that there were human beings in every country for which a minimally acceptable situation was unattainable. This did not stop him from criticising the political parties that resorted to «its Majesty the Union, or more precisely the Masses» to avoid such a situation.

At this point, Calvo Sotelo displayed a strong sense of elitism with some statements that sharpened the tone of his speech and directly attacked the masses:

The Masses do not deserve a genuflection or a tribute. Let us gladly hail Beauty, Virtue, Old Age, Pain, Merit, or ultimately Selection, whichever kind it may be. But the masses almost always lack grandeur, let alone constructive capacity [...]. Humanity must undo the unfortunate adulatory steps it took and entrust the masses to the only mission they really have: to obey in order to grow. To obey, of course, the voice that can correctly interpret the desire for progress and improvement of the historical collectiveness (CS 1938, pp. 134-135).

When talking about the situation of the workers and the wages, he did not miss the opportunity to compare the capitalist and communist regimes. The question he posed was if socialising the means of production would lead to better economic results than those of the capitalist regime – in other words, if eliminating capitalist profit would improve production performance. To this end, he referenced the Russian experience, and reached the conclusion that the results tipped the balance in favour of the capitalist system, since, in his opinion, improving production did not simply mean increasing its volume, but rather perfecting it and making it less expensive<sup>33</sup>.

The Soviet regime had not improved the situation of the working class either, since the Soviets had performed a redistribution of income, not in favour of the workers, but against them and in favour of the government, since the main goal was to «industrially emancipate the Soviet economy». The conclusion he reached was that the Soviet economy could only compete against the capitalist countries by resorting to dumping, which Russian communism had done in the case of raw materials during certain periods of time. On the contrary, the living standards of the working class had deteriorated when compared to those of the workers in the capitalist world. Calvo Sotelo explained this phenomenon paradoxically:

That is because profit, which had been supposedly expropriated, reappears in collectivised production. And it reappears on a large scale, thereby reducing the share of the product reserved for the proletariat [...]. Let us then extract the conclusion that clearly stems from all of the above: profit is unavoidable, not just in the capitalist regime but in the communist one too – or at least, it has not disappeared in the only

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<sup>33</sup> Backing his claims with the recent book about Soviet economy by P. Berline (Berline 1933), he argued: «There is no doubt that the Soviets have achieved a gargantuan style of production. [...] However, they hide the fact that, as tools are perfected and production increases, the price of the goods also increases, and the quality of the products declines» (CS 1938, pp. 148-149).

actual application of collectivism so far (CS 1938, pp. 141-142).

His defence of capitalism had a psychological explanation based on human nature. With no private interest, statified production loses in pace and efficiency.

### *Towards a new capitalism*

It would be in the final section of his speech that Calvo Sotelo, despite having addressed the factors that had caused the crisis of the capitalist system in the first place, would try to explain how these factors had been caused by the aforementioned excesses and bad practices. Therefore, he would defend the existence of a capitalist system, under new conditions and restrictions.

We can extract the following conclusions:

- a) Capitalism satisfies the natural tendency of humans towards the appropriation of goods;
- b) Capitalism draws criticism, not because of bad or scarce production, but because of failings in distribution, and
- c) The production capacity of capitalism is unquestionable (CS 1938, p. 149).

When summarising the criticism levelled against capitalism (especially financial capitalism) and the opinions of those who, while defending the system, argued for a change of its outward appearance, Calvo Sotelo revealed some of his doctrinal sources explicitly. Some of these writers, such as Sombart or Spengler, had been referenced constantly throughout his speech, but the influence of G. Pirou, H. Spirito, Erich Fried, Pierre Lucius, L. Dechesne, F. Perroux, Jouvenel and L. Romier, among others, is also significant. Virtually all of the works that reference the critical situation of the capitalist model were published in France between 1933 and 1934, which proves that he had read them during his exile in Paris and helped him conform his peculiar idea of the situation of capitalism in such a crucial moment.

Based on his reflections, he established a future prospect for the maintenance of a more sustainable, but also fairer, capitalist system. Future capitalism should possess a higher level of spirituality and moderation that allows it to break away from speculation.<sup>34</sup> In the future, the final goal of capitalism would be to produce fairly and distribute ethically, and pure speculation would tend to disappear. As for the labour force, he considered (criticising Marxism yet again) that «alienating them from the wage system as a decoy» was not viable. The solution would be a fair retribution that had the vicissitudes of companies in mind, and moving the workers away from the leaven of Marxism and the class struggle mantra by way of the intervention of a unifying «superclassist» state, that would administer social justice<sup>35</sup>: «Surplus will not die, because it is absolutely essential to our economic system, but there will be norms and limitations with a profound human spirit about its origin and its amount» (CS 1938, p. 152) .

