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Three Hundred Men

The Rise and Fall of Corporate Germany

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Aufstieg und Fall der Deutschland AG

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Prologue and Chapter 1

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Prologue

Johannes Brahms's work on his Symphony in C Minor preoccupied the composer for several decades. Brahms had begun work on a major composition as far back as 1855, at the tender age of 21, but he converted the piece into a piano concerto after hitting a creative impasse. A second attempt two years later was reduced to an orchestral serenade. Further non-symphonies followed. But Brahms couldn't let go of the idea, he wanted it so badly. He was tormented by this "accursed symphony", his dreams were filled with it and he was dogged by the fear that he would not be able to do justice to the tradition established by Wolfgang Amadeus Mozart and Ludwig van Beethoven.

His own expectations were high, but so were those placed on him by others. When he began working on a first movement in 1862, his famous friend Clara Schumann wrote in a letter to the no-less-famous violinist Joseph Joachim: "Recently, Johannes sent me – imagine my surprise – the first movement of a symphony." But over the ensuing years, time and again, his work on this first symphony ground to a halt. When friends asked about it, Brahms would avoid the topic. Or he would tell them it was difficult to compose a symphony now, after Beethoven. As late as the early 1870s, having already completed two movements, he declared in almost childish desperation in a letter: "I shall never write a symphony!" It was not until 1876 that the piece was completed. It premiered in London and was quickly recognised as a major achievement. Critics viewed the Symphony No. 1 in C minor, Opus 68 as a worthy heir to Beethoven's symphonies. Brahms's first, it was said, was in reality Beethoven's tenth.

Bach, Beethoven, and Brahms are sometimes referred to as the "three Bs". Which are seen as the embodiment of the golden era of German music. And Brahms, the symphonist, consciously took his cues from the achievements of his predecessors. He saw himself as standing at the end of an epoch, looking back. Because by the mid-19th century, Germany had already reached its apogee as a musical nation. As an economic nation, however – and this shall be the focus of this book – Germany was only just getting started. Over the two decades that the composer Johannes Brahms needed to complete a single symphony, hundreds of companies were founded, establishing an entire culture, an entire tradition of their own. For this reason, the period beginning in the mid-1850s and ending with the stock market crash of 1873 is known as the *Gründerzeit*, or "founders' era".

Alfred Krupp in Essen and Werner Siemens in Berlin are pioneers. Their manufacturing ventures, which had been founded in the first half of the century, grow into massive companies, employing hundreds and then thousands of individuals. More companies follow. The Bayer dyestuff manufacturers in Leverkusen, Hoechst in Frankfurt, and the Badische Anilin- & Soda Fabrik – BASF for short – in Mannheim and Ludwigshafen. Later still come Daimler, Allianz, and Mannesmann.

The remarkable thing is that the companies that emerged at that time turned out to be so solid and enduring that they were able to withstand not just the First World War, but also the crisis-ridden interwar period and the Second World War. At the end of the 20th century, more than half of Germany's largest companies have roots that can be traced back to the *Gründerzeit* (nowadays its slightly less than half).

Observers have dubbed the system underpinning this longevity "Deutschland AG", which translates loosely to "Germany Inc." This moniker refers to the intertwined personal and financial links between a number of large banks, insurance companies, and industrial enterprises that were all connected through mutual equity stakes, a system which also helped them to ward off foreign influence. The top representatives of these companies came together in boardrooms and in committees, they coordinated their activities, and they exerted a stabilising influence on the German economy.

The origins of this typically German company culture can be traced back to the period of the German empire. In an essay written in 1909, Walther Rathenau – the long-serving chairman of Allgemeinen Elektricitätsgesellschaft, or AEG for short – spoke of the "three hundred men" who all knew each other and who determined the fate of the German economy. However, the golden age of Deutschland AG is typically given as the 1950s and 1960s, which is when these three hundred men came closest to the ideal of a consolidated and ordered regime.

In the world of symphony, there is something that people sometimes perceive as a German sound. It is a soft and dark sound. An opaque conglomeration of various voices that meld together to form a whole. The Berlin Philharmonic under Wilhelm Furtwängler or Herbert von Karajan cultivated this German sound. When they played Brahms's first symphony, for example. Some time ago, however, a music critic bemoaned the disappearance of the German sound. The influence of foreign head conductors such as the Briton Simon Rattle had put an end it. The musicians in Berlin had lost that "soul-seeking romantic tone." That was the argument of the critic, in any case, who was promptly taken to task for his provincial veneration of "Germanness".

