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**The Significance of the Sea for the Commercial Success of the Bat'a Company**

**(1918-1938)**

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**Abstract**

*In our paper we want to analyze and respond to the question of how important the sea and shipping transport was for the global success of the Bata Company. No other firm from landlocked Czechoslovakia was orientated toward export and transport to such an extent as Bata, and no other company succeeded on such a global level in distributing its products to the world, as well as establishing sister companies and spreading its overall philosophy of business and workers' welfare. On the basis of the Paris peace agreements following the end of the First World War, the newly-created landlocked Czechoslovakia acquired its own coastal zone in free ports of Northern Germany. In addition, at the beginning of the 1920s, the post of Czechoslovak Consul in Hamburg was conferred upon Hugo Vavrečka, a personal friend of owner of the Bata Company, Tomáš Baťa. Later, in 1932, Vavrečka joined the firm, and directed its business expansion from the position of manager. During the 1920s and 1930s there were only a few ship-owners in Czechoslovakia, and among them Bata gained a privileged position which enable the company to negotiate favorable terms of transport tariffs. During the years 1932-1936, the Bata Company even owned two naval vessels (Little Evy, Morava), which were used for the transport of the company's own products, but also in forwarding of freight for other firms. Based on archival research (analysis of company documentation, reports from ministries and diplomatic correspondence) we are trying to analyze the importance of maritime transport for Bata's business success. No other Czechoslovak company had such a significant link "with the sea" as Bata in the interwar period, and in the late 1930s the firm operated in nearly eighty countries in four continents, with sister companies, factories and retail networks.*

**Keywords: Bata Company, Sea, Transport, Multinational companies, Czechoslovakia, Interwar period**

Bohemia. A desert country near the sea  
*Enter Antigonus with a Child, and a Mariner*  
*Antigonus:* Thou art perfect then, our ship hath touch'd upon  
The desert of Bohemia?  
*Mariner:* Ay, my lord: and fear  
We have landed in ill time: the skies look grimly  
And threaten present blusters. In my conscience,  
The heavens with that we have in hand are angry  
And frown upon 's.<sup>1</sup>

The economic benefit of the sea is indisputable. Throughout history, the nations which have used the sea for commercial purposes have always had quicker growth, and well-developed overseas trade has contributed to the wealth of nations. The first large cities were built on the coast or at the mouth of rivers with good access to the sea. Both small states and individual cities became richer when they were able to control the transport of their goods and the transport of goods from other countries. They became intermediaries for states that did not have maritime transport and gained a monopoly on overseas traffic. The amount of economic wars fought for domination of the sea in history serve to indicate its importance.<sup>2</sup>

### **Baťa's encounter with the sea**

The history of the Baťa Shoe Company began on 21st September 1894 when the siblings Anna Baťová, Antonín Baťa and Tomáš Baťa founded their shoe workshop in the town of Zlín (then Austria-Hungary, today's Czech Republic). After initial difficulties with debt, the search for markets and suitable shoe models, the firm developed under the guidance of the youngest Tomáš. After Anna left and Antonin died, he became the sole owner of the company.<sup>3</sup> Tomáš

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<sup>1</sup> William Shakespeare, *Winter's Tale*. Available online on: [http://shakespeare.mit.edu/winters\\_tale/full.html](http://shakespeare.mit.edu/winters_tale/full.html)

<sup>2</sup> B. Radoň, *O československé námořní plavbě*, In: Plavební ročenka 1924, Praha 1924, p. 328. The importance of the sea was also recognized by the first Czechoslovak president, Tomáš Garrigue Masaryk, who declared during the peace talks in Paris in 1919: "We need an approach to the sea. We can reach this in the south. We are completely indifferent as to how and where we can achieve this approach. In any case, we need to get a railroad that will allow us this." Vojtěch Fejlek, Richard Vašek (eds.), T. G. Masaryk: *Cesta demokracie I. Projevy-články-rozhovory 1918-1920*, Praha 2003, p. 77.

<sup>3</sup> Tomáš Baťa (1876-1932) was a Czechoslovak entrepreneur, given the monikers "The Henry Ford of the shoe industry" or "The King of Shoes". He was a creator of an international shoemaking empire, and from 1923 to 1932 the mayor of Zlín. The trained shoemaker and his siblings founded their own shoemaking business in Zlín in 1894. Soon after he took the leading role in company as his sister Anna left the company after her marriage in 1898 and

