

# **ECONOMIC SCIENCE AS A SUBJECT OF EDUCATION AT THE UNIVERSITIES IN THE CZECH COUNTRIES TILL 1948**

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## **Abstract**

The roots of education reach to the history to the subject of practical philosophy which was lectured at the University of Prague already from the 14th century. During the 17th and 18th centuries, the subject content formed a teaching on the natural economy. It was left and thus the subject was degraded to a summary of advices and instructions. The Christian-religious purpose was replaced by a state of welfare (Justi) and then by a principle of population (Sonnenfels). With an acceptance of a work and thoughts of Adam Smith, a special subject was formed within the frame of economic teaching - a national economy. It was not based on relations of a purpose and the means but on a research of natural laws with a universal validity and a corresponding economic policy based on a principle laissez-faire, laissez-passer. The national economy changed a subject of examination to the theory exploring the laws effects conditioned by place and time (Bráf). The content was formed by a teaching of the German historical school and the Austrian school. They are referring to the economic policy based on ideas of departmental socialism. The concept was exceeded afterward by the teleological school looking for a specific noetics for the economic science and the corresponding teleological theory.

**Key words:** Political Economy, National Economy, Political Economy, Economics,

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## **Introduction**

The continuity of cultivation and education of economic science was interrupted for a long period of forty years. Although the education followed the actual economic science and education in the world after 1990, it is still seeking its roots and tradition. However, the tradition is relatively long. It dates back to the Middle Ages to the education at the University of Prague in the 14th century. From that time on, it went through a range of changes so that it reached a form of disciplines of national economy theories, national economy politics, financial science and business administration before 1948. The content of education and the

structure of disciplines corresponded to the level which reigned in the Middle Europe that time. After the Second World War, the economic science education went through a turbulent development in the content part as well as in the formal part. In our country, the official line in the education development followed the political economics of Marx. After 1990, the economic science education found a different state of economic science from the one of 1948. This article is taking as its target a description of changes in economic science development as it was lectured in disciplines in the Czech society from the beginning of modern times (education of cameralistic sciences) to the state of economic science education before 1948.

## **1 Period before Adam Smith's acceptance**

The economics was lectured at the universities as a part of practical philosophy, ethics, which was lectured at the philosophy faculties. The philosophy was divided into logic, metaphysics, physics and ethics. The ethics was further divided into the monastics (ethics in narrower meaning), the politics in the meaning of education about "polis" and economics in the meaning of education about the house management (house = oikos). The economics thus did not form an independent part but it was a part of a wider complex. The house management concerned a range of domains of which only one of them was the economic management. In the Middle Ages, the concept of the house management contributed to the fulfilment of a common, religion purpose. The economics did not form an independent part and was not considered as an independent domain of research.

The economics fulfilled the education about the house management. A house represented a relatively independent, economically closed (particularly agricultural) unit. An economic unit functioned with a relatively closed, production-consumption circle which was targeted to satisfying of its members needs. The relations of goods and money formed a marginal part of economy. A house represented also an economic-social unit with different levels of dependence among the members of a house and its master (treasurer). The treasurer also represented the house outwardly. In the Middle Ages, a manor formed such a house for an example and it was led by manorial lords. The economy was perceived as a part of administration activity of manorial lords who were carrying out the economic, security, social and other types of administration. Thus the economic process was also perceived as an administrative process. This aspect was transferred to modern times when the cameral sciences were constituted. The treasurer was to follow ethical norms when he was managing the house. The way to a modern concept of economics was not easy. We can find several

milestones on this way. The concept of political economics of A. de Monchreti en belongs to them. A. de Monchreti en replaced the concept of Aristoteles in a form of a domestic economics (l' conomie domestique) by a concept of political economics (l' conomie politique). A view of a partial economic unit (for example an agricultural farm) was transferred to a view of a whole country. The teaching about a house administration was transferred to a whole state. It differed from the teaching of Aristoteles by one more thing in the Middle Ages. It was focused on interests fulfilling of an absolutist state in the conditions of goods-money relations which were perceived as dominant (not marginal). The West European mercantilist political economics was formed in the aforementioned conditions.

The new domain needed a teaching content replacement at the beginning, which formed a natural economy, by goods-money economy. Only under this condition this new domain could serve to a scientific research of economic issues (scientific from the contemporary view). It usually consisted of three disciplines. The main discipline occupied with an administration in the wider meaning and it was usually „a science of police“ (Polizeiwissenschaft). The content of the term „police“ formed an administration which reached by its roots to the term „polis“ (ancient city state). The discipline of economics (Oekonomie) occupied with the state economic administration, particularly with its incomes. The university subject had to be liberated from a religion purpose so that it can be useful for the real practice – for interests fulfilling of the absolutist state.

