

Zoltán Kaposi

Large Scale Manufacturing Businesses in Nagykanizsa at the Turn of the 20th Century

Abstract

This study deals with the industrialisation of the largest market centre of the Southwest Transdanubian Region of Hungary. Nagykanizsa was an agrarian town for a long time; however, a quick increase in trade began from the 1830s. The industry showed small plant traits. The industrialisation started in the 1880s in this region too. Newness was the mass-producing mechanised manufacturing. The manufacturing came into existence in three ways. The first case was when the already existing small plants were developed into factories due to the good trading opportunities. In the second case traders and craftsmen established businesses based on local innovations; therefore, new industries were acclimatised. And the third case was the creation of corporations which presumed large amount of capital. The capital of the large-scale industrial businesses mostly came from previous merchant activity and most of the business founders were merchants before. The evolution of the manufacturing industry was perceptible on every level of contemporary economic and social life. More and more labour migrated from agriculture to industries. Financing the local businesses gave a stable future for the local banks. The increasing number of factories aided local construction industry. Due to the development, industry became the most important sector in the structure of the economy of the town before World War I.

Keywords: industry, manufactory, business, innovation, corporation

Introduction

From the middle of the 18th century a quick industrialisation began in Western Europe. The innovation was the manufacturing industry in contrast to the previous small and medium scale workshops which resulted in the increase of industrial workers and improved public services. Factories mostly spread in those industries (textile industry, metallurgical industries, machinery industry, etc...) where a possibility existed for the application of technological innovations.¹ Compared to the Western European industrialisation the development of the manufacturing industry was quite late in Hungary. The first industrial sites came alive only in the 1850-60s in Pest and a decade or two later in larger cities. Many factors caused the setbacks of the development of the Hungarian manufacturing industry. The competition with the Austrian and Czech industries hampered the increase of industrial output; in the meantime, there was only a modest demand for the average or poor-quality products of the domestic companies. The technological underdevelopment and the lack of machines and professionals were problems too. Since the 1880s the state's business supporting laws helped both domestic and foreign capitalists setting up their new businesses. Due to this, entrepreneurs could establish or expand more and more manufacturing companies countrywide.²

¹ For western innovations see: *Landes, David*: The Unbound Prometheus. Technological Change and Industrial Development in Western Europe from 1750 to the Present. Cambridge University Press. Cambridge, 1969.; *Cameron, Rondo*: A Concise Economic History of the World From Paleolithic Times to the Present. Oxford, 1989.; *Kaposi, Zoltán*: Wissenschaft und wirtschaftliche Innovation in den 18-19. Jahrhunderten in Europa. In: Mengersdorf Internationales Kulturhistorisches Symposium 45. Edited: Kaposi, Zoltán – Haffner, Tamás. Pécs, 2018. 4-16.

² Lásd: *Varga, László*: Állami ipartámogatás a dualizmus korában (1880-1900). Történelmi Szemle, 1980. 2. 196-226.; *Katus, László*: A tőkés gazdaság fejlődése a kiegyezés után. In: Magyarország története 1848-1890. Edited: Kovács Endre. Budapest, 1979. 2. 913-1038.; *Kövér, György*: Iparosodás agrárországban. Budapest, 1982.; *Komlos,*

Nagykanizsa: Agriculture, Commerce and Industry

Nagykanizsa was a city dealing with agriculture and commerce till the 1890s. Since the middle of the 18th century the headquarters of the manor of Batthyány-Strattmann family (5,755 hectares) was located in the city.³ The Manor of Nagykanizsa, other manors around the city, the local peasants and the urban population produced significant amount of agricultural product. Most of them were traded in the local markets. Nagykanizsa was the seventh largest marketplace of the country based on the ranking of the year 1828.⁴

The city managed to strengthen this position in the first half of the Dual Monarchy. This was helped by the large Jewish community of the city.⁵ The city happened to be in the intersection of five important roadways which aided trade. In addition, two railways were built (1861 and 1865) relatively early which made domestic and foreign markets (Vienna, Pest, Trieste and later Rijeka) easily accessible.⁶ However, the fact that wheat export – the most important part of wholesale industry – decreased significantly in the end of the 1880s caused huge changes.⁷ Although local livestock traders managed to achieve a unique position in the country, merchant capital was looking for other investment opportunities.⁸ This meant two ways. First, many of the merchants of Nagykanizsa purchased land since new, special ways of land use (rental, subdivisions, etc...) became available.⁹ On the other hand, there was the possibility of setting up new industrial businesses to reflect to the increase in demand.

