

# The Founding and Demise of the Joint-stock Malt House and Brewery in Benešov



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## KEYWORDS:

Brewing Industry — Bohemian Lands — Benešov — 19<sup>th</sup> Century — Business History

This text is one of the outcomes of a research project studying the history of beer brewing in the Benešov region in 1872–1897.<sup>1</sup> The text focuses on the context of the bankruptcy of the joint-stock company that founded a big malt-house in Benešov in 1872 that was later turned in part into a brewery. The operation of the joint-stock company is observed in the broader context of the changes in the society of the second half of the 19<sup>th</sup> century, including the changes in the beer brewing industry of the time. The connection with the specific local development in the relationship between the subordinate town of Benešov and the gentry at the nearby manor of Konopiště is also important, including the complicated relations between the bourgeois elites that were closely connected with the joint-stock company and the lord of Konopiště Eugen Lobkowitz. Apart from other points of view, this text also sheds light on the personal and institutional interconnectedness with the local Civil Loans Office (Občanská záložna). This office's operation was closely connected with the operation of the joint-stock company and led, in the end, to the final demise of the joint-stock company. The result of the failure was the 1887 decision of the general meeting to sell the bankrupt company to the new owner of Konopiště, František Ferdinand d'Este.

The history of beer brewing in Benešov and its surroundings has been repeatedly described, mostly by regional researchers, but the time-frame of 1872–1887 is only mentioned in a few paragraphs in most of the works. These works also mentioned, though only marginally and vaguely, the connection between the joint-stock company and Občanská záložna. Some of the previous works focusing on the topic contain errors and fallacies about the time period and these errors have been copied in some more recent works. The history of beer brewing in the Benešov region was covered by local historian Jiří Tywoniak<sup>2</sup> from the 1940s. It is most likely that his

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1 This output was created as part of the project “Language, identity, history in the cultural transformations of the society”, subproject “Unmapped chapters of the history of beer brewing in the years 1872–1897” carried out at Charles University in Prague from the Specific university research in 2016.

2 Jiří Tywoniak, Z minulosti benešovského pivovarnictví. In: Padesát let tvořivé práce státního pivovaru v Benešově, 1897–1947, Benešov 1947, pp. 9–15; Jiří Tywoniak, Z dějin



findings were adopted in other works, mostly of encyclopedic character, by such authors as Pavel Jákl<sup>3</sup> and Zbyněk Likovský.<sup>4</sup> The work of František Gabriel, a very well-researched history of beer brewing in the Podblanicko region, focuses on Benešov only marginally.<sup>5</sup> For a long time, the history of beer brewing is also the focus of the author of this text; his earlier works that are focused on this time period mostly map the construction development of the malt house and brewery and their technical and technological standards.<sup>6</sup>

Since there is practically no existing literature on the topic, the whole research was based on the study of source materials found in archives. The sources concerning the development of the joint-stock company and the background of its operation are unfortunately fragmentary and only partially preserved. To find the information about the formation and functioning of the joint-stock company and to identify the people involved with it, archive materials from the funds of the Bohemian governor's office (České místodržitelství Praha, ČM) in the National archive in Prague (NA Prague)<sup>7</sup> and the Regional Court of Tábor (Krajský soud Tábor, KS Tábor) in the State Regional Archives in Třeboň (Státní oblastní archiv v Třeboni, SOA Třeboň).<sup>8</sup>

The joint-stock company did not leave any coherent body of documents behind that would be stored in some of the state archives, or in the State District Archives in Benešov (Státní okresní archiv Benešov, SOkA Benešov), or in State District Archives in Prague (Státní oblastní archiv v Praze, SOA Prague). We are therefore dependent on other, more or less connected secondary resources. They are mostly documents related to the legal agenda and trade agenda stored in SOkA Benešov in the collections of the District Authority of Benešov (Okresní úřad Benešov, OÚ Benešov)<sup>9</sup> and Archive of the town of Benešov (Archiv města Benešov, AM Benešov)<sup>10</sup> or the construction agenda stored in the same collections.<sup>11</sup> Some other secondary resources

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zemědělského průmyslu na Podblanicku, Sborník vlastivědných prací z Podblanicka (hereinafter as SVPP) 3, 1959, pp. 97–112.

3 Pavel Jákl, *Encyklopedie pivovarů Čech, Moravy a Slezska*, Bd. I., Střední Čechy, Prague 2004.

4 Zbyněk Likovský, *České pivovary 1869–1900*, Prague 2005.

5 František Gabriel, *Pivovarství v Posázaví a na Podblanicku v minulosti*, SVPP 13, 1972, pp. 145–167.

6 Michal Horáček, *Nové poznatky k vývoji areálu sladovny a pivovaru v Benešově v dobových souvislostech mezi lety 1872–1897*, Středočeský sborník historický 43, 2017, pp. 97–122; Michal Horáček, *Neznámé kapitoly z dějin pivovarství v Benešově a na Konopišti v druhé polovině 19. století*, Kvasný průmysl 62, 2016, no. 2, pp. 56–59.

7 The same resource also contains some of the sources about the operation of the Občanská záložna. NA Prague, fund (hereinafter as f.) ČM (1850–1920).

8 Regarding the joint-stock brewery and malt house, only book inscriptions were preserved, not a complete file. SOA Třeboň, f. KS Tábor (1850–1849).

9 SOkA Benešov, f. OÚ Benešov (1850–1946), inventory number (hereinafter i. n.) 575, Povolování živností jednotlivě and i. n. 595, Povolování živností jednotlivě.