<sup>34</sup> Calvo Sotelo utilised once again the proposals that the Pope had outlined in the *Quadragesimo anno* encyclical: «The system – which, as His Holiness Pius XI declares, is not inherently evil, but rather significantly flawed – calls urgently for a breath of fresh, pure air» (CS 1938, p. 151).

<sup>35</sup> He adds: «Future capitalism will therefore coincide with a rancour-less labour force» (CS 1938, p. 153).

New capitalism would encompass mixed economy companies as well, especially those that substituted previous purely capitalist exploitations, because sometimes they could be used to pursue activities that private capital may not have pursued alone, which could favour its socialising tendency. Calvo Sotelo reminded the audience that Sombart had predicted that the mixed economy would be one of the economic systems of the future. In a line of thought inspired by 19<sup>th</sup> century social Catholicism, this new capitalism would also encompass other economic formulas that are not inspired by capitalism, which would be especially relevant for the European reagrarisation process and would allow small landowners access to the land. Calvo Sotelo also included production cooperatives within its purview, albeit more prudently, since he predicted they would not achieve great results or have a long future.

The great contradiction that Calvo Sotelo faced at the end of his speech, which he moved through with some ambiguity, was the nationalisation of capitalism into a command economy, and the existence of an autarkic model, with all its advantages and disadvantages. As we pointed out in the conclusions of our previous work (which we have partly reproduced), in the same speech, he evidenced the limitations of autarky on the one hand, while on the other hand, he knows that, in his totalitarian model – which he elided in big parts of the speech –, there is no other solution. He made it explicit when he said:

The tendency towards autarky fatally nationalises not only production, but also credit and capital [...]. This (nationalised) capitalism, lacking the furious momentum of expansion that dominated it in the past, wanes, more than into idleness, into abulia. It becomes lazy, complacent, almost reclusive. It paralyses private initiative, which is the everlasting source of every process of improvement (CS 1938, p. 169).

However, the political imperative would prevail:

Economic nationalism requires a command economy. An expansionist economy rejects all kinds of restraints. Autarkic economy, by its own nature, needs them, for it cannot be organised without single command, clean rules, clear ways and a definite goal. Whether we want it or not, that is the goal (CS 1938, p. 170).

Calvo Sotelo concluded by claiming that capitalism was not in crisis, nor would it disappear; it just needed heavier doses of spiritualism and to look for more equitable formulas for income distribution. Concurrence would decrease and government intervention would increase. Despite that, and despite the contradictions exposed when talking about autarky and the necessity and limits of the nationalisation of the economy, he made his defence of capitalism clear when closing his speech:

But let us be clear on this: New Capitalism, although more organic, will rely on individual initiative. It will always be its foundation, its root. It is possible, maybe even necessary – and it is, without a doubt, in many cases –, to channel it, to direct it. But it is not possible to eliminate it. The day that happens, True Capitalism will be dead (CS 1938, p. 173).

### *Conclusions*

There is no doubt that José Calvo Sotelo was one of the most well-respected figures among the members of the Spanish right wing because of his working capacity, his

preparation – especially in law – and his experience in government, given that he occupied various high responsibility positions from a young age. The diverse interpretations about his political and ideological adherence have been manifested as contradictory in the historiography, depending on the ideological interests of both those who knew him personally (be them partners or adversaries) and historians that have pieced together his biography. We would like to conclude that, in our opinion, and as we believe we have reflected in the text, there were no great shifts in his ideology throughout his life, although there were big changes in strategy.

Calvo Sotelo adhered to the Catholic faith from a very young age, and there were concerns about social questions in his ideology, although he always approached them from a conservative lens that led to different manifestations depending on the political moment of Spain's tumultuous history that the country was going through, from the final years of the Restoration to the military uprising that led to the Spanish Civil War in July of 1936. He embraced Maurism when he was young, a movement to which he adhered during the last years of the government of conservative leader Antonio Maura, who can be considered his first mentor.

