**How Do We Think: Proof and Evidence**

**An Inquiry into the Ways of Reasoning**

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*Remark 1: Chapters I + II + III and XX through XXIV were not part of the book published in 2006. They were recovered from the inheritance archived in Vancouver, Canada, after 2007 as a new updated version, hand-revised by the author.*

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*Remark 2: The new chapters and revisions of the already published text will be uploaded onto the website in several stages during 2024-25. All text will be in the WORD.DOCX format so that any reader can place comments or proposed revisions into the text and forward the document to the editor’s e-mail* *vladimir.benacek@cantab.net* *in a Wikipedia style. All mail will be appreciated.*

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**Curriculum Vitae of Josef Macek**

*Thanks are due to the Library of the Prague School of Economics for the information collected in their Medailónek Josefa Macka at* [*http://socialnirevue.cz/item/josef-macek*](http://socialnirevue.cz/item/josef-macek) *that contributed substantially to this CV.*

1887 – Josef Macek was born on 13. 9. in Krumpach/Zábřeh in Moravia

1898 – after 5 years at comprehensive school entered the Czech secondary school (Gymnasium) at Zábřeh. Due to a large German population in the area, Macek was bi-lingual, plus verse in Latin, Greek and French

1906 – the GCE with honors and enrolment at the Faculty of Law at the Czech part of Charles University/ in Prague

1907 – first articles published in daily newspapers and reviews

1910 – his seminar paper (J. Gruber instructor) „On the trade credit” (published in 1912 in Obzor národohospodářský)

1911 – graduation at the Faculty of Law, Charles University, Prague

1911 – assistant advocate and enrolment at the German part of Charles University where he studied philosophy and English for four semesters

1912 – until 1918 teaching at the Czechoslovak Commercial Academy where he acquainted with E. Beneš (at that time the professor of sociology and national economy)

1913 – The Ministry of Culture in Vienna granted him a stipend for the study of philosophy at the University of Berlin in the winter semester

1915 – married to Běla Křížková

1915 – publication of ´Moral Sentiments of Adam Smith´ (Macek’s first book)

1916 – birth of his first son George (Jiří) Lincoln

1917 – joined the Social Democratic Party and participated at Modráček’s Discussion Club

1918 – head of the Department of Land Reform at the Ministry of Agriculture

1919 – member of the Czechoslovak Peace Delegation in Paris (January – March)

1919 – moved to the newly founded State Bureau of Land as the Chairman of Presidium

1919 – left the Social Democracy and established Socialist Party of Labor Class (jointly with F. Modráček); elected to the Prague Municipal Council (until 1923)

 – assistant professor at College of Commerce lecturing on the theories of national economy and later in social policies

1920 – empowered to oversee the Land Reform (until 1921)

1921 – taking part in an Economic Seminar in Britain where he got acquainted with Keynes

 – adjunct professor of economics

1922 – member of the Council of Advisors to the Government in economic issues

1923 – leading editor of prestigious monthly „Naše doba”

1924 – joined again the Social Democratic Party

1924 – as a guest of the Rockefeller Foundation, Macek lectured at several universities in the US; later he paid visits to universities in Germany, Denmark and Italy

1925 – the birth of his second son Jan Amos

 – first public polemics with K. Engliš about social and economic policies, which continued for over 20 years

 – as the Dean of the College of Commerce he started with its reforms

 – regular visitor of Friday Talks of K. Čapek

1926 – became a regular professor at the Czech Technical College

1927 – elected a member of National Executive Committee of Social Democracy

1928 – member of the Parliament

 – director of the Higher Socialist School associated with Labor Academy

1929 – re-elected to the Parliament (until 1939)

1930 – the start of a famous controversy with K. Engliš about the causes and cures of economic depressions

1932 – member of a group of experts of the Social Democracy (headed by F. Veselý) working at the Programme for Economic Recovery

1934 – polemics with K. Engliš and his study „Monetary Theories of Dr. Macek"

1937 – co-organiser of the 2nd International Congress of Social Policies in Paris

1938 – 24th September, in the middle of the Munich crisis, Macek appealed to the public to make economic sacrifices in the country's defence. After the loss of Sudetenland, he turned „Naše Doba" into a journal of national unity.

