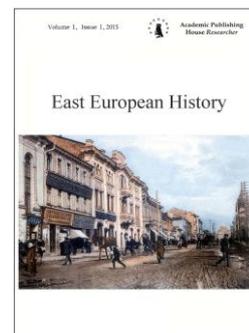


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Foreign-Trade Relationships of the Slovak Republic (1939–1945) with Yugoslavia and the Independent State of Croatia

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Abstract

Foreign trade represented highly important role in the Slovak economy in the years 1939 – 1945. Ironically, when compared with the present days, where we face problems with passive trade balance, Slovakia had to cope with danger of unlimited export abroad. Majority of Slovak products found their place within the empty European markets with no major difficulties. Since, for Slovakia, foreign trade represented very important factor, at the very beginning of the state was passed the act which continued the trade treaties of the former Czechoslovak Republic. By passing the Act No. 2/1939 the first Slovak Republic also accepted all trade treaties which had been signed by the Czechoslovak Republic and other states. Doing so, the new state clearly declared rules of the foreign trade policy at its very beginning.

Keywords: Foreign trade, Slovak economy, Yugoslavia, Croatia, Balkan region.

1. Introduction

Foreign trade represented highly important role in the Slovak economy in the years 1939 – 1945. Majority of Slovak products found their place within the emptied European markets with no major difficulties. Slovak foreign trade was primarily oriented on export because of the favourable export situation. High numbers of Slovak export formed in 1939 2 billions 200 million Slovak crowns as opposed to the import with 1 billion 555 million Slovak crowns. Active balance of the foreign trade reached 645 million Slovak crowns. A majority of the shown amount aroused when trading with the Third Reich. Since, for Slovakia, foreign trade represented a very important factor, at the very beginning of the state an act, which continued the trade treaties of the former Czechoslovak Republic had been passed. Doing so, the new state clearly declared rules of the foreign trade policy at its very beginning. It is proved by the fact that along with the Act No. 1/1939, which declared the Slovak state, the government also issued a ruling of modification of the trade relations between the Slovak Republic and customs outland. The same day the government issued a ruling of foreign exchange regulations, which defined that „all of the regulations issued hither-to are staying in validity and are related to the laisons with regions of Bohemia and Moravia-Silesia as well“. With the provision of the Act No. 2/1939, the Slovak state simultaneously accepted all of the commerce treaties, which were sealed up between Czechoslovak Republic and other countries. This way the new state **clearly declared the foreign trade policy principles in the Act of Formation (Národohospodár, 1994: 108).**

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2. Materials and methods

This is a state-wide problematic and therefore the most important sources are documents kept in central archives. The decisions made by the leadership of the Hlinka's Slovak People's Party (HSLS) are in the Central archive of the Slovak Republic in Bratislava in the section of the Ministry of Foreign Affairs 1939–1945. The majority of the documents are kept in the file Ministry of Economy 1938–1945. Some documents are in the Central archive of the Czech Republic in Prague and Politisches Archiv des Auswärtigen Amtes in Berlin.

In the process of solving of the researched problem have been used general scientific methods (analysis and synthesis, concretization, generalization) together with traditional methods of historical analysis and specific historical methods (direct/indirect method, structural analysis, typological method). We have mainly used the principle of historicism that supposes viewing of historical circumstances of researched period, relations and interconnection of events, understanding causes, phenomena and the whole context.

3. Discussion

The Slovak Republic also continued in trade relationship with Balkan region. Before the German attack of Yugoslavia, the Slovak Republic signed trade treaty with Yugoslavia. Business meetings took place in July 1940 in Belgrade. After the division of Yugoslavia, foreign trading with the Independent State of Croatia was commenced. Once the trade treaty was signed in October 1941 a clearing payment was introduced. Goods exchange was slow and unreliable mainly from the Croatian part. Payments between both states were realised through special accounts „A“ and „B“ at the Croatian State Bank in Zagreb and at the Slovak Mortgage and Communal Bank in Bratislava and corresponding accounts at the Slovak National Bank in Bratislava. Payments for goods, transport and other expenses connected with goods exchange were realised using account „A“. Using the account „B“, payments to diplomatic representatives were realised. This account was also used for transferring savings of the Croatian citizens in Slovakia and the Slovak citizens in Croatia. However, foreign trade between the countries was not very intense, and despite certain broadening of goods exchange in 1942 trade relationships were kept in minor volume until as late as the WW II.

4. Results

The Slovak state was gradually trying to adapt in the foreign trade on Balkan, where it was also concluding business deals with several countries. The Slovak state concluded a temporary deal about business and payment liaison with Yugoslavia in June 1939. Both sides acknowledged Czechoslovakia–Yugoslavian business precontract and established clearing accounts. During the first several months, the Slovak state registered a liable balance in the system of payments that resulted from a specific restrain from the Yugoslavian part, which resulted in difficulties of the Slovak purchase in Yugoslavia. The change occurred in December 1939, when the Slovakian clearing balance became positive. On the whole, we can quantify the foreign trade between the Slovak state and Yugoslavia in 1939 to about 40 million Slovak crowns. Majority of the goods imported from Yugoslavia were tobacco, grease, swines or tropical fruits, on the other hand Slovakia mainly exported cellulose, barley, building material, printing-paper etc ([Slovenský priemysel, 1940: 69](#)).

