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World economic crisis in Slovakia, 1929 – 1935

The Great Depression of 1929 to 1935 paralysed the Czechoslovak Republic's economy, but under Slovak conditions it paradoxically did not have such a destructive impact as the liquidation of Slovak industry in the 1920s. The customs war between the Czechoslovak Republic and Hungary, which paralysed exports of Slovak wood to Hungary, acted as a prelude to the crisis. Wood production decreased by 40 percent in the entire state. In Slovakia the crisis was industry-wide: in addition to the timber industry, iron metallurgy, ore mining (exploitation of iron and copper ores), engineering industry – manufacture of agricultural machines, metal sheet rolling mills, building industry, and the textile industry were mostly affected. The crisis impacted to a lesser extent or not at all on the rubber industry or the exploitation of brown coal, crude oil, salt, and polymetallic ores. A high unemployment rate accompanied the crisis. According to official data, unemployment was highest in the Czechoslovak Republic in 1933 when employment agencies reported 738,310 applicants for jobs. In Slovakia, 88,000 jobless were registered in that year. However, the rate of registration at employment agencies was lower than in Bohemia. Therefore it is estimated that there were actually up to 250,000 jobless in Slovakia at that time. During the crisis, seizures of property and goods dramatically increased, with 51,601 distraints performed in Slovakia and Ruthenia in 1929, increasing to 112,276 in 1932. Such seizures frequently took a dramatic course. For example, in the Upper Hron river region, which was impacted by the stagnation of the timber industry and suspension of the Červená Skala-Margecany railway construction, Polomka residents forced a distrainer – who had come to seize the property of two families – out of the village. This turbulent situation culminated on 16 November 1932 in a confrontation between demonstrators and gendarmes – two villagers were shot and killed. The economic crisis was reflected in growing support for radicalism with the Slovak issue not far behind. Governmental statements insisting that it was economically beneficial for Slovakia to be part of the Czechoslovak Republic sparked strong discussions. But investment in Slovakia's development was very low.



The financial crisis, unemployment and social tension forced the state to take measures to utilise the labour of the unemployed, or to prevent the further growth of the jobless rate. Such labour was used for state-financed public building works. The crisis became the impulse for a group of Slovak economists to start proactively seeking solutions suitable for Slovakia. In 1931, the Economic Institute of Slovakia and Ruthenia (ISR) was founded. Kornel Stodola became its chairman,



and Imrich Karvaš its general secretary. This institution housed the young generation of Slovak economists, who clearly realised the need to resolve Slovakia's urgent economic issues. ISR joined all the important economic institutes, institutions and industrial chambers and representatives of several civil political parties were involved in this cooperation. Thus, several initiatives were proposed aimed at revitalising the Slovak economy. These focused on the correct deployment of industry, the effective use of domestic natural resources (especially water energy), tourism development, public works planning, and developing infrastructure. ISR did not have enough opportunity to implement these plans as its projects could only have been put into practise by the coordinated effort of governmental nation-wide political parties, specifically the Slovak branches thereof. But this effort was lacking. Despite these facts, ISR was an important experience that unambiguously demonstrated the need for joint action in pursuit of a generally beneficial issue. ISR came to the opinion that a thought-out and planned industrialisation of Slovakia was necessary. Since the mid-1930s practically all major political parties had demanded the industrialisation of Slovakia.



**W**ith the Great Depression peaking in the Czechoslovak Republic in January 1933, a solution was sought with the passing of the Authorisation Act which allowed the government to take certain measures without parliamentary consent. This authorisation was limited to the period of extraordinary economic conditions, urgent cases and for regulating economic matters. However, the authorisation was expanded through other laws to simplify and rationalise public administration and organise the police. In this way, the authorisation legislation was gradually becoming part of practical political life. When governmental political parties called for a strong hand, they were generally referring to authoritative democracy.

**T**he Great Depression eased in 1936 and was overcome in Slovakia thanks to higher state activity and a more generous investment policy related to fears of the external danger to the Czechoslovak Republic of Nazi Germany. Some new large enterprises were founded, mainly focused on armament production. Škoda Factories started to build an arms factory in Dubnica nad Váhom, and the arms factory in Považská Bystrica increased production. Thanks to the boom in building new plants in the late 1930s, industrial production in Slovakia reached pre-First World War levels.

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#### References: