

## To Legislative Anchoring of the Sugar Industry in the Newly Established Czechoslovak Republic (1918–1921)

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The study deals with the legislative rules for the state-bound sugar industry in the Czechoslovak Republic in early 1920s. During 1918–1921, the sugar industry was stabilized under the direction of the Czechoslovak Sugar Commission that was gradually increasingly dominated and controlled by the government. The said Commission gradually started absolutely controlling all sugar production with the help of government decrees. Specific legislative measures are analyzed from the perspective of statistical indicators of that time. Although the given immediate period is related with regulated economy, the legal regulations were more liberal in some matters than those existing before the establishment of the independent Czechoslovak state. The efforts of that time resulted in a relatively fast stabilization of postwar sugar industry, bringing considerable profit to the state. In the short period, it was an efficient way of solution of the given issue both for the new territorial unit and, in a sense, for the consumers too.

[Czechoslovakia; Economy; Sugar Industry; Legislation]

### The Beginnings of Sugar Industry in Austria-Hungary

The<sup>1</sup> production of sugar has a relatively long tradition in the Czech Republic. The first sugar factory, or better cane sugar refinery was

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operated in this country, specifically at Zbraslav u Prahy, in the building of an abolished cloister, from 1787. Sugar was not made of beet but primarily of sugar cane at that time. In late 18<sup>th</sup> century, sugar beet had not been cultivated to contain comparable amount of sugar in raw condition; that was achieved only more than a hundred years later. It is therefore not surprising that the few sugar factories of that time were not able to supply the market with great amounts of cane or even beet sugar for consumption. A change occurred only after 1810 when production of greater amounts of beet sugar was gradually started. The impulse consisted in the construction of the first beet sugar factory in Europe in the Silesian-Prussian town of Cunern (German; in today's Poland, Polish: *Konary*) in 1802;<sup>2</sup> the factory started processing the new white beet variety, cultivated for high sugar content, i. e. the white Silesian beet. The Bohemian lands did not lag behind. At the turn of the 18<sup>th</sup> and 19<sup>th</sup> century, Count Rudolf Vrba started growing the white beet, cultivated in Silesia, at his land in Hořovice and in 1800, he built a trial mechanical-chemical manufactory in Hořovice, which could be described as the first sugar proto-factory, or proto-manufactory in the Bohemian lands. The production of beet sugar in greater amount was started in Bohemian lands only by the establishment of the sugar manufactory at Žáky by Čáslav in 1810; it was established by Ludvík Fischer, the administrator of Count Pötting's manor at Žáky. In the same year, Jakub Veith, a newly rich weaver and large landowner, owner of Libochovice's manor in the district of Mělník, acquired the permission to establish another sugar manufactory. In 1810–1812, 15 sugar manufactories were operated in our country already. Probably the most compelling reason to establish and operate beet sugar factories consisted in the blockade of importation of goods, including sugar, from colonies to continental Europe in 1806–1814. The independent sugar industry was developed on the territory of the Habsburg Monarchy during the 1830s and 1840s. The first industrial sugar factory in our country was established at Kostelní Vydří in 1829 and it was also the first industrial sugar factory all over Austria. In mid-1890s, the Bohemian lands had 204 sugar factories

<sup>2</sup> Konary is situated about 40 km to the north-west from Wrocław in Lower Silesia that belonged to the Prussian Kingdom until 1742.

**Table 1. Development of the Number of Sugar Factories on the Territory of Austria-Hungary and Future Czechoslovakia from late 1880s until the Establishment of the Czechoslovak State<sup>3</sup>**

Sugar campaign	Numbers of sugar factories					Total number on the territory of future Czechoslovakia and total share in production in Austria-Hungary
	Austria-Hungary	Bohemia	Moravia and Silesia	Upper Hungary		
1888/1889	226	135	62	5	202	89.38 %
1890/1891	224	141	62	5	208	92.86 %
1894/1895	229	141	63	6	210	91.70 %
1900/1901	228	138	63	6	207	90.79 %
1905/1906	221	132	59	7	198	89.59 %
1910/1911	214	123	60	8	191	89.25 %
1913/1914	212	116	57	9	182	85.85 %
1914/1915	208	116	57	9	182	87.50 %
1915/1916	202	113	57	9	179	88.61 %
1917/1918 <sup>4</sup>	198	112	54	8	174	87.88 %

already and their share in sugar production all over Austria-Hungary exceeded remarkable 90 %.<sup>5</sup>

Within Austria-Hungary, the sugar industry was concentrated primarily in the Bohemian lands, but it became an important branch of food industry in Transleithania, i. e. in Hungary, as well. However, the sugar industry in the Bohemian lands was technologically more developed than in Transleithania. It is evidenced not only by the lower

<sup>3</sup> JZÚSČPC, 1931, p. 89. F. DUDEK, *Monopolizace cukrovarnictví v českých zemích do roku 1938*, Praha 1985, p. 177.

<sup>4</sup> Different authors state different figures; e.g. Alois Rašín states that Czechoslovakia had 173 businesses focused on sugar production. Cf. A. RAŠÍN, *Finanční a hospodářská politika československá do konce r. 1921*, Praha 1922, p. 142.