In 1940 a new business negotiations started with Yugoslavia. The negotiations took place on the 25th of July 1940 in Belgrade. Consequently, a new Commerce and Navigation Treaty with the veterinary agreement and the agreement on the mutual goods exchange was signed on the 3rd of August. Peter Zaťko and Ján Országh signed the treaty for the Slovak state and Svetomír Lazarevič for Yugoslavia. The treaty involved a clause on the highest benefits and the expected goods exchange was estimated on 70 million Slovak crowns per year. But in 1940 there was a massive growth of the mutual goods supplies and the import from Yugoslavia reached 94 million and the export from Slovakia 122 million Slovak crowns' worth sum ([Slovenský priemysel, 1941: 86](#)). The agreement on the payment liaisons involved a statute on mutual remittance through clearing accounts ([Slovák-1](#)). The concluded agreements presented a foundation of the business relationships until the defeat of Yugoslavia and also served as a foundation for business relationships between the Slovak state and Croatia. After the defeat of Yugoslavia, there remained a Slovak clearing claim about 20 million Slovak crowns in mutual business. The liquidation of the above-mentioned balance was handled by the Croatian State Bank.

Events linked to the Second World War and the German ambitions were also oriented into the Balkan region, what meant the defeat of Yugoslavia and a formation of a new, Independent State of Croatia in 1941. After the Yugoslavian decline¹ and the creation of a new state, President Jozef Tiso sent a following telegraph to the highest Croatian state official Ante Pavelić: “Our joy that we can see the final victory of the Croatian fight for freedom is measurable with the one we felt two years ago. Please, His Excelency, accept my sincere congratulation to you, and the best wishes to the Croatian nation, which is closely befriended with Slovaks” ([Slovensko-nemecké vzťahy, 2009: 1048, doc. 383](#)).

The President’s telegraph accepted the formation of the new Independent State of Croatia, which was acknowledged by the Slovak state on the 15th of April 1941. The leader of the Croatian state, Ante Pavelić, assured the first Slovak diplomacy deputy Karol Murgaš² at the end of May 1941, that Croatia will also assign its ambassador to Bratislava ([Petruš, 2011: 23](#)). The first Croatian ambassador in Bratislava officially became Dr. Dragutin Tóth on the 20th of June 1941. In comparison to K. Murgaš, he was a more experienced politician and during his first audience with President, he emphasized that his main task is to improve cultural and economical relationships between the Slovak and the Croatian state. Eight members of the Croatian embassy arrived in Bratislava at the end of 1941 ([Rychlík, 2000: 270](#)).

The political relations between the Slovak state and the Independent State of Croatia started soon after the declaration of independence of Croatia and were on good terms during their whole existence. Gradually, the furnishing of an embassy in Zagreb had begun, where the furniture carried from the former Embassy of Slovak Republic in Belgrade served well. Because of a bad transport condition, the complete furniture, which eventually remained to the Consulate of Slovak Republic in Belgrade, failed to convey. A consular department of the Slovak Embassy in Liquidation in Belgrade started its activities on the 18th of June 1941 ([SNA-1](#)). Besides the furnishing of the Slovak embassy in Zagreb, another serious difficulty occurred with financial shortness³, which K. Murgaš kept constantly pointing out. He addressed the following letter to Vojtech Tuka towards the end of July 1941: „Below signed Karol Murgaš, I humbly request you to terminate my employment as a signatory clerk and I also request my removal from civil service. I humbly announce that I can’t accept a perspective nomination, because I don’t have the necessary means for a similar costly life and I want to return to my initial journalist job and by doing so, to serve my Slovak nation and state. I request to my successor in Zagreb be named as soon as possible so that he can takeover the embassy built and furnished by me. I also humbly announce, that my wife was terribly taken ill with phlebitis because of the climatic conditions and she needs an immediate transport into a healing spa, so I request at least a week long holiday“ ([SNA-1](#)).

So Karol Murgaš’s function in Zagreb didn’t last long and he moved to Bratislava on the 25th of October 1941. Considering the unprofessionality and systematic complaints of the Slovak charge d’affaires about the financial shortness, he was soon replaced by a new Slovak ambassador Jozef Cieker.⁴ Financial irregularities associated with K. Murgaš’s function in Zagreb were handled after his return to Slovakia. On the 29th of January 1942, a minute-book was written down in the Government Presidency on the irregularities in the usage of financial resources assigned to the Slovak Embassy ([SNA-2](#)). After the exchange of the Slovak Representative Council, a gradual rebuilding started in the embassy residence in Zagreb, which was quite complicated due to the partial mobilization and a lack of qualified workers, construction and technical material and an enormous price increase ([SNA-3](#)).

After the adaption of Slovak and Croatian diplomatic deputies in individual countries, the mutual relations started to develop relatively intensely. To this contributed a fact, that both countries did not have any serious disagreement and because they did not have common borders, there were no territorial claims. Several other important factors contributed to the mutual unity. First, there was a shared guarantee of a formation of both countries, which was the Third Reich. The leaders of the states and their political leaderships were allied with the Axis’ members and their political representatives. Both states signed the Tripartite Pact and together they became a part in building a „New Europe”, which supposed to be a substance of a new power-political organization of the World ([Petruš, 2011: 241](#)).

