



Classical Liberalism in the Czech Republic

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In the Czech Republic the term *liberalism* still signifies classical liberalism, so we just speak of liberalism. In this article we treat the cultural and intellectual life of liberalism in the Czech Republic, as opposed to the policy record, and report especially on recent history. We especially treat economists and economic thought.

In what is today the Czech Republic, liberalism has had a very turbulent history, with glorious ups and wretched downs. The story can be divided into three periods:

1. The pre-World War II period: The country was part of the intellectual sphere of the Austrian monarchy, which ended in 1918 but a legacy of strong Austrian influence continued past that date.
2. The period of the oppressive political regimes of national and international socialisms, with short and interesting revivals of independent thinking in 1945–1948 and the mid-1960s.
3. The period from the Velvet Revolution in 1989 to today.

In most European countries today, liberal thought is marginalized and underdeveloped. But in the Czech Republic it has considerable presence—in the academic community, in public debate, and in public opinion generally. Such presence flows out of the work done over the past several decades. The lead author

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of the present article, Josef Šíma, has, for the past 20 years, been a principal player in the liberal scene in the Czech Republic.

Czech classical liberalism prior to WWII

For centuries, Central Europe developed politically and intellectually under the reign of the Habsburg monarchy, and thus it is hard to speak of a specific Czech liberalism before Czech nationalism took hold toward the mid-19th century. For Czechs, liberalism was tightly linked to the idea of political self-determination, as exemplified in the work of František Palacký and František Ladislav Rieger on constitutional changes within the Habsburg Monarchy in 1848–49, and to the idea of cultural and social emancipation, a cause greatly affected by the influential pro-freedom journalism of Karel Havlíček.

Havlíček (1821–1856) is a great example of a liberal thinker. His conception of the relation between the state and the individual was similar to John Locke's individualism. We can also find in his writings ideas analogous to Edmund Burke's critique of the French Revolution. His liberalism based on decentralization was in strong opposition to the German state-centered understanding of economics and society. For his ability to explain economic relations in a very simple way, he has been called "the Czech Bastiat." Havlíček realized the importance of private property, free entrepreneurship, and the dangers of regulation and socialism (Bažantová et al. 2002).

The mid-19th century was a period of relative liberalism in economic matters, and the voice of liberals was heard often, though from the economic crisis of 1873 liberal ideas were somewhat discredited in the eyes of the public. Although Czech liberals were excluded from the political reorganization of the Habsburg monarchy in the Austro-Hungarian Compromise of 1867, a predominantly liberal agenda followed. The basics of modern constitutional order were laid down; new legislation strengthened the rule of law and opened opportunities for economic development; and a concept of citizenship began to form even for not-yet-emancipated nations (Šíma and Mrklas 2015; Müller 2003, 104–176; Jakubec 2008, 7–118).

The liberal trend went hand in hand with the secularization of society and the emancipation of the Jewish community, both of which later became central pillars of Central European liberalism. From the Jewish community came several students of Carl Menger: Robert Zuckerkandl, who helped disseminate the tradition of the Austrian school; Sigmund Feilbogen; Rudolf Sieghart; and Menger's "favorite pupil," Richard Schüller, who was the first Austrian contributor to the study of free trade and foreign trade policy (Schulak and Unterköfler 2011, 57–61).

The firm link between Czech thinking and Austrian economics can be seen an outgrowth of the close connections between the cultures:

Menger's grandparents from mother's side had been Czech merchants... Menger himself spent a part of his studies in Prague, Böhm-Bawerk entered the world in Brno, Wieser lectured for many years in Prague... Mises visited Czech economist Karel Engliš several times and was influenced by his teleological approach to economics as well as by the ordinal utility theory of another Czech economist... František Čuhel. The most famous 'Austrian' surname, that of Hayek, leaves no doubt about origin of his family. (Hudík and Šíma 2012, our translation)

The 'Austrian school' played a major role in the liberalism that developed in Czechoslovakia. The Czech lands were part of the Austrian empire until 1918 and hence in direct contact with what was happening in Vienna. Following the publication of Menger's *Principles of Economics* in 1871, a growing number of authors, including Menger's Czech students, were writing in the Austrian tradition (though not all of them can be called liberals). For example, in 1888 Emil Sax, professor of economics in Prague, published *Grundlegung der theoretischen Staatswirtschaft*, which Friedrich Hayek called "the first and the most exhaustive attempt to apply the marginal utility principle to the problems of public finance" (Hayek 1934, 408).