Industry meant the traditional artisan and merchant–manufacturer model in Nagykanizsa for a long time. Although there were some factory-like initiations even in the Hungarian Reform Era, the industrial development was slow. The chamber's statement of 1876 showed that there was no large employer in the city. The two most important branches of manufacturing industry were the textile industry and leather and skin industry.¹⁰ The slow start of the manufacturing industry is confirmed by the data of assessments ordered by the minister later on. The ministry summed up all the industrial plants that used mechanical power (steam, water, electricity, etc...) or they employed more than twenty souls while using traditional technologies in 1893. The results concerning Nagykanizsa were more than inglorious. Among the six companies, four used the power of steam (two steam mills, one forge and one cognac factory); altogether their peak power output was forty horsepower. The four factories employed only eighty-seven people. Apart

John: The Habsburg Monarchy as a Customs Union. Princeton University Press. Princeton, 1983.; *Kaposi, Zoltán*: Die Entwicklung der Wirtschaft und Gesellschaft in Ungarn 1700–2000. Studia Hungarica. Passau, 2007. Schenk Verlag

³ Magyar Nemzeti Levéltár Országos Levéltára (National Archives of Hungary, hereinafter the MNL OL) P 1313. Fasc. 136. No. 14.

⁴ *Bácskai, Vera*: Városok és városi társadalom Magyarországon a 19. század első felében. Budapest, 1988. 21.

⁵ Based on contemporary lists and census the Jewish community's proportion was 15–20% of the overall population of Nagykanizsa between 1848 and 1900.

⁶ *Kaposi, Zoltán*: Kanizsa gazdasági struktúrájának változásai 1743–1848. Nagykanizsa, 2009. 273. Czupi Kiadó

⁷ *Sándor, Pál*: Die Agrarkrise am Ende des 19. Jahrhunderts und der Grossgrundbesitz in Ungarn. In: Studien zur Geschichte der Österreichisch-Ungarischen Monarchie. Edited: Sándor, Vilmos – Hanák, Peter. Budapest, 1961. Akadémiai Kiadó. 167–194.; *Kaposi, Zoltán*: Agrarkrise in Ungarn, besonders auf dem Gebiet von Süd-Transdanubien, 1873–1914. In: Internationales Kulturhistorisches Symposium Mogersdorf 44. Edited: Tilcsik, György. Szombathely, 2019. 157–178.

⁸ *Kaposi, Zoltán*: Nagykanizsa gazdasági fejlődése 1850–1945. In: Nagykanizsa. Városi Monográfia III. (1850–1945). Edited: Kaposi, Zoltán. Nagykanizsa, 2014. 199.

⁹ *Kaposi, Zoltán*: Nagykanizsai vállalkozók birtokszerzése a város körüli területeken a dualizmus korában. In: Magyar Gazdaságtörténeti Évkönyv 3. Edited: Kövér, György. Budapest, 2019. 223–241.

¹⁰ *A Soproni Kereskedelmi és Iparkamarának a nagym. M. K. Földművelési, Ipar és Kereskedelmi Minisztériumhoz intézett 1876.–ik évi statistikai jelentése*. Sopron, 1878. 538–543.

from these there were two brick factories employing seventy people.¹¹ All in all, we could register a one hundred and fifty-five soul industrial workforce in Nagykanizsa in 1893. The already mentioned year 1893 was only the dawn of the development of the manufacturing industry in the city since registering new businesses only began that time. The next two decades brought quick changes to the city's industry. As a result, just before WWI sixteen factories operated in Nagykanizsa, employing more than a thousand people. In 1910, instead of the previous factories employing a few dozens of people it became typical that companies' workforce was between eighty to one hundred and fifty souls.¹² This was outstanding in the Southwestern Hungarian region where no significant manufacturing industry came alive apart from Nagykanizsa.¹³

The Birth of Large-Scale Manufacturing Businesses in Nagykanizsa

Manufacturing industry of Nagykanizsa came alive in three ways. The first way was that many already existing family businesses were developed into factories thereby increasing production capacity and improving quality while remaining as private or family-owned businesses. Secondly, many new companies were established which introduced new industries in the city. Thirdly, corporations were founded which carried the potential of making capital intensive investments. We are going to introduce the archetypal cases of the above-mentioned scenarios.