10 SOkA Benešov, f. AM Benešov (1850–1945), i. n. 984, Živnostenské záležitosti.

11 SOkA Benešov, f. AM Benešov, i. n. 981, Stavební záležitosti.



were used from the same source of information, such as books with minutes of the town council meetings<sup>12</sup> and the electoral registry.<sup>13</sup> Some of the relevant information was found by accident, for example fragmentary information about the financial dealings of the Construction Trades Association (Spolek stovebních živností) in Benešov that was the holder of a stake in the joint-stock company.<sup>14</sup> The archive collections of the town's financial institutions stored in the AM Benešov as well could only be used with regard to the connection between the joint-stock company and the local loans office.<sup>15</sup>

Contextual and often very valuable information could be found in the archive collections related to Konopiště domain and its business dealings. Regarding this, the fund of the Konopiště estate (Velkostatek Konopiště, Vs Konopiště), located in SOA Praha, should be noted,<sup>16</sup> and also the Central Headquarters of the Hohenberg Estates in Benešov (Ústřední ředitelství hohensberských statků v Benešově, ÚŘHS), in the same archives.<sup>17</sup> It was formed as late as 1887, but on its agenda, the information closely connected to the joint-stock company appears retrospectively. Apart from the archival documents stored in the state archives, the materials of the Cadastral office in Benešov (Katastrální úřad Benešov, KÚ Benešov)<sup>18</sup> were used in the research and file of building No. 306 stored in the Construction and Urban planning department of Municipality of Benešov (Odbor výstavby a územního plánování Městského úřadu Benešov, Stavební archiv) was also used.

Apart from the archive collections periodical publications from the period under review were also an important source of information, and both regional and national<sup>19</sup> newspapers were used. In 1885, the newspaper "Hlasy od Blaníka"<sup>20</sup> was founded and it focused on the situation of the joint-stock company and the Občanská záložna in fine detail. Apart from specific articles on the topic, "Hlasy od Blaníka" also helped to reconstruct the atmosphere and character of life in Benešov in the period. Note-worthy information can also be found in regional newspapers of later years.<sup>21</sup> The list

12 SOkA Benešov, f. AM Benešov, i. n. 199–203, Zápisy o schůzích městské rady.

13 SOkA Benešov, f. AM Benešov, i. n. 1006, Volby — seznamy voličů.

14 SOkA Benešov, f. Spolek stavitelský, i. n. 9, Pozvánky na schůze (1881–1912) and i. n. 19, Deník příjmů a vydání (1872).

15 SOkA Benešov, f. AM Benešov, i. n. 992, Městská spořitelna a jiné hospodářské ústavy a spolky.

16 SOA Praha, f. Vs Konopiště (1584–1943). In the collection there is also archive material labeled Úpisy na akciový pivovar a sladovnu v Benešově 1872, i. n. 816. In fact, this material contains a list of stockholders in the malt house and brewery in Strážkov close to Benešov that was founded in the same era.

17 SOA Prague, f. ÚŘHS (1816–1921[1924]).

18 KÚ Benešov, insert of the Hlavní kniha [Main book] no. 306. The material regarding the Hlavní kniha archived in SOkA Benešov in the collections of the Okresní soud [District Court] is unfortunately not organized and accessible.

19 Mainly Národní listy, 1861–1941.

20 Hlasy od Blaníka: časopis věnovaný zájmům kraje Podblanického, 1885–1914.

21 For example Blaník — List československé strany národně socialistické, 1919–1939.



of periodicals includes contemporary magazines published by the professionals in the area of beer brewing and malting.<sup>22</sup>

To put the information into a broader context, the available academic literature on the topic of development of beer brewing and malting in the time period<sup>23</sup> was also used, as well as literature focused on entrepreneurship, modern business elites<sup>24</sup> and financial institutions.<sup>25</sup> The works concerning financial institutions such as civil loan offices in Benešov region were mostly older, but they did not focus on Občanská záložna in Benešov and its impact specifically.<sup>26</sup>

## HISTORICAL INTRODUCTION<sup>27</sup>

In Benešov, beer was brewed as early as the 15<sup>th</sup> century, just as in the Konopiště domain. The bourgeoisie of Benešov originally brewed beer in their own houses. Later, a number of buildings were built specifically for the purpose. The gentry allowed the bourgeoisie to brew and sell beer indefinitely in 1595 but this privilege was revoked after the Thirty Years' War, which affected all the breweries in town. In the following decades, only the gentry produced beer in the brewery of Konopiště and they were also the only ones selling it. The bourgeoisie tried to change this state of affairs from the end of the 18<sup>th</sup> century and repeatedly in the first half of the 19<sup>th</sup> century in order to have the privilege to brew beer again. They did not accomplish this until 1802 when the appellate court confirmed that the town of Benešov holds the brewing right and can therefore produce and tap beer. However, this privilege was in conflict with the release agreement between the town and the authorities of Konopiště dominion from the same year under which the town of Benešov partially released itself from dependence. In 1830s, there were attempts to start a brewery and plans were drawn up for its construction, but this building was never actually built especially for financial reasons.

The process of liberation and the status of a “town under protection” was the first step towards a new form of relations between the town and the nobility. This relationship was changed for good in 1848, at least on paper, with the end of mano-

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22 Mainly Kvas: časopis pro pivovarnictví, vinopalství, vinařství a chmelařství, Kvas, 1873–1940.

23 For example Radoslav Daněk, *Ostravské pivovarnictví v éře kapitalismu*, Ostrava 2014; Michael Viktorčík, *Vznik sladovnického průmyslu a jeho vývoj do roku 1918 (se zvláštním zřetelům k olomouckému sladovnictví)*. In: *Pivo lepších časů*, 2007, pp. 81–103; and elsewhere.

24 Jiří Štaif (ed.), *Moderní podnikatelské elity*, Prague 2007.

25 Eduard Kubů — Jiří Šouša (eds.), *Finanční elity v českých zemích (Československu) 19. a 20. století*, Prague 2008.

26 Jan Hájek, *Počátky a rozmach českého záloženského hnutí ve třetí čtvrtině 19. století*, *Hospodářské dějiny — Economic History* 12, 1984, pp. 265–315; Jan Hájek, *Počátky moderního peněžnictví na Benešovsku — a) Spořitelny*. *SVPP* 33, 1993, pp. 153–176.