Other Czech authors were often contributors to the *Zeitschrift für Volkswirtschaft, Socialpolitik und Verwaltung*, which was edited by Eugen von Böhm-Bawerk and later by Menger. The journal was published from 1892 to 1918 in Prague, and another editor was Ernst von Plener, a native-born Czech. A literary portrait of Menger was published in this journal by Robert Zuckerkandl, another of Menger's students and later professor in Prague (Zuckerkandl 1910, 251-264). Zuckerkandl is also well known for his contribution to price theory, *Zur Theorie des Preises* (Zuckerkandl 1889). Sigfried von Strakosch, an agronomist, born in Brno, published articles in the journal. Strakosch once coauthored an essay with Ludwig von Mises (contained in Hainisch 1919). Mises later wrote a brief biography of Strakosch (Mises 1963). He praised Strakosch for being the only advisor to the Austria's minister of agriculture who realized that regulation and protection of agriculture are steps toward socialism.

Menger's influence on public life was also evident in the works of his other students or contributors to his journal, including Arnold Krásný or Albín Bráf (Hayek 1934, 411-412, 418). Bráf was not a consistently liberal thinker, but he fully took over Menger's subjective theory of value and published an academic critique of Marxism based on the importance of individual freedom (Holman 2005,

500–501). Bráf was influenced by Friedrich von Wieser, who at that time taught at the University of Prague.

The development of the liberal, mostly Austrian, tradition continued after the establishment of Czechoslovakia in 1918 and continued up until the late 1930s when the events preceding the Second World War ended the country's independence. Although *Zeitschrift für Volkswirtschaft, Sozialpolitik und Verwaltung* ceased publication, new journals appeared. One, initially called *Zeitschrift für Volkswirtschaft und Sozialpolitik* (1921–1927), was later renamed *Zeitschrift für Nationalökonomie*. A third-generation member of the Austrian school, Hans Mayer, who worked at the German Technical University in Prague, edited the journal.

Mayer's student, Alexander Mahr, was a well-known advocate of the Austrian school who tried to find a compromise between mathematical economics and Keynesianism (Schulak and Uterköfler 2011, 128–130). The connection between Czech Austrians and Keynes is noticeable also from works of Karl Pribram, a student of Wieser's. He studied social problems and unemployment, and wrote extensively on the history of economic thought, publishing an article in an anthology with John Maynard Keynes (Wright 1932).

One of the most important authors writing in the Austrian tradition in the interwar period was Richard von Strigl, who grew up in Moravia (now the eastern part of the Czech Republic). He was Böhm-Bawerk's student and a long-term participant of the seminar led by Mises in Vienna. As a professor at the University of Vienna, he influenced Hayek and Fritz Machlup (Schulak and Unterköfler 2011, 129; Hayek 1992).

Probably the most influential Czech economist was František Čuhel, whose work *Zur Lehre von den Bedürfnissen* ("On the Theory of Needs"), was cited numerous times by such writers as Böhm-Bawerk, Machlup, Mises, Eugen Slutsky, and Lionel Robbins. Murray Rothbard (1981) wrote about the "Čuhel-Mises theory of ordinal marginal utility" (see Hudík 2007). But, despite being a student of Menger and having a great impact on the Austrian school, Čuhel's opinions in public life did not align well with liberalism. For example, as a member of the Chamber of Commerce in Prague, he proposed the transfer of German-owned industry into the hands of Czechs (Jančík and Kubů 2011, 145–146).

Among the most politically active liberals of the post-World War I period was Alois Rašín, responsible for the introduction of a new national currency in 1919 and the monetary stabilization of the new state, and Karel Engliš, who was not only successful politically but also gained recognition within the Austrian school for his teleological approach to economics. Both Mises and Joseph Schumpeter came to Brno to visit and debate with Engliš (Engliš 1930; Nikodým 2014).

