The “IBM Family”: American Welfare Capitalism, Labor, and Gender in Postwar Germany

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This article examines corporate labor and gender relations in transatlantic perspective. It is argued that the gendered communication of IBM’s Thomas Watson, Sr. shaped labor relations in his company’s West German subsidiary. In the United States, Watson acted as a business progressive, expanding internationally, opening professional careers to young women, and implementing welfare capitalist measures. When IBM took tighter control of its foreign operations after World War II, Watson sought to implement welfare capitalist measures in the subsidiaries abroad. With his wife, Jeanette, by his side, he presented himself as the caring “pater familias.” German IBM employees embraced Watson’s conservative rhetoric of the IBM family, but continued to join national unions and formed a works council, thwarting the major welfare capitalist goal of averting labor organization. Against such local labor practices, gendered communication undergirded a loyal workforce even in critical situations, an overlooked factor contributing to the company’s success.

Celebrating his 40th anniversary as president of IBM, Thomas J. Watson addressed his wife, Jeanette, in a speech to IBM employees. He joked that, for a change, he had shed more tears than her on that day. He then emphasized, as he had done countless times before, that he could not have built IBM without his wife. As often in his praise for his wife, however, Watson did not further describe her contributions aside from mentioning her interest in personnel aspects. By 1954, Jeanette Watson had served for 5 years as the only woman on
the board of trustees for IBM’s World Trade Corporation, IBM’s wholly owned subsidiary coordinating the company’s global operations. She also had traveled many thousand miles with her husband to visit IBM’s foreign subsidiaries, and shaken the hands of thousands of IBM employees and their spouses, as well as hosted IBM guests at their New York home. Still, Jeanette Watson’s role may have been of more symbolic than practical importance. Having his wife by his side, Watson presented himself as “pater familias” in a corporate culture that emphasized mutual understanding and respect over labor organization and conflict. This gendered presentation helped him transfer IBM’s uniquely American welfare capitalist culture to its subsidiaries abroad despite different local labor practices. In West Germany, for example, employees appreciated the benefits of being part of the “IBM family,” while also organizing in national unions, forming works councils, and electing a labor representative to the board of directors.

Investigating IBM’s gendered corporate culture, this report is situated at the intersection of the histories of computing, business, and gender. Historians of computing in recent years have begun to explore questions of labor and gender. Nathan Ensmenger and Thomas Haigh first integrated labor issues into the study of computing by revealing the efforts of (mostly male) computer programmers and systems analysts to advance and professionalize corporate computing in the 1950s and 1960s. Leading edited volumes by William Aspray, Joanne Cohoon, Thomas Misa, and others have brought gender issues to the field, investigating the historical reasons for the dwindling participation of women in computing. More recently, Ensmenger, Marie Hicks, and Janet Abbate have integrated labor and gender approaches by studying gender in the programming profession in the United States and Great Britain. While Hicks and Ensmenger argue that advertising and professionalization attempts turned computing into a masculine domain, Abbate has shown that women carved out professional niches for themselves, such as software enterprises. This work has focused on women in a single country, the United States or Great Britain. Building on these studies, this report investigates the gendering of IBM’s corporate culture across different countries. It shows that Watson’s gendered communications, which centered on the notion of the “IBM family,” bolstered homogenous labor relations across IBM’s international subsidiaries against different local labor legislation and traditions.

IBM pursued a uniquely American form of labor relations; that is, welfare capitalism. Emerging in the early decades of the 20th century, welfare capitalist firms took over responsibilities for the welfare of their employees from weak unions and a weak state. They often paid comparatively high wages, provided insurance programs and medical services, and offered amenities, such as club or vacation homes, in return for their employees not joining trade unions. In recent work, historians have reversed the perception that welfare capitalism found its demise in the 1930s, with workers organizing in national unions and voting for the Democratic Party during the Great Depression. Instead, scholars have argued that welfare capitalism survived in a modified, modernized version into the decades following World War II (WWII). Indeed, IBM was a latecomer to welfare capitalist policies that implemented welfare capitalist measures only in the 1930s. As David Stebenne has shown, the company introduced welfare capitalist measures during the Great Depression, when many other companies turned away from this approach. Like other welfare capitalist companies, IBM now paid above-average salaries; and installed bright air-conditioned production, training, and recreation facilities; and insurance programs with the goal to avoid union organization. Also, similar to other welfare capitalist companies, IBM’s corporate culture was highly focused on the chief executive Thomas J. Watson, Sr., who posed as the benevolent originator of the sometimes paternalistic measures.

The rich literature on IBM, often written from historic, journalistic, or economic angles, has focused on Watson and his personality; yet, the company’s welfare capitalist features usually have been ignored or presented as unique to IBM’s—maybe especially quirky—corporate culture. Recognizing them as welfare capitalist measures integrates IBM in the larger historiography of United States welfare capitalist
companies, such as Eastman Kodak, Sears Roebuck, and Thomson Products, as well as the National Cash Register (NCR) Company, Watson’s own “alma mater” where he observed welfare capitalist labor relations as a young executive. Also, until approximately a decade ago, publications on IBM have been marred by a lack of access to corporate archival sources. Based on employee magazines, this study uses corporate articles and rich visual materials to investigate the transnational dimension of IBM’s corporate welfare capitalist culture. Historians of computing have pointed to a number of factors explaining IBM’s extraordinary corporate success in domestic and international markets in the two decades following WWII, including technical superiority, an established customer base, a better sales and service organization, and support through defense contracts. Creating a corporate culture with a highly motivated and dedicated workforce without labor strife across different countries should be added as a contributing factor. In postwar West Germany, Watson’s “IBM family” projected a gendered promise of a caring company against a local culture of socialist class conflict.