We can find parallels between the Slovak state and the Independent State of Croatia even in the economic area. Both states became a part of a German Greater Economic Sphere and during the whole existence they were more or less forced to satisfy German demands. The more the

country was politically and economically fixated to the Reich, the easier was for Berlin to enforce admissions from its representatives, which headed to a fulfillment of Berlin's own interests. The exemplary cases were Slovakia and Croatia – states that were formed as by-products of the German expansive foreign policy. Slovakia, if we consider its total population, belonged, until the half of 1944, to the leading country among Southeast Europe allies (Hungary, Romania, Bulgaria, Croatia) in supplying Germany with workforce (Hallon, 2012: 32-34; Bundesarchiv; PAAA; Der Prozess, 1948: 117; see also: Spoerer, 2005: 214; compare: Sundhaussen, 1983: 189). Not only the above-mentioned diplomatic pressure, but other factors affected this occurrence as well, for example the initial high unemployment, incomparably better gainful opportunities, the preference of German minority members at recruitment events, and regime's increased willingness to collaborate with the „Protector” (Hallon, 2012: 32-34).

A significant similarity between Slovakia and Croatia can be recognized in the departure of workforces into the Reich, when both countries provided Germany by a distinct percentage of workforces regarding their size.

But thousands of Yugoslavian nations' members worked on the territory of the Third Reich before 1941. Their number was estimated at 130 thousands per year. At first, the interest in working in the Reich was very large, as it was in the Slovak state. Yugoslavians were coming to Germany by legal as well as illegal channels since the Interwar Period. One of the first international acts of the independent Croatia was an Agreement on Workforces with the Reich, signed at the beginning of May 1941. Croatia could send in workers into the Reich on a contractual basis. The agreement with Germany secured Croatian worker an identical position and social security with the German worker, what made its content comparable to the agreements on workforces between Slovakia and Germany. Similarities between the Slovak and Croatian workers had occurred also in other areas, for example in their numbers and mechanisms of recruitments. The number of Croatian workers sent out according to the Agreement reached during the first year, in 1941, almost 78 thousands and culminated in the middle of 1942 approximately at 100 thousand people. Croatian laborers worked mainly in agriculture, woodcraft and mining. For the coordination of their sending into the Reich a local office of Chief Representative for work deployment with filials in several various towns was established on the territory of Croatia. The issue of workforces in the Reich was initially in competence of the Ministry of Health, but it was later taken over by the Ministry of Interior. Between the deployment of Croatian and Slovak workforces occurred certain differences as well. In addition to the willingly sent laborers, Croatian prisoners from the German-Yugoslavian War in 1941, unwillingly deployed members of the Serbian minority in Croatia and imprisoned Croatian partisans worked in the Reich. Including the mentioned persons categories, the total number of workforces from Croatian state was estimated between 150 or 200 thousands per year. But, for the mutual comparison, the evident difference between the earnings of Slovak and Croatian workers in Germany was more important. Wage rates on sending into Croatia rose for agrarian workers between 1941 and 1944 from 70 Reichsmarks to 130 RM and for the laborers in industry from 100RM to 200RM, which meant about 50 % more than for the Slovak workers in mentioned categories in the same period of time. Furthermore, whilst the Slovak worker exchanged the Reichsmark for Slovak crown in lower ratio than the official rate was, the Croatian worker got three times higher valuation than the official rate was towards domestic exchange.⁵ It means that Slovak workers belonged into the least rewarded groups of foreign workforces from the allied countries of The Third Reich. Given situation went to the debit of Slovak government sites and, specifically, of the Slovak Government Committee, whose members could not provide the same wages for their workers during the negotiations with Germany as the government committee of the economically less developed, also allied, Croatian state. In spite of the above mentioned earning, the value of the wage rates was one of the main reasons for the decrease of interest of Croatian laborers in working in the Reich during the years 1943–1944. Given the evolution of incomes and costs of living in Croatia, working in the Reich ceased to be interesting. Here, we can again find parallels with the situation of Slovak laborers. Other reasons for the growing disinterest were also similar, especially the difficulties with transfer, insufficient social conditions, raids, worse status than the German worker's or levelling out differences between the willingly and unwillingly deployed workforces, for example in the comparison with imprisoned Croatian partisans. The subsequent reality, for example escapes from

the Reich and unauthorized extension of vacations, had greater range by the Croatian workers than by the Slovak laborers (Hallon, 2012: 35-36).

A mutual economical connection in the German Greater Economic Sphere ushered in the ambition of both countries⁶ to develop their shared economic relations, in which both sides were interested, shortly after the declaration of the Independent State of Croatia. Slovak diplomacy deputy in Croatia, Karol Murgaš, had been sending messages about the bad financial situation of the country to Bratislava right from the start of his staying there. The Slovak Embassy in Zagreb should, at the same time, observe the German-Croatian business negotiations, which set the economical relations of Croatia with other countries (Jarinkovič, 2012: 95).

