



# The Czechoslovak Capital of West Germany: The Story of Peute Reederei

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There are numerous interesting topics pertaining to the economy of socialist Czechoslovakia that have not received sufficient attention in the secondary literature. One of these topics is the question of the capital penetration of socialist enterprises into Western (capitalist) Europe. In this essay, we examine the circumstances of the establishment and subsequent activities of the Peute Reederei company, which had both Czechoslovak and West German capital participation, based on a company archive which, however, has survived only in fragments. The company was established under West German law and had its headquarters in West Germany. Data on Peute Reederei were drawn from available unpublished and published archival materials, period and professional literature, and journalism, but we would above all like to express our gratitude to the private family archive of Mr. Rudolf Hurt (Hurt Archive), which provided the authors with archival materials concerning the Hamburg branch of the Czechoslovak Elbe-Oder Shipping Company.

Keywords: state enterprise, Peute Reederei, Czechoslovakia, Germany, Hamburg

## *Introduction*

There are numerous interesting topics pertaining to the economy of socialist Czechoslovakia that have not received sufficient attention in the secondary literature. One of these topics is the question of the capital penetration of socialist enterprises into Western (capitalist) Europe. This topic reminds us that during the Cold War, capital flowed across the Iron Curtain in both directions. The steamship company Peute Reederei offers a very revealing example which shows the limits of capital expansion from the eastern side of the Iron Curtain into capitalist foreign countries, as well it's the motives which lay behind the expansion of capital from the east and the expectations associated with it.

In this essay, we examine the circumstances of the establishment and subsequent activities of the Peute Reederei company, which had both Czechoslovak and West German capital participation, based on a company archive which, however, has survived only in fragments. The company was established under West German law and had its headquarters in West Germany.

Data on Peute Reederei were drawn from available unpublished and published archival materials, period and professional literature, and journalism, but we would above all like to express our gratitude to the private family archive of Mr. Rudolf Hurt (Hurt Archive), which provided us, the authors, with archival materials concerning the Hamburg branch of the Czechoslovak Elbe-Oder Shipping Company (hereinafter referred to as ČSPLO) and especially concerning the activities of Peute Reederei.<sup>1</sup> The surviving reports of the meetings of the Board of Directors of Peute Reederei and documents of an accounting nature give us an opportunity to look into the activities of the company and discern the limitations within which the company operated. The limiting factor is the fragmented nature of the materials.

We would like to highlight the distinctive if not unique nature, in the Cold War context, of this joint venture between a state enterprise and a legal entity /natural person from a capitalist foreign country. The endeavor itself can be understood as a part of a search for ways to overcome the limits of a centrally planned economy (lack of foreign capital, export difficulties, growing economic problems, inability to compete, etc.).

This created a form of cooperation between two entities from different economic worlds. We refer to this a form of cooperation as a *joint venture*. It involved a state-owned enterprise functioning within a centrally planned economy which nonetheless operated on the capitalist market through shareholding in a legal entity established under foreign law (the law of the capitalist state), and thus this enterprise had to survive in a market environment. The penetration of Western companies into socialist Czechoslovakia was more common (e.g. an agreement with Intercontinental to build a modern hotel in Prague).<sup>2</sup> Peute Reederei is, in contrast, an example of the socialist state's capital penetration into Western Europe, and it thus represents a distinctive, albeit minor, chapter in the history of the state's participation in trade, in this case through a state-owned river shipping company.

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1 The authors would like to thank the family of Mr. Rudolf Hurt, namely Mrs. Ing. Daniela Nebeská and Mr. Ing. Jan Nebeský.

2 Reichel, "Hotel Inter Continental Praha," 87.

The literature on the issue of joint-stock enterprises between East and West is not extensive, and, in tends to focus on legislation.<sup>3</sup> Several works are available on the economic relations between Czechoslovakia and Germany,<sup>4</sup> but the topic of river navigation has so far been neglected. The materials on Peute Reederei are very fragmented, and they have not yet been organized or examined in detail by historians, and references to the company in the secondary literature are similarly scattered.<sup>5</sup>

### *State Transport Business*

The economies of the states of the socialist bloc were based on the premise of the state as the owner of the means of production. This situation was achieved through the process of nationalization, which took place in Czechoslovakia in the second half of the 1940s. The area of transport was affected by nationalization in 1948.

Before this, the state was already an entrepreneur in the field of rail and partly also road transport through the company Czechoslovak State Railways, directly owned and managed by the Ministry of Transport.<sup>6</sup>

The state held a stake in the field of water and air transport through its share in what were virtually monopoly joint-stock companies. Before 1948, shipping companies had the legal form of joint-stock companies with significant state shareholding. With the creation by the communist state of a new centrally planned economy, however, this form of enterprise was not acceptable going forward.

The state could not be a mere shareholder, because a state enterprise (in contemporary Czechoslovak legal terminology, a national enterprise) has its own specific features. It is primarily established not for profit, like a standard corporation, but to address a public need and perform a public service.<sup>7</sup>

The nationalization of Czechoslovak shipping companies took place pursuant to Act No. 311/1948 Coll., on National Transport Enterprises. The law created a

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3 Campbell, *East-West Joint Venture Contracts*; Kansikas, *Socialist Countries Face the European Community*; Mastanduno, *Economic Containment*.

4 Johnson and Fabianková, "Czechoslovakia and West Germany"; Fabianková and Johnson, "Hospodářská (ne)kooperace"; Fabianková and Johnson, "Wirtschaftsbeziehungen"; Szobi, "Licenční smlouvy".

5 Švarc, *Sedmdesát pět let*, 132–34; Jakubec, *Československo-německé dopravněpolitické vztahy*, 137–38; Jakubec, "Die ersten Jahre."

6 Štemberk, *Podnikání v automobilové dopravě*, 46–50.

7 Vilímek, "Kdo řídí – kontroluje!"

legal basis for the nationalization of transport (shipping) companies. According to this act, the following companies were nationalized and national companies were established: the Czechoslovak Elbe Shipping, a national company based in Prague; Czechoslovak Navigation of the Oder, a national enterprise based in Ostrava; and Czechoslovak Navigation of the Danube, a national enterprise based in Bratislava. Later, the Elbe and Oder maritime transport companies were merged into the Czechoslovak Elbe-Oder shipping company (ČSPLO). From the perspective of our inquiry, it is important to mention that in the then Federal Republic of Germany (GDR) there was no change in the entry in the Commercial Register, and the company continued to be logged under the interwar name *Československá plavba labská, a. s.* (Čechoslowakische Elbe-Schiffahrts-Aktiengesellschaft). Changing the name of the company would invalidate pre-war contracts and concessions. Whether this was an omission or a deliberate step remains unanswered. The most likely explanation is that a new-old company with a different name would have to register as a completely new enterprise and prove that it was a successor company. The legal form of a national company, which was unknown in West Germany, could also be a problem. This proved to be an important detail with regards to the further operation of the national company ČSPLO in West Germany.<sup>8</sup>

State (national) enterprises, directly managed by individual line ministries, became a pillar of the Czechoslovak economy. However, there was still space for other legal forms of business in contact with foreign countries. Act No. 243/1949 Coll., on Joint-Stock Companies, enabled the establishment of new joint-stock companies (especially in foreign trade).

