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# Twentieth Century Flick: Business History in the Age of Extremes

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## Abstract

Business history has long prospered in its institutional niche while remaining on the outer rim of contemporary history. The recent boom in German business history, though, has shown that the insights gained from economic and business studies add significantly to our knowledge of twentieth century history. Beyond National Socialism, which has attracted the lion's share of both attention and funding, the analysis of corporate protagonists sheds light on the complex interplay of state–business relations and the institutional continuities of Western economies. Case studies – among which the Flick Concern stands out as a cornerstone of recent research in business history – qualify the broad assumptions of the varieties-of-capitalism debate and suggest that familiar periodizations such as the Short Twentieth Century might need reconsideration.

## Keywords

business ethics, business history, Flick, industry, varieties of capitalism

The fact that a private company's story is told by nine historians in just three years, covering roughly 2800 pages in three large, bound volumes (and not including several articles) is a remarkable feat in itself,<sup>1</sup> even under the conditions of the boom (German) business history has seen in the last two decades.<sup>2</sup>

1 N. Frei, R. Ahrens, J. Osterloh, T. Schanetzky, *Flick. Der Konzern. Die Familie. Die Macht* (München 2009); J. Bähr, A. Drecol, B. Gotto et al., *Der Flick-Konzern im Dritten Reich* (München 2008); K.C. Priemel, *Flick. Eine Konzerngeschichte vom Kaiserreich bis zur Bundesrepublik* (Göttingen 2007).

2 H.G. Schröter, 'Business History in German-speaking States at the End of the Century: Achievements and Gaps', in F. Amatori and G. Jones (eds) *Business History around the World* (Cambridge 2003), 170–91.

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That, furthermore, titles and source materials, heuristic models and interpretations of the publications bear a strong resemblance without triggering the reproach of redundancy as the public and academic reception indicates so far, is no less noteworthy.<sup>3</sup> As the author is one of those involved in the sudden surge of 'Flick historiography' the following article does not provide a comparative review of the three said volumes. Instead it asks what exactly makes the Flick story so intriguing; not only for the wider audience interested in any research investigating the entanglements of business and politics, possibly hoping for sex and crime (though little sex is actually involved in this case), but also for the historian. What is it that the history of the Flick concern can tell us about the twentieth century, and why is it particularly well-equipped to do so?

If its representative quality is one side of the Flick story, the bearing it has on the place of business history in the larger realm of contemporary history is another. Despite its much-improved academic credibility, business history still lingers in a rather tightly constrained enclave, surrounded by semi-permeable borders: while the sub-discipline has adopted a wide range of methodological and theoretical concepts from neighbouring fields, ranging from economic models to cultural studies readings, thus broadening its scope and increasing output impressively,<sup>4</sup> its reception among the non-economically inclined members of the historiographical realm has remained fairly limited. The recent surge in German business history is a point in support of this observation rather than contradicting it as it has been fuelled to a disproportionately great degree by public interest in the 'entanglement' of big business in National Socialist crimes. Meanwhile, studies which do not sport swastikas either inside or on the dust jacket have met with a much more moderate reception, even if they cover a wide variety of themes and offer the additional incentive of public scandal.<sup>5</sup> Besides the appeal borrowed from Nazi history the dominant perception thus still seems to be that business history is a highly specialized field of research whose results offer limited potential for application and generalization. In the ongoing debate on what subjects contemporary

3 Cf. W. Plumpe, 'Flicks Karrieren. Ein Kapitel deutscher Unternehmensgeschichte aus dem 20. Jahrhundert', *Neue Politische Literatur* 1 (2008), 5–14; W. Abelshauer, 'Götterdämmerung eines Konzerns', *Frankfurter Allgemeine Sonntagszeitung* (4 October 2009); A. Tooze. 'Review: Flick: Eine Konzerngeschichte vom Kaiserreich bis zur Bundesrepublik', *Business History Review* 84, 2 (2010), 418–20.

4 For a state-of-the-art overview, see the articles in G. Jones and J. Zeitlin (eds) *The Oxford Handbook of Business History* (Oxford 2008).

5 A case in question is the brilliant study by Peter Kramper, *Neue Heimat. Unternehmenspolitik und Unternehmensentwicklung im gewerkschaftlichen Wohnungs- und Städtebau 1950–1982*, (Stuttgart 2008) which has largely gone unnoticed; for a discussion of the 'Nazi boom' in business history see R. Banken, 'Kurzfristiger Boom oder langfristiger Forschungsschwerpunkt? Die neuere deutsche Unternehmensgeschichte und die Zeit des Nationalsozialismus', *Geschichte in Wissenschaft und Unterricht*, 56, 3 (2005), 183–96; W. Plumpe, 'Die Unternehmen im Nationalsozialismus – Eine Zwischenbilanz', in W. Abelshauer, J.-O. Hesse and W. Plumpe (eds) *Wirtschaftsordnung, Staat und Unternehmen. Neuere Forschungen zur Wirtschaftsgeschichte des Nationalsozialismus* (Essen 2003), 243–66.

history should cover and by which means, business tends to be conspicuously absent.<sup>6</sup>

While the institutional success of the sub-discipline itself may have contributed to this lamentable situation – a considerable number of national and international associations, regular conferences and journals allow business and economic historians to remain mostly *entre-eux* –, the flaw can at least partially be assigned to the practitioners of contemporary history who have tended to ignore the relevance of products and production, markets, monopolies and corporate organization for too long.<sup>7</sup> Here, again, the recent wave of Flick books might be seen as a turning point, as a good portion of the research has been done by historians previously involved in contemporary (often meaning ‘political’ in the narrower sense) rather than business history. Their common approach towards the object of study in essence shows that the long-established, though never theoretically deduced, differentiation<sup>8</sup> is rather artificial. Or as Friedrich Flick memorably put it himself: ‘You just cannot separate business from politics’.<sup>9</sup>

Despite the well-founded criticism of the label ‘German century’ to the famous term ‘Age of Extremes’ which Eric Hobsbawm proposed in one of the first post-Cold War attempts to periodize the twentieth century,<sup>10</sup> there is still much to be said in favour of that tag, especially if the designation is not understood as a parochial claim to interpretative pre-eminence of national history but as a short formula for the multiple ways in which developments in one country impinged on and, yes, entangled with those in other states and regions.<sup>11</sup> With two wars which shook the world, the responsibility for unprecedented bloodshed and murder, as a key agent of the major economic trends (international integration of trade and financing, (great) depressions and economic miracles, rise and demise of the welfare state), as the central playground for the adversaries of the Cold War or in its role as the oft-cited motor of European integration, Germany has clearly been at the heart of the past 10 decades, yet never alone.

6 A. Nützenadel and W. Schieder (eds), *Zeitgeschichte als Problem. Nationale Traditionen und Perspektiven der Forschung in Europa* (Göttingen 2004); M. Fulbrook, ‘Approaches to German contemporary history since 1945: Politics and paradigms’, *Zeithistorische Forschungen*, 1,1 (2004), 31–50; J. Caplan, ‘Contemporary History: Reflections from Britain and Germany’, *History Workshop Journal* 63, 1 (2007), 230–8.

7 One of the outstanding exceptions to the rule is Victoria de Grazia’s widely acclaimed *Irresistible Empire. America’s Advance through Twentieth-Century Europe* (Cambridge, MA 2005).