Labor, Gender, and Internationalism in the United States: A Progressive Company

While it is impossible, of course, to reduce a corporate culture to a single person, the first part of this report nevertheless will focus on Watson because of the central position of corporate owners in welfare capitalist firms, and because of Watson’s central role of shaping IBM’s corporate culture with his charismatic personality. At company events, for example, IBM employees regularly intonated the IBM song “Ever Onward,” proudly boasting Watson, the “man of men,” their “sterling president” whose name meant “courage none can stem.” One of the songs dedicated to Watson describes him as an inspiring leader as well as a fatherly figure, a “friend so true” who increased the joy of his “boys”—grown men—and made them “smile, smile, smile.” Foreign visits and other celebrations heightened the personality cult.

Watson extended IBM’s operations beyond the United States during the 1920s, an unusual time for international expansion. International business historians have argued that the global economy collapsed in the period between the two World Wars, with companies turning to cartel and price setting agreements instead of free market interactions. They suggest that global operations slowly increased in the decades following WWII, to only take off again in the last quarter of the 20th century. Certainly, the first global economy, dominated by the colonial operations of British Imperial firms, collapsed with WWI. Yet, the history of IBM, building its networks in South America and Europe in the 1920s and 1930s and reaching into Africa and Asia after WWII, at least poses an exception to this historiographical rule. A staunch internationalist, Watson undertook his first trip to Latin America in 1919, and expanded the company’s foreign operations in the following two decades. During the 1930s, he also served as the president of the International Chamber of Commerce (ICC), an international association of businessmen, financiers, and traders with the primary goal of promoting free trade and eliminating existing trade barriers. Marred by the experience of WWI, Watson hoped that close international business ties would help prevent another war, a conviction encapsulated in the slogan of “World Peace through World Trade” that he spread as ICC president. In this function, he also undertook the ill-conceived mission of seeking to convince Adolf Hitler to refrain from military aggression during the ICC congress in Berlin in 1937.

Anecdotal sources also have described Watson as a gender progressive who promoted women’s professional careers within IBM during the interwar years, when large companies usually relegated women to secretarial positions. Anne van Vechten, a college acquaintance of Watson’s oldest daughter, Jane, at Bryn Mawr, in 1935 reportedly asked for a personal interview with Watson and challenged him why large companies did not offer professional career opportunities to women. Watson hired her and 24 other young women for the first all-women class at the IBM school, where new recruits, usually hired out of college, were introduced into IBM’s operations and culture. Given IBM’s famous dress code—requiring male company representatives to wear dark suits, button-down shirts, and ties—introduction to IBM’s culture also implied settling on suitable attire for the company’s new
female representatives. An image of the first graduating class indicates that the women kept with then current fashions for office employees, wearing over knee-length often light-colored or checkered skirts or dresses, mostly with their shoulders covered, and mostly short blow-dried curly hair styles. Watson’s decision did open career paths to women, albeit limited since the women were restricted to certain positions, such as training customers on the use of IBM machines and human relations positions, and IBM continued to expect women to resign from salaried employment upon marriage. Apparently, Watson took interest in the women, attending their almost weekly parties with the men’s classes at IBM school. In the following years, Watson often surrounded himself with young professional women, taking them out for luncheons or on trips, and at least once buying a group new shoes after taking them across New York City on a rainy morning.

Jeanette Kittredge Watson: Female Foil for “Pater Familias”

The progressive aspects of IBM’s corporate culture were not what Watson and his wife presented to IBM’s subsidiaries abroad; rather, during their visits, they appealed to conservative family values. Jeanette Kittredge Watson’s often silent presence within IBM allowed her husband to present himself as the “pater familias” who provided good care for the members of his own as well as the IBM family. Born in 1883 to a prominent railroad family in Dayton, Ohio, Jeanette graduated from Wheaton College in 1902, and in 1913 married Watson. Apparently, the two connected over not drinking alcohol at a social club function. Watson was nine years her senior and then one of 28 managers of the local NCR company who faced an indictment from an antitrust suit, together with the company’s head, John H. Patterson. Within a year, Watson left NCR and accepted a position as the chief executive of the newly formed Computing-Trading-Recording Company (C-T-R) in New York. Between 1914 and 1919, the couple had four children, and Jeanette ran the rapidly growing household with the help of one or two servants while her husband worked long hours and often traveled to build the company. Increasingly, she accompanied her husband on business trips, and every few years, the whole family came along for extended visits to Europe. She also often entertained business guests whom her husband brought home — apparently a strain on their marriage because in 1929, she asked for divorce primarily because of his thoughtlessness of frequently bringing unannounced guests. Staying in the marriage when he became distressed, she is said later to have told houseguests to make themselves sandwiches.

