

Jews, the Great Depression, and the “Lithuanianisation” of the National Economy

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Abstract

The article examines how the Great Depression affected the Lithuanian Jews, their relationship with ethnic Lithuanians, and their relationship with the Lithuanian state. It places particular emphasis on how the depression shaped the state’s core project—the “Lithuanianisation” of the national economy. Through case studies ranging from Jewish agricultural credit across labor migration to Klaipėda to the Lithuanian Businessmen’s Union’s (LVS) efforts to strengthen ethnic Lithuanians economically, the article argues that both the government’s and the LVS’s responses to the depression dramatically reshaped the lives of Lithuanian Jews. The “Lithuanianisation” of the national economy transformed formerly predominantly Jewish towns economically, socially, and culturally. However, as Jewish migration to Klaipėda shows, Lithuanian economic nationalism also provided opportunities for Jews seeking a livelihood outside of the shtetls. At the same time, the rise of the Nazis in Germany made Lithuanian Jews more dependent than ever on the existence of an independent Lithuania.

Introduction

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Introduction

In 1935, a Jewish newspaper asked former Lithuanian president Kazys Grinius about his views on the relations between Lithuanians and Jews. Grinius responded that these had deteriorated considerably since the Lithuanian Republic had achieved independence. In the first years after the end of the First World War, he argued, Lithuanians and Jews had been on good terms. Both had developed a “common language and organic connection” from the shared experience of the struggle against Tsarist oppression. However, this harmony, Grinius warned, was not to last:

[...] the urbanization of our cities had not yet begun, there had not yet been such a rush from the countryside to the city, the economic crisis had not yet occurred [...]. But then, when chauvinism took the place of true positive patriotism, when the economic situation deteriorated, when the countryside was pushing more and more into the city, and when the great regrouping of the Lithuanian nation began, the Lithuanians saw that many of the positions in the free professions, in commerce and in industry, were taken by other nations, and they thought to themselves: Why “he” and not “me”? And since people usually take the path of least resistance, that is where the antisemitism and patriotic hooray slogans started.¹

In this article, I will to explore how the economic crisis that Grinius refers to—the Great Depression—affected the Lithuanian Jews, their relationship with ethnic Lithuanians, and their relationship with the Lithuanian state. I will place particular emphasis on how the Great Depression shaped the Lithuanian state’s core project—the “Lithuanianisation” (*sulietuvinimas*) of the national economy, which Grinius frames here as the “great regrouping of the Lithuanian nation,” and how Jewish communities experienced and responded to this policy. Lithuanian scholars have stressed the significance of this “Lithuanianisation” for interwar Lithuanian-Jewish relations, but we know little about how it interacted with the

¹ “Žydai neturi būti dirbtinai išstumti iš prekybos. Pasikalbėjimas su Doktoru K. Griniu apie Lietuvių Žydų santykius,” *Apžvalga*, July 21, 1935.

challenges of the Great Depression and how Jews experienced it.² This requires looking closely at the momentous socio-economic changes that Grinius alludes to: urbanization, the “push from the countryside,” the efforts of Lithuanians to take up urban professions that were hitherto primarily held by the country’s ethnic minorities, and predominantly by Jews.

Like the other states that emerged from the collapsed Romanov and Habsburg empires in East Central Europe, Lithuania was a “nationalizing state” (Brubaker), meaning it was a multi-ethnic state that its leadership aspired to transform into a homogenous nation state.³ Lithuanian politicians were thus keen to strengthen the economic position of Lithuanians vis-à-vis the national minorities—primarily Poles, Jews and Germans—who they regarded as representatives of the *ancien régime* and as having enjoyed excessive privileges under former Russian imperial rule. This economic empowerment became the key project of Lithuanian state building, reflecting in a sweeping agrarian reform, in policies designed to encourage Lithuanians to take up urban professions, in the exclusion of minorities from the state bureaucracies, and in efforts to buy up struggling enterprises that belonged to minorities. Regarding Jews, the main arena for economic nationalism was trade. Jews constituted only 7.5 per cent of the population, but accounted for 77 per cent of all trade activities (1923 census) and owned 83 per cent of all commercial and retail enterprises. Commerce was thus regarded as an almost entirely Jewish sector and as a sector the control of which was crucial to sustain national independence.⁴ The dependence of foreign trade on the mediation of

² Gediminas Vaskela, “Lietuvių ir žydų santykiai visuomenės modernėjimo ir socialinės sferos politinio reguliavimo aspektais (XX a. Pirmoji pusė),” in *Žydai Lietuvos ekonominėje-socialinėje struktūroje: Tarp tarpininko ir konkurento*, eds. Vladas Sirutavičius and Darius Staliūnas (Vilnius: LII Leidykla, 2006), 133-176; Hektoras Vitkus, “Smulkiojo verslo lituanizacija tarpukario Lietuvoje: Ideologija ir praktika,” in *Žydai Lietuvos ekonominėje-socialinėje struktūroje*, eds. Sirutavičius and Staliūnas, 177-216.

³ Rogers Brubaker, “National Minorities, Nationalizing States, and External National Homelands in the New Europe,” *Daedalus* 124, no. 2 (1995): 107-132; Brubaker, *Nationalism Reframed: Nationhood and the National Question in the New Europe* (Cambridge: Cambridge University Press, 1996), 79-106.

⁴ Gediminas Vaskela, “Jews in the Economic Structure of Lithuania,” in *The History of Jews in Lithuania: From the Middle Ages to the 1990s*, eds. Vladas Sirutavičius, Darius Staliūnas, and Jurgita Šiaučiūnaitė-Verbickienė (Leiden: Brill, 2019), 292-307; 293; Saulius Sužiedėlis, “The Historical Sources for Antisemitism in Lithuania and Jewish-Lithuanian Relations during the

Jewish merchants was regarded as a threat to sovereignty, as Jews were regarded as notoriously disloyal to the Lithuanian cause, thus allegedly handling them a weapon which they could readily wield to choke Lithuania off the international markets.⁵ For this reason, Lithuanian politicians pursued a policy of monopolization, which they initiated in the early 1920s and escalated as a response to the Great Depression's catastrophic impact on foreign trade.⁶

For the Lithuanian Jews, these efforts to strengthen ethnic Lithuanians at the expense of the minorities represented an increasing limitation of their own economic agency, threatening the livelihood of families and the very existence of Jewish communities.⁷ When the depression struck and the state accelerated the centralization of foreign trade, the Jewish communities already felt under siege in the face of the economic ascent of the Lithuanians. From the perspective of Lithuanians, this, of course, looked different: Economic empowerment had always been a fragile project, which had to be carried out against the vested powers of conservative minorities that would continue to fight the new Lithuanian state to restore their old powers and against Lithuania's powerful, hostile neighbors (Poland, Germany, and the Soviet Union), which supported these minorities. The Great Depression, which deprived both the state and ordinary Lithuanians, many of whom were indebted peasants, of access to loans, came to be regarded as an existential threat to—and an opportunity for—economic empowerment.

Virtually no studies exist that reconstruct the impact of the Great Depression on Lithuania. This is despite the fact that the depression struck Lithuania severely. As four fifths of the population depended on agriculture, the global collapse of agricultural prices and the loss of access to loans had a catastrophic impact, particularly on smallholders, aggravating social tensions and deepening the divide

1930s,” in *The Vanished World of Lithuanian Jews*, eds. Alvydas Nikžentaitis, Stefan Schreiner and Darius Staliūnas (Amsterdam: Rodopi 2004), 119-154; 125.

⁵ Vladas Sirutavičius and Darius Staliūnas, eds., *A Pragmatic Alliance: Jewish-Lithuanian Political Cooperation at the Beginning of the 20th Century* (Budapest: Central University Press, 2011).