In the executive boards and boards of directors, in the works councils and among the employees of German businesses, there has also long been a certain German tone that can be clearly distinguished from the English, American, or French competition. The characteristics of a typically German company can be clearly identified, and I'll come back to this later. And in this realm, at least, the music critic's lament has been borne out: the German sound no longer exists.

Because this network of interconnected financial and industrial enterprises has since been undone, leaving little more than a collection of loose threads. Many of the big corporations that remained remarkably stable for so long have been taken over by foreign corporations, with some being smashed to pieces. Others, meanwhile, have tried their luck overseas and have bought up other companies, particularly in the USA, and have to a certain extent relinquished their connection with their erstwhile homeland. Others still jettisoned traditional mainstays of their business and bought up companies in other branches, making them largely unrecognisable. The majority of shares in big German companies with long traditions are now in the hands of foreign investors. The German economy is currently faced with a highly uncertain future. It must confront a range of medium- and long-term challenges. Demographic developments and a shortage of skilled workers, limited resources and the energy transformation, technological shifts and competition from China, the rise of populists and the return of opponents to free trade. One thing, however, is certain: German companies can no longer rely on the old structures that had provided them with security in earlier crises.

There is no need to mourn the loss of this regime, no need to bemoan the disappearance of the atmosphere that dominated in these large German corporations. The companies were heavily hierarchical, showed little openness to outsiders or people with different opinions, and were often defined by the personal relationships of a small handful of mostly older men. From today's perspective, the demise of these networks seems almost unavoidable. These three hundred men were no longer in keeping with the times, they presumably would have had no answers to the pressing issues posed by our globalised present.

At the same time, though, these typically German companies represent an important piece of German culture – just like the symphonies of Brahms. And such a culture deserves an afterword. Because when you gather together the histories of the individual companies, an epic history emerges that in many respects reflects the history of Germany as a nation. And it is this history that I intend to tell here. The history of the rise and fall of Deutschland AG.

BOOK I

1870–1914

Chapter 1

The *Gründerjahre*

In August 1870, a melancholic banker boards a French post steamer in Shanghai. His destination is Berlin. Upon his arrival in the Prussian capital, he is to become the director of a fledgling bank that had been founded just a few months prior. Its not entirely modest name: Deutsche Bank.

Hermann Wallich is 36 years old. He grew up in Bonn in an Orthodox Jewish family. After training as a banker, he first worked in Paris, before deciding to move to Île de La Réunion. The volcanic island is located in the middle of the Indian Ocean, 700 kilometres east of Madagascar. Dispatched by the Parisian bank Comptoir d'Escompte, Wallich was to be look after the financial affairs of the Creoles there, settlers of French extraction who were running enormous sugar plantations with the help of African labourers. On Réunion, Wallich goes on hikes. Wallich eats pineapple and heart of palm. Wallich watches the indigenous inhabitants performing the Sega, a dance, as he later writes, "full of originality and a particular elegance. … It is not art that inspires this dance, but passion and love."

And yet, Wallich does not find happiness in the tropics. The old families he loans money to have little business sense. A series of crop failures, the abolition of slavery, and competition from European beet sugar all take such a toll on these families that Wallich's prime activity becomes collecting debt payments. And there was constant conflict. When a respectable but bankrupt debtor challenges him to a duel, Wallich responds that he is willing to accept, but that the man must first deposit the money.

Wallich is a reserved man, his hair neatly parted, soft features, a well-kempt moustache. He would like to have been different, more exuberant, spontaneous, not so darned conscientious. Plaintively, he writes in his memoirs that he has frittered away the best years of his life in the tropics. “The ongoing responsibility for the matters that had been entrusted to me caused me to grow old and serious before my time and prevented me from partaking in the joys of youth and the sociability that befitted my years.”

