

## **Czech national economy revival in the work of Albín Bráf and in literature of his pupils**

**Jaroslav Krameš**

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### **Abstract:**

The phenomenon of the Czech national economy revival influenced economic knowledge of Czech society during the turn of the 19th and the 20th centuries till the beginning of World War I. It contributed to the Czech national economy development. The national economy school of Bráf was the source for the Czech national economy revival. It spread to the whole society. The school headed by Master Albín Bráf and his pupils J. Gruber, C. Horáček, K. Engliš and a range of others fulfilled educative and scientific tasks. Splitting of Czech countries economy to Czech and German national economies and a feeling of threat of German dominance were factors which lead to the national economy revival. The revival required economic emancipation and economic self-sufficiency of the Czech society. It manifested itself in economic nationalism. Albín Bráf connected the effort of economic emancipation of Czech society with the national revival so that the emancipation gained additional motivation and deeper ideological sense. Albín Bráf distinguished three developmental periods of the national revival. The first was the linguistic and literary revival, the second a kind of political one and only the third period was filled with the national economy revival.

### **Key word**

Czech national economy revival, national economy school of Bráf, Czech national economy

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### **Introduction**

The Czech national revival formed a specific Czech phenomenon of an economic development of Czech society at the turn of the 19th and 20th centuries. Economists, sociologists, historians and other scientific workers are still attracted by this. The present interest in this phenomenon focused particularly on the personality of Albín Bráf. Albín Bráf became an idea maker of Czech national economy revival and one of the main propagators. However, the phenomenon hasn't been yet analyzed in complexity. This work makes a

summary of some analysis results of Czech national economy revival. The research is a part of a project which is supported by the Nadání Foundation of Josef, Marie and Zdenka Hláveks' from the Economics Institution.

## 1 Personalities

The process of emancipation was associated with significant personalities who have made an indelible mark on the history of the Czech nation. Already after 1848 František Ladislav Rieger (1818 – 1903) pointed particularly the necessity of competition of the Czech nation in education and industry to other nations. *"We will not vindicate our nationality and independence if we don't continually and sturdily compete our neighbors in industry and education."* (Rieger, 1860, p. 18.).

Albín Bráf followed Palacký and Rieger. He began to deal with the theory of the Czech national revival since the nineties of the 19th century (Gruber, 1924, p. 248). Albín Bráf refers in particular to an emphasis of the economic emancipation of the Czech nation by František Šimáček (1834 – 1885) in the sixties of the 19th century and considers himself as his follower. F. Šimáček criticized the one-sided focus of national revival and an omission of economic issues.

The actual process of self-awareness of the economic emancipation of Czech society can be put into the early 90s of the 19th century in connection with the Jubilee Exhibition in 1891 and Ethnographic Exhibition in 1895 (Gruber, 1912, p. 287). A. Bráf formulated the basic ideas of national economic revival. His pupils (especially Josef Gruber, Cyril Horáček, Jan Koudela) and his colleague (Krameš 2012, Krameš 2010, Krameš 2007), Professor of Political Economy Josef Kaizl, developed them later. Josef Gruber tried a deeper theoretical analysis.

Albín Bráf's works on national economy revival: the list contains works selected by Professors Gruber, Horáček and Libuše Bráfová: *Národohospodářské potřeby české*, 1904. *České a německé „Svůj k svému“* (1909), *Národohospodářský ústav při České akademii* (1907), *Morava národohospodářská* (1907). (Albín Bráf, 1923). And a range of other writings. The writings were directed to the solution of partial but significant problems of Czech society such as *Meliorační úvěr* (Praha 1890), *Banka rak.- uherská a záložny* (1887), *Schulze – Delitzsch a záložny české* (1885) and others, but the overall revival solution came later. On the contrary, it was Horáček who paid attention to these issues and Josef Gruber

(1865 – 1925), who tried to impress a theoretical and technical dimension to general ideas. The writings of Josef Gruber on the national economic revival: they are concentrated in the period after 1900. Bráf and his disciples considered efforts of national economic emancipation as a consequence of a delay of Czech national economy compared to the German one. "*The economic revival of whose problem is to satisfy their needs as much as possible within the limits of the natural conditions given by their products and support their members on their home soil, by means ...*" (Gruber, 1924, p. 248).

