

## NATIONALIZATION OF THE FRENCH CAPITAL IN CROATIA 1945 – AN EXAMPLE OF THE SODOAD COMPANY

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Immediately after the end of the Second World War, “the revolutionary forces” gained political power and the native and foreign capital owners gained economic power in Yugoslavia. The economic and political transformation necessary for the development of a socialist society was possible only by abrogating the existing proprietary relations. This is exactly the reason why the Communist Party of Yugoslavia (KPJ- Komunistička partija Jugoslavije) decided to disown all capital holders in order to withhold the material basis for the power struggle.

Foreigners owned a substantial share of the capital and the industrial facilities in the Kingdom of Yugoslavia. After 1945, the actions of nationalization were also directed to that share of the wealth. Foreign capital had a share of 49,51% in the entire industry, but in the most profitable branches it had a significantly bigger share. For example, in the extract industry and the industry of connective materials there was a share of 77,9%, in metallurgy 90,9%, in the metal processing industry 55,8%, in the chemical industry 73,6%, in the textile industry 61,4%, and in the wood industry 51,4%.<sup>1</sup> At first, the authorities of the new Yugoslavia had, from the political point of view, a different attitude towards the allied and the neutral countries, in contrast to those countries that had dismembered and occupied Yugoslavia during the war. The property of Germany and German citizens, treated as the occupier’s property, was transferred to the State on the basis of *the Decree on the transfer of the occupier’s property to the State, on the State governing of the absent persons’ property and on the sequestration of property forcibly abalienated by the occupiers* issued on November 21, 1944<sup>2</sup>, while the property of Italian citizens was confiscated. Special mixed committees were established for the allied and the neutral countries.

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<sup>1</sup> Zapisnici sa sednica Politbira centralnog komiteta KPJ (*Minutes of the Meetings of the Political Bureau of the Central Committee of KP*) (Belgrade: Arhiv Jugoslavije- Službeni list SFRJ 1995), 458.

<sup>2</sup> For a detailed account on the nationalization of the German property see the following works of Vladimir Geiger: *Nestanak folksdojčera* (Zagreb: Nova stvarnost, 1997), *Nijemci u Đakovu i Đakovštini* (Zagreb: Dom i svijet, 2001), *Folksdojčeri. Pod teretom kolektivne krivnje* (Osijek: Njemačka narodnosna zajednica - Zemaljska udruga Podunavskih Švaba u Hrvatskoj/ Volksdeutsche Gemeinschaft - Landsmannschaft der Donauschwaben in Kroatien, 2002)

All foreign companies, regardless of the treatment, were charged for economic collaboration with the enemy, and thus the Communist government did not intend to permit the continuation of their activity.

The question of foreign property (allied and neutral) was always regarded within the international political context, and the Central Committee (CK) of the KPJ in December 1945 decided to resolve the foreign capital issue, as every postponement of such a serious international issue could cause much damage. According to the aforementioned plan, the Ministry of International Affairs of the Democratic Federal Yugoslavia (DFJ - Demokratska Federativna Jugoslavija) was instructed to notify all interested countries of Yugoslavia's intention to determine the state of affairs of particular companies through the mixed committees. The establishing of the mixed committees by the CK KPJ did not give concrete results, because they were in charge of defining the framework and methods of solving the issues of foreign property. The foreign delegations advocated that all the decisions should be determined and introduced according to international law, while the Yugoslav delegates thought that the issue of foreign property could be solved exclusively according to the principles of the national legislature and judicature. International law defined economic collaboration only in those instances when a company was placed at the disposal of the enemy on their own initiative, whereas Yugoslav law required only that the company continued its activity during the war in order to be confiscated.<sup>3</sup>

The entire legal system was aimed at creating the new social order. The fundamental legal mechanisms, which served the restructuring of the economy, consisted of sequestration, confiscation and nationalization. The confiscation during the war was conducted on the basis of different decrees with the force of law, issued by the Communist authorities. The dispossessed property was invested in the Integral National Liberation Fund. The decrees on the dispossession of property were implemented through a network of committees for determining war crimes and military courts. After the war, the KPJ began to modify the revolutionary legislature. One of the most significant acts was the passing of *the Implementation of the Confiscation of Property Act* on June 8, 1945. The confiscation, as defined by the mentioned law, was a measure of dispossessing the entire property or part of the property without compensation in favour of the State, while sequestration, as the integral part of *the Confiscation Act*, implies provisional and preventive measures of dispossessing the property from the owner by the executive bodies. The property was sequestered if the decision on confiscation had not been issued, because the proceedings were not started or were still in progress, and for the "existing danger of abalienation, encumbrance, damaging or decrease of the property's value", as the law defined it<sup>4</sup> The sequestration proceedings were most commonly started by the public prosecutor's motion. After that, the executive units of the National

