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CHANGES IN THE OWNERSHIP OF ECONOMIC ENTITIES IN OSIJEK DURING THE FIRST HALF OF 20TH CENTURY

PROMJENE U VLASNIČKOJ STRUKTURI GOSPODARSKIH SUBJEKATA U OSIJEKU U PRVOJ POLOVINI 20. STOLJEĆA

ABSTRACT

The first half of the 20th century was marked by major changes in the Croatian political image, and this had, of course, reflections in the economic field. In the period of fifty years several political systems and the states has changed, and each of them had a specific approach to economy.

From capitalist Austro-Hungarian Empire, through the Kingdom of Yugoslavia and the NDH, to Socialist Yugoslavia. Political system of each of these countries had a crucial impact on the ownership structure of companies. All this caused significant changes in the ownership structure of economic entities in Osijek. In this paper I will try to show how these changes affected the ownership and operation of several prominent economic entities in Osijek in the first half of the 20th century.

As in the reporting period the ownership structure of Osijek commercial facilities actually made a shift from the private, across the state or the social and again to private ownership, I'll try to point out the advantages and disadvantages that such a conversion had on the operations of experimental economic entities, in the hope that the experience of previous attempts could indicate the positive directions in the future and avoid the mistakes made in the past.

The work will be mainly based on the source material of experimental economic entities stored in Osijek National Archives.

Keywords: *economy, property, businesses, confiscation*

SAŽETAK

Prva polovina 20. st. obilježena je velikim promjenama u političkoj slici Hrvatske, a to se naravno odrazilo i na gospodarskom planu. U pedesetak godina promijenilo se nekoliko političkih sustava i država, a svaka od njih je gospodarstvu pristupala na specifičan način.

Od kapitalističke Austro-Ugarske, preko Kraljevine Jugoslavije i NDH, pa do Socijalističke Jugoslavije. Političko uređenje svake od ovih država imalo je presudan utjecaj na vlasničku strukturu gospodarskih subjekata. Sve to se odrazilo i na znatne promjene u vlasničkoj strukturi gospodarskih subjekata u Osijeku. U radu ću pokušati prikazati kako su se te promjene odrazilile na vlasništvo i poslovanje nekoliko osječkih istaknutih gospodarskih subjekata u prvoj polovini 20. stoljeća.

Kako je u razmatranom periodu vlasnička struktura osječkih gospodarskih objekata zapravo napravila povrat, od privatnog, preko državnog, odnosno društvenog pa opet do privatnog, pokušat ću naglasiti prednosti i nedostatke koje su takve pretvorbe imale na poslovanje oglednih

gospodarskih subjekata, u nadi da bi iskustva iz prethodnih pokušaja mogla ukazati na pozitivne smjerove u budućnosti i izbjegavanje već počinjenih grešaka. Rad će u najvećoj mjeri biti temeljen na izvornoj arhivskoj građi oglednih gospodarskih subjekata pohranjenoj u osječkom Državnom arhivu.

Ključne riječi: gospodarstvo, vlasništvo, gospodarski subjekti, konfiskacija

1. Economic situation in Osijek before the Second World War

In the first half of the 20th century in the city of Osijek there was a series of highly successful economic entities, such as industrial giants like Osijek iron foundry joint stock company (hereinafter: JSC) and machine factory JSC, or Drava JSC for the manufacture of matches, as well as small craft workshops. Thanks to these operators at that time Osijek occupied a leading position in the Croatian economy.

In the first half of the 20th century political map of Europe, and especially of this region, have been changed many times, and all this have left indelible mark on the business, and in particular on the ownership structure of companies.

After the collapse of the Austro-Hungarian monarchy the economic operators in Osijek, and in Croatia in general, suffered a lot of damage caused by unfavorable conversion of the Austro-Hungarian Crown into Dinar of the Kingdom of Serbs Croats and Slovenians (hereinafter: Kingdom of SHS). It enabled "some new people" to become a part of the ownership structure of business entities.

During the Independent State of Croatia (hereinafter: NDH) numerous Osijek economic entities were nationalized or expropriated in favor of NDH, and then again sold or given for management to new owners or managers.

After World War II, the newly established Communist government carried out a ruthless confiscation and nationalization of almost all economic operators in Osijek and transferred them into state or social property.

After the Homeland War there were attempts to correct the injustice done by the actions of the communist government and part of the property was returned to the former owners, and to re-introduce private ownership of economic entities. In doing so, the majority of them were again transformed into joint stock companies.

