



The development of the Slovak industries during the first ten years of Czechoslovak Republic

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The demise of the Austro-Hungarian Empire and establishment of CSR can be viewed as fundamental turns in economic development of Slovakia. In last decades of existence of Hapsburg Empire development of individual branch of industries in Slovakia was shaped like an organic part of Ugrian industry. Establishment of CSR inevitably led to disruption of economic bonds within Ugrian and to necessity to cope with radically new conditions. Major part of Slovak industry (mining, steel production, engineering, wood processing...) could not successfully cope with the loss of Ugrian market, inadequate rail connection in the west direction, rise of transportation cost, low purchasing capacity of home market and competing pressure of advanced Czech producers. Practically during the whole period of CSR industry in Slovakia was struggling with stagnation and contraction of production capacity which many contemporary and current economic experts and historians named de-industrialization of Slovakia. The paper is summarization of fundamental aspects of industry development in Slovakia during first decade of CSR.

Establishment of CSR. Ugrian industry.

The establishment of Czechoslovakian Republic (CSR) propelled Slovakia into a completely new geo-political, social, cultural and economic situation. In a considerably more acrimonious mode than other aspects of inclusion of Slovakia into a new state, evaluated the ensuing economic changes historians, politicians and, naturally, economists. The discussions and assertions ranged, in a broad diapason, from celebrations of an increase in the standards of living achieved in Slovakia on one side, to descriptions of economic devastation and wide spread poverty, as a result of the „colonial“ policies toward Slovakia fostered by the government agencies. Given the limited size of this paper, it would be a futile goal to aspire to reconstruct the exhaustive course of this complex and controversial processes. Rather, the aim is to delineate the main venues of Slovak economic development during the first years of existence of CSR, based on factual evidence and various commentaries.

The advent of the industrial age impacted Slovakia as a region firmly imbedded into the Hungarian Kingdom. Mountainous Slovakia, richly endowed with mineral resources, already in the Middle Ages became a fertile ground for mining and metal working industries. The industrial development of Slovak territory¹ accelerated during the last two decades of ninetieth century, facilitated by construction of a network of railroads. The economic importance of the capital city of Budapest, combined with the significance of the Lower Hungary as a market for industrial products, determined the direction of railroads constructed on Slovak territory - initially almost all of them were build in direction of North-South, following the flow of rivers.²

Pronouncedly positive impact upon this process had policies of the Hungarian State, which supported

industrialization by several measures. The most significant were: - lowering of transportation tariffs on state railroads; - awards of state orders to various enterprises; - abolishment of taxes and policy of generous direct subsidies.³ R. W. Seton Watson, a prominent English scholar specializing in Czechoslovak issues, characterized Slovak industry as „a fragile plant, raised by Hungarian government for political reasons“.⁴ In a similar fashion evaluated the nature of industrial development in Slovakia Slovak economist K. Stodola, who declared, that „Industrial enterprises enjoyed a large support from the side of Budapest government, which pursued protectionist policies“.⁵

As a consequence of these policies, during the first decade of twentieth century the number of industrial workers grew from 54 816 to 79 805 % (45,6 % increase).⁶ Till the outbreak of the First World War, the industrial development accelerated mostly in the spheres of mining, metallurgy and iron working.⁷ Industrial build-up went on despite the lack of sufficient coal deposits on Slovak territory.⁸ This, however, was solved by the importation of coal and coke from other locations in Hungary and by a fact, that the syndicates, which became decisive factors in industrial build-up in the Hungarian Kingdom, were formed as conglomerates combining all components necessary for industrial production. For example, the Rimamurány co. combined a complementary network of coal mines and industrial facilities in Ózd, Salgótarján, Likier-Hnúšťa, Rožňava, Krompachy, Zvolen and some other localities.⁹