<sup>3</sup> Branko Petranović, *Politička i ekonomska osnova narodne vlasti u Jugoslaviji za vreme obnove* (Beograd: Institut za savremenu istoriju, 1969), 243 - 245.

<sup>4</sup> *Službeni list DFJ*, no. 40, from 12th June 1945.

Administration of the People's Goods (ZUND - Zemaljska uprava narodnih dobara), the National Committee for Establishing the Crimes of the Occupiers and Their Accomplices (ZKRZ - Zemaljska komisija za utvrđivanje zločina okupatora i njihovih pomagača) or the public prosecutor, appointed a temporary management over the sequestered companies until the court reached the final decision on the matter of ownership. In most cases, the foreign companies owned the sequestered property. After the war, the State Administration of the People's Goods (DUND - Državna uprava narodnih dobara), established in November 1945, managed the nationalized property and founded a network of units among the lower ranks of the authorities, at either the national or republican level, as well as in districts and towns.

*The Ground Act on State Economic Companies* from May 24, 1946, designated companies of the state and national character, which encompassed almost all native and foreign companies that were confiscated as well as sequestered. In this way the field of activity of the mixed committees was narrowed even more. The Yugoslav Communist authorities cut through the dilemmas over property by passing *the Nationalization of Private Economic Companies Act* on December 4, 1946, which transferred all private companies of state and national character in forty-two economic branches over to the State's ownership. By this Act the State agreed to render compensation for the confiscated companies. The process of reaching an agreement on the compensation did not go easily and bilateral agreements on compensation were achieved only after 1948, which were determined by the changed political circumstances in Yugoslavia after the conflict with USSR.

The object of this article is the nationalization of foreign property on the territory of the People's Republic of Croatia (NRH - Narodna Republika Hrvatska), using one French company as an example. The primary sources for the research are the dossiers of the company made by the representatives of the postwar authorities of the new state.

According to the available sources, there is different information on the number of the French companies on the territory of the NRH after the Second World War. On the basis of the ZUND's information, on the territory of the NRH there existed four companies.<sup>5</sup> The sources and the secondary literature show that there were two proposals on the nationalization of the French companies on the territory of the Federal People's Republic of Yugoslavia (FNRJ - Federativna Narodna Republika Jugoslavija): the first, which would not make concessions to the French and the second, which would subject the French companies to the mechanisms of testing through court procedures.

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<sup>5</sup> This number of companies differs to the number mentioned in the correspondence between the French consulate in Zagreb and the republic institutions (the Public Prosecutor's Office and the Government of the NRH) regarding the number of proceedings concerning these companies. The fact that there are only two companies named in the analysed lists makes the problem more complicated. We can ascribe that to the disorganized functioning of the postwar bodies, which kept the evidence, and to the confused state of the institutions, which applied the measures of the nationalization. This work operates with the materials of ZUND, the body directly involved with the questions of property and the functioning of the postwar economy (see Appendix 1.).

The purpose of accommodating the French companies in Yugoslavia was to acquire the French support in the Committee of the Ministers of the International Affairs that worked on the project of a peace treaty between Yugoslavia and Italy. Proponents of those tactics were not prejudging the final attitude towards the French capital, but were buying time. In the course of adopting these tactics, there was a suggestion to divide French companies into three categories: the first category, which does not include the elements of cooperation with the occupier as grounds for the confiscation of companies; the second, dubious companies for which the elements for indictment on the basis of economic collaboration with the occupier exist and therefore could be confiscated; and the third, including companies incriminated with strong evidence for collaboration with the occupier. According to this plan, the French would be allowed to take over the companies from the first two categories.<sup>6</sup> It is obvious that there was no possibility for taking into consideration the first criterium of the second proposal, because in every case, even insignificant collaboration with the State or the state institutions was qualified by the postwar judicature as helping the occupier, regardless of the character of the manufactured goods. The international circumstances mostly affected the solving of the problem of compensation. In 1948 a dialogue with the French side intensified and was mostly settled by an agreement in 1951.

