economy. In that environment, Arthur observes, a hierarchy of bosses and workers, planning, and controls are the rule, whereas in the high-tech world, the continual "quests for the next technological winner" require "flat" hierarchies and maximum freedom for employees.

The two worlds of today's economy are not neatly divided, Arthur says. Hewlett-Packard, for example, designs knowledge-based devices in Palo Alto, California, and manufactures them in bulk elsewhere. Most high-tech companies have both types of operations, but the firms often keep them separate, he says, because the "rules of the game"—and the underlying economic laws—are different for each.

SOCIETY

Why America Got Malled

A Survey of Recent Articles

The malling of America must be almost complete now. At last count (1995), the country had 41,235 operating shopping centers (including some 1,800 large regional malls). Most Americans seem satisfied with this, but not all. Some critics, such as Kenneth T. Jackson, a historian at Columbia University, are appalled by the sameness of these cathedrals of commerce—"the same products, the same stores, and the same antiseptic environment." Others, such as Lizabeth Cohen, a historian at New York University, worry that, by "privatizing" public space, malls may pose a grave threat to democracy.

Why did this strange fruit flourish in the American landscape? Scholars usually point to Americans' postwar rush to the suburbs and to their love affair with the automobile. (The former was given added impetus by rising racial tensions in the cities, and the latter was abetted by the Interstate Highway Act of 1956.) Thomas W. Hanchett, a historian at Youngstown State University in Ohio—who joins Jackson and Cohen in *American Historical Review* (Oct. 1996) in examining the malling of America—has a different explanation: a 1954 change in the U.S. tax code.

Shopping centers rarely sprouted before Congress made the change. Entrepreneur J. C. Nichols's Country Club Plaza, a Spanish-themed cluster of upscale shops in Kansas City often cited as the world's first full-blown shopping center, attracted much publicity nationwide when it opened in 1922, but only a handful of imitators. "The problem lay in the economics of development," Hanchett says. "For a developer dealing in raw land at a city's edge, the swiftest and easiest return came from simply selling lots or houses. A shopping center, by contrast, required the investment of considerable construction capital. Once built, its rental spaces had to be managed carefully over many years in order to generate a profit."

After World War II, shopping center devel-

The Unreal Environment

When Americans enter the mall, they are leaving something vital behind, writes noted architecture critic Ada Louise Huxtable in *Preservation* (Mar.–Apr. 1997).

The changeover from the street to the enclosed, security-controlled mall, where one feels safer than on city streets and where so much of our social and communal life has been relocated, has transformed and diminished the use and meaning of the public domain. There is a growing controversy as to whether the mall is public or private space, with constitutional freedoms or its own police powers. The critic Michael Sorkin argues that this murky area—the increasing privatization of publicly used malls as a substitute for the almost extinct communal function of the street and the square—marks a trend toward the end of public space, with alarming ramifications in terms of democratic diversity and freedom. . . . The cocoon of the mall protects not only from assorted discomforts and troubling diversity but also from our inclusive, democratic history.

opment did increase somewhat, but nearly all of the 30 to 50 new projects opening each year were small "neighborhood convenience" operations. A few developers were more ambitious: Cameron Village in Raleigh, North Carolina (1949), Northgate in Seattle (1950), and Shoppers World outside Boston (1951), writes Hanchett, "heralded a new category of suburban retailing: the planned regional shopping center. Each included one or even two large branch department stores, one or two big supermarkets, and upwards of 30 other businesses." The economic challenge involved, however, remained formidable. Shoppers World, for example, went bankrupt three years after it opened. At mid-decade, there still were fewer than two dozen regional shopping centers in the entire country.

Then, in 1954, Congress changed the corporate income tax law.

For decades, businesses had been permitted to take deductions for wear and tear on buildings, machines, and other income-producing property, on a "straight-line depreciation" basis. Buildings were assumed to have a 40-year life. Each year owners could deduct from profits 1/40th of the original cost of a building.

But in 1954, apparently intending to stimulate capital investment in manufacturing in order to counter a mild recession, Congress replaced the straight-line approach with "accelerated depreciation," which enabled owners to take huge deductions in the early years of a project's life. This, Hanchett says, "transformed real-estate development into a lucrative 'tax shelter.' An investor making a profit from rental of a new building usually avoided all taxes on that income, since the 'loss' from depreciation canceled it out. And when the depreciation exceeded profits from the building itself—as it virtually always did in early years—the investor could use the excess 'loss' to cut other income taxes." With real-estate values going up during the 1950s and '60s, savvy investors "could build a structure, claim 'losses' for several years while enjoying tax-free income, then sell the project for more than they had originally invested."

Since the "accelerated depreciation" rule did not apply to renovation of existing buildings, investors "now looked away from established downtowns, where vacant land was scarce and new construction difficult," Hanchett says. "Instead, they rushed to put their money into projects at the suburban fringe—especially into shopping centers.

"Suddenly, all over the United States, shopping plazas sprouted like well-fertilized weeds," he writes. "Developers who had been gradually assembling land and mulling over the shopping-center concept abruptly shifted their projects into high gear." Twenty-five new shopping centers—including Southdale in Minneapolis, the first enclosed mall—opened in 1956. By the mid-1980s, when Congress finally reinstated straight-line depreciation of commercial property, suburban malls and shopping centers had completed their ascendancy over the old downtowns.

Hanchett's argument is a strong one, comments Kenneth Jackson, but he pushes it too far. The same tax breaks were available for office buildings, drive-in theaters, and even livery stables, Jackson points out, but investors chose to put more of their money in shopping centers. That suggests that the exodus of commerce from the old downtowns was in the cards anyway—accelerated depreciation merely accelerated the move.

But whatever the precise array of forces causing it, the shift that made privately owned regional shopping centers "the distinctive public space of the postwar landscape" has had important consequences, in Lizabeth Cohen's view. The mall provided "a new kind of community life—consumption-oriented, tightly controlled, and aimed at citizen-consumers" who were mostly white and middle-class. This change, she believes, "has made more precarious the shared public space upon which our democracy depends."

Why Did 'Ordinary' Germans Kill Jews?

"Browning's Version" by Adam Shatz, in *Lingua Franca* (Feb. 1997), 22 W. 38th St., New York, N.Y. 10018.

In 1941 and '42, the 500 members of Hamburg's Reserve Police Battalion 101, a unit of the German "order police" that had been pressed into active service, killed 38,000 Polish Jews and deported 45,000 more to Treblinka, the Nazi death camp in