27 Based on M. Horáček, *Nové poznatky k vývoji areálu*, 2017, pp. 102–103.

rial administration. The second half of the 19<sup>th</sup> century saw not only the change of the nobility-town relations, but also a change of the social and economic development that brought about new conditions of business (modern trade law from 1859), and new economic conditions (for example, a railway was built connecting Benešov with other towns and regions in 1871). During the second half of the 19<sup>th</sup> century, beer brewing underwent complex economic, social, technical and technological changes. These changes, which were equally taking place in the wider social context, changed beer brewing from a craft into a modern industry based on science. Along with that, the whole structure and organization of beer production, the structure of ownership and the relations between the owners in the new conditions changed as well. In 1869, the archaic propination right that had been blocking many towns from building breweries was revoked. The structure and shape of trade outlets also changed. This transformation brought about many changes, but despite them, many old bonds and relationships remained and influenced the future. The nobility — the owners of the Konopiště domain, the Princes of Lobkowitz, entered this era with a traditional brewery (and with their estate in debt). The bourgeoisie in Benešov were openly ambitious and wanted to strengthen the economic role of the town and to start a modern company.



## THE FOUNDATION OF THE JOINT-STOCK COMPANY

The joint-stock company that aimed to build and manage the malt house and crop market was created by authorization of the Ministry of Interior in Vienna issued on February 10, 1872. On 13<sup>th</sup> June of the same year, the Bohemian governor's office approved the articles of association.<sup>28</sup> At this time, the company started to offer shares to public at a nominal value of 200 gulden. In all, 1 000 shares were issued so the registered capital was to be 200 000 gulden with an option to increase to 500 000 gulden.<sup>29</sup> The joint-stock company wanted to attract the local peasants who were expected to become stock-holders in the company as well as suppliers of the crops. The man behind the whole project was František Urbanides, one of the most important people in town.<sup>30</sup> He and his family and many of his friends were among the town's rich<sup>31</sup> and bought most of the shares in the company. The town itself bought some

28 SOA Třeboň, f. KS Tábor, unprocessed material, item no. 16/2006, book 29, Protokolace firem, společenské firmy, Akciový pivovar, sladovna a tržnice Benešov, folio 21.

29 NA, f. ČM, II. manipulační období 1884–1900, Spolky na venkově, i. n. 8942, Akciový pivovar, sladovna a tržnice na plodiny v Benešově 1881–1888, Stanovy akciového pivovaru, sladovny a tržnice na plodiny v Benešově, approved by c. k. Governor's office on August 11, 1876, no. 35 528/1876.

30 František Urbanides was (apart from other roles, as mentioned below) Deputy Mayor of the District, member of the town hall council and member of many other institutions. Compare with *Národní listy* 25, March 22, 1885, no. 80, p. 7.

31 SOkA Benešov, f. AM Benešov, i. n. 1006, Volby — seznamy voličů, Seznamy voličů pro volbu obecního výboru (1864–1874).



shares<sup>32</sup> and some of the guilds in the town did so as well.<sup>33</sup> It seems that targeting the peasants as potential shareholders was not very successful as almost one third of the shares worth 60 000 gulden were bought by the local Občanská záložna, managed at the time by František Urbanides (more on the role of Občanská záložna below).

The joint-stock company has been presented as a bourgeois company in the existing literature, however, František Eugen, the Prince of Lobkowitz, became one of the important shareholders.<sup>34</sup> The Prince of Lobkowitz was also, according to the articles of the company, elected as the chairman of the board of directors by the first general meeting. The board of directors was the highest authority of the company. If we take a look at the other names on the board, its vice-chairman was František Urbanides and most of the other seats were taken by his friends.<sup>35</sup> The board of directors consisted therefore mostly of the richest people in town who were often also in the town's leadership and as importantly, in many cases, they were also members of the board and leadership of the Občanská záložna.<sup>36</sup> During the general meeting, the weight of each member's vote was equal to the value of the shares he owned.

A suitable piece of land on the outskirts of Benešov, near the road to Tábor, was chosen as the construction site for the joint-stock malt house. The construction started in the spring of 1872 and immediately became popular with the local residents. The large site with two tall kilns looked imposing in the small-town of Benešov and served

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32 At the time, the members of the town hall council and later also some of the town's mayors were personally interested in the joint-stock company. Compare with SOkA Benešov, f. AM Benešov, i. n. 199, Zápisy o schůzích městské rady, report from the 3<sup>rd</sup> meeting held on January 17, 1873. Regarding the stock share of the town, compare SOkA Benešov, f. AM Benešov, i. n. 200, Zápisy o schůzích městské rady, report from the XXXII. meeting held on November 5, 1875, point 15.

33 Compare with SOkA Benešov, f. Spolek stavitelský, i. n. 19, Deník příjmů a vydání (1872), Účet spolku stavitelského v městě Benešově pro rok 1872.

34 František Eugen, the Prince of Lobkowitz, was a member of Bohemian Diet representing major land-owners (Velkostatkářská kurie) and later representing chambers of trade and commerce (Kurie obchodních a živnostenských komor) for the České Budějovice region. The Prince was an astute businessman trading with the nobility consisting of major Bohemian landowners. Apart from the business activities, he also took part in the local government and in the 1870s and 1880s, he served as the District Mayor. He resigned from all the public offices and commercial efforts in 1887 when he sold his indebted estate of Konopiště to František Ferdinand d'Este. Compare with Okresní zastupitelstvo benešovské, Hlasy od Blaníka 3, 1. dubna 1887, no. 7, non-paginated; and elsewhere.

35 SOA Třeboň, f. KS Tábor, unprocessed material, item no. 16/2006, book 29, Protokolace firem, společenské firmy, Akciový pivovar, sladovna a tržnice Benešov, folio 21.

36 Ibidem. Compare also NA, f. ČM, I. manipulační období 1856–1883, Akciové společnosti, banky, hospodářská společenstva, záložny, i. n. 3994, Občanská záložna v Benešově, zapsané společenstvo s neomezeným ručením 1874–1881, Účetní zpráva Občanské záložny v Benešově za rok 1875 on January 1, 1886 and SOkA Benešov, f. AM Benešov, i. n. 199–203, Zápisy o schůzích městské rady.



as a proof of the ambitions of the joint-stock company.<sup>37</sup> The floor of the malt house with an area of 2 400 square meters and the two kilns were built to produce up to 2 000 tons of malt per year.<sup>38</sup> The construction plans were drawn up by Akciová společnost strojírna, formerly Breitfeld, Daněk & Co. in Prague.<sup>39</sup> At that time, this company was famous for the construction of many plants in the food-processing industry.<sup>40</sup>

Along with the construction of the malt house site, the joint-stock company started to look for a head of production for the plant. Despite the fact that experience was listed among the requirements for the position, and names of some of the experts of the time<sup>41</sup> were mentioned in the engagement process, the position was filled by Hugo Macháč, who was only 21 years old at the time.<sup>42</sup> In reality, the plant was managed by the Board of Directors, and Hugo Macháč managed production only.