The demise of the Austro-Hungarian Empire and establishment of CSR led to the interruption of almost all economic ties between Slovakia and Hungary. At the same time, the economic ties to Czech¹⁰ part of country were severely limited. Contrary to Czechland, Slovakia was utterly unprepared to cope successfully with economic tasks connected with the integration into a new state. The prominent Czech economists and politicians - among others J. Preiss, A. Rašín, P. Šámal, already two months before establishment of CSR (October 28, 1918), prepared an economic program, which became a basis of for measures implemented by a new state in the sphere of economy.¹¹ The decisive role in implementation of measures contained in the above mentioned plan was awarded to the state apparatus. In this regard, the Czech political representatives could utilize organizations, which already functioned as a part of governing structures of the Austro-Hungarian Empire. The situation in Slovakia, however, was completely different. As a result of decades of intensive „Magyarization“ (a forcible transformation of autochthonous populations into a unified „Magyar Nation“), the Slovak intelligentsia, active especially in the sphere of economy, was very weak. R. W. Seton-Watson stated, that „the number of nationally conscious, educated Slovaks, not to count ignorant and neglected masses, in year 1918 was estimated at 750 - 1000 persons“.¹² The lack of political organizations and government agencies, manned by nationally conscious personalities able to manage transition of Slovak economy, inevitably led to the influx of Czech administrative personnel. According to data published by Š. Horváth and J. Valach, in year 1921 more than half of state employees in Slovakia were Czech nationals (8 645 Czechs, 8 258 Slovaks).¹³ The Slovak National Council, which in its historical „Declaration of the Slovak Nation“ pronounced the inclusion of Slovakia into CSR, and, at the same time, proclaimed itself to a be the only rightful representative of the Slovak Nation, had in reality only a limited power.¹⁴

The political power concentrated in Prague as a result of establishment of the National Assembly, which convened on November 14, 1918 in Prague as a sole government forming organ. In frame of the National Assembly was created a Slovak Club, which had 40 members, but 9 of them were of Czech nationality.¹⁵ The Slovak Club, at its session on November 16, 1918 declared, that „the Slovak National Council is not competent to make decisions in regard to any issues connected with the Slovakia and that all jurisdiction in that regard is a subject of authority of the National Assembly and Czechoslovakian government“.¹⁶ The process of elimination of the Slovak National Council as a political and governing authority culminated by creation of the Ministry with the Full Power for the Administration of Slovakia (Ministry), led by V. Šrobár (December 12, 1918). The Ministry was endowed with, practically, dictatorial powers in Slovakia. The final nail into the coffin of the Slovak National Council was a Decree no. 6/1919, issued by V. Šrobár, abolishing all Slovak national councils, including the Slovak National Council in Turčiansky Svätý Martin, effective on January 23, 1919.¹⁷

This, inevitably, led to the reinforcement of the jurisdiction of the central government, including measures adopted in the sphere of economy. The demise of the Austro-Hungarian Empire placed both constituent parts of CSR - Czechland and Slovakia, into a new geo-political situation, requiring a swift and flexible reaction to a number of challenges. In the area of economy, it was namely the removal of protective barriers and loss of guaranteed large internal (Austro-Hungarian) market. The whole system of economic ties built during the number of decades, ceased to exist.¹⁸ However, the Czech industries, gained a significant help from the side of newly formed political establishment and state apparatus. In Slovakia, on the contrary, the decisive share of industrial assets was in ownership of Hungarian and other foreign proprietors. The industrial facilities located on Slovak territory, consequently, found themselves

in a position of „orphans“ without a protective screen of organizations endowed with the political power. The full impact of this situation became to be felt, when so called Nostrification Law (Law no. 12) was enacted.¹⁹ According to the cited Law, adopted on December 11, 1919, all corporations active in CSR were obliged to have headquarters in Czechoslovak territory and boards of directors must have been composed of a majority of members (80 %) who, since January 1, 1914, were residents of localities situated on Czech territory.²⁰

The „nostrification“ of economic assets owned by foreign proprietors was greatly facilitated also by deflationary policies of Czechoslovakian government. The decisive say in the implementation of deflationary measures had representatives of the Živnobanka and A. Rašín, who led the Ministry of Finances. The financial interests of the Živnobanka were, already before year 1918, concentrated in the heavy industry – a segment of economy which was, to a large degree, dependent on importation of raw materials. The financial and political clout of this financial concern was strong enough to overcome a resistance of the Pragobanka, which had vested interests in export industries, and, logically, opposed steps diverted toward firming-up the Czech currency.

The deflationary measures implemented by the Ministry of Finances (namely the reduction of money in circulation by 50 %) ²¹ were initially not successful, because concerted impact of pressures of after-war boom and necessity to use a deficit financing of state expenditures. However, since the beginning of year 1922, the rate of the Czech Koruna to the Swiss Franc, which, at that time, was used as a bench-mark of currency value, strengthen more than twofold. ²² Austria and Hungary meantime suffered bouts of hyperinflation. The strong Koruna enabled Czech purchasers to acquire shares of Austrian and Hungarian companies listed on stock exchanges in Vienna and Budapest cheaply. ²³ In regard to the situation in Slovakia, the deflationary policies had a clearly negative impact. Slovak financial institutions, due to lack of capital, minimal experiences in the international transactions and absence of political leverage, could participate on „nostrification“ only marginally. The Slovak financial capital concentrated in two largest Slovak banks (Tatra banka and Slovenská banka), was employed predominantly in local ventures and activities of these financial institutions were channeled primarily into enlargement of participation of already existing enterprises, or in the establishment of new in situ facilities. ²⁴

