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ON THE FRONT COVER
In 1913, the gushing waters of the Owens Valley, fed by the snows of the Sierra Nevada, were diverted to Los Angeles through the construction of a gravity-fed aqueduct—an engineering marvel in its day. As Timothy Tzeng demonstrates in his essay “Eastern Promises: The Role of Eastern Capital in the Development of Los Angeles,” without the bankers, railroad executives, and industrial capitalists of the East whose investments ensured the aqueduct’s success, Los Angeles’s transformation from small city to metropolis would not have been possible.

Photograph by Marc Adamus
HAND OF MAN

From benign to beneficial on a sliding scale—or another scale that measures a progression from expedient to voracious—human actions and motivations in the civic arena are often difficult to judge, tricky and thorny to decipher, and therefore exposed to varying and new interpretations.

San Francisco Mayor James D. Phelan, imbued with late-nineteenth and early-twentieth-century Progressive spirit, pushed to bridge the city’s class divide between working people and moneyed elite, hoping to achieve a harmonious, classless society based on a diverse citizenry. In the 1901 Waterfront Strike “the forces of organized capital collided with those of organized labor,” destroying the mayor’s cross-class reform coalition and, famously, strengthening San Francisco as a union city. John Elrick’s essay, “Social Conflict and the Politics of Reform: Mayor James D. Phelan and the San Francisco Waterfront Strike of 1901,” brings this complex story to light, probing the contrasting impulses and aspirations fueling labor, capital, and politics.

Only a few years later, developers of a new residential neighborhood in San Francisco were confronted by multiple challenges from wind, blowing sand, and distance from commercial and work sites. Chadwick & Sykes, a new engineering firm, found the means of overcoming the obstacles to build a trolley line, streets, and houses, establishing the vigorous part of the Sunset district called Parkside. Previously unpublished photographs of the project shape a special feature in this issue, “Rediscovering San Francisco’s Parkside Neighborhood.”

By our time, when moneymen in the 1987 film Wall Street were urged to live by Gordon Gekko’s terse motto, “Greed is good,” or when the 2010 sequel, Wall Street: Money Never Sleeps, affirmed, “It’s not about the money—It’s about the game,” moviegoers might easily have confirmed a skeptical view of investors. Earlier, the film Chinatown (1974), along with published sources about business, growth, and the building of the Los Angeles Aqueduct, cast the role of the financier in a devious light. Timothy Tzeng’s “Eastern Promises: The Role of Eastern Capital in the Development of Los Angeles, 1900–1920” offers a more positive perspective in a complex and previously untold story involving eastern bankers, railroad executives, industrial capitalists, and the national context of early twentieth-century Los Angeles.

Behold the hand of man.

Janet Fireman
The Devil Is in the Details

Eadweard Muybridge (1830–1904) is perhaps best known for his animal locomotion studies and views of Yosemite and San Francisco. His visual recordings helped document the rapidly changing landscape and promoted tourism for San Francisco’s growing middle class. Taking advantage of this growth, Muybridge also encouraged sales of his works by using special effects techniques, including artificial moonlight effects and staged figures against rugged landscapes.

In Devil’s Tea Kettle (1907), one of a series of stereoscopic views of Geyser Springs made during Muybridge’s travels to Sonoma County, the photographer has added his own subtle bit of wit and humor to emphasize the site’s identity. Heavy steam from one of the area’s many hot springs spews upward to the sky, surrounded by a nearly lifeless foreground with a dense foliage backdrop. Floating just above the rift is the literal form of a devil, complete with pitchfork and tea cup.

The dissimilarity of the two figures in the side-by-side photographs is less obvious. In the image on the left, the devil is looking at the cup and saucer, the fork turns at a slight angle, and the tail curves more assertively behind the staff. In the image on the right, the devil looks more directly forward, with an open-angled fork and relaxed tail.

However, when looking at the stereocard through its viewer, which merges the two figures and creates the illusion of a single form, the figure is drawn forward as the landscape recedes—enough to cause viewers to look just a little longer at the otherwise inhospitable and perhaps uninteresting terrain.
Throughout the late nineteenth and early twentieth centuries, urban reformers, haunted by the specter of labor unrest, sought to transcend class in the political sphere. Progressives attempted to forge “a common language that stressed the paramount need for social reconciliation” and “imagined ‘the people’ as a civic community in which class would lose its meaning.” In San Francisco, the limitations of such a reform vision, articulated time and again by Mayor James D. Phelan, became apparent when the forces of organized capital collided with those of organized labor at the turn of the century.

On June 20, 1901, the industrial capitalist and notorious recluse Andrew Carnegie addressed a letter to Mayor Phelan offering three quarters of a million dollars to the city for the construction of a public library system. Phelan, the embodiment of municipal reform, previously had solicited the funds and the city’s Board of Supervisors quickly endorsed their acceptance in late July. In the intervening weeks, however, the deal was repudiated by trade unionists. “Carnegie’s money is unclean,” wrote one labor leader, “it is the proceeds of methods that differ only in name from burglary, treason and other crimes.”

Indeed, Carnegie was the labor movement’s enemy, an industrialist who had allowed the management of his firm to violently break the strike of union steelworkers a decade earlier in Homestead, Pennsylvania. Labor had “but one sentiment” toward Carnegie, opined the Coast Seamen’s Journal, a union publication, “resentment deep and hot.” His “scattering of endowments for libraries” bespoke “a mind too small to recognize that the public need of enlightenment is by no means as great as that of the donor.” Unionists also bitterly denounced the mayor for “the disgrace he has brought upon this city,” and the San Francisco Labor Council passed a resolution condemning the transaction. In an act illustrative of his substantial political abilities, Phelan publicized his view of the money as “restitution—a return to the people.” Viewed in this light, the Labor Council could claim a “moral victory” and Phelan was able to defuse a potentially divisive political issue.

Phelan, while ultimately dependent on Carnegie’s money, nonetheless appealed to working-class San Franciscans in an attempt to harmonize class divisions and advance his specific conception of civic progress and the common good. As a conflict between capital and labor over the future of the city, however, the Carnegie affair foreshadowed momentous events. The debate over library funds quickly was submerged by another conflict. The City Front Federation strike, judged by historians as the most important battle between organized labor and organized capital on the West Coast up until that time, shook San Francisco between July and October 1901. Though
the strike ended on an ambiguous note for contemporary observers, one unionist proclaimed, “There probably never has been another such instance of the power of concerted effort among the workers.”

Mayor Phelan’s cross-class reform coalition, fostered over the course of his three terms through class-based appeals and a political rhetoric of classlessness, was fractured by the conflict. The strike’s settlement ultimately increased the power of organized labor both on the job and in the political arena, where labor partisans employed Phelan’s rhetoric of “the people” to advance their own class interests. Although resolution was

When the San Francisco Employers’ Association, a fiercely anti-union network of powerful city capitalists, forced the lockout of striking Teamsters in 1901, the City Front Federation, a central body of waterfront and transportation unions, called its membership out on strike in defense of union principles. For two months, thousands of union workers, such as the longshoremen pictured above, battled with municipal police on picket lines across the city. Mayor James D. Phelan’s effective support for the employers during the strike shaped the trajectory of municipal politics for years to come.

California Historical Society; FN-1705
intended to constrain unions, it in fact prompted unionists to take the strike back to both the work-site and the ballot box.

Scholars have approached the City Front Federation strike in two distinct ways. Labor historians and those primarily interested in industrial relations have concentrated on its effect on San Francisco’s labor movement. Political historians and scholars interested in municipal politics have examined its impact on the city’s development and political culture. But while the episode took place during the final term of San Francisco’s first self-described progressive mayor, surprisingly little has been written about the intersection of reform politics and class conflict during the strike. This article explores the relationship between class and the politics of reform in San Francisco, drawing upon recent historiography and previously unused sources to reconsider both Phelan’s role and the strike’s influence on the participating unions.

**THE STORM GATHERS**

At the close of the nineteenth century, San Francisco’s white trade unionists could look back in triumph on a turbulent decade. They had weathered the successful employer assaults of the 1890s and the depression of 1893–94, both of which drastically reduced the numbers and power of organized labor. With economic recovery came impressive union organizing drives, swelling the ranks of the city’s two central trade union bodies, the Labor Council and the Building Trades Council. Despite political infighting between them, both councils worked to institutionalize labor’s power in the city throughout the last decade of the nineteenth century. The success of the Building Trades Council prompted the organizing of central bodies for other trades. One of the most significant came early in 1901, when the Labor Council recognized the City Front Federation, a central body for waterfront
San Francisco’s Building Trades Council, established in 1893, was one of the city’s most powerful labor organizations, defined by its anti-open shop platform. This photograph of the organization’s headquarters at 927 Mission Street was made a year before the building was destroyed by fire in the 1906 earthquake.