In Shanghai as well – the next stop on his travelling apprenticeship – Wallich fails to transform into a hedonist. At the fertile Yangtze River Delta, English merchants had built up an extravagant trading hub, importing opium and exporting silk and tea. Their free time goes on regattas, cricket, and horse racing. Wallich rarely takes part, he often feels run down, misses Europe, and hopes that the French will call him back to the old continent. Instead, he receives an offer from the newly founded Deutsche Bank Actien-Gesellschaft. Wallich is the sole German to make the trip on the French post steamer. When he sets off from Shanghai, nobody on board knows that France has declared war on Prussia. The ship lands in Hong Kong and the news spreads like wildfire. The French passengers are confident of their impending victory, conveying their sympathies to Wallich. But when reports of one German victory after the other are passed on during stops in Singapore, Ceylon, and Aden, the mood shifts. The supply officer announces that from now on, he will consume three Prussians a day. The cautious Wallich decides to continue his journey without French assistance. He travels on to Suez in a fishing boat, takes the train to Alexandria, and crosses the Mediterranean on a steamer.

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On to Berlin, then. Wallich had been imagining a very different return to Germany. He had not really enjoyed his life abroad. But he had grown accustomed to the pleasant aspects, to the hospitality of the Creoles, to his spacious house in Shanghai, to his servants, who used to wait on his every instruction. Nobody was waiting for him in Berlin. He had no friends, no relatives in the city. The board members of Deutsche Bank who had employed him received him with a cool and formal air. They did not even offer him a glass of sugar water. Wallich wrote: "I could have sobbed when I returned to my hotel room in the evening, so lonely and abandoned did I feel."

The city itself also made a gloomy impression on Wallich. There were no mangoes and heart of palm here, though there was the produce market on Gendarmemarkt, where fisherwomen prodded nets into moss-covered tubs. All around him, the streets were paved with simple fieldstones, and a foul stench emanated from the drainage ditches. What stood out to foreigners who visited Berlin at the time were the Prussian soldiers who, as a traveller wrote, appeared "ruddy-cheeked, green behind the ears, content", and thus extremely haughty. When the officers went for a stroll, the footpaths of Berlin became congested.

But the impression of a society based on rank that was out of step with the times was deceptive. The Germany of the years leading up to the founding of the empire was no longer the country that Wallich had left sixteen years before. And Berlin in particular, the metropolis that was soon to become the capital of the empire, was changing at a dramatic pace. This shift was scarcely perceptible in the small-town-like centre of the city, where Deutsche Bank had its offices. If you wanted to see the pulsing heart of the city, you didn't go for a stroll along Unter den Linden but headed to the outskirts, which were expanding day by day into the surrounding countryside. You headed to the workers' districts of Wedding or Friedrichshain, where large families in tenement houses squeezed into two- or three-room apartments and also took on "night lodgers", who worked from early in the morning till late at night and just needed a mattress to sleep on. Or you went to the wealthy neighbourhoods around Tiergarten, where nouveau-riche entrepreneurs and bankers were erecting stately villas amidst the ancient woodlands.

Or you went to the barren north, known as Feuerland, or “land of fire”, because it was where the billowing smokestacks of industry were located. Nowhere else was the air quality so poor, the noise so pervasive. When the steam hammers were running in the enormous factories north of the Oranienburg Gate – according to a now long-forgotten novel from Berlin at the time – the floorboards of the surrounding apartment buildings shuddered, the glasses jangled, and the lightbulbs rattled. After quitting time, thousands of soot-blackened workers set off on their homeward journey, travelling on foot along arterial roads that just a short time ago had been dirt paths through open fields.

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In 1870, when Wallich returned home, Germany was in the final years of a sustained and powerful economic boom, which had begun with the construction of the railways in the middle of the century. For the railways, coal and steel were needed from the Ruhr Region, and locomotives were provided by Berlin. The major cities were linked up with telegraph lines linked and underwater cables were laid across the seas. Communication and the trade in commodities accelerated dramatically and facilitated the establishment of additional growth industries.

The upswing was not confined to Germany, but the changes were particularly evident there, because Germany was catching up on developments that had occurred over extended periods in other countries. It was not until the 19th century – and primarily after the founding of the Zollverein or German Customs Union in 1834 – that the loose patchwork of German regional powers came together to form a national economy. Barriers to trade fell, mandatory guild membership was abolished, freedom of trade established, and the increasingly influential bourgeoisie set about installing liberal economic policies.

England was the model to be emulated. The aim was to at least catch up to the industry there, or if possible, to overtake it. The young Alfred Krupp was one of the first Germans to travel to the island, in order to sneak into the factories of Manchester and uncover the secrets of their success. He travelled anonymously so as not to arouse attention, going by the name of Baron Schropp – and well might we wonder if this alias truly served its purpose. Other entrepreneurs followed him. And they were not motivated by exclusively economic factors, rather they were pursuing this project of catch-up capitalism in the service of their nation.

