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THE MYTH OF A BYGONE CASH ECONOMY: CONSUMER LENDING IN GERMANY FROM THE NINETEENTH CENTURY TO THE MID-TWENTIETH CENTURY

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En examinant le crédit à la consommation avant la Deuxième Guerre mondiale, cet article entreprend de combler une lacune de l'historiographie sur l'Allemagne. En outre, il relie les ventes à tempérament au développement de différentes formes de paiement, des ventes à crédit informelles et formelles aux transactions comptant. Ainsi, il contribue aux efforts actuels des chercheurs pour retracer le passage du crédit en face-à-face au crédit contractuel dans les sociétés de consommation contemporaines. Enfin l'article cerne les rapports étroits entre les mutations dans le secteur de la distribution et les innovations dans le secteur de la finance et du crédit.

As the West German economy recovered and began to take off in the 1950s, contemporaries grappled with the ramifications of newfound consumer affluence. Among the more troubling aspects of the “economic miracle”, commentators found, was the proliferation of an allegedly new institution: consumer credit. “Consumer credit [on the basis of installment contracts] is of more recent date. Only a few decades ago, consumers generally satisfied their needs by paying cash. The car bought ‘on time’ was a sign of poor financial

circumstances. It was generally viewed as carelessness to buy goods you could not pay for in cash”¹. The purported image was one of a bygone era of “disciplined” consumption in which consumers spent within their means and paid in cash. In the eyes of conservative critics of postwar consumer culture, especially the Imperial era was imagined as a sheltered world in which traditional ethics and social strictures on consumption were still largely in place. The notion of a long German tradition of “solid” saving and cash buying was widespread –

¹ W. Timm, “Wandlungen des Verbrauchs”, in J. Bock & K. Specht (Hg.), *Verbraucherpolitik*, Cologne, Westdeutscher Verlag, 1958, p. 243-273, here 250.

yet it was rooted in myth rather than historical reality.

Recent historiography has done little to challenge this myth. While a monographic treatment of consumer credit in Germany is still missing – a glaring omission in contrast to numerous insightful treatments of the British and American cases² –, some specialized work has looked at the rise of installment credit in Germany's consumer economy. We now have a better understanding of the institutional development of consumer credit, its economic significance, the social practices and stratifications associated with its use, as well as the public debates surrounding the institution³. In every instance, however, the focus is exclusively on the growth of installment buying during the decades of the so-called "economic miracle" after World War II. Thus, current historiography, while giving the occasional nod to prewar developments, largely reinforces the notion of consumer credit as a postwar phenomenon in Germany.

This essay sets out to question the myth of a "golden age" of cash payment in retailing and will show that the expansion of consumer credit after World War II could build on long-standing traditions of credit buying. By the same token, the debates of the 1950s had clear precursors. Indeed, moral and economic critiques of new forms of credit buying were a recurring phenomenon in Germany's consumer economy since the nineteenth century. By tracing the development of a wide array of installment

schemes and sales financing models since the mid-nineteenth century, we will take a first step in filling a significant gap in the historiography.

We will furthermore transcend a frequently too narrow focus on "modern" contractual consumer credit by also surveying the development of what contemporary Germans called the *Borgwirtschaft* (an economy of debts). This entailed the widespread practice of running informal, open-book accounts with local retailers (*Anschreiben*). This type of face-to-face book credit was an expression of trust based on recurring customer-retailer relations. In many retail sectors, it remained a widespread, if not prevailing practice for much of the late nineteenth and twentieth centuries. Informal credit rather than cash payment represented the traditional mode of commerce that contractual consumer credit began to replace in the late nineteenth century. If installment or hire-purchase plans and sales financing institutions were novelties of a modern consumer culture, so were cash-only stores. It was such newcomers as consumer cooperatives, department stores and five-and-dime discount stores that first insisted on cash transactions and touted them as the new ideal of modern and rational consumption. The only time that a purely cash-based economy without significant consumer lending existed in Germany was under the grueling conditions of postwar inflation between 1918 and 1923 – hardly an era that later postwar myth-builders would happily endorse. Cash businesses and credit businesses were

² For the U.S. development of consumer credit, see L. Calder, *Financing the American Dream*, Princeton, Princeton University Press, 1999; M. Olney, *Buy Now, Pay Later*, Chapel Hill, University of North Carolina Press, 1991, and the recent dissertations by M. Easterly, *Your Job Is Your Credit*, UCLA, 2008, and L. Hyman, *Debtor Nation*, Harvard University, 2007. For Britain see most recently S. O'Connell, *Credit and Community*, Oxford, Oxford University Press, 2009.

³ P. Horvath, "Die Teilzahlungskredite als Begleiterscheinung des deutschen Wirtschaftswunders", *Zeitschrift für Unternehmensgeschichte*, 37, 1992, p. 19-55; M. Wildt, "Amerika auf Raten", in H. Bude & B. Greiner (Hg.), *Westbindungen*, Hamburg, Hamburger Edition, 1999, p. 202-230; B. Stücker, "Konsum auf Kredit in der Bundesrepublik", *Jahrbuch für Wirtschaftsgeschichte*, 2007/2, p. 63-88 and J. Logemann, «Different Paths to Mass Consumption», *Journal of Social History*, 41, 2008, p. 525-559. One notable exception is the specialized study by J. Bähr & A. Schneider, *Teilzahlung im Wandel*, Munich, Piper, 2006.

conjoined twins of a new commercial culture in Germany and elsewhere. The German case adds to current efforts to trace the complex and uneven shift from face-to-face to institutionalized credit relations in the modern era⁴. It also adds to our understanding of the transnational character of this shift, which was marked by transatlantic and intra-European exchanges and transfers of business models.

I. RETAILING ON CREDIT IN IMPERIAL GERMANY

During the late nineteenth century, credit was not only defined as the power to use another person's capital or goods in exchange for the promise of an adequate equivalent. Instead, most German economists saw credit in terms of personal trust, necessary for any business⁵. This kind of trust was unusual for the temporary retail forms of the early 1800s. Peddlers and sellers on periodic markets normally demanded cash payments. Credit was closely linked to stationary selling units and regular customers. Credit, in other words, was required of the shop, an institution that became the dominant form of retailing after the 1850s⁶. Shops allowed regular purchases, and customers came from the neighborhood or at least the same town. It was necessary to treat regular customers respectfully, because

losing a customer not only meant losing one sale, but many. To commit customers to their stores, shop-based retailers adopted informal credit accounts and business principles long accepted by craftsmen and innkeepers.

