

# THE TELEOLOGY SCHOOL OF ENGLIS – THE ECONOMIC SCHOOL IN THE DEVELOPMENT OF CZECH ECONOMIC THOUGHT

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## ABSTRACT

In the first half of the 20th century a unique economic school was formed in the Czech countries. Its name has not become established in the professional literature. It was called the teleological school, Engliš teleological school, school of Brno, etc. Its coverage was not limited only to the universities of Brno but it involved representatives from other universities and institutions. It was built up as a centre of economic theory as late as the end of thirties of the last century. The notion that the Engliš teleological school had already been formed in Czechoslovakia in the twentieth of the 20th century is not entirely precise. Karel Engliš grouped together his adherents only in the second half of the thirties of the 20th century. These adherents developed his teaching. They were the direct followers of his work. A range of significant personalities belonged to the Engliš teleology school: Jan Loevenstein, Alois Král, Václav Chytil, Miloš Horna, František Zeman, Jan Siblík, Vladimír Vybrál and others. The teaching of Engliš teleology school penetrated meantime to most of the Czech universities in the second half of the 1930. The Charles University in Prague and the Masaryk University in Brno belonged to them. After the war, the teaching of Karel Engliš expanded to the University of Bratislava. The school ceased following political interventions after 1948.

## JEL CLASSIFICATION & KEYWORDS

■ B19 ■ B29 ■ TELEOLOGICAL SCHOOL ■ CZECH ECONOMIC THOUGHT ■ INSTITUTIONS AND REPRESENTATIVES

## INTRODUCTION

The Czech economic thought rose rapidly from the formation of basic economic terms in the Czech language to the formation of a real economic school in the period of the Czechoslovak Republic. The denomination of the economic school is not determined unambiguously in the professional literature but most often it is called the teleological school of Engliš. By „Engliš“ due to the Master-school and „teleological“ due to the teaching content which this school was concerned with. Unfortunately, the Economic School of Engliš survived for a relatively short time. It declined in the period of the Czechoslovak Republic and several years after the war to 1948. Its activity was terminated by violence after 1948. The records of the school Master and the school members were withdrawn from the institutions and prohibited. The members themselves were expelled of other institutions (universities, Parliament, offices, etc.) and in many cases physically liquidated. Due to the relatively short duration, it wasn't able to cross the frontier of the Czechoslovak Republic to gain supporters and representatives from abroad and stayed limited to its territory. Nevertheless, its influence on the economic affairs and particularly on the economic policy of the state was significant. In the period of the Great economic depression in the thirties, when the influence of Keynes' teaching increased in many countries, in the Czechoslovak Republic

the teleological school pressed the Keynes' teaching to the opposition and proposals for a solution to the economic depression were provided by the teleological school. In the thirties of the 20th century the Engliš teleological school teaching penetrated to most Czechoslovak universities where national economics was taught and it also spread to a range of state institutions (the National Bank, government and others). It influenced not only the economic policy of the state but also the economic awareness of the Czechoslovak society of that time. The teleology noetic and the basics of the theoretical system of the teleological school were formed in the second decade of the 20th century at the Czech Technical University of Brno. In a complex way the theoretical system of the teleological school was completed no later than the 1930s by a file of Karel Engliš: National Economy System (1938).

It was Karel Engliš who was the Master of an economics school, the disciple of a Founder of Czech economic thought – Albín Bráf. He formed his own theoretical and economic system as a criticism of the methodology basis of the Austrian school and the German historical school. This system became the principal theoretical basis of the economic policy in the period of inter-war Czechoslovakia in the 1930s. A source of power of the teleological school was based on the focused creative, scientific, pedagogical and political activity concentrated at the universities and other scientific institutions of the state political system (national bank, government and others). However, it remained limited in space and time within Czechoslovakia and it wasn't granted time to gain supporters abroad. It became therefore a Czechoslovak rarity. Thus it represented a certain unusualness in the economic thinking development of that time in Czechoslovakia. Despite an expansion in the thirties and in the post-war years, the school disappeared suddenly after the brutal state power interventions after 1948. Master Karel Engliš (1880 – 1961) was the founder and creator of the Engliš teleological school. The teleological school was established on the original noetic of economic science on which the teleological economic theory was built afterward. The school was clamped around its master and his ideas. An impulse for accreditation of the school was a reaction of Karel Engliš to the state of economic science in the first and second decade of 20th century. According to Engliš, the precisely and clearly defined terms of economic science form the basic construction of economic science. According to him, the economists nevertheless didn't agree on a definition of almost all basic categories. This state could be averted only by the fact that the economic science would be built up on its own noetic basement which it lacked. The teleological school formed continuously a united, logically compact, theoretic system during the twenties and thirties. Among the representatives of the teleological school are considered all personalities who adopted the Engliš noetics of economic science and the teleological economic science or who shared the same ideas. Among the Engliš teleological school belonged Jan Loevenstein (1886 – 1932)