Developing Small Works into Factories

One of the largest factories of the city was the brick and tile company founded in 1863; owned by Mór Stern. At first, his company traded crop and timber. Mór Stern J. leased the brick factory from the Southern Railways and he subsequently bought it in 1883. The plant was located on the southern side of the city facing the railway station. The founder involved his son in the management of the company. This plant was developed into a factory taking advantage of the increase in demand for construction materials. The Stern Factory not only produced for the city but its products were sold in the region of Balaton and in Croatia too. The production particularly ran up under the reign of Sándor Stern, son of the founder. Sándor Stern was a capable businessman acquainting wide array of economic knowledge and a philanthropist.¹⁴ The products of the company became famous, its employment increased and in the beginning of the twentieth century the number of employees reached one hundred and fifty and right before WWI it was close to two hundred. He had many flats built for his workers, some of them still exist. The concentration in the industry is shown by the fact that Stern purchased the 1893 founded Haba brick factory in 1910. The Stern family was an honoured member of the city's community, their shopping centre was on one end of the Rozgonyi Street facing the main square.¹⁵

Similar changes took place in the hard liquor distillery founded by Mór Blau in 1835. The substantial developments were carried out by the grandsons of the founder, Lajos and Béla. Their factory – located at the northern side of the main square – was the first place in Hungary where the French style cognac distillation was utilised. Their cognac won first prizes at many industrial exhibitions in Hungarian cities. They won the honorary certificate at the millennial

¹¹ National Archives of Hungary, Zala County Archives (hereinafter: MNL ZML). Nagykanizsa City Archives (hereinafter NVL). Városi tanácsi iratok. Közigazgatási iratok. 1893/4212.

¹² *Thüring, Gusztáv*: A magyar városok statisztikai évkönyve. Budapest, 1912. 2. 309.

¹³ See: *T. Mérey, Klára*: Dél-Dunántúl iparának története a kapitalizmus idején. Budapest, 1985.

¹⁴ *Benedek, Rezső*: Zala aranykönyve. A mi értékeink. Nagykanizsa, 1938. 88.

¹⁵ *Tarnóczky, Attila*: Hol. Mi? Kanizsai házak és lakói. Nagykanizsa, 2010. 712. in: www.nagykar.hu

exhibition and they were awarded with golden medals in Bordeaux, Brussels, London and Chicago.¹⁶ In 1897 they were given the imperial and royal warrant of appointment. Apart from cognac, rum and brandy they were also producing rubbing alcohol. Their steam powered liquor factory produced 4,000 hectolitres of wine, 3,000-4,000 hectolitres of pomace spirit and 1,000 hectolitres of wine lees. Their number of their employees was between 25 and 30. In 1896 they established the first domestic metal bottle cap factory where they produced 50,000 caps for bottles per day. Aside from the few machinists they also employed roughly twenty workers.¹⁷

They maintained offices in Budapest and Vienna and they had agencies in many large cities. Two of their agents toured the cities of the Monarchy and their products were known in Serbia, Bulgaria, India and in America too. Pál Blau was also known for building the first bathroom in the city. In the beginning of the 1860s he had a small, distinct bath built at the far end of his plot which contained 3-4 bathtubs and a shower; he welcomed the guests of the family there.¹⁸ Apart from his industrial businesses he owned a vineyard with a two-storey wine press house at the nearby Szentgyörgyvár hills and thirty-seven and a half hectares of land.¹⁹

The Weiser Machine Factory – which was one of the most successful companies of Nagykanizsa – was originally an ironmongery. The company was founded in 1842 and developed quickly under the worldwide economic boom of the 1850-60s. The next evolution happened at the turn of the century. The company was created by János Weiser and was developed by his son József. József was born in Nagykanizsa where he attended to school; in addition, he was also educated in Vienna after which he travelled around Europe to study in order to utilise his experiences for his father's ironmongery. He travelled to Austria, Germany, France and Italy and spent a long time in England. After 1904 the grandson of the founder János Weiser, a certified mechanical engineer, led the company.²⁰ In the beginning they produced fireboxes (iron stoves) and parts for forges and steam engines. The continuously increasing business outgrew its site at Kazinczy Street. They moved their entire operations to a newly purchased site under 16 Sugár Street, including the iron and copper works, the forgery and boiler maker works, the turner, the engine fitter, the carpentry, the wainwright, the machinery and painter works.

