



Levittown: Birthplace of the American Dream

1 July 2008

Background

It was 1947. America, along with its Allies, had just won World War II. The War had snapped the nation out of an depression that had resulted in unprecedented unemployment and industrial decline.

The nation was grateful to its returning soldiers, and it had reason to be. For the second time in less than three decades, America's youth had played a major role in making the world safe for democracy (or so everyone thought). It was reasonable to expect that their service would be rewarded.

Yet, millions of soldiers had returned home only to find a nation unready to house them and the families that they were starting. It was not only that no civilian housing had been constructed during the War, but also that very little had been built in the lost economic decade of the 1930s.

From Renting to Buying

The United States was, at that time, a nation of renters. In 1890, only 40 percent of America's households owned their own homes. In 1920, 1930 and 1940, the figure remained at about 40 percent. Most middle income, lower middle income and "blue collar" households paid monthly rent to land lords, creating wealth for others, but not themselves.

The government of the United States responded with a vision and even a *success* rarely seen before or since. In 1945, the Congress enacted and President Harry S. Truman signed the Serviceman's Readjustment Act. It was to have a revolutionary impact --- it led to the democratization of prosperity.

Two programs were of particular importance. There was the free tuition for returning veterans at the nation's colleges and universities. While the expansion of higher education is not the subject of this *Rental Car Tour*, access to higher education changed

much in the nation. Now, it is expected that a large share of graduating high school students will go to university. That was not so before World War II. Part of democratizing prosperity was democratizing higher education.

But perhaps the most important program was the home ownership program, which made it possible for returning veterans to move into a new house inexpensive. Of course, they had to qualify for the mortgage with sufficient income. This is something that the modern credit industry seems to have forgotten, to its distress and that of the international economy (see: *How Smart Growth Exacerbated the International Financial Crisis*, at <http://www.heritage.org/Research/Economy/wm1906.cfm>).

The mortgage was just the beginning. The housing had to be built. In this regard, American entrepreneurship produced. The private sector home building industry that was able to provide for the pent up demand of more than 15 years and the unprecedented demand of five years worth of household formation in just a year or two. Nations that depended upon government builders continued to experience housing shortages. Britain could not even feed itself adequately for nearly some years after the War, though things improved during the new Churchill government, which took office in 1951. Things were much better in the United States and other nations that relied on the private sector more than government.

Levittown and the American Dream

The American Dream can be said to have started with William Levitt, who revolutionized home building as reasonable credit became more available. The place it all started was called Island Trees, on Long Island in New York, which soon had its name changed to Levittown.

Levittown is the birthplace of the modern American Dream. Some might argue with that characterization, however, it was only after the pioneering model of Levittown that home ownership became the norm in America and that the dream of home ownership was made available to most of the middle class and blue collar households.

Levittown is in Nassau County, New York, which abuts the eastern border of Queens, a borough of New York City. Nassau County shares Long Island with Brooklyn and Queens in New York City and with Suffolk County, to the east. Levittown is located in what might be called the nation's (and perhaps the world's) largest "town," Hempstead, with a population of 750,000. In the state of New York every square inch is divided into cities (such as the city of New York, Buffalo or Ithaca) and towns, such as Hempstead, Babylon and so on. Most US states do not have the town or township level of government and there are frequent attempts to consolidate them with counties or other municipalities. However, our research has shown that these more democratic levels of government (many with just a few hundred people) are actually far more cost efficient and have generally better reputations among their citizens (see *Growth, Economic Development*

and Local Government Structure in Pennsylvania¹ and Local Government Efficiency in New York: Fact vs. Assumption²).

Levitt purchased acres of greenfield land and proceeded to build homes, the first of which were built in 1947. At first, the homes were rentals. But, Levitt quickly began building homes for home owners. Levitt's secret was to squeeze every penny out of the costs of production. He used non-union labor, which permitted competitive labor rates. He negotiated cost effective volume contracts for materials. He was the Henry Ford of the home building industry, treating the work site as a stationary assembly line that involved the movement of construction staff from house to house, in contrast to the automobile assembly lines that brought cars to the workers.

