

Excerpt from Ludwig Vaubel's Account of His Experiences in the United States (1952)

Abstract

Otto A. Friedrich can be seen as a postwar West German industrialist concerned with labor relations and social policy alike. He was also a protagonist of "Americanization," not seen, however, as a process by which American industry rumbled into the German industrial system like a steamroller, but as one of a blending of two industrial cultures. In some cases, the American impact was profound; but in other areas, such as labor relations, German traditions and practices remained more dominant. One of the institutions that attracted a lot of interest in West German industry during the 1950s were business schools. The American political scientist Carl Joachim Friedrich once encouraged his brother Otto to send his young managers to the Harvard Business School (HBS) for training. Ludwig Vaubel, a member of the management board of Vereinigte Glanzstoff, a chemical trust with Dutch connections, decided to sample the Advanced Management course of HBS himself. After his return he published a book on his experiences, an excerpt of which is presented here. It is primarily a description of his experiences at HBS, but it is noteworthy how cautiously he broaches the question of trans-Atlantic learning, stressing that it is not enough to evade the postwar challenge to West German business by saying: "That's just American."

Source

FOREWORD

The Advanced Management Program of the Harvard Business School of Administration

1.

In the USA, there have long been special universities for the training of the next generation of business managers. The oldest and most prestigious institution of this kind is the Graduate School of Business Administration at Harvard University in Cambridge/Boston, which has been in existence since 1908. Its mission is to train young professionals between the ages of 20 and 30 for industrial and commercial management positions. The period of study for these students, who after college, i.e. a general university education of about four semesters, must as a rule have worked for a few years in the practice of a company or organization, is normally two years. Passing the final exam (master's degree) is considered in the American business community to be an excellent recommendation when applying for developmental positions in business and large organizations. A smaller number of graduates of this examination continue their studies with the goal of obtaining a doctoral degree.

The Harvard Business School of Administration owes its special reputation not only to its long tradition, but also to the particularly high quality of its teaching staff, with the connection with Harvard University exerting a constantly stimulating influence. Like Harvard University, the Business School is financially completely independent of the state and, like many such institutions in the USA, is privately financed.

In addition to the courses for younger students, courses for senior officials from the American business community (Advanced Management Program — AMP) have been held since the middle of World War II. These courses originally grew out of a desire to provide a broader base of knowledge and experience to the new executives being recruited for the then rapidly expanding American industry. The success of this work prompted the continuation of these courses after the war. For several years, they have been held in the spring and fall for 13 weeks each. The prerequisite for participation in such a course is that the

applicant has attained a managerial position during at least ten years of service in an industrial or business enterprise or an equivalent large organization and is expected to be qualified for advancement beyond the expert career to a more summary managerial assignment. Accordingly, the curriculum of these courses is designed to provide a broader overview of the problems of business and organizational leadership rather than specialized knowledge. Generally, only applicants between the ages of 35 and 50 are accepted.

The author took part in a course of the Advanced Management Program of the Harvard Business School after a suggestion resulting from a trip of Dr. Vits, Chairman of the Board of Vereinigte Glanzstoff-Fabriken AG, to the USA in October 1949.

Just as for the education of the younger students, the so-called “case method” is applied for the AMP. The questions of interest are discussed on the basis of practical cases (studies on the development, business policy and organization of enterprises, parliamentary reports, fundamental judgments of the highest courts on economic facts, etc.). The *basic principle* of the teaching method, especially for the AMP, is *not to provide ready-made solutions, but to encourage the participants to think through the issues raised independently* and to clarify the various possible points of view in free discussion.

The professors themselves continuously participate in the practical work of economic enterprises and organizations. The constant renewal of the teaching material through appropriate studies of practical economic life works in the same direction. The material used is almost exclusively that which has been newly developed in the last 10 years.

The subjects for the AMP are:

1. business policy,
2. commercial and financial accounting (cost and finance),
3. purchasing and sales policy (marketing),
4. social and labor policy (labor relations),
5. proper human relations as the basis of optimal performance of human organizations (human relations),
6. position and responsibility of business in the framework of society (business in American society).

It is assumed that the cases treated in each case, which are provided in books and mimeographed material, have been thoroughly prepared through private study.

In addition to the daily discussions, leading men from business, politics and administration were invited to weekly evenings of lectures and discussions to broaden the participants’ horizons beyond the actual subject matter. In addition, the participants had the opportunity to deepen their knowledge in individual areas by bringing in further teachers from the Business School and Harvard University in special seminars.