⁶ Klaus Richter, *Fragmentation in East Central Europe: Poland and the Baltics, 1915-1929* (Oxford: Oxford University Press, 2020), 157-203.

⁷ Vladas Sirutavičius, “‘Close, but Very Suspicious and Dangerous Neighbour’: Outbreaks of Antisemitism in Inter-War Lithuania,” *Polin* 25 (2013): 245-266; Vygantas Vareikis, “Žydų ir lietuvių susidūrimai bei konfliktai tarpukario Lietuvoje,” in *Kai ksenofobija virsta prievarta: Lietuvių ir žydų santykių dinamika XIX a. – XX a. Pirmojoje pusėje*, eds. Vladas Sirutavičius and Darius Staliūnas (Vilnius: LII Leidykla, 2005), 157-180.

between towns and the countryside.⁸ By 1935, Lithuania's income from wheat sales was at little more than 10 per cent of its 1929 value. However, as elsewhere across Eastern Europe, there was little sense of a profound economic crisis before 1931. Lithuania was the only East Central European state to benefit from a surge in trade relations with Germany in the late 1920s.⁹ Although prices on international markets slumped in 1929, leading to a collapse in the sale of some of Lithuania's most significant export commodities, such as wood pulp, flax, and grain, this was offset by gains in the export of fresh meat, bacon and butter—a result of an economic policy developed in the late 1920s to compensate for the loss of traditional trade routes, hinterlands and markets after the First World War. By 1933, the share of flax in Lithuania's total export turnover had dropped from 15 per cent before the crisis to 3.3 per cent, while the share of bacon had surged from 0.02 per cent to 27 per cent.¹⁰

Yet these figures could not conceal the disastrous impact of the collapse of overall exports. Income from exports fell from more than 533 million Litai in 1930 to merely 160 million Litai in 1933. Adding to the agricultural crisis, the Great Depression dealt Lithuania another blow summer 1931 in the wake of the collapse of the Austrian Creditanstalt and the German Danat Bank. As Germany introduced exchange controls in the same year, Lithuanian foreign trade slumped, with exports to Germany dropping from 200 million Litai in 1930 to 50 million in 1931.¹¹ This was aggravated by Britain's 1931 departure from the Gold Standard and its 1932 introduction of imperial preference.¹² Lithuania came under additional pressure following the government's trial against local Nazis in the Klaipėda region in 1934-1935.¹³ German economic sanctions further damaged Lithuania's economy. Ironically, this prompted the government to finally depart from the Gold Standard in October 1935, which it had maintained for almost 14 years—longer

⁸ Klaus Richter, "Lithuania: The Great Depression, Social Divisions and Economic Nationalism," in *The Great Depression in Eastern Europe*, eds. Klaus Richter, Jasmin Nithammer, and Anca Mandru (Vienna: Central European University Press, in print).

⁹ "Ekonominis krizis Vokietijos-Pabaltės ir Rytų Europos prekyboje," April 25, 1931, Lietuvos centrinis valstybės archyvas (LCVA), f. 383, ap. 4, b. 80, l. 15-17.

¹⁰ *Statistikos biuletenis* 2 (1930): 10-12; *Statistikos biuletenis* 2 (1931): 10-12; *Statistikos biuletenis* 2 (1932): 10-12; *Statistikos biuletenis* 2 (1933): 10-12; *Statistikos biuletenis* 1 (1934): 10-12.

¹¹ *Statistikos biuletenis* 1 (1939).

¹² "Byla apie eksportą prekių." 1933. LCVA, f. 605, ap. 2, b. 22.

¹³ "Eltos pranešimas apie įvykius Suvalkijoje," *Lietuvos ūkininkas*, August 29, 1935.

than almost any other country in East Central Europe. Lithuania's tenacious commitment to the Gold Standard was the main reason for the long duration of the country's economic crisis, and its abandonment ushered in a period of recovery.¹⁴

Not least, the depression struck a severe blow to the legitimacy of dictator Antanas Smetona's rule. Mass unemployment, bankruptcies, and the general fall in living standards led to an unprecedented level of criticism of Smetona and his government. Inspired by the successful coups in Latvia and Estonia in spring 1934, officers and soldiers sympathetic to the incarcerated fascist Augustinas Voldemaras, who had been the main instigator of the 1926 coup that had brought Smetona to power, launched a coup in June 1934 to oust the government of prime minister Juozas Tūbelis.¹⁵ The coup failed, but brought the fragility of Smetona's system to light. Still, Smetona's sixtieth birthday was celebrated in September 1934 with mass festivities across all Lithuanian cities, towns and villages.¹⁶ Yet a year later, in August 1935, discontent in the depressed countryside culminated in rural strikes that quickly spread throughout the whole of southern Lithuania. After a violent police crackdown that resulted in the shootings of rioters, the strikers went underground, carrying out acts of terrorism and sabotage across the following twelve months. Until 1938, more than 250 persons were convicted, with 19 strikers sentenced to death, tarnishing Smetona's rule further, which survived the depression, but never recovered its popularity.¹⁷

When the Great Depression reached Lithuania, it affected a Jewish community that was largely disillusioned with the direction that the Republic of Lithuania had taken. The beginnings had been promising: The Lithuanian Republic, despite its aspiration to be a nation state for ethnic Lithuanians, was built on a compromise to garner the widest possible support in a hostile environment in which Lithuanian statehood was threatened by German Freikorps reluctant to

¹⁴ Richter, "Great Depression."

¹⁵ Andriejus Stoliarovas, "Vidiniai neramumai Lietuvos Respublikoje 1919-1940 metais," *Acta Historica Universitatis Klaipedensis* 32 (2016): 99-117.

¹⁶ Klaus Richter: "Der Kult um Antanas Smetona in Litauen (1926-1940): Funktionsweise und Entwicklungen," in *Der Führer im Europa des 20. Jahrhunderts*, eds. Benno Ennker and Heidi Hein-Kircher (Herder-Institut, Marburg, 2010), 124-129.

¹⁷ Sigita Černevičiūtė, "Mirties baismės taikymo praktika: 1935-1936 m. Suvalkijos ūkininkų streikas," *Istorija* 92, no. 4 (2013): 22-31.

withdraw, Poles refusing to recognize the existence of Lithuania as a nation, and Bolsheviks who regarded independent statehood in the former Russian Empire's periphery as merely a transitory phase towards world revolution. To make sure Lithuania appeared to the Western Entente as a benevolent alternative to pogrom-ridden Poland, Lithuania provided Jews and Belarusians with cultural autonomy safeguarded by these minorities' own dedicated ministries.¹⁸ Yet once Lithuania's statehood had consolidated—and once it became clear there was no clear Western support in favor of Lithuania's claim on Vilnius—the Ministry for Jewish Affairs was quickly dismantled.¹⁹

The democratically elected Lithuanian governments of the 1920s (most of which were led by Christian Democrats) pursued policies that were designed to strengthen ethnic Lithuanians, who, they claimed, had been historically disadvantaged through centuries of Polish and Russian rule, and who had to be raised to the socio-economic level and prosperity that the ethnic minorities allegedly long enjoyed. A sweeping land reform law was passed to break the power of the Polish-speaking gentry. Universities and vocational schools were founded to pave the route for the children of Lithuanian peasants to assume urban professions. Loan banks and cooperatives were founded to support Lithuanian businesses.²⁰ After the authoritarian coup of Smetona, the ruling Lithuanian Nationalist Union (*Lietuvos Tautininkų Sąjunga*) declared that the government's task was to support only those companies through loans, public contracts and licenses that “conceive of themselves as Lithuanian” and that employed Lithuanian workers.²¹

¹⁸ Šarūnas Liekis, *A State Within a State? Jewish Autonomy in Lithuania 1918-1925* (Vilnius: Versus aureus, 2003).

