Horseless Horses: Car Dealing and the Survival of Retail Bargaining

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News reports suggest that in the near future, electronic chips on every item in a store will allow consumers to be charged for purchases automatically by simply walking out through the door. No checkout clerks will ask the shoppers if they found everything they were looking for; no checkout robots will ask if the customers would prefer to hear their oddly inflected voices speak in English or Spanish; nothing tangible will mark the exchange of value. This invisible transaction will be the latest evolutionary step away from the complex face-to-face negotiation between buyer and seller that once marked almost every retail transaction, one that uniquely survives in the purchase of an automobile.

Would-be buyers who walk into automobile dealerships in the 21st century enter a time warp. They are transported back to the early 19th century, to an era before goods were sold to all shoppers at the same posted price and before dissatisfied customers could return their purchases. They are confronted by sales personnel who are masters of the ancient arts of flattery, high pressure, misdirection, misrepresentation, and patience. They are willing to sit for hours haggling over the cost of everything from the basic car itself, to the moonroof, the floor mats, the interest rate on the car loan, and the trade-in value of the owner’s current vehicle—to name just a few of the price points open to negotiation.

It makes no difference if the customer is interested in a new or a used car; the process is roughly the same. In the worst (and fairly common) case, the shopper is met at the curb by a “greeter” who tries to determine if he or she is a “looker” or a serious buyer. Buyers are then turned over to a
more experienced salesman who finds a car the buyer wants and opens a period of painful and protracted price negotiation, retreating often to an office in the back to check offers and counteroffers with his manager. Eventually the sales manager himself will appear to continue the dickering over price, and, if the customer is unyielding, the sales manager is sometimes replaced by his manager. In the meantime, the buyer has had to work with the dealer's used-car appraiser to determine the trade-in value of his or her current car. Once the price of the new and used cars are agreed to, the customer is turned over one more time to the business manager who not only negotiates finance and insurance charges, but also tries to sell dealer-installed add-ons such as fabric protection and rust proofing.2

As bad as this system may seem, historically things were even worse. Prior to 1958, the buyer often had no idea what the dealer's standard asking price was, because there was no established way to represent the price of cars on the lot. The requirement that all new cars carry a sticker listing the “manufacturer’s suggested retail price” (MSRP) created a common starting point for price negotiations, but no more than that. The advent of the Internet has armed some buyers with more accurate information about dealer costs, but that has only made the negotiations fiercer, forcing dealers to give better prices to informed buyers and then trying to make up the loss of profit by keeping up the costs to others. With the isolated exception of General Motors Saturn division, dealers adjust the prices of their vehicles to the local market, charging additional markup on highly sought after cars and cutting the price of slow-selling ones. And even on a Saturn lot, where sticker prices are stuck to, negotiation can take place on ancillary products and services, and will always occur on the trade-in allowance for the customer’s current car.

The process of haggling over the cost of an automobile evokes buyer consternation about prices and dealer grumbling that their legitimate profit margins are being shaved. Nevertheless, retail price negotiation has persisted during virtually the entire historical lifetime of the automobile. For one hundred years, even as marketplace bargaining gave way to set prices in nearly every other consumer transaction, the tradition of “horse trading” for cars has resisted all attempts to bring it into line with the retail norm. The anomalous persistence of what dealers themselves have often disparagingly referred to as an “oriental bazaar” confirms how dramatically American attitudes toward the marketplace changed over the course of the 20th century. It also shows how the unique cultural meaning of automobiles shielded them from the normal one-price marketplace.
Car buying is an area of contemporary life where behavioral economics meets behavioral history. Behavioral economics seeks to understand the psychological reasons why people make economically irrational choices, and behavioral history tries to explain how historical patterns construct current behavior. The psychological meaning of automobiles is a cliché of popular literature, and there are few more overused double entendres than “auto-eroticism.” What is less obvious, but just as true, is the psychological meaning of the historical pattern of bargaining for a car. The meaning of the car and the meaning of the way that car is obtained are linked by their continuity with the meaning and method of getting horses. Horse trading established the pattern for car dealing. Even though both buyers and sellers complain about the way the car business is conducted, and even though there is an obvious alternative model, behavioral history is one of the prime reasons we continue to subject ourselves to the ordeal of negotiating the price of both new and used cars.

Automobiles began to be marketed as a mass-produced consumer product at the turn of the 20th century. This was the same period when the posted-price retail model pioneered by department stores became the standard for selling manufactured goods. Consumer-oriented contract law had evolved to extend unprecedented warranty protection to the purchasers of factory-made products. These implied warranties, together with open and nonnegotiable prices, created an opportunity for cars to be merchandised in the same manner as other new mechanical conveniences. Automobile retailers tried to emulate the one-price policy, but economic and technical issues combined with social/psychological forces to make the car market an anomaly in the contemporary retail world. Rather than following the lead of other expensive mechanical appliances such as refrigerators and washing machines, car dealing retained the essential elements of the preindustrial marketplace. There were multiple reasons for cars’ anomalous status, but most of them were related in one way or another to the fact that, socially and psychologically, cars were not so much horseless carriages as they were horseless horses, emblems of manhood to be acquired in a peculiarly “manly” way.