In the Central Europe, the Middle Ages teaching about a house administration seemed to lose its sense by the liberation from the religion purpose. It was reduced to a simple range of advices and propositions from the domain of administration, agriculture, finance, etc. and which lacks any common feature and content. From the view of the contemporaries, the domain degraded and it was considered with a scorn. It was a teaching of so called early cameralists to whom belonged S. P. Gasser, J. Ch. Dithmar, G. H. Zincke, J. G. Daries. The field of study they lectured at the German universities was called "police and cameralist science" (Polizei und Kameralwissenschaften). The economic science entered the region of Austria in this form and there it was developed and lectured as a modern science. The representatives of enlightened (late) cameralism and founders of modern teaching of economics in Austria, Justi and Sonnenfels, however, rejected such an approach to this field of study. After a short period of J. G. H. Justi's activity, Josef Sonnenfels became the founder of creation and development of this field of study at the universities. His contribution (besides other things) lied in a subordination of police and cameralist science to the population principle. The political sciences became a plainly practical discipline which was supposed to

serve as a tool for an education of administration authorities focused on the population principle which reflected interests of absolutist enlightened state. The political sciences consisted of science about police, science about business and financial science. The purpose of the political sciences teaching was supposed to tend to a population principle fulfilment, the purpose of science teaching about business (as a part of political sciences) was an education of administrative authorities. Their activities were supposed to fulfill the employment maximization. This purpose became a mean of a population principle realization. The construction of political sciences was built on normative basis.

## **2 Adam Smith's teaching acceptance and the teaching of economic science**

Cameralism, which formed a content of Sonnenfels' text book, served as a guide for a regulation and regimentation of absolutist state economy which was led by an emperor and his court and it was executed by the administration. Adam Smith's teaching and a corresponding economic liberalism controlling practical recommendations for the economic policy was "an invasion" to the imagination about management and the state economy governance. He set up objective, universal and natural laws against the rules which were followed by authorities when managing the country and which were devised by the contemporaries. He set a „laissez-faire, laissez-passer“ principle against the regimentation of economic life. The teaching of Adam Smith penetrated Austria after 1905 in a form of a relatively independent science part about business under the term national economy. After 1848, the national economy formed an independent university discipline which fully replaced a science about business. Then the field of study consisted of the science about police, national economy and financial science. The professors of political sciences got to a difficult situation in the first half of 19th century till the society changes of 1848 how to combine the regimentation and regulation from the textbook of Sonnenfels with the teaching of Adam Smith. The population principle got in a conflict with the reality and policy of non-intervention. Wenzel Gustav Kopetz was a representative of this aforementioned approach in the first half of the 19th century. Simultaneously, there appeared a problem of a relationship examination of theoretic teaching and practical economic teaching with an impact on the economic reality. Till the last third of the 19th century, the system of political economics according to K. H. Rau, who was accepted in this field of study teaching, divided this system into theoretic and practical disciplines. The national economy theory was the theoretic discipline and the national economy politics and financial science were the practical

disciplines. Austria has never abandoned certain interventions of the state to the economy. The link with cameralism in the past was too strong and it manifested itself by an importance of history and statistics in the economic science and it was based on the German historical school.

### **3 Marginalist revolution and changes in economic science teaching**

The theoretical basis was laid by an attack to a concept of economic laws of the classic school in a form of objective and universal laws which particularly leaned on a deduction. According to Bráf, the economic laws are the laws which are determined and limited in place and time. The universal laws don't control automatically the effective and harmonic functionality of economic life and it is not possible to derive a principle of non-intervention of the state to the economic life for the national economy politics. It is possible to influence the economic life by a range of measures, particularly by changes of legislation. Thus it is possible to improve the society. There were laid theoretical basics for the departmental socialism which became a basis for the concept of national economy politics in Austria before the World War I.

The national economy, as originally the relatively independent part of "industrial politics" (resp. the science about business) at the end of the 19th century, formed as a dominant part the field of study which was called political economics. This field of study consisted of national economy, which split to the national economy theory and the national economy politics, and of the financial science. However, the financial science submitted a criticism as an independent economic science. Its concept of an independent economic science was refused and afterwards it was only attributed to it a role of a special economic science. It formed by its theoretical part a component of the national economy theory and by its practical part it belonged to the national economy politics. The importance of the national economy was emphasized by this. In the first half of the 90's of the 19th century, the administration science (Verwaltungslehre) was excluded from the field of study and it was replaced by the national economy politics. That time, the political economics as a field of study consisted of the aforementioned national economy theory, the national economy politics and the financial science. It remained in this form at some university departments till 1948.