The joint-stock company was making every effort to finish the malt house construction as fast as possible, but the work started most likely as late as 1873/1874, the reasons for this delay being unclear. This was possibly the start of the decline of the company that eventually led to its commercial failure. Based on the news in the press, the malt house started to buy crops for the season 1872/1873 so these crops were most likely not used at all and went to waste.<sup>43</sup> The ambitious plant was, however, finished, approved and put to use in the summer of 1873.<sup>44</sup>

## JOINT-STOCK MALT HOUSE AND ITS FAILURE

The joint-stock company running the malt house participated in public life in the malting and beer-brewing segment. Hugo Macháč became a member of the Organization for the Beer Brewing Industry in the Kingdom of Bohemia (Spolek pro průmysl pivovarský v království Českém) and he took part in its events regularly.<sup>45</sup> The malt house promoted its produce and offered it repeatedly in professional beer-brewing periodicals and at contemporary agriculture fairs.<sup>46</sup> But despite all the efforts,

37 Akciová sladovna v Benešově. *Národní listy* 12, April 19, 1872, no. 107, p. 5.

38 Rudolf Urbanides, *Vznik a zánik akciového pivovaru*. *Blaník* 9, May 12, 1928, no. 19–20, p. 2.

39 Stavební archiv, file of building nr. 306, Protokol z komisního vyšetření za povolení stavby on April 3, 1872, no. 173.

40 Regarding the constructional and technological form of the malt house compare M. Horáček, *Nové poznatky k vývoji areálu 2017*, pp. 105–107.

41 Akciová sladovna v Benešově, *Národní listy* 12, April 19, 1872, no. 107, p. 5.

42 Compare with *Ze spolku pro průmysl pivovarský v království Českém*, *Kvas* 3, January 1, 1875, no. 1, pp. 13–14 and *Podlehl poranění*, *Národní listy* 23, November 23, 1883, no. 279, p. 3.

43 *Průmyslový ruch na venkově*. *Národní listy* 12, June 16, 1872, no. 164, p. 3.

44 Stavební archiv, file of building nr. 306, a letter from the Municipal Authority of Benešov addressed to the Board of Directors of the joint-stock malt house from July 8, 1873, no. 397/1873.

45 Compare with *Ze spolku pro průmysl pivovarský v království Českém*, *Kvas* 3, January 1, 1875, no. 1, pp. 13–14.

46 Compare with *Souborná výstava spolku pro průmysl pivovarský v království Českém*, *Kvas* 3, June 1, 1875, no. 6, pp. 125–127.



the company was basically unsuccessful from the start. The malt house in Benešov started to operate in the beginning of an economic crisis that hit hard the food production industry. The company was therefore likely to lack enough trade outlets and sufficient demand. This was always a problem for produce of malt houses in general and it was not at a handful of the minor share caused just by the crisis.

Between 1860s and 1870s, big malt houses were being built in the fertile lowlands of Haná (and in other places), their main aim being export.<sup>47</sup> Their existence necessitated a good knowledge of the market and having useful contacts, and malt production was an industry with trade outlets divided among a handful of rich malt producing dynasties. This division of the market excluded new, smaller businesses lacking useful contacts.<sup>48</sup> It is possible that the bourgeoisie of Benešov were among these excluded businesses and their only trade outlets could be found in the regional market. The poor agricultural region of Benešov was an area with a population decline and difficult conditions for industry development. The network of archaic breweries was diminishing. In 1875, there were only 13 breweries in the Benešov region with yearly production of only 65 196 hectoliters.<sup>49</sup> The local production was concentrated in a few bigger companies, most of which had their own malt house. The planned capacity of the Benešov malt house could cover the production of 140 000 hl of lager,<sup>50</sup> which equals the yearly production of four larger industrial breweries of the time.<sup>51</sup>

It is obvious that the plans of the joint stock company differed significantly from the reality of the market from the start and the malt house was not successful. After two years of operation, the board of directors decided to turn a part of the malt house into a brewery.<sup>52</sup> This decision was confirmed by the general meeting on October 24, 1875.<sup>53</sup> The malt house was reduced to half of its original size and at the beginning of 1876 a brewery was built on a site in the left part when looking from the street. This brewery could produce up to 15 000 hl per year.<sup>54</sup> The director of the malt house, Hugo Macháč, became the master brewer in the new brewery.

47 Václav Vilikovský, *Dějiny zemědělského průmyslu v Československu od nejstarších dob až do vypuknutí krise hospodářské*, Prague 1936, p. 619.

48 M. Viktořík, *Vznik sladovnického průmyslu*, pp. 84–85.

49 Josef Bernat, *Statistische Uebersichts-Karte der Bier-Production im Königreiche Böhmen*, Prague 1875.

50 Compare with Jan Tille, VII. *Výroba sladu a piva*. In: František Červený — Václav Řehořovský (eds.), *Technický průvodce pro inženýra a stavitele*, Prague 1899, pp. 107–108.

51 Compare with *Výsledek výroby piva roku 1875 pivovarů v Čechách*, *Kvas* 4, September 15, 1876, no. 18, pp. 380–381.

52 SOkA Benešov, f. OÚ Benešov, i. n. 575, *Povolování živností jednotlivě, Benešov — sladovna (1875–1881)*, a letter from Hynek Gabriel (the mayor of the joint-stock malt house) addressed to Okresní hejtmánství Benešov on December 23, 1875, no. 10 417.

53 SOA Třeboň, f. KS Tábor, unprocessed material, item no. 16/2006, volume 29, *Protokolace firem, společenské firmy, Akciový pivovar, sladovna a tržnice Benešov*, folio 35.

54 Regarding the constructional and technological form of the malt house compare M. Horáček, *Nové poznatky k vývoji areálu* 2017, pp. 108–109.