One Price to All

The retail transformation from individually negotiated prices to charging the same advertised price to everybody occurred in the late 19th and early
20th centuries and was the result of a shift in the psychological and social contexts of consumer behavior. Prior to the 20th century, consumption was almost always a personal transaction between a vendor (who was often also the producer) and a buyer, both of whom were likely to know each other as individuals in a unique interpersonal relationship. That broader knowledge of the other complexified the commercial relationship because it triggered feelings that transcended the simple exchange of value. Knowing that the other person was, for example, wealthy or strapped for cash, had a large family or was living alone, was a member of one or another socioethnic subculture, and so forth all altered the power relationship in the deal, and virtually every purchase was indeed a deal. Because the price for any item was established at the time of its sale through negotiation, that price often reflected not only the strict exchange value of the item to each party, but possibly also the constraints of in-group sympathy, the opportunism of out-group antipathy, or particular knowledge of the other person's strengths or vulnerabilities.

To the extent that participants in the preindustrial marketplace took extraneous factors into account when negotiating prices, they were deviating from a narrowly neoclassical model of economic behavior. Their freedom to buy low or sell high was constrained (or "bounded") by what others, whose opinions they valued, would think of them and/or by how they would feel about themselves if they took advantage of, or failed to have sympathy for, the other person in a transaction. These are the kinds of subjective psychological considerations that distinguish the work of contemporary behavioral economists from that of their more objectively analytic colleagues. Feelings, which may have deep biological origins and of which people may hardly be aware, can influence the "rationality" of economic decisions. Certain of those feelings are given much freer rein when people have to negotiate with each other to determine the purchase price of an item. In terms of the standard neoclassical model of economic behavior, face-to-face negotiation is a rational way to strike a bargain so long as it is an agreement between self-interested individuals, each of whom has the same information about the commodity for sale. However, this standard model is thwarted when a bargainer makes a decision on emotional (that is, economically irrational) grounds. Opportunities for emotional responses are increased considerably by having to haggle over price.

The complexity of making retail decisions was simplified considerably with the advent of a marketplace in which sellers sold their products to buyers at a publicly stated price. In effect, posted prices depersonalized the
marketplace by making every customer a stranger and, by the same token, ensuring every stranger (customer) that he or she was not being cheated. This depersonalization (or, what advocates at the time liked to call “democratization”) of point-of-sale interactions was the direct result of urbanization, which made people more anonymous, and industrialization, which did the same for products. Just as city dwellers became nameless metaphorical cogs in the machinery of urban life, the real cogs of the real machines generated identical products whose sale was removed far from their production. Both sellers and buyers alike came to value the less socially and emotionally inflected system of a one-price-to-all. Posted prices removed the necessity of “knowing somebody in the trade” to get a good deal and, as department store magnate John Wanamaker put it in 1874, “assuring equal rights to all” and “ruling out the possibility of unfairness.”

When each unit of a product was the same, with sameness assured by product branding, the nature of marketplace competitiveness shifted. The competition among manufacturers and retailers heated up with multiple producers vying for sales of functionally similar products at both the wholesale and retail level, and multiple retailers competing with one another to sell identical brand-name items. At the same time, competition between the retailer and the customer cooled down; in fact, it went away completely. Within a given store, every customer received the same treatment and paid the same price.

In a traditional transaction, for example, an individual buying cornmeal from a storekeeper supplied by a local miller would typically ask the retailer how much the cornmeal was per pound and then ask for a certain number of pounds. The storekeeper could shade the price higher or lower depending on his relationship with the buyer. And, depending on local practice, there might be a certain amount of dickering on the per pound price and the amount to be purchased, especially if the quality of the meal were open to question.

However, after 1906, when factories began to transform cornmeal into identical boxes of corn flakes, a new set of assumptions came into play. The consumer now had to trust the manufacturer, not the retailer. Even if they wanted to, there was no way for malevolent store owners to adulterate the product or rig the scales used to weigh it out, nor could benevolent retailers take special care that the product was fresh and weevil free. Quality was now the responsibility of a distant business. Those companies began to take pains to make the consumer believe that their brand of corn flakes was superior to similar products from other cereal companies and
that the purchaser could count on a uniform product, which, now that it was packaged, could not be examined until after it was bought. Consequently, price competition developed among these similar products on two levels. Manufacturers sought to keep prices to the retailers low enough to allow the stores to sell at an acceptable profit, and retailers had to compete with one another in price since a box of brand-name corn flakes was the same no matter where it was bought.

There was, of course, no reason why shopkeepers could not bargain with consumers over the price of individual boxes of breakfast cereal. During the long transition from negotiated to set prices, a period from roughly 1860 to 1920, many stores did precisely that. The retail convention was to put a code on each manufactured item that told the shopkeeper or clerk how much it had cost the store and then for the clerk to tell customers what their price would be. Because this system allowed the store to charge some people more than others for the same item, haggling continued to be part of the retail transaction, although the extent to which it was used apparently varied widely.