A then-prominent Czech liberal almost forgotten today was Rudolf Hotowetz. As a minister of foreign trade and later minister of industry and trade,

Hotowetz adamantly refused to support economic nationalism of the successor states. He was one of few economists who preserved their liberal thinking during the Great Depression, and he warned of “tariff madness” (Hotowetz 1926; 1933; 1934). In contrast, others such as Engliš proposed solving the crisis with regulatory measures such as forced cartelization (Faltus 1992, 168).

Nazism, Communism, and liberalism

After the breakdown of the relatively liberal order in Czechoslovakia in 1938, the German *Reichsprotektor* closed down Czech universities and dismissed all professors—over 1,300 people—on November 17, 1939, eliminating one platform for liberal ideas.

Political instability and war are not fertile ground for liberalism. Most of the people who considered themselves liberal or non-socialist were dissatisfied with the ability of liberal reforms to prevent economic crisis and to deal with the social instability that led to war. During the war many of the liberals proposed various regulatory and socialization measures. They were, however, still aware that total economic planning was impossible (Feierabend 1996; Hejda 1991; Šulc 1998, 14).

It was only after World War II, with the reopening of universities, reestablishment of freedom of the press, and the emergence of a more pluralistic political system, that liberal thinking re-emerged. Some English language liberal classics were translated and published in Czech, such as Henry Hazlitt’s great book *Economics in One Lesson* by a “Club of Friends of the USA” (Hazlitt 1948).

Karel Engliš was ready to play an important role in reestablishing the liberal tradition, and he was appointed president of Charles University in Prague, the oldest and most prestigious of the Czech universities (Vencovský 1993, 133). In 1947 he was also awarded a honorary doctorate by the Masaryk University in Brno, which he had co-founded in 1919 and served as its first president). During his festive speech he staunchly defended liberal ideas. He argued, as did Hayek in *Road to Serfdom*, that the liberty of the individual is indivisible: “Where economic liberalism is knocked down, the authoritative planning extends to the political sphere... The State which controls the economy wants to control the thoughts of the whole Nation to secure its planned economic system” (Vencovský 1993, 125, our translation; cf. Hayek 2001/1944, 104).

The political scene was, however, not ripe for liberal ideas. In 1948, the Communists took power. There followed more than 40 years of political oppression and economic planning. Key proponents of the liberal agenda were expelled from their positions, including Engliš, who was seen as a leading defender of the ‘bourgeois’ system of ‘exploitation.’ Engliš was forced to move from Prague

to the countryside, his pension payments replaced by a ‘social minimum,’ his books removed from libraries and confiscated. The secret police closely supervised him, monitored his correspondence, and regularly searched his house.

During the communist era, state intellectuals made special efforts to discredit Austrian teachings. As Jitka Koderova writes, “a need existed to overcome the influence which the ideas of the founders of the Austrian school had prior to WWII and it was hence necessary to come up with a devastating criticism of the methodological approach of the Austrian authors to the study of economic phenomena and processes, especially its ultimate explanation of the theory of value, which was in stark contrast to the method of dialectical and historical materialism and the labor theory of value” (Koderová 2006, 70, our translation).

With the leading liberals silenced, exiled, or executed, political propaganda followed throughout society. University education, especially in social sciences, infused students with Marxism-Leninism.

Positive exposition of the teaching of non-Marxist authors, if it existed at all, was so much destroyed by critical objections that it became practically impossible to acquire any coherent understanding of their views. The only exception in this respect was the teaching of D. Ricardo’s classical school, especially as it related to his exposition of conflict between wages and profits; and A. Smith and F. Quesnay, whose key books were published in this period even in Czech translations. (Koderová 2006, our translation)

In 1972 a volume of some 100 pages devoted to “Austrian (Viennese) Subjective-Psychologic School and Its Predecessors” was published by Jaroslav Petráček—a key Czech author in the field of history of economic thought—and used as a textbook (Petráček 1972). The exposition was critical, but “the critical notes... did not disturb substantially” the logic of the Austrian understanding (Koderová 2006, 72).