From an economic point of view, this informal consumer lending (*Borgwirtschaft*) caused severe problems. It led to higher prices, because losses of interest and risk premiums had to be factored in, while retailers needed added credit from their suppliers. In the 1870s, the additional markup in the supply chain was estimated at about 18%, and economists consequently favored discounts for cash payment⁷. The owners of most small and middle-sized shops acted differently, however. In Imperial Germany, price competition was still uncommon. Instead, retailers offered personal service, especially to middle and upper-class customers, and consumer lending was an expression of personal trust and mutual obligation between shopkeeper and clientele⁸. While trade journals attacked consumer lending as early as the 1860s, we do not have precise figures. In the mid 1890s, it was estimated that only one quarter of all durables was paid for in cash or within three months⁹.

Informal lending was first recognized as a problem for retailing by retail trade organizations themselves. Although regularly accused of economic ignorance, the majority of shop owners were well aware of

⁴ See e.g. G. Laferté et al., "The 'economic identification' of consumers. From face-to-face credit to automated consumer credit: a case study in France", Paper presented at American Sociological Association's 103rd Annual Meeting, Boston, August 1-4 2008.

⁵ Cf. W. Lexis, "Kredit", in *Handwörterbuch der Staatswissenschaften*, 2nd ed., vol. 5, Jena, Gustav Fischer, 1900, p. 380-387, esp. 380.

⁶ For the history of the shop in Germany, see U. Spiekermann, *Basis der Konsumgesellschaft*, Munich, Beck, 1999, p. 138-175.

⁷ R. Rudloff-Grübs, *Unser Deutsches Credit-System*, Berlin, Puttkammer & Mühlbrecht, 1877, p. 25.

⁸ See U. Spiekermann, "From Neighbour to Consumer. The Transformation of Retailer-Consumer Relationships in Twentieth-Century Germany", in F. Trentmann (ed.), *The Making of the Consumer*, Oxford, Berg, 2006, p. 147-174, here 148-153.

⁹ J. Pierstorff, "Drei Jenaer Handwerke", in *Untersuchungen über die Lage des Handwerks in Deutschland*, vol. 9, Leipzig, Duncker & Humblot, 1897, p. 1-68, here 17. On variations among branches, see H. Oexmann, *Barzahlung und Kreditverkehr in Handel und Gewerbe im rheinisch-westfälischen Industriebezirk*, Stuttgart, Cotta, 1906.

the sometimes fatal consequences of consumer lending. They became dependent on wholesalers who extended credit, and they had to demand high prices that could not compete with modern forms of retailing that offered cheaper products since the 1880s, if not earlier. Regularly, leading retailer associations named consumer lending as the ‘cancer’ of modern consumer societies¹⁰. But the established structures of everyday purchasing and paying could not be changed rapidly. From the 1880s, discount trading stamps seemed to offer a good compromise between the social necessity of consumer lending and economic rationality by fostering customer loyalty and furnishing an incentive for cash payment. By the early 1890s, commercial discount trade associations tried to organize regular payments in a rational way. The association printed trading stamps and gave them to the shop owners, if they guaranteed discounts to members only. Consumers had to pay a small annual fee and received a discount of normally 5% for every purchase at a member shop. By 1902 more than 70 local associations were established and pressed a great number of retailers into a system of order and heteronomous dependence¹¹. As a reaction, retailers began to establish discount systems of their own. The most important result was the founding of the Union of Discount Trade Associations of Germany in 1903, which integrated more than 500 local associations and nearly 75,000 shop-owners in 1913-14¹². These so-called non-profit discount trade associations fought successfully against their commercial competitors. They encouraged cash payment with the help of organized and limited discounts of up to 3%.

This mixed system, practiced mainly by established middle-class shop owners, combined elements of personal trust and economic rationality. It reintroduced a system of cash payment into the shops, although informal lending still dominated the retail trade. The discount system was a compromise resulting from the moral ideal of a middle-class society in which all had their place, duties, and obligations. Buying on credit hurt this social contract, because people were only supposed to consume goods they could afford. Although consumer lending was quite typical for the nobility and upper classes, the main problems seemed to occur with workers and poorer people. The middle-class ideal of first saving and then spending was not only at odds with desires in the emerging consumer society that the growing number of durable consumer goods was creating. This ideal also did not reflect the perils of modern life, which forced many people to borrow money and to buy at shops that offered credit.

It is not surprising, then, that cash payment did not dominate the consumer sphere in Imperial Germany. A change of the daily credit system would have caused a “huge disruption” to business overall¹³. Consequently, only new forms of retailing attacked and gradually changed the daily routines of discounts and informal consumer lending by either emphasizing strict cash business or introducing new forms of consumer credit.

The first notable effort was made by consumer cooperatives, beginning in the 1850s. Their aim was economic self-help. Led by educated bourgeois members, they tried to establish a more rational alternative

¹⁰ “Bar-Zahlung“, *Mitteilungen des Zentralvorstandes kaufmännischer Verbände und Vereine Deutschlands*, 2 (2), 1892, p. 8.

¹¹ “Die Rabatt-Sparvereine Berlins“, *Wochen-Bericht der Großverkaufsgesellschaft Deutscher Consumvereine*, n° 10, 1903, p. 210-211; W. Völkner, *Kolonialwarenkleinhandel, Einkaufsvereine, Rabattsparvereine*, Dissertation, Straßburg, 1910, p. 118.

¹² E. Schmidt, *Der Deutsche Detailhandel und seine Organisation*, Dissertation, Würzburg, 1920, p. 140.

¹³ R. Beigel, “Barverkauf oder Kreditwirtschaft ?“, *Aus Handel und Industrie*, 4, 1897, p. 246-256, here 255.

to the growing number of small shops by combining the purchases of workers and their families. The lack of net equity required cash business; otherwise it would not have been possible to establish a supply network¹⁴. Cash payment was necessary to receive trade discounts and to become independent from vendors. Only 2.15% of the cooperatives' turnover was based on consumer lending in 1864, and this number shrank to a negligible 0.32% by 1882¹⁵. Cash payment was not only a rational economic system to create an alternative to a predominantly capitalist society, however. It was also a project of individual independence and freedom¹⁶. Paradoxically, this "liberal" vision was especially enforced by the so-called "social-democratic" consumer cooperatives. For their leading figures, cash payment was "the art of getting by with that which one owns"¹⁷. First of all, skilled workers were educated to improve their home economy: "Anyone who has debt is dependent on his creditors, and he is linked in his purchases to them; he must put up with bad treatment and careless service. He may not complain if the quality of the goods is leaving a lot to be desired and the prescribed weight is not in stock". Therefore, the severe struggles between shop-based retailers and consumer cooperatives must be understood as a confrontation between different consumer ideals. While small retailers preferred an embedded consumer who knew his or her responsibility to the neighborhood and *Gemeinschaft*, consumer cooperatives favored an independent consumer who was

aware of price and quality differences and was willing to choose the cheapest goods and services available¹⁸.