Vladimír Vybrál (1902 – 1980), František Zeman (1881 – 1957), Václav Chytil (1907 – 1980), Miloš Horna (1897 – 1958), Alois Král (1902 – 1991), Josef Sibilík (1905 - ?). Conditionally, among the sympathizers belonged also the Professor of the University of Bratislava Imrich A. Karvaš (1903 – 1981) who claimed allegiance to the English teleological school by his crucial work *Basics of economic science* from 1947. Dobroslav Krejčí whose speciality was statistics but who gave lectures of theory and policy of the national economy at the Masaryk University of Brno and he even deputized for English in lectures. He had a close professional and personal relationship with him. Otakar Peterka was judged by Professor Zeman as an author who held the teleological noetic grounds. Peterka was nominated as a special professor of national economy, financial science and statistics at the Agricultural University of Brno.

### **The teleological theory was already formed at the Technical University of Brno**

The institutional conditions were formed in 1910. English was nominated as a private senior lecturer at the Technical University of Brno. After successfully winning a competition with another private senior lecturer of the university, František Xaver Hodáč, he was nominated as a special professor of national economy, financial science and statistics. A post of juridical subjects lecturer was occupied (after a contest also with Hodáč) by his close friend and with similar ideas related František Weyr (normative legal theory). He started giving lectures there in 1912. The Technical University of Brno established institutional conditions for the creation and development of the teleological theory. The conditions were fulfilled. His teacher Albín Bráf started his lectures with a saying: „That what I cannot define, I don't know“. Clearly defined economic categories were always for English a starting point of his theoretic system. When a young professor of national economy, financial science and statistics at the Technical University of Brno, Karel English prepared lectures for students in 1913 for the reason of their lithographic processing, he was involved in a process of explanations of economic categories. He made the first critical claims against the state of economic science. He claims that „In this (economic) science there is no stable term, no axiom without a contradiction but a lot of disputes not only among the authors but particularly among the disciplines on particular economic phenomenon...“ [5, p. VIII.]. English believed that the reason of this non-cohesiveness of economic categories definitions was non-existing noetics of economic science. It should unify the attitude to definitions of economic categories. The creation of economic noetics was the first act in creation of the teleological theory. English mentioned in the lectures already from 1913 that asking „what is the value“ is not suitable but only asking „how do I think when I attribute the value to phenomena and processes“ enables understanding and explanation of the term „value“ [5, p. XI.]. It is possible to consider the aforementioned fact as the first step in construction of a teleological method on the way to the originality of economic thought. The inspiration for the formation of noetics basics of economic science and teleological theory was the next step in the building of the teleological theory. It represented the discussions of Karel English with Professor František Weyr particularly on philosophical basics of economic science. That time the attitude of Karel English to the economic science changed. English turned away from the monographic processing of each subject which was characteristic for the Czech national economy school of Bráf, which English originally belonged to, and adopted the attitude of searching of noetics basics

of economic science as a whole. He oriented himself to the philosophic-economic reflections on national economics as a whole. Thus he surpassed the shadow of influence of his teacher – Albín Bráf and entered the field of building a brand new economic theory. Inspired by the discussions with F. Weyr he rejected the causal method. He created his own noetic basics of economic science. He presented the results of his reflections to the professional public in the article „Outline of the national economy noetics“ in the *Collection of legal and state sciences* in 1916/17. The basics of the teleological economic thought were formed at the Czech technical university. The work „Money“ was published in 1918. The monetary theory of English was already established on the teleological noetic basics. English entered politics after the establishment of the republic and tested his findings about monetary theory and monetary politics in political institutions when having become their member (national bank, government, etc.). Despite the environment at the Czech technical university being very favourable for the development of economic science and in spite of the possibility of publishing results in the professional press, the new scientific approach to economic science had a problem. If the teleological noetics had to achieve an appreciation of the professional public, English had to justify teleology at the university. The reason was that the teachers of national economics at the technical universities were taken with contempt because the subject which represented economic science at the technical universities – national economy – had a character of a supplementary discipline for study by a technician. National economy didn't form an independent domain here but it was lectured only as a part of some chosen legal or state-building disciplines. Afterwards it was constituted as an assembled professorship of national economics, financial science and statistics. A professor of national economy, financial science and statistics at the technical university was considered as a representative of the „lower level“ in economic science. For an acceptance of the teleological theory by the professional public, activity at the university was necessary. The Czech Technical University of Brno presented a possibility for English with its liberal environment a preparation period in the building of economic science noetics and the teleological theory. The name of Karel English was connected during the following years with a foundation of Masaryk University and the national economics department. English followed the economic science noetics and continued in the building of teleological theory. He didn't have problems with its acceptance and even acquired a possibility to test it in the state institutions as a realization of economic policy. In the period before the Munich Treaty, English worked with the Ministry of Finance with pauses during 1920 – 1931 and held a position as Czechoslovak National Bank Governor in the years 1934 – 1939. He used the teleology for solutions to economic problems such as the big economic depression. From these positions he criticized other economic and political measures (e. g. Rašín's deflation policy, etc.).