1939 – after the Nazi occupation he resigned from membership in any party by declaring „End of parties – the nation is at stake"

1940 – after the closing down of Czech universities he taught at a secondary school of commerce

1943 – propagated the idea of self-education

1944 – interrogated at Gestapo and the publishing of „Naše Doba" banned

1945 – initiated the re-opening of the College of Commerce and published his opus magnum „Social Economy"

1946 – re-elected the Dean of the College of Commerce at the Czech Technical University

1946 – re-established the journal "Naše Doba" and published a series of articles critical of the imported social and economic policies

1947 – a group of his students headed by J. Habr published a Festschrift to the honour of J. Macek, which criticised the Czech social policies

1948 – after the February Communist coup Macek was harassed for protesting against the merger of Social Democracy with the Communist Party

1949 – „Naše doba" was closed down and the teaching load of Macek at the university was curtailed

 – the November issue of the Communist journal Nová Mysl published a shattering attack of O. Šik accusing Macek of reformism and betrayal

 – before Christmas Macek and his wife fled illegally abroad under dramatical circumstances

1950 – after temporary stays in Germany, France and Canada he settled for 11 years in Pittsburgh teaching at the university

1952 – member of the executive in the Council for Free Czechoslovakia

1953 – professorship at the University of Pittsburgh (School of Business Administration and Faculty of Corporate Governance)

1955 – published two books: Basic Economics and An Essay on the Impact of Marxism

1957 – professor at Chatham College (until 1961)

1961 – moved to Vancouver in Canada where the family of his son George lived after emigration

1972 – died in Vancouver on 19th February

1990 – the town of Zábřeh granted him ceremoniously honorary citizenship, which Macek was stripped of after his exile

1992 – Charles University published the translation of his „Essay on the Impact of Marxism" (Dědictví marxismu).

2005 – Karolinum Press published his book „How Do We Think”, whose revised and extended version is being prepared for posting at the website. (***The incomplete book can be sent on demand).***

# **Foreword by vladimír benáček**

This book is an edited manuscript that comes from the posthumous archive of unpublished works of Josef Macek, deposited in Vancouver, Canada. Macek was the leading Czech economist, politician, policy-maker, philosopher, thinker, and humanist. He was a famous academic debater in his prime days in Prague when he was able to attract a full auditory whenever and wherever he came. This book transcends his economics and moves the frontier of thinking closer to philosophy. It is an attempt to find common roots in the methodology of social thinking both as a science and as a doctrine of vested interests. It is a rare book that reflects a rare human destiny full of good expectations and ominous blows.

Why is it important to expose this "new-old" book in 2024 even though the last touches that the manuscript reveals were in 1967 and, in the meantime, there appeared publications that treated many of its topics in a more modern way? First, because this book is still interesting, inspiring and in many aspects up-to-date. Second, it is a sort of a testimony of how the Czech, the Central European and even the world thinking in social sciences evolved.

The manuscript was neither edited by a native English speaker nor corrected for a more modern ways of argument because that would misrepresent the original style of the author, whose English was excellent but retained many idiosyncrasies of a Central European intellectual, versed in Latin, German and French, the admixture of which to his English scientific writing formed an amalgam of styles reflecting Macek´s unique perception of the times of 1914-1967, and living through changing politics, ideology, geography and culture. We considered all that worth retaining.

Josef Macek belonged to the exceptional generation of Austro-Hungarian citizens of the 1880s, such as Josef Schumpeter, Stefan Zweig, Edvard Beneš, Milan Štefánik, Josef and Karel Čapek, Franz Kafka, Ludwig Wittgenstein or Béla Bartók, who, in their happy days of creative formation, experienced the illusory glamour around the fin de siècle in the Habsburg Empire. However, very soon all of them had to take-over the burden of the Great War, deal with the Empire´s break-up, fight for a social recovery, endure the disillusion of the Great Depression and to resist the rise of Nazism. Next, they had to withstand the occupation, endure the atrocities of the new war, fight again for the democracy and to see a next fall – to the communism. Their expectations and disillusions materialized in the legacy of their work that was full of both enthusiasm and scepticism.

This book is a part of such a legacy of vicissitudes. It bears signs that Macek was thinking about the ways and by-ways of reasoning in social sciences at least since the 1930s. As a fighter for democracy in the Czechoslovak Parliament, as a lasting discussant and opponent of Karel Engliš (the leading classical economist at that time), as a supporter of Keynesian thinking in economics, as an official Czech delegate abroad and also as an active opponent of communism since 1945 – that all shaped his exceptional talent for observation to unexpected directions. As an opposer to the common academic preaching from an ivory tower, his arguments were full of logic, common sense and lessons of history. Macek was an opponent of the policy of appreciation of the Koruna (1920-25) or the impediments to free trade. He advocated the economic and political integration in Europe. He proposed policies for the regulation of cartels and monopolies, struggled for new policies for overcoming the recession of 1929-34 that hit the Czechoslovak economy exceptionally harshly, and he supported the economic measures for the defense against German military attack. During World War II, when all Czech universities were closed down, he dedicated his life to education at secondary schools and was pushing through plans for public self-education.