This was true of Deutsche Bank as well, which owed its existence to a group of private bankers. In a memorandum, they promoted their project in lofty tones. “The German flag now transports the German name into all corners of the globe”, the text proclaimed, “this would be another step toward honouring the German name in distant lands, and to finally seize for Germany a position in the field of financial services that befits the standing our fatherland already occupies in the realms of civilisation, knowledge, and art.”

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Deutsche Bank’s mission was to support the emerging economy abroad. Previously, Germans involved in foreign trade had been reliant on funding from credit institutions in London, Paris, or Amsterdam. That was expensive and complicated. From its base in Berlin, the bank was to build up an international business and free the economy at home from the shackles of dependency. Bismarck granted his consent. For the company logo, a powerful bird was chosen that bore a startling resemblance to the imperial eagle.

But in the early days, Deutsche Bank didn't seem particularly formidable. Its story begins like a Charles Dickens novel: on the first floor of a residential building on Französische Strasse in the centre of Berlin. The stairwell was rotting, the building dilapidated, the previous tenants, a Bavarian coffee house, had only just moved out. The *berliner zimmer*, a dingy room in the corner with just a single window looking out onto the courtyard, was home to the directors' office, where the escritoires of the founding directors were located.

When Wallich took up his post in the autumn of 1870, he was confronted only by an ill-tempered German American who found so little contentment in his work for the bank that he soon handed in his notice. One of the other directors was named Georg Siemens, a lawyer by training with absolutely no experience in banking. Another aggravating factor was that Siemens had just been drafted to serve in the war. And the war against France was dragging on. From Ardennes in France, Second Lieutenant Siemens sent post from the front lines to the bank: "I am highly doubtful of whether I shall return to Berlin any time soon."

While Wallich was awaiting his colleague's return, he looked over the books. Of five million thalers of equity capital, only two million had actually been paid. The board of directors had not parted with more than that because they believed the directors were not yet sufficiently prepared for the business. Wallich was quite shocked: despite its impressive name, Deutsche Bank was under-staffed and under-capitalised, and ultimately quite a small-scale affair. And Wallich might also have been asking himself what kind of a person this Georg Siemens was. Because although he came from an important family – his cousin was the entrepreneur Werner Siemens – he had no experience at all in the banking business.

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In May of 1871, the German troops returned from the war. The founding of the empire and the long-awaited victory fanned the flames of a euphoric mood in Germany that provided additional fuel for an already booming economy. Nationalist pride and an economic upswing fed into each other, and the economy began to overheat, though this condition was not recognised as such at the time. The reparation payments from the French, made in gold, seemed to confirm the errant belief among the Germans that the boom would last forever. The *Aktiengesellschaft*, or AG, a legal form akin to a joint-stock company that was perfectly suited to companies with a high need for capital, became the favoured target of investors. Between 1871 and 1873, with the help of a new stock corporation law that made it possible to found an AG without government approval, almost a thousand such companies emerged.

These AGs shot up out of the ground like mushrooms. Breweries, manufacturers, and horse-racing tracks were snapped up at high prices and put on the stock market at even higher prices. Some of these “Actien-Gesellschaften” had no enduring value and their only purpose was to generate returns on the stock market. But entrepreneurs that would later go on to great things were also supplied with desperately needed cash during this founding fever, laying the foundations for later successes.

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In Mülheim, for example, August Thyssen’s iron rolling mill began its operations. It would form the nucleus of Thyssen AG.

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A small engine manufacturer in Cologne by the name of Langen, Otto und Rosen becomes the Gasmotoren-Fabrik Deutz AG. An operations supervisor from Stuttgart joins the firm. He is highly skilled but difficult to manage. His name is Gottlieb Daimler.

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In Munich, Gabriel Sedlmayr, heir to the well-known Spaten brewery, provides a young professor by the name of Carl Linde with facilities and funds to produce a cooling machine that keeps beer colder than any cellar cut deep into the bedrock. Years later, the project becomes a company: Gesellschaft für Linde's Eismaschinen.

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In Hanover, a Jewish banker cobbled together the bankrupt assets of a soft rubber manufacturer to form an AG that fabricated rubber balls and hot-water bottles. He calls the company Continental. Or to be more precise: Continental-Caoutchouc- und Gutta-Percha Compagnie.