He had no problem whatsoever in embracing Primo de Rivera's dictatorship in 1923, actively collaborating with it from the beginning as Director General of Local Administration and later as Minister of Finance. It is true that he fought certain sectors of capitalism from that position, especially the figures known as *caciques*, who controlled the electoral processes in rural areas and harshly exploited the labour force. But we believe that his rejection of these abuses stemmed more from a social Catholic conception, which was very far from the more advanced sectors of Spanish society. His hatred towards socialism and Marxism was clear since his very first writings, which went back even before Primo de Rivera's dictatorship.

He regarded the end of the dictatorship and the advent of the Second Republic as the beginning of a process that would destroy Spanish society and could bring about a future communist society, which he believed was the worst possible evil of them all. Because of this, he first attempted to return to Spain by running for the parliamentary elections with the right-wing parties, trying to participate in the political battle that was happening at the heart of Parliament. Having failed in this objective, he fled to Portugal, then to Paris, France. There, aside from completing his set of ideals—especially having come into contact with conservative and ultra-conservative politicians—he started his conspiratorial activities against the republican regime, in which—despite what he claimed in his accidentalist contributions to the press—he never believed, and set his sights in making pacts with fascist Italy—which, as he made abundantly clear in his parliamentary activities in the months preceding the military uprising, he considered a model to follow.

After returning from his exile, and given the separation of the right, he concentrated his efforts in building a *Bloque Nacional* whose goal was to conquer the government. To that end, he devised a strategy in which the economy would play an essential role. This is the programme that he presented at the Royal Academy of Jurisprudence in late 1935, once he became the leader of the monarchist right – a notion that Italian fascist authorities agreed to be true –, on a speech that has been the main focus of this article. Beyond the formulas of government, the New State that he designed had to be based in a form of capitalism that would respect individual initiative and scare away the ghost of class struggle, with a corporatist organisation and heavy intervention of the state.

His murder on the 13<sup>th</sup> of July of 1936 makes it impossible to know which role he would have wanted to play in this «New State» he conceived, although throughout the text there

have been some indications that he aspired to occupy the highest level, which together with the military leadership of General Sanjurjo would call for an «Italian» solution. The death of the latter in an unfortunate plane accident several days later, on the 20<sup>th</sup> of July, left the military without its head, thereby opening the door to other military interventions that Calvo Sotelo had not foreseen and had a sufficiently well-known end.

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TRANSLATOR'S NOTES

<sup>i</sup> T.N.: Unless specifically noted otherwise, most of the direct quotes featured in this article have been translated into English for your convenience by me, the translator of this text, due to the unavailability of any official English translations of the source texts.

<sup>ii</sup> T.N.: *Der modern Kapitalismus* was never translated into English. The English translation of the definition was taken from: PARSONS, T. (1928). "Capitalism" *In Recent German Literature: Sombart and Weber*, in "Journal of Political Economy", 36(6), p. 648.

<sup>iii</sup> T.N.: This quote seems to be adapted either from Joseph Roy's liberal French translation of *Das Kapital*, published between 1872 and 1875 («La fabrication de la plus value, ce grand secret de la société moderne, va enfin se dévoiler»), or the first Spanish translation of the book by Pablo Correa, published in 1886 in the newspaper "La República" («Por fin descubriremos la fabricación de la plusvalía, ese gran secreto de la sociedad moderna»). Calvo Sotelo was probably referencing either of these translations, since the other Spanish translations of *Das Kapital* available before 1935 used the original German text as a source. At the time of writing, I have not been able to find any English translations of this particular turn of phrase, despite the availability of several English translations of *Das Kapital*; therefore, I have ventured my own translation of this particular phrase, since it is the one Calvo Sotelo referenced in his speech.

<sup>iv</sup> T.N.: English translation of the text retrieved from: PIUS XI. (1931). *Quadragesimo anno* [Encyclical letter]. Retrieved from:

[http://www.vatican.va/content/pius-xi/en/encyclicals/documents/hf\\_p-xi\\_enc\\_19310515\\_quadragesimo-anno.html](http://www.vatican.va/content/pius-xi/en/encyclicals/documents/hf_p-xi_enc_19310515_quadragesimo-anno.html).

<sup>v</sup> T.N.: The English translation of the Spengler quote in footnote 29 was taken from the English translation of *Jahre der Entscheidung*, entitled *The Hour of Decision* and translated by Charles Francis Atkinson.