At first, consumers were worried that paying the posted price meant they were paying too much, but once it became clear that one-price stores really did charge everybody the same amount, the practice spread, particularly in urban areas. The first advocate of one-price merchandising appears to have been Quaker founder George Fox. Fox noted in 1653 that he wanted his followers to be so honest “that if a child were sent to their shops for anything, he was as well used as his parents would have been.” Even though single price policies helped Quaker businesses prosper, and there were more Quakers in America than in any other country, the practice did not spread widely in the United States until after the Civil War. Two merchants, R. H. Macy (a Quaker convert in New York) and John Wanamaker (in the Quaker center of Philadelphia) are most commonly credited with popularizing the concept of one-price at their respective department stores. During the same period, the mail-order houses of Montgomery Ward and Sears Roebuck extended the fixed price concept to rural residents by taking advantage of the decreasing costs of printing and postage and, in effect, creating department stores in a catalog.
Nonnegotiating Women

Historians invariably link the rise of Macy's, Wanamakers, and their many imitators to the new role of women as consumers. What was new for women, however, was the location and the scale and the method of consumption, not the act itself of buying goods. In the preindustrial economy, American women seem to have purchased those items that they used in their household work, such as flour, cloth, and personal items for themselves and their children. Things used by men, such as farm equipment (including horses), were bought by them. Expensive household items such as china and furniture appear to have been most often bought jointly in the sense that spouses negotiated an agreement with each other on what items to buy before one or both of them did any negotiating with a merchant.

If women as well as men had a history of marketplace bargaining, then studies indicating that modern women are less likely to dispute the first offer made to them are probably identifying a postindustrial cultural phenomenon. It may well be that American women participated in a culture of negotiation until the 19th century, when a confluence of historical forces removed them from the role of price bargaining. In this way the change in how women shopped can be seen as a contributing factor to the broader Victorian idea that women had no place in activities that involved competition and confrontation. Just as the middle-class cult of true womanhood and domesticity compensated women for their separation from the business world, the one-price model of the department store provided a way to get out into the world without having to engage in unfeminine bargaining contests with shopkeepers.

Victorian and early 20th century department stores, like homes of the same era, were women's worlds where men were welcome but where female sensibilities prevailed. The stores catered to women's needs and tastes in a variety of ways. They were decorated sumptuously, providing tea rooms and lounges; they would deliver purchases to the women's homes so they did not have to carry their acquisitions through the streets; they began to employ female clerks to sell the more intimate items to women customers; they accepted returns; and they openly posted the price of every item and sold it at that price to every customer.

In a city where everyone was a stranger, the ad hoc pricing system that had prevailed in rural areas made less sense. The neighborly social codes that protected small-town buyers from exploitation did not exist. The
fixed-price system provided protection to the customer while it relieved clerks of the time and effort needed to negotiate a price each time an item was sold. Once the retail distinction between neighbors and strangers had been eliminated, all other distinctions disappeared as well—including the distinction between men and women. One price for all meant that in the consuming world of the department store, men became women, although in the working world of men, conflict, competition, and negotiation remained the norm.

The division of living space from working space imposed by industrialism meant that many women became unfamiliar with the sphere of production and thus had little knowledge of the costs (both human and monetary) of earning a living. Whether or not they controlled the day-to-day finances in a particular household, women were dissociated from the negotiating that went on regularly at every level in every business. Men tried to get more money for less work, or vice versa; or they tried to get more product for less money, or vice versa. Men tried to get promoted ahead of their coworkers, acquire customers ahead of their competitors, and otherwise win in the competitive game that was the daily world of work. Women were not expected to exercise these combative skills. There was, to be sure, rivalry for status and recognition among women, and vying for position in a social hierarchy created its own culture of competition, in which a keen sense of the cost of material possessions was essential for one's own status and an accurate assessment of other women's economic standing. Brand names and published prices only made this form of invidious comparison easier.

From the store's point of view, having set prices significantly lowered some of the costs of doing business. Most notably, a single price, along with the invention of a cash register that printed dual receipts, meant that salesclerks did not have to be given much latitude in the handling of money, so they could be trained more quickly for positions that paid less for less responsibility. Furthermore, clerks in the new department stores were usually paid straight wages rather than being compensated by commissions like outside sales representatives. While this may have lowered their incentive to sell, it also eliminated their incentive to cut prices to gain a sale on the theory that a small commission was better than none. Of course, the same was also true for the store as a whole. That is the rationale behind mass merchandising, but in the case of stores, the lower price could be advertised since it would be available to everybody who walked in the door.
The department store one-price policy quickly became the model for all retailing. By the end of World War I, shopping had become, for the most part, a much more transparent process than it had been a century before. Items were uniformly manufactured and labeled, and the retail consumer could systematically plan what to buy and where to buy it based on brand names and advertised prices. Business-to-business transactions, which continued to be dominated by men, were much slower to come around to a one-price policy. In fact, business-to-business sales prices are still subject to a very high level of variation based on negotiation. While inside retail sales became one of the few occupations open to women before the last half of the 20th century, outside sales remained a cutthroat male domain, a source of dramatic material from Arthur Miller’s Willy Loman in *Death of a Salesman* to David Mamet’s Shelly Levine in *Glen­garry Glen Ross*. These are people who, like car salesmen, are paid by the sale, not by the hour.