There was not much success in that, so today, and after these attempts, most economic entities in Osijek are in bankruptcy, waiting for the bankruptcy settlement or simply no longer exist.

On the example of five major companies in Osijek we will try to present the meanderings in the management of business entities taken by the authorities in Osijek, starting from the Austro-Hungarian Empire until today. At some moments of its business these companies were important European companies, which now languish or no longer exist: 1. Osijek iron foundry and machine factory JSC in Osijek, 2. Osijek leather factory JSC in Osijek, 3. Drava - JSC for the manufacture of matches in Osijek, 4. Soap factory Georg Schicht JSC Zagreb, 5. first Croatian-Slavonian JSC for the sugar industry in Osijek.

Upon completion of the World War I, the territory of the hitherto unique Austro-Hungarian Empire fell apart in seven states. The newly formed countries were exhausted by the long war and their economy was in bad shape.

Thus, the difficult economic situation was complicated by the huge amount of Austro-Hungarian crown banknotes that were emitted during the war, especially in 1918.

In such a constellation of unfavorable circumstances enormous, if not even the uncontrolled printing of money continued, so it was already in December 1918 that the amount of the Austro-Hungarian crowns in circulation increased to 35.5 billion, and soon afterwards to 52 billion.¹

What follows accordingly is the order of 25 November 1918 of the Minister of Finance of the State of SHS to stamp crown banknotes.² The main objective of this move was to prevent the influx of large amounts of crown banknotes in the country, and thus prevent the destabilization of the economy.

One of the reasons for the relatively long duration of stamping of Austro-Hungarian crowns was also the problem of the exchange rate at which they would be changed to the new dinar. There were two opposing points of view while accessing this problem.

The first one, promoted by the representatives from those parts of newly independent states which were previously incorporated into the Austro-Hungarian monarchy, is that the crown is to be changed for new dinar at a ratio of 1:1. The second one is the view promoted by those representatives from those areas that were not previously the part of the Monarchy (Serbia and Montenegro), according to which the crown is to be changed for new dinar at a ratio of 1: 6 or even 1:10.

It was easy to understand the first standpoint, namely, the Austro-Hungarian crown was for many years a means of payment in Croatia, Slavonia, Bosnia and Herzegovina and Vojvodina. The population had all their income expressed in crowns, and people had all their savings in crowns as well. These countries had already been exhausted by many years of war, so that a replacement at such a high rate would mean an extra shot for the tormented population. After long deliberations and follow-up of the exchange rate, which after many oscillations got stabilized at a ratio of 4 crowns for 1 dinar, this exchange rate was adopted, which represented some sort of middle ground between the demands of both sides.

But such a "mitigated" exchange rate was a heavy burden for the population affected by the war hardships.

Surely, this transformation of crown into dinar affected the value of the share capital of business entities, which enabled many possible machinations.

Having established the NDH in the structure of economic entities, it came to substantial changes in Osijek because significant number of these entities in Osijek and Slavonia was owned by Jews. NDH authorities followed a policy of the Third Reich against the Jews, which they found useful to seize valuable assets which they would sell, thus obtain means of resources and reward particular members of their own.

Very soon after the establishment of NDH several legal provisions were adopted in order to carry out the execution of the above mentioned. For the seizure (nationalization) of Jewish property the most important ones were: The provision on the nationalization of Jewish property³, legal regulation on expropriation of economic enterprises⁴ and legal regulation on expropriation on the territory of NDH.⁵

Based on these legal provisions NDH knitted an effective network that has engulfed the entire property of the Jews, while the non-Jewish property could have been expropriated whenever it was thought necessary.

¹ See in: Gardaš, Mušić, Čokolić: "Novac u raspadu Austro-Ugarske Monarhije [*Money during the collapse of Austro-Hungarian Monarchy*]" Legal news 1-2, 2005, Osijek, 2006.

² O. c., p. 117

³ Official gazette No. 246. of 30 October 1942

⁴ Official gazette No. 118. of 3 September 1941

⁵ Official gazette No. 30. of 17 May 1941

So far I have not been able to trace the Decisions on the nationalization of Jewish property, or on expropriation of non-Jewish, however in a number of court decisions on confiscation after World War II, it is stated that the individual firm or company was nationalized and sold to new owners by the NDH.

