

## **DEFINITION OF THE TERM TELEOLOGICAL SCHOOL IN THE CZECH ECONOMIC THINKING**

**Jaroslav Krameš**

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### **Abstract**

In the first half of the 20th century a unique economic school is formed in the Czech countries. Its name is not established in the professional literature. It is called teleological school, Englis teleological school, school of Brno, etc. Its coverage is not limited only to the universities of Brno but it involves representatives from other universities and institutions. It is built up as an economic theory as late as the end of thirties of the last century. The notion that the Englis teleological school was formed in Czechoslovakia already in the twentieth of the 20th century is not entirely exact. Karel Englis grouped together his adherents just 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 Englis teleology school: Jan Loevenstein, Alois Kral, Vaclav Chytil, Milos Horna, Frantisek Zeman, Jan Siblik, Vladimir Vybral and others. The teaching of Englis teleology school penetrated meantime to most of the Czech universities in the second half of the thirties of the 20th century. The Charles University in Prague and the Masaryk University in Brno belonged to them. After the war, the teaching of Karel Englis expanded to the University of Bratislava. The school ceased by the political interventions after 1948.

### **Key words:**

Teleological School - Czech Economic Thought – Institutions and Representatives

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### **Introduction**

Economic emancipation of the Czech society and its economic strengthening was proved in the period of independent inter-war Czechoslovakia apart from other things by an incremental evolution of a unique economic school. However, its development after 1945 suddenly

finished by the state power interventions after 1948. This economic school hasn't been discovered in the world professional literature yet. Neither has the phenomenon content been entirely stabilized in the national professional literature. It is called according to its content either the teleological school or the Englis teleological school or according to the locality where the institutions which propagated its ideas were concentrated – the school of Brno, etc. In the thirties of the 20th century, it penetrated to other institutions – to universities and institutions of the political system such as the national bank, government, parliament, financial administration and others. Its theoretical system was established in the second decade of the 20th century at the Czech Technical University of Brno and was not completed until the thirties of the last century by a file of Karel Englis National Economy System (1938). It was Karel Englis who was the master of an economic school, the disciple of a doyen of the Czech economic thought – Albin Brauer. He formed his own theoretical economical system on 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 thirties of the 20th century. It is particular that it was the period when Keynesianism increasingly achieved more space in the world. The teleology school not only confronted it successfully in Czechoslovakia but achieved here a dominance.

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 of 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 Englis (1880 – 1961) was the founder and creator of the Englis teleological school. The teleological school was established on the original noetics of economic science on which the teleological economic theory was build afterward. The school was clamped around its master and his ideas. An impulse for a creation of the school was a reaction of Karel Englis to a state of economic science in the first and second decade of 20th century. According to Englis, 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 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 representants of the teleological school are considered all personalities who adopted the Englis noetics of economic science and the teleological economical science or who shared the same ideas. Among the Englis teleological school belonged Jan Loewenstein (1886 – 1932) Vladimír Vybrál (1902 – 1980), František Zeman (1881 – 1957), Václav Chytil (1907 – 1980), Miloš Horna (1897 – 1958), Alois Kral (1902 – 1991), Josef Siblik (1905 - ?). Conditionally, among the sympathizers belonged also the Professor of the University of Bratislava Imrich A. Karvas (1903 – 1981) who claimed allegiance to the Englis teleological school by his crucial work *Basics of economic science* from 1947. Dobroslav Krejčí whose speciality was statistics but gave lectures of theory and policy of the national economy at the Masaryk University of Brno and he even deputized for Englis in lectures. He had a close professional and personal relation to him. Otakar Peterka was judged by the Professor Zeman as an author who held the teleological noetic grounds. Peterka was nominated a special professor of national economy, financial science and statistics at the Agricultural University of Brno.

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

The institutional conditions were formed in 1910. Englis was nominated a private senior lecturer at the Technical University of Brno. After a victory contest with other private senior lecturer of the university, František Xaver Hodac, he was nominated a special professor of national economy, financial science and statistics. A post of juridical subjects lecturer was occupied (after a contest also with Hodac) 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 a creation and development of the teleological theory. The conditions were fulfilled.

His teacher Albin Braff started his lectures with a saying: „That what I cannot define, I don't know“. Clearly defined economic categories were always for Englis 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 Englis prepared lectures for students in 1913 for reason of their litographic 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...“<sup>1</sup>. Englis 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. Englis 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 to understand and explain the term „value“<sup>2</sup>. It is possible to consider the forementioned fact as the first step in construction of a teleological method on a way to the originality of economic thinking. The inspiration for a 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 Englis with the Professor Frantisek Weyr particularly on philosophical basics of economic science. That time changed the attitude of Karel Englis to the economic science. Englis turned away from the monographic processing of each subject which was characteristic for the Czech national economy school of Braf, which Englis 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 economy as a whole. Thus he overpassed the shadow of influence of his teacher – Albin Braf and entered the field of building of 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 thinking were formed at the Czech technical university. The work „Money“ was published in 1918. The monetary theory of Englis is already established on the teleological noetic basics. Englis

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<sup>1</sup> Englis, K.: *Soustava národního hospodářství*. V Praze, nakl. Melantrich, předmluva, p. VIII.