Picture 1: M. Blau and Sons cognac and caps factory (1898)



Source: Thúry György Múzeum (hereinafter: TGyM). Pb. 1898. Szgy.

¹⁶ *Nagykanizsa Rt. város lak- és cím-jegyzéke*. Edited: Füredi János. Nagykanizsa, 1906. 328. It is implied that based on the list of taxpayers of 1882 Mór Stern J. was the fourteenth largest taxpayer of the city. See under: ZML NVL City Council Files. Administrative files. 342/1883.

¹⁷ *Zalai Közlöny*, 15. 01. 1898.

¹⁸ *Kunics, Zsuzsa*: Gabona piac – Főtér – Erzsébet királyné tér. A nagykanizsai Erzsébet tér kiépülése, története a dualizmus időszakában. In: Zalai Múzeum 18. Zalaegerszeg, 2009. 273.

¹⁹ MNL ZML NVL Registry of landowners. 1871.

²⁰ *Weiser, János*: Nagykanizsa gyáripára. In: Nagykanizsa. Edited: Barbarits Lajos. Budapest, 1929. 309–310.

The owners of the Weiser company realised that the greatest opportunity in domestic economic development was the mechanisation of agricultural production. It is widely known that many Hungarian companies of the machinery industry (Ganz, Kühne, etc...) became dominant factories in Central Europe.²¹ Since it was possible to mechanise every work phase of wheat production which indeed was the most important sector of agriculture, it is not surprising that much efforts were made in that industry. The Weiser company continuously increased its product portfolio. The emperor awarded the company the golden cross for their forty-one products shown at the millennial exhibition. Their seed drill machine won the silver medal at the Paris exhibition.²² Around the turn of the century the company was one of the most important players on the market of domestically produced farm tools. Apart from them the Kühne Factory of Mosony and the Schramm Factory in Krassó-Szörény County were the other key players. They produced one and two furrow ploughs, planters, vehicles, spare parts for these, harrows, loaders, different castings, manholes, machines for the mill and wine industries and firehoses. The lead engineer in the Weiser factory was Mihály Havas who designed many genuine seed drills; and he created the Weiser type Prefekta seed drill machine which gained substantial market share.²³ In case of the company, it is clear that the success was brought forth by technological innovations.

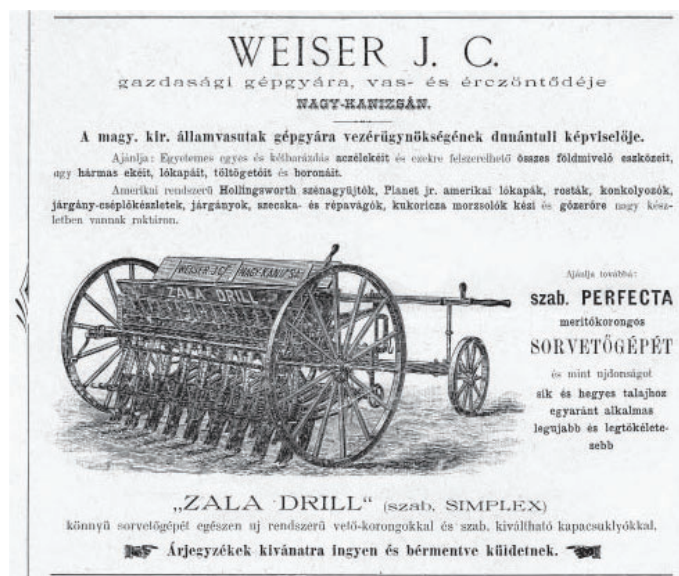
The brush factory was one of the most dynamically developing companies of Nagykanizsa in the beginning of the century. The precursor of the factory was founded by Sándor Kardos in 1902.²⁴ The workshop was located on Kazinczy Street. The entrepreneur continuously increased production volumes and employed more and more people; therefore, he restructured the company a few years later. This resulted in the birth of Sándor Kardos and Partner company which dealt with the production of brushes, paintbrushes and sorghum brooms. The company was a so-called limited partnership in which Kardos was a general partner and merchant Emil

Picture 2: **Workers of the Weiser Factory (1909)**



Source: TGYM. 90.2.