*Cars as Consumer Commodities*

Because the shift to single-price retailing was taking place during the infancy of the automobile industry, it might be expected that cars would be sold under the new one-price system. Cars were different from the horses they were replacing in enough ways that the moment was ripe for the breaking of old horse-oriented patterns. First, there was the possibility that cars would be less identified with men than were horses. As mechanical conveyances they would not require as much physical strength to control as a twelve-hundred-pound beast with a mind of its own. As a general rule, women rarely rode horses and while some drove horse-drawn carriages or wagons, men often assumed that women lacked the requisite wrist, arm, and grip strength to control a pulling horse. In 1906 a writer in *Outing* magazine warned that “the husband, father, or other male relative who turns [a woman] loose upon the highways and byways, unattended by groom or other thoroughly competent [and obviously male] companion . . . does a wicked and reprehensible thing.” As far as the writer was concerned, the frequent avowal that a horse for sale was “safe for a woman to drive” was an oxymoron. Early automobile manufacturers took advantage of these doubts about horse-driving skills of females and the ease of car driving to advertise their electric cars as quiet, clean, and easy to maneuver, and therefore especially suited for women.
A second reason that cars might have been sold differently from horses was their distinct legal status as fabricated goods. "Purchasing a horse is a very different thing from buying a manufactured article," explained a 19th-century legal guide. The seller of a manufactured item knew exactly how it was made and could therefore confidently warrant its performance, but nobody could know what was going on inside a horse. It was foolish, therefore, advised the writer, to give or expect a warranty on a horse. By the same logic, manufacturers could offer and buyers could expect a warranty on manufactured goods such as automobiles. The courts, and then the legislatures, concluded that consumers could not be expected to accurately judge the quality of something made by a machine the same way they had been traditionally expected to judge the quality of a natural product, so courts extended unprecedented protection to the purchasers of manufactured goods.

Horse buyers traditionally operated under the principle of caveat emptor ("let the buyer beware") and were not protected against problems with their purchases unless they had managed to get an explicit written warranty. Car buyers, however, could operate under the assumption of an "implied warranty." This meant that with new (but not used) cars, it was in the manufacturer's and dealer's interest to make sure their product worked as advertised for at least the first couple of months, because if it did not, they would have to fix or replace it. Automobile advertising boasted about guarantees as early as 1908. This new set of assumptions about the nature of retail transactions expressed itself most dramatically in the late 19th century practice of department stores accepting returns of unsatisfactory items. There was no legal obligation for this new accommodation, but it was a logical extension of the idea that any manufactured product should perform in a particular way, and it was one more way that stores could compete with one another for customer loyalty without haggling over purchases.

Finally, one might expect that a new form of retailing for automobiles might have emerged at the beginning of the 20th century because the initial demand for cars far exceeded the supply. The New York Times reported in 1903 that dealers were demanding and getting 250 dollars over list price on 2500-dollar cars. Despite their high price and the barriers posed by muddy unpaved roads, and their limited operability in winter, the new machines were wanted by more people than there was capacity to build them. Since this was the first generation of car owners, there were few used cars for either the buyers or sellers to worry about. Some new car
buyers wanted to trade in horses as partial payment for their new cars, but dealers did not have to accommodate them since there was no shortage of other customers willing to close a “straight” (i.e., no trade) deal. In other words, it appeared as though a motor car could be sold exactly the same way as a box of manufactured breakfast cereal; one price to all buyers from the same retailer, but with price competition among retailers and among manufacturers based on brand identification.

As newly invented, ungendered machines, protected by a warranty and sold without a trade, there seemed to be little reason why automobiles could not be distributed through female-friendly department stores, rather than by outlets more akin to the old male bastion of the livery stable. This certainly was the reasoning of department store merchant (and early auto buff) John Wanamaker who was selling automobiles in his New York store as early as 1900. In 1903 Wanamaker, added the new 800-dollar Ford to his other brands. As a leader in the field of single-price mass merchandising, Wanamaker saw the retail logic of carrying a car that claimed to be 40 percent cheaper than any other automobile in its class.

Wanamaker was not alone in his belief that automobiles, as standardized products, could be sold like other manufactured consumer goods. In 1909, a year after Henry Ford began producing his Model T, Sears Roebuck offered its house-brand “Motor Buggy Model P” to the public through its catalog. At half the price of a Model T, which itself was about half the price of most other cars, and presumably protected by the same money-back guarantee of satisfaction that covered the other items in the Sears “Wish Book,” the Sears Model P was a prime example of the new retail paradigm. Unfortunately for Sears, not many potential drivers were attracted to the bare bones buggy with its large carriage wheels, even with the company’s assurance that “you do not require mechanical training in order to operate the Sears Automobile; our Book of Instruction tell you how in thirty minutes.” The car was discontinued after three years, unable to compete with the much more popular Ford.

Neither department stores nor catalogs were ever able to establish a firm place in the automobile retail market. Although the terms “department store” and “supermarket” would continue to pop up periodically as ways to describe a variety of approaches to retailing automobiles, the core department store concept of selling competing brand names at a posted price was difficult to implement for a number of reasons. First, the sheer cost of the car set it apart from other manufactured goods. From its beginning, the automobile was the most expensive mass-produced item most people ever
bought. In constant dollars, that 800-dollar 1903 Ford cost about the same as a low-end car one hundred years later, and the average unskilled worker in 1903 would have had to work five times as long as his 2003 counterpart to afford it. In addition, there were practical problems selling cars in department stores: they were large and heavy and they needed to be prepared for sale and repaired under warranty by skilled mechanics. In this sense, cars were much like horses—they not only cost a lot, but also required extensive storage space and specialized care for their upkeep.