<sup>5</sup> D. FRONĚK, 200 let řepného cukrovarnictví v České republice, in: *Listy cukrovarnické a řepařské* (hereinafter referred to only as *LCaŘ*), 126, 11, 2010, p. 358; F. DUDEK, *Zamyšlení: Fenomén „bílého zlata“ v českých zemích (do roku 1938)*, in: *Cukrovarnictví, cukrovary a cukrovarnictví. Fenomén českého hospodářství v 19. a 20. století. Prameny a studie 47*, Praha 2011, pp. 19 and 20; K. DUFFEK, *Zamyšlení: Český cukrovarnický průmysl – historie a současnost*, in: *ibidem*, p. 24; K. C. NEUMANN, *Nástin dějin průmyslu cukrovarnického v Čechách. Období první. 1787–1830*, Praha 1891, pp. 15 and 37–38; *Jednatelská zpráva Ústředního spolku československého průmyslu cukrovarnického přednesená na valné hromadě dne 17. června 1931 v Praze* (hereinafter referred to only as JZÚSČPC), Praha 1931, p. 89; DUDEK, p. 19.

number of sugar factories in Hungary by the end of the existence of the common monarchy – they were 31 in total – but also by the higher proportion of sugar obtained from one hectare of area seeded with sugar beet. The sugar production falling on one hectare of area seeded with sugar beet in the Bohemian lands amounted to 4.3 tons in total in the sugar campaign of 1913/14, while in Hungary it amounted to 3.1 tons only, which is more than one ton less. On the other hand, the Hungarian sugar factories had much greater capacities and average machine performance as compared to the sugar factories in Cisleithania, i. e. in Austria and the Bohemian lands. In 1912, the 191 Austrian sugar factories (including those situated in the Bohemian lands) had a total performance of 105 thousand HP and 74 thousand workers worked in all sugar factories altogether. The total production of the said sugar factories amounted to 25 million kg sugar. Thus 552 HP and 387 workers fell on one sugar factory in Austria, while in Hungary the values amounted to 10,202 HP and 839 workers. In the last peace year, the Hungarian sugar factories had a machine performance of 43,949 HP in total. The export of the Hungarian sugar grew to a significant level; it was exported not only to the Balkan countries and to the Ottoman Empire but also to countries situated to the west of Austria-Hungary. As most of the sugar factories of Austria-Hungaria were situated in the Bohemian lands, Czechoslovakia achieved the most favourable position among the successor states after 1918, and its sugar industry was strengthened also by former sugar factories of Upper Hungary that became a part of Czechoslovakia after World War I. In mid-1920s, the Czechoslovak beet sugar factories produced one and a half million tons of raw sugar, which was about 18.5 % (!) of the worldwide production of raw beet sugar. The proportion of postwar Hungarian sugar industry was distinctively lower, as compared to Czechoslovakia; nevertheless, Hungary with its 2 % of worldwide production ranked among significant beet sugar producers in Europe. However, in the period delimited by the campaign of 1909/10 and 1913/14, the Hungary-wide average production of raw sugar achieved only a 5.7 % share in worldwide production of beet sugar industry, which was two thirds less than the above stated worldwide proportion of postwar Czechoslovak sugar industry in mid-1920s.<sup>6</sup>

<sup>6</sup> Gy. GERGELY, *A cukoripar és a magyar mezőgazdaság*, Budapest 1938, p. 7; Á. BOR-

**Table 2. Average Production Capacity of one Sugar Factory in 1910/11 Sugar Campaign in Selected Countries<sup>7</sup>**

Hungary	15.500 t
Austria	6.600 t
Russia	7.600 t
Germany	7.300 t
France	3.000 t

### Czechoslovak Sugar Industry in the 1920s

The situation of the sugar industry was not ideal from the establishment of the independent Czechoslovak state. The war economy had led to reallocation of considerable funds to other industrial segments. The investments in construction of factories or in mere maintenance of their functionality at the same level as before war were impossible. That had, of course, a negative impact on total sugar production. In the last completely non-war sugar campaign of 1913/1914, 1,270,955 tons of sugar were produced on the territory of Bohemia, Moravia, Silesia, and Upper Hungary, while in the campaign of 1917/1918, not more than 520,841, i. e. less than 41 % of the peace volume were produced on the same territory.<sup>8</sup>

By the end of World War I, the sown area in former Austria-Hungary decreased to 77 %, the sugar beet harvest to 47 %, and the sugar production to 50 % of pre-war average. The sugar beet yield per 1 ha dropped from the prewar average of 24.5 q to 15.0 q, and the sugar yield per 1 ha from 37.81 q to 24.15 q. So the situation of the sugar industry in postwar years was not easy. 174 sugar factories had remained on the Czechoslovak territory, eight of them on the territory of Slovakia (the former Upper Hungary territory).<sup>9</sup>

BÉLY – Z. MONORY – M. TÖMÖRDI, *Volt egyszer egy cukoripar: a cukor szerepe a magyar gazdaság- és társadalomtörténetben*, Budapest 2013, p. 203; A M. Kir. Kormány 1927. évi működéséről és az ország közállapotairól szóló jelentés és statisztikai évkönyv (hereinafter referred to only as MKKM), Budapest 1929, p. 312.

<sup>7</sup> BORBÉLY – MONORY – TÖMÖRDI, p. 203.

<sup>8</sup> The data are stated “in the value of raw material”. *Jednatelská zpráva Ústředního spolku československého průmyslu cukrovarnického přednesená na valné hromadě dne 17. června 1930 v Praze, Nákladem Ústředního spolku československého průmyslu cukrovarnického v Praze*, 1930, p. 55.

<sup>9</sup> JZÚSCPC, 1930, p. 55; J. STOKLASA, *O stoletém vývoji a významu kultury řepy cukrové v oblasti republiky československé. Pamětní spis Říšského sdružení řepářů v republice Československé v Brně: 1833–1933*, Brno 1933, p. 25.