Some revival of debates over the role of markets took place in the mid-1960s, with criticism of central planning coming from within Marxist thought, notably in the person of Ota Šik.³ The revival reflected an attempt to reform socialism and eliminate its gravest problems and inefficiencies, an effort that culminated in what is known as the Prague Spring of 1968. But that process of reforms and its offshoots of independent thinking were put to an end by the tanks of invading armies of Warsaw Pact countries. During the period 1964 to 1968, however, a

3. On the importance of Šik, who himself was not a liberal, but nonetheless was a critic of the existing system, see Aligica and Evans (2009, 34) and Havel et al. (1998, 221).

group of economists proposed ways of introducing some market features into the central planning system. Some of those people, such as Valtr Komárek, played important role over two decades later when transition toward a market-based economic regime was launched.⁴

In 1984 Komárek formed and became director of the Prognostic Institute, a center of non-Marxist and pro-market thinking, and staffed it with members who would, after the fall of Communism, come to oppose his gradualist approach in favor of ‘shock therapy.’⁵ Václav Klaus joined this group in 1987, when he left the job at the Central Bank that he had held since 1971. Starting in 1979, in his capacity as a research secretary of a bank branch, Klaus had organized seminars on economic issues. These were rather big meetings, often 100 to 200 people, that were openly critical of central planning and the existing system. The meetings were attended regularly by many people who would emerge later as key figures (Klaus 2007). Such a platform of economic debates was unusual; however, it must be remembered that in those days, even mainstream economics and standard textbooks were seen as pro-market or ‘bourgeois’ literature. Later, when Paul Samuelson’s *Economics* first was translated, Klaus stated:

I wish the book pleased and taught every reader, every beginning student, every advanced economist, really everyone who takes it into his hands, as much as it did [please and teach me]. I found it necessary to get back to this book (its newest edition) at least once in a decade. Even though I often used to think that I was already supposed to know everything, I always learned a lot of new stuff. I believe that this book will become a breakthrough in our university economic education. (Klaus 1991a, iii–iv, our translation)

It is worth remarking on university economic education under Communism. Though standard mainstream training was extremely scarce, in the 1980s one could at least learn something about non-Marxist thinking in History of Economic Thought courses from economics and philosophy faculties. These courses in-

4. Komárek had studied in Moscow, advised Che Guevara in Cuba, and then worked in Czechoslovakia in 1968 in the group of reform communists around Ota Šik on economic reform. After the fall of Communism, Komárek became the first deputy prime minister.

5. The Prognostic Institute was established as a direct consequence of the activities of Soviet KGB chairman Andropov. Its staff people played prominent roles as politicians and policymakers after 1989, such as Prime Ministers and Presidents Klaus and Zeman, Central Bank Governor Tůma, and Minister of Privatization (and translator of Hayek’s books) Ježek. But it also included a KGB agent, Karel Koecher, who was an elite spy and succeeded in penetrating the CIA and its New York office. The whole story cannot be told because even today it is still illegal to access the archives of the Institute.

cluded works by modern authors both in and outside the mainstream (Koderová 2006, 67–69). Sometimes, technical mathematized research and teaching had some liberal aspects (Mlčoch 2013).

Ondřej Schneider,⁶ who finished his studies at the University of Economics in 1989, recalls:

I belonged to one of the last groups of students who had to pass an exam in “scientific communism.” Of course, it was brainwashing but we also had few subjects which opened us the window to the world of “normal” economics. At the department of econometrics, without being explicitly told, we studied the basics of microeconomics and game theory. Thanks to its mathematization, these subjects escaped from the attention of the guards of ideological purity. The attempts of Jíří Schwarz to “sneak” the basics of classical economics or monetarism into the subject History of economic thought were even more interesting. Thanks to these lessons, I had a chance to see distant shores of true economics while swimming in the sea of boring and totally nonfunctional socialist economics. I am still very grateful to those teachers. (Schneider 2015)

Again, training in standard economics was rare, exposure to liberal-leaning work such as public choice or property-rights economics almost nonexistent. That is why, when pro-market economists were needed after the fall of Communism to come up with reform proposals, universities had very few to offer and Klaus’s circle dominated.