When it comes to experimental enterprise situation is somewhat different. Almost all were exclusively or predominantly owned by foreign, non-Jewish capital from the areas of the Third Reich; Osijek iron foundry and machine factory JSC, Drava – JSC for the manufacture of matches, soap factory Georg Schicht JSC, first Croatian-Slavonian JSC for the sugar industry, and only Osijek leather factory JSC was in the predominantly Jewish property.

In the case of Osijek leather factory the authorities of NDH carried out the procedure of nationalization, while other entities continued with their work. What was expropriated were only stocks which were found with some Osijek's Jews in the proceedings against them.

1.1. Osijek Iron Foundry and Machine Factory JSC

The main impetus to the founding of the company was a great need for agricultural machines in Croatia, Slavonia and Bosnia. Home initiative for the establishment of this company was headed by Croatian land bank in Osijek in 1911. During the foundation the share capital of the joint-stock company amounted to 400,000 crowns, and as the time was passing with numerous investments and expansion of the company the share capital was increased to 1.25 million dinars.

Immediately it was started with the construction and equipping of the factory, so for this time it was built with the use of modern machines and equipped with the most modern technology.

The main production programme of this company was supposed to be the production of agricultural machines. Within this framework the special attention was paid to the foundry, which, in the very beginning, had a capacity of 50-60 wagons of casting per year.

Osijek iron foundry and machine factory JSC became operational in 1912 and operated smoothly until the beginning of World War II. During the World War I, the factory was producing a variety of products within the war program of work, and only in 1917 switched to the normal operations.

In 1918, the company was being expanded, hence new and automated foundry was introduced, and its capacity grew to about 250 wagons a year of casting.

The factory employed 250 workers and 36 clerks.⁶

The company was nationalized by the decision of the Court for protection of national honor of Croats and Serbs in Croatia, No. Kz-139/45.⁷

Confiscation of enterprises was conducted by the verdict R III 842/1945, and the whole case of confiscation of Osijek iron foundry and machine factory today is kept in the court case of the District People's Court under the number Konf.-123/1945.⁸

From the judgment No. R III 842/1945 we learn that M. Č. from Osijek and E. M. from Osijek as members of the directorate of Osijek foundry and machine factory JSC were sentenced to various time penalties, confiscation of personal property and confiscation of all property of Osijek foundry and machine factory JSC

⁶ Lakatoš, Joso, *Industrija Hrvatske i Slavonije [Industry of Croatia and Slavonia]*, Zagreb 1924, p. 200.

⁷ For confiscation of this company, as well as for others, see in: Miro Gardaš, Josip Vrbošić: „Konfiskation Von Firmen In Osijek Nach Dem Zweiten Weltkrieg“ Institutions of Legal History with special regard to the legal culture and history, Bratislava – Pecs, 2011.

⁸ DAO, fund District people's court Osijek, case No. Conf. - 123/1945.

From the reports which are annexed to the case of confiscation we learn that the fundamental principal of Osijek foundry and machine factory was 5.0001 million dinars in total, and that it was divided into 33 334 bearer shares. Each share had a nominal value of 150 dinars.

In 1940, the major shareholders of this company were: L. E. from Osijek who owned 8010 shares, the Czech-Moravian strojirny a.s. from Prague with 8752 shares and Croatian land bank JSC Zagreb with 10,966 shares. We see therefore that out of the total number of issued shares of Osijek foundry and machine factory (33,334 pcs.) these three shareholders owned 27 728 shares or 84%, and the remaining 5,606 shares was owned by other, smaller shareholders.

1.2. Osijek Leather Factory JSC

Osijek leather factory Ltd was established with 2 million crowns share capital, and its main purpose was the production of a variety of leather goods. The capital of this company is mixed, mostly domestic, and 20% of foreign share.

Osijek leather factory JSC had a steam-power for 150 hp machines. The company employed 70 workers and 10 clerks.⁹

The company "Osijek leather factory JSC" was Jewish property, and since after the World War II, no one have reported in terms of the Law on handling the abandoned or seized property the procedure for confiscation was initiated.