Beer brewers pose for the camera in July 1896. Ten years earlier, workers joined the newly organized Brewers’ and Maltster’s Union of the Pacific Coast, which shortly afterward became Local 16 of the national union. The brewers’ first struggle for improved conditions was won through a coast-wide boycott in 1887; in May 1899, the breweries were completely unionized.

 Courtesy, Labor Archives and Research Center, San Francisco State University
and transportation unions whose goal included “more amicable relations between employers and employees.”

The growth of the union movement inspired a general feeling of success in labor circles. But, according to the *Coast Seamen’s Journal*, it also imbued “the employing class of the city with the spirit of organization for defensive purposes.”

In April 1901, a group of San Francisco’s largest merchants formed the Employers’ Association, an organization of owner associations dedicated to maintaining the authority of capital during labor disputes. Trade unionists drew on their knowledge of previous employer offensives to make sense of the year’s events.

A decade earlier, a group of employers had organized the Board of Manufacturers and Employers, a union of owners, to battle unionized workers in various industries. Pledging union nonrecognition and financial assistance to other members engaged in industrial disputes, the union of employers had struck a heavy blow to organized labor.

The prospect of another employer offensive, one unionist now meditated, “must be seriously reckoned with, as will be acknowledged by every trade-unionist who remembers the history of the last ten-years.” Though the political consequences of social conflict began to unfold in dramatic fashion at the start of the twentieth century in San Francisco, other cities across the United States also witnessed the political dimensions of social upheaval.

In the months following the founding of the Employers’ Association, a series of industrial conflicts came to involve the centralized authority of capital. Determined to make a stand against the onslaught of union labor, the association stepped into disputes involving metal polishers, hotel and restaurant workers, butchers, and carriage makers, threatening to stop the delivery of supplies to any company that acquiesced to union demands. In case after case, the association established a precedent for future anti-union action by putting downward pressure on smaller firms. In May, Teamsters Local 85, organized in 1900 under the leadership of Michael Casey, came to the aid of the carriage workers and dealt the Employers’ Association its first defeat. The Teamsters refused to haul non-union-made goods, threatening the total cessation of commercial traffic in that industry. By controlling the arteries of commerce, the union forced the Carriage Makers’ Association to reenter into negotiations and displayed its potential power to the Employers’ Association.

In order to break the growing strength of organized labor, the Employers’ Association had to break the Teamsters. An opportunity arose to do just that in mid-July with the arrival of the Epworth League, a Methodist youth organization holding its convention in San Francisco. The Draymen’s Association and the Teamsters had reached an agreement stipulating that the employers would hire only union workers and the union would move the cargo only of firms belonging to the association. Looking to instigate a collision with the Teamsters, the Employers’ Association pressured the dray owners to break their agreement with the union and to lock out workers who refused to haul convention baggage for nonunion firms. “The Draymen’s Association,” remarked the Labor Council, “against its will, as it appears, had been forced in to the secret order of industrial assassins.”

In response to the lockout, the entire Teamster membership went out on strike, devastating commercial activity in the city. The Employers’ Association’s determination to destroy the Teamsters threatened the San Francisco labor movement as a whole. After reviewing the situation, the Labor Council decided on July 29 to call a strike of the City Front Federation of waterfront unions, effective the following day. Upon hearing the news,
Teamsters such as John Parenti (left) kept the city’s commerce moving at the turn of the century. Along with members of the Sailors’ Union of the Pacific and the longshoremen’s unions, Teamsters Local 85 was among the fourteen members and organizations that formed the City Front Federation in 1901.

(Below) The turbulence caused by the waterfront strike is offset in this photograph of happier times as president Michael Casey (center) pours from a bottle at a union picnic.

Courtesy, Labor Archives and Research Center, San Francisco State University
nearly two thousand union team-drivers rushed out of their meeting hall in excitement.  

Mayor Phelan wearily watched events unfold from the sidelines. The conflict threatened to tear apart the reform coalition he had successfully fostered over the course of three terms. In his first run for office as a Democrat and Citizens’ Nonpartisan, Phelan had sought to eliminate political kickbacks, stimulate “municipal progress,” and promote an “enlightened economy” by reorganizing city government along corporate lines and centralizing authority in the executive branch, a project he and the San Francisco business elite partially secured through the implementation of a new city charter. As mayor, he was a leading proponent of the City Beautiful ideal as well as an advocate for the municipal ownership of utilities, which he saw as the best way to curb government corruption, sponsor urban expansion, and make San Francisco “fit for a free and enlightened people.”

While Phelan desired class harmony and collective prosperity, his version of municipal reform was premised more on setting favorable conditions for efficient commercial growth than on addressing the needs of working-class residents and their neighborhoods, distinguishing him from other “social justice” progressives emerging nationally in cities such as Detroit, Toledo, Cleveland, and Chicago at the turn of the century. Nevertheless, the Irish banker and real estate millionaire actively sought the labor vote, stump- ing in working-class neighborhoods during the 1896, 1898, and 1899 mayoral campaigns. He also appealed to organized workers by upholding the legitimacy of unions and recruiting the support of prominent labor leaders such as P. H. McCarthy of the Building Trades Council.

His appeals worked. In 1896, Phelan drew 46 percent of the total vote, receiving 8,144 more ballots than the Republican runner-up and solid support from the city’s working class. Two years later, he captured over 50 percent of the vote in thirteen of San Francisco’s eighteen assembly districts, losing by slim margins in the city’s well-off areas. In his final campaign, he won by a solid majority, receiving at least 50 percent of the vote in every part of the city and over 60 percent in districts located in the South of Market and Mission neighborhoods where organized workers were most likely to reside. Consistently voicing his desire for “a progressive administration tempered with enlightened economy,” another theme emerged during his tenure: support from

Banker, real estate millionaire, and untiring proponent of the City Beautiful ideal, James D. Phelan (1861–1930) occupied a central position within the cultural and political circles of San Francisco’s business elite. As reform mayor (1897–1902), he promoted an imperial vision for the metropolis by linking civic progress to urban expansion. A lifelong advocate of Chinese and Japanese exclusion, he campaigned for reelection to the U.S. Senate (1915–1921) on a platform to “Keep California White.”

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immigrant and native-born workers with foreign parentage, whether unskilled and semiskilled single men or blue-collar heads of households. By the summer of 1901, an electoral coalition of labor and capital had coalesced around Phelan’s reform administration.17

Though Phelan depended on votes from organized workers to secure his leadership in municipal affairs, he employed class-neutral language to articulate his vision of a prosperous future. During his first run as a progressive candidate, he lashed out at the “public utilities and those who own them,” arguing that there were only two classes in the city, “the people and the corporations.” A leading businessman and member of the Merchants’ Association, time and again he posited that a single civic community, “the people,” could achieve common progress with the right kind of government. After three years in office, P. H. McCarthy argued that Phelan had “placed labor upon the same footing with the banker, merchant and capitalist,” proving that he truly was the “Mayor of the entire people.”18

Despite employing class-neutral language to promote his political philosophy, when Phelan was confronted with political opposition from organized labor circles—such as the Labor Council’s objection to provisions in the controversial city charter he and the Merchants’ Association supported in 1898—he appealed to trade unionists on base issues, supporting wage and hour standards.19 He came to espouse the notion that a diverse urban constituency shared a common goal, that “the employer’s and the employee’s interests are one.” As San Francisco’s first progressive mayor, Phelan believed that “men and women who are hard at work” in the city shared a unified interest in “the industrial possibilities of the place and what the future holds.” Despite Phelan’s language of civic unity, the interests of workers diverged sharply from those of employers in the summer of 1901.20

Phelan believed that “men and women who are hard at work” in the city shared a unified interest in “the industrial possibilities of the place and what the future holds.”

