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Slovak Economy in the Years 1938/1939

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Abstract. Slovak economy was significantly influenced by the change of geopolitical situation in Europe – pressure of Nazi Germany ended in Munich Agreement (Munich Dictate) which determined political and economic future of Slovakia.

Keywords: Slovak autonomy; Slovak economy; Nazi Germany; Czecho-Slovak government.

After the creation of the Czechoslovak Republic the major problem became the imbalance between the two economies which had joined together. The Slovak part of the country, being financially and economically weaker, was unable to endure within the liberal competitive battle with Czech countries. The pro-Prague oriented opinions of national economists, which preferred Slovakia to be formed as an agrarian country, did not last long. Natural conditions especially did not predestine Slovakia for those opinions. The only suitable way how to boost the Slovak economy, according to a new group of Slovak national economists formed at the beginning of the 30's, was its industrialisation.

In 1931 the Slovak National Institute of Economy, (SNIE, Slovak abbreviation-NÁRUS), was created within the boundaries of the Slovak industrialisation programme and the support of the regional movement of sectionalism. It was a demand of Slovak economic circles to establish a regional institution, which would push through core demands of Slovakia. All business and industrial chambers declared cooperation with the institute, as well as The Central Union of Slovak Industry (in Slovak Ústredné združenie slovenského priemyslu), the Agrarian Council for Slovakia (in Slovak Zemedelská rada pre Slovensko), national-economic districts and the Slovak parts of political parties. The founders of the institute presupposed that the demands, which would be negotiated within SNIE would be claimed by political parties at relevant places.

Kornel Stodola, a senator of the Agrarian Party, was elected as the president of the organization and Imrich Karvaš, a lecturer at the Komensky University, was elected the general secretary. The institute participated on making the work of Slovak political representatives more sophisticated, although its importance was gradually declining. Political will of Slovakia formulated in this way, was in reality usually disrespected by the government, ministries as well as other high rank bureaucrats of Prague central offices [1].

All decisions about Slovak industry were therefore made mostly in Prague. The disagreement with the flow of small money amounts across the Morava River was presented at the National Assembly in speeches of politicians elected for Hlinkas Slovak Peoples Party and Slovak National Party-HSPP and SNP (Slovak abbreviations HSLS and SNS). The speech made by Jozef Tiso at the negotiations about the state budget for the year 1939.

“Slovakia’s part in budget expenditures is not adequate to its attribution to the state treasury and it does not reflect the political importance of Slovakia. This was proved by calculations made by our representatives in the budget committee, and because of that I can say this-at least this way we can respond to pronouncements made by responsible

representatives in Slovakia, who so many times talked about gifts given to Slovakia—that this budget is another gift of Slovakia to the historic countries. A budget worth one-hundred million Kč, which adds to earlier budgets, is a gift by which the historic countries were saturated at the expense of Slovakia”.

“Regarding national economics equity (between Czechs and Slovaks) it is imperative that the contribution of Slovakia is adequate to its part in state economics. What was said by highly competent places of the overdesign of the capital Prague, the same can be said about saturating the historical countries at the expense of Slovakia. Not bread-crumbs, not haphazardly and from case to case necessary offerings wants the Slovak nation. It claims only appropriate quotas based on its contribution to the economy and its importance in the state as a whole. This can only happen if the Slovak nation is autonomous in the Czechoslovak republic.” [2]

The Slovak part of the republic was trying in the 1920's and 1930's to adapt to the new situation, more or less successfully. But the gradually rising industry investments in the second half of the 1930's were in a large extent affected by a change of the geopolitical situation in Europe. The pressure of Nazi Germany led to the Munich Dictate, which predestined the political, as well as the economic future of Slovakia. The damages made by the Munich decision markedly influenced Czechoslovakia's economy.

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After long-standing attempts of the representatives of HSPP and SNP to obtain the Slovak autonomy based on the Pittsburgh Treaty, it was achieved on 6th October 1938 by proclaiming the “Zilina Manifesto” (in Slovak- Žilinský manifest). Slovakia, which was in a complicated interior-policy situation caused by the Munich Dictate and after the land losses, finally after a 20 year long struggle obtained autonomy. In these terms the Slovak country obtained certain powers and was allowed to organize economy. This economic autonomy was indeed not total and to a certain extent dependent on the central government in Prague.