Picture 3: **Zala Drill the famous seed drill of Weiser Factory (1895)**



Source: TGYM. 82.1110.2.

²¹ *Estók, János: A mezőgazdasági gépgyártás története Magyarországon a kezdetektől 1944-ig.* Budapest, 1996.

²² *Tarnóczy, Attila: Hol. Mi?... 770.*

²³ *Estók, János: A mezőgazdasági gépgyártás... 95.*

²⁴ MNL ZML VII. 1d. Registry Court files. Files of the Royal Nagykanizsa Court. II. 234. No. 131.

Böhm from Nagykanizsa along with Zala County Savings Bank were limited partners.²⁵ In 1907 the company moved to a more spacious plot on Szemere Street. The new buildings were built accordingly with the labour protection regulation (safety, hygienics, etc...); in addition, there was the possibility of continuous expansion. The raise in capital brought the possibility of mechanising the production process. Different trimmer, sawyer and brush making machines were operated in the factory. Their products represented high quality. They started to produce painter's brushes in 1911 which became commercially successful. According to the contemporary press the products of Nagykanizsa could have been compared to the products of the famous factories of Nuremberg. The employment quickly rose and in 1910 one hundred and forty people were working for the factory.²⁶ Raw materials were bought from Hungary; however, it is clear that sorghum was scarce at that time. The retail store on the Main street was for local sales. The brush factory exported its products to Croatia, Austria and to other European countries, but they were also traded in Egypt, East-India and in China too.

Introduction of New Industries Through New Businesses

The production of coffee substitutes became more significant in Hungary at the end of the nineteenth century. The first coffee substitutes factories were owned by foreign entrepreneurs; however, the first domestic coffee substitute factory was founded in Nagykanizsa in 1905. This was the Patria Coffee Substitute Factory which was founded by the local Schwartz and Tauber company.²⁷ The Schwartz and Tauber was a wholesale company, a distributor of imported colonial goods. It was founded in 1856 and funded many industrial investments and had extended merchant relationships from Nagykanizsa to Szlatina (Slatina in Croatia today).²⁸ The coffee substitute factory had to face with enormous pressure from the competition since the multinational Franck Concern was expanding aggressively in Europe. The coffee substitute factory of Kanizsa was built on Csengery Road in 1905-06. The factory was connected to the railway via private sliding. The sorghum root was imported at first but in 1910 local farmers from Zala and Somogy counties were supplying the factory. It was profitable for them too because 4.6-5.7 tonnes were produced per hectare which meant 230 Kronas per hectare net profit for the vendors.²⁹ Eighty people worked in the factory before WWI. As a food industry factory, it had to adhere to strict hygienic regulations. Highly comfortable diner and service areas were developed for the workers. It was necessary to bring in capital.³⁰ The idea presented itself that the Pest Hungarian Merchant Bank would acquire Pátia but the negotiations were unsuccessful. After a few years of operation, the factory was purchased by Franck

Picture 4: Advertisement of Patria coffee substitute (1907)



Source: Nagykanizsa Rt. város lak- és cím-jegyzéke... 1907

²⁵ *Zalai Közlöny*, 24. 12. 1911.

²⁶ *Thüring, Gusztáv*: A magyar városok... 309.

²⁷ MNL ZML VII. 1. d. Registry Court files. Files of the Royal Nagykanizsa Court. II. 227. No. 200.

²⁸ *Tarnóczy, Attila*: Hol. Mi?... 336.

²⁹ *T. Mérey, Klára*: Nagykanizsa a kapitalizmus korában, különös tekintettel Trianonra. In: *Pannon Tükör*, 1997. 11-12. 54. This was beneficial because the average profit per hectare did not reach 115 Kronas in this region.

³⁰ MNL OL Z 40. Fasc. 53. No. 976-977.