THE FRACTURED CITY

When the federated waterfront unions called out their membership of 14,000 workers on July 30, 1901, virtually all activity on the docks ceased. Fourteen unions were represented, including the Sailors’ Union of the Pacific, four local unions of longshoremen; Marine Firemen; Teamsters Local 85; Ship and Steamboat Joiners; Porters, Packers and Warehousemen; Ship Clerks; Pile Drivers and Bridge Builders; Hoisting Engineers; Steam and Hot Water Fitters; and Coal Teamsters. Besides Local 85, none of the unions had immediate grievances with their employers and instead were acting in solidarity to defeat what they felt was an attack on the very essence of unionism.21

Their employers widely disagreed. The Bridge Builders, for instance, immediately passed a resolution following the strike announcement emphasizing that the union, “without claiming any grievance,” had abandoned important work. “Unless they resume work,” the contractors proclaimed, “we shall of necessity be compelled to employ other working men.” But the strike was less about specific grievances than principles.
Frank Symmes, chairman of the Executive Committee of the Employers’ Association and president of the Merchants’ Association, described the dispute in precisely those terms: “The fight the merchants are making is one of principle; and we cannot and will not recede from the position we have taken. We are not going to have labor unions run our houses for us.” At the beginning of the conflict, M. F. Michaels, lawyer and spokesman for the employers, relayed to Mayor Phelan that the “policy and determination of this association is to ‘live and let live.’” But the Employers’ Association clearly wanted unions to die.22

Phelan attempted to bring about a deal that both sides could live with. Throughout the first week of the strike, union leaders met with the mayor a number of times to clarify possible terms of settlement. Tellingly, representatives of the Employers’ Association refused to meet with any union representative. The City Front Federation spelled out its terms early on in a letter to Phelan. The unions agreed to obey all employer orders pertaining to work on the jobsite and pledged not to engage in any strikes or boycotts before attempting to settle their grievances amicably. They demanded that employers not discriminate.
against any firm that hired only union labor or against any employee who belonged to a union. They also demanded that all locked-out workers be reinstated to their jobs.23

Acting as a middleman between the unions and the employers, Phelan initially remained optimistic about successfully ending the dispute. “If there is a sincere disposition on the part of the disputants to end the strike,” he told the San Francisco Bulletin, “it can be done.” The mayor believed that the main issue was the reinstatement of locked-out and striking union workers. He diligently worked behind the scenes, meeting with spokesmen for the Draymen’s and Employers’ associations, to secure this point. “The only substantial difference between the two sides is as to the restoration of the men to employment,” Phelan declared. “It was initiated at the meeting by a director that the Draymen’s Association could possibly take back all except ten or twelve. . . . I hope this solution will be accepted and so end the lockout and sympathy strike, which is doing great injury to city and State.”24

When the Employers’ Association presented its final terms of agreement to the mayor on August 2, Phelan’s conception of an interest-driven society harmonized through the pursuit of common progress began to crumble. The terms included the demand that employees obey all employer orders and promise not to compel any nonunion worker to join the union or any employer to employ only union labor. Additionally, the association called for an end to all sympathy strikes and boycotts and demanded that all disputes between employer and employees be settled without the participation of any labor organization.25

Unionists saw the demands as ultimately geared to undermine any real power wielded by labor. Andrew Furuseth, Sailors’ Union official and leader of the City Front Federation, argued that the terms were “insulting to labor,” aimed to prevent unions from “contributing to the support of striking workmen.” As the first week of August drew to a close, Phelan made his final attempt at mediation prior to quietly bowing out of future negotiations, but not before impressing upon the leaders “that it is the serious business of the municipality to keep order and see that order is maintained.” Organized Labor, the voice of the Building Trades Council, in a tone similar to Phelan’s, gloomily noted: “Thus ended the efforts of the Mayor to bring about industrial peace. No doubt they were both honest and sincere, but they failed, and with this failure the last hope of settlement seems to be gone.”26
Finding no room for compromise at the bargaining table, labor and capital maneuvered against each other on the industrial battlefield, literally raising armies. City police began guarding strikebreakers at the beginning of the Teamsters lockout, drawing stern denunciations from labor spokesmen. But outrage over the “super-serviceable zeal” of police was tempered by the early effectiveness of union pickets and hopes of reaching a settlement. As the conflict turned into a stalemate, the role of the city and state governments, in either upholding law and order or maintaining neutrality, became increasingly important for both sides. On August 9, George Newhall, president of the Police Commission and member of the Chamber of Commerce, urged Phelan to issue a formal proclamation repudiating the strikers’ actions, increasing police presence, and, if the city were unable to protect employers’ property, requesting state military aid. The mayor declined. “I am closely watching the situation and will preserve order at all times, for that is my plan of duty,” he responded. “If industrial battles are to be fought, they must be by the peaceful and legal weapons which are now being used.”

The Labor Council saw Newhall’s actions as unacceptable and called for his removal. But Phelan declined to do so, arguing that Commissioner Newhall had spoken as a member of the Chamber of Commerce, not as a public official. The mayor’s attempt to evade the demands of both the employers and the unions endeared him to neither side. Eventually, the State Board of Trade appealed directly to Governor Henry T. Gage. Like Phelan before him, Gage refused, giving great relief to labor sympathizers. Progressive reformers had long charged that the Southern Pacific Railroad dominated the Republican Party in California, and, whether Gage was following company dictates on this issue or not, his actions could hardly have been seen as inimical to the interests of working-class San Franciscans.

**THE EMPLOYERS ATTACK**

Employers attempted to break the strike by recruiting strikebreakers, often through dubious methods. Frank Washburn, for instance, a machinist from New York, was lured to San Francisco by an advertisement in the *New York World* offering “steady work and good pay to the right man.” Washburn asked the recruiter if there was a strike in the city and, after being told there was not, took a train west. “Upon learning of the condition of things in San Francisco,” he told a local union official, “I declined to go to work, as I was brought here under false representations.”

Furuseth and Ed Rosenberg of the Labor Council, aware of the threat represented by the recruitment of strikebreakers, took out space in the *Examiner* requesting workers “help us by staying away from San Francisco.” Employers increasingly were able to secure laborers, however, often from the ranks of workers deemed unworthy of membership by union organizers and officials. In San Francisco, as across America, ideas concerning race served to both unify and divide working people. While out-of-work farmhands, soldiers, and college students were recruited as strikebreakers, black and immigrant workers were also brought into the city to increase the flow of commerce. The Employers’ Association’s settlement conditions specified not only complete deference to the owners of capital, but also the right of employers to hire help “without discrimination as to creed, race or membership in any external organization.” This struck at the heart of organized labor in San Francisco, which had long been rallied by racist appeals and exclusionary rhetoric.

As strikebreakers from all walks of life were brought in to move cargo, violence escalated on the docks and in the streets. Pitched battles between strikebreakers and union pickets became a near daily occurrence. In one instance, two drivers were “attacked by a crowd of sympathizers...”
with the locked-out teamsters.” Once trapped, the crowd began throwing bricks and hurling insults at the men, who responded by pulling out revolvers and firing shots in the air and into the swarming crowd. Reports of strikers and strike-supporters beating and stoning nonunion workers became commonplace. According to one union picket, strikebreakers who continued to move cargo after being warned had their arms “placed on an angle from street to curb and broken with pressure from a pipe or an iron bar.”

Municipal policemen and private detectives hired by the employers also engaged in acts of violence, though some used physical force more freely than others. The battle culminated at the end of September when gunfire was exchanged between armed strikers and deputized private detectives, wounding nine. Newspapers unsympathetic to the strikers capitalized on the recent assassination of President William McKinley, proclaiming, “Anarchy has asserted itself in this city” in the form of “murderous assaults, cowardly assassinations and deadly rioting.” Labor leaders attempted to downplay the level of violence on the waterfront, claiming that the municipal administration’s policy and employer tactics precipitated bloodshed. But this position was undermined by their urgent appeals to the membership to stay calm.

The waterfront strike stripped Phelan of labor’s support. While the Newhall affair eventually drove the Labor Council to ask the Board of Supervisors to censure Phelan, the introduction in mid-August of “special” policemen intensified the striking workers’ distrust of the city administration. The McNab & Smith Draying Co., a member firm of the Draymen’s Association, as well as representatives from the Employers’ Association, hired 246 private detectives from Curtin’s Detective Agency to guard strikebreakers. According to Phelan, “owners of the drays decided to employ guards or detectives at their own expense . . . and they further asked that these men be made special officers as authorized by law.” An additional 114 private detectives had been sworn in by the end of August. “If there has ever been any doubt concerning the position of Mayor Phelan in the dispute,” declared the Examiner, the only San Francisco daily sympathetic to the unions, “it was solved by the action of the police commission.”

To labor, it appeared that the mayor was allowing the overtly pro-employer Police Commission to build a privately financed army to protect strikebreakers. Phelan responded by directing unionists to the city charter and arguing that the commissioners were acting within their legally sanctioned set of responsibilities. But the charter also authorized the mayor, upon learning of “any official defalcation or willful neglect of duty or official misconduct,” to remove the offending officer. Additionally, it required that all members of the police department reside in the city for at least five years, raising questions about the special policemen’s legitimacy. Ultimately, Phelan employed the rhetoric of neutrality to emphasize that, “whatever may be the merits of the controversy between the employers and the employees, I, as a law officer, must see that legal rights are preserved, and that in the pursuit of them no man shall suffer violence if it may be prevented.” Upholding the letter of the law, however, necessarily meant taking sides.