8 For the German debate see the rather dry controversy in the *Zeitschrift für Unternehmensgeschichte* 44 (1999), 15–31, 150–63, and 45 (2000), 158–66.

9 Vernehmung des Friedrich Flick, 6.1.1947, State Archive Nuremberg (hereafter ‘StAN’), Rep. 502, KVA, Interrogations, F-47.

10 E. Hobsbawm, *The Age of Extremes. The Short Twentieth Century, 1914–1991* (London 1994); cf. C.S. Maier, ‘Consigning the Twentieth Century to History: Alternative Narratives for the Modern Era’, *American Historical Review* 105 (2000), 807–31.

11 For a succinct discussion see M. Geyer, ‘The Space of the Nation: An Essay on the *German Century*’, in A. Doering-Manteuffel (ed.), *Strukturmerkmale der deutschen Geschichte des 20. Jahrhunderts* (München 2006), 21–42.

Among business corporations there was hardly anyone more implicated in that history, more closely intertwined with Germany's shifting fortunes than the Flick concern. The tidal waves of gains and heavy losses, ups and downs that the company went through mirror the many rifts and continuities of the larger picture and render the combine an emblematic case study of German business in the twentieth century. In terms of chronology the parallels between the Age of Extremes and the cornerstones of the Flick corporate history – starting at the eve of the First World War and fading shortly before German reunification – are striking. On a more substantial level, even a cursory look at the career of the firm's founding father, long-term leading figure and outstanding protagonist, Friedrich Flick, suggests in how many ways business and politics were actually correlated and not only because of the Flick family's notoriously close, usually financially-based relations to high-ranking party and government officials.

Starting in the unpromising context of the Siegerland and its ancient but dying iron industry at the southern edge of booming Westphalia, Flick's career passed through the final stages of the German *Kaiserreich*, the Republic of Weimar, National Socialism, the Allied interregnum and finally came to an end in the Federal Republic of the early 1970s. The last stages, under the leadership of his son Friedrich Karl, took the business history to its conclusion with the combine's dissolution in 1985. Thus the firm's development lends itself easily to a comparative analysis of performance under the conditions of and interaction with a range of distinct political systems, all the more so as Flick's career included a threefold ascent: three times and under markedly different regimes did he manage to establish combines which topped the list of Germany's biggest industrial enterprises. Since not only Flick himself but also several of his highest-ranking managers remained in top positions uninterruptedly from the early 1920s up to the 1970s, changes in the combine's relations to the realm of state and/or party politics (or the lack of changes, for that matter) become even more accentuated.

From an economic perspective, the case of Flick provides a wide panorama on German industrial history in the twentieth century. After nearly four decades in which he had been a towering figure in heavy industry – dominating, partly simultaneously, partly successively, practically all major coal and steel regions in Germany other than the Saar – Flick shifted his industrial focus in the 1950s. He invested in new, soon-to-prosper industries such as chemicals, cars and manufacturing and became the principal shareholder at Daimler-Benz. There are few industrial sectors and hardly any regions in Germany (and various European countries) in which the combine did not have any interest at one or another point in its history. Finally, the prolonged downfall of the Flick empire, stretching over roughly two decades, stood out among the industrial casualties of structural changes since the late 1960s and exemplifies strategic failures and fatal path dependencies in the West European *Wirtschaftswunder* economies. Even in its afterlife the Flick combine, though no longer an active force in German politics and economy, shows a peculiar impact: the 2003 decision of the city of Berlin to put on display the

contemporary art collection of Friedrich Christian Flick, third-generation heir to the tycoon, occupied the front pages of newspapers and magazines for several months and was perceived as a pivotal point in the historical self-assertion of the post-Kohlian 'Berlin Republic'.<sup>12</sup>

It is indeed a notable feature in the Flick history that the company and its staff have frequently been used as a projection screen for much broader discourses and have often actively contributed to these. Hence Friedrich Flick featured prominently in the debate on speculative investments and industrial empire-building during the great inflation of the 1920s<sup>13</sup> and offered himself as a model to the Nazi ideal of 'personal' entrepreneur- and thus leadership.<sup>14</sup> In turn, the Allies took Flick for a symbol of the German brand of capitalism when they put him on trial in 1947.<sup>15</sup> This was duly adopted by both GDR propaganda and western *Agitprop* press which attacked the 'brown' lines of continuity in Adenauer's Germany.<sup>16</sup> On the other hand, it was the Nuremberg trial which probably earned Flick more sympathy from the West German public than any other event in his career. When he managed, despite (or rather thanks to) imprisonment, industrial dismantling and de-concentration, to rebuild his industrial realm including the *Wirtschaftswunder's* flagship, Daimler-Benz, Flick became a symbol for the West German spirit of reconstruction, hard work, and well-earned success against all odds.<sup>17</sup> The public perception of Flick's career, though, did not end on the high note as the pioneer of European integration or as the modern 'colossus' some commentators had designated him.<sup>18</sup> After the founder's death, the Flick combine made a final public career as a paradigmatic example for the problems of family firms with mediocre heirs and, more importantly, as the foremost case of bribery and corruption: the 'paymaster of the republic', as the leading news magazine *Spiegel* would have it, implying the evasion rather than the actual payment of taxes.<sup>19</sup> Telling the Flick history, therefore, goes beyond reiterating what Norbert Frei and his team have colourfully called 'the drama of German economic history in the 20<sup>th</sup> century'. It also helps to shed light on narratives and (self)perceptions of state-business relations and shows historical trajectories

12 "'Kunst ist kein Mahnmal". Rede von Bundeskanzler Gerhard Schröder zur Eröffnung der Friedrich Christian Flick Collection am 21. September 2004 in Berlin', *Blätter für deutsche und internationale Politik*, 49 (2004), 1398–1400; P. Kessen, *Von der Kunst des Erbens. Die „Flick-Collection“ und die Berliner Republik* (Berlin 2004).

13 F. Pinner, *Deutsche Wirtschaftsführer* (Charlottenburg 1924); E. Reger, *Union der festen Hand. Roman einer Entwicklung* (Berlin 1931).

14 Bähr et al., *Flick-Konzern*, 283 f.; Frei et al., *Flick*, 165–74.

15 Bähr et al., *Flick-Konzern*, 561–645; Frei et al., *Flick*, 401–31.

16 *Ibid.*, 606–18.

17 *Ibid.*, 702–08.

18 Harpen Française, *Die Zeit* (7 May 1953); Germany's other private colossus, *The Economist* (25 March 1967).

19 *Der Spiegel* (29 October 1984); Frei et al., *Flick* 684–91; W. Abelshauser, *Nach dem Wirtschaftswunder. Der Gewerkschafter, Politiker und Unternehmer Hans Matthöfer* (Bonn 2009), 493–516.

of current themes such as good governance, corporate social responsibility and corporate citizenship.<sup>20</sup>

The reputation of the Flick concern does not build on major innovations, be they in the field of products, technology, organization, or marketing. There is no single tangible achievement related to the name of Flick, no invention, no brand, no significant social accomplishment that would earn him a name in business's hall of fame, among the likes of Robert Owen, Alfred Nobel or Henry Ford. Still, there are two fields in which Friedrich Flick stood out among his contemporaries and led the way, both of which were specific facets of strategic decision-making with far-reaching implications: first, drawing profits from politics thanks to a strong sense of and appreciation for the role the modern state plays in economic relations; second, remote control capitalism (an investment model which centred on the idea that capital was best used not by investing in labour and resources but by investing in their allocation). In other words, in the chain of production Flick deliberately chose to assume a 'second-level' position which was more detached from actual production, thereby avoiding, at least in part, the gravity of fixed assets and marketing efforts or the complexity of social relations at the workplace and company traditions.<sup>21</sup> These two strategic principles on which the Flick combine would ultimately rest were not readily available or pre-devised when the founder started his career but rather evolved in a constant process of learning, by means of trial and error as well as through feedback loops. Yet Flick proved to be a quick and diligent learner.