Jeanette Watson usually remained silent in public, even letting her husband express her appreciation for gifts presented to her by IBM employees. However, this public silence betrayed her strong influence on her husband behind the scene. Two anecdotes may highlight her role. Sitting in the first row during a long and rambling speech by her husband, she took out a little note, scribbled “Shut up!” on it, and asked one of the middle managers seated next to her to bring the note to the podium. When he finally did so, with much hesitance, Watson ended his speech mid-sentence, wished his audience a good night and left the stage. Similarly, during a visit to the home of Eleanor Irvine, one of the young women managers whom Watson promoted during the 1930s, she stopped him abruptly from opening a kitchen corner cabinet. Since the cabinet held liquor, Jeanette Watson may have unknowingly protected Irvine’s career in the notoriously abstinent corporate culture of IBM. Also, at IBM award banquets, she arranged to have a phone at her place that connected her to the projection room and allowed her to monitor the persons and activities around her husband. Yet, IBM employees, domestic and abroad, rarely would have been able to witness her influence on her husband.

After WWII, when IBM reorganized its foreign operations in a wholly owned subsidiary, Jeanette Watson became the only woman on the board of trustees of the newly formed company, IBM World Trade Corporation. An image of the board during the 1949 global phone conference announcing the reorganization of the company’s foreign holdings to employees around the world showed her in the circle of the otherwise all-male board that was published in the global IBM employee magazine. While all men directly looked at the camera, Jeanette Watson was the only person in the picture not
to face the viewer; seated next to her husband at the head of the table, she bowed her head, indicating her largely supportive role. Unlike the young professional women of IBM’s training class, she wore a dark blazer that blended in with the men’s suits; yet, her hat, the only head covering worn in the room, marked her as an accessory. 21

For IBM employees abroad, Jeanette Watson became an important part of the presentation of the company’s gendered culture, providing an emotional and caring complement to her charismatic, yet sometimes abrasive husband. 22 In the summer of 1953, for example, she accompanied her husband on a European trip that included a multiday stop at IBM’s factories in Böblingen and Sindelfingen, Germany. The German IBM employee magazine, IBM Deutschland, described the festivities on the occasion of this visit in detail. Rather than spending time on frivolous shopping sprees or on culturally uplifting visits to museums or sights, Jeanette Watson chose to spend considerable time with IBM employees. In the afternoon, she and her husband individually greeted approximately 3,600 IBM employees and their spouses and celebrated the occasion of their visit. In a speech later that evening, Mr. Watson emphasized that he and his wife always enjoyed meeting IBM employees personally, he acknowledged her work for the company, and thanked in her name for the mocca service that IBM’s works council had presented to his wife in the name of all IBM employees. 23

Obviously, German IBM employees related to her as a motherly figure, giving her gifts as a sign of appreciation. This also allowed Thomas Watson to present himself as a fatherly figure.

Jeanette Watson presented a gendered image that was customary for American women coming of age after WWII, although she herself was of an older generation. During the 1950s, more American men and women married than in the previous generation, and they did so at a younger age and had more children than their parents’ generation. As the newlyweds moved to the fast-growing suburbs, young women devoted themselves to homemaking and childrearing. Feminist historians agree that family orientation prevailed among 1950s Americans, but they provided different explanations. Some argued that the widespread turn to family values and domestic ideals was a result of individual decisions of a generation that had experienced women’s work as an unfortunate consequence of economic hardship during the Depression. Others argued that welfare programs helped legitimate the idea of the family wage for male workers to support their families, and that this system cemented and expanded the segmentation between male and female jobs. 24

Like the young women after the war, Jeanette Watson had devoted her time to raising the couple’s young children, albeit from the privileged position of an executive’s wife with the help of servants. She provided an organized and warm home that could serve as her husband’s refuge for regeneration as well as family fun, and that also was representable to company guests. By the postwar years, with the kids grown and the sons beginning to work for IBM, Jeanette also seemed to have become more active in corporate affairs. She continued to host company visitors. For example, when the German IBM director Johannes H. Borsdorf visited the United States and Canada for a 3-week trip in early 1954, she hosted a luncheon at her home and later guided the visiting spouses through the Metropolitan Museum of Art, knowledgably explaining the artwork. 25 Unfortunately, little is known about her other activities; but a Belgian royal award for her social engagement on behalf of Belgium may give some indication of the direction of her activities. While Watson himself received numerous public honors and awards in grand public ceremonies, which IBM employee magazines widely celebrated, Jeanette Watson received her award in a small private affair at the Belgium consulate in New York with family members by her side only, including her husband, grown children, and their spouses. 26

For Thomas J. Watson, his wife provided the female foil against which he could present himself as a strict, yet caring executive. To do so, he often used the rhetoric of the IBM family. During the 1953 visit to Germany, for example, he emphasized that it had “always been his objective for all employees to be dealt with like family members.” He then tied these relations to a typical feature of welfare capitalism,
the open door policy that was meant to avoid grievance procedures. He continued that, “it may happen that, here or there, something is not right, or it may happen that you are disappointed and feel you have been treated wrongly. In such cases, turn trustingly to your group or department head or, if necessary, talk about your concern with Mr. Borsdorf or Mr. Hörrmann,” the two executives of the German IBM subsidiary. Watson later emphasized his delight in being able to personally greet all IBM employees, because wherever he and his wife “have been, in each country of the IBM-Family, they have always met the same kind of people. People who think right and people who have always let us feel their friendship.” He assured German employees that he has always tried to “return this friendship to the full extent” because friendship was above everything else for him and his wife.27 As in this speech, Watson often talked about the IBM family, with himself as the father and his wife as the mother at the helm. While she was soft and caring, he could be strict and authoritarian; together, they deeply cared and provided justly for the members of the large IBM family.