The most vocal source of support for the striking workers came from Father Peter C. Yorke. Instrumental in the charter defeat of 1896, the Catholic priest was also, according to two historians, Phelan’s main “political handicap.” From the beginning of his entrance into the dispute, Yorke blasted Phelan and the Employers’ Association, bringing the authority of Pope Leo XIII, as well as public opinion, to the union side. Yorke worked tirelessly, writing letters, giving speeches, and mediating on behalf of the striking workers. Along the way, he took pleasure in taking jabs at the mayor for his “policy of prostituting the
police force of the city to the capitalists,” among other things.\textsuperscript{35}

As weeks stretched into months, Yorke no doubt offered inspiration to strikers with his stirring speeches on the righteousness of unionism and his “striking defense of human rights.” The culmination of his activities came toward the end of September, when, in response to articles written in the Call lambasting his public support of the strikers, the Examiner recruited him to write a series of articles about the strike, religion, and city politics. In the first installment, Yorke described how he decided to get involved only when he was certain “the labor unions of California were threatened with extinction.” Faced with attacks upon their very legitimacy, unionists in San Francisco took refuge in the morally charged rhetoric of the “labor priest.”\textsuperscript{36}

\section*{CLASS AND THE POLITICS OF REFORM}

Phelan had built his career on developing cross-class support and was too politically astute to alienate San Francisco’s organized workers by discursively siding with the employers. Instead, the experience of facing city police on the picket line, as well as the highly politicized accounts of municipal opinion that were published in the press, brought strikers to the understanding that Phelan and government power were the agents of capital. The police issue eventually severed any remaining relations between Phelan and the Labor Council. Unsurprisingly, Father Yorke leveled the final blow. When strike leaders complained to the mayor about the abuse that striking workers suffered at the hands of city police, the priest quoted Phelan as saying, “If they don’t want to be clubbed, let them go to work.” Phelan denied the charge in no uncertain terms: “I have kept out the State Militia and the federal troops by placing full reliance on the ability of the police department to preserve peace.”\textsuperscript{37}

All of this was true. Years later, responding to the charge that he had “made a classfight against labor” in 1901, Phelan wrote to Lincoln Steffens asserting that there was “not a scintilla of evidence” in support of such a claim. But in a notarized affidavit at the time, Andrew Furuseth confirmed the spirit of Yorke’s account of the meeting: “I left his presence finally with the impression that the clubbing of peaceable, innocent men would be continued until they would consent to resume work.” Furuseth’s highly charged language glossed over the fact that strike-related bloodshed had already become an

\textit{California Historical Society}
Phelan consistently tied the future of San Francisco to the interests of business, comparing the city to a “young merchant, whose future depends on the clearness of his vision.”

everyday occurrence in San Francisco, but it aptly reflected organized workers’ belief that peace could be achieved only “impartially” at labor’s expense.38

Why did Phelan condone municipal police action on behalf of the Employers’ Association?39 The most obvious answer is that he was ideologically convinced of capitalism’s progressive potential. The mayor, after all, was a merchant, banker, and central figure in San Francisco’s business community. His worldview was grounded in the language of the market. Phelan consistently tied the future of San Francisco to the interests of business, comparing the city to a “young merchant, whose future depends on the clearness of his vision.” In his first campaign, the reform candidate claimed, “Cities are a growth. They come by commercial evolution.”40

Phelan’s commitment to capitalism was also accompanied by an earnest desire to help foster municipal prosperity and expansion. He attempted to affect change by drawing political support from contending urban interests around a common vision for the future. During the midst of the strike in 1901, the Examiner hinted at the precariousness of his task: “At the beginning of the trouble Mayor Phelan told the labor leaders that he would use his good offices to secure concessions from the Employers’ Association,” but “[h]is political advisors had impressed on him that he must do nothing to agonize capital and that made his position difficult.”41

Another explanation as to why Phelan played the role he did during the strike, one rooted in the neutrality of reform rhetoric, also seems evident. He displayed a fear of class conflict and those who in his view instigated it long before the City Front Federation strike shattered his political coalition. As a politician who valued culture and education, Phelan filtered recent social events through his understanding of history. In 1897, the reform mayor drew an analogy between the causes of revolution and the social cleavage in late-nineteenth-century America: “Man without civilization, or civilized man neglected, misgoverned and oppressed, becomes an element of danger and destruction both to himself and to society. This is the danger this country must face, and it is the duty of every lover of his country to aid in adverting it.”42

Though he worked to gain the support of organized labor in the pursuit of his goals, Phelan remained wary of “social upheaval,” especially the “blighted trade and scattered commerce” that distinctly class projects produced. In the middle of San Francisco’s most contentious labor dispute to date, the mayor optimistically compared the “old world” to America, “an inviting field for man’s enterprise and industry, where he could work without molestation and reap his reward.” His position was shaped by the belief that “every honorable American seeks rather than shuns labor.”43

Phelan was convinced that the power of capital, guided by the kind of men used to wielding such power, could produce a better San Francisco for all citizens. During the summer and fall of 1901,
Though he worked to gain the support of organized labor in the pursuit of his goals, Phelan remained wary of “social upheaval,” especially the “blighted trade and scattered commerce” that distinctly class projects produced.

However, white organized labor challenged the right of capital to lead. After appealing to the mayor, the Board of Supervisors, the Police Commission, and the grand jury on behalf of labor’s grievances to no avail, strike leaders, in the words of the *Coast Seamen’s Journal*, “realized fully that the employing class in this city had complete control of the city’s government and that the laborer and the hired man had no chance.”

**THE SETTLEMENT**

The strike’s settlement came suddenly on October 2. Governor Gage came to San Francisco with the express purpose of putting an end to the conflict and met with Father Yorke, his friend and political supporter. The priest supposedly urged him to threaten to declare martial law rather than call in the militia as the employers proposed, thereby ceasing all commercial activity throughout the city. After summoning representatives from both the Draymen’s Association and the City Front Federation to a meeting, Gage presented them with the ultimatum suggested by Yorke. A truce was agreed upon within an hour.

Phelan, who had exasperatedly bowed out of negotiations a month earlier, initially implied that he had played a part in securing the settlement before acknowledging Gage’s role and defending his own efforts “to preserve order and prevent disturbances” during the strike. While historians have disagreed over the results of the strike’s conclusion, they have unanimously recognized the mysterious circumstances surrounding its announcement. The terms were never made public. Though capital initially claimed victory, both the Employers’ Association and the unions suffered concessions, suggesting that the strike’s aftermath was a crucial period for the continued growth and development of the labor movement.

The City Front Federation unions that struck in sympathy with the Teamsters deserve special attention. While historians have discerned the terms of agreement reached between the Draymen’s Association and the Teamsters, noting that the exclusion of the Employers’ Association from the settlement discussion represented a certain defeat for that organization, the status of the thirteen other unions has largely been left unexplored. The solidarity displayed by unionists has been heartily celebrated, but its consequences are in need of analysis.

In defense of principle, thousands of union members walked off their jobs and into an uncertain future. “I did not like to see the strike come,” one San Francisco unionist related, “for I had a good job and no grievance against my employers, but of course when the union called me out, I had to go.” The Pile Drivers and Bridge Builders’ Union, whose members had the unusual security of a closed-shop agreement with their employers, was one of the waterfront organizations that struck in sympathy. An examination of its
settlement terms highlights the situation other unions faced at the strike’s conclusion.

Following the Draymen-Teamsters settlement, the Bridge and Wharf Builders Employers Association addressed a letter to Governor Gage stating that they “agreed to accept the proposition proposed by you with reference to a truce between ourselves and the Pile Drivers and Bridge Builders Union #1 of San Francisco and vicinity.” Considering the lack of sources available regarding the City Front strike’s conclusion, the letter is worth quoting at length:

To avoid any misunderstanding hereby follow the terms of the truce as proposed by you as we understand it. “To wit,” For the next two weeks the Employers Association is to employ Union and non union foremen and men without prejudice. The Union men agreeing during that time to work with non union and under non union or Union foremen and to do this cheerfully and in good faith without resorting to intimidation or petty annoyances of any description towards the non union men or foremen on penalty of immediate and final discharge from any future service for members of the Employers Association. The object of this truce is to allow the union to submit to their members the following propositions.

1st A change in the By-laws of the union allowing members to work with non union men and under non union foremen in accordance with the waterfront settlement recently arranged by His Excellency Governor Gage.

On the termination of the two weeks truce above mentioned under the conditions noted both the Union and the Employers Association to be at liberty to take any action they may see fit.

If we take the Pile Drivers’ settlement as representative of the agreements made between the City Front Federation and the various employer groups involved, the “truce” was just that, a temporary respite from the conflict rather than a long-term agreement as has been assumed. While the Teamsters lost their closed shop in the settlement, the Draymen’s Association also agreed not to discriminate against union members.

The situation seems parallel for the waterfront unions. There is no mention in the Pile Drivers’ minutes of a vote to change the union’s bylaws. While neither side was likely to resort to hostilities—the trauma of two months of warfare and the depletion of strike funds made sure of that—the ultimate outcome was left to be fought over on the jobsite and in union halls over the weeks and months to come. The contractors’ letter verifies that the settlement forced unions such as the Pile Drivers to give up, temporarily at least, the closed shop. The employers’ desire to remove all union participation in industrial disputes, though altered, was reflected in the section calling for the allowance of either union or nonunion foremen. But the struggle over union power remained to be played out.