Explosion of interest in liberal thought after the Velvet Revolution

By 1990, Klaus became not only a symbol of radical economic reform and privatization but also the most articulate spokesman of liberalism. It was he who most forcibly introduced free-market theorists such as Hayek and Milton Friedman to the general public and made their names a part of the story of Czech economic

6. Schneider also earned a degree from Cambridge University and CERGE-EI, and he became a leading Czech economist specializing among other things in pension reforms. He has served as advisor to several ministers, served as editor-in-chief of the *Czech Journal of Economics and Finance*, and works today for the Institute of International Finance in Washington, D.C.

transition.⁷ Klaus attracted many students to liberal ideas both in economics and other social sciences. He continued writing for popular and academic audiences, established and kept formal links with Czech universities, and made quite an impact in the international liberal scene.⁸ Although the extent of liberalism in Klaus's political agenda is debatable—the matter is greatly complicated by the unfathomable messiness of the politically practicable, *realpolitik*, personal foibles and controversies, and the like—Klaus's role as a liberal educator with a long-term impact on the intellectual climate in the Czech Republic is undeniable.⁹ Others around him included Tomáš Ježek, a key political figure who translated several Hayek books and expounded his thought. Ježek became the Czech Minister of Privatization after the first free elections in 1990, and he served in many other political positions later on.

Czech economic reformers were later to benefit from another set of activities that ignited interest in liberalism as an alternative to socialism, namely, new think tanks. As central planning ended, economic schools and universities, which were full of Marxists and long-term proponents of central planning, had almost nothing to teach for some time. Old textbooks were mostly of no use anymore and new ones were not yet in existence. Knowledge of English was limited, so foreign textbooks could not be used en masse. Thus, during the first years of the new regime there was an intellectual vacuum. Literature about alternatives to socialism and central planning was desperately scarce, and at the same time people were eager to learn for the first time in generations about markets, rule of law, private property, and commercial society. Books on freedom and liberalism were read eagerly and widely.

Newly founded think-tanks led the way in delivering the missing classics. The Liberal Institute (*Liberální Institut*), the first free-market think tank in the country, spurred some of the first translations of liberal books.¹⁰ These included Paul Heyne's *Economic Way of Thinking* in 1991, Milton and Rose Friedman's *Free to Choose* in 1992, Milton Friedman's *Capitalism and Freedom* in 1993, and dozens

7. The liberal ethos was decisive even when 'technical' choices were made, such as the monetary policy regime: "A main reason for giving preference to the monetarist doctrine was its liberal orientation" (Koderová 2005, 96).

8. He became the first East European member of the Mont Pelerin Society, was praised by many free-market think tanks, and received many prizes and honorary degrees worldwide.

9. See Šíma and Št'astný (2000) for criticism of insufficient steps toward classical liberal reform, and Švejnar (1990) for criticism of too much reform. Švejnar, currently a professor at Columbia University, is one of the founders of CERGE (Center for Economic Research and Graduate Education), a U.S.-style postgraduate mainstream economic program founded in Prague. Švejnar ran for President in 2008 but was defeated by Klaus.

10. Its first steps were encouraged by the help of Albert Zlabinger, of the Carl Menger Institute in Vienna, and Tom Palmer. It also acquired a part of Gordon Tullock's library.

of books by authors associated with Austrian economics, ordo-liberalism, public choice, and the Chicago school.¹¹

The Civic Institute—established in 1991, and more conservative than libertarian—published a translation of Mises’s *Anti-Capitalist Mentality* in 1994, and later translations of Charles Murray’s *Losing Ground*, Bertrand de Jouvenal’s *Ethics of Redistribution*, and others. The Academy of Science published a Czech translation of Hayek’s *Road to Serfdom* in 1990 and his *Law, Legislation and Liberty* in 1991 (these had been translated under socialism, but circulated only in manuscript). Karel Kouba, a respected academic with ties to Fritz Machlup, published a book on the dispute over central planning with translations of liberal authors (Kouba and Kameníček 1992). In an underdeveloped book market, these liberal publications were very visible.

Widely used textbooks in late 1980s included still more pages devoted to treating Austrian-school authors. After the fall of Communism new textbooks were written, and the one that is currently the most widely used (Holman 2005) so devotes about 50 pages out of slightly over 500 pages; public choice gets less than 20 pages, ordoliberalism less than 10, and the Chicago school less than 40. Austrianism is prominent in other professional forums. For example, the Czech Economic Association held a special meeting devoted to the Austrian School in 1999 called “The Austrian School and Its Significance for Today: A View on the Market as a Process,” and published its proceedings (Čihák 1999).