¹⁹ Klaus Richter, “ ‘Eine durch und durch demokratische Nation’: Demokratie und Minderheitenschutz in der Außendarstellung Litauens nach 1918,” *Zeitschrift für Ostmitteleuropa-Forschung* 64, no. 2 (2015): 194-217.

²⁰ Richter, *Fragmentation in East Central Europe*, 157-203 and 252-302.

²¹ “Klaipėdos krašto reikalais rezoliucija,” 1928, LCVA, f. f. 554, ap. 1, b. 37, l. 134.

The Crisis of Jewish Agriculture and the Revival of Folkism

It is no surprise that Jewish community leaders were disillusioned. Not least, this disillusionment fed into the revival of the Folkism movement, as the Jewish middle class became convinced that the Lithuanians were no longer interested in a shared future based on equal rights and equal opportunities. Due to its middle-class base and emphasis on Yiddish culture, Folkism differed notably from the other two main secular Jewish ideologies, Zionism and Bundism. Given its rejection of a Jewish state and its embrace of diaspora life, support for Folkism was probably the clearest barometer for the quality of the relationship between the Jewish minority and the Lithuanian state.²² To understand this relationship, it is important to bear in mind the scale of the disaster of the First World War for Lithuanian Jews. As most Jews had been expelled from Lithuania in 1915 by the retreating Russian Army, both the Lithuanian Republic and the Bolsheviks made it difficult for Jews to return from Civil War Russia. This had led to a drop in the proportion of Jews in Lithuania's population from ca. 13 per cent before the war to 7.5 per cent after (at the same time, the proportion of Lithuanians rose from two thirds to 84 per cent).²³ Moreover, the war had led to a further concentration of Jews in the petty trade—a “hypertrophy” that the Ministry for Jewish Affairs regarded the main obstacle towards the future well-being of Lithuanian Jewry.²⁴ The Ministry thus stipulated the socio-economic stratification of the Jewish community by educating Jews to engage in those professions they were less represented in, especially agriculture.²⁵ Yet these efforts clashed with the efforts of the Lithuanian state to empower Lithuanians and marginalize the minorities.

²² Yaacov Iram, “The Persistence of Jewish Ethnic Identity: The Educational Experience in Inter-war Poland and Lithuania, 1919-1939,” *History of Education* 14, no. 4 (1985): 273-282; Marcos Silber, “Lithuania? But Which? The Changing Political Attitude of the Jewish Political Elite in East Central Europe toward Emerging Lithuania, 1915-1919,” in *A Pragmatic Alliance*, eds. Sirutavičius and Staliūnas, 181-206.

²³ Richter, *Fragmentation in East Central Europe*, 59.

²⁴ “Monographie über die ökonomische Lage der litauischen Juden,” May 1920, LCVA, f. 1129, ap. 1, b. 32: 31-44.

²⁵ “Memorandum,” November 12, 1923, LCVA, f. 1129, ap. 1, b. 32, l. 17-22; “Memorandum,” 1922, LCVA, f. 1129, ap. 1, b. 32, l. 23-30.

In February 1930, in the first issue of the new *Folkist* newspaper of the Lithuanian Jews (*Folksblat*), the lawyer and former Seimas delegate Ozer Finkelstein painted a bleak picture:

Seven years of the old regime and three of the new [...]. What have they given to us, to the Lithuanian Jews? [...] We were once told we are shopkeepers. There are too many shops for our small country. But we haven't been given the opportunity to establish crafts shops and deal with productive things [...]. Were we given land? Not everyone can be a cobbler or a furrier [...]. Open the paper. Is there a Jew—an official? A Jewish girl—a telephone operator at the post office? A Jew—a porter at a train station? Equality obviously also means equal rights to work in all branches of work! [...] The Christian Democrats brought us to the old broken water trough and left us in a completely demoralized state. Even what history has produced for us in Tsarist Russia, they have destroyed.²⁶

In a sense, the Great Depression fell together with this crisis in the relationship between Jews and the Lithuanian state. Many middle-class Jews, who had studied the Lithuanian language in the expectation that they would form a coherent Lithuanian society together with their ethnic Lithuanian counterparts, started to look inwards, embracing Folkism's focus on Yiddish culture. "Where are you, the old illusions about arranging a happy cultural life here together, shoulder-to-shoulder with that people, freed from Russian despotism, with which we have lived for more than seven hundred years," Finkelstein demanded to know: "Where are you, the dreams to build up here in Lithuania our life on the foundation of our own culture?"²⁷

As Finkelstein stressed, hardly any Jews had received land as part of the sweeping land reform of 1922. Yet the small-scale involvement of Jews in agriculture is nonetheless a telling case study of how the impact of the Great Depression on Jews was aggravated by government policies, but also of how resilient the support was that Jewish agricultural organizations offered to Jewish farmers. Jews were

²⁶ Ozer Finkelstein, "Di iluzyes zaynen tserunen," *Folksblat*, February 14, 1930.

²⁷ Ibid.

predominantly engaged in urban professions. Before the depression, Jews constituted 77 per cent of those engaged in trade, 21 per cent of those engaged in industry, 18 per cent of those working in the transport sector, and 9 per cent of those working in state institutions.²⁸ During the Great Depression, these urban groups were affected by the crisis of the Jewish Folksbanks (*Liaudies bankai*), a network of cooperative banks established in 1919 to support Jews engaged in commerce.²⁹ In 1931, the director of the Kupiškis branch fled Lithuania, taking all deposits with him, which resulted in the ruin of local Jewish shopkeepers and craftsmen.³⁰ The shareholders' equity of the Central Jewish Bank (*Centralinis Žydų bankas*), the majority of which was owned by the Folksbanks, dropped from 22.4 per cent of the overall balance in 1929 to 14.6 per cent in 1930 and further to 14.3 per cent in 1931. In 1931, deposits fell by 44 per cent, loans by 41 per cent, and balance by 38 per cent.³¹

In stark contrast with urban professions, Jews accounted for only 0.46 per cent of all Lithuanian citizens engaged in agriculture. So, who were these less than 500 Jews who worked in agriculture? The largest share of these were civil servants (1.66 per cent of all civil servants working in the Lithuanian countryside), such as assessors, followed by landowners (0.63 per cent) and rural workers (0.19 per cent). However, among those categorized as "landowners," only few actually owned the land they worked on. Jewish landowners were largely a unique relic from the Russian imperial past, existing in discrete settlements where they had been allocated land in the Eighteenth century. Most of those subsumed in this category rented land rather than own it.³² By tying the allocation of new land to previous agricultural activity and by specifically barring those engaged in professions that

²⁸ Gediminas Vaskela, "Žydai Lietuvos ūkio struktūroje," in *Lietuvos Žydai. Istorinė studija*, eds. Vladas Sirutavičius, Darius Staliūnas, and Jurgita Šiaučiūnaitė-Verbickienė (Vilnius: Baltos lankos, 2012), 323-347; 332.

²⁹ Dov Levin, *The Litvaks: A Short History of the Jews in Lithuania* (Jerusalem: Yad Vashem, 2000), 139.

³⁰ Simonas Jurkštaitis, "Kupiškio žydų bendruomenės istorija iki Antrojo pasaulinio karo," *Lietuvos lokaliniai tyrimai. Istorija*, https://lt.lt/pdf/kupiskis/kupiskis-6_istorija-2015.pdf. Accessed September 1, 2024.

³¹ Irena Čepienė and Vladas Terleckas, "Koooperatinės bankininkystės sektorius Lietuvoje 1918-1940 m.," *Ekonomika* 47 (1999): 30-39; 31; Vladas Terleckas, *Lietuvos bankininkystės istorija, 1918-1941* (Vilnius, Lietuvos Banko leidybos ir poligrafijos skyrius, 2000), 68 and 72-83.

