Report

1st Meeting of the Working Group Global Economy and Multinational Enterprises (GEME)

8. Oktober 2025

im Hause des Institut der deutschen Wirtschaft in Köln

Thema: « Foreign Direct Investment and the Globalization of the German Industry in the 1970s »

On October 8, 2025, the working group Global Economy and Multinational Enterprises (GE-ME) held its first meeting at BASF in Ludwigshafen on the topic "Foreign Direct Investment and the Globalization of German Industry in the 1970s." In four presentations, the role of direct investment in the 1970s and 1980s was examined in the context of various companies and in-dustries, and the approaches and significance for economic and business history were discussed. At the constitutive meeting of the GUG Working Group in Zurich in October 2024, one of the goals the group formulated had been to give research on German multinational enterprises a more prominent place in the international academic discourse. Now, the first step toward achiev-ing this goal was taken.

JAN-OTMAR HESSE (Bayreuth) opened the session with a brief introduction. He emphasized one of the working group's goals: to make business history more global. The 1970s and 1980s were a period of transformation, yet they have not yet been fully examined from a historical perspective.

The first presentation was given by NEIL ROLLINGS (Glasgow), who outlined the signifi-cance and potential of foreign direct investment (FDI) research in economic history. He high-lighted three points: First, economic historians rarely discuss FDIs. Second, business historians can demonstrate that FDIs represent only one aspect of internationalization. Third, the topic should not be viewed solely from the perspective of Europe and the United States. Like Hesse before him, Rollings also advocated for a more global perspective. Practical pitfalls for business historians when dealing with FDIs arise from the changing definition of the term. In 1996, the WTO defined investment in a foreign company as FDI starting at a 10% stake. Prior to the 1970s, however, this threshold was 25% in the U.S. and, until the 1990s, 20% in the UK. Rol-lings thus makes it clear from the outset that knowledge of these historical classifications is fun-damental to the work of the business historian, and also that an FDI is a statistical construct. He noted that the focus of historical research has so far been on examining their effects rather than FDIs themselves. According to Rollings, the key to answering the question of why companies choose this instrument lies at the micro level. Different cases and countries must be examined individually to develop an understanding. However, this micro-perspective should not lead to an overemphasis on individual cases. The context of the investment must always be considered. An isolated focus on individual investments and the interpretations derived from them could be mis-leading. From the perspective of the evolution of business decisions, the overall narrative mat-ters more than the individual investment. Regarding the relationship between FDIs and interna-tionalization, Rollings notes that it is important to emphasize that while investments may consti-tute an important part, there are many other dimensions to internationalization. He thus warns against a narrow definition. Greater attention should be paid to companies' non-market strate-gies (NMS). Economic historians have demonstrated in the past that they take this aspect into account, yet one could go even further in this regard. Overall, Rollings argues that international-ization should be understood as the internationalization of the company itself, and not merely of its production.

Following these important and fundamental remarks, CAETANO FRANZ (Göttingen) then spoke in the first case study about the entry of two German companies into the Chinese market. In his current project, Franz examines the challenges Sartorius AG faced in the 1970s through the 1990s when interacting with the opening Chinese market, and the strategies the company pursued in doing so. In the search for opportunities in foreign markets, the focus turned to Chi-na, just as it had for its biggest competitor, Mettler. The Technogerma trade fair in 1975 proved to be an important milestone. Here, many German companies gained insights into the potential of the Chinese market. However, the impression also arose that Chinese firms would not buy the products but rather copy them. This was followed by a summary of the stages and the pro-tracted negotiations that Sartorius - initially alongside Carl Zeiss Far East, undertook from the early 1980s onward in a constant effort to enter the market. A path that was marked by setbacks. It was not until a fourth attempt that a joint venture was finally established in 1994. Franz also outlined the internal and external steps involved in FDI into China, thereby demonstrating that the decision to implement this instrument and its execution required several internal and external steps. Thus, this case study successfully applied the micro-perspective that had been called for. It thereby significantly clarified and shed light on the image of Sartorius's supposedly linear path into the Chinese market.