The Czechoslovak government started addressing the unfavourable development of the sugar industry very quickly. The first decree regulating sugar management was issued virtually at the very beginning of the existence of the independent Czechoslovak state. The decree of the National Committee No. 15/1918 CoAaD (Collection of Acts and Decrees) from 31 October 1918 ordered the establishment of the Czechoslovak Sugar Commission.<sup>10</sup> It was a body whose competence covered particularly “smooth supply of sugar and proper management of sugar produced within the territory of the Czechoslovak state”.<sup>11</sup> The Commission was established only for an interim period and its seat was in Prague.<sup>12</sup> Its members included 7 representatives of sugar beet growers, 7 representatives of sugar industry and 7 representatives of consumers. The specific persons were nominated by the given organization and appointed by the government.<sup>13</sup> From among the 21 members described above, a president, two vice-presidents and two agents were elected at the “plenary meeting of the Commission”; the election had to be approved by the government too.<sup>14</sup> The Commission had the following specific functions:

- (a) provide for supply of sugar to households;
- (b) implement all measures of the bodies which had created and implemented the sugar-consumption-related paperwork until then;
- (c) create and submit to the government the proposals related to the provision of the sugar campaign of 1918/1919;
- (d) ascertain and provide for the stocks of sugar on the territory of Czechoslovakia;
- (e) immediately take over the paperwork of the sugar paperwork of Vienna;

<sup>10</sup> Hereinafter referred to only as “the Commission”.

<sup>11</sup> Collection of Acts and Decrees of the Czechoslovak Republic (hereinafter referred to only as the CoAaD), Vol. 1918, No. 15/1918, § 2, p. 10.

<sup>12</sup> Ibidem, § 2, p. 10.

<sup>13</sup> Ibidem, § 3, p. 10.

<sup>14</sup> The Commission representatives elected in that manner were entitled to a financial remuneration for their office; the remaining representatives were entitled to compensation of expenses only. CoAaD, Vol. 1918, No. 15/1918, § 6, p. 10.

- (f) develop a general plan for sugar management for the campaign of 1918/1919;
- (g) propose or implement the planting of sugar beet for 1919/1920 and for subsequent years, respectively;
- (h) develop proposals related to sugar production and management for the government.<sup>15</sup>

The execution of Decree 15/1918 was regulated with the help of government decrees, see below.<sup>16</sup>

Simultaneously with the establishment of the Commission, the exportation of sugar from Czechoslovakia was banned by Government Decree No. 16/1918 CoAaD.<sup>17</sup> Additionally to the sugar export ban, the Government Decree No. 17/1918 CoAaD cancelled the sugar rations for the branches performing further sugar processing; the remaining stocks were confiscated from the plants and put at the disposal of the Czechoslovak Sugar Commission.<sup>18</sup> The above described Decrees were in compliance with the implementation of the rationing or bound economy. Their main goal consisted in ensuring stable sugar supplies to the market. The sugar rations for consumption by population amounted to 1,25 kg per one calendar month at that time.<sup>19</sup> However, the Decree did not concern the citizens living in the Slovak territory; for them, the Government Decree No. 98/1918 CoAaD applied; it ordered the Commission to issue an interim decision for the Slovak territory, which is nevertheless not specified in detail by the law.<sup>20</sup> The sugar ration coupons were issued by the authorities and they were valid for one person, only for the given calendar month. The sugar coupon was divided into 10 vouchers, each of them for 0.125 kg sugar.<sup>21</sup>

<sup>15</sup> *Ibidem*, § 8, pp. 10–11.

<sup>16</sup> *Ibidem*, § 14, p. 11.

<sup>17</sup> CoAaD, Vol. 1918, No. 16/1918, § 2, p. 11. The exportation of beet seeds of any kind was banned only by the Government Decree 83/1919. CoAaD, Vol. 1918, No. 83/1918, § 1, p. 99.

<sup>18</sup> CoAaD, Vol. 1918, No. 17/1918, §§ 1 and 2, p. 11.

<sup>19</sup> The Decree came into force on 1 January 1919. CoAaD, Vol. 1918, No. 98/1918, §§ 1, 2, 4, p. 86.

<sup>20</sup> *Ibidem*, § 1, p. 86.

<sup>21</sup> *Ibidem*, § 3, p. 86.

The year 1919 brought the first period in which the Commission could deal with sugar industry matters on the whole, i. e. from seeding to harvest. The Government Decree No. 160/1919 CoAaD regulated the entire issue of supplies of the sugar beet grown.<sup>22</sup> Sugar beet could not be used for fodder or dried. Possible exceptions could be awarded only if approved by the Commission.<sup>23</sup> Furthermore, the Decree established the “Czechoslovak Beet Grower Association” as the exclusive body to deal with sugar beet supplies, whose competences included not only mediation of sale but also creation of conditions and arranging of transactions.<sup>24</sup> The most liberal part of the Decrees cancelled the provisions of agreements that forced, both directly and indirectly, specific growers to supply specific sugar factories.<sup>25</sup> To ascertain and create new supply plans, a commission was appointed with the task to sort out municipalities, or “catchment areas” of beet production, respectively. In other words, specific areas of beet sowing should be allotted to individual sugar factories, with respect to the transportation capacity of the given place, while considering the principle of not improving the position of one sugar factory at the expense of another one.<sup>26</sup> A very essential information for the whole industry was contained in § 5 and § 15; it concerned the price of sugar beet in 1919/20, which amounted to 15 Czechoslovak crown (CSK) for 100 kg of net weight, and the price of raw sugar.<sup>27</sup> In the same year, sugar export was allowed again; but only the surplus, i. e. the sugar remaining after covering the national consumption could be exported.<sup>28</sup>

The sugar situation of 1919 can be considered the beginning of stabilization. The improvement of the general situation is evident from

<sup>22</sup> CoAaD, Vol. 1919, No. 160/1919, §§ 1–23, pp. 210–213.

<sup>23</sup> Ibidem, §§ 1 and 2, p. 210.

<sup>24</sup> Ibidem, § 3, p. 211.

<sup>25</sup> Ibidem.