³² Vaskela, "Žydai Lietuvos ūkio struktūroje."

were “harmful” for peasants (such as tavern owners) from applying for land, the Lithuanian land reform law of 1922 had effectively made it impossible for Jews to apply for the purchase of land.³³ This consolidated the demographic structure of the Lithuanian Jews, who had mostly been barred from land ownership under Russian imperial rule.

The small number of Jewish farmers were organized in the United Jewish Agricultural Credit Society (Suvienyta Žydų žemės ūkio kredito draugija), which was established in 1928. The impact of the economic crisis on the society’s finances was strongest at the Great Depression’s peak in 1931. At its general assembly in 1931, the society still rejoiced that its 1930 turnover had almost doubled from the previous year. Although Jewish farmers were squeezed by the slump in agricultural prices, no farms had to be liquidated yet, no farmers emigrated, no bankruptcies were declared. The society announced it would for the first time in its young history, pay out dividends to shareholders. However, the dramatic change in export opportunities reflected in a sense of foreboding in the society’s assembly: All members had to “better organize themselves in order to overcome the current general crisis with united forces, to try to find new markets for products and to gradually intensify and modernize their farms to keep up with the current pace of life, which is moving forward by leaps and bounds.”³⁴ The society’s board acknowledged that the agricultural sector had been under pressure for the past four or five years already, aggravated by the “chronic, fatal even” collapse in prices and by the tensions with Germany, reflecting in the German import tariff increases of 1930.³⁵

The society warned that the crisis of Lithuania’s agriculture had specific implications for Jewish farmers. Loans by the Lithuanian Land Bank (Žemės bankas) were inaccessible to 90 per cent of Jewish farmers and to all horticulturists. This was particularly true for those who rented land, which concerned all Jewish farms around the capital city of Kaunas. The Land Bank often cited that the Jewish farmers’ “property documents are in disarray” as a pretext to withhold loans, not recognizing deeds and leases from the era of Russian imperial rule. The United Jewish Agricultural Credit Society repeatedly submitted complaints to the

³³ Richter, *Fragmentation in East Central Europe*, 282.

³⁴ “Protokolo nuorašas Nr. 2,” May 10, 1931, LCVA, f. 1142, ap. 1, b. 3, l. 2-2ap.

³⁵ *Ibid.*, l. 10.

Agricultural Bank but never received a response. The Lithuanian Central Bank (Lietuvos bankas) had granted loans only to a small number of provincial branches, but never to the society itself and never to individual members.³⁶

The following year, the society's chairman Salo Goldberg stated that "the society has successfully and honorably emerged from the unfortunate situation that was brought about by the crisis," yet warned that the Land Bank still remained inaccessible to Jewish loan-starved farmers. As the society had also failed to raise a loan with the Lithuanian Agricultural Bank (Lietuvos žemės ūkio bankas), it was unable to step in.³⁷ In 1933, the society conceded that the previously tolerable situation had taken a dramatic turn for the worse: "We must look to the future with great concern."³⁸ The society—as well as the numerous Jewish and non-Jewish small credit unions—were severely harmed by a series of laws that the Lithuanian Government had passed to regulate the foreclosure of bankrupt farms and to subject any farmers who were incapable of paying off loans with a monthly fine of a half percentile of the value of the whole loan.³⁹ This led to a dramatic series of bankruptcies, resulting in the losses of farms as the new laws made "the most credit-worthy elements of the country, the farmers, uncreditworthy." Since the laws were passed, the society argued, the granting of loans to Jewish farmers had collapsed entirely. This frustrated the society, which resolved to try to prevent any foreclosures on Jewish farms:

we have always had in mind not to destroy the farms of our members, because rebuilding destroyed farms is not an easy matter—and despite the fall in agricultural prices, new farms are not being created every day, especially Jewish farms, but unfortunately, not all the other banks where our Society lends have shown the same kind of goodwill and understanding to the farmers, and that is something which is not quite comprehensible to us. After all, it is an indisputable fact that, as farmers' incomes fall, the situation of trade and industry naturally deteriorates. The maintenance of real assets such as houses, and especially farms, is a matter

³⁶ Ibid.

³⁷ "Protokolas, I Nr.," May 16, 1932, LCVA, f. 1142, a. 1, b. 4, l. 4, 6-7.

³⁸ "Protokolas 2 Nr.," March 26, 1933, LCVA, f. 1142, ap. 1, l. 5, l. 2-2ap.

³⁹ "Žemės ūkio melioracijos įstatymo pakeitimas," *Vyriausybės žinios* 381 (1932).

of necessity for the general economy of the country, in which all the banks and farm organizations must have an interest.⁴⁰

Against this background, the society decided, for the first time in its existence, to write off a series of loans as losses to prevent a deluge of foreclosures. In the long run, however, Jewish agriculture largely survived the depression and remained one of the few sectors in which Jewish numbers did not decline vis-à-vis those of ethnic Lithuanians.⁴¹ Although the crisis had specific implications for Jewish farmers, there is little indication that their troubles were deliberately exploited for the purpose of strengthening their—numerically vastly superior—Christian counterparts.

Economic Empowerment and Jewish-Lithuanian Relations

Historians have noted the marked rise in antisemitic rhetoric and incidents in Lithuania across the 1930s. Mostly, this rise has been attributed to the strengthening of right-wing extremism and Nazi influence, whereas the Great Depression is rarely mentioned as a major cause. Yet, as I argue, the depression was a crucial factor, as it led to a dramatic intensification of political efforts to economically strengthen ethnic Lithuanians at the expense of minorities and especially of Jews. Lithuanian historians have emphasized the crucial role of the Union of Lithuanian Tradesmen, Industrialists and Craftsmen (*Lietuvių prekybininkų, pramonininkų ir amatininkų sąjunga*, often called simply *Lietuvių verslininkų sąjunga*—the Lithuanian Businessmen’s Union—LVS) in this rise of antisemitism, but never linked it to a broader trajectory of ethnocentric socio-economic policy.

Founded in 1930, the union’s declared agenda was to protect Lithuanians from the “slavery imposed by alien merchants” as their main mouthpiece—the newspaper *Verslas* (Business)—declared. For this purpose, it urged the Lithuanian public to boycott Jewish traders and lobbied aggressively with the government to actively

⁴⁰ “Protokolas 2 Nr.” March 26, 1933, LCVA, f. 1142, ap. 1, l. 5, l. 2-2ap.

⁴¹ Vaskela, “Žydai Lietuvos ūkio struktūroje,” 346.

support Lithuanian businesses and—by legal means, if necessary—restrict those of minorities.⁴² Existing studies tend to stress the opposition between the anti-Semitic Union and the moderate Smetona regime, which tenaciously resisted the temptations of political antisemitism, promoting “moral competition” between the nationalities instead.⁴³ However, contrary to the historiography, the LVS’s leading personnel was heavily involved with the ruling political party, the Lithuanian Nationalist Union (Lietuvos Tautininkų Sąjunga or Tautininkai). The deputy director of the LVS, Vincas Rastenis, also acted as general secretary for the Tautininkai. Deputy Finance Minister Julius Indrišiūnas regularly gave talks at LVS assemblies. The influential economist Kayzs Sruoga worked both for the LVS and for the Ministry of Finance—and the list goes on.⁴⁴ Thus, the LVS should not be considered a fringe movement. Rather, it directly spoke to power and, from its inception, was at the core of political decision making and of the formation of economic policy.