The establishment of a joint-stock company required a state permit and approval of the articles of association, which were the responsibility of the minister competent according to the scope of business. It was also legally possible to involve national companies or joint-stock companies in doing business abroad, i.e. to become partners of a foreign legal entity.

The development of international trade relations in the first half of the 1960s required the issuance of Act No. 101/1963 Coll. on Legal Relations in International Trade (International Trade Code). The easing of international tensions in the 1970s was also reflected in economic relations with foreign countries. The adoption of Act No. 42/1980 Coll. on Economic Relations with

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8 Jakubec, *Československo-německé dopravněpolitické vztahy*, 107–28.

Foreign Countries attests to this. Pursuant to this Act, a permit for foreign trade activities was granted by the Federal Ministry of Trade.

The realities of the business of socialist enterprises behind the Iron Curtain were not without complications. In the early 1950s, the issue of legal personality was even addressed in some Western states when courts denied state-owned enterprises “a legal personality different from the Czechoslovak state”<sup>9</sup> and thus considered all the activities of these companies to be direct activities of the home countries. Although this issue was resolved by allowing the state-owned enterprises to function as separate legal entities, the resentment arising from their activities, although not a mass issue, was obvious. This was also reflected in possible litigation when the courts in Western countries did not act completely impartially. This led to great interest in the Soviet bloc states in resolving disputes that had an international element instead of seeking arbitration.<sup>10</sup> In the West, there were serious concerns that the economic framework could be used for political and other (especially intelligence) purposes. Therefore, more space was given only in connection with the relaxation policy, which was promoted in the 1970s. The space for business in West Germany also became more accessible after the establishment of diplomatic relations and the signing of the so-called Treaty of Prague (a treaty on mutual relations between the Czechoslovak Socialist Republic and the Federal Republic of Germany) in 1973.<sup>11</sup>

Based on the Treaty of Versailles (Articles 339, 363 and 364), Czechoslovakia had leased a port area in Hamburg for 99 years from 1929 which provided space for its own maritime navigation. During the Cold War, the closed zone, to which the German authorities did not have access, was even more important. Czechoslovakia also benefited from the Elbe navigation acts, which gave the Elbe the status of an international river and allowed free navigation. ČSPLO thus had a specific position and often transported sensitive goods.<sup>12</sup>

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9 Národní archiv Praha, fund Rozhodčí soud Československé obchodní komory, box No. 1, Záznam o schůzi Rozhodčího soudu, dne 5. 6. 1951, 3.

10 More explicit: Štemberk, “Rozhodčí soud,” 304–5.

11 More detail: Břach, *Smlouva o vzájemných vztazích mezi ČSSR a SRN*.

12 Kubů and Jakubec, “Hamburk a jeho úloha,” 146.

### *The Establishment of the Company*

For ČSPLO, navigation on the Elbe was open, but problems arose if the ships were bound for one of the western European inland ports, to which they did not have regular access. The use of the company's own ships reduced the transport costs that still had to be paid in foreign exchange, which was very advantageous for Czechoslovak exports. The solution to this complicated problem was achieved to some extent due to the happy interplay of circumstances and was not planned or conceptually prepared in advance. The solution can to some extent be described as original, as it involved the establishment of a West German trading company based in Hamburg.

Although it was not a conceptually planned undertaking, it proved possible to establish a commercial enterprise with the capital participation of the Czechoslovak state company, though only after lengthy negotiations, which began in the mid-1970s. The success of the venture was certainly due in part to the personal commitment of Rudolf Hurt, who was the director of the Hamburg branch of the ČSPLO at the time.

The establishment of Peute Reederei is connected with the unfulfilled obligations of the West German company Peer Offen, which ordered five 11,600 type motor cargo ships from the Czechoslovak foreign trade company Martimex Martin. After the deal fell through, it was decided at the end of January 1978 that the Hamburg branch of the ČSPLO would take over the five ships from Martimex as compensation for the outstanding loan.<sup>13</sup> The protocol on the experiences of Peute Reederei over the course of two months, dated August 20, 1978, states the following:

The opportunity to set up such a company was more or less a coincidence arising from one failed business transaction (between Martimex and the West German ship owner - [Peer] Offen). Offen bought five motor cargo ships from the Czechoslovak Socialist Republic on credit, and it was unable to pay off the loan within the relevant deadlines. There was a threat of bankruptcy and thus the loss of not only valuable foreign currency (such as the value of the ships) but also vessels. Therefore, with the understanding and support of superior authorities (PŘ, FMD, SBČS, etc., and the Czechoslovak embassy in the GDR), the ships were practically returned to our export company and then officially

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13 A Hurt, *Kronika*, pp. 247, 276.

became the property of the joint company Peute - Reederei G.m.b.H. (debt transfer).<sup>14</sup>

On the part of the ČSPLO management, the Hamburg branch was commissioned to establish a shipping company with the abovementioned ships and the company would use these vessels for transport in Western Europe. After lengthy negotiations with the local authorities, who approached the establishment of a company in which Czechoslovak state capital would participate with deep reservations, the project was brought to life. According to the Chronicle of the ČSPLO branch in Hamburg: “In May 1978, this company began its activities. The acquired ships had to be repaired, crewed, and put into effective operation.”<sup>15</sup>

The negotiations were finalized, and on March 13, 1978, a Czechoslovak–West German limited liability company was established under the company Albis Reederei, GmbH Hamburg. However, the choice of trade name was not suitable, as it turned out that another company already had the same name, in whose favor the Chamber of Commerce in Hamburg intervened. Therefore, it was necessary to change the name, and on April 25, 1978, a new company was entered in the Commercial Register: Peute Reederei, GmbH Hamburg.<sup>16</sup>

According to paragraph five of the company’s partnership agreement, the share capital was only DM 20,000, of which ČSPLO held DM 18,000 and Hermann Paul Willers DM 2,000 (i.e., a ratio of 9:1). Several more complications arose in the discussions concerning the registration of Albis (Peute) in the Commercial Register. The original idea was that the ČSPLO branch in Hamburg was to become a partner.<sup>17</sup> However, the branch did not have a legal personality—only the Prague headquarters had it—so it could not become a partner. It turned out that the management of ČSPLO was not very familiar with the relevant German law. In its defense, it could be pointed out, however, that Czechoslovak law did not recognize this Limited Liability Company at all from the late 1940s, and the question of the legal personality of companies was based directly on the law. However, this was not the case in West Germany. The only solution to the situation was the change of the partnership agreement made on April 14, 1978,

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14 A Hurt, Smíšená společnost ČSSR – NSR Peute – Reederei G.m.b.H. Hamburg – zkušenosti po dvouměsíčním provozu, 20. 8. 1978, p. 1.