While consumer cooperatives pushed cash payment in the lower strata of Imperial Germany, mail-order houses concentrated on the urban and rural middle classes. Mail-order business emerged rapidly as a result of new postal tariffs introduced in 1873 and the 1878 cash-on-delivery system, which simplified and secured cash payments for delivered goods. Mey & Edlich (Leipzig) and August Stukenbrok (Einbeck) were leading firms that sold to millions of customers for cash only. First concentrating on textiles and household appliances, they eventually offered a growing range of new consumer durables, including clocks, radios, cameras, gramophones, and bicycles. However, business practices changed slightly in the 1890s. To attract consumers, leading firms such as Jonaß & Co. or Bial & Freund started to introduce the first installment schemes. The wider range and the higher prices of durable consumer goods required new alternatives to cash payment. (Photography 1)

The same development occurred in another new form of retail business, the department store. A large turnover combined with small profit margins was their guiding principle; cash payment was crucial for this business model. Located mostly in urban centers, department stores offered the whole range of modern consumer goods, including, from the 1890s, even food. At that time, the

¹⁴ F. Schneider, "Die Aufgabe der Genossenschaften, insbesondere der Consumvereine, gegenüber den Creditmißverhältnissen in Deutschland", *Blätter für Genossenschaftswesen*, 23, 1876, p. 181-182, 186-187, 221-227, 230-231, 233-235.

¹⁵ Data based on "Hauptzahlen der letzten Handelsstatistik für 1881/82", *Jahrbücher für Nationalökonomie und Statistik*, 41, 1883, p. 562-571.

¹⁶ U. Spiekermann, "Medium der Solidarität. Die Werbung der Konsumgenossenschaften 1903-1933", in P. Borscheid and C. Wischermann (Hg.), *Bilderwelt des Alltag*, Stuttgart, Steiner, 1995, p. 150-189.

¹⁷ H. Kaufmann, "Welche Einrichtungen dienen zur Durchführung der Barzahlung in den Genossenschaften?", *Jahrbuch des Zentralverbandes deutscher Konsumvereine*, 3, 1905, p. 554-566, here 555 (the following quotation, *ibid.*, p. 555).

¹⁸ See also J.-O. Hesse, "Co-operatives in Germany in the 20th century. An overview and some hypotheses", *Entreprises et Histoire*, n° 56, September 2009, p. 49-61.

Photography 1: While not as widespread as during the Weimar years, a growing number of new consumer goods were available on monthly installments already during the Imperial Era.

Fliegende Blätter, n° 3337, January 13, 1909, Beiblatt, p. 2.

 <p>Photogr. Apparate Stativ- u. Handkameras neueste Typen zu bill. Preisen gegen bequeme Monatsraten von 2 Mk. an. Illustr. Kamera-Katalog gratis u. frei. Postkarte genügt. Bial & Freund Breslau 3 u. Wien VI/103</p>	 <p>Goerz' Triëder- Binocles für Reise, Sport, Jagd, Theater, Militär, Marine usw. gegen bequeme Monatsraten Andero Gläser m. bester Paris. Opt. zu all. Preis. II. Gläserkatalog gratis u. frei. Bial & Freund Breslau 3 u. Wien VI/103</p>	 <p>Grammo- phone und Schallplatten, nur prima Fabrikate, Automaten usw. gegen ger. Monatsraten von 2 Mk. an. Illustr. Gramophon - Katalog gratis u. frei. Postkarte genügt. Bial & Freund Breslau 3 u. Wien VI/103</p>	 <p>Violinen nach alten Meistermod., Bratschen, Cello, Mandolin, Gitarren sog. ger. Monatsraten von 2 Mk. an. III. Violin-Katalog gratis und frei. Zithern aller Systeme. Bial & Freund Breslau 3 u. Wien VI/103</p>	 <p>Schreib- maschinen mit allen Vervollkommnungen, für Bureau- und Privatgebrauch gegen Monatsraten von 10 Mk. an. Illustr. Schreibmaschinen - Katalog gratis und frei. Bial & Freund Breslau 3 u. Wien VI/103</p>	 <p>Waffen Doppelflint., Drillinge, Scheibenschüssen, Revolver usw. sog. geringe Monatsraten Fachmännische Leitung. Illustrierter Waffen-Katalog gratis und frei. Bial & Freund Breslau 3 u. Wien VI/103</p>
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department stores started an up-trading process, and, from the late 1890s, they attracted customers ranging from skilled workers to the upper classes. But to do this, they slightly changed their payment policy. While remaining predominantly cash businesses, leading firms, such as Wertheim and Hermann Tietz, established their own bank and credit businesses in 1907. From 1912, the Kaufhaus des Westens and then Wertheim offered installment schemes, first for furniture, then for other durable consumer goods¹⁹.

The hire-purchase business was another new form of retailing that offered durable consumer goods to members of the lower middle class and skilled workers on the basis of a credit contract. Within two decades they became an important factor in Imperial Germany's retail trade through shop-based retailing – the hire-purchase houses – and the widely used hire-purchase contract²⁰. The latter was introduced in the late 1830s for purchasing mainly furniture²¹. Used by craftsmen and manufacturers, the consumer

could take possession of the merchandise with a deposit. Afterwards, he had to remit a series of installments until the final sum was paid. Until then, the seller retained ownership of the good. From 1863 onward, hire-purchase contracts were used by the American Singer Manufacturing Co. in Hamburg, followed by its German competitors. In the late 1880s, between one half and two thirds of the some 500,000 sewing machines sold annually used such installment contracts²².

While the first phase of hire-purchase business was dominated by craftsmen and manufacturers, retailers gained increasing importance from the 1870s. Initially, specialized shops used such contracts to sell pianos, clocks, and textiles to customers who could not afford to pay cash. From the late 1870s, some retailers began to establish new hire-purchase houses, which sold goods from different branches and advertised extensively to attract both middle-class and working-class consumers. This new form of business was an urban phenomenon. Larger firms had

¹⁹ "Das Prinzip des ‚Barverkaufs‘ im Warenhaus A. Wertheim, Berlin, durchbrochen“, *Zeitschrift für Waren- und Kaufhäuser*, 11 (17), 1912, p. 18d. For the context, cf. H. Hartmann, *Organisation und Geschäft. Unternehmensorganisation in Deutschland und Frankreich, 1890-1914*, Göttingen, Vandenhoeck & Ruprecht, 2010.