Watson’s liberal mixing of his private and corporate lives supported this presentation. He would turn foreign visits from somber meetings with executives into elaborately catered receptions where he addressed all employees and their spouses, heightening the personality cult around him. Employees around the globe also celebrated his personal markers, such as his 40th anniversary with the company and his 80th birthday, both in 1954. On these occasions, the company magazine published images from his life with and for IBM as well as his private life, such as an image of him as the patriarch in the circle of his family, including his two sons and daughters, their spouses and grandchildren.28

This gendered presentation suited Thomas Watson’s goal of building a welfare capitalist corporate culture at IBM. Watson came to IBM from NCR, one of the model welfare capitalist companies. While he was unable to implement many welfare capitalist measures in the company’s early years, he reportedly refused to lay off employees even against advice, and he built a corporate culture around his personality. Although he was not technically the founder or owner of IBM, which was a publically held company, his role as long-year chief executive resembled the one of many owners who implemented welfare capitalist measures in their own companies.29 By the 1930s, when many other companies had to lay off employees in large numbers because of the Great Depression, IBM fared comparatively well. After an initial wave of lay-offs in 1932, IBM was able to garner enormous data processing contracts for the Social Security program, providing the company with a windfall that allowed finally implementing welfare capitalist measures, such as air-conditioned production facilities, the replacement of the piecework system with hourly wages, paid holidays for all employees, and life, accident, and family hospitalization insurance.30 In return, the company expected employees to refrain from organizing in unions during a decade rife with union-friendly politics and organization drives.

**The “IBM Family” in West Germany: Gender and Labor Relations**

In Germany, executives and employees embraced Watson’s family rhetoric and appreciated the company’s welfare capitalist program, albeit sometimes cautiously. At the same time, employees also pursued local forms of labor organization, such as joining national unions, forming legally mandated works councils, and electing labor representatives to the board of directors. Watson, thus, was unable to achieve a main welfare capitalist goal, to avoid labor organization. However, Watson’s family rhetoric translated his American welfare capitalist approach into the ideas of Catholic social ethics and made them acceptable to IBM’s workforce in Germany. It ensured the company a well-intentioned and cooperative workforce.

At company events in Germany, executives copied the Watsons’s gendered presentation, although they employed the family rhetoric more sparingly. To celebrate Watson’s 40th anniversary in 1954, for example, the German subsidiary invited all employees and their spouses to a festive evening, similar to the festive events marking the Watsons’s visit to Germany the previous summer. Like the
Watsons before, it now was the German executives, Johannes H. Borsdorf and Oskar E. Hörmann, and their wives who personally greeted over 3,600 guests by individually shaking their hands. Again, IBM employees were invited with their partners outside of their usual work time, marking IBM’s reach into family time and the private sphere. Again, the attending ladies received a properly gendered gift, this time a bottle of Eau de Cologne.

Similar to other IBM anniversary celebrations in the United States and around the world, the evening opened with a prayer and speeches celebrating Watson’s biography and success, proceeded with a dinner and presentations by IBM Clubs, and ended with music and dance. In their speeches, the executives Borsdorf and Hörmann reminded IBM employees of Watson’s habit of thanking his wife for her involvement with the company, a habit that most audience members would have witnessed the previous summer. They continued that Watson was aware that his wife always influenced him positively, and that the wives of IBM employees likewise exerted positive influence on their spouses. Therefore, they explained, it had been Watson’s wish that that the wives of IBM employees be invited to his anniversary celebrations. Assuming that IBM employees were men, this gendered rhetoric rendered the company’s women employees invisible. Nevertheless, through its hospitality, the company extended its reach into IBM families, seeking to enlist spouses to support the company’s bidding; Borsdorf and Hörmann encouraged all audience members to follow the example of Watson and his wife.

For German employees, the anniversary celebration must have been an unusual way of marking the evening of April 30, the eve of the May holiday. In many regions in Germany, including Swabia where IBM’s production facilities were located, people put up May poles on the village green on the eve of May 1, often preceded by processions and succeeded by May dance celebrations. Also, May 1, of course, is the traditional holiday of the international labor movement, a bank holiday in West Germany. At the least, the May holiday provided IBM employees and their spouses with a chance to sleep in the day after the anniversary celebrations.

In contrast to the German executives, the editors of IBM’s German employee magazine, *IBM Deutschland*, embraced and even heightened Watson’s family rhetoric. Reporting on the visit of Watson and his wife in the summer of 1953, they stated that employment with IBM was more than a mere place to work; employment with IBM was “a chair at the table of a large and faithfully providing family.” At IBM, every employee could find “more than a mere basis for existence, he could also find moral support and meaning of life. He knows that a large organization stood behind him. He knows that IBM will provide him with support, a secure place in a unique community, he knows that he will find help and consolation as well as work and bread. And where would he find that outside of IBM?”

