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František Čuhel (1862-1914)

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Abstract: The article deals with the contribution of almost forgotten Czech economist František Čuhel, whose fundamental work “Zur Lehre von den Bedürfnissen” appeared exactly 100 years ago. The article contains biographical facts, summarizes Čuhel’s major contribution consisting of the formulation of the ordinal utility theory, and explains his influence on economic thought.

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1 Introduction

This year we commemorate a small, but significant anniversary: it is exactly 100 years since František Čuhel, the most influential Czech economist of the early 20th century, published his most important work, *Zur Lehre von den Bedürfnissen* (On the Theory of Needs).

It may seem out of place to attribute “most influential” to Cuhel considering that for a long time even specialists in the history of Czech economic thought were unfamiliar with his writings. It is therefore worth mentioning that no other Czech economist of his time can boast of being cited abroad as many times as Čuhel – including by such economists of stature as Böhm-Bawerk (1912), Slutsky (1915), Mises (1912, 1920, 1922, 1932, 1953, 1969), Mitchell (1914), Robbins (1932) and Machlup (1956). It must be admitted that Čuhel never constructed a comprehensive economic system, as for instance was done by Engliš.

Moreover, he never succeeded in being appointed to a significant academic position, which surely contributed to the fact that even during his lifetime he did not receive the recognition he would and should have deserved. Ludwig von Mises, who is foremost responsible for seeing that Čuhel’s name was not completely forgotten, was confident that Čuhel would at some point receive the credit that he deserved; unfortunately, it never happened. How then, has František Čuhel secured his place in the history of economic thought? Above all it was due to his introduction of the concept of ordinal utility. Indeed, Rothbard later writes of the “Čuhel-Mises theory of ordinal marginal utility,” as an alternative to the indifference-curve approach in the mainstream tradition of Pareto-Slutsky-Hicks-Allen. However, Čuhel’s book con-

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2 Čuhel (1907).
3 Karel Engliš (1880-1961) was a prominent Czech economist best known for his teleological approach in economics. As far as the acceptance of Engliš’s work abroad see Vencovský (1997). We might add that Engliš is also quoted by Mises (1949, 1969) and Hayek (1952) and it is surprising that he has not reached wider recognition within the Austrian School. In spite of Engliš’s fame in his country of birth, it is Čuhel who seems to be better known among the Austrians, as evidenced by including Čuhel among the *Classics in Austrian Economics* edited by Israel Kirzner (1994).
4 Mises (1978).
5 Rothbard’s foreword to Mises (1912).
tains much more than this. Before we discuss these contributions let us first briefly review his biography.

2 Life

There is little known about Čuhel’s life. He was born in 1862 in the Moravian town of Olešnice into an evangelist family. His father, also František, came from the nearby village of Bolešín, and was a farmer and house owner. He married František’s mother Josefa (born Hájek) in the year 1861. František Čuhel Jr. attended grammar school in Brno and then the faculty of law in Vienna and Prague where he earned his doctoral degree in 1886. In 1889 he became a clerk in the Prague Chamber of Commerce, was promoted to vice-secretary in 1894, and then to second secretary in 1898. In the 1890s, he also publicly worked on behalf of small businessmen. In 1896 he proposed and presented a plan for a “State Anniversary Fund of the Kaiser and King Franz Josef I.,” to support the community of small businessmen. The fund was established in 1898.

According to Gruber’s account, Čuhel was of a “deep academic turn, highly gifted and educated” and wanted to habilitate in the field of Nationalökonomie. However, it did not happen for a long time, much to the regret of Albín Bráf, who reputedly saw Čuhel as his successor. Čuhel’s administrative duties at the Chamber of Commerce resulted his having less and less time for scientific work in economics. In the late nineties, he began to show symptoms of an unspecified mental disorder resulting in his premature retirement in 1903. He moved back to Moravia and later to Vienna. During that time he returned to scientific work, which resulted in the publication of Zur Lehre von den Bedürfnissen in 1907. In 1908 he also returned to administrative work, becoming a clerk in the General Pension Insurance Company in Vienna.

