

National Cultures and International Competition: The Experience of Schering AG, 1851–1950. *By Christopher Kobrak.* Cambridge, U.K.: Cambridge University Press, 2002. xv + 394 pp. Index, notes, appendix, maps, photographs. Cloth, \$50.00. ISBN 0-521-81481-2.

Reviewed by S. Jonathan Wiesen

This study of the pharmaceutical and chemical company, Schering, is an important addition to an increasingly rich literature on German corporations in the nineteenth and twentieth centuries. Kobrak approaches his theme neither as a polemicist nor as a company advocate, but rather as a scholar, one of the few conversant in the history of German finance. Kobrak's expertise is significant, as he brings to his work a vast knowledge of corporate assets and debts, which many historians of the modern company downplay or are simply ill equipped to analyze. Kobrak reminds us that companies exist primarily to maximize profits for their shareholders, and Schering AG had a difficult time fulfilling this obligation in Germany's nationally oriented business environment in the first half of the twentieth century. Schering, to be sure, displayed a remarkable longevity and turned a profit in all but five years during its first century of existence. But as a research-intensive company dependent on exports, it was caught between protecting its position in a highly competitive international market and adhering to distinctly "German" business norms.

Schering began as a pharmacy in 1851, became a joint-stock company in 1871, and by the 1880s had grown into a highly profitable pharmaceutical manufacturer, with markets in Europe, Asia, North and South America, and Australia. By the 1920s Schering had become a premier producer of medicines and chemicals, primarily synthetic camphor, which could be found in celluloid, burn medications, vehicle windshields, even playing a role in Hindu religious rituals. During the Nazi years, Kobrak maintains, the company did not remain aloof from the behaviors so associated with German business during this period—from the "Aryanization" of firms to the use of forced labor to the presence of Nazi party members in the company's management. But compared with many larger firms, Schering maintained considerable distance from the regime's most egregious crimes, often protecting the careers of its Jewish board members and fulfilling

only modest state contracts. Schering emerged from the Second World War relatively unencumbered by a legacy of complicity in Nazi crimes.

By virtue of its periodization, the book builds up to the years of Nazi rule. But Kobrak is less interested in assessing the guilt or innocence of Schering and more concerned with how the company responded to German political and social imperatives over a longer period. Kobrak argues that Germany's often-admired tradition of "cooperative capitalism," which favored stability, worker-management consultation, large social provisions for employees, and close government-business relations, was actually an impediment to companies like Schering, which needed greater flexibility to invest and to market its products internationally. Kobrak sees this German model of corporate governance as more conducive to labor-intensive coal and steel industries or larger chemical firms bound to *Interessengemeinschaften* ("communities of interests," as exemplified by IG Farben) than to smaller, research- and export-oriented companies. Thus Schering saw its greatest successes in the 1880s, before global protectionism and World War I forced the company to function in a restricted national setting defined by cartels, confiscated international patents, boycotts against German companies, and the Nazis' autarkic agenda. A key indicator of this tension between the international and the national was Schering's 1922 consolidation with Kokswerke, a coal and coking business that provided the company with much-needed capital but that ultimately tied Schering to a less profitable, domestically oriented industry. By the time Hitler came to power in 1933, Schering had an organizational structure that was more suited to the vagaries of Germany's political and social needs than to the company's fundamentally internationalist aims.

Through his painstaking study of Schering's leadership, internal organization, and finances, Kobrak guides the reader with a masterful hand. At times, however, his larger argument falters. For one, it is not obvious that the company actually did that badly in the interwar years. Kobrak certainly makes the case that Schering remained profitable despite, not because of, the economic and political realities after World War I. But the extent to which this achievement was compromised by Schering's "being drawn further into the orbit of Germany's industrial organizations and social priorities" (p. 80) remains unclear. Given the international strength of West German companies after 1945, albeit in

a setting decidedly more suited to high-tech export industries, one may wonder whether Kobrak's critique of the German model, with its concessions to labor, is too sweeping.

A second objection concerns the book's presentation of a company passively pummeled by the historical forces of nationalism, dictatorship, and a flawed model of corporate governance. Kobrak by no means overlooks the poor decisions made by company leaders, and his critique of those directors who were avid Nazis is judicious and appropriately condemnatory. Yet Schering often appears as a casualty of external forces rather than the maker of its own destiny. Schering undoubtedly had to adapt to tumultuous political changes and inhospitable business climates. But a more concentrated look at advertising, marketing, public relations, and lobbying might reveal how *actively* the company managed its valued reputation for quality and charted its own political course during the turbulent years following World War I and the Nazi takeover.

These critiques, however, do not detract significantly from what is a fine monograph. Indeed they indicate how thought provoking Kobrak's dichotomy between "national cultures and international competition" actually is. Kobrak's book should provide new avenues for research into the underpinnings of "German" corporate culture, as well as into the business decisions and self-identities of other middle-sized companies. Kobrak's study makes its mark not only as a thoughtful and erudite company history, but also as a broader examination of the intersection between national traditions, politics, and the economy.

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