To perceive the state as a literally resourceful partner rather than as an opponent best kept at arm's length as the liberal creed would have it, was a lesson Flick learned in the early stages of his career in his native Siegerland. Here, the aged iron and steel works were truly in a *fin-de-siècle* mood, outstripped in terms of capitalization, productivity, and output by the burgeoning Ruhr industry and marginalized by the main routes of the *Kaiserreich's* modernised transport system. Survival of the local producers depended largely on Prussian subsidies and the success of a twofold catching-up process: with the German trends of concentration and cartelization on the one hand and with international standards of technology and productivity on the other.<sup>22</sup> Flick, quickly climbing the ladder to an executive directorship in one of the more significant Siegerland companies, the

20 Cf. C. Valor, 'Corporate 'Social Responsibility and Corporate Citizenship: Towards Corporate Accountability', *Business and Society Review*, 110 (2005), 191–212.

21 T. Welskopp, 'Das Unternehmen als Körperschaft. Entwicklungslinien der institutionellen Bindung von Kapital und Arbeit im 19. und 20. Jahrhundert', in K.-P. Ellerbrock and C. Wischermann (eds) *Die Wirtschaftsgeschichte vor der Herausforderung durch die New Institutional Economic* (Dortmund 2004), 192–215.

22 Direct Examination F. Flick, *Trials of War Criminals Before the Nuremberg Military Tribunals Under Control Council Law No. 10, Nuremberg, October 1946–April 1949*, vol. VI (Washington 1952), 218; Frei et al., *Flick*, 18–22; T. Pierenkemper and R. Tilly, *The German Economy during the Nineteenth Century* (New York 2004), 126–9.

*Charlottenhütte*, became a major agent in this process which was accelerated by the war economy of 1914–18. In this he was helped by the happy coincidence that prices for domestic manganese ore – which was nearly exclusive to the Siegerland – rose rapidly during the Allied blockade, but also by the Prussian administration's willingness to back the *Charlottenhütte's* expansion in order to preserve jobs. Although Flick's allegations that foreign investors (which implied the Ruhr grantees on one occasion, French buyers on another) were to seize control and rationalize severely were never substantiated, the Berlin authorities decided that it was not worth the risk and helped Flick, though unwittingly, to take control of the massively enlarged *Charlottenhütte*. Eventually, in the late 1920s, the Siegerland works would be subjected to sharp rationalization measures anyway, with Flick as a main shareholder in support of rather than as a safeguard against redundancies.<sup>23</sup>

The early years of Flick's career thus saw the development of two key strategic devices which Flick would draw on throughout his career: expansion by means of take-overs and a highly politicized style of rhetoric. Both assumed full shape in the context of his Upper Silesian investments after the end of the First World War. As a latecomer with comparatively limited capital at his disposal, Flick used the *Charlottenhütte* as a vehicle to pursue his goal of getting a foot in the door of Germany's heavy industry. Drawing on and increasing the *Charlottenhütte's* resources and transforming the company into a holding organization, he aggrandized his realm of influence, first in the Siegerland region, then in central and eastern Germany before he would eventually return to the Western industrial hubs. Along his way, Flick fashioned two intertwined argumentative figures which would accompany the nascent combine's history for decades to come, the 'for the cause' narrative, building on patriotic and nationalist sentiments, and the 'too big to fail' argument, pointing out the structural significance of firms and industries. The partition of Upper Silesia after the treaties of Versailles and Geneva, helped by the post-war inflation, provided ample opportunity for Flick to use these strategies and to transcend the confines of the Siegerland. A sizeable number of German shareholders frantically left the civil-war stricken Silesian mines and plants and offered an opportunity for outsiders to make inroads.<sup>24</sup> In addition, cheap money was readily available which allowed the *Charlottenhütte* to swallow Silesian companies twice its size or more. By the mid-1920s, Flick controlled a vast portion of the heavy industry on both sides of the freshly-drawn border and had a major stake in the central German steelmaking industry. In a secret joint venture with the German and Prussian governments, which provided the financial means, these holdings were complemented by several ailing coal and iron works in Polish

23 Letters from Charlottenhütte to Prussian Trades Ministry (7 September 1918), (5 December 1919), (29 December 1919), Geheimes Staatsarchiv Preußischer Kulturbesitz, I. HA, Rep. 120C, Abt. XI, Fach 1, Nr. 78, Bhft. 279; cf. Frei et al., *Flick*, 31–5; A. Reckendrees, *Das »Stahltrust«-Projekt. Die Gründung der Vereinigte Stahlwerke A.G. und ihre Unternehmensentwicklung 1926-193/34* (München 2000), 456–8, 554.

24 Memorandum, undated [late 1920], Politisches Archiv des Auswärtigen Amtes (hereafter 'PAAA'), R 98139, unfol.; cf. P. Krüger, *Die Außenpolitik der Republik von Weimar* (Darmstadt 1985), 78–94, 130–5, 212–17.

Silesia so that by 1930 Flick outshone the assets of the aristocratic business elite which had determined the regional industry for centuries.<sup>25</sup>

However, as in the Siegerland, the companies which Flick had assembled with the intention to establish a regional near-monopoly required organizational and technical overhaul on a vast scale if they were to operate profitably in the middle and long run. Under the conditions of the depression, means for such a rationalization venture were neither generated by the plants nor could they be mobilized on the money market. Therefore, Flick and his associates turned repeatedly to the German fiscal authorities in order to raise funds. The double argument that massive unemployment would ruin the Upper Silesian constituencies, the stronghold of 'Germandom' in Poland, and thus jeopardize the revisionist aims of German foreign policy in the East, helped to keep losses at bay and opened an exit option: if the state was no longer willing to support Flick's selfless, patriotic cause, then no-one could expect him to hold out any longer than necessary or keep him from selling out.<sup>26</sup> That way, Flick managed to draw the Berlin government ever deeper into the Upper Silesian pits. It seems fair to say that between 1927 and 1934 Flick and his associates, among them Albert Vögler and Fritz Thyssen, were as much architects of foreign policy in this arena as Gustav Stresemann, Julius Curtius or Konstantin von Neurath, the former effectively manoeuvring the latter more than once in the direction they wanted them to go.<sup>27</sup> In particular Stresemann does not appear to have been the ever-realist, adroit tactician, linking foreign and economic policies with each other and successfully 'taming' big business, as portrayed by some biographers. Nor do interpretations which argue that the foreign minister turned into a moderate revisionist wishing for nothing more than Danzig and the corridor stand up to the evidence. Instead, Stresemann often acted as an accessory to the far-reaching, though not necessarily genuinely nationalist aims of his business partners, driven by flows of information which he neither directed nor monitored effectively.<sup>28</sup>

The skilfully-devised catch-22 situation came to a spectacular ex- or rather implosion in the notorious 'Gelsenberg affair' of 1932. By then Flick's whole holding empire was on the verge of collapse. Seventeen years of constant, credit-financed expansion had carried him to the top of German heavy industry,

25 Cf. K. Skibicki, *Industrie im oberschlesischen Fürstentum Pless im 18. und 19. Jahrhundert. Zur ökonomischen Logik des Übergangs vom feudalen Magnatenwirtschaftsbetrieb zum modernen Industrieunternehmen* (Stuttgart 2002); Reckendrees, *Stahltrust*, 330–2, 477–81.

