

# [Institutions still in guild hands.)the arrival of](https://assignbuster.com/institutions-still-in-guild-handsthe-arrival-of/)

institutions within this national setting. Third, we give a short overview of the city’seconomic performance in the 1980s and 1990s. Fourth, we shall describe thechallenges of the 1980s and the specific responses by firms and supportinginstitutions, followed by an analysis of the challenges that pressured this regime inthe 1990s. Finally, we shall examine the outcome of this transformation processes; inparticular, whether the DQP regime had to be abandoned or not. The following account makes use of in-depth interviews carried out by theauthor and H. Farrell with firms and institutions concerned with the machine-toolindustry in Stuttgart. In order to respect the confidentiality of the firms, citations andquotations from these interviews are referred to in the text by the codes: BW-F-01/02/03/04/05/06/07/08/10/12/14/18; and BW-I-01/02/04/05.

Historical origins of the machinery industry in StuttgartUntil the mid-19th century Württemberg was a backward rural region, lacking thenatural resources important to most early industrialization and embedded inagricultural protectionism. Important in achieving change was Ferdinand Steinbeis(Marquardt 1985). Like many of the early entrepreneurs of the region, Steinbeis wasa Schwabian Pietist – a form of Protestantism which stressed independence (Bechtleand Lang 1999). As president of the new Central Office for Commerce and Trade, founded in 1848, Steinbeis introduced a new industrial code in 1862, whichabolished the guilds. Central regulation of the code made it possible to establishmore favourable conditions for firms.

(The equivalent organization of trade inneighbouring Baden was still in guild hands.)The arrival of the railway in 1840 reduced the isolation of Württemberg andStuttgart and opened a huge market for machines. Imported locomotives had to beadapted for the mountainous environment of Stuttgart and other parts of the southwesternGerman territories. Firms emerged to produce machine tools for theconstruction of both locomotives and spinning machines.

Steinbeis´ ambitious programmes helped to diffuse knowledge of machineconstruction throughout the region. The Central Office established a workshopwhere foreign machines were made available for study. Fairs were organized, andthe Landesgewerbeamt (LGA), which still acts today as an organization of the Landgovernment and carries out programmes for the support of SMEs, helped to settlefirms which specialized in machinery construction (Semlinger 1993). Technical