The company was confiscated by the judgment of the Court for protection of national honor of Croats and Serbs in Croatia number Kz-193/45, according to which V. F. from Osijek and J. H. from Osijek were found guilty, the first one as a director and member of the administrative committee and the second one as a member of the administrative committee for putting voluntarily the overall industrial enterprises of Osijek leather factory JSC at the disposal of the German forces. Both were sentenced to various time penalties, the penalty of confiscation of personal property and the penalty of confiscation of all property of Osijek leather factory JSC Confiscation was carried out by the judgment of the District People's Court in Osijek, R-806/46.¹⁰

According to the enclosed court case on confiscation of Osijek leather factory JSC the paid up capital of the Company was divided into 10,000 shares of nominal value of 300 dinars. So the entire share capital would be amounted to 3,000,000 dinars. Out of the total number of shares 200 were the property of a convicted Director V. F., 1300 shares were in the hands of different shareholders, and the rest to the total number of 10,000 was in the property of a Jew Ž. D. from Osijek.¹¹

1.3. Drava JSC for The Production of Matches

Drava – a factory for the production of matches in Osijek was founded in 1856 by Mirko Reisner and Joseph Fösmayer, but not in the form of a joint stock company, but as a private factory. By the turn of the ownership to his son Adam Reisner in 1885 the factory was intensively developed and became one of the most important companies in Europe in the manufacture of matches.

⁹ Lakatoš, Joso, o.c., p. 283-289

¹⁰ DAO, fund OJT, box 47, file 1/50, report of 3 December 1946, also DAO, fund Court for protection of national honour of Croats and Serbs in Croatia, file Kz-193/1945

¹¹ DAO, fund Court for protection of national honour..., file Kz-193/1945, Declaration of 11 October 1940, annexed to the file on confiscation.

In 1909 the factory was converted into a joint stock company with a share capital of 1.5 million crowns. The capital was still growing, so in 1920 it was raised to three million crowns, in 1921 at 3.75 million dinars, and in 1923 to 7.5 million dinars.

As the factory proved to be a cost-effective, the construction of new plants began. In 1890 the factory main building was built (today on the south side of the street Reisner), in 1896 the connecting bridge between the old and the new factory was built, which was in use until recently.

Much was being invested in the most modern machines, so that the factory was equipped with machines from Germany, Austria and Sweden. Steam engine of 450 hp and 14 electric motors of 10-45 hp were used to drive the machines. In 1923 a new generator of 370 hp was built in, which was in use until 1974. The factory was more or less completed in 1935. A number of new machines were installed: pneumatic tree conveyer, machine for the production of labels, logging gater, electric hoists, etc. A number of amenities were also built up to make the worker's job easier: indoor heating equipment, wardrobe etc. After this reconstruction an annual production capacity was doubled and amounted to 26,000 crates. With a huge capital and the most modern machinery the factory rapidly grew into the largest in Europe, a substantial part of its production was exported to Egypt, Syria, Albania and Turkey. The factory employed 280 workers and 18 clerks.¹²

Match factory "Drava" was the only company with foreign capital (Sweden). The company was confiscated by the judgement of the Court to protect national honor of Croats and Serbs in Croatia number Kz-148/45, according to which the plant manager J. Š. from Osijek, V. H. from Osijek, M. B. from Osijek and M. P. from Osijek, as members of the managing directorship of the company were found guilty for "making decisions and adopting them without any objection" that Drava JSC for production of matches would put their facilities at the disposal of the enemy. They were sentenced to various time penalties, confiscation of personal property as well as confiscation of all property of Drava JSC for the manufacture of matches.¹³ The confiscation itself was conducted by District Court judgment Osijek R-539/45.

The appendix to this file reveals that on 31 December 1945 the total value of factory buildings, land, machinery and equipment amounted to 21,241,511.45 dinars.

With their act Kr-406/46 the Public Prosecutor's Office of Yugoslavia asked that the entire case file against Drava JSC factory for production of matches be urgently submitted, hence the entire case file was sent to the Public Prosecutor of FPRY in Belgrade.¹⁴

1.4. Soap Factory George Schicht JSC

The forerunner of today's factory Saponia is a private craft workshop for making soap of Samuel Reinitz. He combined his and bank capital in 1919 and the craft workshop became the first soap factory in Osijek - a joint stock company, Osijek.

In 1921 Schicht's concern for soap production, based in the Czech Republic takes over the Osijek soap factory, first in the lease, and then in the property, and since then it operates under the name Yugoslav soap factory Georg Schicht dd Zagreb. However, all its plants and factories were located in Osijek.

In 1921 the share capital of the company at its founding amounted to 6,000,000 dinars. The same year in Osijek's Lower Town a new factory was built. The company had 180 employees and clerks.

