

Otto A. Friedrich, “The Social Imperative” (1958)

Abstract

As mentioned in the introduction to the Betriebsverfassungsgesetz, a number of West German industrialists came to adhere to a partnership rather than a conflict model of labor relations. Otto A. Friedrich became a major protagonist of this model both at the level of his company, the Phoenix A.G. of Hamburg-Harburg, a tire manufacturer, but also at the national level when he became a member of the presidium of the powerful Federation of German Industries. His biography contains descriptions of the many ideas that he tried to implement in the fields of social policy and cultural institutions. Having been involved in the rubber industry during the Nazi period, he also wrestled extensively with the lessons to be learned from the Nazi catastrophe for the postwar reconstruction of West German society, not merely in economic, but also in political and moral terms. As a young man he had worked for Goodrich in Ohio where he studied both American technology and production methods, but also ideas and practices of modern management and consumer culture. Apart from his interest in welfare questions, he therefore also became one of the major advocates of the “Americanization” of West German industry, although he never sought to replace traditional German methods of running a modern industrial enterprise and system with American ones. Instead, he aimed at a careful blending of the industrial cultures of the two countries. The academic debate of this topic has continued to this day and can be followed in the post-1961 sections of the GHD website.

Source

The Social Imperative

Before the First World War, there was a nice story about the Social Question. When this question also began to affect the small principality of Bückeburg, the local prince gathered his ministers to finally solve the Social Question. At around midnight, when the discussions had not yet brought a result, he banged his fist on the table and declared: “And if I stay up all night, we will solve the Social Question.”

Since then, we have been constantly solving the Social Question, and not much more insightfully than the Prince of Bückeburg. In reality, there is no solution to this question as a whole, just as there is no permanent solution to the question of mechanization or operating profitability. [...]

A look at today’s world shows that where European society remained most backward, namely in Russia, Marxist doctrine brought forth the frenzy of a bloody revolution and, after it had spent itself as a fighting instrument for the elimination of social opponents, is now only applied as an ideological dressing-up of a new political form of rule. But as a weapon against the free, constitutional social forms of the West, it still has its old significance. In contrast, Marxist doctrine has taken no deeper root in England and no root at all in America, because in both countries, paths were taken in time to solve the social problem arising from technical and capitalist development in an evolutionary way.

In Germany, the philosophical home of Marxism, a strange development has taken place. Marxism has become politically “respectable,” so to speak. The essence of the idea has been preserved in the strongly theoretical German spirit, but it has not developed any violent revolutionary force, because both the state and the economy have in practice always striven for social balance and have found it in the most diverse forms: social insurance, worker protection, and industrial law. The struggle for the right of co-determination (from the Marxist point of view), but also the practical efforts of the employees for industrial peace and productive co-responsibility (according to the bourgeois ideal) represent only a new

phase of this German development, which is incomparable with the development in other countries.

Immanuel Kant has born from the depth of the German life philosophy a maxim of living as a community in a constitutional state and a morally bound society valid for the whole world, the “categorical imperative.” He discovered in it a moral law which works from within man and can no more be violated with impunity than other laws of nature of which we are a part. The denial of this law must lead to the decay of human society and its state structures. This was at a time when European society was at the end of the feudal age and the heat lightning of the French Revolution and the American War of Independence indicated a new age in human history.

The “categorical imperative” became an everyday, almost trivial concept for bourgeois existence. It formed the ethical foundation for the fulfillment of civic duty, whether in one's profession, in the relationship between government and the governed, or in one's commitment to the nation. Despite all the upheavals of the last hundred and fifty years, it has remained an integral part of German thought and feeling and is one of the reasons for the efficiency of the Germans in all their professions, their joyful fulfillment of duty, and the devotion with which they have fought, even if sometimes misguidedly, the battle of destiny for their country. Meanwhile, technology — and with it the economy of money and goods — has advanced to such an extent that it has trapped modern man in his own sensibilities, plans and aspirations and handed him over to the demonic autonomy of these forces. We all know from the two great wars, from the world economic crisis and the political upheavals that followed, the impotence that springs from the anonymous action of these mechanical forces.

[...]

Since the labor and skilled output of the wage worker and the technical and commercial employee are reflected in the product in the form of costs, the industrialist must strive to obtain the highest level of output as cheaply as possible, or at least no more expensively than the competitor. This sounds very harsh and, after all, it is ultimately the basis of the Marxist social doctrine, directed against capitalism, of the surplus value that the entrepreneur seeks to extract from every labor output. Nevertheless, it is a truth that can never be denied and that is just as true today in state-capitalist Russia as in the USA. This truth, however, is by no means as cruel as the fact that the man who does the work is forgotten in the process. Hence the feeling of the wageworker and employee to have become a number of the enterprise, to perform original things, but not to participate.