<sup>26</sup> If somebody felt injured by the area allocation, they could appeal against the allotment. Ibidem, § 3, p. 211. This Decree was further deepened by Decree No. 520/1919 that specified the principles of area allocation. CoAaD, Vol. 1919, No. 520/1919, Art. 1, p. 745.

<sup>27</sup> CoAaD, Vol. 1919, No. 160/1919, §§ 5 and 15, pp. 211 and 212. Originally, all supplies were regulated until 31 December 1920, but then the period was shortened until 31 October 1920. CoAaD, Vol. 1919, No. 338/1919, § 1, p. 446.

<sup>28</sup> The export of surpluses was covered by the competence of the Ministry of Finance that implemented the export through the Czechoslovak Sugar Commission. CoAaD, Vol. 1919, No. 163/1919, §§ 1 and 2, p. 217.



the cancellation of the ban on use of sugar for trade production and for some kinds of goods, which was implemented through the Government Decree No. 255/1919 CoAaD and through the cancellation of ban on use of sugar for beer production.<sup>29</sup> The Government Decree No. 519/1919 CoAaD specified that the Commission was subordinate to the Ministry of Finance, and in case of supplies for national consumption, it was subordinate to the Ministry for Supply of People in these issues. The Commission activities were fully subject to the instructions of the above stated ministries.<sup>30</sup> Direct state control was provided by government commissioners, appointed by the Ministry of Finance, Agriculture, Trade, and Supply of People.<sup>31</sup> The Commission was a non-profit legal entity, represented by its president, vice-presidents and executive board. The Commission bodies included plenary meeting and the five-member executive board. The plenary meeting included 8 representatives of sugar beet growers, 8 representatives of sugar industry and 8 representatives of consumers.<sup>32</sup> The plenary meeting was convoked and directed by the president. The meeting resolution was valid if at least a third of the members were present; to change a formerly approved resolution, at least one half of the members had to be present; the proposal was approved if an absolute majority voted for it.<sup>33</sup> The plenary meeting dealt with two agendas on principle – first, the election of the president, the vice-presidents and the executive director, and second, the implementation of measures to provide for sugar campaign, beet seeding and transition to free sugar “management”.<sup>34</sup> The most important functions of the Commission were specifically: develop a plan of raw sugar distribution, determine in which extent and by which factories the sugar

<sup>29</sup> CoAaD, Vol. 1919, No. 255/1919, § 1, p. 356; CoAaD, Vol. 1919, No. 286/1919, § 1, p. 395.

<sup>30</sup> CoAaD, Vol. 1919, No. 519/1919, § 1, p. 739.

<sup>31</sup> The government commissioners could submit proposals at the Commission meetings at any time; they could even postpone the implementation of a meeting resolution until it was decided by the relevant ministry. Their supervision-related authorities included also the right to inspect the accounting books and to ask for explanation of costs. *Ibidem*.

<sup>32</sup> The members were appointed by the Minister of Finance, with consent of the Minister for Supply of People. *Ibidem*, § 4, p. 739.

<sup>33</sup> The government commissioners did not have voting right at the meetings. *Ibidem*.

<sup>34</sup> *Ibidem*, §§ 4 and 5, pp. 739–740.

was to be produced, determine the sugar selling price, its range and surcharge.<sup>35</sup> The five-member executive board, with competence over the direction of the Commission works, primarily the execution of the resolutions of the plenary meeting, could decide on all matters that did not belong to exclusive decision range of the plenary meeting; however, such decisions had to be approved by government commissioners.<sup>36</sup> The board was in fact controlled by the plenary meeting, as it had to inform the meeting regularly about its activities, to submit all intended decisions and measures of “essential character” and to submit the financial statement by the end of the accounting year.<sup>37</sup> The meeting of the executive board was directed by the Commission president. It became quorate only if at least three members were present.<sup>38</sup> Voting was made by a simple majority.<sup>39</sup>

The Commission determined entirely the sugar production, for example when and what amount of raw sugar was to be delivered by individual factories for “purification”, i. e. for production of a consumable commodity; what steps were to be taken if the factory covered the whole procedure of sugar beet processing – from tuber to loose consumable sugar; further it determined the price regulation of raw sugar by its sugar content, the volume of raw sugar to be processed into consumable sugar; the specific times of production of specific sugar kinds, etc.<sup>40</sup> Additionally to sugar production, the Commission released the sugar amount intended for consumption. All that was made through binding supply orders.<sup>41</sup> Exportation or possible importation was also completely subordinate to the Commission; exportation was possible only with the Commission’s consent, which was conditioned by an agreement for the given amount; sugar importation was possible only with the Commission’s knowledge and approval. The Commission had to be informed about any handling of the imported sugar; to make the exportation-related administration, the Commission could make use of the services of a trade company dealing with sugar exporta-

<sup>35</sup> *Ibidem*, § 5, pp. 739–740.

<sup>36</sup> *Ibidem*, § 6, p. 740.

<sup>37</sup> *Ibidem*.

<sup>38</sup> The president was not included.

<sup>39</sup> CoAaD, Vol. 1919, No. 519/1919, § 6, p. 740.

<sup>40</sup> *Ibidem*, §§ 9 and 13, pp. 740 and 741–742.