²⁰ Cf. U. Spiekermann, *Konsumgesellschaft...*, *op. cit.*, p. 337-354.

²¹ R. Fendel, *Der Berliner Möbelleihvertrag*, Baden-Baden, Nomos, 1991.

²² A. Cohen, "Die Verbreitung des Abzahlungssystems im Maschinenhandel", *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft*, 15, 1891, p. 909-917.

Photography 2: Hire-purchase credit houses for textiles and furniture were a common occurrence in pre-World War I German cities.

“Dresdner Molkerei Gebrüder Pfund, Dresden”, in K. Friedel and A. Keller (Hg.), *Deutsche Milchwirtschaft in Wort und Bild*, Halle/S., Carl Marhold, 1914, p. 141-157, here 151.



tens of thousands of costumers, and the number of contracts was estimated at more than ten thousand per day in the late 1880s²³. (Photography 2)

Hire-purchase stores faced severe criticism from the beginning. The social composition of and the direct appeal to customers seemed to harm the traditional order of consumption in Imperial Germany. Hire-purchase houses encouraged consumption on credit, not on saved money, and this, so the critics, would undermine the moral foundations of Imperial Germany. The essence of the new business, the “extension of credit to impecunious classes”, would encourage useless luxury consumption, destabilize a socially adequate household economy, and ruin a large number of uneducated people²⁴. The complaints revealed more than the typical concerns

about fraud, deception, and temptation that attached to other new types of business, for example venue houses or cheap bazaars. Although most of the hire-purchase houses were solidly run, the legal options of the contracts enabled them to become the “plague of the little man”²⁵.

Costumers did not own the goods before they paid their final installment. This retention of title was combined with a forfeiture clause. If customers fell behind in their installments, the seller not only could reclaim the sold item but also retain the money already paid. While many hire-purchase houses acted in an accommodating way in cases of unemployment, illness, or similar circumstances, some firms executed their legal rights. In early 1890s, such lawsuits caused approximately 10% of all legal proceeding in Prussia²⁶. Newspapers

²³ W. Hausmann, “Das Abzahlungsgeschäft und die neuesten Vorschläge zu seiner Regelung”, *Vierteljahrsschrift für Volkswirtschaft, Politik und Kulturgeschichte*, 28, 4, 1891, p. 32-64, 165-196; 29, 1, 1892, p. 36-78; A. Cohen, *Die volkswirtschaftliche Bedeutung des Abzahlungsgeschäftes*, Leipzig, Duncker & Humblot, 1891.

²⁴ H. Dowe, “Die Abzahlungsgeschäfte”, *Berichte des Freien Deutschen Hochstiftes*, 8, 1892, p. 212-219, here 212.

²⁵ Marwitz, “Über den Möbelleihvertrag”, *Beiträge zur Erläuterung des Deutschen Rechts*, 35, 1891, p. 214-231, here 215.

²⁶ W. Schubert, “Das Abzahlungsgesetz von 1894 als Beispiel für das Verhältnis von Sozialpolitik und Privatrecht in der Regierungszeit des Reichskanzlers von Caprivi”, *Zeitschrift für Rechtsgeschichte – Germanistische Abt.*, 102, 1985, p. 130-167, here 134-144.

drew attention to a significant number of borrowers who had lost their furnishings and payments, although they had already paid sums much higher than the regular cash price of their goods.

From the late 1880s, a coalition of middle-class representatives, Social Democrats, and even conservatives called for federal regulation of these contracts. This was a difficult task, because hire-purchase agreements were private contracts between responsible adults, and regulation would readjust the relationship between the imperial state and bourgeois society. Furthermore, outright prohibition would destroy an emerging field of business that enabled a growing number of people to become an integral part of modern consumer society and reap the benefits of large-scale production. The commercial creation of desires and calculated forms of enticement should be protected, many argued, despite the potential for excessive indebtedness and private ruin if buyers were not able to handle credit obligations in an economically rational way. The resulting hire-purchase law of 1894 was a compromise aimed at “purifying” commercial business practices. It affirmed title retention, while it annulled forfeiture clauses. All in all, consumer rights were strengthened, while the ideal of a private contract was reinforced. Most retailers accepted this compromise, because even many of the critics occasionally used hire-purchase contracts themselves.

The 1894 law changed the hire-purchase business and slowed its rapid growth. Leading firms often changed their names, became “credit houses” instead of hire-

purchase houses, and promoted an image of grandeur, progress, and goodwill. Internal structures and financing were professionalized²⁷. The average firm size grew, while the total number stagnated. In 1913, the average turnover of a hire-purchase house was 200,000 marks per year²⁸. Cautiously estimating 2,500 firms and a total turnover in retail trade of 25 billion marks in Germany, the hire-purchase credit houses had a market share of some 2%. This was only slightly under the market share of the department stores, which the historiography sees as the most decisive symbol of modern consumerism in late Imperial Germany²⁹. The increasing importance of the hire-purchase business, however, offered more than a story of growing wealth and a widening range of durable consumer goods. Indebtedness, private bankruptcies, and the garnishment of wages were still closely linked to the new forms of credit-based retailing³⁰. But not only social problems went unsolved. The debate about the morality of consumption, about “luxury” and socially appropriate consumption did not end, but became even more intense by the mid 1920s.

II. AN “UPSIDE” TO WAR AND INFLATION? THE REIGN OF CASH-ONLY BUSINESS, 1918-1923

On the eve of World War I, then, Imperial Germany had a vibrant credit-based retail sector. An Association of Credit Houses in Germany (*Verband der Kredithäuser Deutschlands*) was founded in 1908. The

²⁷ H. Brink, “Die Organisation eines Unternehmens der Abzahlungsbranche“, *Zeitschrift für handelswissenschaftliche Forschung*, 6, 1913-1914, p. 589-621.

²⁸ *Die Grundlagen der Handels-Enquete*, Berlin, Mittler, 1929, p. 185-186.

²⁹ Estimates ranged between 2.2% (J. Hirsch, “Die Bedeutung des Warenhauses in der Volkswirtschaft“, in *Verband Deutscher Waren- und Kaufhäuser* (Hg.), *Probleme des Warenhauses*, Berlin, Werbedienst-Druckerei, 1928, p. 58-76, here 60) and 2.5% (J. Wernicke, *Kapitalismus und Mittelstandspolitik*, 2nd ed., Jena, Gustav Fischer, 1922, p. 242) in 1913.