Baťa's first experiences with the sea came with his trip to the USA at the end of 1904, where he went in order to familiarize himself the new technologies in the shoemaking industry.<sup>4</sup> He gained further experience with the sea and its usage for business purposes during his honeymoon with his wife Maria in 1912 across the Mediterranean Sea, the Aegean Islands and Egypt.<sup>5</sup> In 1925 Tomáš Baťa went on a long business trip to India by sea.<sup>6</sup> Baťa understood very well the significance and importance of the sea for successful business, and he saw it as one of the fundamental foundations of the wealth of coastal nations. Already in 1923, he declared: *“Many people say that it is impossible to create large corporations in our country, as we lack the sea and the coal and oil resources of America. I insist that the great affluence of the American people is based primarily on the wisdom and diligence of the population. There are even larger countries than the United States of America with even greater natural wealth; but because their populations lack the proper comprehension of things, poverty and hunger reign there. I would like to prove that also in our country such enterprises can be created. In order to accomplish it, I need above all understanding and right ideas of my employees.”*<sup>7</sup>

Already in the 1920s, Tomáš Baťa promoted the idea of connecting the Black, Baltic and North Seas by the Danube-Odra-Elbe canal, and in 1928 he briefly became a shareholder in the Odra Shipping Company, which transported goods along the River Odra.<sup>8</sup> In the mid 1920s, in his speech to young men about choosing their career for life, Tomáš Baťa portrayed the sea as a mediator of new experiences and opportunities, which were gained by everyone who ventured out onto the ocean. *“Those among you lacking the courage of choosing your future employment in the large, healthy business community should travel abroad and look around! Particularly the sea should open new horizons for you. Among the thousands of*

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his brother Antonin died from tuberculosis in August 1908. In his enterprise, Tomáš Baťa introduced original methods of production and management, employee motivation and business education. As mayor, he rebuilt the city of Zlín under the concept of a “Factory in Gardens” and founded a garden town with original functionalist architecture. This model of factory and residential neighborhoods with Baťa's architecture was also applied to other places in Czechoslovakia, Europe and North America, wherever he built his factory complexes. Tomáš Baťa died on 12th July 1932 in a plane crash in Otrokovice, Czech Republic. Under his leadership the company grew into a global enterprise that operated on four continents, employing over 31,000 people, selling its goods in 2,500 own shops, and was engaged in 35 different areas of industry, trade, transport, finance and services.

<sup>4</sup> Available online on: <https://www.libertyellisfoundation.org/passenger-details/czoxMjoiMTAyMzQ4MDgwMTUyIjJs=/czo5OiJwYXNzZW5nZXIiOw==> Baťa reiterated trip to the United States twice in 1919 and 1926.

<sup>5</sup> Anthony Cekota, *Entrepreneur Extraordinary. The Biography of Tomas Baťa*, Rome 1968, p. 95.

<sup>6</sup> Zdeněk Pokluda, *Ze Zlína do světa – příběh Tomáše Bati = From Zlin into the World – The Story of Tomas Baťa*, Zlín 2015, p. 37.

<sup>7</sup> Tomas Baťa, *Reflections and Speeches*, Zlín 2016, p. 192.

<sup>8</sup> Tomas Baťa, *Reflections and Speeches*, Zlín 2016, p. 254-260.

*businessmen you will encounter in your travels, you will hardly find a single countryman. In Holland, Denmark or England, you will visit large new cities, offering a much higher standard of living than here; you should keep in mind that those cities were built by business and industry.”*<sup>9</sup>

The Baťa Company supplied the markets of the Austro-Hungarian monarchy with its products and shortly before the First World War, beginning with the export of goods abroad via wholesalers. The export of company products was documented for the territories of Galicia, Germany and the Balkans. The company used freight forwarding services for the transport of goods across the Mediterranean Sea to Egypt and the Middle East.<sup>10</sup> The war events of 1914-1918 stifled exports, but after the foundation of Czechoslovakia in October 1918 and the end of the First World War in November 1918, new export opportunities arose. The Baťa Company started opening its first retail stores (Yugoslavia, Austria, Poland) and also exported its goods through wholesaler sales.<sup>11</sup> For bulk sale the firm set up its warehouses in big ports, so already in 1920 it had storehouses in Hamburg, Amsterdam and London.<sup>12</sup> At the beginning of the 1920s, the company focused its attention on European markets which were not so heavily affected by the First World War (Netherlands, Denmark, Norway, Great Britain). With the help of transport companies, the Baťa Company exported goods over the Mediterranean Sea to Egypt, to where it exported 11,950 pairs of shoes in 1923, which constituted almost 6.5% of the company's entire export.<sup>13</sup>

During the period of 1920-1924, the Baťa company opened its stores in several European countries (Yugoslavia, Romania, Poland, the Netherlands, Denmark and England), and from 1922-1923 also in Egypt. However, problems with the amount of sales, local government interventions and protectionist measures forced the company to close a large number of stores.<sup>14</sup> The situation culminated in 1928, when Baťa's retail network, outside of

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<sup>9</sup> Tomas Baťa, *Reflections and Speeches*, Zlín 2016, p. 174. A similar view to Baťa's was expressed by President Masaryk: "The truth is that we lack the sea, we lack the awareness that there is also a world on the other side; we sit like frogs in a pond croaking at one another." Karel Čapek, *Hovory s T. G. M.*, Praha 2012, p. 43.