The magazine then reported about the insight of a young employee who, after participating in the festivities for Watson’s visit, came to see Watson as a “simple and humble man who expressed logical and almost trivial thoughts, but whose speech had strength, an indescribable atmosphere, a deep wisdom and sincere love that was more than convincing.” After reading Watson’s biography, the young man stated that he “no longer had the feeling to just arrive at his workplace when he arrived at IBM in the morning. He now knew that IBM was more for him, thanks to the ingenuity of only a single man”—Watson. The employee magazine unabashedly promoted Watson’s gendered self-presentation as the “pater familias” providing for the members of his corporate family.

The head of the company’s works council, W. Berger, embraced Watson’s family rhetoric more carefully, although more directly than German IBM executives. Like Watson, he linked it to the company’s labor relations. At the 40th anniversary celebration, Berger sent the “warmest thank you” across the Atlantic, to the “head of our so often praised IBM family in the name of all IBM employees in Germany and their family members.” Appreciating the company’s welfare capitalist measures, he praised how Watson’s outstanding personality showed itself in his direct personal relation to his employees, as expressed in the company’s open door policy, as well as in its social benefits, such as above-tariff
salaries and vacation times, Christmas bonuses, insurance contributions, emergency funding, the pension system, and the recreation homes, all of which, in the end, were due to Watson's will. Like Borsdorf and Hörrmann, he then acknowledged the wives of IBM employees, explaining that their invitation to the festivities was an expression of gratitude and honor for their work as “guardians of domesticity and family life and source of all happiness and creative power” who, in this way, contributed to IBM's undisturbed operation.35

Watson's conservative family rhetoric found easy acceptance in West Germany's conservative political climate. During the 1950s, many West Germans longed to return to the “normalcy” of the nuclear family, with its wage-earning father, homemaking mother, and two to three children.36 Throughout the decade, half the women of eligible age in Germany worked, with increasing tendency, fueling growing public concern about women's work.37 Representatives across the political spectrum passed legislation that promoted women's family roles. For example, the 1949 German Basic Law—the German constitution—granted special protection of marriage, motherhood, and families as well as equal rights to women's work.38 The conservative family policies captured the dominant social values that provided a fruitful ground for the notion of the “IBM family.”39

Yet, not all aspects of IBM's welfare capitalist culture transferred to the German context without problems. While German IBM employees routinely appreciated the company's generous remuneration, vacation policies, social services and benefits, and other aspects of welfare capitalist culture required explanation and introduction to be accepted. For example, suggestions for improvements were long established in IBM's domestic operations; however, German IBM employees hesitated to submit suggestions for fear that management may perceive such initiatives as an overstepping of boundaries in a culture where supervisors saw it as their prerogative to organize work processes.40 Around Watson's visit to Germany, the employee magazine conducted an extensive campaign for suggestions for improvements, explaining how to submit successful proposals. The drive resulted in a significant increase in submissions, which reached a peak of 560 suggestions in the month of Watson's 40th anniversary in April 1954—more suggestions in a single month than in the first half of 1953 together.41

By contrast, IBM's “Open Door” policy never seemed to have really been accepted in Germany, and there still were debates and questions surrounding this policy by the mid-1960s. This policy encouraged IBM employees to escalate their grievances to upper management and, in extreme cases, to Watson himself. However, in 1965, after Watson Jr. had succeeded his father as head of IBM, a German IBM employee, Gunnar Patt, urged him in private correspondence that more managerial initiative be taken to support the Open Door policy because of the risks involved for individuals who felt unfairly treated by their direct managers. Apparently, German employees feared that their managers would feel circumvented when employees escalated issues to upper management. Also, the German works council offered established grievance procedures, unlike in the United States, where no alternative to the Open Door policy existed for IBM employees. Unwilling to take any initiative, however, Watson Jr. merely assured Patt that the Open Door policy was being widely explained.42

While Watson implemented many aspects of IBM's welfare capitalist culture in the company’s German subsidiary, he was not able to achieve the major goal of welfare capitalism: to prevent union organization. In Germany, the corporate constitution law of 1952 regulated a form of corporate governance called co-determination.43 Like all companies with more than 2,000 employees, IBM Germany had an elected works council that represented employees in grievance procedures and advocated for social benefits, such as a pension system in the mid-1950s. IBM’s German board of directors also consisted of five labor representatives, including one directly elected by IBM.
employees, in addition to the five employer representatives and the head of the board. At employee assemblies, the head of IBM’s works council, Berger, reported on employee numbers as well as on the degree of union organization: of 2,141 employees in Böblingen and Sindelfingen, 1,611 were union members, a total of 75% of all employees, with 93.8% of the 1,425 blue collar employees and 38.4% of the 716 white collar employees being organized in national unions.44 In his speeches to the assembled employees, Berger explained the reasons for organizing in national unions and even urged IBM employees to join their unions and achieve 100% union organization.45 German IBM employees, thus, continued their tradition of organizing in national unions.