In the Fifth Head of the Constitutional Law n. 299 about the autonomy of the Slovak Country and without significant changes of programme from 5th June 1938 and the projet de loi from the 19th August were the concrete details defined. The paragraph 18, 1–2 and §19 contained details about general outcomes of the central government. To cover the Slovak budget the Slovak autonomous government got the income from the direct fees coming from Slovakia. Slovakia should have covered the pragmatic expenses of the budget according to the fiscal incomes. The autonomous government, having a thankless task to collect taxes for the central government and being forced to be satisfied with not very high direct taxes from Slovakia, did not in the financial-political sphere gain any advantages. It was because of the financial dependency that led to a conflict between the central and the autonomous government in March 1939.

Constantly made concessions of HSSP in the programme from 5th June 1938 of and in the draft from 19th August 1938 can not be neglected from a critical point of view. After letting the most fertile parts of the country to Hungary, the autonomous government could not avoid the financial dependence on the central government. However, the government had to pay attention to the warnings of HSSP that the party would boycott the presidential election and would let the Slovak assembly to proclaim autonomy [3].

According to the fact that the autonomy of Slovakia had not been ratified by general law yet; the Ministry Council concluded a treaty, considering a temporal modification of governmental powers in Slovakia, on 12th October 1938. Until a constitutional resolution of the necessary questions the following provisions were in force:

1. Foregoing legal order of the Czechoslovak Republic was a legal basis for the case law and the administration in Slovakia.

2. In these terms the departmental force was transferred to individual members of the government except regarding joint matters. Within these also the independence of the Slovak administration was valid.

3. Until there was no body of legislation in Slovakia the laws and governmental directions were valid all upon Czechoslovakia, unless appointed elsewhere.

4. To simplify the cooperation of the members of the Slovak government and other members of the government and their attendance at the Ministry Council, mostly at the decision-making about joint matters, a timetable was drawn of their presence in Prague: on Thursday and Wednesday- Ján Lichner, Thursday- Pavel Teplanský, Friday- Matúš Černák, Saturday- Ferdinand Ďurčanský. Monday was reserved for united conferences of ministries in Bratislava [4].

Significant changes in the political sphere therefore could not go around the economic existence of the Slovak Country. One of the main problems was the organization of an autonomous economic authority – the Ministry of Economy – and to clarify financial and power problems with the central ministry, as well as to work out an economic plan for a successful development of the Slovak economy.

Soon after declaring the autonomy, the Prime Minister of the Slovak country Jozef Tiso provided his announcement of economic plans:

“(...) Aside from political and cultural problems of Slovakia, which are in the process of being solved, the most urgent problem of Slovakia will be opening its natural resources and use them with the help of modern industry. The same importance has the department of transportation, where railways and roads are needed to be built for the approximation of every corner of Slovakia as well as to increase foreign tourism. After the cession of the grain shires in the south of Slovakia it will be necessary to increase agricultural production. The simplification of industry and all its aspects will be crucial after the simplification of distribution of articles of necessity for the population. The simplification of public administration will create the basis for tax-relief and the concentration of bank institutions will further lower taxes after the reform of interest rates. The cheerful cooperation of all layers of the Slovak society gives us hope that everybody is willing to sacrifice for the sake of progress of Slovakia so that it reaches the level of other areas in the Czechoslovak republic.” [5]

To enforce and realize the mentioned plans in development of the Slovak economy, an economic body was needed to be set up in order to coordinate the economic tasks. A question about the Slovak Ministry of Economy was being worked out in October 1938 between the Czechoslovak government and Slovak ministers. According to the concluded treaty the Slovak Ministry of Economy took over the powers in Slovakia which had been under the Czechoslovak Ministry of Agriculture, Trade, Public Work and Finance in Prague before. Exceptions were the joint concerns such as policy in foreign affairs, national defence, national finances, monopoly and regale.

Prospective questions that had been proposed before 7th October 1938 were solved at the responsible ministry in Prague with a previous agreement of the Slovak section according to the following rules:

1. In all serious cases or cases of bigger financial extent an agreement of the Slovak section must be procured by individual ministries.

2. Errands which, according to the law norms valid until 6th October 1938, had been approved by ministries of resorts united in the Ministry of Economy of the Slovak country were then ratified by Minister Pavel Teplanský in Prague after they had been put forward by the Slovak section of the corresponding ministry. In all other cases of lower importance the previous way of formal errand was valid, until their final liquidation or separation of documents.

According to the official treaty the Slovak minister of economy Pavel Teplanský handled concrete documents on each Thursday between 8 and 12 o'clock (8-9 o'clock the Ministry of Finance, 9-10 o'clock the Ministry of Public Work, 10-11 o'clock the Ministry of Trade, 11-12 o'clock the Ministry of Agriculture). All the work done at the office hours was done in Slovak language. If it was not possible to ensure the Slovak translation of a direction, the document must have been rewritten. A transcription of each direction was then sent to the Ministry of Economy of the Slovak country [6].