Size and mechanical complexity made it more practical to sell cars from specialized automobile dealerships, but that in itself did not rule out the possibility of a one-price sales policy. Automobiles were a standardized commodity that lent themselves to uniform advertising, which often included price. Even in the very early days of the automobile era, advertisements for new cars were much more likely to state a specific price than ads for horses. Because the prices of new cars were often published in national advertisements, and included in local newspapers and in dealer brochures, buyers of a particular model used car had a much better idea of what a reasonable price for it might be than did the buyer of a horse. This decreased the opportunities for dealers to take advantage of buyers.

A one-price policy for cars was actually furthered by the emergence of specialty retail dealers because they led to exclusive franchise agreements with manufacturers as early as 1910. An exclusive franchise meant that there would be only one dealer for a particular brand in a defined geographic area. That dealer would get his cars at a standard discount and would be prohibited from reselling them to secondary dealers who might create additional brand-name competition. If dealers could be assured that they would be the only store in the community that was selling a particular brand, that removed the store-to-store level of competition that characterized the regular retail industry. This meant that car dealers could (and sometimes were contractually obligated to) charge the full factory-set retail price.

Nascent manufacturers benefited from this arrangement because they were frequently undercapitalized. They financed production by imposing minimum sales quotas on their dealers and requiring advance cash deposits and full payment on delivery. As long as demand outstripped supply, the manufacturers could create a long list of franchise conditions that required the dealers to maintain attractive premises, stock only factory replacement parts, employ competent mechanics, and not sell cars made by competing companies. Any violation of the rules meant the dealer lost his
franchise and his livelihood. Most of these retail principles were firmly es­
established before 1917 and remained substantially unchanged until 1949 when key anticompetitive elements were struck down by the courts.22

Its exclusive geographic franchise system distinguished automobile retailing from the sale of most other consumer items because it guaranteed that there would be little or no competition among sellers of the same brand. High consumer demand for cars and lack of competition among dealers meant there was less pressure to cut prices, but high prices meant it was more difficult for people to afford a new car. To make matters worse, car buyers could not get credit. Older neighborhood storekeepers would carry customers on their books because they knew them as individuals. Most newer urban department stores continued the custom for their best customers.23 Even though middle-class customers had developed a habit of charging purchases, car dealers and banks were reluctant to extend credit to buyers. It was not until 1914 that either auto retailers or finance institutions began to make loans for new car sales.24 And it would be years before dealers and manufacturers realized they could make as much money from selling credit as they did from selling cars. In the meantime, cars were ostensibly sold for the advertised price and for cash.

Scattered evidence indicates that despite the one-price policy demanded by manufacturers and given lip service by dealers, some car merchants did give discounts off the retail price, although the magnitude of that practice is not clear. To the extent that it did occur, some price cutting on cars might have been expected because dickering over prices did not disappear entirely with the advent of the department-store model. Even after the beginning of the posted-price era, a certain amount of bargaining continued when so-called big ticket items were being bought and sold.25 Canny shoppers who knew that there were usually wide profit margins on high-priced goods might ask for and get a discount off the ticket price of large appliances or expensive jewelry. There was, however, no expectation by either buyer or seller that a price concession would automatically be asked for or given. Still, negotiating for the price of a car became the standard very early on despite the forces that might have discouraged it.

Making the Car Male

Had women, who were so closely associated with department stores and the one-price policy, become drivers sooner, cars might have been sold in
a more straightforward fashion. However, unlike their response to sewing machines and typewriters, few women became active operators of automobiles. Historian Virginia Scharff attributes much of the female exclusion to the way in which the culture of male mechanics dominated the world of early automobiles. There were a few adventurous women who drove cars, some for long distances under quite adverse conditions, but they were notable exceptions. The idea that there could be a car for women drivers disappeared with the last of the electric autos.

Women were often included in the marketing strategies for automobiles, but it was mostly men who drove them prior to World War I. Day-to-day driving was a man’s game for some very practical reasons. Until 1912 cars had to be hand-cranked to start, a process that was both difficult and dangerous. Most cars were open to the weather, prone to mechanical breakdowns and flat tires, and regularly got stuck in the mud of unpaved roads. By the time electric self-starters and enclosed body styles became readily available, the die had been cast. Increasing numbers of women would drive in the 1920s, but the masculinity of the car business would remain essentially unchanged for the ensuing century.

The high cost of most pre-Ford cars limited their market to upper-income men who lived in or near the city where roads were more likely to be paved. These wealthy first-generation auto owners were used to having their horses and carriages attended by grooms and coachmen, and this pattern was initially embraced for the new horseless carriages as well. Grooms and coachmen became chauffeurs, men who not only drove the cars but also attended to their mechanical well-being, just as they had looked after the day-to-day needs of horses. Since grooms and carriage drivers were historically male professions, the tradition of professional male control of personal transportation shifted easily with the new vehicles.