Organizing the bilateral negotiations between the Slovak and Croatian party was not easy considering the entering of the War against USSR by the Slovak state (and also the political ineptitude of Karol Murgaš) and so the Slovak representatives had certain limitations in travelling abroad. Both sides were trying to agree on a date and time of their appointment through telegraphs and, during July 1941, Štefan Polyák and the Assistant Secretary of Croatian Embassy in Bratislava agreed that their appointments will take place in September in Zagreb. Thereafter, preliminary business negotiations should take place at the end of July 1941 in Bratislava (SNA-4). The Croatian part showed interest in realization of businesses, at least partly, that were settled in Slovakian-Yugoslavian business agreement. Croatia planned, for example, to buy 300 draft horses in Slovakia, which it wanted to pay in part in Swiss francs and the other half pay off within compensation in food. The Chief of Protocol of Croatian Ministry of Foreign Affairs Vrančić negotiated about these possibilities on Danube Exhibition in Bratislava (31. 8 – 7. 9.1941) (Rychlík, 2000: 272).

Certain unofficial contacts between Slovakia and Croatia occurred at the beginning of September 1941 on the International Exhibition in Leipzig, where the Croatian Minister of Commerce, Marijana Šimić, visited the Slovak Pavillion. The Croatian Minister expressed his wish for the prompt meeting of both economic delegacies and due to the short time, which elapsed since the declaration of the independent state and still organizing the Croatian state Administration, suggested a meeting in Zagreb (Gardista-1). At the same time he initiated a deepening of the Slovakian-Croatian business relations to expedite the exchange of goods from both sides.

Business negotiations finally managed to be organized, after some delay, and they were held between 3rd and 16th of October 1941 in Zagreb. On joint meetings, a Framework Trade Contract with Agreements on Goods and Payment System, Agreement on Payment Liaison, Veterinary Agreement and a confidential letter of Slovak delegacy to the President of Croatian government delegation were concluded on the 11th of October 1941. The contracts were then elaborated and signed in Zagreb on the 16th of October 1941. The agreements were signed by the Envoy and Plenipotentiary Minister Štefan Polyák for Slovak part and the Minister of Trade, Industry and Commerce, Marijana Šimić, for Croatian side. After that, the contracts were submitted for approval to the Ministerial Council. At the same time, the Trade Contract and Veterinary Agreement with the Final Protocol were subjects to approval by a National Assembly of Slovak Republic. The Agreement on Goods and Payment System, a confidential minute-book to the Veterinary Agreement and the confidential letter of the President of the Slovak delegation Ján Országh did not require approval of the Assembly and were not even published (SNA-5).

According to the agreed terms Croatia should supply Slovakia mainly with: tobacco, corn, wine, fish, dried fruit (plums, cherries), jam, etc. On the other hand, Slovakia would export into Croatia: fireclay bricks, talc, paper, cellulose, brewing barley, some textile products (ladies underwear made of synthetic silk), asbestos products, chemicals and other products. The annual trade exchange was estimated on the grounds of previous business experiences of trading with Yugoslavia on the sum between 80 and 100 million Croatian kunas. The exchange rate of Slovak crown and Croatian kuna⁷ was estimated according to the rate of German Mark on the value of 100 crowns – 172 kunas (the exchange rate on the Protectorate crown was 100 crowns – 200 kunas) (SNA-5).

The Trade Contract, similarly to the previous Business and Navigation Agreement concluded with Yugoslavia, contained a principle of MFN (most favoured nation). It included 17 Articles, 10 of which were identical or at least partially identical with the previous Slovakian – Yugoslavian agreement. Article I. was, for example, on the contrary to the Slovakian – Yugoslavian agreement, extended and the members of both parties should use MFN not only in the business area, industry

and sailing, but also in every employment, and within the laws they could acquire and hold tangible and intangible assets on the territory of other party (Jarinkovič, 2012: 95; SNA-5).

The Agreement should come into force in 15 days from the exchange of the instruments of ratification. It had been valid for a year from the entry into force, unless it was denounced 6 months before the expiration of the year. A Veterinary Agreement and the Agreement on Goods and Payment System were also established on similar rules.⁸

In foreign trade the payment system with Croatia was concluded under the Agreement on Payment System through clearing. Payments between both states were carried out through the collecting accounts „A“ and „B“ in Croatian State Bank in Zagreb and in Slovak Mortgage and Communal Bank in Bratislava with corresponding accounts in SNB in Bratislava. Through the collecting account „A“ the payments for goods, transportation and incidental expenses arising from trade relations were held. Using the collecting account „B“ the payments for diplomatic envoys were realised and the savings of Croatian citizens in Slovakia and Slovak citizens in Croatia were transferred (Slovák-3). The payments of Croatian citizens working in Slovakia and Slovak citizens working in Croatia were limited to the amount of 2000 Slovak crowns and 3000 Croatian kunas per month (SNA-6).

Liabilities that arose prior to the 10th of April 1941 should be resolved through the liquidation accounts between the Slovak Mortgage and Communal Bank and Croatian State Bank. The agreed quantity of goods did not count in the new contingents. The Payment Agreement came into force on the day of signature, the 16th of October 1941, and was concluded for the period until the 30th of September 1942. It would be denounced one month before the expiry of its activities, otherwise it should be automatically extended by three months (SNA-6).

The Agreement on Payment System determined that, in order to encourage tourism, reimbursements up to 8000 crowns, or 5000 crowns for a person per month up to a total of 500 000 crowns per year, should be allowed between the two countries.