26 Letter from F. Flick to Meyer (19 April 1933), PAAA, R 35954, fol. 118–21; cf. Frei et al., *Flick*, 73–85.

27 See Undersecretary Hans Schäffer's lucid remarks: *Denkschrift über die Entwicklung des Vertragsverhältnisses zu den Herren Flick und Vögler* (19 May 1928), PAAA, R 117954; *Diary Hans Schäffer* (1 March 1928), Institut für Zeitgeschichte, ED 93, vol. 4, fol. 33; cf. *Akten zur Deutschen Auswärtigen Politik 1918–1945. Aus dem Archiv des Auswärtigen Amts. Serie B: 1925–1933, vol. II, 2. Juni bis Dezember 1926* (Göttingen 1967), 469–70; fn. 6.

28 Cf. K. H. Pohl, 'Gustav Stresemann – Überlegungen zu einer neuen Biographie', in K. H. Pohl (ed.), *Gustav Stresemann und seine Zeit* (Göttingen 2002), 20; C. Baechler, *Gustave Stresemann: (1878–1929). De l'impérialisme à la sécurité collective* (Strasbourg 1996), 729–34; J. Wright, *Gustav Stresemann. Weimar's Greatest Statesman* (Oxford 2002).

controlling a number of major companies in Germany proper as well as in Poland, Austria, Switzerland and other countries, including Europe's foremost steelmaker, the *Vereinigte Stahlwerke AG (Stahlverein)*. In the depression, however, Flick's investments did not pay off as foreseen while his creditors increasingly pressed on him to meet his obligations. By early 1932, Flick's holding, the *Charlottenhütte*, was bankrupt.<sup>29</sup> At the height of the economic crisis the only credible buyer was the Reich and it was to the Treasury that Flick eventually turned. Reckoning that the government would not allow Germany's biggest industrial employer to break down or, given its military significance, to be sold to foreigners, Flick offered to sell at a price that would have been a bargain under normal circumstances (90 million *Reichsmark*) but was out of all proportion when related to the previous cutbacks in social spending the Brüning administration had undertaken.<sup>30</sup> The threefold threat, however, of yet another devastating corporate crash, or to watch the *Stahlverein* being snapped up by alleged French investors, or – Flick's ultimate trump card – to see the internationally embarrassing Upper Silesian joint venture exposed,<sup>31</sup> guaranteed that the outgoing government would take no chances with elections just weeks ahead. A mere day before his resignation the minister of finance, Hermann Dietrich, signed the contract in the vain hope of showing determination. Even without public knowledge of the large sums Flick invested into party funding that year,<sup>32</sup> Dietrich's move proved to be disastrous for him – though not for Flick, who paid his creditors and laid the foundations of his new, somewhat smaller but still impressive realm in central and southern Germany.<sup>33</sup>

This pattern would repeat itself throughout Flick's career. The argument that the central German iron and steel industry required extensive and secure fuel deliveries in order to serve as a backbone to the regional economy and sustain the National Socialist rearmament effort, for instance, was brought up when the combine's top managers were lobbying for a commission to 'aryanise' the large lignite mines of the Julius-Petschek-Group in 1937.<sup>34</sup> Tellingly, it would also reappear in the negotiations conducted by Flick's plenipotentiary, Odilo Burkart, with

29 A. Reckendrees and K.C. Priemel, 'Politik als produktive Kraft? Die »Gelsenberg-Affäre« und die Krise des Flick-Konzerns (1931/32),' *Jahrbuch für Wirtschaftsgeschichte* 2 (2006), 63–93.

30 Ibid., 185; Bähr et al., *Flick-Konzern*, 46–50; Frei et al., *Flick*, 106 f.

31 Besprechung mit Hrn. Dr. Flick am 29.6.1932, Bundesarchiv (hereafter 'BA'), R 43 I/2179, fol. 216–19.

32 NI-3122, Eidesstattliche Erklärung Flick, 29.11.1946, StAN, Rep. 501, KVP, Fall 5, B-32, fol. 10 f.; cf. Frei et al., *Flick*, 112; W.L. Patch, *Heinrich Brüning and the Dissolution of the Weimar Republic* (Cambridge 1998), 241, 262 f.

33 Bähr et al., *Flick-Konzern*, 65–99; Frei et al., *Flick*, 138–48.

34 Notiz für Herrn Flick, 4.11.1937, StAN Rep. 502A, KVV, Handakten, Flächsner-16, fol. 1–3. The forced 'aryanization' of the two, independent Petschek combines was the largest transfer of industrial property from Jewish to non-Jewish proprietors under Nazi rule and has therefore attracted much historical attention and has shaped the perception of the economic destruction of German Jewry in the 1930s; cf. R. Hilberg, *The Destruction of the European Jews*, vol. 1 (New Haven, CT 2003), 113–20; M. Dean, *Robbing the Jews. The Confiscation of Jewish Property in the Holocaust, 1933–1945* (Cambridge 2008), 68 f.; L.M. Stallbaumer, 'Big Business and the Persecution of the Jews. The Flick Concern and the "Aryanization" of Jewish Property Before the War', *Holocaust and Genocide Studies*, 13 (1999), 1–27.

the new communist authorities in the Soviet zone of occupation in 1945. Without the combine's iron and steel plants, Burkart argued, the regional economy would disintegrate and throw Saxony back 'a hundred years'. The underlying goal of coming to terms with the new authorities did not materialize though. While Burkart's conversation partners agreed that an end of the Soviet dismantling efforts was desirable, they believed a renewed Germany would be better off without the expertise of Flick's staff.<sup>35</sup> In that respect the East German politicians differed from their western counterparts. Fearing that the Allied de-concentration policy would harm those plants which were to be severed from the combine's trunk, the *Länder* governments in Munich and Kiel provided both material and political support to the company's efforts to fence off further cuts. In both cases it proved highly helpful that Flick's companies represented the major heavy industrial producers in the respective states and thus, on a regional level, were perceived to be too big to fail.<sup>36</sup>

In all these instances Flick and his managers based their actions on the premise that public resources could be drawn on if necessary or even factored into their calculations and estimates. Thus, Flick's 1932 decision to locate his new combine in central and southern Germany was firmly based on the expectation that the respective state governments in Bavaria, Thuringia and Saxony would back the new industrial player as a counterweight to the 'Prussian' Ruhr.<sup>37</sup> As this was well before the Nazi assumption of power it is hardly surprising that the state played an even stronger role in the Flick combine's planning from 1933 onwards. In a steep learning curve, the new regime's expectations were indeed, as Bernhard Gotto has forcefully argued, anticipated and integrated into the managers' own hermeneutic horizon.<sup>38</sup> However, this process worked in both directions, and Flick and his associates proved no less able in feeding their own aims into Nazi policy-making processes: in the 'aryanisation' cases no less than in the expansion into the occupied countries where Flick managed to get the best of both worlds, successfully laying claims to a maximum of assets in case of ultimate German victory while taking few actual financial risks. Thus, he fared well under Nazi rule and his combine prospered like few others in German industry.<sup>39</sup> Flick's success in the Third Reich proved that it was possible to side with the Nazi regime on the one hand without necessarily sacrificing property rights or a significant degree of independence on the other.<sup>40</sup> That the Nazis' willingness to violate domestic and

35 Betr. Reorganisation der sächsischen Eisen schaffenden Industrie, 20.9.1945, BA, R 8112/1054, fol. 36; cf. Frei et al., *Flick*, 451–6.