## JOINT-STOCK BREWERY AND ITS FAILURE

As the joint-stock company was dealing with economic problems, the decision to change a part of the production line to a brewery turned out to be probably the worst possible decision. The fact that the managing board decided to start a brewery showed a lack of foresight regarding the economic situation and contemporary developments in the brewing industry. In the first five years after 1869, 25 new breweries were founded in the Bohemian Lands as a reaction to the cancellation of the propination laws. Between 1874 and 1888, only 9 were founded as a result of the economic crisis. One of them was the Benešov brewery which was the only brewery founded in the year 1876.<sup>55</sup>

The fact that the board did not understand the law that revoked the beer brewing regulations resulted in more financial loss on the part of the unsuccessful company. All the breweries that started their production in the twenty years following 1869 were obliged to pay a 5 000 gulden deposit to the so-called “Propination Fund” [propinační fond] that was supposed to be divided after 1889 between the holders of the brewing right and that was set according to taxpayers’ lists from 1713 regarding beer brewing (and distillery) of some burghers and according to the tax assessment filed in 1748 and 1756.<sup>56</sup> The board of directors interpreted this incorrectly and thought that if they hold the right to brew beer at the time of the foundation of the brewery, they will avoid the payment. According to the appellate court’s decision from 1802, the town of Benešov held the right to brew beer.<sup>57</sup> Based on the decision of the town council, the town transferred the rights to the joint-stock company (this was not a problematic decision as it basically concerned the same people).<sup>58</sup> But this interpretation was against the purport of the law cancelling the propination law meant to protect the traditional producers and sellers of beer and did not apply to the newly founded breweries. The joint-stock company was therefore forced by the authorities to pay the 5 000 gulden anyway.<sup>59</sup>

A dispute between the Prince of Lobkowitz and the joint-stock company turned out to be a bigger problem and most likely the reason for the demise of the brewery. The decision to turn part of the malt house into a brewery must have met with the Prince’s disapproval, as the Prince himself ran a brewery that supplied the region. The new company in Benešov was therefore seen as his competitor. This is why the name of František Eugen disappears from the list of the joint-stock company officers

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55 Regarding the abolition of propination law and the no. of the breweries founded compare Zrušené právo propinační, *Kvas* 17, February 1, 1889, no. 3, pp. 62–65.

56 *Ibidem*, p. 64.

57 Compare J. Tywoniak, *Z dějin zemědělského průmyslu*, 1959, p. 99.

58 SOkA Benešov, f. AM Benešov, i. n. 200, *Zápisy ze schůzí městské rady*, minutes of XXXIX. meeting held on December 31, 1875, point 18.

59 Regarding the discussion about the interpretation of the law and the official debates about it, compare SOkA Benešov, f. OÚ Benešov, i. n. 575, *Povolování živností jednotlivě, Benešov — sladovna (1875–1881)*.



after 1876<sup>60</sup> and why the Prince most likely sold his shares. In the 1880s, the joint-stock company lists 102 shares in its possession.<sup>61</sup> It can be assumed that this was not the shares the management would buy with the aim to control the direction of the company, but the shares the Prince had sold and nobody else wanted to buy them, so they ended up in the possession of the company.

The dispute with the Prince of Lobkowitz influenced the further operations of the joint-stock brewery significantly. Theoretically, both entities were operating in a free market, but in reality, most of the relationships and burdens from the past were still influencing the beer-brewing industry in the former domain. Many of the innkeepers were still tied to the Prince with emphyteutic leases to purchase beer from his brewery. Other innkeepers were renting out their fields so they were afraid to trade with a competing company.<sup>62</sup> While the brewery in Konopiště supplied up to 120 inns before 1880s, mostly in Benešov and its surroundings,<sup>63</sup> the new joint-stock brewery lacked trade outlets from the start. Directly in Benešov, only two inns were supplied by it,<sup>64</sup> others were located farther from the brewery and this pushed up the transportation costs.

The brewery decided to solve situation by the standard means of the time — by supplying the inns that did not have long-term innkeepers, usually due to a less favored location, and were rented out by their owners on a short-term basis. The breweries rented these inns and provided innkeepers from outside (so-called “podsudníci”). It is likely that this was the way the brewery in Benešov secured its trade outlet because the company was renting 14 such inns, including in Prague.<sup>65</sup> The problem of fluctuation of these innkeepers,<sup>66</sup> the amount of the rent and the necessity to transport the beer were pushing the costs of selling the beer up and thus decreasing the profit of the company. The distribution system was problematic as part of the production was supplied on credit.<sup>67</sup> In 1880, the innkeepers owed the joint-stock company 16 000 gulden; by 1887, it was over 36 000 gulden.<sup>68</sup> One of the solutions to the insuf-

60 SOA Třeboň, f. KS Tábor, unprocessed material, item no. 16/2006, book 29, Protokolace firem, společenské firmy, Akciový pivovar, sladovna a tržnice Benešov, folio 35.

61 SOkA Benešov, f. Spolek stavitelský, i. n. 9, Pozvánky na schůze, Popis jmění a dluhů akciového pivovaru, sladovny a tržnice na plodiny v Benešově k 30. září 1880.

62 R. Urbanides, May 12, 1928, p. 2. The problematic relationship with the local farmers is reflected in the fact that the joint-stock company was advertising the demand for barley in the press in Moravia as well. Compare *Moravská orlice* 18, November 5, 1880, no. 254, p. 4.

63 SOA Prague, f. Vs Konopiště, i. n. 2107, Konopiště pivovar — úhrnný výkaz odběratelů piva, Úhrnný výkaz odběratelů piva 1884/1885.

64 R. Urbanides, May 12, 1928, p. 2.

65 SOA Praha, f. ÚŘHS, i. n. 68, Koupě pozemků a objektů v katastru města Benešova, Koupě Benešovského pivovaru, buying contract signed on May 12 and 31, 1887.

66 Compare *Podsudníci*, *Národní listy* 24, April 4, 1884, no. 95, p. 4, or “U slovanské Prahy“. *Národní listy* 23, February 7, 1883, no. 32, p. 3.