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6 This part heavily draws from the obituary written by Josef Gruber (1914) and also from materials kindly offered to the author by Dagmar Gregorová from the municipal office in Olešnice.

7 Josefa, however, died in 1895 and his father married Františka Jlíková a year later. He died in 1911.

8 Josef Gruber (1865-1925) worked with Čuhel in the Chamber of Commerce and was probably his fellow-student.

9 Albín Bráf (1851-1912), an economist and politician, was (together with T. G. Masaryk) the most outstanding Czech social scientist of the 19th century.
A year later, Čuhel still had ambitions of becoming Gruber’s successor (who left for Prague University) in the department of “Judicial and State Sciences.” However, Bráf is said to have dissuaded him from this idea. Čuhel died in Vienna on the 3rd of December 1914, without ever attaining the academic position for which he had long hoped.¹⁰

3 The book Zur Lehre von den Bedürfnissen

The theme of Čuhel’s book was a natural product of the intellectual climate of his time. As the subtitle suggests, it is on the borderland between psychology and economics, and tries to determine the boundaries of the respective disciplines. This field of study was at the cutting edge of his time: the Austrian School of Economics had been developing hand-in-hand with parallel trends in psychology and philosophy. Besides the Austrian economists (Menger, Böhm-Bawerk and Wieser), there was also a so-called “second Austrian school of value,”¹¹ with Franz Brentano as its leading figure and which included names such as Alexius Meinong, Oskar Kraus, and the founder of the Gestalt psychology, Christian von Ehrenfehls.

The mainstream economists of the time concentrated primarily on explaining the factors behind market demand, i.e., establishing a bridge between marginal utility theory as the behavioural foundation of economic theory and quantifiable relationships based on money prices. The Austrian economists (and psychologists) dealt in more detail with the nature of the laws of marginal utility and the factors determining their validity. They knew very well that the new theory was more then just a theory of economic value; for them it was a new approach to the study of human behaviour in general.¹²

¹⁰ Gruber also mentions that Čuhel attempted some technical inventions that were even patented; they however never proved themselves in practice. One of these inventions was probably a calculating machine in the year 1890. See Martin (1925).
¹¹ See Fabian & Simons (1986) who mention that the term “second Austrian school of value” was adopted from older works of Eaton (1930) and Rescher (1969).
¹² The later “divorce” of economics from psychology that was established in particular in the works of Mises was not a result of some hatred for psychology: it resulted from interpreting laws of economics not as empirical generalizations (as are the “laws” of psychology), but rather as logical consequences following from the axiom of action in concrete circumstances.
Čuhel envisaged his book as an introduction to a more comprehensive economic treatise, which he seems to have intended to write. He noticed that the concept of “need,” although widely considered to be at the foundation of economic science, is rarely analyzed by economists. He set himself the task to develop an elaborate system full of concepts devised by him, such as “egence,” “other-regarding needs,” and “self-regarding needs” etc. Here is not the place to deal with Čuhel’s system in more detail – and, indeed, it is not even necessary, since the author did it in the article On the Theory of Needs,¹³ which is included in this volume in Pavel Chalupníček’s English translation. We only mention here that his book has been most frequently quoted in the following contexts: (1) ordinal concept of utility, (2) the relation between economics and psychology, (3) the use of mathematics in economics, and (4) time preference.

Čuhel’s book received some acceptance, but not immediately. In the Czech economic literature we find a reference to it in Koloušek’s relatively influential textbook (Koloušek, 1918).¹⁴ Koloušek refers to Čuhel’s arguments against the possibility of measuring the intensity of needs in the context of his criticism of the marginalist theory of value. As for the German-speaking world, Gruber mentions positive recognition of Čuhel’s book in the works of Philippovich (1920) and Tiburtius (1914).

But it is, first of all, the controversy between Böhm-Bawerk (1912) and Čuhel over marginal utility theory that is most often mentioned. Čuhel criticized the cardinalist elements in Böhm-Bawerk’s work and offered, instead, a strictly ordinalist conception of utility. To the question as to whether this debate was significant only within the Austrian tradition, or in the history of the discipline in general, it seems that the former is the more correct answer. Although E. Kauder included the controversy in his history of marginal utility, he had to admit, however, that the “Austrian discussion was interesting, although not as penetrating as the discussion outside the school.” (Kauder, 1965, s. 197).