It is impossible to give a reasonably complete overview of what was discussed and debated in 3 months in the circle of 150 senior executives of large companies and organizations, especially since each hour of discussion required on average of at least one hour of reading preparation. In addition, contrary to the usual teaching practice in Germany and probably in Europe in general, methodical teaching, i.e., the lecture, plays a very subordinate role at the Harvard University Business School. The emphasis is on discussion, assuming that each participant has really worked through the topic of discussion mentally beforehand.

2.

Of particular interest is the simultaneous organization of *training courses for trade union officials* within the framework of the Business School, with cooperation with the management courses taking place in

some areas under the direction of a senior trade union official. The insights this provided for both sides, especially about the basic attitudes and drivers of their respective actions (management: profitability as a prerequisite for the company's continued existence; trade unions: improving the living standards of workers and securing their social position; common goal: increasing productivity), were particularly valuable for all involved. The interrelationships between prices, economic returns, wages, job security, old-age and health care take on a different face when the broad lines can be worked out together for once outside the day-to-day debates. This is a particularly difficult but also particularly rewarding task, the success of which depends crucially on the organizers and teachers enjoying the trust of both sides.

The European participants in the course agreed that appropriate training of trade union representatives in their own countries could only be considered fortunate if the goal of achieving more fruitful cooperation between company management and the workforce in the long term is to be realized through a better understanding of mutual needs.

3.

In addition to imparting knowledge and discussing contemporary economic problems in the lecture and discussion hours, another essential purpose of the AMP is to *create the closest possible personal contact between the participants*. Crucial to this is the type of accommodation, which was provided in accordance with the exercise in the Anglo-American "college system". Shared living and sleeping quarters, shared meals, shared lounge, weekly joint events (lectures, visits of various kinds, including industrial ventures) give everyone the opportunity to talk to and get to know each participant personally. The establishment of close human relationships was especially helped by the *completely informal and companionable way of dealing*, which is consciously cultivated by the Americans (only addressing with first or first names).

An already existing association of former students of Harvard University with local chapters should give the possibility to stay in constant contact with a wide circle of former students of this institute (lecture events, common meals etc. in local associations) also beyond the time of the course – in addition to the already established numerous personal relations.

4.

Of the 150 participants in the AMP 1950 fall course, 139 American citizens from all parts of the country, some from foreign countries (Bahrain Islands, Australia, Manila, Aruba/West Indies), had gathered for the Boston course. Of the 11 foreigners, 5 were Canadian, 2 British, 1 French, 1 Dutch, 1 Venezuelan, and the author of this report was the first and only German. The average age of the participants was 43. For every European, participation in this course must have been a special experience, if only because here Americans dealt with their own problems among themselves in the most unbiased manner. Given the diversity of American life and the American economy, the average gathered here by a typical layer of leading functionaries (including 10 officers from the Army, Navy and Air Force, as well as a representative of the State Department) gave a unique opportunity to become acquainted with American reality, especially in its intellectual background, and to gain a real understanding of the problems of the New World and its relations with Europe.

The participation of the Europeans was perceived by the Americans as particularly valuable because the often different educational and experiential background of the Europeans made aspects possible that are sometimes less obvious to the largely more knowledge-oriented American participants. On the other hand, the free human camaraderie of American life was felt to be a considerable stimulus for the European participants, who know so much less of the inhibitions of status and prestige considerations that often complicate living together in Europe.

5.

It cannot be my task in this report to try to give as complete an account as possible of the American

economy and American economic methods. I have deliberately limited myself to highlighting what seems to be particularly important for us, i.e., what seems worthy of closer study and further reflection. Of course, there would be more negative things to report. But the development that has taken place and continues to take place in the industrial sphere in the U.S. is of such extraordinary importance for the whole world, economically and not least politically, that we cannot afford to avoid dealing with this development and the methods used in it with the thought: "That's just American."

We must deal with the suggestions and attempted solutions that come to us from there. Especially if we are convinced that we ourselves can make a significant contribution to shaping the future, we must constantly check our own achievements against what is happening elsewhere and from this gain new impetus for our own work as well.

We should not be fascinated by what is happening in the U.S. economy, but perhaps we should be fascinated by the thought of what could perhaps be done better here. The many differences in the conditions that apply to the American and European economies need not be overlooked.

In technical-economic terms, we are perhaps in danger of becoming second-rate because in our Europe, which has become small, we lack the large scale that creates the large means. In human terms, we will only be able to become second-rate if we no longer have the freshness and unconcern to also break new ground.

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