

The “Slovak Buddenbrooks”

Three Generations of the Makovický (1850–1945) and Pálka Family (1850–1921) from the Perspective of Economic Nationalism

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Abstract. Rich banks and rich businesspeople were and still are the showcase of every nation, and the titular business-oriented families combined doing business with the tools of economic nationalism, as well as their love for art with the support of Slovak and Czech painters. The behaviour of the Slovak business elites of rural origin and from smaller towns was influenced by various stimuli (the example of contemporary cities, the way of life and behavioural strategy of the nobility, foreign influence, and the wish to obtain noble status), and they obtained a civic character only gradually.

The most important Slovak family banking and business house was created by members of the Makovický family. The Makovický family financially supported the national movement and all the Slovak national societies, too. On the other hand, no public activity, according to the Makovický family, could produce a loss. It was unclear where ethical idealism and material altruism began and ended.

One part of the current text explores the original business philosophies of two prominent individuals who are often associated with the families: Slovak Ján Pálka (a member of the tanning dynasty) and the famous world-class Moravian manufacturer Tomáš Baťa. Although they were both involved in leather processing, their environments were characterised by different cultures, traditions and opportunities. Jan Pálka drew on various socio-philosophical and utopian sources and relied on idealistic principles. In the spirit of economic nationalism, he strove to incentivise his workers to increase production efficiency by sharing the ownership of his factory and its profits in his own and the national collective interest. He went bankrupt and was, along with his theoretical model, relegated to the role of an admired visionary. In contrast, Tomáš Baťa was inspired by the American experience and the ideological impulses of Italian fascism. Even by 1914, he had pragmatically abandoned the use of all tools of economic nationalism and attempted to get as many state commissions as possible.

The continuity of many similar businesses and their representatives was either disrupted by the totalitarian decisions of the powerful during World War II or shortly after at the hands of the Communists.

Keywords: Slovak entrepreneurial dynasties, Pálka and Makovický families, economic nationalism, comparison with Baťa, business philosophies, philanthropy

Introduction: Business and Nation *

“The task of ours will be regaining the Slovak coin back from foreigner[s]’ hands and placing it in the midst of the service to our nation... Moreover, sooner than ever we should set the foundations of our businesses and industry by both establishing new firms and [taking over those] existing ones which have not [yet served] the Slovak nation. The activity of Slovak financ[ial] management will, of course, be given solid aid from the state and in return, financial institutions will be expected to help the success of state financial transactions.” (Vladimír Makovický)

“This era is great, and so will we be.” (Ján Pálka)

The Hungarian historian Vera Bácskai analysed the first generation of Hungarian businesspeople. They were mainly tradesmen who came to Pest in the first half of the nineteenth century. It is noteworthy that from almost 300 researched names, two-thirds came from the territory of present-day Slovakia, especially from the German areas of Spiš (Zips, Szepes) county or from south-western Slovakia, thus from the triangle Vienna – Bratislava (Pressburg, Pozsony) – Pest. The majority of them were Jews, and according to the author, two-thirds of them were not ethnic Magyars but mostly German-speaking people. This corresponded to the economic importance of northern Hungary. On closer inspection, it is clear that this first generation of business people was already contributing to various public activities at the time of their development in Pest.¹ In the second half of the nineteenth century, the national issue was included in this context.

The relationship between a businessman and the national collective they identified with underwent a considerably complicated process of development in the nineteenth (‘nationalist’) century. This was predominantly true when it pertained to a non-dominant nation with little to no potential or opportunity for development that was forced to evolve in an environment of pressure for assimilation and reprisals by state administration. The latter used all methods of economic nationalism to maintain a national clientele, even at the cost of tolerating higher prices or worse quality, and redirected investments to businesses that were ‘in national hands’.

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ANBS, Slovenská banka 1879–1948, Book of minutes of the committee, executive committee, board of directors and general meetings of the Slovak bank (27. 07. 1919 – 16. 12. 1919), Box. 13, Inv. Nr. 10, Minutes from the bank committee meeting on 10. 01. 1919.

1 Bácskai, *A vállalkozók előfutárai*, 14–23.

The state reacted through reprisals, especially aimed at cooperation using Czech funding, and fought against such activities on territories inhabited by Slovaks.²

The Slovak business community was representative of the incomplete social structure of Slovak society and elites, dominated by priests, who comprised 20–40 percent of the national elite. The 16-member delegation that submitted the National Memorandum with the Slovak political programme to the Hungarian parliament on 27 June 1861 included only two businessmen: Peter Makovický (1824–1911) and Samuel Pálka (1817–1892), founder of the tanning dynasty from Liptovský Svätý Mikuláš (St. Nikolaus in der Liptau, Liptószentmiklós).³

The Slovak businessman, a producer or trader with Slovak identity, usually placed himself in the service of the national movement, which meant that all the activities he developed were oriented towards the benefit of the 'whole nation', whether this meant participation in or support for amateur theatres, the payment of sureties for the publications of the national press and society activities or their financial support; furthermore, support for various types of schools with Slovak instruction, and so on. In these areas, these individuals made up for the missing institutional network, cultural and social base, and the inadequate or deliberately absent support from the state (the lack of favourable loans and credit, transport-tariff concessions and state orders). In contrast, strict state control was implemented; officials were appointed by the state to the boards of directors or the supervisory authorities of Slovak companies and banks. In the case of societies and schools, they acted against the intentions of the state. As a result of the unpreparedness or unwillingness of the state to allow such public engagement, many societies and school projects failed to be implemented.