36 Bähr et al., *Flick-Konzern*, 665–72; Frei et al., *Flick*, 481–96.

37 Notiz, 27.9.1932, BA, R 8122/699.

38 In Bähr et al., *Flick-Konzern*, 174–9, 297 f.; cf. Plumpe, 'Unternehmen im Nationalsozialismus,' 255–65.

39 Bähr et al., *Flick-Konzern*; Frei et al., *Flick*.

40 J. Scherner, *Die Logik der Industriepolitik im Dritten Reich* (Stuttgart 2008), systematically corroborates the evidence suggested by a range of individual studies that German companies were able to negotiate favourable contracts while declining unpromising ones if they wished to; cf. C. Buchheim and Jonas Scherner, 'The Role of Private Property in the Nazi Economy: The Case of Industry', *Journal of Economic History* 66, 2, 390–416. The opposite, traditional view is upheld by Peter Temin, 'Soviet and Nazi Economic Planning in the 1930s', *Economic History Review*, 44, 4 (1991) 573–93.

international laws and to antagonize half the world might ultimately backfire was a risk Flick along with a heavy portion of his fellow businessmen seemed prepared to take for most of the 12 years and well into the war. Only in early 1944 did Flick's staff participate in the reflections among German business to plan a post-Hitler Germany, now shedding few tears for the broken dream of world dominion.<sup>41</sup>

Throughout his career Flick recognized the potential of, and increasingly relied on, the interventionist state in order to fulfil his own aspirations. State subsidies made otherwise poor investments worthwhile, and political support in different shapes provided exit strategies when things got out of hand. In a truly liberal market economy, Flick's business philosophy would have required a major overhaul if he had wanted to leave the Siegerland in the first place, and his borrowed empire would in all likelihood have crashed even before the Gelsenberg deal, cutting a long business history short. On the other hand, state policies were frequently influenced by the private companies' steps. This was true in Upper Silesia or in the 'aryanisation' of the *Hochofenwerk Lübeck AG*, *Rawack & Grünfeld AG*, and the *Hahn'sche Werke AG*, a complex of mutually connected companies in the iron and steel business whose Jewish owners were forced to sell out at a low price by an administrative process stepped up and co-ordinated by Flick's managers.<sup>42</sup> The combine's influence also showed in the course the federal government steered post-1949 towards the Allies' de-concentration policy. Here, Flick managed to rally steady support from Adenauer and Erhard in defence of his assets.<sup>43</sup> In essence, Flick's approach to the state was JFK-in-reverse: ask not what you can do for your country, ask what your country can do for you.

The position of strength from which Flick was arguing when he met with state officials resulted from a set of institutional factors, notably the property rights ascribed by a capitalist, private enterprise economy and the key role jobs play for social coherence, as well as also from his investment paradigm which let him stand rather aloof from the operative routines and the material consequences of his decisions. For a combine whose major activities lay in labour- and capital-intensive industrial production and manufacturing, the proprietor and his staff throughout the seven decades of the Flick era remained more or less detached from the productive sites, both geographically and strategically. This is not to say that the top management did not know what was going on but that they cared only partially or, more to the point, only selectively.

Setting out as a manager administering other people's property, Flick never established a company which was truly his own, transcending legal property

41 Cf. L. Herbst, *Der Totale Krieg und die Ordnung der Wirtschaft. Die Kriegswirtschaft im Spannungsfeld von Politik, Ideologie und Propaganda 1939–1945* (Stuttgart 1982), 383–404.

42 Bähr et al., *Flick-Konzern*, 307–21; Frei et al., *Flick*, 217–23.

43 Letter R. Pferdenges to Adenauer, 16 January 1952, BA, B 102/6071; Telegram Flick to Erhard, 17.1.1951, BA, B 102/4727.

rights to the dimension of ‘psychological ownership’.<sup>44</sup> Flick was well aware that the *Charlottenhütte* had played a decisive role as a catalyst to his career,<sup>45</sup> but he was not fond enough of the firm not to transfer its plants to the *Stahlverein* in exchange for shares of the latter in 1926 nor, for that matter, not to give up the name of the remaining holding organization when he reorganised his assets in 1934. This did not so much show a lack of sympathy or sentiment – although, for the little we know about the man, these were characteristic traits of Flick’s – but rather illustrated the disinterested perspective from which the entrepreneur looked at the various parts of his empire. Just as he had silently penetrated the Upper Silesian industry in 1920 he left through the back door a decade later. And when he seemed to stage a comeback in his native Siegerland by acquiring a majority stake in *Stahlwerke Südwestfalen* in 1957, Flick disproved any suggestion of nostalgia by re-selling the company a mere 10 years later.<sup>46</sup>

Nor are these moves to be explained by drawing on the stereotype of the speculator. This he was not although he did not refrain from high risks, the use of inflationary capital, or from influencing stock exchange prices as he and his right hand, Konrad Kaletsch, tried to do in the 1950s when large numbers of shares of promising companies such as Daimler-Benz, Feldmühle or Dynamit-Nobel were purchased.<sup>47</sup> However, Flick hardly ever acquired companies for the simple purpose of selling them at a higher price.<sup>48</sup> Most of his ventures, whether successful or not, aimed at forming integrated industrial structures with the potential to rationalize production, reduce costs, and to create dominant players on regional, national or specific product markets, often also with an eye to the combine’s voice in cartel organizations. In this light, Flick was indeed rather conventional in outlook as these priorities clearly mirrored the mainstream of (heavy) industrial strategies of the high industrial age: vertical and horizontal integration, rationalization, syndicate structures. Likewise, the sectors in which Flick invested for most of his career reflected his professional upbringing in turn-of-the-century Germany. Production and in parts trade dominated in all three phases of his career, and he and his managers missed out on opportunities to go into innovative technologies or services more than once after 1960.<sup>49</sup>

But Flick did not feel bound to the companies he had owned, as he had not founded them in the first place. His investments were directed by factors such as availability and profitability, or by the degree of influence that went along with their possession. An urge to keep a particular company going for its own sake, to

44 Cf. J.L. Pierce, T. Kostova and K.T. Dirks, ‘Toward a Theory of Psychological Ownership in Organizations’, *Academy of Management Review* 26, 2 (2001), 298–310. For Flick’s first, possibly personally owned firm see Frei et al., *Flick*, 28–30.

