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Shaping Affluent Societies:

Divergent Paths to Mass Consumer Society in West Germany and the United States during the Postwar Boom Era

A Thesis in History

by

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Abstract

This dissertation is a comparative study of mass consumption in postwar West Germany and the United States. It engages three vital dimensions of consumer modernity: the role of the state, the role of society, and the role of space. The study questions the notion of a postwar hegemony of the American model of mass consumption and investigates the interplay of economic, political, social and cultural factors to fully understand the persistence of differences between both countries. While private disposable incomes were paramount in postwar America, public consumption and regulation in various forms plays a greater role in West Germany’s consumer society. Whereas credit-financed patterns of material consumption promised wide-spread access to a middle-class standard of living in the United States, many middle-class West-Germans shied away from consumer credit and retained a bürgerlich / genteel ethos of consumption that reinforced traditional class differences in household consumption. Traditional patterns of urban consumption in shopping, housing and transportation were upheld by both public intervention and more conservative consumer attitudes in 1950s and ‘60s West Germany. American consumer society, by contrast, suburbanized after the war with significant consequences for the supply of consumers with public goods and for America’s landscape of retailing. While West Germans shopped in inner-city pedestrian malls, their American counterparts began to frequent suburban shopping centers.

In a first section I engage questions about the impact of public policy in shaping modern consumption patterns. I argue against the notion that the postwar boom in consumption was largely determined by the free play of the market. In both countries politics shaped mass consumption, albeit in different ways. Since the New Deal era, fostering mass demand had become an integral part of economic growth policies in the United States. But the extent of overt public consumption and economic redistribution was consciously limited. Instead, the 1950s saw the growth of what has been called a “hidden welfare state” of tax exemptions, loan guarantees, and subsidies that helped promote a pattern of private suburban middle class consumption. In Germany, by contrast, public consumption was to play a much bigger role. Both conservative and social-democratic considerations led to state intervention in several areas. Expanded social-security and assistance programs indexed for a rising standard of living enabled access to mass consumption. Public spending on housing, health-care and transportation altered incentives for private consumer spending. State regulation of retailing helped preserve more traditional patterns of urban and class-based consumption. Thus consumer politics remained much more state-
oriented than its American counterpart with negative as well as positive implications for consumers.

The second section turns to the consumers and the different social contexts in which they consume. As can be expected, household consumption patterns in both countries differ significantly immediately after the war, with German consumers spending a much larger portion of their income on food. As disposable income levels begin to converge, however, important differences remain. American consumer spending is much more focused on the automobile, the suburban home and the appliances that fill it – a middle class model of consumption. German household spending and consumer expectations, by contrast, continued to show significant differences by class. Much less than their American counterparts did Germans link the possibility of upward social mobility with the adoption of particular patterns of material consumption. This is illustrated by differences in the use of consumer credit. Whereas consumer credit skyrocketed in the United States after World War II, widely hailed as a democratic means to access the American standard of living, Germans remain largely reluctant to embrace this form of financing consumption. The striking difference in consumer debt still by 1970 points to different cultural attitudes towards consumption, but also brings us back to the impact of public policy. While Americans were reluctant to dip into their savings for the purchase of consumer durables, saving for consumption became common practice for German consumers backed by a more expansive social welfare state.

Intimately linked to public policy and social practice, the space of consumption accounts for a third area of significant divergence between both consumer societies. Germans “consumed” space differently from Americans. Public housing programs and urban development (e.g. public transportation) contributed to the continuity of an urban pattern of consumption in Germany. A nation of renters, working class as well as middle class Germans were more likely to live in urban apartments than in suburban houses. Infrastructure programs for automobile traffic and subsidized mortgages, on the other hand, enticed Americans to move to the suburbs. The landscape of retailing changed accordingly. Tax exemptions and permissive zoning fueled the rise of suburban shopping centers and large supermarkets. City planners and state regulation in Germany, by contrast, helped preserve a retail structure in Germany centered on smaller stores in urban neighborhoods and city centers. Consumption in Germany was still decidedly more integrated in specific social milieus as well as in the urban public sphere. The rise of inner-city pedestrian malls in downtowns all over Germany since the 1950s illustrates the continued commitment to an urban model of consumption.
Public policy, consumer choices (informed by both cultural attitudes and economic restraints), and differences in geographic lay-out and use of space account for the emergence of two different paths to consumer modernity during the postwar decades. In the American case, these choices favored suburban housing and consumption patterns that centered on durable goods and the private home. West Germans did not fully embrace this model of mass consumption. Private prosperity was for many Germans more intimately tied to public spending. Despite modernization, familiar urban forms of consumption were retained and class and milieu differences continued to play a significant role. While some of these differences have somewhat subsided since the 1970s, the choices made in both societies during the formative postwar decades still inform mass consumption practices and the relationship between public and private consumption in Germany and the United States today.
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Frequently Used Abbreviations

AAA — Agricultural Adjustment Act
AFL — American Federation of Labor
AgV — Arbeitsgemeinschaft der Verbraucherverbände
AHR — American Historical Review
BLS — Bureau of Labor Statistics
BuArch — Bundesarchiv Koblenz
CDU — Christliche Demokratische Union
CEA — Council of Economic Advisers
CIO — Congress of Industrial Organizations
CIS — Congressional Information Service
ECA — Economic Cooperation Administration
FDA — Food and Drug Administration
FHA — Federal Housing Administration
FNMA — Federal National Mortgage Association
FTC — Federal Trade Commission
GDP — Gross Domestic Product
GHI — German Historical Institute
GNP — Gross National Product
HstA Köln — Historisches Archiv Stadt Köln
ICC — Interstate Commerce Commission
IMA — Interministerieller Ausschuss
MCUSPD — Monthly Catalog of United States Public Documents
NAM - National Association of Manufacturers
NRA — National Recovery Administration
NRPB — National Resources Planning Board
NYT — New York Times
OECD — Organization for Economic Cooperation and Development
OPA — Office of Price Administration
RKW — Rationalisierungskuratorium der Deutschen Wirtschaft
SMSA — Standard Metropolitan Statistical Area
SPD — Sozialdemokratische partei Deutschlands
VA — Veterans Administration
VAT — Value-Added Tax
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Chapter 4 is based in large parts on a forthcoming article in the Journal of Social History. I would like to thank the journal for their permission to include that research as part of this dissertation.
Chapter 1 – Introduction

Mass Consumption after World War II:
Comparing West Germany and the United States

From the United States to Germany and beyond, mass consumption has become a global phenomenon today that appears to transcend national boundaries. Multinational corporations such as Daimler-Chrysler produce their goods for international markets, a German advertising agency recently developed American fast-food giant McDonald’s latest global marketing campaign, teenage consumers across the continents aspire to the same brands and shop at the same – or at least very similar – retail outlets.¹ The spread of mass consumption across the industrialized World was one of the most significant developments of the second half of the twentieth century. The broad availability of increasingly more and new goods transformed politics and economies, revolutionized social relations and recast domestic living space and metropolitan landscapes. In what is often described as a process of global convergence and homogenization, the United States appear as the innovator of mass consumption throughout the twentieth century. This “irresistible empire,” historian Victoria de Grazia has recently suggested, led other countries towards consumer modernity both by example and by exerting influence.²

A second look, however, reveals that this consumer modernity is far from uniform, even at the beginning of the twenty-first century. While twenty-four hour retailing, seven days a week has become the norm for many retailers in the United States, for example, shopping on evenings and weekends is only now becoming permissible and accepted across Germany. While the reign of the private automobile remains virtually

unchallenged in America, public transportation from trolleys to train systems continues to thrive in Germany and presents an example of a publicly subsidized alternative to private consumption. Whereas value shopping and everyday low prices are key to the self-understanding of American shoppers, Wal-Mart recently failed to gain a foothold in the German market.³ When, a few years ago, two German electronics retailing chains provocatively advertised their low prices by extolling the virtues of “miserliness,” they sparked a national media debate bemoaning the advent of cut-throat competition and a declining appreciation of quality on the part of consumers, a debate unimaginable in this form in the United States today.⁴ The differences do not end there: the use of consumer credit is significantly higher in the US than in Germany, suggesting that consumers here are much more willing to go into debt to finance their consumption than across the Atlantic. Places of consumption also differ. Middle-class German consumers are much more likely to rent apartments in urban areas than their American counterparts who pay off mortgages to finance suburban homes. Americans shop at suburban malls while many German consumers still frequent smaller neighborhood and downtown stores. While the main streets of America are often dead or dying, pedestrian malls have kept many German towns bustling with shoppers. When it comes to consumption, Germans (and other Europeans) are – in the words of historian Richard Pells – “not like us.”⁵

Many of the examples of difference just cited have their roots in or gained prominence during the two decades following World War II. By tracing the development of mass consumption comparatively in the United States and West Germany, the two largest Western market economies by 1973, this study aims to show that during the 1950s and ‘60s two rather different models of a mass consumer modernity were consolidated even within the common framework of the industrialized West. For all their similarities,

³ “Wal-Mart’s German Retreat”, Business Week, July 28th, 2006. To be sure, part of Wal-Mart’s failure on the German market was owed to stiff domestic competition.
⁴ Saturn introduced their “Geiz ist Geil” campaign in 2003 and MediaMarkt challenged consumers to hunt for the lowest possible prices with their slogan “Ich bin doch nicht blöd” (I’m not stupid). “Geiz war geil,” Spiegel Online, May 29th, 2007.
these two consumer societies do not show the level of convergence predicted by theorists of modernization processes nor the cultural homogenization suggested by post-modern critics of consumer capitalism. Influenced by structural and economic demands, but more importantly by political actors, social elites and the consumers themselves, mass consumption developed in very different contexts on both sides of the Atlantic. Rather than a story of “Americanization” or of the global success of an American model of mass consumption after the War, the comparative perspective brings out the myriads of ways in which the United States remained a “peculiar case” - regarding the public regulation of consumption, the culture of retailing and consuming, and the spatial dimension of consumerism. A full appreciation of these differences requires historians to broaden their conceptual framework for analyzing mass consumption. Beyond private household spending and the marketing of consumer goods through advertising and retailing, the wider political, social and geographic constitution of mass consumer societies needs to be considered: how was access to private and public goods regulated, what social meaning was attached to consumption and where did consumption take place? Two very different bargains were struck in both societies. In the United States after the war, state, industry and consumers formed a compromise around the notion of democratic access to an ever-growing abundance of consumer goods. Purchasing power and disposable incomes were expanded to fuel the consumption of a growing suburban middle-class while restrained market regulation fostered the growth of a mass distribution economy. This “Consumer’s Republic,” as Lizabeth Cohen has recently called it, came at the price of limited


expenditures for public and social goods, the virtual exclusion of “disadvantaged” consumers, and the decline of traditional urban neighborhoods and retailing structures.9

West German mass consumer society, by contrast, followed a somewhat different path. More pronounced conservative and social-democratic traditions frequently frustrated the efforts of liberal modernizers to introduce American-style consumption patterns as the postwar “economic miracle” unfolded. The state intervened more directly in the consumer market place both to preserve older retailing structures and to provide for public forms of consumption through welfare state redistribution and the provisioning of public goods. Public housing and transportation helped to retain a more urban consumer society, replete with traditional urban retailing and an urban quality of public life that became the envy of many urban planners in the United States by the late 1960s. Yet, this too, came at a price as West German wariness of the American consumer’s republic with its promise of social mobility through credit financed material consumption helped to preserve traditional class and milieu differences in consumption late into the twentieth century. A “genteel / bürgerlich consumer ethos” focused on quality, saving, and limited consumption continues to inform many middle-class consumers in Germany to this day and sets them apart from their more quantity-, value- and innovation-oriented American counterparts.

What underlies these emerging differences in the postwar period is a confluence of several factors. To some degree, differences in both consumer societies were owed to the economic advantages of postwar America and the necessities of reconstruction after the National-Socialist regime and the war in West Germany. Long-term historical trajectories also played a role as they informed, for example, a more state-centered policy perspective in Germany as well as a political economy in the United States that had been oriented towards the mass production and distribution of consumer goods since the early part of the century. Most importantly, however, different configurations in both mass consumer societies were the result of conscious choices by policy-makers as well as consumers. American policy-makers during the 1940s, for example, by and large rejected a European model of social citizenship that combined public and private consumption

more directly, while West Germans consciously expanded their social-security state with rising affluence. Moreover, middle-class consumers in the United States embraced the incentives for the suburban consumption pattern that came to signify the “American dream” in the postwar period and they sought to distinguish themselves socially through the consumption of new and improved material goods. The West-German middle-class remained somewhat skeptical of what they perceived as materialist American consumerism. It was part of the German path to consumer modernity that middle-class consumers were often far more accepting of the welfare state than of discount retailers.

These differences suggest raising an old question again: What defines a mass consumer society? The history of consumer societies, to be sure, dates back much further than World War II or even the twentieth century. Following the work of John Brewer and others, historians have begun to look at eighteenth century Britain as the earliest manifestation of a ‘consumer society.’ New forms of advertising, commercialized leisure and politics, and innovative production techniques that brought new goods into common use dramatically altered practices of consumption. In an increasingly urbanized society, material consumption helped to negotiate middle-class identity and made earlier barriers of class and estate more socially permeable. The emergence of modern forms of consumption thus owed much to the industrial revolution and changing social dynamics in an urbanizing society. As Colin Campbell has argued, Romanticism’s emphasis on individual self-realization further fueled the modern desire for consumer goods in the nineteenth-century.

It was not until the end of that century, however, that modern consumption entered another stage on both sides of the Atlantic with the proliferation of new forms of

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11 See e.g. Woodruff Smith, *Consumption and the Making of Respectability, 1600-1800* (New York: Routledge, 2002) as well as Stearns, *Consumerism in World History*.

mass production and mass communication during the second industrial revolution. The rise of department stores, nationally marketed brand goods and advertising ushered in an age of more wide-spread access to commercially produced goods. In an increasingly mobile and mediated society, material goods became a way to fashion one’s identity and to share in consumption communities with other like-minded consumers.\(^\text{13}\) Now it was the United States that began to set the standards of modern consumption practices. By the 1920s, America seemed to promise to the world a model of a true mass consumer society with mass production and mass distribution, which offered wide access to an increasing abundance of material goods and commercial entertainment.

A defining feature of modern “mass consumer societies” is the political importance afforded to questions of consumption. More than just a social and economic force, modern mass consumption became an important area of political conflict since the late nineteenth century as numerous studies have recently emphasized.\(^\text{14}\) Consumers increasingly were described as and began to self-identify and organize as a political constituency. Consumption practices became linked to notions of citizenship and national identity both in Europe and the United States. Access to consumer goods and the politics of prices and wages became areas of intense political contestation both locally and nationally in urbanized and industrialized societies of the early twentieth century. In the United States, the concept of consumer purchasing power gained dramatic traction during the Depression of the 1930s. The advent of Keynesian economics, finally, brought the concept of a mass consumer society to its fullest form by the mid-twentieth century. Consumption and the consumer were now at the heart of economic and social policy-

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\(^{14}\) To be sure, consumption had political implications before. T. H. Breen, *The Marketplace of Revolution: How Consumer Politics Shaped American Independence* (New York: Oxford University Press, 2004), for example, has discussed the ways in which consumer goods became contested during the American Revolution. Only after the late 19th century, however, did modern consumption elicit organized political movements and were identified as a discrete category of political actors.
Soon after the end of World War II, the United States and then many Western European countries stood at the verge of becoming full-fledged mass consumer societies. But this did not mean they would take the same path. To compare mass consumer societies at the middle of the twentieth century, this study will engage three related themes. First, comparing mass consumption in West Germany and the United States means to enquire about its role in social and economic politics. How was access to consumer goods and the means of consumption organized by the state and the market? What political conceptions of consumption were envisioned by policy-makers and consumers? What do the politics of mass consumption tell us about broader underlying political and social trends in both societies? Secondly, studying mass consumer societies during the 1950s and ‘60s requires a look at the consumer market place, the economic and social dimension of consumption from the perspective of both supply and demand. How was the distribution of goods organized, in what ways was retailing transformed and modernized? How did retailers market their goods to consumers and what were consumer households spending their money on? What did consumers aspire to and what social and cultural meanings did they attach to consumption? A third important aspect of mass consumer societies by the 1950s was the degree to which they began to reshape the physical environment around consumption. New modes of transportation and housing redefined metropolitan space as did new forms of retailing - often with severe consequences for natural resources. How did West Germany and the United States


16 On the spatial dimension of American mass-consumer society see especially Lizabeth Cohen, “From Town Center to Shopping Center: The Reconfiguration of Community Marketplaces in Postwar America,” in American Historical Review 101 (1996), pp. 1051-1081 and Cohen, Consumer’s Republic. The environmental aspect of mass consumption has attracted increasing attention; see for example, David Nye, Consuming Power: A Social History of American Energies (Cambridge: MIT Press, 1998), Christian Pfister (ed.), Das 1950er Syndrom. Der Weg in die Konsumgesellschaft (Bern: Haupt, 1995), and Adam Rome,
organize their mass consumer societies spatially? What implications did changes in the metropolitan environment have for the relationship between public and private forms of consumption? In short, my study engages mass consumer society during the postwar boom era with regard to three vital dimensions: the state, society, and space.

The “boom era” from the late 1940s to the early 1970s is of special significance for the study of consumer societies on both sides of the Atlantic. In this time period, the American economy grew substantially with few interruptions. Western Europe, too, saw an average annual GNP growth of roughly 4.5 %. Termed the “trente glorieuses” by French economist Jean Fourastier and the “Wirtschaftswunder” (economic miracle) in West Germany, the boom translated into an era of sustained economic growth with dramatic economic, social, political, and cultural consequences. Across Europe another wave of industrialization, sustained in large part by automobile, chemical and electro-technical production, fueled this growth. A major consequence of the boom in West Germany as in the United States was a dramatic increase in real wages and in the standard of living for wide segments of the population. The boom era was also the age of the demand-centred Keynesian growth paradigm; expanded mass purchasing power was optimistically seen by many policy-makers and economists across the Atlantic West as a key to further economic growth which in turn would legitimate democratic systems and ease social tensions.

During the postwar decades, moreover, mass consumption became central in overcoming a period of crisis both in West Germany and the United States. Since the New Deal, expanding purchasing power had become a principal means of recovering from the economic slump of Depression Era America with all the social and political conflict it entailed. West Germany, hit equally severely by the economic crisis of the 1930s, looked to private mass consumption as a way to move beyond the politicization of everyday life during the era of National Socialism and to help forge a stable market-

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economy and a civilian and democratic political culture.\textsuperscript{19} The Cold War, finally, provides yet another context in which mass consumption gained increased significance during the postwar boom as both West-Germany and the United States defined themselves vis-à-vis the socialist economies of the German Democratic Republic and the Soviet Union in large measure through their affluence in consumer goods.\textsuperscript{20} Overcoming the crisis of the 1930s and the systems-competition of the Cold War set the background after World War II. It informed the way in which both countries built the broad frameworks for their consumer societies which would be developed further over the course of the 1950s and ‘60s.

At first glance, comparing the mass consumer societies of the United States and postwar West Germany - which by the late 1940s differed dramatically not only in size but also in relative economic development - may appear akin to comparing apples and oranges. Still, a number of factors make the comparison fruitful. By the end of the 1960s, the two countries were the largest economies in the Western World and had converged significantly in their overall economic development. Both were emblematic for the context of the “boom era” in that they shared the most dramatic impact of the depression of the 1930s and by the 1950s found themselves – each in their own way – at the very front-lines of the Cold War. Nowhere in the Western world would matters of consumption gain similar importance in defining national identity than in the home-land of the “American dream” and in the “social market economy” of West Germany’s postwar “economic miracle.”

The United States, widely regarded as the innovator with regard to mass consumption, may be an obvious choice for any comparative study of mass consumer societies. It is West Germany’s peculiar position after World War II that makes it a suitable case-study for differences in consumer modernity. Nowhere, except maybe Japan, did the end of the war have a more sustained impact. In many ways, 1945 represented a dramatic break in German politics and society. Historians, to be sure, have unearthed numerous continuities in personnel and social and political structures that link


\textsuperscript{20} See for example Crew (ed.), \textit{Consuming Germany in the Cold War}. 

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the new Federal Republic to its earlier predecessors, many of which would influence the shape of postwar mass consumption. And yet, to contemporaries the postwar years appeared as a *Stunde Null* (zero hour) which left a clean slate for reconstruction.\(^{21}\) In no other European country, moreover, was American influence after the war more direct through occupation, reeducation efforts and the economic impact of the Marshall plan. If there was prime candidate for the whole-sale importation of the American model of mass consumer society, it would have been West Germany after 1945.\(^{22}\)

Contemporaries and historians have long debated the degree to which West Germany was “Americanized” in the postwar decades.\(^{23}\) West German society and political culture certainly came to resemble its Western European and transatlantic allies more closely, as postwar Germans shed the notion of a German *Sonderweg* or “special path” and moved forward on their “long road West.”\(^{24}\) German industry similarly adopted more American patterns of management and production after the war.\(^{25}\) In recent years, a vigorous debate has emerged among historians over the degree to which West Germany retained or lost a distinct model of Capitalism after the war.\(^{26}\)

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\(^{22}\) Mary Nolan, discussing varieties of Capitalism, recently characterized Germany as perhaps the “most Americanized country in Europe.” She still acknowledged, to be sure, that a specific German variant of Capitalism continues to exist. See Mary Nolan, “Varieties of Capitalism and Versionen der Amerikanisierung,” in Berghahn / Vitolis (ed.), *Gibt es einen deutschen Kapitalismus?*, pp. 96-110, here p. 103.


\(^{26}\) Historians such as Werner Abelshauser have argued for a long continuity of a more “coordinated” or “rheinish” model of Capitalism in 20th century Germany which – unlike more liberal, anglo-saxon market economies – focused on more corporatist industry-labor relations, industrial coordination rather than competition, diversified quality- rather than mass production and expansive social services. Others, such as Volker Bergahn, emphasize the liberalization of the German production regime after World War II. See e.g. Werner Abelshauser, *Kulturkampf: Der deutsche Weg in die neue Wirtschaft und die amerikanische Herausforderung* (Berlin: Kadmos, 2003) and Volker Berghahn / Sigurt Vitolis (eds.), *Gibt es einen
growing emphasis on citizens as consumers, Michael Wildt and others have argued, especially aided West Germany’s transformation into a liberal democracy and market economy during the postwar years.\footnote{27} Still, many historians now shy away from the term “Americanization,” preferring to talk about “Westernization” and emphasizing the ways in which West Germany modernized without being outright “Americanized.”\footnote{28} In fact, the history of its mass consumer society underscores the many ways in which West Germany pursued its own peculiar way in the 1950s and ‘60s, all the while looking to the United States as both a model and a dystopia.

To say that West Germany did not “Americanize” as it developed its own brand of a mass consumer society is not to say that it continued to pursue a historical \textit{Sonderweg}. In fact, the West German path to mass consumption was in many respects part of a broader “European Way” in the second half of the twentieth century. A stronger emphasis on both market regulation and public consumption, continuities in retailing patterns and the social stratification of consumption as well as a stronger emphasis on urban patterns of living and consuming set not only West Germany, but much of Western Europe apart from the United States.\footnote{29} An exaggerated emphasis on “Americanization” furthermore obscures the degree to which the American model itself was in flux and changed in the time period under consideration. The middle-class “American dream” acquired new meaning and proliferation in the 1950s and ‘60s and the American mass consumer society that emerged was just one – undoubtedly important, but also very

\begin{itemize}
\item \textit{deutschen Kapitalismus? Tradition und globale Perspektiven der sozialen Marktwirtschaft} (Frankfurt: Campus, 2006).
\end{itemize}
peculiar – model that took shape. If the term “Americanization” appears at times fraught with diverse meanings and is difficult to pin-down in the German historiographical debate, as Mary Nolan has recently observed, the comparative perspective allows us important advantages: it makes it possible to systematically identify similarities and differences between the American and West German paths to consumerist modernity and thus transcend old debates about Americanization and exceptionalism.

Comparative historical studies have their own set of problems and advantages. Inevitably, comparison forces the author to make compromises in historical context and nuances. Using the nation state as a unit of analyses, for example, means that especially in the case of the United States important regional variations between the Atlantic North-East, the South or the West cannot fully be explored. Comparative history has a long tradition of structural comparisons informed by social-science methodology, which in their hey-day used the perspective of modernization theory to chart similarities in broader trends and stages of social and economic development across nations. More recently, “variation finding comparisons” have shifted the focus somewhat from an emphasis on common trends to understanding differences and variations, effectively allowing for the conceptualization of not one, but “multiple modernities.” While the concept of “multiple modernities” with regard to the organization of mass consumer societies provides a fruitful starting point to my comparative inquiry, my approach owes more to the methodology of an historian than to that of a social scientist. Limiting the comparison to just two cases allows for more contextualized analysis of the interplay of structural forces on the one hand and individual historical actors on the other. My aim is to give a

30 See e.g. Pells, Not Like US and on the changing meaning of the American Dream in the postwar years now Andrew Yarrow, Visions of Abundance (forthcoming, 2008).
31 Nolan notes in particular the divergent uses of the term by cultural and economic historians. See Nolan, “Varieties of Capitalism.”
clearer understanding of the historical development and social choices that propelled both countries along very peculiar trajectories towards consumer modernity.\textsuperscript{33}

Both West Germany and the United States have discrete bodies of historiography with different sets of questions regarding the postwar period in general and consumption in particular. Rather than conducting an asymmetrical comparison whereby one country serves as background against which the other case is explored, this study tries to pursue a more even-handed comparison by engaging historiographical debates and primary sources from both countries.\textsuperscript{34} This task is aided by the fact that many sources from the postwar period are published and therefore more widely available. Exploring various dimensions of mass consumer societies, my research necessarily draws from a variety of materials. Magazines and newspapers such as \textit{Der Spiegel} in Germany and the \textit{New York Times} in the United States have been systematically searched for the period between the late 1940s and the early 1970s to explore the public discourse on specific topics from housing and consumer credit to debates about mass consumption in general.\textsuperscript{35} Specialized publications on various aspects of consumption by contemporary economists, sociologists, urban planners as well as professionals in retailing and public administration provide another important source-base for this study. Statistical materials on household spending, retail development or public expenditures were produced in abundance during the postwar years both by state institutions and a number of national and international organizations. They provide a useful quantitative backbone to many of the arguments developed in this study. Surveys of consumers, of their preferences and aspirations similarly took off during the boom era. While frequently very broad and of an aggregate


\textsuperscript{34} An excellent recent example of an asymmetric comparison concerning labor services in the aftermath of the depression in Germany and the United States is Kiran Patel, \textit{Soldiers of Labor: Labor Service in Nazi Germany and New Deal America, 1933-1945} (Cambridge: Cambridge University Press, 2005). Wolfgang König, \textit{Geschichte der Konsumgesellschaft} (Stuttgart: F. Steiner, 2000) also employs sketches of the American development of mass consumption to highlight modernization trends in German consumption in the modern era.

\textsuperscript{35} The \textit{Reader's Guide to Periodical Literature} was used to get a broader sense of the periodical literature in the United States as was the Pressearchiv at the Freie Universität Berlin’s Otto Suhr Institut for a systematic approach to West German newspaper coverage.
nature, they provide a useful counter-perspective to public debates and expert discourses on consumption. To trace the development of consumer policy on the national level and urban planning on the local level, I consulted several archives in Germany. I surveyed the files on consumer policy of West Germany’s economic ministry at the Bundesarchiv in Koblenz and materials on urban development in archives in Bremen, Berlin, Kassel and Köln. On the American side, numerous congressional debates and reports as well as administration sources at public depository libraries provided extensive insight into policy formation and political debates over mass consumption in the 1940s to ‘60s. Travel reports, finally, by mainly German but also some American expert study groups – urban planners, industry professionals, government administrators – were an extremely useful source for assessing national differences and differences in the perception of mass consumption in both countries.

The recent rise of transnational history which emphasizes the importance of such exchange processes on the level of non-governmental, civil-society organizations poses both a promise and a challenge to comparative history. How important exchanges in the Atlantic realm have been in the first half of the twentieth century for urban development, labor, economic or social policy has been demonstrated by Daniel Rodgers’ *Atlantic Crossings.* The look at mass consumption suggests that these exchange processes did not come to a halt after World War II, even if they became more unidirectional after the war as fewer Americans looked to Europe as a model during the 1940s and ‘50s. Proponents of transnational history frequently allege that comparative history with the nation state as a unit of comparison would reify the centrality of the nation state rather than transcend it. However, with regard to mass consumer societies in the middle of the twentieth century, this study argues, the nation state remained

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36 For a recent debate on transnational history and its relationship to comparative history see the H-German forum on transnationalism (Jan. 2006): [www.h-net.org/~german/discuss/Transforum_trans_index.htm](http://www.h-net.org/~german/discuss/Transforum_trans_index.htm).
central. States actively shaped the framework for mass consumption, consumers identified themselves within a national context and debates on mass consumption developed peculiar national frames of reference. The very advantage of a comparative historical approach which uses the nation state as a unit of analysis lies in its ability to unearth differences - by “bringing the state back in” - that get lost both in older systemic comparisons of mass consumer society’s development from the perspective of modernization theory and in an exclusive focus on global transfers and exchanges among non-governmental organizations such as consumer movements.

Divergent Paths to Mass Consumer Modernity

What then were the differences, social choices and peculiar paths that a comparison of mass consumer societies in the United States and West Germany during the boom era can bring to light? What are the main historiographical questions that this study addresses with regard to the development of consumer policy, the social meaning of consumption and the geographic configuration of postwar mass consumer societies?

State: The Politics of Consumption

The politics of mass consumption during the boom era entailed more than merely the regulation of the consumer market place or the growth of legislation aimed at securing consumer rights and consumer protection in the wake of the 1960s consumer movement. Much of economic policy both in West Germany and the United States concerned shifts in production and distribution towards a modern mass consumer economy. As Lizabeth Cohen, Meg Jacobs and others have convincingly shown for the American case, consumer politics at the middle of the twentieth century revolved around the concept of “purchasing power” - around promoting economic growth through private consumption and around conflicts over access to these goods in the arenas of price and wage policies.

40 On the framing of consumption in the national context in twentieth century America, see e.g. Charles McGovern, Sold American.
41 On the development of civil-society consumer organizations from a global perspective see Matthew Hilton, Death of Consumer Society: Consumption in a Globalising World (forthcoming).
42 Cohen, Consumer’s Republic and Jacobs, Pocketbook Politics.
While the “consumer citizen’s” private spending became central to postwar American conceptions of economic and social progress, an alternative conception of “social citizenship” gained more traction on the other side of the Atlantic which posited the satisfaction of at least basic consumption needs as a social right for every citizen. The tension between private consumer affluence and its counterpart in public goods and social spending runs through the boom era and informed the politics of mass consumption in important ways.

Chapter 2 sets out to contrast consumer politics in both countries from this perspective. The emergence of a broad political consensus - involving the state as well as unions and industry - around the expansion of purchasing power during the 1940s in the United States has received ample attention by historians in recent years. Mass consumption came to be seen as a means to ensure continued economic growth in the emerging Cold-War economy. Expanded access to consumer goods – largely provided by the private market place – became a central tenet of postwar liberalism and material abundance was touted by industrial interests as well as economists and policy-makers as the defining feature of national self-understanding in a refashioned “American way of life.” This Keynesian emphasis on expanded mass consumption, I argue, went hand in hand with a deregulation of the consumer market place in the 1950s and ‘60s as shopping hours expanded and restrictions on retail pricing disappeared or were frequently not enforced. A mass distribution economy emerged in postwar America which promised abundance for most citizens at an affordable price.

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The contrast with the West-German case brings out how central private mass consumption really was to postwar American politics. While the “social market economy” set up by Ludwig Erhard and other liberal modernizers after 1948 also revolved in important ways around the consumer and the right to free consumer choices, the politics of mass consumption took a different shape in West Germany. Recent accounts of West German economic policy after the war have stressed the centrality of ordo- or neo-liberal ideas for postwar economic development, but emphasize their divergence from Keynesian ideas of fostering mass purchasing power and macro-economic steering that informed the American consensus.\(^48\) On the one hand, the necessities of reconstruction demanded a stronger economic policy emphasis on fostering saving and capital-built-up as well as exports instead of domestic consumer spending especially during the early 1950s. On the other hand, the social market economy – for all its free-market rhetoric – retained a stronger emphasis on public spending and social security than its American counterpart.\(^49\)

The politics of mass consumption during the 1950s and ‘60s underscore the degree to which West Germany retained a different model of a political economy after the war – more regulated and with stronger corporate influences exercised by both industry and labor.\(^50\) Instead of promoting mass distribution, postwar economic policy often worked to preserve traditional retail structures by retaining and even expanding limitations on shopping hours, regulating the access to the retailing profession or by continuing widespread price maintenance for brand goods. An oftentimes too narrow a look at Erhard and the aspirations of the economic modernizers within his ministry obscures the equally important story of how their plans for a more American-style consumer economy were


\(^{49}\) On the role of public goods in Germany’s postwar consumer society see Arnold Sywottek, “From Starvation to Excess? Trends in the Consumer Society From the 1940s to the 1970s,” in Schissler (ed.), *The Miracle Years*, pp. 341-358.

\(^{50}\) For a recent historical perspective on the differences between American capitalism and its West-German or “rheinisch” counterpart see Werner Abelshauser, *Kulturkampf*. 
repeatedly frustrated by conservative retailers, unions and even consumers working to keep up regulations into the 1960s.\textsuperscript{51}

Erhard and the ordo-liberals were furthermore frustrated by the postwar expansion of the West-German social-security state, most notably by the 1957 pension reform.\textsuperscript{52} Owed in part to the direct competition with East Germany’s socialist economy, public spending was an important component of the 1950’s economic miracle.\textsuperscript{53} Even under conservative leadership of the CDU government, “prosperity for all” included the notion that at least some access to newfound abundance would be publicly ensured. In the United States, by contrast, a conservative political turn by the mid-1940s and a campaign on part of commercial interests touting the virtues of American industry – that would, if allowed to flourish unimpeded by the state, benefit all - led to a rejection of European notions of social citizenship or an “American Beveridge plan.”\textsuperscript{54} The predominantly market-oriented “commercial Keynesianism” in this country envisioned access to affluence through growing wages and consumer credit rather than public spending. That is not to say that the American state did not actively promote postwar mass consumption. Instead of direct public spending, a “hidden welfare state” of mortgage subsidies, tax deductions and infrastructure policies fostered suburban middle-class consumption patterns after the war.\textsuperscript{55} A significant part of the population, however, was left out of the “affluent society.”


\textsuperscript{54} On the National Association of Manufacturer’s efforts to bolster support for market Capitalism see Cynthia Henthorn, \textit{From Submarines to Suburbs: Selling a Better America, 1939-1959} (Athens: Ohio University Press, 2006).

The poor and especially African Americans were left behind in decaying inner cities with only limited public goods to fall back on; this became an aspect of American mass consumer politics that fueled the social conflicts of the late 1950s and 1960s.\textsuperscript{56}

The critique of the affluent society’s disparity between private abundance and public poverty formulated by John Kenneth Galbraith and a growing group of American liberals who began to emphasize quality of life over material growth by the late 1950s found its way into many of the Great Society programs of the 1960s.\textsuperscript{57} Still, U.S. consumer policy during that decade remained largely limited in focus on making the private market place safe. In West Germany, by contrast, spending on public goods from publicly subsidized housing to public transportation and urban development remained high. By late 1960, as the Social Democrats came to power on the federal level, a much broader conception of consumer policy emerged which explicitly entailed both private and public forms of consumption. The comparative perspective reveals that West German politics of mass consumption in the postwar decades saw the brand of mass-market centered consumer liberalism, which became dominant in the United States, checked in important ways both by conservative and social-democratic restraints. As a result, both countries developed a very different balance between private and public goods as well as different means of access to the growing affluence of the boom era.

\textit{Society: The Social Meaning of Consumption}

The postwar decades were a time of dramatic change in the standard of living in both countries. The “golden age” of consumption, however, took on significantly different forms in American and West German society. Chapter 3 takes a look at the development


of household spending patterns, consumer aspirations and attitudes and draws conclusions about the contrasting social meaning of consumption especially for middle-class Americans and West Germans. Much recent scholarship has furthered our understanding of mass consumption’s impact on gender and family relations on both sides of the postwar Atlantic world. The comparative perspective, however, brings the importance of class and milieu differences back to the foreground as mass consumption informed questions of social distinction and social mobility in unique and diverse ways.

Despite American society’s interwar foray into mass consumer society, the postwar years marked a dramatic change with the now increasingly widespread adoption of a middle-class consumption pattern centered on the car and the home and the durables that fill it. Suburban living made home-ownership even more central to American consumer identity and working-class Americans, too, increasingly bought into this aspect of the new American Dream. Car-ownership burgeoned and became a driving element of the postwar commodity culture. Household durables became more widely affordable and filled American homes in increasing quantities. New aesthetics driven by accelerated style- and model changes enticed consumers to continuously expand their “standard package” of goods that came to define the middle-class standard of living. While the consumer market was segmented and products were offered in a growing number of

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59 The impact of changes in consumption on class relation has received less attention than in prior decades after the “cultural turn.” For a notable exception see the special edition Victoria de Grazia and Lizabeth Cohen, “Class and Consumption,” *International Labor and Working-Class History* 55 (Spring 1999).


variations and price gradations, postwar America was truly a mass market in that it advertised the same basic set of goods, the same “American standard” of abundance to the vast majority of the population.\textsuperscript{64}

The postwar “economic miracle” introduced consumer affluence to West Germany as well. Recent historiography has discussed the rise of new consumption patterns during the long 1950s as part of fundamental modernization processes in a time-period that had long been regarded as characterized by conservative restoration.\textsuperscript{65} The immediate postwar years, to be sure, were marked by extreme shortages and a wide-spread scarcity of goods.\textsuperscript{66} Only by the late 1950s, as the work of Michael Wildt has brought out, did most West Germans shift to a mind-set of affluence.\textsuperscript{67} As income-levels became more comparable to those of American consumers over the course of the postwar decades, however, household consumption patterns in the two countries did not converge as much as could be expected.\textsuperscript{68} West Germans continued to spend comparatively more on food and \textit{Genussmittel} (semi-luxury foods) while expenses for housing, transportation or household durable equipment never really caught up to American levels. The American


\textsuperscript{67} Michael Wildt, \textit{Am Beginn der ‘Konsumgesellschaft’: Mangelerfahrung, Lebenshaltung, Wohlstandshoffnung in Westdeutschland in den fünfziger Jahren} (Hamburg: Ergebnisse, 1994).

\textsuperscript{68} Kaelble, “Europäische Besonderheiten des Massenkonsums,” observes this phenomenon for the broader comparison between the United States and Western Europe.
standard of home, car and durable consumption never took on the same importance in West Germany.\textsuperscript{69} Household spending patterns, moreover, continued to be much more stratified by class differences.\textsuperscript{70}

Different social conceptions of material consumption among middle-class consumers, I argue, played a vital role in explaining these differences. Since the first half of the twentieth century, middle-class Americans increasingly sought social distinction through the purchase of the newest and most improved goods. They had acquired the attitude of “value-shoppers,” rationally searching for bargains to maximize their attainment of consumer goods while other groups in American society followed their lead on a sliding scale of quality gradations.\textsuperscript{71} Middle-class West Germans after the war, by contrast, remained widely skeptical of American styles of shopping and what they perceived as an overt American materialism.\textsuperscript{72} While the West-German ministry of economics attempted to educate its citizens to become modern, rational comparison shoppers in the American mold, middle-class consumers continued to express a strong preference not for bargains, but for high-priced quality goods in limited quantities.\textsuperscript{73} Historians have rightfully emphasized the degree to which consumption promoted the liberalization and democratization of West German society and they have pointed to the embrace of

\textsuperscript{69} On car ownership see e.g. Thomas Südbeck, \textit{Motorisierung, Verkehrsentwicklung und Verkehrspolitik in der Bundesrepublik Deutschland der 1950er Jahre} (Stuttgart: Franz Steiner, 1994).

\textsuperscript{70} On the impact of mass consumption on social milieus see Stefan Goch, “Aufstieg der Konsumgesellschaft – Niedergang des Milieus?” in Prinz (ed.), \textit{Der lange Weg in den Überfluss}, pp. 403-430.

\textsuperscript{71} On the emergence of bargain-buying around World War I see e.g. Jacobs, \textit{Pocketbook Politics}.

\textsuperscript{72} Critiquing American material culture and its “alleged” mass character has a long tradition in bourgeois European society (reaching back to de Tocqueville) which reached a crescendo in interwar Germany. See e.g. Adelheid von Saldern, “Überfremdungssängste: Gegen die Amerikanisierung der deutschen Kultur in den zwanziger Jahren,” in Alf Lüdtke / Inge Marssolek / Adelheid v. Saldern (eds.), \textit{Amerikanisierung: Traum und Alptraum im Deutschland des 20. Jahrhunderts} (Stuttgart: Franz Steiner, 1996), pp. 213-244.

\textsuperscript{73} On West German views American culture in the postwar years see also Alexander Stephan (ed.), \textit{Americanization and Anti-Americanism: The German Encounter with American Culture after 1945} (New York: Berghahn, 2005), especially the essays by Michael Ernath and Jost Hermann. On the ambivalence of intellectual elites towards the United States see also Axel Schildt, \textit{Zwischen Abendland und Amerika: Studien zur westdeutschen Ideenlandschaft der 50er Jahre} (Munich: Oldenbourg, 1999). Postwar America, to be sure, had its own brand of cultural criticism directed at mass consumption, see e.g. Daniel Horowitz, \textit{Vance Packard and American Social Criticism} (Chapel Hill: UNC Press, 1994).
American imports especially by working class youths as a means to challenge older cultural hierarchies. The comparative perspective, however, brings out the limits to postwar modernization in the persistence of more traditional middle-class values regarding consumption. Unlike American “value-shoppers,” many West Germans retained what I call a “genteel / bürgerlich” ethos of consumption which emphasized restraint in material consumption, saving, and buying only few and high-priced but “quality” goods.

Postwar Americans and West-Germans had a different perception of the possibility of social mobility by means of consumption. Mass consumption in postwar America rested on the promise of a more egalitarian, class-less society in which consumption, leisure-time and home-ownership rather than work became central to determining social identity. In West Germany, by contrast, despite a wide-spread debate over the emergence of a “leveled middle-class society” brought on by modern consumption, consumption patterns and consumer aspirations remained stratified by differences in class and milieu. Material consumption in West Germany was much less accepted as means of social climbing and recent research in the persisting culture of middle-class Bürgerlichkeit has emphasized that social self-definition through consumption faced definite limits in the 1950s and ‘60s.

This difference in social meaning becomes especially clear with regard to the financing of consumer goods discussed in Chapter 4. The dramatic expansion of consumer credit in the United States after the war has so far attracted less

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75 On the democratic promise of postwar consumption see Cohen, Consumer’s Republic and Yarrow, Visions of Abundance. This promise, to be sure, was never truly fulfilled. In lieu of public consumption and a more developed welfare state, however, access to private consumption at least gave a sense of greater social justice and equality to many American consumers. On the shift from work-based to leisure based identities see e.g. Nicolaides, My Blue Heaven.


historiographical attention than its earlier development. Credit was central to postwar American consumer culture and its expansion was fostered by state policies geared towards purchasing power as well as by private industry which advertised credit buying as a new form of thrift. Mortgages and installment credit were a principal means of financing the car-house-durable pattern and served as a substitute for public redistribution in providing access to these goods for lower-income households in the United States. West Germany also saw an expansion of consumer credit during the “economic miracle,” but on a much smaller scale. The attainment of consumer goods was more likely financed through household savings. In part, this was made possible by a more developed social security system which led German consumers to regard their savings more as discretionary funds and by economic policies that fostered a more pronounced savings culture. The middle-class “genteel / bürglerich” ethos of consumption, however, is of particular importance in accounting for the reluctance to use credit as a means to expand a household’s material consumption as saving rather than spending defined Bürglerlichkeit in the eyes of many West Germans. Despite some changes with a younger generation of West-German consumers growing up during the era of new-found affluence, a significant divergence in consumer attitudes and aspirations between the two countries continued to persist into the early 1970s and beyond.

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80 Sheldon Garon, “Japan’s Post-war ‘Consumer Revolution’, or Striking a ‘Balance’ between Consumption and Saving,” in Brewer / Trentmann (eds.), *Consuming Cultures, Global Perspectives*, pp. 189-217, has observed a similar emphasis on balancing saving and consumption in postwar Japan. A somewhat moralistic account of American savings culture is David Tucker, *The Decline of Thrift in America: Our Cultural Shift from Saving to Spending* (New York: Praeger, 1991).
**Space: Places of Consumption**

The spatial transformation of metropolitan space through mass consumption has received growing attention with particular emphasis on the areas of retailing, housing, and transportation.\(^{82}\) Scholars have begun to trace the impact of increasingly atomized and individualized private consumption on public life as well as the commercialization of public space in the postwar decades.\(^{83}\) While these developments can be seen to some degree as global phenomena, the comparative perspective highlights different choices made by consumers and urban planners in West Germany and the United States. The postwar period appears as a time-period not of homogenization but rather of the emergence of two different models of metropolitan consumption – one urban (in Germany) and one suburban (in the United States).\(^{84}\)

*Chapter 5* traces the development of housing and transportation, two central postwar consumer goods, and their impact on the metropolitan landscape. The story of increasing suburbanization in housing and transportation in postwar America, fostered by state policies such as mortgage guarantees, is well explored.\(^{85}\) Suburban homeownership became the norm, while renting and apartment housing were increasingly the exception for middle-class consumers. Less attention has been paid to the accompanying decline in such public alternatives to the ranch house and the automobile as public housing

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developments and public transportation. As middle-class and increasingly working-class Americans left the cities for the suburbs in droves during the 1950s and 60s, dramatic consequences ensued for the metropolitan balance of private and public consumption.

Historians of postwar Germany also emphasize trends towards the detached single-family home (Eigenheim), the private automobile, and the privatization of consumption in general - if somewhat later and on a smaller scale. Postwar West-Germany did not really develop a suburban consumer society, however. The comparative perspective reveals a greater degree of continuity of urban life as cities were rebuilding after World War II. While West Germans frequently looked to the United States as a symbol of modern urban development in the early 1950s, the necessities of postwar reconstruction and conscious urban planning ultimately led German cities down a different path. Despite much talk about the Eigenheim, publicly supported apartment housing and a continued commitment to public transportation presented German consumers with a different array of options. Even middle-class consumers continued to view renting and urban living as much more acceptable than many of their American counterparts.

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89 Jeffry Diefendorf, “American Influences on Urban Developments in West Germany,” in Detlef Junker (ed.), The United States and Germany in the Era of the Cold War, pp. 587-593.

When Americans began to address the problems of urban decline during the 1960s, West German public discourse already routinely depicted U.S. cities as sprawling dystopias. As middle-class Americans left cities behind for effectively racially segregated suburban neighborhoods they also – as consumer-taxpayers\(^92\) – increasingly gave up their support for many public goods. These had become more and more relegated to those disadvantaged minority consumers who had been left out of the home-car-durable “American dream.” If the move of middle-class consumers to the suburbs explains much of the collapse of the New Deal coalition and the rise of a new brand of American conservatism by the late 1960s, the greater attachment of their West German counterparts to urban living may explain their greater willingness to use and support public goods.\(^93\) The link between public spending and an everyday experience of urban prosperity was more direct and apparent to middle-class consumers in West Germany than to suburban Americans who perceived spending for public goods as benefiting others but not themselves.

The geographic development of retailing discussed in Chapter 6 mirrors the broader urban/suburban differences observed in housing and transportation. Prior to the war, cities in both Germany and the United States commonly had a dual system of retailing with smaller neighborhood shops on the one hand and downtown department stores and specialty retailers on the other. In the postwar decades, American retailing shifted increasingly to the suburbs with the spread of strip-malls, large discounters and especially shopping centers.\(^94\) It was the geographic expression of the American model of mass-

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\(^{91}\) This difference in continental European and American middle-class housing preferences has a longer history explored in Robert Fishman, *Bourgeois Utopias: The Rise and Fall of Suburbia* (New York, Basic Books, 1987).

\(^{92}\) This term is developed in Cohen, *Consumer’s Republic*.


distribution which dated back to the chain stores of the interwar period, but expanded immensely after the war. As Victoria de Grazia has argued, this American model spread to Europe by the middle of the century and began to threaten the continent’s older bourgeois commercial culture.\(^95\) Indeed, modern forms of retailing such as the supermarket and the self-service store appeared in West Germany during the 1950s.\(^96\) However, more urban forms of retailing prevailed in West Germany, largely preserving the duality between neighborhood and downtown shopping. State regulation protected smaller retailers as did the “genteel / bürgerlich” preference for buying quality goods at downtown specialty retailers. Municipal zoning regulations and private developers kept new suburban subdivisions in the United States almost devoid of neighborhood retailers. Urban planners in West Germany, by contrast, often constructed new housing and apartment developments around neighborhood shopping centers and supplied public transportation connections to inner-city retailers.

Alarmed by the decline of traditional downtowns and main-streets in America, West Germans consciously tried to keep consumers in inner-cities.\(^97\) The most important example of this is the construction of Fussgängerzonen (pedestrian malls) since the 1950s.\(^98\) While the privatization of shopping space in the malls of postwar America has been raised as a problem by historians in the United States, Fussgängerzonen helped to conserve public space and more traditional forms of retailing in German inner-cities.\(^99\) Mass consumption, the comparative look suggests, was not necessarily the end of a

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\(^99\) See esp. Cohen, *Consumer’s Republic*. On urban transformation and its impact on public space and communication in postwar West Germany see v. Saldern (ed.), *Stadt und Kommunikation*.
culture of urbanity nor did it bring about a globally uniform postmodern metropolitan space. From the West German - and more broadly European - perspective, the suburban pattern of living and shopping (as well as the energy-intensive and automobile-centered pattern of consumption that came with it) remained largely unique to the United States. The *Fussgängerzone*, by contrast, was emblematic for the West German path to mass consumer modernity in that private mass consumption was channeled by conservative considerations for preservation of traditional retailing and urban structures as well as by a growing social-democratic concern for public consumption and an urban quality of life.

**Shared Problems and Alternative Solutions: Consumption between World War I and World War II**

If the postwar boom era was decisive for the development of two models of mass consumer modernity in West Germany and the United States, their respective paths were also part of longer trajectories that needs to be considered. The American model of mass consumption began to take shape already in the first half of the twentieth century with the rise of mass production and mass distribution and a consumer culture that increasingly revolved around a broad middle market. The economic crisis of the 1930s and the New Deal, furthermore, brought the purchasing power paradigm to the fore and in many ways set the tone for postwar American politics of mass consumption. Interwar Germany, by contrast, was characterized by a very different consumer culture. While Germans showed extraordinary interest in the “Americanisms” of mass production and mass consumption, everyday consumption practices were still frequently marked by deprivation rather than affluence and by class distinctions rather than a mass market. The promise of consumer modernity was a vital element of economic and social policies under the Nazi regime. The model of mass consumption they touted, however, had a particular national-socialist bent which postwar policy-makers would have to content with.

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100 For a critique of mass consumption along these lines see Jürgen Reulecke, *Geschichte der Urbanisierung in Deutschland*, (Frankfurt: Suhrkamp, 1985) and Harvey, *Condition of Postmodernity*. 
The Interwar American Challenge: American Mass Consumption and the German Response

Contrasting consumption regimes in interwar Europe and the United States, Victoria de Grazia convincingly sketches the division between an emerging Fordist consumption pattern in America and an “old regime,” a “bourgeois commercial civilization” in much of Europe. As American industry and consumers increasingly began to rally around the promise of material abundance through the mass production at increasingly lower prices, Europeans by and large fought to hold on to a consumer society that was shaped by the tastes of the bourgeois elite and centered on small shops and craft production. While American advertising aimed at a broad middle-market, European ad-makers focused on the qualities of their products and the aesthetic sensibilities of an educated elite. While “Americanisms” bore an irresistible appeal of cultural democratization and material improvement to many Europeans, to many others – from intellectuals and social elites to industrialists and millions of small shopkeepers – the American model presented a severe challenge to the traditional order of the “old regime.”

Since the second industrialization in the later decades of the nineteenth century, the American consumer market place had undergone dramatic changes. New forms of mass production based on new materials such as steel and new energy sources such as electricity and internal combustion engines introduced new consumer goods, produced by expanding corporations. Improved transportation and rural free delivery after 1896 allowed for the emergence of a truly national market. Urban department stores and the growth of chain-retailers by the early twentieth century allowed for new forms of mass distribution. The development of professional advertising, in particular, with the growing importance of nationally circulated magazines and new media such as the radio helped forge a national consumer culture by the 1920s. A plethora of brand goods became nationally available and advertising copy aimed to create consumer identities that revolved around the use of consumer products.

101 See de Grazia, Irresistible Empire.
Consumer products not only became more available, but also more affordable to Americans by the 1920s. An expansion in the use consumer credit, for one, played a central role in the creation of a broader middle market. More fundamentally, however, the American mass production regime that was in many ways symbolized by Henry Ford’s assembly-line production of the low-price Model T automobile, rested on the promise of higher wages as in Ford’s introduction of the $5-day in 1914. Consumer products became increasingly more affordable to the workers that produced them in the 1920s. Taylorist scientific management routinized and de-skilled production and welfare capitalist schemes undercut traditional labor unions’ calls for worker control and broader institutional change. In exchange, however, American workers now fought for – and at least in part received - increasing wages and more leisure-time (as consumption time). While still limited, widely contested and unevenly introduced during the 1920s and ‘30s, the postwar compromise around market-organized mass-production and mass-consumption was prefigured in important ways during the interwar period.

As important to the rise of mass consumer society in the United States was a shift in social and cultural attitudes towards consumption. When Thorstein Veblen published his *Theory of the Leisure Class* in 1899, it contained a scathing critique of what he perceived as the increasingly wide-spread practice of “conspicuous consumption” of an affluent upper-class that appeared to stand in stark contrast to the prevailing producerist ethic of nineteenth-century America. Many progressive era reformers were uneasy not just with unchecked corporate power and the social injustices of unregulated markets, but

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also with a commercial culture and its potential vices that threatened to undermine genteel Victorian middle-class civilization. While progressive politics saw the emergence of consumer organizations and the development of a political consumer identity, many middle-class Americans harbored strong reservations vis-à-vis new forms of popular and working class entertainment and consumption. Only gradually did affluence come to be regarded as a potential source of social improvement rather than moral corruption. By the 1920s, economists and home-economists as well as professionals in advertising and marketing helped to assuage such concerns further by advertising material consumption as a modern form of middle-class rationality that other groups in society could safely aspire to and benefit from.

A broader “middle-market” rose to prominence in the interwar years. Veblen’s notion of social emulation in consumption – with growing segments of society aspiring to imitate the consumption styles of the next higher groups – found increasing expression in American consumer culture. The rise of bargain basements and value-shopping, as Meg Jacobs has shown, infused American shoppers with the ideal of attaining “good quality for less money” as they began to shed older assumptions about fair prices and class-determined standards of consumption. While consumer-interest advocates such as Stuart Chase and F.J. Schlink remained concerned about corporate power and wasteful materialism, they also encouraged consumers to “get their money’s worth” and conceded that “value was ultimately the province of the individual.” Consumption increasingly opened avenues to negotiate social and national belonging during the 1920s as numerous ethnic communities at once reshaped their own distinct ethnic identities and became part of a larger American consumer culture. Older class distinctions in consumption were further undermined by the growth of a commercial “middle-brow” culture that challenged

110 Cohen, Making a New Deal Ch. 3. See also Andrew Heinze, Adapting to Abundance: Jewish Immigrants, Mass Consumption and the Search for American Identity (New York: Columbia University Press, 1990).
the dominance of genteel Victorian middle-class culture. The “middle-market” of the 1920s, to be sure, was not a homogenous mass market and it was still marked by severe limitations and inequalities. The introduction of market segmentation and model gradations by Alfred Sloan at General Motors exemplifies the way in which mass consumption still allowed for social distinction. While more people owned cars, it still mattered what kind of car one owned. Neither was access to consumer goods as wide-spread as it would be in the postwar period. Vast segments of the population, especially those living outside of urban areas or in the South, were not yet part of the new consumer market-place. Still, interwar America was characterized by a growing sense that if not consumption at least consumer desires had become democratized and that there was a broad American “standard” to which everyone could potentially aspire. The Great Depression, for all its disrupting impact, did little to change this trend in American consumer culture, but rather spurred it own through the emergence of ever more conscious “consumer engineering.” By the early 1940s, Warren Susman has suggested, American culture was deeply affected by the Fordist culture of consumption in which a high-modernist reverence for science and technology coalesced with an idealization of the “common man,” the “average” American consumer.

Interwar Germany, by contrast, presented a very different world to consumers. As Klaus Tenfelde has shown, consumption patterns in Imperial Germany were highly differentiated along class lines. Working class and bourgeois consumers worked with very different household budgets, harbored disparate consumer aspirations and adhered to

112 This shift is captured, for example, in the shift from resorts such as Coney Island to family amusement parks such as Disneyland in the middle of the twentieth century. See Gary Cross / John Walton, The Playful Crowd: Pleasure Places in the Twentieth Century (New York: Columbia University Press, 2005).
113 See Leach, Land of Desire, and Moskowitz, Standard of Living.
114 See Cross, All-Consuming Century, pp. 75-82.
fundamentally different consumer standards. Genteel middle-class Germans during the Imperial era and beyond emphasized saving, production and culture and were frequently disdainful of material consumption and (working class) “consumers.” Despite the experience of the war which to some degree fostered a common consumer interest and identity particularly among urban women, the pre-war patterns of class-based consumption largely carried over into the Weimar Republic. The American model of consumption was widely acknowledged by interwar Germans, but many – on the political right as well as on the left, shop-keepers as well as consumers - viewed it much more as a challenge than as a promise.

Many aspects of a modern consumer society, to be sure, could be found in 1920s Germany as well. Modern retail structures such as the department store had found their way into the major urban centers of Germany as early as the end of the nineteenth century. The large department store was indeed at the center of heated public debates – frequently infused with Anti-Semitic undertones - about changes in retail structure and the potential consequences to traditional small shopkeepers. However, as Uwe Spiekermann has rightfully pointed out, small shops themselves had, since the nineteenth century, played an important role in promoting new forms of commercial retailing and consumption in Germany. While they were no match for American mass distribution retailers of the time such as chain-stores, German retailers were also part of an increasingly changing consumer market place with nationally advertised brands – if on a smaller scale but with significant political clout to challenge American-style mass distribution systems.

117 Their savings and production oriented consumption ethos was also in part still influenced by an older 19th-century distinction between the ‘frugal’ Bürger and ‘wasteful’ and ‘indulgent’ Aristocrat. See Michael Prinz, “Die konsumgesellschaftliche Seite des “Rheinischen Kapitalismus”,” in Berghahn / Vitolis (ed.), Gibt es einen deutschen Kapitalismus?, pp. 113- 128.
120 Uwe Spiekermann, Basis der Konsumgesellschaft: Entstehung und Entwicklung des Modernen Kleinhandels in Deutschland, 1850-1914 (München: Beck, 1999).
Weimar consumer culture, however, was much less focused on domestic consumer goods than on commercial and public entertainment, a difference that would project into the postwar period.\textsuperscript{121} While World War I may have introduced millions of Germans to the car (as a military truck) and created desires for the automobile, mass leisure and entertainment were more immediately important for creating cultural spaces that could bridge older class divisions in consumption.\textsuperscript{122} From dance halls to the cinema (with both domestic and Hollywood productions) and the radio, Weimar urban life entailed a vibrant commercial cultural that garnered much attention by contemporary commentators concerned about an Americanization of interwar German culture.\textsuperscript{123}

Talk of “Americanisms” was part and parcel of Weimar public discourse. Many Germans expressed interest in the American mass production regime and particularly its promise of economic and social rationalization. However, as Mary Nolan has pointed out, “America did not provide a model of modernity to which Germans aspired in toto.”\textsuperscript{124} Conservatives decried American consumption as conformist, standardized and without a sense for culture and quality. Materialist American “mass” culture was thus discussed as a threat to German society.\textsuperscript{125} Social Democrats, intrigued by the possibility for high-wages and expanded consumption under Fordism, nonetheless rejected the limited role of unions and public consumption in the United States. Intellectuals on the Left such as Walther Benjamin and Theodore Adorno were furthermore critical of commercial consumption and the “culture industry” which appeared to undercut working class consciousness. Despite the best efforts of American advertisers venturing on the German

\textsuperscript{121} Geyer / Jarausch, \textit{Shattered Past}, Ch. 9 discuss interwar Germany up until the early 1950s not as a consumer society, but a mass culture society.
\textsuperscript{125} On Anti-American attitudes in the Weimar republic see Adelheid von Saldern, “Überfremdungsängste“
market by the 1920s, German attitudes towards consumption continued to differ from the American mass consumption model.\(^{126}\)

By and large, Fordism did not succeed as an industrial model in interwar Germany. While many in the German business community lauded the rationality and efficiency of the Americans, they were often reluctant to implement dramatic changes to their traditional, more craft-oriented system of production (especially in the consumer-oriented light industries). Responding to the challenge of American mass production, German business in the interwar years developed the concept of German “quality work” — based on appropriate materials, efficient design and skilled labor.\(^ {127}\) The concept of competing internationally on the basis of quality good appealed not only to a sense of national pride, but because it entailed the promise of skilled labor and higher prices both workers and retailers rallied around this as well. A German path to consumer modernity begins to take shape here which would couch modern consumption within the interests of both social democracy and labor organizations on the left and industry and retailer concerns on the right. Both groups as well as German consumers were ultimately also more likely than their American counterparts to look to state for regulation of the consumer market place.\(^ {128}\)

Consumers paid a significant price for interwar German reluctance to adopt a mass consumption model. Household consumption patterns were still very different from those in the United States with food accounting for the most significant budget expense in most families. Only inexpensive consumer goods reached widespread distribution while cars or major appliances remained largely the privilege of the wealthier upper segment of


\(^{128}\) Davis, \textit{Home Fires Burning}, shows how consumers as a result of the shortages and conflicts of World War I increasingly looked to the state to represent their interests, a task on which the Weimar state plagued by economic crises frequently failed to deliver.
In fact, from World War I into the 1950s, the recurrent experience of deprivation (Mangelerfahrung) marked the history of consumption for a majority of German consumers. The economic depression that hit Germany after 1929 re-emphasized this aspect with a vengeance.

1930s Economic Crisis and Mass Consumer Politics

The Great Depression brought questions of mass consumption from the social and economic realm to the forefront of the political agenda in both Germany and the United States. Interpreted by a growing number of contemporaries as a crisis of “under-consumption,” the key to overcoming the depression eventually came to be seen in expanding consumer purchasing power in New Deal America. After 1933, the National Socialist regime in Germany also picked up on the promise of consumer prosperity and projected its own model of a consumer society as a promise to overcome the social and economic strife of the depression.

The Federal Government exerted unprecedented influence on the politics of consumption during the New Deal and the public promotion of mass consumption figured prominently with reformers in the 1930s. In the aftermath of the Great Depression, several federal programs aimed at widening consumer markets and ultimately laid the groundwork for the post-war mass consumer society. The New Deal, to be sure, was a disparate set of policies and especially early on included a number of regulatory approaches such as restrictive NRA price policies and AAA price maintenance that ran counter to ideas of promoting growth through mass consumption. Ultimately, however, a set of policies centered on public investment in infra-structure and development won the day. Focused mainly on the heretofore underdeveloped regions of the South and the West, what Jordan Schwartz has called “state capitalism” aimed at expanding a consumer-oriented market place by providing for example plentiful and cheap energy and

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129 See Loehlin, Rugs to Riches, Ch. 2.
130 The importance of “deprivation” in German consumer history is stressed in Geyer / Jarausch, Shattered Past, Ch. 9 and Michael Wildt, Vom Kleinen Wohlstand: Eine Konsumgeschichte der fünfziger Jahre (Frankfurt: Fischer, 1996), Ch. 1.
credit for future growth.\textsuperscript{132} The creation of social-security and various public works programs are a well known aspect of the New Deals efforts to fight unemployment and foster domestic purchasing power, but offices such as the Reconstruction Finance Corporation, the Federal Loan Administration, or the Tennessee Valley Administration which promoted infra-structure and credit development are just as integral to the story. Public spending within the framework of a capitalist economy became the hallmark of the New Deal and would eventually be taken to new heights during World War II. In many ways, the New Dealers were Keynesians before they even knew it.\textsuperscript{133}

In efforts such as the promotion of electrical modernization, New Deal programs provided very concrete results for American consumer households. While utility companies and the appliance industry during the 1920s had failed to develop markets beyond the urban middle class, for example, New Deal housing and electrification programs effectively brought about electrical modernity for the majority of the American population. Rooted in the Progressive causes of public utility ownership and efficient modernization of the household, the New Deal opened up a new vision of “social modernization.” Homeownership, too, became “progressive” during the 1930s by reworking Jeffersonian republican principles for a new era of mass consumption. More than just laying the groundwork for the suburban housing boom of later decades, legislation such as the National Housing Act of 1934 provided for the modernization of homes through affordable loans for appliances. Electrification programs, furthermore, drove down utility costs and effectively created mass demand. Such federal programs thus aided the shift from savings- to debt-based forms of consumption and to a life-style centered on the accumulation of consumer goods.\textsuperscript{134}

Fighting the depression over the course of the 1930s and especially after the outbreak of the war, consumption became ever more intimately entwined with notions of

\textsuperscript{132} Jordan Schwarz, \textit{The New Dealers: Power Politics in the Age of Roosevelt} (New York: Knopf, 1993). By contrast, Collins, \textit{More}, emphasizes the more contradictory nature of the New Deal and sees a conscious growth strategy emerge only by WWII.
\textsuperscript{133} Schwartz, \textit{New Dealers}, Ch. 6.
\textsuperscript{134} For a discussion of electrification and home-improvement programs of the 1930s, see Ronald Tobey, \textit{Technology as Freedom: The New Deal and the Electrical Modernization of the American Home} (Berkeley: U California Press, 1996).
Americans citizenship and patriotism.\textsuperscript{135} As purchasing power became the new consensus of liberal New Deal social and economic policy, consumers were expected to wield their power accordingly.\textsuperscript{136} At the same time, as Lizabeth Cohen contends, the late 1930s were the high-point of a politically organized and empowered “consumer as citizen,” actively engaged in price policies, for example, through wide-spread “buyer’s strikes.”\textsuperscript{137} The history of postwar mass consumption cannot be written without recourse to New Deal legacies in housing, credit and energy policy; promoting mass consumption had become a tool of progressive politics. During the New Deal, however, mass consumption was also framed in a political context which harbored the possibility for more radical visions of consumer organization and more direct public regulation of the consumer market place.

Consumer policies in the wake of the depression in Nazi Germany have received increased attention in recent years in part because of a historiographical controversy over the modernity of the National-Socialist regime. Since the 1960s, some scholars have argued that one of the unintended consequences of National Socialist policies was a “social revolution” which challenged the traditional class structure of Weimar Germany.\textsuperscript{138} While the Nazis did not really fundamentally reshuffle the social structure of German society, later historians, too, have found aspects of the regime that included modernizing elements. Albrecht Ritschl has argued that while NS-economic policy was not uniformly oriented towards modern notions of economic growth, its promotion of infrastructure did have modernizing effects. Many Nazi leaders furthermore recognized the importance of consumer demand and looked to the mass production of consumer goods as a means to break down social division and garner support among German workers.\textsuperscript{139} As much as American “materialism” was rejected, industrial leaders and

\textsuperscript{135} On this theme see e.g. McGovern, \textit{Sold American}, Ch. 9.
\textsuperscript{136} On the ascendency of the purchasing power paradigm in 1930s liberalism see Jacobs, \textit{Pocketbook Politics}, and Donohue, \textit{Freedom From Want}.
\textsuperscript{137} Cohen, \textit{Consumer’s Republic}, Ch. 1.
policy makers continued to look to the United States for technical innovations in the realm of mass production.\(^{140}\)

In its rhetoric, Nazi consumer policy had initially focused on the protection of small shopkeepers and craft producers which counted among the core constituencies of the party. Indeed, the 1930s saw legislative restriction on modern retailing forms such as the department store and on consumer cooperatives which had been traditionally aligned with the union movement.\(^{141}\) Already before their ascent to power, Nazi-led protests in 1932 had brought legislation curbing the expansion of chain-stores. Now, the state also stepped up regulation of advertising in an effort to make the consumer market place more “honest” and less competitive.\(^{142}\) These protectionist efforts culminated most dramatically in the attacks on and subsequent “aryanization” of countless Jewish-owned shops and most importantly department stores during and after the pogroms of November 1938. Ultimately, however, other policies of the regime betrayed the hopes of the small shop-keeper constituency as they benefited the growth of ever-larger cartels and modern forms of mass production.

Consumers, after all, were a more attractive constituency than shopkeepers and as the economy began to rebound by the middle of the 1930s the promise of new forms of consumer goods began to permeate Nazi propaganda. Mass produced people’s products from the Volksempfänger (people’s receiver) to the Volkswagen (people’s car) were meant to entice large parts of the population to which such products were unavailable before.\(^{143}\) The National Socialist leisure organization Kraft durch Freude (Strength through Joy) advertised vacations for working-class Germans, including cruises to such


\(^{141}\) See Briesen, Warenhaus, pp.178-195.

\(^{142}\) De Grazia, Irresistible Empire, pp. 167-168 and. 275-279

exotic places as Norway and Madeira.\textsuperscript{144} Radio programming and film remained geared towards popular entertainment and after 1936 experimental television broadcasts could be received in and around Berlin.\textsuperscript{145} In Nuremberg, the \textit{Gesellschaft für Konsumforschung} began to professionalize market-research and the study of consumption.\textsuperscript{146} Housing experts and urban planners began to anticipate modern traffic demands and promoted models of rationalized mass housing production for a consumer market that would transcend the class divisions of earlier decades.\textsuperscript{147}

For all these modernization efforts, the Nazi regime pursued a distinctly “German” model of a consumer society. Not only were the promises of consumer prosperity restricted to ethnically German members of the \textit{Volksgemeinschaft}, consumption was in many ways subordinate to political and ideological demands. To achieve greater autarchy and independence from imports, the regime pushed German products such as apples in favor of imported citrus fruit.\textsuperscript{148} Often inferior ersatz-products such as barley-coffee were advertised as the embodiment of patriotic consumption. Nazi leisure programs were less concerned with individual preferences than with organized group experiences infused with ideological subtexts. As consumer culture was politicized during the 1930s, free consumer choice was limited. If, as Adelheid von Saldern has pointed out, a “housewife should even boil fish in a National Socialist way,” a private, non-political sphere of consumption was severely restrained.\textsuperscript{149}

Nazi consumer politics presented postwar West Germany with a mixed legacy. Hartmut Berghoff has aptly characterized the 1930s as an era of “enticement and

\textsuperscript{145}See e.g. Heiko Zeutschner, \textit{Die braune Mattscheibe: Fernsehen im Nationalsozialismus} (Hamburg: Rotbuch, 1996).
\textsuperscript{146} See Georg Bergler, \textit{Die Entwicklung der Verbrauchsforschung in Deutschland und die Gesellschaft für Konsumforschung bis zum Jahre 1945} (Kallmütz: Lassleben, 1959).
No truly comprehensive program promoting a mass consumer society emerged as elements of modern mass production were continuously countervailed by conservative protectionism. Into the postwar period the “old-middle class” of shopkeepers and small producers would continue to exert significant conservative pressures on German consumer politics. The propagandistic promises of new consumer goods often proved to be hollow as preparation for war overshadowed the production of civilian products. Few, for example, ever received the cars they were encouraged to save for when production shifted to military vehicles and accumulated savings were used to finance the war effort. Still, new consumerist aspirations were awakened in the population that West German policy makers had to contend with and the late 1930s shone bright as a time of prosperity in popular memory into the 1950s. Material benefits promised by the regime were not limited to private consumption but also entailed raised popular expectations towards public spending and social security as Götz Aly has provocatively argued. Indeed, the Nazis did not fundamentally alter the Weimar social security state – save for the introduction of numerous racial elements - and in parts even expanded it. Into the early years of World War II, many Germans experienced a standard of living that in their own recollections would compare favorably not only to the depravations of the depression era but also to the shortages of the postwar years.

The war and immediate postwar years mark a significant caesura in the history of consumption for both countries. Americans experienced widespread rationing and price controls through the Office of Price Administration which at least initially enjoyed surprisingly widespread support among consumers. The 1940s emerge as crucial time-period in setting the parameters for a postwar consumer society. Should the New Deal state’s influence on the private market place through public spending, regulation and the

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150 Hartmut Berghoff, “Enticement and Deprivation: The Regulation of Consumption in Pre-War Nazi Germany”, in Daunton / Hilton (eds.), The Politics of Consumption, pp. 165-184.


promotion of purchasing power be expanded? Could the erstwhile prominence of private industry in shaping visions of American abundance be restored? Mass consumption would be central to postwar American society, so much seemed apparent, but how would it be organized?

Coming out of war and foreign occupation, West-Germany was plagued by shortages and faced the task of building a market economy and democratic republic. The neo-liberal founders of the social-market economy defined themselves in contrast to both the protectionism and the massive cartels of the Nazi period. Free consumer choice was hoped to be a key to future success of the Federal Republic, but policy-makers had a wide variety of models for organizing consumption available. Next to the American version of a mass consumer society, western European nations such as Britain and France developed more mixed economies with a higher degree of state control and a more strongly developed notion of “social citizenship.”

To the East, the German Democratic Republic began to develop its own model of a socialist consumer society. This is the context in which West Germany and the United States developed their own peculiar paths towards a mass consumer modernity in the postwar boom era which will be the subject of this study.

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Part I: State

Private Consumption and the Framework of Public Policy
Chapter 2

Politics of Mass Consumption: Balancing Public and Private Consumption in West Germany and the United States, 1940s – 1973

“The final problem of the productive society is what it produces. [...] The line which divides our area of wealth from our area of poverty is roughly that which divides privately produced and marketed goods and services from publicly rendered services. Our wealth in the first is not only in startling contrast to the latter, but our wealth in privately produced goods is, to a marked degree, the cause of the crisis in the supply of public services. [...] Just as there must be balance in what a community produces, so there must also be balance in what the community consumes.”


Economic growth and mass consumption came to play a central role in domestic politics on both sides of the Atlantic during the postwar decades. A sustained economic boom brought heretofore unknown levels of affluence to West Germany and the United States and economic concepts were regarded as key not only for ensuring business growth but for problems of social policy as well.¹ The postwar decades in both countries are conventionally characterized by the spread of private consumer goods from vacuum cleaners to automobiles to ever wider segments of society. The expanding material standard of living became indeed central to the self-definition of both Americans and West Germans in the era of Cold War competition. Despite important similarities, however, both countries differed markedly with regard to the role that private mass

¹ On the importance of economics as a discipline in postwar politics and public life on both sides of the Atlantic see Andrew Yarrow, Visions of Abundance (forthcoming, 2008) and Alexander Nützenadel, Stunde der Ökonomen: Wissenschaft, Politik und Expertenkultur in der Bundesrepublik 1949-1974 (Göttingen: Vandenhoeck & Ruprecht, 2005).
consumption played in social and economic policy as well as in the way in which post-war affluence was allocated between private and public consumption.

This chapter will trace the politics of mass consumption in West Germany and United States from the 1940s to the early 1970s. The politics of mass consumption encompassed more than just “consumer policy” which became, especially in the American context, narrowly defined as policies regarding the protection and rights of consumers in the private market place. Instead, efforts to bolster or curtail mass purchasing power through economic and social policies, the public provision of various consumer goods from housing to transportation as well as public regulation of consumer goods retailing were equally part of the politics of consumption. The postwar politics of mass consumption in this broader sense shaped quite distinct social and economic contexts in which private consumer spending took place.

Both West Germany and the United States witnessed an ongoing debate about the proper allocation between private and public consumption during the postwar boom which certainly reached a crescendo after John Kenneth Galbraith’s famous indictment of the “Affluent Society.” While the private consumption of goods and services from canned soups to tail-finned cars has been amply studied by consumer historians, public consumption as a term is less well defined. Most commonly found in the context of Gross Domestic Product analyses, public consumption refers to the part of the GDP made up by all government expenditures on goods and services. While the term thus includes a wide variety of public expenditures, such as for example military spending, two aspects of public consumption are of particular interest for the context of this study: 1. spending on public goods from housing to health services that presented consumers with an alternative to goods available though the market and, 2. social spending that provided consumers with a source of income outside the market place and allowed for access to consumer goods.

The “welfare state rejected the philosophy of the affluent society,” wrote British sociologist Thomas Marshall in 1964 with regard to postwar Britain. To Marshall, the welfare state - based on the ideals of ‘social rights’ and genuine needs - was the antithesis of an affluent society of conspicuous mass consumption in which the market economy
pervaded all areas of life. Indeed, the development of social policy and private mass consumption are still frequently discussed as two discreet phenomena. As a look at both West Germany and the United States will show, however, postwar affluence and public spending were intimately intertwined. Neither country embraced the British welfare state model, but the 1942 “Beveridge report” which had foreshadowed it played an important role in the debates about how to balance public and private consumption and how to organize social access to consumer goods and services throughout the Atlantic world. West Germany and the United States struck very different balances, to be sure, but in both countries public policy and public spending had a significant impact on the shape of private mass consumption.

A look at some aggregate statistics can give a useful first impression of the stark contrast in the allocation of postwar affluence. The economy grew dramatically in both countries. The American Gross National Product increased by some 343% between 1950 and 1970 and was still outpaced by West Germany – recovering from war-time devastation – where the Gross Domestic Product grew by a staggering 691% in the same time period. A look at the uses of the respective national products reveals significant differences with regard to the importance of private consumption for the two expanding economies (see table 2.1).

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In the years 1960 to 1973 private final consumption averaged 55.2\% of the GDP in West Germany while the corresponding rate in the United States was considerably higher at 62.7\% despite major military expenditures for the Vietnam War for much of that time-period.\(^4\)

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<thead>
<tr>
<th>Year</th>
<th>West Germany</th>
<th>United States</th>
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<tr>
<td>1950</td>
<td>59.3 (1952)</td>
<td>67.1</td>
</tr>
<tr>
<td>1955</td>
<td>58.3</td>
<td>63.9</td>
</tr>
<tr>
<td>1960</td>
<td>56.8</td>
<td>64.6</td>
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<tr>
<td>1965</td>
<td>56.1</td>
<td>63.2</td>
</tr>
<tr>
<td>1970</td>
<td>55.4</td>
<td>63.2</td>
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Sources: Flora/Kraus/Pfenning, State, Economy and Society, p. 415 and Bureau of Census, Statistical History of the United States.

Total government outlays during these years, by contrast, averaged 37.5\% of GDP in West Germany as compared to only 29.1\% in America. Social transfer payments on average made up 12.8\% of the Gross Domestic Product as compared to 6.4\% in the United States (see table 2.2. for specific years).\(^5\) While these aggregate statistics are but a rough yardstick of social and economic developments, they do suggest that postwar affluence was distributed in significantly different ways.


\(^5\) Ibid, pp. 71-72. Government final consumption which excludes government investments (in public infrastructure etc.) was actually somewhat higher in the United States prior to 1974 largely due to proportionally much higher defense spending in the United States.
Underlying these statistics are two very different approaches to a mass consumer economy. In the American case, private consumption played the central role in raising the postwar standard of living. Federal policy pushed for an unbridled mass distribution economy focused on purchasing power and full employment with an underlying democratic promise of greater equality and abundance for all. Direct social spending would play a limited role in the American “consumer’s republic” of the 1950s and ‘60s.6 A “hidden welfare state” of tax subsidies and government-guaranteed loans, however, was extremely influential in fostering access to a middle-class consumption model. In the West German case, by contrast, private consumption did not play nearly as central a role as in the United States. Initially, to be sure, the economic situation was fundamentally different here with widespread shortages and major reconstruction needs after the destruction of World War II. Throughout the 1950s and into the 1960s, though, the expansion of private mass consumption was further hampered by competing economic policy goals and a persistence of a more traditional distribution economy. Public consumption in form of direct social spending as well as public goods and services limited discretionary incomes for private consumption for some consumers while affording others with increased access to consumer goods. By the late 1960s, German Social-Democrats could rather effortlessly promulgate a consumer policy that equally encompassed both public and private consumption.

Consumer policy thus followed quite distinct paths in both countries. The Marshall-Plan, which was certainly instrumental for the speedy recovery of West Germany’s economy after the war, was not as effective in transplanting the American model of mass consumption as much as is sometimes suggested.7 Instead of an image of the “Americanization” of postwar West Germany, a comparative look at the politics of mass consumption in Germany and the United States brings out a series of contrasts with regard to: 1. the overall importance of private consumption and purchasing power to social and economic policy, 2. the regulation of consumer markets, 3. the degree of

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6 The postwar “consumer’s republic” has recently received extensive and insightful treatment in Lizabeth Cohen’s, A Consumer’s Republic: The Politics of Mass Consumption in Postwar America (New York: Alfred Knopf, 2003).
7 See e.g. Sheryl Kroen, “Negotiations with the American Way: The Consumer and the Social Contract in Post-war Europe”, in Brewer / Trentmann (eds.), Consuming Cultures, Global Perspectives, pp. 251-278.
public consumption through direct and indirect social spending as well as the provisioning of public goods as an alternative to the consumer market place.\(^8\)

**U.S. Politics of Mass Consumption and the Purchasing Power Paradigm, 1940s - ‘50s**

Emphasizing private consumption in the free market certainly had a long-standing tradition in American politics. Mass consumption and mass production had become central to the American self-imagination at least since the 1920s, and the New Deal era had brought the question of purchasing power to the forefront of American economic and social policy. Thus, the notion that the “American way of life” would entail a high material standard of living based on the broad availability of consumer goods was not entirely new to the post-war period.\(^9\)

Still, the 1940s represent a dramatic break with regard to the dimension that mass consumption would take on in American politics; and the war and immediate postwar years were the formative period for the following decades. In the realm of economic policy, the 1940s saw the emergence of an overarching focus on securing sustained economic growth.\(^10\) Liberal social policy shifted from an emphasis on structural reform that had dominated particularly the 1930s toward a consensus on increased material benefits rather than altered power arrangements in the realm of labor relations.\(^11\)


ideal of organized consumers as citizens participating in the political process gave way to the notion of the consumer elevated in - but limited to - his or her role as purchaser.\textsuperscript{12}

The mid-1940s were also a crucial moment in negotiating a balance between private and public consumption. While mass prosperity was widely anticipated throughout American society during the early 1940s, the ultimate balance between private and public spending was still widely contested. It is important to keep in mind that the “American model” - which later would become central to American self-understanding in the Cold War as well as in various “Americanization” discourses throughout Western Europe - was not yet clearly developed. In fact, many American policy makers were still willing to look abroad, particularly to Britain and its famed “Beveridge Plan,” for inspiration regarding the framework for anticipated post-war affluence.\textsuperscript{13}

\textit{Rejecting the European Model: Postwar Prosperity and the “American Beveridge Plan”}

In the midst of World War II, economist and consumer advocate Stuart Chase set forward his post-war vision of American abundance. In 1942, Chase, who had risen to prominence with his 1928 \textit{Your Money’s Worth} and had been affiliated as an adviser with many of Roosevelt’s New Deal policies, published \textit{Goals for America: A Budget of Our Needs and Resources}. The aftermath of the war, Chase suggested, promised “a vast budget of postponed wants to be filled – houses, clothing, automobiles, tires, radios, washing machines, durable goods of all kinds. Incidentally, many consumers will have stored up purchasing power with which to buy them.”\textsuperscript{14} The lesson of the depression, however, was that one could not leave markets to themselves. Rather, Chase saw the need for state intervention and public works to achieve full employment. American productive capacity especially after wartime expansion, he asserted, was high enough to ensure “national minimums” and to give “every family in the country enough consumers’ goods

\textsuperscript{12} Cohen, \textit{A Consumer’s Republic}.

\textsuperscript{13} Daniel Rodgers, \textit{Atlantic Crossings: Social Politics in a Progressive Age} (Cambridge: Harvard U Press, 1998), Ch. 11. Rodgers, to be sure, ultimately makes the argument that the war years represent the end of an era in which American social policy makers looked to Europe for progressive ideas.

\textsuperscript{14} Stuart Chase, \textit{Goals for America: A Budget of Our Needs and Resources} (New York: Greenwood Press, 2\textsuperscript{nd} ed. 1968) [orig. 1942], pp. 3-4.
and services to provide a high standard of comfort and health."\(^{15}\) While Chase emphasized “basic wants” and the right to certain essentials such as food, shelter, clothing, health services and education, he realized that such a focus would not satisfy consumerist aspirations. “Mass comfort,” he acknowledged, stood “right behind [the basic wants] and will not be neglected.” Automobiles, radios, furniture sets were no longer luxuries and should be turned out by “standardized methods of quantity production.”\(^{16}\) In Chase’s view it was essential, however, to balance the expansion of private consumption with public works, such as housing construction, urban redevelopment or transportation systems. He aimed for a “mixed economy” in which both private and public enterprise would serve the consumer.\(^{17}\)

Chase was not the only one envisioning a postwar economic order that balanced private mass consumer affluence with substantial public consumption. Within the Federal government, the National Resources Planning Board (NRPB) emerged as the driving force behind such trends. Created in 1933 as the National Planning Board and recreated in 1939 as the NRPB, the board, chaired by Roosevelt’s uncle Frederic Delano, was to advise the President in issues of long-range planning. The 1930s saw reports on a series of issues including urban planning and trends in urbanization.\(^{18}\) Its most productive period, however, came in the early 1940s, when the board set its sights on issues of planning for a postwar society. Combining the social security and public works traditions of the New Deal with Keynesian ideas regarding economic growth, the board was integral in developing what has been termed the “Third New Deal” or the “New” New Deal.\(^{19}\)

\(^{16}\) Ibid, p. 35.
\(^{17}\) Ultimately, Chase did value public works more highly than private mass consumption. He writes: “In the interest of community welfare it is far more important that [public works] be done than that manpower be devoted to useless luxuries, gadgets and superfluities – say annual model changes for motorcars, patent nostrums, the more exotic branches of the cosmetic trade.” Ibid, p. 110. Here, he does reveal a functionalist bias against some of the most fundamental principle of a mass consumer culture and gives a preview of the “tail-fin” debate of the late 1950s.
In 1942, the NRPB issued a series of reports that proposed a dynamic, growth oriented economy based on mass consumption alongside a comprehensive system of public works and social security.\(^{20}\) In effect, the NRPB was proposing a policy of “social Keynesianism” that pursued Keynesian goals of achieving full-employment and stable growth through government intervention primarily through social spending and public works. The plans certainly built on the idea of “freedom from want” which Roosevelt had defined in 1941 to mean “economic understandings which will secure to every nation a healthy peacetime life for its inhabitants - everywhere in the world.”\(^{21}\) But beyond remedying social ills, postwar planning was to achieve stable economic growth and provide a guiding vision to boost support for the Allied cause in the war.

Such a vision, Americans like Delano felt in 1943, the British Beveridge report of December 1942 had provided.\(^{22}\) In his report to the British parliament Sir William Beveridge had proposed the creation of a comprehensive system of “cradle-to-grave” security for post-war Britain which included the creation of a national health service. Full employment and at least a minimum of insurance against all major social risks and hazards were Beveridge’s goals.\(^{23}\) The British plan was largely well-received even in the United States. The *New York Times*, for example, found it to be less radical than previously assumed: “[The report] contains so many merits, and so many advances in thinking on social-security problems, that it is certain to have a profound influence on the future of social-security theory and practice, not only in England, but throughout the post-war democratic world.”\(^{24}\) Consequently, in January of 1943, Secretary of Labor Frances Perkins publicly outlined what she termed an “American Beveridge Plan”: the expansion of social security systems and public works should function as a means to restrict purchasing power during the war only to then release it in the postwar period.

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\(^{21}\) President Roosevelt, *Annual Message to Congress*, January 6\(^{th}\) 1941.


\(^{23}\) Sir William Beveridge, *Social Insurance and Allied Services* (London, 1942). It is worth pointing out that the American plan was developed contemporaneously to its British counterpart and largely finished at the date of the latter’s release. Also, the plans contained significant differences, e.g. in its emphasis on public works, the American certainly surpassed the British version. See “Plan is Compared with Beveridge’s: NRPB Report Goes beyond the British in Several Major Respects,” *New York Times* (subsequently *NYT*) March 11\(^{th}\) 1943.

\(^{24}\) Henry Hazlitt, “To Set Men Free from Want,” *NYT* January 3\(^{rd}\) 1943.
Perkins emphasized that such a policy was not merely a “New Deal” political measure but that it rather represented a “world trend.”

NRPB economist Eveline Burns was one of the driving forces behind the plans for expanding public consumption and social security. Burns was the director of research of the committee on long-range work and relief policies. The committee’s 1942 *After the War – Toward Security* set forth a series of suggestions towards expanding social spending that made up the core of the much more comprehensive report *Security, Work and Relief Policies* submitted to Congress the following year. Federal work and youth programs, stronger unemployment compensation, an expanded old-age insurance system were to be underpinned by a “comprehensive general public-assistance program.” Public social services providing at least some minimal form provisioning for basic consumer needs were also part of the mix, including a food stamp program and at least some basic form of medical services. Such programs, the report suggested, should not be financed through consumption taxes but rather in a manner that was consistent with the development of the business cycle (i.e. progressive income taxation). Beyond full employment, these social policies were billed as having a “direct economic return to the nation as a whole” by providing increased purchasing power and a more effective work force. Social security, Burns believed, no longer had the “aura of widow’s weeds,” instead it had an “essential and constructive function in the complicated economic society of today.” It provided a “second line of defense […] a social security structure which would assure a minimum income to all families, and would at the same time provide a floor of purchasing power on which businessmen could count.”

