

ENTREPRENEURSHIP AND THE NATIONAL ECONOMIC STAGE OF THE CZECH NATIONAL REVIVAL IN THE TEACHING OF ALBÍN BRÁF AND HIS DISCIPLES

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Abstract

The national economic revival of the Czech Republic became (among other things) an ideological reflection of the efforts for the economic emancipation of the Czech national society. The central figure was Professor Albín Bráf (1851-1912), his professional authority, and his students. The issue of national economic emancipation of the Czech national society appeared in the works of A. Bráf's predecessors, especially František Ladislav Rieger (1819-1903), František Ladislav Chleborad (1839-1911), and Maxmillian Wellner (1838-1904). It culminated in the concept of the national economic phase of the Czech national revival in the teachings of Professor Bráf's students. Among others, the teachings of Cyril Horáček (1862-1943), Josef Gruber (1865-1925), and others. Foreign economic authorities influenced opinions on the doctrine of national economic emancipation of the Czech national society. Among them, the American economist Henry Charles Carey (1793-1879) stood out, as well as representatives of the younger German historical school and the Austrian school of marginal utility.

Key words: Entrepreneurship, National Economic Emancipation, Albín Bráf, the German historical school, the Austrian school

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Introduction

In the first half of the 20th century, Czechoslovakia was one of the most economically advanced countries in the world. This fact was, among other things, also based on the outstanding personalities among the Czech entrepreneurs who, driven by economic motivations, were shaped by the specific conditions of the social development of Czech society. We will take a look into the past of Czech economic thought and focus on the second half of the 19th century and the turn of the 20th century, which will open a specific picture of the emergence and development of Czech entrepreneurship. Various specific issues of economic emancipation have been addressed in the literature of various disciplines (economic, historical, etc.) see, for example, (Doležalová 8/2013), (Jakubec, Jindra 2009), (Jančík, Kubů 2011), (Krameš 3/2016), (Šteif 2001), (Bažantová 2016), (Doležalová 2013), (Kubů, Sousa 2017), (Loužek 2001), (Jungling 1991). The topic is very broad, and the present paper cannot cover all aspects of the issue.

In the lithographs of A. Bráf (1851 - 1912), one of the most important and key Czech economists of the turn of the 19th and 20th centuries, two groups of industrial production were usually distinguished. Firstly, “small-scale production” (craft production) and “large-scale production,” factory production (see, e.g., Bráf 1914: 96ff) and hence two groups of entrepreneurs. One was the small artisans (or small tradesmen) who, after the abolition of the guild organization (1859), were placed in the role of entrepreneurs. They suffered from the competition of machine mass production and had to face the pressure of proletarianization. Similarly, the small peasants suffered from the insecurity of their social position. This group of entrepreneurs became part of the solution to the so-called social question.

The second group of entrepreneurs were “entrepreneurs of great style.” These were entrepreneurs who were at the head of large-scale industrial and wholesale businesses. Their formation became one of the fundamental goals of economic emancipation and key figures in the national economic emancipation of Czech society.

1. Theorizing practitioners

In particular, entrepreneurs of the “big style,” i.e., entrepreneurs who were at the head of big industry or wholesale trade, were missing in Czech society. If they did appear, they were denationalized. Czech society (very simplistically) consisted of small craftsmen, merchants, peasants or workers, clerks, priests, etc. Without the Czech bourgeoisie, however, the social composition of Czech society would have remained unfinished, and the process of national revival of the Czech nation would not have been completed. Without them, the economic emancipation of Czech society would have been impossible. The emergence and development of the Czech bourgeoisie took place under the pressure of German capital and its competition. The formation of entrepreneurs of the “great style” became one of the goals of the economic program of the Czech national economists, who were centered around Professor Albin Bráf (1851-1912). Among them, Josef Gruber (1865-1925), Cyril Horáček (1862-1925), the young Karel Engliš (1880-1961), and many others stood out. Albin Bráf became the author of the three-stage concept of the national revival of Czech national society. According to Bráf, the stages of linguistic, (literary) and political revival of the nation are followed by the stage of national economic revival. The ideas were put into practice by a number of Bráf’s pupils, often graduates of Bráf’s seminar at the university, who put them into practice at the level of chambers of commerce, banks, authorities, and as entrepreneurs. All the students concentrated around

Professor Bráf formed the so-called Czech Bráf school of national economy (hereinafter referred to as the Czech school of national economy). It was not strictly an economic school but an economic school in a figurative sense. Its connotation became “national economic awakening” or “revival.”