45 Examination Flick (2 July 1947), StAN, Rep. 501, KVP, Fall 5, A 37–9, fol. 3148.

46 Letter F. Flick to S. Frey (5 February 1934), BA, R 8122/31; Frei et al., *Flick*, 574 f., 662.

47 In detail: *ibid.*, 523–45.

48 Two exceptions are noteworthy: in 1920, Flick separated the Westphalian parts from the Silesian mother company Bismarckhütte, 40 years later he acquired a strong minority of shares in Gußstahlwerke Witten which he then changed in for shares of Dynamit Nobel.

49 Cf. Bähr et al., *Flick-Konzern*, 98 f.; Frei et al., *Flick*, 653–60.

preserve tradition or to protect the socio-economic communities at the plants' sites is absent in all available sources. Indeed, if Flick's investments often, though by no means always, proved to be happy choices, his true abilities lay in the art of divestment. No-one was better in leaving for good if a company or a whole combine went broke than Flick: that was the lesson his partners in Upper Silesia had to learn just as well as Vögler and Thyssen at the *Stahlverein*. The same quality also allowed him, in contrast to Krupp, to accept Allied demands for de-concentration at least to some degree and cede ownership of his large coal holdings in the early 1950s, thereby evading the sharp crisis that would hit mining soon.<sup>50</sup> To Flick, investment and divestment were two sides of the same coin.

It would thus be tempting to characterize Friedrich Flick, in all his apparent single-mindedness, as an archetype to which other tycoons such as John D. Rockefeller or J.P. Morgan might be likened – a robber baron but essentially a flat character. However, such simplistic labels meet with easy criticism that real people are more complex than that, that they are multifaceted, changing, adaptable. These reservations are corroborated by Flick's very personal desire to leave a legacy, to establish a dynasty, by his apparent wish to be accepted among the great names of German business in whose proximity he built his houses in Essen and Berlin, not least of all by his insatiable desire for industrial power unmindful of mere economic rationale. From this perspective, Flick seems to be a rather complex figure: entrepreneurial in the corporate governance style he implemented, managerial in his relations with the companies he owned, family-minded in his aspirations for the future of his empire. Still, the statement that Flick was no *homo oeconomicus*, that model homunculus created by economists for the sake of theoretical rigour, is trite: no man is. The more interesting question is to what extent modern societies tolerate and reward approximations to the ideal type.

The spectrum of reactions that the Flick concern and in particular its founder have provoked is as wide as could possibly be. Not surprisingly Flick, both the firm and the man – Friedrich, his son Friedrich Karl, or his grandson Friedrich Christian respectively – have served as easy targets for critics from the political left: to social democratic commentators the Gelsenberg affair turned Flick into a symbol of unrestrained, politically pampered free enterprise; to communists he was yet another character mask of capitalism and therefore one of the first companies to be socialized under fanfares of propaganda in 1945.<sup>51</sup>

More revealing than these rather predictable responses is the place Flick earned himself among his fellow businessmen where he elicited mixed feelings between reservations on the one hand and respect and reverence on the other. The former directly resulted from the outsider status from which Flick had embarked in his early career. Although his rapid ascent swept him into the uppermost levels of German industry, the means by which he had achieved this made Flick a

50 C. Nonn, *Die Ruhrbergbaukrise. Entindustrialisierung und Politik 1958–1969* (Göttingen 2001).

51 *Vorwärts*, no. 288 (21 June 1932), and no. 289 (22 June 1932); *Sächsische Volkszeitung*, no. 81 (8 November 1945).

disreputable figure among the Ruhr and Rhine notables. The clandestine methods by which he executed industrial takeovers, his hit-and-run style of investments, and his dubious ways of financing – frequently with the help of Jacob Goldschmidt whose career in banking mirrored Flick's<sup>52</sup> – cast doubts on the upstart from the Siegerland. By 1930 he had taken over the *Stahlverein* but it was for good reason that Flick was never invited to the socially exclusive *Ruhrlade*.<sup>53</sup> The misgivings entertained by conservative opinion leaders like Paul Reusch, Fritz Springorum, and Gustav Krupp von Bohlen und Halbach were vindicated when Flick sold out to the Reich two years later, thereby – at least in Reusch's eyes – promoting the socialist cause for his own private good.<sup>54</sup> The plotting with which Flick ousted his former partner and prominent industrialist Paul Silverberg from *Rheinische Braunkohlen-AG* certainly did not help to improve Flick's credibility either – although there was little public criticism as the resignation of a Jewish manager seemed in tune with the times by 1933.<sup>55</sup>

However, Flick could not care less about his image at that point. Having barely survived the depression he was in the middle of staking a new claim in German heavy industry and he was making fast progress. By the mid-1930s, though, he had risen once more to the top 3 of the Reich's steel producers, and he was about to become a major force in armaments production. If he did not yet have a reputation to lose, he at least had one which he did not wish to confirm. Therefore, when the interest of state and private business conflicted as in the dispute over the establishment of the *Reichswerke 'Hermann Göring'* in 1937,<sup>56</sup> Flick was mindful to accommodate the regime without contradicting his colleagues. The successful decision to walk the line finally earned him a place in the *Kleiner Kreis*, a successor to the *Ruhrlade*; Flick had become too important and too powerful to pass by. Henceforth Flick made sure that he would not be seen sitting in the driver's seat when co-operating with the regime. Therefore, the 'aryanisation' of *Julius Petschek* was presented as a quasi-commissioned task fulfilled in compliance with governmental wishes, that of *Ignaz Petschek* as an ordered transaction against his express will. This helped to contain rumours of yet another Flick deal in which the state made inroads into the Ruhr, and it was also supposed to serve as a safeguard against any future lawsuits by the Jewish owners.<sup>57</sup>

Flick never turned into a popular figure in German industry but his achievements and his resourcefulness made him a respected, if not esteemed member of the business community. The Nuremberg trial against the founder and five of his

52 Cf. M. Jurk, 'Jakob Goldschmidt (1882–1955)', in H. Pohl (ed.), *Deutsche Bankiers des 20. Jahrhunderts* (Stuttgart 2008), 153–64.

53 H. Ashby Turner, 'The *Ruhrlade*, Secret Cabinet of Heavy Industry in the Weimar Republic', *Central European History*, 3, 3 (1970), 195–228.

54 *Frankfurter Zeitung*, no. 498 (6 July 1932).

55 Yet, there were probably no anti-semitic motives in Flick's tactics involved; the Silverberg affair was part of his efforts to rebuild his industrial fortune; cf. B. Gehlen, *Paul Silverberg (1876–1959). Ein Unternehmer*. (Stuttgart 2007), 430–65.