LABOR AND THE POLITICS OF CLASS

Far from determining the course of industrial relations in and of itself, the strike’s settlement ushered in two crucial phases that ran parallel and further polarized the city politically. One occurred in the workplace, where unions struggled to regain their authority. Though a relief, the agreement was hardly seen as a victory by the strikers. “The dogs of war have gone to sleep. Let
them lie,” one labor paper offered hesitant unionists. “After all, it is not the formal settlement of a dispute that counts, but the results that follow from the resumption of peace.”

Walter Macarthur of the *Coast Seamen’s Journal* reitered this sentiment when he waxed editorially, “It remains for the unions, and the individual members thereof, in the City Front Federation to avail themselves of the opportunity now at hand to perfect that body, both in spirit and in personnel.” The first step, of course, was remaining with the union. Furuseth sent a communication to the Pile Drivers days after the truce was called, urging “members to stand firm” and affirming that the federation would stand with them. The members voted “unanimously to stand by the union.” It was hard work, messy and human, that characterized labor’s ultimate success at reaffirming union strength in the city. An article in *Organized Labor* titled “Life of a Scab” illuminates the methods by which the strike was won. “When the strike is finally settled,” the paper related, “the life of the dissenting workmen usually becomes more unbearable than it was before.” Unionists treated strikebreakers like “a plague to be shunned, the same as we shun small pox and leprosy.”

The employers were no less ruthless when it came to post-strike guerrilla warfare, particularly when attempting to recruit foremen away from the union. A union foreman named R. F. Cook, for instance, was tricked by a contractor into signing a slip of paper that was promptly sent to the local confirming his resignation. When confronted by the union, Cook responded that, “when he wanted to resign he would write out his own resignation” but instead desired to “stay with the union and be a member to the last.”

In the months following the strike, the Pile Drivers refused to cede union control to the contractors. When seven foremen failed to show up to a meeting in November, the union decided to send a business agent to “see the foremen during the week and insist on their attending the next regular meeting,” informing “any who fail to appear without a reasonable excuse their crew will not go to work with them on Monday.” The union came to believe that the employers were pressuring foremen to resign from the union and referred the matter up the chain of command to the Labor Council, asking it to enforce “the law in the case.”

Waterfront unions and their central bodies rapidly regained the upper hand in labor disputes. But the terms of settlement also gave employers considerable freedom to dismiss troublemaking workers, often the stalwarts of unionism, indefinitely. In the months following the ceasefire, the Pile Drivers looked out for members who had been blacklisted, paying weekly allowances and putting pressure on the contractors to take back discharged men. By the end of November, it was agreed that “all men would go to work before long with the exception of Al Smith.” Thus, by taking the strike back to the job, the union continued to fight over the fate of its members and jobsite control, restoring pre-strike levels of union strength by the end of the year. Union power on the jobsite grew spectacularly throughout the years following the strike.

The other key phase that fed the polarization of city politics was the creation and rise to power of the Union Labor Party. While early historians of San Francisco politics emphasized corruption in the party, particularly focusing on the machinations of “Boss” Abe Ruef and the efforts of municipal reformers to depose him, scholars since have examined the nearly decade-long presence and success of the Union Labor Party as a political expression of working-class consciousness. In September, the newly formed and highly contested Union Labor apparatus nominated Eugene Schmitz, president of the Musicians Union, as its candidate for mayor in the upcoming municipal elections.
by an immigrant barber named Isadore Less, the party’s supporters maintained in the midst of the strike that it was “the outgrowth of . . . industrial complications” and a response to the city government’s inability to “recognize labor’s interests” while giving “full support to the employers.”  

Throughout the month of October, Schmitz and Union Labor candidates hit the campaign trail, articulating their conception of class politics. On the one hand, labor partisans argued that the “workers are alone denied recognition” and the “laboring man that will not support the labor union ticket from one end to the other on November 5th . . . forgets the interests due to himself.” Organized workers relished the fact that “the ‘plain people’” had taken a hand in the game of politics and were “determined to be players instead of pawns.”  

On the other hand, the party’s candidates argued that they were “CONSERVATIVE and PRACTICAL,” believing in “fair and friendly consideration of invested capital, as correlative to similar consideration for organized labor.” While Phelan declined to run for reelection, Schmitz boldly argued that he would be “the mayor of the whole people.” In November, he decisively carried the votes of the city’s working-class districts, winning in a plurality over his Democratic and Republican challengers and ushering in an era of unprecedented union political power in San Francisco.

Organized workers came to vote for what they perceived as in their class interest, rejecting Phelan’s Democratic Party—which many unionists had previously been committed to—in favor of the new labor party. The strike was a
fundamental turning point in that transition. In June 1901, for instance, the Coast Seamen’s Journal predicted, “It will be a long time before the labor movement, as such, goes into politics.” Four months later, however, after experiencing the virtual impossibility of truly neutral government action during moments of industrial conflict, Furuseth stated, “We find now that both the Republican and the Democratic tickets are as distinctly class tickets as the present government, and, inasmuch as we are to have a class government, I most emphatically prefer a working class government.”

While Phelan spent much political energy trying to bring organized labor into his coalition for progress, it was capital’s determination to maintain its class interest that eventually led to his undoing. “The people are free,” Furuseth gushed after Schmitz’s victory at the polls. “They have freed themselves—freed themselves from a government that had proved false to their interests. The trade-unionists and the people of San Francisco are O.K.” The municipal government under Phelan had sought to maintain order. When their daily experiences taught workers exactly what that meant, they moved to endorse the political
careers of those like J. S. Parry, official for Pile Drivers Local #1 and appointed municipal Fire Commissioner, whose loyalty to labor—and to “the people”—was never doubted by San Francisco’s white working-class citizens. The strike ushered in an era of both union power and working-class political influence in San Francisco.58

The politicization of class in San Francisco took place along a well-established racial frontier. The city’s organized working class was made up of a number of diverse European ethnic groups—especially immigrants and the children of immigrants from Ireland, Germany, Italy, and Scandinavia—but access to membership had long depended on whiteness. A number of historians have focused on white working-class racism in California, emphasizing the utilitarian effect of anti-Asian agitation on the growth and organization of the labor movement. By examining two paradoxical impulses—“the inclusive, optimistic faith in class solidarity and the appeal to racial fears and hatred”—that made up the political worldview of most white workers in San Francisco, one scholar has emphasized that “they spoke the language of class conflict” as they “affirmed their identity as white Americans who were engaged in a crusade to bar Asians from their blessed land.” In San Francisco, the racial constitution of class politics set the parameters of civic participation.59

Notions concerning race and citizenship ensured Phelan a place in the city’s politics. A few days after the contentious mayoral election of 1901, for instance, San Francisco hosted the Chinese Exclusion Convention, a two-day affair chaired by Phelan and heavily attended by Union Labor partisans. “We are the warders of the Golden Gate,” Phelan told the crowd. “We must stand here forever in the pathway of the Orient, and if there is any danger on the trial [sic] it is for us to sound the alarm.”60

As former mayor, Phelan continued to engage in city and state politics—including as a sponsor of the graft trials that eventually took down Schmitz and Ruef of the Union Labor Party, as a proponent of the development and control of a vast public water system, and as an advocate of white racial superiority and anti-Japanese legislation—before serving in the United States Senate from 1915 to 1921. While San Francisco fragmented politically along class lines during the waterfront strike, Phelan and organized labor remained unified in their opposition to Chinese and Japanese immigration.61

Throughout his tenure as mayor, Phelan spoke often of “good government.” Genuinely idealistic about the future of San Francisco, he believed that if city government operated more like a “municipal corporation,” increased economic prosperity for all would result. To achieve his vision, he attempted to build a broad coalition of disparate city interest groups. But Phelan’s political language emphasizing civic harmony was contradicted by the phenomenon from which it grew: class conflict. Yet, far from disappearing from municipal political discourse, rhetoric concerning “the people” continued to resonate and was employed by Union Labor partisans to secure a greater role for labor in the city’s governance. The waterfront strike of 1901 cemented a politics of class in San Francisco.62

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Now bustling commercial and residential districts surrounding Golden Gate Park, the western reaches of San Francisco were once called the Great Sand Waste. In 1868, when the city acquired the land from the U.S. government, surveys were made and streets were platted. But for decades, this area was home to no more than a few farmers, the occasional squatter, and an enormous rabbit population.

In 1905, a small group of speculators determined to develop a residential neighborhood about a mile and a half south of the Golden Gate Park. They bought up lots covering a hundred city blocks, hoping to turn a healthy profit upon sale of these “outside lands” to address the city’s growing population (topping 340,000 in 1900) and the ongoing desire of the prosperous middle classes for country estates away from the bustling city.