Any post-covid reader, still rather reluctant to associate the present extension of social "arguments" to the acts of lies or violence, and to accept the disappearance of the borderline between politics and science, can be embarrassed why Macek goes so often back in this book to the narratives of accusation, hasty trial and a harsh punishment. Why is there exposed so often his distaste of doctrinaire thinking that he so often associates symbolically with the Church?

The presence of injustice, allegorized by burning people at the stake by the stalwarts of some religious dogma, repeats very often in Macek's text. It reflects his experiences of the Nazi occupation and especially of the communist takeover. After enduring the war, Macek at the age of 58 rushed into a revival of his educational activities and political enlightenment, striving again for his ideals of youth: freedom, stability and progress. It is no surprise that communists recognized him as an opponent of their way of social organization. What is surprising, is that it was one of the talented young economists, Ota Šik, who took over his liquidation.

In the November 1949 issue of Nová Mysl, the communist party ideological journal, Šik published a shattering attack against Macek, charging him with reformism (in science) and betrayal (in politics).[[1]](#footnote-1) This was at the moment when two Czech generals, H. Píka and K. Kutlvašr, heroes of World War II, had been already sentenced to death in January and May mock political trials, and with the September 1949 show-case trial of László Rajk of Hungary having been already concluded with a death sentence under a similar mock indictment. There was no doubt that the accusation of Macek would be followed with a severe punishment. Already at that time, there was in progress a police hunt in preparation for the trial „against the agents of subversive conspiracy" (so-called Milada Horáková trial).

Let us look closer how a “scientific” liquidation of a person looked like in the Stalinist period. Šik’s critique was based on three hackneyed charges that nearly always yielded desired political results worth punishment:

a/ The opponent is not a Marxist.

b/ The opponent’s moral integrity is very low.

c/ The opponent defends economic and social institutions that are hostile to the socialist revolution.

Such “proofs” can be classified, as is explained in this book, as sophisms underpinned by the proofs by definition and the proofs by authority. Having hardly any relationship to a logic or to facts, such an assault from a position of ideological dogmas was irreversible. Disproving dogmas is a sin and a proof of guilt by itself.

Thus the vast majority of “scientific critique”, protracted on 36 pages, concerned very primitive general accusations, as if extracted from some bog-standard Marxian textbook without any real or personal context. For example, Macek was accused of not only what he did but also what he did not do: for example of not defending or not explicitly writing about such topics like:

\* all economic values are created by labor only;

\* there is a irreconcilable conflict between socialized labor and private production;

\* inequality in income between capitalists and labor is a result of theft;

\* the wages of workers are as high as are the costs of family subsistence;

\* private ownership impedes economic development;

\* capitalist producers cannot know the real needs of consumers;

\* production, which is not centrally planned, cannot be rational because it emanates from the

 anarchy of markets;

\* law of the falling rate of profit dominates if the capital per worker is growing;

\* the rate of growth in investment goods must be higher than the growth in consumer goods;

\* returns to capital and profits are an unlawful exploitation of labor.

Needless to say, Macek, as an economist educated in classical economics and standing by Keynesian arguments where reasoning by logic and facts dominated, felt neither any need to address such Marxian dogmas, nor an urge to fight them, since he knew that the majority of them were an ideological junk.

The attack on Macek's moral integrity was even more de-personalized because it was based on charges of class ideology. Thus an opponent not sharing communist class values (Macek was an active socialist) must be automatically a scoundrel deserving the deepest contempt. For example, by admitting that Macek wrote extensively about the decision-making of entrepreneurs and capital owners, Šik concluded that he thus defended "exploitators and parasites" who become "estranged to the right management of production or trade" because "their interests were concentrated on the consumption of champagne and caviar, hobbies and lustful women" (p. 374). The article is rife with such indictments like: bourgeois stooge, traitor, conspirator, servant of fascism, crier of the darkest reactionaries, slanderer of the Soviet Union, purposeful falsifier of truth, etc.