Folkist activist L. Verzhbovits realised in 1930 that the Great Depression was about to change the economic relationship between Jews and Lithuanians by functioning as a crucial catalyst for economic empowerment. “As always, the Jews are the barometer of political and economic complications,” Verzhbovits wrote in *Folksblat*: “The more sensitive the response to them, the greater Lithuania accelerates its strides towards ruin. And the harder the Jewish struggle for rights becomes in Lithuania.”⁴⁵ And indeed, the proponents of Lithuanian economic empowerment quickly realized that the destructive force of the Great Depression offered the possibility to dramatically reconfigure the country’s socio-economic structure. In February 1932, Vincas Rastenis proclaimed:

⁴² Sirutavičius, “Outbreaks”; Vincentas Lukoševičius, “Lietuvių verslininkų sąjungos susikūrimas, jos tikslai ir idėjinės nuostatos,” *Pinigų studijos* 2 (2008): 61–72.

⁴³ Sužiedėlis, “The Historical Sources,” 127.

⁴⁴ “II-ojo Lietuvių verslininkų kongreso 1933 metų spalio 7–8 dieną Kaune protokolas,” LCVA, f. 605, ap. 2, b. 10, l. 3, 6–7, 13.

⁴⁵ Dr. L. Verzhbovits, “Di idishe privilegyes fun Vytavt dem groysn, III,” *Folksblat* 171, September 10, 1930, 4. See also Verzhbovits, “Di idishe privilegyes fun Vytavt dem groysn, I,” *Folksblat* 169, September 5, 1930, 4; Verzhbovits, “Di idishe privilegyes fun Vytavt dem groysn, II,” *Folksblat* 170, September 8, 1930, 4. Cit. op. Michael Philips Casper, *Strangers and Sojourners: The Politics of Jewish Belonging in Lithuania, 1914–1940* (PhD diss., University of California Los Angeles, 2019), 206.

We are undaunted by the fact that we are embarking on this difficult work at a time of severe crisis. On the contrary, this latter circumstance even encourages us. Times of general upheaval sometimes shatter convictions that, until recently, seemed indisputable truths, but that now appear merely windswept. And these times of crisis have already revised more than one of yesterday's truths, which now seem a handful of sand.⁴⁶

Lithuania's future, Rastenis claimed, lay in its towns and cities. This was where commerce, industry and crafts were located, and these offered the largest possibility for expansion once the depression was over. "There are almost no limits to the city's development," Rastenis enthused: "It is expanding in what seems like a vertical direction. It is not usually the surplus urban population that seeks to apply its strength in agriculture, but the surplus agricultural population that seeks happiness in the city. However, this happiness of life has turned away from the Lithuanian people across many centuries."⁴⁷ The LVS were the pioneers of this economic project: "We have resolved to organize an economically strong Lithuanian townspeople."⁴⁸ As a major milestone, and to the great satisfaction of the LVS, the government passed a law in 1932 that prohibited the use of any languages except for Lithuanian in business dealings. Primarily designed as a law to break the power of Jewish cooperatives, the law dramatically curtailed the economic agency of Lithuania's minorities.⁴⁹

One project that harnessed the depression's "general upheaval," as Rastenis stipulated, was the 1930s transformation of the Klaipėda region and the creation of a Lithuanian urban stratum in the city of Klaipėda itself. The region, annexed to Lithuania in 1923, had long been a thorn in the side of Lithuanian nationalists. The city was economically highly idiosyncratic. It was mostly inhabited by German speakers, who showed little enthusiasm for the fate of the Lithuanian Republic. At the same time, as the city's timber industry had collapsed as a result of the closure of the river Nemunas in the wake of the Polish-Lithuanian conflict around Vilnius, there was little desire among Lithuanians to move into the crisis-

⁴⁶ "Ko mes norime?" *Verslas*, February 25, 1932.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Casper, *Strangers and Sojourners*, 231.

stricken city.⁵⁰ However, this changed with the Great Depression. As agricultural prices collapsed, farmers around Klaipėda withdrew savings from the city's banks to keep their farms afloat. The city of Klaipėda itself received a major economic blow in the aftermath of the Central European banking crisis of July 1931. The German banks in Klaipėda immediately had to take extraordinary measures to maintain liquidity. Growing mistrust in Klaipėda's banks led to the collapse of a private bank in autumn 1931, which in turn led to mass withdrawals of funds from other banks.⁵¹

The Lithuanian central bank, Lietuvos bankas, implemented two mechanisms to facilitate both the integration of the Klaipėda region into the Lithuanian State and to further the economic empowerment of ethnic Lithuanians. Lietuvos bankas specifically targeted agricultural and commercial businesses that were struggling economically and provided loans at rates that the Klaipėda-based banks could not afford to. In the views of their German-speaking owners, they were thus sliding into dependence on the Lithuanian bank. The second mechanism was to provide inexpensive loans to Lithuanians from "Greater Lithuania" to buy up businesses that had been foreclosed. These loans in turn stipulated that the new owners should hire only workers from "Greater Lithuania."⁵²

In 1928 already, unemployment rates in the Klaipėda region had dropped in line with the broader economic recovery across Europe. As wages were a third higher than in Lithuania Major, i.e. in the rest of Lithuania, Klaipėda was increasingly regarded as a "Lithuanian America," i.e. as a desirable destination for labor migration. As the depression struck, the Lithuanian Government carried out a targeted policy to create jobs for Lithuanian day laborers through ambitious public works in those areas of the city that were under their direct control—the port and the railways.⁵³ Accordingly, labor migration to Klaipėda increased. Over

⁵⁰ "Niederschrift über das Ergebnis der Besprechung über Kreditgewährung an die memelländische Wirtschaft im Auswärtigen Amt am 21. Februar 1925," The National Archives, Kew (TNA), GFM 33/3667, KO912018- KO912024.

⁵¹ Polizei-Direktion des Memelgebiets, "Bericht über die öffentliche Versammlung des Verbandes der Landwirtschaft," January 21, 1932, LCVA, f. 1636, ap. 1, b. 96, l. 37.

⁵² "Die wirtschaftliche Lage des Memelgebiets," March 16, 1932, TNA, GFM33, 3483, E683723-E684692.

⁵³ Julius Žukas, "Soziale und wirtschaftliche Entwicklungen Klaipėdas/Memels von 1900 bis 1945," *Nordost-Archiv* 10 (2002): 75-115; 95.

the course of the depression, 8,000 day laborers migrated from “Greater Lithuania” to the Klaipėda region. Through an active cooperation with hiring agencies, the Lithuanian Government, while taking no official stance on this issue, encouraged the migration of ethnic Lithuanians into Klaipėda with the aim to integrate the region deeper into the Lithuanian state. Klaipėda’s senate tried to restrict the arrival of new workers.⁵⁴ To mitigate social conflicts, the city’s leadership refused unemployed day laborers from Lithuania Major the right of residence, yet the Lithuanian Government declared these regulations illegal.⁵⁵ As unemployment soared among Klaipėda’s workers, this unemployment was masked by the creation of jobs that were almost entirely filled by Lithuanian-speaking—and some Jewish—workers.⁵⁶

Data on the success of urbanization as a component of economic empowerment varies. Studies indicate that the population of the city of Klaipėda increased as a consequence of labor migration from 32,000 in 1920 to more almost 52,000 in 1939.⁵⁷ Estimates of Lithuanians moving from Lithuania major to the Klaipėda region between 1923 and 1938 range from 21,000 to 30,000. The share of Lithuanian speakers in the total population of the city of Klaipėda thus increased from merely 3 per cent in 1920 to between 35 and 38 per cent in 1938. In 1937, for the first time, the majority of those born in Klaipėda were registered as “Lithuanians.”⁵⁸

What makes the case of Klaipėda so interesting was that the process of economic empowerment detailed here also increased the Jewish population by the factor five to six. Across the interwar period, between 5,000 and 6,000 Jews migrated to the Klaipėda region to seek employment. Before the war, less than 1,000 Jews had lived in Memel. Thus, the city became a lynchpin for Jewish communities who had begun to see the region’s German character increasingly as a threat after Hitler

⁵⁴ Giedrė Polkaitė-Petkevičienė, “Urbanizacija 1918-1940 metais: Modernaus miesto ženklai Lietuvoje,” *Lietuvos istorijos studijos* 39 (2017): 64-83.