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A typical backer of the founding bubble is Heinrich Quistorp. Over a brief period of time, he launches some thirty-odd companies on the stock market. At the same time, he builds the dense network of villas in Berlin’s Westend. After this, he and his Vereinsbank Quistorp & Co. go bankrupt. He moves to Paraguay and founds a colony for German settlers, where he battles mosquitos and malaria before returning to Berlin, where he dies penniless. But some of the attractive *Gründerzeit* villas that he had built in Westend, positioned on leafy boulevards named after elms, maples, and acacias, are still standing today, and are regularly adorned with the most beautiful stanzas of speculator speak by today’s real estate agents. Quistorp also contributed to the lasting success of Chemische Fabrik auf Aktien (vormals E. Schering). Ernst Schering, the owner of a pharmacy on Chauseestrasse, takes his company public with the support of Quistorp. From the thirty or so companies that the serial founder Quistorp helped to launch, one of them later becomes a global corporation, Schering AG. Is that really such a bad tally?

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Some of the companies that briefly flourish during this era bear names that sound so wonderfully elaborate they could almost come straight from a novel. The Wolgast Dyewood Mill. The Central Bazaar for the Transportation Business. The Margravian Peat Pits. The First German General Glue Boiling House. The North German Ice Works (formerly Bolle). All scams, people would say later. But we could just as well say: never since have the Germans had so much fun with capitalism.

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Georg Siemens, founding director of Deutsche Bank, returns from the war just in time to witness the wild activity spawned by the founding fever. But he is preoccupied by something altogether different. In March of 1872, he writes a love letter. He has placed a picture of the young woman next to the letter paper. So that he can see her "pretty little face", as he writes. Elise Görz, 21 years old, is the daughter of a lawyer from Mainz. Siemens met her at her parents' house. At first, he didn't make much of an impression on Elise. An ungainly bow. A disparaging remark about her embroideries. An oddly late invitation to dance at the lawyers' ball, which she rejects, because she has already promised all her waltzes to others. He turns away brusquely. She shoots him an outraged look that he will never forget. He asks for her hand in marriage. And sends remarkable letters in which he explains himself and his work at Deutsche Bank.

"You shall soon enough realise that I am quite a miserable human being", he writes from Berlin on that day in March, "with big, very big plans and visions, eaten away at by the burning sense of wanting to achieve something beautiful and meaningful, and having a weak energy that lags far behind these wishes. This discrepancy between the imagination that feeds and nurtures the plans and dreams within me and the physical and moral strength needed to realise them sometimes leaves me unspeakably unhappy. In the *Sturm und Drang* period, there were several poets who endured a similar experience."

Siemens' writing is interrupted by a workmate. Then he returns to his desk. He reads the letter and is horrified. Has he been too harsh on himself? No, his betrothed should know what it is that drives him. What he feels. Why he doubts himself. Besides, he is also able to find plenty of positive points about himself: "If I convey the impression of being unfinished, then that is partially because I have higher goals than others."

But does the bank director Siemens really see himself as the intellectual offspring of the celebrated geniuses of the *Sturm und Drang* era? As the descendent of sensitive poets who suffered under life's slings and arrows? Is this an image of Deutsche Bank springing forth from the spirit of Young Werther? Surely not. In Siemens, *Sturm und Drang* serve as synonyms for an unbridled and unsatiated ambition. He wants to achieve great things and be active right around the world. And he does not shy away from taking risks. Instead of writing epistolary novels drenched with emotion, he is planning the expansion of a bank.

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Siemens's plans are only partially in harmony with the desires of the board of directors and the investors. As private bankers, they have their own business interests. They don't want Deutsche Bank to grow so large that it becomes a competitor to them. The bank is to become large and influential only abroad; at home, it is to stay small and modest. And Hermann Wallich also hits the brakes when his colleague Siemens is struck by another bright idea and wants to buy an ailing bank in Rio de la Plata.

In the end, Siemens manages to get his way. In the ensuing years, the bank evolves far beyond its original purpose of supporting foreign trade and becomes active in all areas of banking, advising private customers at home and investing in ambitious projects abroad, from South African goldmines to the trans-Anatolian railway line. Functioning as a principal bank and shareholder, Deutsche Bank finances German industry and exerts a growing influence on the national economy.