In 1930 Schicht's concern is connected with one of the largest concerns of soap industries worldwide - Lever Brothers Limited, based in Rotterdam, the Netherlands and since then Osijek

¹² Lakatoš, Joso, o.c., p. 37, and the Monograph of the Match company "Drava", Osijek, 1978, p. 14-60

¹³ DAO, fund Court for protection of national honour..., file No. Kz-148/1945

¹⁴ DAO, fund OJT, box 47, file 1/50, report of 3December 1946

factory operates under the name Yugoslav joint stock company Schicht - Lever, Zagreb - Osijek factory.

In the years preceding the Second World War it came to modernization and reconstruction of the plant: building of new factory buildings, renovation of plants and refurbishing of plant for the production of soap powders.

During World War II concern Schicht – Lever fell apart and Osijek factory continued to operate under the name "Georg Schicht JSC Zagreb - Osijek factory".¹⁵

Due to economic cooperation with the enemy the company was confiscated by a judgment of the Court to protect national honor of Croats and Serbs in Croatia for Osijek-Virovitica County, No. Kz-147/45.

Because of irregularities in the procedure and because of the supervisory appeal of the Croatian plaintiff, the Croatian Supreme Court completely invalidated the judgment of the Court for protection of national honor, provided that the procedure was executed again. Since most members of the directorate company were located in Zagreb, the case was referred to the procedure of the Public Prosecutor for the City of Zagreb, and the confiscation measures were still to be maintained as sequestration.¹⁶

By the Decision of the District People's Court in Osijek No. R-92/46 and No. Z-2055/46, receivership (sequestration) was logged over the enterprise.¹⁷

Since 1946, the factory operated under the name First Osijek soap factory, and since 1953 Saponia - factory of soap, cosmetic and chemical products - Osijek.¹⁸

1.5. The First Croatian-Slavonian JSC for Sugar Production

The first Croatian-Slavonian JSC for sugar production was established in 1905 as a joint stock company with an initial capital of 4 million crowns. During the founding of the company the capital was partly domestic and partly Czech. With subsequent investments the factory considerably increased, so that in the second and third decade of the 20th century it represented the biggest and most modern sugar refinery in this area. In 1942 its capital increased to 14 million dinars.

Due to continuous investments and expansion of production modern machines were purchased, so that the refinery could rework 85 wagons of sugar beet a day. The refinery produced sugar of the best quality and had a high level of utilization of raw materials. For its needs the factory used electric drive of 1395 hp, and had its own narrow gauge industrial railway (with a track of 760 mm) of 22 km length for delivery of sugar beet from nearby locations. The factory had 150 permanent employees and 550 during the campaign of sugar beet.¹⁹

It was confiscated by the judgment of the Court for protection of national honour of Croats and Serbs in Croatia, No. Kz-153/45 of 21 July 1945. According to this judgement L. L. from Zagreb, and A. M. from Zagreb as members of the directorate, and A. H. from Osijek as a member of the supervisory board of the First Croatian-Slavonian JSC for the sugar industry were found guilty "for trying to increase the production of sugar during the occupation and for handing over a large part of its production to the occupier and their collaborators."²⁰ With this judgement the defendants were sentenced to confiscation of personal property, various time penalties, and also the confiscation of all assets of the First Croatian-Slavonian JSC for the sugar industry. However, as the majority of the directorates were located in Zagreb, the judgement of

¹⁵ Lakatoš, Joso, o.c., p. 399

¹⁶ DAO, fund OJT, box 47, file 1/50, report of 30 December 1945

¹⁷ Ibidem, report of 3 December 1946

¹⁸ Monograph of Saponia-Osijek factory, Meet us, Osijek 1969, p. 2-3

¹⁹ Lakatoš, Joso, o.c., p. 483-486, and Monograph of the sugar and sweets factory in Osijek, Osijek, 1980, p.42-49

²⁰ Excerpt from the judgement No.Kz-153/1945, of the Osijek court for the protection of national honour

the Osijek Court for protection of the national honour was cancelled and submitted to the Public Prosecutor for the City of Zagreb, for further processing.²¹

By the new judgment of the District People's Court in Osijek, number Kz-254/45, A. M. from Zagreb and L. L. from Zagreb were sentenced in absentia to imprisonment with the hard labour, and also to the confiscation of all assets of the First Croatian-Slavonian JSC for the sugar industry in Osijek.²²

Confiscation of the property belonging to the factory was conducted by the verdict of the District People's Court in Osijek R-493/45, and was transferred to FPRY by the decision of the same court under the number Z-2500/46.²³