15 A Hurt, Kronika, p. 252.

16 Švarc, *Sedmdesát pět let*, 137–38.

17 A Hurt, Dr. Jürgen Theissen Dr. Jochen Bach Notare, T 46-Dr.Th./Ma., addressed to R. Hurt, 6. 4. 1978 and Amtsgericht Hamburg, Th 685/1978 bö, 66 AR 791/78 -A-.

when ČSPLO became a partner directly.<sup>18</sup> In the Commercial Register, however, it is Československá plavba labská, a. s. that is listed as a partner, and not the ČSPLO national enterprise. It was here that the undeniable advantage of the company remaining registered in the German Commercial Register in the form of a joint-stock company became apparent. At first glance, it was not immediately obvious that such a close connection with the Czechoslovak socialist state could be developed.<sup>19</sup> The partnership agreement was made in nine copies.<sup>20</sup>

The ships were secured by a purchase agreement concluded between the Czechoslovak foreign trade company Martimex and Albis (Peute) Reederei GmbH, Hamburg on March 15, 1978. The total purchase price was DM 2,500,000. The contract states that the Offen 13 purchase price was DM 440,000, the Offen 14 price was DM 510,000, the price of the Offen 15 and 16 was also DM 510,000, and the price of the Offen 17 was 530,000 DM. Rudolf Pavlovič signed the contract on behalf of Martimex and Rudolf Hurt signed it on behalf of Albis (Peute) Reederei.<sup>21</sup> The surviving sources do not make clear how the purchase price was paid. The share capital was insufficient, and no document has survived offering any indication of a loan from a West German bank. Furthermore, there is no reason to assume that a loan was made to cover costs of the company's establishment or its registered capital. It is thus likely that the purchase price was repaid gradually.

Rudolf Hurt, director of the Hamburg branch of ČSPLO, František Klimeš, head of the maritime transshipment yard No. 23, and partner Hermann Paul Willers, owner of the Haase und Volkertsen Stauerei Hamburg company, made significant contributions to the founding of Peute Reederei.<sup>22</sup> Rudolf Hurt became the executive director (*Geschäftsführer*) of Peute Reederei.

Under the management contract of July 5, 1978, the managing director was entitled to DM 1,400 per month and 30 days' leave per year. The duties of the managing director were set out only in brief. At the same time, the contract

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18 A Hurt, Dr. Jürgen Theissen Dr. Jochen Bach Notare, beglaubigte Abschrift, T 1000/1978 scho, Ausfertigung, April 14, 1978.

19 A Hurt, Dr. Jürgen Theissen Dr. Jochen Bach Notare, Abschrift, T 1130/1978 bö, April 25, 1978.

20 A Hurt, Urkundenrolle Nr. T 685/1978 bö.

21 A Hurt, Zwischen der Firma Martimex Aussenhandels AG., Martin/ČSSR im folgenden Verkäufer genannt und der Firma Albis Reederei GmbH in Gründung, Hamburg im folgenden Käufer genannt wird heute folgender Kaufvertrag abgeschlossen, 15. 3. 1978.

22 A Hurt, Kronika, p. 277.

recognized that the executive was fully employed by ČSPLO. The contract was effective from July 1, 1978 and was valid for three years.<sup>23</sup>

The manager of a Czechoslovak state enterprise was thus entrusted with representing the interests of the state in a foreign legal entity in which the state had capital participation. It is hardly shocking that Rudolf Hurt was in the sights of the State Security and was on the list of their collaborators.<sup>24</sup> Thus, he was a person who had been vetted by the regime and had been deemed loyal and enjoyed its trust. It is obvious that the Czechoslovak state wanted to ensure the supervision of Peute Reederei in this way. The actual business management was in the hands of agents. Two of these agents were Ing. František Větrovec, who was appointed to serve as Chief Accountant of ČSPLO Hamburg, and Hermann Delfs, who worked in the branch's sales and transport department.<sup>25</sup> As the authorized representative of the Peute Reederei company, Větrovec was entitled to a remuneration of DM 700 per month.<sup>26</sup> The sources make no mention of the remuneration provided to the second representative. Willers and Delfs were citizens of the Federal Republic, the others had Czechoslovak citizenship. The willingness of West Germans to cooperate was probably motivated by the prospect of financial gain and not political convictions. Somewhat surprising is the fact that the management of the company took place in Czech, as evidenced by the surviving records. The motive for this is not known, as it is clear that everyone spoke German. The records may have been kept in Czech because of pressure from the State Security agency.

The close connection between Peute Reederei and ČSPLO became manifest in further cooperation. On June 1, 1978, an agreement on technical assistance and cooperation was signed between Peute Reederei and the ČSPLO Děčín branch. Its subject was help provided by specialists in ship engines from Škoda Plzeň, namely five chief engineers and five assistant engineers.

Peute Reederei paid DM 3,000 per month for each engineer and DM 2,700 per month for each boatman. Every six months, there was a change of engineers

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23 A Hurt, Anstellungsvertrag zwischen der Firma Peute Reederei, GmbH, Hamburg vertreten durch ihren Beirat (im folgenden Firma genannt) und Herrn Rudolf Hurt, Peuterestrasse 25, 2000 Hamburg 28.

24 Archiv bezpečnostních složek, Jmenné evidence, accessed March 26, 2021, <https://www.abscr.cz/jmenne-evidence/>.

25 A Hurt, Dr. Jürgen Theissen Dr. Jochen Bach Notare an Amtsgericht Hamburg, Ausfertigung, March 13, 1978, Kronika, p. 277.

26 A Hurt, Anstellungsvertrag zwischen der Firma Peute Reederei, GmbH, Hamburg vertreten durch ihren Geschäftsführer (im folgenden Firma genannt) und Herrn Dipl. Ing František Větrovec, Peuterestrasse 25, 2000 Hamburg 28 wird heute folgendes vereinbart, July 5, 1978.

and boatmen.<sup>27</sup> The new version of the technical assistance and cooperation agreement of January 1, 1979 increased the number of experienced engineers to ten. Another contract concluded on June 25, 1978 concerned the administrative and technical cooperation and assistance between the ČSPLO Hamburg branch and Peute Reederei. Coming into effect on July 1, 1978, the Hamburg branch of ČSPLO undertook to provide the use of a telephone, telex, and office for a fee of DM 380 per month.<sup>28</sup> Contracts for ČSPLO brought a welcome resource of foreign currency, of which there was a shortfall in the Czechoslovak economy.