The only relevant part of the Šik's critique (covering no more than 10% of the text) dealt with the interpretation of economic institutions, which Marxists interpret as „relations of production" and „superstructure". Macek believed openly that capitalism was able to adjust to the changing environment and solve its shortcomings, such as unemployment, lack of competition, cartelization or inequity. Prosperity, fair wages and economic freedom were not for Macek in conflict with private ownership. Such views, according to Marxists, were heresies bound objectively to be doomed. Any attempt at „economic reformism" was therefore a capital offence. The concluding statement: „Professor Macek ... dwells on the view of retaining capitalism. But fighting against capital ... means fighting perseveringly against those who help retain it ... and who deny socialist revolution. And Professor Macek belongs among those" (p. 391) – this was a judgment that was worth gulag in the better case at that time. Given Šik's experience and intelligence, he must have been well aware of it. He was not ashamed to liquidate an honest man with merits much higher than his, just for his dubious personal academic and political rise. He succeeded.

After a further threat to their liberty, Josef Macek and his wife Bela crossed illegally the Czechoslovak Iron Curtain and emigrated to Canada and later to the United States. Crossing the snow-covered mountain border, which was already heavily guarded by the military, was by itself a heroic achievement. One can read with fascination about it in the memoir of Joseph Hurka[[2]](#footnote-2). The refugees were by one day faster than the secret police who preferred resting on Sunday and postponing the coming with their arrest warrant on Monday. To make the things sure, they instead detained Dr. Křížek, the brother of Macek's wife, who received a 20-year prison sentence in the Milada Horáková mock trial with political opponents by using trumped-up charges against all of them. Macek would receive a more prominent ordeal than his much less exposed brother-in-law.

Even though Macek never paid back by attacking the rising star of Ota Šik through official media, whatever painful was the feeling of injustice for Macek during the rest of his life. He understood the background of the accusation. Šik was one of the rare Czech survivors of the Mauthausen concentration camp. Enduring nearly four years in one of the cruellest Nazi liquidation camps was a case of martyrdom. As to a weird way of social reasoning, Macek ascribed martyrdom a full chapter on proofs. He understood that suffered martyrdom is no evidence of truth of one´s ideas. According to him, such „reasoning" is a reflection of a commitment to „a cruel folly of those who believe that by killing the man they also kill his ideas". Šik, who became the leader of the „Prague Spring" of 1968, was later condemned to a life emigration under a similar communist indictment as he prepared once to Macek.

Macek understood that he was accused of heresy, blasphemy and witchcraft as a price for his life as an honest follower of academic truths, human understanding and social well-being. Not so many economists had a chance to experience the contradiction between the worlds of democracy and totality so many times in their lives and so deeply. He therefore grasped more intensively than any other academic thinker that our thoughts followed not only the scientific strides based on empirical facts, logic or statistics but that there was still a large space remaining for more traditional ways in the quest for solutions: consensus, analogy, superstition, revelation, miracle, silence, authority, sophistry or sacrifice. If he lived in our times, he could add more: emotional manipulation, crowd brainwashing, bubble communities, fake news, bots and trolls on internet, deep fakes, astroturfing, anti-rationalism, anti-elitism, cult of ignorance, hate-speech, etc. Although he did not use this vocabulary, he addressed practically all of them. By having the courage to trespass the world of pure axiomatic science and amalgamating it with more rudimentary but omnipresent ways of reasoning, which even the science was not immune from, Macek became an innovator in the methodology of social sciences that is still valid.

There is another important aspect of Macek's critical approach targeting the Church and theological dogmas. It is a motive that repeats so often in this book. It should be noted that Macek was an exceptional insider in Abrahamic and Mesopotamian religions. Taken from the perspective of deeply believing Christian, many of Macek´s arguments look offending, thus sinful. However, he did not mean any offence. He was opening the dialogues. As the supporter of British rationalism he simply exercised logic based on facts. He was free of value judgments and religion served him as a case study. Concerning religion, one should take the critical words of Macek as a metaphoric approach only. Religion, still politically powerful in 1930-1960, offered him a symbol that represented Macek's opposition to a dogmatic authoritarian rule where religions stood as a model. Of course, how we have different models of totalitarian dominance and Churches should be protected as a part of civil society. If economics is about pattern-finding and story-telling, as Edward Leamer of UCLA claimed, then patterns and stories of Churches can often fit on those of economics. For example, we may interpret Macek´s message that religions are prone to abuse as much as any of the authoritarian regimes, which claim to exercise an ethereal mission for saving the world.