One of the means of economic emancipation was the *transformation* of farmers, artisans (but also workers), etc., into entrepreneurs of great style. The transformation took place in conditions of relative lack of capital, higher dependence of Czech entrepreneurs on credit compared to German entrepreneurs, and relatively less availability of credit compared to German entrepreneurs.

In the case of the (Czech) farmer, the transformation assumed (among other things) to overcome the traditional way of farming and to connect his business with the anticipation of possible future opportunities in the field of new products, both new agricultural crops /sugar beet, vegetables, fruits, forage crops/ and even crossing the boundaries of agriculture into the agricultural industry such as sugar, brewing, distilling and the introduction of new technologies /melioration/. All this had to be combined with the anticipation of marketing opportunities. The agricultural entrepreneur had to take risks.

According to Bráf, entrepreneurship faces a lack of entrepreneurial will and a limited “entrepreneurial spirit.” Entrepreneurs are “born” and formed in a natural entrepreneurial environment. The entrepreneurial environment does emerge and gradually develop, but it needs to be fostered. In the consciousness of small-scale entrepreneurs, the idea of social ascendancy was embedded as a solution to social status, but it was often not the idea of transformation into “entrepreneurs of great style” but ascendancy among the officials of the empire (up to half of all officials of the empire in some periods were Czechs), teachers, priests, etc. How to overcome this lack of will? According to Jan Koudel (1880-1935), a pupil of A. Bráf, to come to terms with the Germans in terms of entrepreneurial skills and capital power (Koudela 1912).

Transformation of the peasant, artisan, etc., into a businessman of great style was therefore not entirely spontaneous and did not take place “automatically.” The process therefore needed some external support and stimulation in the Czech environment. It required a concept and, a program, a theory. The representatives of the Czech school of national economy took it up.

Capital scarcity was overcome by the search for organizational forms of credit that would enable capital poverty to be countered. The issue of the organization of forms of credit has received considerable attention in the Czech literature, both theoretically and practically.

Finding and organizing various forms of credit was very successful and enabled the nascent Czech business to use credit funds. Bráf particularly emphasizes the environment of credit unions, which is a natural school in which business is taught and commercial knowledge is acquired in a natural way.

The limited natural business environment was recommended by the representatives of the Czech school of national economy to be supplemented by education. The certain commercial or business lag of Czech entrepreneurs behind the German ones, which was manifested in their ability to find sales, negotiate contracts, etc., was to be gradually eliminated by professional economic education. In Bráf's view, management is something that is developed in a person over a long period of time and is, therefore, not a natural characteristic. According to Bráf, the entrepreneurial spirit presupposes book and factual knowledge, and the resulting action based on a mixture of imaginative and cool calculation, courage, and caution (Bráf 1907: 5). As Minister of Agriculture to promote the education of the agricultural entrepreneur, Bráf, among other things, introduced agricultural business doctrine into secondary schools. Vocational training for business was also to be supplemented by business promotion. The focus of Bráf's educational and propaganda activities was the magazine "Voice of the Nation." He also published in *Českomoravský hospodář*, *Obzor narodohospodářský*, *Osvět*, *Athéneum*, *Zeitschrift für Volkswirtschaft* and *Socialpolitik und Verwaltung*. Bráf's idea of artificially creating a domestic environment for the education of entrepreneurial talent based on foreign models was implemented by the Institute of National Economy. The Institute of National Economy, which Bráf co-founded, had, among other things, the task of mapping the Czech economic situation and, in addition to this, supported entrepreneurship education through scholarships that enabled talented students to be sent to centers of world business and trade. Scholarship activity was the main field of the statutory activity of the Institute of National Economy. The Czech school of national economy also formed the environment in which efforts were made to establish business schools.

2. Predecessors of the Czech school of national economy

The representatives of the Czech school of national economy also relied on the knowledge of previous economists with both positive and negative experiences. The representatives of the classical school of political economy, associated with the ideas of economic liberalism, recommended self-help and "association" as a means of economic (and social) emancipation.