It was the anticipation of dynamic economic growth, however, that truly separated the “American Beveridge Plan” from earlier New Deal policies. Economist Alvin Hansen, at times referred to as the American Keynes, was a key figure in developing the idea of a dynamic economy growing through expanded private consumption and

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25 “A Beveridge Plan for U.S. is outlined by Miss Perkins,” *NYT* January 20th 1943, and “Action Urged Now on Security Plan,” *NYT* February 15th 1943. Medical services, to be sure, were for political reasons consciously bracketed from the American Beveridge Plan as secretary Perkins felt that nobody was ready for “socialized medicine”.
compensatory government spending. His 1942 *After the War – Full Employment* emphasized the need for a “positive program of post-war economic expansion and full employment.”

Pent-up demand and increased productive capacities would require a high level of post-war purchasing power. To overcome the postwar “gap” due to the reconversion from military to civilian consumption he proposed increased wages, the liquidation of war-time savings, expanded consumer credit, the reduction of excise taxes on consumer durables and luxury goods as well as enlarged federal transfer payments in form of social welfare, child allowances and food stamps. Private industry alone, Hansen believed, would not be able to produce the necessary levels of consumption. Government needed to “vitalize and invigorate private enterprise” by spending on urban redevelopment, low-cost housing, electrification, public health programs and cultural facilities. Hansen’s goal was a dynamic “high consumption economy” with stable growth and full-employment at its basis.

When Roosevelt submitted the NRPB proposals to Congress in the spring of 1943, however, the “American Beveridge Plan” failed to muster much political support. The ongoing war eclipsed political interest in long-term domestic planning and Republicans and anti-New Deal Democrats had gained in political influence in the 1942 elections. Various interests groups publicly attacked plans for more social spending. The insurance industry rallied against increased social security features while James Mitchell of the American Bar Association denounced them as an outgrowth of totalitarian thought, aiming at the “subjection and assimilation of the individual to the state and the absolute supremacy of material things.”

Union leader John Lewis of the United Mine Workers also rejected the plan as “utopian” and instead demanded wage increases as the more practical approach. Instead of acting on the proposals of the American Beveridge plan,

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30 Ibid, pp. 4-5. The Great Depression with its “idleness of resources” in Hansen’s view were the result of what he called “secular stagnation” of private enterprise that needed to be overcome with compensatory government spending. See Jeffries, “The ‘New’ New Deal,” pp. 402-406.
31 See e.g. “Parkinson Criticizes Beveridge Plan,” *NYT* February 19th 1943 and “Beveridge Plan Seen as Curb to Liberty,” *NYT* April 7th 1943.
32 “Lewis Scorns Plan for Social ‘Utopia’,” *NYT* March 17th 1943. Lewis combative stance can in part be explained by the expectation of Roosevelt’s intervention in a labor conflict the United Mine Workers were involved in at the time. The AFL as well as the CIO were generally more supportive of Roosevelt’s program. However, Lewis’ argument for more pay rather than more social security prefigures a prominent line in postwar labor relations.
Congress moved to liquidate its author, the NRPB. The board was dissolved and its records were ordered to be transferred to the National Archives so as to prevent a transfer of functions to other agencies.\textsuperscript{33} In the words of historian John Jeffries, “seldom has an agency been killed with such finality and relish.”\textsuperscript{34}

Some have argued that the NRPB and its “American Beveridge Plan” were “detached from the political world” and that the NRPB’s reports ultimately had little impact.\textsuperscript{35} Public opinion, however, was not as averse to the proposals for increased public consumption as the political reaction might suggest. According to a 1942 \textit{Fortune} survey, Americans by and large did not favor “socialism” in any comprehensive form, but 74\% were in favor of medical care for those who needed it, 74\% also supported old age pensions for every citizen over 65, and 58\% agreed with the need for unemployment insurance.\textsuperscript{36} And while the “American Beveridge plan” never became reality, many of its underlying ideas would inform postwar politics for decades to come. The NRPB reports represent an important transformative stage in social policy toward the context of growing affluence. They presented a balance of public and private consumption that did not materialize in subsequent years but would inform the American debate over public and private spending for decades. In the short run, however, it was Hansen’s notion of a dynamic “high consumption economy” – rather than increased social spending - that would carry the day in a new post-war vision of liberal social reform.

\textit{Consuming For Growth: Commercial Keynesianism and the Ideology of Purchasing Power}

Public consumption in the form of public works and increased social spending remained very much on the horizon of postwar politics. It was private consumption, however, that became the focal point. The impending need for reconversion and the fear

\footnotesize{\textsuperscript{33} “Abolition of NRPB,” \textit{NYT} June 3\textsuperscript{rd} 1943. The article attributes this move to the growing Republican minority in the house and to speaker Sam Rayburn who was described as “not a champion” of further social legislation.\textsuperscript{34} Jeffries, “The ‘New’ New Deal,” p. 415.\textsuperscript{35} Olson, “The American Beveridge Plan,” pp.95-96.\textsuperscript{36} Chase, \textit{Goals for America}, p. 20. To be sure, Americans by 1943 were more reserved than their British counterparts about the desirability of their respective “Beveridge Plans.” While 57\% of British respondents called for sweeping social reform, 58\% of Americans were in favor of a return to pre-war “normalcy”. See George Gallup, “U.S. Voters Seen Cool to Reform,” \textit{NYT} August 22\textsuperscript{nd} 1943.}
of a relapse into mass unemployment pushed private spending to the fore of the political debate. Already in June of 1944 secretary of labor Perkins had proposed an 18 point program for the reconversion to civilian goods production. The program called for the revival of luxury, transportation, and amusement industries and for the promotion of sales of permanent consumer goods from refrigerators and vacuum cleaners to furniture, kitchen utensils and automobiles. The idea was to encourage “normal buying by the public through use of war savings on a regular and systematic basis rather than in speedy, reckless spending.”

Pent-up private demand and concerns about inflation fueled labor conflicts. In a series of strikes in the months after the war, union leaders called for increased wages without increase in product prices. Following the elections of 1946, a Republican dominated Congress moved to restrict union power most notably with the passage of the Taft-Hartley Act the following year. In general, however, a broad consensus had begun to emerge whereby unions abandoned more radical political demands in favor of increased wages in a growing economy geared at full employment. Keen Johnson, Undersecretary of Labor, emphasized the importance of purchasing power and called for increased mass production to allow for “both lower prices and higher incomes” and some producers – as for example Ford which cut the prices of its 1947 models in a widely publicized move – followed the administration’s call for a growth-oriented consensus. In this effort, the Employment Act of 1946 was a central element in laying the ground-work.

37 “Miss Perkins Maps Postwar Economy,” NYT June 2nd 1944.
39 See Brinkley, The End of Reform, pp. 201-226.
40 See “Lower Prices, Rise in Wages Forecast,” NYT January 19th 1947 and “Ford’s Price Cut Viewed as an Economic Challenge,” NYT January 19th 1947. Describing US wage policy in the 1950s, German observers loosely described the American growth formula with regard to wage-price policy in a generalizing way as
Not only did the 1946 act enshrine “maximum production” and “purchasing power” as goals of American economic policy, it also created the Council of Economic Advisers (CEA) which came to play a central role in shaping postwar economic policy. The overt function of the council was to pool information from various federal agencies, state governments as well as industry, labor, and agriculture representatives in order to assist the President in drafting an annual economic report to Congress on the state of employment, production and purchasing power.\(^{42}\) In effect, the CEA became the center of macro-economic steering in a Keynesian sense whereby government anticipated business cycle developments and promoted stable growth through the regulation of purchasing power, production capacity and aggregate demand. Looking back from 1954, a Bureau of Labor Statistics official credited the Employment Act and the CEA for embodying the notion that a high level of consumer expenditure was an end in itself. While the share of private consumption expenditures had been at a low of only 52% of the gross national product directly after the war, the number increased dramatically after 1946, varying between 62% (at the height of the Korean War) and 71% during the late 1940s and early 1950s.\(^{43}\) As Secretary of the Treasury Frederick Vinson stated with regard to the overall course of postwar economic policy, the economy needed to be based on the “foundation of mass consumption” or its structure would not be stable.\(^{44}\)

In its annual reports to the President during the late 1940s, the Council of Economic Advisers outlined an agenda for economic growth based on private mass consumption. Employment, to the CEA, was less an end in itself but rather a means to achieving true national prosperity through purchasing power and maximum production. Maximum production was seen as the key to “the highest standard of living attainable.” This ideology of purchasing power rested on the democratic promise of “passing on more dividing productivity gains evenly between profits, wage increases, and price reductions. “Purchasing power,” the Germans observed, always remains a high consideration and under-consumption was fought with wage increases as well as fierce price competition. Rationalisierungs-Kuratorium der Deutschen Wirtschaft, Der Verbraucher als Partner der Wirtschaft (München: Carl Hanser, 1958), p. 18.

\(^{41}\) Cohen, Consumer’s Republic, p. 114-118 refers to the act as the “Magna Charta of post-war economic planning”.


goods to more people [...] through a double process of enlarging mass incomes and lowering prices of mass-produced goods. [...] If we are to achieve and stabilize maximum production according to any reasonable interpretation of America’s capacity to produce, we must in the future have much higher consumption in all the lower and middle ranks.”

To achieve this, the 1947 report envisioned an expansion of non-farm goods and services, a “great tide” of better furniture, household appliances, electric lights, automobiles and amusement facilities moving even into rural communities.

By what means did the CEA propose to achieve this? The focus for postwar prosperity lay on private enterprise meeting consumer demand. The CEA called on producers to better investigate consumer needs and desires. Rather than overly concerning themselves with the possibility of “market saturation,” the automobile industry, for example, should embrace the concept of a dynamic economy and anticipate continuing growth and expansion. With the help of advertising and consumer engineering, American business eagerly followed this lead after the war. The residential housing industry was similarly called upon by the CEA to react on demand for affordable, mass-produced housing. There would be, to be sure, some room for public enterprise. The 1946 report had indicated profound skepticism with regard to government spending as a means to ensure full employment. Yet, transportation, the medical sector, or urban development were seen as examples for the possible provision of public goods. The “primary purpose of public works,” however, was “the provision of services that cannot otherwise be supplied.” Public consumption would thus be strictly relegated to these fringe areas where the market fell short of demand; growth in private consumption was paramount. The CEA acknowledged that “accelerated production” might not be a panacea, but it would surely make questions of unequal income distributions less pressing

46 The promises of abundance entailed in the CEA’s agenda were in part a reaction to overly populist notions of full employment and mass consumption on the Left outlined for example by Henry Wallace’s 1948 “Sixty Million Job’s” campaign. See “Wallace Explains Full Employment,” NYT September 6th 1945. Wallace, to be sure, was still very much in the tradition of the “social Keynesianism” outlined by the American Beveridge Plan and received a quite favorable review of his book by Alvin Hansen. See Hansen, Economic Policy and Full Employment, pp. 307-312.
for some time to come. For now, the emphasis was on price competition and the “free competitive enterprise” providing the “lowest price consistent with a fair return in a stable economy.”

 Particularly under the leadership of Leon Keyserling, the council advanced this ideology of “purchasing power” as a framework for social and economic policy. By 1949, the CEA felt the US economy had shown its potential for growth and that “efforts to promote expansion of the total production and income are more significant than measures to ‘redistribute’ the current product.” Keyserling had a distaste for “social Keynesianism,” and rejected Hansen’s notion of “secular stagnation” which suggested that private industry needed compensatory government spending for continued growth. Direct controls on the economy, e.g. in form of price controls, were similarly rejected in favor of more indirect monetary and fiscal tools. While the anti-trust agenda, long a hallmark of progressive economic policy, was nominally held up, the CEA’s 1949 report was careful to point out that under changing conditions there was “room for well conducted big business” in a dynamic economy striving for stable growth. As discussed below, this departure from progressive anti-trust traditions impacted postwar retailing policy as well.

 Easy credit was a central element of this growth strategy. As will be discussed in more detail in Chapter 4, expanding opportunities for consumer and mortgage credit had aided economic recovery since the 1930s and became a huge factor in expanding private consumption in the postwar decades. Low interest rates were a vital monetary tool in the postwar arsenal of economic steering, involving several federal agencies. The Federal Housing Administration’s and Veteran’s Administration’s efforts to ensure affordable mortgages will be discussed in more detail below. Since the 1930s, the Federal National Mortgage Association (FNMA), as well, supported the secondary mortgage market. The Rural Electrification Administration provided loans for home electrification and electric durable goods and the Reconstruction Finance Administration as well as the Commodity Credit Corporation were even further examples of examples of a drive towards increased

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credit availability since the New Deal. Alvin Hansen in 1947 summarized the social and economic impetus behind such policies as follows: “A low rate of interest tends toward a more equal distribution of income and a higher consumption economy.”

Expanded access to credit rather than direct redistribution became a preferred social policy tool in the postwar era.

Accordingly, concerns about inflation, so prominent during the immediate postwar years, took a back seat to the promotion of economic growth. While advocates of purchasing power such as Hansen recognized the immediate threat of inflation during the postwar years, they also saw a need to “look beyond” such concerns and felt that especially increased production, and, if need be, increased federal taxation could keep inflation in check. Similarly, the CEA felt that rising prices were not as problematic as a possible stagnation in purchasing power growth: “stability and growth [are] more likely to be promoted by level prices and rising money incomes than by level incomes and falling prices.” Rather than raising concerns about a possibly inflationary price-wage spiral, the CEA looked largely favorably on the emerging practice in wage negotiations that provided for wage formulae with periodic “cost of living adjustments.” For Keyserling and others the belief in the potential for ever-growing productivity and production of civilian consumer goods trumped inflation concern.

The emerging conflict in Korea with the specter of a renewed increase in military spending put the emphasis on ever expanding private consumption to a test. While the CEA’s 1950 report did call for some restraints in the rise of the civilian standard of living in face of the conflict, it opposed any significant aberration from the goal of expanded civilian consumption. Unlike his predecessor as CEA chairman, Edwin Nourse,

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53 Hansen, Economic Policy, p. 131.
54 Ibid, pp. vii and 5-11.
56 To achieve his goals, Keyserling repeatedly called for a “National Prosperity Budget,” a non-committal planning device that would help maintain high levels of consumption while avoiding inflation by giving producers and other economic groups guideposts to avoid maladjusted prices, levels of production etc. See Leon Keyserling, “For A National Prosperity Budget,” NYT January 9th 1949. The German magazine Der Spiegel reported on Keyserling in 1950, calling him the inventor of an economic perpetual motion machine fueled by cheap credit and Cold War military spending. “Boom: Tausend Dollar im Monat,” Der Spiegel, June 8th 1950, pp. 30-31.
57 Ibid, pp. 19 and 23.
Keyserling believed that no choice had to be made between continuously high military spending (projected in the famous NSC 68 of April 1950) and a growing civilian standard of living. Arguing in effect for a policy of “guns and butter,” he pushed for an economic growth strategy of military expansion and civilian consumption. This “military Keynesianism” largely withstood the test of the Korean War and for much of the 1950s, the Cold War had little negative impact on the push for increased purchasing power.

The years of the Korean War did see some limitations on consumer credit and free market pricing to be sure. Still, by the early 1950s, a new liberal agenda had firmly taken hold that emphasized the ideology of private “purchasing power” over those elements of the “American Beveridge Plan” designed to bolster spending on social security and public works. Arthur Schlesinger Jr.’s Vital Center (1949) was one of the most influential formulations of this new Cold War liberalism that had departed from more radical economic policies of the past. While decrying a naïve belief in unregulated markets as the failure of the Right, Schlesinger argued for a mixed economy that had room for big government and big business: “Keynes, not Marx, is the prophet of the new radicalism.” While the drive towards social security was important in Schlesinger’s view, it should certainly not be at the heart of the new liberal program. “Indeed” he warned, “an obsession with security may well contain dangers for economic progress.” Rather than putting too much emphasis on static welfare subsidies or “the enterprise of government regulation,” Schlesinger and other liberals called for more global economic steering with the government setting the parameters for continued economic growth.

58 Nourse who felt civilian consumption sacrifices were necessary to avoid inflation and shortages resigned his chairmanship of the CEA in 1949 after Truman had been swayed to accept larger deficits in his budgetary policy. See Lester Brune, “Guns and Butter: The Pre-Korean War Dispute Over Budget Allocations” American Journal of Economics and Sociology 48 (1989), pp. 357-371. On the concept of military Keynesianism and its role in postwar America see Michael Sherry, In the Shadow of War: The United States Since the 1930s (New Haven: Yale U Press, 1995).
59 For this assessment see Alonzo Hamby, “The Vital Center, the Fair Deal and the Quest for a Liberal Political Economy,” The American Historical Review 77 (1972), pp. 653-678, here p. 678.
60 See below, Chapter 4, for a discussion of “Regulation W.”
The consensus on expanding private consumption crossed party lines, however. Under President Eisenhower, growth through consumption remained a central element of economic policy. Eisenhower’s “middle-of-the-road” approach to government attempted to limit government growth while accepting the major developments of the New Deal era. Eisenhower and the Republicans of the 1950s put even greater emphasis on “free enterprise” and government-business cooperation, yet progressive business interests that influenced the politics of the Eisenhower administration by and large shared his emphasis on the importance of social harmony. The ideology of private purchasing power offered an ideal basis for such politics. Eisenhower agreed with his predecessors that government had to play a role in maintaining prosperity and economic growth. His 1954 economic report accordingly stressed liberal credit policy and the importance of fiscal policy in the effort to increase disposable incomes and to “maintain employment and purchasing power.”

An economic down-turn during the late 1950s - featuring for the first time the anomaly of growing unemployment and concurrent inflationary price pressures - did raise some critical voices within the Eisenhower administration. Renewed concerns about inflation led to a monetary response by the Federal Reserve raising interest rates and calling for restrictions on consumer credit. Federal expenditures to counter failing growth were also limited. The perpetual economic motion machine of the purchasing power economy appeared to have come to a halt, and the Eisenhower administration was at least initially reluctant to do much about it. Conservatives increasingly attacked expansive wage agreements, pointing to the recently popularized concept of “wage-price inflation.” Ever growing wage demands (and increasing public spending), business interests and many in the Eisenhower administration as well as some economists argued, were responsible for growing inflation at a time of limited growth and increasing

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64 See “Marke ‘Rückgang Spezial’,” Der Spiegel March 12th 1958 and “Konjunktur-Rückgang: Die Krise des Systems,” Der Spiegel April 9th 1958, pp. 34-36. Jacobs, Pocketbook Politics, pp. 246-261, points out that inflation was seen as a prominent problem by the American public during the 1950s which, in her interpretation, worked to undermine the purchasing power consensus as it pitted the interests of unionized workers against middle-class consumers.
unemployment. To the original proponents of the postwar purchasing power paradigm such as Hansen and Keyserling, of course, the Eisenhower administration reacted in all the wrong ways to the economic downturn.

The 1957/58 recession proved to be short-lived and efforts to further increase consumption ultimately prevailed over inflationary concerns. Still, this crisis, aggravated by developments in international trade - with Western Europe and other countries emerging as increasingly serious rivals in the global consumer goods market - and of international politics (the 1957 Sputnik shock, to mention one) certainly presented a challenge to the purchasing power paradigm. As I will discuss below, the crisis provided the initial context for a renewed debate over the allocation between public and private consumption that would extend into the 1960s.

“Free and Unshackled” Mass Distribution: The Deregulation of Consumer Goods Retailing

The postwar emphasis on private mass consumption found its necessary corollary in the further expansion of a mass production and - even more critically - a mass distribution economy. The democratic promise of the purchasing power ideology hinged on the availability of abundant and affordable goods for private consumers. Thus, the general trend since the 1940s and throughout the 1950s was one of deregulation and limited intervention in various areas from price policy and retail competition to the regulation of store hours.

Surveying the situation of American retailing, a German study commission observed in 1955: “The consumer, especially the housewife, plays a more important part in the American economy than in this country. [...] Keen competition forces industry to explore every avenue towards raising the standard of efficiency. All branches of the

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economy [...] are attempting to lower prices and make up for smaller profit margins by larger sales. The freedom of the consumer to choose whatever is to his liking is largely taken into account. [...] Legislation is based on the principle of keeping regulations down to the necessary minimum." Indeed, consumers during the 1940s and ‘50s were viewed as central to the economy, exerting a fictional “sovereignty” over the market place that needed limited government regulation, especially if such regulation might hamper the growth of private mass consumption.68

The increase in modern mass distribution entailed a shift to ever larger retailing units discussed in more detail in Chapter 6. The 1950s witnessed concentration in many retailing sectors such as the further expansion of grocery store chains. Mergers of department store chains which increasingly moved into suburban shopping centers received some public attention. The growth of these shopping centers themselves as well as the proliferation of discount retailing operations threatened traditional and especially urban small businesses. The increase in price competition fostered by the prevailing policy of ever-growing purchasing power meant a push for more goods at lower prices and favored economies of scale.69 Overall, retailing during the postwar decades lost some of the constraints it had faced particularly since the New Deal era of the 1930s.

The elimination of war-time price controls in 1946 certainly was the most decisive change in the immediate post-war years. Since 1942, the Office of Price Administration (OPA) had administered prices for a variety of consumer goods to avoid inflation during the war and to ensure the necessary allocation of resources for wartime production. Compared to other countries, war-time controls and especially rationing was relatively limited in the US and restricted mainly to goods such as gasoline, tires, fats and

67 Rationalisierungs-Kuratorium der Deutschen Wirtschaft, Der Verbraucher als Partner der Wirtschaft, p. 8.
68 On the centrality of the “consumer” see for example Joseph Loftus, “Spending of Consumers is a Key – And Puzzle,” *NYT* October 7th 1951; Helen Miller, “Key to the Economy – The Consumer,” *NYT* July 25th 1954; Edwin Dale, “The Consumer Plays a Big Role in Recession,” *NYT* May 18th 1958. This trend is part of what Cohen, *Consumer’s Republic*, has described as the general move from the 1930s “consumer as citizen” to the postwar concept of the consumer as purchaser. The liberal ideal of the free and rational consumer came under increased attack only during the 1960s when critiques of “consumer sovereignty” provided the framework for a renewed emphasis on consumer legislation.
oils, meats and some canned foods. While OPA was generally given credit for successfully keeping prices stable, criticism mounted as soon as the end of the war was in sight. A 1945 report on the agency to a Congressional Select Committee attacked OPA which “had been given a task […] so foreign to the American experience” as slow and arbitrary in its decisions. Without war-time conditions, the report suggested, the best defense against inflation was not price controls (which ironically often led to preferences on the part of retailers for higher priced items due to larger profit margins), but “free and unshackled” productive capacities. Disliked by business interests (especially the conservative National Association of Manufacturers) and members of the administration eager to “modernize” distribution capacities, price controls were quickly phased out after 1946 despite wide-spread concerns about inflationary price developments.

The return to market prices was not unanimously hailed by consumers. In November of 1946, for example, the New York Times reported on “Consumer resistance” to market pricing after the virtual elimination of price controls, finding that many consumers had gotten used to production costs rather than consumer demand determining price levels. The main problem was, of course, that prices did not quickly “adjust” as proponents of price liberalization had suggested but rather increased steeply. By 1948 inflation concerns and the “high prices of consumer goods” were subject of a Congressional report of the Joint Committee on the Economic Report. The report summarized the results of hearings conducted in several regions of the country. It found that by the end of 1947 consumer prices had risen 67 percent over the average of the years 1935-39. While excessive demand rather than inadequate supply was cited as the main cause by many economists, consumers and consumer organizations tended to look

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73 “Consumer Resistance,” NYT November 13th 1946, while most price controls were eliminated in 1946 OPA itself continued to exist until May of 1947.
to the abolition of OPA and “monopoly” pricing as the main culprits. Even consumer groups were divided about the merits of reinstating price controls, however. While groups on the Left such as Americans for Democratic Action argued for their reimposition, “consumer spokesmen in the middle or upper income brackets often opposed the restoration of price control.”74 Ultimately, price controls did not return and even during the Korean War efforts to combat inflation and to direct resource allocation under the 1950 Defense Production Act and by the Office of Price Stabilization had little direct impact on consumer goods pricing.75

Public policy largely retreated from intervention in the market place for consumer goods after the war. While the disappearance of price controls can reasonably be interpreted as a return to pre-war “normalcy” in the consumer market place, in a number of other areas the 1950s truly represented a watershed in the deregulation of consumer goods retailing. Peace-time Federal regulation of retailing was largely limited to interstate commerce and the activities of a few agencies such as the FTC and the FDA. Regulating the parameters of private consumption was thus largely a state and local affair, though Federal agencies and Congress followed up on and intervened in discussions regarding several areas of retail regulation, including “fair trade,” mergers and store hours.

Resale price maintenance, enforced by the so-called “Fair Trade Laws,” was one such hotly contested area during the 1950s. Resale price maintenance allowed manufactures of brand goods to contractually bind retailers to sell their goods at a fixed price. In many states the requirement to maintain this set resale price was legally extended even to retailers who never signed such an agreement (non-signers) as long as any such agreement existed within the state. The idea behind “fair trade,” which first originated in California in 1931, was to protect the reputation of brands and – more importantly – to protect small, independent retailers from excessive price competition (e.g. loss-leader selling) by chains and larger retailers who benefited from economies of

75 Restrictions to consumer credit such as mandatory minimum down-payments and maximum maturation periods (Regulation W), however, continued into the postwar years and, after a brief intermission, temporarily reappeared during the Korean War. See Ch. 4 for a more detailed discussion.
scale. The 1937 Miller-Tydings-Act amended the Sherman Act to exclude “fair trade” from federal anti-trust provisions and over the course of late 1930s and early 1940s more than forty states had moved to enact resale price maintenance laws.

During the 1950s, by contrast, the tide was shifting against the notion of “fair trade,” thus favoring larger retailers. In 1951, the US Supreme Court struck down the so-called “non-signer clauses” in various state laws as unconstitutional (Schwegmann Bros. et. al. vs. Calvert Distillers Corp. (341 US 384)). Lobbied by retailing interests such as the National Association of Retail Druggists, Congress passed the 1952 McGuire Act which amended the Federal Trade Commission Act so as to again provide for the legality of fair trade legislation. However, legal action in several states resulted in state supreme courts challenging the constitutionality of their state laws and the Supreme Court further undermined resale price maintenance in 1957 when it ruled that mail-order-companies could not be forced to abide by state fair trade legislation. The real weakness of resale price maintenance, however, was its limited enforcement during the 1950s. Where legislation was still in place, state authorities seldom prosecuted offenders. More importantly, most brand good producers who publicly upheld the importance of resale price maintenance still would frequently make use of under-price vendors to dump excess goods on the market. By the late 1950s, small retailers hoped to remedy the erosion of state “fair trade” laws with the establishment of federal resale price maintenance legislation. A 1958 bill to that effect received favorable hearings in Congress, but faced stiff opposition from federal agencies, most of all the Department of Justice which – besides pointing to the questionable constitutionality of such efforts – produced studies showing significantly higher consumer prices in areas with “fair trade” legislation than in

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76 As Jacobs, Pocketbook Politics, pp. 30-38, points out, an American Fair Trade League had been formed already prior to World War I and in 1917 Congressional hearings on a fair trade bill were held. Fair trade was, however, “never an easy sell to consumers” and only the crisis of the Great Depression temporarily changed this situation. On the origins of resale price maintenance as a business policy see also Susan Strasser, Satisfaction Guaranteed: The Making of the American Mass Market (New York: Pantheon Books, 1989), ch. 8.


78 To be sure, some producers saw resale price maintenance as a way to counteract the increasing market power of large distributors and retailers. However, as one observer wrote, the manufacturer’s “bark [was] louder than they bite” when it came to enforcement. William Greiner et al., Regulation of Retail Competition in Washington (University of Washington Bureau of Business Research, January 1963), p. 47.
those without.\textsuperscript{79} This and subsequent bills never made it into law and even though “fair trade” laws nominally remained on the books in a number of states for quite some time, resale price maintenance had practically ceased to be an impediment to economies of scale and price competition in retailing.

To be sure, some federal restrictions against cut-throat pricing were in place. The Robinson-Patman Act (a 1936 amendment to the Clayton Act) outlawed price-discrimination by extending more favorable conditions to one retailer (presumably chains) over another. Many states had similar laws against price discrimination as well as other “unfair practices” such as sales-below cost. As with “fair trade,” however, state prosecution was limited, and intent to “harm competitors” (a prosecutorial requirement e.g. for “loss leader” cases in many states) was frequently difficult to prove.\textsuperscript{80} Severe price competition was largely accepted by public authorities as long as it did not bear the mark of overt monopoly power. Similarly, advertising - nominally regulated by the FTC\textsuperscript{81} - occasionally became the subject of Congressional attention as in 1951 when a Senate committee chaired by Senator Joseph O’Mahoney considered a special 20 to 25 \% luxury tax on advertising expenses.\textsuperscript{82} Needless to say, such regulatory suggestions did not go very far. To be sure, merger activity with regard to department stores and grocery chains did receive attention by Congress as well as the FTC, as did the spread of discount houses and suburban shopping centers.\textsuperscript{83} Thus, while concerns regarding the problems of small businesses in the American economy continued into the 1950s and were reflected in the creation of the Small Business Administration in 1952, public regulation provided a

\textsuperscript{79} See “Amending Section 5 of the Federal Trade Commission Act, Authorizing Resale Price Maintenance (‘Fair Trade’),” Report from the Committee of Interstate and Foreign Commerce to accompany H.R. 1253, June 9\textsuperscript{th} 1959 (SERIAL-SET-ID: 12160 H.rp.467) and Hamilton, \textit{The Consumer in Our Economy}, p. 375.

\textsuperscript{80} See Greiner et al., \textit{Regulation of Retail Competition}, pp. 23-25 and 32-38.

\textsuperscript{81} The 1938 Wheeler-Lea Act (1938) gave the FTC power to prosecute false advertising. However, the agency was largely limited to cease-and desist orders. Hamilton, \textit{The Consumer in Our Economy}, p. 348.

\textsuperscript{82} “Reklame: Wer das für Luxus hält,” \textit{Der Spiegel} July 18\textsuperscript{th} 1951. The context here was not just an attack on “wasteful advertising” but also an effort to curb inflation and reallocate spending during the Korean War. Joseph O’Mahoney, a Democrat from Wyoming, was a long-time advocate of retail regulation and had played a prominent role during the 1948 hearing on economic concentration. See “Study of the Methods of Competition in Commerce and Impact of Legislation and Government Regulation on American Consumers,” Report of the Senate committee on Interstate and Foreign Commerce, June 9\textsuperscript{th} 1948 (SERIAL-SET-ID: 11208 S.rp.1566).

\textsuperscript{83} See e.g. “Discount House Operations,” Hearings Before a Subcommittee of the Senate Select Committee on Small Business, June 1958 (CIS-N0: 85 S1304-1) and “The Impact of Suburban Shopping Centers on Independent Retailers,” Report of the Senate Select Committee on Small Business, January 5\textsuperscript{th} 1960 (SERIAL-SET-ID: 12153 S.rp.1016). See also Ch. 6 for a more detailed discussion on retail concentration.
limited countervailing force to the growth of the mass distribution sector. Even the Small Business Administration was reluctant to condemn merger activity and intensified competition in any general manner.\footnote{Small Business Administration, \textit{Third Semi-Annual Report} (Washington: January 31$^{st}$ 1955), pp. 27-28.} After all, the “stronger entities” that ensued opened at least the possibility of more modern, efficient and cheaper consumer goods distribution.

Store opening hours and particularly Sunday closing laws were another area in which important shifts took place during the postwar decades. Lacking any federal legislation, store hours were largely subject to local and state law. Around 1950, most retail stores were open six days a week usually from 9:00 or 9:30 in the morning to around 5:30 in the evening. Trends towards extending opening hours were noticeable, though not yet far-reaching. Increased employment of women during the war had led many retailers to open later and changing work and leisure patterns in the postwar years reemphasized the practice of keeping stores open to 8:00 or 9:00 pm at least once or twice a week.\footnote{See Rüdiger Schoneweg, \textit{Ladenzeiten im Einzelhandel: Entwicklungen und Probleme} (Opladen: Westdeutscher Verlag, 1955), pp. 122-134; David Luck, \textit{Store Hours for Shopping Goods Retailers} (Urbana: U Illinois Press, 1950) and George Plant, “Current Trends in Store and Employee Hours,” \textit{Stores} (March 1950), pp. 21-26.} Local business hour laws, if they existed, usually had limited reach. Typically, they were enforced only in situations of increased competition, when traditional retailers wanted to keep new competitors from exerting pressure to expand their evening or weekend hours.\footnote{See Greiner et al., \textit{Regulation of Retail Competition}, p. 58.}

Most states and localities outlawed retailing on Sunday. With the ever increasing importance of weekend family shopping since the 1950s, however, the so-called “blue laws” came under increasing pressure. The Supreme Court upheld the right of state and local authorities to limit Sunday retailing in the 1961 McGowan v. Maryland ruling, and by 1970 twenty-five states still had state-wide blue laws. Challenges to these laws were frequent, however, and enforcement was waning since the 1950s.\footnote{The number of state blue laws then proceeded to decline significantly after 1970. See David Laband, \textit{Blue Laws: The History, Economics, and Politics of Sunday-Closing Laws} (Lexington: D.C. Heath, 1987), pp. 39-40 and 162. On the relaxation on Sunday shopping prohibitions in the context of changing cultural attitudes towards the Sunday in general see Alexis McCrossen, \textit{Holy Day, Holiday: The American Sunday} (Ithaca: Cornell University Press, 2000), pp. 105-110.} A 1963 survey of state “blue laws” found enforcement to be “sporadic and inconsistent, reflecting the
change in attitudes and habits since their adoption.” In the state of Washington, for example, all sales except “necessities” such as tobacco, newspapers, milk, fruit or confectionary items were prohibited by a Sunday Closing Law. Even though it was a criminal statute, the report stated that “it is readily apparent that the law is not vigorously enforced. On any given Sunday one may traverse the city of Seattle, and probably most other communities of this state, and see respectable businessmen openly flouting this law.” As with “fair trade,” the “blue laws” represented another area of retail regulation in which limited enforcement ultimately favored larger retailers during the postwar decades.

As will be discussed below, the 1960s would see increased steps toward public regulation of the consumer marketplace. The consumer legislation of the 1960s, however, never seriously infringed upon the liberalization of store hours, the move towards larger retailers and other, similar developments. Thus, the mass distribution economy continued to flourish as the structural base of the postwar ideology of purchasing power. The Antitrust movement, long a driving force of progressive reform politics in the United States, lost momentum as many postwar liberals accepted big business in form of mass production and distribution outlets as a necessary partner in the mass consumption consensus. This shift towards liberalization, to be sure, was not simply the result of economic pressures for more and expanded consumption opportunities. Rather, it was equally reflective of a broader trend in American consumer culture during the second half of the twentieth century that abandoned older social and moral strictures on personal consumption. Many American consumers had furthermore adopted the value-oriented outlook of bargain shoppers. As the comparison with West Germany will show, the limitations of postwar retail deregulation there were not simply the result of different economic constellations in the retailing sector. As will be discussed in more detail in Chapter 3, it was also due to a greater willingness of many German

88 Greiner et al., Regulation of Retail Competition, pp. 56-57.
consumers who retained a more *bürgerlich* / genteel ethos of consumption to accept limitations to their private consumption practices.

*The Limits of Public Consumption and the “Hidden” Welfare State*

The vast increases in social spending and public works envisioned by the American Beveridge plan did not come to fruition during the postwar decades. The emphasis on private purchasing power as the key to prosperity and growth was shared by Cold War liberals and most Republicans alike. Thus, issues of income redistribution or the provisioning of public goods would not take center stage.

To be sure, public consumption did increase to some degree after the war. The 1944 Servicemen’s Readjustment Act (or G.I. Bill of Rights) provided housing and education opportunities to returning veterans. While maybe not fully “democratizing the American Dream,” it can be credited with helping to expand the opportunities for more wide-spread participation in post-war affluence. The “social Keynesianist” notions of the war years did not completely disappear after 1945. Truman’s “Fair Deal” agenda, for example proposed increases in social security benefits and unemployment insurance, federal spending for urban renewal as well as public housing construction. Social security taxes were raised in 1950 from 2% to 3% with the introduction of disability benefits and were raised again in 1956 to 4%.

When Republicans regained control of the White House with Eisenhower’s inauguration in 1953, furthermore, no serious attempt was made to dismantle the social security system established during the New Deal. In fact, Eisenhower’s 1954 economic report explicitly acknowledged the importance of social transfer payments as “built-in stabilizers” of economic growth: “because the flow of security to the individual has been built primarily on welfare considerations, its contribution to the economic progress of the United States has not been adequately appreciated […] Unemployment payments can help to curb economic decline during an interval of time that allows other stabilizing

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91 See e.g. Cohen, *Consumer’s Republic*, p. 118.
measures to become effective.”\textsuperscript{93} The 1950s were thus not necessarily a regressive period in social legislation.\textsuperscript{94}

Still, public consumption lagged far behind the development of private consumption; and it lagged behind the levels envisioned during the war as well as behind those of most other industrialized nations at the time.\textsuperscript{95} In the United States, public consumption was largely restricted only to the “poor.” Most “highly developed countries,” Eveline Burns observed in 1956, “socialize the costs of some items which enter into normal consumption patterns but whose incidence is experienced differently by different families. Thus many governments have aimed to protect individuals, even while they enjoy normal incomes, from a reduction in their standard of living due to the costs of medical care.” Similarly, family allowances and publicly subsidized housing in Europe, she observed, were often provided regardless of income.\textsuperscript{96} The 1949 Housing Act had made relatively far-reaching provisions for public housing in the United States as well, but little federally funded construction took place during the 1950s.\textsuperscript{97} Under Republican leadership, housing policy got even more restrictive and the 1954 Housing Act, in the words of one contemporary commentator, reflected their “philosophy of as little intervention as possible in private affairs.”\textsuperscript{98}

Pension payments through the social security system similarly remained limited in face of the growing affluence based on wage increases during the postwar years. Efforts to substantially raise federal pension benefits, however, were routinely countered by conservative attacks on what Herbert Hoover called the “siren voices” of cradle-to-grave  

\textsuperscript{93} Cited in Burns, \textit{Social Security}, p. 61.
\textsuperscript{94} See for example Jennifer Mittelstadt, “Dependency as a Problem to be Solved: Rehabilitation and the Liberal Consensus on Welfare in the 1950s,” \textit{Social Politics} (Summer 2001), pp. 228-257, who argues that the 1956 reform of Aid to Dependent Children was not merely by cost-cutting motives but rather included progressive elements as well, especially with regard to race and gender. Also, the 1953 creation of the cabinet-level Health Education and Welfare Department and the 1955 nomination of Marion Folsom, who had been affiliated with the New Deal social legislation, as secretary were widely regarded as conciliatory steps in the field of social policy. See Cabell Phillips, “H.E.W. – How Much Welfare?” \textit{NYT} August 28\textsuperscript{th} 1955.
\textsuperscript{96} Burns, \textit{Social Security}, p. 4.
\textsuperscript{97} See more detailed discussion in Chapter 5.
security. Commenting on the 1950 efforts to increase pension benefits, Hoover reiterated the standard conservative objection to increased public consumption: the idea of security was only tolerable for the young, the old, and the unfortunate.99 “A rich and successful economy such as that of the United States,” wrote economist Sumner Slichter in 1950, “must be expected to look out for the non-producers or low-producers more adequately than do the less efficient economies.”100 Not only would this raise the image of the American economy world-wide, but – through increased purchasing power – it would benefit the economy as a whole. That same year a report to a subcommittee of the Joint Committee on the Economic Report, which focused especially on the problem of impoverished old age, found that “the unfilled wants of American families now living on inadequate incomes constitute a great underdeveloped economic frontier – a new and expansible market for the products of American industry.”101 A 1952 study prepared by the National Planning Association for the Joint Economic Committee similarly warned that average social security pensions were too low to cover subsistence.102

This is not to say, that Federal social spending did not impact or foster the post-war boom in private mass consumption. While direct public spending was indeed comparatively limited, the Federal government still underwrote private consumption through a vast system of tax subsidies and loan guarantees. This system of indirect public spending has been termed the “hidden welfare state” by political scientist Christopher Howard. The comparatively central role of tax credits and government loans, he argues, has often been neglected in assessments of the American welfare state.103 Their impact on postwar consumption is best illustrated by the examples of housing and pensions.

Alongside the limited public programs, the 1950s saw a dramatic expansion of the private retirement system which was supported by substantial tax subsidies. Social scientist Jacob Hacker has argued that the widespread notion of the “underdevelopment” of American social benefits has missed the importance of complimentary private social

100 Sumner Slichter “The High Cost of Low Incomes,” NYT March 5th 1950.
spending such as private workplace benefits and thus neglected a “crucial range of public policies and a massive realm of social protection.”

Private pension plans first soared to new heights after World War II when social security failed to adequately compensate for the effects of the postwar inflation and unions pushed to include pension benefits into collective wage bargaining. Pension funds had enjoyed exemptions from federal taxation since the 1920s with contributions being deductible from corporate and income taxes. Throughout the 1950s, “fringe benefits” and corporate contributions to private pensions plans grew at an astounding rate, favored by further changes in the Internal Revenue Code. Tax deductions would ensure, President Eisenhower proclaimed in his 1954 report on the economy, that disposable incomes could rise despite the growing expenditures for old-age insurance. Thus, the indirectly state-sponsored revival of 1920s welfare-capitalism in form of fringe benefits did secure the “American standard” of private mass consumption even after retirement for a large number of wage-earning Americans. As the benefits of the privately insured grew, the concerns of the early 1950s for more direct spending on social insurance as a means to stabilize growth and widen access to affluence largely subsided.

The most important and well-known aspect of indirect public funding during the postwar years, of course, were federal subsidies for attaining home-ownership. First,

107 See e.g. “Company Outlays on Welfare Rise,” NYT August 2nd 1952; “Fringe Benefits in US are Rising,” NYT October 17th, 1954; “New Laws Raise Pension Levels,” NYT January 3rd 1955; “Employers Increase Welfare Payments; Pension Funds Receive Greatest Share,” NYT January 6th 1958. Throughout the 1950s, legislative efforts such as the 1951 Reed-Keogh Bill which later became the Jenkins-Keogh Bill were under way to also extend tax-subsidized private insurance to professionals and other self-employed groups as well. See e.g. “Tax Relief Sought to Widen Pensions,” NYT June 11th 1951.
109 The same is true in analogy to private health insurance schemes which similarly grew during the 1950s. See e.g. Alan Derickson, Health Security for All: Dreams of Universal Health Care for All (Baltimore: Johns Hopkins University Press, 2005), esp. pp. 110-120. Derickson characterizes the health insurance debate of the late 1940s and 1950s as the resurgence of “welfare-capitalism” and “the heyday of voluntarism”.

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mortgages were made affordable by insurance and mortgage guarantee programs through the Federal Housing Administration and the Veterans Administration as well as the operation of the FNMA in the secondary mortgage market.\footnote{See Haar, \textit{Federal Credit and Private Housing}, as well as Ch. 5 for a more detailed discussion.} Secondly, the possibility to deduct mortgage interest and local property taxes from federal income tax payments provided a tremendous subsidy for attaining home-ownership. Taking the Survey of Consumer Finances as his basis, economist Paul Merz estimated that personal deductions for housing expenses amounted to well over 1 billion dollars in 1954 alone and closer to 3 billion annually by the later 1950s.\footnote{A substantial number if one considers that total income tax revenue in 1954 amounted to \$29.5 billion and federal outlays to individuals (mostly social security) to \$12.6 billion. See Source: U.S. Office of Management and Budget, \textit{Budget of the United States Government, Historical Tables}, \url{http://w3.access.gpo.gov/usbudget/fy2004/pdf/hist.pdf}.} Not only was this preferential treatment to home-owners a discrimination against those who were compelled to rent, Merz pointed out, but it skewed the equity of the personal income tax as middle and upper income groups were the main beneficiaries of these tax subsidies.\footnote{Paul Merz, “The Income Tax treatment of Owner-Occupied Housing,” \textit{Land Economics} 41 (1965), pp. 247-255.}

The 1950s focus on indirect public spending through this “hidden welfare state” had several important implications for the politics of mass consumption in postwar America. One consequence was a distinct bias of public spending for a certain model of middle-class consumption. The boom in suburban homeownership would not have been as pronounced had it not been for federal mortgage guarantees and tax subsidies as well as infrastructure spending for metropolitan high-ways and interstates. Middle-class suburbanites and those who held relatively well-paying jobs with private insurance schemes benefited the most from the policies of the “hidden welfare state.” Indirect spending thus contributed to the continuing inequalities in the postwar “Consumer’s Republic” which Lizabeth Cohen has so emphatically pointed out.\footnote{Cohen, \textit{Consumer’s Republic}.} Only during the 1960s, on the heels of the renewed debate about the balance of public and private consumption, did a sustained effort emerge to address these inequalities in public spending.

A further consequence of the heavy reliance on tax subsidies and loan guarantees instead of direct transfer payments and public works was that they “hid” from public
view the extent to which government spending in the United States actually did contribute to the private consumer affluence of the postwar years. In keeping what Goran Esping-Andersen has defined as the “liberal” model of a welfare state, direct public transfer payments as well as public housing projects remained limited to a small segment of society in the United States, to the poor and the needy.\footnote{See Goran Esping-Andersen, \textit{The Three Worlds of Welfare Capitalism} (Princeton: Princeton U Press, 1990). This influential study distinguishes three ideal-type “welfare regimes” that differ with regard to the degree of social rights granted (measured as “de-commodification”, i.e. the degree to which people are able to achieve their living standard independent of pure market forces) and social stratification. Certain welfare regimes, Esping-Andersen points out, notably with regard to Germany, actually tend to perpetuate or refashion social stratification. He distinguishes the “social-democratic” welfare regime – mainly found in Scandinavia and marked by a high degree of de-commodification as well as a universalistic approach to redistribution - from a “conservative” type, which would include Germany, and a “liberal” one, exemplified by the United States.} This, as we will see presents a stark contrast to the West German case, where direct public spending affected a much larger segment of society and consequently made the link between public spending and private affluence much more apparent to middle-class consumer as well.

\textbf{West German Politics of Consumption: Consumer Policy between Public Spending and Conservative Restraints, 1940s –‘50s}

The 1950s in West Germany were the time of the “economic miracle.” In popular perception of the era and to later observers it appeared as a period of unbridled embrace of private mass consumption and even “Americanization.”\footnote{See e.g. Ralph Willett, \textit{The Americanization of Germany 1945-49} (London: Routledge, 1989). For a critical discussion see Arnold Sywottek, “The Americanization of Everyday Life? Early Trends in Consumer and Leisure Time Behaviour,” in Michael Ermath (ed.), \textit{America and the Shaping of German Society 1945-1955} (Providence: Berg, 1993), pp. 132-152.} Particularly since the middle of the decade, economic recovery was in full swing with staggering growth rates and rising real incomes. The increase in the standard of living and consumption seemed all the more dramatic before the background of an experience of economic devastation, scarcity, rationing and wide-spread black markets in the years immediately following the war. Federal economic policy and the notion of a “social market economy” spearheaded
by minister of economics Ludwig Erhard promised “prosperity for all” and a hitherto unknown age of abundance.\textsuperscript{116}

It is important, however, to keep in mind the limits to West Germany’s embrace of private mass consumption during the 1950s. Historians have cautioned not to overestimate the private affluence brought on by the “economic miracle” and Michael Wildt has argued most notably that a mass consumer society really only began to emerge in the years after 1957.\textsuperscript{117} To be sure, as historian Katherine Pence’s recent work shows, Ludwig Erhard and other policy makers made substantial efforts to foster private mass consumption in a competitive market economy.\textsuperscript{118} However, for a variety of reasons private consumption did not play the overarching role in West German economic policy as it did in the United States. Erhard’s efforts to promote modern mass consumption and a competitive market-place were repeatedly stifled and counterbalanced by conservative attempts to preserve a more traditional retailing industry as well as social-democratic pressures for public consumption in form of social spending and the public provisioning of goods. Federal economic policy, furthermore, frequently subordinated domestic


\textsuperscript{117} See Werner Abelshauser, \textit{Die Langen Fünfziger Jahre: Wirtschaft und Gesellschaft in Deutschland 1949 – 1966} (Düsseldorf: Schwann, 1987). Abelshauser points out that the popular perception of a widely distributed mass affluence was somewhat distorted. While real incomes did rise dramatically, for example, the distribution of assets and property in West Germany did not change as significantly.

private consumption to other economic goals such as the promotion of exports or the building of capital assets.

*The “Social Market Economy” and the Promise of Modern Consumerism*

The balance between private and public consumption in post-war West Germany was heavily influenced by the “social market economy.” This concept lay at the heart of postwar West German consumer policy and demands some consideration. To its originators, neo-liberal (or, as they were referred to at the time, “ordo-liberal”) economists such as Walther Eucken or Leonhard Miksch, the “social market economy” stood for a competitive free market in which the basic competitive framework was ensured by government regulation. In its emphasis on competition, it was a conscious departure from a German tradition of economic trusts and cartels and certainly showed some affinity to American notions of free enterprise. The ordo-liberal approach was also a rejection of state involvement in economic planning prominent during the Nazi period. While the nationalization of key industries was heavily debated during the post-war years by Social Democrats as well as some conservatives, ordo-liberal West German economic policy by and large de-emphasized outright government intervention in a mixed economy as in other Western European countries such as Great Britain and France. This meant as well, that the Keynesian approach of macro-economic steering which was behind much of the American postwar emphasis on “purchasing power” did not enjoy much currency with leading economic policy makers in 1950s West Germany.

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119 On the contrasting historical traditions of the German model of an “organized economy” as opposed to more competitive American varieties of capitalism see Werner Abelshauser, *Kulturkampf: Der deutsche Weg in die neue Wirtschaft und die amerikanische Herausforderung* (Berlin: Kadmos, 2003).

120 Explicitly Keynesian policies found their way into Germany only during the 1960s. However, due to the important role of the state in the reconstruction efforts after the war and because of the expansion of the welfare state already during the 1950s, a case can be made for still subsuming Western Germany under a broadly defined “Keynesian growth paradigm.” For a history of Keynesianism in postwar Germany see Christopher Allen, “The Underdevelopment of Keynesianism in the Federal Republic of Germany,” in Peter Hall (ed.), *The Political Power of an Idea: Keynesianism across Nations* (Princeton: Princeton U Press, 1989). Helge Berger, *Konjunkturpolitik im Wirtschaftswunder: Handlungsspielräume und Verhaltensmuster von Bundesbank und Regierung in den 1950er Jahren* (Tübingen: Mohr Siebeck, 1997) and especially Nützenadel, *Stunde der Ökonomen*, also argue that despite the official rejection of Keynesian full-employment policies a good deal of macroeconomic steering existed in early 1950s West Germany.

This did not mean, however, that an unfettered free-market approach dominated postwar politics. As much as the concept of the social market economy relied on market competition as the primary principle of economic coordination, it always acknowledged the need for some regulation and the postwar years in West Germany did not represent a clear break from strong regulatory traditions. Corrections of the market distribution of incomes by means of welfare payments, pensions and other government transfers, for example, were very much part and parcel of the social market economy as was public spending on housing. The popular understanding of this at the time virtually ubiquitous term “social market economy” was less clearly defined, furthermore, and often diverged dramatically from the original intentions of ordo-liberal economists. A 1950 survey revealed that 56% of Germans had no concrete notion of what the “social market economy” actually entailed, many believed it referred to a mixed economy and 8% even identified it as a planned economy. Thus, the basic framework of the postwar economic order was in some ways still a blank slate for many Germans at the beginning of the postwar decades. It was in flux for much of the 1950s and into the 1960s and would be only gradually filled with more concrete meaning during these years in part through a contentious debate over the allocation between private and public consumption.

The currency reform of 1948 in the Western Zones was a first, momentous event in this process. It not only furthered developments towards the Cold War division of postwar Germany, but also prefigured the main current of consumer policy in West Germany for years to come. Prior to the currency reform, consumption in the Western Zones was marked by shortages, rationing and price controls. Food and fuel shortages had many Germans scrambling for survival during the immediate postwar years. Millions of refugees from the former Eastern part of Germany as well as those who lost their


122 “Soziale Marktwirtschaft: Untersuchung über die Verständlichkeit und populäre Auslegung politischer Begriffe III” (1950), in Bundesarchiv (subsequently BuArch) ZSG 132 / 2695. A 1955 survey brought similar results with a majority of respondents having no clear notion regarding the meaning of the term. The percentage of those saying it was a “planned economy with fixed prices” had even risen to 12%. See “Soziale Marktwirtschaft,” *Der Spiegel* July 31st 1957, p. 14.
The currency reform presented a break with the culture of post-war scarcity. Ludwig Erhard, who headed the economic administration responsible for the American and British zones, had decided to also eliminate most of the existing price and production controls to insure proper incentives for the market to supply - not hoard - existing consumer goods. Thus, when the currency reform went into effect in June of 1948, not only did West-Germans receive new money, the windows and shelves of retailing shops filled up virtually over-night.

As Katherine Pence has shown, the months after the reform were actually rife with consumer protests, demonstrations and union-organized strikes as “liberalized” prices climbed to increasing heights and put many goods out of reach for average consumers.\footnote{Pence, \textit{Rations to Fashions}, Ch. 4. See also “Preisringen,” \textit{Der Spiegel} October 9\textsuperscript{th} 1948 and “Dann streiken sie gegen den Streik,” \textit{Der Spiegel} November 13\textsuperscript{th} 1948.} Still, the filled shop-windows of 1948 would become somewhat of a founding myth for the Federal Republic and Erhard’s decision to float the prices for most consumer goods set the stage for the postwar politics of mass consumption.\footnote{On the role of the 1948 in popular memory during the Cold War see Katherine Pence, “The Myth of a Suspended Present: Prosperity's Painful Shadow in 1950s,” in Paul Betts / Greg Eghigian, (eds.), \textit{Pain and Prosperity: Reconsidering Twentieth-Century German History} (Stanford: Stanford University Press, 2003), pp. 137-159.} In contrast to the scarcity of the East, the exercise of consumer choice during the \textit{Wirtschaftswunder} came to be seen as emblematic of Western democracy by supporters of the social market economy.\footnote{Erica Carter, \textit{How German is She?}, p. 9.}

As economic minister from 1949 to 1963, Ludwig Erhard emerged as the central figure in German economic policy and a principled proponent of the ordo-liberal concept of the social market economy in a governing coalition headed by the conservative Christian Democrats (CDU).\footnote{For a recent, largely sympathetic biography of Erhard see Alfred Mierzejewski, \textit{Ludwig Erhard: A Biography} (Chapel Hill: UNC Press, 2004). More extensive and more critical of Erhard is Volker Hentschel, \textit{Ludwig Erhard: Ein Politikerleben} (Munich: Olzog, 1996).} Erhard was heavily invested in consumer policy. During the 1930s Erhard, an economist by training, had played an important role at the newly
created Consumer Research Company (Gesellschaft für Konsumforschung). He organized conferences and gave papers on topics such as price and distribution policy, quality enhancement and influencing consumption, brand product and market research. While certainly not a Keynesian demand-side economist, Erhard felt that the economy should be seen and influenced from the perspective of the consumer. In the social market economy, all economic processes had to be oriented towards consumption which in turn signaled production needs through price developments. To German ordo-liberals just as to many American policy makers during the 1950s, the basic assumption of “consumer sovereignty” underpinned their understanding of the market. As long as adequate market competition was assured, consumers would be able to choose freely according to their needs without public planning or regulation. According to this concept, competition served the “little man” and allowed for a “democratic economy” of sovereign consumers.

While Erhard by and large championed the unrestricted consumer market place, West German consumer policy did not necessarily always coincide with the promotion of private consumption. Economic policy was not dominated by the “purchasing power paradigm” as in the United States and time and again concerns for price-stability and inflation worries would undercut overtly demand-side oriented growth strategies. Not the promotion of domestic consumption but rather shoring up capital for rebuilding industry and fostering exports were at the forefront of economic policy during the early 1950s. Whereas Americans like Leon Keyserling could look to expanded production as a means of controlling inflation, many Germans saw excessive consumption as the main problem.

129 “Ich bin nicht der Seelsorger,” *Der Spiegel* February 5th 1949, pp. 3-5.
132 See e.g. Rationalisierungs-Kuratorium der Deutschen Wirtschaft, *Der Verbraucher als Partner der Wirtschaft*, pp. 9-10.
133 Exports made up a much larger share of the economy in West Germany than in the United States. While exports of goods and services account on average for 18.4% of the German GDP between 1960 and 1973, for example, the comparable American figure was only 5.5%. OECD, *Historical Statistics*, p. 75. Investments similarly played a much larger role in the German economy. In 1955, for example, investments accounted for 26.0% of the German national product whereas only 17.3% of the American GNP were used towards investments. See Flora/Kraus/Pfennig, *State, Economy and Society*, p. 415 and Bureau of Census, *Statistical History of the United States*.
When prices shot up early during the Korean War, even Erhard was upset with what he perceived as unrestraint spending by German consumers.\textsuperscript{134} As Der Spiegel summarized in 1950, not to consume but rather “to save, to export, and to rationalize will be the first responsibility of West German citizens for years to come.”\textsuperscript{135}

Fiscal policy was not designed to bolster purchasing power. Already the 1948 tax reform - still under allied authority but with a decisively “German bearing” - aimed at promoting capital accumulation and savings while diverting post-currency reform purchasing power away from private consumption by taxing “non-essential” goods.\textsuperscript{136} Fiscal policy under finance minister Fritz Schäffer continued to promote savings over consumer spending into the 1950s. Unwilling to incur public deficits, Schaeffer pushed for plans to finance growing social expenditures through taxation of “luxury items” including cars over DM 12,000.-, fur coats, expensive carpets, cosmetics, leather wares as well as exotic fruit.\textsuperscript{137} Efforts to promote savings at the cost of private consumption were also reflected in a 1951 plan for “reconstruction saving” (Aufbausparen). The plan envisioned the requirement to buy savings stamps with the purchase of certain goods with the intent to build up investment capital and limit “overbearing consumer demand.”\textsuperscript{138}

Reflecting the comparatively low West German standard of living, consumer policy during the early 1950s also still entailed price policy as many basic goods remained under federal price control. Despite the liberalization of 1948, the prices for grain, potatoes and butter were fixed and price ceilings remained in effect to some degree

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  \item \textsuperscript{134} The initial onset of the Korean War had led to panic-buying in fear of impending shortages among many consumers. “Sterben und Steuern zahlen,” Der Spiegel May 30\textsuperscript{th} 1951, p. 5.
  \item \textsuperscript{135} “Marktwirtschaft: Bis dato gut geritten,” Der Spiegel December 6\textsuperscript{th} 1950, pp. 5-7. Unless otherwise noted all quotations from German sources are translations of the present author. For the overriding concern about ensuring adequate capital supply and investments in West Germany particularly during the early 1950s see e.g. Van Hook, Rebuilding Germany, pp. 189-232.
  \item \textsuperscript{136} “Nach Steuerbord,” Der Spiegel June 26\textsuperscript{th} 1948.
  \item \textsuperscript{137} See “Im Jahre der Hingabe,” Der Spiegel March 2\textsuperscript{nd} 1950, pp. 29-30 and “Sterben und Steuern zahlen,” Der Spiegel May 30\textsuperscript{th} 1951, p. 5. The possibility of debt-financing was not only limited by the staunch opposition of Erhard, Schaeffer and central-bank leader Wilhelm Vocke who were concerned about inflationary pressures, but also by the scarcity of domestic capital early in the 1950s. Indeed, German fiscal policy shored up a sizeable surplus for most of the 1950s which was saved up in a special fund (so-called Juliusturm) only to be distributed by a parliamentary committee (dubbed “cake-committee”) in 1957.
  \item \textsuperscript{138} Memorandum über das Aufbausparen, April 4\textsuperscript{th} 1951, in BuArch B 102 / 12674, 1. For a more detailed discussion of policies to encourage savings during the 1950s and ‘60s see below, Chapter 4.
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for other foodstuffs, coal, electricity, water, rents and transportation tariffs. A Federal price council (Preisrat) made up of representatives of various ministerial departments was engaged in the administration of prices of such everyday goods as rye and margarine. After the price protest of late 1948, controlling price development was seen as essential by administration officials to keeping union wage demands in check and keeping consumers calm. After July of 1950, for example, the prices for the most popular varieties of bread in the various states were fixed for several months and the bread was sold as so-called “consumption bread” (Konsumbrot). After 1951, price administration was increasingly cut back in an effort to achieve further market liberalization, and in 1954 a criminal statute on overpricing (Preistreiberei) was eliminated, largely obliterating the need for price enforcement agencies. Still, price policy remained a hot political issue and, when prices rose for example in early 1955, substantial pressure was exerted on Erhard and the ministry of economics by Chancellor Adenauer and other members of the cabinet to react to rising prices “if necessary by legal means.” Most notably in the areas of housing (rents) and passenger transportation did non-market price administration remain particularly prominent into the 1960s.

The year 1953 – officially declared the “year of the consumer” – brought first significant federal efforts to push private mass consumption, especially through the sales of consumer durables. After the boost to German exports during the Korean War, the economics ministry turned its sights on domestic consumption. Already in 1952,

139 On the continuity of price administration and the eventual deregulation during the 1950s see Harm Schröter, “Konsumpolitik.”
140 The economics ministry in its efforts to assert over-all control over price policy was frequently at odds with other departments such as agriculture and transportation which pushed for separate pricing in their sectors in the economy which often entailed price subsidies. See Kabinettsvorlage des Bundesministers für Wirtschaft, November 24th 1949 in BuArch B 136 / 4649.
143 Protocol Kabinetsausschuss für Wirtschaft, 24th session, February 14th 1955. Price administration continued to some degree well past the mid 1950s. A 1970 ministry of economics memo noted the continued limitation on market pricing through administrative measures in the areas of health, nutrition, traffic, housing and utilities. About 40% of goods in the consumer price index were effected, the memo estimated. “Grundsätze für die Beurteilung und Behandlung administrativer Preisregelungen im Hinblick auf die wirtschaftspolitischen Ziele,” January 8th 1970, in BuArch B 102 / 93321.
144 On the greater orientation of German fiscal and monetary policy towards consumer demand see also Berger, Konjunkturpolitik, p. 38.
economist Alfred Müller-Armack who had been very influential in formulating the principles of the social market economy had warned Erhard and other Christian Democrats that too little had been done for the consumer. Whereas public support for the market economy in Germany was not overly enthusiastic, he pointed out, the United States had been especially successful in showcasing the social side of the market economy through mass production of particularly consumer durables.¹⁴⁵ His initial suggestion for a government program to foster the production of standardized, low cost goods was met with widespread resistance by administration officials and industry representatives. In October of 1952, though, Erhard called on Müller-Armack to head the policy department of the ministry with an increased emphasis on consumer policy.¹⁴⁶ The goal was to push for an “economy of quantities” (Mengenkonjunktur) with heightened production of affordable consumer goods at lower prices.¹⁴⁷

One means to bring about such “economies of quantity” was a large-scale ministry-backed campaign to promote refrigerators beginning in the spring of 1953. Erhard publicly called on Germans to muster the “courage to consume” (Mut zum Konsum). A “refrigerator in every household” was proposed as the goal and even consumer credit was discussed as an acceptable means of acquiring higher-priced consumer durables.¹⁴⁸ Radio spots elaborated on the usefulness of refrigerators and their wide-spread use in the United States while lamenting the out-datedness of traditional refrigeration techniques used in Germany.¹⁴⁹ By the end of 1953, ministry officials found that a 40% increase in the production and sales of refrigerators reflected their success in selling both the fridge, which had previously been viewed as a luxury item, and the idea

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¹⁴⁵ Memo “Sitzung eines Unterausschusses des Bundeswirtschaftsausschusses der CDU (confidential),” in BuArch B 102 / 192434. For the importance of the US model of affordable consumer durables for German consumer promotion in 1952 / 53 see also an internal memo, “Konsumentenpolitik, Gütezeichen,” May 12th 1952 and memo “Leitsätze für ein Gütezeichen-Programm,” June 13th 1952 in BuArch B 102 / 37241.
¹⁴⁸ Ludwig Erhard “Ein Kühlschrank für jeden Haushalt,” Welt der Arbeit June 16th 1953. The administration’s embrace of credit buying, to be sure, was reluctant and ambivalent at a time when many Germans were vehemently opposed to the practice. See Ch. 4 for a more detailed discussion. On the refrigerator campaign see the file “Werbeaktion für langlebige Konsumgüter,” in BuArch B 102 / 35963 as well as a more detailed discussion in Pence, Rations to Fashions, Ch. 7.
of refrigeration, which was essential to the introduction of modern grocery retailing, to German consumers.\textsuperscript{150} Protests from other industries had led the ministry to change the billing of the refrigerator campaign by the fall of 1953 to more broadly promote the modernization of households and the sales of consumer durables rather than one particular consumer good. A similar campaign in 1955, although this time loosely focused on washing machines, was thus simply titled “Erhard helps the housewife.”

Federal consumer policy during the 1950s received some - albeit limited - input from civil society organizations. Since 1953, the economics ministry regularly convened a “consumer council” (\textit{Verbraucherausschuss}) to engage various consumer organizations in an exchange of information about a variety of consumer policy issues from price policy and store hours to housing questions and consumer credit.\textsuperscript{151} The council was made up of representatives from the vibrant consumer cooperative movement, the German Homemakers’ League (\textit{Deutscher Hausfrauenbund}), union representatives as well as church-affiliated groups.\textsuperscript{152} Despite the council’s broad approach to the politics of consumption, its influence was widely regarded as limited especially among consumer interest advocates.\textsuperscript{153}

The most prominent consumer organization during the 1950s was the AgV (\textit{Arbeitsgemeinschaft der Verbraucherverbände}) which emerged in 1953 as an umbrella organization of various consumer interest groups to give consumers a voice in the political arena.\textsuperscript{154} Next to the politically well represented groups of employers and

\textsuperscript{150} Memo “Verbreitung des gehobenen Bedarfs; hier: Kühlschränke, Abschlussbericht,” October 2\textsuperscript{nd} 1953, in \textit{BuArch} B 102 / 35963.

\textsuperscript{151} See protocols of the sessions of the Verbraucherausschuss in \textit{BuArch} B 102 / 168705 – 168709.

\textsuperscript{152} On the consumer cooperatives which in 1955 accounted for over 2 million (mainly working class) members and over DM 2 billion in retail sales, see Günter Triesch, \textit{Die Macht der Funktionäre: Macht und Verantwortung der Gewerkschaften} (Düsseldorf: Karl Rauch, 1956), pp. 179-205.

\textsuperscript{153} See for example Josef Bock / Karl Gustav Specht (eds.), \textit{Verbraucherpolitik} (Opladen: Westdeutscher Verlag, 1958), p. 67 and Christa von Braunschweig, \textit{Der Konsument und seine Vertretung} (Heidelberg: Quelle & Meyer, 1965), pp. 133-134. This perception was widely shared within the ministry itself. An internal 1965 document recounting the history of the council noted that while the council had met frequently and worked in a task-oriented manner during its early years, a change of format to annual meetings chaired by the minister himself had reduced the council to a platform for Erhard’s policy views. The consumer cooperative and union representatives, furthermore, were judged to be the only ones with economic competence by the ministry, however, they were also inclined to oppose Erhard’s policies e.g. with regard to wage / prices and to take a polemic stance. See Memo of October 7\textsuperscript{th} 1965, in \textit{BuArch} B 102 / 168699.

\textsuperscript{154} On the emergence of the AgV particularly out of the cooperation between coop groups and the Deutscher Hausfrauenbund see Bock / Specht, \textit{Verbraucherpolitik}, pp. 73-79. Pence, \textit{Rations to Fashions},
employees, the AgV contended, consumers were “the forgotten social partner.” Throughout the 1950s, the group steered a middle path between social-democratic calls for greater planning, regulation and Keynesian intervention in the consumer market place and the ordo-liberal emphasis on competition represented by Erhard. AgV representatives would frequently acknowledge that when unions and producers pursue their own agenda, the consumer’s best ally is competition and the general embrace of the market economy.\textsuperscript{155} While the AgV’s 1953 “Charta of the Consumer” called for freedom of consumer choice in a competitive market, however, it also included the right of organized consumers to participate and be represented in economic policy formulation. The AgV also saw the rights of consumers to an active consumer policy and to the “maintenance of purchasing power” (i.e. no inflation, steady real incomes) as the basis for consumer sovereignty.\textsuperscript{156} Thus, the AgV was at times an uneasy ally for the economics ministry in its push for modern consumer markets.\textsuperscript{157} Still, the ministry cooperated with the AgV and other consumer groups for example in campaigns to educate consumers about rational housekeeping and the expanded use of consumer durables.\textsuperscript{158}

The goal of expanding private consumption quickly reached its limits even with the ministry of economics, however, whenever other economic goals appeared to be threatened. Particularly worries of inflation soon muted the “courage to consume” rhetoric by the late 1950s. Rising prices and fears of an “overheating” economy led the cabinet-committee for economics to discuss a macroeconomic program designed to slow

\textsuperscript{155} For a broader perspective of the AgV outlook on regulation and the market place see Bock / Specht, Verbraucherpolitik, especially pp. 26-28 and 50-51.
\textsuperscript{156} Arbeitsgemeinschaft der Verbraucherverbände, “Charta des Verbrauchers” (1954), in BuArch B 102 / 168666.
\textsuperscript{157} Initially, the ministry was extremely weary of the AgV viewing as a “potential Social-Democratic agglomeration” in the area of consumer politics. Internal memo May 10\textsuperscript{th} 1953, in BuArch B 102 / 168666. Later the AgV was recognized as a potential ally with regard to modernizing and liberalizing the consumer market place in specific areas but the administration continued to be frequently at odds with consumer cooperative representative such as Cornel Bock, who would play a significant role in the AgV into the early 1960s.
\textsuperscript{158} “Consumer Centers” (Verbraucherzentralen) formed at the state-level in eleven states between 1958 and 1961 and partially funded by federal monies were central in the pursuit of more “modern” consumption patterns which earned them the criticism that they were founded upon a conflict of interest between genuine consumer education and counseling and the “general promotion of sales.” See Braunschweig, Der Konsument.
down growth (!) by cutting public spending (particularly in the housing sector) and private spending with the goal to skim off purchasing power (Konsumabschöpfung). Concerned about cuts in public consumption, representatives of the ministry of housing instead called for radical measures to curb private consumption, including the possibility of a “temporary prohibition” of consumer credit.\textsuperscript{159} Even Erhard admitted in 1956 that the consumer goods sector was now showing symptoms of “overexpansion,” leading to rising prices and a limited willingness to save.\textsuperscript{160} He publicly called for the need to slow down the “overburgeoning expansion of [...] mass demand.”\textsuperscript{161} Such concerns resembled the Eisenhower administration’s worries about the wage-price spiral at roughly the same time. The West German episode with its more radical proposals and alarmist language shows, however, how tentative the government’s commitment to expanding private mass consumption still was. In the United States, by contrast, the inflationary pressures of the late 1950s did not seriously threaten the postwar purchasing power consensus.

Wage-price policy was central to the West German debate over inflationary fears in face of growing private spending as well. Labor ministry officials explicitly criticized Erhard’s mid-‘50s campaigns for the promotion of durable goods consumption as fueling unions demands for higher wages.\textsuperscript{162} While the federal government largely refrained from interfering in the bargaining process between employer organizations and unions on an industry-wide basis, wage restraint to allow for investment and to prevent inflation was the general administration position. In the early 1950s, government reports warned of the American example (e.g. at General Motors) to peg wage development automatically to a cost-of-living index, favoring instead a more loosely defined link to the development of productivity.\textsuperscript{163} In contrast to their American counterparts, West German unions were more receptive to inflation concerns and tended to agree that lower prices could be

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\item \textsuperscript{159} Protocol Kabinettsausschuss für Wirtschaft, 51st session, June 12\textsuperscript{th} 1956.
\item \textsuperscript{160} Cabinet proposal ministry of economics and ministry of finance for a 2\textsuperscript{nd} “Konjunkturprogramm,” May 17\textsuperscript{th} 1956, in BuArch B 136 / 653.
\item \textsuperscript{161} Ludwig Erhard, government policy statement June 22\textsuperscript{nd}, 1956, Bulletin Nr. 114 (1956), pp. 1121-22, in BuArch B 102 / 48652. Erhard’s efforts to slow down growth, which were seconded by finance minister Fritz Schäffer and Federal Bank Chairman, led to a public clash with Adenauer who viewed their attempts to curb private and public consumption as detrimental in an election year. “Die Weiche wird gestellt,” Der Spiegel June 6\textsuperscript{th} 1956, pp. 15-27.
\item \textsuperscript{162} Protocol Kabinettsausschuss für Wirtschaft, 51st session, June 12\textsuperscript{th} 1956.
\item \textsuperscript{163} Expert Comission in the Federal Chancellory, “Wege und Möglichkeiten einer Neuorientierung der Lohn- Preispolitik in der Bundesrepublik,” February 13\textsuperscript{th} 1951, in BuArch B 102 / 12674,1.
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preferable to higher wages. By the middle of the decade, however, some union leaders had begun to press for a more Keynesian wage policy focused on increasing purchasing power. Spearheaded by Viktor Agartz, director of the union-friendly Institut für Wirtschaftswissenschaftliches Institut, the concept of “expansive wage policy” according to which wage increases should drive economic growth and rising productivity gained in popularity. Such efforts by the unions aggravated concerns on part of the administration about inflationary effects of a wage-price spiral even further and would – into the 1960s - repeatedly prompt calls for restraint in the expansion of purchasing power.

Calls for economic growth and the expansion of wages, production and mass demand - the core of the American purchasing power paradigm - were thus frequently curtailed in West Germany by an overriding importance placed on stability. To be sure, much of the 1950s and ‘60s were periods of staggering growth, but that frequently meant that the emphasis of federal policy would be on keeping the growth of private consumption in check; and such policies enjoyed much popular support. According to a 1957 survey, for example, 36% of West Germans saw stable or decreased prices as key to their personal economic improvement. Only 28% came out in favor of higher wages or pensions. 67% of respondents felt that the government should intervene to prevent price hikes and nearly 70% agreed with calls for price controls, a number that had remained relatively steady throughout the 1950s. As will be discussed in the following sections,


165 On Agartz, see Triesch, Die Macht der Funktionäre, pp. 61-76. Agartz was a member of the SPD and grounded in the consumer cooperative movement and certainly played a significant role in bringing Keynesianist models of mass demand into the left-wing of both Unions and Social Democrats. He himself was a controversial political figure. He was forced to resign from the WW1’s directorship in 1956, partially because of his aggressive stance. After allegations regarding contacts to the East German government, Agartz’ membership in the SPD and the unions was revoked. On the “Keynesian turn” of German Social Democrats after the late 1940s see Michael Held, Sozialdemokratie und Keynesianismus: Von der Weltwirtschaftskrise bis zum Godesberger Programm (Frankfurt a.M.: Campus, 1982).

166 The emphasis on stable prices was shared equally by supporters of the Social Democrats and the Christian Democrats. To be sure, a majority of 50 to 60% generally preferred the fluctuating prices of the social market economy to the East German model of a planned economy with the possibility of rationing and shortages throughout the 1950s. Still, roughly a third of the population (35% in 1957 and 27% as late
efforts to expand private mass consumption and to liberalize the consumer marketplace by the economics ministry were further restrained by the important role of public consumption in the Federal Republic as well as conservative opposition to the growth of a mass distribution economy.

Traditional Retailing and Conservative Restraints to the Consumer Market Place

While practical considerations and inflationist worries frequently restrained the economics ministries push for more mass consumption, it also faced outright opposition to its attempts to create a modern, competitive consumer markets. Erhard’s neoliberalism was not only under constant attack from the German left, but also faced a number of conservative challenges during the 1950s that left the consumer market place and the politics of mass consumption much more regulated than Erhard and other advocates of a competitive market economy had anticipated. Consequently, West Germany was relatively slow in developing the sort of mass distribution systems that allowed for the massive expansion of private consumption in postwar America.

American-style mass consumerism was by no means universally welcomed by a number of conservative groups within postwar West Germany. Intellectual elites and religious conservatives were weary of what they perceived as excessive materialism and a socially leveling impact of the “American Way of Life.” Their attitudes toward mass consumption, carried over from the interwar period, reflected what Victoria De Grazia has recently characterized as a “commercial civilization.” In contrast to the American emphasis on low-price mass distribution, a traditional bourgeois model of protectionism had prevailed in European societies which emphasized small local retailers and class difference in consumption.


165 German groups touring the United States during the 1950s, for example, would frequently preface their reports by pointing out that the “often found opinion of single-mindedly capitalist or even mammonist attitudes of the American population” is untrue. Rationalisierungs-Kuratorium der Deutschen Wirtschaft, Der Einzelhandel im Konkurrenzkampf (München: Carl Hanser, 1955), p. 8. On conservative concerns about mass consumption and its threat to bourgeois German culture in general Ch. 3 and the debate on saving and consumer credit in Ch. 4.

Into the postwar-decades, West German retailers and industrial interests were not always keen on embracing the competitiveness of American-style consumer markets. Especially the so-called “old middle class” (Mittelstand) of small and mid-size independent retailers and producers was concerned and wielded considerable political clout within the governing CDU. Retail policy in 1950s West Germany did to some degree overcome the overt protectionism of small retailers that had been so prominent in the interwar and especially the Nazi years. Still, the CDU had to pacify very vocal Mittelstands-interests which remained concerned about the survival of small producers and shopkeepers in a modernizing economy. In face of a coalition of big business and more pronounced consumer interests, by contrast, this social group had since the interwar period lost considerable political clout in the United States.

In West Germany, even the Board for Rationalization in the German Economy or Rationalisierungs-Kuratorium der Deutschen Wirtschaft (RKW) was cautious in recommending the outright adoption of American retail practices. Despite the RKW’s longstanding promotion of government and industry efforts to modernize and rationalize business relations in Germany dating back to the 1920s and it’s sponsorship of a great number of postwar study-trips to the United States, its 1955 survey of retailing trends in the United States (such as economic concentration brought on by motorization and refrigeration) described the American developments as “too much and too stormy.” The report found that American practices would have to be modified for a more gradual adoption in West Germany. The confluence of conservative moral reservations and organized business interests thus led to repeated conflicts with the more neo-liberal consumer-minded economics ministry. Subsequently, I will look in particular at three

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169 For the development of retailing in postwar Germany in general see below Ch. 6.

170 Initially, the CDU competed for this constituency with other, smaller middle-class parties such as the BHE and the DP. Pacifying the “old middle-class,” furthermore, was seen as an important aspect of avoiding another political radicalization of this social group as in the interwar period. See Detlef Briesen, Warenhaus, Massenkonsum und Sozialmoral: Zur Geschichte der Konsumkritik im 20. Jahrhundert (Frankfurt: Campus, 2001), pp. 195-222.

171 See Jacobs, Pocketbook Politics, Ch.1.

conflicts concerning competition and retailing law, resale price maintenance, and finally store hours.

One central conflict of the 1950s was waged over what eventually became the 1957 law on retailing professions. The law, a clear attempt by retailers to shut themselves off from competition, regulated the conditions under which a retailing business could be opened and required retailers to submit proof of qualification to the chamber of commerce. Erhard had largely opposed such efforts to restrict access to the consumer goods market since the early 1950s, which put him at odds with many in the CDU who gave political backing to the retailers. The economics ministry wanted a more modern and competitive retailing industry which, they hoped, would mean lower prices for consumer, less inflationary pressures and could ultimately be used against union wage demands.

Erhard’s views coalesced with those of other economists during the post-war years who indicted German retailers for irrationally calculating prices and keeping too large an inventory. Economist Artur Woll, for example, accused German retailers of having a static rather than a dynamic outlook on their business. Instead of looking to expand business through lower prices and increased volume, most retailers only sought to maintain their current level of sales and a “respectable” income. Such ossifying trends, Woll found, were aided by a number of legal restrictions on competition that survived from the interwar and Nazi-era and remained active during the 1950s. A 1933 law prohibiting significant rebates and discounts on cash purchases, overtly aimed at larger retailers, was reaffirmed in 1954. The law against unfair competition which dated back to 1909 and was updated in 1957 still prohibited not only price dumping, but also comparative forms of advertising and all sales (with some exceptions e.g. for seasonal sales to clear out summer and winter merchandise).

173 See file on price policy and retail margins in BA B 102 / 4017.
175 See Woll, Wettbewerb im Einzelhandel, pp. 80-120. Department stores, which did witness a recovery and some degree of concentration during the 1950s, had traditionally been the focus of restrictive regulation during the NS era and continued to be checked by competition policy during the 1950s especially with regard to rebates and to their ability to negotiate better prices from suppliers. Henry Braunwarth, Die führenden westdeutschen Warenhaus-Gesellschaften, ihre Entwicklung nach dem Kriege und ihre heutigen Probleme (Nürnberg: Gesellschaft für Konsumforschung, 1957).
The law on retailing professions promised to become the most restrictive legislation of all. The initial 1952/53 version of the bill envisioned the division of the entire retailing industry into 31 separate sub-fields, complete with their own certifications (*Fachkundenachweis*).\(^{176}\) Within the German Retailers Association (*Hauptgemeinschaft des Deutschen Einzelhandels*) various groups worked to develop training curricula for apprentices during the early 1950s. The glass and porcelain retailers group, for example, developed a 3-year curriculum that included business aspects (sales, bookkeeping, acquisition, marketing etc.) as well as intensive product education (*Warenkunde*) for glass-, porcelain, metal- and earth wares.\(^{177}\) Similar curricula were developed by, among others, shoe, tobacco, soap, textile, photo, radio, bicycle, stamps, and coal retailers. The retailers association wanted to retain a “healthy mix” of store sizes and to protect the small independent retailer.\(^{178}\) Not protectionism, some retail supporters argued, but rather “the freedom of trade forced upon us by the Americans [after 1945]” has lead to increased costs and prices in retailing due to increased advertising expenses and lower sales per employee.\(^{179}\)

The economics ministry attacked especially the idea of dividing up the retailing profession as symptomatic for a broader tendency within the economy to secure closed markets through restrictive policies. Interests groups, the ministry felt, wanted to develop a “state of estates” and even within the governing coalition ministry officials noted a growing aversion towards market competition. They saw their ministry as the lone “bulwark of the free market economy.”\(^{180}\) Indeed, while the economics ministry complained in a 1955 meeting of the cabinet committee for economics that the retail legislation was imbued with a “guild-spirit” which could “only be found in Germany,” several other cabinet members were sympathetic to the legislation.\(^{181}\) Consumer groups did rally against such restrictive efforts, attacking so-called “*mittelständische*” policy for

\(^{176}\) See “Der Sieg des Schrebergärtners,” *Handelsblatt* July 15\(^{th}\) 1957.


\(^{179}\) Joseph Baumgartner, “Sind die Handelsspannen zu hoch?” *Süddeutsche Zeitung* January 8\(^{th}\) 1952.


\(^{181}\) Protocol Kabinettssausschuss für Wirtschaft, 26th session, March 3\(^{rd}\) 1955.
ignoring new, employed middle-class interests of consumers in favor of the old, independent middle classes. There was, they claimed, no “right to backwardness” and they dismissed the notion of a “healthy mix” of retailers as detrimental to dynamic, modern forms of distribution. Looking to larger retailers and discounters in the United States they surmised: “The pikes in the carp pond are also friends of the consumer.”182

The 1957 version of the retailing bill that eventually came into law represented somewhat of a compromise. The law required only very general qualifications (Sachkundenachweis) of prospective retailers such as a business degree or a completed apprenticeship in retailing or a retail-related craft. It did not make knowledge of the retail goods itself (Fachkundenachweis) a requirement. Still, access to the retailing trade was now federally regulated. Only in 1965 did the constitutional court find the law to be in contradiction to the constitutionally guaranteed freedom of occupational choice. The Sachkundenachweis was subsequently suspended for most retailing trades with the exception of pharmacies and grocery retailing.183

The conflict over regulating retail trade professions shows the difficulties faced by modernizers within the ministry of economics and their limited success during much of the postwar decades in promoting a true mass distribution economy. This conflict overlapped with a second struggle over the practice of resale price maintenance. While “fair trade” laws were eroded in the United States, resale price maintenance actually gained in importance in West Germany during the 1950s. Again, efforts by the economics ministry to promote a competitive market place were thwarted by a coalition of traditional retailing interests attempting to protect their “sinecures” and the interests of a number of consumer good producers.184

Despite reservations, West German producers during the 1950s certainly showed some degree of openness towards American business practices and German industry had

183 On the legal aftermath of the retailing law see file BuArch B 102 / 262948. A further 1972 decision by the court made the retailing law virtually pointless, yet the retailer’s association continued to lobby for its existence.
184 The term “sinecures” was emblematic for market-liberal attack on traditional business practices during the 1950s. Similar to references invoking “guilds” and “estates” it was meant to denote pre-modern economic thinking. See for example Karl Böttcher, “Probleme des Kaufmanns von Nebenan und Gegenüber: Für den Optimalen Kundendienst – Gegen einen ‘Berufsschutz’ freiwilliger ‘Mittelstands’-Proletarier,” Frankfurter Hefte 2 (1955), pp. 107-116.
been prodded towards mass fabrication since the Nazi-era.\textsuperscript{185} Still, to a large degree, German consumer goods producers remained traditional in their emphasis on diverse quality production that did not always square easily with the demands of a mass consumer society.\textsuperscript{186} Experts traveling the United States on behest of the \textit{Rationalisierungskuratorium} during the 1950s urged German companies to pay more attention to American practices. The American Standards Association, it was pointed out for example, set industry-wide standards for consumer durables and thus reduced the plethora of competing systems. American industry, it was further noted sought cooperation with women’s organizations and paid attention to consumer demand through the use of “home panels” run by marketing firms such as J.W. Thompson.\textsuperscript{187}

A multitude of models and variations as well as craft- rather than assembly-line production remained a problem for the rationalization of the German consumer goods industry. While ambivalent about the possible consequences of concentrated mass production, consumer groups did call for an increase in standardized production to improve the standard of living.\textsuperscript{188} A study of the supply of radio receivers on the German market in 1951/52 served as an example. All in all there were 325 different models on the market. Of these, 68 models had 63% of the market share but accounted for only 23% of items stocked. Another 137 models had 15% of the market share and still made up 22% of stock. The remaining 25 models were hardly sold at all and yet accounted for 31% of stock value. While not completely discounting the demand for some more expensive, high end items, this was presented as evidence for the need to rationalize production and


\textsuperscript{188} See Bock / Specht, \textit{Verbraucherp Politik}, pp. 94-96.
to eliminate much of the overhead cost involved in stocking such a large variety of models that consumers did not necessarily even appreciate.\textsuperscript{189}

The economics ministry had pushed at various points for more standardized mass production of consumer goods. The idea lay at the heart of the “collective brand” (or Gütezeichen) program that Alfred Müller-Armack had proposed in 1952 prior to the refrigerator campaign. “Collective brands,” the plan envisioned, were to be awarded by an independent industry consortium. Loosely modeled on the Everyman-program (Jedermann-Programm) of 1948 and the British “utility-system,” the collective brands were hoped to promote mass serial-production of refrigerators, radios, furniture, textiles etc. as a “social contribution“ on part of industry, making it easier on consumers by offering fewer goods (less confusion and quality assurance) at fixed low prices.\textsuperscript{190} Not surprisingly, both retailers and the consumer goods industry were strongly opposed this idea and only luke-warm support by the ministry itself caused the plans to be shelved by the end of 1952.\textsuperscript{191} However, even the outright promotion of refrigerators by the ministry’s subsequent campaign received a cool reception by producers. By the end of the promotional campaign in 1953, industry representatives remained skeptical if high-priced goods like refrigerators had mass-market potential in Germany. Unlike in the United States, they objected, there was limited assembly line production here and the costs of German refrigerators were consequently seen as too high for average German consumers in the near future. Infuriating the ministry, industry spokesmen attributed most of the much touted growth in sales and production to increased refrigeration exports.\textsuperscript{192}

Frustrated by such unwillingness to develop a stronger domestic mass market approach on part of the industry, Erhard resorted to liberalizing consumer goods imports as a means to force producers to lower prices. While he did not get parliamentary backing for lower tariffs, he introduced an “every-man import” program in 1955 whereby

\textsuperscript{189} The study was conducted by the Rationalisierungsgemeinschaft des Handels. See, ibid, p. 146.
\textsuperscript{190} See file “Gütezeichen 1952-53,” in BuArch B 102 / 192434, especially Memo “Besprechung Gütezeichenprogramm,” March 5th 1952, and Gröger, “Niederschrift zum selben Gespräch,” March 14\textsuperscript{th} 1952. The Jedermann-Programm (similarly to the ‘utility-system’) used incentives and preferential allocation of raw materials to foster the mass-production of standardized ‘basic goods’ (shoes, shirts etc.) at fixed prices. It was introduced by Erhard to combat the price increases after the currency reform, but it did not prove very successful and lasted for only a few months. See Pence, Rations to Fashions, ch. 4.
\textsuperscript{191} See “Gütezeichenprogramm ist problematisch,” Der Deutsche Handel 4,5 (May 1952) and letter Markenverband to Erhard, October 3\textsuperscript{rd} 1952, in BuArch B 102 / 37241.
\textsuperscript{192} See “Keine Kühlschränke für den kleinen Mann,” Düsseldorfer Handelsblatt October 8\textsuperscript{th} 1953.
individual consumers were encouraged to “import” by buying goods (up to a limit of DM 50) abroad.\textsuperscript{193} Consumer goods imports were part of the 1956 overall program to check inflationary tendencies and in 1957 the ministry had allowed more favorable conditions for textile imports from China and Japan to pressure prices. Only the ensuing “flood of cheap textiles” which began to threaten the German textile industry in 1958 successfully swayed Erhard to restrict imports again.\textsuperscript{194}

Resale price maintenance was a central issue in the postwar debate over lowering the prices of consumer goods and mass distribution. Prohibited under allied de-cartelization efforts after the war, the practice was re-introduced in 1952 following the so-called “Willner-letter” by the US High Commissioner’s office which indicated that the office would not implement proceedings against brand good producer who maintained their prices.\textsuperscript{195} Price maintenance for brand goods was later detailed in a 1954 statutory order and finally in Article 11 of the 1957 competition law.\textsuperscript{196} While Erhard was publicly reluctant to attack resale price maintenance outright, there were many critical voices within the economics ministry who regarded it as a burden on the free market, causing rigid prices.\textsuperscript{197}

Producer interests, which were organized in the “brand goods association” had successfully fought for the provision in the 1957 law and would defend resale price maintenance for decades to come. Like their American counterparts they argued for the importance of the practice in protecting the value of their brands. Consumers, they further claimed, wanted the security of getting the same quality at the same price at any store. Leading consumer electronics producer Braun was especially vocal in defending traditional producer-retailer relations. Depicting itself as a champion of product quality and traditional specialty stores, Braun consciously limited domestic sales to a single retailer (e.g. a chain) to 3% or less of total sales volume. Higher prices in specialty stores,

\textsuperscript{193} “Lohn-Preis-Spirale,” \textit{Der Spiegel} September 14\textsuperscript{th} 1955, pp. 16-18.
\textsuperscript{194} “Der gestörte Markt,” \textit{Der Spiegel} May 28\textsuperscript{th}, p. 28. See also Cabinet proposal ministry of economics and ministry of finance for a 2\textsuperscript{nd} “Konjunkturprogramm,” May 17\textsuperscript{th} 1956, in \textit{BuArch} B 136 / 653.
\textsuperscript{195} Office of the US High Commissioner for Germany to ministry of economics, “Resale Price Maintenance for Branded Articles,” November 18\textsuperscript{th} 1952, in \textit{BuArch} B 102 / 8032.
\textsuperscript{196} “Preisbindung: Rabatte verboten,” \textit{Der Spiegel} April 28\textsuperscript{th}, 1954.
\textsuperscript{197} On the ministry’s stand on price maintenance see file “Preisbindung 1955-57,” in \textit{BuArch} B 102 / 3991. On the discrepancy between restraint public endorsement (especially vis-à-vis retailers) and the internal rejection of resale price maintenance see Protocol of March 22\textsuperscript{nd} 1961, Session of the Consumer Council, in \textit{BuArch} B 102 / 168707.
the company claimed in 1954 in its own trade publication, were justified because of the personal service and the greater selection they afforded.\textsuperscript{198} To underscore their position, Braun pointed to the “alarming example” of the United States where discounters and consumer goods producers like General Electric increasingly infringed upon specialty stores. American retailing, the company warned, was dominated by “uninhibited price-dumping.” They likened American consumers to “Maroccan rug dealers” who bargained for low prices and “spied out” (i.e. comparison shopped) different stores, presumably getting good service at specialty retailers only to then buy at cheap discounters.\textsuperscript{199} Braun and other German consumer goods producers thus appealed to retailers and the public in an attempt to uphold the system of small store, quality goods distribution with which they had fared so well. Resale price maintenance was viewed as a key policy in fending off the advances of an American-style mass distribution system.