Not only were these books available and widely read, but many liberal authors came to the Czech Republic, giving talks to hundreds of people and being interviewed on public television. These included Milton Friedman in 1990 and 1997, Gary Becker in 1995, and many more later on, including James Buchanan and Vernon Smith. Others, including Paul Heyne and Gary Walton, taught both students and high-school teachers as part of an annual project first organized jointly by the Foundation for Teaching Economics and The Liberal Institute in 1993.

With political debates of late becoming more pragmatic and less ideologically driven, a new generation of young politicians, many steeped in Austrianism, is attempting to reestablish a liberal agenda, and these are gaining some influence. Peter Mach, who as a student in the 1990s was a participant in the free-market summer programs conducted by The Liberal Institute, has founded the liberal/libertarian “Party of Free Citizens.” After several years of building the party’s infrastructure, he was elected to the European Parliament in 2014. Although originally ignored by the media, he is now a visible advocate of liberal principles.

11. Again, the translation of Samuelson and Nordhaus’s *Economics* (1991) was also notable.

Mojmír Hampl, the current vice-governor of the Czech Central Bank, belongs to the same generation and is also an outspoken liberal. Hampl has written some scholarly articles devoted, interestingly enough, to a Julian Simon-style defense of market approaches to environmental issues (see, e.g., Hampl 2004). He has debated topics related to central banking, exploring such alternatives as the gold standard and free banking.

With the Velvet Revolution of 1989, initially, politics itself was a cultural force for liberal ideas. But that force was short-lived. Once politics lost its liberal ethos, no longer being driven by attempts to privatize and deregulate, further spread of liberalism in the 1990s and early 2000s was achieved predominantly by think tanks.

Václav Klaus himself launched the Center for Economics and Politics in 1998 and started a conference series and publication activities.¹² The Liberal Institute and Civic Institute have organized summer schools, seminars, and training programs with famous foreign scholars, giving hundreds of people an opportunity to be exposed to liberal scholarship. Over the years, alumni of these programs have constituted a group sizable enough to be visible in a small country. Their presence in academia, journalism, and public administration reflects how much liberal ideas are represented in university teaching, economic textbooks, newspaper articles, and other areas. Also, numerous people who learned about liberalism through these channels have started their own think tanks and groups, so there is a ‘second generation’ of institutions spreading liberalism. These include the Mises Institute CZ&SK, Czech Students for Liberty, and the Institute of Economic and Social Studies (INESS), which is very influential in Slovakian policy debates.

The availability of liberal training and the visibility of liberal ideas are not limited to the weekend or summer activities of a handful of think tanks. A founder of The Liberal Institute, Dr. Jiri Schwarz,¹³ in his position from 2003 to 2010 as the Dean at the Faculty of Economics at the University of Economics in Prague,¹⁴ gave a new dimension to the spread of liberalism. Whereas think tanks are capable of educating hundreds of people through their activities, universities can do it more rigorously for thousands. Among many other activities, Dean Schwarz encouraged

12. When Klaus left politics after his second presidential term, he started in 2012 the Václav Klaus Institute, whose main goal is to develop the political and intellectual heritage of Václav Klaus, which is broadly defined, so the institute functions as a classical-liberal/conservative think tank.

13. Dr. Schwarz became the second Czech member of the Mont Pelerin Society and among other activities served several years as a member of the National Economic Council of the Czech government and was instrumental in the success of the Restitution of Church Property Law in 2013.

14. The University of Economics in Prague is the biggest economics school in the country with the most comprehensive economic education in terms of majors. Faculty of Economics and Public Administration is one of the six schools within this university.

liberal professors from Europe and the United States to visit,¹⁵ and he introduced a first-year course that covers the basics of market forces, an introduction to the modern era, the industrial revolution, and the ‘European Miracle.’ The course assigned such materials as Hazlitt’s *Economics in One Lesson* and Johan Norberg’s *In Defense of Global Capitalism*. Thus, some 700 freshmen each year were encouraged to think about the role of private property and free and voluntary exchange before they received technical training in economics, banking, and so forth. Not only did that approach give students better understanding of the importance of economics, but as the school simultaneously opened up to the world with the help of visiting professors, it dramatically improved its quality, achieving a position as the number-one or number-two (depending on the organization doing the ranking) economics school in the country.¹⁶