The product was modest indeed. The houses tended to have one floor and four rooms --- a living room, the kitchen and two bedrooms. An attic was provided between the living space and the roof for later finishing. Virtually all of the attics were finished later.

The houses were small, measuring only less than 750 square feet (70 square meters), a far cry from today's 2,500 square foot (230 square meters) average for new houses (not including the obligatory two, if not three car garage). Of course, it was necessary for the new household to have at least one car. But there was no garage. Most of the houses have had garages added in the intervening decades.

In the end, Levitt built more than 15,000 homes in Levittown. Levitt's firm also built Levittowns in Pennsylvania and New Jersey, but the New York Levittown was the first..

As Barbara Kelly shows, many of the households who bought in Levittown were lower middle income or blue collar. Many moved from over-crowded neighborhoods in Brooklyn, Queens or the Bronx.

The Role of Mobility

Indeed, there is much to celebrate about Levittown and the expansion of the American Dream that followed. Home ownership, combined with the unparalleled mobility of the automobile vastly increased employment opportunities, at the same time allowed breadwinners more time at home by keeping commute times shorter.

This is not to understate the important role of public transport. The Hicksville railroad station is just 3 miles away (5 kilometers). From here, Levittowners could catch Long Island commuter trains (as they can today) to Manhattan, which was, at the time, the world's largest central business district (now it is second behind Tokyo's Yamanote Loop). Many Levittowners worked in Manhattan. But they had to use their cars to get to the Long Island Railroad stations that were way to far away for walking. In the longer

¹ http://www.psats.org/local_gov_growth_report.pdf.

² In publication.

run, more Levittowners found jobs closer to home (today, only 20% of employment in the New York metropolitan area is in the Manhattan business district).

Thus, the democratization of mobility --- the near spread of the automobile in Levittown and throughout the developed world, also played a role in democratizing prosperity.

Bane of the Elites

But not everyone celebrates Levittown. Urban planners, for whom design is more important than lifestyle have criticized the sameness of its designs. They invoke the words of a popular song, referring to the house as “ticky tack” boxes. Perhaps these elites would be happier if the people whose entry into the mainstream of economic life was facilitated by Levittown had instead been condemned to the ticky tack sameness of over crowded Brooklyn apartments and the lesser standard of living generally associated with renting. There are all too many powerful people who would make the facades in their minds a compulsory reality and deny the reality of people’s hopes and dreams. Astonishingly, these same elites do so in the name of better lives, which is, of course, one of the great falsehoods of public policy.

The Universal Dream

Of course, the American Dream was much more than that. Similar dynamics occurred in Canada, Western Europe, Australia, New Zealand and even Japan. Indeed, wherever people can put enough money together to buy their own homes, they do so. More often than not, they choose living environments more like Levittown than the Upper East Side of New York (or even Greenwich Village). Without William Levitt and those who followed him, from New York to Los Angeles and Sydney to Frankfurt and Dublin, modern affluence --- the democratization of prosperity, simply would not have occurred.



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Brooklyn

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Brooklyn

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Brooklyn

Slide 6



Queens

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Southern State Parkway Between Levittown and New York City

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Hempstead Pke & Jerusalem Avenue###

Slide 9



Slide 10



Slide 11



Slide 12



Slide 13



Slide 14



Slide 15



Slide 16



Slide 17



Slide 18



Slide 19



Slide 20



Slide 21



Slide 22



Slide 23



Slide 24



Slide 25



Slide 26



Slide 27



Slide 28



Slide 29



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Slide 98



Slide 99



Slide 100



Slide 101



Slide 102



Slide 103



Slide 104



Slide 105



Slide 106



Slide 107



Slide 108



Slide 109



Slide 110