Henrik and Sons in 1909 which became famous for Pátria's and his own coffee substitute. Their products were mostly exported. In 1911 the factory was extended by a new building.³¹

A new profession was introduced by Bettelheim W. S and Sons company (founded in 1895). It was a reed tissue and straw bottle carrier factory. The Bettelheims founded their merchant business in the town in 1809. They took advantage of the agricultural opportunities of the region and dealt with reed production in the 1870s. The company was rather unique. At the end of the nineteenth century, it was the only factory in Hungary that dealt with reed and straw bottle carrier manufacturing. During the first decade of the twentieth century the Straw bottle carrier company owned by Győző and Ede Bettelheim employed eighty people.³² The factory mostly flourished under the reign of the sons of the founder and one of them, Aladár Bettelheim did his studies abroad.³³ The development is indicated by the fact that in 1914 one hundred workers produced straw bottle carriers and reed ceiling boards. The factory was producing for export from the very beginning. Their products were sold in Trieste and other large cities of the Monarchy and they exported reed to Germany and Switzerland, crops to Vienna, Trieste and other alpine countries. Since 1912 they also produced straw lids.

Picture 5: **Győző Bettelheim factory owner and merchant (1880)**



Source: TGyM. 87.36.

The scientific discipline of chemistry went through a major developmental period in the nineteenth century which promoted the growth of more and more businesses by utilising the accumulated knowledge of the chemical industry. It is especially important in the case of Nagykanizsa that the biggest chemical factory managed to achieve significant innovations. We cannot forget that on such a saturated market holding market positions or growing were only possible by inventions or innovations. Károly Mayer, an indigo dye worker who settled in Nagykanizsa, founded his dry-cleaning establishment in 1892.³⁴ In order to expand his business, he was given significant state support. It was primarily a dry-cleaning establishment and also housed the tucker and the steam powered dyeing machines. Mayer also constructed a rotating brushing machine. It was written about his invention at the end of 1910 that this machine could be used for "any shape and quality clothes, plush, fur, curtain, etc... could be brushed dust free".³⁵ He showed his machine in the industrial exhibition hall at Budapest and it was met with professional acclaim. Mayer patented the machine in Hungary, Austria, Germany and in the United States. The invention became a commercial success since the machine could be used well in hotels, cleaners, hospitals, carpet and fur factories and in baize factories. It made the entrepreneur flood in orders. The business changed its name and it became the "First Transdanubia Dyer and Polytechnic Dry Cleaner Institute".

³¹ *Kaposi, Zoltán*: A Patria pótkávégyár küzdelme a fennmaradásért a multinacionális nagyvállalat ellen. In: *Kanizsai Antológia* 14 (2013). 176–201.

³² *Thirring, Gusztáv*: A magyar városok... 309.

³³ *Zalai Közlöny*, 25. 12. 1910.

³⁴ *Tarnóczy, Attila*: Hol. Mi?... 146.

³⁵ *Zalai Közlöny*, 25. 12. 1910.

Increase in the Need for Capital: Birth of Corporations

Many economic factors aided the Hungarian brewing industry in the second half of the nineteenth century. The customs union of the Monarchy resulted in the inflow of professionals which strengthened the so called “Germanic” consumption traits. We cannot forget the traditions of the urban population either since in wake of capitalism many restaurants were established.³⁶ The development of brewery was additionally aided by the phylloxera pandemic of mid-1870s which resulted in a decrease in wine production. And we also cannot forget the aspects of the state and the local government since the alcohol industry is a generally well chargeable sector and its investment costs were not very high at that time. These processes put the brewing industry into an especially favourable situation.³⁷ In 1892 some local wholesalers and industrial investors made the decision on founding a brewery with a malt factory on the advice of Vilmos Gutmann. The deed of foundation was signed by fourteen businessmen on the 30th of June 1892. The intention of the founders was to create a “brewing factory corporation that complies with all the modern age and technology”.³⁸ The name of the company became Kanizsa Brewery Corporation, and its shareholders’ equity was five hundred thousand Forints. The brewery was founded at a time when corporations were an unknown form of economic entities; therefore, the businessmen had to thrive on a pathless way. The infrastructural investment took two and a half years to complete where four hundred workers were employed. The two local brick factories produced about three million bricks for the construction. The founders were eager to purchase the most advanced technology of their time: the facilities were acquired from the Ringhofer Company which guaranteed the world class equipment.³⁹ A restaurant was built right next to the buildings of the factory. The factory was designed to produce 20,000 hectolitres of beer but this capacity could be doubled. The workforce had to be recruited too. At first mostly Czech and Moravian skilled workers but later on mostly Hungarians were employed. The malt factory started to operate in the autumn of 1894 while the brewery started on the 5th February 1895. Till the end of 1896 its production volume was increasing. Its quality is shown by the fact that the factory was awarded for its products at the great millennial exhibition.⁴⁰ Along with the production the sales were organised: the products of the brewery of Nagykanizsa were sold at Budapest and other large cities of Hungary.⁴¹

Picture 6: Nagykanizsa Brewery in the beginning of the 20th century



Source: TGyM. 78.522.10.