The increasingly visible new research agenda devoted to free banking, polycentric law, and generally to alternatives to state provision of goods and services has led many critics to denounce the school’s tilt toward the market. Thus a leading journalist writes, in a widely read weekly: “Such a school as the Faculty of Economics of the University of Economics, Prague, spews out annually ‘on the market’ huge numbers of these young fundamentalists. You can easily identify them: central banks are criminal organizations that should be abolished. Courts should be private, taxation through a single tax, there should be only two ministries—defense and interior—deflation is a good thing, etc.” (Macháček 2011, our translation).

At Czech universities generally, however—that is, apart from the University of Economics in its healthy period up to 2012 (more on this below)—liberal and Austrian topics are studied only partially, with much more limited scope. Some work on free banking is done at Masaryk University in Brno by and under Michal Kvasnička. Luděk Kouba at Mendel University in Brno focuses on the problem of excessive legislation and its negative effect on economic growth, the unsustainability of the welfare state, and public choice. Ladislava Grochová did work on different approaches to entrepreneurship. Also in Prague, at the Institute of Economic Studies at Charles University, market-oriented theses were written under the supervision of Prof. Kouba, for example by Dalibor Roháč, who later got his Ph.D. at King’s College London, and by Adam Geršl, who focused on the constitutional economics of James Buchanan.

15. Among those who taught at least week-long courses were Robert Higgs, Peter Boettke, Terry Anderson, Steve Pejovich, Daniel Klein, Boudewijn Bouckaert, Richard Ebeling, Thomas DiLorenzo, and Hans-Hermann Hoppe.

16. The research is done by *Economic News* and is based on various criteria: studying in English, exchange programs, the success of students in the labor market, etc. (see Keményová 2015).

One young private school, the CEVRO Institute (established by a think tank, CEVRO-Liberal-Conservative Academy, and directed by the lead author of the present article), has incorporated liberal scholarship into its B.A. and M.A. programs in social sciences and is regularly visited by liberal scholars, and it has worked especially closely with Peter Boettke of George Mason University.¹⁷

Sadly, things at the University of Economics in Prague recently took a terrible turn for the worse. Nearly two dozen liberal or Austrian-leaning scholars, including former Dean Schwarz and three associate deans, were purged from the Faculty of Economics after a new dean was elected in 2010.¹⁸ The actions of the new dean threw the Faculty of Economics into many controversies and disaffections; the Accreditation Commission of the Czech Republic suggested the Ministry of Education withdraw accreditation of several programs from the school due to lack of qualified personnel. Most of the liberal scholars who left the school have found jobs at other universities. One group led by Dan Šťastný ended up at Purkyně University in Ústí nad Labem (and Dr. Šťastný became an associate dean). Another group led by David Lipka went to Anglo-American University, a private university located in Prague; Lipka became the Dean at the School of International Relations and Diplomacy. A third group, including ex-Dean Schwarz, joined the faculty of CEVRO Institute.

Liberalism in professional economics

It is a well-documented fact that economists tend to be more free market-oriented than is the average citizen. The same pattern is visible among Czech economists. Daniel Šťastný (2010a; 2010b) asked professional economists 21 policy-issue questions to discern whether the consensus leans toward or away from the liberal direction. Šťastný concludes: “On most issues treated, most Czech economists would prefer less governmental involvement or restriction. On the whole, they tend to favor liberalization” (Šťastný 2010a, 285). He found that younger economists tend to be more pro-market. The study found differences

17. See the history of the annual Prague Conference on Political Economy ([link](#)).

18. Dean Ševčík’s steps, which, in our estimation were outrageous and terribly unjust, were covered widely by popular press and television and publicly criticized by several presidents of Czech universities as acts that seriously violated academic standards. Ševčík is one of the founders of Liberalní Institut, and it cannot be said that the source of conflict was differences in professed political ideology. An open letter, dated October 7, 2012, and addressed to Dean Ševčík, protested his actions. Signers of the letter were Daniel Klein, Peter Boettke, Niclas Berggren, Robert Higgs, Deirdre McCloskey, and Giovanni Battista Ramello. We mention this letter to alert the reader of possible bias: Not only was the lead author of the present paper (Šíma) centrally involved in the conflict, but, with the open letter, the editor of the present journal (Klein), along with the other signers, protested publicly.

between Czech and American economists on such issues as illicit drugs and organ markets, where “the Americans seem to be more disposed toward liberalization” (ibid.).