Macek was stressing the importance of an opposite to authoritarianism – that opposite, which is now known as an open society. I.e. a society, which uses high degrees of freedom in deciding about its scenarios of policies for future development, and relies on collective processes of decision-making underpinned by institutions of the democratic social organization: legislative, executive, and judicial. For Macek, it was represented by the socio-political organization of social democracy.

Of course, the degrees of freedom in decision-making in such an open society could not be absolute. There should exist democratic checks and balances in controlling the political system, and also its policies should not be in conflict with the requirements of the market economies. Actually, they should be commensurate with the efficiency of the market system. That is why Macek declared himself a Keynesian liberal and he was at the same time the most rational academic opponent of the Communist system of social organization and its drive for human enslavement.

The parallel between the Church (as an authority not consistent with the open society in the first half of the 20th century) and the Communist Parties of the Cold War, is transparent from other studies of Macek and especially from his Essay on the Impact of Marxism [[3]](#footnote-3). The dilemma of the Church [[4]](#footnote-4) is as follows:

a) Once the religious values are declared to come from an external Authority (the God, the Bible, the Koran, etc.) the leading clergy can leave their implementation into the lives of individuals to their own judgments, i.e. by relying on the power of the Providence alone, akin to *laissez faire* policy. If the Providence does not deliver, the religion is bound to a gradual dissipation.

b) The leading clergy establishes an institution – the Church. The Church will can take an active role and establish its own hierarchic authority that acts on behalf of the Providence.

Unsurprisingly, the latter is the preferred solution. So the situation can be modeled as a relationship between a principal and an agent [[5]](#footnote-5). An economic rule that each invisible /virtual/ principal (e.g. a corporation or a religion) needs a visible /real/ agent in order to keep the governance under control, is universal. Thus dangers of degeneration into an autocratic dogmatism by opting for the principle of *sacrificium intellectus* [[6]](#footnote-6) are then very high in all organizations that derive their existence from principles (and their principals) external to individuals. That can be illustrated by a situation when the establishment of an organization is guided by serving "missions" determined by "universal laws", which are not represented by any concrete principal. In this text, the Church (as much as the Marxian “forces of history”) was taken as an example of an ideological concept exposed inherently to such risks. The criteria linking universal laws (e.g. the objectives of the Providence) with concrete decisions at the level of individuals may become so loose that they end up in being replaced by the vested objectives of the self-appointed agents alone. The Church becomes dogmatic and authoritative, as much as the Party that intends to introduce communism.

However, as Macek exposed it in his Essay on the Impact of Marxism, there can be found common patterns, common causes and aims between agents of medieval churches and the practices of Marxist totalitarian regimes, such as Leninism, Stalinism, Maoism or Polpotism. In a similar fashion, it was Fascism and Nazism. All of them derived their totalitarian dogmatism from ideologies presuming that the world and history developed according to the laws of Nature (or some other sort of Providence) exogenous to individuals. Such systems need explicit agents and degenerate easily into a denial of their original idealistic foundations. Objective laws get replaced by subjective autocratic commands.

What was even more visionary in Macek's thoughts was his suspicion (not always explicit but still transparent from the text, see e.g. chapter VI.) that the neoclassical free-market school of economics may be subject to a dangerous dilemma similar to that of the Church. Libertarian economics is also prone to arguments that any decision-making is objectively determined. The principal was even recognized and called "The Invisible Hand". However, his/her existence as an explicit principal could suffer similar shortcomings as those of The God or The Nature. Free market economies cannot function without defined property rights (i.e. laws) and institutions of their enforcement (i.e. courts). The public goods must be administered by the State. All three are agents of Visible Hands. That is why neoclassical economics was so much inclined in its defense to declare itself a positive science of perfect markets where the agents of the (subjective) normative value system must have been excluded from the economic system. Hence, the principals of the free-market system stipulating the social demands and policies are not part of economics. Keynesians, institutional economists, public choice and political economists consider this the weak side of economics.

The problem envisaged by Macek already in the 1930s and confirmed in the 1950s, was that once the presence of an exogenously given "objective" transcendental Principal of the Invisible Hand gets into doubt because of the sudden rise of imperfect markets, captured markets or even missing markets, there arises a need for his/her/its replacement by a visible hand of some secular Authority that would be neither exogenous to the system, nor objective or perfect. Thus the tragedy of the Church, preaching the power of Almighty God acting as the Principal of human action, may be repeated, though in a different disguise. If the existence of such a secular Regulatory Authority is eminent because the self-sustaining existence of prudent markets or the perfect market price systems cannot be guaranteed not only for the public or collective goods but often also for the private goods, then Macek preferred that the role of a Regulatory Authority be taken over by the state public administrators controlled by democratically elected politicians.