Of course, Peute Reederei GmbH did not avoid cooperation with West German companies, and, somewhat surprisingly, it also did not avoid further acquisition of assets in West Germany. The arrangement between Peute Reederei GmbH and the Fluss-Schiffahrts-Kontor GmbH Duisburg (River Shipping Office) of March 28, 1978 was interesting, and it was followed by a more comprehensive agreement on July 4, 1978 concerning the mutual acquisition of shares between the two companies. Peute-Reederei acquired a business share of DM 500 in Fluss-Schiffahrts-Kontor, previously owned by Plath & Co.<sup>29</sup> Furthermore, the agreement laid down the rules for the equal treatment of Peute Reederei' ships by the Fluss-Schiffahrts-Kontor. The capital entry of Fluss-Schiffahrts-Kontor into Peute Reederei took place with a transfer by ČSPLO as a shareholder of a share of DM 1,000 (5 percent) to the Fluss-Schiffahrts-Kontor, coming into effect on July 4, 1978.<sup>30</sup> In both cases, it was a relatively small share, and the transfer did not give Fluss-Schiffahrts-Kontor much power to influence the management of the other company. At the same time, Fluss-Schiffahrts-Kontor provided know-how advantageous for activities in Germany, kept accounts in accordance with West German regulations (for DM 2,000 per month<sup>31</sup>), and took over the representation within its own organization in Germany.<sup>32</sup> The Fluss-Schiffahrts-Kontor was described by the

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27 A Hurt, Vertrag über technische Hilfe und Zusammenarbeit, die zwischen den Firmen Peute Reederei GmbH, Hamburg a ČSPLO Děčín (ČSSR) anlässlich der am 23. 3. 1978 in Děčín (ČSSR) geführten Verhandlungen zwischen beiden Seiten vereinbart wurde, June 1, 1978.

28 A Hurt, Vertrag über administrative und technische Zusammenarbeit zwischen den Firmen Tschechoslowakische Elbe-Schiffahrts, A. G., Hamburg und der Peute Reederei, GmbH, Hamburg.

29 A Hurt, Dr. Jürgen Theissen Dr. Jochen Bach Notare, Abschrift, T 844/1978 sch, March 31, 1978.

30 A Hurt, Dr. Jürgen Theissen Dr. Jochen Bach Notare, beglaubigte Abschrift, T 2228/1978 scho, August 14, 1978.

31 Gradually, Fluss-Schiffahrts-Kontor's accounting fee for Peute Reederei was reduced from DM 24,000 per year to DM 15,000.

32 A Hurt, Vereinbarung, July 4, 1978.

ČSPLO Chronicle as a medium-sized company engaged in river navigation and brokerage (charter) activities.

Fluss-Schiffahrts-Kontor also had contacts in other Western European countries. The interests of the Fluss-Schiffahrts-Kontor in the Netherlands were secured by IMOG Rotterdam Schlepvaart BV.<sup>33</sup> Fluss-Schiffahrts-Kontor was founded in 1953 in Hamburg. In the following years, it built branches in Berlin, Duisburg, Basel, Antwerp, Rotterdam, and Lübeck.

In 1960, its headquarters was transferred to Duisburg, which was a prerequisite for membership in the Rhein-Reeder-Verband. It is clear that Fluss-Schiffahrts-Kontor's access to the Rhine was the main reason for Peute Reederei's interest in the company, which sought to penetrate the Rhine. In the material summarizing the two-month operation of Peute Reederei from August 20, 1978, it was factually stated that by founding a joint company, Czechoslovakia, after more than twenty years, managed to get access to Western European waterways, albeit under the flag of West Germany.<sup>34</sup> The Fluss-Schiffahrts-Kontor company was authorized for the "exploitation of ships" (the technical term for the use of a fleet) by Peute Reederei. The ships had West German captains, provided by the Fluss-Schiffahrts-Kontor, and the two members of the ship's crew were the shipmaster and the engineer, rotating every six months. Persons were appointed to the position of shipmaster in order to prepare for the tests for piloting ships on the Rhine and other West German waterways. As stated in the Chronicle of the ČSPLO branch in Hamburg: "1978 was a trial year for Peute Reederei. Based on the results achieved, it can be said that this new company met expectations."<sup>35</sup>

The ČSPLO Chronicle aptly summarized the importance of the Peute Reederei for the Czechoslovak economy:

An important prerequisite for the promotion of Czechoslovak interests was the establishment of a joint river navigation company ČSPLO / NSR based in the GDR, which we know today as Peute Reederei. The main goal of the joint shipping company ČSPLO / NSR was to create further favorable conditions for the transport of goods of the Czechoslovak foreign trade by water transport to Western Europe, where ČSPLO vessels cannot and will probably not be able to ship even after the conclusion of the "Navigation Agreement" between

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33 A Hurt, Kronika, p. 278; further to cp.: <https://www.binnenschifferforum.de/showthread.php?43936-IMOG-Rotterdam> [cit. September 12, 2020].

34 A Hurt, Smíšená společnost ČSSR – NSR Peute – Reederei G.m.b.H. Hamburg – zkušenosti po dvouměsíčním provozu, 20. srpna 1978, p. 1.

35 A Hurt, Kronika, p. 253.

the Czechoslovak Socialist Republic and Germany. [author's note: the anticipated agreement between Germany and Czech.<sup>36</sup>

Due to the economic situation in Germany at the end of the 1970s, in particular with respect to inflation, wage increases, and higher taxation, the Hamburg branch intensively sought business activity. As noted in the ČSPLO Chronicle, “based on this fact, the main source of income remains the maritime transshipment yard No. 23 and today also the Peute Reederei.”<sup>37</sup>

On the one hand, Peute Reederei was to bring important foreign exchange gains to the Czechoslovak economy from its business activities and help save foreign exchange costs on the transport of Czechoslovak goods on Western European rivers, which Czechoslovak ships could not reach. Cooperation with the states of the socialist bloc was also planned to facilitate, through Peute Reederei, the transport of goods from other socialist countries to Western Europe. Thus, relevance of Peute Reederei went beyond the Czechoslovak economy.

The following aims played an important role in the establishment and other activities of the company:

1. The possibility of ensuring the shipping of Czechoslovak goods on all routes to Western Europe;
2. If necessary, this share could be reduced through Peute Reederei when allocating goods in mutual transports of the Czechoslovak Socialist Republic – Germany;
3. The possibility of further developing socialist integration with the use of rivers in the German Democratic Republic and the Polish People's Republic as avenues of trade;
4. If necessary, Peute Reederei was to be able, in cooperation with a partner shipping company, to aid the Czechoslovak company Čechofracht<sup>38</sup> in influencing prices or securing other favorable conditions vis-à-vis foreign shipping companies;
5. The possibility of direct transport of heavy and bulky goods from Czechoslovakia to Western Europe;

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36 Ibid., pp. 275–76. The anticipated agreement between Germany and Czechoslovakia was not concluded until 1988.

37 Ibid., p. 275.

38 The Čechofracht company was established on January 1, 1952, and the scope of its activities was the organization of international sea transport. Hamburg with the Czechoslovak maritime zone became the home port. In 1958, the scope of business was expanded to include international delivery.