Thus, after a short period of an after-war conjuncture, the strong currency enhanced the array of negative developments already impacting Slovak economy. The loss of exports caused by geo-political changes, was further aggravated by deflation, which contributed to the decrease of competitiveness of industrial products manufactured in Slovak factories. These factors, led to a sharp drop of industrial production in Slovakia – a process, which was termed by a majority of Slovak economists and historians as „de-industrialization of Slovakia“. In recounting of negative developments affecting the Slovak industry, it is necessary to return to the already mentioned lack of mineral sources (coal deposits) in Slovakia. Before the World War I, industry located on the Slovak territory covered its coal consumption from domestic sources only to the extent of 10 %. ²⁵ However, as was already mentioned, at the outset of the twentieth century, the main deposits of coal, iron ore and other important mineral resources in the Austro-Hungarian Monarchy were divided among several strongest industrial concerns (Rimamuran Co., Vitkovice Iron Works, Mining and Smelter Co., Coburg Works etc.) ²⁶ In the frame of this constellation, the energetic requirements of various industrial enterprises located in Slovakia were taking care off.

Creation of CSR resulted in an establishment of a radically different relations in the production and distribution of coal. The decisive role in the distribution of coal acquired the state. This resulted in increased pressures extorted upon the state bureaucracy by various enterprises struggling to obtain a preferential treatment – a struggle in which powerful Czech cartels held dominant position. The Ministry of Commerce, pressured by a number of complains, warned government authorities, that shipments of coal to Slovakia are notoriously insufficient and are coming with large delays. ²⁷ Especially acute was the problem of shipments of coal to steel works. The lack of coal was frequently the main cause of termination of production in these enterprises. ²⁸

A profoundly pernicious impact upon the Slovak industry has a character of infrastructure (namely railroads) and transportation costs. As was already mentioned, the majority of railroads in Slovakia was built in the North-South direction. The strategically important East-West direction was covered only by Košice-Bohumín Railroad ²⁹. This turned to be utterly unsuitable for needs of integration of Slovakia into an economic space of CSR. Czechoslovakian government realized the gravity of the situation and adopted a Law no. 235/1920, which stipulated the construction of 385 km of railroads in Slovakia during the period of 1921 – 1925. However, due to lack of „political will“, the time schedule was not kept and the construction was not accomplished till the break-up of CSR in year 1938. ³⁰

Besides the absence of infrastructure necessary for development of Slovak industry, the most pressing factor were the high transportation tariffs. Even though the chaotic conditions, which characterized transport costs in Slovakia during the period 1919 - 1921, were terminated by a government directive issued on August 1, 1921, unifying the tariffs on state railroads, differences between Czechland and Slovakia in regard to transportation costs were not abolished. Unlike the Czech part of the Republic, where the share of state owned railroads was higher and was rapidly increasing, Slovak railroads were to the large extent in a private ownership and nationalization of railroads proceeded in Slovakia in a conspicuously slow pace.³¹ In year 1921, from a total extent of 3 826 km of railroads, 1 858 were in private hands. In year 1925, still 44,7 % of railroads in Slovakia were owned by private proprietors.³² In comparison, during the ten years period ((1923 - 1933), 93 % of private railroads was nationalized in Czechland, but only 5,4 % in Slovakia.³³ The high share of private railroads in Slovakia practically eliminated discounts on tariffs awarded in dependence on the length of transport on state railroads. Slovak enterprises lost this advantage namely in cases of shipments transported to remote destinations.

The high transportation costs in Slovakia evoked a wave of complaints, resolutions and petitions originated by various agencies demanding the nationalization of railroads, improvement of network of railroads and lowering of discriminatory tariffs. An illustrative example of these endeavors is a petition, elaborated by The Business and Industrial Chamber in Košice and submitted to the County Office in Gelnica on July 24, 1928. The above mentioned petition stated, that despite of adoption of Law no. 235³⁴ by the National Assembly in year 1920 and consequent preparation of a project of construction of railroad Margecany - Červená Skala, none of the intended construction activities commenced. In year 1925 the Law no. 235 expired.³⁵ On February 2, 1926, the representatives of Spišská Nová Ves, Dobšiná a Brezno - localities which vitally depended on construction of described railroad - dispatched a deputation to the Ministry of Railroads informing the minister Bechyne about the supreme importance of the railroad connection between Margecany and Červená Skala for regional economy. Minister promised the initiation of works on the beginning of the next year.³⁶ Again, nothing happened. The struggle of Slovak political and economic representatives continued. On May 29, 1927 the Slovak Section of the Union of Czechoslovak Cities again requested the construction of railroad Margecany - Červená Skala. On June 3, 1928, The Business and Industrial Chamber in Košice, together with representatives of local administrative authorities, political parties and private enterprises, prepared a resolution, in which they expressed dissatisfaction with the government inactivity and urgently requested commencement of construction works. The resolution was dispatched to the central state agencies in Prague.³⁷