Mainstream economics did not derive the ordinalist conception of utility from Čuhel, but instead from Pareto (1906) and then subsequently from Hicks and Allen.

¹³ Čuhel (1907b).
¹⁴ It may be interesting to note that it was Jan Koloušek (1859-1921) who was called in to take Gruber’s place at the department of “Judicial and State Sciences,” instead of Čuhel, in 1910. See Gruber (1914).
(1934a, 1934b). It is interesting to note that Hicks may have been acquainted with Čuhel's work while writing his path breaking article. At that time, Hicks was a member of the “Robbins’ circle” at LSE, and Lionel Robbins surely knew Čuhel’s work. Moreover, Hayek was also at the LSE and – according to his own words – played some role in influencing Hicks’ views on the subject. He reputedly tried to convince Hicks to apply the indifference curve apparatus. Hicks, if informed about Čuhel at all, obviously did not need his arguments because he had already adopted Pareto’s ordinalism. Besides, Pareto’s formalized approach seemed more convenient for his purposes than Čuhel’s “psychological” approach. Concerning Robbins’ own contributions to utility theory (namely the issue of interpersonal comparisons of utility), Čuhel’s influence is more likely, whether directly from Čuhel’s book or mediated through Mises’ writings.

Now we come to the awareness of Čuhel’s book in the English speaking countries. It was positively reviewed in both the *Economic Journal* and in the *Political Science Quarterly*. Wesley Clare Mitchell (1914) also cited it in his survey article on economic approaches to human behaviour. And there are further references in Williams (1910), Clark Dickinson (1919) and Surányi-Unger (1948).

In the Italian literature Čuhel is quoted in a famous article by Eugen Slutsky (1915) on the question of the general validity of the First Law of Gossen.

We reserve the last comment in this section to the greatest influence exercised by Čuhel’s book. We already have mentioned at the beginning that if not for Ludwig von Mises our author probably would have been forgotten. It was from Čuhel that Mises derived the ordinal conception of utility. Čuhel’s book helped Mises when writing his

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15 We recall that he quoted Čuhel in his famous Essay as early as in 1932.  
16 “Though my own preoccupation was mainly with the problems of money and capital, my liveliest recollections are of the discussions connected with the work of John Hicks which resulted in the Hicks-Allen article on “A Reconsideration of the Theory of Value” and later *Value and Capital*. Hicks had come from Oxford to London as a good Marshallian, and I still remember clearly an early discussion when, curiously, I, the Austrian, tried to persuade Hicks of the merits of the indifference-curve approach of which he was so soon to become the acknowledged master.” (Caldwell, 1995, p. 56-57).  
17 Hicks in his memories admitted that thanks to his knowledge of Italian he was even “deep in Pareto, before [he] got much out of Marshall.” (Hicks, 1983, p. 356).  
18 Robbins (1932, 1938).  
19 Sanger (1908).  
20 Mussey (1909).
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Theory of Money and Credit, where he demonstrated that money (as well as any other commodity) cannot be a measure of value. And it is most certainly the case that it was thanks to Mises that Robbins, Machlup, Kauder and the later members of the Austrian School came to know about Čuhel’s contribution.

4 Rediscovery

It is not surprising that the rediscovery of Čuhel’s name out of the ashes of history has resulted from the revived interest in the Austrian School (especially its Mises-Rothbardian variation), and following the fall of communism in the Czech Republic particularly among a group of economists surrounding Josef Šíma.

Nevertheless, the first (and so far the only one) detailed comments on Čuhel in the post-communist era are to be found not in the work of an economist but a philosopher, namely in Ján Pavlík’s book *F. A. Hayek and the Theory of Spontaneous Order.* The author reminds us of the Čuhel-Böhm-Bawerk controversy. The attempt to arouse a general awareness of František Čuhel has resulted in establishing an annual lecture that bears his name at the Prague Conference on Political Economy.