56 R.J. Overy, *War and Economy in the Third Reich* (Oxford 1994), 93–118; Bähr et al., *Flick-Konzern*, 246–54.

57 Frei et al., *Flick*, 226–52; emphasizing state pressure: Bähr et al., *Flick-Konzern*, 322–78.

associates in 1947, fifth in a series of 12 US-run war crimes trials following the inter-Allied tribunal,<sup>58</sup> further helped to improve his image, at least from a German point of view. Although personal sympathy with Flick was still fairly limited,<sup>59</sup> his fellow defendants and their attorneys successfully rallied support among German industrialists and financiers by pointing out the symbolic quality of 'Case V'. The representative and didactic impetus of the trial pursued by the US prosecutors backfired as a significant degree of solidarity, both material and immaterial, was shown by German business to one of its least amicable members.<sup>60</sup>

This certainly did not hold true for the American prosecution. To them, the cases against representatives of the German economic elite, drawn from private and state companies, were not only about punishing concrete crimes such as the use of forced labour and plundering occupied countries, counts on which the Flick combine had a particularly strong record. More precisely, chief prosecutor Brigadier General Telford Taylor and his staff intended to debate the general principles of private business conduct in, and its contribution to, the Nazi state and its policies. Underlying the Flick as well as the Farben, Krupp, and, in parts, the Ministries' cases was a historical interpretation which identified a specific, German brand of capitalism, characterized by its proximity to the state, its illiberal, anti-market institutions and the aggressive alliance with militarist and imperialist ideologies. Cartels and corporatist structures were perceived as manifestations of the fateful alliance between state and business which had directly led to 'Himmler's dinnertable'<sup>61</sup> – the (in)famous 'Circle of Friends of the *Reichsführer SS*' of which Flick and his plenipotentiary Otto Steinbrinck had been members – and to the joint-ventures between Reichswerke and Flick combine in the course of 'aryanisation' and occupation. '[W]e are not indicting them because of their business ambitions', as the Undersecretary of the US War Department, Howard Petersen, stressed.<sup>62</sup> Flick and Co. were arraigned for taking the wrong, distinctively German track to profit and for losing any moral perspective along the way. In other terms: what was at stake was the proper path of capitalism.

The economic 'culture clash' spotted by Werner Abelshauser<sup>63</sup> ended in a draw rather than in a victory for either side. US occupation made sure that West German economy would be revamped in favour of free-market policies although the

58 No comprehensive account of the so-called 'subsequent trials' has been published so far. A collection of articles is due this year: K.C. Priemel and A. Stiller (eds), *Reassessing the Nuremberg Military Tribunals. Transitional Justice, Trial Narratives, and Historiography* (Oxford and New York 2012). Cf. T. Taylor, *Final Report to the Secretary of the Army in the Nuernberg War Crimes Trials under Control Council Law No. 10* (Washington 1949); D. Bloxham, *Genocide on Trial. War Criminals and the Formation of Holocaust, History and Memory* (Oxford 2001).

59 Letter from H. Dichgans to W. Salewski, 4.2.1949, Rheinisch-Westfälisches Wirtschaftsarchiv (RWVA), GHH 40010145/166; J. Wiesen, *West German Industry and the Challenge of the Nazi Past, 1945–1955*, (Chapel Hill, NC 2001), 72.

60 *Ibid.*, 70–82; Bähr et al., *Flick-Konzern*, 619–21.

61 Outline of Trial Brief on Flick. VI. Aryanization Julius Petschek (23 December 1946), StAN, Rep. 502, KVA, Handakten, B-75.

62 *New York Times* (9 February 1947).

63 W. Abelshauser, *The Dynamics of German Industry. Germany's Path toward the New Economy and the American Challenge* (New York 2005), 5, 9 f., 16.

struggle to overcome the strong tradition of corporatist market regulation turned out to be long and winding. On the other hand, the re-educative intentions of the Nuremberg trials left little mark upon German business apart from violent refusal to take any blame whatsoever and mutual affirmations of having been treated unjustly. This dominant discourse helped Flick into the most popular time of his career as his industrial empire rose like the proverbial phoenix from the ashes. Standing at the helm of Daimler-Benz, Flick for a brief time turned into the standard-bearer of the ‘miracle years’, lauded by his colleagues and applauded by the public.<sup>64</sup> Not for long though. Flick’s strategy to force minority shareholders out of his companies – an established measure since the 1930s – sat ill with the notion of ‘people’s capitalism’ propagated by the bourgeois Adenauer-Erhard government as a means of securing ‘prosperity for all’.<sup>65</sup>

It was in this vein that Herman J. Abs, albeit from the safe distance of posterity, scolded Flick for having been exactly the kind of capitalist that the economy could happily do without.<sup>66</sup> That, however, had not kept the head of Deutsche Bank from doing – rather profitable – business with Flick for several decades. Nor had Abs openly backed the Jewish victims when Flick had refused to return or refund the Petschek families’ properties or to recompense former concentration camp labourers who had been working for Dynamit Nobel during the war.<sup>67</sup> That Flick’s son Friedrich Karl continued to reject any responsibility was a well-known fact and was given further publicity during the party funding scandal of the 1980s which ruined the name of both firm and family once and for all. It was Deutsche Bank which in 1986 finally gave in to the demands of the Jewish Claims Conference after it had purchased the bulk of Flick Jr.’s industrial belongings the year before.<sup>68</sup> That notwithstanding, Hans-Olaf Henkel, former president of the Federation of German Industries, upon the public presentation of the Flick study by the Munich Institute of Contemporary History in 2008 could claim that he would have ‘grabbed [F.K. Flick] by his ears’ to make him contribute to the *Foundation Remembrance, Responsibility and Future*’s efforts to recompense former forced labourers had he only grasped the full extent of the combine’s implication in Nazi crimes.<sup>69</sup> Not unlike Abs 30 years earlier, Henkel’s words displayed a wish to draw a clear line between ‘right’ and ‘wrong’ conduct of business, without probing the profounder question of the moral properties of private enterprise not in its individual but in its institutional shape.

64 H. Schissler (ed.), *The Miracle Years. A Cultural History of West Germany, 1949–1968* (Princeton 2001); cf. Volker Berghahn’s contribution to that volume, ‘Recasting Bourgeois Germany,’ *ibid.*, 326–40; Frei et al., *Flick*, 702–8.

65 L. Erhard, *Wohlstand für alle* (Düsseldorf 1957); cf. W. Abelshäuser, *Deutsche Wirtschaftsgeschichte seit 1945* (München 2004), 190, 340.

66 *Manager-Magazin*, 8, 1976, 80.

67 From one of the protagonist’s perspectives: B. Ferencz, *Less than Slaves. Jewish Forced Labor and the Quest for Compensation* (Cambridge, MA 1979), 155–70; Frei et al., *Flick*, 601–5.

68 Sklavenarbeit: Flicks böses Erbe, *Die Zeit* (17 January 1986), 4; Unternehmensgeschichte, *Handelsblatt* (30 January 1986), 21.