<sup>10</sup> František Hodáč, *Tomáš Baťa, Život a práce hospodářského buditele*, Zlín 2015, p. 57; Josef Nádvořník a kol., *Baťův systém řízení do roku 1939*, Praha 1990, s. 91. According to Nádvořník, the company expansion's to the Middle East began in 1909 and to Egypt in 1912.

<sup>11</sup> SOKA Zlín, Baťa a. s., I/3, inv. č. 32, k. 1155.

<sup>12</sup> SOKA Zlín, Baťa a. s., I/10, inv. č. 34, k. 634.

<sup>13</sup> SOKA Zlín, Baťa a. s., I/10, inv. č. 41, k. 636. According to available statistics, in 1923 Baťa exported 187 980 pairs of footwear abroad, most of them to the Netherlands (60 680 pairs), Yugoslavia (37 831 pairs) and Denmark (33 364 pairs). 11,859 pairs of footwear were shipped to the UK, accounting for 6.3% of total exports.

<sup>14</sup> SOKA Zlín, Baťa a. s., I/3, inv. č. 29, k. 18.

Czechoslovakia, operated only in the Netherlands, Yugoslavia, and outside of Europe only in Egypt.<sup>15</sup> However, the sale of goods in Baťa's own shops represented only 10% of sales abroad at that time, while the remaining 90% was still sold via foreign wholesalers. In 1928, the majority of exported goods went to European countries (84%), far less to the US (8%) and the African continent (6%). The remaining 2% was exported to Asia and Australia. For overseas export, the Baťa company still used freight forwarding companies and sent its goods mainly through Northern German ports, especially Hamburg.<sup>16</sup>

A change in the company export system and strategy came between 1929-1932 as a result of protectionist measures, tariff increases, foreign exchange restrictions and the outbreak of the Great Depression. The Baťa company was forced to establish its own factories abroad as well as adjacent company towns with typical architecture, as the goods produced in these new factories were no longer considered foreign and could be marketed without increased tax and customs barriers. If a given country had overseas colonies, similar financial benefits also applied there. From 1929 to 1932, the company opened factories in the German town of Ottmuth (now Poland), Chelmek (Poland), Möhlin (Switzerland), Hellocourt (France), Borovo (Yugoslavia, now Croatia), Konagar in India (later Batanagar) and Tilbury (England). During the same period its retail network grew to 666 stores in 37 countries.<sup>17</sup>

### **Baťa's sea fleet**

At the turn of 1931-1932, Tomáš Baťa took a commercial intercontinental air journey to India and Indonesia, where he verified the huge possibilities for company export<sup>18</sup> At the same time, however, in supplying these remote Asian (and also African) markets Baťa came up against fierce Japanese competition. Cargo shipments of raw materials, as well export of final products and transfer to individual ports amounted to a substantial part of the final price of goods. In order to reduce or eliminate intermediaries in the chain of business, Baťa decided to set up its own shipment transport.

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<sup>15</sup> SOKA Zlín, Baťa a. s., I/3, inv. č. 63, k. 36.

<sup>16</sup> SOKA Zlín, Baťa a. s., I/3, inv. č. 63, k. 36.

<sup>17</sup> Zdeněk Pokluda, *Ze Zlína do světa – příběh Tomáše Bati = From Zlín into the World – The Story of Tomas Baťa*, Zlín 2015, p. 37; SOKA Zlín, Baťa a. s., XXVI, inv. č. 70, k. 1835.

<sup>18</sup> Jan Herman, *Baťa létá z Otrokovic*, Zlín 2018.

Interwar Czechoslovakia, as an inland state, had no access to the sea,<sup>19</sup> but the Versailles peace treaty with Germany guaranteed the newly founded state its own coastal zone in Hamburg and Szczecin, which were rented for 99 years.<sup>20</sup> In March and April of 1921, a conference convened by the Council of the League of Nations took place in Barcelona. Among other matters, this conference included in its program the recognition of the right to a maritime flag for states without a coastline. Czechoslovakia gained this right after the ratification of the treaty on October 8, 1921.<sup>21</sup> During the 1920s and 1930s, several naval vessels sailed under the Czechoslovak flag on seas and oceans.<sup>22</sup> In addition to the ships Legion and Arna, which transported raw materials between Europe and Africa, and in case of Legion also to America, other vessels had a significantly lower tonnage and mostly served for coastal shipping or for smuggling illegal goods. However, two of Baťa boats - Morava and Little Eva were an exception to this.<sup>23</sup>