At other university departments in the period of the First Republic, the national economy really established itself as an independent field of study and it formed an independent professorship. The financial science was separated and attributed to financial law. It formed together an independent professorship. This situation happened for example at

the Masaryk University of Brno. Thus it came a situation when the professorship of political economics survived (national economy theory, national economy politics and financial science) and the national economy field of study (national economy theory and national economy politics) existed simultaneously. The tendency of independence gaining of the economic science in the field of study didn't stop and it continued with an adaptation of the field of study to the economic science development. The tendency of development oriented itself to the field of study concept which was called "ekonomika" as a Central European (Czech) equivalent to the Saxon term "economics". However, this tendency didn't have time to be filled up. It existed only as a theoretical concept in opinions of some Czech economists (Josef Macek, Cyril Čechrák, Vilibald Mildschuh).

The concept of economic science field of study represented an independent domain in the Engliš teleology school. The Engliš teleology school became successively a dominant economic school in Czechoslovakia. It influenced the economic science teaching at most of universities in Czech countries (except of departments which were influenced by a German branch of teaching).

#### **4 Engliš teleology school and the economic science concept**

The economic science was split to theoretical economic science and practical economic science according to Karel Engliš. However, Engliš refused to perceive the national economy theory as a science which treated that what there was (positive, resp. causal science) and the national economy politics which dealt with that what should be (normative science). The purpose of the theory is to understand and explain the economic reality. Engliš refused the splitting of science in theoretical and normative ones. The economic science had its own noetics (teleological noetics) according to him and it enabled to build up the (teleological) economic theory. He split sciences into positive (causal) - e. g. history, normative - e. g. law - and teleological ones (economic science). The theoretical economic science as well as the practical economic science are based on teleological basics.

The theoretical economic science proceeds from means to objectives in the way so that it discovers subjects and learns their evaluations with the aim of economic order explanation. The economic order is a subject of explanation of national economy theory. According to Engliš, it enabled besides other things to define precisely and unambiguously the economic categories and to formulate theories which can form a basis for the national economy policy. However, the economic teleological science cannot submit a genesis, development or

termination of facts which are independent on a will of a subject and which are given and observable. It is a task for the ontological economic theory. The economic history or the economic development theory are examples of such a theory. Thus there are two different sciences about economy. The teleological theory about economy as a science about an economic order and the causal-ontological theory about economy which is called the economic history. They have both the same empirical real subject but a different subject of thought. One can see it as "a purpose-built file" and the second as only "an existential appearance". If we can see in the economy a purpose-built file of goods related with costs and revenues, we have to observe them by the teleological order of thought. The order is derived from its purpose.

On the other hand the practical national economy science proceeds from a purpose towards means. Since the subjects and their purpose-built files including their evaluation are thanks to a theory already examined, defined and interpreted, the practical national economy science provides instructions for political-economic measures and it can provide a criticism as well. The practical economic science doesn't seek purposes but means to purposes which were already examined by the methods of theoretical economic sciences.

There are two subjects of interpretation of state activity. The economic policy and the financial science. The subject of interpretation in the economic policy are the state interventions to the individualistic order. It is an interpretation about state activity but not about the activity as a whole. The national economy is also a subject of state activity and its interpretation is a subject of financial science.

## **Conclusion**

Previous development proves that the construction of economic science has developed from the form of normative science. The objectives of economic administration were subordinated to religious purposes. In the period of cameralism, the political sciences were established as a new field of university study. The economic process was a part of the administrative process and was considered as a part of wider complex. Its purpose ("population increasing") reflected the needs of absolutist state. The field of study served as an instruction, a method, a way for administrative authorities practices through which the emperor's will was pushed in economic questions. The concept was replaced by a concept where the economic life followed objective and universal laws and in the practical economic teaching, the learnt laws were applied in a form of norms. In the last third of the 19th century, a knowledge, that the laws were

determined and it was possible to influence them, formed a space for social-economic reforms on a basis of departmental socialism. They reflected in the teaching of representatives of national economy school of Bráf. A subject change of economic science changed also a role of economic theory to a theory which focused on explanation of system functionality and rules formulation for the practical economic teaching.

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