The Ministry of Economy of the Slovak country was divided into a presidium and four departments according to a concrete concern. In the jurisdiction of the Department of Agriculture was the agenda of the former Ministry of Agriculture. The Department of Trade, Industry and Trade licences administrated matters of the former Ministry of Trade. The concern of the Department of Public works was the agenda that had been previous administrated by the Ministry of Public works and the Department of Finance took charge of the agenda of the Ministry of Finance. From the jurisdiction of the last of the ministries, the Ministry of Finance, were taken over the charge over the common finance and monopoly.

The Presidium of the Ministry had the power over the general and private matters of personnel, disciplinary and qualifying matters, or the management of legislation of the Ministry of Economy, press, language, and organizational proceedings. In addition to this the Presidium had the provision of the accounting and budgetary agenda or bestow accolades and diplomas.

The Agricultural Department of the Ministry consisted of seven main branches: school system, enlightenment and research institutions; national economy, social, business-political and juridical; technical; agricultural production; woodland police; woodland policy, state woodland service; state forests and livestock's; land reform.

The Department of Trade, Industry and Trade licences consisted of three branches: business and industrial policy (preparation and coordination in the business-political matters with an authorization of the central ministry, administrative matters of the industry, legal and legislative concerns of the industry); the trade branch, transportation, foreign tourism (keeping of the development of the business venture, the matters of the transportation, trade and legal-administrative character; the trade licences branch.

The department of public works consisted of eight branches: general-technical matters and private matters; ground building; communications; engineering, electrical engineering and chemistry; water works; mine administration; state mines and metallurgical factories; aviation and motoring [7].

The fourth department of the Ministry had the following structure: the matters of the presidium; budgetary branch; direct taxes; indirect taxes (not including monopoly); banking industry. Which concerns would be proposed to the Ministry of Finance in Prague depended on particular agreements between mentioned institutions. The administration of the counting agenda of the Ministry of Economy was taken over by the former counting offices of 2nd degree of the Slovak country, or eventually the counting offices of the business chamber in Bratislava and the counting office of ministries in Prague.

When dividing the powers the question of how would the loans from the state budget be used by the Slovak Ministry of Economy, for the year 1938, was not entirely solved. For this reason the Czechoslovak Ministry of Agriculture was working with the loans from the state budget [8]. From these sources the wages of the employees of the Ministry of Agriculture working in Slovakia would be paid.

When planning the national budget for the year 1938 naturally the pursuance of governmental power in Slovakia was not included and therefore the necessary expenses were increased to cover this item. The establishment of Slovak central organs could not be covered by credit that had been assigned for the Prague offices, because Slovakia was not

enumerated for the correspondent quota. Unpredictable expenses rose mostly from and setting up offices and higher expenses for administration. Because there was no available credit for Slovak country for the fourth trimester 1938, they would be ensured by savings in the individual budgetary capitols.

The division of financial sources and the adjustment of the ratio in banking industry in Slovakia were the most important, as well as the most complicated tasks of the newly created Slovak Ministry of Economy. As an internal part of the Ministry the Resort of Finance was created which had in its jurisdiction: financial institutions with their branches, as well as the bank sector. At the same time the government created advisory bodies of the department: a plenipotentiary of the government for handling the conditions in the Central Bank Cz-Sl., a plenipotentiary of the government for organizing supervision and to enforce the influence of the Slovak government at all fields of banking industry in Slovakia, a plenipotentiary of the government for organizing and simplifying relations between all sectors of banking industry in Slovakia and an advisory body to make proposals in the matter of banking industry.

Constitutional changes and the creation of the Second Czech-Slovak Republic had adumbrated even several formal measures concerning the currency circulation. Under the governmental direction n. 16 of CS-Code and the Provision from 27th January changed the official abbreviation of the Czechoslovak crown from Kč into K. The reorganisation of the constitution took part also in the management of the Emissive Institute, in which were represented all self-governing countries. The currency was still controlled centrally, but the name of the central bank had changed in to the Czech-Slovak National Bank (Slovak abbreviation: NBČ-S, in English C-SNB) [9].