Braun’s line of argument had considerable political support and resonated with large parts of the German population as well. Indeed, many German consumers supported “fixed prices” especially for smaller, everyday items. A 1962 Allensbach survey showed 60\% of respondents in favor of resale price maintenance and only 26\% opposed.\textsuperscript{200} As will be discussed in Chapter 3, many middle-class West German consumers, furthermore, exhibited somewhat different attitudes towards pricing than their American counterparts and were more likely to pressure for stable rather than lower prices. Politically, the practice of price maintenance found the backing of conservatives who vied for the support of independent businessmen. Important is a “reasonable price,” declared CDU representative Rudolf Meyer-Ronnenberg in 1954. “Unbounded cheapness,” he found, was not always in the interest of the consumer. Instead, a balance between price and quality offered by 100,000 small businesses should be the “truly desirable goal of real


\textsuperscript{199} Discounters were described as “parasites” who “feast on the harvest” brought in by the specialty stores. Braun Vertraulicher Informationsdienst für den guten Fachhandel, “5 Minuten vor 12,” March 1955; Braun Sonderinformationen für den guten Fachhandel, “Schluß mit den Schwarzen Märkten!” January 1956, in \textit{BuArch} B 102 / 4017.

\textsuperscript{200} Klaus Schwank, “Bestätigte Preisbindung,” \textit{Deutsche Zeitung}, January 8\textsuperscript{th} 1964.
The concerns of the ministry of economics lost out politically during the 1950s and resale price maintenance became a prominent feature of the German consumer goods market throughout the 1950s and '60s. Even after the Social Democrats, (who were largely opposed to price maintenance and did not have to worry about independent retailers and small producers as a constituency) took over the ministry of economics in the late 1960s, their efforts to end resale price maintenance in 1969 were stifled in parliament and the cabinet due to the lobbying of industrial pressure groups as well. The mass distribution economy of the United States thus never quite found its way to Germany during the 1950s and '60s.

A third major arena of conflict concerning restrictions to the consumer marketplace, the debate over store-hours, further illuminates the difficulties of postwar retail modernization. A coalition of retail interests, church groups and unions emerged during the early 1950s to push for unified, federal legislation limiting store hours. The culmination was the 1956 store closing law (*Ladenschlussgesetz*), which restricted stores hours to 7:00 am to 6:30 pm Mondays through Fridays and 7:00 am to 2:00 pm on Saturdays. Historically, the regulation of store hours had been a mix of religious and labor rights concerns. The introduction of the 8-hour day in 1919 had limited the opening hours of most stores to the time window from 7:00 am to 7:00 pm, however, a host of exceptions and local variations continued to exist. By the late 1940s, German stores had frequently more liberal hours than in the United States, with many stores

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201 Rudolf Meyer-Ronnenberg (BHE, later CDU) before the Bundestagung der Verbraucherverbände in Köln, May 1954, in *BuArch* B 102 / 168666.
203 The ministry of economics, it should be pointed out, never pushed for rationalization and concentrations to the fullest extend either. Ordo-liberal concerns about lively competition and pressures from Mittelstands-groups such as the Arbeitsgemeinschaft Selbständiger Unternehmer always kept a check on the desire for large and efficient consumer goods producers and retailers. During the 1960s, a debate over Galbraith’s thesis on inevitability of growing concentration with more mass production and cheaper goods as well as the US Judiciary Subcommittee hearings (1964-68) on concentration received attention by the ministry. In 1969 a report by the Federal Cartel authority found that cost-efficiency is not an inevitable result of concentration processes, thus it should not be promoted by the government. Federal Cartel Authority, “Technischer Fortschritt, Integration, internationale Wettbewerbsfähigkeit und Unternehmensgröße,” January 17th 1969, in *BuArch* B 102 / 140345.
opening earlier and closing later than their 9 to 5 American counterparts. But while the trend in the United States was towards longer hours and limited enforcement of regulations, West German store-hours became more strongly regulated and restricted.

While the economics ministry favored a unified, but relatively liberal approach to store hour regulation, the federal labor ministry emerged as a formidable rival in this area of consumer policy. Since store hours had been traditionally regarded as part of labor policy, the labor ministry was formally in charge of policy formulation. The economics ministry challenged this in the early 1950s, arguing that because employee work-hours were regulated by a variety of other means, store hours had become primarily the subject of competition policy. Whereas the economics ministry feared a restriction of retail competition and an unnecessary burden on consumers if store hours were dramatically restricted, the labor ministry championed the concerns shared by retailers and unions for ensuring adequate leisure time of proprietors and employees on evenings and weekends. By 1956, the debate regarding the “overheated economy” and excessive private spending allowed the labor ministry to further justify the closing hour law with the positive economic effect of “limiting consumption.”

Especially the restriction on Saturday afternoon shopping was a major impediment to the emergence of weekend family shopping patterns favoring large retailers as seen in the United States. Throughout the 1950s and ‘60s, shopping in West Germany continued to be primarily the domain of women who shopped frequently throughout the workweek. Earlier plans for the closing hour law had provisions for a “rolling” free afternoon, leaving it up to individual retailers when to shut down for half a day. The eventual elimination of Saturday afternoons as shopping time led especially big department stores to fear for their market share (e.g. to mail-order companies). Most small retailers, by contrast, supported the newly restricted store hours as it offered them a measure of protection from larger competitors. A 1961 survey among retailers found 62% of

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205 See Schoneweg, Ladenzeiten im Einzelhandel.
207 Erhard, to be sure, did not agree with this line of argument. See cabinet proposal Erhard, July 4th 1956, in BuArch B 102 / 39398.
208 This had been favored by the economic cabinet committee in a 1954 vote. Protocol Kabinettsausschuss für Wirtschaft, 15th session, Aug 3rd 1954.
respondents calling the regulation adequate while another 21% called for even shorter hours on Saturdays.\textsuperscript{210}

Both the economics ministry and consumer groups regarded the employer-employee driven agreement on store hours as a prime example for the role of consumers as the “forgotten social partner” in West Germany. The consumers themselves, though, did not necessarily see it that way. In 1957, more Germans agreed than disagreed with the limited closing hours on Saturdays.\textsuperscript{211} Most Germans during the postwar decades did not object to such efforts to protect traditional retailing modes. Some wanted to conserve independent retailers and the specialty stores they valued; and to union advocates as well as social conservatives the limited shopping hours presented a socially just limitation on private consumption.

\textit{Balancing “Markets” and the “Social” in the Social Market Economy}

The expansion of private mass consumption in a liberalized market place was not only challenged by conservative business interests, but also from the Left. Having discussed the comparatively limited overall importance of consumption in postwar West Germany as well as the public regulation of consumer markets, I will now shift the focus more explicitely to the balance between private and public consumption. Throughout the 1950s, the social democratic opposition, unions and forces within the governing coalition itself pushed to strengthen the social aspects of the “social market economy.” This push included social Keynesian calls for fostering mass demand and public intervention, increased public consumption through social spending as well as the state provision of public goods.

At its inception in 1949, the West German state inherited a strong legacy of public consumption and social spending. The social insurance system dated back in part to the 1880s and had been augmented during the Weimar years to include not only pension and health provisions, but also unemployment insurance.\textsuperscript{212} The postwar context further

\textsuperscript{210} Aengenendt, \textit{Ladenöffnungszeiten}, p. 23.
\textsuperscript{212} On the development of the postwar German social security state see Hans Günter Hockerts, \textit{Sozialpolitische Entscheidungen in Nachkriegsdeutschland: Alliierte und deutsche Sozialversicherungs-
necessitated substantial public consumption for two reasons. First, war time destruction and a dramatic influx of millions of refugees from the formerly Eastern parts of the German Reich led to substantial public transfer payments (Lastenausgleich) to accommodate and integrate refugees as well as to massive public spending to rebuild the infrastructure from housing to transportation. The existence of the German Democratic Republic, secondly, forced some degree of Cold War competition in the area of public spending as well, with both sides ensuring that at least basic needs of the population were met.

During the immediate postwar years, a major reform of the German social security system along the lines of the British Beveridge plan had been debated. After the Allies had deferred social policy to German authorities in 1948, unions and Social Democrats pushed for the adoption of a more unitary, tax-financed welfare state which would provide minimum pensions and health services to all citizens. Traditionalists within the administration and a majority of the conservative CDU rejected such proposals in favor of preserving the existing framework. By the early 1950s, the old insurance-based and fragmented structure of German social security (with separate insurance systems for workers and salaried employees) had largely survived postwar reform efforts. Still, by 1953 West Germany led according to International Labour Office statistics in international comparisons with public social spending accounting for 19.4% of national income.213

Despite the restoration of the conservative, pre-war social-security structures, calls for more “social Keynesian” approaches were not absent from 1950s German politics. Especially the unions, as seen already with regard to Victor Agartz’ “expansive wage

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213 Hockerts, Sozialpolitische Entscheidungen, pp. 196/97. By 1957, this percentage had grown to 20.8%. This statistic, Hockerts points out, was slightly skewed because it didn’t take the relatively high consumption taxes in Germany into account which diminished the aggregate number for the national income. Also, transfer payments in the aftermath of war figure prominently.
policy” were inclined to argue for economic growth and “fostering mass purchasing power” by means of not only expanded real incomes, but through public transfer payments as well.\textsuperscript{214} Social Democratic consumer policy advocates such as Karl Schiller supported the market economy, but within limits. Consumer policy, Schiller argued in 1954, meant enabling free consumer choice. This, however, should not be limited to modernizing retailing and ensuring competition, but needed to entail the positive enabling of consumption opportunities especially for pensioners and those depending on social welfare. Under the headline “as much competition as possible, as much planning as necessary,” Schiller advocated a mixed economy with Keynesian elements such as macroeconomic steering of purchasing power, savings and consumption rates.\textsuperscript{215} An earlier 1952 parliamentary initiative for social reform by the Social Democrats had envisioned social insurance not as an autonomous entity but as a way to stabilize the economy towards full employment and to increase “purchasing power.”\textsuperscript{216} Thus, unions and Social Democrats were generally in favor of modernizing efforts in the consumer retailing sector, but they pushed for stronger social inclusion of all consumers in the emerging consumer society.

While Erhard proclaimed the “year of the consumer” in 1953, the CDU-led governing coalition acknowledged that the undeniable successes of the social market economy were thus far largely limited to those West Germans who were integrated into the labor market. Speaking before the Bundestag, Chancellor Adenauer proclaimed: “Not all groups of the population, though, have equally participated in the economic progress of the Federal Republic […] It will have to be a special concern of the federal government to integrate the unemployed and to propose measures to the Bundestag which will further improve the economic situation of pensioners, invalids, widows and survivors. This goal has to be achieved by two means: first by further increases of the


\textsuperscript{216} Again the plan showed strong affinities to the Beveridge plan framework. See Hockerts, \textit{Sozialpolitische Entscheidungen}, p. 24.
social product and secondly through comprehensive social reform.” Adenauer further pointed to the social function of economic growth as enabling expanded social spending. The conservative federal government, while not overtly subscribing to the social Keynesian measures demanded by the opposition, did commit itself during the 1950s to strengthening social security and social spending under the conditions of new-found postwar affluence. In contrast to the United States, more direct public transfers and not just expanded (and subsidized) private purchasing power were seen as instrumental to economic growth and a socially balanced consumer policy.

A large-scale social reform project became a central part of the governing coalition’s agenda by the mid 1950s. The 1950 law on transfer payments to refugees had already provided for some degree of purchasing power redistribution. The decade also saw the introduction of child allowances, efforts towards a fundamental reform of welfare payments and, most importantly, the landmark pension reform of 1957. “Prosperity for All,” the famous Christian Democrat campaign slogan in the 1957 federal elections touted not only ostensibly the successes of Erhard’s social market economy, but must also be seen within the context of the social reforms which aimed at heightened economic security for all West German citizens.

While Erhard voiced stern opposition to efforts geared at expanding social spending, other members of the conservative cabinet took a different view. In 1955, chancellor Adenauer sent a note to all cabinet ministers expressing concerns about a “gradual development towards a complete welfare state.” In his reply, Erhard agreed with Adenauer. He, too, perceived a growing tendency to look to the state as the responsible actor and not to individual self-reliance. He warned of a “rentier mentality” in wide segments of society that should not be fostered. Akin to the United States, state support should be limited to those “truly in need of protection.” To Erhard, this meant to limit for example subsidies for transportation, housing and to foster private insurance.


218 Letter Adenauer to federal ministers “Entwicklung zum Versorgungsstaat,” January 16th 1955 in, BuArch B 102 / 40896.
Growing prosperity, he suggested, carried the danger of shifting the emphasis from further achievement to the “protection of achieved results” through state policies.\footnote{Letter Erhard to Adenauer, May 24\textsuperscript{th} 1955, in \textit{BuArch} B 102 / 40896.}

Most other ministers, to be sure, shared such concerns, but many carved out important exceptions in their respective replies to Adenauer. Family minister Franz-Joseph Würmeling stressed child allowances as a means to ensure “family-oriented incomes” and saw rent subsidies as indispensable for the social status preservation of large families. Minister of labor Anton Storch noted that the dimensions of existing social transfers were not really as dramatic as critics made them out to be. Housing minister Viktor-Emanuel Preusker pointed to the sheer necessity of state intervention in the housing market after wartime destruction. Minister of All-German Affairs Jakob Kaiser, finally, noted the degree to which state support had helped achieve social peace after the war and invoked Bismarck and the tradition of nationbuilding through state support by bridging class divides. He warned that the developments in East Germany, which was creating a new social security system at the time, needed to be closely watched and kept in consideration.\footnote{Letters to Adenauer by Franz-Joseph Würmeling February 25\textsuperscript{th} 1955; Anton Storch March 8\textsuperscript{th} 1955; Viktor-Emanuel Preusker March 17\textsuperscript{th} 1955, and Jakob Kaiser March 15\textsuperscript{th} 1955, in \textit{BuArch} B 102 / 40896.} Even prior to the Sputnik-shock, the relatively high degree of private consumption in the West was widely seen as a potential liability in a competition over public investments between the two states.\footnote{See e.g. Nützenadel, \textit{Stunde der Ökonomen}, pp. 175-186.} Thus, institutional interests, conservative traditionalism and the contexts of postwar strife and Cold War competition worked to ensure strong public consumption and to frustrate Erhard’s neo-liberal vision of the social market economy.

Social spending became a way of providing access to the consumer affluence of the economic miracle to various groups of West German society and was not limited to just the “poor” as in the United States. At times, as for example in the case of child allowances which were primarily designed to bolster a conservative family and population policy, increases in social spending were the by-products of other policy goals. Since 1949 though, child allowances for families with more than two children were debated not only as a pro-natalist measure, but as a way of redistributing purchasing
power. While Social Democrats had argued for a even more redistributive and tax-financed system of child allowances, the eventual 1954 act provided for corporate, employment-based semi-public funds. Congruent with the administration’s objective to ensure the social status of larger middle-class families, families with more than three children received payments relatively independent of their social needs.

The 1957 pension reform was certainly the most important aspect of the social reform and at least to some of its proponents it presented a way to promote consumer affluence. While old-age poverty was still quite common during the early 1950s despite the already existing pension system, the reform not only dramatically increased benefits - which were now no longer paid out of saved-up capital stock but from incoming insurance contributions on a pay-as-you-go basis – but it made pension benefits “dynamic” in that they were regularly adjusted to match the dramatic increases in real wages during the postwar years. The idea of the dynamic reform, as labor ministry official Kurt Jantz explained in 1956, was to give pensioners the “real equivalent” to the consumption they forewent during their working years. The reform would create adequate “consumption possibilities” during old age and secure an “earned standard of living.” The premise, to be sure, was that social payments were “not to be given out in a schematically leveling fashion, but under considerations of individual life-achievements.” The new benefits, which generally amounted to 70% of former wages, were no longer merely meant to subsidize care through family but to ensure the “standard of living achieved over the course of one’s life.”

Labor minister Anton Storch whose ministry headed the push for social reform viewed the pension reform quite directly as a way to augment private consumption and as

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224 Alexander Rüstow et al. (eds), Das Problem der Rentenreform (Ludwigsburg: Martin Hoch, 1956), pp. 18-20. As head of the social insurance department, Jantz had brought young social scientists and economists into the ministry staff during early 1950s to work on social reform with a decidedly more Keynesian perspective. See Hockerts, Sozialpolitische Entscheidungen, pp. 115-118.

225 Cabinet proposal Bundesminister für Arbeit, April 7th 1955, in BuArch B 136 / 1379.
a boost to the economy through public spending without the yard-stick of income limits or a needs-basis.\textsuperscript{226} Writing to Erhard in 1954, he suggested that “as minister of economics [Erhard], too, would have a great deal of interest in getting this group of people [pensioners] increasingly involved in consumption.”\textsuperscript{227} On the surface, this was a reasonable assumption coming just a few months after Erhard’s refrigerator campaigns for more private consumer spending. Erhard, however, completely ignored the argument for increasing consumer purchasing power through pension reform in his reply and instead focused on the concern that the dynamic pension system under consideration would set a precedent for indexing pensions which - just like indexing wages - he rejected.\textsuperscript{228} Erhard as well as finance minister Fritz Schäffer were worried not only about the weakening of individual self-reliance, but also about potential inflationary pressures exerted by publicly augmented purchasing power.

Fears about inflation and the collapse of consumption ethics as a result of the pension reform were not limited to the political leadership. Der Spiegel discussed the effects of the reform using the fictional example of “Mr. Meyer,” an average German citizen. Mr. Meyer, the article suggested, would now be less inclined to save: “Because [Mr. Meyer now] is socially insured, he doesn’t have to save for old age or emergencies, but can give free reign to his consumerist desires. Increased demand in consumer goods, however, without corresponding increases in production drives up prices and the inflationist waves go higher and higher.”\textsuperscript{229} Such worries, however, not only reflected a traditional disdain for a consumerist life-style, but also proved to be largely unfounded at least in the short term. Overall, consumption patterns changed only marginally in the years following the pension reform, especially because many pensioners, rather than spending all of their increased purchasing power, continued to save.\textsuperscript{230}

\textsuperscript{226} “Kabinetsache Schäffer zu Fragen der Reform der Sozialversicherung,” November 13\textsuperscript{th} 1953, in \textit{BuArch} B 102 / 42309.

\textsuperscript{227} Letter Storch to Erhard, January 9\textsuperscript{th} 1954, in \textit{BuArch} B 102 / 42309.

\textsuperscript{228} Letter Erhard to Storch March 5\textsuperscript{th} 1954, in \textit{BuArch} B 102 / 42309

\textsuperscript{229} “Herrn Meiers Lebensabend,” \textit{Der Spiegel} February 6\textsuperscript{th} 1957.

The German social security state retained a rather “conservative” character, to be sure, and there was little social leveling as a result of the reform.\textsuperscript{231} This meant, however, that unlike in the United States, direct public spending would not be limited to the very poor, but rather public consumption would affect Germans of all social backgrounds. There was a growing sense in the late 1950s and early 1960s that public spending could and should provide every West German with a share of new found consumer affluence. The reform of the welfare law in 1961 is an important case in point. The 1950s had seen a move towards the notion of an individual “right” to welfare as well as towards the formulation of a federally standardized minimum. To be sure, there was a debate as to whether welfare-recipients should receive a share of the growing gross domestic product or whether the focus should simply be on insuring a basic minimum. An outcome of this debate was the 1955 minimum “basket of goods” (\textit{Warenkorb}) which still focused mostly on “rigid” demands for nutrition rather than more “flexible” demand for example for textiles, shoes or cultural expenses and it made no provisions for such items as tea, coffee, or tobacco.

This initial basket of goods was widely decried in the West German press as “too cheap,” and as the economy continued to grow during the later 1950s, the approach to social welfare changed markedly.\textsuperscript{232} The federal welfare law of 1961 changed the rationale behind welfare from providing the “necessities of life” to affording welfare recipients to lead “a life in human dignity.”\textsuperscript{233} At the same time, the statistical bureau updated the “meager basket of goods” that had served as the basis for the consumer price index during the 1950s to a “well-filled” one which for average consumers now included items like brand chocolate, bananas, eating out, as well as expenses for consumer durables, travel, public television fees, gasoline and parking.\textsuperscript{234} This new conception was then transferred in a scaled down version to the basket of goods for welfare recipients.\textsuperscript{235}

\textsuperscript{231} The definition of “conservative” follows Esping-Andersen’s classification. See above FN 264.
\textsuperscript{233} Ibid, p. 137.
\textsuperscript{234} “Der neue ‘Warenkorb’ für Ernährung,” \textit{Bulletin des Presse- und Informationsamts der Bundesregierung} No. 39, February 25\textsuperscript{th} 1961.
\textsuperscript{235} “Neuer Preisindex für die Lebenshaltung von Renten- und Fürsorgeempfängerhaushalten,” \textit{Mitteilung Presse- und Informationsamt der Bundesregierung} December 2\textsuperscript{nd} 1961.
By 1965, the *Spiegel* reported (not without skeptical undertones) on the new, “well-groomed face of poverty” in West Germany. Welfare subsidies, the report found, were no longer limited to the very poor and accepted by wide segments of society. Public support, it was further pointed out, was compatible with growing consumer standards (such as a decent car, vacation trips, home-ownership, consumer durables – none of which necessarily precluded various forms of welfare payments). A Munich social worker was cited speaking to the underlying rationale: “Vocation, social position, prestige, all that has to be preserved.”²³⁶ Again, public spending in postwar Germany afforded vast segments of society increased access to the emerging affluent society of the *Wirtschaftswunder* and was much more publicly visible than the loans and tax subsidies that made up much of America’s hidden welfare state.

Next to public consumption in form of social spending and transfers, finally, West Germany saw extensive spending for a variety of public goods in central areas of the consumer economy such as housing, transportation, and broadcast media. Publicly run rail transportation and large parts of the housing market remained untouched by efforts towards market liberalization throughout the 1950s. They were largely governed under the principles of cooperative enterprise (*Gemeinwirtschaft*) which means without overt profit considerations.²³⁷ As will be explored in more detail in Chapter 5, these and other goods and services were not only used by a wide spectrum of German consumers, but they would have a significant impact on the geographic lay-out of German consumer society. Postwar West Germany also opted for a public broadcasting model. Though removed from direct state control, broadcasting institutions were publicly funded and under the oversight of representatives from various societal groups such as parties, unions and churches.²³⁸ Only minimal funding through advertising would furthermore mean that

²³⁷ On the exclusion of these areas from the principles of the social market economy see also Schröter, “Konsumpolitik”.
broadcast media did not play as central a role in promoting private mass consumption as in the United States.

Compared to the United States, the politics of mass consumption in 1950s West Germany did not see as strong a push towards private spending and mass purchasing power. While Ludwig Erhard and other proponents of the social market economy did attempt to foster modern consumption and to liberalize the consumer market place, concerns about inflation and a focus on exports and investing in reconstruction frequently restrained such efforts. The consumer market place remained more tightly regulated than its American counter-part and efforts to promote modern mass distribution were checked by traditional retailers and producers. Public consumption in form of direct social spending and public services was more integral to the West German path to postwar affluence. The pension reform in particular proved to be one of the most popular political undertakings of the 1950s. Arguably, the pension reform and its contribution to including new segments of the West German population in the economic miracle went a long way towards filling the concept of the social market economy itself with new meaning for West Germans. As I will show in the subsequent section, the notion of the social market economy as a mix of private and public consumption then became even more pronounced towards the end of the 1960s.

**New Approaches to Consumer Policy: Public and Private Consumption on both Sides of the Atlantic during the 1960s and early 1970s**

By the 1960s, private mass consumption and the balance between private and public spending became increasingly important issues of public debate in the United States and in West Germany. The context and outcome of the debates, however, were dramatically different in both countries. While public spending and consumer policy remained remarkably distinct in the United States, the German government by the late

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239 A 1957 survey found that 79% of West Germans preferred a country in which high taxes allowed for a state that supported the individual in case of sickness and unemployment and where one would get a “good pension” after retirement. By contrast, only 14% supported a state with low taxes (and thus higher disposable incomes for private consumption) and an individualized private insurance system. Nölle / Neumann, *Jahrbuch*, p.416.
1960s consciously promoted an approach to the politics of mass consumption that addressed both private and public goods and services; both product labelling and subsidized housing and urban development, for example, were equally part of federal consumer policy.

**American Critiques of Private Mass Consumption and the Consumer Policy of the Great Society**

By the end of the 1950s there emerged a reinvigorated debate over public and private consumption in the United States. The economic crisis of 1957/58 with simultaneous consumer price inflation and growing levels of unemployment had cast some doubts on the postwar purchasing power paradigm as a panacea for economic and social problems. Increasing international trade competition in the consumer goods market had made manufacturing interests increasingly weary of rising labor costs and prices for American products. At the same time, sociological critiques of ever-growing private middle class consumption coalesced with exposes on wasteful and some-times fraudulent practices in the consumer goods industry. By the early 1960s, finally, the image of persisting poverty in America’s affluent consumer society became increasingly prevalent in public debates.

The Cold War provided still another catalyst for the critique of private consumption. The American standard of living represented by an abundance of consumer goods, to be sure, had long been a weapon of choice in promoting American superiority in the Cold War conflict and it would continue to be so. The 1959 “kitchen-debate” between Vice-president Richard Nixon and Soviet premier Nikita Khrushchev at the opening of the American National Exhibition in Moscow is the most famous case in point. Especially in the wake of the 1957 “sputnik shock,” however, the American

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241 As Yarrow, *Visions of Abundance*, ch. 8, points out, American Cold War propaganda focused on classless consumer abundance, billed as “people’s capitalism,” and was stepped up during the Eisenhower Era.

242 Nixon argued for American superiority less in terms of military and technological terms but rather in the standard of living afforded to “average” (i.e. middle class) consumer. See Karal M. Marling, *As Seen on TV: The Visual Culture of Every-day Life in the 1950s* (Cambridge: Harvard U Press, 1994), Ch. 7. Others
emphasis on private consumption came under increasing scrutiny. “Are We Americans Going Soft?” asked Edwin Dale Jr. in a December 1957 New York Times essay. Dale noted a renewed debate over the “public standard of life” and excessive spending on such “creature comforts” as tail fins for automobiles rather than on defense and education. While he ultimately believed that consumer spending was a sign of wealth rather than softness, Dale proposed that Americans - as consumers and as a society – needed to address the question on how they spend their money and to realize that taxes and public spending per se do not hurt the economy.243 Conservative columnist Walter Lippmann indicted private consumption even more harshly: “Our people have been led to believe in the enormous fallacy that the highest purpose of the American social order is to multiply the enjoyment of consumer goods. As a result, our public institutions, particularly those having to do with education and research, have been, as compared with the growth of our population, scandalously starved.”244 While initial calls for more public consumption focused on education and defense in particular, a broader debate soon emerged and references to the Soviet Union with its now dramatic economic growth rates would accompany the debate over public and private spending throughout the 1960s.

The notion that an overbearing emphasis on private consumption might prove harmful was also advanced by a number of sociologists and analysts of American middle class life. Already in 1950, sociologist David Riesman had suggested that the affluent society gave rise to a new, “other-directed” personality type. He regarded private consumerism as on expression of a new trend towards “adjusted” individuals who conformed to the prevailing opinions of their peers and the mass media by emulating each others consumption habits. Anxieties and an obsession with “likeability,” Riesman felt, ultimately limited real personal freedom and autonomy.245 William Whyte similarly explored the way in which consumer credit trapped middle-class families in a

have stressed the important function of private consumption in the home as a shelter in an age of Cold-War angst, see Elaine Tyler May, Homeward Bound: American Families in the Cold War Era (New York: Basic Books, 1988).
243 Edwin Dale Jr., “Are We Americans Going Soft?” NYT December 1\textsuperscript{st} 1957.
244 Cited in Ibid.
consumerist life-style that proved to be restrictive on personal development. One underlying assumption in the works of Riesman, Whyte and others was that the overt focus on a material standard of life precluded the experience of a better quality of life.

In their thrust, these works implicitly challenged the ideal of a rational, sovereign consumer which had underpinned the liberalization of the retail market and the purchasing power paradigm of the 1950s. Vance Packard’s popular exposes on advertising and the wastefulness of the American mass production regime fused a social critique of consumerist middle-class life with warnings about a widely unregulated consumer market place. In his 1957 *Hidden Persuaders*, Packard followed Riesman’s analysis of anxiety driven consumers striving for peer-approval. Through the use of “depth psychology,” Packard charged, advertisers and corporations preyed on these consumer anxieties. They created needs by marketing emotions from love and security to a sense of belonging, by attaching personalities to goods and by appealing to sexual instincts. Ever-changing fashions, he alleged, produced “insatiable demands” for goods that quickly became obsolescent. Exposes on dubious marketing strategies – though often less critical than Packard’s of private mass consumption itself – became a popular genre by the early 1960s, prefiguring the emerging consumer movement of the decade.

The most influential critique, however, which went right to the heart of the question of public and private spending, came from liberal economist John Kenneth Galbraith. His 1958 bestseller *The Affluent Society* was a fundamental indictment of mainstream economic thinking. While the Keynesian theory of “consumer demand” had since the 1930s overcome the classical economic assumption of scarcity which proposed the need for some level of inequality and insecurity for economic development, the old, overarching focus on production had been retained. Purchasing power now “rationalized

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247 Vance Packard’s 1959 *The Status Seekers* similarly explored the theme of material consumption driving middle class social behavior.
248 On Packard, see Horowitz, *Vance Packard*.
250 See for example Hillel Black’s attack on predatory practices of the consumer credit industry *Buy Now, Pay Later* (New York: Morrow, 1961).
the importance of production and the urgency of consumer need.”

The problem, in Galbraith’s view, was that the preoccupation with production led to an abundance of private goods while public goods and services had been neglected since the mid-1940s. Like Packard, he posited that insatiable demands emerged with production simply filling “a void that it had itself created.” He wanted to move beyond this “squirrel wheel” to achieve a quality of life beyond private consumption, stressing enjoyment of work rather than deriving satisfaction from maximizing income and productivity. Unlike the old world of scarcity, Galbraith suggested, the affluent society could afford to not primarily concern itself with the production of goods and find a new balance between public and private goods by offering more public services from mass transportation to education. Galbraith thus represented a growing number of American liberals that wanted to shift the emphasis from the quantitative to the qualitative dimension of economic development.

The responses to Galbraith were varied and more partisan than much of the previous postwar debate on economic and social policy. Moving towards the 1960 election, Galbraith’s calls for increased public spending (and increased taxation) which were seconded by other liberals like Arthur Schlesinger were decried by many Republicans as “wasteful” and unwise in a still shaky economic situation riddled by creeping inflation. Raymond Saulnier, chairman of Eisenhower’s Council of Economic Advisers expressed that to him the private enterprise system was all about rising private consumption and that he was proud of it. Robert Sarnoff, chairman of the National Broadcasting Corporation, vigorously attacked the notion that Americans were being made “soft” by private consumption. “Hairshirt economists,” he claimed, who wanted to divert funds from private to public spending “would tighten not merely a belt but a noose” by wavering from the principle of fiscal responsibility. The American standard of


living was a proud achievement, Samoff felt, and not in conflict with the public interest.\textsuperscript{256} With more moderation, some social scientists such as leading consumer researcher George Katona also criticized Galbraith’s contentions. The consumer, Katona warned, was “not a puppet or a pawn.” The reason for lagging public consumption, he proposed, was a still limited growth rate: “only if so-called private opulence increases still further can we hope to overcome public poverty.”\textsuperscript{257}

The old champions of purchasing power also weighed in on the debate, calling for growth in both public and private spending. Alvin Hansen argued first and foremost for expanded growth in face of the repeated economic crises in 1958 and 1960 and an employment rate of nearly 7%. The US with a largely saturated market relying on “replacement demand” was continuously outperformed by growing European economies. Americans needed to look to Europe for social and economic innovations, Hansen proposed. To keep ahead of the Soviet Union, Americans needed a tax cut to foster growth and employment and to increase government outlays. Federal outlays for goods and services had actually fallen from $54.8 billion in 1955 to $52.3 billion in 1960 (in 1960 dollars), Hansen claimed, and increased public investment in urban communities, colleges, housing, or health care was necessary to stimulate future growth.\textsuperscript{258} Inflation was a secondary concern to Hansen, which had kept America especially under the Eisenhower presidency from pursuing an effective growth strategy towards full employment. Overblown inflation fears, he felt, were simply used as an argument against increases in purchasing power and public spending even while “it must become clear to any reasonable observer on the American scene that the marginal tax dollar has currently a much higher social utility than the marginal pay-envelope dollar. The former goes into schools; the latter into tail fins.”\textsuperscript{259} Leon Keyserling similarly used the Galbraith debate to again promote his ‘sky-is-the-limit’ growth strategy.\textsuperscript{260} In a 1960\textit{ New York Times} essay, Keyserling essentially argued that public spending could and should be extended

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\item[256] “Hairshirt Economists” Scor\textsuperscript{ed} For Pushing Public Spending,” \textit{NYT} October 13\textsuperscript{th} 1960.
\item[257] Cited in Elizabeth Fowler, “Personal Finance: The Typical Consumer,” \textit{NYT} November 9\textsuperscript{th} 1964.
\item[258] Alvin Hansen, “We Must Grow – Or We Sink,” \textit{NYT} March 18\textsuperscript{th} 1962.
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without cutting back on private spending for consumer goods. To achieve greater growth rates, public consumption through higher social security benefits or urban renewal were necessary without increases in taxation to preserve private purchasing power.\textsuperscript{261} In fact, by the early 1960s, Keyserling and others argued for a substantial income tax cut to boost private purchasing power.\textsuperscript{262}

Overall, there was a growing sentiment by the early 1960s that public consumption needed to be stepped up to address persistent inequities with regard to the access to post-war affluence as well as to improve quality of life in areas where private consumption had failed to do so. A 1960 report on \textit{Goals for Americans} commissioned by President Eisenhower stressed the importance of focusing economic policy on the individual and free enterprise, but found increased investment in the public sector compatible with this goal when private enterprise could not adequately meet demand. To improve quality of life, stronger urban renewal efforts, an expansion of health and welfare services as well as unemployment benefits were needed, even at the cost of “greater individual effort and sacrifice exemplified by forced savings and reduced consumption.”\textsuperscript{263} Such proposals not only harkened back (albeit in a less radical fashion) to the American Beveridge Plan of the early 1940s, but they could now draw upon an increasing body of writings by economists that analyzed private market failures and social costs of private enterprise.\textsuperscript{264} Richard Musgrave, for example, had developed the concept of “merit wants.” “Merit wants” were wants satisfied by the market within limits of effective demand, e.g. cultural services, school luncheons, low-cost housing, or education. “They become public wants,” Musgrave suggested, “if considered so meritorious that their satisfaction is provided for through the public budget, over and above for what is provided for through the market and paid for by consumers.” While an extreme individualist position would disallow such merit wants, he stated, “this is not a

\textsuperscript{261} Leon Keyserling, “Public Weal – And Private, Too,” \textit{NYT} August 21\textsuperscript{st} 1960.

\textsuperscript{262} Assuming subsequent growth, the tax cut was regarded as largely self-financing. See Leon Keyserling / Phillip Ritz / Nettie Shapiro, \textit{Key Policies for Full Employment: Expand Consumption} (Washington: Conference on Economic Progress, 1962).

\textsuperscript{263} U.S. President’s Commission on National Goals, \textit{Goals for Americans} (New York: The American Assembly, 1960), p. 11. Alongside the report a group of experts were called upon to address specific shortcomings in areas from cultural services to housing and urban planning. See e.g. August Heckscher, “The Quality of American Culture”, pp. 127-147 and Catherine Bauer Wurster, “Framework for an Urban Society”, pp. 225-248.


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sensible view,” because some times the good of the community justifies public “interference with consumer sovereignty.”  

The “war on poverty” and the Great Society programs of the Johnson administration were certainly the most prominent efforts to reconfigure the allocation between public and private affluence during the 1960s. Speaking in 1964, Johnson proposed the need to “determine whether we build a society where progress is the servant of our needs, or a society where old values and new visions are buried under unbridled growth.” The unique condition of abundance, he suggested, enabled Americans to free everyone from poverty and to emphasize the quality of their goals rather than the quantity of their goods.  

The Economic Opportunity Act and the Food Stamp Act of 1964, the creation of Medicare and Medicaid as well as the 1965 Housing and Urban Development Act contributed greatly to the expansion of public consumption during the 1960s even if the actual resources provided for public services were frequently rather limited.  

This increase in public spending, however, did not mean a substantial turn away from the central role afforded to private consumption in 1960s policy making – especially since unemployment remained a concern in the United States. The income tax cut demanded by purchasing power advocates such as Hansen and Keyserling was first submitted to Congress by Kennedy in 1962 to speed up recovery after the 1960 economic slump. Despite accelerating growth rates in subsequent years it was enacted as part of the Revenue Act of 1964 with administration economists pressuring for lower taxes to assure a more permanent expansion of the economy. It was widely billed as the “the largest tax cut in history” and accompanied by a sharp upturn in the demand for consumer durables and consumer credit. To Johnson, “the consumer was a bulwark in the strong economic gains of 1964 and 1965.”  

Concerns about inflationary pressures evoked by such a dramatic increase in disposable incomes once again were trumped by trust in hitherto

“unused industrial capacity” which would absorb increased purchasing power. The postwar purchasing power paradigm was thus largely still in place during the 1960s.

More importantly, Great Society social legislation was largely treated as separate from a new wave of consumer legislation throughout the 1960s. In a 1962 message to Congress, Kennedy had laid out an agenda for a new consumer policy, giving clear nods to the discourse concerning “persuasion” by mass advertising, “waste” in consumer good production and fraudulent business practices. In emphasizing the need for effective consumer organization and federal regulation in various areas, Kennedy and subsequent administrations clearly departed from the classical liberal fiction of “consumer sovereignty” in the market place that had been so predominant during the 1950s.

The consumer policy promulgated during the 1960s focused heavily on making private consumption safer and on increasing consumer rights in the private market place. A number of new federal institutions were created to push for increased representation of consumer interests in the political process. A Consumer Advisory Council was established in 1962, followed by a Special Assistant for Consumer Affairs and a Presidents Committee on Consumer Interests in 1964. The central issues of the 1960s legislative agenda included “truth-in-lending” (full disclosure of rates and terms of consumer credit), “truth in packaging” (clear labeling of content and measurements to make comparison shopping easier), food and drug safety, child safety, as well as

269 President Johnson, Remarks to the Members of the Consumer Advisory Council, December 13th, 1963. Two years later boasted in the same venue about the dramatic increases in personal consumption (up 32% since 1961), wages and salaries (up 33%) and purchasing power (up 22%) while prices rose comparatively little. See President Johnson, Remarks to the Members of the Consumer Advisory Council, October 15th 1965), John Woolley and Gerhard Peters, The American Presidency Project http://www.presidency.ucsb.edu/ws/?pid=26343 and http://www.presidency.ucsb.edu/ws/?pid=27315.


271 For a good example of the Kennedy and Johnson administrations position on this problem see “The American Consumer: King or Pawn?” Address by Richard Holton, Assistant Secretary of Commerce for Economic Affairs at Inter-Mountain Regional Consumer Conference, June 16th, 1964 (MCUSPD). While Holton insisted that the consumers were no pawns, they were no sovereign kings either and clearly in need for public safeguards beyond the competition of the market place.

272 Throughout the decade efforts were made to establish a cabinet level department of consumer affairs. See e.g. “Creating a Department of Consumers,” Hearings Before a Subcommittee of the House Committee on Government Operations on H.R. 7179, April – August 1966 (CIS-NO: 89 H2221-2).
expanded consumer education. All this, to be sure, did not fundamentally challenge the postwar mass distribution economy, as e.g. shopping hour regulation or protective price maintenance were beyond the scope of this approach.

While administration officials during the mid-1960s at times chided the retailing and consumer goods industry for not living up to standards of good business causing need for regulation, rarely did they seek confrontation. Esther Peterson, Special Assistant for Consumer Affairs, for example, would point out that abuses in packaging persisted despite cooperative efforts between government and business making necessary the regulatory approach of the Fair Packaging bill. Almost always, however, did administration statements on consumer policy stress the fact that private consumption accounted for roughly 2/3 of the national economy. The long-term intention of many consumer policies was not just to make consumption safer and to strengthen the right and the choice of consumers but to expand consumption opportunities. In his 1962 address, for example, Kennedy called for the mandatory inclusion of 70 UHF channels in all television sets to overcome the previously “sharply restricted choice” of only 12 VHF channels to “speed up the full realization of television’s great potential.” Assistant Secretary of Commerce, Richard Holton, summarized the economic aspects of consumer protection in 1964: “If the consumer affairs program is successful, it will assure us of an even more effective market for consumer goods than we have already developed --- a market which has provided Americans with the highest standard of living in the entire world.”

Public alternatives to private consumption and public spending in general also remained largely outside the purview of federal consumer policy, despite the ongoing debate over “private affluence” and “public poverty.” Public interests and consumer interests were kept largely apart. To Esther Peterson, for example, it was clearly not “in the consumer’s interest to pay increased taxes” even if these taxes were to meet, for

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275 Kennedy, “Consumer Protection and Interest Program,” p. 8. To be fair, earlier in the address Kennedy noted FTC efforts to develop new educational television.
example growing educational needs.\footnote{Peterson, Speech before the 1965 National Educational Conference, December 6th 1965 (MCUSPD), p. 2.} Public goods, by and large were not consumer goods by the definition of 1960s American consumer policy. To be sure, there were occasional passing references in the Presidential messages to housing efforts, Medicaid and other Great Society programs as well as a brief acknowledgement in Kennedy’s 1962 message that “nearly all programs offered by this administration” from medical care and mass transit to recreation areas and low-cost power “are of direct or inherent importance to consumers.”\footnote{Kennedy, “Consumer Protection and Interest Program,” p. 2.}

Such a broader understanding of consumption and the consumer interest failed to gain traction in 1960s federal policy. A 1966 report by the Council on Consumer Affairs, chaired by Richard Holton, probably went furthest in suggesting a broader perspective on consumer policy. While the report, like much of consumer policy in general, focused on problems involved with shopping for goods and services, the introduction emphasized its omissions as well. These omissions included “problems behind the market” from antitrust policy to the regulation of public utilities, “problems involving the economy as a whole” from monetary and fiscal policy to wage-price guideposts and finally “problems, pertaining to collective consumption of goods and services” from national park policy to water pollution. “These are policy areas directly or indirectly involving the consumer interest. It is hoped that future Consumer Advisory Councils will turn to these policy areas as well as buyer-seller relationships.”\footnote{Consumer Advisory Council, Consumer Issues ’66: A Report to the President (Washington 1966), p. viii.} This proposal, however, was never followed up on.

The problems of poor consumers did receive increased attention by the later 1960s. Popularized by studies such as David Caplovitz’ \textit{The Poor Pay More}, the notion that especially inner-city consumers (frequently African-American) were considerably disadvantaged in the consumer market place gained widespread attention.\footnote{David Caplovitz, \textit{The Poor Pay More} (New York: The Free Press, 1967).} In his 1966 consumer address, President Johnson emphasized the need “to help the poor family” - but not the overspent American middle-class.\footnote{Johnson, “Consumer Interests”, p. 7.} Several government funded studies found
that low-income households often did pay more for consumer goods or got lesser value for their money due to the retail structure of many low-income neighborhoods and limited opportunities to comparison shop. The response within the context of consumer policy, however, was largely limited to consumer education on efficient shopping in cooperation with the Office for Economic Opportunity.\(^{282}\) Rather than discussing public alternatives to the marketplace, “Project Moneywise” and similar programs were part of what Johnson had called an “all-out effort of the Federal Government to help our poorest citizens to spend their limited funds more efficiently.”\(^{283}\) The scope of public consumption remained once again limited to the “poor” who somehow stood outside the consumer marketplace.

The advent of the Nixon administration in 1969 further diminished the prospects for a federal consumer policy that would comprehensively address issues of both private and public consumption. Nixon certainly upheld the importance of consumer protection, created a statutory Office of Consumer Affairs in the White House and proposed a Buyer’s Bill of Rights to further strengthen consumer safety, information and possibilities of redress.\(^{284}\) On the whole, however, the administration’s rhetoric backed off from overtly regulatory approaches. In a 1970 address, for example, Secretary of Commerce Maurice Stans warned against interventionist “excesses in consumer affairs” that could “hamstring the system.” “Indiscriminate criticism” of the marketplace - to Stans traditionally “a happy place” - from the consumer movement could lead to more and more government regulation and bureaucracy. “The American competitive free enterprise system – and all the benefits it provides – would come to an end. If this happens, the average American consumer will fare no better than his Russian counterpart.”\(^{285}\)

By the early 1970s, issues of public consumption thus rarely came up in the context of consumer policy on the federal or state level.\(^ {286}\) The focus now was squarely on the

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283 Cited in ibid, p. 17.
285 Maurice Stans, Address before the Annual Marketing Conference, October 14th 1970 (MCUSPD).
286 Indeed, by the early 1970s state governments became increasingly involved in consumer legislation with the creation of consumer offices and various initiatives from regulating consumer credit to providing
legal protection of consumer rights (especially for middle-class consumer), ushering in the era of class action law suits and an increased role of courts in the politics of consumption. Overall, the possibilities for public regulation of private consumption would be quite limited in the last quarter of the twentieth century in face of strong free-market forces. Only the appeal to protect children (and by implication the sanctity of the middle-class home and family), Gary Cross has argued, could muster some support for limiting e.g. alcohol or tobacco consumption. Instead of addressing the question of balancing private and public consumption, furthermore, this consumer policy approach rather worked to enshrine middle-class private consumption patterns which had emerged under the post-war emphasis on purchasing power.

**Towards a Social Democratic Consumer Policy: Balancing Public and Private Consumption in West Germany**

By the end of the 1950s, West Germany already had a much higher degree of public consumption as discussed above. Still, a similar public debate with a growing number voices attacking private consumer spending was not absent here either. In his 1959 essay “Our Consumer Society: The Glamour and Misery of the German Economic Miracle,” for example, social-democratic economist Heinz-Dietrich Ortlieb warned of a strong tendency towards private consumption while savings were lacking. While real incomes had risen and were more evenly distributed, Ortlieb pointed out, inequalities in the distribution of private assets remained and threatened continued prosperity. He called for public intervention to avoid inflationary excesses in private consumption and to foster mass asset accumulation. It was imperative to him, to stabilize the standard of living rather than to push for ever more growth. Echoing Galbraith, Ortlieb was finally

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288 Incidentally, this policy approach was largely mirrored in consumer movement itself. “Nader’s Raiders”, for example, were largely white, middle-class lawyers with little interest in issues of public consumption and equal distrust of government and corporate bureaucracies. See Julius Duscha, “Stop! In the Public Interest,” NYT March 21st 1971.

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concerned about a neglect of public responsibilities for hospitals, schools, or churches and asserted the need for an even more “mixed” economy.\textsuperscript{289}

From a social-democratic perspective, Ortlieb laid out many of the central issues that would dominate the 1960s debate over private consumption: the continued concern about inflation and economic stability, the push to shift private spending from consumer goods to savings and capital assets, and finally the balance between private and public goods. These were not merely social-democratic concerns, however. Ludwig Erhard, too, repeatedly emphasized the balance between consumption, savings, and investments. While there could be no backing away from the “courage to consume,” he told the economic ministry’s consumer council in 1958, “consumption, savings, investments and public spending for the fulfillment of common tasks have to be in the right ratio. That doesn’t mean to cut back on consumption but rather to channel a little less of the economic surplus into private consumption than before.”\textsuperscript{290}

Over the course of the 1960s, West German economists and policy-makers became ever more comfortable to discuss consumption within the framework of Keynesian macro-economic steering.\textsuperscript{291} Still, concerns over inflation in a rapidly growing economy limited the demand for increased purchasing power. While the United States was battling unemployment at this time, Germany was not only experiencing full employment but actual labor shortages.\textsuperscript{292} This limited prospects of meeting growing demand with increased domestic production and consumer goods output as purchasing power theorists like Hansen and Keyserling were advocating in the US. Erhard repeatedly went on record warning of the dangers of affluent “self-indulgence” and made “calls for restraint” (\textit{Masshalteapelle}) even though around 1960 savings rates were solid and

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\item \textsuperscript{289} Heinz-Dietrich Ortlieb, “Unsere Konsumgesellschaft: Glanz und Elend des deutschen Wirtschaftswunders,” \textit{Hamburger Jahrbuch für Wirtschafts- und Gesellschaftspolitik} 4 (1959), pp. 225-246. To be sure, Conservatives, too, continued to attack the materialism of the affluent society and used Galbraith and Packard for this purpose. See e.g. Alexander Mahr, \textit{Der unbewältigte Wohlstand: Probleme der modernen Industriegesellschaft} (Berlin: Duncker & Humboldt, 1964).
\item \textsuperscript{290} Protocol Verbraucherausschuss, January 21\textsuperscript{st} 1958, in BuArch B 102 / 168707.
\item \textsuperscript{292} Between 1960 and 1973 the average unemployment rate in the United States was 4.8% (and over 5% during the early 1960s) while West Germany’s average unemployment rate was 0.8% during the same time period. OECD, \textit{Historical Statistics}, p. 45.
\end{itemize}
\end{flushright}
private consumption grew at a comparatively modest rate in relation to the economy as a whole.\textsuperscript{293}

In part, such \textit{Masshalteappelle} were owed to increased efforts to encourage the building of capital assets within broad segments of the population; an effort, many felt, that could only succeed if more Germans decided to forgo private consumption in favor of increased saving.\textsuperscript{294} Consumers, encouraged by advertisement and social pressures had consumed too much in recent years, a labor ministry official explained in 1961: “Our grandfathers would have behaved differently [than consumers today] because they felt it was more important to save than to spend money. It is certainly true that without saving - whatever form it may take – no asset building for wide segments of society will be possible.”\textsuperscript{295} The early 1960s saw the introduction of fiscal subsidies for savings (\textit{1\textsuperscript{st} Vermögensbildungsgesetz}) as well as efforts to popularize share-holding with so-called “people’s stocks” (\textit{Volksaktien}) through the sale of shares from publicly owned companies such as \textit{Volkswagen}. Incentives to save through life-insurances and for home-ownership were also extended.\textsuperscript{296} Critical voices complained that most of these measures were subsidies rather than true savings out of current wages and disposable income. Thus, the idea of “investment wages” (\textit{Investivlohn}) which entailed the forced saving of a part of wages and incomes enjoyed widespread currency in the popular debate during the late 1950s and 1960s.\textsuperscript{297} To Social Democrats such efforts promised greater social equity while many conservatives supported mass asset-building and expanded home-ownership as a means to imbue a more traditional bourgeois ethos on wider sections of the West German population in an era of Cold War conflict.\textsuperscript{298}

\begin{footnotesize}
\begin{enumerate}
\item \textsuperscript{293} “Konjunktur: Hunde geweckt,” \textit{Der Spiegel} No. 1/2 1960, pp. 17-19.
\item \textsuperscript{294} This emphasis on balancing consumption with saving was not a German peculiarity, but was prominent in other West European countries as well as in Japan. See Sheldon Garon, “Japan’s Post-war ‘Consumer Revolution’, or Striking a ‘Balance’ between Consumption and Saving,” in Brewer / Trentmann (eds.), \textit{Consuming Cultures, Global Perspectives}, pp. 189- 217.
\item \textsuperscript{296} “Vermögensbildung: Volk ans Papier,” \textit{Der Spiegel} No. 48 1964, pp. 38-47.
\item \textsuperscript{297} See e.g. Aktionsgemeinschaft Soziale Marktwirtschaft, “Eigentumsstreuung ohne Zwang,” October 10\textsuperscript{th}, 1962. See also Kurt Wendt, “Volksskapitalismus – nur durch Konsumverzicht,” \textit{Die Zeit} March 14\textsuperscript{th} 1957.
\item \textsuperscript{298} See discussions of the cultural meaning of “saving” and “home-ownership” below, Chapters 4 and 5.
\end{enumerate}
\end{footnotesize}
Stability rather than consumption-fueled growth remained the rallying cry of economic policy during the 1960s. Unions certainly did pressure for higher wages and increased purchasing power in face of labor shortages. They pointed at the relatively restrained wage development of the 1950s and the actually declining share of private consumption which had dropped between 1950 and 1960 and was well below the rate of other Western countries.\textsuperscript{299} Still, unions and Social Democrats were equally concerned about rising consumer prices and found themselves frequently on the same page with the ministry of economics by calling for measures such as the abolition of retail price maintenance, increased retail competition and more consumer goods imports.\textsuperscript{300}

Controlling prices did remain a popular cause during the 1960s as numerous letters of complaint sent to the economics ministry show. A home-maker from Neuss, for example, complained about rising bread and meat prices in 1965: “Again and again you [the ministry] talk of the free market economy […] But there has to be a limit somewhere,” particularly with regard to goods such as foodstuffs that “insure the existence of the nation.” Another letter suggested that “if you were to take a survey, the results would surely show a majority in favor of a price- and wage freeze.”\textsuperscript{301} Many West Germans were willing to forgo increased disposable incomes and private consumption opportunities in favor of economic and price stability. The so-called “stability law” of 1967 thus not only enshrined the acceptance of Keynesian macroeconomic steering, but emphasized a wide-spread consensus in West Germany that “adequate” growth should only be pursued under the condition of stable consumer prices.\textsuperscript{302} Most Germans across the political spectrum remained much more reluctant than Americans to accept inflation as a price for increased private spending on consumer goods.\textsuperscript{303}

\textsuperscript{299} See for example “Nachfrage nach Verbrauchsgütern muss gestärkt werden,” \textit{DGB Nachrichtendienst} April 18\textsuperscript{th} 1961; “Privater Verbrauch hinkt nach,” \textit{DGB Nachrichtendienst} February 6\textsuperscript{th} 1961.

\textsuperscript{300} “Preissenkung durch Abbau der Handelsspannen möglich,” \textit{DGB Nachrichtendienst} August 17\textsuperscript{th} 1962; “Fuer Massnahmen zur Preisstabilität,” \textit{Die Welt} September 6\textsuperscript{th} 1962. For the wide overlap between unions, Social Democrats and the liberal economics ministry in most areas of price policy (with the notable exception of wage-increases) see memo “Stabilitätsgesetz und DGB-Forderungen,” July 4\textsuperscript{th} 1966 in BuArch B 102 / 93321.

\textsuperscript{301} Letter Margret B. (Neuss), August 10\textsuperscript{th} 1965 and letter Ernst B. (Offingen) February 18\textsuperscript{th} 1963, in BuArch B102 / 115627.

\textsuperscript{302} This was particularly the CDU position. Social Democrats were more inclined to view the stability law as a means to ensure continued growth. See Nützenadel, \textit{Stunde der Ökonomen}, pp. 283-295.

\textsuperscript{303} By contrast see for example Wayne Phillips, “What’s So Bad About Inflation?” \textit{NYT} August 21\textsuperscript{st} 1971. Phillips, former director of public affairs of the HUD under the Johnson administration, argued that heavily
Especially once Social Democrat Karl Schiller, a leading spokesman for consumer policy since the 1950s, took over the economics ministry in 1966, West German consumer policy would explicitly include Keynesian approaches to the macro-economic steering of purchasing power – balanced, however, by a commitment to economic and price stability. Opening the 1967 “Week of the Consumer and the Housewife,” Schiller lauded consumers for limiting consumption and continuing to save during the mild 1965 recession. While this may have posed some problems for economic recovery, Schiller conceded, it would be necessary to avoid excessive private demand in the anticipated period of economic expansion. Consumers, he advised, should avoid the calls of the “hidden persuaders” and the temptations of “conspicuous consumption.” Despite the still quite different state of mass consumption in West Germany, American critiques of private consumption resonated well with Social Democrats like Schiller as well as social conservatives.

West Germans did pay attention to American consumer legislation of the 1960s. Consumer groups such as the AgV praised US efforts towards increased consumer protection and consumer rights. The AgV’s newsletter lauded the proposals of Johnson’s 1966 consumer address as “exemplary steps of the Americans on the path towards making consumers safe and mature […] We Germans are often accused of blindly copying from the Americans. In this case it would hardly do us any harm!” Increased spending on consumer education and the 1964 creation of a product testing institute as a federally endowed foundation (Stiftung Warentest) with a monthly publication modeled on the American Consumer Reports were steps towards affording consumers a better position in the marketplace. By the mid-1960s, West German consumer policy as well...

indebted American consumers often enjoyed inflation more than anyone. The deflationary depression of 1930s, not German run-away inflation of 1920s was central to American memory. Inflation, to Phillips, meant rising wages and had made mortgages as well as consumer credit more affordable to consumers.


305 Verbraucherpolitische Korrespondenz No. 13 (1966), in BuArch B 102 / 168504.

had abandoned the notion of “consumer sovereignty” which had been at the heart of ordo-liberal conceptions of the social market economy since the late 1940s. As critiques of private consumption gained further ground, consumers were increasingly viewed by policy makers no longer as sovereign, but as “atomized,” split between their interests as consumers and wage earners and “weaker than the supplying economy.”

Much more explicitly than in the United States, however, federal consumer policy under social-democratic auspices included provisions for private as well as public consumption. In a 1969 speech before the “2nd Week of the Consumer,” Schiller’s deputy, state secretary Klaus v. Donhanyi, urged the assembled consumer groups to more strongly focus their attention to “collective consumption” and to help overcome prejudices towards public goods. Pointing to the importance of public services for leisure consumption (from roads to broadcasting, public pools and theatres), Donhanyi called on political consumer education to “overcome the imbalance in the supply of private and public goods.” The balance between public and private consumption and the definition of affluence not just in material but in broader terms became a staple of federal statements regarding consumer policy during the late 1960s and early 1970s. What remained more of an intellectual debate in the United States, produced more concrete policy results in West Germany.

In part this reflected a growing demand within the federal administration for a consumer policy that transcended narrowly economic definitions. Consumer policy, many felt since the early 1960s, should be seen as an integral part of a more holistic social policy (Gesellschaftspolitik). Reacting in part to SPD criticism of the fragmented nature of federal consumer policy in a December 1963 parliamentary initiative, the economics ministry in 1965 organized an Inter-Ministerial Committee on consumer affairs (IMA) to make consumer policy an “integral part of general policy.” Initially headed by the economics ministry, the IMA increasingly pursued the goal of a consumer

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307 Inter-ministerial committee for consumer affairs (IMA), 7th session April 29th 1968, in BuArch B 102 / 168507.


309 See “Interministerieller Ausschuss fuer Verbraucherfragen,” in BuArch B 102 / 168504.
policy from a “single mold” bringing together the concerns of the economics ministry with those of the ministries for labor, agriculture, family, housing, and health. In its May 1970 session, the IMA harshly criticized earlier definitions of consumer policy proposed by the economic ministry as too narrowly focused on an economic perspective and thereby neglecting its broader social ramifications.  

The outcome of these debates was the 1971 “report on consumer policy” which treated consumer policy as a facet of a broader economic and social policy. Among the eleven central goals for consumer policy the report listed ensuring purchasing power and rising real wages, the “best possible supply of public goods and services to the consumer,” as well as ensuring affordable housing under conditions of “optimal urban planning.” The report, to be sure, also included more traditional goals such as ensuring competition, protecting consumers against health threats and unfair business practices as well as improved consumer education and information. It suggested specific measures with regard to establishing norms and quality labels and called for “environment-friendly” products. Public consumption in form of public goods and services, however, was now explicitly part of consumer policy and the report treated public rent subsidy payments next to product liability. State secretary in the economics ministry Philip Rosenthal insisted: “Consumption is not just material consumption and consumption is not just private consumption: consumption [spans from] the car to education, from caviar to the hospital bed […] and from stereo systems to the urban landscape.”

Such proclamations were more than empty rhetoric in so far as the government was willing to call for curbing growth in private consumption and increased taxation. Elaborating on the report, the economics ministry developed the following line of argument to be used for Schiller’s public statements: “There is a rising demand for goods

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310 Summary protocol, “10. Sitzung des IMA,” May 6th 1970, in BuArch B 102 / 16851. Other ministries asked for the more prominent inclusion of housing, nutrition etc. Once again the labor ministry emerged as a central challenger in turf battles over consumer policy, in part it hoped that responsibility for consumer policy might ultimately transferred to a new social ministry after the 1972 elections.

311 Bundesministerium für Wirtschaft und Finanzen, Bericht der Bundesregierung zur Verbraucher Politik (Bonn 1971).

and services which can sensibly be satisfied only in a collective fashion. Augmenting affluence and offering public services are closely connected. Individual consumers and the economy benefit from the growing supply of public infrastructure which is a necessary condition for continued growth. We will allocate increased funds to satisfying previously neglected public needs. This will not be without consequences for the growth rate of private consumption.”

Schiller felt that there was a growing public awareness for the importance of public services as seen for example in debates regarding urban renewal and public transportation. Concerned retail observers, too, feared that consumers were increasingly willing to shift their expenses to public consumption.

By the early 1970s, such a consumer policy approach had widespread backing among West German consumer advocates. A 1975 study on consumer interest and consumer policy stressed self-realization and quality of life as central goals and invoked the dangers of “consumption passivism” and the “hypertrophy of material goods production.” Instead, the report touted the importance of “collective” goods as “merit goods” (invoking Richard Musgrave) in compensating market failures in the supply for example of theatres. The market, the authors argued favored more passive forms of consumption: “It is in the interest of the consumer not get fixated on lower levels of personal development and thus be deprived of the chance for self-realization. The supply of private and public consumer goods can positively or negatively influence the chances of self-realization.” The support for public goods from broadcasting and cultural institutions to urban conservation often mixed social democratic predilections for generally accessible public facilities and services with more traditional bürgerlich / genteel disdain for mass material consumption.

Even conservatives thus rarely questioned the fundamental assumption of balancing private and public consumption. In a 1973 essay on “Quality of Life: Public Poverty – Private Affluence” conservative journalist Gerhard Friedel emphatically rejected the

315 Gerhard Scherhorn et al., Verbraucherinteresse und Verbraucherpolitik (Göttingen: Otto Schwartz, 1975), pp. 18-29.
notion that West Germany suffered from public poverty.\textsuperscript{316} Galbraith’s thesis, he conceded, had its justification with regard to the United States where “public responsibilities were indeed neglected in comparison to the growth of private affluence” and social policy was “completely underdeveloped” by European standards.\textsuperscript{317} By contrast, German state expenditures in relation to the GDP had grown from 31.5\% in 1950 to 37.3 \% in 1970. The state owned a considerable share of the economy and aggregate public wealth formation accounted for 9\% of the national income as opposed to an average of only 2\% between 1950 and 1970 in the United States. The 1960s, Friedel boasted, saw growth in educational institutions, road construction, public transport investments, public housing construction, and cultural facilities (including 56 new theatres, 224 public museums, 33 public libraries). While Friedel warned of left-wing attempts to create a “nanny state,” he suggested further increases in public spending on education, environmental protection and urban renewal and public transportation To pay for such public consumption, he suggested increased taxation of private consumer spending by raising the VAT rate. To Friedel, this would amount to a bearable curtailment of private consumption growth and provide consumers with better public infrastructure and services in return.\textsuperscript{318}

Roughly twenty-five years after its inception, the social market economy – a blank canvass for many Germans during the early 1950s – had received a more tangible meaning for German consumers. Very much apart from the vision of its ordo-liberal authors, the “social market economy” had come to be associated with freedom of consumer choice, but also with a mix of public and private consumption, the regulation of the consumer market place and social spending that provided vast segments of the West German society with greater access to the abundance of consumer goods of the postwar economic miracle. In this, it came remarkably close to the social Keynesianist vision for an American postwar economy developed in the American Beveridge Plan. By the same token, the 1970s version of the West German “social market economy” stood in stark

\textsuperscript{317} Ibid, p. 9.
\textsuperscript{318} Ibid, pp. 12-16, 22, 60, and 70-75.
contrast to the more free-market and private consumption centred politics of consumption in the United States at the same time.

Mass consumption was undeniably central to postwar politics in West Germany and the United States alike. However, both countries took quite different approaches to the politics of mass consumption during the 1950s and ‘60s with regard to several different aspects.

First, the overall emphasis on private consumption and purchasing power was quite different. The American acceptance of Keynesian economic policies since the 1940s was favored by the demands of postwar conversion, unprecedented productive reserves, a large domestic market and limited competition for consumer goods exports. Private consumption and mass purchasing power fueled by wage increases became central to the American economic growth strategy. West Germany, by contrast, had to recover from the economic devastation of the war. Limited capital supply and domestic markets led to an early focus on investment in reconstruction and on exports. While private consumption grew and even received some promotion by federal policy makers by the mid 1950s, such efforts were balanced by overriding concerns over inflation especially after 1957 when full employment had been reached and growth continued at a fast pace. Into the 1960s, calls for moderation in private consumption or even for cuts in consumer spending were much more frequent in West Germany than in the United States where consumer spending remained the “bulwark” of a healthy economy. Ironically, the American emphasis on private consumption and purchasing power was most pronounced under liberal auspices during the late 1940s and again during the 1960s, while the more conservative (or market liberal) West German leadership was frequently concerned with limiting private consumer spending.

Secondly, significant differences can also be seen with regard to the regulation of the consumer market place. Both countries make a decisive break with price controls after the war, though Germany retained administered prices in several areas. In the United States, the predominant trend during the 1950s and ‘60s was towards liberalized markets and a mass distribution industry with mass production and retail concentration, liberal shopping hours, and harsh price competition. Underpinned by market-liberal
notions of “consumer sovereignty,” this deregulation of the consumer marketplace allowed for an unbridled expansion of private consumption. In West Germany, by contrast, the full development of mass consumption was hampered by conservative, traditional interests in the retailing and consumer goods industries, frustrating the push by Ludwig Erhard and the economics ministry to increase competition and achieve an “economy of quantities.” Restrictions on price competition, on the access to the retailing industry and the cut–back on store hours show the persistence of regulatory traditions and of anti-competitive attitudes within the German economy. The United States did lead a new wave of consumer legislation during the 1960s which acknowledged the disadvantaged position of many consumers in the market place. The introduction of strengthened consumer rights and protections, however, frequently just reaffirmed the centrality of private consumption in the American economy.

Third, significant differences existed with regard to the distribution between public and private consumption. Despite the advances of the New Deal era, direct social spending remained comparatively limited in the American case; limited both in total expenditure and with regard to the segment of the population that was addressed. While a growing “hidden welfare state” of tax exemptions and loan guarantees significantly impacted the development of private consumption, these payments remained indirect and favored middle class consumption patterns. In West Germany, by contrast, the existing structure of the social security state was restored in the postwar period and expanded to meet the conditions of increasing affluence during the 1950s. Child allowances, the reform of welfare and especially the pension reform of 1957 affected large segments of the population and consciously aimed at ensuring the participation of all social groups in the affluence of the economic miracle through direct public social spending.

Finally, the provisioning of public goods and services similarly played a much larger role in West Germany than in the United States. From massive, publicly underwritten housing programs and the federally run rail service to publicly financed broadcasting, urban amenities and cultural facilities, the percentage of postwar affluence channeled into consumer goods and services provided outside of the market place was much higher in the German case. Again, a much broader segment of the West German population was affected by this form of public consumption. Despite the ongoing debate
about private affluence and public poverty, publicly furnished consumer goods were largely outside the purview of American consumer policy even in the 1960s. Important already during the 1950s, they became part and parcel of official West German consumer policy under social-democratic auspices by late 1960s.

These differences in the politics of mass consumption had a variety of consequences for the shape of mass consumer societies in both countries which will be explored in subsequent chapters. Public policy impacted consumption patterns and social differences in private consumption as will be discussed in Chapter 3. Attitudes towards credit and savings were affected by fiscal and monetary measures as well as by different levels of social security as discussed in Chapter 4. Differences in public consumption influenced consumer choices with regard to housing and transportation and the geographic layout of postwar consumption as discussed in Chapter 5. Different approaches to the regulation of retailing and the consumer market place, finally, contributed to divergent patterns in the geography of shopping and retailing as discussed in Chapter 6. Consumer policies in Germany and the United States, however, were themselves shaped by underlying differences in consumption patterns, social and cultural attitudes towards consumption and factors such as metropolitan geography. It is this continuous interplay of public policy with social and cultural forces in shaping mass consumption that will provide the red thread for the following chapters.
Part II: Society

The Social Significance of Consumption
Chapter 3

What the People Want:
Consumption Patterns, Consumer Aspirations, and the Social Meaning of Consumption

Mass consumption not only shaped political economies in the postwar era, it also transformed everyday life and informed social dynamics in both West Germany and the United States. Mass consumption became an integral part of the “American way of life,” defined by broad access to a continuously improved and updated ‘standard package’ of goods. By the late 1950s, a growing abundance of material goods became central to the experience of everyday life in West Germany as well. Contrary to assumptions of an outright “Americanization” of West German society, however, many West Germans would aspire to different goods and regard material consumption in ways that did not exactly match the American way of life.

In this chapter I will show how West German consumers behaved differently from their American counterparts – in part because of the incentives given to them by public policy as discussed in the previous chapter, but especially because consumption still had a very different social meaning for middle-class consumers in both countries. Statistical evidence on private household consumption provides the starting point for my analysis. Household spending became the object of considerable interest to economists and public policy makers as well as to commercial market researchers. The wealth of data they amassed on both sides of the Atlantic presents a picture of frequently very similar trends in consumer spending, trends that have been read by contemporaries and some later historians as signs of convergence between both consumer societies with West Germany “catching up” vis-à-vis the American model. While some degree of convergence undeniably took place, postwar consumption patterns in West Germany and the United States were also marked by some stark and - more importantly - persisting differences in
what consumers spent on. Many middle-class Germans did not buy into the “American way of life,” but retained what I will call a more traditional “bürgerlich / genteel ethos” of consumption.

The American way of life – this needs to be said up front – was not uniform but could take dramatically different forms depending on the consumer household’s income, race, regional or educational background. In 1964, the editors of the Wall Street Journal published *Americans and their Pocketbooks*, a series of essays on the variety of ways in which American households earned and spent their money. Helen and Bob Strozier, for example, a young Houston couple with two kids made about $8,000 a year. Bob was an English instructor at a local university and they rented a suburban house with the hope of buying a home some day. While they owned a car and the various household durables typical of a middle-class family, they complained that money was tight and struggled with a substantial amount of consumer debt. Henry Maxwell, by contrast, lived with his wife and three children in a former West Virginia coal town. Henry was unemployed and the family had to make do with about $1,500 leaving them partially dependent on a variety of social programs as well as loans to pay for current expenses such as medical bills. They paid $15 per month in rent for a house without indoor plumbing or running water. Still, the family had enough to eat and occasionally there was even money left over for a few extras such as tobacco, beer, church contributions or a second-hand TV set. Dexter Steiger, finally, was a production hand at Ford Motors. Living with his wife and two daughters in Wayne, Michigan, Dexter exemplified working class heads of household who were gaining access to a broader middle-class standard of living during the postwar decades. His wife’s part-time secretarial work contributed to an annual household income of around $ 10,000. They could afford to live in a $80 per month duplex home and spent relatively freely on various consumer electronics as well as on hobbies and vacations.¹

These three examples alone highlight the difficulties involved with discussing the social practice and meaning of consumption for the American consumer. Obviously, we encounter similar problems in the West German case where - as we will see - differences

between, for example, middle- and working class consumers were even more pronounced between the late 1940s and early 1970s. Still, for the purpose of comparison, this chapter will contrast “American” and “German” consumers, generalize to some degree about their respective consumer spending and attempt to delineate national peculiarities in cultures of consumption. While it is necessary to always be mindful of the high degree of complexity and diversity within both postwar societies, a strength of the comparative approach brings to light different social dynamics at work in the two consumer societies.

Immediately after World War II, any difference in household spending between the two countries could easily be explained by broad economic disparities in areas ranging from consumer goods production to average household incomes. I will briefly address this question of comparative economic development and the degree of West Germany’s “catch-up” with the United States in terms of, for example, real incomes. The persistence of quantitative differences in household spending patterns into the late 1960s and early 1970s, however, also requires the consideration of factors other than economic development. The effects on individual household spending caused by the different balance between public and private spending discussed in the previous chapter need to be taken into account. In this chapter, however, I will primarily emphasize the cultural and social meaning of consumption in both consumer societies.

By and large, consumers in West Germany and the United States showed significantly different preferences and attitudes towards consumption. They had different aspirations with regard to what products they desired and especially middle-class consumers in both countries differed in their outlook on the relative importance of price and quality of consumer goods. Such disparities, I will argue, were linked in large part to the greater persistence of class differences in consumption in West Germany. They hinged on different perceptions regarding the relationship between the adoption of specific consumption patterns and achieving social status and mobility. Middle-class West Germans held on to values and aspirations formed by the emerging bürgerlich / genteel consumer culture of the late 19th century much longer. Even after World War II, they frequently defined their status though cultural capital goods, high standards of elegance and quality and even older genteel ideals of thrift and simplicity. They valued a standard of consumption that working-class Germans frequently could not and would not
aspire to imitate. American middle-class consumers, by contrast, increasingly marked their status through the acquisition of ever more innovative and modern goods. They displayed a standard of consumption with an emphasis novelty, quantity and value to which American working-class consumers - following the paradigm of expanding purchasing power - could more easily aspire to by getting bargain deals on a very similar, but slightly dated, used or lagged array of goods.

In a nutshell, this chapter sketches out two social models of consumption on either side of the Atlantic. The American model of consumption which emerged in the postwar decades emphasized spending on household durables, automobiles, and suburban homes across a wide spectrum of American society. To be sure, an important gap remained between a relatively broad middle class and those on the margins of the “American dream” who remained excluded from this new consumer standard of living. To many Americans, however, postwar mass consumption offered access to middle class respectability. Differences in household spending patterns largely amounted to gradations on a sliding scale determined by differences in income rather than social class. Many American consumers betrayed great confidence in their ability to continuously improve their standard of living and embraced the plethora of new and increasingly affordable goods offered by the mass distribution economy of the postwar years.

West Germans, by contrast, were more reluctant to embrace such a new consumer culture focused on acquiring ever more material, durable consumer goods. During much of the 1950s, to be sure, American-style spending patterns were financially out of reach for the majority of German households. As real incomes converged, however, West Germans still continued to spend, for example, comparatively more on food and less on transportation. While household durable consumption increased in Germany as well, household saturation with kitchen equipment or consumer electronics rarely reached American levels. In part, as I will suggest, greater public spending on such public goods as public transportation and housing altered the incentive structure for private consumers. Consumer attitudes towards consumption, however, also differed significantly. Throughout the postwar decades, many middle-class Germans continued to adhere to the more traditional bürgerlich / genteel ethos of consumption - an ethos in conflict with the demands of a modern consumer society in that it emphasized the value of saving,
restraint in buying and a preference for quality (in goods) over quantity (of goods). Many middle-class Germans regarded modern mass retailing with suspicion and professed to limited material wants. Adopting new consumption patterns was not regarded as a viable path to social mobility and into the 1970s, despite many changes, social distinctions in consumption patterns were much more prominent in West Germany than across the Atlantic.

**Household Spending Patterns: Convergence and Persistent Differences**

That household consumption patterns across the Western world increasingly shifted during the postwar period from spending on “rigid demand” such as food, shelter and other necessities of daily life to more flexible demand items such as consumer durables is well established.\(^2\) American consumers were certainly ahead of their European counterparts in pioneering these trends.\(^3\) Some recent scholarship, however, has emphasized that despite such broader trends, differences in household spending patterns persisted on both sides of the Atlantic with consumers spending on different types of goods.\(^4\) Subsequently, I will take a comparative look at the development of private mass consumption patterns in the United States and West Germany from the late 1940s to the early 1970s to highlight areas of convergence and of persistent differences.

**United States: the Emergence of the Car-House-Durable Pattern**

Modern mass consumption patterns and the shift in private spending towards consumer durables was not an entirely new phenomenon in postwar America, but had begun to


emerge already during the first half of the twentieth century. Still, the immediate postwar decades meant a dramatic change in the standard of living and in patterns of consumption for millions of American families; a qualitative change that at times gets lost in those historical accounts of American consumer society that focus particularly on the origins and first manifestations of mass consumption. As late as 1948, Consumer Reports painted this picture of a typical consumer household:

“The high cost of living, even on a modest scale, is illuminated in a recent study made by the Bureau of Labor Statistics [BLS] of a city worker’s family budget. The study reveals that in mid-1947 in 34 large cities a worker’s family of four required from $3004 to $3458 a year to maintain a ‘modest but adequate American standard of living.’ [...] Meat can be served for dinner ‘several times’ a week. About 5% of the meals can be purchased away from the home – principally lunches bought away from the home by the wage earner. Two ice cream cones, a candy bar, two bottles of soft drinks and a bottle of beer can be purchased each week with the small amount allowed for such items.

For the husband, the clothing list provides one heavy wool suit every two years, one light wool suit every three years, five shirts and two pairs of shoes every year. The wife can buy a heavy wool coat every four years, four dresses and three pairs of shoes every year. The 13-year old son can be provided with one sweater or jacket, two pairs of trousers and three pairs of shoes each year. The 8-year old daughter can have one snow suit or heavy coat every two years, four dresses and four pairs of shoes each year.

The family owns a small radio, buys one daily newspaper, including a Sunday edition, and 32 copies of some popular-priced magazine in a year. Movies are attended by the husband, wife and daughter once in three weeks and by the son once in two weeks. The husband has a haircut once in every three weeks, the son every five weeks and the wife and daughter every three months. Stationery and stamps are included to provide about one letter a week and an average of three local telephone calls are made each week. Every three or four years the family can take a trip out of town to visit relatives or for a vacation.

Provision is made for taxes and a small amount of insurance. Savings are not included at all.

Any emergency would thus throw this family budget completely out of line. A major illness or a substantial rise in rent, if rent control were dropped, would leave the family in serious straits and force them to cut down on essential food and clothing expenditures.

Such are the limitations of the $3,200 - $3650 [adjusted for inflation since 1947] annual income today. Yet 60% of all American families earn less than $3,000. The average worker in manufacturing earns only about $2,600. Some 25 million Americans are unable to afford even the modest BLS standard of living.”

While certainly already quite affluent by European standards at the time, this depiction of the American standard would change dramatically over the course of the

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subsequent decade alone. In just ten years time, rising real wages and the proliferation of consumer credit would bring more consumer durables as well as an automobile (no mention is made of expenses for transportation at all) and home ownership within the reach of this family. Expenditures for items such as food and clothing, by contrast, would be of significantly smaller importance to their budget.\(^7\) During the 1950s and '60s, household spending patterns changed to reflect the postwar American dream.

The degree to which consumer expectations and middle-class household consumption changed over the postwar decades is illustrated by the rise of the two car family. Still viewed as “sheer convenience and luxury” by 1955, *Consumer Reports* found that “most families would find the ownership of two cars quite difficult to justify on a practical dollars-and-cents basis.”\(^8\) Rising incomes and particularly the availability of ever more affordable financing by the mid-1950s facilitated a dramatic increase in automobile ownership.\(^9\) By the early 1960s, Commissioner of Labor Statistics Ewan Clague spoke of the United States as a “Nation on Wheels” with 85% of suburban families having one or more cars.\(^10\) Indeed, two-car families had become a common occurrence by the end of the decade, symbolizing a new middle-class standard of living.\(^11\)

The growth in private consumption expenditures, however, was by no means a linear and even process. While purchases of new cars peaked, for example, in 1955, such booms periodically gave way to slumps as in 1957/58, 1961 or during the early 1970s when relatively few new vehicles were sold.\(^12\) Consumer confidence surveys produced by the University of Michigan’s Survey Research Center showed that consumer demand was

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not a simple function of income development but that a number of factors impacted consumer behavior. Concerns about inflation and shortages, for example, led to “scare buying” in 1950 / 51 during the Korean War.\textsuperscript{13} The mildness of the recession that followed the war in 1953, by contrast, “emboldened” consumers and contributed to a wave of durable purchases in 1954 and 1955.\textsuperscript{14}

Not just larger economic developments or political events impacted purchasing patterns, but changes in the demand structure did as well. By the late 1950s, replacement demand became increasingly important. As many households already had a car or a television set, selling new or additional ones (the latest model with newer features) became a major task for durable manufacturers. Consumer confidence and attitudes towards acquiring new goods rather than real income or objective market forces were particularly vital here. Consumer researcher George Katona observed in 1960: “Lasting prosperity calls for sustained high demand, that is, for an extended period of general striving for higher standards of living […] Prosperity requires self-reinforcing optimistic attitudes based on sound reasons.”\textsuperscript{15} Many American consumers shifted their perspective on such high-end durable goods as cars which increasingly became less ends in themselves or one of just a few major wants but rather one of a variety of many different wants.\textsuperscript{16} Still, despite periodic fluctuations in demand and the growing saturation of households with a number of durable goods, the overall demand for durable consumer items kept increasing over the postwar decades.\textsuperscript{17}

The focus on durable goods consumption in many consumer surveys did obscure other areas of consumption and consumer goods that were actually stagnating or in

\begin{thebibliography}{9}
\bibitem{Katona1956b} Some regional differences existed as well, to be sure. The Bureau of Labor Statistics, for example, found consumers in the North spending more on housing and food, while Western consumers spend relatively more on transportation and less on clothing. See “Consumer Habits in US Surveyed,” \textit{NYT} June 15\textsuperscript{th}, 1956.
\end{thebibliography}
decline after the war. The shift towards durables in household expenditures was accompanied by a nominal decline in per capita expenditures for services from out-of-home laundry to domestic services, long a mainstay of middle-class budgets. Spending on ice and fuels such as coal declined as did expenditures for some goods in the public sphere from public transportation to movie theatres.\footnote{H.S. Houthakker / Lester Taylor, *Consumer Demand in the United States, 1929-1970: Analyses and Projections* (Cambridge: Harvard U Press, 1966).} While not in decline, a number of other areas ranging from purchased meals, to expenditures for shoes, cleaning and pressing services, newspapers and magazines, theatre and opera as well as to spectator sports, clubs and fraternal organizations saw a relatively level development in times of wide-spread growth in consumer spending.\footnote{Ibid.}

The modern model of domestic consumption centered on the house and the automobile was on the rise in postwar America. Overall, consumption and expenditures for entertainment and household reproduction shifted increasingly from goods and services offered in the public realm to the domestic realm. Household durables flourished. Per capita expenditures for appliances, automobiles, or consumer electronics, for gas and electricity (to power the durables) as well as for debt interest (due to increases in credit financing) sky-rocketed over the postwar years.\footnote{Ibid. See also Lebergott, *Pursuing Happiness*, esp. p. 79, which shows this to be consistent with long-term trends in the development of American consumption patterns throughout the 20th century.} The “durable stock” of American households rose from an average value of $1,500 in 1920 to $3,300 in 1960 with much of this increase attributed to the years after 1945.\footnote{William Butler, “Consumer Durables: Stocks and Expenditures,” in *Foundation for Research on Human Behavior, Consumer Behavior in 1961: A Summary Report* (Ann Arbor, 1961), pp. 13-22.} While the growth rate in durable stock fell from an annual average of 6% in the decade between 1946 and 1956 to only about 1% between 1957 and 1962 as initial demand had been saturated, replacement demand was large enough to ensure continued growth in this sector.\footnote{Katona, *The Mass Consumer Society*, p. 21.} The middle-class American standard of living was thus increasingly defined by ownership of a plethora of consumer durables, from cars and refrigerators to air-conditioners and television sets. Many economists, incidentally, greeted this shift in private consumption patterns towards durables as a sign of rational home economics. The term “durable investments” enjoyed widespread popularity, signifying a new understanding of certain household consumption...
expenses as rational investment on part of the consumer to curb expenses otherwise incurred through the use of services.23

The move of American consumers to suburbia (discussed in more detail below in Chapter 5) dramatically altered household spending preferences. As a 1955 New York Times article noted, Suburban trends had a tremendous impact on the postwar consumer economy in general.24 Suburban preferences for ranch-houses, casual clothes, frozen, processed foods and do-it-yourself kits increasingly became national preferences as more and more Americans moved to the suburbs. While some household durables had already reached their prime, TVs and air conditioning units were booming. The postwar increase in home-ownership in many ways reinforced the shift of consumer expenditures towards the home, towards durable goods and away from urban services.25

Suburban homeownership, in particular, became the lynchpin for changing household consumption patterns and the central locus of middle-class consumer identity. A 1959 Federal Housing Administration brochure emphasized the significance of homeownership: “Congratulations on owning a home! As President Dwight Eisenhower said recently, except for a wedding ring there is no more valuable purchase that any man can make than a home. […] When you turn the key that opens your own front door for the first time, you are standing on the threshold to a new life. You have taken on new responsibilities and obligations. As a property owner you have a new standing in the community.”26 Virtually all major accounts of changes in postwar consumer habits published during the 1950s and ‘60s emphasized the dramatic increase in home ownership and the related increases for home furnishings and equipment as a consequence. Americans shifted residences frequently with less than half of all homeowners expecting to remain in their current homes for the rest of their lives and

23 See e.g. James Morgan, “Consumer Investment Expenditures,” American Economic Review 48 (1958), pp. 874-902. Some even began to count household durable stock towards household savings. See also below, Chapter 4, for a discussion of this effort to expand the category of household savings to include durables.
25 This trend also had significant repercussions for the overall balance between private and public consumption, see below, Chapter 5.
nearly a quarter indicating plans to move within the next five years in the early 1960s.\footnote{See e.g. Bureau of Labor Statistics, \textit{How American Buying Habits Change}, pp. 76-94. Katona, \textit{Mass Consumer Society}, pp. 263-273. Asked about their reasons for changing residences in the early 1950s, existing homeowners listed change in neighborhood (22%), a bigger house (20%) or a more modern house (20%). Renters expressed similar desires for larger and more modern places of residence as well as for a better neighborhood, but the desire to own (32%) was listed as their most important reason to move. Katona / Mueller, \textit{Consumer Expectations 1953-1956}, p. 86.} Most American consumers believed that “a substantial citizen is a homeowner” with a family home and a yard.\footnote{Ibid, p. 271.}

The late 1940s and early 1950s thus marked a watershed towards a middle-market, house-car-durable-pattern of consumption that came to encapsulate the “American way of life.”\footnote{See e.g. Bureau of Labor Statistics, \textit{Family Income, Expenditures, and Savings in 10 Cities} (Washington, 1952). The focus that consumer surveys and government publications on consumption habits put on exactly these goods, it should be noted, further reinforced the common perception of the dominance of these trends. See for example the Board of Governors of the Federal Reserve System, \textit{Quarterly Survey of Consumer Buying Intentions}.} Suburban life, sociologists like William Whyte noted, tended to further reinforce such consumption practices. While overly conspicuous consumption (as for example the purchase of a high-end Lincoln) was often frowned upon in new suburban communities, strong pressures existed to conform to the new consumer standard. The lack of certain items (e.g. no dinette) was noted as were other variations from the norm (e.g. an unusually expensive television set). “Social talk, so at least it seemed to me,” Whyte wrote, “revolved very frequently around the latest purchase on the block: the new Bendix Ethel got, the new rug Mary picked up.”\footnote{William Whyte, “The Consumer in the New Suburbia,” in Lincoln Clark, \textit{Consumer Behavior: The Dynamics of Consumer Reaction} (New York: NYU Press, 1954), pp. 1-14.} The emphasis of the new suburban consumer standard was thus less on domestic “luxury” or overt social display, but on a domestic modernity shared by others of broadly middle-class status. As historian Andrew Hurley has shown, the power of the suburban middle-market ideal of the postwar years and its promise of social mobility and inclusion was further underscored by such institutions as the diner, the bowling-alley and the trailer park in which the transition between working-class culture and middle-class respectability was negotiated during the 1950s.\footnote{Andrew Hurley, \textit{Diners, Bowling Alleys and Trailer Parks: Chasing the American Dream in Postwar Consumer Culture} (New York: Basic Books, 2001).}
West Germany: Differences in Scale, Pace, and Consumer Aspirations

Both contemporaries and later scholars looking at the development of household consumption patterns in postwar West Germany have frequently invoked the notion of an “Americanization” of German consumer practices during the 1950s and ‘60s. Trends towards home-centered consumption patterns or the increasing importance of automobiles and consumer durables were interpreted as signs that West Germans adopted with some time delay the very same consumption habits and aspirations as American consumers. According to German sociologist Werner Polster, “the American Way of Life, democratic mass consumption, succeeded in western postwar-Germany rather unbroken and was modified in a traditional German fashion only in areas of lesser importance.” Historian Wolfgang König similarly finds that “with a temporal lag but even greater dynamism West Germans followed Americans into the land of mass consumption they yearned for.” Such a notion of outright “Americanization” with regard to postwar consumption needs to be qualified.