For example, František Ladislav Rieger (1818-1903), one of the first Czech authors of the original Czech economic literature of professional economic terminology and a leading Czech politician, writes: “*Finally, even the so-called tyranny of capital, of which the complaint is often made, is not so irreversible, its power is not so exclusive as it seems, an association can easily overturn its rule, and the most enormous enterprises of our time have been brought out by this alone.*” (“Associations” take various forms, such as credit banks, joint-stock companies, etc. Rieger continues, “*It is not the task of our writings to explain the usefulness and importance of association; we only remind you that in this word lies an immense mysterious power, that in its true happy interpretation lies the future of industry.*” (Rieger 1860: 139).

Self-help was not to be limited to the organization of credit but was to affect all areas of economic life, such as production, sales, etc. Remarkably elaborate forms of self-help and association in individual areas of the economy were developed in the 1850s and especially in the 1860s by František Cyril Kampelík (1805-1872), Jan Rudolf Demel (1833-1905), František Šimáček (1834 - 1885), Filip Stanislav Kodým (1811-1884), etc. František Šimáček is singled out by Albín Bráf as the only person in his time who emphasized economic aspects as opposed to the one-sided emphasis on the political aspect of the national movement.

Labor became the object of interest of František Ladislav Chleborad (1839-1911), a representative of classical economics in Czech economic thought. In his view, it was the latter that was to become the subject of the economic and social emancipation of Czech national society. Chleborad states: “*A special and honorable task has been set for our workers, which, in order to carry out, is one of my most fervent wishes, namely the task of uniting all the elements of the same kind into one chic, enthusiastic about a single idea, namely, the filling of all Czechoslovak homelands with entrepreneurial workers’ associations, which, starting with the supply associations, would undertake production on their own account and would suddenly conquer the nation’s industry, which, to its great detriment, Czechoslovak entrepreneurship has not been able to seize.*” (see Chleborad 1869: 296). Prof. C. Horáček adds: “*Chleborad was not a man of petty labor; he had in mind a magnificent organization of all Czech workers, one huge center, a single owl in which the workers, being themselves entrepreneurs and capitalists, producers and consumers, would form an economic power of decisive importance.*” (Horacek 1896: 30). According to Chleborad, “labor” was to be merged with “entrepreneurship”. He states, “*The nation must ... make every effort to ensure that labor in the Czech state ceases to be divided into German factory labor and Czechoslovak peasant labor*” (Chleborad 1869: 296). This will fulfill the conditions of harmony described by the American economist H. Ch. Carey

(1793-1879) and will fulfill the natural harmonious functioning of society. Chleborad's doctrine of harmony influenced other Czech activists (e.g., Kampelík). The contemporary criticism of Chleborad's doctrine was taken up by Maxmillian Wellner (1838-1904), a follower of the classical school. The doctrine of social harmony was also rejected by A. Bráf and his students.

Chleborad's teachings were applied in economic practice in the form of cooperatives called "ouls." Roughly three hundred of them were established in the Czech lands in the second half of the 1860s. The Prague Oul even represented one of the largest capital stocks in Europe. The social question and national economic emancipation seemed to be solved. The period resembles an economic miracle. However, most of the ouls disappeared after the economic crisis of 1873, and the Chleborad movement collapsed.

Since 1873, there has been a decline in economic activity, accompanied by falling prices and fluctuating interest rates. The fall in prices increased the downward pressure on costs and increased the value of debts. The process particularly affected Czech enterprises, which were more dependent on credit. According to Alois Rašín (1867-1923), a student of A. Bráf and Minister of Finance of the Czech Republic in the early 1920s, the economic crisis of 1873 was a credit crisis. Many Czech enterprises (mostly founded on a joint-stock or cooperative basis) were unable to face it, and their number was reduced. During this period, about half of the Czech sugar factories disappeared or were transferred to German hands as a result of the crisis.