6. The possibility of carrying out acquisition activities and the possibility of participating in transit traffic;
7. Enabling the gradual training of ship crews capable of independent operation on Western European rivers.<sup>39</sup>

### *Operational and Organizational Development*

According to the minutes from the first meeting of the Peute Reederei GmbH Administrative Board (the term is used in the report, although it is not common for a limited liability company) on December 8, 1978, i.e. after nine months of activity, Karel Adamovský was elected Deputy General Manager director of ČSPLO n.p. Děčín.<sup>40</sup> As expected, the most comprehensive point of the meeting concerned the possibility of using Peute Reederei and Fluss-Schiffahrts-Kontor to ship Czechoslovak goods. The Administrative Board decided to focus primarily on the transport of Czechoslovak goods from Hamburg and Braunschweig further west to some ports, such as Bremen, Rotterdam, Antwerp, and other places in Germany. “It was stated that the vessels of Peute Reederei GmbH are put to good use, and the turnover is good.” At the same time, some “flaws” appeared. According to the protocol of the first meeting of the Board of Directors of Peute Reederei GmbH in Hamburg on December 8, 1978, “Crew supervision needs to be strengthened so that crew members do not work excess hours [...]”<sup>41</sup>

According to the minutes from the second meeting of the Administrative Board on June 11, 1979, Peute Reederei reported the transport of a total of 112,545 tons of goods. The cooperation with the Fluss-Schiffahrts-Kontor was basically assessed as good:

Some of the difficulties encountered by both parties were caused by inexperience and are a common occurrence in completely new and unknown situations, which could not have been taken into account when establishing a company of this nature. It is mainly a problem with issuing visas for the Czechoslovak crew and work permits in the GDR, as well as crew rotation, handling accidents with an insurance

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39 A Hurt, *Kronika*, p. 276.

40 A Hurt, *Záznam z I. zasedání správní rady firmy Peute Reederei GmbH v Hamburgu* December 8, 1978.

41 *Ibid.*

company, problems with Berufgenossenschaften [author's note: statutory accident insurance], the tax office, etc.<sup>42</sup>

The difficulties also involved the transfer of bookkeeping to Peute Reederei, which was to take place no later than January 1, 1980, and the involvement of Peute and Fluss-Schiffahrts-Kontor in the transport of Czechoslovak goods via Braunschweig.

Minutes from the third Administrative Board meeting of November 29, 1979 note that the operating and economic results were affected by adverse weather conditions (frosts, restrictions on navigation in January to March) and the decommissioning of the Peute 5. Heinz Alfred Drogand (the director of Fluss-Schiffahrts-Kontor) made an interesting point when he noted that Peute Reederei was seen at the time as part of the West German Fluss-Schiffahrts-Kontor, which, given the political consequences, was undoubtedly beneficial for the company.

The Schifferbörse Duisburg Annual Report 1978/79 carried a warning in the Transport Policy section in connection with the amendment of the Mannheim Navigation Act. According to this warning, “care must be taken to ensure that foreign companies do not abuse business freedoms in Western Europe in the future.”<sup>43</sup>

This could, of course, have had negative consequences for Peute Reederei and the whole concept of its activities. At the meeting, it was explicitly stated that “according to these documents, we can expect an effort to limit and ban the activities of those joint and foreign companies that will not fully comply with the standards stipulated by law. If such a situation arises, it will be necessary to change the ratio of existing shares in P. R. [Peute Reederei] so as to comply with the law (51 percent–46 percent).”<sup>44</sup> These were shares in companies related to the revision of the Mannheim Navigation Acts.

The Additional Protocol No. 3 of October 17, 1979 amended Article 2, paragraph 3 of the Revised Rhine Navigation Acts (Mannheim Navigation Acts). Ships navigating on the Rhine had to have a document indicating that the ship belonged to the Rhine navigation system and was entered in the public register of a member state. The reason for refusing to issue a document to a ship may have been that the persons with majority participation in the operating

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42 A Hurt, *Záznam z II. zasedání správní rady firmy Peute-Reederei GmbH v Hamburгу* June 11, 1979.

43 A Hurt, *Záznam z III. zasedání správní rady firmy Peute-Reederei GmbH v Hamburгу* November 29, 1978, p. 2.

44 Ibid.

results, directly or indirectly, or holding a majority of the shares or voting rights were not citizens of a contracting state or were not domiciled or did not have permanent or long term residence in a contracting state. For this reason, the shares in Peute Reederei had to be changed so as to maintain its access to the Rhine waterway. The changes had to be made quickly. They were implemented within a few months.

As noted above, a third member joined the two founding members of the March 1978 company three months later. The share capital was not greatly affected by the adjustments made and remained at a very low DM 20,000. The reduction in ČSPLO's share was due to external influences so that the purpose for which Peute Reederei was created could still be fulfilled.

Clearly, the changes were also comprehensible to the West German partners. ČSPLO's business share was the largest even after the changes (49 percent), but ČSPLO was no longer and could not be the majority shareholder. The Fluss-Schiffahrts-Kontor's shareholding remained in the minority at 5 percent, but Hermann Paul Willers' stake rose to 46 percent. This gave the West German capital the majority (51 percent). The Czechoslovak–West German company became a West German–Czechoslovak company.<sup>45</sup>

The importance of Peute Reederei is also indirectly indicated by the “expansion” of ČSPLO in the following decades, as in the 1980s, ČSPLO was preparing to start cargo shipping on the Rhine. It concluded agent agreements on the representation of vessels and commercial shipping interests in Bremen (Karl Gross company), Duisburg (Fluss-Schiffahrts-Kontor), and Rotterdam (IMOG).<sup>46</sup> The staffing of Peute Reederei was minimal. Initially, the company had 18 employees, including one executive, two agents, five Czechoslovak engineers, five Czechoslovak boatmen, and five West German captains. The active radius of transport provided in Western Europe was defined by Germany, Belgium, the Netherlands, France, and Switzerland.<sup>47</sup> Czechoslovak employees did not receive any special remuneration for the management of Peute Reederei.

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45 Authors' calculations based on: A Hurt, *Ausfertigung. Verhandelt in dieser Freien und Hansestadt Hamburg am 13. März 1978*; *Vereinbarung, 4. 7. 1978*; *Ausfertigung. Verhandelt in dieser Freien und Hansestadt Hamburg am 16. Juni 1980*.

46 Archiv Národního technického muzea, fund No. 1539, K. Raba, *Úvahy o výhledu rozvoje československé námořní plavby*, p. 1, 128.