A degree of moral pressure was applied to many Slovak businesspeople by Slovak elites and society, and the whole community expected their participation in political activities. The more a businessman contributed, the more the expectations grew. Jozef Pozdech (1811–1878), Ján Nepomuk Bobula (1844–1903), Jozef Zarzetzky (1805–after 1875) and others represented the political group called the

2 Some examples of Hungarian state reprisals: against the Czech insurance company Slávie on Slovak territory (Holec, "Medzi slovanskou vzájomnosťou," 145–72), against the Slovak cellulose factory in Martin (Holec, "Zápas o martinskú celulóžku," 49–72) and against the Slovak Bank Tatra (Holec and Hallon, *Tatra banka*).

3 The Memorandum of the Slovak Nation, accepted on 7 June 1861 at the great national assembly in Turčiansky Sv, Martin (Turócszentmárton, today Martin) demanded a separate administrative area to be governed exclusively for and by Slovaks, where the citizens would use Slovak as the official language of communication in all spheres of public life. This was the foremost attempt at emancipation by the Slovak public.

New Slovak School (*Nová škola slovenská*)⁴ in the 1860s–1870s, while Rudolf Krupec (1840–1913) and Ján Milec (1847–1901) with connections to the Slovak National Party founded the nationally oriented *Tatra banka* (Tatra Bank)—the flagship of Slovak finance. At the end of the nineteenth century, the owners of the tanning business in Liptovský Svätý Mikuláš paid the surety for the political newspaper *Slovenské listy* (1897–1899) and indirectly influenced its content. Such activities aroused fears of discrimination by state authorities, for example, in connection with state orders and support. Hence, some businessmen avoided political activity and, as a result, became targets of criticism from the Slovak side.⁵

The main aim of this paper is to address the two Slovak business dynasties closely, highlighting their activities in the public sphere and showing how they supported the Slovak national movement. Furthermore, the focus is on analysing their business philosophy. As a result of industrialisation, population growth and urbanisation, social inequality was growing, which brought with it a whole series of problems. It was precisely in this environment that extensive space arose for the public engagement of the business elites, which did much to supplement or replace the role of the state and local authorities, especially in the communal sphere. The former became a product of civil society and an impulse for its further development at the same time. Philanthropy and patronage were among the most important areas of public activity.⁶ They were offered to the Slovak national movement by the mentioned businessmen within the scope of economic and political nationalism. Thus more favourable conditions for influencing society according to these ideas arose.

4 The New Slovak School represented a liberal political direction from the 1860s and 1870s and represented an alternative or even opposition to the Old Slovak School of the former Štúr's generation. The New Slovak School was formed in 1868 by the members of the Slovak business and intellectual community in Pest and Buda. Their programme involved close cooperation with the Hungarian political elites.

5 For more details, see Holec, "Siege und Niederlagen," 38–54; Holec, "Podnikatelia a podnikanie," 165–74.

6 Philanthropy can be defined as one part of cultural capital. This also applies to patronage, under which we understand the use of private resources from aristocrats or businessmen for public purposes in fields where state bodies are also active in founding and financing institutions. It is especially art, culture, science and the social sphere that are involved. Every patron had the possibility to influence society according to their ideas in accordance with their financial resources. For more details see Kocka and Frey, eds, *Bürgerkultur und Mäzenatentum*, 7. For more details, see Gaetgens and Schieder, eds, *Mäzenatisches Handeln*; Frey, *Macht und Moral*.

The "Slovak Buddenbrooks": the Makovický family

The most important Slovak family banking and business house was created by members of the Makovický family. It is tempting to consider them the Slovak Buddenbrooks due to the extent of their activities, and rightfully so. Their activities spanned three generations.

The first generation involved the brothers Peter Makovický (1824–1911) and Daniel Božetech Makovický (1828–1881), descended from an old family of Slovak Evangelics and craftsmen in Liptov (Liptó) County. They created a family business in 1850 (pulp and paper industry, trade in products made from sheep) and from 1879, the banking house Credit Association (following 1904, the Credit Bank in Ružomberok, and 1918 the Slovak Bank in Bratislava).

The founder of the Makovický business family was Peter Makovický, who had worked his way up, starting as a shop assistant in Bratislava (Pressburg, Pozsony), later promoted to head of sales in Terszt, and finally becoming the owner of a shop selling colonial goods in Ružomberok (Rosenberg, Rózsahegy). In 1879 he took a decisive and incredibly prescient step that would ensure his prosperity when he founded his financial institute and built his economic independence. His name and the names of his sons and grandsons are linked to numerous businesses in the Liptov (Liptó) region—a famous sheep-cheese factory, a timber company, and others. Due to his family's influence, Ružomberok became a true Slovak business centre.