A careful analysis of the development of household spending in West Germany, for one, casts doubt on such generalizing interpretations. First off, the economic situation of most German households after the war was dramatically different from their American counterparts and consumption habits differed accordingly. Despite the much touted “economic miracle” of the 1950s, as Michael Wildt has pointed out, it was not until the end of the decade that most West Germans were able to move from a mind-set of scarcity to one of affluence. Much of the immediate postwar era was marked by shortages of even the barest necessities, particularly for the many millions who had lost their homes as a result of wartime destruction or who had lost most of their possessions because they were forced to resettle to West Germany after being expelled from the former eastern


provinces of the Reich. Across the board, expenditures for food, shelter and clothing had a much higher relative importance for postwar West Germans than for their American counterparts.

To be sure, changes in West German consumption patterns eventually did show many of the same trends as seen in the United States - albeit often on a smaller scale and with considerable delay. Household incomes and consumption expenditures more than doubled over the course of the 1950s. Postwar studies on consumption patterns noted a growing share of consumer spending for transportation, household equipment as well as for leisure and entertainment. Durable goods became more important for West German households, though at a relatively late point. An early 1960s survey among West German households showed that over 80% of all automatic washing machines, dish washers, TV sets and freezers were bought after 1958. The same was true for 50-70% of all refrigerators, record players, washing machines and electric sewing machines; only cameras, vacuum cleaners and radios were predominately bought before 1958.

The rate of motorization in 1950s West Germany was dramatic with an annual growth rate that far outpaced other Western countries. Still, automobile ownership was hardly part of a widely shared consumer standard even by the early 1960s and only by 1970 did a small majority of German households own a car. To many if not most West German consumers during the 1950s and ‘60s car ownership seemed out of reach and (realistic) consumer aspirations towards automobile ownership accordingly increased only marginally over the course of the 1950s. Articles of clothing as well as smaller...

34 See e.g. Norbert Bub, “Neue Tendenzen in der Einkommensverwendung” in Der Volkswirt (1959), pp.20-23; Helga Schmucker, “Die langfristigen Strukturwandlungen des privaten Verbrauchs der privaten Haushalte in ihrer Interdependenz mit den übrigen Bereichen einer wachsenden Wirtschaft,” in Fritz Neumark (ed.), Strukturwandlungen einer wachsenden Wirt... 36 The annual rate of motorization increase was on average 20.5% in West Germany during the 1950s (as compared to only 2.8% in the already quite saturated US market). See Thomas Südbeck, Motorisierung, Verkehrsentwicklung und Verkehrspolitik in der Bundesrepublik Deutschland der 1950er Jahre (Stuttgart: Franz Steiner, 1994), p. 27.
37 In 1955 the ratio of automobiles to inhabitants was about ten-times higher in the United States than in West Germany; by 1970 the number of cars per capita was still roughly twice as high. See Statistisches Bundesamt, Statistisches Jahrbuch für die Bundesrepublik Deutschland (Wiesbaden, 1971). On the role of automobiles and the consumption of transportation in postwar Germany see below, Chapter 5.
household appliances had a much higher priority for most German consumers as they first moved towards affluence.38

Many contemporary observers lauded the increase in expenditures for household appliances in particular as an important step towards the modernization of the German home. As in the United States, “labor-saving” household equipment such as washing machines and refrigerators were touted by economists and government officials alike as a boon to housewives in particular.39 To some degree at least, as Axel Schildt has suggested, West German postwar consumption also shifted toward the private realm of the home and away from spending on more public forms of services and entertainment. Referred to as “neue Häuslichkeit” of the 1950s, such trends of retreat into the private sphere have been attributed in part not only to the adoption of “American” consumption patterns, but also to a counter-reaction to the overly public politicization of everyday life during the Nazi era.40

Despite rapidly rising real incomes, though, the aspirations of West German consumers focused on different goods and less on durables than their American counterparts. While there was much attention being paid to the increase in expenditures for consumer durables, the even bigger story after the deprivation of the war and postwar years was the increase in food consumption.41 The quantity and quality of food consumed increased dramatically over the course of the decade with more money being spent for example on meat, better cheeses and sausages. Expenditures on Genussmittel, semi-luxury foodstuffs such as exotic fruits, coffee and tea as well as alcohol which made up about 17% of total food expenses by 1962, saw especially sharp increases that were noted by a variety of official publications.42 The growth in Genussmittel consumption seemed

38 While many Germans may have desired a car, GfK studies on consumer aspirations showed a mere 2% increase in respondents citing an automobile on their list of desired consumer goods between 1953 and 1956. Joseph Bock / Karl Specht, Verbraucherpolitik (Cologne: Westdeutscher Verlag, 1958), p. 263.
39 See for example Schmucker, “Die langfristigen Strukturwandlungen,” p. 124. On the special emphasis that was awarded to women as both consumers and household managers in the postwar era see e.g. Katherine Pence, From Rations to Fashions: The Gendered Politics of East and West German Consumption, 1945-1961 (Diss. University of Michigan, 1999).
to exemplify new-found affluence to many West Germans by the early 1960s, but it was also viewed with some concern by advocates for more “modern” and “rational” consumption patterns (such as spending on household durables) as a continuation of traditional working-class consumption habits.

Throughout the 1950s and ‘60s, food expenditures thus continued to play a more important role in the West German consumer budgets. Expenditures for clothing similarly continued to retain great importance for most German households. In both cases, to be sure, this increasingly did not just entail spending on necessities but rather spending on better quality foods and textiles. A 1955 survey regarding the most important items for an “appropriate standard of living” did list a number of household durables: first a refrigerator, second a washing machine, and third a vacuum cleaner.\(^{43}\) But, as economic historian Peter Kramper has pointedly observed, it was not so much the refrigerator itself but “the (filled) fridge […] that was the symbol of the beginnings of mass consumption in Germany.”\(^{44}\)

**Household Consumption Patterns in Comparative Perspective**

A comparative look at aggregate statistics on household expenditures thus suggests persisting differences in what consumers spent on well into the 1960s. Private consumer spending was the object of intense analysis and research during the postwar period as material living standards became an important measure of national success. Statistical yearbooks such as the annual German *Statistisches Jahrbuch* and the US *Statistical Abstract* carried data on private consumption expenditures as well as levels of household equipment with certain durable goods.\(^{45}\) More in-depth government surveys produced

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\(^{43}\) Cited in Andersen, *Der Traum vom Guten Leben*, Ch. 4.


\(^{45}\) US Bureau of the Census, *Statistical Abstracts of the United States*. For a compilation of historical consumption statistics see US Bureau of the Census, *Statistical History of the United States: From Colonial Times to the Present* (New York: Basic Books, 1976). For Germany see Statistisches Bundesamt, *Statistisches Jahrbuch für die Bundesrepublik Deutschland*. Comparison is hampered to some degree by different standards of measurement. While the *Statistical Abstract* generally gives data on personal expenditure, its German counterpart looks at different categories of households. Similarly, there is no common standard of what falls under such categories as recreation, household operations, or transportation. The data thus
since the 1950s in the United States and after 1960 in West Germany provided even more detailed accounts of the development of consumption patterns. The subsequent overview of broad national trends necessarily omits – for the sake of comparison - important differentiations with regard to household income, size of household, region, occupation or ethnicity. Some of these differences, however, especially with regard to the social composition of the consuming public, will be discussed at a later point in this chapter.

At first glance the patterns of consumer expenditure in Germany and the US appear to follow broadly similar trends (see tables 1.1, 1.2). Spending in areas such as clothing, or health and personal care followed roughly the same patterns. Relative

remains aggregate and rough. The International Labor Office and similar organization offer statistics that may be more easily comparable, but tend to be even more abstract. See for example ILO Yearbook of Labour Statistics or OECD, Historical Statistics 1960 – 1995 (Paris: OECD, 1997).

expenditures for entertainment and education (recreation) outside the home in West Germany are surprisingly similar to those of American consumers already in 1950 and significantly surpass them (particularly with the added growing expense for travel) by 1970.\(^{47}\) The share of food-expenditures, too, declined in both countries during the postwar decades. The initial difference of almost 25 percentage points drops to about twelve points twenty years later. Still, with 35.3\%, the relative amount spent on food by an average German household remained quite high as late as 1970. In part, this difference to American budgets may be explained by the continued predominance of small grocery stores, higher priced butcher stores and bakeries rather than modern supermarkets as in the United States.\(^{48}\) Beyond the importance placed on food consumption during the years of the “economic miracle” discussed above, however, the persistently high expenditures on foodstuffs in West Germany suggests a stronger emphasis placed on food by German consumers in general vis-à-vis other consumer goods as part of a fundamentally different understanding of what constituted a respectable material standard of living.

The three aspects in which German and US consumption patterns differ most significantly in the postwar period – despite numerous similar trends and some convergence - are transportation, consumer durables, and spending on housing. With regard to transportation, the persistent predominance of the automobile in the US - nearly 90\% of the dramatically higher share of household budgets spent on transportation is related to automobile ownership and maintenance (table 1.1) - was not matched by West Germans even in 1970 despite substantial gains throughout the 1960s. By the middle of the 1970s, finally, a solid majority of 74\% of German households (as opposed to 84 \% in the US) did own a car, but – as discussed above - many American households already had more than one vehicle. During the 1950s some, especially working class, Germans compensated for the lack of a car with motorcycles, but a significant number relied on comparatively better developed public transportation systems. In the case of

\(^{47}\) Travel expenditure in particular was recognized as a growing challenge to durable retailers by the late 1960s. A Prognos study projected that with an estimated real income increase of 50\% over the course of the 1970s travel spending would increase disproportionally by as much as 70\%. See Renate Aengenendt, *Ladenöffnungszeiten im Einzelhandel* (Cologne: Universitäts-Verlag, 1971), pp. 60/61.

\(^{48}\) See below, Chapter 6, for a discussion of the different development of postwar retailing in Germany and the United States and its implication for everyday consumption practices.
transportation the existence of public alternatives to private consumer spending may have impacted differences in household expenditures.\(^49\)

Cars were but the most prominent of durable goods, a category in which significant spending differences between German and American households continued to exist. The share of household expenses devoted to durable goods rose in both countries between 1960 and 1970, from 9.8% to 10.9% in the United States and in West Germany even more from 11.7% to 16.4%.\(^50\) In the case of durables, however, budget shares are less telling with regard to differences in national consumption patterns than are household attainment rates of certain goods. To be sure, by 1975 the average German household had caught up with its American counterpart in important respects (e.g. refrigerators). Still, in terms of such major appliances as washing machines or consumer electronics such as televisions (especially the more advanced, color models) and telephones, German households were still significantly less well equipped (see table 1.3). As the overall standard of life differed greatly in both countries after the war, such disparities were even more severe earlier in the postwar period. In 1960, only 52% of West German households had a refrigerator (as compared to 96% in the US), 36% had a washing machine (US = 55%), 25% an automobile (US = 77%) and only 34% of all West German households had hot running water which was virtually a universal feature of American households at the time (93%).\(^51\)

\(^49\) For a more detailed discussion of public transportation systems in both countries and their impact on everyday consumption patterns see below, Chapter 5.

\(^50\) See US Department of Commerce, *The National Income and Product Accounts of the United States 1929-82* (Washington, 1986) and Joachim Beier / Klaus-Dieter Jacob, *Der Konsumentenkredit in der Bundesrepublik Deutschland* (Frankfurt a.M.: Fritz Knapp, 1987). These numbers are more significant for the trends they express than for their relative comparability. The high rate of durable expenditures can be explained to some degree by a “catching up” process in terms of durables during the 1960s. German consumers were thus spending comparatively larger amounts on them. Also, as will be discussed later, appliances etc. were comparatively more expensive in Germany.

Differences in both transportation and durable consumption can be linked in part to significant differences in housing in both countries that will be the focus of chapter 5. The much higher rate of home ownership in the United States throughout the postwar decades and the growing prevalence of detached suburban housing not only affected consumer choices regarding transportation, but also meant that Americans on average had greater incentives to channel their consumer spending towards household durables. Simply put, they tended to have more space to put durable goods and were increasingly disconnected from an urban infrastructure of leisure and public goods which provided alternatives to spending on the home for many postwar Germans. Thus, while a number of similar trends can be observed in both countries, the home-car-durable pattern of consumption that emerged in the United States after the war is not reproduced in any clear-cut fashion in West Germany during the 1950s and ‘60s. West German consumers spent their increased income differently from American households.

In many ways, West Germany followed a broader Western European pattern in this regard. Comparing consumer demand in the United States to six European countries in 1966, economists H.S. Houthakker and Lester Taylor found that American consumers spent more than twice as much per capita (under conditions of purchasing power parity) on both consumer durables and housing expenses and more than three times the European level for transportation expenses. American consumers, to be sure, had on average more money than their European counterparts. Still, since differences with regard to per capita spending were less pronounced in other areas, arguments regarding a distinctly European pattern of consumption during the postwar decades have been made. Historian Hartmut Kaelble has noted that despite similar trends in postwar consumption, a full convergence

<table>
<thead>
<tr>
<th>3.3. Selected Durable Goods in % of Households (Germany 1975, US 1974)</th>
<th>Germany</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television</td>
<td>82 % (B/W)</td>
<td>96.6%</td>
</tr>
<tr>
<td>Color TV</td>
<td>29%</td>
<td>61.3%</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>99%</td>
<td>98.1%</td>
</tr>
<tr>
<td>Automobile</td>
<td>74%</td>
<td>83.8%</td>
</tr>
<tr>
<td>Washing Machine</td>
<td>58%</td>
<td>71.9%</td>
</tr>
</tbody>
</table>

of consumption patterns between Europe and US never occurred. Europeans by and large spent more on food and clothing while Americans spent more on transportation, housing and communication; they had more cars, television sets or phones (as late as 1975 there were only 22.5 phones per 100 inhabitants in West Germany as compared to 58.3 in the United States).\textsuperscript{53}

What accounts for these persisting differences? Kaelble suggests a variety of important explanatory factors ranging from geography to public policy. The relatively dense settlement of many European countries (and, it may be added, a more urban rather than suburban pattern of living) has helped to reduce European expenditures for transportation and communication. More extensive European welfare states, as discussed in the previous chapter, have affected relative spending on various items from health care to retirement insurance, from education to transportation. Different gender roles also had an impact; with many more married women in the labor market the number of double-income households who had more disposable income to spend on consumer goods was higher in the United States. A stronger continuity of social distinctions through consumption, Kaelble finally suggests, may account for the greater importance afforded by Europeans to consumer spending on high-quality clothing and particularly on good food.\textsuperscript{54} It is this last element in particular that merits further consideration and elaboration. Before I will look at some of these broader social and cultural factors in more detail, however, I need to first discuss the degree to which transatlantic differences

\textsuperscript{53} Kaelble, “Europäische Besonderheiten des Massenkonsums.” More recently, however, Sabine Haustein has questioned the notion of an emerging European “model of consumption” which Kaelble suggests can be contrasted to the American case. Looking at the time period between 1960 and 1990, Haustein finds a relatively high degree of diversity between different European countries and points to some European countries (including Germany) that after 1970 actually begin to surpass the United States in terms of relative household expenditures for e.g. transportation and communication. Sabine Haustein, “Westeuropäische Annäherung durch Konsum seit 1945,” in Hartmut Kaelble / Jürgen Schriewer, \textit{Gesellschaften im Vergleich: Forschungen aus Sozial- und Geschichtswissenschaften} (Frankfurt a.M.: Peter Lang, 1999), pp. 353-390.

\textsuperscript{54} Kaelble, “Europäische Besonderheiten des Massenkonsums.” He further notes that the emergence of the European common market in the second half of the 20th century furthered trends towards European convergence through the dispersion of similar products and product designs as well as the general decline of the traditional North / South divide of the continent. See also: Hartmut Kaelble, “Social Peculiarities of Nineteenth- and Twentieth-Century Europe.” in Kaelble (ed.), \textit{The European Way: European Societies during the Nineteenth and Twentieth Centuries} (New York: Berghahn Books, 2004), pp. 276- 316, esp. pp. 288-289.
in consumption patterns can be explained by simple differences in economic development.

*Economic Development: Just a Matter of “Time Lag”?*

Economic historians have traditionally emphasized the high degree of convergence in living standards of modern, industrialized societies. Walt Rostow’s influential *Stages of Economic Growth* saw Western Europe during the 1950s following the United States into the “age of high mass consumption” which Americans had already entered since the 1920s.\(^{55}\) Traditional consumer theory has posited the existence of given tastes and a universal hierarchy of more or less essential wants. As incomes expanded, these needs would be fulfilled in sequence by consumers as rational “utility maximizers.” The “Engel curve,” named after 19th-century economist Ernst Engel who pioneered the study of consumer demand, predicted that with rising incomes consumer spending would move from foodstuffs and other essentials for which a rigid demand existed (such as clothing, fuel, and shelter) to items of more flexible demand and eventually “luxuries,” such as e.g. durable goods in the postwar period.\(^{56}\) From the perspective of economic growth theory, the differences in household consumption patterns between West Germany and the United States could thus be attributed to a mere transatlantic time-lag in economic development.

While the postwar decline of spending on food in all Western countries, for example, lends some credence to such assumptions, the linearity of the growth-convergence model has been called into question in recent decades. The postwar boom years were long seen as the height of economic convergence due to productivity convergence which has been traditionally explained by technological transfers from the United States (such as mass production and distribution systems) which had been previously unexploited in Europe. Economist Moses Abramovitz has suggested, however, that American development has to be partially attributed to specific factors such as


market size and a relatively classless market which could not readily be transposed to Western Europe and gave the United States an advantage particularly with regard to scale-dependent innovations. Nicholas Crafts has similarly argued for a concept of “conditional convergence” and against the notion of an automatic economic “catch-up” process by stressing the important impact of different “social capabilities” (e.g. the level of education in different societies) as well as of institutions such as the welfare state in determining different outcomes of economic development.

The degree of “catch-up” in the crucial area of real incomes, to be sure, was significant during the postwar decades. Real incomes soared in postwar Germany: the median income more than tripled between 1950 and 1971. Incomes for industrial workers rose well over 70% during the 1950s and by another 85% from 1962 to 1970. In the United States, on the other hand, comparable wages grew at a significantly lower pace. Here as well, the median money wage nearly tripled in the time period under consideration (1950-70), but the tremendous difference in income to German households that marked the 1950s was steadily decreasing. While the average American worker earned initially roughly 245% of his or her West German counterpart, that number had

60 While several international organizations (including the OECD and the International Labour Organization) trace wage developments, finding comparable data on household income for both countries over the entire span of 20 to 25 years proves surprisingly difficult. Where the Germans publish hourly and weekly wages during the 1950s, American statistics work with yearly incomes. Some tables give household and others personal income, some calculate net income where others work with disposable income, some give aggregate national income while others break it down by industry or occupation. Similar to consumer prices, the comparative purchasing power of wages and salaries, finally, can often only be estimated. See US Bureau of the Census yearly Statistical Abstracts of the United States, the Statistisches Bundesamt’s yearly publication, Statistisches Jahrbuch.
61 See Statistisches Bundesamt, Statistisches Jahrbuch, various years between 1950 and 1970. On the dramatic increase in real wages in West Germany during the 1950s and ’60s see also Werner Abelshauser, Die langen Fünfziger Jahre (Düsseldorf: Schwann, 1987) and Rytlewski / Opp de Hipt, Die Bundesrepublik in Zahlen, pp. 117-119.
fallen to 150% by 1970 and continued to decrease.\textsuperscript{62} To be sure, this trend cannot diminish the fact that tremendous differences existed between both countries at the outset of the postwar era, and that West Germans had not fully caught up with Americans in terms of income even by the early 1970s. This, in turn, was bound to have some impact on private consumption patterns. In light of the increasing convergence of incomes by 1970, however, income alone as a factor cannot fully account for persistent differences in consumer spending observed above.

Price development, next to income development, is another significant aspect to consider in analyzing convergence and persisting difference in consumption patterns. Based on comparative statistical analysis of commodity consumption (of ten commodities ranging from foodstuffs and durables to health and transportation) across 18 OECD countries, Saroja Selvanathan has found that despite diverging consumption patterns, differences in consumer choice could indeed to some degree be reduced to a function of income \textit{and} price differences.\textsuperscript{63} While her study does not allow for any definitive conclusions, it appears to suggest that tastes might be surprisingly identical across national cultures. With income levels converging between the US and Germany by the 1970s, differences in consumer spending could then be accounted for mainly in terms of relative prices.\textsuperscript{64}

Indeed, price developments with regard to various consumer goods differed between West Germany and the United States.\textsuperscript{65} Both countries experienced rising

\textsuperscript{62} Bureau of Census, \textit{Statistical History of the US}. The relation to German wages given is this author’s own rough calculation based on income data and purchasing power parity development published in the \textit{Statistisches Jahrbuch}.


\textsuperscript{64} Selvanathan’s suggestion regarding the combined importance of price and income developments as determinants for consumption and living standard convergence fits well with explanations for postwar economic convergence that focus on the role of globalization and labor migration. As Jeffery Williamson has argued, immigration and free trade after 1950 have fostered both commodity price convergence (Heckscher / Ohlin paradigm) and real wage convergence. See Jeffrey Williamson, “Globalization, Convergence, and History,” \textit{Journal of Economic History} 56 (1996), pp. 277-306.

\textsuperscript{65} Fluctuations in exchange rate and relative purchasing power of national currencies make even-handed comparative assessments of nationally calculated prices difficult. Price indices - as published in the German \textit{Statistisches Jahrbuch}, by the International Labor organization or the Consumer Price Index published by the US Bureau of Labor Statistics - that trace the relative development of prices over time on the other hand, afford at least some a sense of which commodities or services became more affordable or more expensive. The calculation of consumer price indices, to be sure, was frequently controversial and subject
consumer prices during the postwar decades, sharply increasing during the latter half of that period. While the rate of inflation was higher in America during the 1950s, and was surpassed by Germany during the 1960s, the differences between both aggregate numbers remained fairly small. With regard to the price development of certain consumer goods, however, significant differences emerge. In the United States key goods became relatively or even absolutely cheaper such as new and used cars or appliances. In Germany, on the other hand, prices for cars and furniture rose during the 1960s, though only slightly.

The different developments of consumer expenditures with regard to housing, cars, or appliances can thus in part be explained by different price developments for these goods in both countries. Even though cars and appliances were relatively cheaper in the United States, these items became a bigger and growing share of American household budgets, emphasizing again their importance for American postwar consumption patterns. In part, the differences in price levels also reflected the overall degree to which industry and economic policy had shifted to a mass production / mass consumption framework after World War II. As discussed in the previous chapter, West Germans had been more hesitant to make this shift. The limited introduction of mass distribution systems in West Germany prior to 1970, the only marginal role played by chain retailers, discounters, super-markets etc., helped to elevate the price level for many consumer goods even further. Such differences in pricing certainly worked against a convergence in consumption patterns, but they are more a symptom than a root cause of transatlantic differences in household spending.

Public spending and the role of the welfare state as discussed in the previous chapter also altered price structures and consumption incentives for consumers. Comparatively limited public consumption in the United States allowed for relatively higher rates of disposable income as expenditures for taxes and social insurance were lower. West German consumers, on the other hand, could save on a number of private to challenges by various groups. See e.g. United Electrical, Radio and Machine Workers of America, The Facts About High Living Costs (New York, 1951).

68 On the development of retailing in postwar West Germany see below, Chapter 6.
market expenses in areas from transportation to entertainment because of public alternatives such as affordable mass transportation. In the United States, by contrast, spending on medical expenses (especially for low-income households) as well as for higher education became increasingly prominent shares of consumer budgets, as commissioner of labor statistics Ewan Clague observed by the mid-1950s. The differences in the public retirement systems of the two countries probably had the most dramatic impact on private consumption patterns. After the 1957 pension reform, most West Germans could expect to receive about 70% of their last earned wages as retirement income. In the United States, the median expectation from Social Security alone was only around 45% of the last earned income by the early 1960s. Many to be sure, especially in the upper income brackets, augmented this with private pension plans. Across the board, however, American consumers expected to remain in the labor force (at least part time) to a much later age. More importantly, the prospect of more limited old-age income provided a stronger incentive to American households to early on invest in goods (such as durables) that would lower their current expenditures in old age. Home-ownership in particular often helped older American consumers to avoid rent payments which claimed a large share of the budget of their West German counterparts.

Clearly, broader economic and structural factors cannot be disregarded in explaining divergences in consumer spending during the postwar decades. It is beyond the scope of this chapter to empirically test the relationship between economic convergence, price and income development and household consumption patterns in both countries. Suffice it to say, however, that such an analysis would likely find economic

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71 Still, while Americans were typically dissavers in old age, the annuity income of West German pensioners frequently exceeded their expenses. This was in part because they lowered their overall consumption in old age and comparatively more significant savings on transportation and travel expenditures were not offset by rising medical expenditures as with many American retirees. See George Katona, Private Pensions and Individual Saving (Ann Arbor: Survey Research Center, 1965), pp 27-34 and Axel Börsch-Supan, “Aging in Germany and the United States: International Comparisons,” in David Wise (ed.), Studies in the Economics of Aging (Chicago: U Chicago Press, 1994), pp. 291- 325.
development alone an insufficient explanatory variable for differences in consumer spending. Peter Kramper, for example, who conducted a thorough comparison of the above mentioned factors for the cases of postwar Great Britain and West Germany, found that macroeconomic convergence did not necessarily translate into a convergence of living standards or consumer expenditure patterns. The remarkable “catch-up” that did occur with regard to GDP and real income growth between West Germany and the United States actually makes the persisting divergences in consumption patterns all the more glaring. Other explanatory factors thus need to be considered as well; transatlantic differences were not merely the consequence of a “time lag” in economic development.

“Value Shoppers” and the “Bürgerlich / Genteel” Consumer Ethos: Social and Cultural Factors Explaining Divergence

Aside from economic factors, other aspects set private consumption practices in postwar West Germany apart from those in the United States. Consumers in both countries tended to have very different aspirations and expectations with regard to their personal material standard of living. Incentives offered by public goods influenced such attitudes in West Germany, as did the persistence of more “traditional” middle-class consumer values with regard to price and quality in choosing consumer goods. For reasons rooted in social institutions and consumer culture, the American “standard package” of home, car and various durable goods – while certainly not without its appeals – did not have quite the same attraction to many West German consumers during the 1950s and ‘60s. Whereas middle-class Americans came to see themselves as the vanguard of the postwar consumer society and distinguished themselves primarily through ownership of the latest and most improved goods, middle-class West Germans retained a more traditional bürgerlich / genteel ethos of consumption.” In the more class-stratified postwar West-German society, middle-class status or respectability could not as easily be achieved through specific practices of material consumption.

72 Peter Kramper, “From Economic Convergence to Convergence in Affluence?”.
By the 1950s, the American package of consumer goods which could be constantly updated and improved had become well-entrenched as a consumption model in the minds of most middle-class and many working class Americans. Surveys among American consumers during the postwar decades show a widespread expectation that standards of living and levels of consumption would rise steadily. George Katona and others identified a sizeable and growing “discretionary income group” (about 35% of the population in 1965) of well-to-do middle class Americans who led the way in consumer spending with other groups following their lead.

Consumer confidence in postwar America seemed almost boundless. The University of Michigan’s Survey Research Center had first introduced their “Index of Consumer Sentiment” shortly after the end of World War II and despite some occasional dips in consumer confidence, the postwar period was one of widespread optimism. Most Americans either expected to be better off or to have an unchanged financial situation and only a small minority expected to be worse off in one or five years time. In 1962, a majority of 64% of American consumers declared that they were satisfied with their standard of living. For many, however, there was room for more as 32% indicated that they were not “fully satisfied” and especially in the lower income bracket only 51% considered themselves satisfied with their standard of life, yet. As a result of such consumer expectations, spending on consumer durables was strong throughout the postwar years while “discretionary saving” was in decline. As Katona observed in 1964, “the result of the perceived urgency of numerous wants for consumer goods, as well as for such services as travel and recreation, is that the desire to save is frequently pushed into the background and discretionary saving becomes residual.” German consumer experts traveling to the United States in the 1950s commented on what they perceived as the “tremendous willingness of Americans to improve their standard of living at all times,

75 In 1962 for example, this group accounted for only 16% of Americans. Ibid, p. 105.
76 Ibid, p. 117.
77 Ibid, p. 179. For a more detailed discussion of the development of consumer saving see below, Chapter 4.
even if that means heavy borrowing against future income.” Such optimism was fueled by the widely shared emulative expectation to share in the broad middle-market standard package of goods.

Since World War II, American business and advertising had encouraged consumerist visions of unbounded domestic affluence. A 1959 *Saturday Evening Post* cover captured the consumer aspirations of the new American Dream. A young, white, couple was depicted stargazing under a tree. The heavenly constellations expressed dreams of a suburban home with pool and a two-car garage as well as the appliances that would fill it, from televisions and record cabinets to washer-dryer combinations and power tools [see Fig. 3.1]. As the accompanying text explained, the artist wanted to express—without cynicism—the romantic visions of young couples today: “It takes as much moon magic to create a two-car domicile as it does to whip up an air castle. In essence, what the young romantics want is happiness […] And to whatever extent they amass worldly goods, they’ll share this happiness with the manufacturers and distributors of the same.” Consumer aspirations thus reinforced the postwar American compromise around economic growth and mass purchasing power.

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78 RKW, *Teilzahlungsfinanzierung*, p. 38
80 *Saturday Evening Post*, August 15th 1959, p. 3.
Consumer aspirations in West Germany, by contrast, were comparatively sluggish. According to a 1963 survey, 70% of West Germans said they would be content if their economic situation would not change in the next ten years.\textsuperscript{\text{81}} Especially middle-class Germans, e.g. civil-servants and professionals, expressed limited aspirations to further improve their material standard of living once the deprivation of the immediate postwar years were overcome and the “economic miracle” of the 1950s had brought them

\textsuperscript{81} “Macht Wohlstand zufrieden?” \textit{Die Welt}, August 6\textsuperscript{th} 1963. During the 1950s, to be sure, the level of contentedness was considerably lower and particularly younger and working class households continued to express stronger aspirations to improve their standard of living into the 1960s.
a modicum of affluence. While two-thirds of Americans who had experienced improvement in their financial situation expected this to continue in the future, only one-third of Germans felt the same. Across the board, West German consumers tended to be more pessimistic about the prospects of economic development in general and their own personal prospects in particular. In any case, they showed much less inclination than their American counterparts to continuously improve a standard of living for themselves or their families.  

Fearful of inflation and hoping for economic stability, many Germans regarded income increases primarily as a way to compensate expected price increases. American families by contrast were found to “believe that their standard of living should steadily and continuously rise.” Sociologists studying comparative consumption patterns at the time were baffled: “West Germany, the country which rose to great prosperity in a period of two decades […] appears to be low in consumer aspirations and in dynamic consumer behavior.” In this, the attitudes of German consumers mirrored the postwar politics of mass consumption in West Germany which showed similar restraints in its attitude towards expanding mass purchasing power and a modern mass distribution economy.

The acquisition of consumer durables was not as central to the West German consumer imagination of the postwar decades as is often assumed. When asked in 1958 what they would do with DM 20.- extra per month, German women listed better skin lotion, more books, as well as more or better food as their top three priorities. Men wanted to spend more on going to the movies, on alcohol and flowers. No mention is made in any of the answers of using such extra income towards consumer durables (through saving or installment schemes). Asked about their 1959 Christmas wishes and gift plans, articles of clothing dominated the lists of both desired gifts as well as of gifts given, followed by linens and shoes.  

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82 See George Katona / Burkhard Strumpel / Ernest Zahn, Aspirations and Affluence: Comparative Studies in the United States and Western Europe (New York: McGraw-Hill, 1971), pp. 1-2. Speaking to different perspectives on inter-generational social mobility, the authors note that over two-thirds of American fathers during the 1960s expected their boys (!) to go college while only one-third of German fathers approved of their boys staying in school beyond the age of 18.

83 Ibid, pp. 58 / 59.

84 Ibid, p. 70.

85 Elizabeth Nölle / Peter Neumann, Jahrbuch der öffentlichen Meinung 1958-1964 (Allensbach: Institut für Demoskopie, 1965), p. 73. Presumably the increased spending on flowers was intended to mitigate potential negative effects of increased alcohol consumption on domestic relations.
and books were popular gifts to give even though few people actually wished for them. The few people who did wish for durable goods (TV sets 6%, appliances 7%, photo or phono equipment 5%) were likely disappointed come Christmas eve as hardly anyone indicated plans to give such items as Christmas gifts.86

Plans to make “major outlays” for consumer durables actually declined among West German households after the late 1950s from 84% in 1956 and 69% in 1962 to as low as 54% in 1967. When asked “why not” buy more, more than half of West German consumers stated that they “ha[d] everything” and less than 20% stated that the reason was lack of money. Again, this was especially true of middle class households (salaried employees, civil servants and professionals) and less so for working class households. In the United States, by contrast, cars and new houses topped the Christmas wish-lists during the 1950s and there was “no indication of any increased feeling of saturation on the part of the American people” as Katona et al. put it with an eye on consumer surveys throughout the postwar decades.87 Contrasting the two countries in their 1970 study the authors find: “The German and American responses to affluence stand in the sharpest contrast to each other. In Germany there is a gap between the reality of a rapidly developing mass-consumption society and its perception by the people.” Among the reasons for what they describe as a German failure to adapt to the conditions of affluence they cite continuing fears of economic crisis and inflation, an overriding concern with preserving the status quo and an “apprehensive posture towards consumption and spending.”88

Many West Germans were indeed generally uneasy with what they perceived as the American model of consumption and its focus on the “standard package” of consumer goods. According to a 1963 Allensbach survey, 61% of respondents supported the notion that too much emphasis was being put on consumer durables in contemporary West German society and that people were generally not living within their means. Such

86 Ibid, p. 53. To be sure, Christmas was not the most traditional time for the purchase of larger consumer durables, but still, the tremendous discrepancy in numbers between durable and non-durable goods for Christmas gifts shows to what degree some items such as quality clothes and shows as well as books were held in particularly high esteem by many German consumers.
surveys found similar sentiments expressed in more general German attitudes towards Americans and the United States. While a majority of West Germans expressed a favorable view of Americans by the early 1960s, many continued to see them as “rather different” from Europeans. They were widely seen as “modern” and “progressive,” but a substantial minority of West Germans (47%) also indicated that they regarded Americans as “wasteful” and overly concerned with material luxuries.\(^89\) Throughout the 1950s and ‘60s, American consumer culture continued to be perceived by West Germans and many other Europeans as materialistic, non-individualistic or mass-oriented and technology obsessed.\(^90\)

**Towards “Rational” Shopping: “Modern” and “Traditional” Consumer Practices**

What explains this difference in consumer aspirations? In part, I will suggest, the answer lies in a different social meaning of consumption that can be illustrated by the persistence of more traditional shopping and consumption practices in West Germany. Efforts in consumer education throughout the 1950s and ‘60s speak to the degree to which government officials as well as some economists and retailing interests were concerned about the fitness of West German consumers for a modern consumer economy. Instead of “rationally” investing in consumer durables to modernize households, consumers spent on *Genussmittel* and other non-durables that did not promise to promote a modern standard of living in the long-run. Instead of embracing competition between retailers and new consumer goods to promote “modern” forms of mass distribution, many consumers retained shopping habits that favored an existing structure of smaller, relatively inefficient shops. Refusing to embrace comparison shopping and clinging to outmoded notions of quality, many West German consumers were held to undermine the very premise of a modern mass consumption economy.\(^91\)

The ministry of economics, for one, perceived the adoption of modern mass consumption patterns as vital for establishing a successful market economy and in

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\(^89\) Nölle / Neumann, *Jahrbuch der öffentlichen Meinung*, pp. 547-551.

\(^90\) See Kaelble, “Europäische Besonderheiten,” pp. 169-203. See also Schildt, *Moderne Zeiten*, pp. 399-423. Such attitudes were not monolithic, to be sure, but rather often ambivalent and not widely shared, for example, among young or working class Germans.

\(^91\) On efforts to “rationalize” consumption practices in 1950s West Germany see e.g. Katherine Pence, *Rations to Fashions*. 
creating democratic and independent citizens. An early session on consumer education of the ministry’s consumer council stressed the problem of “partially irrational consumption” which could pose a threat to economic policies of the ministry. 92 “Consumer education,” a later memo stressed, “is basically advertisement, advertisement for the social market economy and promotion of our own interests.” 93 Many of the modernizers within the administration agreed with economist Wilhelm Röpcke who felt the market economy was a “pedagogical challenge” of great importance in times of the Cold War. While even first graders in East Germany knew about the premises and principles of a planned economy, the president of the Federal Cartel Authority, Eberhard Günther, explained in 1965, many West German consumers were unfamiliar or uncomfortable with the self-reliance principles of the market and viewed the market economy as a chaotic system. “It remains apparent,” he wrote, “that the consumer has little interest in economic questions and frequently acts unreasonable.” 94 This made public consumer education necessary. A free and democratic market economy, he explained, needed especially female consumers (the “Hausfrau”) who made judicious use of their power. 95 Consequently the federal government sponsored research on shopping habits as well as consumer education through media, exhibitions and consumer groups. Attempts to foster modern, durable-centered consumption patterns were reflected in the ministry’s 1953 refrigerator campaign discussed in the previous chapter as well as in the promotion of washing machines a few years later. 96

92 See protocol of consumer council’s discussion of the Arbeitsgemeinschaft Hauswirtschaft, Verbraucherausschuss minutes of February 2nd 1951 in Bundesarchiv Koblenz (=BuArch) B 102 / 35977.
93 Ministry of economics, internal memo, December 21st 1953 in BuArch B 102 / 35996.
95 Women especially were afforded a special role in the governments efforts in modern consumer education to strengthen the market economy. Consequently, the economics ministry often worked in close cooperation with West German women’s organizations. See Erica Carter, How German is She? Postwar West German Reconstruction and the Consuming Woman (Ann Arbor: U Michigan Press, 1997), Jennifer Loehlin, From Rugs to Riches: Housework, Consumption, and Modernity in Germany (Oxford and New York: Berg, 1999) and especially Katherine Pence, Rations to Fashions.
96 For a discussion of the refrigerator campaign see above, Chapter 2.
West Germans interested in promoting modern mass consumption patterns frequently looked to the American consumer as a model. A 1958 government-corporate study group report was typical in its idealization of the American consumer as modern, democratic and unaffected by traditional (class) biases. The American consumer, the report found, was accessible through advertising because of the “relatively homogenous shape of his demands.” He was receptive to fair advertisement because he was “trusting to a certain degree.” According to the report, the “rational thinking and acting [of American consumers] [was] generally less hampered by emotion or tradition.” Such nontraditional, rational thinking the report saw exemplified by the practice of weekly family shopping at the shopping center during weekends and evenings: “While the wife does the weekly grocery shopping, the husband gets a hair-cut or a drink at a bar, the daughter has a dentist appointment and the grandmother buys a birthday present for her grand-son at the shopping center’s department store.” The perceived “modernity” of American consumers thus lay in their openness to new products and retailing modes which they approached without traditional bourgeois preconceptions about material consumption. Consumption was seen as a family affair as well which made it made it safe for middle-class families and put some controls on the consumption of Genussmittel such as alcohol (long seen as a primary example for “irrational” consumption particularly by working class men).

This description of American shopping practices stood in stark contrast to the still predominant pattern of daily shopping by German housewives in various small neighborhood stores. The report also emphasized the role of working women in the United States as contributors to the expanded consumption of the household. Though women remained to be seen as those who were primarily responsible for shopping and household consumption, modern consumption required participation of the whole family with both women and men playing to some degree the role of earner and spender. And

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97 American consumer education through schools and civil society organizations, too, was closely followed and hailed as exemplary by the ministry. See e.g. the protocol of the November 15th 1958 session of the consumer council in BuArch B 102 / 168706.
99 On the broader efforts to refashion modern consumption within the framework of the family see Loehlin, From Rugs to Riches, p.2.
100 RKW, Der Verbraucher als Partner der Wirtschaft, p 72.
while American consumers were held to be attracted to “all things new,” they were also seen as responsible in their consumption choices: “The American consumer is conscious of his impact on the economy as a whole and willing to bear responsibility for the prosperity of his country.” He or she was seen to play a “self-disciplined” and more independent role in the market economy and was less likely to call for state intervention to regulate e.g. prices or marketing methods.\textsuperscript{101}

Not even the economic modernizers within the ministry of economics, to be sure, went so far as to call for a complete adoption of American consumer culture. Modern rational consumption, to these Germans, also entailed a rejection of wasteful designs, status-oriented spending, or deceitful advertising all of which were frequently seen as hallmarks of the (largely unregulated) American consumer economy. Still, to the proponents of modern mass consumption in postwar West Germany, consumers on both sides of the Atlantic appeared as very different in their attitudes and behavior. They set out to make “traditional” West German consumers more like their more “modern” and “rational” American counterparts.

\textit{Consumer Attitudes Towards “Price” and “Quality”}

The difference between “traditional” and “modern” consumption was especially pronounced in divergent attitudes in both countries towards price and quality. Traditional attitudes were informed in part by notions of class and predated a mass consumption economy.\textsuperscript{102} Already since the Depression era but particularly after World War II, many American consumers were becoming price conscious “value-shoppers” who consciously weighed price and quality of products in order to maximize their attainment of consumer goods in the context of an emerging mass distribution economy.\textsuperscript{103} The hesitation on the part of West German shoppers, by contrast, to hunt for “bargain” prices and a widespread insistence on what were perceived as “quality” products, I will suggest, hampered the adoption of American-style shopping habits and consumption patterns.

\textsuperscript{101} Ibid, pp. 85-87.
\textsuperscript{102} On traditional bourgeois European consumption regimes see De Grazia, \textit{Irresistible Empire}.
\textsuperscript{103} On the emergence of bargain shopping since the 1920s see Jacobs, \textit{Pocketbook Politics}, Ch. 1.
During the 1950s, shopping guru Sidney Margolius urged Americans to become “value shoppers” - to buy more for their money: “It’s people who seek value who help keep factory wheels turning, and men turning them. It’s the need for a bargain that has developed America’s great mass production system.”\textsuperscript{104} Rather than wasteful or indulgent, extensive value-shopping was seen as a modern and efficient expression of a rational, bourgeois conduct of life. People who bought at too high a price, Margolius felt, understood “very little about the real technique of shopping.” His number one shopping principle was to “compare values”: bargain hunting and comparison shopping were key. A 1949 consumer education booklet similarly advised to “stick to the middle price lines.” Buying “nothing but the best” or only the most expensive models was described as “almost a fetish” with some families and an expression of “snob appeal.”\textsuperscript{105} Navigating the plethora of advertisements, stores and consumer products of the postwar era demanded some skill from consumers, but especially the American housewife was seen as up to the task, a “feminine computer […] concerned with one thing above all others: Value.”\textsuperscript{106}

Such appeals did bear fruit among American consumers; the growing mass retailing sector - large department stores and particularly discount stores that competed on price - enjoyed tremendous popularity among postwar shoppers. Studies emphasized the degree to which consumers made deliberate purchasing decisions especially with regard to durable goods. According to a 1953 University of Michigan survey, especially middle class consumers showed a great deal of circumspectness in purchasing consumer durables and while they rarely based their purchasing decision on price alone, they frequently stuck with the middle price ranges and exercised extensive comparison shopping.\textsuperscript{107} Most consumers interviewed stated that they liked to “shop around” and 40% said that they did so frequently. Special deals and particularly sales were of great

importance to consumers; only 34% of respondents said that they bought at regular list prices and many waited for particular products to go on sale. Discount stores which boomed during the postwar decades were favorably perceived by most American shoppers, offering good bargains on a variety of goods from appliances to toys and undergarments. There were some mixed reactions to bargain sales and discounters, to be sure, with some consumers regarding their cheapness as a sign of low quality, but the majority frequented them for their price appeals. Bargain hunting and comparing merchandise were cited as the top reason for enjoying shopping by a 1962 survey of American consumers. Especially to lower-income consumers, furthermore, the discount stores offered access to the standard package of goods at a bargain price.

Many West Germans consumers, by contrast, maintained a certain suspicion vis-à-vis bargains and low prices during the postwar decades. Comparison shopping was unpopular, as one economics ministry official observed in frustration, because many middle-class Germans feared giving the appearance that they were in a position where they needed to count every penny. Expressing the hopes of the ministry, the administrator urged in an internal memo: “We need to get to a point where one would view it as exceptionally stupid to pay a higher price as necessary.” Only then could a competitive market economy truly succeed.

The modernizers felt they were facing an uphill battle. Surveys showed that German consumers were unwilling to go to great length to bargain-hunt and they tended to frequent shops that were familiar and nearby. As late as 1968, an Allensbach study found 44% of consumers unwilling to make the effort to always find the best price and only 28% (mainly younger and more mobile consumers) showed a strong interest in bargain shopping. “The desire to buy at a good price,” the authors admonished, “is

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108 Ibid, pp. 62-69. Only about 25% said they did not like to shop around.
109 One survey found that a sizeable number of respondents was inconsistent in their answers or outright lied about their discount shopping habits. Stuart Rich, *Shopping Behavior of Department Store Customers: A Study of Store Policies and Customer Demand* (Boston: Harvard Graduate School of Business Administration, 1963), p. 110. See also Charles Collazzo, *Consumer Attitudes and Frustrations in Shopping* (New York: Retail Research Institute, 1963), pp. 32-36.
110 Rich, *Shopping Behavior*, p. 66. Seeing “new things” was the other major reason given for enjoying shopping while crowds were seen as the biggest detraction from a pleasant shopping experience.
111 Memo Dr. Voigt, June 18th 1957, in BuArch B 102 / 35996.
112 Elisabeth Nölle-Neumann / Gerhard Schmidtchen, *Verbraucher beim Einkauf: Eine wirtschaftssoziologische Studie über die Rolle des Markenartikels* (Allensbach: Institut für Demoskopie,
not only evidence of household discipline and prudence, but also part of conforming to the system \(\text{systemkonform}\).”\textsuperscript{113} Many German shoppers admitted that they were reluctant to ask for the price of goods in stores or to leave stores they had entered without buying anything. Economic modernizers interpreted this as a symptom of the “passivity” of German shoppers, a remnant of an “authoritarian” personality that needed to be overcome. By paying too high a price, one ministry official suggested in 1965, shoppers paid tribute to their fears and at the same time denied the principles of the market economy. “It is imperative,” he found, “to explain to the broadest strata of society why even everyday shopping is matter of democratic action.”\textsuperscript{114} To the further ire of advocates of a free market economy, many West German consumers also continued to support fixed prices for brand goods, undercutting hopes for increased price competition.\textsuperscript{115}

Instead of an expression of an “authoritarian personality” or an unwillingness to embrace market principles, these observations can be more convincingly explained by a confluence of several aspects of a more traditional German culture of consumption. One aspect is the widespread persistence of the belief that the most expensive item really is the cheapest - as better quality presumably would pay for itself.\textsuperscript{116} I will discuss this in more detail below. Many West German consumers further entertained the notion that the same goods should always have the same, predictable and presumably just price.\textsuperscript{117} Finally, shopping was seen as a more highly contextualized social interaction. Daily shopping at neighborhood stores meant that consumers were not anonymous but often knew the store’s proprietor and personnel as well as other customers. Despite the

\textsuperscript{113} Ibid, p. 39.

\textsuperscript{114} G. Voigt, “Dem Verbraucher als Menschen helfen,” in Bundesausschuss für volkswirtschaftliche Aufklärung (ed.), \textit{Der Verbraucher am Markt} (Cologne, 1965), pp. 21-40. He based his discussion in part on a large study of shopping habits conducted in the late 1950s on behest of the ministry. See Intermarket, \textit{Das Verhalten Der Verbraucher} (Bonn, 1959) and protocol of Consumer Council session of January 21\textsuperscript{11} 1958 in \textit{BuArch} B 102 / 168707.

\textsuperscript{115} On the debates on resale price maintenance for brand goods see above, Chapter 2, and below, Chapter 6.


\textsuperscript{117} As late as 1967, 53% of German consumers still supported resale price maintenance. Especially women seemed to prefer a constant price in all stores which would limit the time spent comparison shopping. Many feared that finding goods elsewhere at a lower price after they had already made a purchase would be a “source of chagrin.” Goods that were still in maintenance in 1967 included among others Nivea creme, Maggi broth cubes, Osram light bulbs, the Volkswagen 1300, Kodak film, Junghans watches, Saba TV-sets and Knirps umbrellas. Nölle-Neumann / Schmidtchen, \textit{Verbraucher beim Einkauf}, pp. 63-75.
(limited) expansion of self-service outfits, many German shoppers furthermore continued to value smaller specialty stores and the service and quality they offered. Again, such specialty stores presented a shopping atmosphere that was less anonymous than that of larger, more modern retailing establishments.

Especially to *bürgerlich* / genteel middle-class Germans, surveys showed, it mattered where one shopped and the personal relation with sales personnel was important even if it carried a higher price-tag. Particularly with regard to clothing purchases, but with other goods like appliances as well, a majority of German consumers was still opposed to self-service operations as late as the mid-1960s. They very much preferred established specialty retailers over large department stores or discounters.\(^{118}\) Especially middle-class consumers also insisted on the importance of advice from competent sales personnel that they would receive with these retailers.\(^{119}\) In such retail environments, a high emphasis on price and comparison shopping on part of the consumer bore the threat of appearing either disloyal to one’s local store (*Stammgeschäft*) or as too cheap or too poor to pay the “just” price asked.

American consumers, by contrast, were more reserved vis-à-vis specialty stores. Surveys show they perceived them as overpriced, and the clerk service they offered was frequently not welcome. A 1963 study of shopper attitudes noted the intensity of unfavorable feelings towards clerks which were described by respondents as “pains-in-the neck,” “slow,” “impolite” or “lousy.”\(^{120}\) By and large Americans preferred the better bargains at department stores or discounters and the self-service such places afforded. Medium to higher priced specialty stores were particularly unpopular with consumers according to one 1960s survey.\(^{121}\) Overall, shopping became a more anonymous and impersonal affair during the postwar decades. A shoppers’ guide admonished: “*[S]hopping is not a social occasion. The clerk who appreciates your casual friendliness still expects you to get to the heart of your business rapidly and efficiently.”\(^{122}\)


\(^{119}\) Intermarket, *Das Verhalten der Verbraucher*, pp. 53-54.

\(^{120}\) Collazzo, *Consumer Attitudes*, pp. 29-30 and 32-33.

\(^{121}\) Rich, *Shopping Behavior*, p. 101. Rich, however, notes that while clerk service was not generally held in high regard, it was still expected from department stores as one of their standard features.

\(^{122}\) Consumer Education Study, *Effective Shopping*, p. 53.
shoppers could consequently pursue their value-maximizing agenda in a more guilt-free shopping environment.

Different attitudes towards price were closely intertwined with different attitudes towards quality. As mentioned above, a higher price was frequently seen as indication of higher quality by many West German consumers. The comparatively high emphasis put on buying first and foremost quality goods caused many German households during the postwar decades to limit their overall quantitative purchases and consumption of consumer goods. Frequently, this was done - particularly by middle-class consumers - in conscious contrast to what was perceived as an American pattern of wasteful and overindulgent mass consumption.

To be sure, American consumers were also not likely to buy shoddy merchandise. Shopping guides, for example, nearly always included admonitions to avoid the “impulse buying” of “knick-knacks,” to consider utility and practicality of goods or to be mindful of misleading advertising and marketing tricks. However, Americans were more likely to balance a desire for quality with an attempt to buy as many goods as possible. In his 1955 study *Quality and Competition*, economist Lawrence Abbott observed: “Free-market societies have been criticized on the grounds that the markets create a bias in favor of shoddy mass-produced goods and that competitive pressures tend to drive quality below optimum level. […] Actually, [the] optimum level of quality cannot be determined on economic grounds alone. Personal values must be consulted. […] To desire fine workmanship is commendable, most of us believe; but it is also commendable to want to enrich one’s life by employing one’s limited income so as to attain the maximum volume of worth-while experiences. Which should one prefer, a high-quality watch or a cheaper

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watch and an etching?" This more relative and purpose-oriented understanding of quality was exemplified by the *Consumer Reports*’ widely influential “best buy” label. 

As is well-known from critiques such as Vance Packard’s *The Wastemakers*, the American postwar consumer economy thrived on the proliferation of disposable goods and the “planned obsolescence” of annual style and model changes. Packard attacked marketing campaigns to encourage consumers to acquire multiple versions of one particular good (“two refrigerators in every home,” two cars etc.) or to engage in “expensive consumption” (e.g. upgrading to power-mowers) and feared a “Brave New World”-like tendency towards ever new things while discarding the old. Quality and durability were not an overriding concern as replacement demand became increasingly important by the latter half of the 1950s. The late 1950s and early ’60 were the heyday of what consumer historian Thomas Hine has called “populuxe,” an eclectic design style marked by exaggerated expressions of affluence such as the notorious tail-fins for automobiles. Consciously created to avoid market saturation and to foster replacement demand for example through the introduction of elaborate new color schemes for durables, populuxe’s appeal rested in part in its suggestion of wealth and luxury for all. It was also, however, a celebration of the superfluous and unnecessary.

Packard’s critique of wasteful American consumption patterns that presumably substituted quantity for quality was eagerly received by many West Germans. Conservative critics of modern consumer culture cited him as evidence for cultural decline through mass consumption. Planned obsolescence was re-interpreted by German commentators as “planned quality deterioration” to create insatiable demand. The predominantly utilitarian design and lack of annual model changes on the European car market were cited as an example of resistance to American populuxe patterns. The

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129 See Südeck, *Motorisierung*, pp. 51-55 as well as a short essay by Ford Germany chairman Erhard Vitger in Stiftung “Im Grüne” (ed.), *Verschwwendung als Wirtschaftsphilosophie?* (Düsseldorf: Econ-
prominence and importance of advertising in American consumer culture was frequently pointed out as one important source for the perceived American obsession with novelty goods and for the insatiable demand of American consumers. Indeed, by 1962 advertising expenditures in relation to the national income were more than twice as high in the United States.\textsuperscript{130}

Advertising was furthermore seen by West German commentators as a factor driving the perceived “uniformity” and “mass appeal” of American consumption habits. Consumption expert Ernst Guth wrote in 1957 that from a German perspective, American consumers were oriented towards “leveling” and “typecasting”: “‘One’ puts on a straw hat on May 1\textsuperscript{st} and ‘one’ exchanges it for a felt hat on September 15\textsuperscript{th}; ‘one’ uses foods of all kinds in cans [etc.] For a long time, ‘one’ has been concerned with rationalizing shopping, the household, oneself, all areas of life. […] In stark contrast appears the attitude of the average German consumer. […] Everyone is proud of their individuality, of their personality even if that is not readily apparent. Nobody wants to wear the same suit, the same hat, the same tie, etc as ones neighbor.”\textsuperscript{131} Such ideas, of course, drew from a long tradition in bourgeois European society that perceived American mass production and consumption as a threat to essential class distinctions expressed through material goods. Emphasizing quality, by contrast, offered a way to retain some older distinctions and to steer clear of American-style “massification” (\textit{Vermassung}). The purchase of lower-grade, mass produced goods, critics claimed, no longer entailed a “personal relationship” to such goods as presumably had been the case with “individually formed pieces of craftsmanship.” The tendency to buy new things was not just a sign of wastefulness and disrespect for resources, according to one commentator, but amounted

\textsuperscript{130} About 2.75% in the United States as compared with 1.08% in West Germany. Markus Imobersteig, \textit{Die Entwicklung des Konsums mit zunehmendem Wohlstand: Bestimmungsgruende und Auswirkungen} (Zürich: Polygraphischer Verlag, 1967), p. 80.

\textsuperscript{131} Ernst Guth, \textit{Kollektive Verbrauchervertretung in den USA} (Nürnberg: Gesellschaft für Konsumforschung, 1957), pp 83-84.
to a devaluation of quality and culture which was ushering in an era of averages in which “ Lieschen Müller” reigned.  

It was a commonplace in the postwar West-German debate to bemoan that unlike in the “good old times” households did no longer purchase goods to last for “a lifetime.” Despite such laments, however, many German consumers – particularly in the middle-classes – still professed to exactly this ideal. The preference for specialty stores, for example, was linked to the notion of buying quality. Quality appeared as the number one factor in store selection. Surveys also showed, for example, that many young couples were buying higher-end furniture one piece at a time rather than furnishing their new apartments with lower grade goods all at once. Goods that were durable and repairable - from textiles to household items – were held in high esteem.

A notion of distinctively German “quality workmanship” (Qualitätsarbeit) still permeated public debate during the 1950s – a concept around which producers, retailers, and consumers could rally. Qualitätsarbeit as a concept had emerged during the interwar period as a response to the American challenge of Taylorite mass production. It carried strong nationalist undertones and remained an export-strategy for German industry into the postwar decades. Quality workmanship remained a measure of morality, as well. “Quality is what is decent” one commentator wrote in 1959 while simultaneously

132 Anton Böhm, Lebensstandard – Wozu? (Osnabrück: A. Fromm, 1961), p. 31. The notion that mass production leads to mediocrity has a long and diverse pedigree of its own reaching back to Walter Benjamin’s 1936 essay “The Work of Art in the Age of Mechanical Reproduction” and Alexis de Tocqueville’s 1835 Democracy in America (see esp. Vol II, Ch. 11 “In What Spirit the Americans Cultivate the Arts”).

133 The “good old times” usually referred to imperial era between 1871 and 1914. See e.g. Walter Breuer, “Verbrauch und Qualität” in Der Volkswirt (1959), pp. 32-34 and


137 See e.g. Günther v. Pechmann, Die Qualitätsarbeit: Ein Handbuch für Industrielle, Kaufleute, Gewerbepolitiker (Frankfurt: Societätsdruckerei, 1924), p. 13, who insisted that the future of Germany’s global reputation and influence depended on the quality of German workmanship. For the continuity of such ideas into the postwar era see Paul Betts, The Authority of Everyday Objects: A Cultural History of West German Industrial Design (Berkeley: U California Press, 2004).
rejecting the alleged rapid obsolescence of American production regimes.\textsuperscript{138} The use of appropriate and high-grade materials as well as tasteful design was seen as the mark of quality, an ideal that had been developed since the beginning of the twentieth century by groups such as the \textit{Deutscher Werkbund}, an association of architects and industrial designers. In the United States, by contrast, a shift from timeless to fashion-driven goods had gained momentum since the 1920s.

By the 1950s, \textit{Qualitätsarbeit} and simple, durable and utilitarian designs were frequently contrasted to American populuxe goods in an effort to distinguish and define German consumer culture. It was seen as the “cultural task of the independent retailers,” as one 1950s trade journal proclaimed, to promote quality workmanship.\textsuperscript{139} German retailers who in the postwar decades were fighting for the protection of their traditional economic role against the forces of modern mass-retailing were not the only ones to tout the importance of buying quality. State authorities concerned with promoting and protecting small and medium-sized producers also chimed in. In 1951, for example, the Baden-Württemberg \textit{Landesgewerbeamt} (state trade office) launched a series of publications aimed at promoting quality production and consumption. Consumers with limited incomes were urged to abstain from buying “cheap imitations” which today occupy “the fantasy of philistines and Babbits as much as the mass kitsch from the movie factories.”\textsuperscript{140} In effect, the emphasis on buying only high quality products amounted to an appeal particularly to working class Germans not to imitate middle-class consumption patterns by resorting to more affordable substitutes. As cultural historian Paul Betts has recently suggested, industrial designers also attempted to merge material design and humanistic culture while rejecting American design as “wasteful” and “deceitful.” Postwar Germans were urged to perceive of consumer goods as “cultural goods” and utility and durability did become the “aesthetic signature” of West Germany’s educated bourgeoisie.\textsuperscript{141}

\textsuperscript{138} See Breuer, “Verbrauch und Qualität,” p. 34.
\textsuperscript{139} “Im Wandel der Vorstellungen,” in \textit{Die Qualitätsware}, p. 1-2, supplement to \textit{Der Deutsche Handel} 1,1 (1949).
\textsuperscript{141} Betts, \textit{The Authority of Everyday Objects}, pp. 8-10 and 137.
German “quality shoppers” were thus contrasted in the postwar period with American “quantity shoppers.” While this picture amounted to a gross generalization, Germans indeed tended to be suspicious of low-priced or novel goods and favored specialty retailers and quality goods that could be repaired. Historian Gunnar Trumbull has suggested that this preference was in part also due to German approaches to product liability which showed comparatively little tolerance for consumer negligence. Consumers thus bought higher-end products in hopes that they would be safer. The strong influence of consumer product testing in West-Germany after the introduction of Test in 1966, Trumbull posits furthermore, resulted in an even greater competition over quality in the German market. In the United States, by contrast, “buying at a lower price, or at a discount, [was] more often considered an indication of clever or successful shopping,” as sociologists George Katona and Ernest Zahn observed comparing the two consumer societies as late as 1971. The efforts by liberal modernizers in the West German economics ministry to promote an American-style consumer culture never fully paid off during the first two postwar decades.

Who is the Consuming Public? Between a Democratic Consumer Culture and Inequalities in the Sociology of Consumption

The emergence of a modern, value-oriented consumer in the United States and the relative persistence of traditional attitudes towards price and quality in West Germany suggest that postwar mass consumption was embedded in two significantly different social and cultural contexts. In the American case material consumption became central to achieving a lifestyle of middle-class respectability; a lifestyle that – statistically – found its expression in automobile ownership, a suburban home and the plethora of goods that fill it. Such an outlook certainly dovetailed nicely and not coincidentally with the

142 Intermarket, Verhalten der Verbraucher, pp. 50-55.
143 By the late 1970s more than a quarter of German consumers were changing their purchasing plans in accordance to product test results. Trumbull notes that the emphasis on quality came with wide-spread skepticism vis-à-vis new products. “It is a mistake,” he warns, “to attribute this to some cultural inclination; it is a perfectly logical product of Germany’s market rules. German consumers protect themselves in the marketplace through accurate information that allows them to purchase high quality-goods.”
144 Katona / Strumpel / Zahn, Aspirations and Affluence, p. 113.
mass production and mass retailing regime that had emerged since the beginning of the twentieth century. Attaining continuously more and new goods became a widely shared standard that most consumers could aspire to. This American culture of consumption undeniably had culturally democratic aspects that were emphasized by the proponents of mass consumption as well as by the populuxe design of many American consumer goods. The emphasis on bargains and lower prices helped put many goods – albeit at different gradations of quality - within the reach even of lower-income consumer households. Lacking older social strictures on buying only proper goods, consumption patterns became comparatively less divided by notions of class.

West Germany’s consumer culture during the 1950s and ‘60s, by contrast, continued to be heavily influenced by the persistence of what I call a bürgerlich / genteel ethos of consumption.” This ethos emphasized restraint in buying and a preference for quality over quantity. The preference for specialty stores and quality goods as well as the aversion towards bargain buying especially among middle-class consumers worked to uphold traditional class differences by discouraging e.g. working class consumers from adopting middle-class life styles. Instead of a widely shared consensus such as the broad American standard of living, consumption patterns and consumer aspirations remained much more milieu specific in West Germany. Thus, the sociology of mass consumption differed quite significantly in both countries throughout the postwar period.145

The “Middle Class” American Dream and “Disadvantaged Consumers”
The emergence of a broad “middle class” accessible to the vast majority of American families was central to the democratic promise of mass consumption in the postwar United States.146 The postwar expansion of mass consumption was touted as a great leveling force that eradicated older class-based social distinctions. The Bureau of Labor

145 Christoph Deutschmann, “Anglo-amerikanischer Consumerism und die Diskussion über Lebensstile in Deutschland,” in Berghahn / Vitolis (ed.), Gibt es einen deutschen Kapitalismus?, pp. 154-165, has recently argued in similar fashion that the “trickle-down” pattern of emulative consumption described by Veblen and others for the American case (while not completely absent in West Germany) arrived somewhat “belated” only by the later 1960s, as class- and milieu-specific consumption patterns continued to thrive into the postwar era.
146 See above, Chapter 2, on the emergence of a broad social consensus around the purchasing power paradigm as well as Lizabeth Cohen, A Consumer’s Republic: The Politics of Mass Consumption in Postwar America (New York: Alfred Knopf, 2003), Ch.3.
Statistics proclaimed: “Allowance for some overdrawing in our picture still leaves room for the well-based conclusion that there has been a rapid fading in the distinctive coloration of the working class. [...] The adoption of middle-class attitudes, the change in what workers have come to expect, even more than the greatly augmented real family income, points to the great revolution in class relations.”

Indeed, from a comparative perspective consumption practices in postwar America appeared to be markedly less influenced by traditional social distinctions and were informed by a common consumption standard, the car-home-durable model.

Economists during the postwar years began to recall Thorstein Veblen and his observations about the social contextualization of consumption. In his 1899 *Theory of the Leisure Class*, Veblen had famously described what he termed the “conspicuous consumption” of a new leisure class of wealthy entrepreneurs which incited “emulative” behavior among the middle classes. In an American society that knew no rigid and formal class boundaries, Veblen suggested, consumption practices were driven by the attempt to emulate the practices of the next higher social group. While they did not necessarily embrace Veblen’s moral critique of conspicuous consumption, economists such as James Duesenberry stressed the importance of social context (rather than merely income) for the development of consumption patterns. Americans, Duesenberry found, adjusted their consumption habits to match an observed standard of living in a socially mobile society and often oriented their aspirations and consumption behavior to match higher income

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150 Duesenberry had initially set out to correct the Keynesian consumption function which emphasized real income as the main determinant for consumption. See Ghanie Ghaussy, *Verbrauchen und Sparen: Versuch einer kritischen Überprüfung der Keynes’schen Konsumfunktion an Hand der langfristigen Sparentwicklung in den USA* (Berlin: Duncker & Humboldt, 1964), esp. 89.
groups. The majority of American consumers thus found themselves on a “sliding scale” within the broader paradigm of a middle-class standard of consumption.

Class distinctions became relatively fluid in postwar America. When asked to self-identify in terms of class, 76% of respondents to a 1953 survey identified themselves as “middle class” rather than “upper” or “lower” class. When the question was altered to specifically include a distinction between “middle class” and “working class”, 42% picked the former and 45% the latter. When, however, the question was left completely open for the respondents to self-identify, only 11% chose the “working class” label. Social mobility and self-identification, furthermore, shifted increasingly from the workplace into the realm of consumption. As one 1950s study of automobile workers found: “Advancement has come to mean the progressive accumulation of things as well as the increasing capacity to consume. […] The achievement which most clearly betokens advancement by purchase is home ownership, a goal already sanctioned and supported by a complex set of values.” The same held true for the acquisition of automobiles and other durable goods. “American culture”, the author further surmised, “encourages men to seek both occupational advancement and the acquisition of material possessions. But workers who respond to both of these admonitions use the second to rationalize their failure to achieve the first.” While social differences and inequalities continued to persist in the United States, many Americans at least felt that they were part of the same broad middle class as they strove for similar consumption standards and participated in a common consumer culture. While the “discretionary income group” acted as the vanguard of consumerist modernity, many others still shared in this

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152 See also Cross, *All-Consuming Century*, pp. 22-23 and 118. As Cross points out, however, this hardly meant that American consumer society was egalitarian or free of social distinction, but rather that such differences were “fluid and continually interrelating.”
experience as they bought cheaper, lagged or second-hand (as in the case of the expanding used car market) versions of the same goods.  

The movement towards a shared “American standard” of consumption, to be sure, had its roots in the first half of the century. As historian Marina Moskowitz has shown, a national “standard of living” emerged after 1900 and could be traced in mass media publications such as the *Ladies Home Journal*. While the “middle class” may not have been all that wide in terms of real economic factors, it was broad in terms of shared aspirations. In 1953, contemporary commentator Hazel Kyrk similarly described the emergence of a shared and dynamic standard of living:

> “Some say that America is too big and too varied to admit of a characteristic American standard. It is true that each section and each class has to a degree its distinctive standard. But it is significant that modes of living of all groups tend towards a certain pattern. Given income, means of communication, and mobility, they move in a predictable direction, toward that set of values that is the peculiar American standard.”

Across various social and income groups, American consumers and especially younger American consumers aspired to obtain similar goods even if they varied with regard to what models they preferred or could afford. In this respect, the American consumer market was “strikingly homogenous” as economist Moses Abramovitz has suggested.

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156 On the considerable stratification of used and new car-ownership in 1950s America see Sally Clarke, *Trust and Power: Consumers, the Modern Corporation, and the Making of the United States Automobile Market* (Cambridge: Cambridge University Press, 2007), pp. 247-249.

157 See Marina Moskowitz, *Standard of Living: The Measure of the Middle Class in Modern America* (Baltimore: Johns Hopkins U Press, 2004). She discusses for example the discursive creation of such middle-class necessities as flatware sets, modern bath rooms or the detached single-family home. William Leach, *Land of Desire: Merchants, Power and the Rise of a New American Culture* (New York: Random House, 1993) similarly discusses the “democratization of desire” in the first half of the twentieth century e.g. through the displays of modern department stores.


160 Abramovitz, “Catching up.” This, to be sure, did not necessarily mean that American markets were “massified” as European critics often claimed. As already suggested with the concept of populuxe goods, American consumer goods marketing in the twentieth century frequently thrived on introducing a plethora of variations on the same item as well as the introduction of Sloanist distinctions and model scales. See e.g. Richard Tedlow, *New and Improved: The Story of Marketing in America* (New York: Basic Books, 1990). Especially in the second half of the 20th century the segmentation of the consumer market became an increasingly predominant theme, albeit within the framework of broader, shared American standard of consumption. See e.g. Cross, *All-Consuming Century*, Ch. 5 and Cohen, *Consumer’s Republic*, Ch. 7.
Some class differences in consumption patterns remained, to be sure. Bureau of Labor Statistics data from the early 1960s suggested, for example, that blue-collar families spent more on cars or tobacco and less on housing or cultural activities than upper-status families. While working class women were more likely to favor “comfort,” middle-class women favored “appearance” in their choice of clothing apparel.\textsuperscript{161} Discussing consumer policy approaches in 1964, Assistant Secretary of Commerce, Richard Holton, admitted that “there can be little argument […] that consumer behavior varies so much across our society that a problem for one group of consumers may not be a problem for another group.” Working class consumers, he found, were more pessimistic in their overall outlook, were uncertain of their own shopping abilities and thus more likely to stick with familiar stores or brands.\textsuperscript{162} Still, particularly with regard to “investment goods” (cars, household durables etc.), researchers found a pretty strong linear correlation between income and purchases of such goods with only limited deviations attributed to social class background.\textsuperscript{163} A longitudinal study of household expenses for major durables during the 1960s and early ‘70s concluded: “Families seem to adjust their expenditures to new income levels quickly, and on average, adopt behavior similar to other families at that income level.”\textsuperscript{164} Such findings appeared to confirm the assumption that postwar American consumption patterns adhered to a “sliding scale” of a broad, middle-class American standard of living.

By the 1960s, however, it became also increasingly apparent that a sizeable minority of “disadvantaged consumers” were excluded from this middle-class standard of consumption.\textsuperscript{165} Consumer characteristics such as poverty, old age or limited education coalesced with market structures such as the lack of modern retailers in inner-city areas and exploitative marketing practices (e.g. bait-and-switch schemes) to preclude access to

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\textsuperscript{162} Richard Holton, “The American Consumer: King or Pawn” Address June 16th, 1964.


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modern consumption standards. A notion of "relative poverty" gained currency during
the 1960s which saw a 49% increase in "poor incomes" (which did not allow for access
to the American standard) while the dollar gap between poor and non-poor incomes
increased by 84%. Increasingly, poverty came to be seen as "relative deprivation" and
failure to achieve the new postwar standard of living; and a substantial portion of
American society continued to fall into this category.

While various Great Society programs and the "War on poverty" of the Johnson
administration did include some aspects of consumer policy geared at particularly the
urban poor, as discussed in the previous chapter, the lack of substantial public
consumption alternatives meant that disadvantaged consumers largely had to rely on the
market. Especially African American consumers, however, faced exclusionary and
discriminatory practices in the consumer market place from retailing to the attainment of
mortgages and consumer credit. In the introduction to his 1965 reader on poverty in the
United States, Ben Seligman attacked what he perceived as the misleading notion of an
eradication of income inequality in postwar America: "As we were celebrating a new
class with television and tail-fin autos, we forgot that an old poor was living in quiet
desperation in the rural slums of Appalachia and in the Negro ghettos of the city."

As I meant to suggest at the outset of this chapter by citing the examples of three
different consumer households in the 1960s, consumption practices were hardly
homogenous across the country. While auto-worker Dexter Steiger and his family might
best represent the degree to which postwar consumption symbolized upward social
mobility and the blurring of class distinctions, poor families such as that of unemployed

166 See e.g. David Caplovitz, *The Poor Pay More: Consumer Practices of Low-Income Families* (New
The notion of "relative poverty" introduced by liberal commentators on postwar consumption such as John
Galbraith, Leon Keyserling or Gunnar Myrdal entailed almost by definition that "poverty" would never
disappear even under conditions of a widely rising standard of living as conservative critics objected.
Advocating a more needs-based approach to defining poverty, Irving Kristol asked, for example, if car
ownership really was a "necessity" for a low income-family.
169 For the basic economic situation of African American consumers at the outset of the postwar era see
Richard Sterner, *The Negro’s Share: A Study of Income, Consumption, Housing and Public Assistance*
the many ways African Americans in particular fought to overcome discrimination in the consumer market
place during the postwar decades.
West Virginia mine-worker Henry Maxwell were part and parcel of postwar American society as well. Indeed, unlike during the 1930s and the war years, income inequality did not really dissipate any further during much of the postwar decades, nor did the difference in earnings between whites and non-whites.\footnote{See e.g. Bureau of Census demographer Herman Miller, “Is the Income Gap Closed? – No!” \textit{NYT} November 11\textsuperscript{th} 1962. During 1940s, unskilled workers gained relatively strong, but during the 1950s skilled laborers and craftsmen had the strongest relative gains in earnings.} The very coexistence of status consumption and inequality became the defining mark of the American case as historian Avner Offer has recently argued. Postwar Americans, he suggests, compensated “with high consumption for low security and high inequality.”\footnote{Avner Offer, \textit{The Challenge of Affluence Self-Control and Well-Being in the United States and Britain Since 1950} (Oxford: Oxford U Press, 2006), p. 301.} As economist Ruth Mack observed in 1956, “social mobility has probably lessened but exposure to the possessions of others has certainly heightened.” Thus, she found, expectations regarding income and consumption became dynamically linked macro-economically and psychologically which caused consumption to reach an “extraordinarily high level” in America’s “thing-minded” postwar society.\footnote{Ruth Mack, “Trends in American Consumption and the Aspiration to Consume,” \textit{American Economic Review} 46 (1956), pp. 55-68.} While some were left out completely, to many others participation in postwar mass consumption patterns offered at least the subjective perception of belonging to a broad American middle-class. Postwar mass consumption in the United States thus had definite democratic qualities, but it also masked continued inequalities.

\textit{A ”Leveled Society”? The “Bourgeois Consumption Ethos” and Working Class Spending in West Germany}

Consumption standards showed a high degree of differentiation along social and class lines in early 20\textsuperscript{th} century Germany, even more so than in the American case. As historian Klaus Tenfelde has emphasized, the differences between working class and bourgeois consumption patterns were not gradual (or merely related to income inequalities), but rather fundamental.\footnote{Klaus Tenfelde, “Klassenspezifische Konsummuster im Deutschen Kaiserreich,” in Siegrist / Kaelble / Kocka (eds.), \textit{Europäische Konsumgeschichte} (Frankfurt: Campus, 1997), pp. 245-266.} Despite a lively West German debate about the supposed emergence of a “leveled middle-class society” and the “embourgeoisement” of
working class Germans by means of adopting common consumption standards, class differences continued to inform consumption practices and their public perception into the postwar decades much more strongly than in the United States.

Sociologist Helmut Schelsky’s famous proposition of the “leveled middle-class society” framed much of this debate. Social mobility and particularly the rise of the industrial working class and the decline of the traditional bourgeoisie, he argued, had created a much more leveled postwar society in which older cultures of class had outlived their social reality. The rise of a salaried, white-collar middle-class meant that the bourgeoisie adopted working-class styles in the work place while workers, influenced by mass media and modern mass consumption, adopted formerly middle class styles in their private life. Class specific patterns in consumption were consequently in decline. In a way, Schelsky saw West Germany approaching what he perceived as an American ideology of classlessness based on a dominant middle-class and a strong sense of social equality and mobility.

Indeed, many commentators on postwar West German consumption practices noted the decline of traditional class boundaries. The term Lebenshaltung (standard of living) which had gained currency since the 1920s initially referenced specific standards of consumption that were defined by region and class. By the 1950s however, standard of living was increasingly conceived of as a more general standard that consumers would aspire to and it was now frequently referred to (closer to its American counterpart) as Lebensstandard. As economist Kurt Fiedler observed: “the modern personal attitude towards ownership and purchase does not know modesty [Sichbescheiden] in the sense of ‘a standard of living befitting one’s social status’ as long as income allows for a higher standard of living.” Such observations frequently conveyed a sense of disapproval as with consumer researcher Georg Bergler who discussed modern fashion cycles and

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175 Helmut Schelsky, Auf der Suche nach Wirklichkeit: Gesammelte Aufsätze (Düsseldorf: Eugen Diederichs, 1965), esp. pp. 331-332, 355 and 365-66. Most of Schelsky’s argument was originally published in various articles already during the 1950s. For the debate on Schelsky see e.g. Axel Schildt, Moderne Zeiten, pp. 352-363.

176 West Germany certainly was not the only country which witness similar debates during the postwar decades. For the case of Britain and its debates about the “embourgeoisement” of the working class see e.g. John Goldthorpe, The Affluent Worker in the Class Structure (Cambridge: Cambridge U Press, 1969).

177 Kurt Fiedler, Lebenshaltung und Lebensstandard der deutschen Bevölkerung (Diss. Tübingen, 1961), pp. 3-10.

178 Ibid, p. 146.
emulative spending in the context of lessening social strictures on consumption in modern society. “Luxury” and “privilege”, Bergler found, were waning concepts and people no longer refrained from buying certain goods because they felt that “that is not proper for our class” or that “we cannot afford that” (even though the money was there).\textsuperscript{179} Like Schelsky, many saw the once dominant bourgeois culture in decline because of its “relative impoverishment” in postwar West Germany and expressed concerns about the wider ramifications of this trend for German culture and society.\textsuperscript{180}

While Schelsky certainly overstated the actual extent to which social conditions had changed,\textsuperscript{181} he did acknowledge the persistence of subjective notions of class. Many working class Germans continued to perceive of themselves as set apart from other milieus as did bourgeois-liberals who emphasized education and cultural consumption to attain social distinction.\textsuperscript{182} Despite affirmations to the contrary, class differences also persisted on the very real level of everyday consumption practices. As economic historian Peter Kramper has pointed out, the overall “catch-up” in consumption that aggregate statistics suggested masked the degree to which this trend was unevenly distributed. Durable consumption, for example, was disproportionately accounted for by the purchases of consumers in the upper income groups.\textsuperscript{183}

West German consumers were still heavily influenced by different social and class standards as economist Ernst Koch observed in 1959.\textsuperscript{184} Consumption statistics gathered by the Statistisches Bundesamt throughout the 1960s reflected this by differentiating for example between households of workers (\emph{Arbeiter}), and middle-class groups such as salaried employees (\emph{Angestellte}), civil servants (\emph{Beamte}) and independently employed business-owners and professionals (\emph{Selbständige}). Irrespective

\textsuperscript{179} Georg Bergler, \emph{Beiträge zur Absatz- und Verbrauchsforschung} (Nürnberg: Gesellschaft für Konsumforschung, 1957), pp. 78-96 and 113.
\textsuperscript{180} E.g. Henry Braunwarth, \emph{Die führenden westdeutschen Warenhausgesellschaften, ihre Entwicklung nach dem Kriege und ihre heutigen Probleme} (Nürnberg: Gesellschaft für Konsumforschung, 1957), p. 198. The “relative impoverishment” was seen partially as a consequence of the war and the currency reform which did level the playing-field working and middle-class Germans in terms of property ownership (especially among the \emph{Vertriebene}) as well as a long term result of the decline of independent small-business, the rise of the industrial sector and of social policy.
\textsuperscript{181} See for example Abelshauser, \emph{Die langen 50er Jahre}, pp. 50-60, who emphasizes the continuities of social inequalities despite the widespread increase in real incomes during the economic miracle.
\textsuperscript{182} Schelsky, \emph{Auf der Suche}, pp. 341-344.
\textsuperscript{183} Kramper, “From Economic Convergence to Convergence in Affluence?” p. 60.
\textsuperscript{184} Ernst Koch, “Macht und Ohnmacht des Verbrauchers,” in \emph{Volkswirt} 1959, p.7.

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of income levels, workers spent significantly more of their budgets on food and *Genussmittel* and less on housing. Middle class households spent more on durable goods as well as particularly educational goods and services.\(^{185}\) Workers not only owned considerably fewer durable goods, but also made different choices. Radios and especially television sets found their way into working class homes earlier than many other goods. The Bundesamt statistics thus differentiated between “passive” entertainment goods (such as radios and television) which were seen as typical of working class households and “active” entertainment goods (cameras, slide-projectors) which were discussed as markers of a “sophisticated lifestyle” and disproportionally owned by middle-class Germans.\(^{186}\)

Despite the impressive real-wage gains of West German workers, automobile ownership was also heavily class divided well into the 1960s. *Selbständige* dominated the market for new cars during the 1950s and while in 1959 at least 25% of civil servant and white collar households owned cars, the rate was only 12.5% for working class households. Workers, furthermore, tended to buy much smaller cars.\(^{187}\) There was some degree of “catch-up” with regard to durable ownership of working class households over the course of the 1960s, but overall in this and many other areas class differences persisted. By 1969, for example, 78% of white-collar households took a vacation as opposed to only 58% of working class households.\(^{188}\) Compared to the United States, the correlation between household income and consumption patterns was thus much less linear and significant deviations could be attributed to social class.

Such findings stand in stark contrast to the claim of a “leveled middle-class society” in postwar West Germany. American sociologist Richard Hamilton challenged Schelsky’s proposition based on data he collected during the late 1950s and early 60s. Contrary to the assumption that everyone wants a “basic package” of goods, he found

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that “wants will reflect the values of the primary group and […] as long as the newly opulent workers are located in working-class primary groups, affluence will have the consequence of an embellished working-class style rather than an imitation of a middle-class one.” Instead of a blurring of class lines, Hamilton noted that working class households avoided major durable goods purchases (with the exception of televisions) and preferred less expensive and older products. Middle-class homes, by contrast were found to have “the ‘best’ in household necessities and an automobile.” Overall, Hamilton concluded, working class households placed considerably less value on status symbols and more value on home entertainment.

Postwar West German consumption patterns were thus not aligned along a linear continuum of rising income, but rather milieu specific and accentuated by class differences. Unlike Veblen’s “sliding scale” of consumption that to some degree approximated postwar American consumption patterns, West Germany - much like other European societies - witnessed the stronger continuity of a fragmented consumer society marked by what Pierre Bourdieu has called “fine distinctions,” the practice of social differentiation. In his 1970 sketch of a sociology of consumption, sociologist Karl Hörnig similarly rejected Veblen’s notion of a continuum of want in favor of the assumption of a socially sanctioned, milieu-specific window of acceptable consumption (and saving) because the empirical material for West Germany suggested that social groups and not income were a better predictor of consumer spending. As much as mass culture and modern consumption had begun to erode traditional milieus since the first half of the 20th century in Germany as well, class patterns still informed consumption practices well into the postwar era.

190 Ibid. A similar picture emerges from historian Michael Wildt’s account of middle class and working class households during the 1950s. See Wildt, Am Beginn der Konsumgesellschaft, pp. 109-115.
192 Karl Hörning, Ansätze zu einer Konsumsoziologie, pp. 97-100 and 122/23.
193 On the decline of milieus and the role of mass consumption in this process see Stefan Goch, “Aufstieg der Konsumgesellschaft – Niedergang des Milieus?” in Michael Prinz (ed.), Der lange Weg in den
Even more important than the objective social differences in consumption may have been the subjective divide between working class and middle class consumption standards. Some middle class consumers, particularly white collar employees, sociologist Achim Schrader found in 1966, were stuck in a “pseudo-bourgeois world” which led them to desire the representational furniture, clothing and other goods that signified traditional bourgeois status. Many middle-class professionals and businessmen, who were secure in their middle-class status, furthermore, showed outright disdain for certain goods such as technical appliances that were heavily aspired to by working class consumers. These were “sober owners” who adhered to the notion of “owning as if one did not own at all” which Schrader saw as a modern form of an old “bourgeois virtue.”

The work of Schrader and others suggests that different classes in West Germany not only differed in what they had but also in what they aspired to. This is further underscored by the observed insistence of especially middle-class consumers on quality goods. The emphasis of quality over quantity was integral to a “bourgeois ethos of consumption” of West Germany’s middle-class, an ethos that at its core upheld old social distinctions and denied the possibility of upward mobility through the acquisition of material goods.

Spending on education and related cultural expenses were consequently of great importance from the perspective of the bourgeois ethos of consumption as it reinforced traditional social distinctions. Regardless of income, middle-class Germans spent considerably more on concerts, theater or books. A 1955 Allensbach study found that 42% of working class households owned no books as compared to only 19% of salaried employees and 13% of civil servants. The importance of book consumption for middle-class households was further underscored by a 1960s study which celebrated books as the “the cultural achievement of the bourgeoisie” and traced ownership and use of this medium through various social groups. The results mirrored those of earlier surveys, with per capita book ownership in middle-class households far exceeding those of both skilled and un-skilled workers. Civil servants and white collar-employees

Überfluss: Anfänge und Entwicklung der Konsumgesellschaft seit der Vormoderne (Paderborn: Ferdinand Schöningh, 2003), pp. 403-430.
furthermore preferred solid and “presentable” hard-cover editions and were more likely to buy their books at specialty book retailers rather than with book clubs or at kiosks. Reflecting the greater relative importance of the bourgeois ethos of consumption in West Germany as compared to the United States, per capita book consumption was considerably higher here during the postwar decades. Still, many West German commentators on the rise of mass consumption were concerned that the “cultured bourgeoisie” (Kulturbürgert) which traditionally had set the social and cultural standard for behavioral norms was continuously losing ground and they urged to contain this trend.

Working-class Germans certainly did not always acquiesce to attempts to uphold traditional distinctions, but often consciously embraced American style mass consumption. As historian Kasper Maase has shown, blue-jeans, bolo ties and rock’n’roll music served as a way to create a rebellious youth identity in the urban, proletarian youth milieu during the 1950s. Especially from a working class perspective, the ‘American way of life’ appeared as a concrete utopia and could be seen in opposition to the predilection for avant-garde jazz and all things French (‘francophilia’) exhibited at the same time by many educated middle-class youths. Maase interprets this as a form of social protest and popular modernization, an “Americanization from below” during the boom era. As far as much of the public debate on mass consumption was concerned, however, it was the middle-class perspective that dominated during the postwar decades.