⁵⁵ Žukas, “Soziale und wirtschaftliche Entwicklung,” 95.

⁵⁶ Polizei-Direktion des Memelgebiets, “Stellungnahme zur Arbeitslosenfrage,” July 4, 1932, LCVA, f. 1636, ap. 1, b. 96, l. 74-75; Kriminalpolizei des Memelgebiets, “Versammlung der Arbeitslosen der Stadt Memel,” February 5, 1936, LCVA, f. 1636, ap. 1, b. 96, l. 261-262; Žukas, “Soziale und wirtschaftliche Entwicklung,” 95.

⁵⁷ Vasilijus Safronovas, *Klaipėdos miesto istorija* (Klaipėda: Antroji laida, 2021), 170.

⁵⁸ Žukas, “Soziale und wirtschaftliche Entwicklung,” 95.

seized power in 1933. An article published in the Jewish newspaper *Apžvalga* in 1935 referred to the labor migration to Klaipėda as a “colonization,” carried out by urban workers who “carried the Lithuanian national idea.” The breakthrough, the article argued, had come on the eve of the depression, “as the Lithuanian nation was consolidating more and more”:

Not only small merchants from the surrounding towns began to move to Klaipėda, but also large entrepreneurs full of initiative, thanks to whose efforts a whole series of new businesses, factories, workshops, warehouses and offices were established. The colonization of Jews, which did not stop until 1932, created favorable conditions for the elimination of unemployment and provided inexpensive labor from Lithuania Major. Thus, as the number of Jewish residents increased, the number of Lithuanian workers in the city of Klaipėda also grew continuously, and by the end of 1931 they already formed the core of Klaipėda’s industrial proletariat.⁵⁹

The article also noted how closely the Lithuanian government’s push to increase the influx of labor was tied to the Great Depression, and how closely it was linked to Lietuvos bankas’s policy to establish control over businesses and farms owned by German speakers. It is against this background that we have to view genuine joint ventures between the Lithuanian state and Jewish entrepreneurs. Jewish timber merchant Nathan Nafthal, for instance, was among the founders of the Memel Timber Syndicate (Memeler Holzsyndikat), which was established in 1930 on the initiative of the Lithuanian Forestry Department.⁶⁰ In 1928 already, the Israel brothers, after their return from Bolshevik Russia, had established the textile factory Liverma, which would turn become Klaipėda’s largest employer. In total, between 1925 and 1935, Jews from “Greater Lithuania” founded nine textile companies in Klaipėda.⁶¹ “After the crisis, the development of industrialization

⁵⁹ “Lietuvybės politinė įtaka kaime ir mieste – miesto kolonizacija – žydų vaidmuo,” *Apžvalga*, July 21, 1935.

⁶⁰ Žukas, “Soziale und wirtschaftliche Entwicklung,” 94.

⁶¹ Ruth Leiserowitz, “Memel Territory,” in *The Greater German Reich and the Jews: Nazi Persecution Policies in the Annexed Territories, 1935-1945*, eds. Wolf Gruner and Jörg Osterloh

suddenly stopped, and the colonization of the city stopped at the same time,” the *Apžvalga* article observed. Jews thus did not only “objectively facilitate the colonization of the Lithuanian city, but also, if necessary, showed determination to sacrifice their own national affairs for the affairs of the state, especially when the interests of the state strictly require unity”—the transformation of Klaipėda was thus conceived of as a joint project of Jewish-Lithuanian cooperation, harkening back to the founding years of the Lithuanian Republic.⁶²

The Decline of Jewish Businesses

However, the impact of the Great Depression and the policies of economic empowerment had a mostly disastrous impact on Jewish communities. While the economic empowerment of ethnic Lithuanians progressed fairly slowly across the 1920s, the progress made in the early 1930s was profound. While Lithuanians accounted only for 13 per cent of all citizens engaged in trade in 1923, their share in 1935 was one third. In 1938, Albertas Tarulis, speaker of the Chamber for Trade, Industry and Crafts (*Prekybos, pramonės ir amatų rūmai*), gloated to a German readership that the share of the Jewish population had decreased from 7.5 to 6 per cent over the 1930s and continued to fall. 80 per cent of all emigrants from Lithuania were Jewish. While Jews continued to dominate domestic trade, the concentration of exports in the hands of the large cooperatives meant the de facto “elimination of the Jewish element.”⁶³ Jewish statistician Jacob Lestchinsky, one of the founders of the YIVO, travelled to Lithuania in 1936 and was struck by “a feeling of panic [...] among the Jewish artisans.” Moreover, he noted that the appearance of the Lithuanians shtetls had fundamentally changed over the course of the depression:

(New York: Berghahn, 2015), 136-156; 140; Gerhard Willoweit, *Die Wirtschaftsgeschichte des Memelgebiets*, vol. 2 (Marburg: Herder Institut, 1969), 651.

⁶² Ibid.

⁶³ Albertas Tarulis, “Die Juden im Wirtschaftsleben Litauens,” *Osteuropa* 13, no. 6 (1938): 383-392; 385.

During the '20s there were scarcely any Lithuanian-owned shops to be seen on the main streets of the average town in Lithuania. By 1936, however, during a tour of Shavli (Siauliai), Panevezys, Vilkaviskis, Kybartai and other towns, the writer was struck by the solid and secure appearance of the new Lithuanian business enterprises. The contrast between these vigorous, young proprietors and their worried, prematurely aged Jewish competitors, who had until recently monopolized the clothing trade, the wholesale business and others, symbolized the arrival of a new era. The Jewish merchants, with whom the writer talked, were by no means lacking in admiration for the skill and efficiency shown by the Lithuanian businessmen. They generally felt that the age when the commercial talent of the Jews was the basis of their political and economic status, in the eyes of the government, was gone; and that the country's masters no longer saw any particular reason to tolerate the existence of the Jewish minority.⁶⁴

Given the much larger catastrophe of the Holocaust, it is easy to forget the momentous consequences that the Great Depression and Lithuanian economic policies had for Lithuania's Jewish communities. At around the same time as Lestchinsky's visit, *Folksblat* published a series of reports on the transformation of Lithuania's previously predominantly "Jewish" towns. In Palanga, two fifths of inhabitants were Jews, but their number had been "greatly reduced" during the depression. Much of the local trade was carried out by the national cooperative Lietūkis. While Palanga used to have Jewish aldermen and a Jewish mayor, no Jews remained in employment in the municipality. "The economic situation of the Jews of Palanga is exceedingly depressing," *Folksblat* claimed:

The crisis has ruined the storekeepers and artisans. In addition, we have to cope with the agitation against buying from Jews. This is not carried out as openly as in other towns but the anti-Jewish "one hundred-percenters"

⁶⁴ Jacob Lestchinsky, "The Economic Struggle of the Jews in Independent Lithuania," *Jewish Social Studies* 8, no. 4 (1945): 267-196; 276 and 281.

persist at it. In consequence, a large number of Jewish storekeepers have already gone under while others have been pushed to the brink of ruin.”⁶⁵