Both the brothers, Peter and Daniel Božetech, were active in relation to all national events. They collected contributions for the Liptov scholarship; in 1860, they donated money to build a Ľudovít Štúr memorial; in 1863, they became the founders and later envoys of *Matica slovenská*, they were also the founders and donors of three Slovak gymnasiums and Peter Makovický took part in the Memorandum assembly in 1861 in Martin and was elected a member of the delegation which presented the Slovak National Memorandum to the deputy prime minister of the Hungarian parliament in Pest.

The second generation was represented by Peter's son, Vladimír Makovický (1862–1944), the most important Slovak businessman and banker until 1918 and a supporter of cooperation with the Czechs (Figure 1). He engaged in expansive business activities in Bratislava (Pressburg, Pozsony), although he tried to stay out of politics.

He studied at gymnasiums in Berehovo (Beregszász) and Ružomberok and earned his professional education at a business college in Hamburg. As a shop assistant, he had first been employed in a domestic company but later went on to complete a practical apprenticeship in Vienna, Budapest and Debrecen. He worked in family businesses until he transferred to the banking sector and started to become active in financial management. He dedicated more than 50 years of his life to the bank, and when it became the

strongest Slovak financial institute (with 3 million crowns of share capital) in 1911, he was at the helm. He also founded other banks and industrial firms while primarily focusing on the timber and paper-producing industry. Since his youth, he actively participated in all things national; he supported all Slovak political ambitions. What remained an open and unanswered but extensively discussed question was the degree to which businesspeople and banks should be altruistic and whether it was immoral if their priority was profit—the issue was characteristic of Slovak discourse before World War I. After 1918, members of the family became some of the key Slovak business representatives in Czechoslovakia. The dissolution of the state and the establishment of the Slovak Republic naturally did not win Vladimír Makovický's approval, nor did its growing dependency on Nazi Germany.

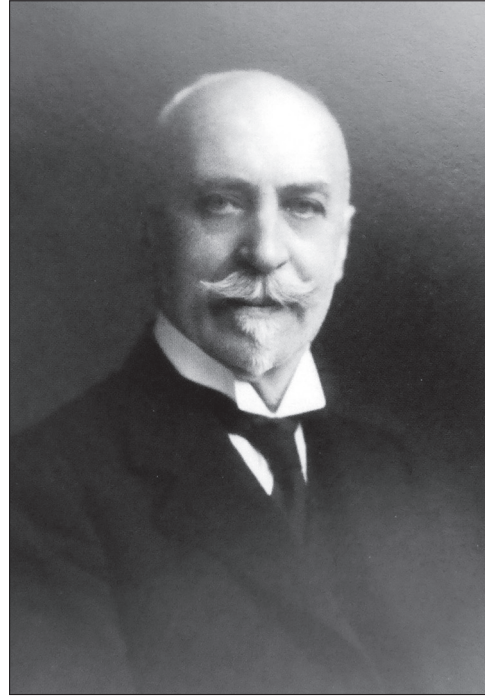


Figure 1 Vladimír Makovický
Source: Ďuriška, *Medzi mlynmí a bankami*, 144.

The third generation was represented by Vladimír's sons, Vladimír (1891–1918) and Igor Makovický (1892–1949). This generation had access to the best quality and diversity of education. Vladimír studied in Těšín, Székesfehérvár, Ružomberok and Miskolc and went to business academies in Brno and Prague, as well as at a Budapest university. There was certainly a bright future for this educated and thoroughly informed young man; sadly, at the war's end, he passed away after contracting the Spanish flu.

Igor also went to study in Těšín, Székesfehérvár, Ružomberok and at the universities in Budapest and Vienna; he also graduated from an accountancy course in Berlin. He was another supporter of the Czechoslovak state and later became a high state official and banker. During the existence of the Slovak Republic, he actively participated in the anti-fascist movement. He navigated the Slovak Bank until it was nationalised and later merged with other banks after the communist coup in 1948. That was also the end of his business career, bought about by communists. It was a heavy burden for him to see all the totalitarian assaults on the life's work of the three generations of his family, and the events even landed him in prison.

The continuity of many similar businesses and their representatives were either disrupted by the totalitarian-type power decisions made during World War II or shortly after at the hands of the communists.