United States Welfare Capitalism versus German Unionism

In the summer of 1954, labor relations at IBM came to a head when IG Metall opened contract negotiations. The largest and one of the more belligerent unions in Germany, IG Metall organized workers in the metal working and steel industries, including many IBM employees. Following a period of economic growth, IG Metall demanded wage increases to guarantee workers their fair share in recent productivity growth. German unions conducted contract negotiations with employer associations at the state level, and IG Metall forged negotiations in Bavaria, Berlin, and Baden-Württemberg, where IBM was located.46 The ongoing negotiations forced IBM employees to take a stance on whether they would support a strike threat.

In the context of these contract negotiations, Berger elaborated the IBM family rhetoric in an editorial that also explained his view of labor relations. He noted that IBM employees often talked about the “IBM family,” appealing to each other to do the best for a company that was like a family where all members belonged together and felt responsible for each other. At the same time, he cautioned that there were differences between the corporate family and one’s own family, and that the notion of family needed to be used carefully: one belonged to one’s family forever, while one could leave one’s company; companies were organized rationally with the objective of achieving financial surplus while the meaning of family transcended this world, being the place of birth and death; one belonged to one’s family with one’s soul, while one had a material-economic task in one’s company. At the same time, Berger continued, the company was not independent from an employee’s family life because employment determined his or her satisfaction with work as well as standard of living. After a brief historical overview on industrialization and Marxist class conflict, he asserted that by the mid-20th century, “partnership” had grown between employers and employees; “what used to be a fight against each other has turned into a struggle about cooperation.”47 In other words, Berger acknowledged the forming of IBM’s welfare capitalist family culture as a way of overcoming labor conflict.

Berger’s remarks explained an earlier editorial in which he had asked whether workers were “proletarians” or “personalities.” Berger explained that the Marxist labor movement initially saw workers as proletarians who, in their class fight, had to eliminate other social classes, especially the capitalist class. By the mid-20th century, according to Berger, it was clear that the labor movement was a social force shaping societal relations to allow everyone to work and live according to his or her abilities. In Swabia, where IBM’s main German manufacturing plants were located, a Marxist proletarian movement never took shape. By contrast, the local precision industry always promoted workers who were “smart in their heads and clever with their hands, and worked in a precise, conscientious, reliable and loyal way;” or who, in Berger’s words, became proud craftsmen and citizens—or, personalities (Persönlichkeiten)—rather than proletarians.48

While little is known about Berger’s background and union affiliation, he and his works council related Watson’s family rhetoric to Catholic social ethics. Historically, the labor movement in Germany had splintered into competing unions that worked with political parties across the ideological spectrum: they included the socialist unions, by far the largest unions and associated with the Social Democratic Party; the left-liberal Hirsch-Dunckerschen Gewerkvereine; the conservative Deutchnationale
Handlungsgehilfen-Verband that organized mostly white collar employees and eventually supported the National Socialist Party; and finally the Christian unions, which were close to the Center Party and dominant in Catholic areas, such as Swabia. Based on the 1891 papal encyclical *Rerum Novarum*, Christian unions built on the principles of Catholic social ethics, including human dignity and subsidiarity. Berger could easily associate Watson’s frequent focus on the “human” with the principle of human dignity (*Personalität*). Likewise, Watson’s emphasis of the family translated into the principle of subsidiarity, the idea of responsibility and self-help in small social groups, starting with the family. Thus, Watson’s welfare capitalist family rhetoric was easily adaptable to Christian union thinking prevalent in West Germany.

Although IBM’s welfare capitalism did not stop German IBM employees from organizing in national unions, the company did achieve cooperative relations with its employees. When contract negotiations between IG Metall and the employer association came to a head in 1954, Berger informed the local union office that the impending strike threat negatively affected labor relations at IBM, and signaled that IBM employees would, if at all possible, seek to avoid a strike—a controversial step that required extensive explanation to his fellow workers. Once the strike was averted, however, IBM’s executives offered voluntary salary increases above the newly negotiated tariff as appreciation for the cooperative behavior of IBM employees during the contract negotiations. Thus, welfare capitalist measures had created a corporate climate that rendered employees strike-averse although they were organized in national unions.

Still, IBM’s welfare capitalism remained controversial in the context of German corporate governance. By 1958, Watson’s era at the helm of IBM had come to an end, with his son, Thomas J. Watson, Jr., taking over as the company’s chairman in 1956, and the father passing several months later. Watson Jr. toned down the personality cult, and the singing of songs dwindled in the late 1950s, although it appears to have persisted in sales departments into the late 1960s. Yet, the son continued the welfare capitalist policies, announcing the abolishment of the distinction between IBM’s blue and white collar employees in the United States in February 1958. IBM’s German executives Borsdorf and Hörrmann followed suit in August and unilaterally eliminated the distinction between workers and salaried employees; IBM Germany now only knew employees. With the new employment status came better social benefits for previous workers: continuation of payments in case of illness, longer vacations, longer period of notice, and continuation of payment in case of death. Not even white collar employees in other German companies enjoyed some of these benefits.