As in Palanga, Lithuania’s largest federation of cooperatives, Lietūkis, had come to dominate the town of Utena with a new warehouse. The LVS had successfully made inroads and actively agitated for boycotting Jewish stores. In Kudirkos Naumiestis, the depression had wiped four brush factories, three flax factories and two lemonade and beer breweries, which had employed more than 100 Jewish workers, off the map. Instead, a new Lietūkis-owned flax factory employed dozens of non-Jewish workers. The towns successful Jewish merchants, who had exported and imported, had disappeared. Only small storekeepers were left. The only sector left undamaged was Jewish agriculture.⁶⁶ Mažeikiai, a thriving, predominantly Jewish town, had attracted Jewish entrepreneurs from the vicinity after the war. However, this stopped in 1930, when “the position of the Jewish population grew much worse.” The author attributed this to both the Great Depression and the effectiveness of LVS propaganda. Bankruptcies ensued and unemployment grew, leading to a wave of emigration to America, Africa and Palestine. As the state introduced new monopolies of liquor and matchmaking, the local distillery had to close, as did the match factory. Both factory buildings were sold to the LVS, who opened a new brewery with the slogan: “The first Lithuanian beer-brewery in Lithuania.” As Lietūkis lobbied with the government to introduce a flax monopoly, even the future of the two Jewish flax mills seemed in doubt.⁶⁷ In Balbieriškis, 10 Jewish stores closed over the course of the depression, and the remaining ones were occasionally empty of customers for weeks on stretch. The town’s famous Jewish carpenters had become unemployed during the crisis and turned into factory day laborers: “There is not a single Jewish blacksmith in town, not one house-painter, tinsmith or shoemaker (except for one cobbler). Their place has been taken in recent years by Lithuanians.”⁶⁸ Vaškai was considered a particularly paradigmatic case of a shtetl destroyed by the Great Depression: Once a home of 200 Jewish families and of a promising, economically active young

⁶⁵ Ibid., 290.

⁶⁶ Ibid., 290-291.

⁶⁷ Ibid., 292.

⁶⁸ Ibid.

generation the town was now “practically an old folks” home, economically ruined and literally almost without a single young person.”⁶⁹

Yet for the proponents of economic empowerment, the victims of economic competition were the Lithuanians, not the Jews. If anything, the dedicated support of the state for Lithuanian enterprises levelled the playing field, which had historically been tilted in the favor of the minorities. Jewish pleas for an economic policy that did not discriminate against minorities were insincere, as LVS deputy Rastenis argued:

We have nothing against you doing business, but don’t push us out, compete with us as equals with equals. These words sound really nice, but the editors of the Jewish newspapers are too naïve if they think the Lithuanians do not understand the truth [...]. And this is the following: Compete with us as equals with equals, because then we can be sure that you will not beat us; you will not beat us because we have capital and you do not, we have special banks and we can use loans from Lietuvos bankas—and where will you get your loans? We have the best houses in the city, but we will not rent you premises, even if they are empty; we have a clientele and we will keep it, because we will sell cheaper, and you will be driven to bankruptcy by the reduced prices; because we have the large warehouses in our hands, we will give you the goods later than we give them to our kin, we give you only the low-quality goods, we will give you neither credit nor discounts [...]. That is what your advice to compete “as equals with equals” actually means.⁷⁰

In 1935, the lawyer and leader of the Union of Jewish Army Veterans, Jokūbas Goldbergas, warned that the government tried to “artificially displace the Jews from their present economic position.” Although Jews accepted that “a body of Lithuanian townspeople and businessmen has been formed,” these entrepreneurs, the Lithuanian government, and especially the Verslininkai, “cloaked business in patriotism,” thus damaging Lithuania’s economic interests. Historically, the

⁶⁹ Ibid., 293.

⁷⁰ Vincas Rastenis, “Prieš ką ir už ką mes kovosime?” *Verslas*, October 19, 1933.

displacement of Jews had always resulted in economic downturns, Goldbergas claimed:

If, for objective reasons of economic life, a certain number of Jews have to leave their current economic position, the state should be concerned about their future and help them to settle in other sectors of the economy so that they can remain useful and productive citizens. From some quarters, Jews are often accused of leaving Lithuania and taking their wealth with them. But who is to blame here. After all, it is not for pleasure that people leave their homeland and go in search of happiness abroad [...]. We live in difficult times. This may be the hour of destiny for Lithuania, and the slogan of unity must prevail in all our lives. Neither Lithuanians nor Jews must succumb to the agitation of hatred and antagonism.⁷¹

While the proponents of economic empowerment aimed to encourage Lithuanians to set up stores and workshops in the towns and cities, through their lens the largest domestic threat to Lithuania's sovereignty was the dominance of Jews in wholesale trade and in imports and exports. The depression had made a state's capability to control in-and outflows of currency and commodities seem a crucial marker of survivability within an increasingly protectionist international system. As Lithuania's trade balance turned negative after Germany imposed import restrictions, the dominance of Jews in the trade of some of Lithuania's most important export commodities seemed all the more unacceptable. This pertained particularly to flax and grain. In 1934, 100 per cent of flax trade and 96 per cent of grain trade were still in the hands of Jewish merchants.⁷² Behind these statistics were not a handful of wealthy merchants, but rather a large number of middle-income families. According to estimates of the Jewish newspaper *Apžvalga*, a total of 5-6,000 Jewish families depended on the income from grain trade alone.⁷³ By 1934, the government had already facilitated the transition of 60 per cent of all sugar sales, 70 per cent of all salt sales and 60 per cent of cement sales

⁷¹ "Bendras likimas mus riša." *Apžvalga*, September 8, 1935.

⁷² Lestchinsky, "The Economic Struggle," 275.

⁷³ "Javų pirklių memorandumas p. Ministeriui Pirmininkui," *Apžvalga*, July 28, 1935.

into the hands of Lietūkis.⁷⁴ If anything, a further centralization of foreign trade seemed most likely. As one of the final policies that the government designed to respond to the depression, the monopolization of both grain (primarily wheat in the first instance) and flax came under discussion.

The status of flax in the Lithuanian economy was almost iconic. It was the only product produced in Lithuania that had a prominent name on the world market. It was considered vastly superior compared to its counterparts from Poland and the Soviet Union. Yet flax trade had also suffered from the depression. In 1928, it had made up for 35 per cent of the value of all Lithuanian exports. By 1933, it had dropped to 5.5 per cent, as prices had collapsed from 210 Litai per centner to 45.⁷⁵ The response of the LVS was to blame Jewish flax merchants for spoiling prices by extracting excessive profits. Jewish merchants responded by claiming that the quality of Lithuanian flax had deteriorated, which was the fault of the producers rather than of the sellers:

The least to blame for all the defects in our flax is probably the middleman, even when he has a factory for processing flax fiber: He often receives a product so poor that there is nothing he can do to improve it [...]. It is only natural that, with the improvement in the situation of flax and the deterioration in the situation of most of our other export products, the relevant bodies have become concerned about flax farming and have begun to look for a way of remedying the state of affairs. However, they have not started from the main source of the deficiencies, the farmer, but from the roof, from the last resort, the last instance, which sells the goods abroad, and from the middleman, who buys the goods. It is from them that the reforms have begun, although they are mostly no longer in a position to repair what the producer has already damaged.⁷⁶

While the government ultimately did not centralize flax trade—only in 1939 was the cooperative *Linas* established that bought up struggling flax enterprises—it invested heavily into Lietūkis to centralize the trade of wheat. In July 1935, Jewish

⁷⁴ Casper, *Strangers and Sojourners*, 229.

⁷⁵ *Statistikos biuletenis* 1 (1929); *Statistikos biuletenis* 2 (1933).