The new rules had to be introduced even for the private insurance companies. Those insurance companies whose statutorily residence was in Czech or Moravian-Silesia, or in Ruthenia and were keeping their activity in Slovakia as well, were obliged to establish the headquarters in Slovakia for their commercial activities (the employees at the headquarters must have had a permanent residence in Slovakia and the exception could permit the Ministry of Interior). The company must have been written down in the commercial indexes at the commercial court. The setting up of the headquarters had to be approved by the Ministry of Interior [10]. The process of setting up of new offices was also connected with an effort, of the Ministry of Transportation, to make the state administration more efficient. Ján Lichner, the minister of transportation, of the Slovak country proposed, at the government meeting held on 27th November 1938, that the Czechoslovak State Railways and the Czechoslovak Post should be fused together into one company from 1st January 1939 under the minister of transport by which the expenses of the administration of the state companies would decrease.

The structure of the Ministry of Economy was gradually changing and the existence of the Ministry of Finance had already been taken into account by the new organisational system. The new Ministry of Finance was established on 20th January 1939 and took over the force of the Ministry of Finance in Prague (except joint matters-monopoly, tobacco direction) and the general financial headquarters in Bratislava. It was the ministry that made the supervision over all financial institutions [11]. After establishing the Ministry of Finance its first minister became Pavel Teplanský.

From 1st January 1939 under the Law of Autonomy of the Slovak country also the counting and cash register service was separated by what an obligation was made to divide for the joint reports of incomes and expenses of the Second Czech-Slovak republic (C-SR) and all concerning appropriate parts of the republic [12].

The specific situation after the Munich Dictate meant restrictions in the economic life in connection with the foundation of companies and procurement of trade licences. The Slovak ministry of Economy reacted to the situation by issuing. The trade offices were

obliged to, at the process of accepting the trade licences, act under the new economic structure of the state, which was in a process of reorganization predesigned by the Munich Dictate. It meant to minimize the creation of craft and factory plants as well as markets, which already have had sufficient representation [13].

The Munich Dictate and following Vienna Arbitrary meant significant changes of the boundaries of Czechoslovakia. The newly-created companies had found themselves outside the territory of the state, or the mother companies had been situated behind the borders. After mentioned changes it was evident that the tax policy concerning the companies working off Slovak territory should be changed. The Slovak government solved this problem by issuing the Direction from 23rd December 1938. On the basis of the article II of the Enabling Constitutional Law n. 330/1938 a under the article III, clause 3, Law n. 299/1938 the Slovak government ordained: 1. premises located in Slovakia which are liable to the general and special taxation would be from 1st January taxed according to the result of their activity in Slovakia; 2. The rental tax under the Law n. 180 about direct taxes and enterprising will be made obsolete regarding levies of the same tax; 3. this measure will not affect the special provision of the valid international treaties of preventing the double taxation of the direct taxes [14].

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The basic financial law of the state was the state budget. Its preparation was not an easy task and complications connected with it postponed its practical realization until February 1939. The preparation of the national budget was influenced by economic problems. One budget was being prepared in the Czech Countries and another in Slovakia and Ruthenia. The joint budget was pronounced by the government act n. 38 from 16th February 1939 and became valid on 20th February 1939. From 1st January the state economy was managed under the government act n. 332/1938 about temporary management of the state economy [15].

The preparation of the national budget had been started before the change of political system of the CSR, but after creating the Slovak autonomy the rules had to be changed because of the new situation. According to the resolution of the central government in Prague, from 14th October 1938 n. 25 013/38, the task of the Slovak ministries was to present their proposals regarding the budget to the financial resort of the Slovak Ministry of Finance. In the case that the proposals had been propounded before 6th October 1938 they had to be redone according to the new financial options [16].

Directions for the preparation of the state budget were passed, by the chairmanship of the ministry board, at the meeting on December 22nd. A task for the ministries was agreed on: 1. to raise the pensionary tax up to 3% of the pension; 2. the task for the Ministry of Finance was, to prepare a proposal of reformation of the tax system and the fusion law in six months; 3. utility and production associations would be taxed like an individual subject (in such an extent that would not decrease taxation); 4. to raise the tariff of exceptional depreciation at the general taxation from 10% up to 20%; 5. a proposal that a subject liable to a special profitable taxation should not be burdened by this tax to more than 80% of tax of yield; 6. Bonuses should be preserved for the members of army with a duty to pay pension taxes, as mentioned in the first point, or they would be free from paying taxes with the concurrent abortion of the bonuses [17].