The speculators called the area Parkside, underlining the country atmosphere they promoted. To attract prospective buyers, all they needed to do was provide a trolley line for access to this seemingly remote area and build houses where the sand blew and the scrub grew. To fulfill the plan, they created the Parkside Realty Company and its sister corporation, the Parkside Transit Company.

The enormous disruption of the 1906 earthquake and fire gave new impetus to the Parkside development. After three days of fire, nearly half of San Francisco’s population was at least temporarily homeless. Affordable housing for the city’s workers became a pressing—and profitable—need.

The destruction also created a backlash movement to clean up the dirt not just in the streets but in city politics. With the backing of political boss Abe Ruef, municipal franchises commonly had been granted by corrupt city supervisors, and Parkside was not immune. In 1907, Ruef and several members of Parkside Realty were called before a grand jury to answer allegations of bribery aimed at securing the trolley franchise. But insufficient evidence was produced to squelch the company, and in 1908, construction began on a trolley line that eventually connected an existing line at Golden Gate Park’s south edge with what became the Parkside district, now part of the larger Sunset district.

To tame the land and lay the tracks, Parkside hired the newly established engineering firm of Chadwick & Sykes. Frank C. Sykes, president, and his partner, George C. Chadwick, had worked previously for local trolley companies—Sykes as a mechanical engineer with Market Street Railway and assistant engineer with the United Railway Company maintenance department, and Chadwick as a draughtsman with the Market Street Railway Company. Chadwick, who later listed himself in the city directory as a civil engineer, was vice-president of the firm during the Parkside construction project and later.

One of three photo albums, recently donated to the California Historical Society by George Chadwick’s granddaughter, documents the trolley line’s construction, providing detailed views of the construction activities. The photographs that follow—samples from the albums—offer an insider’s glimpse of the Parkside project, recording its development.
Workers from the engineering firm Chadwick & Sykes gathered for a group portrait in front of one of the company’s construction buildings in January 1908, early in the Parkside district development project.
Sparsely settled, the Great Sand Waste was dominated by brush and sand dunes. Until the Parkside Realty Company arrived to develop the remote area, farmers and the occasional squatter competed with the large rabbit population for land south of Golden Gate Park.
In August 1907, Chadwick & Sykes made this photograph of Automobile Boulevard (today's Junipero Serra Boulevard), perhaps as a benchmark of the area prior to development. Built over the dunes by motoring enthusiasts after the 1906 earthquake, the thoroughfare connected with roads outside the city to the south.
Massive sand dunes, some as deep as 100 feet, were familiar to early San Francisco residents. These workers likely were using the vestiges of this sand dune as fill elsewhere in the project.
The success of the Parkside development depended on the availability of transportation. To bring city residents to this remote area and provide easy access to downtown, electricity was acquired and tracks were laid for streetcars.
The Parkside Transit Company, incorporated in 1905, planned streetcar routes to the new district. This rare photograph of a Parkside streetcar shows connectors for the overhead electric lines.

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(Above) The bend shown in this photograph connected the Parkside streetcar line with an existing line that ran along Lincoln Way at Golden Gate Park’s southern border.

PC 013.Chadwick&Sykes.055.tif

(Below) Prior to the 1906 earthquake, houses such as those illustrated here lined 20th Avenue at the edge of Golden Gate Park. In early 1908, Parkside Realty began residential construction about a mile and a half to the south, erecting sixty-two cottages.

PC 013.Chadwick&Sykes.060.tif
American western historiography has produced a certain creation myth to explain Los Angeles’s turn-of-the-century rise to national prominence. That is, the city’s transformation from a town of 200,000 people to a full-fledged metropolis of one million is attributed to the vision and initiative of a select group of wealthy and politically powerful western individuals. Henry E. Huntington, William Mulholland, and Harrison Gray Otis have been heralded as urban entrepreneurs, resourceful and resolute, inheritors of the western pioneer spirit. No event better encapsulates this perception than the construction of the 233-mile-long Los Angeles Aqueduct, a mammoth project that remains one of the most controversial and storied episodes in the city’s history. In the words of historian Kevin Starr, “A small oligarchy . . . put together press, transit, water and politics in the service of real estate speculation. Los Angeles grew, and they prospered.”

Nevertheless, there remains a distinct thread of Los Angeles history that promotes the notion that the aqueduct project was truly a “rape of the Owens Valley,” a cover for the “scandal of the century.” These more recent histories focus on the so-called oligarchy in an explicitly negative light, emphasizing an injustice done to Owens Valley farmers at the hands of southern Californian land barons.

Much of Los Angeles’s infrastructure certainly can be attributed to the leadership of these men. In the case of the aqueduct, western minds did conceive the project’s logistical details and engineering. But the story of Los Angeles’s growth is much more complex than an account of urban entrepreneurs and land barons. It is a story neither of pioneers creating a city at the far corner of the country nor of land speculation and political corruption. Rather, it is an integral part of a national narrative formed by an extensive transcontinental network of railroad companies and eastern banking houses that had crystallized during the height of railroad expansion in the mid-nineteenth century.

In every major history of Los Angeles and the aqueduct, there is rarely more than a mention or footnote concerning the eastern capital essential

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Eastern Promises: The Role of Eastern Capital in the Development of Los Angeles, 1900–1920

By Timothy Tzeng
By 1905, Los Angeles’s water supply from local sources was insufficient for its booming population. No municipal project was as crucial to the city’s growth as the Los Angeles Aqueduct, designed to deliver mountain water from the Sierra Nevada. Eastern investment capital, essential to large western infrastructural development, ensured the aqueduct’s completion and Los Angeles’s continued expansion.
to the city’s development. As a result, those critical figures—the eastern banker, the railroad executive, the industrial capitalist—have not been given proper voice.

This article extends the scope of the story of the Los Angeles Aqueduct beyond the emphasis on western figures and places it within a larger East–West narrative. Though westerners precipitated the growth of Los Angeles through their vision and plan—corrupt or not—it was the controllers of eastern capital that made possible the magnitude and rapid rate of this transformation. Los Angeles, in its full metropolitan form, was just as much an eastern vision as a western one. By situating the city’s development in a national economic narrative and understanding it as a packaged eastern investment, Los Angeles serves as a prime case study of how modern western metropolitan development was physically and financially possible.

To build a river of steel in the desert was no small feat, and it took an established, well-oiled system of capital investment to accomplish, requiring the western entrepreneur’s ingenuity and engineering foresight coupled with the eastern banker’s financial power and access to capital. This group of men, westerner and easterner alike, dictated the future character of the American western city thereafter as a new, modern type of capitalist city, one dedicated to the purpose of perpetual investment and profit.5 For post-aqueduct Los Angeles would never again be the same: with water, the city was able to sustain its ever-increasing population and facilitate a spectrum of nationwide industries: citrus, oil, automobile, motion pictures, and aviation.

THE INVESTMENT SYSTEM: SETTING THE STAGE FOR TRANSFORMATION

Railroad companies and investment banking houses of the late nineteenth century were effectively synonymous institutions, and deep professional ties between the two dictated a new structure in modern business management. In the mid-nineteenth century, local investors and private capitalists were the primary financiers of major eastern railroads. In the latter decades of the century, however, railroad companies allied with larger investment banking firms for the purpose of building expansive, transcontinental railroad networks, an economic phenomenon historian Alfred D. Chandler Jr. has called “system-building.” In this age of westward expansion, railroad companies “had to rely increasingly on ‘investments from bankers’ with close ties to British and European sources of capital to supply the massive amounts of money needed.” Additionally, investment bankers were indispensable in floating railroad bonds and converting railroad bonds into preferred stock.6

In exchange for their financial investment and services, investment bankers were rewarded with coveted seats on the boards of directors of railroad companies, often constituting so large a presence that they formed their own separate executive or finance committees within the boards. Board positions allowed moneyed men to determine all facets of railroad operations that required new capital. By the close of the nineteenth century, eastern bankers controlled a massive capital system—via “the roads”—that dictated how the American West would develop.7

During this period, the industrial and economic rise of the Midwest, with Chicago at its center, was a decisive factor in the municipal development of the far West. In addition to serving as the primary transition or terminus point for eastern railroad lines—thus becoming the central exchange point of eastern and western goods—Chicago’s success was especially visible in the city’s burgeoning banking industry. Chicago banks, both commercially and in their investments, quickly increased in size and prominence parallel to the influx of eastern capital.8
By the late nineteenth century, Chicago had become a gateway of capital flow to the American West, consolidating eastern and western economies into one system, a vital precondition for western municipal growth. Chicago’s subsequent fall from “gateway dominance,” as historian William Cronon has written, would not occur “until a new set of transport technologies produced another great metropolis on the West Coast—Los Angeles.”