197 Kaelble, “Europäische Besonderheiten,” pp. 182-184, notes that in 1960 West Germany 363 books were produced per one million inhabitants (1970 = 707) as opposed to 79 in the United States (1970 = 388).
199 Kasper Maase, Bravo Amerika: Erkundungen zur Jugendkultur der Bundesrepublik in den fünfziger Jahren (Hamburg: Junius, 1992), pp. 231-239. Richard Pells, Not Like Us: How Europeans Have Loved, Hated, and Transformed American Culture since World War II (New York: Basic Books, 1997), p. 236, makes a very similar point for Western Europe in general, observing that American culture and products were used as a “weapon” in class antagonism and youthful rebellion. While e.g. the (bourgeois) European elites derided mass culture as “the new opiate of the other-directed”, working class youths used American products as a gesture of rebellion.
While the traditional bourgeoisie as a social class may have been in decline in the postwar republic, *Bürgerlichkeit* was upheld as a cultural pattern. With regard to consumption this meant a delay in the embrace of overtly materialist consumerist visions and a long ambiguity towards modern mass consumption. Consumption became an important aspect in a more democratic and civilized (less militaristic) self-identification of postwar West Germans, yet particularly middle-class consumers insisted on their objection to mass production and on the need for social distinction. Support for the market economy was similarly qualified by a critique of excessive materialism that touted the values of saving and respecting institutional continuity.

In the United States even most religious groups took a positive view of modern mass consumption. As part of a larger study by the National Council of the Churches of Christ, Elizabeth Hoyt wrote on *The American Income and Its Use in 1954*: “Some moralizers continually inveigh against the new uses to which we are putting our money. But unhappily the critics have little to suggest in place of the present practice. They can, it is true, urge us to save, not a colorful answer and often not good economics. [...] Today we cannot condemn or repudiate our material abundance, nor do we try to escape from it.” In West Germany, by contrast, religious concerns continued to reinforce the bourgeois ethos of consumption. As late as the 1960s, conservative commentators warned of a “standard of living psychosis” and an empty, unrestrained adulation of material affluence. Others demanded self-discipline from German consumers: “affluence and prosperity can tempt excessive consumption, at least if the individuals way of life is not...”

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200 Not as a class actor in any traditional sense, but as a pattern of values that focused for example on the individual and the family, on work ethic and non-utilitarian aesthetics, Manfred Hettling has recently argued, *did Bürgerlichkeit* influence the early Federal Republic. See Manfred Hettling, “Bürgerlichkeit im Nachkriegsdeutschland,” in Manfred Hettling / Bernd Ulrich (eds.), *Bürgertum nach 1945* (Hamburg: Hamburger Edition, 2005), pp. 7-37.


203 Elizabeth Hoyt et al. (eds.), *The American Income and Its Use* (New York: Harper, 1954), pp. viii and xx. Margaret Reid’s contribution to the very same volume pointed out that even the increased number of married women who work to sustain the families consumption standard “may contribute to wholesome family relationships,” p. 121.

204 Böhm, *Lebensstandard – Wozu?*, pp. 7 and 18. Boehm was the co-editor of *Wort und Wahrheit* and between 1963-1973 editor of Catholic weekly *Rheinischer Merkur.*
properly channeled by strict social conventions, moral or religious standards or perhaps prudent self-discipline.”

If consumption was important for postwar middle-class Germans, this clearly had its limits as historian Manfred Hettling has recently stated: “Consumption alone was not enough for anyone to become a Bürger.” A 1959 study found wide-spread disdain among West Germans for the notion of “keeping up with the Joneses.” Especially to bourgeois elites, material consumption was not a viable path towards attaining middle class status. Only 10% of West Germans rejected the supposition that many if not most people today “lived beyond their means.” Thus, the bourgeois consumption ethos that called for saving and restraint in buying was very influential in West Germany’s postwar consumer society and worked to uphold traditional social distinctions.

From this perspective, it is not surprising that many, particularly middle-class, West Germans were more likely to consider themselves “contented” once they had reached a certain milieu-specific consumer standard. Alongside differences in overall economic development and the role played by public consumption, these divergent sociological contexts of mass consumption in West Germany and the United States help to explain the persistent differences in the respective allocation of household spending on both sides of the Atlantic discussed at the outset of this chapter.

The modernizing and liberalizing effects attributed to postwar affluence by recent historiography notwithstanding, West German consumer culture was still more strongly influenced by conservative concerns to uphold traditional social distinctions (and traditional aesthetics of bourgeois consumption such as quality and simplicity) than its American counterpart. The American emphasis on the widespread accessibility of material goods after the war did mask to some degree the continuity of social inequalities and historians such as Lizabeth Cohen have rightfully pointed out that the postwar

205 Mahr, Der unbewältigte Wohlstand. Mahr, an Austrian economist, further warned that “senseless” car-trips, low-quality movies or television do not give the same mental stimulation “as reading a meaningful book.” He observed a “process of increasing atrophy of inner life and flagging of the spirit […]as well as an] inner corrosion of the family through growing egotism and materialism of married couples.” Marriage, he felt, was becoming merely a means of attaining a material standard following a trend towards the “deification of affluence and complacency, consumption and comfort.” Ibid, pp. 92-102.

206 Hettling, “Bürgerlichkeit im Nachkriegsdeutschland,” p. 27.

207 Intermarket, Das Verhalten der Verbraucher, pp. 116-117.
“Consumer’s Republic” did not fully live up to its democratic promises. The contrast with West Germany shows, however, that it was more democratic and inclusionary in its everyday consumption practices than the more traditional West German consumption standards. Still, the dramatic gap between those who were able to achieve the middle-class consumer standard in the United States and those who did not that became so apparent during the 1960s was less decisive in West Germany’s consumer society. Here, the public consumption opportunities offered as an alternative to the market place compensated to some degree for the higher degree of class-stratification. Indeed, by the late 1960s elements of the originally conservative bügerlich / genteel ethos of consumption that emphasized restraints on material consumption and simple, quality goods were taken up by a new generation of educated-middle class Germans that valued its environmental implications in an emerging post-materialist emphasis on quality of life that called for the expansion of public consumption opportunities.

As will be discussed in Chapter 6, American consumer attitudes coalesced with the growth of a modern, suburban mass distribution economy, while the West German bügerlich / genteel ethos of consumption partially accounts for the persistence of a traditional shopping culture with an emphasis on established specialty retailers and quality goods. Differences in the development of transportation and housing consumption in the metropolitan context discussed in Chapter 5 can also to some degree be attributed to broader social consumption practices. The different sociologies of consumption, finally, are further illuminated by and help to explain the vastly different attitudes towards consumer credit in both postwar societies which will be the focus of the subsequent chapter. While credit as a means to finance consumption (and by extension social mobility) burgeoned in postwar America, many West German consumers were somewhat reserved and preferred to save for their consumer expenditures.

208 The very normative emphasis on a single and shared American standard, to be sure, was also discussed as a threat to a democratic pluralism and individual self-realization by contemporary American critics such as David Riesman, The Lonely Crowd: A Study of the Changing American Character (New Haven: Yale University Press, 1950) or Herbert Marcuse, One-Dimensional Man: Studies in the Ideology of Advanced Industrial Society (Boston: Beacon Press, 1964).
Chapter 4

Menace or Promise?  
Credit Financing in Two Postwar Consumer Societies

A 1971 comparative study surveyed differences and similarities in consumer behavior and aspirations in Europe and the United States. Among the first and most glaring discrepancies the authors found was the use of consumer credit: “About one-half of all Americans both approve of and use installment credit. At the other extreme, only one-fourth of the Germans approve of it, and only one out of ten actually has any installment debt.”1 Well before the massive proliferation of credit cards that began in the late 1960s, consumer credit had become an integral part of modern consumer economies; albeit on one side of the Atlantic much more so than on the other. Despite some convergence in recent decades, this contrast largely holds true up to the present day.2

Credit financing is a critical aspect of the rise of mass consumption. Pioneered in many ways by the United States, credit financing defined a particular form of consumer society that dramatically democratized access to innovative consumer goods, challenging an older division between a subsistence consumer society and a bourgeois consumer society that survived longer in West Germany and other European countries. Differences in household consumption patterns and consumer attitudes observed in the previous chapter were both a consequence of and a reason for divergent developments of consumer credit in the two countries after the war. As we saw, patterns of mass consumptions retained important differences on both sides of the Atlantic especially


2 In 2001, total outstanding consumer debt in the US amounted to $ 1822.2 billion (roughly 18% of GDP and $ 6485 per capita). 42.5% of Americans had outstanding installment debt and 44.4% credit card debt. In Germany, 22.4% of households had outstanding consumer debt amounting to a total of € 222.4 billion (roughly 10% GDP and € 2695 per capita). See Udo Reifner and Helga Springeneer, “Die private Überschuldung im internationalen Vergleich – Trends, Probleme, Lösungsansätze,” in Schuldenskompass 2004: Empirische Indikatoren der privaten Ver- und Überschuldung in Deutschland (Wiesbaden: Schufa, 2004), pp. 167-168.
during the initial postwar decades, and consumer credit played a significant role in this process.³

This chapter aims to show how differences in the way Americans and West Germans financed their consumption during the postwar decades underlines differences in social and cultural meanings of consumption. Consumer debt - from installment purchases to personal loans and mortgage obligations - rose rapidly in postwar America. Many Americans came to regard credit as a means of ensuring democratic access to the American dream and to an expanding middle class. In keeping with the broader picture of the American politics of mass consumption sketched out in Chapter 2, the federal government regarded installment credit as a viable way of expanding mass purchasing power as well as – at times – a regulatory tool in Keynesian efforts of macroeconomic management. Since the late 1930s, public policy underwrote the expansion of consumer credit as a means of creating demand in response to the Depression-era collapse of consumer spending and to reinforce a nascent popular consumer culture built on emulative spending and the rapid diffusion of new goods.⁴

In West Germany, too, credit financing by private households played an important role during the economic recovery of the 1950s. As discussed in Chapter 2, however, the German Federal government was less concerned than its American counterpart in bolstering mass purchasing power and more committed to asset building. This was reinforced by postwar needs for rebuilding productive assets and a longstanding focus on exports rather than domestic markets. German consumer goods retailers, too, were often less than enthusiastic in adopting American-style mass retailing practices. While the use of consumer credit became more common, it never reached the importance it had across the Atlantic. Indeed, in international comparison it was the United States which, far from

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⁴ For a recent discussion of the emphasis on expanding purchasing power since the 1930s see Meg Jacobs, Pocketbook Politics: Economic Citizenship in Twentieth-Century America (Princeton: Princeton University Press, 2005), esp. chapters 3 and 4.
being a model, stood out as a peculiar case with regard to credit financing and household savings during the postwar period.\textsuperscript{5}

To explain this divergent development, several factors need to be considered. Most importantly, the respective use of consumer credit was affected by notions of social respectability and the social function of consumption. Whereas in postwar America credit became vital to the attainment of middle-class respectability and the consumer life-style that went along with it, West Germans were reluctant to embrace consumer credit. During the 1950s, to be sure, vast differences in the standard of living as well as conservative banking and retailing institutions made consumer credit less attractive to German consumers. Even after the gap between US and German household incomes narrowed, however, financing consumer goods on credit did not become the hall-mark of new-found middle-class respectability in West-Germany. Rather, to many West German elites and middle-class consumers it retained the stigma of a working class life-style. While the use of consumer credit came to signal the economic expansion of a household in America, it remained associated much more strongly with economic marginality and even poverty in the German context. The incentives for using credit, too, remained less strong there. Federal subsidies for saving and a well developed social security net made saving for consumer goods more attractive to West Germans. Germans also spent relatively less of their budgets on durables (particularly cars) than their American counterparts for most of the 1950s and ‘60s. Despite the economic boom of the postwar decades, West Germans were slower to fully embrace the American emphasis on private mass consumption than is often assumed.\textsuperscript{6} Again, the example of consumer credit illustrates the continuity of a \textit{bürgerlich} / genteel ethos of consumption into the postwar period. In contrast to the American emphasis on low-price mass distribution facilitated by credit financing, a traditional bourgeois model of protectionism prevailed in West


\textsuperscript{6} Most recently see Sheryl Kroen, “Negotiations with the American Way: The Consumer and the Social Contract in Post-war Europe”, in Brewer / Trentmann (eds.), \textit{Consuming Cultures, Global Perspectives}, pp. 251-278.
Germany which emphasized not only smaller, local retailers but also class difference in consumption patterns that hampered the spread of consumer credit.²

In an effort to avoid the stereotypical celebrations of a democratic American republic of credit on the one hand or cultural clichés of frugal German savers and hedonistic American consumers on the other, I will explore the complex interplay of cultural attitudes, public policies, and economic and institutional restraints that account for these differences. Focusing on installment credit and personal loans, I will begin by briefly outlining the institutional development of consumer credit in both countries from the late 1940s to about 1970. Subsequently, I will explore the social role and public perception of credit financing.

**Consumer Credit and Mass Purchasing Power in the United States, 1940s-1970**

The expansion of American consumer credit was an integral part of the postwar push for a growth economy based on mass purchasing power and mass consumption. Despite the dramatic surge in consumer debt after World War II, the phenomenon has received comparatively little attention by historians. The most influential recent works on consumer debt focus on the developments during the first half of the twentieth century or trace the growth of specific types of credit such as the credit card. This speaks to an important aspect of consumer credit in postwar America: it already was a widely accepted social and economic institution.³ After 1945, a broad consensus among political and economic actors afforded consumer credit an even more central role in an economic growth strategy which was underpinned by a widely shared vision of credit as the key to broad democratic access to middle-class mass consumption and respectability.

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Consumer credit had become legitimized as an institution between the 1890s and the 1930s. With the reform of usury laws in many states, installment credit largely overcame its initial social stigmatization during the interwar years. As credit became increasingly associated with the purchase of expensive durable goods, it earned middle-class respectability. Credit financing actually aided the shift in household consumption towards durable goods and automobiles considerably during the interwar period. Showing surprising staying power and continued popular acceptance during the Great Depression, consumer credit helped pave the way for the American mass consumer economy of the second half of the twentieth century for the broad middle classes of American society. In part, the limited instances of loan defaults during the depression even encouraged policy makers to foster consumer credit for economic recovery.

After World War II, the use of consumer credit reached new heights. As early as 1945 the New York Times reported an expanded use of credit for consumer durables due to high postwar employment and a beginning shift in production to civilian goods. Over the following decades, new peaks in consumer debt were reported continuously. Retailers extended credit through monthly charge accounts and installment plans, and institutionally organized credit saw dramatic growth rates. Consumer finance companies specialized in extending small personal loans to consumers at relatively high interest rates. Sales finance companies engaged primarily with retailers in financing the installment purchases of automobiles and large durable goods. Federal Credit Unions extended relatively cheap loans to their members, but had a fairly circumscribed number of eligible borrowers. The relative importance of these types of consumer credit was

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9 Calder, Passim.
10 Olney, Buy Now, Pay Later, points out, however, that credit financing initially played this role inadvertently, as many companies introduced it to smooth production cycles. Only during the 1930s did aggressive advertising for durable purchases through credit financing gain in importance.
increasingly diminished as non-specialized commercial banks moved into the consumer finance sector.\textsuperscript{14}

Several factors made credit more available to consumers in the postwar decades. The competition of commercial banks in the consumer credit sector helped drive down the cost of credit, as sales finance companies and especially consumer finance companies had to adjust their rates. The arrival of banks in the consumer credit market had been facilitated by federal programs for home improvement loan guarantees under the Federal Housing Act of 1935 and took off after 1946, as the Consumer Credit Committee of the American Bankers Association announced the availability of bank loans for durables, automobiles and personal loans.\textsuperscript{15} A trend toward reduced down-payments and maturity rates further contributed to making credit more affordable.\textsuperscript{16} The postwar expansion in car-ownership in the United States, for example, was boosted dramatically by the mid-1950s relaxation of credit terms.\textsuperscript{17} Legislation in a number of states (often following the National Consumer Finance Association’s 1948 Model Consumer Finance Act) that raised the ceilings on cash loans further aided this development by allowing banks and finance companies to loan larger sums.\textsuperscript{18}

On the federal level, consumer credit became a central issue in an attempt to promote aggregate demand and economic growth through Keynesian macro-economic

\textsuperscript{14} By 1959 these institutions together held about 70\% of all outstanding consumer credit and about 90\% of outstanding installment debt, with commercial banks accounting for the largest share of about 38\%. See Paul Smith, \textit{Consumer Credit Cost 1949-1959} (Princeton: Princeton University Press, 1964), pp. 1, 5-28, 47 and 64.


\textsuperscript{17} See Sally Clarke, \textit{Trust and Power: Consumers, the Modern Corporation, and the Making of the United States Automobile Market} (Cambridge: Cambridge University Press, 2007), ch.7.

management. Credit regulation was part of a larger effort to ensure economic stability. In 1948-49 this took the form of curbing inflationary price-developments by limiting purchasing power through restricted access to credit. Already in the late 1930s furthermore, a number of studies had warned that unrestricted credit growth could have a negative, pro-cyclical impact on economic development. Influential economist Rolf Nugent stated: “Since consumer credit expands with increasing incomes and contracts with declining incomes, the expansion of consumer credit accelerates and prolongs the boom, while its contraction deepens, widens, and prolongs the depression.” For part of the post-war era, then, the regulation of consumer credit had become a viable tool of macroeconomic steering to ensure continued growth.

Credit policy thus became an integral part of American “growth liberalism” from the 1940s to the 1960s and part of a set of policies that aimed to promote economic growth and to expand mass purchasing power. Since the New Deal, the federal government worked to promote consumer access to credit. Title I of the 1935 National Housing Act, for example, provided affordable loans for home modernization. Similarly, the Electric Home and Farm Administration promoted the purchase of electric household durables on installment credit. Such policies paved the way for a postwar era in which the Federal Housing Administration and the Veterans Administration promoted mass homeownership by guaranteeing millions of inexpensive mortgages. After considerable

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debate, the Federal Reserve also eventually lifted wartime restrictions on consumer credit – the so-called “Regulation W.”

The rate of consumer debt continued to grow into the 1960s when two relatively new institutions gained dramatic momentum: the revolving credit account at retail stores that guaranteed a continuous line of credit to customers (and often replaced down-payments with monthly minimums) and the credit card. This further expansion of consumer credit was accompanied by a series of legislative efforts which responded to calls for consumer protection. On the state level, the Uniform Credit Law was widely adopted. The Federal Truth in Lending Act of 1968 restricted the garnishment of wages to repay consumer debt and forced retailers and lenders to clearly state the annual percentage rate and full dollar amount of credit purchases. The 1974 Equal Credit Opportunity Act, finally, aimed to prevent discrimination in the credit industry. It was originally intended to battle discrimination on the basis of gender, but later came to include race, age, and income from public programs. Indeed, as Lizabeth Cohen has recently pointed out, access to credit during the postwar decades had been far from equal for many groups - including African-Americans and women - in spite of the democratic rhetoric of credit proponents.27 The public policy efforts of the 1960s and ‘70s were in part aimed at rectifying this situation. After all, consumer credit had attained a secure place in the American mass consumer society by the 1970s. As I will discuss in more detail below, credit had come to be seen as a democratic right for American consumers.

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25 During World War II consumer credit terms had been limited by the Federal Reserve Board’s “Regulation W” in an effort to shift resources from civilian to military production and consumption. Rather than an attack on the institution of consumer credit itself, however, Regulation W furthered the notion of consumer credit as a vital macro-economic tool. Instituted in August of 1941, Regulation W provided for minimum down-payment requirements as well as maximum maturity rates for installment purchases. In varied forms, Regulation W remained effective until November of 1947, was briefly reinstated between September 1948 and June 1949 and again during the Korean War as part of the Defense Production Act of 1950. Its suspension in 1952 marks the end of federal restrictions on the terms of consumer installment credit, but calls for its reinstallation would recur throughout the 1950s and into the ‘60s. See Board of Governors of the Federal Reserve System (ed.), Consumer Installment Credit Pt.1, Vol. 1 (Washington, 1957), pp. 288-324. See also Irving Michelman, Consumer Finance.

26 First introduced in its modern form by Diners Club in 1949, the credit card remained rather exclusive for much of the 1950s. By 1958, American Express joined the business and so did some of the largest commercial banks; and it was the commercial banks that really popularized credit cards by the late 1960s with mass-mailings to millions of consumers. BankAmericard (later Visa) and Interbank (later Master Charge, then MasterCard), a consortium of several large commercial banks, established national networks of banks licensed to issue their cards See “Merchants’ Leader Hits Credit Curbs,” NYT October 21st 1966, and Mandell, The Credit Card Industry.

27 See Cohen, Consumer’s Republic pp. 269-270.
and, tamed by state and federal legislation, as a key to achieving the middle-class consumer lifestyle of the postwar decades.

**Limited Expansion: The Institution of Consumer Credit in West Germany, 1948-1970**

A much different picture emerges when we take a look at consumer credit in West Germany following World War II. To be sure, credit financing existed and played a sizeable role in the economic recovery during the so-called “economic miracle,” as recent historiography has reminded us. While this literature often focuses on the expansion in the use of credit in the decades up to the 1970s and beyond, the comparison with the American case brings out the much smaller scale of this expansion as well as differences in institutional arrangements and public policy.

Postwar West Germany, to be sure, was not a prosperous consumer society and moved towards an affluent society only in late 1950s. The immediate postwar years were dominated by scarcity, shortages and a rampant black-market economy. Food and everyday items - not durables or automobiles amenable to credit purchases – predominated household spending and the consumer imagination for much of 1950s. In contrast to the United States furthermore, consumer credit in postwar Germany did not have decades of institutional and cultural acceptance to look back on. Still, wartime destruction, postwar poverty and the 1948 currency reform, which devalued savings and most other capital assets at a 10:1 ratio, left many households – especially the millions of

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refugees (Vertriebene) from the former Eastern parts of the German Reich - in need of the most basic consumer goods.\textsuperscript{30}

The first post-war years thus saw widespread credit financing for small durables like radios and even semi-durables such as textiles (e.g. for winter coats).\textsuperscript{31} But installment purchases met with structural limitations as capital was often scarce. Retailers would frequently advertise radios and other goods for down-payments as low as 20,- DM. However, if customer demand was especially great, they often could not afford to make good on their promises for higher-end products, because they were unable to restock themselves.\textsuperscript{32} Instead, some retailers promoted savings-plans in association with local savings-banks, whereby the consumer would save in monthly installments up to 50% of the price of furniture and other merchandise and then pay off the rest in further installments of a lower interest loan.\textsuperscript{33} Beyond installment-schemes and informal credit from retailers, private and public pawnshops flourished to provide necessary funds mostly for immediate consumption needs.\textsuperscript{34}

In November 1951, American consumer finance expert Paul Selby traveled across Europe (including West Germany) and reported: “Consumer credit as we know it and use it in America is virtually unknown [in Europe. …] Rates for financing are higher than in the States, and not only is the higher rate or charge for financing a deterrent for buying, but the attitude of the people is such that instalment purchasing power has never been accepted as desirable in their scheme of things. […] Department and appliance stores do extend some instalment credit to purchasers, but the system of cash lending as we know it in America is virtually unknown there.”\textsuperscript{35} While Selby may have overstated the case, the institutional structure for organized consumer credit was slow to develop in postwar

\textsuperscript{31} See Horvath, “Teilzahlungskredite”, p.20.
\textsuperscript{33} See Friedrich Lutz, Der Konsumentenkredit (Köl: Carl Heymanns, 1954), pp. 18-19.
\textsuperscript{34} “Wer ins Leihhaus geht,” Der Spiegel, June 30\textsuperscript{th} 1949.
Germany. In contrast to the expanding mass-retailing industry in the United States, many more tradition-oriented German retailers treated consumer credit with skepticism. Large urban department store chains like Karstadt and Kaufhof were long reluctant to offer credit purchases and introduced installment plans only in the mid-1950s.36 Especially in the years immediately following the war, informal credit with local merchants accounted for much of the consumer borrowing in Germany.37 As late as 1952, one contemporary observer estimated, 85% of all retail purchases on credit were handled informally, for example through periodically settled accounts at local stores.38

The financial infrastructure for consumer loans, too, was slow to develop due to capital restraints as well as traditionalist concerns in the banking community. Specialized installment-credit banks (Teilzahlungsbanken) had existed in Germany during the inter-war years and reemerged after 1948. Most of these banks worked according to the so-called Königsberg-system, issuing checks to consumers that were redeemable in cooperating stores. In turn, the loan was paid off to the bank in monthly installments.39 About 11% of retail sales were financed on time by 1949. By 1953, this number had risen to roughly 15%, but was still far from the approximately 30% of retail sales financed by consumer credit at the same time in the United States.40 Moreover, in contrast to the United States, commercial banks remained reluctant to get involved in the consumer credit business. Only over the course of the 1950s did the private consumer become credit-worthy in the eyes of most banks. Following the lead of public savings banks (Sparkassen) that had moved more aggressively into the field of installment financing after 1952, other commercial banks began offering installment credit. But only in 1958 - and later than in almost any other Western European country - did German commercial banks begin to extend small personal cash loans to consumers.41 The credit-worthiness of

37 See Lutz, Der Konsumentenkredit, pp. 9-11.
38 Rudolf Menge, “Der unorganisierte Kundenkredit im Einzelhandel II,” in Die Teilzahlungswirtschaft (subsequently TW) No. 4 (1956), p. 100.
39 Lutz, Der Konsumentenkredit, pp. 14-17.
41 See Jörn Schmidt-Wegenast, “Der Wandel in der Einstellung des Kreditwesens zum Konsumenten,” in Finanzen des Privaten Haushalts, pp. 121-141. In part the move to extend cash credit was facilitated by the high cash liquidity of banks due to the dramatic increase in household savings in 1957. See also
the average consumer was not yet widely accepted by cautious and conservative-minded West German banks in 1950s.

The checks issued by the German installment-credit banks carried with them a certain social stigma that curtailed the self-confidence of many installment buyers. Thus, the lack of available cash loans from banks and other institutions prior to 1958 was significant for the public perception of consumer credit in several ways. Whereas the move of commercial banks into the consumer loans sector in the US had helped to make these “respectable” for middle-class consumers, such loans in West Germany still carried an element of shame because they were viewed as a sign of financial destitution, lack of savings or living beyond one’s means. For this reason, installment buying often accounted for up to 90% of purchases through newly flourishing mail-order-businesses, where consumers could remain more anonymous than at the local stores they normally frequented.

The development of consumer credit was also hampered by West German economic policy which - as discussed in Chapter 2 - did not put nearly as much emphasis on economic growth through mass purchasing power as its American counterpart. While free consumer choice was emphasized by postwar economic policy, the West German model of the Social Market economy defined itself largely in contrast to Keynesian efforts to bolster mass purchasing power. The focus for German economic growth lay on exports rather than on domestic consumption. Private saving rather than credit buying, furthermore, was promoted especially in the late 1940s and early ‘50s as capital was scarce on the private market and investments were needed for economic growth. As in other European countries and in postwar Japan, private saving (i.e. building up the capital assets of commercial banks) was viewed by economic policy makers as vital to

rebuilding the German economy.\textsuperscript{45} Accordingly, any diversion of private funds into consumption fostered through easy credit was viewed as a potential problem. Thus, while the American government worked to make credit for home improvement and especially mortgages more easily available, the German government heavily subsidized savings accounts, particularly those geared towards the accumulation of private capital for home construction.\textsuperscript{46}

To be sure, the federal ministry of economics followed the development of installment credit closely. In the late 1940s, mail-order retailers urged the administration to push for easier credit terms to bridge the gap between heightened demand and contracted mass purchasing power as a consequence of wartime destruction and currency reform.\textsuperscript{47} Since commercial banks and public savings banks were strapped for capital, these interests hoped for the state central banks to rediscount installment loans (thereby making more capital available at lower interest rates). The ministry felt that saving for consumer goods would generally be more desirable, but conceded the usefulness of consumer credit in the given situation. In 1949, economics minister Ludwig Erhard even pleaded (unsuccessfully) with the central bank council to rediscount loans for certain consumer durables.\textsuperscript{48} As consumer credit began to expand during the early 1950s, however, the tone in ministry grew cautious and the central bank excluded installment-banks completely from its rediscount policy.\textsuperscript{49} Historically weary of inflation, the administration largely approved of this restrictive policy as a viable way to check the

\textsuperscript{45} See e.g. Sheldon Garon, “The Transnational Promotion of Savings in Asia: ‘Asian Values’ or the ‘Japanese Model’?” in Garon / Maclachlan eds., \textit{Ambivalent Consumer}, pp. 163-187.


\textsuperscript{47} Letter by Wirtschaftsverband Versandhandel to Ministry of Economics, May 16, 1949, in \textit{Bundesarchiv Koblenz} (subsequently BuArch) B 102 / 39409.

\textsuperscript{48} See internal ministry of economics memos dated April 1, 1949 and August 10, 1949, in \textit{Bu Arch} B102 / 39409.

\textsuperscript{49} This meant that the central bank would not loan to \textit{Teilzahlungsbanken} as it would to other commercial banks. At a time were capital was scarce, such a policy severely limited the capital supply and consequently the capability to extend loans on part of consumer credit banks.
growth of installment debt. Various groups represented in the ministry’s consumer council (from consumers unions to housewife’s associations), furthermore, supported the administration’s critical stance towards consumer credit.

When Erhard began to push for the expansion of domestic durable goods consumption in 1953 by promoting such items as refrigerators, he helped to fuel a growing public debate about installment credit. While he granted that credit financing could add to economic growth by expanding demand for the production of durable goods, he warned against the use of credit for non-durable goods and agreed with critics when he noted that credit financing was no “sorcerer’s stone” and needed to be kept below a “critical limit” in order to protect consumers and the economy as a whole. As domestic purchasing power began to expand during the mid-1950s, the central bank worried that aggressively advertised installment credit with its regular payments would curtail the budgets of small-income households it feared were living in “premature affluence.” Such sentiments were a far cry from American notions of credit as the “little man’s” path to the American standard of living and underscored the lack of confidence many political

50 Internal memo, April 9, 1951, in BuArch B102 / 39409. The central bank eased subsequently this restriction somewhat, but fully reinstated it in 1956. On rediscounting policies in Germany and other countries throughout the 1950s see also Board of Governors of the Federal Reserve System, ed., Consumer Instalment Credit, Pt. 1, Vol. 2 (Washington, 1957), pp. 251-254.
51 The minutes of a May 1951 session of the consumer council reveal the ministry’s consideration to “slowly reduce the consumer credit business.” Fini Pfannes (Deutscher Hausfrauenbund) supported such a policy and emphasized the “ethical dimension of credit.” The representative of the consumers unions, Dr. Vogel, pointed to the preference for cash-payments among his affiliates. See minutes of the Verbraucherausschuss, session of May 29th 1951, in BuArch B 102 / 35977.
52 Ludwig Erhard “Ein Kühlschrank für jeden Haushalt,” in Ludwig Erhard, Deutsche Wirtschaftspolitik: Der Weg der Sozialen Marktwirtschaft (Frankfurt a.M.: Knapp, 1962), pp. 221-223 [originally published in Welt der Arbeit, June 16, 1953]. Before a 1954 AGV meeting, Erhard further expanded on his views on consumer credit. While he sharply rejected the use of consumer credit for such everyday items as “socks” or “pork chops”, he endorsed it for consumer durables. In contrast to many of his more conservative compatriots, the liberal Erhard did regard credit financing as a way to entice broader segments of the population towards striving for a better standard of living and a sense of ownership. Consuming and not saving, he asserted here, was the ultimate end of all economic processes. See Memo “Arbeitstagung des AGV,” April 30th, 1954 in BuArch B 102 / 168666.
53 Ibid. Wildt, “Amerika auf Raten”, too, notes the fundamentally different perspective on social mobility through credit expressed by Erhard.
leaders had in German consumers who were seen as prone to living ‘beyond their means’. 55

The regulation of consumer credit and the modernization of the existing 1894 law on installment purchases became an object of political debate throughout the 1950s. Both the Ministry of Economics and the Bundestag did consider the possibility of instituting regulations following the American model last used during the Korean War. Despite some concerns about growing credit use, the ordo-liberal Erhard initially tried to avoid any regulation as restrictive as Regulation W (or similar measures in place in England) that could be associated with interventionist macroeconomic steering. As credit use expanded, however, Erhard even went so far as to ask for preemptive powers to regulate installment credit in a 1956 executive statement (Regierungserklärung). 56 The opposition Social Democratic Party (SPD) had already introduced several bills that called for the institution of minimum down-payments and limited maturation-periods. 57 In 1956, a parliamentary delegation traveled to the United States to learn more about the issue of consumer credit, but ultimately no action was taken. 58 Since the later 1950s and throughout the 1960s the administration (as well as the governing CDU) felt that the comparative low rate of consumer credit purchases did not warrant any regulatory action. 59 The economics ministry instituted another working group to look into the possibility of regulating installment credit for macroeconomic steering in 1961, but this time even the Bundesbank felt that the relatively low rate of organized installment credit purchases (8% of total retail sales in Germany as compared to 17-18% in the US in 1959) would render the tool ineffective. 60

55 Well publicized incidents of mass defaults on smaller consumer loans especially by working class consumers in the industrial Ruhr area (where the wages of miners were being garnished at alarming rates in 1953) fueled this notion in German public debate during the 1950s. See e.g. “Ratenkäufe – Die Zeche zahlen,” Der Spiegel, December 9th, 1953. Incidentally about 80% of all German installment purchases in 1953 took place in the heavily industrialized Ruhr area.
57 See Deutscher Bundestag, Drucksache 197, 2nd WP 1953, and Drucksache 1895, 4th WP 1963.
59 See e.g. the CDU response by Dr. Elbracht to the SPD bill of 1963 in Deutscher Bundestag, Stenographische Protokolle, 4th WP, p. 118 (Session of March 4th, 1964).
60 Several federal ministries that corresponded with the working group also cited political concerns, noting - in keeping with the American debate! - that regulation could be construed as putting the burden of
The overtly critical tone of 1950s anti-credit rhetoric abated somewhat by the 1960s, but installment buying peaked during the mid-1950s and then leveled off between 13-14% of retail sales well into the 1960s.\(^{61}\) Department stores noticed the percentage of installment sales taper off somewhat as more and more consumers made larger purchases in cash by the late 1950s.\(^{62}\) In part this can be explained by the advent and rising popularity of cash-loans offered through banks.\(^{63}\) Reporting on this development in 1965 the national daily *Frankfurter Allgemeine Zeitung* spoke of “Wohlstandskredite” (prosperity loans), suggesting that consumer debt had lost at least some of its negative connotation with poverty and need.\(^{64}\) However, old concerns had not completely disappeared in the 1960s. In 1966, that newspaper identified a growing desire for “luxury goods” such as cars and consumer electronics among mine-workers as the reason for growing indebtedness and failure to make installment payments.\(^{65}\) An association of consumer credit with working class consumers “living beyond their means” was still very much alive in West German public debate.

West Germany continued to “lag behind” the United States in credit use despite rapidly rising real incomes and the availability of a modern institutional structure of consumer credit after the late 1950s. The credit card did not gain nearly as much importance in Germany during the 1960s as it did in the United States. When Diners Club had expanded its operation across the Atlantic in 1955, it struggled in Germany as in much of the rest of continental Europe.\(^{66}\) In 1966, the *Bundesbank* issued a comparative report which showed that despite the dramatic increase in the use of consumer credit macroeconomic steering onto “the little man.” The entire correspondence and reports of working group IX of the ministry of economics between 1961 and 1962 can be found in *BuArch* B 126 / 48652.


\(^{66}\) “Diners’ Club – Planziel 50 000,” *Der Spiegel*, No. 39 1963. In 1965 a cooperation of German and Scandinavian companies introduced the Eurocard. It was, however, not nearly as widely used as its counterparts in the United States by the later 1960s. Nor did Eurocard offer revolving credit; instead all charges were deducted on a monthly basis from a bank account to which the card was linked. See Mandell, *Credit Card Industry*, p. 44. On the slow expansion of consumer credit cards in Germany see also Detlef König, *Konsumentenkredit: Neuordnung in den USA und deutsche Reformprobleme* (Stuttgart: Ferdinand Enke, 1971), pp. 7-8.
since 1948, consumer debt with banks totaled only about DM 8.9 billion in West Germany or DM 150.- per capita (compared to DM 1,400.- per capita in the United States), roughly 2% of the GDP (compared to 9% in the United States).\textsuperscript{67} By the late 1960s, Americans and West Germans still financed their consumption in very different ways.

**The Use of Credit: Differences in Household Financing and Spending**

Contrasting economic situations in the postwar decade as well as different historical development and regulation of credit financing explain much of the divergent importance of consumer credit. We still need to explain, however, why the difference in credit use in West Germany and the United States continued as the availability of consumer credit and disposable incomes became increasingly similar during the 1960s and early 1970s. Two factors observed in the previous chapter partially explain this abiding contrast: first, the overall structure of household consumption that included different means of financing spending as well as divergent patterns of what private households spent on. Secondly, persistent cultural attitudes of German and American social elites and consumers towards credit reveal very different roles envisioned for credit financing by middle-class “value-shoppers” in the United States and “\textit{bürgerlich} / genteel” consumers in West Germany.

West German households were more likely to save for their consumer expenditures. As scarcity increasingly gave way to affluence during the postwar decades, households began to have multiple means of financing consumer goods. Rapidly rising real incomes not only made consumer debt more calculable, but saving for consumer purchases became easier as well. With regard to the practice of private household saving a significant difference between Germany and the United States began to emerge. Especially after the late 1950s, private savings expanded dramatically in Germany. Between 1960 and 1973 German households saved on average 11.7% of their disposable incomes. If credit extended by retailers was included, the \textit{Bundesbank} estimated, the amount of average per capita debt would rise to DM 200 – 220 in Germany as compared to DM 1,780 in the United States. See “Der Konsumentenkredit in Westdeutschland,” \textit{Neue Züricher Zeitung}, July 17\textsuperscript{th} 1966. It was such numbers in particular that led the Federal Ministry of Economics to discount the need for regulatory action with regard to consumer credit throughout the 1960s. See “Schlussbericht der Arbeitsgruppe IX,” April 3\textsuperscript{rd} 1962, in \textit{BuArch} B126 / 48652 and a memorandum dated August 22\textsuperscript{nd} 1966, in \textit{BuArch} B 126 / 48653.
income (as compared to 9.6% in the United States). The marginal savings rate, which measures savings in relation to growth of income, was growing and well above 20% for much of the 1960s. Despite two devastating blows to private savings accounts experienced during the interwar inflation and the postwar currency reform, and despite the comparatively generous public pension and health insurance system, German households - even at old age and in lower income groups - saved at never-before-seen rates. In other words, they were less eager to spend on consumer goods than were Americans who were more likely to take a comparable growth in income as permission to buy more on credit.

To account for this “German Savings Puzzle,” several factors need to be considered. First, public policy such as the subsidies for Bausparen (presumably for housing) and the provisions of the 1961 and 1965 laws promoting employee saving made saving fairly lucrative for many private households. Secondly, saving enjoyed strong cultural esteem across West German society which translated into a high marginal savings rate as real incomes grew. Views on saving were often the mirror image of views on debt financing. Surveys done during the 1960s showed an overwhelming support for notions of thrift and financial conservatism, even though the willingness to make large sacrifices in order to accumulate savings capital was declining with younger respondents. This change points to a third factor in explaining the growth of saving in postwar West Germany: the increasing importance of saving for consumption. Especially for younger Germans, saving was no longer just equated with frugality; instead of foregoing consumption, saving often meant to anticipate it.

Saving for consumer goods played a much larger role in West Germany than it did in the United States, and for many households it presented a viable alternative to consumer credit. According to a 1967 survey, 59% of German respondents stated that the purchase of large consumer items was an important reason for their savings activity. Another 23% said they were saving for vacation or travel while 44% indicated they were saving for emergencies or the sake of security. Similarly, a 1959 survey among holders of savings accounts at Sparkassen, commercial and postal banks showed that savers contemplated using savings foremost for consumption purposes followed by financial security and the accumulation of capital.

To be sure, American households throughout the postwar decades maintained a considerable savings rate as well. As George Katona has pointed out, however, they regarded their savings rather differently. Asked in 1966 about the purpose of saving, 45% of American family units stated they saved for a “rainy day” (such as emergency, illness, or unemployment), 31% for retirement or old age, and 22% for education. In the absence of a more elaborate social welfare system, Americans saw a greater need to set aside funds for these contingencies. While down-payments for larger credit purchases were often made from savings, many Americans were generally hesitant to use their savings for consumption. Only 7% of respondents stated the purchase of durable goods as a purpose for saving (another 8% saved in order to buy a house).

In contrast to West Germany, American consumers thus did not view saving for consumer goods as an attractive alternative to consumer debt.

Not just different uses of savings, but contrasting spending patterns also impacted how German and American households approached consumer credit. The mass consumption of durable goods was central for the development of consumer credit.

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75 See e.g. Raymond Goldsmith, *A Study of Savings in the United States, 3 Vols.* (New York: Greenwood Press, 1955), pp. 4-7, who finds an upward secular trend in savings in the US during the 20th century. However, if durables as assets were excluded from his calculation of the savings to income ratio, a small decline would be noticeable.

Indeed much of the growth in American consumer credit during the postwar decades can be attributed to the expansion of durables consumption. By contrast, many Germans in the years immediately following the war were not able to conceive of purchasing a refrigerator - let alone a car - even if an installment plan was seen as an acceptable option. As observed in Chapter 3, expenditures for food, shelter and clothing had a much higher relative importance for West Germans than for their American counterparts into the 1960s. Consumption statistics attest to this as well as to the continued class divisions in consumption patterns. Instead of a blurring of class lines through consumption predicted by some analysts, contemporary sociologists noted that German working class households avoided major durable goods purchases and preferred less expensive and older products. Middle-class homes, by contrast were found to demand “the ‘best’ in household necessities and an automobile.” Thus, even in the early 1970s, when income levels in both countries had converged considerably, American households overall continued to spend more on durable goods that lent themselves to credit financing than their more class segmented West German counterparts.

Credit use reflected very different social meanings of consumption. In the postwar United States consumer credit was very much a middle-class phenomenon. Typical households using installment plans and other forms of credit would be young, suburban and striving for what was considered a middle-class life-style. To many Americans, a depiction of credit as democratic access to a consumer society would have corresponded to their own experience. To be sure, as much as credit may have helped many American families to attain a middle-class standard of life, it still remained out of reach for many minority groups and poor households. For them, credit discrimination frequently came to mean another form of social exclusion.

78 See e.g. Kaelble, “Europäische Besonderheiten”.
In West Germany, by contrast, the use of credit was more strongly influenced by class biases that reflected the continued stratification of consumption patterns. Especially during the early 1950s, installment credit was most frequently used in the urban and industrial areas of north-western Germany. Workers as well as lower-income salaried employees were the primary users of credit financing. 81 This difference in the social structure of credit use goes a long way towards accounting for the concern voiced by conservative elites during the 1950s that the expansion of credit was a threat to bourgeois culture. As income levels rose and the differences between social milieus lessened somewhat by the mid-1960s, the social structure of consumer credit use in Germany became more similar to its American counterpart. 82 Still, a certain socio-cultural bias against using credit lingered in Germany much longer than across the Atlantic. Credit use remained associated with working-class consumption patterns and especially to bourgeois elites, credit-financed consumption was not a viable path towards attaining middle-class status.

Thus, the social function that credit-financing played in both countries diverged sharply. Contemporary observers of the American case often pointed to credit as a means for social climbing. Consumers would use credit to access the world of middle-class respectability and to continuously improve their material standard of life in an effort to “keep up with the Joneses”. In the still more class-divided German society, by contrast, fewer consumers used credit to imitate the life-style of the bourgeois milieu. Instead, many consumers aspired to reach a milieu-specific life-style of working-class or middle-class consumption, adhering to a paradigm that put less emphasis on continuous social mobility. 83 Many (especially older or more conservative) Germans outright rejected the notion that upward social mobility towards bourgeois respectability (Bürgerlichkeit) could be attained through the accumulation of material goods, let alone credit-financed

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81 See Horvath, “Teilzahlungskredite” and DIVO-Institut (ed.), Umfragen.
consumption. Instead of buying large quantities of goods on credit, saving for and acquiring only goods of refined taste and proper quality remained the marker of an educated middle-class.\(^8^4\) This difference heavily informed both public debate and consumer attitudes towards consumer credit.

**Access to the “American Dream” or “Un-bourgeois Conduct of Life”? Social Attitudes towards Credit Financing**

The notion that credit provided democratic access to the ‘American Dream’ played out powerfully in the American context during the postwar decades. Even before World War II was over, wartime restrictions on consumer credit (“Regulation W”) had come under heavy criticism from various sides. Retail organizations such as the National Retail Dry Goods Association or the National Retail Credit Institute, as well as banks attacked the regulatory effort and developed in the course of their attack a broader image of consumer credit as the key to achieving a new democratic and egalitarian standard of consumption by making especially durable goods ever more widely available.\(^8^5\)

Since the first half of the twentieth century a notion of an “American Standard” of material living had emerged particularly through advertising and media publications, that consumer credit now promised to put in reach of the majority of the population.\(^8^6\) Alfred Dietz, President of the CIT Financial Corporation explained that – if unregulated – “consumer credit will enable millions of families in lower income brackets to satisfy their needs for new products as these become available.”\(^8^7\) Critics attacked Regulation W as a “gross discrimination among the American people, […] excluding millions from access to the American products which they need and to which they have a right.”\(^8^8\) The charge that credit regulation was discriminatory because it effectively raised the price of credit

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\(^8^4\) On the importance of quality and design for the educated bourgeoisie of post-war West Germany see Paul Betts, *The Authority of Everyday Objects: A Cultural History of West German Industrial Design* (Berkeley: U California Press, 2004).

\(^8^5\) On the democratic of postwar consumerism in the United States (and its shortcomings) see esp. Cohen, *Consumer’s Republic*, p. 11 and Ch. 3.


\(^8^7\) “Consumer Credit Expected to Rise,” *NYT* January 2\(^{nd}\) 1947.

\(^8^8\) “Credit Curb Eased for Home Repairs,” *NYT* September 26\(^{th}\) 1945.
reverberated with unions as well. In 1952, during the reinstatement of credit restrictions due to the Korean War, CIO secretary treasurer James Carey told the House Banking and Currency Committee that curbs on installment buying “discriminate against small wage-earners” and that Congress should disregard a request by the Truman administration to toughen restrictions and instead do away with Regulation W altogether.\footnote{“CIO for Ending Time Buying Curbs,” \textit{NYT} May 7\textsuperscript{th} 1952.}

By the early 1950s a broad political consensus regarding the desirability of consumer credit had begun to form. The credit industry in particular increasingly framed consumer credit as central to an “American standard of living” defined by the acquisition of durable goods. In a Commercial Credit Company publication, economist Clyde Phelps argued that installment buying was “one of the significant factors which influence the American standard of living, level of living, and plane of consumption, which are, in material terms, quantitatively the highest in the world.” Phelps then cited a British group finding that “hire purchase [installment buying] is one of the main reasons why American workers produce more and live more comfortably than those in Britain.”\footnote{Clyde Phelps, \textit{Financing the Installment Purchases of the American Family} (Baltimore: Commercial Credit Company, 1954), pp. 29-31. For a very similar line of argument see also Arthur Dietz, “Die 36-Milliarden Dollar-Frage: Die Bedeutung des Teilzahlungskredites in amerikanischer Sicht,” in \textit{Schriftenreihe des wirtschaftsverbandes Teilzahlungsbanken e.V.} 7 (Dortmund: Verlag für Absatzwirtschaft, 1956).} Critics of credit regulation such as Milton Friedman largely succeeded in likening Regulation W to an arbitrary and discriminatory tax conceived of by elitist administrators.\footnote{\textit{Consumer Installment Credit Pt.1}, Vol. 1, pp. 315-324. It states: “[…] definite generalization as to the discriminatory impact or incidence of installment credit regulation is not supportable by rigorous analysis or available data.” See also Milton Friedmann, speech published in “Symposium on Consumer Credit and Consumer Spending”, \textit{University of Pennsylvania Bulletin} 57 (Philadelphia, 1957), p. 67.}

Beyond attacking government regulation, the consumer credit lobby worked in numerous ways to bolster the image and expand the use of consumer credit during the 1950s. At the 1953 National Consumer Credit Conference one speaker called for a concerted advertising campaign promoting consumer credit: “It is time, I believe, that the nation should recognize not only the danger of installment credit (which is very greatly overrated) but also its great value and power for good. […] we have an opportunity, with intelligent and imaginative direction, to develop mass advertising, mass selling and mass
prosperity in this country to a point never dreamed of before.” In 1951, an earlier conference had devoted an entire session to the “finest possible long-range public relations potential” inherent in textbooks for higher education. Indeed, a series of publications sponsored by the credit industry emerged that were intended for use in high school and college courses. Among them was the work by Clyde Phelps cited above, which was “used in several hundred universities and colleges” and was financed by the Commercial Credit Company, a leading sales finance company.

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**Figure 4.1:** Phelps, *Using Instalment Credit*, iv.

In their thrust, these educational publications promoted an image of consumer credit as an integral part of the modern American consumer lifestyle – beneficial, if used “wisely.” Phelps’ 1955 *Using Instalment Credit* was addressed to high school students. It

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was prefaced by the assertion that consumer credit “has moved into the stage of respectability.”95 [see Fig.4.1] The sketch shows a group of apparently rural, ill-clad and impoverished men who are smoking and idling in front of a primitive cabin. The caption makes clear that these men are poorly educated and no installment buyers. The backwardness associated with the cash-buyer in this image can be usefully contrasted with the title page of a similar publication, William Cheyney’s 1956 Using Our Credit Intelligently [Fig. 4.2].96 Here a sun is rising, shedding light on the new American dream. In the background rural and urban as well as industrial America are stylized, but a moving van points the viewer into the direction where the light of consumer credit shines most brightly: suburbia with its new Ranch houses and automobiles. The depression era invoked by the first image is safely left behind.

Figure 4.2: Cheyney, Using Our Credit Intelligently.

Traditional notions concerning the value of “thrift” had not completely disappeared from textbooks by the early 1950s.97 Some, especially earlier, educational

95 Clyde Phelps, Using Installment Credit (Baltimore: Commercial Credit Company, 1955), pp. v-vi.
publications gave more balanced assessments of the advantages and disadvantages of cash buying (and by implication saving for consumption) and credit buying.\textsuperscript{98} Most textbooks, however, attempted to discredit consumer saving. The credit industry and many 1950s economists disagreed with older notions stressing the financial benefits and the thrift and industriousness involved in saving and buying only for cash.\textsuperscript{99} In one such publication, economist Carl Dauten found that saving for a house or even consumer durables was “not feasible”: “Most consumers would take several years to save enough to buy an automobile, furniture and other major durable goods […] In the meantime, they would have to do without these services, and the price of waiting would be very high or even prohibitive.”\textsuperscript{100}

Advocates of consumer credit worked to change the underlying semantics. Consumer credit, they argued, could no longer really be viewed as “consumptive” credit, but should rather be seen as “productive” credit, because households acquired durable goods that improved their productivity.\textsuperscript{101} Toying with the title of a popular 1940s play by Eugene O’Neill, a 1957 \textit{New York Times} article proclaimed “The Iceman Cometh Not – Refrigerator Cometh Instead on Time Payments” and described the dramatic shift from services (such as public transportation, laundromats etc.) to durables facilitated by credit financing.\textsuperscript{102} This transformation, many economists argued allowed, consumers to save by shifting their expenses. The durables themselves were increasingly refashioned by economists as household capital assets and included in the category of household savings.\textsuperscript{103} Cheyney and others further expanded on the virtue of rational “budgeting” of households who paid regular monthly installments to obtain the “product packages” of the modern American life-style.\textsuperscript{104} Viewed from this perspective, the use of consumer credit became “the modern way of exercising thrift” replacing “the older method of

\textsuperscript{98} Bahr, \textit{Using Consumer Credit}. Bahr, though not necessarily critical of credit, gives equal voices to “Mrs. Cash” and “Mrs. Credit”, pp. 33-34.
\textsuperscript{99} See e.g. Roger Babson, \textit{The Folly of Installment Buying} (New York: Frederick Stokes, 1938), pp. 138-149.
\textsuperscript{101} See Ibid, pp. 4-5.
\textsuperscript{102} “To Own More, One Owes More Today,” \textit{NYT} March 24\textsuperscript{th} 1957.
\textsuperscript{103} See for example the voluminous study by Raymond Goldsmith, \textit{A Study of Savings in the United States, 3 Vols.} (New York: Greenwood Press, 1955), especially pp. 6-7.
\textsuperscript{104} Cheyney, \textit{Using our Credit Intelligently}. 
accumulating money and then buying for cash.”\textsuperscript{105} The older, bourgeois ideal of saving and deferred gratification appeared no longer compatible with the demands of an economy fueled by ever increasing purchasing power. Modern, middle-class citizenship now found its expression in “rational” consumption and participation in the expanding consumer economy.

To be sure, the institution of consumer credit was not without its critics in postwar America despite its important role in the purchasing power consensus around which business, unions and the federal government could rally. The rate of credit expansion aroused recurrent concern ranging from credit as a possible source of inflation and a destabilizing force in economic growth to the question whether consumers had over-extended themselves by going far into debt.\textsuperscript{106} The spike in credit and the subsequent recession of the mid-1950s moved \textit{Fortune} magazine in 1956 to publish a series on consumer credit. The editors surveyed the “abnormally fast rate” of credit expansion and the “danger in mortgage debt,” concluding that “there is a possibility that debt may continue for a time to mount furiously, until it has reached a level where it has heavily overloaded consumers with fixed debt payments and over-expanded the industries depending on these consumers.”\textsuperscript{107}

Aside from economic considerations, however, the \textit{Fortune} series also contributed to a cultural critique of credit financing exemplified by William Whyte’s essay “Budgetism: The Opiate of the Middle Classes.”\textsuperscript{108} Thrift, Whyte argued in 1956, had become “un-American.”\textsuperscript{109} Bygone were the times of Benjamin Franklin’s maxims,

\textsuperscript{106} See e.g. “Consumer Credit Held Out of Hand,” \textit{NYT} August 1\textsuperscript{st} 1948; “Consumer Credit a Peak Level, But has it Reached Peril Point?” \textit{NYT} March 27\textsuperscript{th} 1955; “Do Installments Peril the Economy?” \textit{NYT} May 4\textsuperscript{th} 1958; “Consumer Credit Reaches $1 for Each $9 of Wages,” \textit{NYT} January 11\textsuperscript{th} 1960.
\textsuperscript{107} “The Coming Turn in Consumer Credit,” \textit{Fortune}, March 1956, and “The Danger in Mortgage Debt,” \textit{Fortune}, April 1956. Similarly, in 1963, as installment credit reached 13% of disposable income (a number viewed by some economists at the time as a theoretical peak), skeptics wondered whether consumer debt would eventually work to curtail the purchasing power of many Americans. See “Credit is Nearing Theoretical Peak,” \textit{NYT} April 15\textsuperscript{th} 1963.
\textsuperscript{109} Cohen, \textit{Consumer’s Republic}, p. 121, argues this very point by suggesting the introduction of Scrooge McDuck’s character in Disney comics in 1947 is reflective of a dramatic change to more negative attitudes towards thrift.
while especially suburban, middle-class families acquired the “packages” of a consumer life-style by going deeper and deeper into mortgage and short-term debt. Optimistic about their future, attracted by the middle-class respectability of bank loans (as opposed to finance companies), and uninterested in the actual price of credit financing, young couples enjoyed the regularity of monthly payments. This regulated “budgetism,” Whyte contended, gave a false sense of security while actually leading suburbanites to compound pyramid debts. As an alternative to the familiar “Joneses,” Whyte introduced the model of the “Frugals” who saved for their consumer purchases and – he calculated – were financially better off for it.110

Whyte’s critique of consumer credit harkened back to older, moral critiques of credit buying, but it was also a poignant example of a broader critique of middle-class consumerism during the later 1950s found in the works of authors such as Vance Packard, David Riesman and Kenneth Galbraith. To the critics, the focus on a credit-fueled material standard of life not only eclipsed public goods and a broader quality of life, but also threatened an older, “inner-directed” ethics of bourgeois individualism. By the 1960s, however, the critique of consumer credit and with it much of the public debate on this issue shifted away from such fundamental concerns to the question of consumer protection. Hillel Black’s 1961 exposé of the credit industry, Buy Now, Pay Later, exemplifies this transformation rather well.111 The thrust of his critique, however, was directed against fraudulent practices of the credit industry ranging from confusing statements about interest rates that hide the actual cost of credit to the advertising efforts of “debt selling.” The promise of a “credit wonderland” which was implicit in the industry’s advertising and directed even at teenagers, Black argued, induced consumers to spend beyond their means. But Black never doubted the value of the institution of consumer credit itself, calling it a “democratic force.”112 No alternatives to credit financing were offered in Black’s critique; the call – as in much of the debate throughout the 1960s – was rather for regulation to make the institution safe for consumers.

110 Moreover, he suggested banks should take advantage of suburbanites’ penchant for regularity by setting up savings plans (modeled on the successful Christmas Clubs) designed so people would “trap themselves into accumulation.” See Whyte, “Budgetism.”
111 Black, Buy Now, Pay Later, p. 5.
Despite the much smaller scale of credit buying, opposition to consumer credit in West Germany was much more vocal and organized than its American counterpart.

Figure 4.3: Der Spiegel, February 11, 1953.

Whereas both unions and the retailing industry in the United States had come to accept consumer credit as part of a larger consensus on growth through purchasing power, their West German counterparts offered strong dissent. Some observers close to the labor unions condemned the notion of increased purchasing power through consumer credit as misguided and instead called for wage-increases as well as lower prices as an alternative way to raise the standard of living.\textsuperscript{113} Perhaps surprisingly, many retailers,

\textsuperscript{113} Franz Theunert, “Ein Kühlschrank in jeden Haushalt. Aber heben Teilzahlungskäufe den Lebensstandard?” in Welt der Arbeit, June 5\textsuperscript{th} 1953. The SPD caucus argued similarly in its defense of their 1953 bill to regulate consumer credit; Deutscher Budestag, Stenograhpische Protokolle, 2. WP 14. Session, 1953, p. 468. This not to say, however, that unions single-handedly rejected consumer credit. Other writers in the same publication stressed the potential usefulness of credit to improve the material condition of workers. Though they felt compelled to encourage a sensible use of credit for consumption favored its regulation for macroeconomic steering, they rejected the class-bias and moralism of more conservative
especially those fearing a shift towards durable goods consumption through consumer credit, were wary of extending installment credit as well.\textsuperscript{114} In 1953, the large textile retailer C&A Brenninkmeyer, which had traditionally conducted business on a cash-only basis, launched a campaign against installment credit practices, claiming that credit sales hurt cash-paying customers who indirectly financed cheap credit through higher retail prices. The ad campaign featured a menacing figure called \textit{Ratenschreck} (installment devil) greedily extending its paw over the earnings of consumer household at the first of the month [see Fig. 4.3]. The caption admonished that buying clothes on installment plans also meant to “purchase” the worries involved with paying monthly rates. For good measure, a credit-extending furniture retailer countered the ad with a cheerful garden gnome (representing solid credit) spearing the credit devil. The dark tone of both advertisements provides a striking contrast to the optimistic images appearing at roughly the same time in the United States.\textsuperscript{115} This tone, furthermore, reflected the broader public debate on installment credit especially during the early 1950s, when consumer credit was frequently discussed in terms of its harmful “excrescences” or its potential to “endanger” consumers.\textsuperscript{116}

Many prominent German economists also voiced skepticism about consumer credit. Several of them were organized in the \textit{Arbeitskreis für Absatzfragen} (working group for marketing issues), which was financed by C&A and other companies opposed

\textsuperscript{114} Paul Keuth, “Das Problem der Konsumfinanzierung: Skepsis ist unbedingt notwendig,” \textit{Der Deutsche Handel} 2,3 (1950), pp. 7-8, for example, warned against the “fashion” of credit financing in retailing. Saving for consumer goods should be the norm and credit sales should be the exception. Retailers, Keuth felt, needed to ensure that “the propaganda for credit financing does not lead to a ‘consumer credit psychosis’.” Similarly, the \textit{Westfälischer Einzelhandel}, a publication of the Retailer’s association of North Rhine Westphalia, warned in 1952 of the “great danger of careless installment buying”. See “Da haben wir die Bescherung: Anreissertum, Verschuldung und soziale Marktwirtschaft” in \textit{Westfälischer Einzelhandel} 197, October 15\textsuperscript{th} 1953. How divided the German retail industry was on the question of installment credit is well illustrated by an internal economics ministry memo stating: “Installment plans are supported by one part of the consumer goods associations as emphatically as they are rejected by the other.” Memo, October 28\textsuperscript{th} 1953, in \textit{BuArch B102 / 39409}.

\textsuperscript{115} “Ratenschreck: Für Stotterer mitbezahlern,” \textit{Der Spiegel}, February 11\textsuperscript{th} 1953.

\textsuperscript{116} See e.g. “Teilzahlungskäufe nehmen erheblich zu: Die volkswirtschaftlichen Gefahren sollten aber nicht übersehen warden,” \textit{Die Zeit}, December 12\textsuperscript{th} 1953.
to installment credit.\textsuperscript{117} The \textit{Arbeitskreis} included such renowned economists as Friedrich Lutz and Wilhelm Röpke.\textsuperscript{118} In 1954, Lutz published \textit{Der Konsumentenkredit} in which he warned against an American-style expansion of credit in Germany. He believed that “a consumer who buys a good on installments would well be able to save first and buy later.”\textsuperscript{119} Deferred gratification and budgetary discipline with regard to consumer aspirations were still highly revered by Lutz. The careless use of credit – induced by advertising – for semi- and nondurable goods in Germany, Lutz observed, called for regulation. To discipline (especially working class) consumers and retailers, finally, employers should be able to fire employees whose wages were garnished and to refuse garnishing wages for petty loans.\textsuperscript{120} Lutz was especially concerned about working-class use of credit. Diametrically opposed to American economists who celebrated credit buying as the “little man’s” path to a middle-class consumer lifestyle, Lutz’ critique points to a preference for a more frugal pattern of consumption in Germany. It also suggests differences in the social meaning of credit in Germany and the US particularly during the early part of the postwar era to which we will return below.

Conservative undertones marked the writings of many German critics of consumer credit and reverberated particularly with conservative bourgeois elites that viewed American style mass consumption in general as a social and cultural threat.\textsuperscript{121} For the bourgeois members of the \textit{Arbeitskreis}, consumer credit was foremost an ethical problem. The group’s primary organizer, attorney Curt Bley, described credit as a threat to the dignity and liberty of man as it socially uprooted consumers struggling to make

\textsuperscript{117} See economics ministry memo dated January 11\textsuperscript{th} 1954, in \textit{BuArch} B 102 / 39409. Because of the commercial interests involved ministry employees advised their superiors to avoid affiliation with the \textit{Arbeitskreis} and not to attend its meetings. See letter Dr. Michel to Ludwig Erhard, December 19\textsuperscript{th} 1953, in \textit{BuArch} B 102 / 39409.


\textsuperscript{119} Lutz, \textit{Der Konsumentenkredit}, p. 108.

\textsuperscript{120} Ibid, pp. 107-123. See also letter Curt Bley to Ludwig Erhard, April 27\textsuperscript{th} 1954, with attached report by Friedrich Lutz in \textit{BuArch} B102 / 39409.

\textsuperscript{121} Critiquing American material culture and its “alleged” mass character has a long tradition in bourgeois European society (reaching back to de Tocqueville) which reached a crescendo in interwar Germany. See e.g. Adelheid von Saldern, “Überfremdungssängste: Gegen die Amerikanisierung der deutschen Kultur in den zwanziger Jahren,” in Alf Lüdtke / Inge Marssolek / Adelheid v. Saldern (eds.), \textit{Amerikanisierung: Traum und Alptraum im Deutschland des 20. Jahrhunderts} (Stuttgart: Franz Steiner, 1996), pp. 213-244. on West German views American culture in the postwar years see also Alexander Stephan (ed.), \textit{Americanization and Anti-Americanism: The German Encounter with American Culture after 1945} (New York: Berghahn, 2005), especially the essays by Michael Ermath und Jost Hermand.
payments and contradicted the “Christian values” of property ownership and saving.\textsuperscript{122} In this same vein economist Wilhelm Röpke formulated an influential critique of installment purchases (which he derogatively referred to as “\textit{Borgkauf}” or “borrowed purchase”).\textsuperscript{123} The recent expansion of credit use, he asserted, was “frightening” as it indicated a fundamental change in the economic ethics of the “masses.” They had lost the willpower to save because “inflaming” advertisements and the credit lobby had falsely promised an increasing material welfare – an American materialist “standard-of-life-ism” falsely portrayed as progress\textsuperscript{124} - through credit.\textsuperscript{125} Just like alcohol and tobacco, Röpke asserted as a self-styled economic “social hygienist,” credit fulfilled no vital function. While it may add “flavor” to life, overindulgence could mar and shorten it.\textsuperscript{126} Such critiques of credit-induced consumption were far less influential in the United States.

West German efforts to promote modern consumption specifically targeted women as much recent scholarship has emphasized.\textsuperscript{127} Liberal modernizers hoped to educate housewives to be rational consumers who supported the nascent market economy by inducing them to buy modern appliances or to become price-conscious comparison shoppers as had been the case a generation earlier in the United States. Conservative commentators, however, challenged these ideas with their concern about the emerging consumer society’s impact on gender relations, fearing a potential breakdown of the family due to consumerist “materialism” as they opposed advancing credit to feed “feminine” spending.\textsuperscript{128} The issue did not play out as strongly in the debate about

\textsuperscript{123} Although Röpke prefaced that he was not generally opposed to all forms of credit purchase conceding its usefulness in the case of consumer durables, his writings were sweeping indictments of consumer credit.
\textsuperscript{125} Wilhelm Röpke, \textit{Borgkauf im Lichte der sozialethischen Kritik} (Köln: Karl Heymanns, 1954), pp. 9-11.
\textsuperscript{126} Röpke, \textit{Vorgessenes Brot}, p. 14. In an unfortunate repartee to this claim, Nöll v.d. Nahmer, a leading proponent of installment buying stated: “Medical science would certainly heartedly disagree if a medical Röpke was to claim that every smoker would have to be concerned about developing cancer!” Nöll v.d. Nahmer, “Zur Diskussion um Teilzahlungskredit,” \textit{TW} no. 5 (1955), pp. 134-138.
\textsuperscript{128} See e.g. Anton Böhm, \textit{Lebensstandard – Wozu?} (Osnabrück: A. Fromm, 1961). The debate over part-time work of married women to add to the household income illustrates how slow the public perception of gender roles in West Germany’s emerging consumer society changed. See Christine von Oertzen,
consumer credit, however, as store credit cards, for example, were not widely accessible and men were generally held to be involved in household decisions regarding credit and other significant financial decisions.\textsuperscript{129}

By contrast, public discourse in the United States during the postwar years was generally more relaxed about shifts in gender relations. Even though critics blamed credit problems at times on the insatiable demands of middle-class housewives,\textsuperscript{130} household credit was far more accepted in American society in the 1950s (even if it was largely controlled by husbands and housewives had little direct access to it).\textsuperscript{131} Postwar consumer engineering and advertising in the United States aggressively fostered a new ideal of domesticity that included a plethora of household items available on installments and marketed primarily to women.\textsuperscript{132} Thus, appeals to female consumers had a bigger impact in the United States both on spending and the use of credit.

To West German critics such as Röpke, installment buying more urgently presented a social- and political problem. It threatened to undermine traditional bourgeois society itself - a charge taken very seriously at a time when West Germany saw itself at the front line of the Cold War and of upholding traditional bourgeois society. The breakdown of bourgeois civil-society during the preceding era of National-Socialism, furthermore, lent even more urgency to calls for a reassertion of traditional bourgeois values of the supposed “good old time” prior to 1933.\textsuperscript{133} Credit purchases, Röpke claimed, were characteristic of an “unbürgerliche Lebensführung” (unbourgeois conduct of life), because they promoted “un-rooted” consumption geared towards instant gratification. Such a lifestyle lacked continuity and long-term planning, trusting instead

\textsuperscript{129} See Günter Schmölders, \textit{Der Umgang mit Geld}, pp. 24-38.
\textsuperscript{130} Or the wasteful alcohol and tobacco consumption of men. See e.g. “Credit Drunk,” \textit{NYT} July 18\textsuperscript{th} 1968, or Ruth Mack, “Trends in American Consumption and the Aspiration to Consume,” in \textit{American Economic Review} 46 (1956), pp. 55-68.
\textsuperscript{133} References to a supposedly lost “good old time,” referring predominantly to the Imperial era after 1871, permeated the West German discourse over mass consumption during the postwar decade and they are intimately connected to an attempt to salvage the cultural role the bourgeois middle-class after the war. See e.g. Manfred Hettling / Bernd Ulrich (eds.), \textit{Bürgertum nach 1945} (Hamburg: Hamburger Edition, 2005).
to the security of the welfare state. The “humus layer of the bourgeois life-style” eroded and was replaced respectively by Communist ideology or a consumption-oriented lifestyle. Both, to Röpke, were indicative of a “proletarian way of life.”¹³⁴ The promotion of Bürgerlichkeit (a bourgeois culture that uplifted the working class and served as a bulwark against Communist advances) was seen as central to the postwar economic order in West Germany.¹³⁵

The alleged threat of consumer credit to a bürgerlich / genteel economic ethos was further underscored by an emphasis on the so-called “bourgeois virtues” of the cash-purchase (Barkauf) and saving. Not only critics such as Röpke lamented the decline of Barkauf. A 1953 ministry of economics memo identified “maintaining the advantages of the cash-purchase” as the key aspect in assuring a controlled development of consumer credit.¹³⁶ Virtually every initiative to reform the legal framework for installment buying thus included provisions that called for the clear differentiation between cash and credit prices so as to ensure that the cost of credit purchasing would be clear and born only by the customers that made use of it.¹³⁷ Of similar importance to this debate was the question whether consumer credit led to a decline in the culture of saving. Despite growing household savings, many public savings banks, which themselves participated in consumer lending, were concerned about the expansion of the credit industry. In 1954, Fritz Butschkau, president of the German savings banks association, spoke out publicly against installment credit and a debt-centered lifestyle which he, too, regarded as “un-bourgeois.” “Prussia,” he proclaimed, “grew through saving and, alas, not through consumer credit.”¹³⁸ By invoking the language of Prusso-German nationalism in the era of the Wilhelmine Empire, this statement suggest that it was not only class, but also national identity which was seen as being threatened by the expansion of consumer

¹³⁴ Röpke, Borgkauf, pp. 11-16.
¹³⁵ On notions of Bürgerlichkeit in post-war West Germany see Hettling / Ulrich (eds.), Bürgertum nach 1945, who emphasize the continuity of a cultural pattern centered on the individual and the family, a bourgeois work ethic and non-utilitarian values of aesthetic and political engagement.
¹³⁶ Memo, December 12th 1953, in BuArch B 102 / 39409.
¹³⁷ Because of the value attributed to cash-purchasing, Germans incidentally discussed as early as the 1950s an aspect of the issue of “truth-in-lending” that came to dominate – albeit with a different thrust - much of the American debate of the 1960s. See for example the SPD-bill of 1953, Deutscher Bundestag, Drucksache 197, 2.WP 1953.
¹³⁸ See “Ratenkauf – Ein Feinds des Spargedankens?” TW No. 4 (1954), pp. 112-113 and citation in Bley, Tatsachen, p. 16.
credit. For many middle-class Germans, credit financing carried the notion of being something foreign, something “American.”  

Of course, those German economists and retail and credit interests who were proponents of the expansion of organized consumer credit greeted the connection between credit and the American model as something largely positive. Their preferred venue was the periodical Die Teilzahlungswirtschaft first published in 1954. If installment credit was described as “American,” to its German proponents (just as to their American colleagues) this meant it that it was the expression of a modern and rationalized economy. With much glee, the Teilzahlungswirtschaft reported the findings of a 1956 parliamentary study group’s visit to the United States. “Surprised” by the overwhelmingly positive view of consumer credit presented to them by various American officials and interest groups (including unions), the group had concluded that virtually no one in the United States questioned the positive nature of the institution of consumer credit. Overall, however, the debate over consumer credit and consumption in general – especially during the 1950s - revealed fundamental discrepancies between the views of a large section of the German elite - who saw Bürgerlichkeit expressed in frugality, budget discipline, and saving - and the widespread American notion of respectable middle-class living that was increasingly expressed through a consumer lifestyle centered on durable goods and suburban homes. While credit did little to promote Bürgerlichkeit in West Germany, it was a viable agent of embourgeoisement in the United States.

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139 On the centrality of savings for the economic debate on consumer credit (including the question of what actually constitutes saving) see Franz Wagner, Die volkswirtschaftliche Kontroverse über die Wirkung des Teilzahlungskredits (Diss. Freiburg, 1957).

140 See for example the long-running series “Der Konsumkredit in den USA” beginning in TW No. 3 (1954), pp. 94-95.

141 Even the largely critical 1956 Fortune series, which did not go unnoticed, was seen primarily as a debate about the right level of consumer indebtedness, which – considering the large discrepancy between Germany and the US in this regard – should be of little concern for the German case. “Bericht der deutschen Studiengruppe über das Ergebnis einer Reise in die USA zum Studium der amerikanischen Teilzahlungsfinanzierung,” TW No. 5 (1956), pp. 156-159. The subsequent issue featured an editorial that celebrated a vision of modern, credit-financed mass consumption and argued that the future for Germany should be seen in the United States of today. See “Hat die Zukunft schon begonnen?” TW No. 6 (1956), pp. 166-167.

142 In the United States, too, class biases against mass consumption had been prevalent in the late 19th and early 20th century. After World War I, however, a new morality of spending and a more benign view of consumerism had taken hold in American society. See Horowitz, Morality of Spending.
This difference was reflected in consumer attitudes toward credit. Germans were overwhelmingly skeptical of installment credit. 64% of respondents of a 1958 DIVO survey disapproved of the institution of installment credit and only 32% favored such plans.\(^{143}\) The opposition to debt financing was especially high among older generations, the rural population, and the bourgeois upper-class. Younger Germans as well as workers in larger cities who were generally more open to the promises of American-style consumerism, on the other hand, increasingly considered credit financing an acceptable option.\(^{144}\)

Popular sentiments on credit often stood in contradiction to the actual expansion in the use of consumer credit during the postwar era. Still, if about 20% of those opposed to installment credit during the late 1950s still used it, however, it may suggest that many credit users were genuinely uneasy with their consumer debt.\(^{145}\) Throughout the 1960s, surveys continued to find high rates of opposition to debt financing.\(^{146}\) Günter Schmölders’ 1966 *Psychologie des Geldes* stressed that the self-ascribed personal characteristics of those who used credit freely often included negative adjectives such as “extravagant,” “sloppy,” and “unpunctual.”\(^{147}\) The cultural attitudes reflected in these surveys as well as in the public criticisms by economists like Röpke would only gradually be counterweighed by more accepting trends in a younger generation of German consumers.

Attitudes about credit in the United States, on the other hand, were dramatically more positive. The University of Michigan’s 1954 Survey of Consumer Finances found that 50% of American households regarded installment buying as a good idea while only 37% more or less strongly opposed it. As in the case of Germany, the strongest opposition came from farmers and retired persons. Only 10% of respondents, however, indicated a general “dislike of debt,” while most opponents of consumer credit cited high


\(^{144}\) See e.g. DIVO-Institut (ed.), *Umfragen*, and Günter Schmölders, *Umgang mit Geld*, p. 133. On the general liberalization and change in attitude towards consumption of the generation that came of age during more affluent 1960s see Detlef Siegfried, *Time is On My Side: Konsum und Politik in der westdeutschen Jungendkultur der 60er Jahre* (Göttingen: Wallstein Verlag, 2006).

\(^{145}\) See Hallermann, *Der Teilzahlungskredit*, p. 133.

\(^{146}\) Katona et al., *Aspirations and Affluence*, p. 99.

interest costs as the reason for their unfavorable view. Throughout the 1950s and ‘60s, Americans were also more optimistic than their German counterparts both about economic developments in general and their personal household finances in particular, and they adjusted their views on credit accordingly. Installment credit gained respectability through its association with the durable goods of a middle-class lifestyle, an association with long roots in twentieth century American consumer culture. Moreover, the widespread affluence of the postwar decades led more and more American households to take on consumer debt without seeing this as a problem, especially because they expected their household incomes to grow as well.

In Germany, by contrast, credit financing long retained an association with poverty and financial destitution. In part, this may be explained by the experience of scarcity during the immediate postwar years when debt financing through installments and pawn shops was frequently used to obtain even the most mundane household necessities. Consumer credit had lost this function by the 1960s as the welfare state had been expanded since the late 1950 through a substantial pension reform as well as an overhaul of the welfare system designed to afford vast segments of society increased access to the emerging affluent society of the “economic miracle.”

It now provided for such contingencies as unemployment, sickness, and old age by guaranteeing at least a minimum consumer living standard. Still, debt was slow to lose its negative connotation

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and was not as strongly associated with “economic expansion” of a household as in the United States.151

Rather than focusing on a continuous improvement of their standard of living, moreover, many West Germans - especially middle-class - were more likely to consider themselves “contented” once they had reached a certain milieu-specific consumer standard. Consumer aspirations were sluggish in West Germany, and plans to make “major outlays” for consumer durables actually declined among German households during the prosperous 1960s.152 German consumer experts traveling to the United States in the late 1950s thus expressed their amazement about what they perceived as the “tremendous willingness of Americans to improve their standard of living at all times, even if that mean[t] heavy borrowing against future income.”153

The practice of credit financing illustrates differences in the consumer societies of West Germany and the United States during the postwar decades sketched out in the previous chapters. Despite some converging trends, German consumers used credit to a lesser degree and with different objectives than their American counterparts. In part, this can be explained by different economic circumstances in both countries and varying degrees of affluence particularly during the late 1940s and early 1950s. More importantly, however, both countries also pursued different postwar growth strategies. American public policy generally viewed consumer credit as a vital tool in promoting mass purchasing power and a middle class consumer life-style. Several legislative efforts during the postwar decades focused on making credit more accessible and “safe” for consumer use. German federal policy, by contrast, was not outright hostile towards consumer credit but rather marked by benign neglect as well as skepticism. Little effort was made either to regulate consumer credit or to promote it as a tool of social policy.

151 Today it is notably the United States were “deficit financing” especially by means of credit card debt plays a bigger role e.g. in covering medical expenses for lower income groups. See Udo Reifner and Helga Springeneer, “Die private Überschuldung im internationalen Vergleich.”
152 Katona et al., Aspirations and Affluence, pp. 70-72. For a more detailed discussion see above, Chapter 3.
As important as public policy in explaining the relatively small role of consumer credit in the German case during the 1950s was the institutional development of credit financing and the public debate that surrounded it. While the United States had a well established system for organized installment credit and legitimate cash loans at the outset of the 1950s, many German retailers as well as public savings and commercial banks were reluctant to extend consumer credit and long continued to adhere to more traditional views of consumption and retailing. Only by the late 1950s did the socially stigmatized Königsberg check system begin to give way to cash loans offered through “respectable” banks. Public debate in Germany, which long focused on the dangers inherent in installment buying and chided it for its supposedly un-bourgeois character, further helped to make credit less available than in the United States where the credit industry and others promoted an image of consumer credit as modern thrift and an access to a middle-class life-style. While most Americans had accepted credit financing as part of a modern consumer culture, the attitudes of many Germans remained reserved well into the 1960s and early 1970s.

The case of consumer credit shows that structural and institutional differences as well as public policy and the interests and cultural attitudes of consumers all have to be taken into account to properly understand significant differences in the shape of mass consumption in both countries. It is tempting to focus on cultural differences and bemoan for example a decline of “thrift” in America exemplified by credit financing. Such a generalization, however, not only loses sight of the disciplining forces entailed in the practice of “budgetism” as Lendol Calder has pointed out, it also ignores the changed economic reality of postwar affluence which in the United States much more than in Germany made some level of consumer debt less problematic. The comparative perspective reminds us, as well, that the proponents of thrift and saving in Germany often argued from a conservative social perspective intent on preserving social distinctions threatened by mass consumption. It seems similarly malapropos to chide German consumers - as Katona does - as “maladapted” to the realities of modern affluent...
Economic, institutional, and political circumstances often provided strong incentives to prefer consumer saving to credit financing. Furthermore, the expectations of German consumers during the 1950s and ‘60s differed from those of Americans. The credit-financed acquisition of household durables and automobiles had a relatively lower priority for Germans which further contributed to differences in the use of consumer credit. For a variety of reasons, it appears, middle-class West Germans during the 1950s and 1960s in particular held on to the bourgeois ideals of saving and restraint in consumption much longer than their American counterparts.

The comparative perspective helps to counterbalance historical accounts that emphasize the expansion of consumer credit in postwar West Germany. While such an expansion undeniably took place, one can hardly speak of an “Americanization” of West German consumer society with regard to credit. While some proponents of consumer credit in Germany did look to the United States as a model for “modern” forms of consumption, many others rejected this model. As it moved towards affluence in the postwar decades, West Germany – like many other European and Asian countries – struck a balance between elements of modern consumption and older notions of restraint and saving. For the American case, the comparative view reminds us of the importance of placing the expansion of consumer credit within a broader context of economic and social policy since the New Deal. Democratic access to the “American standard of living” was to be achieved less through redistributive measures than through the availability of credit, necessarily backed by an expectation of continuous economic growth. What Calder has called the “myth of credit as the great democratizer” appears less glamorous, though, when we consider that many Americans relied on credit for their consumption needs because the lack of a more comfortable social safety net (enjoyed by German consumers) provided a psychological barrier against using their savings for this purpose. The comparative perspective furthermore underscores the peculiar importance that credit financing had in shaping the private consumption patterns that characterized

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156 Katona et al., *Aspirations and Affluence*, pp. 173-178.
157 Sheldon Garon has observed very similar dynamics in postwar Japan. Sheldon Garon, “Japan’s Post-war ‘Consumer Revolution’, or Striking a ‘Balance’ between Consumption and Saving,” in Brewer / Trentmann (eds.), *Consuming Cultures, Global Perspectives*, pp. 189-217.
the American consumer society of the postwar decades. Without consumer credit, the postwar American model of mass consumption would have been virtually inconceivable. The same, by contrast, cannot be said for West Germany.

This chapter’s focus on installment and personal credit obscures to some degree the role played by another, arguably even more important, form of consumer credit during the postwar era: mortgage credit. Increasingly affordable mortgages as well as car loans played a vital role in dramatically transforming American cities after World War II in ways unparalleled in West Germany. The geography of mass consumption (housing, transportation, and retailing) which was impacted by both different public policies and social dynamics in both countries will be the focus of the subsequent section.
Part III: Space

Urban and SuburbanSpaces of Consumption
Chapter 5

Urban and Suburban Living
Public Development and Private Consumption

In its first issue of 1968, the German weekly Der Spiegel chronicled the growing international debate about the crisis of the city. The metropolitan environment was suffering from urban sprawl and the overwhelming crush of traffic. In the US, President Johnson had just reiterated to Congress his warning about the imminent decline of urban centers and issued an urgent call for action. In Germany, Munich mayor Hans-Jochen Vogel demanded increased emphasis on urban research and planning to avoid a similar demise of German cities. The problems that haunted metropolitan areas on both sides of the Atlantic were similar and yet, the Spiegel noted, America had already sunken “one step deeper into the morass of ill-planning.”

American consumers had moved in large numbers to the suburbs after the war. A majority of West Germans, by contrast, still lived in more densely populated urban areas.

Postwar mass consumption transformed metropolitan space. The spread of detached single-family homes and of private automobiles has had a tremendous impact on life in urban centers and on the lay-out of metropolitan areas in both countries. The story of sprawling suburbs and ever-growing traffic congestion after World War II is well known as are some of the major factors that contributed to it. A comparative look at urban development in West Germany and the United States from the 1950s to the early 1970s, however, reveals not only similarities but also significant differences which were deeply embedded within the context of divergent approaches to consumer politics and different consumer attitudes and expectations sketched out in the previous chapters. Thus, the

2 For a concise treatment of the impact of suburban homes and automobiles on postwar urban development in West Germany see e.g. Werner Polster / Klaus Voy, “Eigenheim und Automobil: Materielle Fundamente der Lebensweise,” in Klaus Voy et al. (eds.), Gesellschaftliche Transformationsprozesse und materielle Lebensweise: Beiträge zur Wirtschafts- und Gesellschaftsgeschichte der Bundesrepublik Deutschland
advent of mass consumption did not entail a global homogenization of housing and residential patterns as is sometimes suggested.³

This chapter will look at home-ownership and the automobile, two central pillars of the standard “American package” discussed in the previous section. Their significance differed in the two postwar societies and this impacted both the metropolitan geography of mass consumption and the balance between public and private goods. While suburbia became the central locus of American middle-class consumption, West-German cities continued to play a comparatively stronger role for this crucial consumer demographic. Although the rise of the detached single-family home occupies a central role in most accounts of postwar German society as well, it never acquired the importance of its American counterpart as Germans by-and-large remained a nation of urban renters. Automobile ownership, too, grew at staggering rates in 1950s and ‘60s West Germany. Still, trains, trolleys and other forms of public transportation continued to serve German consumers at rates unparalleled in most US cities. The metropolitan sprawl exemplified by the United States was thus more than just the inevitable outcome of a rising standard of living and technological development. It was to an important degree the result of different choices made by policy-makers and planners as well as by consumers.

More than any other area of postwar consumer society, urban living and planning became the focus of the growing debate over the imbalance between private affluence and public poverty discussed in Chapter 2. The crisis of the cities suggested a paradoxical aspect of affluent societies with a rising standard of living and a declining quality of life. It became clear during the 1960s that private consumer choices for suburban life and automobility could have dire effects on urban public life and on those excluded from suburban consumer society. Middle-class consumers became the central figures in the story of the urban crisis. Where, as in America, they abandoned the urban core as residents, customers and tax-payers, the infrastructure of public goods suffered.

Where they remained committed to the central city, their growing affluence could more easily be made amenable to improving the overall quality of urban life with public goods benefiting those with less access to private consumer goods as well.

In this chapter I will first address the question of why German and American consumers during the postwar years made substantially different choices with regard to housing and their place of residence. Public policy played a key role. In the US, the postwar demand for housing was overwhelmingly met by a private construction industry which built suburban subdivisions. Housing was central to postwar American growth policies in the mold of commercial Keynesianism. In keeping with the findings of the previous chapter, consumer credit in form of cheap and publicly guaranteed mortgages brought homeownership within the reach of wide segments of the population. Public housing efforts on the other hand remained limited to a smaller group of Americans defined by their economic status and – increasingly – by race. Rental apartments were frequently zoned out of middle-class suburbia and restricted to lower-income urban neighborhoods. While West-Germany also promoted the construction of owner-occupied homes (Eigenheim), large parts of the housing market were governed by the principles of Gemeinwirtschaft, i.e. they were organized in important ways outside the private marketplace during the 1950s and into the 1960s. The postwar reconstruction of cities included a massive effort to construct publicly subsidized rental-housing in or near urban centers. More direct public involvement in the housing market, I will argue, swayed many middle-class Germans to retain a more urban-centered pattern of living.

Beyond public policy incentives, furthermore, a host of other factors contributed to different consumer choices with regard to housing. Differences in disposable income certainly played a role especially during the early years of the postwar era as did differences in home prices and credit financing. Race, class and cultural attitudes towards urban life were formative issues in the decision to leave the central city behind or not. Finally, the home and home-ownership occupied different places within the mind of German and American consumers - with regard, for example, to their expectations of mobility, the socio-economic status inferred by neighborhoods or to the overall importance of private consumption within the home.
The availability and attractiveness of urban public goods, I will finally suggest, played an often overlooked role in determining the choice of residence. This includes the basic public infrastructure such as sewage and street-cleaning as well as public amenities from theatres and libraries to public pools and parks. I will focus particularly on the significant impact of public transportation. American middle-class consumers made extensive use of private automobile ownership to escape declining urban centers. From the perspective of suburbia, they then frequently opposed tax expenditures for urban public goods. By offering more attractive public alternatives to private consumption than their American counterparts, I will argue, many German cities fared relatively better in retaining middle-class consumers and – in turn - were somewhat more successful in retaining the revenue necessary to offer such public amenities.

Housing and transportation policies were central to the debate about urban renewal and quality of life that peaked in the early 1970s. Both countries perceived a crisis that came out of postwar changes in private consumption patterns. From the perspective of urban planners, the democratic choices of middle-class consumers posed an increasing challenge to the public good. In West-Germany, however, policy-makers were in a slightly better position addressing urban ills of sprawl and pollution. Looking back on two decades of interventionist housing and transportation policy, their problems were less severe than those of the United States. Here, the Great Society programs of the 1960s were engaged in an uphill battle to improve the public quality of life in an increasingly segmented metropolitan landscape.

**Urban and Suburban Housing Policy in the Postwar Decades**

Comparing the development of housing policy is central for understanding the divergent metropolitan landscapes of consumption in West Germany and the United States. Well into the twentieth century, similarities dominated urbanization patterns in both countries which were fueled by industrialization, migration and new transportation technologies. Differences began to emerge during the 1920s and ‘30s with the advent of the automobile
and early trends towards mass motorization and suburbanization in the United States. World War II presented an even more dramatic break as it created a massive demand for housing in both countries and large-scale construction efforts ensued – albeit for different reasons and with very different results: suburban homeownership became the norm in the United States while urban apartment living remained the reality for many middle-class consumers in Germany.