Because a flagrant ignorance of these appeals would be politically detrimental, the central authorities reacted with promises to alleviate situation. Even the Prime Minister A. Švehla promised, in the government program declaration issued in autumn of 1922, to deal with the „railroad issue“. ³⁸ These promises, however, came to no avail. In the summary evaluation of railroad construction in Slovakia during the existence of the pre-war CSR, it is fair to conclude, that, regardless of changing political structure of government, the central agencies failed to solve this pressing issue completely. Besides the „railroad issue“, there were other factors, which negatively affected the inclusion of individual sectors of Slovak economy into CSR with a differing degree. The limited scope of this paper allows to recount only basic characteristics of these processes.

Mining industries

Historically, the mining belonged to the most important industries in Slovakia. After a gradual decrease of mining of precious metals and copper, the position of relevance retained namely the mining of the iron ore. Z. Němec divided the development of iron ore mining in Slovakia during the first ten years of CSR into following phases: - a period of crystallization of place of Slovak iron ore mining (years 1918 - 1921); - a period of after-war crisis (years 1921 - 1923); - a period of gradual inclusion into a system of Czechoslovakian steel industry accompanied by an increase of production (years 1924 - 1929).³⁹

The iron mining in Slovakia was concentrated in two localities - the region of Spiš (Slovinky, Gelnica, Prakovce), and the region of Gemer. The iron mines in Spiš region were located close to Košice-Bohumín Railroad, which facilitated transport of ore to Silesia. Significant amounts of iron ore were also shipped to the steel works in Krompachy. This shown to be of decisive importance after establishment of CSR. Iron mines situated in Gemer region were vitally dependent upon the steel works, which, after establishment of CSR, became a part of Hungary. The inter-state boundary line severed the Gemer mines from the formerly unified industrial zone, delineated by Šalgótarján - Miškolc in Hungary and Krompachy - Košice in Slovakia.⁴⁰ Because the Gemer region had not a railroad connection with the western parts of Slovakia, the possibilities of shipments of iron ore in this direction were minimal. Consequences of this geo-political development had catastrophic consequences upon the Slovak iron ore mining industry.

Despite the short lasted after-war conjuncture, the production of iron ore in Gemer region decreased in a span of three years (1918 - 1920) as follow: - in a locality of Rožňava from 99 000 to 18 200 tons, in Železník from 60 4000 to 5 500; - in Nižná Slaná from 54 5000 to 10 000; - in Rákoš from 42 900 to 700 and in Lucienbaňa from 45 000 to 7 000. ⁴¹ Similarly, if not to such a degree, the production of mining of iron ore decreased in Spiš region. The Spiš mines worked up-to 50 - 60 % of their capacity. This was the consequence of decision of Trinec Iron Works to import ore from Sweden, which led to decrease of ore from Spiš. Again, the high transport costs were one of the factors, which contributed to the decrease of attractiveness of iron ore from Spiš. ⁴² The worsening situation in iron ore mining spurred endeavors to enlist support of government authorities. In October 1921 the Union of Mines and Iron Works dispatched a petition addressed to the Ministry with Full Power for Administration of Slovakia, in which stated, that a number of mines was compelled to terminate production completely. According to the above mentioned petition, only 16 of 41 major iron ore mines in Slovakia were at that time in operation. ⁴³ Adverse situation characterized also other important mining sectors, such as mining of pyrite, manganese, antimony and magnesite. After the establishment of CSR, the pyrite mines enjoyed a short period of boom. The main recipients of pyrite became the chemical and paper industries in Czechland and Slovakia. The production culminated in year 1920. However, due to the deflation, the pyrite mined in Slovakia became expensive and was substituted by a cheaper pyrite from abroad, predominantly from Spain. Mainly for these reasons stopped its operation the largest pyrite mine in Slovakia in locality of Smolník (in May 1922). ⁴⁴ The manganese ore was mined by company Ravacka-Grunfeld in locality Švábovce. After creation of CSR (years 1919 - 1920) the main portion of mined ore was sold abroad. The Mining and Iron Works Co. bought the manganese mines in year 1920 and shortly after terminated the mining operations. ⁴⁵