Next, CHRISTINA HÄBERLE (Potsdam) spoke on the topic of German leather entrepreneurs in India. She began by providing a brief contextual overview of Indian economic history, focus-ing in particular on the developments following the country's independence in 1947. The goal at that time was the rapid industrialization of the country and the achievement of economic inde-pendence. Politically, a nationalist path was pursued. The focus was on the local market, and measures were taken against large corporations and monopolies. The products of smaller com-panies, however, were not suitable for the international market due to their poor quality. The government´s view on imports was critical; where the knowledge to manufacture goods already existed within India production should take place domestically. At the same time, foreign capital was needed, and criticism of the government's approach grew. In this environment, the coun-try's leather and footwear industry was also limited to small businesses. From the late 1970s onward, a gradual liberalization finally took place. Yet, the poor quality of products persisted, preventing a competitive position on the international market. From the perspective of German processors and traders, there was also the problem that it was unclear who their preferred con-tacts were. Certain key figures in the Indian economy therefore played a special role in future cooperation, as their experience enabled them to bridge the cultural differences and meet the quality standards of both countries. Häberle gives the example of Manzoor Rahim, who earned his doctorate in Salzgitter and subsequently worked for a German leather merchant. He eventu-ally became an agent for European leather and clothing companies and established factories in India. Individuals like Rahim served as important links for German companies and enabled co-operation between the two countries within the industry. They ensured that expectations regard-ing production technology and output were met in Indian factories; however, these factories were not acquired by German or other international companies but remained under local owner-ship.

As the final speaker of the day, TONIO SCHWERTNER (Berlin) presented his current re-search on the rubber market as part of his dissertation. His work addresses the question of how the rubber industry was involved in and drove the process of European integration. His presen-tation centered on three theses: First, the imperial legacies of the rubber industry encouraged private actors to engage in Europeanization. After 1945, European rubber manufacturers pro-moted European cooperation in order to survive as a counterweight to the superpowers, the United States and the Soviet Union. These collaborations extended beyond Europe into the col-onies, whose inhabitants were devalued as inferior in contrast to a supposed European identity. Schwertner's second thesis focused on the assumption that the rubber industry supported plans for economic cooperation, because it was able to help shape the details of such arrangements. He identified this in the industry's early interest groups, such as the "Bureau de Liaison des In-dustries du Caoutchouc" founded in Brussels in 1959 or early meetings of a study group com-prising major European rubber manufacturers. His third thesis concerned FDIs, which, accord-ing to Schwertner, led to a renewed strengthening of the idea of Europeanization on the part of European rubber manufacturers due to growing competition from the U.S. industry. European tire manufacturers coordinated their strategies with one another in the face of American competi-tion, with the aim of outperforming it. Foreign direct investment from the American side thus motivated European manufacturers to participate in Europeanization. As a case study, Schwert-ner presents the Italian company Pirelli, which engaged in discussions about European integra-tion (from the company's standpoint) implemented a "European strategy," built factories in Tur-key and Greece, and ultimately formed a partnership with the British tire manufacturer Dunlop. These efforts were always aimed at breaking free from the limited Italian market and its lack of capital, and at compensating for the company's relatively small size in the face of European and American competition. This was followed by another case study on the German company Freudenberg, whose corporate culture, as well as the city of Weinheim itself, was profoundly influenced by the workers recruited from Spain, Italy, and Turkey.

The discussions following the presentations at the end of the conference demonstrated a strong interest in the speakers' research projects and the role of FDIs in the highlighted cases. It be-came clear how diverse the incentives for foreign direct investment on the part of companies can be, but also, in some cases, how difficult it is to historically prove their contribution to a compa-ny's successful development, since they are only one part of an overall corporate strategy. How-ever, each presentation clearly demonstrated how fruitful the micro-perspective can be in this field of economic history. In this regard, as Rollings argued at the beginning, it is important nev-er to lose sight of the overall development while focusing on individual cases.

The presentations demonstrated how each individual case can enrich the overall picture of the instrument and its historical analysis. At the same time, they highlight the opportunities and po-tential opened up by further research into foreign direct investment. A look at the Americas and Africa was not included on this day but could yield new and fruitful insights through case stud-ies within the broader research framework. It would be interesting to examine countries and regions other than Germany and Europe as sources of these capital flows, particularly those that have not yet received attention or have so far been viewed solely as recipients. The presenta-tions also addressed cultural aspects and provided insights into their ambivalent effects, both as potential obstacles and as bridges for successful foreign direct investment. Here, too, it is there-fore worthwhile examining other regions of the world from a micro-perspective as part of fur-ther research. And even though the legal framework for foreign direct investment was barely addressed on this day, this also offers an interesting opportunity to shed light on the topic from a legal-historical perspective. Ultimately, this day made it clear just how rewarding it can be to examine foreign direct investment from the perspective of business and economic history.

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