

REFLECTIONS ON THE *GRÜNDERBOOM* AND THE STOCK EXCHANGE CRASH OF 1873 AMONG SLOVENES*

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General Economic Development in the Slovene Lands prior to 1873

With the exception of Trst/Trieste, the lands populated by Slovenes¹ entered into modern society through the construction of the railroad net. The main artery in this system was the Vienna-Trieste line, which reached Gradec/Graz in 1846, Ljubljana in 1849, and Trieste in 1857. In 1861 Ptuj was connected by rail to Nagykanisza in Hungary; in 1862, Zidani most was connected to Zagreb; in 1863, Maribor to Celovec/Klagenfurt; in 1870 Ljubljana to Trbiž/Tarvisio; and in 1873 Pivka was connected to Rijeka.² These developments, which were indubitably significant economically, and which were also an important indication of the development of Austria, brought severe problems to the predominantly rural Slovene lands. Because of the property structure, in his struggle for survival the Slovene peasant had been forced to seek additional sources of income. With the construction of the railroad, various trades fell into decline, such as hauling, transporting by boat, and (with the exception of the lumber trade) rafting. With the importation of everyday articles by rail, foreign competition destroyed domestic trades and crafts; industries that were located at some distance from the railroad, e.g., the foundry at Dvor, also declined because they were no longer competitive. In towns located on or near railroads such as Ljubljana forwarding and storage agencies and a number of businesses declined. There was no preparedness for economic change, in spite of the calls of a few well-oriented businessmen, among them Ivan Vilhar who, in the magazine *Kmetijske in rokodelske novice*, advised peasants to cling to primary production in view of the oncoming changes. The conditions described here were at their most extreme in Carniola, which therefore suffered the most. Apparently, Styria was able to adjust faster and more easily to the new circumstances and thus created for itself an advantage in the economic, cultural and political fields. In searching for an explanation for the fact that all the significant Slovene initiatives of the period—the foundation of the *Slovenska matica*, the *Taborsko gibanje* of 1868-71, and the Slovene joint stock companies—originated in Styria, this is not the only answer, but is certainly one of the most important.

These changes mainly affected the Slovene peasant, who was already in a difficult position. The end of feudalism had meant, for the peasants, financial consequences in the form of having to pay a special land tax; and the farming conditions with which generations and generations of peasants had been familiar now changed. There was a growing need for money, which could be obtained only with great difficulty. The extensive forest areas, which traditionally had been a reserve for harsh times, remained the property of the aristocracy, who indeed strengthened their control over their exploitation. It was the agricultural societies and, in Carniola, the agricultural society's enterprising magazine editor Dr. Janez Bleiweis in particular, that treated these agricultural problems most seriously. Bleiweis' plans, if not boldly conceived, were realistic since they were based on the practical education of the peasants, who should intensify production with better manuring practices, improved feed grains, and better selection of cattle breeds. They should, in his opinion, also make optimal use of other advantages, viz., the proximity of the bigger cities such as Graz and Trieste, especially because the latter was a port.³



“Tržačani na poti na šempaski tabor” [People from Trieste going to the Šempas tabor.]
Oil painting by Rosè in private collection.

The middle class, which was gaining in importance, adjusted more quickly to and involved itself relatively swiftly in the new circumstances; this is particularly true of those living in locations near the railroads; places further away stagnated. Within the middle class differentiation developed, since a considerable section of the tradespeople were able to adjust equally to the changes. Followers of modern economic principles were in many locations a minority.⁴ There was a greater understanding of trade than of production. The members of the middle class preferred to invest their money, of which they had large amounts, in banks and securities. Banks and insurance companies based in Vienna, Trieste and Graz now opened branches in Slovene cities. As may be concluded from the numerous advertisements in the newspapers, there was an interest in Slovene territory; many insurance companies printed the applications forms in Slovene. Foreign capital had been available for a long time in the Slovene lands, especially in Trieste; under the new circumstances, foreign investment was directed mostly to coal and, to a lesser extent, to iron. Slovene capital had its source, for the most part, in a combination of enterprises—trade firms, agencies, post offices, the privatization of public works, and tax brokerages. More favorable circumstances for activity were sought in Rijeka, in Trieste, and in Graz.⁵

The nobility posed a specific problem. Judging from its contribution to political life, it was not very important from an economic point of view; but purchasing noble estates was always the great wish of many rich commoners who wanted thereby to improve their social status. More speculative motives were rare and limited to parts of the noble estates, particularly the forests. The question of where the nobility invested the money that was collected from the special land tax (a result of the abolition of feudalism) remains unexplored; but it appears that the Slovene lands derived no benefit from this source. An exception—not only because of the great size of their estate—were the Princes of Auersperg, who had extensive plans with respect to forestry, ironworks, coal mining, tourism, and so on; but, due to the excessively slow development of the infrastructure, many of the plans were not realized. The Styrian Counts Attems were also active; and the Princes of Windischgraetz and other well-known families used their ‘Slovene’ estates partly for holidays for members of their families.⁶