All receivables carried out in a third currency were converted in Slovakia into crowns and in Croatia into kunas on the basis of official middle exchange rate of the previous day. As for the repayment of the outstanding amount, Slovakian debtor got rid of his commitment by composition of funds to the account of the State Bank of Croatia. If the amount owed was conducted in kunas, then his commitment was balanced when the Croatian creditor received the full amount of his requirements in kunas. Also, if the outstanding amount was in third currency, it was understood as balanced, only when the Croatian creditor received full value of his receivables in kunas. The same measures were maintained for Croatian creditor and Slovak debtor as well. Private compensations between importers and exporters, as well as between debtors and creditors, were unacceptable. Mutual settlements of liabilities incurred prior to the 10th of April 1941 were conducted through Liquidation Account of Croatian State Bank in Zagreb, Slovak Mortgage and Communal Bank in Bratislava and through the Liquidation Account of SNB in Bratislava. Both accounts were interest-free and kept in Slovak crowns (Slovák-4).

In addition to formal agreements, the head of the Slovak delegation, Ján Országh, sent on the 11th of October 1941 a letter to the head of the Croatian delegation, Josip Cabas, about the exchange of designated goods between the Slovak state and Croatia in excess of fixed contingents. Malting barley, malt and yarn should also be exported from Slovakia, corn, ointment and tan yield should be imported from the Croatian part. At the same time, the differences in price levels of both countries were being solved (SNA-7).

Business contacts between the two countries meant, mainly because of the Croatian economic problems, difficulties with fulfilling the commitments agreed from the very beginning.⁹ Before the conclusion of the business agreement, Slovakia exported into Croatia goods worth almost 3 million Slovak crowns (in September 1941 Slovakia exported into Croatia goods worth 2.8 million crowns and imported goods worth only about 70 thousand crowns) (Gardista-3). After the conclusion of business agreements, the foreign trade between Croatia and Slovakia reached in 1941 a sum worth about 13 million crowns, whilst export from Slovakia amounted to 7 million crowns and import into Slovakia 6 million crowns. We can use the month of November as example, when Slovakia exported goods worth 1 million Slovak crowns (0.4 % of Slovakian export) and imported goods worth 600 thousand crowns (0.2 % of Slovakian import).

For a comprehensive assessment of Slovakia's foreign trade relations with the region of the former Yugoslavia, we have to evaluate the first quarter of 1941, when the business with Yugoslavia

was concluded, which accounted for 41 million Slovak crowns of imports and exports amounted to 20 million crowns.

After its establishments in May 1941, the Croatian state began to follow the trade and political activities of Yugoslavia. However, after the conclusion of trade agreements in 1941, a more intensive development of mutual relations was prevented by the economy of the new state, war economy and a disparity in price levels (*Slovenský priemysel*, 1942: 104). The foreign trade with Croatia formed 0,2 % of the overall trade relations of Slovakia with foreign countries. A higher percentage in the exchange of goods from the Croatian side was recorded only in the export of the item called „Special Trade” (colonial products, spices and tropical fruits) that, for example, formed a total average of 1.5 % in December 1941 (*SNA-8*).

In spite of the initial difficulties, the Slovakian – Croaian trade liaisons expanded in 1942.¹⁰ This was related especially to the development of bilateral relations, which reached its peak in the first half of 1942. In late June and July a visit of Croatian military delegation headed by General Vladimir Kren was held in Slovakia and from 12th to 14th of July 1942 Marshall Kvaternik, the second man of Croatia, visited Slovakia as well. He was received at the highest level by President Tiso and Minister of Defence General Čatloš. During the visit, the deliveries of cloth and weapons for the Croatian army were settled (*Rychlík*, 2000: 278). Besides the deliveries to the Croatian army, the Slovak foreign trade recorded also an increased export of chemical industry products into Croatia (*SNA-10*).

Not even the mentioned expansion of trade meant its more pronounced increase in the future. The significant disparity between import and export was manifested by a quantification of Slovak export to Croatia in 1942 by a sum of 98 million HRK, while on the other hand, the Croatian export to Slovakia was calculated on the amount of 53 million HRK (*Slovák-5*). In Slovak crowns, the Slovak export to Croatia in 1942 amounted to 32 million crowns (0.7 %) and the import from Croatia to 28.5 crowns (0.6 %) (*Štatistická príručka*, 1947).

The payment clearing relation between the two countries, however, quickly recorded problems and the Croatian State Bank issued a circular letter in 1942,¹¹ which ordered the factories dealing with Slovakia to require a permit from the bank for each payment made using accounts „A” and „B”. At the same time, the Croatian financial institutes were warned that the issuance of credit letters for Slovakia should be limited, because the Croatian State Bank ceased to permit coverage through clearing. The restrictions also occurred in the travel expenses, which could be only realised through the account „B”, and a foreign trip to Slovakia was allowed only if it was „absolutely necessary” (*SNA-11*).

The export from Slovakia to Croatia was adjusted as well. According to the Decree of Ministry of Economy from 1941, details were designated for issuing export permits from Slovakia to Croatia. Precise deadlines to fulfill specific prescribed requirements necessary for granting of an export license were defined in the Decree. In 1942 the Decree was supplemented, due to the growing difficulties in mutual trade, by the possibility of extending the period for the fulfillment of the above mentioned conditions. SNB decided about the extention individually in each case (*Slovák-7*).