From an economic standpoint, it was only logical that once railroad networks extended to the Midwest and eventually to the Far West, banks and railroad companies shifted their financial strategy to developing what lay at the end of their tracks: cities. The most profitable cities to invest in and develop were those that could send products and goods back to eastern markets via the railroads themselves. For banking houses, then, an investment in a city operated essentially as direct investment in their own railroads. Furthermore, the primary means to invest in a city was through the purchase of municipal bonds—loans that eastern banks provided to municipalities against the city’s credit—for the construction of major public projects.

The mid- to late-nineteenth-century railroad industry had spurred the first period of major prosperity for eastern banking houses. Then, as the effects of the Depression of 1893 receded, eastern bankers shifted their primary investment focus onto western municipal bonds to achieve a second period of major capital growth. This process was facilitated by a new breed of capitalist—the venture capitalist—committed to the infrastructural development of the modern metropolis. In 1898, Arthur Burtis Leach, head of the New York banking house Farson, Leach & Company, affirmed that “significant of the confidence which investors are showing, Eastern investors are now very freely purchasing securities of Western States. This sentiment among Eastern holders of funds is becoming more and more general.” Unbeknownst to Leach, he was very much indeed living in the golden age of the “bond business.” In fact, this period marked the beginnings of the modern investment banking structure as we understand it today.

Based on the commercial potential of western municipalities, eastern investment bankers began purchasing large blocks of western public utility and municipal bonds to be resold to the public for profit. Prominent banks created their own specialized bond departments. In fact, scores of “bond distributing houses” that were “devoted exclusively to the marketing of municipal securities” were established solely in response to this new economic climate. They were composed primarily of two central departments: buying and selling. The buying department researched prospective bonds and determined the purchases...
of blocks of bonds at the best wholesale price possible; the selling department then sold bonds at retail prices to institutional (i.e., other banks) and private investors. Buyers determined the potential stability and market value of municipalities through the consideration of “such items as the financial condition of the city or county, the character of the citizens, the progressiveness shown in building up the municipality, railroad and water facilities, ownership of public utilities, and the possibilities of the municipality in the future.”

Within the selling department, bond salesmen were divided into two main classes: those who talked to clients in-house or traveled to meet them and those who prepared circulars—short pamphlets that served as advertisements for the bond house itself, usually providing a brief overview of the house and emphasizing the security of municipal bond investment. As bondsman Harry E. Weil of Weil, Roth & Co. explained in 1907, “When they [the investing public] have purchased the security of a municipality, they have an investment that is second to none.” Additionally, circulars listed a firm’s current offerings: municipal, public utility, railroad, and corporation bonds.

Bond salesmen effectively became a new class of boosters, selling western municipal development as railroad boosters had done a generation before. Indeed, circulars served as vital weapons of enticement: “The men who prepare circulars and write letters are the men behind the guns,” wrote bondsman William Foley of the Mercantile Trust Company. “Letters must be direct, forceful, and in good English. In bond literature unnecessary prolixity is a sin. As a rule, more bond buyers know a house through its circulars and letters than in any other way.”

The dominance of syndicates further fueled the bond business and evolution of the investment banking structure at large. Financiers had formed syndicates in the era of railroad expansion to purchase and float large issues of securities, thereby spreading risks and limiting losses with pooled resources. The same logic now held for bond houses and the bulk purchasing of municipal bonds. Syndicates, historian Vincent Carosso has written, “competed, but in a manner as formal and ritualized as a minuet. They wouldn’t bid against each other for bond issues. Rather, a single house would privately negotiate a deal and then assign syndicate allotments to other firms.”

Another significant investment institution of the era was the life insurance company, which, as historian Morton Keller has described, “joined with banks to play a leading role in gathering and applying the capital necessary for the rapid development of the American economy.” By the second half of the nineteenth century, assets of life insurance companies rose by 12,000 percent, the companies growing into investment engines as financially powerful as the greatest banking syndicates. “At the turn of the century,” Keller has noted, “investments became the most conspicuous expression of the great companies’ quest for place and power.”

As investment institutions, life insurance companies, like railroad companies, appointed investment bankers to their boards of directors and trustees. These “moneyed experts” were not simply stockbrokers or intermediaries, but “positive forces creating the time’s most important security flotations. Identification with them was, for the life insurance firms, evocative expression of their entry into the highest levels of investment finance.” Operating with the same investment strategy as the banking houses their boards represented, life insurance companies shifted their focus, albeit far less in volume, onto western municipal development.

Financially backed by eastern syndicates and, to a lesser extent, life insurance companies, western
cities completed major infrastructural municipal projects at an unprecedented rate: railroads, street railways, water works, electrical light plants, hydroelectricity plants, telephone systems, roads, and schools. In a healthy bond market, eastern banks competitively bid on municipal bonds so that western municipal development accelerated. By the same token, in a weak bond market, such as during the Depression of 1893 and Panic of 1907, eastern banks halted their investments, delaying or freezing western progress. What is more, western cities had not yet developed a major banking system that could facilitate the financing of large municipal projects, so if they desired to experience any sustainable growth, they had really only one source: eastern banks.

In the winter of 1912, amidst the recent blossoming of the bond market, this network of banks and railroad and insurance companies gained national notoriety as the Money Trust. Led by Congressman Arsène Pujo of Louisiana, the Pujo Committee, a subcommittee of the Committee on Banking and Currency, symbolized Progressive distrust of high finance. It investigated the existence of a so-called Money Trust, a “financial analogue to the large industrial trusts—like Standard Oil—that had been formed in the late nineteenth century.” Suspicious and fearful that the investment capital in the United States was concentrated in a select number of Wall Street banks, the committee employed the services of statistician Philip Scudder to demonstrate the reality of such a group.

Convening in Washington, D.C., in 1912 to investigate the existence of a “money trust,” the Pujo Committee identified the nation’s principal interlocking directorships, whose capital and management were critical to the rapid growth and development of Los Angeles. Representative Everis A. Hayes of California (second from left) was one of eleven committee members, chaired by Arsène Pujo of Louisiana (fifth from left).
Of Scudder’s various charts, diagrams, and tabulations, one became particularly famous: Exhibit 134-A, a table displaying the principal interlocking directorships of the country. In its official report, the committee described eighteen financial institutions composed of 180 firm members that represented 746 directorships in 134 corporations and held total resources or capitalization of over $25,325,000,000 of the nation’s wealth. It was this system that banking heads in the East and in Chicago, in tandem with western entrepreneurs, utilized to transform Los Angeles into a full-scale metropolis. Without the circuitry of capital and management created by interlocking directorships—specifically among banks, railroads, and life insurance companies—the magnitude and speed of Los Angeles’s infrastructural development would not have been possible.

THE SOUTHERN PACIFIC RAILROAD: THE INVESTMENT SYSTEM ARRIVES IN LOS ANGELES

Los Angeles’s development prior to the turn of the century is unquestionably intertwined with the Southern Pacific Railroad, founded in 1865 by a group of San Franciscan businessmen. In 1868, the entire line was purchased by the famous Big Four—Charles Crocker, Leland Stanford, Mark Hopkins, and Collis P. Huntington—thereby becoming a subsidiary of the Four’s great Central Pacific Railroad, the western half of the First Transcontinental Railroad. In 1876, the Southern Pacific completed its route between San Francisco and Los Angeles, the first to connect the southern town of just 5,728 people with the nation’s new transcontinental system.

Historian Stuart Daggett has noted that in the early years of the Southern Pacific, “a market for their stock and bonds was impossible to secure.” S. H. Thayer, a New York broker, went so far as to say that in 1879 “the stock had no friends, nobody knew of it, nobody traded in it.” Huntington, Daggett wrote, “found that the Southern Pacific Railroad was not known in the East, even by parties who had spent some considerable time in California. To overcome this he advertised Southern Pacific stock and bonds in a great variety of ways, sometimes by personal conference with eastern bankers, sometimes by the issue of pamphlets or by the insertion of items in the newspapers, sometimes by the manipulation of bond sales upon the Stock Exchange.”

Huntington’s efforts are evidence of Los Angeles’s early dependency on eastern capital. Furthermore, his tactics marked one of the first heavy-handed traces of southern Californian boosterism, a tradition the Southern Pacific continued well into the twentieth century with its Sunset magazine.

