

0521827264 - German Industry and Global Enterprise BASF: The History of a Company Werner Abelshauser, Wolfgang von Hippel, Jeffrey Allan Johnson and Raymond G. Stokes Frontmatter

More information

## German Industry and Global Enterprise BASF: The History of a Company

The corporate history of BASF spans an era of German and international economic history that began with the rise of the "new industries" as of the late nineteenth century and continues today in their confrontation with the new economy. This book examines BASF's corporate governance, financial system, industrial relations, system of qualification, and relation to other companies. A corporate history of BASF promises more than an insight into the functioning of an industrial organization. It also reveals the reasons for the extraordinary economic dynamics of the German empire and the enormous expansion of the world economy before World War I. BASF's history stands at the center of Germany's wartime economy during two world wars and highlights both its strengths and weaknesses. Just as the IG Farben trust helped support Germany's course of politicoeconomic autarky after 1933, so it was that BASF helped facilitate West Germany's startlingly quick return to the world market. BASF has since been among the transnational companies whose efforts at the leading edge of economic and technological progress are paradigmatic for Germany's entry into the new economy of the twenty-first century.

Werner Abelshauser is Chair in Economic History at the Faculty of History and Director of the Institute of Global Society Studies at Bielefeld University. He has authored 13 books and edited 12 others. He has published almost 100 articles in more than 20 journals, including works in German, English, French, Italian, Russian, and Japanese.

Wolfgang von Hippel is Professor of Modern History at the University of Mannheim.

Jeffrey Allan Johnson is Professor in the Department of History at Villanova University.

Raymond G. Stokes is Professor of International Industrial History at the University of Glasgow and Director of the Europe-Japan Social Science Research Center.



Cambridge University Press 0521827264 - German Industry and Global Enterprise BASF: The History of a Company Werner Abelshauser, Wolfgang von Hippel, Jeffrey Allan Johnson and Raymond G. Stokes Frontmatter

More information

## German Industry and Global Enterprise

BASF: The History of a Company

WERNER ABELSHAUSER
Bielefeld University

WOLFGANG VON HIPPEL University of Mannheim

JEFFREY ALLAN JOHNSON Villanova University

RAYMOND G. STOKES University of Glasgow





Cambridge University Press
0521827264 - German Industry and Global Enterprise BASF: The History of a Company
Werner Abelshauser, Wolfgang von Hippel, Jeffrey Allan Johnson and Raymond G. Stokes
Frontmatter
More information

PUBLISHED BY THE PRESS SYNDICATE OF THE UNIVERSITY OF CAMBRIDGE The Pitt Building, Trumpington Street, Cambridge, United Kingdom

## CAMBRIDGE UNIVERSITY PRESS

The Edinburgh Building, Cambridge CB2 2RU, UK 40 West 20th Street, New York, NY 10011-4211, USA 477 Williamstown Road, Port Melbourne, VIC 3207, Australia Ruiz de Alarcón 13, 28014 Madrid, Spain Dock House, The Waterfront, Cape Town 8001, South Africa

http://www.cambridge.org

© Cambridge University Press 2004

This book is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 2004

Printed in the United States of America

Typeface Sabon 10/12 pt. System LATEX 28 [TB]

A catalog record for this book is available from the British Library.

Library of Congress Cataloging in Publication Data

ISBN 0 521 82726 4 hardback



0521827264 - German Industry and Global Enterprise BASF: The History of a Company Werner Abelshauser, Wolfgang von Hippel, Jeffrey Allan Johnson and Raymond G. Stokes Frontmatter