When in December 1938 the central government passed a law in the NC (National congregation – Slovak abbreviation for – Národné zhromaždenie) regarding the temporary state budget valid until February 20th, the Slovak autonomous government had economic problems and financial difficulties that could not be solved by its own capital. The new economical orientation after the great land losses led to unexpected complications. It was more noticeable when the autonomous government had to accept debts of the First Republic and their repayment from the joint budget (the state debts had increased

according to the two mobilization in 1938 up to 54 milliards Kč; on the interest and the repayment was needed approximately 2 milliard Kč in 1939). The anti-Semitic and anti-Czech programme of the HSPP caused a permanent capital outflow. Unsuccessful attempts to make the country budget balanced without the assistance of the central government through public capital market, led to an inevitable loan from the NBC-S. Because the central government had to undertake a guarantee for this loan, Tiso's cabinet became more financially dependent on Prague.

The budgetary committee was preparing a final version of the state budget from February 2nd 1939. Under the law of autonomy Slovakia had to pay 17,1% of the state-wide expenses but its taxation income was just about 10% of the state-wide taxation income (at negotiations in Tatranska Lomnica at the end of December 1938 Jozef Tiso accepted a quota of 16%; after the budget consultations the autonomous government demanded a decrease to 12%). To reach an improvement in income and to make the taxation duty easier, because of the capital weak Slovak economy and slow increase of the national pension required years. Without a starting capital for investments the autonomous government could not start any long-term sanitary programme. The missing law security, the chaos in the administration, dubitation about stability of the currency and a propagandistic campaign of radicals supporting the autonomy were neither boosting the investment flow of private capital, nor were the loans to Slovakia. The three-year plan of the Slovak government, in which a milliard Kč was taken for granted for building roads and railways and for creating working opportunities could not be realized because of missing financial resources.

The main financial tasks of autonomous government were as follows: to reach greater countrywide financial resources for Slovakia, to move country expenses in the countrywide budget and re-establish the law security to attract the Czech capital. The wages of state secretaries could be paid in 1939 only because of a short-term loan of 60 million Kč [18]. (In the joint budget of 3,015 milliard Kč was a deficit of 1,155 milliard Kč, the budget of the Slovak Country was more than 35% passive).

The Slovak budgetary deficit urgently needed a help from the central government. During the financial negotiations, about the height of fees of the countries to the central budget at the middle of February 1939, in Prague the central government suggested willingness to decrease the Slovak part of expenses. But there was a condition to show loyalty to the state and to restrain efforts of radicals. The central government dealt with the budget for joint expenses of the three countries on December 21st 1938. Karol Sidor invited as an expert and Pavel Teplanský for negotiations. Together 3,2 milliard Kč were needed of which approximately 2 milliard Kč were required for national defence; the rest was destined for the president's office, the prime minister, the Ministry of the Foreign Affairs and the Ministry of Finance. The state was still in operation on the base of a financial provisorium before February 1939. The budgetary provisorium passed under the Law nm. 332 from 17th December 1938. The ordinance of the temporary governance of the state economy was delimited by a date of 20th February 1939. Under the mentioned law the government of the Czech-Slovak Republic was able to assign, until the 31st December 1938, indirect taxation including the tax of fleece and luxurious tax of which the income would be used for the expenses of the joint state budget. It included the taxes that Jozef Tiso had criticized at the Slovak assembly. According to estimated calculations of the Ministry of Finance for the year 1939, the expenses of the joint state budget were 3 milliard Kč. To cover expenses it was needed to use the incomes of the joint departments from the duties, monopoly and joint state companies, as well as the mentioned indirect taxation. The use of the indirect taxation should have secured a balanced state budget. In the case that the budget would not have needed all indirect taxes to be balanced some of the direct taxes could be taken out of the state budget.

The new arrangement of the public finance according to the self-governed lands meant also a cancelation of the special group in the state budget “a share on the state taxation, benefits and fees” [19]. Expenses from this particular group were integrated in a new budgetary year into the state administration of the concrete country.

The Country minister and the Slovak state secretaries agreed, on 16th February during meetings in Prague, on joint steps at the financial negotiations. At the beginning, the autonomous government conditioned its approval of the joint budget by the immediate provision of equipment for the Hlinka’s Guards, immediate withdrawal of Czech officers from Slovakia and their replacement by Slovak reserve officers. Despite that, Rudolf Beran offered the autonomous government credit of 120 million Kč for public works and approved a new loan, which should have attracted supposedly existing and not imposed private capital to boost the Slovak economy [20].

The Slovak autonomous government was dependent on the central treasury and had to negotiate to receive any financial support. The negotiations with the central government were based on different conditions of political and economic character. There was a dominating opinion that the common resources of the public finance of Slovakia would not be sufficient to cover the expenses of the autonomous government. Not all of these sources were well-known and many of them were just in a sphere of speculations. At the end of February 1939 the Slovak autonomous government decided to write out a loan for an economic renewal, with intention to show Prague that the autonomous government would solve the situation on its own [21].