At first, nobody was quite sure who should sell and service the new machines. The job fell to bicycle mechanics who were familiar with one form of mechanical transportation, to blacksmiths who could fashion or repair broken parts, and to stable owners who had the room and equipment to maintain carriages and cars. These latter two professions were made up of men who lived and breathed horses and were steeped in horse-trading culture. It is not surprising then that the male ethos of the horse trader would transfer to the new car dealers. Although they were curiosities, even at the time, stories of car dealers taking horses in trade reinforced the sense that there was some sort of equivalence to these purchases. Moreover, just as gentlemen or businessmen had depended on their grooms to
buy and sell their horses, early automobile owners often delegated the purchase of cars to their chauffeurs. Grooms had a reputation for accepting (or demanding) bribes from traders to choose their horses. Chauffeurs did the same, undermining attempts to maintain a transparent one-price policy and planting the seeds of unethical marketplace negotiation.

Speed kills. It also sells—perhaps because it kills—and pre–World War I automobile advertising was rife with boasts about how fast a particular car was, which races it had won, and which endurance trials it had run. Manufacturers sought publicity and attempted to prove the reliability of their machines by demonstrating their speed and durability. Both with company sponsorship and on their own, car owners took part in street races, track races, cross-country races, and hill climbs that were all demonstrations of the quality of early cars—and their drivers. By doing so, these early drivers were creating mechanized versions of the quintessentially male pastime of horse racing.

Delight in speed had been part of the culture of young men for generations. Rural youth raced their horses on the roads and at fairs, and urban “scorchers” drove first their carriages and then their bicycles around city streets at breakneck speed, showing off to spectators and one another. A fast horse, noted the economist Thorstein Veblen in 1899, was a way for a man to appropriate “the animate forces of the environment” and “so express his own dominating individuality through them.” Horses were, as cars would be, the public statement of a man’s sociobiological success. Both were the bright plumage with which he could intimidate rival males and attract desirable females.

To use Veblen’s term, men used horses to express their “dominating individuality.” As much as, and probably more than, anything else a man would ever own, a horse was an expression of male identity and the desire to dominate other males. Owning a fast and fancy horse or carriage meant to the pre-20th century man exactly what owning a fast and fancy car means to a modern man: new was better than old; shiny was better than dull; fast was better than slow; tricked out was better than pared down; expensive spoke volumes about one’s success. A man’s means of personal transportation was a representation not only of his wealth, but also of his virility: “Being still under middle age,” observed a horse buyer in 1836, “I am of course far from indifferent whether I am well mounted.”

The psychological meaning of horses is an obvious historical example of behavioral, and perhaps even “cognitive,” economics in action. That is to say, the process of acquiring and owning a horse involved deep feelings
that shaped economic decisions and could cause people (in this case, men) to act in a way contrary to their best economic interests. While cost, size, and mechanical complexity were practical reasons why cars would be bought and sold in a particular way, the many irrational (emotional) factors had roots in the historical relationship between horses and the male psyche.

The Precedents in Horse Trading

Horses have a long history as trophies. Like gold and women, they were traditional war booty because one could transport and display them. Horses continued to serve this symbolic function in America in two ways. As economic trophies they represented victory in the more generalized competition of the marketplace. Good horses were expensive, and owning one advertised business success. They were a particularly conspicuous form of conspicuous consumption. They were also, however, trophies of a much more immediate competition: the purchase and sale of the specific animal. As though the transaction for this trophy were a distilled example of the larger system, two men tested their business mettle to see who could emerge with the better deal, and because horse sales often involved trades, both parties ended up with material representations of the success or failure of their bargaining (combat) skills.

When observers spoke and wrote about horse trading, what fascinated them were the one-on-one negotiations for a particular animal, not corporate purchases of hundreds of horses or mules for drayage companies or mines. Every individual horse could be bargained for, and if a trade were involved, the bargaining concerned two horses. On the surface, there was nothing irrational about bargaining for a horse. As a natural commodity, every horse was different; nobody could know for sure what was going on inside a horse's body or brain, so buying one was always something of a gamble. Custom, and the law, assumed that buyers were competent judges of horseflesh, and therefore horses were sold "as is" except if there was a specific warranty that the animal was free of a given fault. There was frequently, however, an irrational subtext to a horse trade; just enough dissimulation was tolerated by the male community of traders to make the transaction a game and, by definition, a game, has a winner and loser.

According to the unstated rules of the horse-trading game, direct lies were unacceptable, as were clearly fraudulent devices that altered the ap-
pearance or behavior of a horse. The rules were flexible and varied from place to place and over time, but they were widely enough understood that an entire genre of folklore evolved celebrating the victories and relishing the defeats of men who traded horses. As late as 1979, Deane C. Davis, the ex-governor of Vermont, enjoyed telling the undated story of a trial in which the buyer claimed that the seller had assured him the horse did not have a particular breathing disorder called “heaves.” However, it turns out that the seller, who was a severe asthmatic, had in fact assured the buyer, “If this horse has got the heaves, I got the heaves.” The jury concluded that the seller had, at least within the norms of the horse-trading game, told the truth and no fraud had been committed. In this incident the seller won and the buyer lost, and each in turn presumably experienced the pleasure of winning and the humiliation of losing. A humiliation, it might be supposed, that the buyer experienced anew every time his broken-winded steed stopped to catch its breath.