As for French companies on the territory of Croatia, according to the evaluation of the Yugoslav authorities of that time, all of them were charged with collaboration, therefore there were none that could be active in the new state. The most evident example for supporting this thesis is the correspondence of the French consulate in Zagreb and the Public Prosecutor's Office of NRH regarding the criminal proceedings against French companies, specifically the examples of "La Dalmatienne" and SODOAD.

### The SODOAD Company

Until the middle of the twentieth century, four cartels (French, German, British and American) were engaged in the production of oxygen and acetylene, keeping in their hands the entire world's production. Each of them had its sphere of interest. The French cartel "L'Air Liquide" had branches in different forms all over the world. In Italy this French cartel functioned as "Sio", in Poland as "Perun", and for the expansion in the southeastern Europe "L'Air Liquide" founded a separate joint – stock company "Société Orientale d'oxygène et acétylène dissous" (SODOAD), which had its factories in Hungary, Yugoslavia and Romania. In Hungary, the company SODOAD worked under the name "Vulkan", while in the Kingdom of Yugoslavia it had only a branch office. The branch in Yugoslavia, actually a factory for making oxygen, dissolved acetylene and compressed air, started working in Zagreb on the basis of a trade licence issued on February 19, 1930, which gave the company a permit to trade carbide, machines and equipment for gas welding. The men-

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<sup>6</sup> Branko Petranović, *Politička i ekonomska osnova narodne vlasti u Jugoslaviji za vreme obnove*, 245.

tioned components, which were items of business transactions, are of importance for gas welding and composing metal parts. This technique is performed using a high flame fire that is developed by the mixture of oxygen and acetylene combustion, utilizing a special burner with two small lights. The company SODOAD also filled bottles and rented and sold the equipment and the instruments for gas welding.<sup>7</sup>

According to the business review done immediately after the war by the officials of the Central City Committee for establishing crimes of the occupiers and their accomplices in the city of Zagreb, the manager of the branch from its founding until 1944 was a Frenchman, Jacques De Cock. The members of the Committee named nine acts proving the company's collaboration with the Germans and the authorities of the Independent State of Croatia (NDH) during the war. Thus they state that, in spite of small number of memos found in the branch office of SODOAD, "it can be clearly seen that the Board of SODOAD in Paris and the cartel "L'Air Liquid" had the only intention to do business *a tout prix* regardless of the political situation". Judging by the available documents, the Committee concluded that "the German army got acetylen from the beginning of the occupation, and it seems that the SODOAD branch was in good relations with Wehrmacht".<sup>8</sup>

The manager Jacques De Cock was at the same time an executive of the Hungarian "Vulkan" in Miškolc. SODOAD's accountant gave the Zagreb Committee the most interesting characterisation of his political conduct during the war. Generally, his conduct during the war, especially politically speaking, involved meting out punishments to the managers of companies that were accused of various violations. According to the postwar law, the conduct of a company's manager automatically reflected on the company itself. The case of manager De Cock is therefore especially interesting. The files of the company SODOAD hold the following observation on the manager: "Politically, De Cock was De Gaulle's supporter throughout the war and I can not recall his contacts with the French consulate. However, I know he was frequently invited to dinner by the German authorities, but he would not accept an invitation. In Semtember 1944, he expressed a desire to join the Partisans, because he was informed that Partisans received tanks, so he wanted to place himself at their disposal, as he had been a tanker in the last war. I linked him to comrade Hela Hoffman, now a clerk at the Ministry of Social Politics, and she took him over and went to the woods with him".<sup>9</sup> This unusual example shows how, during the nationalization, there was not a possibility of retaining private ownership