Changes in social behaviour and way of life

We can assume that various stimuli influenced the behaviour and way of life of the Slovak business elites (incl. Makovický family).⁷

The first was the environment of the contemporary cities, where measures for limiting the worst forms of poverty had already existed for a long time. A diversity of forms of charity were also practised among the richest citizens. Bourgeois values gradually developed in very heterogeneous fields, and the closed autonomous community of the city became favourable soil for public activities, many of which had the common denominators of local patriotism, the constant influence of public spaces, the urgency of managing social problems, and so on. The system of 'virilism' through which each representative body was put together (half the members were the largest tax-payers and those appointed to specific functions, while the other half were elected) enabled the first generation of businesspeople to become members of town and county councils. There, they could directly influence decisions, and as part of the town and county institutions and sometimes their elite, they engaged in rich public activity. The towns in northern Hungary did not meet the size criteria, and urban life there suffered from various deficits and had a rural character. This is why the influence of city life came predominantly from Vienna, Budapest and Prague as well as from abroad (the business families of Országh in Warsaw, Polónyi in Bucharest, Samuel Zachej and entrepreneur Jozef Capko in Sofia, etc.).

The second stimulus was the way of life and behavioural strategy of the nobility, which were imitated by members of the prosperous city and business communities. This included the public activities of the nobility: patronage and charity, the establishment of various supporting funds, foundations, and so on. By purchasing property in towns and obtaining town citizenship rights, the nobility was also increasingly active in the framework of the towns. Having aristocrats at the head of any society was a universal phenomenon, useful for protection and enhancing prestige.

The social behaviour and way of life of the nobility became a model for the business class. The creation of a family portrait gallery for the banking and business family Makovický of Ružomberok is an example. Culture gradually became a prominent part of the lives of the more cultivated business families.

7 See more Holec, "On the Problems of Public Engagement," 25–35.

A third stimulus was foreign influence. When the first child of the businessman Emil Stodola (1862–1945) died, his wife (from the wealthy Slovak Polónyi family, active in Bucharest) established a home for abandoned children in Liptovský Sv. Mikuláš. Acceptance was in no way conditioned by the children's ethnicity, which criterion was not received without protest in Slovak society. Kornel Stodola (1866–1946) was active in business in Vienna, where his wife, one of the Polónyi sisters, closely cooperated with the Red Cross and charities with the wife of the heir to the throne and later Empress Zita.⁸ Similar things can be said of the Országh family in Warsaw. These were isolated cases in which Slovak women engaged in public activity and thus disrupted the traditional family model and the role of women within it.

A fourth stimulus was the wish to obtain noble status and achieve a high social position. A review of those granted noble status in the Kingdom of Hungary in the period 1867–1918 in terms of their profession shows that 15 percent were businesspeople; not a small proportion.⁹ And it was precisely public activity in the field of charity that became a decisive criterion for the ennoblement of business people. Clearly, this only applied in the case of non-Slovak (German, Hungarian, and Jewish) businesspeople, and it was unimaginable that individuals such as members of the Makovický or Stodola families would be awarded a noble title for their public activities, charity or business success.

In the case of a few business families, it is possible to identify the motives for individual decisions, which were derived directly from their private lives. The death of a small child led to the establishment of a foundation for poor and sick children by the family of Emil Stodola. The death of a student's son led to the creation of a foundation for Slovak university students by the family of Vladimír Makovický. Artistic patronage was not similarly institutionalized in Slovak conditions and supported personal inclinations, Slovak and Czech artists, and was a way for business people to advertise their products.

Here it is worth mentioning a noteworthy case of how a commission can be used for commercial purposes. In 1887, the Czech painter Jaroslav Věšín (1860–1915), later recorded as a court painter to the King of Bulgaria Ferdinand I., exhibited his pictures in Martin (Turčiansky Svätý Martin, Turócszentmárton). The Makovický family visited the exhibition and successively ordered three pictures with Slovak motifs from Věšín. The first was put on posters, the company's headed paper, labels and Secession-style stickers. A second picture of a shepherd later appeared on the cover of the *Calendar of the Úverná banka*—a bank in which the

8 Krajčovičová, *Emil Stodola*, 27; Holec, *Poslední Habsburgovci*, 269–72, 279.

9 Lengyel, *The Hungarian Business Elite*, 33.

Makovický family had a decisive influence. The descendants of the family used the picture of a shepherdess on labels and stickers of their restituted sheep cheese-producing business after 1989 (Figure 2).¹⁰