³⁶ MNL OL P 1313. Fasc. 139. No. 102-138.

³⁷ *Rózsás, János – Háncs, Lajos: A serfőzdetől a sörgyárig. A kanizsai sörgyár centenáriumi évkönyve 1892–1992.* Nagykanizsa, 1992. 5.

³⁸ *Zalai Közlöny*, 09. 07. 1892.

³⁹ *Rózsás, János – Háncs, Lajos: A serfőzdetől a sörgyárig...* 6.

⁴⁰ Nagykanizsa város cím- és lakjegyzéke...82.

⁴¹ *Rózsás, János – Háncs, Lajos: A serfőzdetől a sörgyárig...* 9.

On the other hand, the chase of high quality meant significant costs which consumed up all the capital of the founders; therefore, the first decade was characterised by chronic financial problems. Even in the year 1896 it was written about the brewery that it cannot overcome its deficits.⁴² At the turn of the century there was a decline in the demand for beer compared to the previous years. The problems of the brewery were shown by the fact that instead of the initial one hundred people only fifty-seven were employed at the turn of the century. Shares were devaluated: at first 160, later 50 Kronas were their prices. It was also a problem that despite the patriotic industry support speeches many local pubs were serving imported beers despite the fact that their quality never exceeded the local ones.⁴³ The problems were solved in 1907 with the capital-raise when fifteen thousand 50 Kronas shares were issued. It happened thanks to personal relationships: Baron Guttmann, the president of the brewery and member of the board of directors of Pest Hungarian Merchant Bank played a significant role in having the largest Hungarian bank invest into the company. The increased equity of one million Kronas stabilised the position of the corporation and it managed to set up a two hundred thousand Forints of savings fund in a few years.⁴⁴ The recovery was quick: in 1908 33,000 hectolitres of beer and 2,500 tonnes of malt were produced and they managed to occupy a new market niche: joining to the Schutverband Graz they could supply beer to the Austrian market.⁴⁵ After 1911 the factory operated under the name of Royal Brewery Corporation.

The 1859 founded steam mill – although only part time operated – was located next to the road connecting Nagykanizsa to Kiskanizsa. It was converted into an electric mill thanks to the effort of lawyer Samu Rotschild – not to mention his success in finding an investor. His client was Lajos Franz, owner of mills in Marburg and Leibnitz. Franz bought up the steam mill while Rotschild kept the agenda of electric power service on the table of the city's council. The concession to develop electric power service was given to Lajos Franz. In 1892 the contract was made about the construction of lighting.⁴⁶ The construction took one and a half years and lighting became operational on the 22nd June 1894. The company enjoyed a ten-year tax free period.⁴⁷ In 1910 the company was converted into a corporation with a registered capital of 4 million Kronas (Lajos Franz and Sons Corporation). Before WWI the mill was operating with a 1,500 horsepower machinery and employed one hundred workers.⁴⁸ It was the largest company of Nagykanizsa in the ages of the Dual Monarchy considering the registered capital. It owned private slides, real

Picture 7: **Steam mill and power plant of the Franz family (1900)**



Source: TGyM. Pb. 1903. Szgy.

⁴² *Zalai Közlöny*, 15. 01. 1898.

⁴³ *Zalai Közlöny*, 09. 12. 1905.

⁴⁴ *Zalai Közlöny*, 25. 12. 1910.

⁴⁵ *Söptei, Imre*: Koncentrációk a nyugat-dunántúli „sörfronton”. In: *Egy emberöltő Kőszeg szabad királyi város levéltárában*. Edited: Mayer, László – Tilcsik, György. Szombathely, 2003. 491.

⁴⁶ MNL ZML NVL City Council Files. Administrative files. 2827/1893. Although farmers of the Kiskanizsa part of the city vehemently protested against the introduction of electric lighting the project was completed. Ed: ZML NVL City Council Files. Administrative files. 11384/1893.

⁴⁷ MNL ZML NVL City Council Files. Administrative files. 9586/1892.