The national economic revival was accomplished through the creation of Czechoslovakia, although the problem of lack of capital to establish new companies in particular was still a persistent problem and even in the Czechoslovak Republic, the Czech business dependence on credit relations was extraordinary, for example in comparison with the Germans.

Cyril Horáček (1862 – 1943), later a professor at the second stool of political economics at the University of Prague, published major outputs of the Czech national revival since the early nineties of the 19th century. First, it was a Horáček's article, which was published in the journal „Česká stráž“ „*Emancipujeme se hospodářsky*“ Number 48, Volume III. on November 26, 1892. Implementation of the slogan "Each to his own" must become the first national commandment (economic emancipation) even if it were to be initially associated with material sacrifices. Cyril Horáček was inspired and elaborated further Bráf's ideas in the article *Naše národní nedostatky*, which was published in 1895 in the weekly magazine Time. He rejected here a one-sided promotion of political interests of Czech society. He underlined that the root of a nation - small peasantry - was leveraged. Small businesses cried because of social malady, Czech business is in its infancy. In a comprehensive article „*O zásadě soukromohospodářské a centralizační v cedulovém bankovníctví se zřetelem na Rakousko-Uherskou banku*“, which was published in the journal Naše doba in 1896, Cyril Horáček criticized dualization of the R-U bank and demanded the establishment of separated central banks organized publicly and economically for each group of the Empire.

The national economic revival filled the contents of "the modern Czech national policy." This program has not been conducted by the Austrian state, but by "public-interest organizations" that promoted Czech interests such as: Czech Academy of Sciences and Arts, National Economy Institute, Council of Agriculture, Prague Chamber of Commerce, and others plus enthusiastic individuals in various positions. Educational activities, scientific work on solving particular problems (ameliorative problem, loan issues, etc), moral tools.

## **2. On identification of the Czech national economy revival term**

The basis and foundation of the theory of national economic revival was the "thesis" of "comparative delay" of Czech national economy behind the German national economy. Czech society was economically more advanced compared to other nations in Austria-Hungary, except of the Germans. However, "the relative delay" behind the German national economy was considerable.

It was very difficult to measure this delay for contemporaries and even for modern literature. This difficulty was associated with a relatively new definition of "Czech and German national economy."

The standard approach of a political nation (population within the state) in the concept of the national economy was abandoned and was replaced by the term "ethnographic" nation (people associated by language). Gruber explained that ethnographic nations were without their own territory, without state power and merged with other nations. The concept of the Czech national economy originated in this. This term includes sales of products of Czech companies to Czech clients in terms of claims "each to his own" and "a love of the Czech product." Hiring of Czech staff by Czech companies was also a part of it, including the goal of employing of all Czech workers. A demand of a "large-scale industry" and "wholesale" mastery in order to employ "redundant people from agriculture" flowed from there. Czechs will make their living on Czech soil. Mastering of the "large-scale industry" and "wholesale" "provides greater yield." Taking of raw materials by Czech companies was also a subject. It regarded a theoretical shift in the concept of a term of national economy. Then, a defining of concept of the Czech national economy enables to express objectives of economic emancipation process of Czech society.

The problem of measuring of the relative delay of Czech national economy behind the German one lies in the fact that statistics does not provide data for the Czech and German national economies but it included the national economy of the Habsburg monarchy as a whole. Still, Friedrich von Wieser (1851 – 1926), the Professor of political economy of the German University of Prague and one of the founders of the Austrian school of marginal utility, tried to measure it. The goal of the file was to show that the Germans (in Czech countries) had bigger economic power than the Czechs, which he tried to prove by the fact that they paid higher amounts in taxes, and therefore they should have enjoyed more civil and political rights. These conclusions provoked a lively response among Czech patriots.