### **Origin of teleological school**

The teleological school spreads its effect to other institutions. The head of national economics was Karel English, the head of university statistics Dobroslav Krejčí and the head of financial science and financial law remained vacant at that time, finally filled by Jan Loevenstein, a private senior lecturer. In 1926, he was nominated as a regular Professor of Financial Science and Financial Law and intervened in the building of the teleological noetic. At the beginning of twenties the noetics of economic science was built up and the crucial work became a didactic tool of the *Basics of teleological thought* from 1922. The important work

„Money“ from 1918 was proof that the examination of monetary policy was subject to the teleological noetics and became a part of teleological theory. The price and exchange relations formed the beginnings of teleological theory as well. Other theories remained subject to the traditional approach. The Engliš' conclusions on the national economic policy were radical, Engliš defended them vehemently against the opponents and the teleological theory supplied him with a persuasion of correctness which he had a possibility to test in political practice. At the beginning of the thirties of 20th century financial science as a science in the national economy was built up on a teleological basis. In 1938 the teleological theory of national economy was built up, except for „dogmatic and critical“ issues. The whole system was to be completed by this part. At the beginning of the forties Engliš was writing schoolbooks for secondary schools, in several editions from 1940 till 1947. The teleological economic theory was spreading in the society. It acquired a range of representatives and supporters. In the professional society, a certain specific teleological economic terminology started to be used generally. Engliš influenced the financial administration which adopted his terminology. The scientific terminology was surprisingly adopted from Professor Funk who followed the traditions founded by Stein. Professor Funk left in 1939 and after the occupation period was replaced by Josef Siblík who converted to the teleological theory. The focus of the theoretical effort of teleological school shifted to the incomplete part of the national economy system, namely the „dogmatic and critical“ issues. The significance of critical counterbalancing with other economic schools and orientations rose (criticism of others and criticism of teleology) and basic ideas on economic thinking development were built. Its rarity consisted of the fact that the view at other schools and orientations was comprised not only of evaluations of economic theoretical development (dogma) but also of evaluation of the method development.

The aforementioned process was accompanied by the enlarging number of representatives of the teleological school. Professor Loevenstein died in 1932 and Krejčí in 1936 but they were replaced by a range of other followers (V. Chytil, V. Vybral, F. Zeman). Others worked at universities also outside Brno (M. Horna, A. Král, I. Karvaš, J. Siblík). Both give evidence of a unique spiritual power of the school and its Master. They participated in the building up of the teleological system in „the critical dogmatic“ area. From in the thirties it was possible to speak about a group of disciples grouped around their Master – Karel Engliš.

The teleological school of Engliš expanded in the thirties to most universities in Czechoslovakia (except for the German ones) where national economy was lectured. Initially it was restricted to the universities of Brno: the Czech Technical University of Brno, the Masaryk University of Brno expanding to the Agricultural University of Brno in 1936 (Zeman). Then it came to the University of Prague (Engliš, Siblík) and to the Commercial University of Prague (University of Economic Sciences – Horna). A range of political and state institutions found themselves under its influence such as the Ministry of Finance (Engliš), the Czechoslovak National Bank (Engliš, Horna, Král), whose measures had their theoretical grounds in teleological theory. The teleological theory penetrated to debates of Chambre of Deputies on the budget (Stadník) and others.

### Conclusion

The teleological school of Karel Engliš forms a unique and original phenomenon not only in Czech economic thinking but also in European economic thinking due to progressive

steps in teleological noetics building and teleological theory which were built on the teleological noetics. The teaching was finished by the Engliš' National Economy System in 1938. Parallel to the teleological theory building, the science of teleological national economy politics was formed. In addition, it was almost tested simultaneously in economic practice. The teleological theory formed a basis for official opinions which acted as foundations for the economic policy and it was in the period when Keynesian teaching was growing stronger in the world (and even in Czechoslovakia).

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