<sup>7</sup> Hrvatski državni arhiv (Croatian State Archives, HDA), Zemaljska komisija za utvrđivanje zločina okupatora i njihovih pomagača (the National Committee for Establishing the Crimes of the Occupiers and Their Accomplices - ZKZR), box 675. Zapisnik sastavljen 15. prosinca 1945. povodom pregleda poslovanja poduzeća SODOAD od Centralne gradske komisije za utvrđivanje zločina okupatora (Minute from the Dec. 15, 1945 on the bussines review of the SODOAD done by the Central City Committee for Establishing Crimes of the Occupiers and Their Accomplices in the city of Zagreb.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

over companies regardless of the positions its superiors assumed during the war. The company SODOAD and its executive De Cock exemplify this very well. Besides the mentioned active engagement in the war, De Cock resisted passively, according to the testimonies drafted during the review of the company: "...during the war they tried to produce as little as possible if the circumstances allowed, and from 1944 they were hiding the bottles and gas, as well as machines, which they could hide. So I know that De Cock hid sixty-eight welding guns, which were delivered to the company after the liberation. In the same way the bottles that the Germans brought over for filling were hidden, in such a way that they were declared useless and kept in the factory. In this way, 600 bottles were saved."<sup>10</sup>

However, the courts almost regularly took such acts as intentional acts aimed at making profit at the end of the war, due to the deficiency of such goods on the market. These are not the only actions the workers of SODOAD, lead by executive De Cock, undertook during the war in order to obstruct German and Ustasha forces. Dossier SODOAD states that: "...during 1943, while filling the bottles with oxygen, the French consulate post with the knowledge of the company's executive, did it in a way to cause an explosion once the bottles were opened. Only the bottles used by the German army were prepared in this way, because it had its own bottles with a sign of its Feldpost." One of the interrogated persons continues: "I'm familiar with the fact that in the military mechanics workshop in Bihać the bottles filled with oxygen exploded twice, which caused the death of two Germans. After the second explosion, the Gestapo together with the Feldgendarmarie conducted an investigation, but could not establish anything."<sup>11</sup>

Although in this case the company was 100% owned by the French, the property was not sequestered during the entire period of occupation, not even in Paris, and the authorities in the NDH did not appoint a commissioner; on the contrary, the company in this period continued its activities without any hindrance. After that, the supervision over the company was to a large extent put under the competence of the French Vichy consulate post in Zagreb.<sup>12</sup>

The General Department of the Ministry of Industry and Mining of the NRH presented the information on the collaboration of the company SODOAD on December 1, 1945. After an inspection of the company books, it came to the conclusion that, out of the entire output, SODOAD delivered its products to the German and the NDH military institutions during the war years, in the following proportions:<sup>13</sup>

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<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Croatian State Archives (HDA), the State's Office for the Macroeconomic Analysis and Prognosis (DZMAP - Državni zavod za makroekonomske analize i prognoze), dossier SODOAD, The Decree of the General Department of the Ministry of Industry and Mining issued to the Public Prosecutor's for the city of Zagreb, the subject: Information on collaboration of SODOAD, oxygen factory, Zagreb, from December 1, 1945.

<sup>13</sup> Ibid.

1942.	12%
1943.	24%
1944.	34%
1945.	42%.

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The rest of the output was mostly distributed to construction and engineering companies and the state's railroads. According to the opinion of the members of the General Department of the Ministry of Industry and Mining of the NRH, "these companies mostly worked for the occupiers' needs."<sup>14</sup> Throughout the war, SODOAD was connected with its headquarters, as can be seen from the reports on production and distribution that were regularly sent to Paris. For all abovementioned reasons, the case of SODOAD was directed to the Public Prosecutor in Zagreb to continue the proceedings.

The report on the factory SODOAD, issued by the delegate of the Ministry of Industry and Mining on May 2, 1946, includes an analysis of the company's activities during the war, so that further proceedings could be realized. Therefore, the report of the following content was placed on the desk of the Public Prosecutor for the city of Zagreb:

"In September 1939 the workers of the abovementioned factory went on a strike for salary and uniforms. During the strike the management of SODOAD expelled the workers by using police forces. The strike lasted for twenty-five days. After the occupier's entered our country, there were many raw materials, which were used until 1943, when the company's management contacted the German occupier and got raw material from them: carbide, peratol, etc., for the production of oxygene and dissugas.

In 1942, the company's management made an agreement with the German occupier, so the workers got German identification cards, in order to make them more attached to the permanent work, and several times the German occupier's inspection came to the factory. It stayed for a long, friendly conversation with the management and inspected the factory, which remained under their supervision until the summer 1943.