Professor Josef Gruber also tried to measure the proportion of Czechs and Germans in the national economy. We extract from the results. According to statistics in *Obzor národohospodářský* from 1902 on page 499, in Bohemia in 1901, there were the following number of Czech joint-stock companies: 92 with a share capital of 109,18 millions of crowns and 91 of German ones with a capital of 633,75 millions of crowns (Gruber, 1903, p. 157). Roughly six times stronger German capital. In Moravia, the ratio was even higher and in the Silesia, there was almost no Czech capital.

Thus causes of the delay were important, consequences for the Czech nation and later an effort to remove it. Efforts to eliminate "the relative delay" of Czech national economy behind the German one became the factual basis for national economic revival, or more precisely, for economic emancipation of Czech society.

Bráf and after him his disciples Gruber, Horáček and Koudela considered the Thirty Years War (Koudela, 1912, p. 259.), during which the Czech society lost social classes that could have brought an economic progress, as a cause of a relative delay of Czech national economy behind the German one. Subsequently applied mercantile policy of active trade balance and population growth support, which carried out the absolutist state, was unilaterally used by the Germans. They seized richer economic resources.

### **3 Consequences of the relative delay of Czech national economy behind the German one**

The German element dominated the manufactories. The manufactories, so called large industry moved out of the cities - the traditional centers of guild production - into the border areas. German areas were formed that were industrial and, on the other hand, areas with an agrarian predominance that were the Czech ones. The result was a division of the territory to the Czech one and the German one and a formation of an incomplete economic and social structure of society. Czech society was not complete socially and economically and it was formed, in words of Albín Bráf, by "people from cottages and craft workshops" with ethnically divided territories to the Czech and German areas. The Germans formed a richer class which could simultaneously bring an economic progress and development. In words of Bráf, Czech society was only "a torso" of the society. On the contrary, German society in the Czech countries possessed industry and services, suffered from a lack of German wage work force and had to hire it from other nations and nationalities. The Czechs, having moved for work, formed minorities with possible requirements for a use of Czech language in

schools, offices, etc. in the "German" regions in the Czech lands. The Germans obstructed such actions and often preferred Polish, Ruthenian and other employees because they didn't lay up such requirements in the Czech countries. At the same time, the Czechs formed an essential base for purchases of German goods. Economic relations between Czechs and Germans could not express in other way than as economic nationalism. It was the reason for feeling of danger of the Czech nation as possible denationalization, economic dependency, resignation to the Czech language, Czech schools, offices, discrimination of Czech entrepreneurs (loan), boycott of Czech products, cultural performances, etc. (see Gruber), including the political danger (German movement), the loss of political and cultural developments, emigration. Population development is due to the emigration unfavorable for the Czechs and favorable for the Germans and others.

At the end of the sixties of the 19th century, František Ladislav Chleborad (1839 – 1911) beared witness to the threat as he stated: *"In a time when the industry decides the validity of the social life and the state, the learned nation finds himself in complete dependence on industry. The Czecho-Slavic nation, in the countries of the Czech Crown, finds itself in such a position unlike the German nation ... One nation clogs mainly by industry, the second one by peasantry ... In a time, when material possessions decide over political power, a peasant nation can become a political slave of the industrial one. There is again a danger that threatens to the Czech-Slavic nation."* (Chleborad, 1869, p. 269.). Chleborad proposed a reform, which he was going to impose in social practice. He joined there the solution of social issues and economic and social emancipation of Czech society.

#### **4 Goals and phases of the Czech national economy emancipation**

Albín Bráf combined the economic emancipation of Czech society with national revival to add to it motivation, self-awareness and a deeper ideological sense. Albín Bráf divides the national revival into three developmental periods. The first was linguistic and verbal, the second was the political one and the third was national economy revival. The first period was the period in which the "relative delay" of Czech national economy originated. The Germans gained "material possessions" and the Czechs were targeted to linguistic emancipation. The Germans seized "large-scale industry" and "wholesale". The social rise of Czechs among entrepreneurs of "large-scale industry "or" wholesale "meant their denationalization. Tribe of Czech society (people of cottages and craft workshops), however,

was after all strengthened by new social groups - teachers, officials, priests. Bráf's school evaluated the first period of economic development of the Czech society negatively.