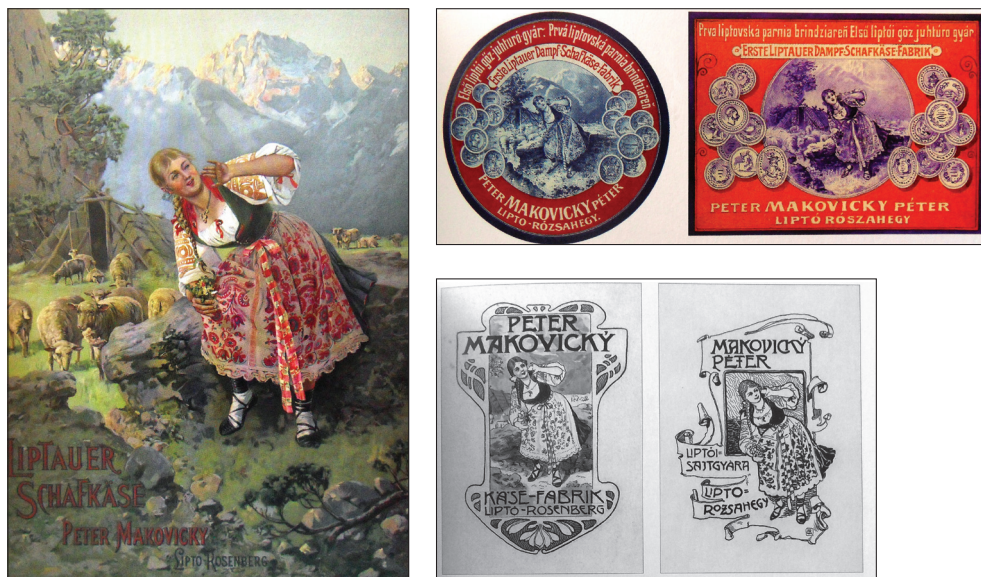


Figure 2 Painted by Jaroslav Věšín and used for advertising and commercial purposes of Vladimír Makovický's company

Source: Ďuriška, *Medzi mlynmi a bankami*, 162, 163, 165.

When the purchase of the pictures was approved by the board of the *Úverná banka* (Credit Bank), they were hung in its offices. This was the destiny of pictures of Slovak castles painted by important artists based on other orders from the bank. Interestingly, other banks did not develop similar artistic activities. The influence of the Makovický family, as founders and chief shareholders of the *Úverná banka*, was decisive when such decisions were concerned. If they bought pictures themselves, they were hung in the family's private flat.

The goal of philanthropy is to advance society by supporting necessary social, cultural and educational services not provided by the state or the market for political or economic reasons or provided by the state but not in a way that satisfies the philanthropists.

The altruism of the small Slovak elite worked: their financial gifts, collections, foundation work, and other activities created some degree of pressure on the not-very-numerous Slovak business community, and this led to them not becoming shut off in their affairs but contributing to and supporting the national emancipation

¹⁰ Ďuriška, *Medzi mlynmi a bankami*, 160–67.

movement in the most varied ways. The Hungarian government's deliberate refusal to support non-Magyar science and culture created huge space for the public activities of the business elites.¹¹ A whole series of examples exist in this area. Financial support for the Slovak national cultural and scientific organisations like *Matica Slovenská* (1863–1875) in the sixties and seventies and the *Slovak Museum Society* (established 1893) in the nineties and later further collecting activities, numerous gifts, financial support and the collecting of money were everyday activities for the narrow group of Slovak businessmen. Vladimír Makovický, businessman and banker in Ružomberok, excelled among them. His family was accurately described as the “Slovak Buddenbrooks”. This family combined a love of art with support for Slovak and Czech painters, from whom they commissioned portraits of all the generations of the family.¹² The gallery of ancestors and living members of the Makovický family followed the example of aristocratic families. It is necessary not to underestimate this activity in the case of the Slovaks. The closely connected idea of monarchism and loyalty to the regime and its representatives was Slovak-specific and paradoxically survived in rural Slovakia for a long time, even after the Czechoslovak Republic came into being. It was a reaction to the feeling of a nation without history and roots and the unavoidability of constructing its own national story.

Vladimír Makovický financially supported all the Slovak societies and materially assisted in the renewal of the Slovak grammar school in Turčiansky Svätý Martin. In 1899, under the framework of the *Úverná banka*, he established the *Peter and Daniel Makovický Foundation*, which supported many talented Slovak students, such as Cyprián Majerník, Ján Mudroch, Daniel Rapant, Andrej Mráz and a whole series of other later academic painters and university professors. The *Vladimír Makovický Foundation* was established in 1918 to commemorate Vladimír's son, who died young. It was given 100,000 crowns to support Slovak students and was administered by the Evangelical Seniorate of Liptov (Liptó) county. Foundations for supporting Evangelical orphans in Liptovský Svätý Mikuláš and Modra (Modor) also bore the name of Vladimír Makovický.¹³

Foundations were among the most widespread forms of public social activity in the nineteenth century. While the period of absolutism associated with Metternich before 1848 and of neo-absolutism in the 1850s was hostile to such activities, the liberal environment of Hungary under dualism did not impose any restrictions and understood the former as means of replacing or supplementing the activities of the state. Participation in foundations was definitely a civil phenomenon, and it became an expression of the civil community and the emancipation of the Jews. Secular and

11 Cieger, “Az állami kultúrpolitika,” 51–77.

12 Holec, “On the Problems of Public Engagement,” 27–28.

13 Ďuriška, *Medzi mlynmi a bankami*, 148–50.

non-church foundations already prevailed.¹⁴ In the Slovak case, this was political activity to some degree.