<sup>41</sup> *Ibidem*, § 11, p. 741.

tion.<sup>42</sup> The price of raw untaxed sugar of a specified purity, delivered before 31 December 1919, amounted to CSK 147 for 100 kg; a later delivery raised the price by CSK 0.85 for each new month, beginning by 1 January 1920 until 1 September 1920.<sup>43</sup>

The selling conditions for sugar intended for households, set by Decree No. 519/1919 CoAaD, determined the basic price for 100 kg pure sugar, valid from the announcement of the Government Decree to 30 September 1920, at CSK 257 – this amount included the consumption tax.<sup>44</sup> The specific price range of individual sugar packages, transportation surcharges, special surcharge to sugar price with purchase from sugar factory in case of weight under 10 t and the price of raw or pure sugar, both taxed and untaxed, delivered to other industries, were determined by the Commission, with approval of the Minister of Finance and of the Minister for Supply of People.<sup>45</sup> The wholesale price, as well as the retail sale price, was also administratively regulated; the base consisted in the above stated amount of CSK 257, to which the seller could add a surcharge of CSK 2 for 100 kg.<sup>46</sup> The sugar distributor could add a surcharge of CSK 6 for 100 kg to the basic price, but had to deliver the agreed distributed sugar amount to the warehouse of the next sale link.<sup>47</sup> The retail seller could add further CSK 15 for 100 kg of net weight to the distributor's price.<sup>48</sup> In Slovakia, the basic factory price of sugar was by CSK 2 higher.<sup>49</sup> A "special surcharge" of CSK 16 for 100 kg was to be added to the above stated amounts and paid by the entity that paid the taxes.<sup>50</sup>

As the sugar price was changed in the period in question, the highest admissible prices of consumable sugar, set by the administration, had to be adapted. It was adapted by Decree No. 565/1919 CoAaD.<sup>51</sup>

<sup>42</sup> The Decrees applied both to beet sugar and to cane sugar. *Ibidem*, § 12, p. 741.

<sup>43</sup> *Ibidem*, § 13, p. 741–742.

<sup>44</sup> *Ibidem*, § 14, p. 742.

<sup>45</sup> *Ibidem*.

<sup>46</sup> A surcharge had to be paid from this amount in case the retailer purchased less than 100 kg; it was forbidden to transfer that expense in another manner to a next sale stage. CoAaD, Vol. 1919, No. 519/1919, § 16, pp. 742–743.

<sup>47</sup> *Ibidem*, pp. 742–743.

<sup>48</sup> *Ibidem*.

<sup>49</sup> *Ibidem*.

<sup>50</sup> *Ibidem*, § 15, p. 742.

<sup>51</sup> CoAaD, Vol. 1919, No. 565/1919, p. 791.

On 20 January 1920, the basic factory price of pure sugar for 100 kg, turnover tax included, was increased to CSK 273. The change took place due to the modification of tax rates.<sup>52</sup> Additionally to the increased tax, the period for its payment was considerably reduced, from six to two months, as from 1 March 1920.<sup>53</sup>

From the consumer's perspective, additionally to the price of consumption sugar, the reduction of its maximum allotted amount to 1 kg for all citizens of the Czechoslovak Republic was the most important thing. Miners in Bohemia, Moravia and Silesia constituted the only group not concerned by the change. The Decree was in effect from 1 March 1920.<sup>54</sup> The Ministry for Supply of People could, in specific cases, rise the sugar ration to specific groups by 0.250 kg per month; in Slovakia and Carpathian Ruthenia, the ration could be increased only to ill persons, if prescribed by a doctor.<sup>55</sup> The ration coupon had two forms, due to the above stated modification – a normal coupon or an exceptionally enlarged coupon; the normal coupon consisted of 4 vouchers, 250 g each; the enlarged coupon had 5 vouchers and the amount was the same as that of the normal coupon.<sup>56</sup>

The Government Decree No. 168/1920 CoAaD set the principles to handle the 1920 harvest. Unlike the preceding principles, the new ones included more details with respect to administration issues and to potential sale of sugar beet to sugar factories. So, a sugar beet grower could deliver the harvest or its part to any sugar factory, if it belonged to the perimeter delimited for the grower in question. The "Mixed Sorting Commission" was established to sort out the municipalities. The main task of the Commission consisted in solving the division of the territory so that the sugar beet deliveries could save as much transport capacity as possible.<sup>57</sup> The Mixed Sorting Commission consisted of three divisions:

<sup>52</sup> CoAaD, Vol. 1920, No. 41/1920, §§1 and 2, p. 69; CoAaD, Vol. 1919, No. 658/1919, §§ 1–5, pp. 1005–1006.

<sup>53</sup> CoAaD, Vol. 1920, No. 91/1920, § 4, p. 167. The new procedure related to this administration was dealt in more detail by Government Decree No. 120/19120. See CoAaD, Vol. 1920, No. 120/1920, § 4, p. 254.

<sup>54</sup> CoAaD, Vol. 1920, No. 96/1920, §§ 1, 2 and 7, pp. 169 and 170.

<sup>55</sup> *Ibidem*, §§ 2, 3, p. 169.

<sup>56</sup> *Ibidem*, § 4, p. 169.

<sup>57</sup> CoAaD, Vol. 1920, No. 168/1920, §§ 1–22, pp. 377–380.

- (a) the Czech division, seated in Prague;
- (b) the Moravian-Silesian division, seated in Brno;
- (c) the Slovak division, seated in Bratislava.

The individual divisions always consisted of representatives of sugar processors and beet growers in equal numbers.<sup>58</sup>

The sugar beet price in 1920/1921 was determined at CSK 26 for 100 kg net weight;<sup>59</sup> an amount of CSK 4 for 100 kg of net accepted beet was added to the price and sent to a special fund administered by the Commission and by the Ministry of Agriculture.<sup>60</sup> The sugar beet price of 1920/1921 was further regulated by the Government Decree No. 139/1921 CoAaD, which exactly specified the amount of surcharges and overpayments related to export price.<sup>61</sup>

A little ridiculous was the restriction related to the Government Decree No. 368/1920 CoAaD, stipulating a ban on using sugar in production of artificial fruit juices and lemonades, in production of cosmetics and in production of “*sweet drinkable spirits of all kinds*”. The factories concerned by such production were to use artificial sweeteners instead.<sup>62</sup> The above stated Decree was abolished on 15 April 1921.<sup>63</sup>

The activities of the Czechoslovak Sugar Commission were further modified in 1920 by Decree No. 581/1920 CoAaD. Important changes included the extension of the Commission bodies by the Board – it was still elected by the plenary meeting from among the members of the meeting.<sup>64</sup> The executive board newly consisted of the president, two vice-presidents and five executive directors. However, the rights and obligations of the above stated members remained unchanged

<sup>58</sup> Ibidem, § 3, pp. 377–378.