More information

## Contents

	Introduction by the Editor	page 1
	From New Industry to the New Economy	I
I	Becoming a Global Corporation – BASF from 1865 to	
	1900	5
	Wolfgang von Hippel	-
	1. The Prehistory	7
	Friedrich Engelhorn – Pioneering Enterpreneurship A Massive Market – The Beautiful World of the New	7
	Dyestuffs	9
	One of the First Coal-Tar Dye Factories in Germany	12
	2. The Early Years (1865–1873)	15
	Mannheim or Ludwigshafen? The Dramatic	-
	Establishment of the Corporation	15
	The Large-Scale Project to Begin Anew in	-
	Ludwigshafen	19
	From Imitation to Independent Research – Heinrich	
	Caro	23
	The First Synthesis of a Natural Dyestuff: Alizarin	26
	On an Expansion Course: The Fusion with the	
	Stuttgart Firms of Knosp and Siegle in 1873	<b>3</b> I
	3. Between Science and the Marketplace – BASF in the	
	"Dyestuffs Age," 1873–1900	36
	An Overview	36
	The Centers of Developments - Top Management and	
	Organizational Problems	38
	The Heart of the Company - Research	,
	and Production	50
	Science as a Factor of Production - Laboratory Work	52
	The Stony Path to the Marketplace - Dyeing Works as	-
	Testing Stations	5.5
	"The Age of Dyestuffs" I: Aniline Dyes	57
	"The Age of Dyestuffs" II: Azo-dyes	59
	"The Age of Dyestuffs" III: Alizarin Dyes	63



0521827264 - German Industry and Global Enterprise BASF: The History of a Company Werner Abelshauser, Wolfgang von Hippel, Jeffrey Allan Johnson and Raymond G. Stokes Frontmatter

vi	Contents	
	"The Age of Dyestuffs" IV: Indigo	65
	A Promising Future as a Supplier to the Industry:	
	Inorganic Production	70
	Structural Development, Technical Service Facilities The Ecological Costs of Production – Environmental	72
	Problems?	76
	Intellectual Property as a Factor of Production: Patent Issues	
	Integration into the Marketplace	79 82
	The Expression of Economic Success: Sales Turnover,	02
	Markets, and Profits and Their Use	93
	The Human Factor in Production: Firm Personnel – High-Ranking Salaried Employees ("Beamte")	
	and Workers	102
	Economy and Politics	112
II	The Power of Synthesis (1900–1925)	115
	Jeffrey Allan Johnson	
	1. A Company in Transition	115
	BASF at the Paris World Exposition of 1900	115
	Changes in Corporate Leadership Circa 1900	117
	The Victory of Synthetic Indigo	119
	New Products: Paths Taken and Not Taken	121
	2. From the Dreibund to von Brunck's Death	
	(1904–1911)	127
	The Dreibund: Concentration, Conflict, and	
	Organizational Change	127
	Innovation and Marketing in Dyestuffs Innovation and Academic-Industrial Collaboration:	136
	From Dye Chemistry to Nitrates	142
	Workers' and Employees' Movements	146
	The End of the von Brunck Era 3. From Oppau to Leuna: Synthetic Ammonia and War	150
	(1912–1918)	151
	The Ammonia Synthesis, 1912–1914	151
	BASF on the Eve of the War, 1912–1914	157
	Mars Rising: Entering the War Economy	160
	The Leuna Project	165
	Wartime Reorganization: The Expanded IG	171
	From Labor Truce to Mass Protest: The Workforce	,
	at War	173
	4. From Crisis to Fusion (1919–1925)	177
	Defeat and Revolution: New Leadership Facing	
	Postwar Challenges	177



0521827264 - German Industry and Global Enterprise BASF: The History of a Company Werner Abelshauser, Wolfgang von Hippel, Jeffrey Allan Johnson and Raymond G. Stokes Frontmatter

	Contents	vii
	Stark Realities of the Peace Terms: Occupation,	
	Technology Transfer, Reparations	183
	Postwar Marketing and Innovation	189
	Labor Conflicts and the Catastrophic Explosion	
	in Oppau	193
	From Crisis to Fusion (1922–1925)	201
III	From the IG Farben Fusion to the Establishment of BASF	
	AG (1925–1952)	206
	Raymond G. Stokes	
	1. Introduction	206
	BASF in the IG Period: Overview and Initial	
	Hypotheses	207
	2. Fitting into the New Concern, 1925–1929	212
	Organizational Change and the IG	214
	The Upper Rhine Group in the Initial IG Period:	
	Organization and Relationships with Other IG Plants	220
	Trends in Production	222
	Research and Development	230
	Work and the Workforce	233
	3. Coping with the Crisis, 1929–1933 Reorganizing the Trust and the Group in the Wake of	235
	the Crisis	226
	Production Trends	236
	Downsizing	239
	Politicization of the German Chemical Industry and the	243
	Upper Rhine Group	247
	4. Accommodation and Conflict, 1933–1936	250
	The National Socialist Seizure of Power, the Trust, and	2,0
	the Group	251
	Recovery in Production and Trends in R&D	264
	Social and Labor Policy in the Factories	270
	5. Autarky and Preparation for War, 1936–1939	273
	The Four Year Plan Organization and Preparation	, ,
	for War	273
	Production, Sales, and Research Trends	282
	Work, the Workforce, and National Socialist Ideology	
	and Practice	289
	6. The Upper Rhine Group in German-Dominated	
	Europe, 1939–1942	293
	The National Socialist New Order and the Upper	
	Rhine Group	294
	War Production and Investment	306
	Labor	310