There is an interesting annex to this judicial case of confiscation of this company which was created by the District People's Committee in Osijek - Department of National assets, No. 17757/1946-XI / 2, of 31 May 1946, which in the case of confiscation of shares of the First Croatian-Slavonian JSC for the sugar industry provides information on the structure of the share capital of the joint-stock company. According to this report the fundamental principal amounted to 38,500,000 dinars, and was divided into 44 000 pieces of shares, and 176,000 shares for the bearer.²⁴

In the process of confiscation of assets of this company "An assessment of real estate and land of the Sugar refinery JSC in Osijek on January 15, 1946" was also carried out. "According to this estimate, the total construction value of buildings and land of the first Croatian-Slavonian JSC for the sugar industry amounted to 73,721.218 dinars."²⁵

2. Confiscation of experimental companies after World War II²⁶

Despite changes of the owner during the NDH, the largest number of companies in Osijek resumed normal operation and performance of its economic activities during the World War II.

It is such a continuous performance of the activity that led to the confiscation by the communist authorities after World War II. After the withdrawal of Germans and entering of partisan armies in the city, the newly established communist government recognized the value of the existing property and industrial plants. As the newly established government had to raise money for war-impooverished country, seizing of private property of rich individuals appeared to be the simplest source of filling the state treasury and solving the economic problems of the country.

Ironically, the confiscated property was Jewish, which had already once been confiscated by the government of NDH.

The greatest absurdity was that the new government filed against former Jewish owners because of the economic cooperation with the enemy, regularly condemn them and confiscate their businesses. The irony is particularly supported by the fact that almost all of these former Jewish owners were taken to German concentration camps during World War II, where every single trace of them had been lost.

²¹ DAO, fund OJT, box 47, file 1/50, report of 30 December 1945

²² Ibidem, report of 15 December 1945

²³ Ibidem, report of 30 December 1945

²⁴ A copy of this report and other documents regarding the confiscation of the First Croatian-Slavonian JSC. sugar production are now in the National Archives in Osijek in the fund District Court in Osijek, item Kz-71/1945

²⁵ Evaluation was carried out by the "authorized constructor" F. D. from Osijek and it was annexed to the file of the District Court Osijek No. Kz-71/1945

²⁶ See in Miro Gardaš, Josip Salapic, Tunjica Petrašević: "Court proceedings before the courts for protection of national honour with special attention to the Court for the protection of honour of Serbs and Croats in Croatia for Osijek-Virovitica district", The study was published in a scientific monograph "Istražne radnje i pomoćna sredstva u sudskim postupcima kroz povijest [*The investigative actions and aids in court proceedings through history*]", Osijek, 2010

A sad example of the confiscation is Osijek knitwear factory "Dubravka" owned by the Jews B. R. and K. R. from Osijek who were, in 1942, dispatched to Germany, where they disappeared without a trace. With the public announcement (on the notice board of the court) District People's Court in Osijek called them to report to the court within three days, and condemned them for economic cooperation with the enemy and confiscated their property- the knitwear factory Dubravka. The factory was, in fact, nationalized by the NDH, and sold to a new owner and continued to operate.²⁷

Moreover, confiscation of Osijek card board factory "Farmacija", owned by Jews A. N. and D. R. from Osijek, which was in 1941 nationalized by the NDH. In 1942 the former owners were taken to Germany and it had never been heard from them ever since. The factory was sold to a new owner. District People's Court in Osijek indicted former owners, called for them with the public notice to report within three days, and sentenced them to confiscation of all assets of the card board company "Farmacija" because of economic cooperation with the enemy.²⁸

Since the then "Anti-Fascist Council of National Liberation of Yugoslavia" was headed by a lawyer Ivan Ribar, confiscation of property was legally masked by the Law on confiscation and execution of confiscation which was passed on 9 May 1945.²⁹

In addition to this law, there were still some legal provisions that allowed for a wide range of persons to be found guilty, and their property to be confiscated. These are primarily the law on crimes against the people and the State of August 25, 1945,³⁰ Decision on the protection of national honor of Croats and Serbs in Croatia of 24 April 1945,³¹ the Law on the transition of enemy property into the state ownership and Sequestration of assets of absent persons of 31 July 1946³², and the law on the treatment of assets that were to be abandoned by their owners during the occupation as well as the property that was taken away by the occupiers and their collaborators of 2 August 1946.³³