While little is known about the background of their decision, Borsdorf and Hörrmann may have felt urged to follow directions from the United States. They announced the change in carefully worded statements at the IBM employee assemblies in Sindelfingen and Berlin, cognizant of the explosive nature of the step in Germany. Indeed, neither employer associations nor unions condoned the decision: employer associations feared that unions would seek to achieve for their members the same social benefits that IBM’s former blue-collar employees now enjoyed, and unions feared for their membership if companies abolished workers by turning them into salaried employees. Effectively, the workers’ new status was limited to IBM internally; in terms of German labor law and social insurance, they remained workers, and the cumbersome notion of “salaried employees in the workers’ pension insurance” denoted their contradictory position in the German context. The IBM works council explained the announcement as the logical next step in the company’s care for its employees, realizing a “complete unity of all IBM employees” that provided a protective roof for all employees, just as the roof of a house protected all family members. Even after Watson’s death, his notion of the “IBM family” still buffered what could have been an unsettling change in the company’s labor relations.

**Conclusion**

Watson’s gendered rhetoric of the “IBM family” served to make United States welfare capitalist measures palatable to his company’s German employees despite its conflict with their local
traditions of labor organization. In the tradition of the socialist labor movement in Germany, labor relations usually were perceived as antagonistic, with the interests of the workers opposed to management interests. Using the silent presence of his wife as a gendering foil, Watson’s communication cast labor relations within IBM as supportive and caring, like a large—albeit patriarchal—family with himself as the helm, caring for all employees like family members, the same way he provided for his extended family of children and grandchildren. This conservative appeal to family values fit well within the larger political context in postwar Germany where people longed for normalcy and security. IBM executives and employees embraced welfare capitalist benefits although they continued to organize in national labor unions, formed a works council, and elected an employee representative to the board of directors. Yet, the sense of belonging to the “IBM family” created a loyalty that made IBM employees strike-adverse and led them to accept labor measures that threatened to break up labor solidarity.

IBM’s careful adaptation of its welfare capitalist approach to local labor practices and regulations also allowed the company to attract a highly qualified workforce. When IBM expanded its expertise in novel electronic technologies in the 1950s, Watson Sr. instructed the European subsidiaries to build electronic laboratories. In 1952, the German subsidiary hired Karl E. Ganzhorn for example, a young physics PhD, to build the German laboratory, backed by Watson Sr. who directed his executives to “give this young man what he wants.” In Germany, IBM primarily competed for talent against Siemens, a long-established company with a strong research reputation. IBM lured Ganzhorn and others like him not only with higher wages; the fact that it followed German labor legislation promised coveted employees security and gave the company the appearance of a local German company.55 By 1958, white collar employees—or, now, “salaried employees in the employees’ insurance”—outnumbered former blue collar employees, an indication that the company was able to attract a highly qualified, motivated, and loyal workforce during these crucial years.56 With the company’s foreign profits surpassing its domestic profits by the early 1970s, attracting and maintaining a suitable workforce abroad was an important factor contributing to the company’s success.

Acknowledgements
Edith Sparks inspired this paper when she commented on the gendered nature of the images I used for a presentation at the 2013 Business History Conference. I also would like to thank Shift Ctrl organizer Tom Mullaney for his unfailing encouragement despite my inability to attend the conference. Thanks also go to the session participants at the 2016 Seneca Falls Dialogues, and to the three anonymous reviewers for their constructive feedback. Research for this paper has been supported by NSF Dissertation Improvement Grant #0646603 and a fellowship as a scholar-in-residence at the Deutsches Museum in Munich. Special thanks go to the late Fritz Kistermann who enabled my archival research at the Haus zur Geschichte der IBM Datenverarbeitung.

References and Notes


7. This article is based on two IBM employee magazines: IBM World Trade News, a magazine for mostly employees in managerial positions in IBM’s international subsidiaries that was published in at least six languages, and IBM Deutschland, the magazine for IBM employees in Germany.


10. The image of the first IBM training class for women systems service professionals at Endicott in 1935 is available at: https://www-03.ibm.com/ibm/history/ibm100/us/en/icons/employeeedu.

11. During his 1937 visit to Germany, Watson also accepted the Cross of Merit, Nazi Germany’s second highest honor for foreigners. His decision, for which he was later much criticized, has been dealt with extensively in the literature; see for example, Maney, The Maverick and His Machine, pp. 203–208 and T.J. Watson, Jr. and P. Petre, Father, Son & Co. My Life at IBM and Beyond, Bantam Books, 1990, pp. 53–56.

12. Apparently, more than one marriage resulted from the conviviality, supposedly ending the careers of a good ratio of the women’s class even before they began. Also, when IBM managers were reluctant to hire women candidates for open positions, Watson ordered that all competing candidates from the men’s class be fired, leaving only women candidates to be hired. Maney, The Maverick and His Machine, vol. 144, pp. 163–168.
13. Maney suggests that the young women allowed Watson to live out a more feminine side of his personality, with interests in beauty, fashion, and art, which he could not share with his wife, Jeannette. Yet, there are no suggestions of any infidelity. Maney, *The Maverick and His Machine*, vol. 165.


16. Maney, *The Maverick and His Machine*, p. 136; Watson and Petre, *Father, Son & Co. My Life at IBM and Beyond*, p. 21. The autobiography of Watson's oldest son, Thomas Watson, Jr., primarily presents a reckoning with an over-dimensional father, with Watson Jr. assessing in how far he lived up to, exceeded, or fell short of his father's expectations; his mother and siblings are mentioned only in passing. Apparently, Jeanette Watson also took over tasks typically performed by husbands, such as disciplining kids, tending to the fireplace, and switching fuses. Watson and Petre, *Father, Son & Co. My Life at IBM and Beyond*, pp. 3–5, 19.