Tomáš Baťa's journey to India and the arrival of the former Czechoslovak diplomat and sailor Hugo Vavrečka at the company brought the necessary impetus to the decision to buy the company's own naval ships for the transport of company products to Asia and raw materials from Asia.<sup>24</sup> With its own vessels and direct connection with Asian ports, the company wanted

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<sup>19</sup> Despite the fact that William Shakespeare in the *Winter's Tale* placed Bohemia on the coast, Czechoslovakia had no access to it. During the Paris Peace Conference in 1919 there were several options for the position and extent of Czechoslovakia's borders, and one of them proposed a land corridor leading to the Adriatic Sea. For more see T. Masaryk's quotation in footnote no. 2.

<sup>20</sup> Emil Ženatý, *Československý Lloyd*, In: *Věstník pro vodní hospodářství* 15, 1936, č. 2-3, s. 17.

<sup>21</sup> Národní shromáždění republiky Československé 1920-1925, tisky, č. 4230. Available online at: [http://www.psp.cz/eknih/1920ns/ps/tisky/T4230\\_01.htm](http://www.psp.cz/eknih/1920ns/ps/tisky/T4230_01.htm)

<sup>22</sup> The Czechoslovak Shipping Register at the Commercial Court in Prague lists 12 ships, however some other vessels sailed under the Czechoslovak flag without registration..

<sup>23</sup> The ship Legion had a tonnage of 5,743 BRT and Arny had 3,049 BRT. The remaining vessels, which were originally supposed to transport fish and other goods, had a significantly lower tonnage up to 350 BRT (except two of them which had tonnages of 550 BRT and 640 BRT). Their owners used them to smuggle illegal alcohol into Finland or to the Baltic states, and one ship even carried weapons to rebels to South America. See more on maritime transport during the First Czechoslovak Republic in Interwar period in: Jan Herman, *Czechoslovak shipping in the inter-war period: The maritime transport operations of the Baťa Shoe Company, 1932-1935*. in : *The International Journal of Maritime History*, 2015, vol. 27 (1), p. 79-103; and also in Karel Raba, *Naděje a ztroskotání Čs. námořní plavby za první republiky*, In: *Dějiny a současnost* 4, 1962, vol. 8, p. 17.

<sup>24</sup> *Pražský večerník*, Praha, 2. 9. 1932. The newspaper literally stated: "*According to the plans drawn up during the great trip of Tomáš Baťa to the East, the Baťa Company will send a merchant ship to travel to the Orient.*"; Hugo Vavrečka (1880-1952) graduated from Brno Technical University, and completed his military service in the Austro-Hungarian Navy in Pula. From January 1919 he became member of the Czechoslovak delegation at the Peace conference in Paris and from February 1920 served as a general consul in Hamburg. In 1922 he became an Czechoslovak Ambassador in Budapest and from 1926 served in the same position in Vienna. In the Baťa company he became a Director for diplomatic, economic and business relations and worked also as an expert on maritime issues.

to improve sales and supplies of raw materials. In April 1932, Hugo Vavrečka, while still working in the Czechoslovak diplomacy, discussed with the Polish Consul the deepening of the Czech-Polish economic relations and also negotiated a lower transport tariff for Baťa goods, which would be dispatched through Polish ports rather than German, as had been the practice until then.<sup>25</sup> In August 1932, Hugo Vavrečka went with the new boss, Jan A. Baťa, to attend an inspection of the Northern Germany ports, where they looked for a suitable boat to buy. They found a ship named S/S Kouroussa in October 1932 and purchased it later in in Marseille for 420,000 francs.<sup>26</sup>

A Czechoslovak crew was hired for this ship, and after the necessary repairs, renovations and tests the ship sailed to Gdynia. For communication with the port authorities, the Baťa company was represented by Spedition Rapid, a company from Hamburg. The Kouroussa ship was renamed Moravia<sup>27</sup>, and its first task was to transport goods, materials and workers to the newly established factory in Konagar near Calcutta. The ship left Gdynia on 28th December 1932, sailed along the European coasts and on 15 January 1933 arrived in Algiers. It continued along the Suez Canal, the Red Sea and sailed along the Asian shores, until reached the Hugli River and Calcutta on 24 February 1933, where it unloaded its cargo.<sup>28</sup>

After a few days in Calcutta and the necessary maintenance, the ship sailed to Indonesia. A company employee in the Department for purchasing raw materials, Josef Sedlář, was there already from summer 1932, and worked on buying a plantation for the firm, as well as on the purchase of raw rubber directly from producers.<sup>29</sup> By this means, the Baťa company attempted to remove British, Dutch and Chinese intermediaries from the purchasing chain, as they increased the cost of rubber and thus the cost of the final price of shoes.<sup>30</sup> In Indonesia and Malaysia, the ship loaded 4,000 tons of raw rubber and then sailed to Saigon to unload the transported goods of other European companies, which partly covered the costs of the entire trip. Moravia docked for one day in Saigon, and then on 28 March 1933 set out on its way back to Europe. The vessel arrived in the Romanian port of Galati on 15 May 1933 and unloaded the

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<sup>25</sup> Vorwärts, Berlín, 24. 4. 1932. SOkA Zlín, fond Baťa a. s., sign. II/8, kart. č. 54, inv. č. 54.