In the summer of 1943, the company's management, in agreement with the Ustasha power holders, recruited the workers, who had to take the Ustasha oath in front of captain Hamel, which was attended by the vice-executive of the factory, Brzeska Dragutin. After the Ustasha oath was taken, the workers were recruited and the management started terrorizing and abusing them. They ordered them to work for twelve hours a day."<sup>15</sup>

In spite of the management's threats of imprisonment and sending them to the frontline, the workers would not agree to the twelve hour work day. It is obvious from the reports that the factory's management, in spite of close rela-

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<sup>14</sup> Ibid.

<sup>15</sup> HDA, DZMAP, the subject SODOAD, A report from the delegate of the Ministry of Industry issued to the Public Prosecutor for the city of Zagreb, not dated.

tions with the Germans, could not apply severe measures against the workers. That is most evident from the workers' conduct during a bombing raid.

"When the bombing started, the manager closed all the doors so the workers could not escape. That could not stop them from escaping, because they jumped over the fences. After that the management harshly warned them that they should not run away and leave the factory during raids, but that they should work. In spite of the strict orders from the management, the workers went on escaping."<sup>16</sup>

The management afterwards realized its incompetence in keeping the workers in the factories during the raids, and then called captain Hamel to order the workers not to flee during future raids. As he came several times to the factory to threaten the workers with a prison sentence or service on the front-lines, it is obvious that those measures had little effect.

Since the workers ignored the company's and captain Hamel's threats, the management offered them a 50% wage increase for the work done during bombing raids. Based on the facts mentioned above, the report concludes:

"In view of this, we can tell how the management used its workers and army forces to manage to produce more for the occupier, because this very important product was indispensable to the occupiers' and Ustashe's motorized troops."<sup>17</sup>

The Department for the People's Goods of the People's City Committee of the city of Zagreb decreed on September 8, 1946 that, based on the decision of the Presidium of the Government of the NRH from March 12, 1946, the entire property of SODOAD with its factory facilities, which was sequestered by the People's County Court's verdict in Zagreb on October 29, 1946, should be placed under the expert management and economic utilization of the National Administration for the chemical industry, until its eventual liquidation. A decree from November 26, 1946 had proclaimed this company to be of national importance and, after the Nationalization of the Private Companies Act was enacted on December 5, 1946, it became the State's property.<sup>18</sup>

### **The modalities of the property compensation agreed by the governments of Yugoslavia and France**

Immediately after the war, the French government tried initiating negotiations regarding the property of French individuals and corporations in Yugoslavia in order to solve all the property rights relations. A sequence of meetings held until 1948 did not produce a major breakthrough. With the falling out between Stalin and Tito in 1948, Yugoslavia started approaching the countries of the Western bloc to gain help for the defense of its independence. Part of the process of approaching the West in the summer of 1948 was the solving of problems, which occurred during the expropriation of the foreign

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<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

capital holders. In July 1948 two agreements, one on the compensation for the nationalized property of the United States and the other on the release of Yugoslav gold in the United States, were signed, and in December of that year a trade agreement between Yugoslavia and the United Kingdom was concluded.<sup>19</sup> In spite of all that, the West still treated Yugoslavia with distrust, which eventually changed in the middle of 1949, when Yugoslavia distanced itself more radically from the USSR and its satellites. At that time, Yugoslavia directed the first appeals for help and consignment of the investment equipment and armaments. In connection with the newly arisen international circumstances, Yugoslavia's attitude towards France started to change. Josip Broz Tito was aware that the resolution of the French nationalized property problem would likely lead to closer relations between the two countries. For the Yugoslav side, resolving this problem would create the possibility of gaining significant help from France in case of a possible future conflict with the USSR. Negotiations on compensation, begun in April 1949, were held through a mixed subcommission for the issues of the nationalized French property. At the very beginning of the Committee's work, differences of opinions on the method of the sum calculation occurred. The French side took the stand of the immediate negotiations on the sum, whereas the Yugoslav side advocated estimating the value of every company first and then adding their value to establish the whole sum. That led to disagreements, after the French side put forward a figure first. The French calculation was made based on information of companies' value from 1939 in US dollars according to that year's exchange rate. By that method the French figured out a sum of 138,956,865 US dollars, but considering the economic situation in Yugoslavia, as they stated, they reduced their claim to 79,257,167 US dollars. Yugoslavia estimated this sum as too high and unrealistic and questioned the method of calculation that the French applied and which, as the Yugoslav side stated, "made it look like nothing happened from 1941 to 1945." The negotiations continued in such a way that the Yugoslav side expected the French delegation to revise the suggested sum. The negotiations in the following months of 1949 were deadlocked. In October 1950, Tito himself tried to approach the French, and in a conversation with the French ambassador Bode at the end of October, he again initiated the question of purchasing French weapons and equipment, as well as the shipment of American weapons through France in order to avoid possible accusations coming from USSR of Yugoslavia being an American ally. Tito assumed the French would initiate the unsolved issue of compensation for its property in Yugoslavia again in the next stage of negotiations. The Yugoslav side made the first step towards a solution of the problem at the end of 1950, offering 15 million dollars for all the nationalized French property, which would be paid off from export revenues made in France.<sup>20</sup>