5 Conclusion

František Čuhel should not be viewed as a misunderstood and unheralded genius in the same sense as was, for example, Gossen. Čuhel’s work is interesting and inspiring, but not revolutionary. He deserves recognition for his independent elaboration of the ordinalist version of utility theory, which is by itself a significant achievement. As far as his real influence is concerned, it has been above all exercised within the Austrian tradition, where Čuhel has come to occupy a place of honour.

Mainstream economics does not refer to Čuhel as one of the founding fathers of modern utility theory, though his book had some influence even here – albeit only implicitly – through the works of Böhm-Bawerk, Slutsky, Mises and Robbins. Whether

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²¹ Pavlík (2004) and also Pavlík (2002).
²² So far, this lecture has been delivered by: 2005 – Jörg Guido Hülsmann; 2006 – Jesus Huerta de Soto; and 2007 – Richard Ebeling.
Čuhel has deserved closer attention by mainstream economists is for the reader to judge.

Nevertheless, one thing is certain: František Čuhel was a very significant economist, and he deserves a permanent place in books on the Czech history of economic thought.

List of František Čuhel’s publications

- *Poznámky o právu živnostníků k obchodu s tiskopisy na základě § 3. odst. 5. zákona o tisku ze dne 17. prosince 1862*. Právník, Vol. XXV.

- *Úspěchy dělnických společenstev anglických*. Osvěta, 1893.

- *Účastenství dělníků v zisku podnikatelském*. Osvěta, 1893.


- *Obchodní a živnostenské korporace, svépomocné sdružení a obchodní ústavy vzdělávací*. Merkur, Praha, 1899. (together with J. Gruber and R. Hotowetz).

- *Osnowa stanov pro praemiová společenstva úvěrní dle zákona z 9. dubna 1873, z. čís. 70*. Praha: [Řivnáč, distributor], 1902.


According to Gruber (1914), Čuhel also published a criticism of Kaizl’s book *Finanční věda* (Science of Finance) in the journal *Právník* in 1888, which was discussed by Kaizl in the second edition of his book. Shorter reports can be found in the journal *Nové Zprávy* and the journal *Obzor národohospodářský*, including some of Čuhel’s *Aforismy národohospodářské* (Economic Aphorisms).

**Bibliography**


JEL Classification Codes. The JEL Classification System is a subject classification system for economics derived from Journal of Economic Literature of the American Economic Association. (See also Wikipedia.) A: General Economics and Teaching. A1: General Economics. A10: General. A11: Role of Economics; Role of Economists; Market for Economists. A12: Relation of Economics to Other Disciplines. B31: Individuals. B32: Obituaries. B4: Economic Methodology. B40: General. B41: Economic Methodology. B49: Other. B5: Current Heterodox Approaches. DP2016/11 Bond premia, monetary policy and exchange rate dynamics Anella Munro October 2016 JEL classification: F31, G12 www.rbnz.govt.nz Discussion Paper Series ISSN 1177-7567. DP2016/11. Bond premia, monetary policy and exchange rate dynamics. A 19. Figure 4 Response to a foreign monetary tightening (via the bond premium). 1.5 0 1 -0.2. Articles in economics journals are usually classified according to the system used by the Journal of Economic Literature (JEL). The JEL is published quarterly by the American Economic Association and contains survey articles and information on recently published books and dissertations. There are 19 main categories, each of which have numerous subcategories and subsubcategories. The primary codes are: JEL: A - General economics and Teaching. JEL: B - Schools of economic thought and Methodology. JEL classification: C53, E44, F31, G15. Keywords: Implied volatility indices, Financial market Linkages, Connectedness, Vector Autoregression, Variance Decomposition. Julián Andrada-Félixa: Department of Quantitative Methods in Economics, Universidad de Las Palmas de Gran Canaria, Las Palmas de Gran Canaria, Spain. 19. where VIX6M was net receiver of volatility (October 2015-January 2016 and January 2018-May 2018), both of them are linked to the net pair-wise volatilities from VIX and VIX3M: while the first period could be associated with increased fears of a renewed global slowdown, the second period could be related with a significant correction of.