General economic development paralleled political development. The relaxation of the political limitations within which small nations in particular had been constrained during the period of Bach’s absolutism now threw these nations into a political development that they were not ready for and for which they had no experience. 1848 was for many an episode far in the past, and indeed many had suffered consequences for their radicalism at the time. Soon it became apparent that Slovene politics had better chances in rural areas; but, although the German language prevailed in Slovene cities, these cities were still not felt as alien within the Slovene lands. The formation of an intelligentsia educated in the Slovene language from the primary school level brought to the cities a polarization with consequences that were quite unexpected. The older Slovene politicians and public officials cannot be criticized for a lack of national feeling, but they were nearly all educated in German and knew Slovene only as the language spoken at home; for more demanding linguistic contexts, both in public and in private, they preferred to resort to German. The demands for a total prevalence of Slovene in public and private life were felt by many people to be not only very difficult, but also a break with all of the pre-existing non-Slovene culture; and some saw in the emphasis of Slovenedom an extension of Panslavism which would lead to a dangerous rapprochement with conservative Russia. Cases are known where a German-educated father became a keen Germanophile while his partly-Slovene educated son became an enthusiastic Slovene, and of dissension even among brothers and

sisters. The Slovene national demands, which were frequently accompanied by a considerable degree of radicalism, were thus greeted coolly on the part of the middle class and most of the nobility, who did not want to break with German language and culture. They were indeed convinced that the Slovene nation could develop only if closely connected to that culture, and that the preservation of these links would ensure advantages and progress for their Slovene nation in the economic, political and cultural spheres. They were disturbed also by the forceful Slovene conservative movement, whose significance and role were often exaggerated by their enemies.

The January 1867 elections were successful for the Slovenes, who were defeated only in Carinthia. The success was reflected in the number of Slovene representatives in the Parliament in Vienna, although a relatively high degree of representation was attained only in 1907.⁷ Ethnic consciousness was in the ascendant, and demands for a united Slovenia received the widest support at mass rallies (*tabori*), of which 18 occurred in the period 1868-71, with the participation of 160,000 people. At these rallies, political, educational and cultural demands were in the forefront; at most of them, economic questions, of narrower or wider significance, were also discussed. The conviction grew even stronger that it was important for the Slovene nation to begin developing along economic lines.⁸

The Slovene lands were not as poor as was for a long time claimed. To the credit of Vlado Valenčič,⁹ Jože Šorn¹⁰ and Toussaint Hočevar,¹¹ we now know that there were many wealthy people who knew how to invest their money well, and to make a rapid turnover. In accordance with general developments in Austria, the wealthy Slovenes began to organize, in order to be on an equal footing with competitors. The attempt is well-known of the group around Fidelis Trpinc which, in 1869, wanted to establish a joint stock company for the Vevče paper factory, and an industrial company with a principal of 3,000,000 gulden. More successful was the *Krainische Industrie-Gesellschaft*, which was registered as a joint stock company in September 1869 with a principal of 600,000 gulden. Also well-known are the Baumgartner, Kozler, Krisper and other companies, that were set up in the Zasavje region in 1865 and experienced real expansion for a short period of time. In 1865, also, the Štore mining and ironworks joint stock company was founded.

The need for banks was also great. In 1856 the *Privilegierte österreichische Nationalbank* opened a branch in Ljubljana, and in 1868 Ljubljana businessmen founded the *Laibacher Gewerbebank*. A great, and probably the greatest, influence was wielded by banks from Vienna, Trieste and Graz; in particular the financial institutions in Graz which operated on the principle of linking the Inner-Austrian lands (cf. their mutual insurance arrangements) were growing stronger. It soon became clear that local investment did not have confidence in predominantly local companies. In 1870 the Graz enterprise *Leykam* bought the Vevče paper factory, becoming thereby the *Leykam-Josefsthäl AG für Papier- und Druck-Industrie* with a principal of 4,000,000 gulden; in 1872 the Baumgartner, Kozler and other companies were subordinated to the Trbovlje Coal-Mining Company, behind which stood the *Wiener Bankverein*; and in 1872 the *Laibacher Gewerbebank* was replaced by the *Steiermärkische Escompte-Bank*. In Carinthia, Slovene capital was not utilized; but the situation was different in Rijeka and Trieste, where the wealthiest Slovene Josip Gorup took over the company belonging to his relative Janez Kalister in 1864.¹²

The above enumeration is intended to provide a picture of the general conditions; in addition thereto, the numerous companies with non-Slovene capital based in Trieste, Vienna and other cities, should not be forgotten.¹³

The intervention of foreign enterprises was very intense in the field of insurance. At first, the Slovene territory was (in this sense) controlled by Trieste companies, particularly the

Assicurazioni Generali (1831) and the *Riunione Adriatica di Sicurtà* (founded 1838); also active was the *K.K. Privil. Innerösterreichische Wechselseitige Brandschaden-Ver-sicherungs-Anstalt* from Graz (founded 1828). Many other insurance companies followed, not only Austrian but foreign too, e.g., *Gresham's* and the *Royal Insurance Company* from England, and many others. The importance of the *Slavija* company from Prague (founded 1867) also grew, to a great extent because of its campaign for inter-Slavic co-operation; it included among its local directors a number of eminent Slovene politicians.¹³ The insurance companies gave employment, at least periodically, to many local people, and obtained from the Slovene lands—particularly from the peasant population—a great deal of money. The roofs of village houses had traditionally been thatched and fires were frequent, and the insurance companies came only at a good time; it was not by chance that the saying arose that the insurance companies changed thatched roofs to tiled ones.