<sup>26</sup> Národní archiv Praha, Československý plavební úřad Praha 1921-1950, inv. č. 999, k. 79.

<sup>27</sup> The ship was renamed Moravia, which was the name of one of the historical countries which made up Czechoslovakia.

<sup>28</sup> Jan Herman, *Czechoslovak shipping in the inter-war period: The maritime transport operations of the Baťa Shoe Company, 1932-1935*. In: *The International Journal of Maritime History*, 2015, vol. 27 (1), p. 90-92.

<sup>29</sup> Archiv Ministerstva zahraničních věcí Praha, IV. sekce, k. 1081, folder 10.

<sup>30</sup> SOkA Zlín, Baťa a. s., III, inv. č. 47, k. 1387.

bulk of raw rubber, which was then transported along the Danube to Bratislava and from there to Zlín by the Czechoslovak Steamboat Society.<sup>31</sup>

The Moravia was later used several times for transporting grain from Romania to the ports of Western Europe and iron in the opposite direction, but neither Baťa nor its Spedition Rapid representative in Hamburg were able to find usage for a ship with such large tonnage (3 463 BRT). Transport of goods to the Orient was offered unsuccessfully to other Czechoslovak firms, with "*transport rates, according to preliminary calculations, definitely lower than the current normal rates*".<sup>32</sup> Plans for rebuilding the ship to be used for transporting people and goods to North and South America were not carried out, and the Baťa company decided to sell the ship in October 1933. A suitable buyer was found by the end of the year, and on 3 January 1934 the boat was sold for £7,300.<sup>33</sup>

A second boat named S/S Little Evy (461 BRT) was purchased by the Baťa company in September 1932 and used for a large coastal voyage on the North and Baltic Seas. Transoceanic ships sailed to the port of Hamburg with the raw materials necessary for the Baťa shoe production (mainly leather from South America and raw rubber from Indonesia and Malaysia). Little Evy transported them between Hamburg and the Baltic ports of Gdansk, Gdynia and Kaliningrad. At the same time, it also served as a forwarder boat for other companies. From the Baltic ports, the company moved goods inland via Polish railways, because it had negotiated more favorable transport tariffs with them than for transport from Hamburg.<sup>34</sup> In Hamburg, Baťa was represented by Spedition Rapid and in Gdansk and Gdynia by Rummel Burton. It was the task of these companies to obtain cargo for the ship and to secure its usage in both directions.<sup>35</sup> Little Evy carried goods between Hamburg and the Baltic ports from December 1932 to August 1934. During this period it faced strong German competition, as well as national disputes which came as result of the advent of Nazism. Another problem was the considerable alternation of the crew. The number of individual voyages gradually declined, but the biggest setback came on 22 August 1934, when the ship collided with the Russian ship Berezina in the Kiel Canal. It was severely damaged and dragged into the harbor. The Baťa company then

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<sup>31</sup> Jan Herman, *Czechoslovak shipping in the inter-war period: The maritime transport operations of the Baťa Shoe Company, 1932-1935*. In: *The International Journal of Maritime History*, 2015, vol. 27 (1), p. 90-92.

<sup>32</sup> Zemský archiv Opava, pobočka Olomouc, Obchodní a živnostenská komora v Olomouci, inv. č. 15205, k. 1846.

<sup>33</sup> Národní archiv Praha, Československý plavební úřad Praha 1921-1950, inv. č. 999, k. 79.

<sup>34</sup> Národní archiv Praha, Československý plavební úřad Praha 1921-1950, inv. č. 1027, k. 82; Karel Raba, *Naděje a ztroskotání Čs. námořní plavby za první republiky*, In: *Dějiny a současnost* 4, 1962, vol. 8, p. 17.