³⁰ R. Fette, “Kauf auf Abzahlung“, *Der Zeitgeist*, 2, 1909, p. 439-442, here 441.

association promoted the professionalization of the business, introducing the so-called *Lichtenthal*-system of standardized credit contracts and fees³¹. With the shift to a war economy, however, this growth sector of the retail economy came almost to a halt. Especially once inflation rates began to creep up, the credit sector faced its most fundamental challenge yet. The years between 1918 and 1923 accounted for the most significant caesura in the history of German consumer credit.

“There was one upside to the inflation”, a critic of credit sales noted in 1925; “the *Borgwirtschaft* had been utterly eradicated from all commercial life. The dire circumstances of the time required goods to be sold only for cash”³². While the situation peaked during the dramatic months of hyperinflation in 1923, initial signs of the currency crisis could be felt already by the end of the war. With the credit market in the doldrums in early 1918, craft associations and municipalities pondered the creation of what they envisioned as “improved substitutes” for the long vilified hire-purchase houses to ease the plight of consumers whose savings had been depleted, yet who were in need of new home furnishings³³. Despite such reflections, however, consumer credit remained scarce and consumers and retailers viewed cash payment as “a matter of course” in the years to come³⁴.

The subsequent recovery after 1924 fundamentally altered the market for consumer credit. Not only did buying on credit expand dramatically, but the social

basis of the credit market moved well beyond working-class Germans. As many middle-class households had seen their savings wiped out during the inflation, they now had to rely on credit to satisfy their pent-up consumer demand. This meant that the market share of the Imperial era credit houses declined as retailers of all sorts began to offer installment schemes to gain a competitive edge. The inflation period had forced retailers to become more competitive in general and to modernize both their bookkeeping and price calculations as well as to expand their marketing methods³⁵. Many retailers suffered from capital shortages, however, which opened up a market niche for new, third-party installment-lending operations backed by commercial banks and retailer consortiums³⁶. By the mid-1920s, new models of third-party sales financing (*Konsumfinanzierung*) emerged, which soon became the focal point of renewed debates over consumer credit. At the same time, formal installment plans became an increasingly important sector of the credit economy.

III. NEW FORMS OF CONSUMER FINANCING AND THE RESURGENCE OF THE *BORGWIRTSCHAFT* DURING THE WEIMAR ERA

By 1925-1926 Weimar Germany's economy was growing at what seemed to be a solid pace. Especially in urban centers, a new culture of consumption and commercial

³¹ See E. Krauss, *Der Teilzahlungskauf*, Berlin, Deutscher Zentralverlag, 1956, p. 26 and E. Mende, *Der Verkauf auf Teilzahlung im Einzelhandel*, Dissertation, Dresden, 1932, p. 8.

³² “Soll die Borgwirtschaft wieder einreißen?“, *Der Materialist*, March 5, 1925.

³³ “Gemeinnützige Abzahlungsgeschäfte“, *Concordia*, 25, January 1, 1918.

³⁴ “Kampf der Borgwirtschaft“, *Handelsschutz*, 22, 1925, p. 38-39.

³⁵ H. Kiehling, “Einzelhandel und Konsum in Zeiten der Inflation 1920-23“, in R. Walter (Hg.), *Geschichte des Konsums*, Stuttgart, Franz Steiner, 2004, p. 275-312.

³⁶ On the inflation period, see E. Mende, *Verkauf auf Teilzahlung*, *op. cit.*, p. 7-9 and H. Salewski, *Abzahlungsgeschäfte*, Königsberg, Gebrüder Kasperleit, 1932, p. 3-5.

leisure emerged that mirrored trends in the United States. New consumer durables from radios to automobiles entered the market; advertisers pushed against established social conventions in a dynamic retail sector; and department stores and five-and-dime stores (*Einheitspreisgeschäfte*) challenged more traditional retailers. Additionally, installment banks and sales financing companies were beginning to offer an alternative to direct installment loans by individual retailers³⁷.

Buying on credit became such an integral part of Weimar era consumption that, except for five-and-dime stores and consumer cooperatives, almost all retailing forms extended some sort of consumer credit³⁸. Durable goods such as radios were increasingly advertised as available on installments. German subsidiaries of American automobile corporations helped to establish the sales finance business model for cars³⁹. Consumer goods companies, too, contributed to the spread of installment purchases. Siemens reported in its bulletin on the “demand for installment sales in all segments of society”⁴⁰.

While German department stores had long upheld cash purchases as a sign of rational and disciplined consumer behavior, they, too, increasingly pushed into the credit business to remain competitive⁴¹. Most department stores offered monthly credit

accounts (*Monatskonten*) as a service to select customers, but several also returned to offering sales financing⁴². Especially the Emil Köster department store chain and the Debewa, which primarily catered to civil servants, made aggressive use of this marketing tool⁴³. In Berlin, the Herman Tietz and Wertheim stores did not extend credit themselves, but instead contracted with the Swiss Kaufkredit A.G. to offer sales financing after 1926⁴⁴. Even mail-order businesses, which had similarly touted the value of cash purchases during the Imperial era, succumbed to the lure of installment plans. The leading mail-order house August Stukenbrok announced to its readers that it had broken with long-held traditions and, “following the trend of the time”, was offering certain goods on installment⁴⁵. (Photography 3)

Such efforts were aided by the growth of credit reporting agencies, which made the transactions safer and lowered the risk of default substantially. In 1927 Schufa was established. It collected customers’ credit histories with participating members and routinely handled credit requests of up to 200 Reichsmarks⁴⁶. For larger requests, specialized information agencies (*Auskunfteien*) ran nationwide credit checks. By 1930, Schufa had collected an estimated 1.5 million data cards with consumer debts (*Evidenzkarten*), while retailer losses due to default only amounted to about 0.5% of sales despite the

³⁷ “Konsumfinanzierung im Einzelhandel“, *Deutsche Wirtschafts-Zeitung*, 23, 1926, p. 1108-1109.

³⁸ An August 1926 survey in men’s wear retailing found that 154 of 211 reporting firms sold on credit. K. Heinig, “Konsumfinanzierung“, *Volkswirtschaftliche Rundschau*, 16, 1926, p. 65-68.

³⁹ W. Kaminsky, *Gefi: Gesellschaft für Kundenkreditfinanzierung*, Leipzig, Verlag Übersee-Post, 1937.