In a listing of the influences on economic development we should not ignore foreign models, especially those of Bohemia. The political connections between Slovenes and Czechs were very close, and the Czechs frequently served as an example to the Slovenes. Slovene politicians could daily observe the prosperity of the Czech insurance company *Slavija*. Then in 1869 the *Živnostenská banka pro Čechů a Moravů v Praze* was founded; in 1872 the *Česká Národní Banka* followed, i.e., one year after the meeting of representatives of the Slavic peoples in Prague (at which, among others, one of the leading Slovenes, Etbin Henrik Costa, participated); in 1869 the *Hrvatska eskomptna banka* was founded in Croatia; and so forth. There was no lack of models.

Last but not least, we should also mention the characteristics of the Austrian economy at the end of the 1860s and the beginning of the 1870s. This is the famous “Gründerboom” period, during which—following some failures in foreign policy and the internal reorganization of the monarchy—an economic revival occurred, accompanied by the feverish founding of joint stock companies. People were no longer satisfied with being active in politics; they wished to be actively involved in the economy also. Because of their inherent features, joint stock companies were perfectly suited to this way of thinking and it is therefore not surprising that the number of these companies doubled between 1870 and 1872.¹⁴

The Slovenes reacted in many ways to the economic prosperity and the feverish foundation of joint stock companies.

The most obvious signs of economic prosperity were the plans for railroad construction. First and foremost mention should be made of the plans for a Central Illyrian Railway, to go from Celovec/Klagenfurt through Ljubljana to Karlovac and on towards Dalmatia; and for a link between Celje and Trieste via Kamnik, Idrija and Gorizia/Gorica. There were many other plans that are still in existence today. A great deal of progress was made with the plan for the Ljubljana-Karlovac section; several leading Slovene politicians (J. Bleiweis and E.H. Costa), wealthy individuals (the Prince of Auersperg) and foreigners were active in this.

It is difficult to establish the extent to which individuals bought shares. We can only assume that some of the money which the nobility earned from land taxes was used in this way. The newspapers of the time that were brought to Ljubljana not only from elsewhere in the Empire but from foreign countries too were teeming with advertisements for buying shares, invitations to annual general shareholders' meetings, announcements of annual balances, and so on; and, since we find similar items in the Slovene newspapers of the period, we can with certainty assume that Slovenes were among the buyers of shares.¹⁵ Also, in the news about the joint stock exchange crash we learn about individual investments in businesses.

Emerging Slovene Nationhood and the Formation of Joint Stock Companies

The “Gründerboom” was also reflected in the formation of new joint stock companies in Slovenia. We have touched on these questions already above, in our description of the general economic development. At the end of 1872 there were 18 such companies in Styria, 3 in Carniola, and 35 in the Littoral; these had issues of over 410, 000 shares at a cost of over 74 million gulden. Of course we cannot claim that all of these shareholders were Slovene; we are sure that some of them were, and we assume that others were too. The relevant archives are either lost or have not yet been studied; statements are therefore based on lists of members on administrative boards, advertisements for public meetings, and balance sheets published in journals. Undoubtedly Slovene were the following: the Ljubljana Gas-Lighting Society (1863), and a similar society founded in Gorica in 1870; the *Marburger Escompte-Bank* (1872); and probably others such as the *Krainische Baugesellschaft* (1873), the *Dolnjelendavska hranilnica* (1873), and the *Delniška družba za izdelovanje usnja in čevljev v Mariboru*, which are not mentioned in the available lists of joint stock societies.

Under these circumstances it is hardly surprising that Slovene magazines were enthusiastic about joint stock societies which were full of promise of a brilliant future. The general opinion was that the Slovene nation had now awakened and was now progressing from purely political activity into economic activity, which gave the nation a real future. There seemed to be a great deal of money in the country, which had only to be collected and channeled in the right direction. This state of affairs had naturally called forth economic organizers who exhausted themselves working for their nation, and—unfortunately—speculators also.

On the basis of everything described above it is clear that the idea that the Slovenes should prove themselves as an economic nation was enthusiastically accepted. They should establish companies which would serve the nation in both the spiritual and the material sense, financially strengthen Slovene politics, and enable even the most modest citizen who wished to enter the market-place to make the best investment of his money. The relationship between one's duty to make sacrifices for the nation and one's desire for personal gain was thereby not clarified: the borderline between the two was not clearly drawn.