Perhaps Siemens already had some sense of these future developments when he wrote to Elise. He certainly has a firm belief in his capabilities. He concludes with a phrase that is a far cry from the tone of the gloomy poet: "I am on my way to becoming influential, and if you should help me a little, in ten years, you can be a highly respected woman, whom people will go to great lengths to impress, not just for your own sake, but also for mine. Might that be of interest to you?”

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It is indeed. In May of 1872, Elise Görz and Georg Siemens tie the knot. They move into a sparingly furnished apartment not far from Tiergarten in Berlin. At that time, Siemens is not a rich man. For his post at Deutsche Bank, he had agreed to take a pay cut. He received 1,500 thalers a year, which would be around $40,000 US in today’s money. Many Berliners live more lavish lifestyles than the bank director Siemens. Because the founding fever is taking on evermore grotesque proportions.

Over the span of two or three years, the same number of steelworks, blast furnaces, and machine factories cropped up in Prussia as had done over the entire previous century. Labour power begins to run short, wages rise, and workers start looking for ways to spend and invest their easily earned money. There were plenty of opportunities. Whether it was the landed nobility or high-ranking military officers, lawyers or doctors, masons or coachmen – everyone secures shares in these companies in the hope of quickly amassing wealth.

But the boom does not just create winners. The flourishing metropolises run out of space for the new arrivals. The founding fever also takes a toll on the real estate market, and rents rise rapidly. In the summer of 1872, a bailiff evicts a carpenter from his apartment on Blumenstrasse in Friedrichshain. Agitated neighbours come to the aid of the impoverished man, smashing the windows of the landlord. It takes days for the police to reestablish public order.

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Utterly exhausted, a man yearning for peace and quiet travels to an English seaside resort early in the year. Alfred Krupp loathes the founding fever that has been spreading through Germany like wildfire. “I’m not a stock market speculator,” he says, “I’m a manufacturer.” And he suffers from a whole assortment of ailments, both real and imaginary. His doctors have advised him to spend several months convalescing. But to begin with, the seaside resort at Torquay is not at all to his liking. In Essen, up on the hill where he was having a villa built, the late summer had been hot. Here, on the south coast of England, it’s all fog and rain. Krupp grumbles about the fact that he has to fire up the oven so early in the year to keep warm.

Instead of strolling about on the promenade, he spends his days in the house up in the hills that he rented for his family and writes long letters to the board of directors in Essen. One moment he’s interfering in the day-to-day operations and getting worked up about an employee who has violated a contract: “This case is so serious that there can be no thought of giving in.” The next moment he’s reminiscing about the early years again. Perhaps it is the vast vistas of the sea that cause him to indulge in old memories. In an almost elegiac tone, he writes: “Out of the small nucleus of the factory – where raw materials were bought from small-scale suppliers, where I was general manager, correspondent, cashier, smelter, coal splitter, nightwatchman at the cement oven, and carried out many other similar duties, where a horse took care of all transportation at a leisurely pace, where ten years later the water for the first erected steam engine was carried from the ponds into the emptied well in buckets, because installing pipes was too dear – the current plant finally emerged.”

Why does Krupp begin looking back at this particular moment in time? The industrial company Fried.Krupp, which he had joined as a fourteen-year-old after the death of his father, is gradually becoming unfamiliar to him. He has always run the company on his own and is an obsessive workaholic, never finding a moment’s peace. Initially relying on funding from relatives and friends, he invested the profits in ever larger production plants, in new products and procedures. For example, in a gigantic steam hammer – nicknamed "Fritz" and weighing fifty tonnes – that was hauled up the hill with a winch, in order to then plummet onto the freshly cast steel with remarkable precision.

By this stage, Krupp's factories occupy a large portion of the city of Essen, at the centre of which his great-grandmother once owned a store selling wares from the colonies. At that time, the company was more successful than ever, producing steel rollers, railway tracks, and wheel rims for locomotives. As well as canons. For Turkey, for Russia, and for the Prussian military, which with the help of this heavy artillery was able to come out victorious in the wars against Denmark, Austria, and France.

But what was he to do now? Krupp, the businessman, sits all alone at the top of a hierarchy to which new rungs are constantly being added. Beneath him sits the commercial director, then the heads of department, the plant managers, shop supervisors, foremen, and the workers. One of Krupp's main concerns is that the workers – now that he is no longer able to personally oversee them – will become lazy and indolent. Another is that socialists and unionists will infiltrate the ranks. He does not even trust the board of directors. He wants to organise everything himself. So he writes letters. "Who is supervising here if a fire can break out without being noticed?" he writes after hearing about a fire in the factory. "Every misadventure is always a consequence of indifference and a lack of caution."