Like the Makovický family, other multi-generation business families gradually developed and expanded their public activities. Jozef Kováč (1831–1898), the owner of a leather-producing factory in Liptovský Svätý Mikuláš, was well-known as an amateur actor and administrator of the local Slovak Club (*Slovenská beseda*). He served for many years as mayor of the village of Hušták (part of Liptovský Svätý Mikuláš). He also undertook the following public activities and functions: administrator of a craft school (1893–1895), member of the Chamber of Commerce and Industry (1875–1898), member of the county council of Liptov (Liptov county), member of a taxation committee (1877–1889), health committee (1887–1897), industrial council (1884–1897), member of the Commission for Granting Loans (1885–1889), commercial jury (1872–1876), member of the board of a health insurance company (1892–1893), member of the committee for the national exhibition of 1885, member of the county committee for the millennium celebrations of 1896, and so on.¹⁵

Tanning dynasty: the Pálka family

The second example of Slovak business Buddenbrooks is the Pálka family from Liptovský Sv. Mikuláš. While the Makovický family may be described as followers of a conservative business strategy involving caution and maximum risk elimination, the Pálka family entrepreneurship evolved into a notable experiment which ended tragically for the family.

Their close connection to the Moravian Baťa family and very similar early beginnings, as well as the parallel development of doing business, enable comparison of the two families and shows that it was not the diversity of business conditions and environment in Austria and Hungary but a different philosophy of business leadership that led to success and the Baťa family creating a big empire. It remains questionable to what degree the fates of both families may be generalized.

A member of the important Slovak tanning dynasty, Ondrej Pálka (1800–1877) founded the family business tradition. He inherited the family tanning workshop after his father died, and became the owner jointly with his younger brother Samuel, mentioned above as a participant in the 1861 deputation. He gradually extended his business, penetrated foreign markets and invested in other fields of business. He supported the national press and was a member of several delegations. He strove to gain Vienna's support for separating Slovakia from the Kingdom of Hungary and introducing Slovak

14 Hein, "Das Stiftungswesen," 76–77.

15 LA SNK, sig. 112 KK 1 – 8a, 112 KK 35, 112 KK 38, 12 JJ 12, 112 JJ 16, 112 JJ 17.

as the official language. He supported Slovak schools and was a member of local and county councils. His son Ondrej (1826–1892), with his brother, took over the management of the workshop and transformed it into a factory. Public activities included membership of the local and county council, school and society activities, membership of the Town Club (*Meštianska beseda*) and an enthusiasm for amateur theatre.



Figure 3 Ján Pálka
Source: Ďuriška, *Pálkovci*, 246.

Member of the next generation and the owner of a leather factory in Liptovský Svätý Mikuláš, Ján Pálka (1869–1935) had obtained practical work experience in the tanning factories in Vienna, Rijeka and many German towns after finishing his studies (Figure 3).¹⁶ He also independently studied economic and social theories, including those of Marx, Proudhon, and the anarchists Bukharin and Kropotkin. He gradually developed his own utopian social theory. On the basis of Marx's theory of surplus value and his own Christian humanism, he decided not to appropriate the surplus value he gained from employing labour. After deducting sums for operational capital, the depreciation of machines and a reserve fund, he sought to pay the

workers a share of the annual profit. However, the means of production remained in his hands. In 1919, he began a great socializing project. In 1920, the workers were to receive 20–25 percent of the profit and more if they used their capital to become shareholders in the company. With a whole series of social measures, he anticipated the social legislation of the Czechoslovak Republic, not only in terms of time but also of content. The workers were to participate in the company's management through their committee.¹⁷ However, due to the economic crisis and marketing difficulties, he eventually had to admit that his social experiment had ended in failure.

Comparison of Pálka and Baťa

The life of Ján Pálka permits comparison with his much more successful counterpart, Moravian businessman Tomáš Baťa (1876–1932).¹⁸ The two men—both

¹⁶ Ďuriška, *Pálkovci*, 234–63.

¹⁷ Pálka, *Socializácia v mojej továrni*.

¹⁸ See more, Holec, "Ján Pálka a Tomáš Baťa," 11–26.

entrepreneurs—were very much alike and had numerous things in common. First, they had a vision they followed, yet each took a different approach. Hence, they also achieved different results.

Tomáš Baťa, a successful Moravian entrepreneur, the founder of a family-owned business and a shoe-making empire with a world-known brand, was allegedly the fourth wealthiest man in Czechoslovakia. The second man in the comparison was Baťa's peer, a Slovak businessman Ján Pálka, whose reputation reached parts of Slovakia at best but did not ring a bell outside that narrow scope. He came from a well-known family dynasty of tanners. Regarding his age, family business, broad spectrum of cultural interests and unique business philosophy, he was not very dissimilar to Baťa. They both stood out in their use of their special strategies and processes as well. While Baťa succeeded and gained worldwide fame, Pálka and his philosophy failed.

Pálka had a strong family business background and received a high-quality high-school education. He loved to read and educate himself; he was a thinker who looked for solutions. Prepared for the role he was to follow after finishing his studies, he returned to his family business in Liptovský Sv. Mikuláš, and in 1904 took over the company.