The Slovak government settled on a verdict to float the loan in the amount of 600 million Kč on 23rd November 1939. The government hoped that it could subscribe 50% of the loan on Slovakia. At the same time at the central government meeting, Karol Sidor demanded a loan for Slovakia in the amount of 300 million Kč.

On the occasion of making the loan for the Slovak economy, Jozef Tiso tried to make a positive atmosphere for its realization in a speech given in a radio broadcast on 1st March 1939: “(...) Our economists have examined the budget deficit and the economic independence and found that the budget deficit is not mirrored by true economic power of Slovakia, but is rather the effect of other causes in recent history and therefore it cannot create an unfriendly atmosphere for loans.”

“(...) It was said by all national economists that borrowing money is good and necessary for it helps the government to start working, so that it can give work and salary to workers, craftsmen and traders. To subscribe a loan is good, because everybody is able to deposit money and to be given a good interest for his money.”

“(...) We managed, with our political independence, to obtain the key from the Slovak treasury. But our goal is to actually have something in that treasury. To what good would be a key to an empty treasury? Alas and it is empty! It was emptied by a 20-year long centralist regime that took all the money from Slovakia and stowed it away in Prague. Many milliards were taken from Slovakia in the form of salaries for people who saved their savings in the Czech lands. Under the name of the Post savings bank, National bank, central social and pension funds and banks. Because of that Slovakia is now financially weak”.

“Fight, which we handled very well, brought us political independence and so work will bring us economic build-up. For that to happen we need money of course, money we do not have and therefore we want to borrow it from the inhabitants of Slovakia who will surely understand the importance of this loan for the future of our lands. Surely they will happily provide their saved funds so that Slovakia will be strong economically and it will become a blessed place for Slovaks to live in. The government of Slovakia is convinced that this plan will be met with understanding by the public, because it knows the souls and minds of Slovaks, whose well-being is so important to us. Proof of this willingness to help

is already to see. Individuals and organizations made their move to support this loan to safeguard economic and social growth of Slovakia.” [22]

In order to obtain financial resources the autonomous government established the Fund for Building New Slovakia. The contributions were mostly made by industrial companies and banks. On the base of the mentioned activity Jozef Tiso sent a letter to the particular companies or financial institutions, in which he asked their headquarters for money to be provided for members of boards of trustees and directors as fees to be paid due to 1st January 1939. This contribution should have been taken as “a chance for building a new Slovakia” [23]. The financial resources would be transferred into a special account of the chairmanship of the government and consecutively publicly presented through the printed media.

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A serious and almost permanent problem of Slovakia was its high rate of unemployment. Czecho–Slovakia had lost a third of the land after the Munich Diktat and Vienna Agreements and it had to solve very complicated political and economic problems. In addition a jumping rate of unemployment occurred (300% in three months). 9 000 state employees came back from Slovakia to the historic countries what was partly solved under the direction n. 382/1938 from December 1938 regarding public service relations of state employees, with regard to the autonomy of Slovakia. From the borderline areas seized by Germany and from Slovakia and Ruthenia 70 000 clerks (50 000 of them were redundant) and another 128 000 refugees were translocated to the “rest” of the Czech countries [24]. In the cases of employees of Czech nationality having Slovak husbands (or Slovak wives) a confirmation was required; that they are leaving Slovakia voluntarily, although their partners are of Slovak nationality [25].

The Slovak government also had to cope with the shortage of employment within the Second C-SR. Until 30th November 1938 a large number of the unemployed people came from the agrarian sector because of the end of the season and bad weather. The bad weather and the causes of mobilization led to a decrease in building activities what had deep impact on the employment in this sector. Soldiers who were being gradually demobilized and came home could not, in many cases, get a job because factories had stopped working. The state or private companies working for the army had to decrease their production and a large number of employees were fired according the new situation (e.g. Zbrojovka in Považská Bystrica). The process of decreasing the number of employees in Považská Bystrica was in a certain extent connected with an effort of Brno’s armoury to take over its machines.

In October 1938 the Chairmanship of the Slovak government in Bratislava was receiving many messages of relocating materials and machines from Slovakia to Moravia and Czech Countries. For this reason the Prime Minister Jozef Tiso ordered the district leaders to monitor the situation and in cases of relocation to inform the government. As we mentioned before the problem with the transports occurred also in the Armoury in Považská Bystrica, where 39 machines were ready to be shifted, but the Czechoslovakia Armoury, inc. Brno was unsuccessful in its attempts. The Brno’s company tried to frighten the Slovak Ministry of Economy with a certain kind of threat that if there was not any free dispositional privilege for its machines and materials located in the filial factories in Považská Bystrica and Podbrezová, it would move its investments off Slovakia [26]. Soon the situation of these two fillies was solved because after the establishment of the Protectorate of Czech and Moravia they became interesting for Germany and were fully used for its military purposes.

