

German Industry and Global Enterprise. BASF: The History of a Company. *By Werner Abelshauser, Wolfgang von Hippel, Jeffrey Allan Johnson, and Raymond G. Stokes.* New York: Cambridge University Press, 2004. ix + 677 pp. Photographs, illustrations, maps, figures, appendix, bibliography, notes, index. Cloth, \$75.00. ISBN: 0-521-82726-4.

Reviewed by Jeremy Leaman

This study of the history of BASF, one of the renowned trio of outstanding German chemical companies (the others being Bayer and Hoechst), is without doubt a major achievement on the part of the team of four economic historians assembled by Werner Abelshauser. It will be of considerable interest to students of chemistry, business and economic history, and politics alike. There are perceptible faults in its narrative, some of them clearly determined by the fact that the research project was funded by BASF itself, but it would be wrong to dismiss the four contributions as hagiography. Even within an account weighted toward one perspective, relying heavily on BASF archive material, the story that emerges from this volume is both scholarly and compelling, exposing the extensive detail of primary sources to further interpretation by informed and lay readers alike.

The book is compelling because it is not simply a study of the company's contribution to industrial processes, its specific corporate culture, its relationship with financial institutions, its skills tradition, and its industrial relations. Rather, it is the history of a company in a period of unparalleled economic and political upheaval (1865–2004), in which Germany's political institutions seesawed between state forms: from preunification absolutist separatism and postunification federal autocracy (1870–1918), the country evolved into a federal republic (1918–1933), then became a centralized autocracy (1933–1945), and, finally, reverted in 1949 to being a federal republic, the form it retains today. Great enterprises adapt to and influence political affairs profoundly.

BASF belongs to the wave of industrial corporations, born of the “second industrial revolution,” which was founded in the technologies of organic and

inorganic chemistry, electrotechnology, and automotive engineering. In many respects, it epitomized the symbiosis of scientific skill and entrepreneurialism that has been a dominant quality of German corporate governance. If one adds to this mix the part played by Germany's universal banks—in the case of BASF, predominantly the Deutsche Bank—the two main elements of commercial success in a capital- and research-intensive industry are clearly visible: innovation and product development, managed by graduate chemists and engineers; and the commitment of long-term-equity support by one or more major banks. The shareholders' functional, short-term view—already evident in British corporate culture in the last quarter of the nineteenth century—was conspicuously absent from the supervisory board of BASF and other German corporations during the firm's crucial early period of development.

Wolfgang von Hippel, in his chapter, charts the history of BASF up to the turn of the century, covering the period dominated by the development of synthetic dyestuffs from alizarin to indigo. He focuses on the contentious field of industrial patenting, in which the company's scientists acted as both poachers and gamekeepers. Comparatively little attention is paid to the company's ambivalent attitude toward free trade and its involvement in state politics. Jeffrey Allan Johnson's chapter, "The Power of Synthesis," in contrast, reveals the central role of BASF and the chemical industry in the emerging political economy of the prewar empire, as the development of synthetic ammonia ensured the ability of Germany's war economy to compete strategically with its opponents. Had they not succeeded, "How very different would world history have come out then," asked Alwin Mittasch, a chemist whose work led to the refinement of ammonia production (p. 171). The data for turnover and profits contained in the appendix indicate the company's strong expansion before and during the First World War.

In addition to the mayhem generated by defeat and hyperinflation after the war, a catastrophic explosion in 1921 at the Oppau works killed more than 550 people. Insufficient compensation to the victims' families and—according to the unions—a perilous system of productivity incentives produced a radicalized workforce. The company nevertheless survived the period of inflation surprisingly well, and it was

only the tightening of monetary policy after stabilization that intensified the pressure to consolidate the industry's affairs, culminating in the merger of BASF with Hoechst and Bayer to form IG-Farben in 1925.

The chapter by Raymond Stokes covering the period from the creation of the IG-Farben conglomerate to the reestablishment of BASF AG in 1952 was bound to be the most contentious, as it covers aspects of the company's history that have been extensively researched by other scholars. It nevertheless succeeds in avoiding anything remotely like exculpation. The central role of BASF figures like Carl Krauch and Max Ilgner in the Nazi state apparatus, notably as directors in the Four-Year-Plan office, company complicity in the illegal employment of prisoners of war in German plants, and, above all, the brutal exploitation of slave labor in IG-Auschwitz are examined in some detail. The reader might wish for a closer examination of the suffering and deaths in IG-Farben's own camp, but there is ample evidence of war crimes to clarify the background to the Nuremberg trials of twenty-three IGF executives in the spring of 1947 and to raise an eyebrow at the remarkable continuity of officers in the company's elite and in the executive suites of its house bank and coowner, Deutsche Bank.

The final chapter, by Werner Abelshauser, charts the rapid revival and expansion of the reconstituted BASF in the utterly new economic environment of the 1950s and beyond. The adaptability of all three successor corporations to the circumstances of tariff disarmament and global competition after decades of mercantilism, cartelization, and, finally, fanatical autarky is striking. The winning recipe of strong science, a highly skilled labor force, and long-term financing helps to explain why the company has mastered the transition to petrochemicals and polymer technology, has overcome sporadic structural crises, has played a pioneering role as a major German transnational corporation, and has managed the most recent consolidation of the company's core activities. Innovative science, modern and flexible production structures, together with the strategic acquisition of market power as both oligopoly and monopsony, emerge as the critical strengths of BASF in this fascinating and rewarding study. It is difficult to do justice to this book in a short review, but it is not hard to recommend it highly.

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