[...]

The employee as an acting subject

The responsible entrepreneur cannot, therefore, refrain from truly involving people in their work. He is faced with a third task in addition to his technical and economic task, which requires an equally never-ending struggle for life as the other two. This development is in full flow in Germany today. One hardly ever opens a newspaper without reading about “the people in our factories.” Institutes and associations have been founded to study ways and means of this participation. People have already gone astray again and believe that a mere material participation in profits, i.e., basically a mere increase in the labor yield, would solve the problem. In reality, this is only one of many encouragements which are possible, but not in every case necessary, in order to restore the moral force of man, which has atrophied in the technical age. However, every path taken towards an increase in human responsibility in business, towards the transformation of man from an object into a subject, towards mastering the necessary through free will, makes us stronger and frees us from the fatal dependence on economic and technical laws. Social aid measures to overcome special emergencies or to improve the working atmosphere are a good thing, but only the awakening of the employee to the consciousness of being an acting subject of an enterprise and to understand duty as a free self-willed achievement initiates the progress to a new existence.

[...]

Ambivalent attitude of the left

It is good that the debate on economic and socio-political problems does not end with the organizations but seeks a permanent social manifestation on the political level, because here — whatever one may say about the dependence of politicians on the interests behind them — the point of view of the overall welfare prevails. Unfortunately, however, even at this level, opinions are divided according to outmoded views. A large part of the left apparently still believes in the idea of Marxism, which was once born to fight a capitalist reality that does not even exist today. It knows and feels that in doing so it is moving in a political vacuum and runs the risk of letting the idea become a facade in the political struggle for power, just as it finally did in Stalinist Russia. But it cannot decide to discard this idea and put on a new garb more like that of the English Labor Party or even the modern colorful garb of the American labor movement. Nevertheless, it is unmistakable that there is a growing awareness in its ranks that competition among independent enterprises, i.e., the free economy, also promises greater opportunities for the working people than socialization in the Marxian sense, which practically amounts to an administrative economy, with a tendency to be imposed by the ruling party. What it would need, however, to turn to new shores would be the conviction that the incalculable risks of the technical-capitalist economy, tamed by human will, that is, grasped by far-sighted planning, made comprehensible by constant accountability and enlightenment, would be mitigated by guiding interventions of the state, and that greater opportunities for advancement would be created for the people in the enterprise. As long as all this is not clarified, however, the left's position on the question of co-determination remains ambiguous. It can be understood as a way out of outdated socialization, but also as a detour to the cold expropriation of property.

Today, the governing party is countering this with something new in its commitment to the social market economy. However, it has never clearly defined what it means by “social market economy”; at the very least, there are two opposing views. One view assumes that the pursuit of the fullest possible effectiveness of a free competitive mechanism inherently has a social effect, in that it compels all participants in the economic process — entrepreneurs and employees — to develop the highest personal performance, and in that it grants all consumers the best benefit of their labor yield through free choice of consumption, good quality and low prices of economic goods. The other view does not attribute a social character to the market economy per se, nor an antisocial one, but a completely neutral, economic character, and sees the social complement of economic policy in the fair distribution of income through tax measures, through an expansion of social insurance protection, and through encouraging the social partners to find decent solutions in wage, salary, and tariff questions.

Common basis for economic and social policy

In any case, however, there can be no doubt that the government is seeking social pacification within the framework of the difficult domestic and foreign economic tasks facing the Federal Republic. This is matched by the serious effort to realize the idea of co-determination through a Works Constitution Act, which keeps the forces of free enterprise alive and yet creates starting points for a reorganization of the relationship between employer and employee. At the level of politics, then, the “social imperative” is very much alive on all fronts, because here there is insight into the political significance of the issue. However, it is to be feared that on the bourgeois side one will always fall back into outdated liberalist views, just as we see the left repeatedly paying homage to Marxism. It should therefore finally be understood that the social market economy has a future only if it leads to a new common basis of economic and social policy for the entire population. This would happen if its supporters took up the tendencies toward free competition that are emerging on the left today and examined how a common defensive front can be created both against the infection of our economy by Stalinist commando methods in Marxist garb and against the excesses of uncontrolled capitalism.

When one faces these things as an individual, there are many opportunities at the level of the company, the organizations and the politics to put one's work, one's knowledge and one's responsibility in the balance for the same goal. One cannot do this everywhere at the same time. The politician has to fight for it on the political level, the leaders of professional associations are occupied by the fullness of their organizational work, the entrepreneur and the awakened worker need all their strength to shape the new in the enterprise into practical life. Those who are forced by circumstances to move from one level to another should not hesitate to transfer their experience from one sphere to the other. In doing so, it will be revealed to them that they carry an unmistakable law within themselves when they oppose the technical and economic mechanism to that "social imperative."

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