<sup>59</sup> A problem with the price specified in this way could emerge in the subsequent year; there was a danger that the state would have to subsidize the export. It was first because Czechoslovakia had large stocks of sugar; and second because it was not clear what harvest yield was expected in Cuba, in: A. RAŠÍN, *Finanční a hospodářská politika československá do konce r. 1921*, Praha 1922, p. 144.

<sup>60</sup> The collected funds should serve to buy fertilizers in 1921/1922, in: CoAaD, Vol. 1920, No. 168/1920, § 5, p. 378.

<sup>61</sup> CoAaD, Vol. 1921, No. 139/1921, Art. I., p. 265.

<sup>62</sup> CoAaD, Vol. 1920, No. 368/1920, §§ 1 and 2, p. 931.

<sup>63</sup> CoAaD, Vol. 1921, No. 57/1921, §§ 1 and 2, p. 127.

<sup>64</sup> CoAaD, Vol. 1920, No. 581/1920, §§ 3, 4 and 5, pp. 1445–1446.

in essence.<sup>65</sup> The area of export also remained unchanged, with the exception that, additionally to the permit of the Commission, a permit of the Foreign Trade Office was needed.<sup>66</sup> The most important changes concerned the sugar prices; the sale price of untaxed raw sugar amounted to CSK 400. The prices were applicable until 30 September 1921. A later sugar delivery, after 13 December 1920, led to a rise of its price by CSK 0.80 per each commenced week.<sup>67</sup> However, the basic factory price of sugar for households was significantly changed, rising to CSK 700 for 100 kg. That amount included a tax of CSK 24. A specific regulation for further sale to lower distribution levels was not established by the Decree.<sup>68</sup> The special surcharge remained at the level established by the preceding Government Decree.<sup>69</sup> The Decree on sugar price No. 581/1920 CoAaD was applicable all over the Czechoslovak territory from 1 October 1920 to 30 September 1921.<sup>70</sup> After that, the Decree on sugar produced in 1920/1921 was extended by the Government Decree No. 358/1921 CoAaD until 31 October 1921. Simultaneously with the termination of execution of administrative decrees concerning the prices, the operation of the Czechoslovak Sugar Commission should be extended until the end of October 1921; it was to be liquidated from 1 November.<sup>71</sup> The form and procedure of liquidation was determined by the Government Decree No. 385/1921 CoAaD. A liquidation committee was appointed, including:

- (a) a representative of the Ministry of Finance – he became the president;
- (b) a representative of the Ministry for Supply of People;
- (c) a representative of the Ministry of Trade;
- (d) a representative of the Ministry of Agriculture;

<sup>65</sup> *Ibidem*, § 6, p. 1446.

<sup>66</sup> *Ibidem*, § 12, p. 1448.

<sup>67</sup> *Ibidem*, §§ 13 and 14, p. 1448.

<sup>68</sup> The tax was paid by the sugar factories monthly (retroactively) to the relevant authorities; therefore, the sugar factories were exempt from payment of taxes from all sugar transfers. CoAaD, Vol. 1920, No. 581/1920, § 14, pp. 1448–1449.

<sup>69</sup> *Ibidem*, § 15, p. 1449.

<sup>70</sup> *Ibidem*, §§ 13 and 28, pp. 1448 and 1451.

<sup>71</sup> CoAaD, Vol. 1921, No. 358/1921, §§ 1 and 2, p. 1426.

- (e) four representatives of the sugar industry, including two representatives of refineries and two representatives of raw sugar factories.

Beet growers had two representatives in the Commission, and consumers had two representatives too.<sup>72</sup>

The transition from the command war economy through the state-bound economy to the standard “market” operation of economy was not a simple process. Additionally, protectionism played a significant role in the postwar economy; it was noticeable particularly in the new Central European national economies, which tried to defend their internal market against foreign competitors. Therefore, some important industrial and agricultural branches were further supervised by the state. That applies also to Czechoslovak sugar industry and beet industry, respectively, which were supervised by the state even after 1921, both for foreign economic reasons, and for internal economic reasons. To evaluate the efficiency of state interventions or of state-bound sugar industry, respectively, a great number of statistical data must be analyzed; therefore, this study will consider only the most important of them. The first data set considered concerns the collection of taxes from sugar and from sugar export.

In total, about CSK 4,866 billion were collected on taxes for export and on taxes from the national industry using sugar from 1918/1919 to 1920/1920. The generally highest values were achieved in 1919/1920 when more taxes were collected in favour of the state than those collected for both remaining years together. The above stated amounts are enormous, particularly when comparing them to the usual salary of an industrial worker of that time, which amounted to CSK 600–700.<sup>73</sup> If fixing the average wage of the period in question at CSK 1,000

<sup>72</sup> The representative of the sugar industry was appointed by the Minister of Finance; the representatives of beet growers, by the Minister of Agriculture; and the representatives of consumers, by the Minister for Supply of People. CoAaD, Vol. 1921, No. 385/1921, § 1, p. 1477.

<sup>73</sup> A clerk received CSK 1,300 a month, a miner about 1,000, in: <http://www.vlada.cz/assets/Obdobi-prvni-republiky-1918.pdf> [2017–08–15].