Antimony mining in Slovakia culminated in year 1916. After war the main producer of antimony was A. Odendal Co. in Čučma, with its own smelting plant in Vajskova-Lopej. Despite of monopoly position in antimony production in Slovakia, company could not cope with cheaper imports from Spain and China, mining gradually decreased and company was compelled to close a smelting facility in Vajskova-Lopej (year 1922). ⁴⁶ The decrease of production of magnesite had more specific causes. The main producer of magnesite in Slovakia was the General Magnesite Co., which mined this commodity in localities Lubeník and Jelšava. As a result of non-systemic, haphazardly and pillaging approach to mining, in year 1923 a large landslide occurred and mine was closed. ⁴⁷

Production of steel

During the last decades before end of Word War I, the principal importance in production of steel on Slovak territory occupied following enterprises: - the Rimamuran co., which owned facilities in Krompachy, Likier, Hnúšťa a Drnava; - the Coburg co. iron works in Chyžná Voda, Stratená a Dobšina and state smelting plans in Tisovec. The production of pig iron culminated in the last year of nineteen century, when combined production reached 270 377 tons. Since then the production gradually decreased and reached nadir at the close of World War I, when total production declined to 73 090 tons. ⁴⁸ A further dramatic decrease in production occurred in year 1919 - to 4 035 tons. The post-war instability and necessity to convert the production to non-military needs contributed to this sharp decrease. Another causes of drop in production were the lack of coal and coke, termination of exports to Hungary and deflation. Several plants were compelled to stop production completely, because they run out of supply of coal.

The difficult situation of Slovak iron works was exacerbated by limited possibilities to sell their products. The capacity of domestic market to absorb production was utterly insufficient. Traditionally, steel mills working on Slovak territory, shipped a majority of their products to the other parts of Hungary and partially also to Poland. After establishment of CSR, the majority of exports was conditioned upon the obtainment of export permissions. In the absence of the trade agreement between Hungary and CSR, these permissions was very difficult to get. The negative impact of cessation of commerce with Hungary illustrate the letter of the Union of Industrialists of Bratislava, addressed to the Ministry of Commerce, in which this institution urgently implored above mentioned ministry to rectify this situation, because number of plants in Slovakia could not continue operations. An importance of exports to Hungary is evident, considering the fact, that in year 1921 the exports to this country covered 92,3 % of total production of Slovak steel mills. ⁴⁹ During the period of years 1922 - 1923 production of steel in Slovakia practically ceased to exist. In comparison to 15 blast furnaces working before outbreak of the World War I, only one facility was in operation in year 1923. ⁵⁰

Machine work industries

There were no significant facilities producing industrial machinery on Slovak territory. The majority of

plants were rather small facilities with a low degree of mechanization and few employees. Even in year 1930, twelve years after establishment of CSR, in 6 326 facilities active in metal working and machinery production, only 28 081 persons were employed – on average 4,4 employees per facility.⁵¹ The already mentioned loss of markets had the most negative impact upon the agricultural machinery manufacturing. The main venue of exports – Hungary, was closed and this resulted in stoppage of production of majority of plants. The Slovak agricultural sector could not replace lost markets at all. To make the situation even more problematic, the Czech manufactures became formidable competitors, penetrating the limited Slovak market. A typical example of deteriorating business environment is the to cessation of operations of Lučenec Factory of Agricultural Machinery. The factory lost Hungarian customers, which constituted its export basis and was compelled on September 1921 to terminate production. The stoppage lasted till year 1923. Despite the endeavors to revitalize the manufacturing, severely curtailed possibilities to sell its production led to definitive closure of factory.⁵² The loss of markets, transport expenses and lack of state orders negatively affected all machinery production in Slovakia. A number of factories either went out of business completely, or lowered production substantially.⁵³