In 1948, the Law was brought on Amendments to the Law on nationalization of private economic enterprises by which were nationalized all those firms of different types, which by their meaning or capacity had general significance for federal or republican economy.³⁴ Interesting are the words of B. Kidrič, which show us that with this law the purpose that the new communist government had in mind was fully accomplished - "that from now on there will practically be no industrial enterprises in Yugoslavia which would not fall under the socialist sector of our economy"³⁵

Apart from these main regulations, there was still a whole range of regulations that served for confiscating any valuable assets. Here are listed only the most significant regulations which were the basis for confiscation of property. Apart from them, there were many other laws and decrees which served as the basis for confiscation of the property. Article 2 of the Law on Compensation for the property confiscated during the Yugoslav communist rule lists 32 such regulations, and a few authors allege even fifty.³⁶

Previously mentioned companies belonged among the largest in their professions in this part of Europe and as such attracted special attention of the newly established communist government.

²⁷ DAO, arhivski fund: District People's Court Osijek, file Kz-235/1945

²⁸ DAO, arhivski fund: District People's Court Osijek, file Kz-236/1945

²⁹ Official journal DFJ, No. 40/1945

³⁰ Official journal DFJ, No. 618/1945

³¹ "Vjesnik"- newslatter of JNOF of Croatia, of 28 June 1945

³² Official journal of PNRJ, No. 63/1946

³³ Official journal of FNRJ, No. 64/1946

³⁴ Official journal of FNRJ, No. 35/1948

³⁵ B. Kidrič speech at National Assembly; Borba No. 103, 1948, cited according to Rastovčan P., "Zadružno pravo [Cooperative right]", Zagreb 1949, p. 6

³⁶ Crnić, Jadranko, How to regain property rights deprived by nationalization, confiscation and agricultural reform, Official Gazette, Zagreb, 1991

As these companies were performing their job during the NDH, the new government, in accordance with the aforementioned laws, had an excuse to seize them.

However, concerning joint stock companies another aggravating circumstance was that there were more owners, often unknown. Namely, as the capital was divided into shares, which could have been issued on the name of the holder, and as a security they could have been a subject to legal matters, it was often unknown who of the owners was in a possession of the stocks.

Therefore, the charges were regularly brought against the head of the joint stock company or against one or more members of the board, usually the president, hence, in addition to the prison sentence, deprivation of national honour, expulsion, confiscation of personal assets, forced labour, etc. judgement to confiscation of the entire enterprise was regularly rendered.

It is quite absurd, because that person might not have been either the majority owner or even the holder of any shares of that particular joint stock company, nevertheless, it was a concrete name and a person that could have been pursued and judged by the court. Clear example is a court proceeding of confiscation of the property of Osijek leather company JSC where the proceeding was conducted against the head of the company, who was, of course, found guilty for entrusting the company to German forces, hence in addition to other penalties he was sentenced to confiscation of the entire property of Osijek leather company JSC. Out of 10,000 issued shares of Osijek leather company JSC he owned only 200.³⁷

3. The current situation in experimental companies

In 1992 the Law on Transformation of Social Enterprises was passed, which provides that the companies should carry out the conversion done in a due time. Under these provisions companies that are the subject of this study had also undergone transformation from public properties into the companies owned by a concrete person. Almost all of the above mentioned companies were transformed into joint-stock companies and as such were entered in the Trade Register.

After examining the statutes of all joint stock companies, as well as Elaborates on the estimated value of social enterprises, where it was possible, I present data on the amounts of the share capital of joint stock companies and individual issue of shares of individual joint stock companies which incurred by the conversion.

3.1. Osijek Iron Foundry and Machine Factory JSC

At its meeting held on 7 July 1995 the Shareholders Assembly of OLT Osijek adopted the Statute of the Joint Stock Company OLT.

According to Article 2 of the Statute, Joint Stock Company emerged from the public capital.

Article 12 of the Statute stipulates that the share capital of the joint stock company is 141.160.196.88 HRK, and that corresponds to the equivalent of 38,977,900 DEM. Article 13 of the Statute stipulates that the share capital of the joint stock company is divided into 389,779 shares, each in nominal value of 100 DEM.³⁸

³⁷ See in Miro Gardaš, Tunjica Petrašević, Atila Čokolić: "Confiscation procedure of economic entities in Osijek after the World War II", The study was published in scientific monograph „Istražne radnje i pomoćna sredstva u sudskim postupcima kroz povijes[The investigative actions and aids in court proceedings through history]", Osijek, 2010

³⁸ Statute of the Joint stock company OLT of 7 July 1995

3.2. Osijek Leather Factory - JSC Osijek

According to Article 10 of the Statute of the Joint Stock Company Osijek leather factory the share capital of this joint-stock company is 8.7 million DEM, and is divided into 87,000 shares of par value of 100 DEM each.³⁹

3.3. IPK – Sugar Factory Osijek JSC

IPK Osijek JSC from Osijek and Privredna Banka JSC Zagreb from Zagreb concluded on 6 October 1995 g. a Public contract on convergence of general acts with the Law on commercial companies of IPK Sugar Factory Osijek.