By this stage, Krupp is probably well aware that he no longer has the energy to run this enormous enterprise. Why else would he be beset by this exhaustion that manifests in such diffuse ailments (today, we would call this occupational burnout). Krupp had spent as little time as possible in Essen the previous winter, fleeing repeatedly to spa towns, blaming the increasingly long absences on his health. How was he supposed to unite these two contradictory impulses – the need to retain control and to relinquish responsibilities? Krupp is struck by an idea. In Torquay, on the English Riviera, where in winter the camelias bloom, this idea becomes an obsession. Krupp, who always had a penchant for setting everything down in writing, wants to draft a set of company regulations. A comprehensive text that would make all letters superfluous. He calls this text the “General Regulations”. Or sometimes, without a hint of irony, his magnum opus. He looks out onto the ocean and envisions the company. Just as he had created it all those years ago. And he pens beautiful sentences like this one: “gates, doors, locks, paths, drainage ditches, canals, pavements, everything must always be in order.”

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The issues that Krupp is trying to resolve are also present in other fast-growing companies. The company Telegrafen-Bauanstalt von Siemens & Halske, founded in 1847 in a modest building at the back of a Berlin courtyard, grows to become a highly diversified global company within just a few years. They build telegraph lines right across Europe, in Russia, and in Persia, and lay underwater cables in the Mediterranean and across the Atlantic. During the initial boom of the *Gründerzeit*, Siemens is already employing some 1,500 people and has subsidiaries in London and St. Petersburg. Despite this, the founder Werner Siemens is reluctant to hand over responsibility to employees. He strains the notion of a family-run company to breaking point, by filling important positions with relatives. Luckily, he has plenty of them. He is one of eleven children, and since their parents died early, he is responsible for their well-being. Six of eight brothers are involved in the businesses. (His two sisters are excluded.)

Brother number one, Wilhelm Siemens, heads up the branch in London.

Number two, Friedrich, also works there for a time.

Carl, number three, builds up the business in Russia.

Number four, Walter, runs the branch in Tbilisi and, together with his brothers, acquires a copper mine in the Caucasus.

When Walter dies at a young age, Otto, number five, takes the reins at the Tbilisi branch.

Hans, number six, founds a glass works in Dresden, financed by Werner.

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In March 1872, Krupp leaves England and returns to the Ruhr Region. His General Regulations are still not finished. The board of directors have been tasked with adding to the text, editing it, and dividing it into sections, so as to make it more readable. But the men in Essen are dragging their feet. Ultimately, they have no interest in a set of company regulations, especially not one that circumscribes their freedom. They are also not keen on the title. Which is why Krupp suggests "statute". In the end, the General Regulations became a General Regulatory Framework.

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What else is going on in this final year of the boom, 1872? Gustav Freytag publishes the first volume of his monumental work, *Die Ahnen* (The Ancestors), Felix Dahn is working on the equally hefty *Ein Kampf um Rom* (A Struggle for Rome), and Anselm Feuerbach is completing the second version of his painting *Die Amazonenschlacht* (The Battle of the Amazonas). The educated bourgeoisie are interested in big historical themes. There are no telegraph masts, steam hammers, or reddish, shimmering wastewater from the dye factories to be found in the art and literature of the time.

There is only one figure who sets off to get a closer look at the rapidly growing industrial landscapes. Adolph Menzel, the artist from Berlin who made his name with his monumental depictions of Frederick the Great's Prussia, travels to Upper Silesia in May of 1872 and embeds himself in an iron rolling mill with his sketchpad. The mill is part of Vereinigte Königs- und Laurahütte, an *aktiengesellschaft* in which Bismarck's banker Gerson von Bleichröder is an investor.

In his detail-heavy realism, his accurate depiction of the play of light and shadow, Menzel's *Iron Rolling Mill* is not so different from his *Frederick the Great Playing the Flute at Sanssouci*, though their subject matter could hardly have less in common. The chandelier of the flute concert is replaced by the fiery, glowing clumps of iron, whose heat is reflected in the straining faces of the workers. Menzel later stated that while working on the painting, he had been afraid of being "rolled along with the iron, as it were" by the massive flywheels and blocks of iron.