Paper producing industry

Because the importance of this type of industry located on Slovak territory, it is necessary, in a concise fashion, to map its development after establishment of CSR. In the pre-war Hungary the stationary production on Slovak territory amounted to more than 50 % of total Hungarian output.⁵⁴ The manufacturing of stationary products was concentrated in nine localities⁵⁵ employing 4 700 workers. The possible increase of production, which could be enabled by the after-war growth in demand for stationary products, hampered ubiquitous dearth of coal. In some cases, this severely limited production capacity.⁵⁶ Still, during the years 1919 – 1921 all Slovak paper mills were in operation. The situation started deteriorated in 1921 (parallel with an increase in value of Koruna) and grew to catastrophic proportions in 1922. With exception of plants in Žilina and Martin, all paper mills in Slovakia terminated production.⁵⁷ The high exchange rate of Koruna, which made product of Slovak paper industry prohibitively expensive abroad, diverted attention of Slovak producers toward markets in Czech part of Republic. However, again, this expansion was curtailed by high transport costs. Difficulties encountered are described in the report of Slovak Paper Mill in Ružomberok, dispatched on January 22, 1923 to the Ministry with the Full Powers for Administration of Slovakia. According to the cited report the transport costs from Ružomberok to Prague were 53,43 Korunas per 100 kilograms of paper. In comparison, in the Czechland transport expenses of the form Prague most distant paper mill are 27,93 Korunas per 100 kilograms.⁵⁸ In similar fashion is elaborated a supplication of pulp mill in Martin, addressed to the Tariffs Committee of the Ministry of Railroads, in which the authors stated that stationary industry is in a critical situation and further postponement of needed improvements will have catastrophic consequences.⁵⁹

The situation of majority of paper mills in Slovakia was alleviated by improved demand for stationary products since spring 1923. In year 1926 the manufacturers of paper products agreed to organize a syndicate with the aim to increase productivity and coordinate a general strategy of production and distribution. However, inside of paper syndicate persisted a struggle for production quotas allotted to individual plants – a process in which the Slovak producers were disadvantaged. For example, the Slavošovce Paper Mill obtained for year 1927a quota of only 486 railroad wagons of paper products, despite the fact that total capacity of plant was approximately 12 – 14 hundred wagons. The Slavošovce Paper Mill intervened at the Ministry of Commerce and on October 27, 1928, an agreement to increase quota was concluded. But, in summer 1929 the representatives of company again intervened at the Ministry of Commerce again, complaining about the low quotas.⁶⁰ However, unlike the steel industry, which during the first years after establishment of CSR became practically eliminated, the majority of paper production facilities survived, though hampered by high transport costs, deflation and over-production.

Woodworking industry

The last major industry in existence in Slovakia was a wood-processing. Large parts of Slovakia are covered by lush forests, offering the opportunity for gainful exploitation. Immediately after creation of CSR, the woodworking industry in Slovakia, especially woodcutting and primary processing grew at a rapid pace. In year 1920 on Slovak territory were 459 sawmills in operation.⁶¹ The growing demand for wood at home and abroad during years 1919 – 1920 led to a boom in exploitation of wood. Despite the deflation, loss of Hungarian market and stagnation of domestic wood consumption, the exports of wood further increased in following two years. However, the ratio of exports of raw wood products to semi-finished articles increased – a trend which undermined the development of wood processing industry. The exports of non-processed wood (logs and pulp) increased during the period 1920 – 1923 from 56,9 %

to 76,0 %. To the contrary, the exports of semi-finished articles (timber, boards, planks etc.) decreased from 35,6 % to 21,4 % and production of finished products declined from 5,0 % to 0,9 % at the same time.⁶²

Since year 1922 the exports of wood and wood product from Slovakia were hampered by a strong Koruna. This afflicted primarily the small, capital weak facilities, which dominated the wood industry in Slovakia.⁶³ Still, the wood working industry experienced during the first ten years of CSR a continuous growth. For example, during the period 1910-1926, the number of saw mills increased from 88 to 141 and number of workers from 5 919 to 10 180.⁶⁴ Because exports declined, wood working industry, especially wood-cutting and sawing facilities became depended on domestic market (mainly on construction). The shipments of wood products to construction market culminated in year 1928.⁶⁵ This positive trend was reversed during the second half of 1929 as a consequence of increased pressures upon prices at home and flood of exports of wood products from Soviet Union, Sweden and Finland. Situation of Slovak wood industry became critical after annulment of Hungarian - Czechoslovak trade agreement in 1930. The limited ability to place the production on domestic and foreign markets led to sharp decrease in prices. For example, the price of one meter cubic of logs dropped in a span of two years (1929 - 1930) from 211,25 to 149,79 Korunas.⁶⁶ The outbreak of the Great Depression worsened situation still.