Slovenes were not however lacking in expertise in organizing national cultural enterprises. In 1850 a group of enthusiasts had tried to organize the Ljubljana Theater as a joint stock company, but their experiment failed within two years. In 1864 the *Slovenska matica*, the society for publishing academic and scientific literature, was established. The enrichment of its founder members was not one of its goals, but those who invested their money demanded that the enterprise should be managed well and maintained in good order. During the years when joint stock societies were being feverishly founded demands for insurance companies and savings institutions were made at the *tabori*.

The recognition of the need for insurance companies was not something new in the Slovene lands. Local histories mention great fires that destroyed whole settlements, the exposure of cattle to infectious diseases due to the nearness of the Turkish state, and the great loss of life and of freight which resulted from accidents to shipping on the Sava and other rivers. Hence, from 1776, the first expressions of the urgent need for insurance companies, for various purposes, had appeared, and a number of precise plans were drawn up. The *Kranjska kmetijska družba* became connected to the *K.K. Priv. Innerösterreichische Wechselseitige Brandschadenversicherung-Anstalt in Graz* and offered it part of their premises and organization, and in 1853 asked the government to organize insurance companies in the provinces; this was not however realized. In the first years of its activity

the Carniolan Provincial Assembly discussed this subject and similar ideas were mooted at the well-known *tabori*. The need for Slovene insurance companies was emphasized by the realization of the outflow of savings into foreign hands and to neighbouring lands, in particular to Trieste, where there were five insurance companies already in 1795. In the 1830s the *Assicurazioni Generali* and the *Riunione Adriatica di Sicurtà* (cf. above) were established. Altogether, during the 18th and 19th centuries, there were 79 insurance companies in Trieste.¹⁶ In Graz the insurance business developed a little later and there were fewer companies; but, in the period under discussion here, numerous agencies for the Slovene lands were opened. (As mentioned above, the Czech company *Slavija* counted as a “native” one). Competition among them became intense. A considerable number of people found employment; several proved to be so competent that they reached high positions, while others proved to be swindlers and cheats.

In these circumstances a small group of enterprising men met in Celje in 1871, in order to raise money to start an insurance company, according to a project that was originated by Friedrich Seyerkammer Edler von Treuenstein (who, after quitting his official position in Ljubljana, was intent on a career in insurance). The company was to be a joint stock venture which would realize the long-standing desire for a local company of this kind. It would be a nationally Slovene enterprise and would be aimed primarily at acquiring clients among South Slavs. This was during the period immediately after the South Slavic Ljubljana Congress (December 1-3, 1870) when interconnections were emphasized on the economic level also, links which should be apparent from company names. During the founding period, among the founders and the future investors in and leaders of the new company, it was liberal elements that prevailed. By the date of the official foundation, August 15, 1871, however, a large number of changes occurred. The presidency was given to a member of a reputable Austrian noble family, Prince Salm Raifferscheid Krautheim, an estate owner at Novo Celje (who was also responsible for the extension of the growing of hops in Slovenia); the firm was also expected to profit from the use of his name. The vice president was Etbín Henrik Costa, a very well-educated lawyer of conservative political orientation and the man who worked most closely with Janez Bleiweis, “father of the Slovene nation.” He was totally rejected by liberal circles, not only for his rather unusual appearance and his disagreeable voice, but especially because some people thought that he promoted Slovenehood for his own private benefit. Among the other leading figures were several other reputable politicians, professors, priests and so forth, including those of a liberal persuasion, among whom we should make especial mention of the eminent Štefan Kočevár and Valentin Zarnik, the most popular speaker at *tabori*. Treuenstein then became the director, and the company headquarters were transferred to Ljubljana (then already the undoubted capital of Slovenia). The company was renamed *Prva občna zavarovalna banka Slovenija*. It was to provide insurance in both parts of the Monarchy against fire, lightning, hail, explosions, glass breakage, and transportation damage; and it provided livestock insurance also. The capital of 2,000,000 gulden was to be raised by selling 10,000 shares at 200 gulden apiece. In fact, it was necessary to pay only 40% at a 85% rate, i.e., the shares were sold at 68 gulden each. It was also planned that the company would later take on a number of banking operations, including bills of exchange and credit arrangements. The firm was licensed on January 25, 1872 and registered 6 months later in Ljubljana. Due to political tensions at the time between conservatives and liberals, the interest of the latter in the company waned, and the influence of Costa grew; soon, he became the *de facto* leader.