One of the most significant differences with regard to the consumption of housing in Germany and the United States are the respective rates of homeownership. Between 1950 and 1970 the share of owner-occupied housing increased from 55.0% to 62.9% in the United States. In West Germany, by contrast, home-ownership consistently remained at a much lower rate despite rapidly rising real incomes. In 1949, the home-ownership rate was at 31.9% and it only rose to about 36% in 1972 (see Fig. 5.1). Not only were German consumers more likely to rent, they also tended to live in apartments and multi-family housing rather than in detached single-family homes.

![Figure 5.1: Owner-Occupied Housing](image)

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5 In 2000 the rate was 66.2%. See online Statistical Abstract of the United States (Historical Statistics HS-27) http://www.census.gov/statatab/hist/HIS-27.pdf.

Closely related to the popularity of home-ownership in the United States was the population shift to the suburbs, the single most important trend in metropolitan development after World War II. The share of Americans living within a Standard Metropolitan Statistical Areas (SMSA) increased from 52.6% to 62% between 1940 and 1960. But while core cities actually saw a slight decline (from 32.9% to 32.3%), the outlying suburban areas of the SMSA’s increased their share of the population significantly from 16.7% in 1940 to 30.6% in 1960, a trend that would continue during the following decades. In West Germany, “suburbanization” was a very different phenomenon during the time period under consideration. While metropolitan areas expanded, this frequently took the form of newly built neighborhoods with apartment housing on the urban fringes. To be sure, suburbanization with single-detached housing did occur. Especially until the 1970s, however, it did not nearly have the same quantitative dimensions as in the United States. German cities remained much more compact and densely settled than their American counterparts into the postwar period. The following section will analyze the role of public policy in both countries to help explain why suburban homeownership became so characteristic of American consumption patterns and much less so in West Germany.

Subsidizing the Suburban Home: American Housing Policy (1940s to 1970s)

Reporting on a March 1944 Chicago conference on postwar housing, Loula Lasker described the “Call of Our Cities”: “Blockbusters have not devastated them. Nor have bombs gutted their homes and factories. But we shall need every ounce of initiative and team play to win them back as sites for The American Way of Life.” The urgency of this call was reflective of the debate on housing at the close of the war. Housing clearly would be a central demand of postwar consumers and as a driving element for postwar economic prosperity. But would urban rental apartments embody the postwar American

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9 Loula Lasker, “The Call of Our Cities,” in Survey Graphic 33 (April 1944), pp. 197-198. The conference was organized by the National Committee on Housing; Loula Lasker was one of the directors.
way of life or suburban home-ownership? Key decisions needed to be made regarding the role of government intervention in the housing market on the one hand and the role of central cities as a place of residence for American consumers.

Historians have given ample treatment to the American preference for the individual family home as well as to the move to the suburbs, both trends which emerged well before the mid-twentieth century.10 These trends not only continued after the war, but were accelerated by growing affluence. The fundamental decision against widespread and direct public funding for housing development during the postwar era has - by contrast - received comparatively little attention by consumer historians.11 In this regard, however, the United States was a glaring exception among Western developed nations. Public spending, to be sure, did play a tremendous role in bringing about the suburban pattern of housing of the postwar decades – albeit through state subsidies and public guarantees of the familiar ‘hidden welfare state’ discussed in Chapter 2 above which did so much to shape middle-class consumption patterns. By 1956, 68% of American homes were single-family dwellings, another 12.3% were two-family houses and units with three or more families accounted for altogether only 17.1%.12

Ten years earlier, the eventual form of post-war housing was still far from settled. In 1944 and 1945, the Senate Special Committee on Post-War Economic Policy and Planning launched a broad inquiry into the housing problem. The National Housing Administration (NHA), which had been formed in 1942 to coordinate federal war housing efforts, vied for Congressional support for its transformation into a permanent agency or possibly a full-fledged department. NHA administrator John Blandford laid out

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11 Recently, Liz Cohen, Consumer’s Republic has proven an insightful exception. Historians of housing and urban development, of course have addressed the subject. See especially Jackson, Crabgrass Frontier, Ch. 11-13 and Baxandall / Ewen, Picture Windows.
the agencies goals which embedded housing policies within the broader context of economic growth and community development with a strong commitment to public intervention: “We must help communities to provide decent housing for all our citizens […] public aid should supplement private enterprise to ensure that slums are cleared and that families in the lowest income group receive decent housing.” Even within the agency, however, rifts existed between those who favored public subsidized housing and those who called for incentives to private building enterprise e.g. through mortgage guarantees as the most suitable strategy for encouraging housing development.¹³

The notion that improved housing and housing construction would be central to the postwar economy was widespread. Like few other industries, housing was linked to Keynesian visions of mass consumption and full employment. “No economist believes,” Herbert Nelson of the National Association of Real Estate Boards boldly claimed in 1944, “that we can have postwar prosperity through manufacture of automobiles and consumer goods. Only a large scale activity in durable goods has ever been able to give full employment. Buildings are the most important of durable goods.”¹⁴ The AFL, as well, believed that “home reconstruction provides the broadest single base for production and re-employment in major industries. In keeping with other plans for an economy of abundance, we should carry on slum clearance and rehousing of families whose incomes keep them out of reach of the private building markets.”¹⁵

To many, housing would go hand in hand with an overall expansion of mass consumption. FHA administrator John Blandford envisioned housing as an area in which public and private interests could come together to supply a major outlet for industrial goods and consumer products: “Civic leaders and public officials are looking to post-war housing as one of the means for raising the national standard of living and for maintaining full employment at a higher level of purchasing power.”¹⁶ Since the 1930s, home modernization loans extended through the FHA and other government agencies

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¹³ Hearings, Senate Special Committee on Post-War Economic Policy and Planning, Subcommittee on Housing and Urban Redevelopment, June 1944-January 1945 (CIS-No: 78 S751-0-B to H), quote, p. 1056. The committee was chaired by Senator Taft and included among others Senators Ellender and Wagner who would become prominent proponents of a national housing policy during the postwar years.
¹⁶ “Post-War Housing on Big Scale Seen,” NYT, May 20th, 1947.
promoted the equipment of homes with refrigerators and other household consumer durables. The postwar home was to become the central locus of an economy driven by mass consumption.

The Limited Reach of Public Housing

The 1940s debate over postwar housing saw vigorous opposition to public intervention in the housing market in general and public housing in particular. A conservative Congress looking to curb public spending and a vigorous private sector looking to recover lost ground after the era of the New Deal challenged plans for greater public intervention in the housing market. Already during the war, the National Association of Real Estate Board urged the federal government to stress private construction, calling the government intervention in housing following the Housing Act of 1937 categorically “a failure and a mistake”. While President Truman was pushing for the passage of the Wagner-Ellender-Taft bill in 1947 which proposed a larger degree of public intervention (including public aid for low rent housing, encouragement for private rental housing construction, clearance of blighted urban areas etc.), Frank Cortright of the National Association of Home Builders called the bill “socialistic” and denounced similar European models of social housing: “With private enterprise ‘virtually liquidated’ in Europe, the people [there] have lost almost all hope of ever regaining a semblance of decent living accommodations.” Already during the 1930s, opposition to publicly funded rental housing had been grounded in concerns that Americans could remain renters instead of becoming homeowners, if public housing would spread upwards in the market. In a similar vein, real estate interests thus called for the abolition of all remaining forms of rent-control after the war. From their perspective, private industry and the market alone were to shape postwar housing consumption.

18 “Realtors Demand Private Building,” NYT November 20th, 1943.
19 “Sees Little Future in Housing Abroad,” NYT November 13th, 1947. See also “Text of Truman’s Message to Congress on the Measure Continuing Modified Rent Control,” NYT July 1st, 1947 and “Text of Truman Message on Housing and Rent Control,” NYT February 24th, 1948. The most sustained attack on the Taft-Ellender-Wagner Bill along these lines was led by Senator Joseph McCarthy, see US Senate Joint Committee Study and Investigation of Housing, Hearings 80th Congress 1st session 1947-48 and Baxandall / Ewen, Picture Windows, pp. 89-105.
20 For this assessment see Baxandall / Ewen, Picture Windows, p. 65.
The American public, by contrast, was by no means categorically averse to public intervention in the housing market. A 1946 *Fortune* survey found that “the US people are strikingly in favor of positive government action to end the severe shortage.” 48.1% of respondents thought the government should start building homes for rent or sale on a large scale and over 80% of Americans believed that rent ceilings should be kept in place at least for a while.21 However, even most supporters of public housing agreed that its scope should be limited to low-income consumers, those “deserving poor,” which the market was unable to provide for adequately. According to one public housing administrator, “the group of families for which public housers believe government enterprise should provide houses, are those known generally as ‘the lowest income group’.”22 The National Housing Agency’s 1944 “housing principles for America” envisioned the federal role in housing as purely “supplementary”: “It should do what cannot be done otherwise. It should help private enterprise to serve the largest possible portion of the nation’s housing needs. Public agencies must be ready to withdraw from any area, when better incomes and lower costs enable individuals, cooperatives, labor groups or business organizations to pick up the responsibility and carry it forward.”23 To ensure non-interference with private enterprise the Federal Public Housing Authority had always planned a “gap” in supply.24 Officials were well aware that this left many families “stranded in the middle – the ‘no man’s land of housing production.’”25

Still, the 1949 Housing Act did provide for a range of possibilities for public intervention in the housing market. Passed in part because of the support of some prominent Republicans such as Robert Taft, the thrust of the legislation aimed to employ both public and private means to achieve the goal of “a decent home and a suitable living

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22 By this he meant (in accordance with the Housing Act of 1937, Section 2, subsection (2)) “families […] who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use.” B.J. Hovde, “How Public Housing Works,” in *Survey Graphic* 33 (April 1944), p. 20-206.
24 Statement Philip Klutznick, Commissioner Federal Public Housing Authority: “Determinations of public housing need in the locality should leave a gap of fifteen to twenty percent between the top of the low-income market and the lowest possible floor of private capital, in order to leave the way free for private capital to move into the lowest possible markets.” in *Hearings, Senate Special Committee on Post-War Economic Policy and Planning, Subcommittee on Housing and Urban Redevelopment, June 1944-January 1945* (CIS-No: 78 S751-0-B to H), p. 1567.
environment for every American family.” In face of continuing shortages, even Senator Taft had underscored the importance of public intervention in the months leading up to the passage of the act: “We have long recognized the duty of the state to give relief and free medical care to those unable to pay for it, and I think shelter is just as important […]”.26 The housing act authorized 810,000 new units of public housing over a period of six years and opened up broad possibilities for urban redevelopment and planning under federal leadership.27

By the early 1950s, however, and particularly with the advent of the Eisenhower administration, the federal government made only limited use of its powers with regard to public housing and Congress frequently limited its funding and appropriations to public housing programs.28 Already in 1951 the *New Republic* had run a series of articles chronicling the travails of postwar public housing. Defeats in local public housing referendums in California and others places, delayed appropriations for public housing staff and the effective opposition by the real estate lobby were cited as explanations for progressive public housing movement’s loss of momentum. Hostile public relations campaigns further weakened the standing of public housing by scaring wage-earners and home-owners with slogans such as “Can You Afford to Pay Somebody Else’s Rent?” (used in Little Rock, Arkansas) and “when Socialism moves in, things get tough for the homeowner.”29 In 1954, the Supreme Court handed down a ruling that prohibited segregation in publicly supported housing, causing many Southern Democratic senators to furthermore withdraw their support for public housing provisions.30 On the local level as well, race became an increasingly important factor in the debate over public housing as it came to be seen as geared mainly towards minorities. By the late 1950s, it was not just the conservative House Appropriations Committee and real-estate interests that slowed

down public housing efforts. Public pressures for low-rent public housing were increasingly subsiding in face of local opposition to “transferred slums.”

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<th>5.1 New Publicly-Owned Housing Starts (US)</th>
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*Source: Statistical History of the United States (1976)*

In 1950, only about 3% of all new housing units under construction were publicly owned. The “slum clearance” projects that predominated in the 1950s were targeted almost exclusively at inner-cities and the urban poor. The apartments that were created generally did not come close to meeting middle-class standards of housing in postwar decades. In a 1957 essay, sociologist William Whyte described the typical public housing developments of the era as “poor farms”: “Most public-housing experts now agree that the ‘self-contained’ neighborhood that turns its back on the surrounding streets, far from improving the neighborhood around it, depresses the whole area; […] the institutional design with its lack of stores and small amenities, is a design that does not encourage normal neighborhood life; […] the high-rise buildings are not suited to family needs.”

Such negative perceptions further stigmatized publicly funded housing in the eyes of middle-class consumers and further undermined support for public housing.

Still, planners and public housing advocates saw their efforts as part of a larger effort to redevelop and revitalize urban neighborhoods. Planned decentralization, improved building codes, zoning ordinances and the adoption of building master plans were seen as ways to improve neighborhood outlays and urban centers. “With cheap land in the outskirts beckoning to postwar development,” Loula Lasker had feared during the war, “the disease of blight will spread while swollen land values hold the central areas in a vise.” In a 1948 message, President Truman similarly emphasized the need to see public housing efforts within a broader metropolitan context: “Public housing is an

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essential element in our total program. [...] Housing does not exist in a vacuum. In planning residential areas, consideration must be given to such items as transportation, shopping centers, schools and play grounds. Some sections of our cities must be replanned and rebuilt to be fit places for modern living.\textsuperscript{34} But while the neighborhood ideal looked back on a long-standing tradition among progressive American planners dating back to the Garden city movement of the early part of the twentieth century and enjoyed much currency in postwar debates as well, new neighborhoods rarely became a reality.\textsuperscript{35} Postwar public housing efforts often lacked a comprehensive approach and provided little in terms of community or shopping facilities. In their exclusive focus on low-income groups they tended to promote metropolitan segregation and did little to prevent the exodus of middle-class consumers to the suburbs. Limited political support for planners and a hostile real-estate industry ensured that the postwar housing market was organized within the American framework of commercial Keynesianism with its emphasis on private enterprise fueled by private purchasing power and easy credit.

\textit{Subsidizing the Suburban Home}

The main focus of American postwar housing construction was on suburban communities, where the private housing industry was now producing sprawling subdivisions. In 1956, for example, 68.5\% of all new housing units were being built in suburban areas and only 31.5\% within the central cities. With regard to building types the contrast was even more glaring as 74\% of new single family homes were being built in the suburbs and 69.4\% of new dwellings for five or more families were constructed in the

\textsuperscript{34} “Text of Truman Message on Housing and Rent Control,” \textit{NYT} February 24\textsuperscript{th} 1948. See also “Housing Stressed in Post-War Plan,” \textit{NYT} March 16\textsuperscript{th} 1944 on a conference of the Institute on Post-War Reconstruction at NYU.

urban centers. Consequently, the ratio of owner-occupied to rented housing units reversed from 41.1% and 58.9% in 1940 to a ratio of 53.4% and 46.4% in 1950. A federally underwritten suburban-growth complex became one of the engines driving the American consumer economy.

The massive private housing industry that emerged after the war was able to produce relatively affordable units due to mass production standards and the use of cost-efficient materials such as wood. Already during the 1920s, progressive businessmen like Edward Filene had argued for the social benefits of mass production and the building of “houses like Fords.” After the war, the promise of “luxury homes at the price of cottages” seemed within reach as demand for mass produced homes skyrocketed due in part to a boom in marriages and the domestic migration of defense workers. Still, the private building industry initially fell short of rising expectations and was criticized across the political spectrum. *Fortune* ran a series of articles in 1946 calling for increased prefabrication and criticizing private enterprise for its failure to meet demand. Writing in *The Nation*, Robert Lasch complained about the lack of modernity and efficiency in the building industry which he regarded as “an unplanned amalgamation of many trades and tradesmen [e.g. electricians, plumbers, carpenters] rather than an integrated business enterprise.” *Fortune* went so far as to label the building trade “the industry that Capitalism forgot” and sent a warning message to the building industry that the only way to avoid socialized housing was to step up to the plate.

Only by the early 1950s did the mass production of suburban housing commonly associated with the postwar era truly take off – exemplified by the success of Levitt &

38 German observers during the 1950s noted that the extent of private housing production would have been unimaginable in European countries were rent controls prevailed. By contrast, US rents rose dramatically during the postwar era (from 1945 = 108.3 to 1952 = 141.9), making even rental housing a lucrative market. See Kämpe, *Der Wohnungsbau*, pp. 18-19.
Sons which had become the largest builder in the United States. 1950 saw a first peak in production with 1.7 million single family homes built. According to a *Time* cover story that year, “Levittown [was] known for one reason: it epitomizes the revolution which has brought mass production to the housing industry.” While the houses which sold for an affordable $7,900 were not large, they did already include a stove, a fridge, a Bendix washer and an Admiral television set. They exemplified the way in which the postwar suburban home was to become the focal point for the accumulation of a plethora of consumer durables. Levittown furthermore represented a new type of community that would be paradigmatic for many suburban subdivisions to follow. As *Time* observed, Levittown was initially not incorporated (had no police or city officers), had no movies, no night clubs and only three bars (which all were in the shopping center). There were few old people and many young children. “The community” the writers observed, “has an almost anti-septic air.” Such suburban subdivisions also had – in their inception – little room for public forms of consumption.

![Figure 5.2: Levittown, New York, 1950s.](image)

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While suburban home-ownership came increasingly within the reach of most middle-income American families, it was by no means universally available as historian Lizbeth Cohen has recently emphasized. By 1960, only 38% of non-white households owned their own home (as opposed to 64% of white American households). Low-income and especially African-American consumers were considerably disadvantaged in the booming post-war housing market. In a 1955 congressional hearing, William Levitt frankly admitted that the private building industry at the time did not furnish minorities with good houses. Davis McEntire’s report on “Residence and Race” published in 1960 painted a bleak picture of increased segregation due to suburbanization after 1950 despite the prohibition of restrictive covenants by the Supreme Court’s 1948 Shelley v. Kraemer ruling.

Still, the suburban boom was widely underwritten by the federal government. The main thrust of the Eisenhower administration’s “middle-of-the-road approach to government intervention” was exemplified by the 1956 housing act, which further slowed down public housing. Instead, the act increased public support for private building by making home improvement loans more easily available and by further relaxing loan requirements for private builders. Already since the 1930s, the Federal Housing Administration (FHA) insured long-term mortgages which had driven down mortgage costs considerably. Following the 1944 Service Men Readjustment Act, the Veterans Administration (VA) similarly guaranteed and partially supplied mortgages to veterans for a duration of up to 30-years. By 1954, the VA had guaranteed 3.7 million mortgages, i.e. roughly one in five veterans had made use of this opportunity. In 1950, 35% of all new privately built housing units were benefiting from FHA mortgage insurance and another 35% had VA mortgage guarantees. Twenty years later, the share of VA guaranteed mortgages had declined to about 9%, but suburban home construction still

45 See Cohen, Consumer’s Republic, Ch. 5.
46 “Ownership of Homes by Negroes on the Rise,” NYT February 2nd 1964. Not only market discrimination, but public policy such as the “redlining” of certain neighborhood by the FHA contributed to racial discrimination with regard to housing. See Tobey, Technology as Freedom, Ch. 7.
49 Kämpe, Der Wohnungsbau, pp. 61-69.
benefited greatly from public guarantees as 38% of new mortgages were insured by the FHA.\textsuperscript{50}

\begin{table}
\centering
\begin{tabular}{|c|c|c|c|}
\hline
5.2 New Private Housing Units Started in US (in 1,000) & Total & FHA insured Mortg. & VA guaranteed Mortg.* \\
\hline
1950 & 1,434 & 506 & 498 \\
1960 & 1,252 & 422 & 145 \\
1970 & 1,908 & 716 & 168 \\
\hline
\end{tabular}
\caption{Statistical History of the United States (1976)}
\end{table}

Public policy thus encouraged a credit-based pattern of housing consumption. If consumer credit became one of the engines that fueled postwar mass consumption in general, cheap mortgages fueled the suburban housing boom. The FHA guarantees allowed for the construction or purchase of homes with no or limited down-payments and extensive primary mortgages, fundamentally altering the mortgage system in the US by eliminating the split between first (up to 2/3 of the value) and second mortgages. By the early 1950s, the 30-year mortgage had become increasingly common and easily obtainable.\textsuperscript{51} While buildings and loan corporations supplied with 31.3% a large share of mortgages, their share continually diminished in favor of commercial banks and other private lenders. Unlike their German equivalents (see Bausparkassen below), American building and loan associations had to be prepared to pay out loans to consumers immediately, but the accumulated savings of members often did not suffice to cover loans.\textsuperscript{52} Since the New Deal era federal programs insured that the boom in mortgages was not hampered by a lack of capital. Federal Home Loan banks insured the liquidity of building and loan associations following the 1932 Home Loan Act. Since 1938, the

\textsuperscript{50} While especially the refinancing of low interest rate mortgages through the FNMA represented a drain on of the Federal budget during the early 1950s, loan guarantees were popular for most of the decade because they had a limited impact on the Treasury. See e.g. “Washington’s Housing Dilemma,” Business Week February 21\textsuperscript{st} 1953, p. 32 and “The Housing Fight,” Time March 2\textsuperscript{nd} 1959, p. 62.

\textsuperscript{51} The restriction placed on mortgage lenders by the Federal Reserve Board’s so-called “Regulation X” during the Korean War (see Ch. 4 above) did little to hamper the expansion of the residential mortgage market. See e.g. “Easier Mortgages,” Business Week, June 14\textsuperscript{th} 1952, p. 33 and “Reg. X Gone: Will Building Spurt?” Business Week, September 27\textsuperscript{th} 1952, pp. 102-106.

\textsuperscript{52} Commercial banks covered 20.8% of mortgages, savings banks 6.6%, life insurance companies 10.0% and other private lenders 31.3%. See Kämpe, Der Wohnungsbau, pp. 36-54.
Federal National Mortgage Association (FNMA) furthermore insured ample capital supply for mortgages in general through the secondary mortgage market.\textsuperscript{53}

While suburban single-family home construction soared, apartment construction was limited during the 1950s and mainly constricted to urban areas. Zoning regulations in many suburban communities ensured the predominance of the single-family home. Minimum plot requirements frequently helped new suburban neighborhoods to prevent high-density development and low-income housing. The construction of multi-family dwellings was also often restricted by zoning regulations. By the end of the decade William Whyte wondered whether apartment living (and urban life in general) had somehow become “un-American”. For the typical middle-class family, Whyte found, (urban) apartment living was either beyond their means or below their accepted standards of housing.\textsuperscript{54} While upscale apartment living had been quite popular and even fashionable during the 1920s, after the war middle-class consumers were presented with few incentives to choose this form of accommodation.\textsuperscript{55}

As the residential exodus from the cities became dramatically obvious by the 1960s and the split between middle-class suburban housing and low-income urban housing became ever more glaring, the federal government did show increased initiative. The housing and urban development policies of the Kennedy and Johnson administrations were part of a larger effort to revitalize American cities and to eradicate continuing inequalities in America’s affluent society. In their appeals, both administrations harkeden back to the Housing Act of 1949 and its goal of “a decent home in decent neighborhood for every American family.” Increased funding for public housing and a new rent-supplement program were designed to improve the housing of low- and middle-income families. Community development and the revitalization of existing urban neighborhoods increasingly supplanted more invasive “slum-clearance” measures with large-scale, segregated projects. The newly created Department of Housing and Urban Development was to coordinate various efforts to improve urban

\textsuperscript{54} Whyte, “Are Cities Un-American?” especially pp. 4-6.
\textsuperscript{55} The 1960s did witness something of an apartment boom with the share of multifamily housing among new units rising from 21% in 1960 to almost 50% in 1966/67. Even by the later 1960s, however, the availability of affordable apartments especially for low-income families was still limited. See “Apartments Key to Housing Boom,” \textit{NYT} October 12\textsuperscript{th} 1962. See also Uhlig, \textit{Stadterneuerung}, pp. 61 and 65.
neighborhoods while the Urban Institute was set up to further research into the problems of metropolitan development. Still, the total number of publicly funded housing units remained small. By 1968, about 680,000 publicly funded housing units existed in the United States (with another 55,000 under construction), but they accounted for less than 2% of the total housing stock in the country.

Overall, American housing policy in the postwar period provided consumers with strong incentives to choose suburban single-family homes. It encouraged mortgage-financed home ownership and the suburban home came to be seen as central to an economy driven by mass consumption. Despite increased efforts during the 1960s, urban rental apartments and publicly financed housing did not provide much of an alternative for middle-class consumers. Consumer attitudes, too, complicated the plans and hopes for urban renewal held by planners and policy-makers. As conservative writer Nathan Glazer observed in a 1965 New York Times essay, “the individual’s desire for a privately owned automobile and a privately owned house and plot is an enormously powerful fact – not only in the United States – and it plays havoc with the best laid plans. […] When [people] have choices, they create Los Angeles.” The comparative look at West Germany suggests, however, that a different emphasis in public housing policy could have provided consumers with different incentives with regard to choice of home tenure and place of residence within an affluent mass consumer society. Los Angeles, of course, was not an inevitable outcome.

Social Housing and the “Eigenheim”: West German Housing Policy (1950 – 1970s)

“To each inhabitant of the Federal Republic their own home.” This was the goal espoused by Eberhard Wildermuth, federal minister of reconstruction, at the passage of the 1950 housing act. On the surface, this sentiment recalls the American Housing Act of 1949, but the West German law was in fact a very different piece of legislation. The plan

57 Uhlig, Stadterneuerung, p. 94.
behind this act envisioned the construction of 1.8 million housing units over six years with the aid of massive federal subsidies. The act provided for direct loans and subsidies for so-called “Soziale Wohnungen” (social housing), apartments of 350-700 ft² in size that would be rented out through housing offices (Wohnungsämter). New apartments of up to 860 ft² would be supported by reduced property taxes, as long as tenants enjoyed privileged legal protection and rents were capped at DM 1.50 per square meter. Privately financed housing units that could be rented out without special restriction were to fill the remaining demand. Passed by the conservative CDU-majority in the Bundestag but supported by the SPD as “an example of Social-Democratic housing policy,” the housing act of 1950 would set the tone for housing construction in West-Germany for much of the postwar era. In contrast to the United States, postwar West Germany initially saw a broad consensus on the need for public regulation of and intervention in the housing market.

The general housing situation, to be sure, was very different in West Germany after World War II. “To each their own home” did not yet primarily mean the construction of individual family homes, but rather a massive public effort to make housing available in the face of dramatic shortages and to do so quickly – largely by means of constructing urban apartment housing. As late as 1949, war-time destruction had left numerous households without their own private accommodations as 38% of all housing units in Western Germany had been either damaged or destroyed.\(^{60}\) Into the 1960s, housing would be a commodity largely outside the market economy with controlled rents in older and most newly constructed apartments. The Wohnungsämter in charge of housing allocation during the immediate postwar years survived into the 1950s, retaining their power to put bombed-out or refugee families into homes with surplus space.\(^{61}\) Housing in postwar Germany was initially not a consumer driven market and housing policy was intimately tied to social policy.\(^{62}\)

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\(^{62}\) See e.g. Günther Schulz, *Wohnungspolitik im Sozialstaat: Deutsche und europäische Lösungen 1918-1960* (Düsseldorf: Droste Verlag, 1993) and Georg Wagner, *Sozialstaat gegen Wohnungsnot:*
To remedy housing shortages, the 1950s did witness a massive boom in housing construction. By 1957 the most immediate crisis on the housing market had been overcome. 3.8 million housing-units had been built since 1950 and ca. 25% of all West-German apartments were Neubau, e.g. had been built after the war. Of the on average 500,000 units built annually, 50-60% typically were “social housing” in accordance with the housing act of 1950. The decade also witnessed a dramatic modernization in existing housing stock. Average floor space rose from 594 ft\(^2\) in 1952 to 780 ft\(^2\) in 1961. As of 1959, 95.2% of newly constructed housing units now had a full bath. Postwar West-German consumers also saw changes and improvements in their domestic living space, but the incentives given by public policy differed significantly to those given to their American counterparts.

**The Limited Reach of the “Eigenheim” during the 1950s and ’60s**

A number of German policy makers, to be sure, touted the virtues of the detached, single-family home or Eigenheim. Especially from a comparative perspective, however, the prominent push for the Eigenheim did not translate into a dominant building pattern for postwar West Germany due to a number of factors. Hence, a discrepancy between the widespread rhetorical embrace of the Eigenheim on the one hand and the widespread construction of urban apartments on the other became characteristic for much of the 1950s. The second housing law of 1956 put a stronger emphasis on the construction of detached, single family housing by forcing states to comply with federal preferences for individual family homes. Conservatives envisioned the wide-spread construction of small houses with gardens which would allow for at least a limited degree of self-sufficiency. Initially, a clear continuity with NS-settlement policies was apparent which

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aimed to tie residents to their own land ("Scholle") in hopes to present a countervailing force to the “massification” tendencies of large cities. While notions of self-sufficiency lost in importance over the course of the 1950s, the Eigenheim now became central to notions of fighting totalitarianisms by breaking up traditional urban structures. Thus, the Eigenheim movement does also speak to a certain continuity of conservative anti-urbanist traditions in postwar West Germany which dated back to the interwar years and even before World-War I.

The promotion of the Eigenheim by conservatives was in part a direct response to the challenge to the East German competitor state which publicly touted the virtues of urban working-class apartment housing. West-German Federal President Theodor Heuss, by contrast, spoke out against high-rise apartments before the 1955 convention of the Association of German Cities and Towns. The “exponentiation of people,” Heuss felt, caused an “exponentiation of their loneliness” because “the encounter in the elevator has no community-building properties.”

Family minister Franz-Josef Würmeling, continually concerned about West Germany’s lagging population growth, viewed the Eigenheim rather than apartment housing as the ideal breeding ground for larger families and a more “healthful” family life.

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68 Speaking before a congress of German architects in East Berlin, Walther Ulbricht had proclaimed in 1952: “We are consciously rebuilding the centers of our cities first. The dissolution of cities and the construction of houses on the urban fringes means to isolate people and to hinder their development. It transforms working people into rabbit-breeders and cauliflower farmers and distracts them from political demonstrations and the fight for peace. Soviet architects, too, are not aiming at the dissolution of cities as propagated in Western countries, but instead they recognize – to cite Stalin - the city as the most economic form of settlement.” Cited in “Verkehrsprobleme: Planer werdet hart,” Der Spiegel January 2nd 1952, pp. 20-25. The East-German showcase for socialist urban planning and the rejection of Western modernism in architecture was of course the infamous Stalin-Allee with 2680 model-apartments, see: “Stalin-Allee,” Der Spiegel May 14th 1952.


70 “Familienminister: Der Wille zum Kind,” Der Spiegel November 4th 1953, pp. 5-8. Würmeling stressed the importance of population politics to ward off growing eastern European peoples threatening free Western culture. He proclaimed the need for a young and vital population “to create the strength to resettle the Ostraum again.”
Most commonly, however, homeownership was seen by many in the governing coalition of conservatives and market-liberals as a vital element in plans to stabilize West-German society by making property ownership among working-class Germans more wide-spread. In 1960, minister of housing Paul Lücke wrote: “It is the fundamental position of the federal government, that private property, especially in its original form as property in home and land, gives to the citizen a healthy sense of self and strengthens his sense of initiative and responsibility. [...] Only the broad dispersion of property guarantees over the long run free development and assures at the same time our inner defenses against the political threat posed by the collective forces of the East.”

The *Eigenheim*-policy was thus geared at bringing the values of a bourgeois middle-class to increasingly wider segments of the population (which would soon create a conflict of interest with urban planners attempting to keep the middle-class within the context of the core cities). Unlike in the United States, however, where publicly guaranteed mortgages aimed at providing access to suburban middle-class status, West-German policy once again emphasized the *bürgerlich* / genteel value of saving.

Accordingly, one of the most important features of the 1956 housing law promoting *Eigenheim* construction were public subsidies for saving for construction (*Bausparen*). While easily available and federally guaranteed mortgages promoted the construction of suburban homes in the United States, saving-plans with building and loan associations (*Bausparkassen*) were the most common way to the *Eigenheim* in West Germany. Public and private *Bausparkassen* had their roots in the interwar period and emerged as a driving force in favor of the construction of single family homes during the 1950s and ‘60s. In principle they were credit unions and members paid into a savings account so that the *Bausparkasse* after several years would pay out an affordable loan that typically functioned as a secondary mortgage necessary to fully finance the construction of a home. Unlike the United States which had moved towards a single

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mortgage system as public guarantees and ample capital supply made them more economical, German home-builders typically had to secure a primary mortgage through a specialized mortgage bank which covered up to 40% of construction costs at 8-10% annual obligation for 20-35 years. The number of savers increased dramatically over the 1950s, especially after the federal government subsidized this form of accumulation through premiums or tax deductions of up to DM 400 per year and account. By 1957, about two million Germans had Bauspar-accounts and the influx of capital allowed Bausparkassen to reduce waiting periods dramatically. Still, savers had to wait a minimum of 18 months and save 40% of the total sum before they could receive their loans. With many savers paying only the required monthly minimum and a high existing demand for loans, the actual average waiting period towards the end of the 1950s was about eight years.

Fostering the construction of homes thus overlapped with state efforts to promote saving rather than consumption. While minister of reconstruction Wildermuth touted the successes of home construction efforts in 1950 and 1951, he also expressed concern about the continued lack of available capital in the housing markets. Savings were still lagging during early years of the 1950s and bonds (Pfandbriefe), once the backbone of housing financing and a staple in the financial portfolio of most middle-class households, had lost in attractiveness after the devaluation of the currency reform. Wildermuth saw a vast untapped savings reservoir in working-class spending for alcohol, tobacco and consumer goods such as radios. The deferment of consumption, he thought, would invariably be central to financing investments in housing. Even after the mid-1950s, when scarcity of capital had ceased to be a problem on the housing market, publicly

76 “Weil kein Mensch spart,” Der Spiegel December 12th 1951, p. 14. On the scarcity of capital on the mortgage market see also: “Baufinanzierung: Die Fromme Lüge,” Der Spiegel July 8th 1953, pp. 7-8. Even advocates for larger apartment units as well occasionally emphasized the need to limit consumption in other areas to achieve this goal. Speaking before the council for consumer affairs in 1956, an architect representing the Aachen housing corporation suggested that consumers need to make trade-offs and “förgo other consumer goods (TVs, music-boxes, mopeds) or expenditures for travel and cinema in favor of a higher culture of living.” Minutes Verbraucherausschuss, Session of May 25th 1956 in Bundesarchiv (=BuArch) B 102 / 168706.
subsidized *Bausparen* continued to be major contributor to the high savings rate in postwar Germany and thus a damper on consumer spending.\textsuperscript{77}

What it took to build a single-family home in Germany and the United States was also very different. Reporting on “housing construction in the US” in the August 1960s edition of the trade journal *Der Wiederaufbau* Hans Budde noted that an astounding 60% of Americans lived in an *Eigenheim* (which accounted for about 90% of all new construction) as opposed to less than 40% of West Germans. While at 1130 ft\(^2\) much larger than their German counterparts (with an average of 700 ft\(^2\)), American homes cost relatively less. Budde cited an average cost of $16,000 (at an average annual income of $6,000) versus DM 30,000 in West Germany (at an average income of DM 7,000). Even more dramatically, Budde noted, was the facility with which American households could finance their homes. Construction could often be financed solely through one primary mortgage which would cover up to 92% of construction costs with a 20 year maturation; a mortgage, Budde stressed, that could be given with only a few screenings in as little as two days. This was unheard of in Germany where secondary mortgages were usually required and approval processes were long. Budde also pointed out what he perceived as the downsides of American housing from the German perspective. Not only did he find little in the way of social housing, he also believed that US homes were consciously designed to last only a limited time. While continuous “upgrades” in homes coinciding with a changing standard of living were amenable to a highly mobile US society, the transferability of the concept of planned obsolescence to the German housing market (where houses usually lasted about 2.5 times as long) seemed questionable to him and other German observers.\textsuperscript{78} As with other consumer goods, Germans were often eager to stress quality and durability and they quickly subscribed to arguments suggesting planned obsolescence in American products (ignoring that houses were frequently an appreciating investment for American consumer households).

\textsuperscript{77} While *Bauspar*-saving at 0.4 billion DM accounted for 8.1% of all private household savings in 1950 by 1966 this had risen to an astounding 9.36 billion DM or 23.6% of household savings. See Hans-Joachim Klein, *Wohn eigentum in der Stadtregion*, p. 120. As noted in the previous chapter, the highly lucrative saving in Bauspar-accounts did in many cases not correspond to concrete plans of actually constructing or purchasing a home.

Indeed, American models of housing received a mixed reception in Germany. After observing the continued importance of traditional brick-building methods in German construction, American James Butler, head of the ECA’s housing department, in 1951 initiated a competition among architects to design modern houses. While American construction methods were not necessarily to be duplicated, the goal was to innovate German building styles. The winning design was a small, affordable 580 ft² home with kitchen, stove and bath for DM 7,800. Subsequently ECA-settlements with a total of 3,300 housing units (supported partly through Marshall-Plan funds and exempted from some of the more stringent building regulations) were built in fifteen cities. The settlements did not turn out a huge success, however, as many residents soon complained about leaking roofs and cracking walls. By 1956, a significant portion of the ECA units had become housing for refugees and other war victims. That is not to say that there was no interest in modern building methods. Much attention during reconstruction focused for example on Swedish wood-frame houses (the adoption of which was hampered by the limited availability of wood after the war), industrially mass-produced housing and various forms of prefabricated housing.

Skepticism about non-traditional building methods was widespread, however. When Henri Nannen, editor of the popular weekly Stern, initiated an exhibition of ready-made houses (including American-style ranch-houses), the expressed purpose was to assess if these would turn out to be “real houses or merely barracks after all.” Though the exhibition was widely hailed as a success, the construction of these model homes had encountered sustained resistance by the responsible county building authority concerned about code violations. Homes built from prefabricated parts continued to have a reputation for being inferior throughout the 1960s, with the clear majority of builders

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80 “Versuchsbtauen: Mister Butlers Erbe,” Der Spiegel April 25th 1956, pp.27-29. ECA-settlements were constructed in Lübeck, Bremen, Hannover, Braunschweig, Krefeld, Aachen, Mainz, Frankfurt, Mannheim, Nürnberg, Stuttgart, Reutlingen, München, Freiburg and Kaufbeuren. Even the ECA buildings were not modeled after the suburban American Ranch-design but typically resembled row-houses.
holding traditional brick in much higher regard. Not only public offices, but the building trade as well frequently undermined trends towards a more affordable Eigenheim. To fend off the advances made by poured-concrete construction (especially with multi-storey apartment buildings), the brick-building trade organized a competition in the city of Essen to show that traditional building methods could be as quick and cheap as its modern competitors. Unlike in the United States where trade unions waned in importance in the housing industry after the late 1940s, the traditional building trade in West Germany was able to hold on to its influential role throughout the postwar decades because of code regulations requiring that many construction tasks had to be overseen by recognized master-craftsmen. Thus, despite modernization efforts, construction of single-family homes remained comparatively expensive in post-war Germany and no real counterpart emerged to the large American real-estate companies that built the suburban subdivision in the US.

Building New Neighborhoods: “Social Housing” and Urban Apartment Living

While the initial reconstruction effort had widespread political support among the major German parties, by the mid 1950s the shape of postwar housing had become ideologically charged and politically contested. The Eigenheim was the touted ideal of conservatives in the CDU-led federal government, yet urban apartment construction still remained extremely important. In 1959, for example, apartments in multi-family buildings accounted for 50% of new publicly funded housing units. Even many of those speaking for the development of the Eigenheim, such as Bremen’s mayor Wilhelm

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83 “Fertighäuser: Oben ohne,” Der Spiegel No. 45 1964, pp. 85-87. See also, Klein, Wohneigentum in der Stadtregion, pp. 192-196 who notes that about 40% of renters interested in housing property had a positive view of ready-made houses; the majority was ambivalent or had negative views frequently citing their preference for the "solid German brick house".
85 Public subsidies were contingent upon adherence to the “Verdingungsordnung für Bauleistung” which required master-craftsmen supervision in many areas of construction. See “Wohnungsbau: Es bröckelt,” Der Spiegel No. 6 1969, pp. 38-62.
86 A 1971 Business Week article looked at recent successes of ITT Levitt and other American housing companies in European markets, but cautioned against overstating the trend: “‘The Europeans have bought our appliances and cars,’ booms 63-year-old William J. Levitt ebulliently if with considerable overstatement. ‘Now they are buying an American home and garage to put them in.’” in “‘Levittown’ Spreads Across the Continent,” Business Week November 6th 1971, p. 52.
87 Statistisches Bundesamt, Statistisches Jahrbuch für die Bundesrepublik Deutschland (Wiesbaden: Kohlhammer, 1961), p. 265.
Kaisen, acknowledged that economic necessities often demanded the construction of “Kollektivblöcke” (collective housing blocks). “But even these buildings - if done properly – can be more than a mere Wohnmaschine [referring to Le Corbusier’s ideal of the modern housing machine]. There will always be those who prefer such apartments.”

As much as it was geared to Eigenheim construction, early plans for the housing law of 1956 also provided for preferential treatment of reconstruction projects in core cities devastated by war-time destruction.

Social housing had a viable lobby of its own. The Social Democrats vehemently opposed the increased Eigenheim provisions of the 1956 law, regarding them as discriminatory against rental housing. States and municipalities, many of which had social-democratic administrations, were less enthusiastic about Eigenheim development as well, because new subdivisions had high infra-structure costs and land was scarce. Many urban administrations instead wanted to build apartment complexes on bombed-out properties throughout the city which were already connected to streets, the gas- and sewage system etc. Already during the late 1950s, furthermore, urban planners voiced concern about the blurring of urban boundaries. They suggested that a change of ideals was taking place within the population with especially younger people prizing the benefits of urban living. The result of the Eigenheim-construction taken as a whole, the Spiegel cited one planner in 1958, “is a crassly misguided development from the perspective of settlement-policy, urban planning and architecture.”

Conservative federal efforts to encourage family homes thus found a strong and organized counter-force in a coalition of SPD-led state governments, municipalities and the large, non-profit building companies.

While the Eigenheim spoke to Cold War concerns about the radicalizing effects of over-crowded working-class neighborhoods, the immediate competition with the German Democratic Republic also required the West to show-case its ability to construct modern, affordable mass housing. The 1957 Interbau exhibition in Berlin was a case in point,

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90 In 1959, 75 out of 131 major cities were headed by a SPD-mayors (the CDU, by contrast, had only 26). “Wer in unseren Rathäusern regiert,” Deutsche Zeitung June 22nd 1959.
ostensibly creating a counterpoint to the East-German Stalin-Allee. Designed to
demonstrate the compatibility of construction under social housing regulations with
attractive modern architecture, several internationally renowned architects had been
invited to completely redesign an entire neighborhood, the Hansa-quarter in Berlin.92
Architects like Oscar Niemeyer, Le Corbusier, Mies van der Rohe and Walther Gropius
constructed mainly high-rise apartment buildings equipped with modern closets, electric
stoves and fridges but also community rooms and facilities. This highly publicized
Western answer to the problem of modern housing thus focused on modern urban
apartment living.

Non-profit building companies, many of which were affiliated with the labor
unions, played a central role in promoting a more urban model of modern housing. In
1953, for example, 41.9% of all housing units were constructed by such
Wohnungsgesellschaften and by 1972 14% of all housing units were owned by a non-
profit building company.93 Most notable among them was the Hamburg-based Neue
Heimat. In 1954, architect Ernst May, who had already made a name for himself
designing modern working class housing in Frankfurt as well as in the Soviet-Union
during the interwar period, became the Neue Heimat’s head of planning. May would play
a central role in the move towards designing entirely new and modern neighborhoods in
many German cities.

May’s vision for developments such as Bremen’s Neue Vahr with 10,000 units
for 30,000 residents was based on the concept of the “neighborhood” as a “basic
sociological unit” which would be organized architecturally around a school, a church
and a small shopping street with a bank, a cinema and branches of the public
administration. Such neighborhoods – similar to those envisioned but seldom realized by
American planners - would border inner-city areas and by entering into an organic
relationship with the urban core combine a sense of home (“Heimatgefühl”) with the

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92 See “Interbau: Heiliger Otto,” Der Spiegel July 31st 1957. While the modern design of apartments often
crashed with tenants’ more traditional notions of living and interior design and many of the community
rooms went unused or were under-used, the Hansa-quarter apartments were quickly rented out and were
widely hailed in the West-German press.
93 Kämpe, Der Wohnungsbau, p. 102. The percentage of units owned by Wohnungsgesellschaften
reached 27% in structures that contained 3 or more apartments. See Bundesminister für Raumordnung,
“mentality of the urban resident.” Intellectuals, May believed, put too much emphasis on the urban residents desire for individuality when most average citizens were happy to live in close-knit communities especially in an age of increasing mobility. By the same token, May criticized public subsidies for suburban construction: “We are overdoing the construction of Eigenheime; through financial incentives we are forcing countless people into single-family homes who don’t really want them.”

![Figure 5.3: Bremen, Neue Vahr, 1950s.](image)

In contrast to the United States, publicly subsidized apartment construction was not only geared at low-income groups, but at better-off working class and middle-class Germans as well. There was little direct public ownership and since large parts of the housing market were under the principles of Gemeinwirtschaft, publicly subsidized apartment housing was not as overtly and negatively seen as a form of “welfare” as in the United States. Central to May’s vision, for example, was the social mixture of residents in new neighborhoods constructed with the help of social housing subsidies. “Every neighborhood [should] mirror on a small scale the social layers of the city as a whole.”

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City planners such as Düsseldorf’s Friedrich Tamm, thought that modern rental apartments with a loggia or balcony were much more suited to needs of middle-class Germans than detached suburban homes: “Who wants to wade through the [suburban] mud in their evening robe when heading to the opera?”97 Indeed, postwar apartment developments would frequently attract young, upwardly mobile households and families with children.98

With social housing construction and widely capped rents, urban rental living had remained relatively inexpensive in postwar Germany.99 When the most immediate housing shortages had been overcome by 1957, public subsidies for housing construction came under increased attack. On the one hand, calls for the liberalization of the housing market grew louder with the ministry of economics even hoping to eventually absorb the housing ministry altogether. Minister of finance Fritz Schaeffer, on the other hand saw cuts in public spending in housing as a way to improve the budget and to put the breaks on a rapidly growing and potentially overheating economy, a concern that would resurface repeatedly throughout the 1960s.100 While housing interests ensured that construction would continue at a brisk pace – in fact work on many of the larger projects as in Bremen-Vahr was only just beginning as we move into the 1960s – the liberalization of the rental market did take shape during this decade. At the beginning of the decade, the federal government laid out its plan to end rent-freezes completely, abolish most housing offices and decrease restrictive tenant protection by 1966.101 Already by 1963, rent-control was abolished in 397 “white” counties and cities where housing shortages were deemed to be below a set maximum by federal authorities.102

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99 See Walter Fey, Die Wohngeschiehte im Rahmen des Gesamtverbrauchs (Bonn: Domus, 1954).
101 “Miet-Erhöhung: Blitz und Donner,” Der Spiegel No. 21 1960, p. 15-16. Prior to this change landlords could terminate leases typically only in court and only if “asocial behavior” on part of the tenant could be proven.
102 In 168 “black counties” (mainly in the Ruhr area, Lower-Saxony, Hamburg, Munich, Nuremberg and other bigger cities), by contrast, existing regulations remained in effect until that level was reached. See “Wohngeschäft: Ein zweites Wunder,” Der Spiegel No. 33 1963, pp. 20-27.
How wide a segment of the West German population benefited from the subsidized and regulated housing market became clear in the debates about rent increases that followed the liberalization. In a 1966 Spiegel-interview, then minister of housing Ewald Bucher found rents had been kept artificially low at only 10% of total household spending in many cases and he advocated a return to pre-war levels of roughly 20% as acceptable for an apartment that raises the social status.\textsuperscript{103} The view that rents did not reflect the overall rise in the income and standard of living became relatively widespread since the late 1950s. Even Social-Democrats noted that the postwar housing policy had paid more attention to acute need than to income in granting access to social housing and rent-controlled apartments. Now many relatively affluent tenants benefited from a system of fixed rents while low-income families often had trouble finding adequate housing.\textsuperscript{104} Speaking before the council for consumer affairs (\textit{Verbraucherausschuss}), a ministry of economics official noted the political sensitivity of housing market liberalization but concluded: “The social façade of the controlled economy partially hides crass injustices.”\textsuperscript{105} Once again, the debate reflected the relatively high number of middle-class Germans that did benefit from postwar public housing programs.

Responding to voices of protest from the opposition as well as from within the governing CDU, a public rent subsidy, \textit{Wohngeld}, was introduced to alleviate hardships for low-income families in a now more liberalized housing market. While shortages did continue to be a problem for low-income renters in many cities and some landlords initially made ample use of newfound opportunities to evict tenants, the liberalization of the housing market did not significantly detract from the attractiveness of urban renting.\textsuperscript{106} The \textit{Wohngeld}, administered by revamped housing offices, was available to relatively wide sections of the population and at least partially counterweighed potentially segregating effects of a free rental market. By 1970, roughly 4% of German households received housing subsidies averaging between DM 20,- and 100,- per month.

\textsuperscript{103} “300 Prozent Mieterhöhung sind kein Wucher,” \textit{Der Spiegel} No. 13 1966, pp. 82-85.
\textsuperscript{105} Oberregierungsrat Völker on the proposed law to abolish the controlled housing economy, minutes Verbraucherausschuss, session of April 15\textsuperscript{th} 1959 in BuArch B 102 / 168707,.
The majority of recipients were retirees, but subsidies were not limited to “the poor” as e.g. 17% of households receiving subsidies had monthly incomes above DM 800.-. 107

The promotion of housing property, which became an even more a central aim of federal policies to build household assets during the 1960s, also did not necessarily preclude urban living. To a comparatively high degree, ownership of housing included row-houses and condominiums which were more amenable to urban living. The condominium was touted to middle-class professionals as an “often overlooked” way to combine the advantages of ownership with those of urban living and transportation. 108 A 1966 ministry of housing brochure aimed to informe the public about the advantages of condominiums in “good, central locations” (i.e. in close proximity to cinemas and theatres, the town hall and the neighborhood retailer). “In the cities, scarcity of land and high property prices often preclude the construction of Eigenheime in good locations. Construction on the urban fringe is consequently on the rise, causing urban sprawl with many problems for urban planning. The condominium offers an ideal solution [...] and it can be more easily integrated into urban conceptions than a plethora of individually designed Eigenheime. 109 Row houses were similarly seen as a way of combining the advantages of the Eigenheim (e.g. in raising a family) with urban planning by offering opportunities to link residents to public utilities such as “transportation services, shopping, educational and cultural facilities.” 110 At the same time, there was a slight retreat from the policy of promoting Eigenheim-construction through Bausparen as part of anti-cyclical economic policy and because reports of widespread abuse of premium-saving became frequent. 111 After some restrictions on public subsidies were introduced,

107 First introduced in 1963, housing subsidies were further extended by the first and second Wohngeld-Acts of 1965 and 1970. See Bundesminister für Raumordnung, Das Wohnen in der Bundesrepublik, pp. 106-121.
110 Ferdinand Sandgänger, “Das Reihenhaus ist keine Notlösung,” in Wie Wohnen Wir Morgen?, pp. 33-35. Sandgänger noted that while the rowhouse had a somewhat negative image among the general population (it was seen as monotonous) over 75% living in one liked their accomodation.
GdF Wüstenrot, a leading savings and loan association, announced in 1968 that the number of new contracts was stagnant for the first time since World War II.\(^{112}\)

Though public expenditures for housing decreased during the 1960s, some of the most ambitious publicly supported housing projects only began to take off and they were predominantly focused on rental housing.\(^{113}\) When minister of housing Lauritz Lauritzen (the first Social-Democrat to hold this office) presented the results of a recent housing census in 1968, he found that quality had now replaced quantity of housing as the most urgent problem. Setting his sights onto the 1970s, he saw a need to continue constructing modern apartments so long as TVs outnumbered bathtubs and many apartments still had coal heating or lacked WCs. Albert Vietor, head of the Neue Heimat, seconded this assessment and estimated an annual demand of 450,000 new apartments per year.\(^{114}\) By the late 1960s, however, the mass construction of apartment housing as envisioned by Lauritzen and Vietor had come under increasing attack not only by conservative Eigenheim-proponents, but also by a number of urban planners who had developed rather different notions about urban quality of life which will be discussed below.

As much as liberalization and the construction of individual family homes permeated the rhetoric of the 1950s and 1960s, there was little doubt that public intervention in housing and urban planning would continue to play an important and legitimate role in Western Germany. Even a hardened conservative proponents of the individual family home as Paul Lücke stressed the importance of the social housing programs. He chided Liberalism for having cut all ties between the individual and the state and regarded urban planning as an important component of social policy in pursuit of a “well ordered and organized society” without “massification”.\(^{115}\) Social democrats like Julius Brecht, on the other hand, emphasized the need to make an improved standard of living and quality of life accessible to all through urban planning and public action


\(^{113}\) In so-called model-developments (Demonstrativbauvorhaben) a total of 119,342 units constructed directly through federal funds up to 1967. 78.7\% of these units were rental apartments, 5.4 \% condominiums and only 15.9\% single family homes). See Bundesministerium für Wohnungsbau und Städtebau (ed.), Wohnungsbau und Stadtentwicklung: Demonstrativbauvorhaben des Bundesministeriums für Wohnungsbau und Stadtentwicklung (München: Fackler, 1968).


within the frame-work of the social market economy: “The most basic justification for public intervention, in my view, is the right of all people to be able to attain a good and cultural-civilizationally acceptable level of housing consumption (‘Wohnkonsum’) commensurate with the affluent state of our economy.” The ruthless pursuit of individual interests in housing construction in the era of liberalism prior to 1910, Brecht asserted, was responsible for the lack of playgrounds, recreational areas commercial and cultural facilities in many urban neighborhoods. This emphasis on public goods increasingly marked particularly social-democratic visions of urban living by the 1960s and stood in conscious contrast to the market-driven model of suburban housing in the United States.

By 1975 urban housing and renting were still pre-dominant in West Germany. Looking back on 25 years of postwar housing policy, a survey by the federal ministry of housing accounted for 14.1 million housing units constructed between 1948 and 1974 (= 56% of all housing stock), 6.1 million of which had received some form of public subsidy. Especially between 1949 and 1960, new construction activity was highest in larger cities, only thereafter did the emphasis shift somewhat in favor of smaller (in part suburban) communities. Still, most households lived within the network of urban infrastructures: 82% percent lived within close proximity to public transportation, 88% could satisfy their daily shopping needs within walking distance and 44% lived close to urban cultural facilities. While several million Eigenheime were built between 1950 and the early 1970s, only 36% of all housing units were owner-occupied by 1972 and renting remained comparatively cheap with 50% of all tenant-households spending less than 15% of their household income in rent (even among relatively low-income working class households). More importantly, of those households that were planning to change their living arrangements within the next 5-6 years, 67% were intending to continue to rent and of the 27% that were planning to move into owner-occupied housing, a sizeable number (16%) planned to move into a condominium. Thus it appears that not only public housing policy, but consumer preferences as well influenced differences in the post-war pattern of housing consumption.

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Renters and Owners – City and Suburbia: Consumer Preferences and Housing Choice

Much more than in West Germany, homeownership was a central pillar of the postwar consumer imagination in the United States. Comparing consumer tenure choices in America and West Germany as late as the 1980s, economist Axel Börsch-Supan found: “Americans have a strong preference for large single-family homes […]. For the most part, West Germans do not share this dream, they prefer owning to renting, but they consider large rental units as well.”118 Next to public policy, differences in taste and consumer preferences thus were another important factor driving the development of metropolitan consumption in Germany and the United States. While the suburban home became a defining feature of broad middle-class consumption in the United States, many middle-class West Germans continued to feel comfortable renting.

Attitudes Towards Ownership and Renting: the Home as a Consumer Good

Economic differences, to be sure, played a significant role particularly during the immediate postwar years. With dramatically lower median incomes, home ownership in the city or the suburb seemed an unlikely goal to attain for most German consumers after the war while it became increasingly attainable for their American counterparts. While both German and American consumers did share a common interest in finding more modern accommodations with more floor space, housing standards differed significantly between the two countries.119 Whereas running water was found in virtually all housing units in both countries by the late 1960s, only 51.9% of German homes had full baths as compared to 88.1% in the US. Space also remained more important to American consumers, as indicated by the fact that only 51.9% of German homes had full baths as compared to 88.1% in the US.

consumers. By 1966, American homes had 4.9 rooms per unit and 0.7 persons per room as compared to 4.1 rooms and 0.9 persons in West Germany.\textsuperscript{120}

In the United States, homeownership became increasingly important as a marker of middle-class respectability and was very much the expectation among American consumers after World War II. A 1945 \textit{Saturday Evening Post} survey found that only 14\% of Americans would be satisfied to live in an apartment or a “used house.”\textsuperscript{121} With a hint of surprise, Otto Kämpe, a German housing expert studying the United States during the early 1950s further noted: “It is currently regarded as almost prestigious to be a suburbanite.”\textsuperscript{122} Indeed, a 1966 Survey Research Center study found that 85\% of American families preferred to live in single-family homes situated well out from the centers of metropolitan development. Ample interior space was cited as particularly important by respondents.\textsuperscript{123} As the work of historian Becky Nicolaides on the Los Angeles suburb of South Gate has shown, homeownership prompted many working-class Americans since the 1930s to increasingly identify themselves as “middle-class.”\textsuperscript{124} For many new home-owners, however, this would remain a credit-financed and precarious social-status throughout the postwar decades.

Suburban houses, like other consumer goods during the 1950s, became subject to style changes and fashion trends. Defying the image of identical “cracker-boxes,” new developments featured a variety of styles from “Cape-Cods” and Ranch-style homes to split-levels. Consumers sought distinguishing features and novelties or expanded their homes according to their own needs and reflecting their life-styles.\textsuperscript{125} More than their German counterparts, American home-owners in the postwar era were ready to trade-in their homes or “upgrade” their housing situation by moving to a different house or neighborhood. In many ways, the novelty-oriented outlook of American “value-shoppers” discussed in Chapter 3 was reflected in attitudes towards home-ownership. As

\begin{itemize}
  \item \textsuperscript{120} Uhlig, \textit{Stadterneuerung}, p. 68. Wolfgang König, \textit{Die Geschichte der Konsumgesellschaft} (Stuttgart: Franz Steiner, 2000) gives a good overview of continuing differences in housing standards between West Germany and the United States after World War II.
  \item \textsuperscript{121} Baxandall / Ewen, \textit{Picture Windows}, p. 87.
  \item \textsuperscript{122} Kämpe, \textit{Der Wohnungsbau}, p. 16.
  \item \textsuperscript{123} “Top Family Goal is Living Space,” \textit{NYT} June 5\textsuperscript{th} 1966.
  \item \textsuperscript{124} Nicolaides, \textit{My Blue Heaven}.
  \item \textsuperscript{125} See e.g. Thomas Hine, \textit{Populuxe} (New York: Knopf, 1986), Ch. 3, and Kelley, \textit{Expanding the American Dream}.
\end{itemize}
with other consumer goods, homes allowed for differentiation on a “sliding scale” in a broader middle-market. How powerful the ideal of home-ownership was in the United States is attested to by the spread of trailer-parks after the war. The trailer (even though it never fully attained middle-class respectability) emerged as a “transitional institutions” at the lower end of the American consumer middle-market and offering working class consumers a promise of social mobility and an affordable alternative to rental-apartments.¹²⁶

German consumers, by contrast, were more likely to “upgrade” their housing situation by moving to a different or larger apartment. As the look at Bausparen and the Eigenheim has already suggested, home ownership was an important ideal for many in postwar West Germany as well. However, its scope was limited by a rather different view of renting and by differences in the role the Eigenheim served in the consumer imagination. Americans, German observers like Kämpe claimed, consciously calculated the depreciation of their homes and generally treated them more like cars and other consumer goods (disregarding the investment-value they had). German home-buyers on the other hand were more likely to expect a steady value for an asset which they would pass on to their children as inheritance. Consequently, even more well-off American consumers, Kämpe noted, were contend to buy houses “off the rack” (“Häuser von der Stange”), while German houses of the same kind would be individually designed by architects.¹²⁷ In part these differences in attitude were due to a more limited sense of geographic mobility among postwar Germans who were reluctant, surveys showed, to move into different neighborhoods leave alone different cities.¹²⁸ More importantly, they reflected the bürgerlich / genteel consumer ethos predominant among middle-class Germans. Many would rather rent than buy a house (let alone a trailer) that did not live up to accepted notions of quality and durability. The notion that the proper way to home-ownership was long-term saving rather than instant mortgage credit was similarly reflective of this.

The importance that German consumers attached to the durability of their homes applied to interior furnishing as well. As late as the early 1960s, a majority of German consumers surveyed felt that one should grow old with one’s furniture rather than refurnish every 20 years. If faced with money shortages, most respondents suggested that one should furnish only one room and wait to finish other rooms rather than spreading the budget (presumably by buying lower quality furniture) or to buy on credit. While suburban home-ownership in the United States was an engine for the consumer-goods industry in general, postwar German home-owners ironically were frequently seen as less consumerist than the population in general. A 1955 Allensbach study conducted for the federal government found (particularly working class) renters to be more consumption-oriented while home-ownership was found to boost inclinations to save. The connection between suburban homeownership and a middle-class consumer lifestyle so central to the United States was much less overt in West Germany, particularly during the 1950s.

Renting and apartment housing were very much compatible with common notions of a middle-class life-style in post-war Germany. Renting was acceptable especially for young, upwardly mobile couples. Middle-class apartment dwellers could look back on a long tradition of urban renting which had a “relatively good image.” To be sure, when asked for their overall housing preference in 1955 a sizeable majority of German households (76%) chose a single family residence and only 24% indicated a preference for multi-family dwellings. Housing preferences were slightly more complex than these numbers suggest, however. For one, only 46% indicated a preference for detached single-family houses with others presumably favoring urban row-houses and similar arrangements. Also, asked for their personal aims more concretely, only 54% indicated they would consider ownership while 45% stated that they planned to rent – even if their future household incomes would be slightly better. Furthermore, as incomes rose and the standards of apartment housing improved over the following decades, preferences

129 Ibid, pp. 41-54 and tables pp. 101, 111-112.
changed in unexpected ways. By 1974 the number of Germans indicating an overall preference for single-family housing declined to 72%, the number favoring detached housing sank to 40%. By 1970 nearly 10% of Germans stated their over-all housing preference was high-rise apartment housing.  

Surveys of tenants in postwar West German housing developments usually showed a relatively high level of consumer satisfaction. A 1954 Allensbach survey for the federal housing ministry among Germans found 66% contend with their housing situation without plans to move. Of those who were planning to move, the vast majority was aiming at a (mostly larger) rental unit, only a third was planning to move into an Eigenheim. The modern standards found in postwar developments were attractive to many German consumers. A 1960s survey of urban residential neighborhoods found those living in post-war housing neighborhoods (with an ownership rate of only 21%) to be most contended (70.8%), especially if compared to neighborhoods with rental housing from earlier decades. While it became a commonplace in 1960s debates about urban planning in Germany to critique the monotony and grayness of postwar apartment buildings, many residents were at least initially mindful of their advantages as well. Residents of new high-rise developments regardless of their varied social backgrounds frequently praised the modern amenities and the anonymity these afforded and vastly preferred them to older apartment buildings with smaller numbers of residents. Many apartment tenants and condominium owners also expressed a higher degree of satisfaction with the lay-out of their residences while occupants of single family dwellings would complain about stairs making house-work more arduous and the lack of

132 Wolfgang Glatzer, Wohnungsversorgung im Wohlfahrtsstaat: objektive und subjektive Indikatoren zur Wohlfahrtsentwicklung in der Bundesrepublik Deutschland (Frankfurt: Campus, 1980), pp. 158 and 255.
133 This is not to say that problems did not exist. Especially by the late 1960s complaints about architectural monotony of newly-created satellite developments abounded. Residents complained about anonymity and the lack of amenities from pharmacies and restaurants to public pools, traffic-connections and post offices. See e.g. “Trabanten-Städte: Kaum Kontakt,” Der Spiegel No. 42 1968, pp. 203-205 on a databank compiled by the Nuremberg Städtebau institute collecting resident-feedback on 96 federal demonstration projects. For the federal demonstration projects see: Bundesministerium für Wohnungswesen (ed.), Wohnungsbau und Stadtentwicklung.
135 Dittrich, Neue Siedlungen, p. 86.
privacy due to more open views for the neighbors.\textsuperscript{137} To sum up, West German views on apartment living were very different from an American society in which William Whyte discussed apartments as “un-American” as seen above.

Overall, German consumers (renters and owners) were actually slightly more content with their housing than their American counterparts. Since the late 1950s, contentedness hovered around 80% of German respondents (who largely lived in urban apartments) while the rate fluctuated between 75% and 80% in the United States – for white Americans that is, many of which had left the inner-city behind to become suburban home-owners. African Americans, many of whom lived as renters within or near the urban core, on the other hand showed extreme discontent with their housing situation. Only 54% of them indicated some level of contentedness in 1963, a share that would further drop to 46% in 1971.\textsuperscript{138} The American numbers reflect differences in the form of tenure as well as in the location of residential neighborhoods. Seen side-by-side with the German numbers, however, they suggest that ownership and suburban living were not universally a precondition for housing satisfaction as many proponents of suburban housing were inclined to argue during the postwar decades. Left to their own devices, many post-war West Germans apparently did not necessarily want to “[re-]create Los Angeles” as Nathan Glazer had argued (see above).

\textit{Location, Location, Location: Urban and Suburban Consumer Preferences}

The choice of neighborhood was not as central to consumers in West Germany as it became in the United States after the postwar decades. An early 1970s study of neighborhood satisfaction in the United States indicated that neighborhood satisfaction depended primarily on factors such as the upkeep of housing structures, safety, and most significantly on the neighbors. The social and racial composition of neighborhoods emerged as the strongest predictor of how residents rated their neighborhood with residents showing a high level of awareness and agreement as to how their neighborhood


\textsuperscript{138} Glatzer, \textit{Wohnungsversorgung}, pp. 188-89 and 275.
was composed especially with regard to race.\textsuperscript{139} While federal housing policy, real estate practices and biased local zoning contributed to residential segregation in the United States as noted above, consumer preferences further contributed to this process. Consumer attitudes to this effect were certainly fueled in part by genuine racial biases. In part however, they reflected more “pragmatic” concerns - though still based on racist premises - about changes in property values feared to decline with the in-migration of minorities. This came to be seen by many new suburbanites as a threat to the precarious claim to a middle-class life many suburban families had just recently attained.\textsuperscript{140}

By contrast, race was a negligible factor with regard to consumer housing choices in postwar West Germany with few ethnic or racial minorities to speak of during the 1950s and ‘60s. Furthermore, most urban neighborhoods and even those post-war developments that featured predominantly apartment housing retained a relatively mixed social composition. While class impacted residential structure, an early 1970s survey of 18 predominately rental neighborhoods in six German cities found some variances with regard to income and occupation. The more modern and recent in construction the neighborhood was, the higher was the average income of residents and the higher the percentage of white-collar employees. No matter when the neighborhoods were built, however, at least 12% of residents belonged on average to the highest and lowest income brackets respectively.\textsuperscript{141} To be sure, among home-owners in Germany class differences still prevailed into the 1970s and professionals, the self-employed or white collar employees were significantly overrepresented while working class households were clearly underrepresented.\textsuperscript{142} This mirrored the generally more class differentiated consumption patterns in postwar West Germany discussed in Chapter 3. However, this was not reflected as strongly in neighborhood composition as in many American cities, partly because many middle-class households still chose apartment living.\textsuperscript{143} Frequently

\textsuperscript{140} See Nicolaides, \textit{My Blue Heaven}.
\textsuperscript{141} Dittrich, \textit{Neue Siedlungen}, p. 56.
\textsuperscript{143} A 1961 Allensbach survey of a new model high rise in the city of Ludwigshafen found the (predominantly young and married) resident population composed of 24% workers, 62% salaried employees, 4% public employees and 10% professionals. According to their self-evaluation, 54% viewed
it was actually working-class Germans who held the detached single-family home in highest regard, while those with higher income and level of education indicated preferences for more urban forms of home-ownership such as the condominium or the duplex.\textsuperscript{144}

This contrast in neighborhood composition in both countries affected consumer attitudes towards the metropolitan community as a whole. While during the interwar years general cultural attitudes were more decidedly anti-urban in Germany than in the United States (where urban luxury apartments were actually booming in the 1920s), this balance appears to have shifted after World War II.\textsuperscript{145} American consumers in the postwar decades showed a considerable aversion towards urban life. A 1971 national survey concerning residential choices by U.S. Commission on Population Growth and the American Future found that while 69\% of Americans lived in urban areas (including inner-cities and suburbs), 53\% indicated a preference for life in rural or small-town communities. Only 13\% indicated that large urban areas would be their preferred choice of residence.\textsuperscript{146} In contrast to continental Europe, the flight from the city to the suburbs has had a strong tradition among middle- and upper-class Americans since the 19\textsuperscript{th} century, especially, as historian Kenneth Jackson has argued, since racial and ethnic diversity became more pronounced with the New Immigration of the late 19\textsuperscript{th} century and the African-American migration to urban centers during the 20\textsuperscript{th} century.\textsuperscript{147} During the postwar decades, the middle-class move to the suburbs took on a new dimension as growing affluence opened the option for suburban living to more and more consumers.

West Germans consumers held the city and urban living in higher regard. Asked for their preferred place of residence in 1971, 50\% did indicate they would prefer to live themselves as “upper middle class”, another 30\% as “broad middle class.” See "Das Wohnen im Hochhaus: Umfrage unter Miern in zwei BASF-Bauten" (1961) in BuArch ZSG 132 / 2863.

\textsuperscript{144} Klein, \textit{Wohneigentum in der Stadtregion}, pp. 180-183.
\textsuperscript{145} See Andrew Lees, \textit{Cities Perceived: Urban Society in European and American Thought, 1820-1940} (Manchester: Manchester U Press, 1985), pp. 269-304. Lees looks predominately at the intellectual perception of urban life, however, and less at popular attitudes which would guide residential preferences as well.
\textsuperscript{146} Niles Hansen, \textit{The Challenge of Urban Growth: The Basic Economics of City Size and Structure} (Lexington: Lexington Books, 1975), pp. 19-23. Again racial differences figured strongly, among African Americans the preference for large urban areas was at 33\% notably higher.
in a “green” suburb, a small town or a rural community. A substantial 48%, however, expressed their preference for some form of urban living. About 10% wanted to live directly within an urban center and a majority of respondents wanted to live in somewhat less densely built neighborhoods on the fringe of a larger city. Roughly 80% of respondents thought that a doctor and a pharmacy should equally be within walking distance of their ideal home as a bus or trolley stop.¹⁴⁸ A 1975 federal study on postwar housing developments found that “it has become an increasingly commonplace realization [among residents surveyed] that the ‘quality of housing’ is determined by several environmental factors”: 82% of households were in close proximity to public transportation stops, 88% to daily shopping needs and 44% to cultural facilities.¹⁴⁹ To many Germans, then, the ideal neighborhood was more densely built and more urban than the typical suburban subdivisions booming in the US.

For many postwar American consumers suburban home-ownership was an obvious choice. Public subsidies and cheap mortgages had made it affordable and urban apartment living, built mainly as low-income public housing, presented not much of an alternative. This was particularly true for the comparatively much greater number of young families in the US following the “baby-boom” of the 1950s.¹⁵⁰ For the geographically mobile Americans, homes increasingly became consumer goods that could be purchased, upgraded and sold and suburban home-ownership became a central tenet in the “standard package” of goods that defined a middle-class life-style. Weary of urban life, many Americans sprang at the opportunity to leave the inner-city behind. Germans on the other hand portrayed a greater ambiguity towards urban residence. While the detached family home, the Eigenheim, featured prominently in the postwar German consumer imagination as well, the choice to leave urban neighborhoods behind seemed less clear-cut during the 1950s and 60s. Home-ownership was less intimately tied than in the US to a consumerist life-style and conservative preferences with regard to housing style and durability made home-ownership a more substantial investment for many

¹⁴⁸ Glatzer, Wohnungsversorgung, pp. 256-257.
¹⁴⁹ Bundesministerium für Raumordnung, Das Wohnen in der Bundesrepublik, pp. 60-61.
¹⁵⁰ While the “baby-boom” peaked in the US in 1957 in terms of birth-rates, this did not happen until 1964 in West-Germany. Not only did US society have a greater share of young families, demographically was generally older as well. This did certainly contribute to the greater mobility of US households and differences in housing consumption with regard e.g. to space.
German households. To many middle-class consumers, modern rental housing built after the war presented an acceptable alternative in cities that were less clearly marked by social segregation. From the German perspective, furthermore, suburban living seemed to have - despite the “green” and the gardens it offered - more severe disadvantages in the quality of life it offered with regard to access to urban and public services.

In a 1971 *US News & World Report* interview, George Sternlieb, director of Rutger’s Center for Policy Research, predicted a bleak future for American cities which were undergoing a “crisis of function”: city living, Sternlieb found, had priced itself out of the market and “the level of amenities [e.g. schools, medical service] that the city once could offer just isn’t there anymore.” While the cost of keeping up inner-cities might be acceptable to Europeans, they are not compatible with American standards of acceptable housing. Even the “slum kid” in a good public housing apartment, according to Sternlieb, sees the suburban house with two-car garage as embodiment of the “good life. [...]

Anything less than that is simply not regarded as a good life.”

**Cars or Trolleys? Private and Public Transportation**

The role of public services and the relative impact they had on postwar metropolitan development in Germany and the United States are often overlooked in analyzing postwar consumer choices. One public good of particular importance for metropolitan development during the era of mass consumption was public transportation. Urban mass transportation offered an alternative to the private automobile and was strongly interrelated with choices regarding housing and residence – however, more so in West Germany than in the United States. While the rise of the automobile has been central to much of the historiography of twentieth-century mass consumption, the concurrent travails of public modes of transportation have received much less attention by consumer historians. Looking at how public transportation fared with regard to public policy and consumer acceptance in both postwar societies not only gives us a more complex understanding of the role of public goods in two different consumer societies but also helps to further explain differences in housing choices and residential patterns discussed above.

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During the postwar decades, urban mass transportation witnessed a dramatic decline in the United States with severe consequences for the relative importance of downtown centers and attractiveness of inner-city areas as residential and consumer space. While American planners and policy-makers were slow to react to this shift, West Germany witnessed a substantially different development. Here, too, the automobile was on the rise, but public demand for and commitment to mass transit remained strong enough to preserve a viable alternative to the automobile for middle class consumers. In part this has been explained by structural economic differences between the countries which historically saw German coal and heavy industry interests supporting subsidized railroads and in opposition to the mass production of consumer goods (i.e. automobiles) in a high wage economy on the one hand and the ascendancy of the automobile sector and related industries in the American economy with their pronounced mass market strategies. Beyond this structural narrative, however, concrete policy decisions, consumer attitudes and historical contingencies have to be taken into account to explain the growing divergence between 1950 and 1970.

The Decline of Metropolitan Mass Transit in Postwar United States

In the United States automobile ownership had become a mass phenomenon by the 1950s, and it was - like homeownership – central to a middle-class lifestyle. Affordable car loans and a burgeoning used-car market had brought the automobile within reach of the vast majority of American families. Annual model changes with a plethora of style and color variations as well as differentiated model-lines enhanced the automobile’s role as a marker of status and fashion and encouraged a high frequency of purchases. By the 1960s, the second car even became a common phenomenon in many

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households. In 1965 the US counted 75.2 million automobiles (one for every 2.6 Americans), and while 21.3% of families remained without a car, a stunning 24.3% of families owned two or more.\(^{155}\) The effects on metropolitan areas were dramatic: between 1948 and 1959 the number of automobiles grew by 64.6% in Portland, Oregon, by 84.6% in the Boston area, by 151.4% in Dallas and by 199.7% in Toledo.\(^{156}\) Automobility thus shaped postwar consumption patterns and the lay-out of American cities after the war.

American public policy by and large encouraged automobile usage and thus individualized modes of transportation. The automobile industry was vital for US economic growth during the 1950s.\(^{157}\) Urban expressways sprouted across the nation’s cities making suburbia accessible to urban core and vice versa.\(^{158}\) The Federal Highway Aid Act of 1956 which secured funds for the National System of Interstate and Defense Highways, was certainly the most prominent and expansive step in a national transportation policy that favored the automobile. By the mid-1960s, a Department of Transportation report found that 91% of all American passenger transport would be conveyed by roads by the end of the decade.\(^{159}\)

Public transportation on the other hand faced a serious challenge by the emerging car culture. To be sure, this was not merely a post-war phenomenon. Public transport systems had played a vital role in the growth of American cities since the 19\(^{th}\) century allowing for urban concentration as well as for the construction of early railroad and trolley suburbs.\(^{160}\) Since the 1920s, however, mass transportation systems across the United States had begun to face decline and a once vast network of interurban railways had nearly disappeared by the end of the Depression. The spread of automobile usage and


\(^{157}\) In his confirmation hearing upon his nomination as Secretary of Defense before the Senate Armed Services Committee on January 18\(^{th}\) 1953 former General Motors president Charles Wilson famously stated “[…] for years I thought what was good for the country was good for General Motors and vice versa.”


the advent of the motor bus made traditional rail-based mass transportation systems increasingly less economical.\textsuperscript{161} Still, the decline of urban rail systems during the interwar period was not inevitable but rather the consequence of public choices, as historian Paul Barrett has shown taking Chicago as an example. The notion that mass transit ridership must pay for itself became increasingly wide-spread and cities were reluctant to institute operating subsidies. Private mass transportation companies’ prevailing negative public image as profitable and expanding giants diminished their ability to muster public support.\textsuperscript{162}

Though public transportation ridership rebounded somewhat during the war years mainly due to fuel rationing, the 1950s and ‘60s became the era of most dramatic decline. By 1964, urban mass transit use had dropped to roughly 50\% of its previous peacetime high.\textsuperscript{163} Between 1950 and 1970, the number of revenue passengers carried declined from 4,903 million to 1,746 million for rail services, from 1,261 to 128 million for trolley buses and from 7,681 to 4,058 million for motorbuses.\textsuperscript{164} Of course, the decline of mass transit did not go unnoticed by transportation experts. Already in 1952, Carl Chatters of the American Municipal Association had suggested that “mass public transportation in large cities may be on the way out.”\textsuperscript{165} For most of the 1950s, however, such warnings were of little consequence.

Not all systems were affected equally strong by the decline. While trolley lines virtually disappeared after World War II in all but a few American cities, subways and rapid transit as well as buses fared slightly better (see table). Whatever expansions on mass transit systems were undertaken during the 1950s and ‘60s focused on the expansion of rapid rail services to suburban areas (as e.g. in San Francisco, Washington,

\textsuperscript{161} Cliff Slater, “General Motors and the Demise of Streetcars,” in \textit{Transportation Quarterly} 51 (1997), pp. 44-45. Slater argues against the notion that General Motors “conspired” to eliminate street-rail systems, suggesting that market forces and technology change had made trolleys outmoded by the 1950s.


\textsuperscript{165} “City Transit Seen Curbed by Costs,” \textit{NYT} September 12\textsuperscript{th} 1952. See also “Saving Public Transit,” \textit{NYT} March 24\textsuperscript{th} 1955 and “Transit Experts Discuss ‘Crisis’,” \textit{NYT} June 23\textsuperscript{rd} 1955.
Baltimore, Atlanta or Seattle) or the use of express buses (as the “free-way flyer” service in Milwaukee). The overall density of transportation networks, however, usually declined and new suburban neighborhoods frequently lacked public transportation altogether.\textsuperscript{166}

| 5.3 Passengers US Public Transportation (in million) |
|---------------------------------|-------|-------|-------|
|                                 | 1935  | 1955  | 1965  |
| Subway / Rap. Trans.           | 2.25  | 2.11  | 1.68  |
| Trolley                        | 5.15  | 2.79  | 0.20  |
| Trolley Bus                    | 0.08  | 1.26  | 0.18  |
| Bus                            | 2.30  | 7.68  | 4.73  |
| Total                          | 9.78  | 13.82 | 6.80  |

Source: Huber / Rotschuh (1970), p. 18

Overall, the role played by mass transport systems within urban transportation changed dramatically. In Chicago public transportation’s share of all trips made declined from 24.3% in 1956 to 9.2% in 1970. Trips to the downtown (the total number of which severely declined over the postwar decades) continued to be frequently made by mass transit (from 54.9% to 51.8%) and public transportation played some role in commutes to work (32.7% to 18.1%). For all non-work related trips, however, such as for shopping, entertainment and leisure purposes, public transportation nearly ceased to be of relevance (from 22.2% to 7.5%).\textsuperscript{167} Thus, to Americans as consumers, mass transit no longer seemed to be a viable mode of transportation.\textsuperscript{168}

The travails of public transportation across the United States cannot be understood outside the context of metropolitan development and suburbanization. A 1970 report by German transportation experts visiting the United States illustrated the problem

\begin{itemize}
\item \textsuperscript{167} The numbers are roughly similar, frequently even more pronounced for other metropolitan areas across the country. In Dallas / Ft. Worth, for example, public transportation’s share declined between 1950 and 1964 (all trips: 16.7% to 3.5%; work-trips: 35.3% to 7.0%; non-work-trips: 10% to 2.8%; down-town trips 42.7% to 16.3%). See Meyer / Gomez-Ibanez, Autos, Transit and Cities, pp. 28-29.
\item \textsuperscript{168} For this assessment see e.g. John Meyer et al., The Urban Transportation Problem (Cambridge: Harvard U Press, 1965), pp. 88-99.
\end{itemize}
taking the example of Oklahoma City. In this geographically expansive metropolitan area containing roughly 600,000 inhabitants, suburban neighborhoods with single-family houses predominated. The geographic expansiveness of the city, the authors suggested, had brought public transportation virtually to a standstill. North of the inner city in which a few banks and shops still flourished, the grid of bus-routes had retracted over the past ten years from 80th to 50th Street. “If residents of outlying areas would want to use [the bus lines],” the report calculated, “they would need to walk one or two hours on foot, not to mention waiting times. […] The transit companies in Oklahoma City were privately owned until 1966. Now completely unprofitable, they have since been run by the city as a kind of charity. They are used almost entirely by the poorer parts of the population living in the inner city or adjacent areas. One can observe a relatively high number of negroes, even though only a few of them live in the state of Oklahoma.”

Clearly, suburbanization and metropolitan decentralization were driving forces in the decline of public transportation. To many contemporary observers, however, this was only one side of the issue. The decline of public transit systems in itself was seen as contributory source of suburban sprawl and private automobile ownership.

How did American consumers view public transportation during the postwar decades? Public transport systems were frequently criticized by consumers for being slow and inconvenient, problems which could be fixed by extended service. A 1958 Fortune survey among LA commuters found 66% stating that new public rapid transit systems would be the best solution to the city’s traffic problems. However, only 34% of respondents said that they would almost certainly switch to rail if the service (speed, convenience) was right, another 32% said they would consider switching to “first class” mass transit systems. An LA Times survey several years later highlighted some of the underlying discrepancies suggested already in these numbers. This time 86.8% of respondents declared the area needed a rapid transit system, but a full 50% also said that they would not use it if it was available. Apparently many American consumers thought that rapid transit systems were a good idea – for others, but not for themselves.

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169 Huber / Rothschu, Generalplanung, pp. 16-17. For another, very similar assessment by a different travel group see Rationalisierungskuratorium der deutschen Wirtschaft, Stadtautobahnen: Erfahrungen deutscher Fachleute in den USA (Wiesbaden: Bauverlag, 1961), esp. pp. 11 and 21-23.
Aside from convenience and quality of service, other considerations kept consumers from using public transportation.\textsuperscript{171}

There is some evidence to suggest that public transportation’s image suffered from the fact that it was increasingly used by people that did not own cars. Taking the bus was no longer in keeping with a respectable middle-class life-style and was increasingly reserved for those (minorities, the poor) excluded from postwar consumer affluence. “This […] effect,” economist Edgar Hoover suggested in 1965, “plus the fairly common physical deterioration of facilities and a lingering manifestation of the social status distinction that car ownership once conveyed, even produces in many people a kind of snobbery that impels them to avoid using public transportation under any circumstances.”\textsuperscript{172} Indeed, on buses and the few remaining trolley systems, lower-income households were overrepresented as travelers while those from upper-middle income brackets were significantly underrepresented according to one 1969 study.\textsuperscript{173} On subways and rapid-transit commuter systems, however, this relationship was somewhat reversed, reflecting the continued importance of these systems for high income commuters working in centers of large cities as already noted above. It can be surmised that for anything but work commutes, public transportation was disproportionately used by lower-income consumers. By the early 1970s, furthermore, mass transit was no longer an important factor in determining and evaluating their place of residence. One study ranked public transportation as lowest among ten predictors for overall community satisfaction while finding that many suburban residents interviewed did not even have public transportation in their communities.\textsuperscript{174}

Given these developments, the notion that mass transit ridership should support itself became increasingly untenable. The average operating expense per passenger rose

\textsuperscript{171} Lower fares were of limited interest as well as some studies suggested that found many commuters would not even switch if they were paid to do so. Ibid, p. 99-102.
\textsuperscript{173} It needs to be noted, however, that lower income Americans were heavily underrepresented as travelers in general regardless of mode of transportation. See Meyer / Gomez-Ibanez, \textit{Autos, Transit and Cities}, p. 250.
\textsuperscript{174} Notably, respondents living in large cities were considerably more prone to rate their public transportation systems as “very good”. Public transport was the only community service (unlike police, education etc.) that African Americans respondents rated higher than consumers in general. See Campbell et al., \textit{The Quality of American Life}, pp. 223-234.
by a whopping 323% between 1950 and 1972. The decline in passengers and the competition from urban free-ways made service even on once lucrative mass transit routes non-sustainable. Speaking before a Senate Subcommittee in 1969, Under-Secretary of Transportation James Beggs acknowledged that “public transportation […] is at a point right now where it will not sustain itself.” That year only 114 out of 1,094 urban transit systems in the US were in public ownership (mostly in larger cities). These did, however, account for 56% of vehicle miles and 67% of operating revenues. The majority of medium-sized and small cities had stock-holder owned corporations which operated almost exclusively motorbuses. During the 1950s in particular many transit operators additionally suffered from high franchise costs which had been negotiated while mass transit was still profitable and found their requests to curtail unprofitable routes frequently denied. By the end of the decade it became increasingly clear that mass transit could not survive without considerable public subsidies which would not just help with new investments but also with bearing operating deficits.

“It is abundantly clear that as consumers we choose the automobile,” transit expert Edwin Haefele stated in 1965. To him the question was “what do we chose as citizens?” During the 1950s, public policy on the federal level paid relatively little attention to the urban transport problem and was generally partial to automobile traffic. The 1958 Transportation Act gave the ICC a stronger role in overseeing passenger rail service, the only form of public transportation directly within the purview of the Federal government. As a consequence of the 1958 legislation private rail carriers were more successful in getting permission to close down unprofitable lines, which improved the

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176 See RKW, *Verkehrsingenieurprobleme*, pp. 8-11.
177 Statement James Beggs, Hearings, Senate Committee on Banking and Currency, Subcommittee on Housing and Urban Affairs, July 23 – November 18 1969 (CIS: 70 S-241-1), p.13. This brought proponents of mass transit in the uncomfortable position to fight for permanent “subsidies” while automobile interests argued that highway funding was essentially “pay as you go”. See statement of Thomas Mann, President of the Automobile Manufacturers Association), ibid, p. 388-394.
180 See e.g. Hearings, Senate Committee on Banking and Currency, Subcommittee on Housing and Urban Affairs, April 8-9 1970 (CIS: 70-S241-12).
carriers’ chances of economic survival but made the commuter problem in many American cities even more severe. Between 1958 and 1968 intercity passenger miles declined by 53% from 18.4 billion to 8.7 billion.\textsuperscript{182} When the so-called 1961 “Doyle-Report” on transportation policy spelled out the costs of “auto-dominant systems” of transportations from highway- maintenance and construction to traffic congestion suggesting that private rail transportation would eventually disappear, Federal response initially remained limited.\textsuperscript{183} Only gradually did public policy towards urban mass transportation become more concerted.

Some central cities attempted to stem the tide and the American Municipal Association emerged as a strong force in calling for public support for mass transit.\textsuperscript{184} During the 1960s, federal policy as well took note of the problem. In a 1962 address to Congress President Kennedy called for improving the competitive position of public transportation vis-à-vis private transportation: “The ways that people and goods can be moved in [large urban areas] will have a major influence on their structure, on the efficiency of their economy, and on the availability of social and cultural opportunities they can offer their citizens. Our national welfare therefore requires the provision of good urban transportation, with the properly balanced use of private vehicles and modern mass transport to help shape as well as serve urban growth.”\textsuperscript{185} After some funding for urban mass transit had already been earmarked in the 1961 Housing Act and the Federal Highway Aid Act of 1962, the 1964 Urban Mass Transportation Act gave cities needed financial incentives to improve and expand mass transportation. By 1968, the Urban Mass Transit Administration within the Department of Transportation (which itself had only been created two years earlier) was overseeing funding of various demonstration

\textsuperscript{182} Already in 1955 the Cabinet Committee on Transportation Policy had taken note of the increasing pressure on public transportation systems in a report of April 18\textsuperscript{th} 1955. The report suggested, however, to decrease regulation of the transportation sector to alleviate pressures on private carriers. See Paul Berkenkopf, \textit{Grundzüge des Verkehrswesens in den USA} (Düsseldorf: Verkehrsvorlag Fischer, 1957), pp. 56-59. See also Herman Mertins, \textit{National Transportation Policy in Transition} (Lexington: DC Heath, 1972), pp. 57-58 and Smerk, \textit{Urban Mass Transportation}, pp. 27-30.