The disingenuous tradition of horse selling depended on two factors. Horses could come with a wide variety of hidden faults, and a buyer often had a horse to unload. The professional horse dealer could, therefore, make a profit in a number of ways. He could act as an honest broker, distributing horses with particular traits to people looking for that kind of a horse, and, in essence, charging a fee for that service by buying a bit low and selling a bit high. He could also charge the buyer “boot,” or an extra fee in addition to the animal he took in trade. This was often done when private parties were trading unequal animals. The boot was usually cash, but it also might be tack, a second animal, or anything else one of the parties was willing to give or take to make the deal. Finally, and most notoriously, the dealer could make money by disguising a horse’s faults and selling it for much more than it was worth. Legendary horse traders had animals with easily hidden, but quickly discovered, faults, which they would buy back from the duped purchaser at a steep discount, in order to sell again to the next sucker. Such animals were actually worth more to traders than healthy or vice-free horses since they could be sold over and over again.

The competitive game aspect of horse trading created an emotional (one could almost say, hormonal) context that made the process of acquiring a horse part of the meaning of owning one. As manufactured goods, automobiles lacked the individual variations of horses and therefore lacked the essential quality of the unknown that enabled the horse-trading game. This was the characteristic that made dealers think they could sell cars at a set price. History, however, conspired to trap new car
dealers into a gendered negotiating role that they have both reveled in and regretted ever since.

Even if they could hold the line on the retail price of new cars, the homogeneity that made it possible to have a one-price policy for new manufactured items disappeared with secondhand automobiles. The used-goods marketplace retained a preindustrial haggling character because the unique history of every item offered for sale meant its price had to be determined on an ad hoc basis. For new cars to be sold like other manufactured goods, that transaction had to be isolated from any connection to the sale of used cars. Thus, it was not the fact of bargaining that distinguished the used-car market from the buying and selling of other used goods, but where that bargaining took place: at a retail store that sold new cars.

By purchasing the new car buyer’s old car, automobile dealers re-created a sales situation very similar to the time-honored, if somewhat dishonorable, custom of horse trading. Car dealers were ambivalent about inheriting the mantle of the much-maligned horse trader. The old-time stableman had the reputation of taking advantage of his superior knowledge to trick his customers by hiding the faults of his stock. So in the pre–World War I era, many car dealers tried to establish themselves as modern urban retailers, more like department stores than livery stables, but the culture of trading infiltrated the new industry, sometimes in remarkably direct ways. For example, an early Iowa Ford dealer who regularly accepted horses in trade for cars had a hostler who, he boasted, could “take any old nag, feed him oil meal for a couple of weeks, brush him up, put on a nice harness and hitch him in a nice rig” and end up with a horse that not even its old owner would recognize. It did not take much of an imagination to see how analogous techniques could also be applied to cars taken in trade.

As secondhand commodities there was no implied warranty in used-car sales, and few dealers were willing to give any explicit guarantees on previously owned vehicles. Instead, the car dealers embraced the ancient art of doctoring the product so that it looked better than it was. For almost every trick that horse traders had used to hide the organic shortcomings of their stock, car dealers invented an analogous mechanical ruse. Where traders had dyed horses’ gray hair, dealers painted over rust spots. Filing a horse’s teeth to make it look younger gave way to turning back the odometer. Special diets to hide gastric problems in horses turned into extra heavy oil to dampen excessive engine noise. An unscrupulous hostler could rub red pepper or ginger on the anus of a placid horse to make it act
frisky, or feed the lethargic animal a stimulant. Similarly, secondhand car dealers would add ether to the gasoline to temporarily improve performance. On the used car lot as in the horse trader's stable, things were seldom what they seemed, and skim milk did in fact masquerade as cream.

The historical stage was set for used-car dealers to follow in the lead of horse traders, but it was not inevitable that the used car would be bought (and then sold again) by the same person who retailed the new car. The public did not expect that any other merchant of manufactured goods would take the buyer's current article as a trade-in, with one very telling exception—the bicycle. For many younger men, the switch in personal transportation from horse to car went through an intermediate detour via bicycle. Bicycle mechanics were prominent among early automobile manufacturers, and men who sold bicycles joined men who sold horses as early automobile dealers and mechanics. There is some indication that during the first years of the bicycle craze in the 1880s, as riders sought newer and better models, they asked dealers to buy back their older bikes, but as long as demand exceeded supply, dealers resisted the used-bicycle business. However, once the peak of the fad passed, cycle sellers began to emulate horse dealers by taking in trades. At one hundred dollars, a safety bicycle of the mid-1890s would be worth something over two thousand dollars in today's money. That bike was cheaper than most horses, but still expensive enough to make a cyclist think twice about buying a new one without having a buyer for his old model.