⁴⁰ G. Berndt, „Rechte und Pflichten aus dem Abzahlungsgeschäft“, *Siemens Mitteilungen*, n° 131, 1930, p. 14-15.

⁴¹ Cf. D. Briesen, *Warenhaus, Massenkonsum und Sozialmoral*, Frankfurt, Campus, 2001, p. 21.

⁴² E. Eberhard, *Der organisierte Kundenkredit*, Cologne, Eisenächer, 1932, p. 10.

⁴³ See “Wirtschaft auf Teilzahlung“, *Handelsschutz*, n° 26, 1929, p. 83-84 and H. Braunwarth, *Die führenden westdeutschen Warenhausgesellschaften*, Nürnberg, Gesellschaft für Konsumforschung, 1957, p. 64 and 160-161.

⁴⁴ E. Mende, *Kauf auf Teilzahlung*, *op. cit.*, p. 33.

⁴⁵ “Kauf auf Teilzahlung!“, *Katalog August Stukenbrok Einbeck*, 41, 1931, p. 2.

⁴⁶ See W. Kaminsky, *Gefi*, *op. cit.*, p. 62-65 and E. Mende, *Kauf auf Teilzahlung*, *op. cit.*



Photography 3: By the 1920s, new retailing formats and even mail-order businesses entered the credit business. The emphasis increasingly shifted from home furnishings offered by credit houses to new leisure goods such as bicycles and consumer electronics.

Katalog August Stukenbrok Einbeck, 41, 1931, p. 6.

economic crisis⁴⁷. That same year, credit-extending retailers had estimated sales of 800 to 900 million Reichsmarks⁴⁸.

Sales financing through installment banks, however, emerged as the most significant area of credit expansion. There had already been calls for reform in the credit market prior to the First World War. One commentator in 1914 urged retailers to organize an alternative to the hire-purchase credit houses, which were still widely regarded as “disreputable” or *déclassé* (not *standesgemäß*) by a middle-class clientele that at the same time had little compunction about running up bills with their neighborhood grocer or for services with craftsmen. He suggested that at the same time, American small loans banks and sales

financing companies emerged as an alternative model to provide new forms of third-party consumer credit⁴⁹. By 1930, the growing academic literature on consumer financing in Germany distinguished among three basic models dubbed the A, B, and C systems⁵⁰.

The A system was also known as the ‘Königsberg system’ after the city in which it was first introduced in 1926 by the Kundenkredit GmbH. Consumers could purchase checks on credit from an installment bank that were redeemable at participating local retailers. Debt collection and the determination of creditworthiness fell entirely to the bank. The A system was most commonly found in smaller cities and working-class areas, and it often entailed

⁴⁷ Forschungsstelle für den Handel, Berlin, October 23, 1930, cited in E. Paneth, “Die historische Entwicklung des Abzahlungsgeschäftes in der deutschen Wirtschaft und Gesetzgebung”, *Jahrbücher für Nationalökonomie und Statistik*, n° 137, 1932, p. 198-223.

⁴⁸ “Umsatz und Inkasso im kreditgebenden Einzelhandel 1924-30”, *Der Materialist*, September 23, 1931.

⁴⁹ On the rise of small loan banks in the United States see L. Calder, *Financing the American Dream*, *op. cit.*, and M. Easterly, “Your Job Is Your Credit: Creating a Market for Loans to Salaried Employees in New York City, 1885-1920”, *Enterprise & Society*, 10, 2009, p. 651-660.

⁵⁰ See e. g. B. Birnbaum, *Konsum-Finanzierung*, Berlin, Kundenkredit Gesellschaft m.b.H., 1926; H. Salewski, *Abzahlungsgeschäft*, *op. cit.*; E. Mende, *Verkauf auf Teilzahlung*, *op. cit.*, E. Eberhard, *Der organisierte Kundenkredit*, *op. cit.*, and esp. J. Spletstösser, *Der Einzelhandel*, Berlin, Heymanns, 1936.

hefty interest rates⁵¹. Few people would be more influential in the German consumer credit industry than the Kundenkredit GmbH's first chairman, Walter Kaminsky, who helped pioneer the business model and personifies continuities well into the postwar era. Kaminsky remained chairman of the Kundenkredit GmbH until 1934, when he became involved in the management of the Gesellschaft für Kundenkreditfinanzierung mbH (GEFI), which pioneered the B system⁵².

The B system was employed by retailers – from department stores to specialty shops – that catered to a more middle-class clientele. In contrast to the check system, which made credit customers easily identifiable in public, the so-called “Berlin system” was more discreet. Stores advertised their participation with a logo of four dots on their shop windows, and credit customers were handled by the store’s credit department, which would set up a loan from the GEFI or another company. The class divide inherent in the two systems was reflected by the fact that workers accounted for 61% and 73% of customers at the Kundenkredit GmbH branches in Düsseldorf and Dortmund respectively in 1937, but they made up only 33% of the GEFI’s nationwide customer base, which included many more clients from the independent professions and civil service⁵³.

The C system (or “list business”) involved direct loans to retailers, who in turn provided credit to their customers. This system was employed mainly in the automobile trade⁵⁴. While it is difficult to assess the market shares and relative economic importance of these various credit systems, organized consumer credit certainly grew during the Weimar years. A 1930 survey of railway employee households showed that a large majority bought furniture and even articles of clothing on credit. Installment purchases accounted for roughly 6% of the average employee’s total household expenditures⁵⁵. By 1930, the volume of such sales had reached an estimated 2 to 6% of total sales in Germany⁵⁶.

As much as consumer credit grew in economic significance during the Weimar era, it remained highly controversial. While adapted to a new economic situation, the Weimar debate mirrored many elements of the moral critiques of the *Borgwirtschaft* and hire-purchase credit houses in the Imperial era. At the same time, however, it foreshadowed the later postwar controversy. The retail division of the German Council of Industry and Commerce formally rejected new forms of consumer financing in its December 1926 session⁵⁷. When the credit market rebounded, public opinion and particularly the trade organizations greeted this development with skepticism.

⁵¹ According to H. Salewski, *Abzahlungsgeschäft, op. cit.*, interest rates under the Königsberg system amounted to 35-53% per annum and contracts could be considered “unconscionable” (*sittenwidrig*) from a legal perspective.

⁵² See the *Festschrift* in Kaminsky’s honor, F. Schneider (Hg.), *Die Finanzen des privaten Haushalts*, Frankfurt, Fritz Knapp, 1969.

⁵³ W. Kaminsky, *Gefi, op. cit.*, p. 77.