Expectations that the joint stock would all be bought in the Slovene lands were confound-

ed, and matters fared no better with sales through the *Eskomptna* bank in Zagreb. Of the 963 shareholders in May 1873, 375 were priests, 134 landowners, 122 tradesmen, 88 women, 52 clerks, 31 professors and teachers, 28 barristers, notaries and lawyers, 22 doctors, 19 craftsmen, 11 businessmen (the most important businessmen, among them Gorup who had promised to buy several scores of shares, withdrew), 8 noblemen, and members of some other occupations. We do not have at our disposal any data as to the number of shares held by individuals and therefore it is only on the basis of later information that we may add that some shareholders, especially some priests and landowners, invested their relatives' and their children's money in the buying of shares. It was thought that this way of saving money was best suited for providing for old age and for dowries. The organization expanded very rapidly, opening agencies in Trieste, Prague, Brno, Vienna, and in Hungary, and even expanded its business into Serbia. A large body of agents were appointed, and a large clerical staff was hired. In Ljubljana it began to invest in real estate, thus immobilizing much of its capital.

The insurance company gave the external impression of doing well. Treuenstein even made a plan for establishing a new joint stock society for the re-insurance business. It soon became apparent, however, that a great deal was amiss in the company, and Treuenstein, now considered unreliable, was asked to leave. Criticisms from liberal and German opponents became stronger. Staff changes and reductions were made, and the size of the organization was reduced. The incomprehensibly bitter competition with *Slavija*, in which *Slovenija* had initially taken a keen part, became even more bitter. It also became clear that reports that the joint stock exchange crash of May 9, 1873 would have no effect on the insurance companies in Slovenia, were incorrect. A rescue action began. By supplementary payments on shares they tried to escape insolvency; changes in the board of directors were made; Costa retired (and soon thereafter died); but salvation was even further away. The by now very elderly Bleiweis was hired, but he had never been suited to the insurance business. In accordance with the new political mood, even liberals were appointed. Some insurance companies were asked to help, e.g., the *Slavija* and the *Donau*, which refused. At Bleiweis' suggestion, they determined to proceed with liquidation in 1876; this was concluded in 1885. The company seemed to have been well-conceived, but the organization developed too quickly, and it was not able to cope with the morally and professionally dubious Treuenstein and with Costa, who was unskilled in the insurance business.¹⁷ Worse than the substantial financial losses, however, were the political and economic consequences: for the political opponents on the German side made much of the failure of this Slovene company. Until the expansion of the co-operative movement, Slovenes themselves no longer attempted to found "ethnic" companies, and after these events proceeded to base their actions on completely different principles.

We mentioned above the close connection between political principles and attempts to utilize Slovene capital for the good of Slovenes. This kind of enterprise seemed justified to all, and the success or failure of companies were convenient political yardsticks. This became especially marked when the liberals had to leave the *Banka Slovenije* to the conservatives and, specifically, to Costa, who was unsympathetic towards them; to the foreign Prince Salm; and to the "vagabond" Treuenstein. At about the same time as the *Banka Slovenije*, another Slovene company was established, the *Narodna tiskarna*. This was founded by a group of Slovenes of a liberal political orientation, and hence by Styrians and in Maribor rather than in Celje. Its central figures were Dr. Jakob (Radoslav) Razlog, a lawyer, and Josip Vošnjak, a doctor; these two had since 1868 been publishing the newspaper *Slovenski narod*. Their purpose was to organize, on an economic and technical

foundation, a modern printing company which would satisfy most of the needs on Slovene territory. In November 1871, after repeated advertisements in *Slovenski narod*, the first shareholders' meeting was held. It was decided that the capital would comprise 50,000 gulden, in 500 shares at 100 gulden each, which could be bought in instalments at their face value. The possibility of increasing the principal to 1,000,000 gulden was permitted. As well as printing, the company should deal with publishing, bookselling, and stationery. The founders constantly emphasized that the company was primarily an economic business, which should bring profits to its shareholders. In 1872 the relations between Slovene liberals and conservatives worsened; and when the latter failed in their attempt to have the *Slovenska matica* open its own printing press, the Maribor company soon took on a strong political significance. For this reason among the signatories there were no explicit political opponents of the liberals, and the number of priests was significantly smaller; but a great number of other people gave it their support whose names we do not find as supporters of the *Slovenija* bank. In 1873, among 200 shareholders in the *Narodna tiskarna*, only 67 were also shareholders in *Slovenija*. In spite of the fact that being a shareholder in the *Narodna tiskarna* meant buying expensive shares with less assurance of profit, and therefore entailed a greater sacrifice, Slovene capital was indubitably in support of this enterprise. Not only Josip Gorup (who had not given support to the *Slovenija* bank, in spite of his promises) but others as well were on the side of the *Narodna tiskarna*.