Their very cost was one of the reasons that horses and cars bestowed prestige on their owners, and cars were ten or twenty times as expensive as bicycles. If men wanted to maintain or improve their social standing by buying newer or better automobiles, there had to be a way to make them more affordable. The goal of affordability was achieved in car dealing as it had in horse trading and bicycle sales by sellers taking the owners' current transportation as partial payment for a new one. As early as 1903 new-car dealers were advertising good deals on used cars. While the demand for new automobiles was still high, these used cars may have been offered on consignment as a favor for new-car buyers. However, in just a couple of years, when the supply caught up with demand, new-car dealers were buying used cars directly from their customers. Just as they had come to expect that horse dealers would accept trades, car owners wanted auto dealers to extend the same service.

In the retail sense, the car had already become a horseless horse, and, in turn, the automobile dealer had become a car trader. Reselling used cars
opened up another market in which dealers could provide cars for men who could not afford a new vehicle, but it also opened up the opportunity for price negotiation and marketplace dishonesty. While it might have been easier to estimate the trade-in value of a used car than a horse, new-car buyers still could not know exactly what their old car was worth. The value of a used automobile was based on too many variables. The age, mileage, and condition of the car all affected its resale price, but so did market circumstances that had nothing to do with the condition of the car itself. For example, shifting consumer brand preferences and the rapid rise and fall of automobile companies could make a perfectly good car much less desirable. Value was also affected by the time of year because cars sold best in spring and summer. Since the dealer had to sell any used car he bought, he had not only a strong incentive to pay bottom and charge top dollar, but also to doctor the car so that it appeared to be better than it actually was.

Early dealers developed a full repertoire of techniques to improve the resale value of trade-ins. New paint and tires were almost standard, as were other cosmetic improvements. These kinds of changes might make an automobile look better cared for than it actually had been, but they were no more dishonest than getting a haircut, shoeshine, and new suit for a job interview. Many of the other techniques, however, were meant to deliberately disguise serious faults. It did not take long for used-car buyers to learn to distrust used-car dealers. In 1904, even before the first wave of demand had been satisfied, the Broadway Automobile Exchange, a used-car lot in New York City, headlined its display ads, “No Junks, No Misrepresentations.” Clearly, the company was trying to disavow a dubious reputation that used-car dealers had already inherited from horse traders. Used-car dealers who operated independently of new-car dealers were heirs to the notorious “gypsy” horse traders who never expected a customer to return for a second purchase. But because new-car dealers appear to have bought more used cars than independent used car lot operators, both the shady techniques and the shady reputation that grew up around used cars infected the new-car environment as well.

Dealer competition for the new-car buyer turned out to be stronger than dealer desire to be a modern merchant who dealt only in new items. Thus, the old tradition of men swapping transportation (and lies) in the marketplace was reborn. At the same time, the idea of a one-price policy became impossible, because now the real price of a new car was the difference between what the buyer gave the dealer for the new car and what he got back from the dealer for his trade-in, usually called the “allowance.”
made no difference if the price of the new car were fixed and public, because the price of the used car always had to be negotiated. The dealer may have been contractually obliged to sell the new car at a specific advertised price, but nobody could tell him what to pay for a trade-in. It did not take customers long to figure out that when a dealer would pay him more than a used car was worth (an “over-allocation”) he was getting a de facto discount on a new car. And reciprocally, the dealers began to figure out ways to jack up the price of new cars to cover the additional cost of over-allo\nc\nces. This was often done by adding spurious transportation charges, or requiring that the buyers purchase overpriced accessories known in the trade as the “pack.”

**Conclusion**

If department stores turned male customers into women by offering them a single price in a feminine environment, then car dealers turned women into men by not posting one true price for their new cars and always negotiating what they would pay for a trade-in. Even as cars became easier to drive in the 1920s and larger numbers of women drove, men continued to sell them, mostly to other men. Car salesmen recognized that women played a role in the purchase of new cars, and training literature frequently reminded salesmen to include wives in their presentations, but it also acknowledged that husbands did the actual buying of a new car and even more so, the selling of the old. Occasional campaigns to sell cars directly to women were invariably short-lived, and experiments with female car “salesmen” were similarly brief. In effect, the car sales lot became a battleground or playing field, a place where men locked horns in an attempt to dominate one another. It was hardly more welcoming to women than a pool hall or barbershop.

By focusing on the survival of horse-trading traditions in car dealing, behavioral history allows us to understand why we continue to engage in the unpleasant anachronism of bargaining for the price of a car. New cars could be sold like new electronic equipment, and used cars, like used houses, might be sold in a transaction completely divorced from the purchase of a new car. But the male traditions of horse trading created an expectation that the dealer would buy the customer’s existing car. As high-priced representations of their owners, automobiles had meaning beyond mere transportation, and the process of acquiring them came to be in-
fused with the same emotional significance that had marked horse trades. For the next hundred years, neither buyers nor sellers were able to extricate themselves from a system both claimed to hate. Market realities combined with psychological forces to keep them both in an arena where the masculine clank of arms drowned out the reasoned feminine position of one price to all, with returns cheerfully accepted.

NOTES

2. Michael Royce, Beat the Car Salesman (Boca Raton, FL, 2002).
3. Eric Dregni and Miller Karl Hagstrom, Ads That Put America on Wheels (Osceola, WI, 1996), 78.
11. F. M. Ware, “How to Know the Horse You Buy,” Outing, 1906, 505–508.
32. Smith, Marketing of Used Automobiles, 2.