⁴⁸ *T. Mérey, Klára*: Nagykanizsa a kapitalizmus... 54.

estate, heavy machinery and other industrial equipment. In the business year of 1911-12 the company realised 322,000 Kronas of profit. Out of this 5 percent was taken into savings while 12,617 Kronas were spent on labour costs. After the costs of the executive directors and the supervisory board and deductions and charitable taxes 240,000 Kronas were spent on dividends which was an increase (6%) compared to the previous year (5.5%).⁴⁹ According to the balance sheet of the second year the company had no liabilities. In case of the Franz Corporation a transnational company can be observed which was managed according to the same standards which owned companies at Nagykanizsa and in other Austrian cities. It is interesting though that all the other factories presented previously were founded by Jewish people while the Franz Corporation was unique since it was founded by a Christian entrepreneur.

In order to have the industries better utilise the products of agriculture the Transdanubia Economic Alcohol Factory Owners Liquor Distillery Corporation was established on the 16th June 1903. The company was a sign of the times: more and more liquor distilleries were established in Southern Transdanubia.⁵⁰ According to public information the company dealt with buying up the alcohol products of local providers; in addition, it distilled liquor and distributed rectified spirit.⁵¹ The company attracted more and more liquor works of the region meaning that more and more businesses joined it. The site of the factory was on Vár Road (which connected the two parts of the city) where a new industrial site started to grow (steam mill, electric power station, lumber works, alcohol distilleries, etc...). The corporation was created by large landowners of Somogy and Zala Counties. The corporation's equity was 120,000 Kronas. The capacity of the factory tripled between 1903 and 1910. According to the bylaws the dividends rate was 5% but the real motivation was the easier sales on a market where conditions became harsher. They produced rectified spirit, methylated spirit, medical purpose rectified spirit and once distilled spirit. Their products were sold on domestic markets and in other countries of the Monarchy too.⁵²

Summary

As it was shown previously, the Southern west Transdanubia region lacked industrial raw materials; therefore, the local agriculture and trade played a key role in the development of the manufacturing industry. Agriculture fuelled the growth of the local industries with raw materials and labour. The capital of the large-scale industrial businesses mostly came from previous merchant activity and most of the business founders were merchants before. The evolution of the manufacturing industry was perceptible on every level of contemporary economic and social life. More and more labour migrated from agriculture to industries. Financing the local businesses gave a stable future for the local banks. The increasing number of factories aided the local construction industry. Reflecting to the changes, a journalist of a local newspaper wrote in 1911: "in the last decade the manufacturing industry of Nagykanizsa gained such momentum that an entire social class of workers came alive whose consumption capacities fructified the increased volume of our small-scale industry and trade".⁵³ Through the evolution of the manufacturing industry Nagykanizsa strengthened its economic positions in the region.

The results of the manufacturing industry were clearly demonstrated by the events that took place on 12nd March 1911. On this day the merchant elite of Zala County assembled in the ceremonial hall of the townhouse of Nagykanizsa in order to found the Confederation

⁴⁹ *Zalai Közlöny*, 08. 08. 1912.

⁵⁰ An example for the rapid growth of the industry: *Rayman, János*: Baranyai és Pécsi Gazdák Szeszfőző Szövetkezete. In: *Rayman, János*: Elfeledett pécsi iparosok. Ipartörténeti dolgozatok. Pécs, 2010. 120–139.

⁵¹ MNL ZML. VII. 1. d. Registry Court files. Files of the Royal Nagykanizsa Court. II. 241. No. 145.

⁵² *Kaposi, Zoltán*: Nagykanizsa gazdasági fejlődése... 176.

⁵³ *Zalai Közlöny*, 24. 12. 1911.

of Hungarian Employers and Industrialists' local office. Along Mayor Zsigmond Vécsey the director of the CHEI, Lóránt Hegedüs was present. Baron Vilmos Guttmann was elected as president and Sándor Stern was elected as vice president of the local office. Many of the owners and managers of the previously mentioned companies were voted to be members of the board including Vilmos Dürr and Henrik Pongor factory directors and János Weiser machinery owner, etc...⁵⁴ The creation of the lobby group clearly showed the changes of the previous few decades: right before WWI industry became the dominant sector of the city's economy which registered a 33% of overall employment.⁵⁵

⁵⁴ *Magyar Gyáripar*, 16. 03. 1911.

⁵⁵ *A magyar szent korona országainak 1910. évi népszámlálása 2.* Budapest, 1913. 190.