**Table 3. Collection of Taxes from Sugar Used in National Industry and Collection of Taxes from Sugar Export<sup>74</sup>**

Year	Amounts accounted and paid in favour of the state			Total
	From sugar for national industry (in CSK)	From export (in CSK)	From stocks transferred from past period (in CSK)	
1918/1919	100,464,795	224,319,060		324,783,855
1919/1920	250,574,437	2,454,088,765	19,287,960	2,723,951,162*
1920/1921	111,864,604	1,725,000,000	127,226,903	1,964,091,507
Total	462,903,836	4,403,407,825	146,514,863	5,012,826,524*

\* The marked years make the following sums: 2,723,951,162, or 5,012,826,524, respectively. The table states the sums according to the original.

**Table 4. Total Number of Sugar Factories in the Period of 1918–1921<sup>75</sup>**

Harvest	Number of sugar factories in Bohemia	Number of sugar factories in Moravia and in Silesia	Number of sugar factories in Upper Hungary / Slovakia	Total number in the territory of Czechoslovakia
1918/1919	113	54	8	175
1919/1920	113	53	8	174
1920/1921	111	53	8	172

and comparing it to the current average monthly wage, i. e. 27,889 CSK,<sup>76</sup> the multiple needed to equalize the value of that time to the current value would be 27.889. In such a case, only the sugar export tax would amount to CSK 122.8 billion at present.

The number of sugar factories remained unchanged in essence in the period in question; between the sugar campaigns of 1918/19 and 1920/21, the number of sugar factories were reduced by three, which means a total reduction by 1.7 % only. From this perspective, the Commission administration can be considered stabilizing. In connection to national consumption, the Commission did not take any draconian measures; on the contrary, during the period of its activities, consump-

<sup>74</sup> RAŠÍN, pp. 143 and 144.

<sup>75</sup> JZÚSČPC 1930, pp. 56–57.

<sup>76</sup> <https://www.czso.cz/csu/xa/prumerne-hrube-mesicni-mzdy-v-praze-v-1-ctvrtleti-2017> [2017–08–15].



**Table 5. Production, National Consumption, Export and the Respective Proportions<sup>77</sup>**

Harvest	Production in value of raw material (in t)	National consumption in value of raw material (in t)	Consumption–production proportion (in value of raw material, in t)	Export to foreign countries (in value of raw material, in t)	Consumption–export proportion (in value of raw material, in t)
1918/1919	642,398	317,817	49.47 %	160,605	25.00 %
1919/1920	507,417	330,624	65.16 %	340,516	67.11 %
1920/1921	717,240	318,339	44.38 %	414,377	57.77 %
1925/1926	1,510,230	408,348	27.04 %	1,080,471	71.54 %

tion was the highest in proportion to production of the relevant year, specifically during the 1919/1920 campaign. Thus, the national consumption was primarily saturated, followed by export. The proportion of production and consumption decreased from 1919/1920, and as from 1923/24, it always was below 40 % during the 1920s.<sup>78</sup>

Czechoslovakia obviously made use of the strong position of its sugar industry, which could be seen also in its export, particularly to European countries. The highest share of export of Czechoslovak sugar was initially directed to Austria; specifically, during the 1918/19 sugar harvest, up to 62 % sugar was exported to that country. Austria did not have sufficient capacity to cover its sugar consumption, as the analysis of many sugar factories before and during war showed. From the perspective of Czechoslovak sugar industry and, in essence, also of its transportation, it was one of the best scenarios. In such arrangement, foreign trade took place at relatively short distances and with relatively sufficient infrastructure. However, in subsequent years the export to Austria decreased, not decreasing below 15 % in the period in question; the reduced export to Austria was compensated by export to Switzerland and to England.<sup>79</sup> The markedly reduced export of Czechoslovak sugar (and of other commodities) to Austria resulted from gradual substitution of traditional Czech-Austrian trade bonds from the time of common market before break-up of Austria-

<sup>77</sup> JZÚSČPC, 1930, pp. 64–65.

<sup>78</sup> JZÚSČPC, 1931, p. 98.

<sup>79</sup> JZÚSČPC, 1930, p. 67.

**Table 6. Export of Sugar to Individual Continents and their Mutual Proportion**<sup>80</sup>

Harvest	Exported (in value of raw material, in t)				Exported (in value of raw material, in %)			
	Europe	Asia	America	Total	Europe	Asia	America	Total
1918/1919	160,548	57		160,605	99.96	0.04	0.00	100.00
1919/1920	336,537	627	3,353	340,516	98.83	0.18	0.98	100.00
1920/1921	413,970	4,064		418,034	99.03	0.97	0.00	100.00

-Hungary by new foreign-trade bonds outside the Central European space, which was typical not only to Czechoslovakia but also to other Central European states.

#### Short Comparison with the Situation in Post-War Hungarian Sugar Industry

As we mentioned also the Hungarian sugar industry at the beginning, when we presented a summary of development of sugar industry before 1918, let's make a short comparison to look more closely at the basic tendencies of the development of postwar Hungarian sugar industry in the respective period, i. e. in early 1920s. The break-up of Austria-Hungary meant an end to the successfully developing Hungarian sugar industry. The industry structure of postwar Hungary was strongly affected by the loss of two thirds of the territory of former Hungary, which was confirmed by the Peace Treaty of Trianon, signed on 4 June 1920. The territorial losses, of course, affected also the sugar industry. Only 12, i. e. less than a half of the original 31 sugar factories were left in the territory of postwar Hungary. Those 12 factories represented 41 % of the yearly processing capacity of the former Hungarian factories of 1914. Since 14 388 hectares of soil on which sugar beet had been grown, and in view of the high capacities of the Hungarian sugar factories, which had been significantly modernized and extended at the turn of the century, the remaining sugar factories had markedly excessive capacity. Additionally, Hungary was also deprived of areas that had supplied sugar beet also for sugar factories that remained inside the new borders of the Hungarian state. Hungary was left with only about 52 % of the total prewar area of agricultural soil on which sugar beet had been grown. Out of the 546 thousand tons of raw sugar production in the sugar campaign of 1913/14, only 192 thousand tons