From December 1938 the situation regarding unemployment was getting worse. After the general election into the Slovak assembly Tiso’s cabinet had to solve problems such as unemployment, reorganization of the Slovak Country’s administration and primarily to

make a financial deal with the central government to avoid bankruptcy of the Slovak Country's budget.

At the negotiations about the enabling act Jozef Tiso ensured, in advance, the agreement of the central government. The enabling act meant that 9 000 Czech clerks and employees, who were labeled as "the exponents of the Czechoslovak system", were made available to the central government. At the beginning of this action the autonomous government cancelled town and village councils and the elected mayors were replaced with state commissars. In the field of economy and policy the government delegated its winning representatives to all industrial companies and associations [27].

The central government and Tiso's cabinet set up, on the 6th of December, a special commission in order to fight unemployment in Slovakia. Because of focusing on the Slovak labour force in the state companies and by making new jobs available in the heavy industry made the flow of Czechs from the seized lands difficult. Although, there was a shortage of qualified labour force in the Slovak Country's administration, the Slovak Government insisted on admitting Slovaks to the central ministries. By the end of March 1939 there was no improvement visible in the labour market.

The problem of unemployment was, to a certain extent, solved by the Czecho-Slovak government by signing an agreement with Germany which ensured a transfer of workers from Czechoslovakia to work in German companies or agricultural areas [28].

The problem of unemployment was solved by economic conjecture and by the transfer of Slovak workers into the Third Reich after the founding of the First Slovak Republic (SR).

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The economic dependence of the Slovak autonomous government on the Prague centre pushed Slovak representatives to look for alternatives in economic cooperation. Due to the dominant position of Nazi Germany in the central-European area only Nazi Germany, as a real partner, could be taken into consideration. The financial and economic weakness forced Slovakia to negotiate with Germany to get economic support. The Germans wanted to use this as an opportunity for breaking-up the Second C-SR. First contacts between representatives of the countries had been already made in October 1938. In October Germans asked a question whether Slovakia would survive an autonomous economy. According to a preparatory report Slovakia was able to survive autonomous economy with certain difficulties.

After a negotiation took place on 12th October 1938 with Ferdinand Ďurčanský the marshal Herman Göring, the managing director of the Four Year Plan Office who was responsible for providing raw materials for Nazi economy, presented on 14th October an opinion that Slovakia would, in industrial production, totally adapt to Germany [29].

Oil, iron ore, precious metals, important for war-economy industry, were in fact the fundamental articles which were the focus of Nazi Germany. It had been doing, in the time of the autonomy, an economic survey and had seen that Slovakia is a suitable subsidiary part of the four year plan. It was also one of the first analyses that depicted an opportunity to overwhelm the Slovak economy. It was a memorandum of Dr. Kurt Rabel, a representative of the Centre of the German Minorities at Deutsche Partei (DP) and of the chief of the SD's chain in Slovakia from 31st October 1938. The memorandum openly presented that, "the goal of our politics must be a fast and complex integration of Slovakia into the 4 year plan. Therefore, it is in the interest of Germany to demark a new Slovak-Hungarian border, so that a vivacious Slovakia can be a created. But most of all it is important that Slovakia has to keep its natural resources, mainly minerals, which can be and are affordable to mine. In this regard the question of Kosice is very interesting. With the loss of Kosice (Slovakia) will be stripped of the only possible transportation,

geographical and cultural centre of east Slovakia (...) a land with such a loss will significantly lower its importance to its inhabitants and to us as well" [30].

In spite of the report which Kurt Otto Rabel presented Košice, soon after the proclamation of the Vienna Arbitrary, was seized by Hungary. The report then named the economic problems of Slovakia which had to be solved. The main model of economic development for Slovakia was Germany. As the final result the Czech economic influence was to be replaced by the German one [31]. Kurt Rabl supported this idea in a report about conditions in Slovakia in which he noted that Slovakia is too small and too poor to keep the German and Czech economic influence from a long-term point of view.

Meanwhile, the German representatives tried to tie up the Slovak side for a support of the aggressive war plans that were being prepared. The main „help“, as lately appeared, had been a utilization of Slovak heavy and wood industry. The hopes in Slovak raw materials were, according to their low sources, not fulfilled.