The mentioned trend of payments and goods complications in mutual trade manifested itself permanently and both sides were looking for different ways to maintain economic relations and mutual exchange of goods, at least in minimal extent.

A Commercial Attaché from the Croatian Embassy in Berlin Marko Jurinčić arrived to Slovakia in December 1942 with a similar effort. During his stay in Bratislava, he met with the Governor of SNB Imrich Karvaš and the main topic of their meeting was a purchase of potatoes for Croatia. The mentioned Article was important for Croatia because of the maintenance needs of the population. The quantity of potatoes that should be exported was provisionally agreed to 100 wagons until the end of 1942 and 200 wagons should be exported from Slovakia in the spring of 1943. The Croatian government even sent a delegate into Slovakia to oversee the technical work when transporting potatoes. But in a short time, I. Karvaš informed the Croatian side of the impossibility of mutual trade. The reason was a disease of stored potatoes that resulted into lack for the Slovak side itself. For the final confirmation of the export of potatoes, consent of the Minister of Economy Gejza Medrický¹² was necessary. But the Ministry of Economy expressed itself negatively about the export of potatoes to Croatia (*SNA-12*).

When evaluating the Slovakian-Croatian economic relations in 1943, during the second anniversary of the Independent State of Croatia, Minister G. Medrický assessed that the

development of a broader bilateral economic relations are hindered not only by transport difficulties, but also by obstacles arising from war production and distribution ratios. He also saw a problem in a large kinship of structure of the two economies and the resulting analogy of export articles, mainly wood and its production. As the best items for the mutual exchange, he identified, on the Croatian side due to the economic structure, primarily the agricultural production (tobacco, corn, fruits, dried plums, jam, wine, etc.). On the Slovak side they were mainly industrial products (cellulosic wool, wadding, newsprint, cardboard, chemicals, textiles etc.). The Croatian Minister of Economy Josip Balen expressed himself similarly towards the mutual economic relations in April 1943. He stressed that the reduced goods exchange between the countries is related to the fact that the Croatian economy is still in the stage of formation (Slovák-8).

On the 15th of November 1943 there have been adjustments to the payment system between Croatia and Slovakia. According to the new agreement, the payment system should be carried out through: 1. Compensating account, 2. Collecting account „A“, 3. Collecting account „B“, 4. Collecting account II, 5. Liquidation account.

On the compensating account, the Slovak importers should pay the equivalent of goods imported from Croatia on the compensatory permissions of the Ministry of Economy issued on the 14th of September 1943. Receivable should be paid only up to the amount of goods of the Slovak compensatory partner. It should be applied similarly in the reverse case as well. Through the collecting accounts „A“ and „B“, the payments incurred before the 15th of September 1943, should be reimbursed. The following payments were carried out specifically through the collecting account „A“:

- a. payments for goods, if the commitment was made after the 9th of April 1941
- b. payments for goods in subutilizational liaison
- c. payments for rail and river transport
- d. payments for incidental expenses arising from commodity relations

As a proof that this was a commitment of time before the 15th of September 1943, the Slovak company submitted to SNB an import permit from the Ministry of Economy, or a promise of payment issued prior to that date to the SNB. In addition to these payments through the account „A“, they transferred payments for obligations incurred after the 14th of September 1943 to 50 % of remittance amount from Slovakia to Croatia (for example payments for goods imported from Croatia otherwise as compensationally, or payments for the settlement of obligation residues within private compensations, if the liability for the imported goods was higher than the amount of exported goods).

Through the collecting account „B“, the remaining payments of financial nature were carried out, if they had been approved in advance by the SNB for payments from Croatia to Slovakia and by the Croatian State Bank for payments from Slovakia to Croatia. When reimbursing savings of Croatian citizens in Slovakia and Slovak citizens in Croatia, a consent was not required if the amounts did not exceed the monthly 2000 – 3000 Slovak crowns.

After the settlement of all debts, both accounts should be canceled and mutual trade should be conducted through the collecting account II (Slovák-9). Mutual reimbursements of obligations incurred prior to the 10th of April 1941 went through the „Liquidation account“. The Slovak crowns and Croatian kunas, which were payed through clearing, were recalculated according to the exchange sheet of the Bratislava Stock Exchange under the name „Zagreb-clearing“ (Gardista-4).¹³

The payment system between the two countries was evaluated by the Governor of SNB Imrich Karvaš in 1943, who noted, that from the Slovak side there was enough financial means available to purchase goods in the trade with Croatia. The problem was, on the contrary, the export of goods, which was necessary to hinder because of the concerns about their devaluation under the influence of the unstable price developments in Croatia (ANBS).

Despite the apparent efforts of both sides, it soon showed that Croatia, due to its internal problems, was not able to maintain its contractual obligations and the trade exchanges were carried out only with difficulties. A pillaging by Italy (200 000 Italian soldiers) and Germany as well as the unstable military and political situation in the country caused Croatians big problems in terms of supply (Jarinkovič, 2012: 97).