3. Entrepreneurship and the Czech school of national economy at the turn of the 19th and 20th centuries

In the following period, the processes of establishing enterprises started again. The classical school and economic liberalism in the ideas of the predecessors of A. Bráf's teaching was replaced by a strong emphasis on state intervention in the economy in the spirit of the representatives of the German Historical School. Associations as a means of achieving the goals of national economic policy were supplemented by external intervention in the economy. In the ideas of the representatives of the Czech school of national economy, the state as the subject of protectionist measures was to be largely represented by the "nation" and its "morality," in particular, in the field of sales. Support for the sales of Czech enterprises was to be backed by the application of the principle "one's own to one's own" – an appeal to Czech consumers to prefer the products and services of Czech entrepreneurs to those of Germans. German

entrepreneurs reciprocated with the same emphasis. The situation contributed to the exacerbation of relations between Czechs and Germans in the Czech lands. Also, the use of the state, its organs, etc. (chambers of commerce and trade) as a subject of decision-making was the subject of disputes over the use of partial advantages - which way the railroad would go, etc.

A certain shift in emancipatory goals and means occurred in the ideological dependence on mercantilism, which the German historical school rehabilitated: Josef Gruber, a follower of the teachings of A. Bráf, professor of political economy at the University of Prague, refers, for example, to the writings of F. List (1789-1846), the forerunner of the German historical school. He translated the writings of Karl Wilhelm Bücher (1847-1930), a representative of the younger German historical school, *The Origin of the National Economy* (1897), into Czech. Gruber formulates the goal or principle of the national economic emancipation of the Czech nation as the *principle of national economic self-sufficiency in all branches of production*. National self-help was to become the means. J. Gruber called it *national solidarity* and associated it with the extension from purely economic motives (profit, wages, etc.) to the awakened motives of preferences of national economic interests (one's own to one's own, etc.). According to Gruber, the interest of the nation is superior to partial interests (party, personal, etc.). The economy is the means of the highest possible moral, physical, and spiritual development of the individual. According to Gruber, economic well-being is to be the basis for the realization of the ideas of justice, humanity, and morality in the life of nations. According to Gruber, when economic interests clash with cultural, social, political, and other interests, economic interests must take a back seat. An example of the practical application of the principles of national economic emancipation was the exemplary life and work of the outstanding Czech businessman and patron Josef Hlávka (1831-1908).

Josef Gruber deepens the themes of the national economic emancipation of Czech society into the field of national economic theory with studies in the journal *Obzor narodohospodářský*. In 1904 he published here, for example, some of his key articles, "*The Idea of Self-Sufficiency in Historical Economic Development*" (1904), "*Economy and Nation*" (1904), and *Czech and German National Economy in Bohemia*. *Obzor narodohospodářský* became the professional journal of the Czech NH school.

A. Bráf did not cross the boundary of the processing of reality given by *partial topics*; he did not cross the boundaries of the national economic doctrine, both practical and theoretical, formed by the examination of partial problems. They were projected into a minor monographic

composition, from which he did not move towards a synthesis that he would materialize in a textbook. Even some of his students, such as Cyril Horáček, Josef Gruber, Emanuel Schindler, Jan Koudela, etc., did not cross the boundary of processing reality given by *partial topics*. Common subtopics A. Bráf and his students can be found in such topics as credit and banking, the agrarian question, monetary theory and monetary policy, trade policy, etc. These subtopics were linked to the issues of the national economic revival. The sub-topics were based using a historical-inductive methodology and statistical methods. However, the economic categories themselves were based on the teachings of the Austrian school of marginal utility. The theorizing practitioners of the Czech school of national economy of Bráf thus used a kind of synthesis of the teachings of the Austrian school and the German historical school in addressing the practical issues of the economic revival.

4. Conclusion

Entrepreneurs at the head of the wholesale industry became key figures in the economic emancipation of Czech society at the end of the 19th century and the turn of the 19th and 20th centuries. The processes of transformation of the Czech peasant, craftsman, and merchant into “big style” entrepreneurs and their further strengthening for the purpose of national self-sufficiency in all branches of production were to close the hitherto unfinished social composition of the Czech national society and at the same time to bring about social emancipation.

The transformation encountered the problems of lack of capital, lack of will for entrepreneurship in the individual layers of Czech society, and other problems, which the Czech school of national economy, headed by prof. A. Bráf. Under the influence of many representatives of the German historical school and the Austrian school of marginal utility, it explored means of achieving emancipatory goals. It is also to her credit that during the Czechoslovak period in the first half of the twentieth century, the economy of the Czechoslovak Republic was among the most advanced economies in the world.

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