⁵⁴ “Die Abzahlungsgeschäfte und die Haushaltungen der Arbeiter und Beamten“, *Konsumgenossenschaftliche Rundschau*, n° 28, 1931, p. 187-188.

⁵⁵ In the absence of more systematic data, estimates varied significantly. Demuth estimated 2-3% of sales as credit sales (likely only proper installment credit), *Berliner Tageblatt*, January 5, 1930, cited in E. Eberhard, *Der organisierte Kundenkredit, op. cit.*, p. 7. The economist Hirsch, by contrast, gave a higher estimate of 5-6% of total sales as credit sales, “Der Pump ist der ‘Vater der Pleite’”. *Werbetrommeln der Borgwirtschaft*, *Handelsschutz*, n° 27, 1930, p. 60.

⁵⁶ “Konsumfinanzierung“, *Aus Handel, Industrie und Verkehr*, 1927, p. 1153.

Significantly, they did not invoke a bygone age of solid cash transactions, but looked to the Imperial era as an age of overly liberal lending in which many already capital-strapped retailers had gone bankrupt because they had felt obliged to extend credit⁵⁸. As early as 1925, the return of credit sales looked to contemporaries like an “old complaint” with “old problems”⁵⁹. It appeared paramount to educate consumers and instill the rational benefits of cash payment in the first place⁶⁰.

Still, conservative observers regarded Weimar era commercial culture as particularly competitive and overly materialistic, and they identified credit as a major contributing factor. Publications of retailers’ associations targeted installment buying as yet another attempt to introduce “unhealthy” competition⁶¹. They depicted expanded marketing through credit as both a threat to established retail institutions and too costly to the consumer. Modern credit, one commentator observed, preyed on human weaknesses⁶². From this perspective, credit customers were frivolous and malleable rather than socially embedded or independent and rational consumers⁶³. Such discourses betrayed pejorative perceptions of what was still widely regarded as a working-class consumption pattern that was incompatible with bourgeois standards of respectability.

Traditional practices of informal lending, to be sure, did not disappear despite the arrival of new credit forms. Defenders of new forms of installment credit and sales financing seized on this fact and touted the superiority of “organized” credit vis-à-vis the traditional book credit⁶⁴. Indeed, the alternative to small installment loans was frequently not household saving and cash payments, but rather the old *Borgwirtschaft*, which retained its significance during the interwar period. For example, one study based on budget analyses of miner families found that at least 46 out of 75 households bought groceries on the basis of an open account with their neighborhood grocer⁶⁵.

Ironically, often the same small retailers whose regional and national associations led the charge against consumer credit were most involved in keeping the use of open book credit alive. As during the Imperial era, small shopkeepers viewed their informal lending practice as a vital service to their customers and claimed that they could not dispense with it, lest they risk losing longtime, loyal patrons. Most Weimar-era consumers would have known informal debt with local retailers as the most common form of consumer credit and the most prominent alternative to cash sales. The following table, based on 1930 data from the retail institute Forschungsstelle für den Handel in Berlin, provides a rough sense of the distribution of

⁵⁸ “Kampf der Borgwirtschaft”, *Handelsschutz*, n° 22, 1925, p. 38-39.

⁵⁹ G. Pelka, “Der Geschäftsmann als Volkserzieher: Nicht Borgen sondern Sparen”, *Handelsschutz*, n° 22, 1925, p. 174.

⁶⁰ “Die Morphiumspritze”, *Handelsschutz*, n° 23, 1926.

⁶¹ “Diskussion über das Abzahlungsgeschäft”, *Handelsschutz*, n° 24, 1929, p. 169.

⁶² See e.g. “Kaufe sofort, zahle später. Das neue Pumpsystem”, *Der Materialist*, n° 47, 1926.

⁶³ “Der Pump ist Vater der Pleite!”, *art. cit.*, p. 60-61.

⁶⁴ “Wer verkauft Lebensmittel auf Borg?”, *Rundschau des Reichsbundes der deutschen Verbrauchergesellschaften*, n° 32, 1935, p. 322.

⁶⁵ Forschungsstelle für den Handel, Berlin, October 23, 1930 cited in E. Paneth, “Die historische Entwicklung des Abzahlungsgeschäftes”, *art. cit.*, p. 205-206.

Table I: Financing of Consumer Goods as Percentage of Sales (1930)⁶⁶.

<i>Retail sector</i>	<i>Cash Sales</i>	<i>Book Credit</i>	<i>Installment Credit</i>
Ovens / Ranges	12.6	14.2	73.2
Furniture	15.2	27.1	57.7
Electrical Installations	15.4	35.4	49.2
Home Furnishings (Carpets, Drapes)	23.8	70.7	5.0
Hardware	35.2	61.1	2.0
Cars	37.1	16.0	46.9
Radios	47.5	23.3	29.2
Women's Apparel	49.4	49.7	0.9
Colonial Goods	50.1	49.9	–
Optical Equipment	59.5	38.8	1.7
Department Stores	64.5	29.8	5.7
Baked Goods	80.2	19.8	–
Drugs	84.7	15.3	–
Shoes	89.5	19.5	–

different financing forms in various retail segments (see Table 1).

The above table illustrates how changes in product availability and overall consumption patterns influenced the development of credit forms. Not surprisingly, durable goods retailing presented the most hospitable environment for the newest form, installment credit, while other sectors of the retail economy remained virtually untouched by innovations in consumer financing. Furthermore, the prevalence of informal credit for semi-durables, such as basic home furnishings and apparel, underlines how average interwar consumers were still far removed from the material affluence that we associate with boom-era consumption. Across the board, such data (as tentative as it may be) underscore that Weimar Germany – like the Imperial era – was not the “golden age” of cash buying that later critics of postwar-era credit growth liked to invoke.

IV. NOT PUTTING THEIR MONEY WHERE THEIR MOUTHS WERE: CONTINUITIES DURING THE NAZI ERA

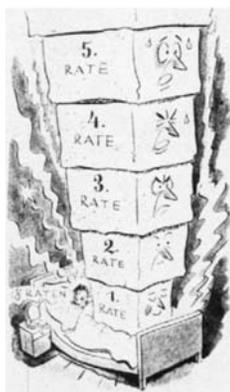
The National Socialists' takeover in 1933 did not represent as significant a caesura for the German consumer credit economy as might have been expected. The Nazi party, to be sure, had long enjoyed strong support among the old *Mittelstand*, which included traditional independent retailers⁶⁷. Nazi ideologues attacked consumer credit as a part of the “permissive” and “cut-throat” Weimar commercial culture. Often employing anti-Semitic rhetoric, they decried modern credit forms as “un-German” and an evil in the National Socialist economic order⁶⁸. Instead, National Socialist leaders touted the virtues of “orderly” or rational cash-payment and savings. On the one hand, savings

⁶⁶ On National Socialist retailing policy, see especially D. Briesen, *Warenhaus, op. cit.*, and U. Spiekermann, « L'approvisionnement dans la Communauté du peuple. Approches du commerce “allemand” pendant la période nationale-socialiste », *Le Mouvement Social*, n° 206, 2004, p. 79-114.