On the other hand, the Croatian party saw issues of mutual trade with Slovakia in the contractual restrictions of Slovakia by Germany, where the majority of industrial and agricultural products went to the German Reich, in Slovakia's efforts to execute its export for available foreign exchange and partly in the form of compensations. The Croatian part was not able to carry out their

trade through foreign exchange and had a minimum of appropriate commodities for compensatory trade. Another problem pointed out by Croatian side was a weak centralization of the Croatian foreign trade and its lack of organization ([Jarinkovič, 2012: 98](#)).

In 1943, Slovak Republic attempted to settle the Croatian debt against Slovakia in order to stabilize payments during trade negotiations. The Slovak Ambassador in Croatia, Jozef Cieker, informed Bratislava about the proposal of the Minister of Economy J. Cabasa, who advised to settle the Croatian debt by buying horses. Horses, at that time, were one of the few commodities that Croatia could use for export. Croatia tried to settle the debt with Romania, which Croatia promised to deliver iron, similarly. The Slovak Ambassador recommended the mentioned proposal to be accepted, due to the fact that another form of payment of the debt on the Croatian side was very difficult to pursue ([SNA-14](#)). The submitted proposal was then discussed in Slovakia by Ministry of Foreign Affairs, Ministry of National Defense (as candidates) and the Slovak National Bank.

In Year-End Assessment of Foreign Trade the year 1943 compared with 1942 showed better business results, which are mainly the result of an ever closer framework of commodity exchange. The complications of an administrative nature in Croatia induced by internal political situation also made it impossible to intensify the exchange of goods. The above mentioned difficulties were manifested in many ways, such as: in shopping options, authorization of the continuation and, very intensively, in transportation as well. The payment liaison remained in the form of clearing, but the specific transactions took the form of compensations. According to the mutual agreements of the national banks, the compensating goods from Slovakia were released only when the Croatian goods crossed the common border ([Slovák-10](#)).

As regards the specific goods composition, it remained very limited from the Croatian side. Goods characteristic for the Croatian economic structure (e.g. tannery products) were absent, but there occurred quite unusual goods such as reinforced concrete and so on ([Slovenský priemysel, 1944: 104](#)). As regards the quantification of commodity exchange, in 1943 Slovakia exported to Croatia goods worth 20 million Slovak crowns (0.3 %) and imported goods worth 13 million crowns (0.3 %) ([Štatistická príručka, 1947](#)).

In 1944, due to the unstable internal political situation, the economic problems of Croatia intensified. On the Slovak side, the economy was getting out of the economic upswing into the period of stagnation. Adding the defeats, the retreat of Germany and significant traffic problems in transportation of goods, we can say that, in 1944, the foreign trade between the two countries was carried out only minimally. The poor economic situation in Croatia in the autumn of 1944 already showed problems in a lack of food supply for residents of Zagreb ([SNA-15](#)). Food prices¹⁴ and their lack strongly increased in early 1945 and the situation worsened for the bad transport connection with the countryside and also the reluctance of farmers to sell food at a fixed price.

During the meeting of the Slovak envoy J. Cieker and the new Minister of Commerce Vrančić' on the 16th of May 1944, the Croatian representative stated that the amount of goods, which could be shipped from Slovakia, were in 1944 exported into Croatia from Germany or the Protectorate. On the same day, he discussed the economic difficulties between Croatia and Slovakia with the Minister of Foreign Affairs Alajbegovič. It was suggested again that Croatia can import dried plums, corn and rakyja ([SNA-16](#)). This has been anticipated since 1941. However, the reality of mutual compensational business relations in 1944 was at a minimum.

One of the last items, which could still in 1944 somewhat settle the Slovak receivables from Croatia, was the import of horses from Croatia, which had already started to be implemented in the previous period. The aim of the business transaction should be the settlement of the debt of about 18 million Slovak crowns, which the Croatian side had against Slovakia since 1942 for the supply of weapons. The above-mentioned compensating trade should simultaneously limit the collecting of horses, which were carried out by military administration from Slovak holdings. The Economic Committee of Ministers, which insisted on prices from 1942, when the weapons were delivered to Croatia also agreed with this solution. The Slovak party based its claim on the previous price of supplies of horses, in which the Croatian side delivered 360 horses for 20 000 Slovak crowns. No further increase in the price of horses was important, because in 1944 there was a massive increase in commodity prices in Croatia. The Governor of SNB also announced that SNB will not carry out any dispositions of the State Bank in Zagreb, until the receivable worth 18 million Slovak crowns is liquidated ([SNA-17](#)).

5. Conclusion

But, since 1944, the gradual disintegration of the German Greater Economic Sphere, to which both countries belonged, definitively ended the possibilities of stronger commodity exchange between the two countries. The defeats of Germany on all fronts, the outbreak of SNP in Slovakia and the guerilla war in Croatia contributed to it. The economic situation in both countries only confirmed the fact that the foreign trade between the two countries was not too intense and, even despite some expansion of commodity exchange in 1942, the trade relations were concluded in reduced and, since 1944, in minimal quantity.

Among the last Slovakian – Croatian contacts belonged in 1945 a request of the Slovak envoy to Croatian Minister Frkovič to enable Slovak citizens in Croatian villages to celebrate the 14th of March and the formation of the Slovak state (SNA-18). Minister agreed with the permission, but, at the end of the Second World War, it was purely a propaganda effort with no real feedback.