\textsuperscript{183} National Transportation Policy, Preliminary Draft of a Report to the Senate Committee on Interstate and Foreign Commerce, 87\textsuperscript{th} Congress, 1\textsuperscript{st} Sess. (Washington: US Government Printing Office 1961).


\textsuperscript{185} John F. Kennedy, “The Transportation System of Our Nation,” Message from the President of the United States, HR Doc# 384 87\textsuperscript{th} Congress 2\textsuperscript{nd} Sess., April 5\textsuperscript{th} 1962. See also Norton, \textit{National Transportation Policy}, p. 83.
projects in urban public transportation in close cooperation with the Department for Housing and Urban Development. Still, by 1967 only 3% of Federal expenditures for urban transportation went into mass transit.

In part, federal initiatives to improve public transportation during the 1960s were due to the widespread recognition of a group of consumers referred to as the “transportation disadvantaged.” This group included those unable to drive or without access to automobiles, the poor, the elderly and the handicapped who by 1970 accounted for 45.7 million people or 23% of the population. Urban transit, stated Walter Rainville of the American Transit Association in 1965, “remains a basic necessity to the very young and very old, and those who cannot afford or do not desire to use private means of conveyance.” Furthermore, improving public transportation was seen as a way of decreasing ethnic and racial tensions in America’s urban centers. After the LA Watts riot of 1964, for example, the subsequent McCone Commission report on the origins of the riots put part of blame for the violence on insufficient public transportation which made work-commutes (and thus getting jobs) more difficult for the predominantly African-American residents of Watts.

Similar to public housing, public transportation funding in the United States was thus frequently targeted at minorities and low-income groups. Even though funding for public transportation increased considerably during the 1960s, for the majority of middle class consumers it was no longer a viable alternative to the automobile. The best hope for solving urban transportation problems, urban economist Harry Richardson concluded in 1971, was to tax inner-city motorists rather than subsidizing public transportation. In face of already declining inner-cities and limited mass transit alternatives, this was hardly a politically viable choice in the United States. Though it was often seen as a key to tackling broader urban problems, by the early 1970s improving public transportation by

186 On the creation of the DOT and the UMTA see Mertins, National Transportation Policy, pp. 77-103.
190 See Meyer / Gomez-Ibanez, Autos, Transit and Cities, p. 231.
itself did little in altering transportation choice or choice of residence for most American consumers. The role that mass transit could have played for urban development in the postwar decades, however, becomes clearer when looking at the development in West Germany.

**The Virtue of Being Late: The Relative Continuity of Mass Transportation in West Germany**

The comparative look to Germany reveals a picture with some similarities, but important differences as well. While debates about urban automobile congestion became important especially during the 1960s, cars were still far less numerous than in the United States. Many German consumers continued to rely on public transportation and even middle class Germans, despite countervailing trends, remained more committed to mass transit systems. Public policy did certainly promote automobility to a degree during the post-war decades. However, this never entailed a wholesale abandonment of traditional public support for rail transportation and West Germany’s time-lag in mass motorization helped preserve a more mixed transportation market. When the urban mass transit problem began to receive increased attention by the 1960s, German policy makers found themselves in a considerably better position than their American counterparts.

The automobile was certainly central to German economic recovery after World War II both as a symbol and as an increasingly widespread consumer good. While in 1949 there were only 7 cars to every 1,000 inhabitants in West Germany (as compared to 240 in the United States) this number had risen to 69 in 1959 and 207 in 1969. Initially, automobiles in West Germany were considered luxury goods and only higher income groups could afford their purchase and maintenance, often as a company car or other professional purposes. Motorbikes were the most common form of individualized transportation until 1959. Unlike their American counterparts, German auto-makers during the 1950s did little to encourage mass consumption through frequent model

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192 See e.g. Gregor Rinn, *Ein Volk im Rückspiegel: Das Automobil als nationals Identifikationssymbol in Deutschland zwischen 1933 und 1974* (Dissertation in progress, Humboldt Universität zu Berlin).


changes or elaborate model-lines. Most produced the same basic models for years with predominantly functional designs. Since auto-ownership was a status-marker in and of itself, there was little need for “finer distinctions.” However, a variety of miniature cars with very basic designs, seating rarely more than two passengers did provide some access to car-ownership to a broader segment of the population by the mid-1950s. Car-ownership was on the rise and by the end of the decade it was rising more rapidly than in any other Western country.195

As recent historiography has shown, German public policy during the 1950s and ‘60s was not as unequivocally pro-automobile as has often been alleged. To be sure, both minister of economics Ludwig Erhard and minister of transportation Hans-Christoph Seebohm viewed cars as an essential part of modern and stable democracies and market-economies. The automobile lobby and influential economists such as Wilhelm Röpcke promoted an ideology of “auto-individualism” which was seen as a safe-guard against the totalitarian evils of collective transportation.196 The “Kilometerpauschale,” a tax deductible mileage allowance generously set at two times 25 Pfennig, took effect in 1955 and was ostensibly aimed at making car ownership more affordable to average wage-earners. A 20% reduction of the vehicle tax that same year worked towards this goal as well. The 1960 highway construction act (Strassenbaufinanzierungsgesetz) finally earmarked a substantial portion of gasoline-tax revenues exclusively for highway construction. Between 1949 and 1966, the federal highway or Autobahn-system grew by 1379 km or 65%.197

The story was more complex, however, and 1950s transportation policies were certainly not unidirectional as historian Thomas Süßbeck and others have pointed out. Especially during the early 1950s, fiscal policy hampered a growth in automobile ownership. To finance minister Fritz Schäffer and many others in the administration, the automobile long remained a luxury good that could be heavily taxed (e.g. through gas and vehicle tax) while mass transit was regarded as the “proper” form of transportation for the

195 See Thomas Süßbeck, _Motorisierung, Verkehrsentwicklung und Verkehrspolitik in der Bundesrepublik Deutschland der 50er Jahre_ (Stuttgart: Franz Steiner, 1994), pp. 51-55. See also above, Chapter 3.
197 Klenke, _Bundesdeutsche Verkehrspolitik_, pp. 130-132 and 319-329; Bundesministerium für Verkehr, _Verkehr – Gestern, Heute, Morgen_, p. 34.
majority of German commuters. Any account of postwar road construction, furthermore, needs to be balanced by a look at the continuing commitment to public modes of transportation as well. Historian Dietmar Klenke’s judgment that 1950s traffic policy actively “impoverished” public transportation in favor of individualized traffic needs to be qualified in this regard.

On the federal level, the state-owned railroad system continued to play a major role in transportation policy after World War II. The Federal Railroad Act of 1950 (Bundesbahngesetz) provided that the rail system (Bundesbahn) was to adhere to the principles of Gemeinwirtschaft, meaning it should balance social and economic considerations, a concept that in parts was also applied to the housing market. Regardless of revenue considerations, the Bundesbahn would continue to offer “social fares,” for example to students, commuting workers or members of large families (the so-called Würmeling-Pass). Political considerations influenced Bundesbahn decision making with regard to management and pricing. The parliamentary debates leading up to the act showed that even conservative politicians did not regard privatization of railways following the American model as a viable option for Germany, because free market competition would conflict with social responsibility and regional planning principles that demanded rail coverage for all areas. As railroad deficits grew over the 1950s, calls for a more economically oriented management style increased and by the early 1960s a liberalization of transportation policy did lead to the abandonment of particularly unprofitable rail-lines. Still, considerable federal investments into railroad modernization allowed for example for the electrification of 22% of the entire rail system by 1966.

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198 Fiscal authorities in the early 1950s fought the deduction of automobile commuting costs by employees as a luxury, suggesting that taking the trolley would be a more suitable means of transportation. This view was upheld by a ruling of the Bundesfinanzhof as late as 1953. See “Nehmt doch die Strassenbahn,” Der Spiegel November 11th 1953, pp. 10-11. On Schaeffer’s fiscal policy limiting automobile ownership see also “Nahezu gesättigt,” Der Spiegel September 12th 1951.

199 Klenke, Bundesdeutsche Verkehrspolitik, p. 10.

200 Ibid, pp. 33-43.


German railroad ridership in terms of passenger kilometers grew from 30,264 million in 1950 to 38,129 million in 1970.\footnote{203}

The Bundesbahn, of course, accounted only for a small part of metropolitan mass transportation. Urban public transportation systems had to recover from war-time damages, but fared relatively well throughout the 1950s and ‘60s. To be sure, the share of automobile user grew steadily. In the city of Hamburg, for example, 73 % of those commuting to work used public transportation, 19.1% a motor-bike and only 7.8% a car in 1956. By 1961, public transportation’s share had declined to 62% while that of automobiles had risen to 19%.\footnote{204} Nationally, the “modal split” between public and private transportation modes was roughly 70% to 30% in 1963 and it would not tip in favor of the automobile until the early 1970s.\footnote{205} In terms of passenger kilometers the use of subways, trolleys and buses remained largely steady.\footnote{206}

As in the United States, the number of trolleys declined during the 1950s as 22 cities gave up their trolley systems to shift to buses between 1950 and 1956 alone.\footnote{207} Not only were buses less capital intensive, they also fit the growing belief among traffic planners that road and rail systems should be separated to cut down on traffic congestion. Similarly, many German cities began to plan for subway systems or underground trolleys by the late 1950s.\footnote{208} Yet, by 1964 trolleys still managed the bulk of public transportation passengers (roughly 70%) in most cities over 300,000 inhabitants and several cities


\footnotetext{204}{Südbeck, Motorisierung, pp. 159-195.}

\footnotetext{205}{See Barbara Schmucki,“Stadt-(r)und-Fahrt gegen Verkehrseinfarkt: Motorisierung und urbaner Raum,” in Adelheid v. Saldern, Stadt und Kommunikation in Bundesrepublikanischen Umbruchszeiten (Stuttgart: Franz Steiner, 2006), pp. 329-350.}

\footnotetext{206}{Between 1958 and 1963, for example, passenger kilometers for local public transportation fell only slightly from 22.3 million to 22.0 million despite a strong increase in car ownership and use. Herbert Dix, “Stadt und Verkehr von morgen: Betrachtungen aus Anlass der Internationalen Verkehrsaustellung in München,” Der Aufbau 19 / 3 (Dez. 1965), pp. 8-9.}

\footnotetext{207}{“Die Stillegung von Strassenbahnbetrieben in der Bundesrepublik,” in Der Stadtverkehr 2 (1957), p. 270. This trend had been exspected since the early 1950s, see Heinz Otto, “Strukturwandel im westdeutschen Personenverkehr,” in Vierteljahreshefte zur Wirtschaftsforschung (1953), pp. 411-424.}

\footnotetext{208}{The trolley’s share in total public transportation declined from 58% in 1950 to 41.4% in 1960. See Südbeck, Motorisierungs, pp. 66-76, and for the development in Hamburg in particular pp. 159-195. On traffic planning in postwar Germany see also Schmucki, Der Traum vom Verkehrsfluss.}
expanded their trolley systems into newly constructed neighborhoods.\textsuperscript{209} As historian Barbara Schmucki has recently shown, the trolley remained the dominant public transportation vehicle into the 1970s and the postwar decades can even be described as the “heyday” of trolley use in West Germany.\textsuperscript{210}

Still, even before automobile usage became more widespread, a sense of crises deepened among German transportation providers and experts, particularly as they looked across the Atlantic. As much as German traffic experts looked to the US as a model of modernity during the 1950s, there was a prevailing sense that the American situation could not be transferred to European cities because the differences were so dramatic. In the US, one German observer noted, “the motorcycle plays a negligible role and the bicycle is considered a toy for kids.”\textsuperscript{211} Because of the widespread use of the automobile, American traffic engineers could afford to pay less attention to striking a balance that incorporated bike, motorbike and rail-traffic as well.\textsuperscript{212} Pointing to the decline of American core cities, transportation expert Karl Leibbrandt warned already in 1953 that the lesson from American experience was to cut back on individual transport. As to what should be given preferential treatment, Leibbrandt stated “that from technical and social considerations it can only be public transportation which is available to everybody. The question, whether this should be bus or trolley, is secondary.”\textsuperscript{213} By the mid 1960s, US transportation policy appeared as a “failure” from the perspective of many German planners: “In the US which is 25 years ahead of us in terms of motorization it was long believed [that more roads and expressways were the answer]. One did everything for the automobile and neglected space-saving public transportation in a way that is incomprehensible.”\textsuperscript{214}

Urban planners in Germany incorporated public transportation more strongly within the context of metropolitan planning. The extensiveness of US metropolitan areas

\textsuperscript{209} Lehner, \textit{Wechselbeziehungen}, p. 32.
\textsuperscript{210} In terms of absolute ridership numbers trolley use neither before nor after as high as during that time period. See Schmucki, \textit{Der Traum vom Verkehrsfluss}, pp. 53-57.
\textsuperscript{211} Berkenkopf, \textit{Grundzüge}, pp. 3-5.
\textsuperscript{214} Lehner, \textit{Wechselbeziehungen}, p. 22.
and the low density of new suburbs often lacking centers were debated as a problem for public transport: “It is nearly impossible to think of connecting such areas to core cities by rail transportation. Even with buses it is difficult to establish attractive and economically sustainable transit routes.”

In West Germany, by contrast, the typical new neighborhood development was so designed that much shopping could be done by foot and it was densely enough populated that public transportation could be employed efficiently for trips to the city center. Indeed most neighborhoods built during the 1950s were provided with connections to the public transportation system.

State level development plans began to call for the “vigorous expansion of public transportation” and denser settlement to sustain public transport and avoid the depopulation of core urban areas. The notion that a certain density in housing was necessary to allow for public transportation and an urban quality of life had become widespread by the early 1970s: “A renewed concentration in housing appears to be unavoidable to meet growing demands for service and supply in a rational manner. Among the necessary services affordable and fast traffic connections figure prominently. A very close coordination between housing and public transportation planning thus poses itself as a […] challenge.”

Partially spurred by American developments, efforts abounded in 1960s West Germany to ensure the urban mass transit would remain an important alternative to the automobile. Public transit companies had been financially burdened by the cost of reconstruction after the war and like their American counterparts, they too were often

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215 RKW, Verkehrsingenieurprobleme, p. 8.
217 Some of the larger developments built during the 1960s, however, initially lacked these connections and were connected to public transport only later. See Peter Hall / Carmen Hass-Clau, Can Rail Save the City? The Impacts of Rail Rapid Transit and Pedestrianization on British and German Cities (Brookfield, Vt.: Gower, 1985), pp. 21-23.
bound by franchise obligations that stemmed from the pre-war era.\footnote{221}{E. Thiemer, “Lösungsmöglichkeiten und Grenzen der öffentlichen Verkehrsbetriebe aus praktischer Sicht,” in Arbeits- und Forschungsgemeinschaft für Straßenverkehr und Verkehrssicherheit (ed.), Individualverkehr – öffentlicher Nahverkehr im Rahmen des Generalverkehrsplans (Bad Godesberg: Kirschbaumverlag, 1965), pp. 57-65.}

Municipalities generally bore deficits in operating budgets (in Cologne in 1963, e.g. the city subsidized 28.6% of the budget) and as well as investments.\footnote{222}{Hall / Hass-Clau, Can Rail Save the City?, pp. 32-34.} Before parliament in 1964, federal transportation minister Seebohm called on municipalities to expand public transportation even if that meant incurring deficits because any notion that mass transit should pay for itself was no longer realistic.\footnote{223}{Deutscher Bundestag, Verhandlungen des Deutschen Bundestages, Stenographische Protokolle, April 16\textsuperscript{th} 1964, p. 5885B.} Not only transport associations stressed the public function (”gemeinwirtschaftliche Aufgabe”) of mass transit, but politicians and commentators across the political spectrum argued for the necessity of public intervention in the transit economy to keep mass transit viable. Commenting on the need to improve public transportation services social-democratic state secretary for transportation Karl Wittrock stated in 1968: “What needs to happen here serves the common good, and thus there cannot be any hesitation.”\footnote{224}{“Notwendige Leistungssteigerung des öffentlichen Personennahverkehrs,” in Bulletin der Bundesregierung No. 101, August 20\textsuperscript{th} 1968, p. 867. See also “CDU-Verkehrsprogramm für Städte,” Frankfurter Allgemeine Zeitung (=FAZ) April 22\textsuperscript{nd} 1963; “Öffentliche Verkehrsbetriebe nahmen Bundesregierung,” Die Welt April 13\textsuperscript{th} 1966; “Plädoyer für den öffentlichen Verkehr,” FAZ May 6\textsuperscript{th} 1966; “Abbau der Schienenwege – ein schlechter Weg,” Süddeutsche Zeitung (=SZ) September 5\textsuperscript{th} 1966. See also Friedrich Lehner, “Stellungnahme zu aktuellen Grundproblemen des öffentlichen Personennahverkehrs,” in Mehr Vorrang dem öffentlichen Personennahverkehr (Bielefeld: Erich Schmidt Verlag, 1964), pp. 39-44, here p. 44.}

While the federal government had already exempted communal buses from the gasoline tax in 1960, there was little direct federal funding for urban mass transit until 1967 when part of the gasoline tax was earmarked for urban transport with 40% of those revenues destined for mass transit.\footnote{225}{Bundesanzeiger No. 93, May 20\textsuperscript{th} 1967. See also Klenke, Bundesdeutsche Verkehrspolitik, pp. 319-329 and Hall / Hass-Clau, Can Rail Save the City?, p. 23.}

A major turning point in federal policy towards local transport was a 1965 expert commission report on “The Traffic Problems of Local Authorities in the Federal Republic of Germany” which called for the expansion of public transportation and particularly of subways and rapid transit systems in larger cities.\footnote{226}{See e.g. “Mit dem Auto vom Bett ins Büro,” Der Spiegel No. 41 1964, pp. 63-70, an interview with urban planner Friedrich Tamm, the vice-president of the 23-member expert commission that compiled the report.}
Many municipalities attempted to improve mass transit services by pushing for the separation of road and rail, instituting separate bus lanes, offering social fares to students or senior citizens and especially by coordinating prices and networks of various public transport services within the metropolitan area (Verkehrsverbund). 227

How did German consumers view public transportation? The image of mass transit, according to many observers during the 1960s, was not tremendously good. Riders complained frequently about slow, unpunctual, unreliable and inconvenient service. 228 North Rhine-Westphalia’s minister of transportation Gerhard Kienbaum complained in 1964 that public transportation had problems to attract consumers in an affluent society in which social status (“Sozialprestige”) was connected to the automobile. People would take cars even if it was “irrational.” Kienbaum saw a need to advertise public transportation: “The speed of public transport needs to be sold to the customer as an advantage. In the long run, public relations must promote a new consumer ideology with regard to transportation which will take the automobile out of the realm of status consumption.” He suggested the slogan “the smart man – or even better the smart woman – takes the trolley again.” 229 The gender emphasis of Kienbaum’s slogan was significant in so far as policy makers were not just concerned about using mass transit for the commute to work (which in 1960s West Germany would have been heavily male dominated), but for leisure-time activities and for shopping related trips which were still predominantly done by women.

In contrast to the United States, such critical attitudes and growing automobile usage, however, did not translate into a dramatic decline in public transport ridership. This in itself suggests a significant difference in public attitudes as compared with American consumers. In 1965 between 55% and 65% of the inhabitants of larger urban areas used public transportation on a daily basis. 230 Throughout the decade more Germans would continue to use public transportation for their commute to work than

227 Hamburg was one of the first cities to institute regional cooperation (cutting across state lines) which included subway service, various bus carriers and the Bundesbahn in 1965 (Hamburger Verkehrsverbund).
228 See Thiemer, “Loslösungsmöglichkeiten.”
230 Thiemer, “Loslösungsmöglichkeiten.”
automobiles. Unlike in the United States were mass transit ceased to be of importance for consumption oriented travel, surveys of department store shoppers in West Germany showed that a majority of them came by public transportation throughout the postwar period. In part, this reflected differences in the geographical structure of shopping between German and American cities which will be the focus of the following chapter. But it also underscores the continued relevance of mass transit in various aspects of everyday life for German consumers. Similarly, greater weight that was given to public transit connections in choosing a place of residence. While most American consumers gave little consideration to public transport in assessing community satisfaction by the early 1970s, nearly 80% of Germans – as already observed in the preceding section – considered close proximity to public transport stops a necessity.

The widespread commitment to public transportation within German society became evident in the late 1960s, when mass transit emerged as one hotly contested issue in the student protest movement. Violent demonstrations erupted in the city of Hannover in 1969 when the local transit company, Uestra, announced plans to raise fares. Demonstrators organized a boycott of trolleys and instituted a car-pooling system. Participating drivers put a red dot on their vehicle to indicate their willingness to take in extra passengers. Though protests in Hannover and other cities like Heidelberg were often organized by radical student organizations who called for - among other demands – a “zero-fare” (“Nulltarif”) and complete public funding of mass transit, public opinion was frequently sympathetic to their cause. To be sure, the call for a “zero-fare” went largely unheard. Commentators and policy makers attacked the notion that there was a class divide between car and trolley users and that public transportation should be considered a free public service to the poor, by pointing out that many well-off consumers used trolleys as well. Abolishing fares, many feared, would give public

According to a 1963 DIHT study on commuters in cities over 50,000 43% used local public transportation, 25% were pedestrians, 16% used cars or motorbikes and 7% the train. Anton Kurze (Oberstadtdirektor Aachen), “Verkehrsaufgaben und Verkehrsprobleme in unseren Mittelstädten und kleineren Grosstäden,” in Mehr Vorrang dem öffentlichen Personennahverkehr, pp. 17-38, here p. 29.

In 1965, 54.5% of department store shoppers in cities over 500,000 came by public transport and by 1980 this share had actually risen to roughly 60%. Hall / Hass-Clau, Can Rail Save the City, p. 115.
transportation a junk-image.\textsuperscript{233} The protests had some tangible results, however. Across the political divide policy makers spoke out on their commitment for public transportation and in Hannover, the city bought the Uestra and soon improved service by networking metropolitan transit and instituting a single, unitary fare.\textsuperscript{234}

Perhaps more importantly, the student-led protests did sensitize a new generation of middle-class Germans to the importance of public transportation and firmly put mass transportation on the map in the growing debate on urban quality of life in an age of mass consumption. By 1972, Frankfurt mayor Rudi Arndt predicted that public transportation would have the “right of way” in the future. He regarded it as central to a reorientation of urban planning with an increased focus on human needs in an urban environment that would mix work and residence, stores, cafes, restaurants, kindergartens and schools.\textsuperscript{235}

While public transport had largely fallen out of the purview of American consumers, it remained vital to a metropolitan infrastructure of public goods that continued to inform West German consumer life.

Public and Private Goods: Middle-Class Consumers and the Metropolitan Problem

The woes of public transportation were indicative of urban public goods in general in postwar affluent societies. When Julian Orr, a city manager from Portland, Me., toured several West German cities in the summer of 1960 as part of a group of American municipal administrators, he found more similarities to the United States than he had anticipated. He did, however, notice important differences as well including the creation of large parks and open areas during postwar reconstruction, the successful installation of downtown pedestrian malls and especially sizeable budgets for cultural institutions.

“Every [German] city of any consequence has its own theatre, opera, orchestras, and

\textsuperscript{233} “If it doesn’t cost anything, it isn’t worth anything” would be the prevailing consumer attitude one commentator suggested. Jürgen Eick, “Die Null-Tarife,” FAZ July 12\textsuperscript{th} 1969. In part the issue of trolley fares was framed as part of broader fight for consumer interests with regard to public and private goods: “What happens today with regard to trolley fares could happen tomorrow to rents, broadcasting dues, train and mail tariffs, or prices for beer, meat, electricity […]. This suggest that the wide appeal of the trolley strikes was in part a reflection of a more general interest on part of German consumers in stable and accountable prices. “Solidarisierung: Mit Lustgewinn,” Der Spiegel, No. 29 1969, pp. 41-42. See also “Kostenlose Beförderung utopisch,” FAZ August 6\textsuperscript{th} 1969 and “In Hannover fährt keine Straßenbahn,” SZ June 13\textsuperscript{th} 1969.

\textsuperscript{234} “Die Utopie der ÖTV,” Die Zeit July 30\textsuperscript{th} 1971.

\textsuperscript{235} “Arndt sieht Ende des Individualverkehrs,” SZ April 7\textsuperscript{th} 1972.
other activities. Ulm, with a population of 93,000 offers a good example. A glance at the Ulm budget for cultural activity reveals some items which would not be found in a comparable American city: city theatre $664,325, […] art museum $52,175, […] preservation of old traditions $79,275 […] popular library $60,275, technical library $54,750.”

Cultural spending is just one example for differences in the infrastructure of public goods offered by German and American cities. While one should be careful not to generalize too much from casual observations as those cited above, the availability of various public goods influenced consumer choices with regard to leisure spending, transportation and ultimately housing and residence. These choices went to the heart of what Kenneth Galbraith had identified as a core dilemma of the postwar “affluent society,” a discrepancy between private wealth and public poverty. Though debates about this problem permeated the Atlantic World, from the perspective of both consumers and policy makers it took on rather different dimensions in Germany and the US.

To Galbraith the “Affluent Society” had failed in properly allocating between “the supply of privately produced goods and services and those of the state”. This distribution inequity affected a variety of urban goods in particular, from public transit to parks etc. The growth in private consumption, it seemed to observers on both sides of the Atlantic, was not met by an adequate growth in public consumption and at times even hampered the development of public goods. Galbraith’s concerns resonated especially with urban planners who were increasingly attuned to the crisis of the city brought on by changes in residential and traffic patterns. American observers commented on important divergences between their own country and Western Europe. While work, leisure and shopping became increasingly privatized in the United States, “public space [was] of course not only more abundant in Europe but also more

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utilized”. Urban public goods presented the most concrete example of broader differences in the balance between private and public consumption discussed in Chapter 2 above.

In the United States the “metropolitan problem” became a prominent feature of public and expert debate during the 1950s. A patchwork-quilt of suburban local governments and a growing divide between center-cities and their suburbs caused severe problems for effective public services and efficient land use. Having left the city behind, suburbanites frequently voted against more comprehensive forms of metropolitan government or taxes to support public infrastructure for the metropolitan area as a whole. Studying suburban newspapers as an expression of the perspective of suburban consumer-taxpayers, one sociologist found: “The suburban paper is […] parochial in its interests, reporting almost exclusively upon local happenings, translating metropolitan events into their effects on the local area […]”.

The urban-suburban split became increasingly severe in the United States as the postwar decades progressed. In part, this split was defined by race and ethnicity. Between 1960 and 1970, white residential population in inner cities declined on average by 18%, while non-white population grew by 45% at the same time. Urban scholar John Meyer speculated on the effect of race on US housing and urban development. “If there were no large minority groups in the city, it seems highly likely that the future residential pattern would be one of very high value (and probably high rise) residences close to the city center, and a gradual tapering off in values with distance from the city center, stabilizing eventually at the point where the general mass of lower-income housing begins. This neat pattern may be made impossible, however, by the entrapment of new immigrant and minority groups in areas of high residential density […] near the core.” Minority group residences, in Meyer’s view, “forced” lower-paid white collar workers “farther out than they might otherwise choose to live.” The “entrapment” of minorities in the declining urban centers increasingly corresponded to disparities in standard of living. A 1969 study

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241 Based on 25 largest SMSAs; Hansen, The Challenge of Urban Growth, p. 99-100.
242 Meyer et al., The Urban Transportation Problem, p. 23
of 18 metropolitan areas found the average poverty rate in central cities to be at 17.5% as opposed to only 9.8% in suburban areas.\textsuperscript{243}

This split had tremendous consequences on differences in the level of public spending and taxation. Due to welfare spending and a variety of other urban services provided, central cities in 1968 had per capita expenditures of $408 as opposed to $332 in the suburbs. With regard to educational expenses, however, suburban areas topped the inner-city by an average of $41 per capita. Local taxes, by contrast, accounted for 6.3% of the median income in inner city while and only for 4.2% of median incomes in suburbs.\textsuperscript{244} By the early 1970s, critics observed that “suburban residents are subsidized at the expense of city residents.” Not only did they receive federal mortgage subsidies, but by zoning out the poor they did not need to provide services for them.\textsuperscript{245} The remaining central city residents suffered the most severe consequences of an imbalanced distribution of public services and taxation in the metropolitan realm. “The central cities, of course, have been the most evident casualties of decentralization. As the demographic characteristics of urban areas continue to change, it is increasingly clear that the most affected include the elderly, the poor, the non-white, and the disadvantaged as well as all of those white middle-income families who prize city life but feel the pressure of the increasing tax burden, the diminishing level and quality of services, and the ominous possibility of violence.”\textsuperscript{246}

Suburbanites, however, frequently lacked a vast array of public goods as well. Not only was public transportation rarely provided as seen above, but, other services were lacking as well due to inadequate planning as subdivisions sprang up in the postwar

\textsuperscript{243} Michael Flax, \textit{A Study in Comparative Urban Indicators: Conditions in 18 Large Metropolitan Areas} (Washington: Urban Institute, 1972), p. 29.

\textsuperscript{244} Based on a study of the 37 largest SMSAs in 1968, see Hansen, \textit{The Challenge of Urban Growth}, p. 80.

\textsuperscript{245} By the early 1970s, many communities increasingly had to look for alternative ways to fund public services. The introduction of “user charges” in various area was one popular method and the ratio of municipal revenue from charges to taxes increased from .57 in 1957 to .61 in 1969/70. This further added to the commodification of public goods. See Selma Mushkin / Richard Bird, “Public Prices: An Overview,” in: Selma Mushkin (ed.), \textit{Public Prices for Public Products} (Washington: The Urban Institute, 1972), pp. 3-25.


decades. As one contributor to the *New York Times* remarked in 1972 of his experiences living outside the city: “Anyone who is nostalgic for cesspools, sidewalk-less streets, volunteer fire-departments, inadequate public transportation and archaic local government should be overjoyed at residing in [suburbia].”

City dwellers expressed frustration with suburban residents taking advantage of public goods they did not pay for. Reviewing proposals for taxing non-residents who work in New York City, *New York Times* commentator Fred Prowledge suggested an urban “passport”: “Residents with passports could enter, free of charge or for a small admission price, city parks, libraries, museums, and concerts – all forms of recreation, entertainment, and cultural enlightenment partly or wholly financed by the city. [As some suburbs were doing with limited access beaches] A passport would allow the resident to ride the subway and other forms of public transportation free.”

While Prowledge’s suggestion was certainly not entirely serious, it did highlight the growing problem of publicly maintaining urban services, as middle-class consumers were leaving for the suburbs; and taxation and public services did play a role in their decision to leave. Already in 1956, economist Charles Tiebout had suggested that while no market-type solution existed for determining an optimal level of expenditures on public goods in general, in local situations “consumer-voters” would pick a community (e.g. city or suburb) based on their tax and service patterns. Indeed, subsequent empirical studies found considerable correlations between tax rates, some public spending of certain types (especially education) and property values. Middle-class consumers who could afford to move to the suburbs were given strong incentives to do so by lower tax-rates in these communities that did not (have to) support a wide array of public services.

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248 Fred Prowledge “The Slurbs are Ahead of the City,” *NYT* May 22<sup>nd</sup> 1971.
249 Charles Tiebout, “A Pure Theory of Local Expenditures,” in *Journal of Political Economy* 64 (1956), pp. 416-424. Tiebout, however, based his hypothesis on several problematic assumptions including that “consumer-voters” were “fully mobile”, “fully knowledgeable”, and that the “public services supplied exhibit no external economies or diseconomies between communities”. This, of course, did not correspond to the realities of postwar metropolitan life.
For most middle-class American consumers the desire for home-ownership and
for more space and privacy outweighed interests in public goods. As home-ownership
and related costs added financial strains on the budgets of middle-class households, the
inclination to spend on public services waned. Facilities such as public pools which had
enjoyed widespread popularity in the 1920s to 1940s, for example, began to become less
frequented and often disappeared by the late 1950s as more and more suburban
residences and private developments began to include their own, private pools. 251 “In
American society,” wrote suburban sociologist Herbert Gans in 1963, “private
expenditures have traditionally had higher priority than public ones. As the former rise,
people try to reduce their financial problems by demanding reductions in public
expenditures. This hampers the provision of needed community services, especially in a
new community.” 252 Gans, furthermore, was skeptical that the planning of more urban
and densely populated neighborhoods could help. “It is not at all certain that this will
solve the problem. Most suburbanites I interviewed have little interest in using downtown
facilities […] Urban sprawl and the decline of the downtown can be halted only if more
people want to make greater use of the city.” 253

American policy makers and urban renewal advocates who wanted to “attract
more middle-class families back to the central cities and slow down the exodus of the
middle-class family from the in-lying areas,” were presented with a conundrum during
the postwar decades. 254 On the one hand, declining public services in urban areas as well
as rising tax rates were pushing consumers into the suburbs. However, improving the
public services alone (as already seen in the case of transportation) often did not help to
sway consumers who generally were more inclined to budget for private rather than
public consumption (especially as they were still able to receive some public goods as
“free-riders” in the central city). The result was a growing split between suburbs and core

251 The story of the declining public pool culture in postwar America is also connected to a white suburban
backlash against the push for increasing racial integration. See Jeff Wiltse, Contested Waters: A Social
252 Herbert Gans, “Effects of the Move from City to Suburb,” in Leonard Duhl (ed.), The Urban Condition:
253 Ibid, p. 194.
254 Quote from Robert Weaver, The Urban Complex: Human Values in Urban Life (New York: Doubleday,
1964), p. 56 cited in Uhlig, Die Stadterneuerung, p. 23. Weaver later became the first secretary of the HUD.
cities with consumers living in the old urban centers bearing the brunt of the negative side-effects. The commitment of middle-class “consumer-taxpayers” to the provision of public goods consequently declined during the postwar decades in the United States.255 Particularly if their middle-class status was precarious, furthermore, many suburban home-owners who once might have supported the New Deal state (which had, after all, in many cases enabled their move to the suburbs in the first place) grew weary of a federal government that appeared to threaten their social position through taxation and racial integration.256 The mounting grassroots conservatism that would come to the fore during the 1970s and ‘80s was to a significant degree rooted in the postwar suburbs.257

By the mid 1960s, American planners increasingly turned their view to Europe for solutions to their metropolitan problem. Reporting of a trip of twenty builders, planners, and investors who toured Britain, Scandinavia, and Germany in 1965, Ada Louise Huxtable wrote in the New York Times about the “European answer to American suburban sprawl.” European communities were found to provide organized land use, integrated low- and middle-income housing as well as coordinated transportation (“satellite residential suburbs tied to the center of a neighboring large city by efficient public transportation”). By contrast, she indicted the American free-enterprise record as chaotic, wasteful and uneven in socio-economic terms. However, Huxtable found, a different attitude to public regulation prevailed in Europe that made transfers problematic: “It becomes quite clear that the new and sometimes startlingly successful European housing and planning have grown out of a political, sociological, and cultural base that has no parallel in the United States.”258

256 This argument is suggested in particular by Nicolaides, My Blue Heaven, Ch.7. The initially predominately working-class residents and New-Deal supporters of South-Gate had by 1965 largely turned into part of the “silent majority” supporting “tax-rebellions” and opposing school integration.
258 Ada Louise Huxtable, “Western Europe is Found to Lead US in Community Planning,” NYT November 22nd 1965. Huxtable was not alone in this assessment. In a 1971 interview e.g., David Rockefeller of Chase Manhattan Bank argued for urban redevelopment with an eye across the Atlantic. Europeans, Rockefeller
Faced with an adverse political culture on the local level and anti-urban consumer attitudes, federal policies addressing the metropolitan problem had limited success in the United States. Yet, “quality of life” (which usually implied public goods and urban development) became ever more central to the American debate at the end of the 1960s. In his 1968 message on Housing and Urban Problems, President Johnson emphasized the need to “improve planning for the orderly development of public facilities in urban areas. [We need to] offer the American family an alternative to crowded cities and sprawling suburbs, through a program to build new communities. [...] In America – where the question is not so much the standard of living, but the quality of life – these communities are worth the help the government can give.” His call harkened back to discussions on urban revitalization during and immediately after the war. Twenty years later, however, public programs could do little – at least immediately - to reverse the trends towards suburbanization and inner-city residential decline. Johnson’s words did, however, reverberate across the Atlantic.

While several of the problems described for the American case surfaced in West Germany as well, the situation here did present itself quite differently during the postwar decades. Particularly for middle-class Germans, public goods played a greater role in consumers’ decisions to remain within the urban setting and - in turn - to their greater willingness to back public spending for urban public goods. The number of publicly sponsored “city theatres,” for example, rose from 114 in 1954 to 194 in 1970, museums increased from 306 to 501 in the same time span. The number of public indoor pools rose from 198 in 1955 to 2,713 in 1976 and that of public play-grounds from 6,628 to thought, were ahead of the US and had succeeded in developing housing with “more attractive neighborhood centers [and a] more pleasing atmosphere than I think we have in many of our cities.” See “What It Will Take to Bring Cities Back to Life,” US News & World Report June 7th 1971, pp. 50-56. To be sure similar views could be found among urban planning experts already during the 1950s, see e.g. “US Held Lagging in City Planning,” NYT October 5th 1958.


A series of Congressional hearings between September of 1969 and June of 1970 on “the quality of urban life” speaks to this. The look at Europe as a positive example was a recurring theme throughout these hearings with frequent references to urban planning, housing and community development in various European countries, but especially with regard to the British “New Towns”. See Hearings, House Committee on Banking and Currency, Ad Hoc Subcommittee on Urban Growth, September 30 1969 – June 24 1970, “The Quality of Urban Life, Pt. 2” (CIS: 91 H2560-1).

“Excerpts from the President’s Message on Housing and Urban Problems,” NYT February 23rd 1968.

See e.g. “Raumordnung: Wächst und stinkt,” Der Spiegel No. 1 1968, pp. 60-64.
As already seen with regard to the example of mass transportation, urban public goods in general were not facing decline to the extent witnessed in the United States during the 1950s and 1960s.

Significant differences with regard to the system of taxation and the distribution of public goods presented German “consumer-taxpayers” with different incentives. First off, many public services, notably education and police, were not locally supplied but by the governments of the various federal states. Thus, such services exhibited a much lower degree of local variation, making the difference in public goods between urban and suburban communities much less dramatic. Communal tax rates also presented German “consumer-taxpayers” with a different set of calculations. To be sure, variations in the level of property taxes did exist between municipalities. While basic tax rates were set federally at a uniform level, municipalities did apply specific collection rates (Hebesatz) that tended to be higher for larger cities than for smaller, suburban communities. However, while property taxes in the US accounted for an average of 60 to 70% of local tax revenues between 1950 and 1970, residential property taxes in West Germany accounted for a comparatively much smaller percentage of municipal income which was mainly derived from business taxes. The 1956 housing law had given property tax exemptions to newly constructed residential Eigenheime, but these exemptions applied equally to construction within or outside the city boundaries and since the mid-1960s similar tax exemptions were applied to the construction of urban condominiums.

By and large, German consumers living in postwar cities – even in the newly constructed neighborhoods on the urban fringes - continued to feel as part of a larger urban community and showed a higher interest in public services. Surveys indicated that many residents of newly developed neighborhoods continued to hold the city in general in higher esteem than their own neighborhood (which could hardly be said for most

264 Property taxes accounted for nearly 50% of local real tax revenues, but their share declined to almost 20% by the early 1970s. Still in 2002, property taxes accounted for only 1.5% of overall tax revenue in Germany as compared to roughly 10% in the United States. See “Reform der Grundsteuer,” Bericht des Bayerischen Staatsministers der Finanzen und des Ministers der Finanzen des Landes Rheinland-Pfalz an die Finanzministerkonferenz, Januar 2004 (http://www.fm.rlp.de/2_pdf/reform_der_grundsteuer.pdf). For communal tax revenues, which also include a share of federally collected income taxes, see Article 106 Paragraph 5-9 Basic Constitutional Law (Grundgesetz).
265 See Bundesministerium Wohnungsbau, Eigenheim auf der Etage, p.2.
American suburbanites). Many respondents exhibited knowledge in urban planning projects (such as public transportation construction) and a widespread – if latent – interest in urban politics. While they might have moved to the fringes of the city, they continued to see themselves as part of it and frequently demanded public goods ranging from increased social housing construction, to the building of roads, mass transit, schools and public leisure facilities. As already observed above, German consumers did put a higher premium on the availability of urban services in close proximity to their place of residence and these urban services often coincided with public goods from train stations to public pools. To be sure, only a minority of German consumers (14.5%) felt it necessary to have a theatre within walking distance of their residence. However, this minority represented in part those well-educated, middle-class consumers (Bildungsbürgertum) who remained more committed than their American counterparts to urban living and to sustaining the public goods that it entailed. The greater willingness of German middle-class consumers to support public services through higher tax-rates may well have been a consequence of the fact that they were to a greater extend beneficiaries of these services as well. Public transportation or publicly subsidized urban housing never became services limited to low-income consumers as they had in the United States.

In federal politics, the social-democratic-led government in power since 1969 capitalized on such sentiments and attempted to reinforce them. In 1972, Hans-Jochen Vogel, then social-democratic mayor of Munich, would find wide-spread support for publicly scolding the problematic impact of rising private consumption on the quality of life. “The crisis is most severe where output, gross national product and consumption per capita is highest: in the United States. […] I am unequivocally calling for limiting the growth in consumption and for a better financial endowment of our community, which means a higher tax rate […] We must decide on our priorities: [do we want] the

266 See Dittrich, Neue Siedlungen und alte Viertel, pp. 143-147.
267 Glatzer, Wohnungsversorgung, p. 257.
268 Social Democrats, to be sure, were not the only ones interested in urban living space. Even a hardened liberal like Ludwig Erhard, saw the need for urban infra structure and urban life in the 1960s calling for federal efforts to improve educational and cultural facilities: “In a very interesting analysis which was recently made of the sociological aspects of our urban development it was clearly shown that while city-dwellers enjoy city life, they avoid the city centers on the grounds that they no longer offer the facilities for orderly public life. Hence the drift into the suburbs and the country by people who are not seeking the beauties of nature but are natural town dwellers deprived of the kind of life they want to live.” Ludwig Erhard, The Economics of Success (London: Thames & Hudson, 1963), pp. 275-92.
continued rapid growth of private consumption or the expansion of our educational system, of public transportation, of hospitals, retirement homes and kindergartens.”

One year later – now federal minister of urban development – Vogel emphasized that “quality of living has to replace a purely material standard of living.” As cities in affluent societies were dealing with economic decline, sprawling suburbs and overflowing traffic, the federal minister proposed in 1973, public services needed preferential treatment.

The suburban home and the private automobile were not only symbols of postwar mass consumption, since the 1960s they were also at the center of the growing debate about private affluence and public poverty. In the age of mass affluence the “private vices” of car- and home-ownership led not only to “public benefits” such as continued economic growth (an assumption that guided especially American postwar economic planning as discussed in Chapter 2) but also to a host of urban problems. Urban planners and public policy makers both in Germany and the United States thus faced a largely unanticipated conundrum by the early 1970s: how to guide consumer decision-making in a free and democratic society.

From a comparative perspective, the differences between West Germany and the United States in housing and transportation consumption were partially the result of a time-lag in economic development as many West German consumers were initially not in

272 In both Germany and the United States, planners who argued for urban apartment housing or increased public transportation were frequently hounded by the media for their own private consumption choices which generally included suburban living and automobile usage as well.
a position to even consider home- or car-ownership. Differences in land availability and population density also played a role in determining urban development. However, public policy and consumer attitudes had a significant impact. Despite moves towards liberalization by the 1960s, West German government policy with regard to the housing and transportation markets was characterized by a high level of intervention. Social-Democrats as well as many conservatives remained largely dedicated to the provision of public goods as well as to the principle of Gemeinwirtschaft which partially bracketed transportation- and housing-markets from the realm of purely economical considerations. In the United States, by contrast, a more market-oriented approach predominate and direct public intervention was limited. Through the “hidden welfare state” of mortgage guarantees and infrastructure policy, though, public policy did promote a particular model of suburban middle-class consumption. American consumer, too, put a stronger emphasis on change and mobility than their German counterparts which was reflected in their consumption patterns. While many German consumers continued to prize urban life, middle-class Americans had greater reservations about urban life and favored the more private consumption attached to home ownership and automobility. More pronounced than in any other area of post-war consumption, finally, racial divisions in American society stand out as an important factor driving segregated suburbanization and undercutting (white) middle-class support for many public goods.273

In the United States, investments in public housing and public transportation were limited, relegating these services increasingly to low-income consumers. In general, American middle-class consumers became increasingly less committed to supporting public goods in an era of wide-spread affluence. The importance of home-ownership and automobile usage as markers of respectable middle-class consumer lifestyle reinforced the move of consumers out of the urban core while most Americans grew even wearier of city-life in general. In many ways, the Great Society programs of the 1960s were designed to address exactly these shortcomings of the American consumer society. The creation of federal departments for housing and urban development as well as for

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transportation with their respective demonstration programs and an increase in federal funding spoke to the recognition that urban (frequently minority) consumers had become increasingly disadvantaged. They also spoke to the perceived need to get the middle-class consumers back into the cities. By the late 1960s, however, most consumers had shifted their priorities away from public goods and the call from urban planners to “revitalize” the urban centers left Americans as consumers largely unimpressed.  

West German planners, too, emphasized the importance of revitalizing urban centers by the early 1970s. The Urban Development Act (Städtebauförderungsgesetz) gave federal incentives in this vein. German cities, however, found themselves in a slightly better position. To be sure, suburban home-ownership and automobile usage were on the rise in post-war West Germany as well. However, publicly subsidized housing construction as well as differences in consumer attitudes towards home-ownership, caused a much larger share of German consumers to remain renters. While newly constructed neighborhoods at the urban fringes promoted urban decentralization here as well, their residents by and large continued to be part of the central city as consumers and taxpayers. This made urban public goods more sustainable in Germany where services such as public mass transportation continued to be used by middle-class consumers. In many ways it would prove easier by the 1970s to convince West German consumers that “quality of life” in an affluent society entailed urban public services (and the tax rates that supported them).

Historians have argued that postwar mass consumption almost inevitably spelled an end to “urbanity,” a culture of cosmopolitan, urban public life which had emerged during the nineteenth century. While the contemporary debate about the crisis of the city referenced at the beginning of this chapter saw similar interpretations on both sides of the Atlantic, a closer look at postwar housing and transportation suggests that the “death of the city” was not a necessary consequence of postwar mass consumption as

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274 American urban economists have suggested a “trade-off theory” to describe this development. Consumers trade off distance (travel convenience) and urban services for bigger and more homogenous suburban housing. Notably, the “trade-off” calculus changed in the US as urban services (esp. shopping) and jobs became more available in the suburbs. It became even less of a “trade-off” as urban services (transport, schools etc.) deteriorated which made the move back to the city increasingly less likely. See, Richardson, *Urban Economics*, pp. 19-24 and M.A. Stegman, “Accessibility Models and Residential Location,” in *Journal of the American Institute of Planners* 35 (1969), pp. 22-29.

275 See e.g. Jürgen Reulecke, *Geschichte der Urbanisierung in Deutschland* (Frankfurt: Suhrkamp, 1985).
long as consumers and public policy remained committed to providing a modicum of public goods. In looking at the geography of shopping, the following chapter will look at another important way in which mass consumption could either dissolve the traditional city or reinvigorate urban life in a new form. For many cities in the 1970s, inner-city restoration (and urban gentrification) would provide a key answer in pursuit of middle-class consumers. While many German cities stood a fighting chance, it would be an uphill battle for most of their American counterparts which had lost the middle class not only as residents, but as shoppers, too.
Chapter 6

Shaping the Postwar Consumer City: Urban and Suburban Patterns of Retailing in Postwar Germany and America

On January 27th 1966 at 6:30 pm the city center of Dortmund went completely dark. No window displays or neon signs helped to illuminate the shopping streets which had been busy all day. The “blackout” was an act of protest by downtown retailers and department stores against a planned suburban shopping center outside the city limits. While such regional centers were already commonplace in the United States, traditional urban retailing in Germany set out to fight what it perceived to be a vital threat to its existence. 1

The efforts of these independent retailers and of others concerned for the survival of urban retailing would, in time, prove to be relatively successful. They suggest that by the early 1970s another significant difference in German and American consumer society had emerged: the geography of metropolitan retailing.

In retailing – as in housing and transportation – West Germany retained a pattern of “urban consumption” that is still noticeable today. Most Germans, like many other Europeans, do not regard downtowns as dangerous or crime-ridden, but spend leisure time in city centers and urban neighborhoods. Whereas many American consumers seek the shelter of their private home or the suburban shopping mall, Germans are more likely to frequent downtown cafes and pubs or to stroll along urban shopping streets even after shops have closed for the day. 2 This difference has a history. In the postwar decades, both Germany and the United States witnessed dramatic modernizing trends in the area of retailing. Self-service in both countries became commonplace; brand products increasingly lined the shelves of more spacious shops; and many sectors of retailing saw the emergence of national or even international chains. Still, the landscape of retailing

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remained different in the two countries. While large supermarkets, discounters and suburban shopping centers came to dominate the American scene, downtown shops and small neighborhood retailers still played a significant role in 1970s Germany.

The aim of this chapter is to trace the urban – suburban contrast that we have already observed with regard to the consumption of housing and transportation for the area of retailing. Why did suburban shopping centers and automobile accessible retailers succeed in the United States? What accounts for the continuity of a more urban centered retailing pattern in West Germany despite often observed trends towards the modernization or “Americanization” in German retailing? What were the consequences of these geographic differences for both consumer societies; what was their impact on shopping habits and experiences and the role of consumption within the public sphere?

To address these questions, I will first sketch what can be called the “dual system of urban retailing” which characterized both societies prior to World War II. Small neighborhood stores that supplied everyday goods were complemented by specialized downtown retailers and department stores. While in 1945 the US still very much adhered to this model, by 1970 shopping here had become largely suburbanized. To a much higher degree it was now centered on the regional shopping center and large supermarkets often located adjacent to these or to smaller shopping centers. Their success can be explained not only by the shift to suburban housing and the automobile, but also by a combination of commercial strategies, public policies and consumer attitudes. This includes market and tax incentives, zoning regulations as well as an increasingly negative view of urban public space among American consumers concerned about race, family and individual convenience. As will be shown, one of the central problems of retailing in postwar America was the failure to integrate retailing facilities within the framework of newly sprawling neighborhoods.

German cities, by contrast, attempted to adapt to the retailing demands of the consumer society within the framework of existing as well as newly emerging urban neighborhoods and traditional city centers. More than just a consequence of a continued commitment to urban living and public transportation, this development was brought on by a series of conscious choices made by urban planners and retailers. On the one hand it was a response to conservative concerns for preserving existing urban and retail
structures. On the other, it was a response by progressives to a perceived threat of an American model of mass consumption on urban public space. Thus, the geography of retailing provides an illustrative case for the broader pattern of West German politics of mass consumption after the War discussed in Chapter 2: it was marked by a greater emphasis on public regulation of the consumer market-place as a consequence of both conservative efforts to preserve traditional structures and of a greater commitment to public goods.

I will analyse the rise of suburban retailing in the United States and the continuity of a more urban pattern in Germany by focusing particularly on changes in the retailing industry, on differences in consumer attitudes and on the impact of public policy and urban planning. The story of pedestrian malls which appeared since the 1950s in cities all over West Germany will then serve as a case study of German attempts to develop its own path towards consumer modernity. Finally, I will assess the connection between retailing, urban life and modern shopping practices. In part, modern distribution systems set out to overcome old hierarchies and power structures that dominated retailing and consumption in pursuit of the democratic promise of a “sovereign consumer”. Tracing its impact on urban geography and the social fabric in two countries can help us understand at what price “consumer sovereignty” was bought. Modern middle class consumers’ demands for convenience or low prices often involved trade-offs with regard to the quality of urban life, the preservation of neighborhood communities and small traditional retailers, or the balance between public and exclusively commercialized space. As already suggested in the contrast drawn in Chapter 3 between the “bürgerlich / genteel ethos” of consumption in West Germany and the predominant “value-shopper” model in the United States, consumers in both countries made some significantly different choices with regard to these issues during the postwar decades which helped shape the landscape of retailing as well.

The Dual Pattern of Urban Retailing: Germany and the U.S. Prior to World War II

The dual pattern of urban retailing with neighborhood stores and a specialized downtown retailing district dominated by department stores and specialty retailers was largely a creation of the late nineteenth century. It was a result of traffic and residential
patterns brought on by industrialization and urban growth in Germany as well as in the United States.

Retailing and commerce, to be sure, had long been a central function of cities. The market was the geographic center of most medieval German cities and often exerted a legal monopoly (Marktzwang) on all forms of retailing within the city. While the legal monopoly of the central market place had long eroded, larger German cities saw a new move towards the concentration of retailing within the urban center during the late nineteenth century. The rise of the so-called “city” districts as a new commercial and administrative space is part of the larger story of tremendous urban growth and the centralization of traffic patterns in the urban core through new means of public transportation. Emerging for example in Berlin, Dresden, Düsseldorf, Essen, and Kiel during the 1870s, in Hamburg, Munich, and Cologne during the 1880s, and in Bremen, Frankfurt and Stuttgart during the 1890s, the rise of the “city” districts frequently went hand in hand with the depopulation of the cities’ core areas. Often, but not always, these new districts included the old city centers and transformed them into specialized retailing districts. Illustrating the increase of retail specialization, the number of retailers in urban areas rose by an estimated 170% between 1875 and 1925. Especially designated shopping streets proliferated, which often centered on such traffic magnets as train stations and department stores or followed the old Torstrassen which connected the historic market place to the city gates. Distinctions could be made between those streets focused on luxury goods such as fashion, cars and with lavish restaurants and cafes (e.g. the Jungfernstieg in Hamburg, Berlin’s Kurfürstendamm, or the Hohe Strasse in Cologne) and others that focused more on department stores (e.g. the Leipziger Platz in Berlin, or “die Zeil” in Frankfurt / Main).

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4 The use of the English term “city” even in Germany is reflective of the perceived pioneer role of the “City of London” in this development. See Erich Otremba, Allgemeine Geographie des Welthandels und des Weltverkehrs (Stuttgart: Franckh’sche Verlagshandlung, 1957), column 1355.
5 Soldner, Die City als Einkaufszentrum, pp. 62-81.
6 Otremba, Allgemeine Geographie, p. 194.
As urban historian Robert Fogelson has recently shown, the height of American “downtown” districts similarly falls into the late nineteenth and early twentieth century.⁷ A bustling center for work, business, shopping and entertainment, Fogelson shows how the “downtown” model spread from Manhattan to other American cities during the latter half of the nineteenth century. In a manner even more dramatic than their European counterparts, the urban cores of American cities became almost completely devoid of residents. Though Fogelson holds “downtown” to be a uniquely American place, it did in many ways resemble the European “city” districts of the same era. With regard to retailing, this was in part owed to the central role played by department stores.

The rise of the department store since the 1850s in Europe and the United States depended on the concentration of urban population as well as the introduction of horse-drawn (and later electric) street cars.⁸ Rising downtown rents due to increased accessibility favored the construction of multi-story sales buildings. Early department stores were an accumulation of various specialty stores under one roof. Especially early on in the United States, they mostly catered to the wealthy middle-classes. German department stores by contrast, tended to have a more popular clientele and focused on goods with rapid turnover while specialty stores competed with wider assortments and choice, especially for middle-class consumers.⁹ In both countries, though, urban department stores played an important role in promoting a new consumer culture. Free entrance policies made stores accessible for consumers from various social backgrounds and lavish window and interior displays fostered what historian William Leach has called the “democratization of desire.”¹⁰ These new “cathedrals of consumption”¹¹ furthermore formed strong alliances with other urban institutions from museums to municipal

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⁹ Pasdermadjian, *The Department Store*, pp. 21-27.
¹¹ Crossick / Jaumain (eds.), *Cathedrals of Consumption*. 
governments to create a municipal infrastructure with public transportation and zoning regulations suiting commercial demands.\textsuperscript{12} Department stores were at the heart of an emerging modern consumer culture on both sides of the Atlantic.

To be sure, the department store was only one part of the emerging consumer society as Uwe Spiekermann and others have recently reminded us. Small stores, too, played a significant role in modernizing retailing at the end of the nineteenth century.\textsuperscript{13} The vast majority of new stores emerging in Germany were small shops, located in urban neighborhoods. They specialized in groceries, hardware, fruits or baked goods, providing mainly convenience goods for everyday consumption. In the United States, as well, urban neighborhoods featured a variety of small shops often run by immigrants. In 1937, urban planner Saco de Boer gave this description of a typical pre-World War II shopping street: “The motley array of business houses runs from the grocery store with a false front above the first floor […] the chili restaurant, the shoe shop in an old shack, and the clothing stores with dressed up windows. […] A grocery store extends over the sidewalk and uses the public space for boxes and supplies; a fruit store uses the space for sales purposes. The red and yellow fruit, however, affords a bright spot in the drab street picture.”\textsuperscript{14} As de Boer’s account suggests, neighborhood stores were often perceived skeptically by modern planners and consumers, too, were frequently discontented with the powerful position of small shopkeepers. Still, such stores satisfied most everyday consumer needs and performed a vital complimentary function to downtown retailing in the dual system of urban distribution.

While it would last into the postwar era, the dual pattern of urban distribution began to face serious challenges in the United States beginning in the 1920s. Downtowns increasingly lost their role as the sole business districts of American cities.\textsuperscript{15} Subcenter shopping districts began to emerge that included banks and a variety of retailers beyond corner grocers and drugstores. Inner cities increasingly suffered from growing traffic congestion. While the construction of subways around the turn of the century was in part

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\textsuperscript{12} Leach, Land of Desire, Ch. 6.
\textsuperscript{13} Uwe Spiekermann, Basis der Konsumgesellschaft: Entstehung und Entwicklung des modernen Kleinhandels in Deutschland 1850-1914 (München: Beck, 1999).
\textsuperscript{14} Saco de Boer, Shopping Districts (Washington: American Planning and Civic Association, 1937), p.5.
\textsuperscript{15} Hence the term “Central Business District” came into popular usage during the 1920s, indicating that it was now merely one among several business districts. Fogelson, Downtown, pp. 185-86.
\end{flushright}
fostered by retailer’s fears of outlying competition, falling ridership since the 1920s and a failure to expand rapid transit systems in many cities began to hurt downtown businesses.\textsuperscript{16} American central business districts took an especially hard hit during the Depression with declining retail sales and a rising number of vacancies. Real estate values became uncertain as parking lots sprouted and the need for resources during World War II made building recovery more difficult. The coalition of retail, real-estate, and municipal interests that had long supported downtowns out of a common concern for maintaining high land-values and property taxes finally began to crumble during the 1940s. Subsequent efforts to build freeways with new money from federal sources would often prove counterproductive to urban interests in that they furthered urban decentralization and hurt inner-city neighborhoods rather than sustaining downtowns.\textsuperscript{17} The beginning decline of American downtowns since the 1920s thus provided an opening for other forms of retailing spaces.

American cities began to abandon the system of dual urban retailing. By the mid-twentieth century, American retailing witnessed a shift to a new geographic pattern of distribution which would largely obliterate the existing split between the concentration of “periodic” or “shopping” goods in department stores and downtown specialty shops and the distribution of “everyday” or “convenience” goods through neighborhood retailers. Fueled by suburban population growth and the proliferation of automobiles, downtowns lost their role in supplying shopping goods to regional shopping centers while the retailing of convenience goods would increasingly shift to ever larger discounters and supermarkets. By 1959, 55% of these were opened in or near shopping centers outside of established urban neighborhoods.\textsuperscript{18} As postwar American retailing modernized, it moved increasingly to the suburbs.

In postwar Germany, by contrast, there were only hints of similar developments. There was no comparable decline of German inner-cities during the interwar years and the automobile still led a fringe existence. Neighborhood stores and downtown specialty

\textsuperscript{17} Ibid, pp. 218-248 and 314-316.  
retailers, furthermore, enjoyed some legal protection from larger-retailers and store-chains during the Nazi period. But even as such overt forms of protectionism went out of favor by the 1950s, the dual system of urban retailing enjoyed much greater longevity in West Germany.\textsuperscript{19} To account for this discrepancy, we need to trace the choices made by retailers, consumers and urban planners during the postwar decades which affected the very different paths the geography of retailing took in both societies.

**The Emergence of Suburban Retailing in Postwar America**

Retailing gained a first foothold outside of American towns and urban centers as early as the 1920s when roadside shopping strips began to emerge as part of the growing automobile culture. The Country Club Plaza in Kansas City, Mo, is often cited as one of the first retail developments to pave the way for the suburban shopping center. What set this upscale Spanish-themed open air shopping plaza apart was its comprehensive design pushed by a single developer.\textsuperscript{20} Retailer Sears-Roebuck also played an important role in the move to suburban shopping, advocating during the 1920s the concept of the outlying store with ample parking space to expand from its core mail-order business.\textsuperscript{21}

The city of Los Angeles, urban historian Richard Longstreth has suggested, often acted as an incubator of new developments and trends in retailing during the decades between 1920 and 1950. Urban decentralization and a high level of automobile ownership here had given rise to a host of smaller, locally oriented shopping centers. The 1930s development of the “Miracle Mile” on Wilshire Boulevard was soon seen nationally as a paradigm for any outlying shopping district challenging the hegemony of downtown. Los Angeles, however, would not be the “foremost proving ground of the mall” during the postwar decades. Large scale regional shopping centers met with relatively strong resistance in southern California where many communities remained partial to a traditional street-front orientation and were disdainful of conspicuous parking

\textsuperscript{19} On interwar and NS retail policy see Briesen, *Warenhaus*, pp. 151-230.  
lots. The “Miracle Mile” was in many regards unique and more of a new downtown with ample parking space located at the rear of the stores. The decentralized lay-out of Los Angeles was furthermore rather exceptional and not reflective of American cities in general at the end of the 1940s. Across the country, an urban retail structure was still the norm.

It was only during the 1950s that the concept of the automobile-accessible shopping center really took hold nationwide. According to the 1964 “directory of shopping centers,” 75 such developments existed in 1949. By 1955 that number had risen to about 1,000 with another 2,000 under construction. Construction efforts reached a first peak in 1961 and by 1963/64 the directory counted nearly 8,000 shopping centers. By 1969 finally, ca. 12,000 shopping centers existed in the United States and were responsible for 41% of the total retail sales volume. With regard to these numbers it is important to distinguish between different types of shopping centers. While smaller “neighborhood centers” catered to a variety of everyday needs challenging traditional neighborhood retailers, it was the larger “regional shopping centers” that posed the greatest threat to downtowns. By 1958, approximately 50 of these new regional centers existed throughout the United States. Both specialized or big-ticket “shopping goods” and everyday “convenience goods” were increasingly sold through large suburban supermarkets, discount stores and malls.

How can we account for this dramatic shift in US retailing patterns? The story of the rise of suburban retailing after World War II involves not only structural changes in residential patterns and transportation, but also the inputs of commercial strategies, public policy and consumer choices.

The Retailing Industry

The entire system of retailing in the United States had begun to change since the 1920s, shifting to mass distribution to fit the American mass production economy. Chain stores such as the A&P pushed retailing towards economies of scale with high volume

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and low prices.\textsuperscript{24} Especially since the Depression era, “price, not service, quality, or status, became the key in American consumerism,” which challenged the role of more traditional retailers.\textsuperscript{25} The competition from variety chain stores led some downtown department stores to “trade up” by catering to higher income classes in order to increase the mark-up and keep up with rising costs of rents and wages.\textsuperscript{26} Department stores themselves began to merge into chains such as Allied Stores and Federated Department stores. But unlike already existing German department store chains (such as Karstadt or Wertheim) which continued to focus on urban centers, American stores like Macy’s and Marshall Fields began to open more and more suburban branches. The shopping center was crucial in the postwar shift towards ever more volume oriented mass distribution.

Supermarkets and the established urban department stores often played a dominant role in early shopping center projects.\textsuperscript{27} As they began to open suburban branches, many department stores realized that their new developments would only be successful if accompanied by other stores. As anchor-tenants, however, they had considerable leverage vis-à-vis the shopping center developers and usually some control over selecting those stores that best complemented their own inventory. As the sales of branch department stores soared, their power was increased by waves of mergers during the 1950s and ‘60s. Only the rise of specialty chains (such as The Gap) and of discounter chains (such as Kmart, Dayton’s Target and Walton’s) since the late 1960s eventually would provide a challenge to the dominant role of branch department stores in suburban retailing.\textsuperscript{28}

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\textsuperscript{26} Pasdermadjian, \textit{The Department Store}, pp. 63-65. Others, though, tried to compete for the low price market as well by expanding, for example, “bargain basements”.
\textsuperscript{27} See for example “Boomtown on the Byways,” \textit{Time}, July 20\textsuperscript{th} 1953, pp. 72-73.
\textsuperscript{28} The concentration in department store retailing drew the attention of the FTC in 1964 which intervened by banning Federated Stores for five years and Allied for ten years from further mergers. As a result the ruling actually encouraged expansion through opening new branches instead of acquisition. See N. Cohen, \textit{America’s Marketplace}, p. 54. See also Longstreth, \textit{City Center to Regional Mall}, pp. 309-310 and \textit{New York Times} (subsequently NYT) December 31\textsuperscript{st} 1951 “Big Gain Reported in Branch Stores”.
\end{flushright}
The suburban shopping center promoted a concentration in retailing that challenged central business districts and traditional neighborhood retailers alike. In 1956, 85% of all new shoe stores, 70% of new variety stores, 60% of new clothing stores, and 47% of all new super markets opened within a shopping center. The centers, however, favored large retailers; and chain-stores were preferred tenants because they were more likely to stay in business and to draw customers. A 1959 Senate hearing on alleged discriminatory practices against small independent retailers with regard to obtaining space in shopping centers shed light on this issue. 58% of all new chain store outlets that year were being built in shopping centers (including, ordered by 1958 sales volume, the retail giants A&P, Sears, Safeway, Kroger, and J.C. Penney). Center operators admitted to giving such “AAA-tenants” with a net-worth of at least $1 million preferential treatment over independent retailers, frequently charging them less in rent. They did so in part because recognized national chains had significant leverage as tenants and because lending operations financing the centers required that at least 80% of the sales area be rented out to such “AAA-tenants”. A subsequent report by the committee conducting the hearings recognized that shopping centers did indeed “contribute to the growing concentration of retail sales”. The recommendations of the report, however, reflected a predominant opinion among those present at the hearing that this was part of the characteristics of a “free-enterprise system” in suggesting a “solution by the private business interests involved without government intervention.”

More generally, the shift to suburban retailing in the postwar era was part of the larger American deregulation of the consumer market-place discussed in Chapter 2 and coincided with a trend towards mergers and market concentration. As census records show, the number of small stores declined dramatically: between 1939 and 1967 the number of grocery stores nationwide declined by 44%, meat markets by 50%, fruit & vegetable stores by 68%, and the number of both hardware and drug stores declined by

29 Gasser, Das Shopping Center in Nordamerika, pp. 115-117.
31 It was suggested, however, that the Small Business Administration could possibly insure lease bonds to independent retailers (similar to the FHA practice for mortgages). “The Impact of Suburban Shopping Centers on Independent Retailers”, Report of the Senate Select Committee on Small Business, January 5, 1960 (CIS-NO: 12153, 86-1 S. rp.1016), pp. 25-27.
7%. A 1960 report on the status of small business suggested similar trends. While the report found that the retail trade overall still represented “one of the last strongholds of small business” and some small retailers fared quite well, in many areas the trend towards concentration was predominant. While chains grew, the number of single-unit retailers often shrank dramtically (between 1948 and 1958: department stores -22.4%, shoe stores -8%, grocery -11.7%, women’s clothing -6.4%).

Figure 6.1: Northgate Shopping Center, Seattle, 1950s.

The trend towards concentration was particularly visible in the food industry. Supermarket chains such as A&P, Safeway, and Kroger succeeded with ever larger stores, low prices (especially on advertised loss-leader items), and an expanding inventory. Especially between 1955 and 1958 mergers abounded with a few medium-sized chains purchasing smaller local chains to stay competitive. This “unprecedented

34 See for example Desmond Smith, “Chain Squeeze: The Power of Big Food…,” The Nation June 29th, 1964, pp. 646-648, Jean Libmann Block, “Why the Supermarkets are Booming”, Reader's Digest August
deluge of mergers”35 alarmed independent grocers as well as the Federal Trade
Commission. In a 1960 Senate hearing, FTC chairman Earl Kintner summarized a staff
report regarding concentration in food marketing: “Stores selling over $300,000 a year
accounted for 38% of grocery store sales in 1948 and approximately 70% in 1958.
During the same period, close to 100,000 stores with sales below that figure went out of
business.”36 Some independent retailers survived by joining voluntary chains such as the
Independent Grocer’s Association (IGA) which provided centralized purchasing,
merchandising and store brands in often up-to-date supermarkets (“foodliners”). Founded
in 1926, IGA had grown to 5,300 memembers in 1953.37 These voluntary chains saw
their share of total food store sales rise from 14% to 18% in the decade after 1948. 38 They
tended to be, however, “aggregations of the more efficient and the larger ones among the
independent retailers” and did not take in the “great majority of truly small retailers.”39

Voluntary chains thus did not represent a counterweight to the emerging one-
stop-shopping pattern of other mostly suburban supermarkets. The size of stores
increasingly mattered for their competitiveness. Both supermarkets and discounters used
expanding retail space to extend their product lines, now spanning food, apparel, small
appliances etc. The growing efficiency of larger retailers and the rising cost of
distribution put smaller stores in a difficult position vis-à-vis brand good manufacturers
and consumers who for example frequently demanded the extension of consumer credit.
Transcripts of a 1958 Senate hearing on discount house operations note with “grave
concern” the growing rate of small business “mortalities” and the “elephantiasis of retail

1956, pp. 89-91, and “Merger Epidemic Will Rage, Unchecked, Among Food Dealers” Business Week
November 12th 1955, p. 56.
35 National Association of Retail Grocers, The Merger Movement in Retail Food Distribution 1955-58
(Chicago, 1959), cited as appendix II in: “Mergers and Unfair Competition in Food Marketing”, Hearing
before Senate Select Committee on Small Business, July 2nd 1959 (CIS-NO: 86 S1367-6), pp. 57-86.
on Small Business, June 22nd 1960 (CIS-NO: 86 S1413-5), p.3.
37 “Retail Trade: The Independents,” Time September 21st 1953, pp. 96-98. Other large independent chains
included: Red & White Corp. (with 7,200 stores but less than half the sales of IGA), Clover Farm Stores
Inc. and United Buyers Inc.
39 “Discount House Operations,” Hearing before Senate Select Committee on Small Business, June 23rd –
units [which] has become particularly marked in suburban areas and shopping centers.” It was outside of urban neighborhoods (often along newly constructed highways) where lower land prices made this expansion of retail and parking space economically feasible.

The decline in smaller retailers impacted large sections of the traditional middle class and almost obliterated certain occupational groups. Despite an overall population increase by 54% between 1940 and 1970, the number of managers or proprietors of food and dairy stores declined by 46%, of hardware stores by 15%, apparel stores by 17% and the number of bakers declined by 42%. Taking the example of reduced numbers of small businesses in Baltimore and the economic deterioration of older shopping areas there, Herman Katkow (president of Affliated Merchants Inc.) warned in 1964: “we have lost sight of our own people, the small businessman, the butcher, the baker, the candlestick maker. […] The middle class, which has been the backbone of American life is disappearing.” Employment in retailing was similarly changing. Supermarkets tended to hire on a part-time basis with limited pay or fringe benefits. Already in 1952, a Business Week report on the annual meeting of the National Dry Goods Retailers Association noted that “one of the major concerns in retailing in postwar years has been the deterioration of salesmanship in stores” brought on by self-service, a lack of training as well as a lack of devotion on part of the employees. While overall consumer spending grew dramatically in postwar America, traditional retailing and its occupations were in decline.

Some efforts were made to aid small businesses through public policy. The Small Business Administration (SBA) established in 1953 guaranteed and gave loans to aid

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40 “Discount House Operations”, Hearing before Senate Select Committee on Small Business (Subcommittee on Retailing, Distribution, and Fair Trade Practices, Chairman Hubert Humphrey), June 23rd – 25th 1958 (CIS-NO: 85 S1304-1), pp. 2 and 5. Small retailers were furthermore facing increased competition from manufacturers distributing directly through “dual distribution” as for example in the case of Sherwin Williams Paints. See Thomas Murray, “Dual Distribution vs. the Small Retailer”, Dun’s Review and Modern Industry, August 1964, pp. 28-29 and 54-57.

41 Bureau of the Census, Statistical History of the United States, p. 141.


43 See e.g. “Life without supermarkets,” U.S. News & World Report, June 29 1964, p. 12 on a 1964 Baltimore area supermarket strike organized by the Retail Clerks Union involving ACME and five other chains.

small retailers. Their Limited Loan Participation Program was “particularly designed to meet the credit needs of small retail, whole sale and service firms.” The SBA’s first “Progress Report” in 1956 called for closer federal scrutiny of retail mergers. Indeed, the Federal Trade Commission repeatedly issued reports throughout the 1950s and ‘60s which criticized merger tendencies in retailing and tried to limit acquisitions by department store chains and indicted supermarket chains for price-fixing. Such efforts, however, proved to be of limited success in halting the trend towards retail concentration in the United States.

As discussed in Chapter 2, the erosion of resale price maintenance during the 1950s attested to the growing power of large retailing interests. Introduced as “Fair Trade laws” in over 40 states during the early 1940s, resale price maintenance was designed to give small businessmen a chance to compete on equal terms with larger competitors by allowing manufacturers to set fixed retail prices and thus preventing price undercutting by the large retailers. Though Congress had reiterated the legality of this practice in the 1952 McGuire-Keogh Fair Trade Enabling Act, state courts overturned Fair Trade legislation as an impediment to the free market. More importantly, discounters and chains pressured manufacturers into abandoning price setting policies. By the late 1950s, Fair Trade laws were rarely enforced and abandoned by most states. As the sales volume of large suburban retail chains continued to grow, their sway over the producers of consumer goods increased.

The shift to suburban shopping centers and supermarkets did encounter some resistance, to be sure. Opposition came mainly from merchants and interests associated with the traditional urban retail centers. Downtown merchants fought back since the 1950s by extending their opening hours, modernizing their stores, or by expanding their

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advertising budgets. Some new shopping centers, in Harrisburg, PA, for example, found it initially difficult to advertise in local papers which traditionally depended for their ad business on downtown retailers. Merchants in New Brunswick, NJ, protested a proposed suburban development in 1955 by appealing to citizens’ civic pride and financial interests. The new shopping plaza, they claimed, would “make second and third class shopping areas out of the city’s present business districts” and suggested that financial liability for the project would fall on the taxpayer. The Urban Land Institute (founded in 1936) and the International Downtown Executives’ Association formed in 1954 represented a growing number of organizations devoted to protecting the interests of Central Business Districts. However, efforts by downtown and small retailing interests to stem the tide proved to be relatively unsuccessful for much of the 1950s and ‘60s.

Consumer Attitudes and Preferences

Not only did the prevailing mindset of price-consciouos “value-shoppers” favor mass distribution outlets as discussed in Chapter 3, changing consumer attitudes towards inner-cities also helped suburban retailers. As consumer surveys from the early 1950s show, downtowns continued to be (especially with the upper social strata) the preferred shopping location for many goods, largely because of the wide variety of stores they offered. Many consumers still reached the city by means of public transportation. A 1953 Boston University study found that Boston’s downtown was “still showing tremendous drawing power” due to the variety, styles and delivery services it offered. Across the country, attitudes shifted over the course of the decade, however, and the perceived disadvantages of downtowns, their crowdedness and the lack of parking space, began to

49 Donald Curtiss, “Entwicklung und verschiedene Aspekte der Shopping Center in den USA”, in: Stiftung Im Grüne (ed.), Das Shopping Center in Europa (Rüschlikon, 1957), pp. 9-13, here p. 11.
51 Fogelson, Downtown, p. 390.
52 “Downtown Isn’t Dead by a Long Shot,” Business Week, October 24th 1953, pp. 41-44. The study was financed by the Boston Herald which had grown concerned about its ad revenue resources. Boston, however, may have already been an exception as the same study found that public transportation still played a major role and parking was found not to be as big a problem as suggested by other studies.
outweigh their advantages in the minds of many consumers. The new suburban shopping centers were seen in an increasingly positive light especially by the parents of the baby-boom generation. They offered convenience as they were close to suburban homes and required little walking because of ample parking facilities. By the end of the 1950s, only about 2.5% of shopping center patrons traveled there on average by public transportation. The shopping environment of the new centers was widely hailed by consumers as family-friendly and “good for kids.” Respondents admitted to a sense that “the right people shop there” (though many apparently felt uneasy about this claim as it was seen as undemocratic).

The decline of inner-city shopping in postwar America corresponded to growing general perceptions of downtowns as “déclassé, even disreputable.” The crowding, congestion and lack of aesthetics that had helped drive the middle class away as residents of the urban core drove them out as consumers as well. It was part of a broader 1950s retreat to the suburb and the private home fueled by fears of urban “cosmopolitanism” and – as in the case of suburban housing observed in the previous chapter - by racial segregation. Popular television programs of the era did their part in celebrating suburban domesticity and in warning of potential urban dangers. By the 1960s, the notion of an “urban crisis” of crime, poverty and segregation and racial strife became commonplace in American public debate. By contrast, the new suburbanites often attempted to construct new forms of community life and shopping centers were hailed as welcome additions to such projects. A 1953 New York Times essay, for example, celebrated the new type of the regional shopping center as “something like a woman’s

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53 Gasser, Das Shopping Center in Nordamerika, p. 77. Paul Smith, Shopping Centers: Planning and Management (New York: National Retail Association, 1958), notes, however, that some early shopping centers such as Stonestown Center in San Francisco or the Evergreen Plaza near Chicago could get as much as 50% of their patrons by foot or public transportation when they located near major rail or bus lines.
55 Fogelson, Downtown, p. 3.
57 Cross, All-Consuming Century, p. 103.
58 Sylvia Murray, The Progressive Housewife: Community Activism in Suburban Queens 1945-65 (Philadelphia: U Penn Press, 2003) has recently stressed the point that such suburban community life (often centering on the PTA and other community organization) was frequently less reactionary, racist, or complacent than is often assumed.
dream world: an isolated, well-designed, comfortable arrangement of nothing but shops and service.” While this characterization was likely somewhat tongue-in-cheek, the bottom line of the author’s assessment was clear: the new shopping centers were informal, neighborly, family friendly and safe for predominantly female middle-class shoppers.

Changing shopping habits reinforced the shift to suburban shopping. The automobile enabled the practice of one-stop-shopping, whereby more goods were purchased during a single trip to a single retail location such as a large supermarket or discounter. Night-time and weekend shopping grew in popularity. Shopping centers were a “night and weekend business,” with many locations open six nights a week and sales peaking on Saturdays. Sunday shopping, too, began to become more wide-spread since the 1950s despite opposition by small retailers and religious groups and the continued existence of “blue laws” in many states which prohibited “unessential” Sunday work. By 1970, Sundays had become the day for family shopping especially in larger, suburban retail stores and the National Retail Merchant’s Association was considering the adoption of “a permantent policy favoring the opening of stores for Sunday shopping.”

The emerging suburban shopper, studies found, was “strongly attracted to convenience” and “likely to live closely to the shop they chose.” These consumers “dressed casually, objected to downtown parking” and “traveled to the store almost exclusively by car, coming directly from home and expecting to return directly to home.” The suburban consumers under consideration here were predominantly middle-class. A 1969 study for the Tenafly, NJ, Planning Board for example found that “the middle ranges of $3000 - $10,000 in family income seem least attracted by [the traditional shopping district].” While low income consumers had limited means of transportation and high income families did not need to watch prices, the study

62 “On the Seventh Day?” Newsweek, April 21st 1958, p. 72
64 H. Lawrence Isaacson, Store Choice: A Case Study of Consumer Decision Making (New York: Retail Research Institute, 1966), p. 71. Isaacson’s study, it should be noted, focused exclusively on female shoppers.
suggested, the growing middle classes sought the goods offered at department and discount stores outside the city limits.\textsuperscript{65} The postwar American middle-class value-shoppers found their home at the suburban shopping center.

\textit{Urban Planning and Public Policy}

The shift to suburban shopping followed in many ways shifting residential patterns and the rise of the automobile. Not merely a “natural” development, however, it was fueled by public policy incentives from tax breaks to liberal zoning policies. Zoning regulations which were locally administered and enforced frequently allowed for “zone-ribbons” for commercial use along major suburban roads. Stretches of highway-oriented businesses emerged along-side specialized functional areas, such as “automobile row.”\textsuperscript{66} Many suburban communities lacked zoning master-plans altogether and shopping center developers were frequently successful in changing existing zoning regulations through public hearings and appeals processes.\textsuperscript{67} Developers benefited from competition among municipalities attempting to attract commerce. Geographers observed that retail distribution responded to political boundaries as towns attempted to enhance their tax and parking bases. While older business centers were usually located within the center of towns, “a strikingly large number [of new developments] have taken up locations at or near political boundaries” because of restrictive zoning in some towns or more favorable tax structures in others.\textsuperscript{68}

During the 1950s, a growing number of cities adopted zoning ordinances dealing with shopping centers. However, they were often limited to ensuring unobstructed traffic flow and adequate parking facilities.\textsuperscript{69} Municipal planners faced severe limitations with regard to interfering with market development. Zoning ordinances were routinely struck


\textsuperscript{69} “Cities Regulate Shopping-Center Districts,”\textit{American City}, February 1952, p. 155.
down by courts if they were explicitly designed to protect existing retailers from competition. If, for example, a municipality received six proposals for shopping centers in a market area which supported only three, it still needed to zone for six provided that traffic standards were met. Robert Leary, a Planning Director of Ann Arbor, Michigan during the 1960s, attested to the limited power of urban planners: “A shopping center – as we have told [downtown merchants] – is a valid part of land use and, irrespective of its location inside or outside the corporate limits of the city, is going to have a very definite impact on the downtown area. We believe that shopping centers are pretty much in the category of death and taxes – they’re inevitable – and that a properly controlled shopping center within the corporate limits of the city, is better for the city generally […]”

Unlike in the case of residential communities, zoning laws provided for little protection of existing retail structures from “intrusion” of new suburban competition from which many municipalities stood to gain financially.

If local governments failed to protect downtowns, federal tax incentives played a major role in fueling the boom for suburban shopping centers and were part of the “hidden” state spending that helped shape the postwar consumer society. As historian Thomas Hanchett has shown, an “accelerated depreciation” program introduced in 1954 allowed developers to write off the construction costs of new business buildings and to claim them as losses against unrelated income. “Shopping centers,” Hanchett writes, “became a lucrative tax shelter for investors.” Despite the precursors already mentioned, full-blown suburban shopping centers which required much up-front capital had often not been economically feasible before the 1950s. Following the changes in the tax code, Hanchett suggests, shopping centers boomed even in smaller markets and areas such as Scranton / Wilkes-Barre that saw their population decline. Especially the number of large, regional centers skyrocketed as developers quickly caught on to the possibility of the tax-write off.

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72 The financing of large shopping centers also benefited from the wide-spread “sell-leaseback” system whereby the original investor (possibly a department store chain) would sell the completed center to banks, insurance companies or institutional landowners such as universities only to lease the space back. This
Urban planners and public policy did little to prevent trends towards retail concentration or to ensure an adequate retailing infrastructure in all neighborhoods. While many new suburban subdivisions did receive shopping centers in their vicinities, small individual retailers could rarely be found within new residential areas. Here retail businesses were often zoned out, hampering the development of smaller stores in new neighborhoods. Federal Housing Administration regulations that demanded the construction of retail centers in new subdivisions the agency helped to develop also tended to promote the construction of larger shopping centers. Low-income urban neighborhoods on the other hand were often ignored altogether by postwar consumer society’s shift to the suburbs.

By the 1960s, it became increasingly clear that the new geography of retailing disadvantaged the remaining urban consumers. The observation that “the [urban] poor pay more” was partially based in the reluctance of modern supermarkets and other chain retailers to open stores in urban areas. Studies suggested that those stores that did locate there tended to charge more and for lower quality goods because of limited competition. Consumer advocate Frederick Sturdivant saw racial conflicts such as the 1965 Watts riots as partially rooted in the “presence of an inefficient, unethical business community in ghetto areas” which remained dominated by “inefficient Mom & Pop stores.” A 1957 *New York Times* article described a recent rise of peddlers who, in the absence of an adequate retail infrastructure in the city’s inner-city housing projects, succeeded in selling goods for high prices and in employing usurious debt schemes. Many traditional neighborhood retailers had left or their buildings had been demolished in the practice allowed for further tax advantages and freed up capital for new ventures and construction of further shopping centers. See Gasser, *Das Shopping Center in Nordamerika*, pp. 153-154.

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73 Gasser, *Das Shopping Center in Nordamerika*, p. 72. See also “Home Areas Draw Shopping Centers” *NYT* January 22nd 1950 and “Levittown Plot Taken for Stores” *NYT* March 3rd 1950.
77 “Consumer Problems of the Poor: Supermarket Operations in Low-Income Areas and the Federal Response,” Hearings before House Committee on Government Operations, October 12th 1967 (CIS-NO: 90 H2312-7). The hearing came in response to charges that Safeway stores in Washington D.C. systematically upped their prices on days before welfare payments were disbursed.
process of “slum clearance” for new public housing. The problem was compounded by interests opposed to what they perceived as “subsidized” retailers moving into new housing projects and competing with other businesses.79

The city of Baltimore provides a good example of the problems traditional retailing districts in urban areas encountered during the 1950s and ‘60s. Between 1948 and 1958, 57 new shopping centers emerged in the Baltimore metropolitan area. While the retail sales share of downtown and other urban business districts declined, outlying “metro counties” saw their share rise from 17% to 29% during that time period. A 1965 study identified eighteen older community shopping districts, which traditionally “were dependent on nearby high-density residential areas and on large volumes of traffic to provide markets for their goods. For those who did not walk to a center, public transportation was the usual mode of travel.” The postwar years saw tremendous decline in most of these areas, yet, the study suggested, “almost nothing is being done to better the older shopping districts that developed years ago […]. There still is a need for these older centers, for they provide goods and services to residents of surrounding neighborhoods, many of whom have no other convenient places to shop.”80 A 1964 hearing before the House of Representatives found similar problems with regard to urban retailing in Baltimore. City officials complained about a lack in Federal aid as neither the SBA, nor the FHA or urban renewal felt responsible for intervening given current legislation at the time. Richard Steiner, Director of the Baltimore Urban Renewal and Housing Association, summarized the problem faced by Baltimore and many other cities across the United States as suburban shopping centers mushroomed: “increase in physical blight, obsolescence, and economic deterioration of the older neighborhood retail areas within the city proper.”81

For many American planners during the postwar decades, however, the shift towards suburban retailing signaled anything but decline. On the contrary, high hopes

were connected with the new shopping centers. Not only was modern retailing seen as a way of empowering the consumer by offering a wider selection of low-price goods and by cutting out the traditional merchant middle man. Downtown, some observers felt, had reached its limits and city centers had become “the centralization of confusion and inefficiency.”

Old-style urban retailing was seen as lacking a community aspect and planners hoped that neighborliness might be regained in suburban shopping. The “human scale” in market places, others thought, had been lost as a result of industrialization and the automobile and well designed shopping centers could be a means to remedy this.

Foster Winter of the Urban Land Institute wrote in 1954: ”Modern, responsible merchants have taken the lead in developing shopping towns containing not only shops and stores but, beyond that, offering places for meetings, for recreation and entertainment, thus making them focal points for community life in the suburban areas.”

Planning for a “modern” relationship between retailing and community life revolved almost solely around the suburban shopping center during the 1950s. Taking the example of Bergen County, NJ, Lizabeth Cohen has recently given an insightful treatment of plans for new shopping centers as community centers. Efforts in a similar vein could be found across the United States. In 1954, the American Museum of Natural History presented an exhibition on “Shopping Centers of Tomorrow” highlighting such developments. The exhibition organizers acknowledged a need for scientific planning to contrast the “disorganized suburban collections of stores today,” especially because many new suburban communities had neglected to comprehensively plan for retailing.

One of the most prominent visionaries of suburban retailing was architect Victor Gruen who had played a significant role in establishing the regional mall as a nationwide

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85 Ibid, p.4.
87 “Exhibit of Shopping Centers,” NYT, October 19th 1954. The exhibit was organized under the auspices of the American federation of Arts and architectural firms such as Victor Gruen and Associates. See accompanying publication: Victor Gruen Associates, Shopping Centers of Tomorrow.
retailing model.\textsuperscript{88} Gruen’s architectural firm had made a name for itself with the Northland Center which opened in 1954 in the Detroit suburb of Southfield, Michigan. Gruen had convinced the Hudson Department store which dominated downtown Detroit retailing to open up a suburban branch in a shopping center of unparalleled dimensions.\textsuperscript{89} Two years later the Southdale Center in the Minneapolis suburb of Edina, Mn, was completed. Gruen’s firm had designed the first fully enclosed shopping center which was also the first to contain two competing department stores.