47 A Hurt, *Záznam ze III. zasedání správní rady firmy Peute-Reederei GmbH v Hamburgu dne 29. 11. 1978*, p. 2.

### *Financial Aspects of Operations*

According to the Peute Reederei balance sheet prepared by the Fluss-Schiffahrts-Kontor as of December 31, 1978 and submitted on February 28, 1979, sales revenue amounted to 1,055.6 thousand DM and total costs to 894.2 thousand DM. Thus, revenues in total were 161.4 thousand DM. For the first year of operation, this was a good result, and it created a feeling of optimism for the upcoming years. As state in the 1978 Activity Review, dated March 1, 1979:

Following final discussion with the tax advisor and the company headquarters of ČSPLO Děčín regarding how to deal with the profit, it was decided to make an adjusting entry against depreciation, absorbing the profit and thereby avoiding income tax of up to 56 percent.<sup>48</sup>

The report stated that the existence of Peute Reederei “surprised the German authorities, and the company thus became a serious (albeit small) political component (states the business association of river shipping companies on the Rhine—and our Czechoslovak embassy in the GDR).”<sup>49</sup>

The existence of Peute Reederei confirmed that business also had a political context. West German political circles were surprised and taken aback with respect to Peute Reederei. The capital infiltration of a socialist, state-owned enterprise had not been anticipated and did not confirm the prevailing view of concerning the lack of sophistication of these enterprises. In this case, the German side found the precedent for the penetration of socialist enterprises into Western Europe rather worrying. However, as it turned out, these worries were unfounded.

The 1979 Preliminary Profit and Loss Statement stated that “these financial results are to be considered preliminary and will be finalized in April 1980 after the final balance sheet has been completed and approved by the tax advisor. It is in the company’s interests to report a loss to the German authorities and to avoid taxation and profit-taking.”<sup>50</sup> As state in the preliminary trade balance of Peute Reederei for the year 1979:

After adding the depreciation for 1979 and the loss of DM 2,913.0 from 1978, a “loss” (technical tax matter) arises which has nothing to do with the trade balance, and depreciation is in this case assessed as a

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48 A Hurt, Peute – Reederei G.m.b.H. Zhodnocení činnosti za rok 1978 (červen – prosinec 78), Hamburg March 1, 1979, p. 2.

49 Ibid., p. 5.

50 A Hurt, Zpráva o předběžných výsledcích Peute Reederei za rok 1979, p. 3.

reserve fund for the acquisition of compensation for depreciated FA [i.e. fixed assets, i.e. fixed capital] (silent reserve).<sup>51</sup>

Although the financial result again seems rather promising, several plans were not met. First, the enterprise could not train its own captains to replace the West Germans, who had to be paid higher wages. Had the German captains been replaced by Czechoslovak ones, a monthly savings of about 2,500 to 3,000 DM per captain was expected. Another failure was the fact that Peute Reederei failed to get involved in the transportation of Czechoslovak goods.<sup>52</sup> However, all this was to be achieved in the coming years.

According to the 1980 annual report, sales increased by 6.4 percent, but at the same time, diesel expenditures increased significantly, by 123.8 percent, insurance by 142.1 percent, repairs by 227.0 percent, and other costs by 121.0 percent.

In terms of sales, FSK [Fluss-Schiffahrts-Kontor] did not achieve what was expected. Unfortunately, it must be said that high-tariff goods are very rarely obtained. It was also not possible to continue to carry out in cooperation with ČSPLO Děčín. [the official headquarters of ČSPLO in northern Bohemia] the rotation of Czechoslovak crews as needed, and it was also not possible to involve PR [Peute Reederei] in the transport of Czechoslovak goods.<sup>53</sup>

The positive evaluation of business activities and the high expectations which had been fed by this evaluation had to be somewhat reevaluated in 1981. The sixth meeting of the Administrative Board, which was held on April 24, 1981, stated that the preliminary results of the 1980 balance sheet were “very unfavorable.” Expenditures on bunkers (fuels) had risen to 123.8 percent since 1979, and expenditures on repairs to 227 percent, while slight savings were achieved on wages. H. A. Drogand, the representative of the Fluss-Schiffahrts-Kontor, stated some surprising facts: “It was not possible to involve [Peute Reederei] in shipments of Czechoslovak goods, however, the ships also had more downtime due to technical defects. It might be appropriate to involve crews in the fastest and most economical use of vessels.”<sup>54</sup> Regarding Peute Reederei,

51 A Hurt, *Předběžná obchodní bilance Peute – Reederei za rok 1979*, p. 2.

52 A Hurt, Report on the official balance sheet of the Peute Reederei, submitted to the Hamburg tax office, date by hand July 31, 1980, p. 3.

53 A Hurt, Report on the official balance sheet of the Peute Reederei, submitted to the Hamburg tax office, cover letter dated April 14, 1981, p. 3.

54 A Hurt, *Záznam ze VI. zasedání správní rady firmy Peute Reederei GmbH v Hamburgu dne 24. 4. 1981*, p. 2.

it was recommended that organization be improved, technical supervision be concentrated, ships be crewed with Czechoslovak crews, and cargo shipments be sent to one center. “It is necessary to return to the [Peute Reederei] proposal from May 18, 1979 and promote foreign currency involvement of the crew in the savings in fuels, oil, materials, and rapid turnover of vessels.”<sup>55</sup>

This reassessment of the potential of the venture called attention to one of the common problems typical of the Czechoslovak economy. Thanks to social security and a guaranteed wage, employees were not motivated to increase their work efforts and thus cut costs. The ship’s crew (engineer and boatman) consisted of ČSPLO employees who were “rented” for the agreed monthly payment by Peute Reederei. Foreign currency involvement, i.e. the payment of bonuses in foreign currency, was expected to increase motivation and improve the work ethic among the Czechoslovak employees. Another unfavorable factor was the increase of insurance. The unfavorable financial situation also affected the operation itself. The Administrative Board proposed to postpone the repairs to the Peute 3 and 4 until 1982 and 1983. The record stated that it was necessary to increase the profitability of Peute Reederei: “otherwise, its existence would be jeopardized.”<sup>56</sup> For this reason, the following measures were taken:

- a) Involve [Peute Reederei] via [Fluss-Schiffahrts-Office] to the maximum limit in the transport of high-tariff<sup>57</sup> goods.
- b) Gradually involve PR in the transport of Czechoslovak goods in the GDR.
- c) Improve the organization of PR supervision and management.
- d) Involve the crews in the savings on fuels, oils, materials, and improved utilization of vessels (see 1979 PR HQ proposal).
- e) Ensure its own reserve captain for 1981.
- f) Limit repairs and material consumption to the operational minimum necessary throughout the entire year of 1981.
- g) Focus on wage savings (overtime).<sup>58</sup>

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55 Ibid.

56 Ibid.

57 A technical term referring to goods that have a high tariff rate. See Mleziva, *Vysokotarifující zboží*, 173–74.

58 A Hurt, *Záznam ze VI. zasedání správní rady firmy Peute Reederei GmbH v Hamburгу April 24, 1981*, p. 3.

It is worth pausing at this juncture to consider the shipping results of the first three years of Peute Reederei's existence. The increase in transported goods can be assessed positively. While from June to the end of 1978, transport volume amounted to 112,454 tons in 1979 it was already 191,122. However, the average monthly value showed a decrease of 16,065 tons (1978), more precisely 15,927 tons (1979).<sup>59</sup>

The summary table of Peute Reederei's results below shows that the operating profit, i.e. the difference between sales and costs, totaled DM 383,698.47 for the period 1978–1980, or on average (considering only part of 1978), DM 127,899.49 per year. However, the company did not report this result. Depreciation was deducted from the result, more precisely formal accounting losses, as mentioned above. At the same time, this relativizes a certain dissatisfaction with the Peute Reederei results. The table below shows that the company reported a certain profit, despite the competition in Germany and the 1979 oil crisis.