67 R. Urbanides, *Vznik a zánik akciového pivovaru*. *Blaník* 9, May 19, 1928, no. 21, p. 2.

68 Compare SOkA Benešov, f. Spolek stavitelský, i. n. 9, Pozvánky na schůze, Popis jmění a dluhů akciového pivovaru, sladovny a tržnice na plodiny v Benešově k 30. září 1880 and *Pivovar a občanská záložna v Benešově*, *Hlasy od Blaníka* 3, March 1, 1887, no. 5, non-paginated.

ficient demand that the managing board came up with was starting their own inn on the grounds of the brewery.

The profit from the beer sold was decreased also by the fact that the ice for the inns as well as for the whole brewery had to be transported all the way from Bystřice, which is five kilometers away from Benešov. Most of the bodies of water were owned by the Konopiště domain and understandably, the domain did not want to supply the ice to the joint-stock company.<sup>69</sup> The crisis over the scarcity of ice can be illustrated with an annual request addressed to the town hall asking to buy the ice from the only body of water near the town, a small water reservoir near Flusárna.<sup>70</sup>

Despite the continuous problems with demand, the brewery recorded an annual production of beer up to 15 000 hl, which was almost as much as the Konopiště brewery. It is unclear if the production of the joint-stock brewery was actually sold. The level of production of each brewery was usually based on the numbers of the financial authorities that were specifying the amount of beer produced by measuring the level of surface of hot wort distributed to the coolships after a batch was brewed based on their marked volume. The data of the financial authorities therefore did not include any information on the actual amount of the beer sold that actually left the gates of the brewery.<sup>71</sup>

Last but not least, there was another problem complicating the company's operations — the setup and the impact of the human factor on the decision-making process. The company's statutes placed the highest decision-making authority in the hands of the board of directors as a whole.<sup>72</sup> Therefore, the company was either not flexible enough in the decision-making, or did not react to necessary changes or important matters at all as the board was not often able even to meet.<sup>73</sup> The fluctuation of the people in managing and directing roles in the structure of the brewery was a general problem and the official operation of the company was unclear and not promising.<sup>74</sup> The general meetings were similarly suffering from a lack of interest as they were often postponed and with only a handful of the minor shareholders present.<sup>75</sup> The position of the master brewer was also subject to fluctuation and it came as a surprise that after 1885, the company managed to find an experienced professional

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69 R. Urbanides, May 12, 1928, p. 2.

70 Compare SOkA Benešov, AM Benešov, i. n. 201, Zápisy ze schůzí městské rady, minutes of meeting held on December 22, 1876, point 1, and others.

71 Regarding the difference between the terms of beer produced and beer sold for consumption compare R. Daněk, *Ostravské pivovarnictví 2014*, p. 22.

72 NA, f. ČM, II. manipulační období 1884–1900, Spolky na venkově, i. n. 8942, Akciový pivovar, sladovna a tržnice na plodiny v Benešově 1881–1888, Stanovy akciového pivovaru, sladovny a tržnice na plodiny v Benešově, approved by governor's office on August 11, 1876, no. 35 528/1876.

73 SOkA Benešov, f. Spolek stavitelský, i. n. 9, Pozvánky na schůze, Přehled o činnosti a stavu závodu z dubna 1881.

74 *Ibidem*.

75 Compare Valné hromady akcionářů spol. pivovaru v Benešově, Hlasy od Blaníka 1, April 16, 1885, no. 8, non-paginated; and others.



who managed to raise the quality of the production and also most likely — at least temporarily — to stabilize the company's economic situation.<sup>76</sup>

## JOINT-STOCK COMPANY AND OBČANSKÁ ZÁLOŽNA

The long-term existence of the commercially unsuccessful company was made possible only thanks to its close ties with Občanská záložna from the start, mainly through František Urbanides, but also through other members of the town's nobility. The idea to start a loans office in Benešov was put forward in the 1860s and its founding deed was approved in 1867.<sup>77</sup> Občanská záložna, in the form of an unlimited company, was a typical product of the Czech loans movement.<sup>78</sup> In Benešov, the town focused mainly on trade and crafts and with most people working in agriculture, the loans office was a welcome option to get interest on the deposits of small farmers and traders, and was also a good option to get a loan for smaller investments in production and operation.

In the golden era of loan offices, Občanská záložna in Benešov was a typical example of the rapid developments, when during the first five years of its operation, the deposits increased from 213,913 gulden in 1870 to 891,000 gulden in 1873.<sup>79</sup> It was common during that time for the loans offices to take part even in bigger investments or joint-stock companies, e.g. in the food-processing industry, even though this was not their primary function. Most of these investments were realized with a rational approach regarding the management of the small savers' finances. However, the management of the loans offices sometimes got carried away by the initial success and invested larger sums of the deposited finances blindly, often when the investment was in unlimited companies with every member of the company responsible for its financial state.<sup>80</sup>

This was also the case of Občanská záložna in Benešov. Through František Urbanides, the office directly initiated the construction of the joint-stock malt house, and since there was a lack of interest in its shares, it also became the controlling shareholder. And not only that — the financial difficulties of the company that were present from the start led to Občanská záložna being also its biggest creditor. As early as 1873, the joint-stock malt house received an unsecured loan of 68,257 gulden and 23 kreutzers.<sup>81</sup> The unclear situation regarding the ties between the joint-stock company and Občanská záložna was illustrated by an anonymous denouncement delivered to

76 Valná schůze akcionářů zdejšího pivovaru, Hlasy od Blaníka 1, May 1, 1887, no. 9, non-paginated and others.

77 SOKA Benešov, f. AM Benešov, i. n. 992, Městská spořitelna a jiné hospodářské ústavy a spolky, a letter from František Urbanides addressed to the town council of Benešov on January 6, 1867.