In Article 1 of this Public contract it is determined that basing on the decision of the Administrative Board of IPK Osijek on 18 July 1994 IPK Osijek JSC owns 88.37% of stake, and Privredna Banka Zagreb JSC 11.63% of stake in the IPK sugar mill Osijek JSC

Article 4 also determined the amount of share capital in the amount of 201,111,246.44 HRK. In the company's equity share stake of IPK Osijek JSC is 88.37% or 177,722,389.08 HRK, and a fundamental stake of Privredna Banka Zagreb JSC is 11.63% or 23,388,857.40 HRK.⁴⁰

3.4. "Saponia" Chemical, Food and Pharmaceutical Industries JSC Osijek

On 28 June 1995 General Assembly of Saponija JSC adopted the Statute of Saponija chemical, food and pharmaceutical industries JSC from Osijek.

The share capital of the joint-stock company is defined in Article 14 of the Statute and is 197,214,000.00 HRK.

Article 29 of the Statute stipulates that the Company's share capital is divided into 657,380 ordinary shares, and each share is to have a nominal amount of 300 HRK.⁴¹

3.5. "Drava" – Match Factory JSC Osijek

The General Assembly of "Drava" match factory JSC in Osijek at the session held on 24 June 1995 adopted the Statute of "Drava" JSC from Osijek.

Article 7 of the Statute determines the amount of the principal of the Company in the amount of 45,141,000.00 HRK and 12,541,617 DEM.

Company's share capital is divided into 119,416 shares of the first issue and 6,000 shares of the second issue.⁴² Nominal value per share is 100 DEM in equivalent local currency at the mean current rate.

Today (spring 2015) the situation in the experimental enterprises has largely changed. After twenty years of existence on the Croatian economic scene, after a whole series of opening and closing of bankruptcies and bankrupt settlements, changes in the value of the share capital, changes in activities, sales of property and equipment of our five economic giants whose fate we followed for almost a century, a few no longer exist, a few exist only on paper, a few completely changed the scope of their activity, and a few still manage to survive on the Croatian market economy.⁴³

³⁹ Statute of the Joint stock leather company Osijek

⁴⁰ Public contract on convergence of general acts with the law on commercial companies of IPK factory Osijek of 6 October 1995

⁴¹ Statute of "Saponija" chemical, food and pharmaceutical industries JSC from Osijek of 28 June 1995

⁴² Statute of "Drava" Match factory JSC in Osijek

⁴³ For the provided assistance I thank the judges from Osijek Commercial court, Nada Roso and Boris Vukovic the president of the registry department.

4. Conclusion

From the above mentioned we see that the fate of the economical entities in Osijek was tightly linked to political circumstances that had affected these areas. After the collapse of the Austro-Hungarian monarchy great damage was done by unfair replacing of the Crown with Dinar, and thus a long-standing trend of successful business was terminated, and the ownership structure of the company was enter by new people who knew how to utilize unfavourable financial moment. In The Independent State of Croatia (NDH), economic entities were confiscated, expropriated and sold or assigned to persons that were considered eligible by the authorities.

After World War II economic entities were passed into the state or social property and their business often had nothing to do with economic principles, but were often used for the propagation of political ideas.

After independence, as a constitutional principle, among others, the Republic of Croatia proclaimed protection of the rights of ownership and entrepreneurial and market freedom. Most Croatian authorities were repeatedly promising to access the denationalization i.e. restitution or providing compensation for property confiscated by the communist authorities after World War II. Driven by ideas in the economy based on market economy and ownership of companies, it was started with the conversion of socially owned enterprises in the companies whose owner was determined, followed by the restitution of property confiscated by the communist authorities.

In almost all of these procedures, during various political organizations, great damage was done to economic entities in Osijek. And perhaps today's poor economic situation in Osijek, especially the one of economic entities whose fate we followed, is just the result of such actions throughout history.

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