To Gruen, however, Northland and Southdale were more than just retail outlets. In his 1960 \textit{Shopping Towns USA} he described their larger purpose: “By affording opportunities for social life and recreation in a protected pedestrian environment, by incorporating civic and educational facilities, shopping centers can fill an existing void. […] They can provide the needed place and opportunity for participation in modern community life that the ancient Greek Agora, the medieval market place and our own town squares have provided in the past.”\textsuperscript{90} Done right, Gruen explained further, “shopping centers have taken on the characteristics of urban organisms serving a multitude of human needs and activities, thus justifying the designation: SHOPPING TOWNS.”\textsuperscript{91} Gruen criticized booming suburbia for its social environment which he perceived as “strictly compartmentalized by family income, social, religious, and racial background”. The planning of shopping centers, Gruen and others hoped, would create places in which retailers could flourish as well as - for example by means of including community rooms - a genuine suburban community life.\textsuperscript{92}

Such visions often clashed with economic realities, however. Many shopping centers did include rooms for clubs and dances, auditoriums for lectures and meetings and recreational areas with benches, cafes and restaurants. Some even featured libraries,

\textsuperscript{89} The sales of the store’s downtown location subsequently dwindled until it was finally closed in 1983, because, according to company chairman at the time, downtown had become “an expensive and inefficient area to do business.” Cited in N. Cohen, \textit{America’s Marketplace}, p. 31.
\textsuperscript{90} Gruen / Smith, \textit{Shopping Towns} cited in N. Cohen, \textit{America’s Marketplace}, p. 32.
\textsuperscript{91} Gruen / Smith, \textit{Shopping Towns}, p. 11.
\textsuperscript{92} See ibid, pp. 21 and 23-24. Gruen’s publication illustrated such hopes by juxtaposing images of the Southdale Center with photographs of people dancing in the streets of Paris. Gruen frequently made references to European cities and retail developments such as the Lijnbaan in Rotterdam, the English New Towns and Vaellingsby near Stockholm.
galleries or swimming pools. Contrary to Gruen’s hopes, though, shopping center owners often fielded opposition to such non-commercial activities.\textsuperscript{93} Shopping centers routinely controlled access to their facilities (e.g. in efforts to eliminate “loitering”) or attempted to limit the exercise of free speech.\textsuperscript{94} The new retailing space was after all private space and would be part of a commercial environment in which sales volume was paramount to all other considerations.

1970s USA: The Suburban Geography of Retailing

By 1970, the suburban pattern of distribution had come to dominate the American metropolitan landscape. While suburban retailing grew, inner-city retailing declined during the postwar decades. Just before Christmas 1970, \textit{Time} ran a story about “Down and Out Downtown”: “At stores along the main streets of the nation’s cities […] the mood of the merchants was anything but festive. […] The downtown merchants – who have to cope with crime, grime and the transport snarls of the central city – are being hurt the worst.[…] Suburban branches have begun to stay open on Sundays to accommodate a rush of shoppers.”\textsuperscript{95} Traditional specialty stores and department stores were closing all over the country from Manhattan to San Francisco, from Dallas to Detroit.

Neighborhood retailing had declined as well. In a 1969 essay in \textit{McCall’s} writer Elinor Lander Horwitz asked “What ever Happened to the Neighborhood Store?” “The grocer as a well known personage,” Horwitz wrote, “has virtually disappeared from the American scene. And the Neighborhood store – only yesterday a lively feature of the landscape – today is almost extinct.” Horwitz did acknowledge that “certainly some of those grocers asked their customers intrusive questions, short-weighted the butter and put their finger on the scale.”\textsuperscript{96} But by and large Horwitz and others looked back with growing nostalgia in face of a more impersonal modern shopping experience. Her essay bemoaned the loss for future generations who would grow up more alienated from natural products and neighborhood community experience.

\textsuperscript{93} Gasser, \textit{Das Shopping Center in Nordamerika}, pp. 206-208.
\textsuperscript{94} See Cohen, \textit{Consumer’s Republic}, pp. 275-278.
\textsuperscript{95} “Down and Out Downtown,” \textit{Time}, December 7\textsuperscript{th} 1970, p. 87.
\textsuperscript{96} Elinor Lander Horwitz, “What Ever Happened to the Neighborhood Store?” in \textit{McCall’s} (July 1969), pp. 70 + 120.
The shift in retailing did not only affect larger cities, but also the Main Streets of many smaller American towns. During the 1950s the commercial decline of many small-town main streets was accompanied by architectural changes. Aluminum siding became popular in covering the detailed facades of Victorian buildings and new stores were often limited to single-storey structures with large glass fronts imitating the design of the new shopping centers. At the very moment that Disneyland’s Main Street USA constructed a nostalgic and powerful image of Main Street as the center of small town communities, their traditional retailing structure in reality frequently gave way to supermarkets and shopping centers.

The suburban competition was central to these stories of decline. A 1972 study attempting to quantify the effect of shopping centers on downtown retailing was prefaced by the author stating: “At first glance the topic seemed almost too obvious for serious research.” Indeed, there were few surprises to be had. In just six years between 1948 and 1954, for example, the share of total metropolitan retail sales of downtown specialty retailers fell from 14% to 10% in Chicago, from 15% to 10% in Detroit and from 27% to 18% in Columbus. This trend further accelerated during the 1960s. Historian Matthias Judt has recently shown for the case of Boston, how the bulk of retail sales shifted from downtown to outlying areas of the city between 1948 and 1958. Another ten years later, the lion’s share of retail sales in the metro region took place even further away in the suburbs.

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98 The architectural transformation of many main streets has since been partially reversed by the 1966 Historic Preservation Act. Ironically, the Disney image of Main Street has subsequently influenced not only preservationists, but also designers of suburban shopping centers. See Francaviglia, *Mainstreet Revisited*, pp. 145-167 and William Kowinski, *The Malling of America: An Inside Look at the Great Consumer Paradise* (New York: W. Morrow, 1985), pp. 64-73.
99 Ament, *The Effect of the Shopping Center*, p. iii.
The development of retailing in the city of Akron, Ohio, illustrates well how suburban shopping centers and supermarkets supplanted the dual system of urban retailing in the decades following World War II. Two studies financed by the Urban Renewal Administration traced the impact of new shopping centers on both Akron’s central business district and its small businesses. While sales of the city’s CBD had declined by 16% between 1958 and 1963, over 2 million sq ft. of retail space were built in planned shopping centers. Since 1950, twenty-six smaller shopping centers (featuring chains such as J.C. Penney’s, Montgomery Ward’s as well as major supermarkets) were developed in the region and two large regional centers were under construction by the mid 1960s.\(^{102}\) Urban Akron lost 550 stores between 1954 and 1963 including 260 grocery stores, 36 drug stores, 63 apparel stores and 60 hardware stores.\(^{103}\) Acknowledging the detrimental impact of shopping centers on small businesses, one study concluded that “the most promising alternative for improving the small businessman’s competitive position relative to shopping centers seems to be relocating in one.”\(^{104}\) By the late 1960s, Akron’s urban commercial structure had been supplanted with a metropolitan one dominated by suburban shopping centers which dealt in convenience and shopping goods alike. The typical shopping center in the Akron region was now “built around a junior department store or a variety store as well as one or more supermarkets.”\(^{105}\)

By the late 1960s, the suburban pattern of retailing had thus firmly supplanted the older dual distribution structure of downtown centers and urban neighborhood stores in American cities. Suburban retailing of everyday goods had become increasingly centralized and the new postwar consumer society revolved around the strip malls and shopping centers with adjacent large supermarkets and discounters. To consumers who had moved out to the suburbs and conducted their shopping now largely by automobile, the new retail facilities were attractive because of their convenience, their price structure and the seemingly safer and more casual shopping environment they offered. Traditional smaller retailers, however, were at a disadvantage in a market environment in which the

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\(^{103}\) Ibid, pp. 20-23.


\(^{105}\) Ibid, p. 17.
competitive edge was decided by price and volume and in which such protections as blue
laws and resale price maintenance were increasingly eroded. Urban planners faced severe
limitations in channeling the rise of shopping centers through zoning and they long
neglected the economic decline of urban retailing districts. Their enthusiastic visions for
the community functions of new centers were largely disappointed by the economic
realities of the market place. The shift to suburban shopping finally had significant
consequences with regard to the composition of the consuming public as many urban
residents were excluded from the modern retailing structure. The degree to which the
suburban pattern of retailing was not just the natural extension of the rise of the
automobile and a demographic shift to the suburbs, but the consequence of a series of
choices made by retailers, consumers, urban planners and policy makers in the United
States becomes apparent when viewed in comparison to developments in West Germany
at the same time.

The Continuity of Urban Retailing in Postwar West Germany

“The regional shopping center came to Europe with a bang,” the New York Times stated
with regard to the opening of a suburban shopping center in Frankfurt am Main in June of
1965.106 Another headline on the same issue read: “The American way of life has made a
new break-through in West Germany.”107 Such boisterous claims, however, missed much
of the reality of the postwar geography of retailing in West Germany. While many inner-
cities were hit hard by wartime destruction, the old “cities” were quickly revitalized after
1945.108 The suburban distribution pattern in the American mold had a considerably more
difficult time of advancing across the Atlantic.

A closer look at the development of shopping centers in West Germany suggests
that the opening of the Frankfurt shopping center hailed by the New York Times was
relatively little, relatively late. Some smaller shopping centers such as “Onkel Tom’s
Hütte” (opened in 1928 in Berlin) existed in Germany even before World War II. After
the war, many of the newly built urban developments featured planned shopping

106 “European Developers Turning to Suburban Shopping Centers,” NYT, June 14th 1965, p. 51
108 See e.g. Paul Keuth, “Die Entvölkerung der Innenstädte,” in Der Deutsche Handel 2,6 (1950), pp. 5-6.
complexes. During the 1960s, several indoor shopping centers appeared near the centers of larger cities such as the Europa-Center in downtown Berlin and the Kö-Center in Düsseldorf. The 1964 Main-Taunus Center near Frankfurt, however, was the first that could qualify as a truly suburban shopping center being built outside the city, “on the green meadow” (*auf der grünen Wiese*). It was followed by the Ruhrpark near Bochum and several other developments near Hamburg, Regensburg, Nürnberg and a few other cities during the late 1960s. By 1972, an Ifo-study counted 282 shopping centers in all of West Germany.

While this number may appear rather high, it is important to realize that these 282 “shopping centers” by and large did not compare to the regional malls found in the United States. The same study found that 145 of the centers had less than 5,000m$^2$ (i.e. = 53,800 sq ft.) of retail space and only 29 had more than 25,000m$^2$ (= 270,000 sq ft.). By comparison, regional shopping centers in the US generally exceeded 500,000 sq ft. Taken together, shopping centers accounted for only 4% of the total retail sales in Germany (as compared to over 40% in the United States at the time). The location of the centers also stood in stark contrast to the American case where most centers were built outside urban neighborhoods: in Germany 14% were located in downtown areas, 77% in urban residential areas, 6% on the urban fringe and only 3% entirely outside the city limits. This geographic distribution pattern did not only hold true for existing shopping centers at the beginning of the 1970s, but for those in the planning stage as well.

What accounted for the smaller number and more urban location of shopping centers in Germany? In part, it was the relatively negative image that shopping centers

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109 On the Europa-Center see Alexander Sedlmaier, “Berlin’s Europa-Center (1963-65): Americanization, Consumerism, And the Uses of International Style,” in *GHI Bulletin Supplement 2* (2005), pp. 87-99. Sedlmaier discusses the Europa-center “as a symbol for the heyday of American impact on Germany” particularly with regard to consumption, yet he curiously ends his account by describing protests against extended shopping hours at the center and mentions the related failure of an American-style drugstore within the complex.


111 “The Impact of Suburban Shopping Centers on Independent Retailers,” Report of the Senate Select Committee on Small Business, January 5, 1960 (CIS-No: 12153, 86-1 S. rp.1016), p. 6. Small “Neighborhood Centers” were considered to have 20,000 – 60,000 sq. ft. and “Community Centers” between 100,000 and 400,000 sq. ft.

had among German retailers. Against notions of alleged urban decline, small urban stores even during the 1960s frequently were content with their location and did not feel the need to move to an untried, new location in a shopping center which might burden them with obligations and competition. Urban planning, as well, played a vital role. Many German postwar retailing experts comparing the development in their country to the United States commented on the role of planning as a significant difference. The initiative for European shopping centers often came from municipalities rather than private investors. This meant greater emphasis was put on their relationship to urban geography as a whole. German proponents of shopping centers tended to view their role as an addition to the existing structure of urban retailing, not as competition to it. Much attention was paid to connecting the new centers to pedestrian traffic and public transportation as well. As one German urban planner observed in 1972: “In the US the ‘shopping center’ […] is often located outside the city, e.g. at highway intersections; however, this choice of location entails many drawbacks for urban order (Raumordnung) and development. The shopping center within the urban area, by contrast, offers the best opportunities for supplying the population sufficiently and to take some pressure off the inner cities.” While retailing expert Horst-Joachim Jaeck revealed considerable cultural biases when he attributed differences between the two countries to an other-directed and “superficial” American mentality as opposed to tradition oriented Germans intent on preserving the historical lay-out of the city, some of his conclusions are worthy of consideration: “In short, while the majority of American shopping-centers is shaped by commercial considerations, European centers are predominantly built in accordance with city-planning in mind.” A greater impact of urban planning, however, was only one factor among several as the subsequent discussion of the development of retailing and consumer attitudes in West Germany will show.

113 Greipl, Einkaufszentren, pp. 89-92.
115 Ibid, pp. 57-58.
The Retailing Industry

The relative continuity in the geography of retailing during the first postwar decades was to a large degree the result of continuities in the overall structure of the retailing industry which in West Germany remained dominated by smaller downtown and neighborhood stores. Important modernization processes did occur in postwar German retailing, which have received much attention in recent historiography. However, the comparative view to the United States reveals how differently and how much slower and on a smaller scale this modernization took place during the German Wirtschaftswunder.

For much of the twentieth century, German retailing has been dominated by what historian Victoria De Grazia has characterized as a “commercial civilization.” In contrast to an American, or Fordist, model of retailing dominated by the interest of both producers and consumers to achieve the lowest price possible, a traditional bourgeois model of protectionism prevailed in European societies which emphasized local retailers and class difference in consumption.\footnote{See Victoria de Grazia, Irresistible Empire: America’s Advance Through Twentieth-century Europe (Cambridge: Belknap Press, 2005), de Grazia, “American Supermarkets Versus European Small Shops; or How Transnational Capitalism Crossed Paths With Moral Economy in Italy During the 1960s,” in Trondheim Studies on East European Cultures & Societies 7 (2002), pp. 1-26 and de Grazia, “Changing Consumption Regimes in Europe 1930-1970: Comparative Perspectives on the Distribution Problem,” in Susan Strasser et al. (eds.), Getting and Spending, pp. 59-83.}

While American-style mass consumer culture made significant inroads into continental Europe already during the interwar period and especially after World War II, De Grazia notes that it met significant challenges as well. In 1970, for example, when 70% of US consumer expenditure for groceries went to supermarkets, these modern facilities still commanded only 32% of the market share in West Germany. During the 1960s, she writes, continental Europeans “would have still been attached to their neighborhood shops and open-air markets. There they shopped daily, usually on foot, visiting at least a half-dozen different commercial establishments for as long as fifteen hours a week while spending as much as fifty-five percent of their family incomes on food.”\footnote{Grazia, “American Supermarkets”, p. 8.} The old-style “commercial civilization” of retailing thus continued well into the postwar decades.

De Grazia’s more general observations are supported by the specific developments in German retailing between 1950 and 1970. They call into question the
notion of wide-spread American-style modernization in postwar German retailing. Certainly, self-service markets gained in importance as did the brand products and new forms of packaging that went along with them.\textsuperscript{118} Even a few discounters appeared on the German scene.\textsuperscript{119} As historian Michael Wildt has observed, there was a noticeable push towards “\textit{Konsumfreiheit},” the freedom of consumer choice and a democratic shopping experience, which often entailed circumventing the traditionally powerful position of the store-clerk or the shopkeeper.\textsuperscript{120} To a surprising degree, however, smaller retailers did prevail and American distribution methods were not imported wholesale. A group of German retailers and retailing experts touring the United States during the early 1960s, for example, marveled at the differences between the two countries. Beyond the attention paid to innovation like supermarkets, chain stores and discounters, the group also looked at independent specialty stores (\textit{Fachgeschäfte}). They noted that these continued to exist within the American system as well (which was greeted as a promising sign for future German developments), but observed critically that “it has to be said that the average \textit{Fachgeschäft} in the United States displays a standard below those found in German specialty stores.” Few US retailers, they found, had clearly defined specialties and many (e.g. drugstores) portrayed a trend towards offering a smattering of different goods which was consistent with the trend to one-stop shopping. Many German retailers perceived this as a threat to their own expertise as well as to the quality of goods and service offered at the store.\textsuperscript{121}

The mere quantitative differences between German and American retailing during the postwar decades can be easily illustrated. While the US population in 1965 was roughly three times that of Western Germany, the number of retail businesses was just

\textsuperscript{118} On the introduction of first self-service (“\textit{Bedien’ Dich Selbst!”}) stores see for example \textit{Der Spiegel}, February 9\textsuperscript{th} 1950, p. 30.

\textsuperscript{119} See \textit{Der Spiegel} Nr. 6 1963.

\textsuperscript{120} See Michael Wildt, \textit{Am Beginn der Konsumgesellschaft: Mangelерfahrung, Lebenshaltung und Wohlstandshoffnung in Westdeutschland in den Fünfziger Jahren} (Hamburg: Ergebnisse Verlag, 1994), especially Ch. III. On the modernization involved with the move to self service and supermarkets (albeit focusing on the example of Switzerland) see also Sibylle Brändli, \textit{Der Supermarkt im Kopf: Konsumkultur und Wohlstand in der Schweiz nach 1945} (Wien et al.: Boehlau, 2000).

\textsuperscript{121} Fritz Brandes, \textit{Ist in Amerika alles anders? Das wirtschaftliche Leben in den USA – Ergebnisse einer Studienreise} (Frankfurt a.M.: Verlag für Wirtschaftspraxis, 1962), pp. 9-10. The travel group included among other Werner Jacobi, section head at the BMWi, the director of the Hauptgemeinschaft des Deutschen Einzelhandels as well as representatives of several regional retailers associations.
slightly more than twice as high (US 1,350,000 to Germany 600,000).\footnote{122} Especially in the grocery trade differences were significant. While regional supermarket chains began to dominate the American scene, many independent grocers in Germany survived by joining voluntary chains (e.g. Spar) and purchasing cooperatives (e.g. Edeka) to a much larger scale than in the US. In 1966, the market share of completely independent retailers had declined from 49\% in 1950 to 2.1\%, but independent stores organized in voluntary chains accounted for 50.1\%, consumer cooperatives for 5.7\%, and trade shops (such as butcher stores and bakeries) for another 31.1\%. Supermarket chains and department stores could together claim only about 11\% of the German market share.\footnote{123}

Voluntary retail cooperatives did not only dominate the grocery trade. By the late 1950s, 76\% of all shoe retailers, 70\% of hardware stores, and 45\% of textile retailers were members of purchasing or marketing cooperatives, allowing for a continuously high number of independent retailers. The percentage of owner-proprietors and their family members among those working in retailing did decrease somewhat over the course of the 1950s, but the percentage of retailing businesses that employed less than ten people fell only slightly from 97.7\% in 1950 to 95.7\% in 1960. Unlike in the United States, the overall number of retailing outlets in variety goods and groceries, furthermore actually grew (from 246,041 in 1939 to 304,683 in 1961).\footnote{124} While retailing in postwar Germany did shift away from “full-service,” family owned and operated stores to independent self-service stores organized in voluntary chains, the level of concentration did not compare to the processes described with regard to suburban retailing in the US above.

Differences between the two countries also continued to exist with regard to the size of stores. German stores in urban neighborhoods or centers were usually much smaller than their suburban American counterparts. During the 1960s, the sales volume per square meter in Germany (where self-service was still rare and the merchandise was frequently tightly stacked) was roughly twice as high as in the United States.\footnote{125} A 1959

\footnote{123} The voluntary chains were akin to the Independent Grocers Association (IGA) in the United States. Data according to Helmut Soldner, Die City als Einkaufszentrum, pp. 230-234.
\footnote{125} Tietz, Konsument und Einzelhandel, p. 413.
Time article observed: “By US standards, Europe’s supermarket boom is still in its infant stage. Most of the new self-service stores are not super-duper markets in the giant, U.S. sense, rarely have more than 3,000 sq. ft. of floor space (v. 10,000 for the average U.S. supermarket), stock only an average of 1,000 to 2,000 items (v. 5,600 in the U.S. markets). Some stores still do not sell frozen foods, leave the meat to the outside butcher; only a few are big enough to produce their own brands of canned goods.”126 Retailers with larger sales areas gained ground during the 1960s, but supermarkets of more than 4,300 sq. ft. (and only these would even come close to the American understanding of the term “supermarket”) mustered some significance only after 1970. Similarly, non-self service small to medium sized specialty stores in urban centers only began to face serious competition from large specialty retailing chains (Fachmärkte) and discounters in outlying areas by the late 1970s.127 At the beginning of that decade the overwhelming majority of retail sales were still done by small and independent retailers.128

How can we account for such continuities in the face of dramatic economic change, improvements in the standard of living and changes in individual consumption habits? In part, the answer lies with public policies and market regulations discussed in Chapter 2. While regulations of the National-Socialist era directed against department stores and chain stores were cut back during the postwar years, the German “social market economy” still imposed a variety of limits on commercial development to ensure competition as well as the overall integrity of urban planning. A 1962 law, for example put a temporary halt to department store expansion in an effort to protect the competitiveness of smaller specialty retailers. Well into the postwar era, the Reichsgaragenordnung which included parking space requirements for retailers also worked to limit retail space.129 Conservative elements in postwar economic policy tended to protect the old middle classes (Mittelstand) and small property owners like independent shopkeepers. What influential economist Wilhelm Röpcke at the time

126 “La Methode Americaine,” Time November 16th 1959, pp. 105-106.
128 Greipl, Einkaufszentren, p. 56.
129 Soldner, Die City als Einkaufszentrum, p. 39.
termed “economic humanism”, the pursuit of an “organic” society with smaller economic units, left its mark on the geography of retailing as well.\textsuperscript{130}

In keeping with the often conservative politics of mass consumption in postwar West Germany, established retailing interests were successful throughout the 1950s in lobbying for a series of legislative changes that helped protect their position. They frequently frustrated liberalizing efforts pursued by the ministry of economics and government officials repeatedly worried that retailers were attempting to make retailing a closed-off “estate” within the economy.\textsuperscript{131} The law against unfair competition which was amended in 1957, for example, prohibited the use of comparative advertising and price dumping and limited the possibility of sales. The 1958 law against impediments to competition (\textit{Wettbewerbsbeschränkungen}) severely restricted the practice of giving rebates and allowed for resale price maintenance (\textit{Preisbindung der zweiten Hand}) for brand goods and books.\textsuperscript{132}

Such efforts worked to take the competitive edge away from larger retailers, supermarkets and discounters whose biggest advantage lay in a lower price structure. The issue of resale price maintenance became highly contested during the postwar decades with brand good producers and many retailers fighting for the institution.\textsuperscript{133} Over the course of the 1960s numerous goods from chocolate and detergent to televisions were


\textsuperscript{131} For the pressure exerted by small retailers, their fight against larger competitors and their continued dominance in the German market see “Warenhäuser: Alles für Frau Plesecke,” \textit{Der Spiegel}, January 7\textsuperscript{th} 1953, pp. 11-14. The extensive report also takes not of the American shift towards suburban retailing but holds it to be of limited applicability to the West-German case. See Chapter 2, for a more detailed discussion.

The minutes of a 1954 meeting of ministry division heads show concerns that the retailing ordinance (\textit{Einzelhandelsordnung}) retailers were pushing for at the time would contribute to the emergence of a Staendestaat infringing onliberal democracy. A subsequent memo similarly complained about efforts to limit access to the retailing trade. Memos of June 25\textsuperscript{th} 1954 and June 26\textsuperscript{th} 1956 in Bundesarchiv (subsequently BuArch) B 102 / 168666. Dr. Kluy of the Bavarian Landesgewerbeanstalt noted in a similar vein at a 1956 session of the Consumers Council (Verbraucherausschuss) that an “entailed estate mentality” (\textit{Erbhofauffassung}) existed among German retailers who were trying to fight off structural changes along the American model. Session minutes May 25\textsuperscript{th} 1956 in BuArch B 102 / 168706.

\textsuperscript{132} Tietz, \textit{Konsument und Einzelhandel}, pp. 39-48. Not only federal but state laws as well worked to protect the existing retail structure. The Bavarian “ground meat ordinance” (\textit{Hackfleischverordnung}) provided that ground meat must be sold in a separate place from other meats, thus favoring specialized butcher stores over other small grocery stores which might sell fresh meat next to other goods. Ibid, p. 36.

\textsuperscript{133} See for example “Preise und viel schöne Reden,” \textit{Der Spiegel} March 7\textsuperscript{th} 1956, p. 13 and “Preise: Testprozess,”\textit{Der Spiegel} September 24\textsuperscript{th} 1958.
taken out of resale price maintenance. Yet in 1969, approximately 17% of all retail goods were still affected by this system in which the producer could set a fixed and binding retail price that was to be universally observed.\(^{134}\) The federal economics ministry repeatedly pushed for an end to this practice which it regarded as an impediment to competition in the retail industry. Ministry officials recognized, however, that the practice provided “the Aunt-Anna-Store at the corner with the backbone and possibility for survival.”\(^{135}\) Unlike in the US where many manufactures gave up resale price maintenance under the pressure of discounters and other retail interests over the course of the 1950s, price maintenance allowed many small German retailers to stay competitive with larger stores with regard to nationally advertised brand goods which became ever more important to West German consumer culture during the postwar decades.\(^{136}\)

Price maintenance was only one example of converging interests between the German consumer goods industry and traditional retailing. Several German producers of brand-name consumer goods (such as Braun electronics) distributed their wares exclusively through specialty retailers (\textit{Fachhändler}) for much of the 1950s and ‘60s. They shunned discounters and even department stores hoping to strengthen the exclusivity and the quality image of their brands. This practice was largely abandoned by the later 1960s, however, after German consumer goods faced increasing competition from imported goods which were sold through department stores and discounters as well.\(^{137}\) Still, the affinity between German producers of high priced goods and the traditional high price retailing system that had been so typical of the European consumer society vis-à-vis its American counterpart for much of the twentieth century carried over into the postwar decades.

\(^{134}\) Greipl, \textit{Einkaufszentren}, pp. 59-60. See also “Preisstürze: Begrenzter Lichtblick,” \textit{Der Spiegel} June 13\textsuperscript{th} 1951.

\(^{135}\) Dr. Langer of the Ministry of Economics in the minutes of the March 22\textsuperscript{nd} session of the Verbraucherausschuss in BuArch B102 / 168707.

\(^{136}\) As discussed above, resale price maintenance for brand goods had existed in the United States as well. A 1937 amendment to the Sherman Act had made vertical price setting legal. In 1951 the Supreme Court ruled against the practice, but it was again legalized under the 1952 McGuire Act. By 1960, however, the practice was outlawed by state legislation in about half of US states. Edgar Uherek, “Zur Entwicklung der vertikalen Preisbindung,” in Behrens (ed.), \textit{Handel im Wandel}, pp. 37-57, here pp. 44-47 and 56.

\(^{137}\) Tietz, \textit{Konsument und Einzelhandel}, p. 501.
Another advantage for small retailers in Germany were the stringent store closing hours which had been made uniform by the 1956 store closing law. With few exceptions, retailers could only be open from 7:00 am to 6:30 pm on weekdays and until 2:30 pm on Saturdays. By comparison, around 1960 most major stores in American shopping centers were open to 9:00 pm in the absence of nation-wide regulations. The lack of such liberal hours infringed on the possibility of extensive shopping at the end of the workday at outlying retailers and favored the shorter trip to stores in the neighborhood. Despite recurring debates about the issue, a strong coalition of retailing interests, churches and labor unions which lacked organized consumer opposition succeeded in keeping closing hours regulations intact well into the 1970s and beyond.

The role played by labor unions with regard to store hours suggests another difference between the German and the American postwar retailing industry: the employees. German observers coming to the United States frequently commented on how little knowledge of the merchandise the sales staff at many American retailers possessed. On the one hand this meant American consumers were more likely to educate themselves. On the other hand, retail sales employees received little formal training, were usually not unionized and often were paid only minimum wage. While shopping centers offered many part-time employment opportunities for suburban women, as Lizabeth Cohen has pointed out, there were few middle class careers to be had in shopping center retailing. German retailers by contrast succeeded in lobbying for a 1957 law regarding the practice of retailing vocations which required a certificate of “retail expertise” to open a retail business. Trained personnel was regarded as central in providing quality service and many observers saw this in combination with relatively higher wages as a major

138 Larger retailers and department stores, of course, had protested the the limitation of store hours (particularly on Saturday afternoons). See “Horten Konzern: Das Paradis der Damen,” Der Spiegel, May 18th 1955, pp. 18-24.


140 Brandes, Ist in Amerika alles anders?, pp. 27-29.

141 See Cohen, Consumer’s Republic, pp. 283-285 and Jackson “All the World’s a Mall”, p. 1119.

142 Grocery store proprietors further needed a Fachkundenachweis The law was liberalized in 1966 following a ruling by the Federal Constitutional Court. Tietz, Konsument und Einzelhandel, p. 51.
impediment to the wide-spread establishment of American-style low-price discounters in Germany.\footnote{Furthermore, the already higher cost of labor rose significantly in relation to the cost of now increasingly mass-produced goods causing average trade margins in Germany to remain below US levels. See Brandes, Ist in Amerika alles anders?, p. 17 and Klaus Müller-Beilschmidt, “Handelskosten und Handelsspanne im Wandel der wirtschaftlichen Entwicklung,” in Behrens (ed.), Wandel im Handel, pp. 95-105, here pp. 97-99.} Despite modernizing efforts on part of the economics ministry, the large, space-intensive retailing outlets that thrived in suburban America thus faced numerous obstacles in West Germany’s more regulated consumer market-place during the 1950s and ‘60s.

\textit{Consumer Attitudes and Preferences}

Consumer behavior and preferences played their part in sustaining the traditional retailing structure as well. The continued pattern of urban residence discussed in the previous chapter certainly helped neighborhood stores while traditional downtown retailers benefited from widely used public transportation systems. German consumers into the 1960s and ‘70s also were more likely to shop for everyday items on a daily basis rather than taking the car for a weekly shopping spree at an outlying supermarket or retail center. Especially during the 1950s a lack of refrigerators or freezers made daily grocery shopping still a necessity for many German households. The practice of one-stop-shopping did not enjoy the importance it did in the United States and while German consumers at times complained about restrictive opening hours, they did not mount any seizable opposition and surveys suggested that only 20\% of consumers were really discontented. Most felt that they had enough time to buy what they needed.\footnote{“Is the Bell Tolling for Blue Laws?” Business Week April 4\textsuperscript{th} 1970, p. 39.}

The predominant “\textit{bürgerlich} / genteel ethos” among middle-class West Germans discussed in Chapter 3 gave traditional neighborhood stores and specialty retailers advantages in a society in which consumption was still more strongly tied to class and milieu differences. They profited from German consumers who tended to equate quality with a higher price.\footnote{See 1958 survey on consumer behavior commissioned by the ministry of economics. Cited in January 21\textsuperscript{st} 1958 session of the Verbraucherausschuss in BuArch B 102 / 168707.} While German retailers observed that American consumers wanted
little contact to sales personnel, they held that for their German customers sales expertise and service provided by traditional retailers remained highly important.\textsuperscript{146}

German consumers, surveys showed, also continued to enjoy shopping in the city center. They liked to buy clothing and household goods in the specialty stores of the urban center, which, they felt, offered a wider selection, better quality and “nicer goods” than competitors elsewhere.\textsuperscript{147} The pedestrian shopping streets (discussed in detail below) enhanced the largely positive image Germans had of their inner cities. They came there to shop, window-shop or visit cafés. They enjoyed the cosmopolitan atmosphere afforded by pedestrian malls and demanded more of it.\textsuperscript{148} In contrast to the concerns about safety, convenience, and racial questions which kept a growing number of American middle-class consumers from shopping downtown, the more positive connotations downtown had to German consumers go a long way in explaining the persistence of urban shopping patterns.

\textit{Urban Planning and Public Policy}

Public policy and urban planning were central to preserving more traditional urban retailing in postwar West Germany. The planning for retail infrastructure was vital to the development of new housing projects and urban neighborhoods which arose during the postwar decades partly through public financing. While the 1965 federal building law (\textit{Bundesbaugesetz}) and the other building codes (e.g. \textit{Baunutzungsverordnung} of June 26, 1962 and January 1, 1969) did not explicitly mention retailing, predominant legal opinion held that the retail needs of consumers had to be carefully taken into account in larger construction projects and that some level of public planning was congruent with the social market economy.\textsuperscript{149} Already in 1955, the federal ministry for housing had issued

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\textsuperscript{146} While this observation likely has some merit from the comparative perspective, Tietz, \textit{Konsument und Einzelhandel}, p. 501 makes an equally valid point in suggesting that the “service advantage” was often overrated in Germany. Market research showed that many consumers felt uncomfortable in traditional full-service stores and more obligated to make a purchase.
\textsuperscript{147} Ibid, pp. 298-299.
\textsuperscript{148} See Hannes Weeber, \textit{Als Fussgänger beim Einkauf in der City: Leistungsbereitschaft, Zeitaufwand und beeinflussende Faktoren} (Stuttgart: Forschungsgemeinschaft Bauen und Wohnen, 1973), pp. 97-105. This study found a high level of contentedness with downtown shopping experience in various Germans cities (results ranging from 13-23\% very content, 62-70\% content), p.59.
\textsuperscript{149} Greipl, \textit{Einkaufszentren}, pp. 65-66 and 105-114.
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guidelines which contained requirements for commercial space to locally supply the population of new publicly funded housing projects.\textsuperscript{150}

Among urban planners, the study of regional retailing (\textit{regionale Handelsforschung / Handelsurbanistik}) had evolved as a field since the interwar period.\textsuperscript{151} While German retail planners were concerned with modernizing distribution patterns, many still conceived of the city in terms of an “organism.”\textsuperscript{152} Retailing was thus seen as part of and subservient to a larger whole. Factors such as demand and shopping frequency were understood in the context of a hierarchical concept of urban and regional space. Walter Christaller’s influential theory of central places and peripheral areas formulated during the 1930s continued to inform planners in the postwar era.\textsuperscript{153} The distinction between the supply of “petty goods” for daily consumption and periodic (or shopping) goods of higher durability which was at the core of the dual pattern of urban retailing was now reflected in increasingly more refined theories of the retailing function of neighborhoods and urban centers.

Many German planners held that a hierarchical model would remain feasible in the context of the postwar consumer society as well.\textsuperscript{154} In 1968 for example, retailing expert Helmut Soldner, suggested a four-stage hierarchy of metropolitan retailing. Agglomerations of stores in existing and new neighborhoods as well as small towncenters within a metropolitan region were to act as “neighborhood centers”. Their function was to supply basic, everyday goods. The second level was constituted by the “community

\textsuperscript{152} Soldner, \textit{Die City als Einkaufszentrum}, p. 54, for example refers back to Ferdinand Tönnies’ characterization of the medieval city as a “living communal organism”.
\textsuperscript{153} Walter Christaller, \textit{Die zentralen Orte in Süddeutschland} (Jena: Gustav Fischer, 1933). Hierarchical models of regional space existed in the US as well; however, they did not command nearly as much attention during the postwar decades. During the 1920s, for example, E.W. Burgess of the Chicago school of sociology, developed a “concentric zonal” theory of retailing centred on the CDB, see Fogelson, \textit{Downtown}, p. 183.
\textsuperscript{154} See for example Greipl, \textit{Einkaufszentren}, pp. 114-172.
center” (*Stadtviertelzentrum*) or small centers in satellite cities or mid-size town within a metropolitan area. Still above these Soldner placed the "city-district-center” (*Stadtteilzentrum*) or (regional) shopping centers in satellite cities or cities within the metropolitan area. At the pinnacle of this hierarchy, finally, stood the traditional city center, the downtown business district which focused almost exclusively on periodic goods.\(^{155}\) The geographic development of postwar American retailing, by contrast, was often viewed with considerable dismay by German planners. As American retail planning was driven more overtly by market considerations and “sales areas,” suburban shopping centers frequently challenged rather than complemented the existing hierarchy of metropolitan retailing.\(^ {156}\)

By taking the city as an organic whole as a starting point, the objective of planning was, according to retail geographer Robert Jahke, to avoid unnecessary shopping outside of the neighborhood. To accomplish this, planners had to face the challenge of methodically anticipating demand. Throughout the 1950s, Jahke and others conducted studies for a host of cities and municipalities across West Germany to assess demand and the viability of retail developments in neighborhoods and city centers.\(^ {157}\) In doing this, Jahke could build on research conducted already during the NS-era by the *Reichsarbeitsgemeinschaft für Raumforschung* regarding consumer demand patterns. Jahke called for an inclusive approach to city-planning that took consumption into account and would insure a “healthy” retail structure. By that he meant that such (unmodern) “aberrations” (*Fehltypen*) as the make-shift garage or basement store, which were widely found in the immediate postwar era, had to be avoided. Instead, Jahke wanted to see an infrastructure of small but modern shops. Despite the spatial separation of work and residence in many new developments of the 1950s, Jahke felt these needed to develop a distinct character just like “cities that had grown organically.” To achieve this shopping outside the new neighborhoods had to be limited to ensure a multifaceted

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\(^{155}\) Soldner, *Die City als Einkaufszentrum*, p. 269.

\(^{156}\) Gasser, *Das Shopping Center in Nordamerika*, p. 70.

\(^{157}\) The catalogue the Institute of Urbanistik (Senatsbibliothek Berlin) contains reports regarding consumer demand written by Jahke for at least 50 cities for the postwar decades (mostly in Southern Germany and Northrhine-Westphalia).
retail infratstructure, because “the storefronts decisively shape the face of any community.”

Jahke’s writings display a distinctly conservative bent in extending notions of the city as an organic entity well into the postwar era. This brand of conservatism was very much at odds with the American geography of suburban consumption. In 1960, Jahke published an extensive volume on commercial planning in urban development. Disdainful of “American” trends towards weekly shopping in supermarkets, Jahke proposed to retain a more specialized retail structure even in new developments, which would supply quality products allegedly more congenial to the “mentality of the German customer.” Short of centralized planning, he wrote in keeping with predominant economic thought, planners and public policy should foster competition among smaller (or Mittelstand) businesses. Jahke consequently lauded the ethos of German shopkeepers and was generally doubtful of the suitability of larger American retail structures for Germany even showing qualified approval of National-Socialist measures to protect small businesses (such as the Einzelhandelsschutzgesetz of 1933). While Jahke’s conservatism was not necessarily representative of German city-planning in general, his writings do indicate that many planners undertook conscious attempts to modernize the urban retail structure in ways that differed from the American model.

More progressive or social-democratic planners helped to sustain the urban pattern of retailing in Germany as well. The large publicly sponsored housing developments of the postwar era are a case in point. To be sure, the modernization of older neighborhoods (akin to urban renewal projects in the United States) did frequently eliminate traditional “corner stores.” Particularly since the 1960s, however, the planners of large developments aspiring to an ideal of urbanity and mixed-used residential areas organized their apartment high-rises around small agglomerations of shops. A wide variety of goods and services was thus available locally and within walking distance.

The housing development of the Neue Vahr in the city of Bremen provides a good example. Constructed during the late 1950s, the Neue Vahr was one of the largest new urban developments of its time, containing roughly 10,000 apartments in several neighborhoods. Within these planners had included from the start several decentralized agglomeration of stores to provide groceries and other necessities of daily life. At the heart of the Neue Vahr a larger shopping center, the Berliner Freiheit, was constructed based on initial designs of Finnish architect Alvar Aalto. A survey among residents of the Neue Vahr revealed the practice of consumption in this new urban district by the early 1970s. According to the survey, 83% of daily goods were purchased within the Neue Vahr. 47% of residents shopped daily, 40% every other day and only 13% on weekends (suggesting that shopping still was less a family affair as increasingly in the United States but largely the domain of women). The residents of this new development, the study observed, had retained an “urban shopping style.”¹⁶¹ Residents made frequent use of the Berliner Freiheit and most did not miss anything in goods except for a few items bought only sporadically. Such periodic goods were still predominantly purchased in the city center of Bremen. Indeed, a 1974 development plan for the Neue Vahr noted the need for expanding the availability of periodic goods and services locally because of growing prosperity, but explicitly stated that this should be done to complement (not compete with!) the urban core which could be conveniently reached by trolley or bus.¹⁶²

1970s West Germany: Urban Retailing Prevails

Viewed next to the shopping centers and strip malls of 1970s America, the German case presents a vastly different picture. The small retailing structure that was so amenable to the urban pattern of retailing survived despite important changes well into the 1970s. Compared to the suburban pattern of retailing which had emerged in postwar America, Germany opted by and large for a high-price and high-wage system of developments in Sweden such as the shopping center in Vaellingby and in British New Towns such as Crawley were often cited as influences in this development.

distribution which followed more closely the pre-war pattern of dual urban retailing.\footnote{163} As we saw, this did not mean that the geography of retailing remained completely unchanged after the war. As German cities were changing and expanding so were retail businesses. Compared to the United States, however, urban planners here played a substantial role in shaping the retailing structure and helped in retaining an urban pattern of distribution. Planning for modern shopping and new neighborhood shopping centers in postwar Germany did not necessarily threaten the role of traditional urban centers. Contrary to the decline of American downtowns, German city centers indeed frequently managed to expand their retail position during the postwar decades. Urban historians Wiltrud and Joachim Petsch have estimated that retailing space in German inner cities doubled between 1960 and 1970.\footnote{164} Department stores continued to expand in downtown areas throughout the postwar decades and the relative importance of downtown retailing (especially for expensive shopping goods) did not decline in the manner it did in the United States.\footnote{165}

The relative absence of suburban shopping in postwar West Germany highlights different choices made in both consumer societies. While suburban shopping went hand in hand with retail concentration in the United States, smaller and independent stores which were well suited to the dual pattern of urban retailing fared better in Germany. They enjoyed considerable protection from larger competitors through a variety of policies from resale price maintenance to restrictive opening hours. Less price-conscious and more service oriented German consumers also helped to sustain small neighborhood businesses. The average American consumer grew weary of downtown and inner-city shopping districts and sought the controlled atmosphere and convenience of shopping centers offering free parking, one-stop shopping and night and weekend opening hours. German middle-class shoppers by contrast were more likely to continue living in the city

\footnote{163} See Jackson, “All the World’s a Mall,” p. 1119.
and by and large enjoyed shopping there as well. They were less likely to shop by car and continued to frequent a variety of stores often several times per week.

Urban planning, finally, played a very different role in both countries. Many American planners were initially quite enthusiastic about the potential of new shopping centers and frequently ignored the consequences for established urban commercial districts. The reach of urban planning was furthermore rather limited in the United States, leaving market forces to shape much of the new suburban geography of retailing. German planners on the other hand had greater influence over the development of metropolitan retailing and showed considerable concern for balancing economic and urban interests. While the development of retail space outside the urban fringes faced severe limitations, both new and existing urban neighborhoods were designed or redesigned with an accessible and variegated retail structure in mind.

The differences between German and American cities in approaching retailing come into sharp relief when looking at the emergence of inner-city pedestrian malls during the postwar decades. Pedestrian malls would prove to be a central factor in assuring the viability of traditional downtown retailing in West Germany. Their development provides an illuminating case study of the different conditions and decisions that led to the contrasting geographic models of retailing sketched above. In both countries, cities experimented with pedestrian malls since the 1950s to keep consumers within the urban center. While they failed to gain widespread acceptance in the US, they became commonplace throughout Germany and were consciously developed as an alternative to the suburban shopping mall.

**Innercity Pedestrian Malls as an Alternative to the Suburban Shopping Center**

In 1966 the German travel agency Hapag Lloyd offered a guided tour to US cities geared at German city-planners and retailing experts. An ad for the trip in the trade publication *Der Aufbau* explained the reason behind this as follows: “It is an obvious development that our expanding cities are growing increasingly and visibly sick in their

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centers. The reasons for this are manifold. Because of too much traffic, noise and bad air, the consumer has no longer any incentive to make the cumbersome trip into the city. Thus the consumer is about to leave downtown behind. The United States took too long to recognize such trends which devastated their city centers and they are now forced to pursue radical solutions. We would do well to learn from the American experiences.\footnote{167}

One of the most central lessons that German cities took away from observing declining downtowns in the United States was the need to keep city centers attractive for consumers. The development of the Fußgängerzone, an inner-city pedestrian mall, between the early 1950s and the early 1970s was central to such efforts and provides an important aspect in understanding how a more urban pattern of consumption prevailed in postwar Germany. Today the Fußgängerzone is a central feature of most German cities, big or small. As part of the city’s “Gute Stube,” its parlor room, it has become integral to the way many post-war German consumers have imagined and experienced urban space.\footnote{168} The history of the pedestrian mall furthermore provides us with a case-study for the way in which German planners since the 1960s consciously attempted to counteract what could be called an “Americanization” of urban space in West Germany as exemplified by the suburban shopping center. The Fußgängerzone, its proponents hoped, would serve as a bridge between the traditional living space of German - or more generally European – cities and the era of postwar mass consumption.

The first Fußgängerzonen emerged in West Germany during the 1950s as part of reconstruction efforts after the destruction of World War II and the widespread anticipation among German city planners of rapidly increasing automobile traffic in inner-cities. The city of Cologne provides a useful example. Already during the war, city officials had begun planning for new “ring-roads” and increased parking space.\footnote{169} The

\footnote{167}“USA Studienreise für Städtebau und Städteplanung;” in Der Aufbau 20,3 (December 1966), p. 39.


dramatic extent of wartime destruction enabled urban planners to realize such plans. *The New Cologne*, a comprehensive postwar plan for reconstruction devised in the late 1940s under the direction of Rudolf Schwarz envisioned vast highways allowing for speedy access to and passage through the urban core.\(^{170}\) The urban center itself, planners insisted however, was to adhere to a “human scale”. Surrounded by the modern traffic, the central districts were to remain within the Western (*abendländische*) tradition of the pedestrian walking city.\(^{171}\)

Such considerations provided the framework for establishing first (initially temporary) pedestrian streets. The Cologne office for city planning designated the area west of the cathedral as a “metropolitan market place.”\(^{172}\) At the heart of this “bazaar city” with department stores and smaller shops for “exquisite goods” were two of Cologne’s traditional shopping streets, the Hohe Strasse and the Schildergasse. As early as 1949, vehicular traffic was banned at certain times of the day in both. Cars, city officials felt, presented an “unacceptable” burden on pedestrian traffic in these narrow streets.\(^{173}\) Soon city representatives boasted that the newly created pedestrian space was a “pleasant” and noteworthy innovation that had attracted much praise and attention from colleagues in other German cities.\(^{174}\)

A few cities had experimented with traffic-free shopping streets already during the interwar period. The Limbecker Street in Essen which had become one of the premier shopping streets of the Ruhr-area early in the twentieth century was one such example.\(^{175}\) Fully pedestrianized streets were by-and-large a postwar development, however. Kiel and Stuttgart were among the innovators in the Federal Republic. As early as 1946 Kiel city

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172 “Riesenengeiert des grossstädtischen Marktes,” see Städtebauamt Köln, “Köln, Metropole des Abendlandes, im Wiederaufbau” (1951), HStA Köln Acc 24, Nr. 10.

173 See Stadtplanungsamt Köln, attached appendix to “Fußgängerbereiche in Köln” (1975), HStA Köln Acc. 1714.


planner Herbert Jensen presented a plan to bar traffic from Holstenstrasse. This was realized in December of 1953 with support from the local chamber of commerce. In Stuttgart, the Schulstrasse was closed off to vehicular traffic during the mid-1950s. While both cities occasionally lay claim to the distinction of having the “oldest” Fußgängerzone in West Germany, it was the city of Kassel, which in 1953 inaugurated the most noted early pedestrian street: the Treppenstrasse.

The Treppenstrasse was entirely a postwar creation. In 1948 Kassel had devised a plan for its inner city which had been devastated during the war. To accommodate modern traffic demands, a new circular traffic pattern was to enclose the inner-city. The Treppenstrasse was to provide pedestrian access from the train station to the main business street. The core of the city, planners envisioned, was to be the “realm of the pedestrian.” In 1952, the city council unanimously voted to create a fully pedestrianized shopping street, because as one of its members stated, “the increase in automobile traffic makes it necessary to reserve the urban core solely to the pedestrian.” The completion of the Treppenstrasse in November of 1952 – and its further expansion a few years later – received nationwide attention in the press. Kassel’s city center was widely celebrated as an “oasis for pedestrians.”

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The introduction of pedestrian areas during the 1950s, however, was more than simply an attempt to make German cities suited to the demands of the automobile as is sometimes suggested in the historiography. The language of planners and commentators in the media which stressed the “calming” effects of traffic-free zones, often betrayed underlying concerns about the modern “mass city” of the twentieth century especially among conservative and educated elites. This can be seen in attempts to connect newly created pedestrian streets to Western (abendländische) traditions. Images of Venice, the public spaces of other early modern cities, and even the Greek agora were invoked repeatedly. The frequent characterization of pedestrian areas as an urban “oasis,” furthermore, suggests a widespread perception of the modern city as an urban desert. Ideas about the contribution pedestrian areas could make towards

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improving urban space in the postwar era would gain in importance over the next decades; as did the notion that they might prove a vital tool in preventing the commercial decline of urban business districts. In many ways the United States would provide the foil for these debates. Here, too, pedestrian areas were considered by various cities though without achieving the success they would eventually have in the German case.

*The Failed Experiment of American Pedestrian Malls*

Indeed, it was American city-planners who early on discovered the potential of pedestrian malls to revive struggling central business districts. As the negative consequences of the shift to the suburban pattern of retailing began to emerge during the 1950s, American city-planners soon found themselves looking in envy at their European colleagues. Travelling to Europe during the late 1950s, they not only marveled at modern public housing projects, but also at inner-city shopping districts bustling with life.\(^{182}\) Experiments with traffic-free areas in the centers of German and other European cities caught the eye of American observers: *Fußgängerzonen*, they thought, may hold the key to halting the decline of downtown centers.\(^{183}\)

It was again architect Victor Gruen, so influential in designing suburban malls during the 1950s, who became one of the key figures in pushing for pedestrian malls in the United States. Inner cities, Gruen argued, had to learn from their new suburban competition. Their shopping districts had to be designed in such a fashion that consumers would like to stay and linger.\(^{184}\) In a 1957 talk before the *American Planning and Civic Association* Gruen outlined his vision for the Main Street of the future: “The surface of the city center will belong exclusively to the pedestrian. [...] A] large part will be devoted to planting – beds, trees and bushes – and to paved promenade areas. [...] Thus a new measure of compactness and cohesion for the urban promenade areas. [...]”\(^{185}\) In later publications Gruen

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reiterated his call for a revitalization of American downtowns with pedestrian areas in the European mold.  

Several US cities heeded Gruen’s advice during the late 1950s. Kalamazoo, Michigan, was one of the first American cities to implement such plans. Hit by rapidly declining retail sales due to suburban competition in 1956 and ’57, the business community of Kalamazoo commissioned Gruen’s firm to design a plan for converting its main business street into a pedestrian walking mall. The mall, built in 1959, also provided for a circular traffic pattern around the urban center with adjacent parking lots. It proved to be a tremendous success for the city and its retailers, mustering national attention. Retail sales rose noticeably, as did the number of shoppers and visitors from outside the city. One key to the success of the mall was the close cooperation between the city and its business community which bore part of the cost for planning and implementing the project. Kalamazoo - now “Mall City USA” - became a model for similar projects in other cities, including malls in Ponoma, Fresno, Miami Beach and Minneapolis.

The pedestrian mall, however, would not become a widespread phenomenon nationwide during the 1960s. Downtown malls remained the exception and many US cities quickly ended experiments with traffic free zones. The experience of Toledo, Ohio, provides one such example. To combat the commercial decline of its center, the city had decided in 1959 to ban vehicular traffic on a two-block stretch of its main shopping street for a six week trial period. Automobiles were replaced with trees, flower-beds, benches, a play-ground and artwork. A pond even featured a few penguins from the local zoo. Despite a large number of visitors and national media attention critical voices prevailed, however. Adjacent businesses complained about declines in sales or feared such if the  

187 Kalamazoo was by no means the first US city to consider a pedestrian mall, however. A plan for Syracuse, NY, for example had been presented in the May 1943 edition of the Architectural Forum, but failed to muster popular enthusiasm. See Longstreth, *City Center to Regional Mall*, p. 269.  
188 See Brambilla / Longo, *For Pedestrians Only*, p. 119-126.  
traffic ban would be made permanent. Many noted a lack of available parking space.\textsuperscript{191} After the experiment had come to an end, a group of business owners protested plans for further pedestrian malls. Though another trial mall was set up in the summer of 1960s, no permanent pedestrian mall materialized.\textsuperscript{192} A number of other cities including Louisville, Baton Rouge, Oxnard, and Springfield, Oregon, had similar experiences with their attempts to create traffic free shopping streets.\textsuperscript{193}

A variety of reasons accounts for the failure of inner-city pedestrian malls in the United States. Frequently, mall experiments lacked comprehensive planning for alternative traffic patterns, parking or public transportation. Economic considerations, some critics furthermore noted, often proved paramount: patrons were supposed to shop and not to idle. This made pedestrian shopping streets less inviting.\textsuperscript{194} Still, it was in many cases the business community which mounted opposition to banning vehicular traffic fearing even greater declines in sales, should their customers be prevented from driving directly to the store. As surveys among consumers in American pedestrian malls showed, this concern was not without cause. The vast majority reached downtown in their own cars. Especially middle-class consumers (already underrepresented in the city) were rather unwilling to switch to public transportation. Respondents repeatedly complained about limited parking space and furthermore voiced concerns about their safety, crime, and “the element of people” in downtown areas.\textsuperscript{195} This, of course, hints at the importance of racial questions in postwar American urban development. Few white middle-class consumers at the time were in any way inclined to envision American urban centers as any sort of “oasis.”\textsuperscript{196}

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\footnote{\textsuperscript{191} “Parklike Malls Are Hailed As Gain for Downtown Toledo,” \textit{New York Times}, August 23\textsuperscript{rd} 1959.}
\footnote{\textsuperscript{192} “New Toledo Malls Opened,” \textit{New York Times}, July 12\textsuperscript{th} 1960 and “Toledo Dismantles Malls,” \textit{New York Times} November 30\textsuperscript{th} 1960. A quotation from the \textit{Toledo Blade} which had given the mall experiment sympathetic coverage captures the problem of the Toledo planners faced: “Pertinent question: ‘This all quite nice’, said [a local patron] ‘but where does one park?’” \textit{Toledo Blade}, August 10\textsuperscript{th} 1959. The mall experiment coincided with the opening of “Shoppers Town” a large retailing center outside of downtown, which advertised prominently in the Blade: “Free Parking”, “Air Conditioning”, “A Store Planned for Familiy Shopping”.}
\footnote{\textsuperscript{193} Institute of Traffic Engineers, \textit{Traffic Planning} , pp. 8-9.}
\footnote{\textsuperscript{194} Ibid.}
\footnote{\textsuperscript{196} Indeed, the terminology of “urban blight” and “slum clearance” commonly used in debates about inner-cities at the time suggests quite the opposite. See Fogelson, \textit{Downtown}, pp. 319-320. In the opening}
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American proponents of walking malls accordingly argued from a difficult position. By the mid 1970s, only 62 American cities featured pedestrian malls, the overwhelming majority of which were in cities with less than 100,000 inhabitants. In the meanwhile, the crisis of urban centers in the United States grew increasingly severe. Victor Gruen and others took it upon them in the 1960s, to warn European cities from repeating American mistakes. At a 1968 congress on commerce and urban planning in Brussels, Gruen emphasized the negative aspects especially of suburban shopping centers and presented his design for the pedestrian mall in Fresno as a viable alternative. “To me it seems unnecessary, illogical and tragic,” Gruen observed, “that Europe and other regions should repeat the mistakes made in the United States rather than to make use of the new concepts [such as pedestrian malls] which have arisen from our own shortcomings and our search for better methods.”

_Fussgängerzonen and Inner-City Retailing in Germany_

By the 1960s, German observers were already attuned to the concerns Gruen presented and the “death of the American city” had become a common place in the German debate on urban planning which worried about the possibility of a “Los-Angelization” of European cities. German city planners as well as retailing experts traveled to the United States by the scores – the tour I referenced at the outset of this section being only one of many examples. Other study tours were organized by federal and local administrations as well as retailing and planning experts. The “deluge of

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197 See _Downtown Malls an Annual Review_ 1 (1975), pp. 60-61.
200 See for example Erwin Thomas, _Einzelhandel im Städtebau. Shoppingcenters in den USA – Europäische Konsequenzen_ (Frankfurt a.M.: Verlag für Wirtschaftspraxis, 1964). It is a report of a trip organized by th
American shopping-centers” as well as a lack of comprehensive planning had been identified as root causes for the American problem.201

The survival of inner-city retailing thus emerged as a central concern driving the debate about Fußgängerzonen in 1960s Germany. As first suburban shopping centers appeared on the so-called “green meadow”, many German towns stepped up their efforts to develop pedestrian areas. Günther Schütze of the Institute for Commercial and Urban Planning (Institut Gewerbebetriebe im Städtebau) concluded following a trip across the Atlantic: “If today much money is invested in the United States to maintain downtowns (despite earlier developments towards the shopping center), this should at least give reason to pause for the German case. Is the move to the shopping center not a detour that requires enormous economic resources which could really be employed more efficiently?”202

To ensure the economic survival of German downtowns, city officials and urban planners often worked in close cooperation with inner-city retail businesses. The transformation of the Sögestrasse in Bremen into a pedestrian street is one such example of converging interests. Here the city’s reconstruction association (Aufbaugemeinschaft) emerged as the driving force. Founded after the war, the association brought together retailers, property owners and independent architects to facilitate reconstruction by mediating between public and private interests.203 Since 1946, the Aufbaugemeinschaft published a periodical called Der Wiederaufbau (Reconstruction, after 1963 the title was shortened to Der Aufbau). The journal documented and discussed local projects and problems, but surveyed the broader German discussion on postwar urban planning as well. Especially since the 1960s, the problem of retail planning as part of urban development played a significant role.204

Rationalisierungskuratorium der deutschen Wirtschaft in cooperation with the Bundeswirtschaftsministerium and the Hauptgemeinschaft des deutschen Einzelhandels.
202 Günther Schütze, “Innerstädtische Geschäftszentren oder Shopping-Centers?”, in Der Aufbau 19,1 (May 1965), pp. 11-12.
203 Similar associations existed in many German cities. For the Bremish case see Gerhard Iversen, “Das Bremische Beispiel”, in: Der Wiederaufbau 5, 1/2 (June 1951), p. 1.
204 The April 1966 issue, for example, was devoted almost solely to this issue. See Der Aufbau 20,1 (April 1966), pp. 1-15.
The reason for this emphasis was the growing concern about shopping centers (as expressed for example in the Dortmund protest of 1966 noted at the beginning of the chapter) and the concerted push for the introduction of pedestrian malls. In the Bremish case, retailers along the Sögestrasse had decided in 1967 to call for a planning competition to pedestrianize this busy shopping street. According to the Aufbau editors, the project was part of “the momentous task for the business community and the city administration to come together in building a competitive downtown for the future.” Already in 1947, the Aufbaugemeinschaft had begun to push for such a plan and in 1958 they had organized an exhibition featuring “exemplary shopping streets” (including pedestrian streets in Kassel, Kiel, Cologne and the Rotterdam Lijnbaan). The threat of possible competition emanating from plans for first suburban shopping centers gave new urgency to such plans during the 1960s and following the 1967 competition a Fußgängerzone was finally constructed, financed jointly by the city and adjacent businesses.

By the 1960s, several German cities were not only planning single pedestrianized shopping streets, but entire networks of them. The city of Munich set the most path-breaking example for developing pedestrian areas. Planning with the 1972 Olympic Games in mind, the city aimed at developing a network of pedestrian streets in its center. The plan was championed by Social-Democratic mayor Hans-Jochen Vogel, a leading critic of urban development in the American mold. Vogel was concerned about the dissolution of urban structures and chided American downtowns for “surrendering their function to the urban fringes and to shopping centers on the green meadow.” The Munich pedestrian mall was the result of a 1962 development plan heavily influenced by Herbert Jensen, who had already been advancing similar ideas in Kiel. The so-called “Jensen-plan” envisioned a system of pedestrian areas connected to public transportation, designed to recreate the old urban center in its “old glory” for citizens and tourists.

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207 See the special edition covering the Sögestrasse competition, Der Aufbau 21 (November 1967). Some form of joint financing was common in the construction of German pedestrian malls in general.
Centered on the Marienplatz, the largest contiguous Fußgängerzone in Europe was built between 1967 and 1972 (see Fig. 6.3).\(^{210}\)

German consumers and inner-city retailers favored the development of pedestrian malls. A survey conducted among Munich citizens in 1969 revealed vast differences in the role downtowns played for German and American consumers at the time. Over 80% of respondents in Munich indicated that they routinely shopped while visiting the city center. They not only visited department stores and specialty shops, but in surprising numbers still bought goods for everyday use as well. Many complained about crowded sidewalks and a lack of benches and similar amenities on downtown streets. A lack of parking space on the other hand was not considered as high a priority as with consumers on the other side of the Atlantic. Indeed, the majority of respondents used public transportation to reach downtown - at least 20% even came occasionally by foot.\(^{211}\) Under such circumstances, the development of pedestrian malls, met by wide-spread public enthusiasm, held tremendous potential in keeping urban consumers within city centers.\(^{212}\)

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\(^{210}\) Siehe Baureferat München, München – Fußgängerbereiche in der Altstadt (Munich, 1972).

\(^{211}\) These numbers were published by the Münchner Forums 1969 based on a survey commissioned by the Süddeutschen Zeitung and the Münchener Merkur. Cited in Harald Ludmann, Fußgängerbereiche in Deutschen Städten. Beispiele und Hinweise für die Planung (Stuttgart: Kohlhammer, 1972), pp. 14-15. The important role of public transportation in for downtown consumers is also underscored by Weeber, Als Fussgänger beim Einkauf in der City, p. 65.

\(^{212}\) The largely positive attitude towards the pedestrian malls is also reflected in Hans Günter Naumann, Berichte und Protokolle des Münchner Forum Nr.3, 2. Auflage (Mai 1970).
Accordingly, the vast majority of German cities were developing pedestrian areas by the late 1960s. Of 70 cities that participated in a 1968 exhibition on the state of urban planning, more than 40 made a point of emphasizing their Fußgängerzonen.²¹³ The city

²¹³ Deutsche Akademie für Städtebau und Landesplanung, *Deutscher Städtebau 1968*. 
of Wuppertal, for example, praised its pedestrian mall as a “crystallization point of commercial life”. Augsburg planners gave the following reason for developing an extensive pedestrian area: “The old city must retain the main area of commerce lest the entire city should lose its vital center.” By 1970, a total of 96 Fußgängerzonen existed in Western Germany and many other cities were planning them so that by 1973 their number had risen to 214.

Most downtown retailers were now located in pedestrian streets and largely profited from it. According to one study, 62% of downtown department stores were by the mid-1970s fully enclosed by pedestrian malls (and another 27% at least partly). All pedestrian malls were connected to subways, trolleys or a bus system. Pedestrian malls played a considerable role in preventing inner-city decline and in sustaining an urban pattern of consumption in postwar West Germany. In face of rising sales, Heinz Hermans, manager of the Cologne chamber of commerce summed up in 1972: “In Cologne one does not talk about pedestrian streets, one has them! […] Amazingly, furniture stores which today often move out to “the green meadow” in Cologne decide to settle in the pedestrian streets. […] Since automobile traffic was banned, retail sales there grew by 30-40%. This revival of the inner city is not only to the benefit of owners of stores, restaurants and amusement facilities, but also to that of the urbanity and the prestige of the city as a whole.”

**Downtown and Suburbia: Two Forms of the Post-modern Consumer City?**

The development of pedestrian malls in West Germany as a conscious alternative to the suburban shopping center exemplifies the divergent paths both countries took with regard to planning the postwar consumer city. While American downtowns lost out to the suburban retail outlets, German inner-cities were able to defend their central role during the decades of the Wirtschaftswunder. But what were the larger ramifications of these geographic differences in retailing for the two consumer societies? What consequences

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214 Ibid, pp. 164 and 455.
215 Rolf Monheim, Fußgängerbereiche, p. 274.
217 Attachment to “Fußgängerbereiche in Köln“ (1972) in HStA Köln, Acc 1714.
ensued with regard to urban space and the consuming public? Were shopping experiences by the 1970s really so different for consumers in Germany and the United States?

The current academic debate regarding the “malling of America”, the development of suburban malls during the postwar decades, repeatedly emphasizes the disappearance of public space. Private shopping malls not only exercised control over consumers (regulating access, public speech and acceptable behavior), but also over retailers as well by favoring, for example, chain stores over smaller, independent shops. The shopping center furthermore contributed to a metropolitan environment, historian Lizabeth Cohen has suggested, “in which people were no longer brought together in central market places and parks, and public buildings that surrounded them but, rather, were separated by class, gender, and race in differentiated commercial sub-centers.”

Others have suggested that shopping has increasingly become an isolated and individualized experience, because the postwar geographic shift in the US pushed it largely outside of the sphere of social and public interaction.

Most new shopping centers did not live up to the idealized vision of an urban public sphere they were meant to achieve by planners like Victor Gruen. As surveys from the late 1950s indicate, the consumers that frequented suburban retailers were a fairly homogenous group: 75% of them were female, 90% were married, a large majority was in white collar employment (skilled and unskilled workers only accounted for about 25%). Most regular customers were suburbanites and lived within a driving distance of twenty minutes.

When comparing the 2205 respondents of a 1960s survey of five Akron, Ohio, shopping centers to the national average with regard to their income, one finds that families with an annual income below $3,000 were heavily underrepresented while middle-income families had a disproportionally strong presence. The suburban

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220 Cited in ibid, p. 31.
221 See Tri-County Regional Planning Commission, “Shopping Center Effects.” Of the total respondents in 1964, 6.9% stated an annual family income under $3,000 (as opposed to 20% of families in the 1962 national average), 14% stated $3,000-$5,000 (19% nationally), 31.7% stated $5,000-$7,500 (versus 25% nationally), 28.9% stated $7,500-$10,000 (15% nationally). Income groups above $ 10,000 were
pattern of retailing was not only geared mainly to middle class consumers, it also worked in other ways to undermine a strong link between consumption and genuine community life by favoring large retailers over neighborhood shops and by focusing on suburban communities often at the expense of less well-off innercity communities.

Did inner-city pedestrian malls in Germany present an alternative to this trend by keeping consumers within the realm of urban public space? In part at least, this was precisely the intention of many urban planners during the late 1960s and early 1970s. The explosion in the number of Fußgängerzonen since the late 1960s was owed in part to a growing debate around urban renewal. Preserving the economic vitality of downtowns came to be seen by many as one aspect of a larger struggle. To proponents like Hans-Jochen Vogel, who became minister for urban development in 1972, the Fußgängerzone increasingly became the key to improving urban quality of life; a symbol for augmenting public goods in an era of private affluence.222

Inner cities, many argued, should once again become a focal point of urban living.223 Next to retailing, studies found, the ideal pedestrian mall should also include a residential population, restaurants and cafes, public meeting places and cultural highlights.224 Combined with expanded mass transit systems, pedestrian areas were hoped to create urban leisure environments free of traffic and pollution. The planners’ concern with converting inner cities into actual “living space” was reflected in frequent discussions about the Möblierung of pedestrian streets, equipping them with furniture from benches to fountains etc.225 Quite literally, pedestrian malls were to become the parlor room, the “Gute Stube” of German cities. By grouping shopping outlets with

223 See for example ”Länge mal Breite mal Geld,“ Der Spiegel (Titel) June 7th 1971 and ”Bisschen Piazza“, Der Spiegel December 20th 1971.
224 ”Fußgängerzonen als Standortfaktor,“ in Kommunalwirtschaftliche Informationen 4 (1972), pp. 24-28 (Senatsbibliothek Berlin 4°80/3550).
public and cultural facilities, furthermore, some planners envisioned pedestrian areas as a “social-democratic version of a mall.”

The notion of the “walking city” witnessed a renaissance during the early 1970s. While practically abandoned during the transportation revolution of the 19th century and the urban growth that ensued, the concept of a city in which distances were short and public communication was inter-personal and face-to-face had long continued to appeal particularly to more conservative Germans. Now, more progressive planners embraced the notion as well. Walter Benjamin’s work on the cultural role of the urban pedestrian shopper was widely rediscovered. Written during the 1930s, Benjamin’s Arcades Project developed the model of the 19th century urban flaneur whom he associated with leisurely observation of urban crowds, cultural refinement, the visual consumption of goods and resisting the speed of industrialization. To observers in the 1970s, such a model provided a welcome contrast to what was perceived as a materialist and individualized postwar consumer society.

Pedestrian malls were supposed to ensure that inner cities remained part of the public sphere, a place for social interaction beyond mere commerce. In outlining the urban development law (Sätedeaufoerungsgesetz) of 1971, minister for urban development Lauritz Lauritzen counted among the primary goals of urban policy to achieve that “people of different views and interests can meet and congregate.” For this, community centers, urban squares and pedestrian malls would be needed. In a 1971 radio feature, one Cologne city official compared the pedestrian-only Schildergasse to a “Piazza del Popolo”: “Here the stream of people can disperse. On the street, Hippies

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229 Proponents of the “walking city”, to be sure, could be found in the United States as well. They frequently urged Americans to consider European cities as positive examples. See Bernard Rudofsky, *Streets for People*.

display silver jewelry for sale; jealously observed by shop owners, but democratically defended by letters to the editor in local dailies.”

With similar enthusiasm the city of Munich described its Fußgängerzone: “The city as a community has regained its center. Everybody looking to see something, in search of excitement, life, and discussion concedes there. You can observe the most beautiful girls, those wearing traditional costumes, backpackers, all sorts of original characters, people who bring their concerns – political or religious – to the public, discussion groups, long-haired youths and many old people [...]”

The popularity of pedestrian areas was owed to more conservative considerations as well, which included the preservation of historic districts. Whereas planners critical of the modern city had reminisced about urban environments in the Western tradition during the 1950s, twenty years later the concern for preserving and displaying the historic face of German cities was also due to the rising importance of tourism in the era of mass consumption. The Fußgängerzone seemed ideally suited to showcase the historic character of a city. Munich officials summarized the value of pedestrian malls as follows: “Everyone - the native and the tourist, the modernist and the preserver of the old - can agree on one thing. They all agree with regard to the importance of the pedestrian area in Munich’s historic center, which has helped the city find its way back to itself and its own history.”

Pedestrian areas in postwar German cities were thus meant to combine consumption with public communication and a sense of civic identification.

But did the Fußgängerzone really deserve the praise it received? Already during the 1970s, critics charged that the widespread emergence of pedestrian areas in city centers all across West Germany contributed to a rather problematic transformation of urban space; a transformation in which urbanity itself was increasingly defined through shopping and consumption. The recreation of historical settings was likened to the creation of “Potemkin villages” and “German-style Disneylands”

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232 Baureferat München, München – Fußgängerbereiche.
233 Ibid.
Fußgängerzone represent, after all, less a public space, but rather a sales area – albeit with a local and historic façade - for large department stores and national retail chains?

Contemporary critics of pedestrian areas focused particularly on their contribution to the commercialization of urban space. Rising rents and property values in pedestrianized streets often drove out smaller, traditional retailers while favoring national chains and large department stores. Hopes for Fußgängerzonen as public space were also frequently disappointed. While artists and street performers were widely welcome, peddlers and the homeless were often marginalized by store owners and local authorities. In external appearance, as well, pedestrian areas began to resemble their suburban counterparts. Shopping arcades, such as the Stuttgart Calwer-Passage, presented a new generation of downtown shopping areas during the 1970s. Protected from inclement weather by canopies, consumers were now able to conduct their downtown shopping with “dry feet.” Such improvements, critics noted, helped convert urban space into closed off spaces of consumption. Such observations give cause for caution with regard to overly celebratory assessments of the urban model of consumption found in German and other European cities. In some respects, the Fußgängerzone was – in David Harvey’s terms – a postmodern “leisure environment,” not altogether different from suburban malls in the United States.

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236 Ironically, it was East Germany were pedestrian areas may have come closest to serving the purpose of affording space for a critical public sphere. Here, East German consumers could congregate and (at least occasionally, though usually in an unorganized fashion) air their grievances. Rainer Lehmann, “Entwicklung der Fussgaengerbereiche in Altstaedten der DDR“, in Die Alte Stadt 25 (1998), pp. 80 - 99.


239 Werner Durth, Die Inszenierung der Alltagswelt. Zur Kritik der Stadtgestaltung (Braunschweig: Vieweg, 1977), especially pp. 74-87 and 128-132. Inner-cities now often became consumer goods in their own right and were marketed to tourists and consumers from outlying areas. West Berlin, for example, advertised itself in a 1970s campaign nation-wide as “Germany’s biggest shop”. Ibid, p. 82-83. See also Jochen Heller / Ralf Monheim, “Die Regensburger Altstadt als ‘Markenartikel’ – Einzelhandelsstruktur, Besucherverhalten und Meinungen,” in Die Alte Stadt 25 (1998), pp. 30-54.

Since the 1970s, to be sure, the geography of retailing in general has shown some trends of convergence between the two countries. In Germany, more shopping centers and large retailers did open on the urban fringes. Such developments often coincided, however, with the further expansion of downtown shopping areas.\footnote{One example is the near parallel development of a suburban shopping center, the Weserpark, and a covered inner-city pedestrian street, the Lloyd-Passage, in the city of Bremen during the 1980s and early 1990s.} Lively downtown business districts and suburban shopping centers were not mutually exclusive concepts in modern consumer society.\footnote{Herbert Dix, “Städtebauliche Erneuerung im Widerstreit der Interessen”, in Der Aufbau 20.3 (December 1966), p. 18, developed this argument already during the 1960s, seeing the two (with proper planning) as useful complements.} In the United States, many cities have attempted revitalize their centers by combining retailing, entertainment and tourism. The Faneuil Hall Market Place in Boston or the Harborplace in Baltimore were early examples of such “festival market places.”\footnote{James Rouse, “Festival Market Places,” in Economic Development Commentary (Summer 1984), pp. 3-8.} Similarities can surely be found in the postmodern consumer cities of the late twentieth century, but – as the development of urban retailing particularly in the German case shows – modern consumerism with its stress on individualized leisure and its proclivity to create purely commercialized space must not invariably be antithetical to traditional notions of cosmopolitan urbanity.\footnote{For the notion that modern consumerism does contradict notions of urbanity see Jürgen Reulecke, Geschichte der Urbanisierung in Deutschland (Frankfurt: Suhrkamp, 1985), pp. 159-163.} As Barabara Henderson-Smith has suggested in her recent dissertation on continuities in consumer spaces, there has been a long tradition of mixing commercial and civic space which benefited business interests as well.\footnote{Barbara Henderson-Smith, From Booth to Shop to Shopping Mall: Continuities in Consumer Space from 1650 to 2000 (Diss. Griffith U, 2002). Among other benefits she points to consumer loyalty developed by social and leisure spaces as well the longer duration of time consumers spend in mixed-use spaces.} Especially in recent decades, then, urban and suburban patterns of retailing did not necessarily always stand in inherent contradiction to one another.

During the first postwar decades under consideration here, however, modernization took certainly rather different paths; German cities did not fully “Americanize” in their spatial and social layout. Vis-à-vis the American model of suburban retailing, the continuity of an urban distribution pattern in general and the development of the Fußgängerzone in particular provided a typical example of West German modernization. On the one hand, progressive and social democratic planners...
sought to counterbalance privatizing trends of mass consumption by emphasizing for example public transportation and the urban public sphere. On the other hand, social conservative interests meant to preserve traditional retailing structures as well as the historical character of urban communities in an effort to prevent what they perceived as uprooted or faceless modern mass cities found in the United States.

While commercializing trends could be observed on both sides of the Atlantic, the geographic differences in retailing were still important. The suburban pattern of retailing and the large scale distribution system it entailed often meant lower prices and a greater level of convenience (one-stop shopping) for many American consumers. Cutting out the merchant middle-man and liberal store hours allowed for greater consumer sovereignty. But gains for the consumer as an individual often came at the price of a greater geographic segregation of the consuming public. Urban quality of life suffered and many communities (new suburban sub-divisions as well as inner-city housing projects) lacked the infrastructure of small retailers that had long defined urban neighborhoods. Car ownership became a necessity for middle-class consumers commuting to suburban shopping centers and supermarkets.

The urban pattern of retailing in Germany, by contrast, restricted consumers in several regards. Prices tended to be higher, small specialty retailers continued to wield more influence in everyday consumption practices, and shopping hours were severely limited. The relative importance of small neighborhood stores, it can be furthermore assumed, helped to perpetuate class and milieu differences in overall household consumption. Still, the continuity of urban retailing which was supported by traditional retailing interests as well as urban planners, incurred some benefits for German consumers as well. A variegated retail infrastructure within walking distance limited dependence on the automobile. Neighborhood shops and vital city centers contributed to the attractiveness of urban living to middle class consumers. Especially pedestrian malls did provide a way for Germans to identify with city centers as an urban Heimat, a home-like environment that reached beyond the mere commercial. In this regard, many Fußgängerzonen did succeed to this day. Urban space did not lose its traditional form as radically in the postwar United States and cities were frequently able to spatially define a
shared public space.\textsuperscript{246} While commercialized, they did provide a modicum of public interaction and cosmopolitan flair in a modern consumer society. In general, the pedestrian malls exemplify very well West Germany’s peculiar path to consumer modernity in which liberal modernization was bounded by both conservative preservation efforts and a broader commitment to balancing commercial development and public goods.

\textsuperscript{246} On the dissolution of urban boundaries and efforts to maintain urban publics and communication especially during the 1970s see Adelheid v. Saldern, \textit{Stadt und Kommunikation}.
Conclusion

The postwar boom era came to an end on both sides of the Atlantic with the oil crisis of the early 1970s. Stagnant growth, rising inflation and unemployment began to cast a shadow on the optimistic expectations of a continually improving standard of living. Both the United States and West Germany had become full-fledged mass consumer societies after the war, and the consumer expectations that were formed in an era of seemingly endless growth would pose difficult demands on both models of mass consumer modernity in the decades to come. In the United States, the decline of purchasing power growth in the 1970s would heighten previously masked social inequalities and the increasingly precarious status of many suburban middle-class consumers led them to demand increased disposable incomes in form of lower taxes at the further expense of public consumption. In West Germany, by contrast, maintaining its mass consumption model frequently meant meeting demands for the maintenance and even expansion of various forms of public spending in face of dwindling public revenues. By the 1970s, an exceptional historic episode that allowed for the formation of these two models of an “affluent society” came to a close.

The affluent 1950s and ‘60s were not a time of uniform convergence or a homogenous model of “Americanized” mass consumption. To explain the historical development of two quite distinct models of a mass consumer society, this study has analyzed the interplay of several factors. Long-term historical paths and trajectories, for example, informed the postwar organization of markets, the degree of state intervention and social expenditures, as well as the attitudes of consumers in important ways. Broad structural differences with regard to the respective economic development after the war, the racial and ethnic composition of society, or the geographic density of settlement also pushed these countries in different directions. More importantly, however, the shaping of these two affluent societies depended on social choices made by policy makers and
consumers. Both societies followed a distinct set of – frequently contested – priorities in negotiating the postwar politics of mass consumption, its social meaning and spatial expression.

In the United States, a weak regulatory tradition (with the notable exception of the New Deal and war years) informed the postwar mass consumer society. The mass production model and the notion of a broad middle-market, furthermore, were well established in the US by the beginning of our study. The commercial Keynesian response to the Depression and postwar conversion could thus focus on a consensus around expanding private purchasing power and consumption. Low prices and affordable credit in relatively and in some ways increasingly deregulated mass distribution market as well as indirect subsidies to mostly heads of middle-class households allowed for limits on direct public spending. American consumers embraced this emphasis on private purchasing power and a consumer culture based on value- / bargain-shopping and emulation that promised a greater sense of social mobility. Moving to the suburbs and frequenting suburban shopping centers meant access to an expanding middle-class for millions of American families in the 1950s and ‘60s.

The power of the American model lay not only in the heavily advertised abundance of ever more and new cars and consumer durables to fill suburban homes. The core to the ideology of purchasing power around which policy-makers, industry, unions and consumers rallied lay in its promise of broad, democratic access to affluence and its perceived ability to overcome older social and cultural stratifications. The price, however, for achieving a middle-class consumer lifestyle - which would remain precarious for many households - frequently entailed limited social services, public health and old age pensions and a highly disciplining degree of consumer debt. Rather than living a hedonistic life of leisure, the imperative to acquire and maintain the “standard package of goods” would lead many Americans to work much longer hours than their Western European counterparts in the last part of the twentieth century. The premium on disposable income and the increasingly limited impact of public goods on middle-class consumers, furthermore, made them even more avers to taxation and public spending. Such limited support for public goods, in turn, hurt particularly those left out of the postwar consumer middle-class. The lack of public consumption alternatives to the
market-place heightened the inequalities of America’s mass consumption model and, by the 1960s, started to impinge on the urban quality of life. In the absence of sustained public intervention in and regulation of both urban and retail development, many American communities began to suffer from the outflow of middle-class consumers and traditional retailers.

The postwar liberal purchasing power paradigm broke down by the 1970s. During the “stagflation” of this decade, promoting economic growth became increasingly unhinged from the potentially inflationary expansion of purchasing power and expanding private consumption lost the progressive undertones it had acquired since the New Deal. Inflation pitted the interests of unionized workers ever more vigorously against those of middle-class consumers. The socially and racially segmented metropolitan spaces which had emerged since 1945 further undermined the link between private and increasingly suburban consumption and broader conceptions of citizenship as grass-roots conservatism and “tax rebellions” grew in the suburbs and urban America fell deeper and deeper into crisis. As Great Society proponents of public consumption lost still more ground, private consumption and private consumer markets became even more deregulated by the 1980s. The American model of a mass consumer society had come a long way from the social Keynesianist visions of liberal policy-makers during the war. It also provided a stark contrast to the West German case.

West Germany entered the postwar period under very different circumstances. Establishing a mass consumer society after the war meant to overcome severe shortages and scarcity and to face the challenges of reconstruction and a more direct Cold War competition with the East German competitor state. This crisis also required those liberal modernizers such as Ludwig Erhard, who wanted to promote a more American-style model of market-based private consumption, to engage a number of historical inheritances. Beyond the immediate totalitarian past of the Nazi regime, Germany had longstanding traditions of public intervention and public consumption which remained more than mere vestiges in the postwar years. Germany’s heavily diversified and quality-oriented industrial production regime and retailing landscape were historically less amenable to the expansion of private mass consumption than their American counterparts. Rather than a broad middle-market, its consumer market had been highly
class-stratified and especially middle-class attitudes were historically ambivalent or even hostile to American-style material consumption.

Still, postwar West Germany saw significant developments towards a private consumer economy and a previously unparalleled growth of private consumption during the “economic miracle” of the 1950s and ‘60s. Important elements of the American model were adapted as witnessed in the areas of industrial production, de-cartelization, marketing or retailing. West Germans mass-produced cars such as the Volkswagen “Beetle” and some even embraced self-service stores. Yet, this study argues, none of this amounted to a true “Americanization” as such modernizing elements were embedded in a peculiar German model of a mass consumer society. Erhard’s push for liberalization was kept in check by conservative forces and social-democratic pressures for expanded public consumption. Conservative defenders of the “old Mittelstand” no longer carried the weight they had in the interwar years, but they still had some success in their efforts to preserve existing retail and urban structures. A conservative middle-class bias against potential social changes associated with American-style “materialism” further hampered modernization.

The still influential bürgerlich / genteel consumption ethos in postwar West Germany reinforced the protection of traditional retailing, and its emphasis on saving and buying only quality-goods to some degree precluded the promise of social mobility through expanded consumption inherent in the American model. Instead of a broad middle-class, class-differences in consumption and milieu-specific consumption plateaus continued to mark West German society into the 1960s. Whereas large-scale suburbanization promoted the concept of a broad middle-market in the United States, the retention of more urban housing patterns and a continued division between a renting majority and a comparatively much smaller number of homeowners helped to reinforce this class-stratification. The American credit-financed home-car-durables consumption pattern never gained quite the same importance in West Germany during the boom era and material consumption did not offer as viable a path to attaining middle-class respectability as in the United States.

Thus, despite modernizing and liberalizing impulses, West German consumers often remained comparatively traditional and conservative both with regard to where they
shopped and what goods they bought. Most importantly, the progressive promise of the purchasing power ideology never took hold as thoroughly among policy makers and consumers (especially during the 1950s) and was less evident than in the United States. Instead, the West German model of the affluent society showed a much greater commitment towards public goods. More direct public spending and numerous public services that provided an alternative to the private market-place made the allocation of postwar prosperity more inclusionary than in America. The “conservative” nature of the West German welfare regime, which emphasized decommodification much more than redistribution, also meant that vast segments of middle-class Germans profited from public consumption. This, combined with a stronger commitment (reinforced by public incentives) to urban residence and urban goods, caused many middle-class Germans to be more easily swayed to forgo disposable income in favor of greater expansion of public goods.

When the Social-Liberal coalition-government formulated a consumer policy that explicitly encompassed private and public consumption by the early 1970s, they could count on wide-spread support for such a vision of a “social market economy.” In many ways, the preservation of inner-city retailing and the development of Fussgängerzonen captures the peculiarity of the West German path to mass consumer modernity. Their creation speaks to the importance of public intervention and planning in postwar Germany, often in coordination with business interests. In their thrust, the Fussgängerzonen aimed to balance commercialization and expanded private consumption with the conservative preservation of urban and retail structures. At the same time, the pedestrian zones signaled a commitment to public goods, public spaces and an urban quality of life that both Social Democrats and more conservative Bürger could agree on.

Both countries, to be sure, have seen changes in their mass consumer societies since the 1970s. Deregulation has made the market-orientation of the American model even stronger in many respects and mega-retailers such as Wal-Mart now exemplify the 24-7 suburban shopping experience to a new extreme. America’s massive private consumption has become increasingly import-dependent which has not only caused deficits in the current account balance but further undercut (or at least complicated) erstwhile Keynesian assumptions regarding the relationship between increased consumption and
mass purchasing power of Americans as a growing number of consumer goods was produced elsewhere. On the other hand, the United States has seen continuing efforts since the 1960s to revive (some) public spaces and reinvest in some goods such as mass transportation – if on a limited scale and with mixed results.

In Germany, shopping centers and discounters for now coexist alongside more traditional downtown and neighborhood stores. Retail regulation (as for example with shopping hours) has shown dramatic staying power, but is now increasingly under review - in part because the consumer goods market has become thoroughly Europeanized over the last decades. The traditional consumer ethos and the class distinctions in consumptions described for the 1950s and ‘60s have certainly lessened. If the bürgerlich / genteel consumption ethos is now weaker, it was, however, picked up by a new generation of educated middle-class consumers who still tout the values of quality-goods and limited material consumption albeit with a new environmental thrust (yet still retaining some conservative undertones). High public deficits have somewhat muted the call for expanded public goods since the heyday of social-democratic Keynesianism of the early 1970s, but a host of grass-roots citizen’s initiatives has since picked up the call for ensuring urban quality of life.

Many aspects of the postwar models are thus still very prominent in the everyday experience of mass consumption in Germany and the United States. Important differences remain with regard to the overall balance between public and private spending, to consumer confidence and the public perception of consumption, to the role of saving and consumer credit for household spending, and to the landscape of retailing and consumer housing choices. The postwar mass-consumption model is central to the current political debate in Germany, as it is seen by many as model in crisis. The heavy emphasis on public consumption is now frequently seen as too restrictive and expensive and a hindrance for Germany’s global competitiveness. Sluggish consumer spending has become vilified as a source for lagging growth. The viability of the German ‘variant’ of consumer capitalism vis-à-vis the more liberal American model is presently the focus of vigorous historical and public debates. In the United States, by contrast, the fundamental organization of its mass consumer society has received comparatively less public scrutiny in recent years as both the New Left and the New Right have largely shifted attention
away from questions concerning the political-economy or matters of private and public spending and the Green movement remained on the political fringes. This may change in the foreseeable future, however, as matters of resource and energy consumption gain in importance. Under the German mass consumption model per capita energy-usage was only half that of the United States in 2004.\footnote{At 178 million btu as opposed to 342 million btu in the United States, see http://www.eia.doe.gov/pub/international/iealf/tablee1c.xls. Differences in consumption, to be sure do not account for the entire difference. However, GDP per capita in 2004 was still 72\% of the U.S. level http://www.census.gov/compendia/statab/tables/07s1325.xls.} The energy-crisis of the 1970s, to be sure, had already once raised awareness for the limits of growth based on private mass consumption without fundamentally altering consumption patterns in the long run. Still, under recurring conditions of scarcity, public consumption and older consumer attitudes may regain in importance while those consumer expectations formed under the auspices of the exceptional postwar boom period could come under renewed scrutiny.
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