Difficulties arose with the registration of the company. It was decided that Ljubljana should be the headquarters, but matters were complicated. Apparently, political factors were not decisive; the problem was that the founder members were busy elsewhere: some lived in Styria and others in Carniola. They were more cautious and economically-minded with the expenses involved in founding the company. Soon most of the shareholders were registered, and over half the capital paid in. Registration was completed on February 1, 1873. At the very beginning this company, too, had considerable difficulties, for they had to sell off the printing house in Maribor and invest in modern new machinery for use in Ljubljana; but in spite of the problems during the first year it managed to achieve one of its main purposes: the *Slovenski narod* began to be published as a daily newspaper. The company went on to survive the joint stock exchange crash, and also to survive the Monarchy and the Kingdom of Yugoslavia.¹⁸

Critics of the *Prva občna zavarovalna banka Slovenija* from the very start censured it for taking over too few banking operations, for over-emphasizing the insurance business, and for not paying enough attention to trades, crafts, and industry. They claimed that personal credit was required; that it was not enough to discount authentic bills of exchange and to provide credit on governmental and industrial securities; that the interests of the shareholders was higher than the national economic interest. These criticisms were not without foundation, particularly when the *Ljubljanska obrtna banka* failed and its successor, the *Štajerska eskomptna banka*, was unsatisfactory. Not least, the enterprising citizens of Maribor had set up a business of this kind, and there were operations of a similar kind in Zagreb, in Prague, and in Trieste. There was a firm conviction that a strong bank, which would serve trades and industry, and attract the interest of Slovene capitalists, should in particular take care to follow a policy that would benefit the Slovene nation, and thus be "nationally egotistic." Some thought that it should depend not solely on private capital but also on financing from societies and other organizations; others, however, preferred that it remain a limited joint stock company, and this latter conviction prevailed. Moreover, in order to keep control of the company out of the hands of foreigners, it was decided that shares would be sold within the Slovene area and not on the open market. They were

unanimous in believing that the venture should begin with exceptionally honest people and with a minimum of founding expenses, which was probably too sanguine an expectation in Slovenia.

On April 28, 1872, a poster was published advertizing a meeting on May 5 on the premises of the Reading Club for the founding meeting of a central monetary institution. The advertisement was signed by Bleiweis, Gorup, and three prominent businessmen: Valentin Krisper, Ivan Vilhar and Peter Grasselli. Thirty people from Carniola, Styria and the Gorica region attended. They agreed that the *Ljubljanska občna banka* (as it was to be called) be established, to undertake the following types of business: mortgage financing; loans to provincial and county authorities; security trading; trading in coins and precious metals; cooperative ventures in exchange transactions; financial servicing of both state and private organizations; provision of private accounts; deposits; real estate trading; the foundation and liquidation of companies; purchase and sale of concessions; trade in industrial and farming products; promotion of agriculture, trade, crafts, industry, imports and exports, and the infrastructure for the building trade; and the establishment of credit unions. The share capital was 2,000,000 gulden, viz., 10,000 shares at 200 gulden each. The bank was to be launched after 1,000 signed shares had been collected. At the founding meeting and within a few days thereof half of this sum was already collected; and, although a number of reputable businessmen were involved, not all joined in the new venture, but there was real hope since Gorup was one of the committee members. The plan for the foundation of the bank was supported by all Slovenes; the Gorica region, for example, renounced the idea of having its own company in favor of having an agency of the bank in that city, and in Styria there was also support on the condition that a branch be established in Maribor. On August 1 the application with the necessary supporting documents was forwarded to the provincial government, and the application to the authorities in Vienna had to be completed in the autumn. Although all the requirements were met, and although among the founding members there were those with the necessary capital, the application was still rejected. When, in the spring of 1873, the *Ljubljanska stavbna družba* was licensed as a joint stock company, unrest took hold of the public, it being suspected that there were political motives in the background. It appeared that the government was waiting for a suitable reason to present itself to disallow the establishment of this enterprise, which was for Slovenes so well thought-out and full of prospects. May 9 saw the collapse of the joint stock exchange, and one week later the prohibition of the foundation of this company was issued: the suspicions had been confirmed. Indeed, for the Auersperg-Lasser government, which was the Monarchy's most hostile government as far as Slovenes were concerned, a company of this kind was too great a danger.¹⁹

In January 1873 the news had spread in Ljubljana that a new Slovene joint stock company was to be set up, viz., the *Narodni dom*. This society's purpose was to build and maintain a special building which would serve for the culture and the entertainment of Slovenes, primarily the inhabitants of Ljubljana. More exact plans are unknown: all remained at the planning stages. The exchange crash of 1873 buried this and similar ideas for a long time.

Besides these Slovene joint stock companies, and independently of day-to-day politics and nationality conflicts, two other joint stock companies were formed. In 1872 a group of citizens in Maribor, among them Dr. Janko Serbec, founded the *Mariborska eskomptna banka*, with its headquarters in Maribor. Its principal was 500,000 gulden, which was collected by selling 2,500 shares at 200 gulden each. The majority of shares seem to have been sold through the *Wiener Bankverein*. The history of this society has not yet been

studied in any detail; we may say that the joint stock exchange crash did not affect this company, and that it survived the Monarchy.