<sup>19</sup> Darko Bekić, *Jugoslavija u hladnom ratu, odnosi s velikim silama 1949-1955* (Zagreb: Globus 1988.), 59 – 60.

<sup>20</sup> More on this question see in: Vladimir Lj. Cvetković, "Nacionalizacija francuskog kapitala u Jugoslaviji 1946-1951. godine", *Velike sile i male države u Hladnom ratu 1945-1955* (ed. Ljubodrag Dimić) (Beograd: Katedra za istoriju Jugoslavije Filozofskog fakulteta i dr., 2005), 251 – 264.

The governments of France and Yugoslavia reached an agreement on the compensation of the French interests that occurred due to Yugoslav measures of expropriation – nationalization, expropriation and measures of property restrictions –, which was concluded in Paris in April 1951.

By this agreement, two governments agreed on the compensation of the French goods, laws and interests that were inflicted by Yugoslav measures of nationalization, expropriation and other "similar restrictive measures."<sup>21</sup> The Yugoslav government agreed to pay the French government a sum of 15 million US dollars in an equivalent value of French francs. The first article of the Agreement noted that it was mostly achieved on the basis of the Yugoslav proposal on the compensation. It was agreed that the sum would be disbursed within ten years according to the specifics established in the additional protocol of the mentioned Agreement.<sup>22</sup> The Agreement regulated the demands following from the Yugoslav measures of nationalization, expropriation and restrictive measures that affected French property, laws and interests (of French citizens and corporations which obtained that status on the day of implementation of the expropriation measures and on the day of passing this Agreement) in Yugoslavia. The agreement stated that compensation included the French shares in Yugoslav companies, but the French government did not obligate itself towards the Yugoslav shareholders of French companies. The French government took an obligation not to put forward or support requests for compensation of other French citizens or corporations.

The disbursement of the mentioned sum to the holders of French interests had a liberating effect on the Yugoslav state and institutions, citizens and corporations which were considered legal successors of the original owners according to the Yugoslav legislature. The Agreement decided that the French government would take possession of the interested parties' documentation regarding the property, rights and interests of the indemnified, to keep it and deliver it to the Yugoslav government after regulating it. The distribution of the total and lump sum compensation between the interested parties was under the exclusive competence of the French government and it did not imply the responsibility of the Yugoslav State or institutions, as well as Yugoslav citizens or corporations.

Thirteen years later, the Government of the Socialist Federal Republic of Yugoslavia (SFRJ - Socijalistička Federativna Republika Jugoslavija) passed an executive order on the ratification of the French–Yugoslav Agreement on compensation of the French goods, laws and interests nationalized in Yugoslavia, which were not regulated by the Agreement of April 1951.<sup>23</sup> The Agreement in 1964 determined that in the name of the total compensation, the Yugoslav government would pay to the French government a sum of 200,000 US dollars in equivalent value of the French francs. The mentioned Agreement regulated the demands and claims not included in the Agreement from 1951, which were the consequence of the Yugoslav measures of expropriation that affected

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<sup>21</sup> *Službeni list FNRJ*, no. 15, 1952, 125.

<sup>22</sup> *Službeni list FNRJ*, no. 15, 1952, 128-129.