Notes

¹ During the war in Yugoslavia there was an interesting message sent from Slovakia to the Reich Main Security Office. According to the report, the Prime Minister of the Slovak government, Vojtech Tuka, campaigned during the Government meeting for granting a military aid to the Germany and sending Slovak military divisions to fight against the Yugoslavs. The Minister of National Defence Ferdinand Čatloš opposed this proposal and, after the repeated demand from Tuka, stated that if Tuka wants to help Germans, he alone should do so by collecting volunteers and take their lead with Minister Mach.

Mach came with his own initiative in connection with the Croatian problem. He wanted to challenge Croats in their own language through the radio broadcast to „declare an independent Croatian state and give into the protecting wings of the Third Reich“. The Foreign Office answered that in this moment such a step is out of the question, because this kind of proclamation would be attributed to Germans (Slovensko-nemecké vzťahy, 2009: 1062, doc. 389).

² The nomination of Karol Murgaš for diplomacy deputy was quite a surprise because he wasn't a diplomat himself and didn't even try to engage in foreign politics. The main intention of Tiso's conservative wing was, most likely, an ambition to weaken the Tuka's radical wing of Hlinka's Slovak People's Party (HSĽS) in Slovakia, to which K. Murgaš belonged.

³ Personal salaries in the amount of 9,200 RM, which were supposed to cover the salaries in June and July, were provided to the embassy staff. Deposits for wages were converted at the rate of 1 RM = 5,20 Ks (SNA-1).

⁴ Jozef Cieker was nominated into the function of a Slovak ambassador in Zagreb on the 20th of November 1941. He was an experienced diplomat, which work as a Slovak ambassador in Belgrade and so he understood the situation in Croatia. He stayed in his position until the beginning of the year 1944, when he left as an ambassador for Madrid and was replaced by the Consul General in Prague, Dr. Viktor Bečka (Rychlík, 2000: 270).

⁵ Official exchange rate against the German Mark was 1RM: 20 Kunas, while workers got wages rates in exchange of 1 RM : 60 Kunas.

⁶ Croatia was, as well as Slovakia, mainly an agrarian country, with 80 % of population working in agriculture and 20% in industrial trade and third sector (in Slovakia 52 % of population worked in agriculture, so the industrial sektor was represented in greater amount) (Slovák-2).

⁷ A new currency in Croatia, kuna, was formed after the collapse of Yugoslavia. A hundredth of kuna was called banica. The new currency had the exchange rate assimilated to the Yugoslavian dinar and 20 Kn was equal to 1RM (Gardista-2).

⁸ The exchange of instruments of ratification, however, occurred after a relatively long approval process on the 22nd of May 1943.

⁹ The two countries tried to cover the problems with mutual economic relations at least by the propaganda and by highlighting mutual friendly relations, in which the participation of Croatia on International Exhibition in Bratislava (31.8.-7.9.1941) or the presentation of Slovakia on the International Exhibition in Zagreb (6.-15.9.1941) were presented as an example. The friendship of both countries, celebrations of their independence and similarity of this process were also emphasized through the press. Propaganda articles highlighting mutual friendly relations of the two countries, however, only masked the unfavorable economic reality in mutual trade (Michela, 2003: 118).

¹⁰ Expansion of trade relations with Croatia in 1942 also applied to the individual regions of Slovakia, where the increase of mutual transactions was noted on the meeting of the Commerce and Industry Chamber in Banská Bystrica (SNA-9).

¹¹ In 1942, Croatia did not experience difficulties only in foreign trade. On the basis of regulations of the Croatian Minister of Economy, the trade in milk within the country was also under control. The mentioned state control was performed by the Headquarters for Trade in Milk, which should also transfer the distribution of milk and milk products. The Headquarters for Trade in Milk could also order a forced handing over of the milk and its products for prices fixed by the state (Slovák-6).

¹² Gejza Medrický became within the mutual relations a honorary member of the Slovakian-Croatian society. Its chairman was A. Mach. A Croatian-Slovak society was similarly established in Zagreb.

¹³ Zbrojovka Brno, which addressed the following questions on the 2nd of August 1942 to the Slovak General Konsulate in Prague, was also interested in the clearing trade with Croatia: 1. Method, in which the payment system with Croatia, is carried out; 2. Whether the business contract between the Slovak state and Croatia was signed and when did it enter into force; 3. What is the exchange rate of kunas in Bratislava; 4. The possibility of transfer from Croatia to Slovakia. If larger vouchers were carried out from Croatia to Slovakia only by compensatory trade, they requested an information, in which exported goods lays the interest of Slovakia and in what extent; 5. Condition of the clearing balance with Croatia. Zbrojovka Brno received the following answer from the Slovak side: 1. The payment system between Croatia and Slovakia is carried out by clearing, but the state of the accounts and sub-accounts cannot be communicated; 2. The Slovakian-Croatian business trade was concluded on the 16th of October 1941; 3. the exchange rate was not mentioned; 4. Transfer is carried out by clearing as export goods from Croatia to Slovakia, any transfer for animal greases (lard) was optional; 5. the clearing balance was not mentioned (SNA-13).

¹⁴ Food prices in Croatia in 1944 rose sharply and for example the price for one kilogram of carrots increased from 200 to 400 Kn during March.

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