Both towns where the two men operated—Baťa's Zlín and Liptovský Sv. Mikuláš—were almost the same size before World War I, with approximately three thousand inhabitants. In the Pálka family, it has been claimed for generations that their contacts with Baťa started as early as during the period of war prosperity, which enabled Pálka to grant Tomáš Baťa a loan. This theory seems very unlikely, and there is no evidence to prove it unless we would like to use this to explain the reason for the unusually close relations between both families.

Tomáš Baťa was a pragmatic man who kept his eyes on the prize and never wavered.¹⁹ The fact that he had to build his dream from the bottom up numerous times and overcome various obstacles doubtlessly pushed him forward. Baťa quickly let go of the idea of economic nationalism and, from the beginning, strove to develop close cooperation with Vienna and obtain state commissions. After he had stabilized his factories, he left for the United States of America for six months and identified the sources of his pre-war entrepreneurial philosophy there. These practical findings from America later translated into new production halls, more modern American machines, and a raise in workers' performance standards.

Ján Pálka had the advantage of entering a functioning and well-run family business, which, however, in that town and that particular region did not have significant development and production potential for several reasons. Pálka was already

19 See more Pokluda, *Baťovi muži*; Marek, *Středoevropské aktivity*.

an important member of Slovak national and cultural elites before the war. Probably those were the reasons for his efforts to put his businesses into the 'service of the nation' from the beginning.

He studied many of the philosophical and theoretical works of the natural scientists and Darwinists Ernst Haeckel and Ludwig Büchner with great intensity. First and foremost, though, he focused on social issues, which is why his desk was covered with the theoretical essays of Marx as well as the socialists Kautsky and Blanc, the anarchist Kropotkin and utopian Proudhon, and even included the reformative visions of the writer Tolstoy.

So, while Baťa modernized, grew and expanded his business, Pálka's facilities prospered on a considerably smaller scale during the war, mainly due to the limited possibilities for growth and the more intense competition in the tanning industrial field.

Each of the factories followed a different development pattern after the establishment of the Czechoslovak Republic. For Baťa, the post-war economic and demand crisis signalled a beginning of production-oriented abroad, which was supposed to compensate for the economic problems in the young state. A huge corporate concern was developed with core capital of 135 million crowns and expansion into other industrial production zones.

Quite in contrast to this, after a few profitable wartime years, Pálka's factory entered a complicated post-war crisis due to the conditions of the new state and the destruction of old markets. It was then, during a period of general social radicalisation, that Pálka concluded it was the best time to attempt to solve the social issues associated with the new state, to eliminate wrongdoings and injustice, and for this to be done in the spirit of the teachings of Christ. At the end of 1919, he naively and idealistically tried to make his workers become real co-owners of the factory and share his profits with them.

The fair distribution of profits and many other social measures were meant to strengthen the loyalty and interest of the workers concerning the economic results of the factory. Moreover, the workers were given the right to supervise its management. Pálka did not see Marxism as a valid option since, despite its valuable theoretical findings, he disliked the class and party malignancy which would lead to a Bolshevik dictate of the proletariat.

His sources of inspiration are intriguing – the above-mentioned theoretical works and practical demonstration examples like the London gas company, the Zeiss company in Jena, and the Parisian department store Bon Marché. The vast number of social measures of its owner Aristide Boucicaut that favoured the store's employees, became the essential inspiration for Émile Zola's novel and Pálka.

Pálka's socializing project included his famous letters to workers. However, the third announcement to the workers in December 1921 was merely a collection of all the problems which had led to the ultimate failure of the attempts at socialisation. After two years of trying, the company registered substantial losses.

The gullible ideas of Ján Pálka, with his immeasurable idealism, could not possibly turn an unprepared attempt at socialisation into a success. He blamed the workers' immaturity and the economic crisis for the failure. In contrast to Baťa's successes, the major economic crisis conclusively wiped out Ján Pálka's business. He could not pay his debtor's accounts and had to go to auction, which cost him his factory premises and family residence. His first-born son later took over the remains of the family business, and in 1937, he agreed to sell the Pálka factory to Baťa.

In parallel during this period, Tomáš Baťa was a creator of an original management system that created solidly growing prosperity. He developed his manufacturing and social intentions with intensity, fulfilling the utopian vision of a humane society grounded on remarkable principles. They can be summed up in a number of points.²⁰

First and foremost, his philosophy revolved around protestant ethics and fundamental values, which he especially expected of young men in their private and public life, at work and in their visions of life. Baťa's visit to America was clear inspiration for this.

Second, he used 'bio-power' and 'bio-politics' as a progressive means of controlling his employees via sophisticated techniques meant to subdue their bodies.

Third, a part of his philosophy was closely related to Italian fascism. In the frame of Baťa's utopian visions, Italian fascism offered a peek into the society he strove for in Zlín.

Another principle he projected in his work was individualism and collectivism existing side by side. The former was meant for the 'big men' and the elite Baťa school graduates, the latter for workers who developed strong loyalty to the company. Collectivism found inspiration in the Italian class-defined state and its corporate-like division. However, everybody was qualified for the big Baťa dream; one could climb sky-high in the hierarchy if one had the skills. Here is where American influence can be unmistakably seen again.