<sup>2</sup> Englis, K.: *Soustava národního hospodářství*. V Praze, nakl. Melantrich, předmluva, p. XI.

entered the politics after the establishing of the republic and tested his findings from the monetary theory and monetary politics in the political institutions when having become their member (national bank, government, etc.).

Despite that the environment at the Czech technical university was very favourable for development of economic science and despite the possibility of publishing results in the professional press, the new scientific approach of economic science had a problem. If the teleological noetics had to achieve an appreciation of the professional public, Englis had to justify the teleology at the university. The reason was that the teachers of national economy at the technical universities were taken with respect because the subject which represented the economic science at the technical universities – national economy – had a character of a supplementary discipline for a study of a technician. The 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 economy, financial science and statistics.

A professor of national economy, financial science and statistics at the technical university was considered as a representative of „lower level“ in the economic science. For an acceptance of the teleological theory by the professional public, an activity at the university was necessary. The Czech Technical University of Brno represented for Englis by its liberate environment a preparation period in building of economic science noetics and the teleological theory. The name of Karel Englis was connected during the following years with a foundation of the Masaryk University and the national economy department. Englis followed the economic science noetics and continued in building of the teleological theory. He didn't have problems with its acceptance and even aquired a possibility to test it in the state institutions in a realisation of the economic policy. In the period before the Munich Treaty, Englis diriged the Ministry of Finance with pauses during 1920 – 1931 and held a position of the Czechoslovak National Bank Governor in years 1934 – 1939. He used the teleology for solutions of economic problems such as the big economic depression. From these positions he criticised other economic and political measures (e. g. Rasin's deflation policy, etc.).

## **2 Origin of teleological school**

Teleological school spreads its effect to other institutions. The head of national economy was Karel Engliš, the head of university statistics Dobroslav Krejčí and the head of financial science and financial law remained vacant for that time, initially supplied by Jan Loevenstein, a private senior lecturer. In 1926, he was nominated a regular Professor of Financial Science and Financial Law and intervened the building of the teleological noetics.

At the beginning of twenties the noetics of economic science was built up and the crucial work became a didactic tool *Basics of teleological thinking* from 1922. The important work „*Money*“ from 1918 was a proof that the examination of monetary policy is 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 a persuasion of correctness which he had a possibility to test in the political practice.

At the beginning of thirties of 20th century the financial science as a science on a national economy was built up on a teleological basis. In 1938 the teleological theory of national economy was built up, except of „dogmatic and critical“ issues. The whole system was to be closed by this part. At the beginning of 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 is surprisingly adopted from the Professor Funk who followed the traditions founded by Stein. The Professor Funk left 1939 and after the occupation „pause“ was replaced by Josef Siblik who converted to the teleological theory.

The focus of the theoretical effort of teleological school shifted to the incomplete part of 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 in the fact that the view at other schools and orientations was

comprised not only of evaluations of economic theories development (dogma) but also of evaluation of the method development.

The mentioned process was accompanied by the enlarging number of representatives of the teleological school. The Professors Loevenstein died in 1932 and Krejci in 1936 but they were replaced by a range of other followers (V. Chytil /competitive theories criticism/, V. Vybrál /history interpretation from the view of the teleological theory/, F. Zeman /education at the technical university/). Others worked at universities also outside Brno (M. Horna /monetary theory and monetary policy/, A. Kral /monetary theory and monetary policy/, I. Karvas /spreading of the teleological theory in Slovakia/, J. Siblík /conversion to the teleological theory in financial science/). Both gives evidence of a unique spiritual power of the school and its Master. They participated in building up of the teleological system in „the critical-dogmatic“ area. Not earlier than 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 of the German ones) where the 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 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, Kral), whose measures had their theoretical grounds in the teleological theory. The teleological theory penetrates to debates of Chamber of Deputies on the budget (Stadník) and others.

## **Conclusion**

The teleological school of Engliš forms a unique Czechoslovak phenomenon in the European economic thinking development. Whereas the keynesianism or the theory of directed economy in the Nazi Germany got influence in the world, the teleological school was in bloom in Czechoslovakia and its influence spread further. Keynesianism remained in opposition and was institutionally restricted particularly to Commercial University of Prague.

The national economy opinions derived from the theories of teleological school represented the official economic opinions and influenced the economic policy of the state.



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## **Contact**

Jaroslav Krameš

FACULTY OF BUSSINESS ADMINISTRATION

DEPARTMENT OF MICROECONOMICS

University of Economics,

Prague Winston Churchill sq. 4, 130 67 Prague 3, Czech Republic

[krames@vse.cz](mailto:krames@vse.cz)