69 Opportunist ohne Moral und exzellenter Strippenzieher, *Associated Press* (10 July 2008).

Behind such efforts from fellow businessmen who tried to distance themselves from Flick lurked the odious notion that his example was no exception from the rule but rather its apex, that is, that the biographical case study pointed at structural deficits of the presumed standard, the capitalist market economy. It was hard, though, to castigate Flick for excelling in what his fellow businessmen had been doing all along, especially those who had accompanied the tycoon on his way through the twentieth century. From the American perspective, articulated at Nuremberg, this proved to be somewhat easier as it was not so much the individual that the prosecutors targeted but the representative of an allegedly rotten version of private business. From their perspective, Flick epitomized a German brand of capitalism which had failed to contribute to a liberal, democratic and republican society. This conceptualization, a variety-of-capitalism approach *avant la lettre*, came in handy as it allowed the fending off of left-wing criticism calling for a wholesale revamping of Germany's economic order while relating to the home-grown model whose representation as 'free economy' – both in its economic and political sense – was buttressed by its German, or continental, antagonist.<sup>70</sup>

The manifold, often public debates which the Flick concern and its conduct have triggered, its use as a point of reference, if a frequently negative one at that, are indicative of the paradigmatic quality of this specific business history as well as to discipline's potential to make inroads into broader fields of research. What makes the Flick case intriguing is not so much the particular but the general, not its idiosyncratic but its symptomatic features. Four factors contribute to this quality. First, Flick's model of remote control capitalism, that is, the detached, in essence financially conceptualized strategy of industrial investment might serve as an archetype of economic empire building in the twentieth century. Here, research on the Quandt and Thyssen-Bornemisza groups promises to shed additional light on the interplay between family ownership, financial governance, and management by information on a national level.<sup>71</sup> Such studies also lend themselves to comparative international analyses. Thus it is a matter for discussion whether Flick or Quandt, in their strategies which resembled the takeover 'predators' Youssef Cassis has identified as common to the Anglo-Saxon model, were forerunners or exceptions to the rule in their home arena.<sup>72</sup>

70 Peter A. Hall and Frank Soskice draw on the same antagonistic model when they compare the US and (West) Germany as representative cases of liberal and coordinated market economies respectively: 'An Introduction to Varieties of Capitalism', in P.A. Hall and D. Soskice (eds), *Varieties of capitalism. The Institutional Foundations of Comparative Advantage*, (Oxford 2004), 1–68, at 21–33; for an overview of the historiographical debate see V.R. Berghahn, 'Das "deutsche Kapitalismusmodell" in Geschichte und Geschichtswissenschaft', in V.R. Berghahn and S. Vitols (eds), *Gibt es einen deutschen Kapitalismus? Tradition und globale Perspektiven der sozialen Marktwirtschaft* (Frankfurt a.M. 2006), 25–43.

71 Two commissioned projects based at the universities of Bonn and Munich are currently investigating the Quandt and the Thyssen/Thyssen-Bornemisza cases respectively.

72 Y. Cassis, 'Company Founders', in Y. Cassis and I. Pepelasis Minoglou (eds), *Entrepreneurship in Theory in History* (Basingstoke and New York 2005), 149–62, at 153–5; Y. Cassis, *Big Business. The European Experience in the Twentieth Century* (Oxford 1997), 147 f.

Second, Flick's strategy of relying on the state in times of trouble and making others pay for the risks he had taken (and to assure compliance by means of bribery and blackmail if necessary) was by no means singular. Business history is replete with instances in which companies drew on different sorts of public support. This includes well-known German cases such as Krupp which was saved from losing its independence by public subsidies in 1925, and the Röchling concern's blend of structural crisis and anti-French campaigning at the Saar which mimicked the Upper Silesian border conflicts.<sup>73</sup> Again, this would hardly seem to be a national particularity. Lately, General Motors has shown how to handle a seemingly terminal crisis by making efficient use of the too-big-to-fail paradigm which appears regularly throughout the Flick corporate history. Likewise hundreds of financial institutes worldwide have survived in the last four years thanks to their actual or alleged 'systemic' relevance, that is, their being 'too important to fail'.<sup>74</sup>

Third, case studies such as Flick or those of IG Farben,<sup>75</sup> Allianz,<sup>76</sup> or Dresdner Bank<sup>77</sup> show that capitalism is, in essence, not so much immoral but literally amoral, i.e. it does not have any moral standards of its own but only categories of efficiency and feasibility, of expansion and profits to which its protagonists refer for guidance,<sup>78</sup> apart from their own, individual moral standards. Herman J. Abs' involvement with a sizeable number of twentieth century's authoritarian rulers from Argentina to Indonesia, which he does not seem to have reflected upon, is just another illustration of the same point.<sup>79</sup> Here again, the recent focus on business history in the Third Reich, productive as it has been, comes at a price as it tends to limit the analysis of business ethics to a very specific case rather than broadening the scope so as to include the historical antecedents of corporate social responsibility and its failures.

As a case study the Flick story's potential for generalization is necessarily limited, especially when it comes to the protagonists. Friedrich Flick himself was an exceptional figure and his abilities no less than his deficits account for a good deal of the concern's extraordinary performance over the decades. Still, it is an unusually helpful example as the longevity of both corporation and its key personnel

73 L. Gall (ed), *Krupp im 20. Jahrhundert. Die Geschichte des Unternehmens vom Ersten Weltkrieg bis zur Gründung der Stiftung*, (Berlin 2002). An academic work on Röchling is still missing. For the link between Krupp/Röchling and German foreign policy see K.H. Pohl, 'Die "Stresemannsche Außenpolitik" und das westeuropäische Eisenkartell 1926. „Europäische Politik“ oder nationales Interesse', *Vierteljahrsschrift für Sozial und Wirtschaftsgeschichte*, 65, 4 (1978), 511–34, at 521, 524, 534.

74 Speech by Mervyn King, Governor of the Bank of England to Scottish business organizations, Edinburgh, on Tuesday 20 October 2009, 3 (<http://www.bankofengland.co.uk/publications/speeches/2009/speech406.pdf>, accessed 19.08.2010).

75 P. Hayes, *Industry and Ideology. IG Farben in the Nazi Era* (Cambridge 1987); cf. P. Hayes, *From Cooperation to Complicity. Degussa in the Third Reich* (Cambridge 2004).

76 G.D. Feldman, *Allianz and the German Insurance Business, 1933–1945* (Cambridge 2001).

77 K.-D. Henke (ed), *Die Dresdner Bank im Dritten Reich*, 4 vols., (München 2006); R. Ahrens, *Die Dresdner Bank 1945–1957. Konsequenzen und Kontinuitäten nach dem Ende des NS-Regimes* (München 2007).

78 See the sober discussion by the late Christoph Buchheim, 'Unternehmen in Deutschland und NS-Regime 1933–1945. Versuch einer Synthese,' *Historische Zeitschrift*, 282 (2006), 351–90.

79 L. Gall, *Der Bankier. Hermann Josef Abs. Eine Biographie* (München 2004), 305–17.

allow for a comparison of at least four successive political systems and their relations with private business. Thus, fourth, the degree of economic continuity in a century beset with political ruptures reflects on the significance of political breaks as a means of structuring historical analysis. To Flick, it did not make much difference whether he did business in Wilhelmine or in Weimar Germany, in the Third Reich or the Federal Republic. Neither the methods Flick and his staff employed nor the success – if measured in terms of expansion and profits – which the concern's management enjoyed, underwent any significant changes over the seven decades. The institution of private property, the momentum gained once a 'critical mass' of economic power had been accumulated, and a dense network of personal relations which transcended political transformations smoothed all periods of transition. In the light of these structural, indeed systemic, similarities it might thus be worthwhile reconsidering whether or not the 'Short Twentieth Century' is over yet.<sup>80</sup> And they also remind us that there may be varieties of capitalism but that these are still of the same kin.

### Biographical Note

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80 Cf. W. Abelshauser, *Deutsche Wirtschaftsgeschichte seit 1945* (München 2004), 52.