After Hitler's ideas had been presented, in which he respected Žilina Treaty just as a provisorium, the Reich government tried, what was by the Slovak radicals acceptable, to make an economic influence on Slovakia. In spite of the close Slovak dependency on the central government under the Law of Autonomy, the economic cooperation with Germany remained within close boundaries (the interconnection of the economic and financial policy did not allow the Slovak autonomous government to present itself on the international field as an independent economic partner- §4, clause 1, nm. 299/38 CSR CaD). Under the Constitutional Law n. 299/38 which lengthened the custody on Prague central organs, according to the previous state ongoing from 6th October, and the interconnection of foreign-business and tariff policy, finance, customs and transport administration did not allow the Slovak government to present itself as an autonomous contractual partner at potential business negotiations with Germany [32].

The economic relations that were later agreed at the negotiations between Ferdinand Ďurčanský and Hitler's economic expert Wilhelm Keppler in Berlin in the middle of November 1938 appeared to be unreal (before 14th March of 1939 was still not visible any economic engagement of Germany in Slovakia). The Reich government must have therefore field its economic interests in a decorous way through the central government in Prague or through private economic channels [33].

At the end of the year 1938 the German side gradually tried to get an important part of Slovak economy, which was mining industry, under its influence. A concept of treaty between the Company for Practical Survey of Deposits Ltd. and the Slovak Country government was being prepared in Berlin On the 7th December: "The Company will begin mining first based on surveys regarding the viability of the mineral deposits. If the exploitation, done by the Slovak side should be insufficient to support the country, then the German companies are obliged to support Slovak needs by up to 50 percent. Surplus resources will be available to Germany. Areas in which the German side does not show interest will be available to the Slovak side for other use. Regarding crude oil output, the German side is obliged to give 10 percent of net profit to the Slovak government" [34].

The German side had an interest in controlling the raw materials in Slovakia and the first thing it needed was oil because of self-insufficiency. Its strategy was made obvious after the foundation of the First SR, when German companies got absolute control of the not very large Slovak deposits of oil.

Vojtech Tuka at the meeting with Hitler on the 12th February also met Herman Göring. The basis for the discussion was economic assumption for the Slovak autonomy. Herman Göring presented his will to admit Slovak minister of finance Pavel Teplanský in Berlin at the consultations about financially-political questions. Jozef Tiso was unable to persuade P. Teplanský to go to Berlin, although he had been invited to go there. And so Ferdinand Ďurčanský and the minister of economy Mikuláš Pružinský together with MPs

Peter Zaťko and Palko went to Berlin to enter „the economic negotiations“ on the 25th of February 1939. Just before the start of the negotiations Herman Göring invited their guests by words: „So, what is the matter: when will you proclaim your autonomy to avoid being given to the Hungarians?“ (Just before this Hitler had presented his opinion that he had been afraid of the Slovak economic survival and had authorized Göring to prepare an economic analysis). Herman Göring and the ministry advisor Wiehl, from Auswärtiges Amt, thought that Slovakia, after some bigger capital investments, could exist very well (both of them highly evaluated the importance of Slovak raw and mineral deposits for building German military industry).

The Slovak delegation tried to get a guarantee of the height of the financial support from the Reich government after the declaration of autonomy. Herman Göring openly announced to Slovak representatives that “Only if you immediately separate yourselves from the Czechs.” they could think about the German support. Wilhelm Keppler overtook the lead of concrete economic negotiations on 1st March 1939. The Slovak delegation was announced to the minister of foreign affairs Joachim von Ribbentrop and solemnly assured it that the Reich government is prepared to guarantee to protect Slovak borders against any foreign aggression, after the declaration of independence would be made [35].

Several factors such as insufficient capital, intensifying pressure of separatist policy, waning willingness of central government to grant the financial support without sufficient political guarantees urged the moderate Slovak politicians to recommend the admission of the capital offer of the Reich government, albeit they were aware of the rising influence of the Germany and of all political obligations caused by it.

The economic relations with Germany and primarily the strong influence of Germany trying to make the most of the Slovak economy was, at a large scale, visible after the creation of the First SR and accompanied the country during its whole existence.

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УДК 93

ЭКОНОМИКА СЛОВАКИИ В 1938-1939 гг.

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Аннотация. Экономика Словакии была зависимой от изменений геополитического положения в Европе – давление нацистской Германии, а главное Мюнхенский договор, воздействовали на политическое и экономическое будущее страны.

Ключевые слова: Автономия Словакии; экономика Словакии; нацистская Германия; Чехословацкое правительство.