<sup>35</sup> *Obzor*, Přerov, 12. 8. 1934; SOkA Zlín, Baťa a. s., II/8, inv. č. 163, k. 163.



decided not to continue with own shipping, and started to look for buyers for Little Evy. In January 1935 the boat was sold.<sup>36</sup>

### **Bat'a and the sea after the sale of its own ships**

Even after the sale of its own seagoing ships, Bat'a followed the economic situation and the possibilities of maritime transport. After the beginning of 1934, the Chamber of Commerce and Industry in the city of Olomouc sent statistical data to firm about the amount of transported goods and the tariffs in the ports of the North, Baltic, Adriatic and Mediterranean Seas.<sup>37</sup> Until April 1935, Bat'a exported its goods mainly through Baltic ports, especially Gdynia. However, the harbor in Trieste together with Austrian railways offered Bat'a better tariff conditions (around 8% cheaper), and from April 1935 Trieste became the main export port for the Bat'a company.<sup>38</sup>

At that time, the structure of company exports was also changing. Retail trade (60% of total export) predominated over the wholesale market (40%) and the importance of shipping was increased when the direction of exported products changed. Europe remained the largest market (with 32% of total export), but it was followed closely by North America and the Caribbean (29%), Africa (24%) and Asia with Australia (15%).<sup>39</sup> This can be seen very well if we compare statistics for company export to non-European markets in the years 1929 and 1937. Those two dates were used as 1929 was the last year before the larger consequences of the Great Depression hit the world economy and as 1937 was the last year before the Munich Agreement crippled Czechoslovakia. In 1929, total export to Africa was 606,000 pairs of shoes, while by 1937 this had increased to 5,052,000 pairs (an increase of 8.3 times). Exports to Asia rose from 226,000 to 2,654,000 pairs (11.7 times), while exports to America rose from 760,000 to

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<sup>36</sup> Národní archiv Praha, Československý plavební úřad Praha 1921-1950, inv. č. 1027, k. 82; More about maritime shipping of the Bat'a Company in: Jan Herman, *Czechoslovak shipping in the inter-war period: The maritime transport operations of the Bat'a Shoe Company, 1932-1935*. In: *The International Journal of Maritime History*, 2015, vol. 27 (1), p. 79-103.

<sup>37</sup> Zemský archiv Opava, pobočka Olomouc, Obchodní a živnostenská komora v Olomouci, inv. č. 15179, k. 1844; Vystěhovalec, Praha, 15. 10. 1934; SOkA Zlín, Bat'a a. s., II/8, inv. č. 163, k. 163.

<sup>38</sup> Venkov, Praha, 7. 5. 1935; SOkA Zlín, Bat'a a. s., II/8, inv. č. 163, k. 163.

<sup>39</sup> SOkA Zlín, Bat'a a. s., I/3, inv. č. 63, k. 36. Compared to 1928, there is a significant increase in exports to North America and the Caribbean by 21%, Africa by 18%, and Asia to Australia by 13%, while a significant decrease of 52% was recorded in Europe, but this is due to the operation of Bat'a factories founded abroad.

4,858,000 pairs (6.4 times) and to Australia from 33,000 to 216,000 pairs (6.5 times increase).<sup>40</sup> This strong focus on non-European markets could only be achieved by well-managed price calculations and favorable shipping tariffs. This strong enlargement of export was also related to the development of the Baťa retail network abroad. In 1932, the company had only 666 stores in foreign countries, while five years later this number reached 2,666, and at the beginning of the war the company owned 3,272 shops and sales points.<sup>41</sup>

Another event related to the sea and the Baťa Company was the national economic lecture called "Maritime Transport in the Czechoslovak Foreign Trade", which was held in Prague in May 1937 by Hugo Vavrečka, then the Commercial director of the firm. At that time Vavrečka was also the head of the Economic Council (Center économique), which was created to restore economic relations within the Little Entente.<sup>42</sup> This lecture assessed the export possibilities of an inland Czechoslovak state, which was relying on the shipping services of coastal states. It fought against restrictive interference and called for free competition in the setting of prices and tariffs. Vavrečka pointed out that Czechoslovak foreign trade was unduly burdened by payments for transit expenses to foreign companies transporting goods across the sea. He also emphasized that landlocked countries need to devote more to the possibilities of maritime transport "*because it is a service that is often much more important to economy than is apparent from their continental perspective*"<sup>43</sup>

In his view, the cost of shipping was very high for many Czechoslovak products. In particular, the costs of maritime transport to the Far East and Central American countries exceeded their export price, and for many industrial products, it influenced their competitiveness on the respective markets. He also remarked that: "*Czechoslovak trade has established direct contact not only with exporters and importers abroad, but also with foreign*

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<sup>40</sup> SOKA Zlín, Baťa, X, inv. č. 118, k. 1541. However, total export figures are much higher. The above mentioned statistics are valid only for the export of footwear from Zlín, as export from Baťa factories founded in other states is not yet analyzed and described.