78 Regarding the loans business compare J. Hájek, Počátky a rozmach, pp. 265–315.

79 Josef Schreyer, Dějiny svépomocných záložen českých, Prague 1891, pp. 136–137.

80 Ibidem, pp. 140–141.

81 Vyrovnání bývalé Občanské záložny v Benešově, Hlasy od Blaníka 13, May 31, 1897, no. 3, non-paginated.

the district commissioner [okresní hejtman] who examined it and ordered the joint-stock company to secure the loan from Občanská záložna.<sup>82</sup> The joint-stock company then really secured the loan against its own property.<sup>83</sup>

Later, the loan was transferred to the Municipal Savings bank of Prague [Městská spořitelna v Praze], but it was never fully repaid.<sup>84</sup> In the following years, more unsecured tens of thousands of gulden were transferred from Občanská záložna to the joint-stock company to balance its budget as it was not able to create working capital in its entire existence. The joint-stock company was running up more debts despite its desperate attempts to stabilize the situation by the inn on the company's grounds, then later, in 1884, a dance hall was added to the inn, as well as other projects.<sup>85</sup> The final debt that the joint-stock company left with Občanská záložna was, without unpaid interest, the staggering sum of 198 803 gulden and 67 kreutzers.<sup>86</sup>

Thanks to František Urbanides' contacts, the company incurred debts elsewhere. He obtained another loan of 30 000 gulden from Živnostenská banka<sup>87</sup> and secured it against the buildings on the production premises. He was head of the administrative board in the bank at the time.<sup>88</sup> Another loan of 10 000 gulden was taken out with Městská spořitelna v Praze. Another loan secured against real estate was received from the company Gebrüder Tanzer that traded in hops and it can be assumed that the joint-stock brewery simply did not have money to pay for hops from this company.<sup>89</sup>

The situation changed radically after 1885 when František Urbanides died. Živnostenská banka then rejected the mortgage and that got the company into financial trouble as it had no money to secure the loan. At the same time, Občanská záložna got into financial difficulties as well. The rapid development of the loans business turned into a crisis because of the 1853 economic crisis and repeatedly after 1884.<sup>90</sup> Many loans offices went bankrupt, usually those that were not managed rationally. Information about the loans offices going bankrupt reached Benešov and many of the small savers started to withdraw their money. Even though the loans office staff repeatedly tried to calm the situation and explain that they have nothing to do with

82 SOkA Benešov, f. OÚ Benešov, Presidiální spisy (1861)1868–1918, i. n. 55, a letter from Okresní hejtmanství Benešov addressed to the management of the civil loans office in Benešov on November 8, 1873, praes. No. 71.

83 KÚ Benešov, Hlavní kniha, folio B, p. 267, report no. 6.

84 SOA Praha, f. ÚŘHS, i. n. 68, Koupě pozemků a objektů v katastru města Benešova, Koupě Benešovského pivovaru, buying contract signed May 12 and May 31, 1887.

85 SOkA Benešov, f. AM Benešov, i. n. 981, Stavební záležitosti, a letter from Akciový pivovar, sladovna a tržnice na plodiny addressed to Municipal authority of Benešov on June 13, 1884.

86 Vyrovnání bývalé Občanské záložny v Benešově, Hlasy od Blaníka 13, May 31, 1897, no. 3, non-paginated.

87 KÚ Benešov, Hlavní kniha, folio B, p. 268, report no. 13.

88 R. Urbanides, May 19, 1928, p. 2.

89 KÚ Benešov, Hlavní kniha, folio B, p. 268, report no. 11 a p. 269, report no. 15.

90 Valné hromady občanské záložny benešovské, Hlasy od Blaníka 2, May 1, 1886, no. 9, non-paginated.



the wave of bankruptcies,<sup>91</sup> it was necessary to do something about the situation.<sup>92</sup> The loans offices first started to transfer some of the mortgage loans to other, mainly (Bohemian) German,<sup>93</sup> loans offices to get money for the clients' withdrawals. The amount of money in the loans office was getting smaller and due to the massive debt of the joint-stock company, including the debt on the stocks themselves, the loans office was almost 200 000 gulden short.

These altered conditions resulted in the joint-stock company's indebtedness as well between 1886 and 1887. Its situation and the shape and level of connection with Občanská záložna was made public on the pages of the regional papers and the members of the board were forced to do something about it. In March 1887, the brewery's leadership came up with a brave idea that was supposed to save the whole company. They made a deal with Občanská záložna which agreed to forgive a part of the brewery's debt, and they decided to issue 100 shares with a nominal value of 400 gulden that, when bought, would raise the stock capital of the company and thus clear the most urgent debts. Even though the company finally managed to be slightly profitable at the time (which was caused by not paying interest on the loans), the directors realized that this plan is unrealistic. On March 3, 1887, the board decided to rent out the whole brewery to one of the many organizations interested.<sup>94</sup>

Around this time, František Ferdinand d'Este bought the indebted estate from František Eugen, the Prince of Lobkowitz. The archduke planned many projects when he bought the estate that should lead to him becoming a big land owner wielding political power. Konopiště was supposed to become the center of his business. He most likely soon took interest in the situation of the brewery in Benešov. The company's general meeting almost immediately decided to sell the brewery to the archduke.<sup>95</sup> It is worthy of note that at the time, Hynek Bílý was appointed as the chairman of the board of directors — he also signed the purchase contract and later, after 1901, he was also appointed as the liquidator of the joint-stock company.<sup>96</sup> Hynek Bílý was not a shareholder in the company, he was not even involved with the company, and he was the legal guardian of the underage children of František Urbanides. The children inherited only two shares.

By selling the brewery, the debt to Občanská záložna was supposed to be repaid which should help the office to solve the basic problems it had. František Ferdinand

91 Compare with Občanská záložna v Benešově, Hlasy od Blaníka 1, January 16, 1885, no. 2, non-paginated and Občanská záložna v Benešově, Pražský denník 20, January 15, 1885, no. 11, p. 4.

92 The Civil loans office also lost more thousands of gulden placed in shares and other companies that went bankrupt. For example, the paper mill in Plzeň, Svatováclavská záložna in Prague and a brewery in Strážkov. Vyrovnání bývalé Občanské záložny v Benešově, Hlasy od Blaníka 13, May 31, 1897, no. 3, non-paginated.

93 It was mostly the savings banks in Česká Lípa, Frýdlant, Vrchlabí and Český Krumlov. Čeněk Klier, České spořitelnictví v zemích koruny České do roku 1906, Prague 1908, p. 53.