Conclusions

Despite the certain areas in which an industrial development in Slovakia during the first ten years after establishment of CSR achieved positive results (for example production of electricity), the overall picture offered a bleak view. The dynamic industrial build-up of several pre-war decades replaced contraction of industrial production, stoppages and permanent closures of many facilities. A number of contemporary economists termed Slovak industry developed during the last decades of nineteenth and first years of twentieth centuries to be of an „aquarium“ nature, an artificial creation brought to existence to facilitate political aims of Hungarian ruling circles. Unquestionably, the industrial enterprises on Slovak territory enjoyed a considerable support from Hungarian state agencies. However, the loss of subsidies and direct state orders was only one of the causes of malaise. The most relevant factor was the overabundance of industrial capacity after establishment of CSR. In ensuing dilemma, which facilities must become victims of necessary pruning, the lot, in a majority cases, inevitably fell upon the industrial plants in Slovakia. The negative consequences associated with „de-industrialization“ of Slovakia, such as rising unemployment, decline on standard of living and economic emigration, though criticized by many, could not stop these processes. As a matter of fact, numerous Slovak political representatives, especially from ranks of so called „Czechoslovakists“, either minimized, or completely ignored economic woes besetting many parts of Slovakia. An illustrative example are opinions of V. Šrobár, a foremost political figure in inter-war CSR, according to whom, the unemployment in Slovakia was „minimal“ and trades, commerce and industry were „delightfully expanding“.⁶⁷

Notes

¹ The expression of „Slovak territory“ is necessary to understand in a contemporary context, because Slovakia, as an integral part of the Hungarian Kingdom, at that time was not geographically, nor ethnically and administratively precisely delineated.

² Steiner, J.: *Hospodářsky a sociální vývoj 1918-1938*. In: Kol.: *Průmyslové oblasti Slovenska za kapitalizmu (1780-1945)*. Opava: Slezský ústav ČSAV 1983, p. 15.

³ Faltus, J.: *Vývoj kapitalistickej industrializácie Slovenska a jej problémy*. *Historický časopis*, 31, 1983, 4, p. 550.

⁴ Seton-Watson, R. W.: *Československo a slovenský problém*. In: Seton-Watson, R. W. (Ed): *Slovensko kedysi a teraz*. Praha: Orbis 1931, p. 36.

⁵ Stodola, K.: *Hospodářsky rozvoj Slovenska od r. 1918*. In: Seton-Watson, R. W.: *Slovensko...op.c.*, p. 259.

⁶ Strhan, M.: *Krída priemyslu na Slovensku v rokoch 1921-1923. Počiatky odbúravania slovenského priemyslu*. Bratislava: SAV 1960, p. 19.

⁷ Němcová, V.: *Hlavné vývinové tendencie slovenského priemyslu a politika KSČ v období predmníchovskej republiky*. *Historica Carpatica*, 1972, 3, p. 37.

⁸ Kramer, J.: *K dejinám priemyslu na Slovensku za prvej ČSR. Odbúranie železiarskeho priemyslu na Slovensku v rokoch 1918-1925*. Bratislava: Práca 1955, p. 25.

⁹ Němcová, V.: *Hlavné...op.c.*, p. 39.

¹⁰ Under the terms „Czech part of CSR“ and „Czechland“ is here meant also Moravia and Silesia.

¹¹ Strhan, M.: *Krída...op.c.*, pp. 22-23.

¹² Seton-Watson, R. W.: *Slovensko...op.c.*, p. 30.

¹³ Horváth, Š. - Valach, J.: *Peňažníctvo na Slovensku 1918-1945*. Bratislava: Alfa 1978, p. 10.