0521827264 - German Industry and Global Enterprise BASF: The History of a Company Werner Abelshauser, Wolfgang von Hippel, Jeffrey Allan Johnson and Raymond G. Stokes Frontmatter

viii	Contents	
	7. The BASF Group in Total War, 1942–1945	313
	Total War and the Upper Rhine Group Factories	314
	Production Trends	315
	Labor	322
	The Upper Rhine Group and IG Auschwitz	328
	Destruction and Postwar Planning	332
	8. From Occupation to Refounding, 1945–1952	335
	The Impact of the War on the BASF Factories	336
	Production and Investment under French Occupation The Workforce and the Re-emergence of Labor	346
	Unionism	355
	The Breakup of the IG Farben Trust and the	
	Refounding of BASF	357
IV	BASF Since Its Refounding in 1952	362
	Werner Abelshauser	
	1. The Past Has a Future: Launching BASF Anew	362
	The Refounding	362
	Disincorporation	367
	Rebirth	371
	2. Corporate Culture: Tradition as a Resource?	376
	Rules and Context: The Social System of Production	376
	Strategy and Structure: Corporate Leadership	378
	Consistency and Flexibility: Financing	388
	Control and Trust: Shareholder Relations	397
	Partnership and Conflict: Industrial Relations	409
	Costs and Benefits: Plant Policy with a Social Bent Research, Technology, Application: Customized	417
	Quality Production	428
	3. Old Markets, New Basis: Early Breakthrough to	
	Petrochemistry	435
	Old and New Markets	435
	The Founding of the Rhenish Olefin Works	441
	Breakthrough	450
	4. Tradition and Distance: The Second Breakup of	
	IG Farben	454
	Distance	454
	Cooperation	457
	Reintegration	460
	The Second Breakup	465
	5. The Way to the Top: Strategic Decisions	473
	Orientation Problems	473
	Profit Can Be Planned, or the Will to Greatness	478
	Interlocking Production Operations on a Large Scale,	
	or a New Technological Paradigm	483



0521827264 - German Industry and Global Enterprise BASF: The History of a Company Werner Abelshauser, Wolfgang von Hippel, Jeffrey Allan Johnson and Raymond G. Stokes Frontmatter

Contents	ix
6. One, Two, Many "Ludwigshafens": The Integrated	
Production System and the Siting Issue	487
The Ludwigshafen Site	487
Looking for the Second "Ludwigshafen"	491
Ludwigshafen Is Everywhere: Exporting a Model	496
Challenge I: Nuclear Power Plant	500
Challenge II: Environmental Protection	507
7. Learning from the United States? From Joint Venture	
to Verbund	513
Staying Power: Joint Venture with Dow	513
Caught Together, Hanged Together: Entering the Fiber	
Business	517
Battle of Cultures: The Tug-of-War over Dow Badische	527
Exporting a Model: Consolidation through the	
Verbund	538
8. Crisis and Consolidation	543
BASF: Badische Annulment and Suspension Factory	543
A Calamitous End: The Collapse of Phrix	551
Upheaval and Persistence: Corporate Reorganization	560
9. No Weary Shop of Raw Materials: Forward Integration	
and Acquisition	573
Off to New Shores	573
Tape Recorders I: The Struggle for the U.S. Market	577
Tape Recorders II: The "National Champion" on the Defensive	-0-
Lacquer: Defensive Forward Integration	583
Pharmaceuticals: The Early Bird	590
Back to the Roots	599 610
10. Upheaval and Persistence	614
Toward the Transnational Company	614
The Road to New Industry: Old Industry or "New	014
Economy"?	619
20000mj	01)
Appendix Trade Volume and Profits of BASF since its	
Founding in 1865	621
Bibliography	629
Index of Archives	
Index of Corporations	
Index of Persons	
Index of Products and Processes	657
Subject Index	665