<sup>80</sup> Ibidem, p. 66.

fell on the territory of the post-Trianon Hungary. Nevertheless, we can state that the most sugar beet sown area in Austria-Hungary passed to Czechoslovakia and Hungary.<sup>81</sup>

The Hungarian sugar industry also passed under increased control of the state, which could follow the regulatory practice of the war economy. The central regulation of sugar distribution was introduced in 1916 already, when the Sugar Central (*Cukorközpont*) was established and implemented the ration system. In 1920, the Central was abolished by the government and the property rights to sugar beet and the derived products were returned to the sugar factories; however, that step was revised in the same year and, in order to guarantee a minimum stability of supply of people, the state appropriated the property rights to beet and sugar products again and passed them to the Sugar Commission (*Cukorbizottság*). Full state control was implemented also on sugar import and export. Nevertheless, the state control of sugar production and sale was finally cancelled quite soon, in 1922, under the condition that the sugar price had to be fixed always together with state financial authorities. By cancelling the state control, the Sugar Commission was abolished. However, the cancellation of full state control of the sugar industry resulted, quite understandably, to increasing national sugar price, potentiated by the high inflation rate. While in 1920, the price level in Hungary was 45 times higher, in 1924, the prices were up to 18 thousand times higher as compared to the prewar period.<sup>82</sup>

The stabilization of the Hungarian sugar industry was fast, but in the initial years, the national consumption could be satisfied only thanks to import. In 1919, an internally complicated year, about 177 tons of raw sugar (including 146 tons of consumption sugar) were imported to Hungary, but in 1920, Hungary imported 8,271 tons of raw sugar (including 7,094 tons of consumption sugar) already. In the subsequent year, the sugar import dropped to 2,910 tons of sugar (including 2,854 tons of consumption sugar), but in 1922, the import rose to 14,802 tons of raw sugar (including 8,725 tons of consumption sugar).

<sup>81</sup> BORBÉLY – MONORY – TÖMÖRDI, pp. 239 and 269; Gy. GERGELY, *A cukoripar és a magyar mezőgazdaság*, Budapest 1938, p. 6.

<sup>82</sup> A. SIPOS, *Az államosítás előtt működött élelmiszeripari vállalatok repertóriuma. A Magyar Országos Levéltár Segédletei* 24, Budapest 2006, p. 11; BORBÉLY – MONORY – TÖMÖRDI, p. 286.

Although Hungary had to rely on sugar import, we can find sugar even in export items from 1920, but only in very minimum amounts. In 1920, 441 tons were exported; in 1921, 2,436 tons; but in 1922 only 25 tons of sugar.<sup>83</sup>

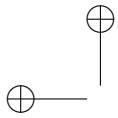
Similarly, to Czechoslovakia, sugar had great importance for the state treasury income in Hungary. While at the turn of the century, the sugar tax in Hungary had a one-fifth share in the state treasury income from consumption tax, in the 1920s and 1930s, the share oscillated between 43 % and 55 %. While the 1913 state income from sugar tax amounted to 19.9 million pengő, in 1927 it amounted to 39 million pengő already, and in late 1930s, that income exceeded the amount of 50 million pengő. Additionally, the sugar tax consisted of a special self-standing tax and of the fiscal share of the state in the sugar price, continuously modified by the Minister of Finance. The fiscal share initially amounted to 35.6 %; however, in 1923 it rose to 43.5 % and in 1924 to 53.5 %. Nevertheless, after 1926, the actual sugar tax dropped from 52 pengő per metric centner to 46.20 pengő, and it kept dropping. However, when the Great Depression started affecting the Hungarian economy, the sugar tax was increased to 50 pengő per metric center in 1931, to ensure sufficient income to the state treasury.<sup>84</sup>

### Conclusion

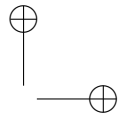
The statistical data concerning the sugar production in Czechoslovakia for national consumption showed a relatively efficient and fast stabilization of the Czechoslovak sugar industry. It is of course possible to polemize over the question whether a market mechanism, or better a liberally conformist economy, would have been able to manage the situation of transition from controlled, i. e. war economy faster. On the other hand, it must be stressed that the basic pillar of the Commission consisted in covering the national consumption of sugar. If the manufacturers had not been bound in the above stated way, they could have preferred export to supplies for the national market, which would have resulted in rise of prices of the national sugar approximately to the same level as it was in the countries where sugar was "rare", or demanded for higher amounts, respectively. In that way,

<sup>83</sup> A. M. Kir. Kormány 1919–1922. évi működéséről és az ország közállapotairól szóló jelentés és statisztikai évkönyv, Budapest 1926, pp. 105 and 107.

<sup>84</sup> BORBÉLY – MONORY – TÖMÖRDI, pp. 240–241.



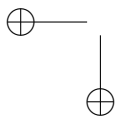
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the costs in the industries using sugar to make their products would have risen too, which would have resulted in further increase of life costs of the households. A counterweight to this theory may consist in viewing the Commission as a precedent, which shows government interventions as efficient and thus desirable to a certain degree. The initial success of the state regulation was also partially responsible for further development of the sugar industry as, thanks to realizing considerable profits for the state treasury, this commodity with relatively non-elastic prices was continuously used also to improve the state budget balance.

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