<sup>41</sup> SOKA Zlín, fond Baťa a. s., XXVI, inv. č. 70, k. 1835; SOKA Zlín, fond Baťa a. s., X, inv. č. 119, k. 1542; SOKA Zlín, fond Exico, inv. č. 5, k. 1, inv. č. 5. In the company's statistics, in 1939 listed is a total number of 3272 stores, but this figure includes scarcely possible 164 shops in Singapore, 269 in Indonesia and 668 in India. In these cases as well in the whole of Southeast Asia, those were probably Bazaar sales points, not Baťa's classic shop.

<sup>42</sup> Little Entente was a military-political alliance which existed during 1921-1939 period, composed by Czechoslovakia, Yugoslavia and Romania, with strong support from France. It was originally intended to prevent the re-establishment of Austria-Hungary, but it was directed in fact against Germany's and the Soviet Union's efforts to control the region of Central and South-Eastern Europe.

<sup>43</sup> SOKA Zlín, Baťa a. s., I/4, inv. č. 468, k. 132.

*shipping companies, negotiating prices and shipping maritime transport in many cases alone and directly, while earlier those services were provided by the intermediaries abroad*"<sup>44</sup>

This change came not only in Czechoslovakia, but was related to overall trends in world trade, with a simplification of trade and exchange techniques by bypassing intermediaries. Large Czechoslovak companies already had direct contacts with overseas and only rarely used foreign intermediary trade during the 1930s. They also negotiated transport overseas by themselves and directly with shipping companies, thus avoiding brokerage firms. At the same time, Czechoslovakia (and also the Baťa company)<sup>45</sup> tried to establish the first wholesale export companies capable of financing exports for smaller Czechoslovak firms.

According to Vavrečka, after several years of downturn due to the Great Depression, maritime trade fully recovered in second half of the 1930s. Once again, there was a shortage of shipping space, and therefore international shipping cartels were formed, as well as pools and liner conferences<sup>46</sup> which were designed to maintain maritime tariffs at the highest level. Unlike inland countries, coastal states were able to negotiate transport tariffs more easily and gain better preferences. Inland countries, if they did not want to pay a higher freight rate, could navigate under their own flag or set up larger companies to negotiate jointly with forwarders about the possibility of lowering the fares. Vavrečka calculated that Czechoslovak companies would have shipping costs of around 1 billion Czechoslovak crowns in 1937, and that if the *"correct strategy was chosen in negotiation with shipping carriers, tens or hundreds of millions of crowns per year could be saved, and this achievement would greatly benefit our national economy and our balance of payments.*"<sup>47</sup> Therefore he proposed the establishment of a strong alliance of inland exporters, which would negotiate with shipping conferences from better positions. However, the creation of this group was conditional upon the approval of the Czechoslovak Government and the National Bank of Czechoslovakia. Concerns about the imminent war, the policy of appeasement and consequently the Munich Agreement, followed by the declaration of the Protectorate of Bohemia and Moravia, pushed the issue of maritime

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<sup>44</sup> SOKA Zlín, Baťa a. s., I/4, inv. č. 468, k. 132.

<sup>45</sup> In 1933 the Baťa company established Kotva s.r.o. This firm was transformed in 1937 into an import and export company, which was used for the import and export of products and raw materials for Baťa. At the same time, this firm also exported goods from other Czechoslovak enterprises. Prior to the outbreak of World War II, Kotva had more than 50 offices in various countries on all continents.

<sup>46</sup> A Naval Conference is a group of liner cartels operating on selected routes, which aims to have common fixed tariffs and the same prices for services; A pool is a close association of maritime operators operating jointly on pre-arranged terms, tariffs and prices.

<sup>47</sup> SOKA Zlín, Baťa a. s., I/4, inv. č. 468, k. 132.

trade aside. Therefore, due to political and economic circumstances, Vavrečka's vision and policy did not materialize and remained stored in the archive as a testimony of the time.<sup>48</sup>

### **The Air is our Sea**

The slogan "The Air is our Sea" resonated throughout entire period of the First Czechoslovak Republic (1918-1938). This was also promoted by President T.G. Masaryk, as the motto of the Masaryk Aviation Leagues, and was widely used by the Baťa company. Czechoslovakia did not have access to the sea, so aviation was widely promoted with the intention of providing similar economic advantages as the sea.<sup>49</sup> The Baťa company bought its first aircraft for promotional and business purposes in 1924, but the first real commercial flight of Tomáš Baťa took place in 1928. In 1931, the firm built a new airport in Otrokovice, which belonged among the largest and most modernly equipped private airports in Europe. At that time it also owned 17 aircraft, which was one third of all the airliners in Czechoslovakia. During the 1930s, the fleet continued to grow, and included some of the latest models of Fokker, Junkers, Havilland, Spartan and two Lockheed Electra celebrated by Amelia Earhart.<sup>50</sup>