The other “non-national” company was formed in Ljubljana in 1873, viz., the above-mentioned *Krainische Baugesellschaft* or *Kranjska stavbna družba*. Its principal amounted to 250,000 gulden, raised by the sale of 250 shares at 100 gulden each. On the executive committee were, among others, Baron von Guttmansthal-Benvenuti, Ivan and Peter Kozler, Martin Hočevar, Jožef Krisper, Andrej Malitsch, Emerich C. Mayer, and others: hence, Germans, *nemškutarji*, and ethnically conscious Slovenes. The sale of shares presented no difficulties, since some possessed the necessary capital several times over. The foundation and development of this society, which also survived the Monarchy, was a permanent warning to politicians that economics and politics should not mix. Slovene businessmen, by buying shares, demonstrated their understanding of national needs; and, with their actions in regard to the *Krainische Baugesellschaft*, they showed that they wished to be independent of politics in business.

Conclusion

We may conclude that Slovenes actively co-operated in economic life at the end of the 1860s and the beginning of the 1870s. They were buying shares, investing their money in various companies, and planning the foundation of joint stock companies. Contrary to the still popular belief that the joint stock exchange crash left Slovenes untouched, we have proved that this was not the case. Data on individual losses are rare, for each person tried to conceal his own individual misfortune. In spite of this, some names are known, but most of the information has been kept in families by word of mouth. The people of Maribor alone, for example, lost 600,000 gulden, which was a greater sum than the whole of the Carniolan land tax. Plans for building railroads were shelved. The majority of joint stock companies were in considerable difficulties—not only local but also foreign ones which comprised Slovene capital, and also those which were exploiting the natural wealth of the Slovene lands.

Slovene public opinion and the Slovene political leaders, especially at the time of the *tabor* movement, recognized that the majority of average and even very rich Slovenes were deserting the nation or else becoming indifferent to it. The feverish founding of joint stock companies brought the hope that, with the assistance of the accumulation of small savings, something great could be established which would serve the people as a whole and also serve individuals. It was not easy to lead a poor people into a political conflict. Precise ideas originated with the liberally-oriented circles, and were taken up by many people regardless of their political conviction. The political disputes were of no advantage to Slovene joint stock societies, but they also did not bring them ruin. The most essential damage was caused by a lack of money and a lack of experience, which was not tolerated by the ruthless competition and the greed for money. The state was not in favor of joint stock companies, and the establishment of the most promising and the most necessary one was prohibited because of its national orientation and its desire to take economic command of Slovene territory. The most tragic consequence of the crash was the failure of the *Prva občna zavarovalna banka Slovenija*. The generation of politicians of the time could not hope to undertake this kind of enterprise. More than two decades, and new ambitious national leaders, were required to revert this negative tendency (especially by relying on the peasants).

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РАВНАТЕЛСТВО ЗА УГАРСКИ
"СЛОВЕНИЈА"

1874. 22. Мај

609
malofilka



A LAIBACHI ÁLTALÁNOS BIZTOSÍTÓ BANK
Magyarországi Igazgatósága.
PESTEN, SZABOTYKA 15. SZ.

Pesten, 27/6 1872

"PODDRUŽNICA PRVE OBČNE ZAVAROVALNE BANKE
SLOVENIJA,, v LJUBLJANI

General-Filiale
DER ERSTEN ALLGEMEINEN VERSICHERUNGSBANK "SLOVENIJA"

Oddelek v Trstu, dne 26. maja 1872.

L. Nauthorgasse WIEN, Nr. 15.

ERSTE ALLGEMEINE VERSICHERUNGSBANK "SLOVENIJA" IN LAIBACH.

Abtheilung: General-Filiale
für
Böhmen, Mähren und Schlesien.
PRAG, den 10. April 1872

FILIALE DELLA PRIMA BANCA D'ASSICURAZIONI GENERALI

"SLOVENIJA" DI LUBIANA
in Trieste, il 2. Dicembre 1872

PRVNÍ VŠEOBECNÁ POJIŠŤOVACÍ BANKA "SLOVENIJA" v LUBLJANI.