94 Pivovar a Občanská záložna v Benešově, Hlasy od Blaníka 3, March 16, 1887, no. 6, non-paginated.

95 Valná hromada akciového pivovaru, Hlasy od Blaníka 3, May 1, 1887, no. 9, non-paginated.

96 SOA Třeboň, f. KS Tábor, unprocessed material, item no. 16/2006, volume 29, Protokolace firem, společenské firmy, Akciový pivovar, sladovna a tržnice Benešov, folio 91.



paid just under 162 000 gulden. Of this sum, 98 101 gulden and 80 kreutzers went to repay the debts on the buildings on the production premises that were used for mortgages.<sup>97</sup> The net profit from the transaction was therefore only 63,881 gulden and 84 kreutzers and this sum was not enough to clear the actual debts (including 60 000 gulden in worthless shares) that were transferred to the company from Občanská záložna by František Urbanides after 1872.

The situation of Občanská záložna led to its inevitable end during 1887. The district court in Tábor sealed its fate on November 10, 1887 when it confirmed the bankruptcy of the entire company.<sup>98</sup> Julius Taussig, a lawyer from Benešov, was appointed as the liquidator. He was faced with a daunting task. The loans office was burdened with debts owed to larger financial institutions that had helped the office during the time when minor investors were withdrawing their money. As Občanská záložna was an unlimited company, these institutions could demand their money in an unlimited amount from every member of the company. That really happened in the following years and many small farmers and business owners were burdened with debts for which they were not responsible. Even though in the beginning everyone thought the situation could be solved peacefully, the whole affair took a very long time. This was mainly because of the approach of The Olomouc Farmers' loan office [Olomoucká rolnická záložna] that refused any kind of compromise.<sup>99</sup>

All the debts of Občanská záložna were settled as late as 1897 thanks to the long-term approach of the district authorities that decided to tackle the situation and arranged one-sided subsidies from its budget as well as the budget of the town that led to settling of all the debts. The settlement of Občanská záložna brought about a charge of the office's staff by the prosecutor's office in Tábor. The court dropped the charge after analyzing all the available documents and ruled that the accused are not responsible for the situation of the loans office and the whole situation was caused by the leadership of the office before 1876, in particular František Urbanides who was basically an unlimited leader.<sup>100</sup> His last deed was the liquidation of the joint-stock brewery and malt house in 1902.<sup>101</sup>

## CONCLUSION

The story of the foundation and demise of the joint-stock malt house and brewery characterizes the reality of the world of business in the 1870s and 1880s. The excitement of the economic boom [Gründerzeit] turned into a major crisis after

97 SOA Praha, f. ÚŘHS, i. n. 68, Koupě pozemků a objektů v katastru města Benešova, Koupě Benešovského pivovaru, buying contract signed on May 12 and 31, 1887.

98 Prohlášení, Hlasy od Blaníka 3, November 16, 1887, no. 22, non-paginated.

99 V záležitosti občanské záložny v Benešově, Hlasy od Blaníka 11, August 15, 1895, no. 16, non-paginated.

100 Zastavení trestní vyšetřování, Národní listy 29, July 13, 1889, no. 191, p. 3.

101 SOA Třeboň, f. KS Tábor, unprocessed material, item no. 16/2006, volume 29, Protokolace firem, společenské firmy, Akciový pivovar, sladovna a tržnice Benešov, folio 91.



1873 that made many industrial companies bankrupt. This story is, however, much more complicated as it characterizes its time and the changes that society was going through back then. The transition from traditional to modern society plus the abolition of serfdom in 1848, the adoption of a free trade law in 1859 and, specifically in the beer brewing industry, the abolition of the archaic propination laws in 1869, these were not as straightforward as it may seem. The relations from the past often played their role in the decades to come, the old bonds and roles that were formed along with the relationship between the nobility's estate and the dependent town remained.

The case of Benešov is specific because of another factor. It shows that in order to start a successful business in those days one needed contacts, experience and business acumen, not just capital and resources. The burghers of Benešov had none of that when they founded the joint-stock company and this was reflected immediately in the degree of success of their company. The only thing they could rely on, and only in the beginning, was capital. But it was not their own capital — it was transferred from the funds of *Občanská záložna*. The connection with this institution is the third characteristic trait of the operation of the joint-stock company as well as of the broader developments in Benešov in this era. It shows the short-sightedness and lack of responsibility on the part of the local financial (as well as bourgeois and business) elites when it comes to managing other people's money. The financial resources cumulated from the deposits of the small farmers and craftsmen were used to start a joint-stock company and the company's success or failure were up to them. One-sided attempts to keep the non-profitable company going therefore had to result not only in its own failure, but in the failure of *Občanská záložna* as well.

The founding of the joint-stock malt house and later of the brewery was supposed to elevate the traditionally rural area in an economic sense and bring prosperity to the local farmers. Often, the impact of the Czech element that was behind the whole project was also mentioned. However, after fifteen years of operation of the joint-stock company connected to *Občanská záložna*, the whole business ended up in the possession of Austrian Archduke František Ferdinand d'Este, while the farmers of Benešov became debtors of (Bohemian) German financial institutions through the process of transferring the mortgages. Other farmers from the region ended up as victims of distraint as their whole possessions were used to secure the debts of the bankrupt *Občanská záložna*.

Thus the press of that time could not be more wrong when it reported from Benešov in 1872, that "It cannot be doubted that our malt house has a great future ahead as Benešov lies in the middle of a fertile and agriculturally advanced land, at the crossroads where many roads meet. Also, the farmers are offered a way to better capitalize on their produce. Capitalists also get an opportunity to better invest their money. As the business is based on these natural and solid fundamentals, its success in the future is assured."<sup>102</sup>

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102 *Akciová sladovna a tržnice v Benešově*, *Národní listy* 12, March 31, 1872, no. 89, p. 3.



This text has attempted to describe the main characteristics of the background of the failure of the joint-stock company, the main motives behind its operation and the form of its connection to Občanská záložna and the mechanisms of their joint success and failure. The work on this topic that was not treated previously was complicated by the fragmentary character of the extant archive materials. May this contribution be helpful in the future and serve as a basis for further research on the topic. The research is far from being finished and more light can be shed on it with access to the archives of the District Court in Benešov. The fact that several documents dating from the time of the joint-stock company's operation were accidentally found in the archives of the Construction Trades Association in Benešov is also promising and makes it possible for the body of knowledge about this subject to broaden and for the subject to be studied in yet more detail.