Czech economists of a liberal bent are successful in publishing articles reflecting such orientation in leading national professional journals. We have examined all issues from the past ten years of three leading Czech professional journals listed in Thomson ISI’s Social Sciences Citation Index (SSCI)—*Politická ekonomie* (“Political Economy”), published by the University of Economics; *Finance a úvěr* (“Czech Journal of Economics and Finance”), published by Charles University; and *E+M Ekonomie a management* (“Economics and Management”), published by a consortium of local Czech and Slovak universities—to find articles that can be classified as liberal-leaning (see supplement with titles and abstracts [here](#)). We counted over 30 such articles in *Politická ekonomie* over the ten-year period.¹⁹ As seen from the bibliography in online supplement, most of these articles include references to Austrian economists (Mises, Hayek, Rothbard, Israel Kirzner), Chicago-school economists (Friedman, Becker), or public choice economists and ‘institutionalists’ (Buchanan, Gordon Tullock, Mancur Olson, Elinor Ostrom, Douglass North). Among them are articles on economic method, antitrust, environmental protection, institutional development, discrimination, and the economics of altruism. *E+M* has some visible traces of a liberal ethos, though much less than *Politická ekonomie*. *Finance a úvěr* has almost no signs of liberal influences, and it publishes predominantly mainstream technical papers on finance, banking, taxation, and so forth.

Roháč (2015) has observed that “Over time...‘mainstream’ economic thinking slowly emerged and became respectable, as freshly minted PhDs were returning from Western graduate programs and also from local schools such as CERGE-EI or CEU. ... As a result, the debates about economics and public policy have moved closer to what one observes in the West—for better and for worse.” While it is true that professional journals moved toward the Western-style academic economic mainstream, a visible liberal scholarly community has been reestablished as well. The situation in the Czech Republic is remarkably and measurably different from the West.²⁰ Liberal authors do not represent a marginal community; rather, there is a sizable group of established scholars pursuing a liberal research agenda, publishing, and teaching. Some occupy influential positions in

19. The journal *Politická ekonomie* was published six times a year (eight issues per year are published since 2015) and each issue typically featured five articles.

20. The tilt of the professoriate to the political left is well known for the United States, Canada, and the Anglosphere generally, and seems to us to be very much the case in Europe generally. But a study of social science professors in Sweden suggests a different situation there (Berggren et al. 2009), and perhaps other countries are exceptions as well.

school management as dean, associate dean, or president, which gives them some control over what and how to teach and where to concentrate research activities.

Conclusion

With the fall of Communism 25 years ago, the Czech Republic became once again a normal country (Shleifer and Treisman 2014) and a space for liberal thinking opened up. Czechs have built on their liberal roots and now have a strong liberal current—but it is a current among a mix of currents. Mojmír Hampl correctly observes that the ideas of Mises, Hayek, Buchanan, Friedman, Olson, Becker, George Stigler, William Niskanen, and many others

...had an extraordinary and probably unrepeatable influence on the entire intellectual environment in Czechoslovakia and the Czech Republic, an influence that is hard to share with outside observers who did not experience it themselves. Over time, however, the pendulum in the Czech Republic started to return to its “natural” position, with all its consequences for the intellectual richness and diversity of public debate. Today we are much further away from Hayek and much closer to [Joseph] Stiglitz, and are thus floating somewhere in the middle of the grey and boring European intellectual mainstream. (Hampl 2015)

Although the Czech Republic may have moved toward a “boring European intellectual mainstream,” the time between the breakdown of Communism and the impress of a mainstream paradigm and social-democratic mentality offered a window of opportunity. An intellectual vacuum was filled with entrepreneurial activities presenting a liberal vision to the population and the research community. Those activities were partly political, as represented mostly by Czech economic reformers led by Václav Klaus, and partly nonpolitical, as represented by think tanks and scholars at several universities. These activities promoting liberalism have had a marked influence on younger generations.

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