⁶⁷ Amtsgerichtsrat Bruniecki cited after E. Krauss, *Teilzahlungskauf, op. cit.*, p. 28.

campaigns, including advertising for public savings banks (*Sparkassen*), was stepped up over the course of the 1930s⁶⁹. At the same time, the Reichskammer für Wirtschaft proposed new consumer credit legislation that would have forced retailers to differentiate between cash and credit prices in an effort to shield cash-paying customers from the costs of credit⁷⁰. (Photography 4)

In contrast to such rhetoric, however, consumer credit sales actually expanded during the mid-1930s. Indeed, the Reichkammer's reform proposal aimed less at eliminating and more at regulating the



Photography 4: Despite growing credit sales for much of the 1930s, official rhetoric under the NS regime emphasized the irrationality of consumption on installments and the “burdens” it placed on consumers.

Arbeitertum, n° 11,8, 1942, p. 12.

credit business with provisions that would have restricted advertisements for credit sales and prohibited credit financing for some non-durable goods⁷¹. After all, the

promise of widely available consumer durables – embodied by the “people’s car” (*Volkswagen*) and the “people’s radio” (*Volksempfänger*) – had become a central element of Nazi propaganda. While installment savings plans were promoted for the “people’s car”, which would ultimately come to symbolize the emptiness of the regime’s promises, a pragmatic embrace of consumer financing was, more generally, a comparatively small price to pay for consumer contentedness⁷².

Consequently, consumer finance companies reported brisk business during the 1930s. The GEFI, for example, saw its business expand dramatically after the slump of the depression, especially as it had concluded an agreement with the radio wholesalers’ cartel organization in 1933 (see Table II).

In the automobile sector, sales financing similarly enabled the expansion of new vehicles on the road from 48,148 in 1932 to 258,848 in 1936⁷⁴.

CONCLUSION

Next to the period between 1918 and 1923, World War II and the immediate postwar years present perhaps the second significant caesura in the development of

⁶⁸ On National Socialist savings rhetoric, see, for example, R. Belvederesi-Kochs, “Moral or Modern Marketing? *Sparkassen* and Consumer Credit in West Germany”, paper presented at “Cultures of Credit”, German Historical Institute, Washington, February 5, 2010.

⁶⁹ “Kreditverkäufe im Einzelhandel”, Memo of Reichswirtschaftskammer, September 9, 1938, Archiv der Handelskammer Bremen (AHKB), folder MA – Kl 9 – Kreditverkäufe (1938).

⁷⁰ *Ibid.*

⁷¹ On National Socialist consumer policy, see especially H. Berghoff, “Enticement and Deprivation: The Regulation of Consumption in Pre-War Nazi Germany”, in M. Daunton and M. Hilton (eds.), *The Politics of Consumption: Material Culture and Citizenship in Europe and America (Leisure, Consumption and Culture)*, Oxford, Berg, 2001, p. 165-184 and W. König, *Volkswagen, Volksempfänger, Volksgemeinschaft: «Volkprodukte» im Dritten Reich*, Paderborn, Schöningh, 2004.

⁷² W. Kaminsky, *Gefi*, *op. cit.*, p. 77.

⁷³ K. Wever, *Kauf von Kraftwagen auf Abzahlung und seine Finanzierung*, Dissertation, Erlangen, 1938, p. 8.

⁷⁴ Just as he had headed industry associations in earlier decades, in 1949 he became chairman of the Wirtschaftsverband Teilzahlungsbanken e.V. and later a founding member of Eurofinas.

Table II: Gefi Berlin, Credit Sales, 1929-1937⁷⁵.

Year	Credit Contracts	Credit Volume
1929/30	52,531	6,209,774
1931	42,918	4,288,257
1932	33,212	2,963,482
1933	39,492	3,125,110
1934	84,124	6,989,137
1935	148,353	12,720,371
1936	156,936	14,987,835
1937 (est.)	164,000	17,050,000

consumer credit in modern Germany. Severe shortages in goods and capital, currency fluctuations, and a rampant black market affected all aspects of retailing and consumption after the war, and made organized consumer credit nearly impossible to offer. Installment banks did not begin to re-open until 1948, and public pawn-shops were among the few institutions that initially addressed the demand for credit access.

This did not mean, however, that West German consumers by the early 1950s were presented with a tabula rasa or a brave new world of credit buying imported from the United States. Continuities to the prewar era were numerous and significant. Those installment banks that did open, for example, by and large employed the same Königsberg system (or A system) that had been pioneered during the Weimar years. In fact, Walter Kaminsky not only led one of the largest consumer-financing institutions of the 1950s in Germany, the Kundenkreditbank KGaA, but Kaminsky also dominated the industry association of credit banks⁷⁵. Department store chain Emil Köster similarly continued to play a prominent role in that sector's credit sales. The traditional practice of informal retailer credit, finally, also survived the war. Despite recurring efforts to organize and hedge in consumer lending, no linear process

of "rationalization" can be discerned. Instead, a messy coexistence of cash and various forms of credit selling spans the entire period under consideration.

To be sure, as contemporary observers and recent historiography remind us, there were significant changes after the war as well. Postwar economic growth brought a measurable rise in overall credit sales – installment buying became more widespread. By the latter part of the 1950s, banks entered the market for consumer credit and began offering cash loans. At the same time, the spread of new, larger retailing forms slowly began to encroach on the traditional *Borgwirtschaft*. While none of these trends truly measured up to the levels of credit financing found e.g. in the United States, they presented a substantial transformation⁷⁶. Still, they did not amount to the substantial break in social practice and economic values that critics of consumer credit during the 1950s alleged. Their idealized past of cash-based consumption never truly existed. Instead, we find long continuities in a consumer credit development, which was driven by changing levels of affluence, by retail restructuring, by the availability of new consumer goods as well as sustained consumer demand.

⁷⁵ On the transatlantic comparison, see J. Logemann, "Different Paths to Mass Consumption", *art. cit.*