Macek was a Keynesian liberal (i.e. not a libertarian) because he believed that modern economics required the imposition of a central agent at the level of the State. However, not for all transactions, as it was under the central planning! The majority of private goods should be left for the provision by open markets. The Regulatory Authority should prevent market imperfections and care about the provision of public goods and collective goods, whose demand transcends the level of atomized individuals (e.g. municipal infrastructure). In such cases, it would have to be guaranteed that the State was governed by democratic principles and that the explicitly limited rules of the public choices were controlled by the principles of an open society. This is quite a contemporary vision of social governance caused not only because the world economies have been plagued by such scandals as Enron, WorldCom or Lehman Brothers, or the rise of oligarchs in the post-communist countries, but mainly because modern extremely high efficiency could get into a conflict with perceived justice. On top of it, as Macek has experienced injustice so many times in his life, some self-styled agents could easily proclaim themselves the defenders of the Providence and abuse their position by becoming Visible Hands of a dictator.

By his ability to adjust to academic life as a Professor at the University of Pittsburgh, Macek, though remaining all the time an authentic Central European and the man of the first half of the 20th century, his tenacious life can be taken for a symbol of an academic transcendence over the differences in geography and hazards in ideologies, methodologies and social failures. If we look at this book, finished in 1967, from today's perspective, we can see that in many aspects he missed some ideas, problems and authors that we consider now important. Some of them were known in his time. For example, chapters on logic or empirics could have been more „modern" if they had included more extensive treatment of the pitfalls of language (semantics, syntax, grammar, pragmatics), which were introduced into the methodology of sciences Ludwig Wittgenstein.

Probably the most influential impact of philosophy on social sciences was initiated by Karl Popper. In his The Logic of Scientific Discovery (1934) psychologism, naturalism, inductionism and logical positivism were replaced by a set of methodological rules called falsificationism. Though Macek was not referring systematically to this source, we can see that he felt, at least intuitively, the conflict between proofs by logic and proofs by facts. He understood that science advances by (often) unjustified, exaggerated guesses and intuitions of trial-and-error, followed by unconstrained criticism. Hence, only the hypotheses that remained unscathed were allowed to count as science.

That brings us to a gap in responding to the methodological advances brought by Thomas Kuhn[[7]](#footnote-7). However, Macek is consistent in understanding that science and human reasoning are trapped in „paradigms” and their progress is not linear. Social sciences are still in deficit in the reliability of their predictions, which casts doubts over their scientific nature. The achievement of equality between reality (i.e. an ontological substance which is supposed to be objective) and its cognition (theory) is virtually impossible, according to Macek. Those who claim the opposite are charlatans. History is not an autoregressive model. Pataphysics and black swans can turn the history to unexpected directions. But, at the same time, Macek ascribes a high pragmatic value to all quests for diminishing the gap between the reality and theory. Thus his reasoning is not in conflict with the seminal paper of Milton Friedman on the methodology of positive economics [[8]](#footnote-8) where pragmatic achievements of predictions of a theory, or of an econometric study, are a sufficient condition vindicating research.

One of the most controversial issues in science is the treatment of values. Many economists, after adjusting to the methodology of natural sciences, shunted values and value judgments outside of economics. They agreed, at the most, on taking them as an exogenous parameter (i.e. an objective) for their analyses. They presumed a hypothesis that economics must be about facts, i.e. about what “is” and not about what “ought to be”. Macek, however, similarly like Joan Robinson[[9]](#footnote-9), comes with a hypothesis that values are an indispensable part of economics, law or politics and the opting for certain values is not at random. Therefore social sciences are here for explaining why it is so or by which mechanism we decide about our values, policies and institutions.

Meanwhile facts of “what is” can imply only other facts emanating from the chain of causality, facts can never automatically imply “what ought to be”.[[10]](#footnote-10) It is only the humans who can add there their implication by applying their choices, priorities and errors. And that is the snag of pure positive economics that can explain quite well the past facts but hardly the decisions about the future. Mechanical determinism does not function with the humans who exercise free will.