Table 1. Peute Reederei GmbH's actual financial results in the period 1978–1980 in DM

	1978	1979	1980	In total
Revenues in total	1,055,596.33	1,831,937.47	1,950,951.79	4,838,485.59
Costs in total	894,200.00	1,748,161.78	1,812,425.34	4,454,787.12
Balance	+ 161,396.33 <sup>a</sup>	+ 83,775.69 <sup>b</sup>	+138,526.45 <sup>c</sup>	+ 383,698.47

<sup>a</sup> The document states 161,396.33 and 151,400 respectively depreciation (silent reserve) for the year 1978, which was 154,297.90 turns into a balance sheet loss of 2,913.0.

<sup>b</sup> A depreciation (silent reserve) for the year 1979 of DM 187,482.33 would change the accounting loss into a balance sheet loss of 103,706.64.

<sup>c</sup> A depreciation (silent reserve) for 1980 of 182,275.20 and a balance loss from 1979 of 103,706.64 would turn into a balance sheet loss of 147,455.39.

*Source:* A Hurt, Peute – Reederei G.m.b.H. Summary of the Activities 1978 (June–December 78), Hamburg March 1, 1979; Accompanying report to the Peute Reederei official balance sheet, submitted to the Hamburg tax office, dated July 31, 1980; The report accompanying the Peute Reederei official balance sheet, which was submitted to the Hamburg tax office, cover letter dated April 14, 1981; Summary of the Activities of Peute Reederei GmbH for 1978–1980, including comments on the balance sheet for 1980.

The following table summarizes the results submitted to the Hamburg tax office. As the data show, sales increased as well as (accounting) costs.

59 A Hurt, Záznam II. zasedání správní rady firmy Peute-Reederei GmbH v Hamburgu June 11, 1979; Zpráva o předběžných výsledcích Peute Reederei za rok 1979, sine.

Table 2. Officially presented balance sheet results of the activities of Peute Reederei GmbH in the period 1978–1980 in DM

	1978	1979	1980
Revenues	1,055,596.33	1,831,907.47	1,950,873.67
Special revenues		30.00	78.12
Revenues in total	1,055,596.33	1,831,937.47	1,950,951.79
Costs	1,058,509.33	1,935,644.11	2,096,209.45 <sup>a</sup>
Balance	– 2,913.0	– 103,706.64	– 327,532.86

<sup>a</sup> including depreciation (182,275.20) losses from 1979 (103,706.64)

*Source:* A Hurt, Summary of the activities of Peute Reederei GmbH for the years 1978–1980, including a commentary on the balance sheet for 1980.

It could be assumed from the accounting documents that the financial benefit for the ČSPLO partner was negligible due to the non-recognition of the profit that could be paid to the partner. It might have seemed that the goals of Peute Reederei were not being met. However, the opposite is true. The benefit was that Peute Reederei could buy goods using foreign currency, formally for its needs, but unofficially for the needs of ČSPLO. It also drew services from ČSPLO, for which it also paid in foreign currency. These steps, of course, reduced profits, which, however, would be highly taxed if reported. Therefore, this procedure, which required at least the understanding of the other partners, proved more advantageous for ČSPLO. The total difference of the transfer from Peute Reederei to the ČSPLO account from the years 1978–1980 in the amount of 884.1 thousand DM was used for a crane (Schuppen 23, DM 300,000) in 1979 and for a crane (Schuppen 23, DM 270,000) in 1980, and an additional DM 9,800 was used for other investments. The remaining 304,300 DM improved the financial result of the Hamburg branch of ČSPLO.<sup>60</sup> The evaluation of Peute Reederei GmbH for the years 1978–1980 stated: “The overview shows that [... Peute Reederei] is not a loss-generating company for the Czechoslovak Socialist Republic, but is impacted, especially in 1980, by a sharp rise in costs.”<sup>61</sup> The basic economic premise of Peute Reederei’s operation was set out in the following words: “The company must officially report a financial result which cannot be taxed, but without giving the impression that it could go bankrupt.”<sup>62</sup>

60 A Hurt, Zhodnocení činnosti Peute Reederei GmbH za léta 1978–1980 včetně komentáře k bilanci za rok 1980.

61 Ibid., p. 3.

62 Ibid., p. 6.

According to Drogand, “the high consumption of diesel in the type of ships used by [Peute Reederei]” played a major role the rising costs.

Obsolete Škoda 600 PS engines on the Rhine at high water levels have very high fuel consumption without corresponding performance. Today, ships on the Rhine use modern fuel-efficient engines. There are also many accidents (see P5). Although PR’s situation is not developing well and profitability has been declining since 1978 and 1979, this unfortunately also corresponds with the situation in West German companies engaged in river transport. Mr. Drogand reminded us that, on the other hand, by establishing PR, ČSPLO has achieved something that other companies from Eastern Europe have not yet succeeded in doing, and that this company’s temporary lack of success should be tolerated. We should wait and see how the situation will develop after the first half of 1982. He also reminded us that by signing the intergovernmental agreement between the Czechoslovak Socialist Republic and the GDR on inland waterway transport, the importance of this German Czechoslovak company will continue to increase.<sup>63</sup>

It thus becomes very clear that the German partners were well aware of the political consequences of Peute Reederei’s activities. Adamovský, Chairman of the Administrative Board, “expressed dissatisfaction with the developments so far and asked [Fluss-Schiffahrts-Kontor] for a detailed explanation of the overall development.”<sup>64</sup>

Drogand responded by repeating the reasons already mentioned, and he asked for “closer contact with the management of ČSPLO in Děčín, especially as regards mutual information. There should also be better contact with Čechofracht, so that PR and [Fluss-Schiffahrts-Kontor] could be more involved in the transport of Czechoslovak goods. Attempts made in 1981 (goods via Hamburg instead of via Braunschweig) showed that it would work.”<sup>65</sup> It should be added that the end of the 1970s was marked by a second oil shock, which caused oil prices to soar.

For 1982, the involvement of Peute Reederei and Fluss-Schiffahrts-Kontor in Czechoslovak transport was envisaged, as was closer cooperation between ČSPLO, Peute Reederei, Fluss-Schiffahrts-Kontor, and Streit Braunschweig and, in the event of an agreement, the establishment of a Joint Committee composed of experts from both countries.

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63 Ibid.