21. An image of the board of trustees of the IBM World Trade Corporation appeared in *IBM World Trade Corporation News*, October 1949, p. 3. Unfortunately, permission to reproduce the image could not be obtained.

22. For example, Watson Sr. publicly criticized IBM executives: Watson and Petre, *Father, Son & Co. My Life at IBM and Beyond*, pp. 149–152.


26. While *IBM World Trade News* usually reported on award ceremonies for Thomas Watson with full-length articles, the royal award for Jeanette Watson was relegated to a brief note with a picture; “Frau Thomas J. Watson vom belgischen König ausgezeichnet,” *IBM World Trade News*, August, 1955, p. 3.


30. Stebenne, “IBM's 'New Deal': Employment Policies of the International Business Machines Corporation, 1933–1956,” Stebenne called these measures “IBM’s New Deal,” and Watson generally is known as a supporter of Roosevelt and his New Deal policies. However, IBM avoidance of labor unions marked it as a welfare capitalist company.


32. While no demographic information on IBM's workforce in Germany is available, numerous images in the employee magazines document that significant numbers of women worked in clerical as well as manufacturing positions.

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24  www.computer.org/annals
34. “Gedanken zum Besuch von T. J. Watson. Grosse Tage für die IBM Deutschland,” p. 3.
36. Historians coined the term “normalization” (Normalisierung) for this prevalent social sentiment of the first postwar decade in Germany. Of course, the “normalcy” of the nuclear family had been an ideal rather than a reality even in prewar times.
37. In Germany, the rate of women between 15 and 59 years in salaried employment steadily increased during the 1950s, from 47.4% in 1950 to 51.8% in 1955 and 54.1% in 1960. A. zu Castell, “Die demographischen Konsequenzen des Ersten und Zweiten Weltkrieges für das Deutsche Reich, die Deutsche Demokratische Republik und die Bundesrepublik Deutschland,” Zweiter Weltkrieg und sozialer Wandel. Achenmächte und bestetzte Länder, W. Dlugoborski, ed., Vandenhoeck, 1981. Also, with women's employment shifting from the domestic and agricultural sectors—which were considered more appropriate to the female disposition and to women's future roles as wives and mothers—to the service sector, they moved into the center of public attention.
38. In 1957, legislation encoded the so-called “housewife marriage” (Hausfrauenehe). Now women no longer needed their husbands' approval to work, giving them at least in principle the right to engage in gainful employment; but at the same time, women remained tied to their primary duties as housewives and mothers. For German family legislation, see R.G. Moeller, Protecting Motherhood. Women and the Family in the Politics of Postwar West Germany, University of California Press, 1993.
39. The strong emphasis on the nuclear family in West German legislation must be seen in the larger Cold War context. The East German government gave women full equal rights in 1949, and the 1950 Law for the Protection of Mothers and Children created social services for working mothers, expanded women's opportunities to work, and mandated equal wages and affirmative action programs. In West Germany, by contrast, the notion of the “family as a refuge” from outside influences (Fluchtfamilie) promoted the idea that families provided security against the intrusions of (Communist or National Socialist) totalitarian governments as well as against the degrading forces of individualism, materialism, and secularism. E.D. Heineman, What Difference Does a Husband Make? Women and Marital Status in Nazi and Postwar Germany, University of California Press, 1999, pp. 146–147; U. Frevert, Women in German History. From Bourgeois Emancipation to Sexual Liberation, Berg, 1990, p. 265; and Moeller, Protecting Motherhood. Women and the Family in the Politics of Postwar West Germany, p. 71.
42. Correspondence between G. Patt and T.J. Watson, Jr., Folder 6, Box 264, Record Group 11 Employees: T.J. Watson, Jr. Papers, IBM Corporate Archive, Somers, NY.
46. W. Krüger, “Lohnpolitik noch immer ohne Massstab. Streiks werden uns der sozialen Gerechtigkeit nicht näher bringen,” ZEIT, July 22, 1954. IBM employees usually organized in IG Metall or a suitable white collar union, such as the Deutsche Angestellten Gewerkschaft (DAG). Contract negotiations typically are held at the state level between the regional union representatives and the regional representatives of the employer association.


51. L. Hutchison, “Tripping through IBM’s astonishingly insane 1937 corporate songbook.”

52. “Ab 1. August 1958 haben alle IBM Mitarbeiter die gleichen sozialen Rechte und Pflichten,” IBM Deutschland, August, 1958, p. 3. Although the works council cooperated in implementing the change, Berger complained about the short notice, and it took 3 months to settle on a new labor-management contract. At the same time, the works council advanced demands for other social benefits related to the IBM vacation homes, improvement of the pension plan, recognition for 40th anniversary with IBM, and reduction of work hours; the abolishment of the wage earner status was not a union demand; “Berlin gehört unser ganzes Vertrauen,” IBM Deutschland, January, 1959, p. 3; and “Die Arbeit des Betriebsrats im Dienste der Betriebsangehörigen. Der Rechenschaftsbericht für das 2. Quartal 1958,” IBM Deutschland, August, 1958, p. 6.


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