⁷⁶ “Linų eksportas,” *Apžvalga*, August 25, 1935

grain merchants organized a nationwide congregation to discuss the implications of this policy and asserted that hundreds of Jewish families would be deprived of their only source of income.⁷⁷ In a memorandum sent to prime minister Juozas Tūbelis, they demanded that their representatives should at least be consulted with regards to the specific nature of how the centralized wheat trade should be organized.⁷⁸ The government's proposals, based on the idea that the centralization of trade, supported by subsidies to reduce wheat prices, would make Lithuanian wheat competitive on the international market, were merely a cover-up for a further ethno-centric policy of economic empowerment, as the subsidies were paid by the government, not by Lietūkis. The narrative of trade mediation as an element harmful to economy and society had to be challenged. "We have begun to take too lightly the dangerous game of trying to displace whole occupational groups from their economic position," they claimed in *Apžvalga*:

The light-hearted preaching of the state-of-the-art science is that it is time to get rid of the middlemen, that there must be no intermediation between producer and consumer [...]. Meanwhile, the intermediary apparatus is not at all a thing of luxury or a parasitic institution, but performs a necessary social function by properly organizing the distribution of products.⁷⁹

Assessing Jewish-Lithuanian Relations after the Depression

Interestingly enough, the very establishment of the newspaper *Apžvalga* was a sign that many Lithuanian Jews, instead of being disillusioned, were actively seeking a better relationship with the Lithuanian state and society as the depression came to an end. Founded by the Society of Jewish War Veterans, *Apžvalga* was the first Jewish newspaper in Lithuanian language. Its editors opposed both Zionism, which they regarded as escapist, and Folkism, which they thought entrenched the status of Jews as outsiders in Lithuania's socio-economic structure. But even Folkists began to argue that Jews needed to adapt to the Lithuanian state's

⁷⁷ "Lietuvos žydų javų pirklių suvažiavimas," *Apžvalga*, July 7, 1935.

⁷⁸ "Javų pirklių memorandumas p. Ministeriui Pirmininkui," *Apžvalga*, July 28, 1935.

⁷⁹ "Javų pirkliai pavojuje," *Apžvalga*, July 21, 1935.

economic nationalism, which, in a world governed by tariff and trade wars, was bound to stay. “Not everyone can live for the tomorrow,” one of their protagonists claimed:

One must also see the today. Not everyone will be able, and not all will need, to emigrate. People in Lithuania will struggle to remain here. It is in our interests to diversify, as much as possible, our economic structure, to create it in a whole mosaic of possibilities, find new positions for the Jews here.⁸⁰

The reason for this was the realization that Smetona’s Lithuania, since 1933, was a vastly safer haven for Jews than Nazi Germany was (and Poland, for that matter). It is hard to overstate the impact that the moment when Hitler seized power had on the political subjectivities of Lithuanian Jewry. Unsurprisingly, the first Jewish school that taught all subjects in Lithuanian was founded in Kaunas in 1933, after the German High School, 40 per cent of the pupils of which had been Jewish, closed its doors to Jews.⁸¹ Jews increasingly spoke Lithuanian among themselves in the streets and familiarized themselves with Lithuanian cultural traditions. As the Nazis launched their boycott campaign against the stores of German Jews, more than 10,000 Jewish protestors filled the streets in Lithuania’s towns and cities on 7 April 1933.⁸² *Folksblat* wrote:

We, the Jews from Lithuania, who were driven from our homes by the Tsarist power 18 years ago over the false accusation over supporting Germany, the enemy at the time—we feel now with a distinct sorrow the Nazis’ disgusting, false accusation that world Jewry has allegedly taken control of Germany [...] Lithuanian Jewry, as an organic part of world Jewry, suffers and bruises together with our humiliated brothers in Germany, and strongly and seriously expresses the most urgent protest

⁸⁰ L. Verzhbovits, “Yidn af erd in Lietuva,” in *Tsum oyfkum durkh arbet: ORT almanakh* (Kaunas: ORT, 1935), 25-26. Cit. op. Casper, *Strangers and Sojourners*, 214.

⁸¹ Benediktas Šetkus, “Kauno žydų gimnazija dėstomąja lietuvių kalba: vokiečių ir žydų konfrontacijos darinys,” *Lituanistica* 65, no. 2 (2019): 73-87.

⁸² Casper, *Strangers and Sojourners*, 208 and 215.

against that which, with one fell swoop, robbed Jews in Germany of their struggle, over many years, to obtain rights as equal citizens; against that which has declared them to be abandoned to bands of pogromists; against that which drives them to starvation; against those who humiliate and spit on the Jew. Even though the German Jews, who find themselves in a medieval inquisitional prison, have not asked for help, even if they, spit upon and disoriented, turn against our protest, we send over our expression of sympathy and our word of encouragement.⁸³

Further support initiatives ensued. Lithuanian Jews established a Society to Aid German Jews; the German ORT branch sent Jewish students and professionals from Germany to train and work in workshops in Lithuania. Zionists established Kibbutzim for German Jews, first in Vilkaviškis (1933), then in Kaunas (1934). In 1934, ORT established agricultural colonies for German Jews near Marijampolė and Kaunas.⁸⁴ Jews further rallied behind Smetona after supporters of the imprisoned fascist politician Augustinas Voldemaras attempted to seize power in a failed coup in 1934. Smetona responded by assuring Jews—and other ethnic minorities—that his policy stood for the “equity and recognition of equality of all of Lithuania’s ethnicities (as opposed to democracy, which, Smetona claimed, stood for inequality and racism). In exchange, however, he demanded unconditional loyalty from the minorities, who must not “form a state within a state.”⁸⁵ Jewish societies enthusiastically expressed their support for Smetona on the occasion of his sixtieth birthday, which was celebrated with mass festivities throughout the country. Jewish associations ranging from the Society of Jewish War Veterans to the Karaim sent letters of congratulations and wished the “Leader of the Nation” (*Tautos vadas*) luck in his efforts to recover Vilnius as capital for Lithuania.⁸⁶ Moise Bregšteinas of the Society of Jewish War Veterans claimed that Smetona “was sent by providence”:

⁸³ Yankev Gotlib, “Friling 1933,” *Folksblat* 78 (936), April 7, 1933, 3. Cit. op. Casper, *Strangers and Sojourners*, 216.

⁸⁴ Casper, *Strangers and Sojourners*, 217.

⁸⁵ Richter, “Der Kult um Antanas Smetona,” 129.

⁸⁶ *Ibid.*, 130.

Remember that when our independence was threatened from all sides, the sons of Lithuania followed the call of His Excellency Antanas Smetona, without difference in nationality and confession [...]. Smetona fought against the Russians, against the Poles, but he never fought against the Russian, Polish or other national minorities.⁸⁷

Conclusion

The Great Depression had a profound impact on the socio-economic situation of Lithuania's Jewish communities, on the relationship between Jews and ethnic Lithuanians, and on the relationship between Jews and the Lithuanian State. As state responses to the depression focused on enhancing control over the economy and ramping up efforts to strengthen Lithuanians through ethno-centric policies of economic empowerment and trade centralization, Jews were increasingly marginalized in the national economy. Entrenched narratives that the country's economic problems could be solved by removing mediators from commerce legitimized policies that actively damaged the economic position of Jewish merchants, resulting in hardship for thousands of families. From testimonies from observers we learn that post-depression Lithuanian towns looked utterly transformed: Jewish businesses had largely disappeared, replaced by Lithuanian state-supported cooperatives; Jewish merchants and craftsmen had become day laborers, the younger generations left the towns. However, as the case of the Lithuanian "colonization" of the formerly Prussian city of Klaipėda (Memel) during the Great Depression shows, the impact of such ethno-centric policies of economic empowerment on Lithuanian Jewry was more ambiguous: As tens of thousands of Lithuanian workers moved into Klaipėda, essentially "Lithuanianising" the city, they were joined by thousands of Jewish workers, who also found in the city a necessary outlet to escape the poverty-stricken Jewish towns. Despite the state policies that clearly disadvantaged Jews, many Lithuanian Jews actively sought assimilation with Lithuanian society from 1933 and openly

⁸⁷ Moise Bregšteinis, *Antanas Smetona* (Kaunas: Žydų karininkų sąjunga, 1934), 6.

supported the authoritarian president Antanas Smetona as the country appeared a much safer home than its revisionist neighbor, Nazi Germany.

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