Macek was raised in the traditions of Mittel-Europa that stressed the role of institutions, history and teleology. Even so, during the 1920s and 1930s he incorporated into his studies the Anglo-American methodology that reckoned more on descriptivism, quantification, subjectivity in modelling and skepticism. Macek thus became a representative of the universal, philosophical school of European economists, such as Adam Smith or Maynard Keynes were, who had to master, except for a series of various economic concepts, also history, law, politics, statistics, geography, ethics, Latin, religion, *belles lettres* and arts.

The shift to a narrow specialization that came after the war, revealed also the costs of a trade-off: a breakthrough in one field of science was slowed down by a professional blindness related to other fields. The melancholic statement of Albert Einstein about science – "a perfection of means and confusion of aims seems to be our main problem" – is particularly befitting economics. We can often see a paradox how economics is practiced. How on the one hand a narrow community of pure theoretical or econometric economists can come out with amazingly sophisticated techniques saying a myriad of circumstances of functioning of a small particular problem whose social significance converges to the triviality of nothing. Meanwhile, on the other hand, the other group of more outspoken “verbal economists” is able to communicate to the world (nearly) nothing about everything. I am saying neither that the former cannot mark a scientific progress, nor that the latter chatterboxes are not socially useful. However, I must agree with Macek that economics should strive for achieving a higher social value added per their research. The aim of economics should be the contribution to human happy lives in both material and spiritual sense. That is also a topic that economics could study.

Thinking and reasoning in social sciences „is a long and slow process full of fascination, where victories are constrained by errors, omissions and abuses“, as Macek concludes in this book.

Prague, 5st August, 2024 Vladimír Benáček

**PREFACE by Josef Macek, 1967**

The two world wars in the first half of this century were evidently not caused by "the blind forces of nature", and the world economic depression between them was not due to "the niggardliness of nature." These disasters, and so many other ones, were man-made.

The suspicion is spreading that there is something basically wrong with the thinking and behavior on the side of the doers or the sufferers or both. Why does the government of the people, by the people and for the people hesitate to cope with "the misery in the midst of plenty" and with "the plenty in the midst of misery"? Is there a lack of emotional impulse to help the sufferers? In general, certainly not. We see many institutions for individual help or care, and various international campaigns to help the unfortunate, backward nations in their famines, floods and in lack of efficiency in self-help.

What is needed are the ideas on how to solve the urgent social problems: what to think and what to do? It is impossible to teach how to conceive an idea, but it is necessary to examine and test what is offered as a remedy or prevention of evil and suffering, as well as what is defended as adequate means to the set purpose. These are the problems of proof.

How important is the study of proving, i.e. of defending the good idea and refuting the wrong one, Sir Josiah Stamp, a late prominent English economist and lawyer (1880-1941) showed to the readers of his book "Ideals of a student" in the chapter "On Proving All Things".[[11]](#footnote-11) Let us read his opinion:

“Every student ought to be an accurate judge of the technique of proof in at least one field, whether it is a historical fact, a statistical generalization, a legal judgment, a physical constant, a critical conclusion of Gospel codices, a mathematical deduction, or a theological dogma. But he also ought to have some preparation of what is involved in the other fields and the apparatus of thought, different of his own.”…”I am weary of minds, eminent in legal studies and used to the canons of judgments, which are appropriate to the closed system of statute and case law principles, logically dependent upon itself and only slowly advancing down to precedent, trying without any other experience to form a judgment on a purely economic issue, and impatient, because it cannot be reduced to dichotomy of the alternatives. I am weary to the mathematicians expecting money to behave like an equation; of physicists examining religion as an emotion in terms of deterministic causation; of theologians and philosophers working the social machine with the brotherhood of men in place of the principles of diminishing utility and substitution; of engineers replacing democracy with technocracy.”…“I would rather deal with the man in the street than an opinionated doctor for a judgment in economics, theology, or music. For judgment is more and more dependent upon common-sense synthesis and the convergence of different attitudes toward life and its qualities.”

These words of Sir Josiah Stamp point out a two-fold problem concerning proof: the ability to construe a proof in the correct way, and the ability to recognize the conclusion of a correct proof and accept it. We may observe that people trained in, and accustomed to, deductive thinking, are often impervious to arguments, based on observation of facts. Those, who are accustomed to accepting evidence by authority, do not consider the logical arguments decisive for their convictions. The failure of some highly educated people in politics can be attributed to their one-sided training in one branch of science, and lack of training in other ways of thought and presenting appropriate, convincing proofs.

