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In Germany, a City's Famed Industry Now Helps Keep It Afloat

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FRIEDRICHSHAFEN, Germany — Count Ferdinand von Zeppelin launched his first flying machine from Lake Constance here in 1900.

Thus began a chapter of aviation history that would propel Friedrichshafen onto the world stage, make it a prominent target for Allied bombs during World War II and ultimately bequeath to the city a sizable foundation financed by the successor companies to Count von Zeppelin's original enterprise.

According to the city, the foundation generates between \$60 million and \$80 million a year for a population of just 57,000. That largess supports projects as varied as school lunches for underprivileged children, sports teams and a new library. It was the threat of losing the foundation that nudged the town fathers to get back into the zeppelin business two decades ago.

That prudent choice kept the foundation in the city's hands. It may yet prove a good business decision in its own right.

Thanks to their low fuel consumption, airships are enjoying renewed attention as an alternative in an era of high fuel prices. But while zeppelins inspire enormous loyalty among those who work on them and a sense of wonder among all who watch them soar, the financial returns have barely gotten off the ground.

Since the new line of zeppelins first took flight here 11 years ago, the company, ZLT Zeppelin Luftschifftechnik, has built only four, including the prototype — and sold only two.

“From an economic standpoint, it was completely backward,” Josef Büchelmeier, the mayor of Friedrichshafen, said. “We had the product first and then went looking for a market.”

One hundred years ago, Count von Zeppelin tried to fly one of his airships for 24 hours straight. Unfortunately, the attempt ended with a crash and the airship's destruction. A spontaneous outpouring of donations, from civic organizations down to pennies from schoolchildren, flooded in and made it possible for the famous count to keep his work alive.

With that money, Count von Zeppelin started a foundation dedicated to the development of airships. If for any reason that goal proved impossible, the foundation was to pass to the city of Friedrichshafen. As zeppelins enjoyed their heyday — passenger service from Germany reached as far as Brazil — the count's successors built a variety of businesses to provide technology and machinery for ever more advanced zeppelins.

But right after World War II, it appeared highly unlikely that the victorious Allies would ever permit Germans to resume building zeppelins — which had been used for bombing and other military missions. As a result, in 1947, the French occupation authority turned the foundation over to the city of Friedrichshafen.

But once West Germany regained its armed forces and arms industry, the occupiers' decision to give the foundation to Friedrichshafen did not sit well with those interested in following in the count's footsteps and building zeppelins.

“There were always new attacks on the city's ownership of the foundation,” said Bernd Wiedmann, the town's mayor from 1985 to 2001.

To this day, the foundation owns full or majority stakes in a number of large and successful businesses, all descended from the original zeppelin builders. Those enterprises pay dividends to the foundation (and, indirectly, to the city). Mr. Büchelmeier said it was important that the dividends remained modest in proportion to the companies' revenues. That means the rest of the profits can be reinvested in research and development for the long-term strength of the companies, which are also significant employers in the region.

“Our philosophy is to preserve the businesses in the long run, to keep them at the top,” insulated from the common pressure from shareholders, Mr. Büchelmeier said. The latter-day Zeppelin empire includes ZF Friedrichshafen, an automobile supplier that employs some 60,000 people worldwide and reported total revenues of roughly \$20 billion for 2007. The holding company Zeppelin GmbH includes the exclusive dealer for the heavy equipment maker Caterpillar in Germany and much of Central and Eastern Europe. There is even a private Zeppelin University.

Criticisms on foundation's ownership led the Audit Office of the state of Baden-Wuerttemberg, where Friedrichshafen is located, to investigate whether the foundation should be taken from the city.

Mr. Wiedmann recalls that the state premier at the time told him, “If you could just do something to revive the zeppelins.” With those words to the wise, Mr. Wiedmann pursued the possibility of reviving production and eventually settled on a plan with the leaders of the foundation businesses. The new zeppelin program wholly insulated Friedrichshafen against suggestions that it had abandoned the foundation's original purpose. “Since then, it's been quiet,” he said.

There was still the little matter of what to do with the 250-foot-long airships once they built them.

The reintroduced zeppelins have been used for a variety of purposes, including air-quality testing and crowd surveillance at public events. They have carried roughly 80,000 tourists for gentle rides in the sky in many locales, including in Germany and Japan.

The fourth and latest model is now in London, captivating tourists with a bird's eye view of the city before the airship begins a slow journey on a cargo ship to its future home in the San Francisco Bay Area. There, its new owners, Airship Ventures, intend for it to ferry tourists and carry scientific equipment aloft for testing and research.

Perhaps the unlikeliest mission for the new generation of zeppelins was treasure hunter. The prototype ended up in Botswana, where the company DeBeers used it in diamond exploration. That was also where the prototype met its demise last year, wrecked by a dust devil that hit the ship while it was on the ground.

In America, the zeppelin is still best known for the stunning 1937 Hindenburg disaster in Lakehurst, N.J., which claimed the lives of 36 crew members and passengers. But here in Friedrichshafen, the airships stand for the technological advancement on which the city prides itself. Their oblong silhouette is found on everything from beer bottles and business cards to the jungle gym near the waterfront where children play.

The airships are proof that flying can still be a joy and a prod to the imagination. The experience is singular enough that tickets start selling at \$300 for half an hour's flight.

"I had always seen them and it was always a wish of mine to fly in one," said Edgar Wenz, a retired engineer at a nuclear plant, after climbing aboard on a recent morning with his wife.

"As a technician, one is interested of course," Mr. Wenz said, "but there is also the Zeppelin myth."

Friedrichshafen remains an economic success, thanks to the many zeppelin businesses. Its region enjoys a remarkably low unemployment of just 2.5 percent. But for the people here it was also important that the zeppelins not remain the brontosaurus of the skies but return to their rightful place over Lake Constance, even if their construction is still not profitable for ZLT Zeppelin Luftschifftechnik.

"I think that it gives the city its image, and also jobs," said Margit Gutte, a retiree out for a stroll downtown on a recent sunny afternoon. "In any case the city is doing very well thanks to the foundation."