And last, his philosophy was in line with the all-powerful drive for modernisation. Both Baťa brothers were the so-called 'apostles of modernisation'; their visions were part of one stream of the rhetoric of the period that contributed to the creations of, for example, Bernd Kellermann's novel *Tunnel*, the film *Metropolis*, constructivism as an art form and functionalism as an element of modern architecture.

20 Holubec, "Silní milují život," 30–35.

The fascination with technology and machines, the belief in human invention, the town of Zlín seen as a modernisation lab, the highways, river channels and especially aviation as significant milestones of the period and the conditions of progress—this was the language of Baťa's Zlín and its representatives. It was truly an “authoritarian utopia of a radicalized modernism” (Stanislav Holubec).

The ideas behind many of Baťa's modernisation plans were rooted in Fordism (the production of standardized goods via rational production technology) and Taylorism (work organisation based on the rationalized movement of workers). A fascination with time and using it most effectively was also a part of his inspiration for life itself.

All the above-listed principles set Baťa and Pálka apart, the latter being more traditional and more Slovak, if not regional; less ideological yet more idealistic. The only comparable quality here is utopianism since there was no lack of this in Zlín either, even though its practical implementation was more likely to happen there. Simply put, utopian ideas could potentially be turned into reality in Zlín while in Liptovský Sv. Mikuláš they remained in the category of wishful thinking:

“Mister factory owner will have to step down a notch and become a custodian; a worker should step up a notch and become a co-owner, and only then—as partners and comrades—they can shake hands; this is how the proletariat and bourgeoisie divide will come to an end; let them work sensibly and diligently then, and all else will be granted to them.”²¹

Baťa and Pálka fought the image of the typical exploitative capitalist. Both argued that the common interests of business people and employees were involved; that a thriving business was a common goal involving unlimited possibilities for the individual with the elimination of third parties (unions and political organisations), which could drive a wedge between the two sides (businesspeople and employees) and criticism that could undermine mutual relations.

One can contemplate whether the traits of Czech versus Slovak business style may be generalized based on this research—the former being significantly more rational and assertive, the latter rather emotional, idealistic and less ambitious. The Czech style was inspired by all that the wide world offered; the Slovak one was more intuitive and subject to much worse conditions. The first was more concentrated and pragmatic, the second rather proclamation-like, without foundations, built as a greenfield venture and perhaps a bit boastful. And far more relatable. This is why it was Baťa who was usually admired (and for good measure, also the one who was despised and gossiped about) and Pálka the one who was liked. Tomáš Baťa tended to raise and shape his people first, or rather in parallel and according to his own interests. Pálka tried to raise and educate his workers in retrospect, which obviously did not work.

21 Pálka, *Zápisky*, 37.

Both of these men could be described as people living in a world that was too conflicted, mentally behind, imperfect and not rational enough for them to be content in. Baťa wanted to manage his world as an industrial company with a maximum of rationality even though putting technology, modernisation, and related projects on a god-like pedestal often crossed the lines of protestant rationality. However, he was certainly not guilty of such a level of idealism as Ján Pálka.

To put the researched historical phenomena in a less black-and-white perspective, much of Pálka’s idealism may be seen in the project of an ideal utopian society as brought to life by Jan Antonín Baťa (1898–1965) after World War II in a distant region of Brazil. While his project won him respect and recognition around the world, Pálka’s project undeservedly slipped into oblivion. The motivation of this essay was not only to highlight the place of the latter individuals in the socialisation atmosphere in the new Czechoslovakia but also to showcase their inspiration, uniqueness and courage.

Conclusion

The first part of the text about two Slovak business dynasties encourages an extensive discussion of the degree to which businesspeople and banks should be altruistic and whether it was immoral if their priority is profit, as was characteristic of the Slovak discourse before World War I. Rich banks and wealthy businesspeople (for example, the Makovický family) were and are showcased by every nation. This family combined doing business with the tools of economic nationalism and their love for art with the support of Slovak and Czech painters. On the other hand, public activities could not be allowed to produce losses, according to the Makovický family. It was unclear where ethical idealism and material altruism began and ended.

The second part explores the original business philosophies of two prominent individuals who are often associated: Slovak Ján Pálka (a member of a tanning dynasty) and famous Moravian world-class manufacturer Tomáš Baťa. Although they were both involved in leather processing, their environments were characterised by different cultures, traditions and opportunities. Jan Pálka drew on various socio-philosophical and utopian sources and relied on idealistic principles. He strove to incentivize his workers to increase production efficiency by sharing the ownership of his factory and its profits. In this way, he wanted to connect his business activities with the nation’s development and improve its quality of life. He went bankrupt and was, along with his theoretical model, relegated to the role of an admired visionary. By contrast, Tomáš Baťa was inspired by the American experience and the ideological impulses of Italian fascism. The ideas of economic nationalism did not resonate with him.

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