<sup>23</sup> *Službeni list FNRJ*, no. 12, 1964, 943.

the interests of French citizens and corporations having that status on the day of implementing those measures, or on the day of the signing of the Agreement (July 12, 1964). The French government was obligated not to submit or support demands regarding French citizens and corporations affected by the Yugoslav expropriation measures, directed towards the Yugoslav government or the Yugoslav natural persons and corporations in the period after the signing of the Agreement. The mentioned obligation of the French government, according to the Agreement, applied to the potential demands from individuals without the status of French citizens, and to those who obtained that status after the signing of the Agreement, on the day of the implementation of the measures of expropriation. The same obligation was applied to the cases of demands which arose before May 15, 1945, which burdened Yugoslav citizens or corporations or the Yugoslav State as being against French citizens and corporations that did not have that status on May 15, 1945.<sup>24</sup> It is assumed that there were no more open questions regarding French interests which resulted from the Yugoslav measures of expropriation after the Agreement in 1964.

## Conclusion

This work provides an insight into the normative and judicial practice of the nationalization of foreign companies after the end of the Second World War in Yugoslavia and Croatia, exemplified by the case of the nationalization of French property. The subject of analysis is one French company – SODOAD.

The creation of the normative frame of the nationalization after the end of the Second World War marked the conflict between the new government and the bearers of capitalist economic relations. Basically, the materialization of the socialist ideas was carried out following the Soviet model. Adopting the Soviet model was the only possible choice as almost all of the Eastern European countries began the transition two to three years after Yugoslavia, which established its political power most rapidly. The Soviet model and the accompanying Marxist theory perceived collective ownership and State entrepreneurship as the foundation of Socialism. The nationalization of property had to be carried out by the Communist Party as the bearer of the political power in order to gain control of the economy as the most important public sector.

Property was expropriated on the pretext of collaborating with the occupier, and the laws passed for that purpose provided a means for the broadest possible interpretation of the term.

This was the crucial problem of the economic life in the post-war period, indicating the possibility of the future unhindered development of the new system. Regarding the ownership structure, the new government wanted, at all costs and in the shortest period possible, to put all light and heavy industry under its control in order to be able to continue implementing its defined plans. The only possible solution the new government came up with was settling scores with the holders of the ownership rights, both native as well as foreign ones. The latter were approached with more caution, as the international situation required and which the Yugoslav Communist authorities respected.

<sup>24</sup> *Službeni list FNRJ*, no. 12, 1964, 944.

The members of the KPJ were highly systematic regarding the making of the judicial foundation for the implementation of the measures of nationalization during the war and at its end. The measures of nationalization can be divided into three categories: confiscation, sequestration and nationalization. In essence, those measures were of a class character.

*Translated by Ida Ljubić*

## Appendix 1.

Table 1:

The French capital in industry on the territory of the People's Republic of Croatia

Name of factory	Capital KN	The percentage of the French capital
“La Dalmatienne” Frs. (FRE, FRANAKA)	156,500,000	100%
Sodoad, Zagreb kn	750,000	100%
DID, Sušak	2,000,000	100%
AGB, Zagreb	6,000,000	100%
<b>TOTAL</b>	<b>165,250,000</b>	

Source: HDA, ZUND, Fascikl pošta upravnika, box 518.

### Verstaatlichung des französischen Kapitals in Kroatien 1945 – Beispiel des Unternehmens SODOAD

#### Zusammenfassung

Die vorliegende Arbeit bietet den Einblick in die Norm- und Gerichtspraxis der Verstaatlichung ausländischer Unternehmen nach dem Ende des Zweiten Weltkrieges auf dem Gebiet Jugoslawiens und Kroatiens am Beispiel der Verstaatlichung des französischen Unternehmens SODOAD. Das Schaffen des normativen Rahmens für Verstaatlichung nach dem Ende des Zweiten Weltkrieges bezeichnete den Konflikt der neuen Regierung mit allen Trägern kapitalistischer wirtschaftlicher Beziehungen. In ihrem Wesen wurde die Wiederbelebung sozialistischer Ideen nach dem sowjetischen Muster durchgeführt. Die Kommunistische Partei musste die Verstaatlichung des Eigentums durchführen, um die Wirtschaft als den bedeutendsten Staatssektor zu beherrschen. Das Eigentum wurde unter dem Vorwand der Zusammenarbeit mit den Besatzungsmächten entzogen und die Gesetze, die zu diesem Zweck verabschiedet wurden, boten die Möglichkeiten der breitesten Interpretation dieses Termins an. In der Tat waren die Maßnahmen der Verstaatlichung vom Klassencharakter gekennzeichnet.