- ¹⁴ Lipták, L.: Slovensko v 20. storočí. Bratislava: Kalligram 1998, p. 81.
- ¹⁵ Kováč, D.: Dejiny Slovenska. Praha: Lidové noviny 1998, p. 182.
- ¹⁶ Hronský, M.: Slovensko pri zrode Československa. Bratislava: Pravda 1987, p. 318.
- ¹⁷ Hronský, M.: The struggle for Slovakia and the Treaty of Trianon. Bratislava: Veda 2001, p. 92.
- ¹⁸ Faltus, J.: Vývoj...op.c., p. 551.
- ¹⁹ Strhan, M.: Kríza...op.c., p. 23.
- ²⁰ Ibid.
- ²¹ Horváth, Š. - Valach, J.: Peňažníctvo...op.c., pp. 27-28.
- ²² Ibid.
- ²³ Hallon, L.: Expansia a ústup slovenského finančného kapitálu v účastinných podnikoch 1918-1929 na príklade Tatra banky. Historický časopis, 46, 1998, 2, p. 233.
- ²⁴ Horváth, Š. - Valach, J.: Peňažníctvo...op.c., p. 40.
- ²⁵ Kramer, J.: K dejinám...op.c., p. 25.
- ²⁶ Němcová, V.: Hlavné...op.c., p. 37.
- ²⁷ Strhan, M.: Kríza...op.c., p. 68.
- ²⁸ Ibid.
- ²⁹ The tracks Bratislava-Štúrovo-Lučenec and Bratislava-Miškolec-Košice were severed by inter-state boundaries between Czechoslovakia and Hungary.
- ³⁰ Bartlová, A.: Integračný proces československej ekonomiky v medzivojnovom období. Historický časopis, 38, 1988, 3, p. 366.
- ³¹ Strhan, M.: Kríza...op.c., p. 64.
- ³² Ibid.
- ³³ Kramer, J.: K dejinám...op.c., p. 42.
- ³⁴ The Law no. 235 stipulated construction of 14 transversal railroads on Slovak territory, including a track Margecany - Červená Skala, with total investment value almost 937 million Korunas. A sum dislocated to build the railroad Margecany - Červená Skala in projected length of 108 km, was 176 million Korunas.
- ³⁵ Štátny okresný archív Spišská Nová Ves (State County Archive - SCA), Fond: Okresný úrad (Fund (f.): County Office - CO) Gelnica 1923-1945, box no. 107/1933.
- ³⁶ SCA Spišská Nová ves, f.: CO Gelnica 1923-1945, box no. 107/1933.
- ³⁷ Ibid.
- ³⁸ Strhan, M.: Kríza...op.c., p. 65.
- ³⁹ Němec, Z.: Nad problematikou vývinu železnorudného baníctva na Slovensku v rokoch 1918-1938. Nové obzory, 1967, 5, p. 58.
- ⁴⁰ Ibid, p. 59.
- ⁴¹ Mazurek, J.: Hospodársky, sociálny a politický vývoj slovenského baníctva po vzniku Československa. Historický časopis, 34, 1968, 1, p. 48.
- ⁴² Ibid, p. 49.
- ⁴³ Strhan, M.: Kríza...op.c., p. 86.
- ⁴⁴ Mazurek, J.: Hospodársky...op.c., p. 50.
- ⁴⁵ Ibid.
- ⁴⁶ Ibid.
- ⁴⁷ Ibid.
- ⁴⁸ Strhan, M.: Kríza...op.c., p. 105.
- ⁴⁹ Kramer, J.: K dejinám...op.c., p. 39.
- ⁵⁰ Strhan, M.: Kríza...op.c., p. 108.
- ⁵¹ Adamuv, P.: Strojársky priemysel na východnom Slovensku v rokoch 1918-1938. Historica Carpatica 1985, 16, p. 264.
- ⁵² Strhan, M.: Kríza...op.c., p. 125.
- ⁵³ For example, manufacturer of harvestres - Slovenská kosárňa - stopped production on November 13, 1920. Out of business went Uhorské strojárne, Hindrich and Hunger, A. Drozdil, J. harmata, L. Antonyi and others. Strhan, M.: Kríza...op.c., pp. 128-129.
- ⁵⁴ Kramer, J.: Niektoré otázky vývinu priemyslu v predmníchovskej republike (Papiernický priemysel na Slovensku v r. 1919-1929). Československý časopis historický, VI, 1958, 4, p. 693.
- ⁵⁵ Slavošovce, Hôrka, Harmanec, Ružomberok (two plants), Martin, Žilina, Poprad, Slatinka.
- ⁵⁶ According to a report elaborated by representatives of Harmanec Paper Mills, the factory was compelled to curtail production to 10 % of pre-war capacity during the year 1919. Kramer, J.: K niektorým...op.c., p. 694.
- ⁵⁷ Strhan, M.: Kríza...op.c., p. 141.
- ⁵⁸ Kramer, J.: Niektoré...op.c., p. 708.
- ⁵⁹ Ibid.
- ⁶⁰ Ibid, pp. 719, 720.

⁶¹ Strhan, M.: Kríza...op.c., p. 151.

⁶² Ibid, p. 152.

⁶³ The high degree of fragmentation of Slovak wood industry, especially unfinished wood products, was determined mainly by necessity to organize production close to sources of suitable saw timber. Němcová, V.: Kríza drevárskeho priemyslu na východnom Slovensku v rokoch 1929-1934. *Nové obzory* 1968, 10, p. 49.

⁶⁴ Mlynárik, J.: Štrajky drevo robotníkov na Slovensku v rokoch 1924-1929 a veľký štrajk spišských piliarov roku 1929. *Nové obzory* 1966, 8, p. 56.

⁶⁵ Ibid.

⁶⁶ Němcová, V.: Vývoj piliarskeho priemyslu na Slovensku v rokoch 1918-1938. II. *Historica Carpatica*, 1973, 4, pp. 41-59.

⁶⁷ Šrobár, V.: Kultúrny pokrok na Slovensku. In: Seton-Watson, R. W.: *Slovensko ...op.c.*, p.105.