From December 1931 to February 1932, Tomáš Baťa took the first intercontinental commercial flight to India by company airplane. This famous journey created news not only in Czechoslovakia, but was also widely reported in newspapers abroad. It was even described by the New York Times as "*the most lengthy and ambitious sales trip yet made by airplane*". This unique trip was followed by further representatives of the company during the 1930s, who carried out eight intercontinental business trips by company aircraft, flying over two hundred thousand kilometers. These trade routes have no comparison in the era of interwar Czechoslovakia (1918-1939), and as far as authors are aware, no similarly long and time-consuming business trips were made by any other European firm of that time.<sup>51</sup>

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<sup>48</sup> SOkA Zlín, Baťa a. s., I/4, inv. č. 468, k. 132. Czechoslovak Sea Shipping was restored in 1952 but under different circumstances. Ships under the Czechoslovak and from 1993 Czech flag sailed until 1998, when as a result of privatization they came into the hands of the controversial businessman Viktor Kožený, who sold the company. For more details see Lenka Krátká, *Domovský přístav Praha. Československá námořní plavba v letech 1948 až 1989*, Praha 2016.

<sup>49</sup> Roubík, *Čsl. obchodní letectví, jeho vývoj, dnešní stav a podmínky jeho budoucnosti*, Praha 1934.

<sup>50</sup> SOkA Zlín, Zlínská letecká a. s., inv. č. 43, k. 8; *Nové dopravní letadlo předváděno ve Zlíně*, Zlín, 2. 2. 1934, s. 3; *Letectví v USA*, Zlín, 11. 11. 1936, s. 6; Jiří Rajlich - Jiří Sehnal, *Vzduch je naše moře. Československé letectví 1918–1939*, Praha 2002, s. 99

<sup>51</sup> Jan Herman, *Baťa létá z Otrokovic*, Zlín 2018.

The way in which the Baťa company understood the importance of the slogan "The Air is our Sea" was described very precisely in 1934 by one of the company's directors, Dominik Čipera: *"Flying through the air today has much to do with the sailing on the seas in the past. However it is much safer than sea the expeditions of the past. There are no pirates anymore, and our aircraft are safer today than the ships were previously. Today, however, aviation is just as important to progress as sea transport was before. Those who are first and best able to utilize all its advantages, those who are first able to make their servant this great invention of our time, will maintain a leading position. Airplanes bring us closer to distant countries, make the world smaller, and allow us to work all around the world. Take advantage of them, let's go!"*<sup>52</sup>

## **Conclusion**

The Czechoslovak company Baťa experienced an unusual degree of development during the interwar period (1918-1939), when it penetrated with its products into almost all the countries in the world. The company used maritime transport for exporting its goods already before the First World War, and the new political order established in Europe after end of the war brought new export opportunities. From 1918 onward, the firm exported products abroad and addressed customers through wholesalers and partly within its own retail network. However, the company was faced with fierce competition in foreign countries, so it was necessary to find a secure and cheap transport solution in order to be able to provide affordable goods and services for customers abroad. For transport to continental European countries, Baťa used railways and roads, but supplying overseas territories was carried out by naval vessels from freight forwarding companies. Until 1932 the Baťa company's overseas export flowed through Hamburg and other North German ports, where Czechoslovakia, based on the terms of the Paris Peace Conference, had its own coastal zone. In the spring of 1932, the company negotiated more favorable rail traffic tariffs from Polish ports to its headquarters in Zlín. After that, company goods were dispatched via Gdynia and other Polish ports.

In 1932 Baťa bought two naval vessels, which were used for transporting raw materials and company goods, as well as for freight forwarding services for other firms. Although this was the most striking Czechoslovak activity in maritime transport in the 1930s, the operation of these ships was not very successful. Due to the enormous competition in the time of economic

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<sup>52</sup> Létati jest nutno, Zlín, 9. 3. 1934, s. 3.

crisis, the larger ship Moravia was not optimally used, and the expected profit did not materialize. The smaller boat, Little Evy, which operated mainly on the Baltic Sea, had similar problems. This ship was also faced with an exacerbated national situation, related to the advent of Nazism in Germany. For these reasons, both ships were sold, Moravia in January 1934 and Little Evy year later. Following the sale of its own ships, the Baťa Company continued to monitor the situation in maritime transport. After 1935 it negotiated cheaper transport tariffs with Austrian railways, and from then until the outbreak of the Second World War the company used the Adriatic port of Trieste for exporting its products and importing the raw materials necessary for production. In the second half of the 1930s, the company exported its merchandise to 97 countries on five continents, which was possible only because of very good calculations of costs and the negotiation of favorable shipping contracts.

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