It is my pleasant duty to express my thanks to all who helped me in preparing this book. First, to Dr. Archibald M. Woodruff, Professor and formerly Head of the Bureau of Business Research, University of Pittsburgh, now the Chancellor of the University of Hartford, Conn., for his unceasing interest in this study and many-sided help; then the former professors of law at the University of Pittsburgh Dr. Charles B. Nutting and Dr. Charles W. Taintor, who read parts of my manuscript and suggested its improvements; also the late Rev. James Gordon Gilkey, and the professors of Chatham College in Pittsburgh Dr. Frank Hayes and Dr. Albert Ossman who read and kindly amended parts of the manuscript. My son Jan Amos Macek devoted much time and effort making the text more readable. For the patient help in preparing the typescript I am very obliged to Miss Nancy Roab and Mrs. Margaret I. Van Buren at the University of Pittsburgh.

I thank to publishers of copyright books for their permission to quote from them.

West Vancouver, September 1967.

Josef Macek

Remark:

The chapters of the announced book will be posted on the https://benacek.net/publications.html gradually in 2024-25, as the manuscript will be digitalized.

1. See his pamphlet Šik, O.: Reformismus v politické ekonomii (Reformism in the Political Economy). Nová Mysl journal, 1949, pp. 363-398. [↑](#footnote-ref-1)
2. The memoirs were published in Hurka J.: "Fields of Light" at Pushcart/WW Norton, New York, 2001. Joseph Hurka is the son of Josef Hůrka, a member of the anti-communist resistance, who helped Josef and Bela Macek to escape the police and cross illegally the mountains to Germany. We can read on pages 103-110 that Maceks' departed on Sunday 18th December 1949 by pretending to go out for Christmas skiing in the north. Instead, they took a train to Františkovy Lázně in the south, stepping out at Nebanice village, still some 25 km before the border. To avoid the attention of police informers, Maceks were casually dressed, carrying just a briefcase with papers. So poorly equipped, the dramatic night crossing took place in the forest between Libá and Hohenberg, where the border was formed by the frozen Ohře (Eger) River. [↑](#footnote-ref-2)
3. Published by University of Pittsburgh Press, 1955. See also its Czech version “Dědictví Marxismu”, Univerzita Karlova, Prague, Acta Universitatis Carolinae, Oeconomica, no. 2, 1991. [↑](#footnote-ref-3)
4. We should ascribe "The Church" a wider symbolical meaning, which transcends its limitation to the Catholic or the Christian Church only. It should include all secular authorities of religious organizations, which derive their decisions and which set their values on behalf of God and which may even presume that their acting is exogenous to the real society and its given historical situation. [↑](#footnote-ref-4)
5. The concept of "the principal" used here is a part of the economic theory of management, governance and property rights (see J. Pratt and R. Zeckhauser, eds. (1985): Principals and Agents: The Structure of Business. Boston, Harvard University Press or J. S. Grossman and O. Hart (1983): An analysis of the Principal-Agent Problem. Econometrica, Vol. 51, p. 7-46). The principal represents the owner, the employer or the natural leader. He/she has certain authentic objectives of management based on property rights. In religions, the authentic principal is the God asserting his/her commandments. However, it is presumed that the principal can control his/her imperium more effectively through a hired agent and not directly. Th agent can be e.g. the manager or the Pope. But the agent has also objectives of his/her own, which may differ from those of the principal. The problem turns at constructing such incentive schemes that would get the agent to behave at least partly according to the principal's interests. The actions of the agents may not be observable and the agent becomes the winner. The authentic objectives of the principal thus fail. [↑](#footnote-ref-5)
6. I.e. the dogma about the infallibility of the Authority or divesting a collective body (e.g. the State) with an a priory right of command over the rights of individuals. [↑](#footnote-ref-6)
7. The Structure of Scientific Revolutions, University of Chicago Press, 1962. [↑](#footnote-ref-7)
8. M. Friedman: Essays in Positive Economics. Chicago, Univ. of Chicago Press, 1966, especially pp. 3-16, 30-43. Originally published in 1953 under the same heading. [↑](#footnote-ref-8)
9. See J. Robinson: Economic Philosophy, Penguin, Harmondworth, 1962. [↑](#footnote-ref-9)
10. This is the Hume's law: the thesis that a normative, ethical or judgmental conclusion cannot be inferred from purely descriptive factual statements. [↑](#footnote-ref-10)
11. Published in London, Benn Publ., 1933. [↑](#footnote-ref-11)