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The "General Regulatory Framework for the company Fried. Krupp" is finally complete. On 30 September 1872, Krupp holds the first twelve copies of the work in his hands. Although the text has been heavily edited, it is reflective of the businessman who created it in all his baffling contradictions. It includes the petty instruction that the employees in the office are to refrain from the reading of newspapers. At the same time, in this text, Krupp outlines his groundbreaking and generous social policies, he writes about "establishing health insurance funds, employee relief funds, and pension funds, as well as hospitals and childcare facilities" for his employees. And he anticipates contemporary forms of employee feedback, instructing the directors of the company to "gratefully accept" employee suggestions on ways to improve operations. Reading this document, we see that Krupp is not just issuing orders, he also wants to look after his employees. One copy of the General Regulatory Framework goes to Emperor Wilhelm I, with a handwritten dedication from the businessman: "Originally drafted for the internal prospering of the existing – also of use for preventing social aberration."

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The existing does not prosper for much longer. In May of 1873, the Viennese stock market collapsed. New York followed in September. Berlin in October. The bankruptcy of Heinrich Quistorp's Vereinsbank was the first domino to fall. Other companies followed in quick succession. Germany went through a severe recession, economic activity nosedived, and this situation endured until the end of the century.

But the psychological effects might have been even graver and more lasting than the economic ones. The conservative forces in German society – who for a long time had held an antisemitically inflected aversion to liberal capitalism, finance markets, and so-called speculators – felt vindicated in their beliefs. Meanwhile, others – including members of the new bourgeoisie who owed their rise to this process of liberalisation – were profoundly disconcerted. Complaining about these dire circumstances became a habit among businessmen. They bemoaned their meagre profits and the strain of keeping up with the competition, whined about rebellious workers and under-used factories. And they kept on complaining until long after things had begun to look up again.

The typically German company is a creation of the *Gründerzeit.* But it was not until the years after the big boom that the decisive characteristics emerged that would survive deep into the 20th century. Because this profound shock fed an obsessive desire for order, for security and predictability, for isolation and exclusion. The effects of this desire were visible not just in the economic policies of the German Empire but also in the way that the companies that survived the stock market crash reestablished themselves. The response to the wild activity of the *Gründerzeit* was what some economists would later come to call organised capitalism. Everything must always be in order.

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The Wallich family's summer house is still standing today. You can see it on your right as you cross the Glienecker Bridge heading from Berlin towards Potsdam. A cheerful villa with a corner tower, built in the Italian style, now painted a cream colour. But the history of the villa is deeply sad and utterly German. Hermann Wallich and his wife Anna, both of Jewish extraction, inherited the house in 1878, when Wallich was still the director of Deutsche Bank. After Hermann's death, it was passed onto their son Paul, who lived there with his family and was much too attached to his homeland to seek safety from the Nazis elsewhere. He only escaped arrest by fleeing to Cologne and jumping into the Rhine from the Hohenzöllern Bridge. "My Darling," he wrote to his wife Hildegard in a suicide note, "there is no need for you to be reluctant to fly the swastika at the old house by the Glienicker Bridge now. The power to which I have fallen victim is a world power."

Hildegard managed to leave Germany briefly before the outbreak of the war, emigrating to California; her cook and two servants stayed behind. After the war, the villa was used first as a field hospital for Russian soldiers, then as a childcare facility run by the East German government. The villa was given back to Wallich's heirs in 1994, but the family could not afford the costs of refurbishing the house, and sold it to a Berlin-based developer, whose intentions to erect modern townhouses on the plot were scuppered by planning authorities. The villa fell into disrepair. Sculptures were stolen, windows were smashed, and the investor threatened to have the house demolished.

Finally, in the 2000s, Mathias Döpfner, the head of the Axel Springer media concern, bought the property together with the investment banker Leonhard Fischer. They had the villa painstakingly restored and made it into a museum. In November 2009, they invited hundreds of guests to an even commemorating events in recent German history. The speeches touched on the Cold War, the role of the Glienicker Bridge as a border crossing between East and West, and the blessings brought by reunification. Federal Chancellor Angela Merkel had been asked to say a few words. She started off by going a long way back: "Pericles once said…" But on this rainy November evening, not a single person mentioned the Wallichs, the family of the founding director of Deutsche Bank and erstwhile owners of the house. Wallich, it seems, has been well and truly forgotten.