In the second period of national revival, the first stage of "national economic emancipation" passed off. Bráf mentioned in particular the years 1860 to 1870. The sectors and industries that followed agriculture in supplies and where the majority of the Czech society worked, became a force of economic development. Especially sugar industry, as well as brewing, distilling and glass industries, agricultural machinery and credit system became bearers of economic development. It was a limited area of the economy only to selected sectors and industries. However, in the late sixties of the 19th century, the social and economic structure of Czech society was closed. The Czech entrepreneurship was formed. Nevertheless, the bigger part of the national economy in Czech countries, the main sectors and industries were still dominated by the Germans.

After this initial surge, a period followed, called by contemporaries "a depression". It was characterized by a decline in the price level and a pressure on costs of economic units. A number of Czech firms succumbed to this pressure and passed into the hands of the Germans or went bankrupt. Bráf named as the cause of this unfavorable development "a lack of entrepreneurial spirit" in Czech society. Bráf pointed to two aspects of business. The technical one and the commercial one. The Czechs were behind the Germans in a commercial aspect. They couldn't find a business opportunity, to conclude a contract, etc. The depression gave way to the Czech national economic revival, the third stage of national revival, filled by economic emancipation of Czech society. Czech society began to realize the need for economic emancipation.

They derived the objectives and means of achieving of economic emancipation of Czech society. "Thus, our objective is the economic independence as a condition for existence and development of the nation in political and cultural aspect, as a manifestation of the same spirit of self-sufficiency that, in our opinion, controls all economic development of all nations and in various social organizations." (Gruber, 1904, p. 358).

"The entrepreneurial spirit" which was implemented by sending of talented people to the world trade centers, became the means of education. This should have been complemented by education to consumption for the purpose of economic self-sufficiency of Czech society. Protectionism, which Friedrich List (1789 – 1846) or Henry Charles Carey (1793 – 1879) could have proposed as a tool, had to be replaced, in a multinational state of politically non-independent nation, by consumer morality. It was promoted to a national moral value.

The nation had to prove its fortitude again, for example during the construction of the National Theatre.

Moral tools were complemented by means of political struggle for individual problems solving. According to Gruber, politics can support one nation and damage another one by issuing laws tailored to the needs of only one nation or country. For example, by building and maintenance of railway lines, setting timetables and freight rates, construction and adjustment of waterways, arranging or denial of telephone networks, postal and telegraph stations, vocational schools, etc. Fighting between the two nations on these particular issues has also become the subject of sharp conflict. In this field, each individual (as a minister or other official in another position) and each Czech institution may or rather must be involved.

## Conclusion

The process of emancipation was associated with prominent personalities of Czech society as Albín Bráf, František Ladislav Rieger, Josef Gruber, Cyril Horáček, Jan Koudela, Josef Kaizl and many others. The author of the concept of Czech national economic revival was Albín Bráf. "The relative delay" of Czech national economy behind the German one in the Czech countries was considered as its cause. The result was a threat to Czech society and effort of its economic emancipation. The economic emancipation is associated with the process of national revival and the Czech national economic revival forms the content of its third period. The subject could not be the state, but public-legal institutions promoting interests of the Czech nation in Austria and individuals in important positions in the state hierarchy. The national economic revival was completed by economic and political emancipation in the form of an independent Czechoslovak state. The consumer and business morality (love of Czech products, claim Each to his own) became the mean. The process was connected with formation of originally incomplete economic and social structure with territorial division.

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## Contact

Jaroslav Krameš

fakulty of Business Administration

Department of Microeconomics

University of Economics,

Winston Churchill sq. 4,

130 67 Prague 3,

Czech Republic

krames@vse.cz