64 Ibid., p. 3.

65 Ibid.

During the checking of tasks from the last meeting, it was stated that although it had not been possible to involve Peute Reederei in the transport of high-cost goods, much as it had not been possible to involve Peute Reederei in the transport of Czechoslovak goods, the concentration of a substantial part of Peute Reederei's management was put into the hands of Mr. Dynybyl (technical, operational, and personal), and Peute Reederei was able to provide its own reserve captain (H. Ehrlich obtained a license for the Rhine).

Due to the declining profitability of Peute Reederei, the Administrative Board set the following tasks for the next period: “a) Involve [Peute Reederei] crews on the turnover of busy vessels, material savings, fuel, and maintenance; b) Secure a license for the Rhine for at least three other Czechoslovak Captains in 1982; c) Carry out efficient and economical repairs of PR vessels (in foreign or own workshops); d) Carry out an analysis of the actual costs of individual PR vessels; e) Involve PR to a much greater extent in the transport of Czechoslovak goods (Braunschweig, Hamburg), possibly to the Czechoslovak Socialist Republic and from the Czechoslovak Socialist Republic; f) Improve and intensify contacts between the companies involved.”<sup>66</sup>

The reasons for insufficient fulfilment of the expected results, especially with regards to foreign currency, primarily concerned issues at the administrative level (as the enterprise was a company according to West German law), discrepancies regarding labor law (as the company had a combination of Czechoslovak and West German employees), wages, competition on the West German transport market in the field of waterways, insufficient involvement in the Czechoslovak transport system (Čechofracht), inflation, and the economic crisis which came in the wake of the second oil shock.

### *Conclusion*

Among the benefits of Peute Reederei for the Czechoslovak centrally planned economy, perhaps the most important was the possibility of mediated use of West German and West European waterways, access to the West German shipping market, new experience in areas of administration, and new pilot's (captain's) licenses and working contacts. Furthermore, the company was able to achieve savings on foreign currency funds, including foreign currency savings through Tuzex, (a network of shops in which foreign, especially Western, goods

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<sup>66</sup> Ibid., p. 5.

which were not available in the normal network of shops could be bought with foreign currency or Tuzex vouchers, called bons), savings on the purchase of spare parts, etc. It is impossible not to see the extent of the benefits which the company provided for the Czechoslovak economy on a number of levels. The legislative obstacle was the continually postponed signing of the expected Czechoslovak–West German agreement on inland navigation.

At the operational and technical level, the limiting factor was shown to be the outdated fleet which had an insufficient capacity and which operated with equipment which did not meet the company's needs. This was accompanied by financial problems. Given the weak financial results, it was not possible for the company to make the necessary repairs and modernize its fleet, let alone purchase new, more powerful and economical ships.

Although the use of Czechoslovak employees brought wage savings, at the same time, given their comparatively low remuneration, the employees were not motivated to increase their work efforts, which, in a highly competitive environment, also had a negative effect. It is also necessary to mention the economic context (economic crises, competition, operational efficiency, etc.). Some surprising shortcomings were also noted in the ČSPLO Chronicle.

The origin of the company was an attempt to address the problems which arose from the fact that it was impossible for the Czechoslovak state to use other rivers in Germany and in other countries of Western Europe under the non-contractual status it enjoyed on the Elbe. The company acquired its own clientele. It made it possible to gain experience on West German waterways for Czechoslovak pilots in order to obtain pilot's (captain's) licenses.

The company definitely "saved on" foreign currency funds on the one hand by using Czechoslovak parts, employing Czechoslovak boatmen, and cooperating with the Hamburg branch of ČSPLO. At the same time, the company's employees expanded their knowledge of business in an advanced market economy. Peute Reederei also strengthened the position of ČSPLO in Hamburg. This was undoubtedly one of the positives for the Czechoslovak planned economy. However, R. Hurt's personal initiative and entrepreneurial spirit was of no use to the system, and it alone could not be enough to ensure the effective functioning of the company. The limits, especially at the financial and operational level, were fundamental and, in the setting at the time, insurmountable.

One of the negatives was that the company failed to obtain a higher share of the shipments of high-tariff goods, as well as Czechoslovak shipments provided by Čechofracht. Also, there were comparatively few Czechoslovak captains with

a river captain's license. Czechoslovakia clearly did not want to draw too much attention to Peute Reederei and brag about the company. Again, there were two reasons for this. There were concerns regarding the possible reaction of the West German authorities, and it was important for the socialist state not to emphasize cooperation with foreign capitalists.

At the same time, the shipping company with joint capital participation at the time of its establishment prefigured a somewhat “more accommodating” approach of the state socialist economic policy, because in 1985, the Czechoslovak government, with resolution no. 187, “Principles for the establishment and operation of joint ventures of Czechoslovak entities and entities from non-socialist countries,” enabled this cooperation, and legislation in this area was definitively concluded by Act No. 173/1988 Coll., on Companies with Foreign Ownership.

While the conclusion of cooperation agreements between Czechoslovakia and Germany was not unique in the 1970s (at the end of the 1970s, there were about 20 such agreements, especially in the field of engineering), the establishment of joint ventures was highly unusual. Although Czechoslovakia had foreign ownership rights in Germany, Germany had no such rights in Czechoslovakia. In Frankfurt am Main, the Semex company functioned with the participation of Motokovo, and in Hamburg, Intersug operated with the participation of Koospol, Jablonex, and Metalimex. After 1985, the number of joint ventures increased significantly, for example between Tesla Brno and Senetec PLC and Škoda Plzeň and Deutsche Babcock.<sup>67</sup>

The case of Peute Reederei can even be described as a form of capital expansion of socialist Czechoslovakia into the West German shipping market and the pursuit of business in the capitalist market with socialist means (technical and technological backwardness, inelasticity, insufficient flexibility). This example can also be used to document the clashes in the mentalities of the representatives of the centrally planned economy and the market economy. Further study of this issue is directly dependent on the accessibility of archival material of public and private provenance.

Peute Reederei survived the structural changes in the Czechoslovak (Czech) economy after 1989. However, its importance began to wane, and soon, the reasons for its continued existence gradually faded. Peute Reederei no longer

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67 Fabianková and Johnson, “Hospodářská (ne)kooperace,” 196–97; Fabianková and Johnson, “Wirtschaftsbeziehungen,” 91–92.

thrived, but rather merely subsisted. At the beginning of the twenty-first century, Fluss-Schiffahrts-Kontor took over the majority stake in Peute Reederei. In 2009, insolvency proceedings were initiated. The time allotted to its existence ended only recently, however. Peute Reederei was not officially deleted from the Commercial Register until January 4, 2013, due to a lack of assets.<sup>68</sup>

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68 Insolvency proceedings were first initiated against the company according to the decision Amtsgericht Hamburg no. 67cIN367/09 from 3. 11. 2009 (Handelsregister HRB 21391 from 10. 11. 2009 [online]. <http://peplecheck.de/handelsregister/HH-21391-95344> [November 26, 2014]). Subsequently, the deletion was made (HRB 21391 from January 4, 2013 [online]. <http://peplecheck.de/handelsregister/HH-21391-190255> [November 26, 2014]).

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