Oddělení: Generální filiálka
pro
Čechy, Moravu a Slezsko.
V PRAZE, dne 1872

Letterheads from the branches of the
Prva občna zavarovalna banka Slovenija

NOTES

- * The term "Gründerboom" refers to a specific period of rapid industrialization in Austria in the 1860s and 1870s.
1. Viz., Carniola, Styria, Carinthia, Istria, Venetian Slovenia, and of course today's Prekmurje, then in the Hungarian half of the Empire. Provincial capitals where many Slovenes lived, in particular Gradec/Graz, must also be taken into account.
 2. See Ivan Mohorič, *Zgodovina železnic na Slovenskem* (Ljubljana: Slovenska matica, 1968).
 3. See *Gospodarska in družbena zgodovina Slovencev. Zgodovina agrarnih panog, I. Agrarno gospodarstvo* (Ljubljana: SAZU/Državna založba, 1970); John A. Arnez, *Slovenian Lands and their Economies* (New York NY/Washington DC: Studia Slovenica, 1983); and *Bleiveisov zbornik* [= Zbornik za zgodovino naravoslovja in tehnike, 7] (Ljubljana: Slovenska matica, 1983).
 4. Peter Vodopivec, "O socialnih in gospodarskih nazorih nemškega meščanstva na Kranjskem od konca 60. do začetka 80. let 19. stoletja," *Prispevki za novejšo zgodovino* 27 (1987) 7-32.
 5. Cf. the biographies of J.N. Kalister, of J. Gorup and of M. Hočevar in *Slovenski biografski leksikon*.
 6. A special study of the economic and political role of the aristocracy in the Slovene lands remains to be done.
 7. See Vasilij Melik, *Volitve na Slovenskem* (Ljubljana: Slovenska matica, 1965), and "Razcep med staroslovenci in mladoslovenci," *Zgodovinski časopis* 26 (1972) 85-98.
 8. Vinko Rajšp, "Glavni podatki o posameznih taborih," in *Taborško gibanje na Slovenskem* (Ljubljana-Ljutomer, 1981) 27-55.
 9. Vlado Valenčič, *Ljubljanska trgovina od začetka do srede 19. stoletja* (Ljubljana: Zgodovinski arhiv, 1981).
 10. Jože Šorn, *Začetki industrije na Slovenskem* (Maribor: Obzorja, 1984).
 11. Toussaint Hočevar, *The Structure of the Slovenian Economy 1848-1963* (New York: Studia Slovenica, 1965).
 12. The latter two are quoted (but only in their Slovene names) by Aleksander Bilimovič in "Nekoliko podatkov o delniških družbah v Sloveniji," *Zbornik znanstvenih razprav* (Pravna fakulteta Univerze v Ljubljani) 25/4 (1924) 174-212.
 13. See *Finanzielles Jahrbuch für Oesterreich-Ungarn* (Vienna: Compass, 1876). The companies generally registered their names in German only, but formally used both the German names and the version in the language of the territory in which they were situated: Slovene, Italian, Hungarian; thus, e.g., the *Laibacher Geverbekbank* is identical to the *Ljubljanska obrtna banka*, and so on. Since so many forms were in official use, the German versions are not the only ones used in this article.
 14. Both Bleiweis and Costa were involved in local supervisory activities for Slovenia (!) and Istria in 1871, and Zarnik was also employed in this capacity.
 15. See Herbert Matis, "Leitlinien der österreichischen Wirtschaftspolitik 1848-1918," pp. 29-68 in *Die Habsburgermonarchie 1848-1918, Band I: Die wirtschaftliche Entwicklung* (Vienna: Österreichische Akademie der Wissenschaften, 1973).
 16. A student from the area close to Idrija has shown me, from a private archive, share certificates in the Turkish railroad which had been sold in Austria during this period.
 17. Ivan Martelanc, *Razvojna nagibnost oblike zavarovalnega podjetja* (Ljubljana: Samozaložba, 1943), 29.
 18. Stane Granda, "Poskus organizacije slovenskega zavarovalništva v Ljubljani v drugi polovici 19. stoletja," 238-244 in *Zgodovina Ljubljane. Prispevki za monografijo* (Ljubljana: Kronika, 1984).
 19. *Tiskarstvo na Slovenskem* (Ljubljana: Odbor za proslavo 100-letnice grafične organizacije na Slovenskem, 1968).
 20. Stane Granda, "Poskus organiziranja slovenske Ljubljanske občne banke," *Zgodovinski časopis* 38 (1984) 165-70.

POVZETEK

**ODMEV “GRÜNDERBOOM” IN BORZNEGA KRAHA 1873
MED SLOVENCMI**

Gospodarske in družbene spremembe pri Slovencih v prvih dveh desetletjih druge polovice 19. stoletja so zahtevale od ljudi nove sposobnosti na gospodarskem in političnem področju. Dokaj zgodaj, predvsem pa v času taborskega gibanja, se je pokazalo, da je za politično uveljavljanje naroda potreben tudi ustrezen ekonomski položaj njegovih pripadnikov. Ena od temeljnih značilnosti obravnavanega časa so delniške družbe. Sodeč po ponudbi delnic in posledicah borznega kraha 1873 so bili Slovenci dokaj aktivni pri vključevanju v nove gospodarske tokove. Na pobudo nekaterih podjetnikov in politikov so sklenili ustanoviti “narodne” delniške družbe. Zbrale naj bi predvsem neangažirane prihranke preprostih ljudi, podprli pa naj bi jih tudi večji podjetniki. Januarja 1872 je bila ustanovljena Prva občna zavarovalna banka Slovenija, februarja 1873. Narodna tiskarna, ustanovitve Ljubljanske občne banke pa oblasti ni dovolila. Zaradi prevelikih organizacijskih stroškov, slabega vodenja in borznega kraha je šla prva d.d. 1876 v stečaj, druga je nekaj let životarila in obstala. Dolgoročno je neuspeh “narodnih” delniških družb za dve desetletji onemogočil nastanek narodnogospodarskih podjetij. Nov vzpon se je začel šele z združenim gibanjem, za katerim pa so stali novi ljudje z novo gospodarsko in politično filozofijo.