Though the Big Four initially shared equal interests in the Southern Pacific, it was Collis Huntington, always successful in eastern financial circles, who eventually controlled the company during the latter years of the century. In 1890, he became its president and two years later hired his young nephew, Henry E. Huntington, as his personal assistant. In 1893, Stanford passed
away, leaving Collis as the last remaining stockholder of the original quartet. As the Southern Pacific’s most senior executive, Collis primed young Henry to become his successor. By 1899, with Uncle Collis still at the helm, Henry, who recently had become president of the Market Street Railway of San Francisco, was appointed second vice president.25

In the same year, James Speyer, thirty-eight years old and barely five feet tall, “with a brown mustache and a high collar,” arrived by train in San Francisco. Born in 1861 in New York City, he was descended from a long line of German-Jewish bankers and represented the Central Pacific’s personal bank, Speyer & Co. of New York. Speyer had traveled to California for one purpose: to help reorganize the Southern Pacific Railroad.26

The Speyer House, as it was internationally known, for centuries had been a prominent banking dynasty in Frankfort-on-Main.27 Speyer’s father, Gustavus, served as a partner in the family’s New York branch, established in 1837 by Gustavus’s brother, Philip. When James was three years old, Gustavus returned with his family to Frankfort, where James was raised “in the best international-banking traditions of a broad cultural education and several years’ apprenticeship in family firms in Germany, France, and England,” a training that would serve him well in his California investments.28

In 1885, Gustavus sent James, now twenty-four, to work at the family’s New York branch. Bertie Charles Forbes, the era’s famous financial journalist and founder of Forbes magazine, noted that when young James returned to New York, “he brought his nerve with him. At first New York’s heavyweight financiers took little or no note of the beardless youth. They regarded him as a rich man’s son, under no necessity to work to add to his fortune, and unacquainted with the intricacies of American finances.” James, however, who became equally known for his conservative style

In this example of railroad boosterism from the early 1900s, the Southern Pacific touted Los Angeles as one of a “thousand wonders” along its route. Broadcasting the city’s virtues—“all the things of Los Angeles worth telling to others”—the brochure boasted “summer and winter charms of sun and sky,” “electric cars that shoot like mad from city to sea-beach, to mountain canons and foothills, to orange groves or dry arroyo,” and the construction of “an aqueduct, beside which the efforts of the ancient Romans and other old aqueduct specialists look like twenty-nine cents.”

California Historical Society
of investing as well as his quick-witted sense of humor, would prove himself an incredibly capable financial leader, earning the respect of his financial elders. By 1899, he had become Speyer & Co.’s senior partner, a position he held until his retirement in 1939.\(^{29}\)

With access to millions of dollars of European capital, Speyer & Co. was instrumental in aiding a young United States during the Civil War by opening a market for government bonds abroad. After the war, the company continued to leverage its access to foreign capital, in 1878 becoming the Central Pacific and Southern Pacific railroads’ primary banking firm and helping to finance its debt and development. Known as

Jimmie to his close associates, Speyer became Collis Huntington’s personal banker and friend, a relationship that lasted close to twenty years.\(^{30}\)

“All visionary railroad men in the late nineteenth century needed a close relationship with a banker to make their dreams viable,” historian Frances Dinkelspiel has written. “Edward H. Harriman had Jacob Schiff. Collis Huntington had James Speyer.”\(^{31}\)

As the senior partner of Speyer & Co., James traveled to the Pacific Coast to help restructure his old friend Collis’s western railroads. Speyer and Huntington immediately joined financial forces, planning to purchase the entirety of Southern Pacific stock, or, in other words, the remaining shares of the Big Four heirs. As Huntington himself boldly stated, “I believe in snatching everything in sight.” The duo bought out the remaining Crocker, Stanford, and Hopkins holdings in the short span of three months, a total of roughly 705,000 shares. The Huntington-Speyer Syndicate, as the pair was known, now owned the majority of the Southern Pacific Railroad, effectively replacing the Big Four.\(^{32}\)

In August 1900, at the age of seventy-nine, Huntington died suddenly of a heart attack, leaving behind an intense power struggle for the Southern Pacific presidency. His nephew Henry, who had been promoted to first vice president earlier that year, was the heir apparent, but Speyer had other ideas. With Collis out of the picture, Speyer, now a member of the Southern Pacific’s executive committee as well as its majority shareholder, was determined “to have at the head of the road some big Eastern man who will feel free to carry out their plans.”\(^{33}\)

In October 1900, Charles M. Hays of the Canadian Grand Trunk Railway was appointed the new president of the Southern Pacific Railroad.\(^{34}\) Bullied out of the presidency by Speyer, a frustrated Henry Huntington sold his company stock to railroad executive Edward H. Harriman in
February 1901. Later that same month, Harriman quietly maneuvered to buy out the entirety of Speyer’s stock as well. Thereafter, “anyone looking for a few real live enemies of Mr. Harriman and all he represents [could] find them in the white marble building on Pine Street which is the office of Speyer & Co.”

The Southern Pacific (in addition to the Central Pacific) was now a subsidiary of Harriman’s Union Pacific Railroad, the First Transcontinental Railroad’s original eastern half. The entire system became known informally as the Harriman Roads, “the most gigantic railroad operation in the history of the United States.” In 1902, “divested of major interests in San Francisco,” Huntington headed south to the Los Angeles basin, where he would develop his own new empire of electric railways.

As for Speyer, the success of his career, too, was just beginning. After his long tenure with the Central and Southern Pacific railroads, Speyer transformed his firm into one of the “strongest and cleanest of the great American banking houses,” second only to J. P. Morgan & Co. and Kuhn, Loeb & Co., the firms that constituted the new term Wall Street. Fittingly, Speyer & Co. was one of the eighteen financial institutions that the Pujo Committee charged as constituting the Money Trust. According to the committee, Speyer represented ten directorships, ten corporations, and $2,443,000,000 of resources. During at least one point in the twentieth century, Speyer served as the primary fiscal agent for nine different railroad companies, a director of two trust companies, and a trustee of a life insurance company.

Near the end of his career, at a 1932 congressional hearing investigating the sales of foreign bonds in the United States, Speyer reflected on his time as the Southern Pacific’s primary banker. In a broad German accent, he told California senator Hiram Johnson that “it was my firm—my father and I, myself, to some extent—who sold the Central and Southern Pacific Railroad bonds in Europe to enable the building of those lines, because this country at that time did not have the surplus capital. . . . I would like to explain that the international banker, whom some people think of as having horns and hoofs, has performed some useful function in the world, and that this country would not have been built up after the Civil War without the international banker getting the money from Europe over here.”

Indeed, Speyer played a crucial role in the development of the United States and particularly California in the post–Civil War decades. After the Harriman incident, however, he discontinued his interests in California and looked south to Mexico, investing in the reorganization of the Mexican National Railroad. Speyer would not return to Los Angeles for nearly a decade, when he would invest, alongside his old associate, Henry E. Huntington, in the Los Angeles Aqueduct.

**PRE-AQUEDUCT DEVELOPMENT**

With a system of syndicate investment set in stone, or rather Southern Pacific steel, eastern bankers looked to the corner of the West to develop Los Angeles. In 1901, when Theodore Roosevelt assumed the presidency, the Los Angeles Times, proclaiming “Eastern Capital Has Its Eye On Us,” included a report on eastern financial conditions by the city’s new great industrialist, Henry E. Huntington, who had just incorporated his Pacific Electric Railway Company. Huntington, who often traveled to New York to seek financiers for his railways, asserted that “in the East business men are even more sanguine of California’s continued and growing prosperity than we are here.”

At the turn of the century, Los Angeles’s most pressing municipal issue concerned its water works system. Between 1868 and 1898, the city
had contracted its water supply system on a thirty-year lease to the Los Angeles City Water Company. During this time, William Mulholland began work as a Deputy Zanjero, a ditch manager, eventually becoming superintendent in 1886. In 1898, the expiration of the company’s lease marked a defining moment for Los Angeles as the city began to mobilize for municipal ownership of its water works. Mayor Frederick Eaton, Mulholland’s predecessor, desperately fought to return the system to the city, but a series of litigation battles with private irrigators plagued city politicians and stalled municipal ownership for years until finally, on August 28, 1901, the city voted in favor of a $2,000,000 Water Works Bond, at a ratio of 6 to 1, for the purpose of buying back the water system from the Water Company. 43

In 1901, Henry E. Huntington obtained the Los Angeles Railway Company franchise from Monrovia to South Pasadena to establish an electric railway presence of his own in the Los Angeles area, forming the Pacific Electric Railway Company that same year. In this 1910 photograph, Pasadena pedestrians bustle across a busy Colorado Street as a North & South Loop Pacific Electric streetcar approaches. Though the streetcars have disappeared, many of the Victorian-style high-rise buildings that line the street have been restored and are visible today.

California Historical Society/USC Digital Archive
The Water Works Bonds were issued on October 1, 1901, and on behalf of Los Angeles, City Attorney William Burgess Mathews and City Treasurer William Workman traveled to New York to sell the issue to eastern bond houses. Although they “thought that low-interest bearing bonds of a city in such good financial shape as Los Angeles would readily sell in the Eastern market,” Mathews and Workman quickly encountered two failed deals. After frustrating months enduring a New York winter, on February 3, 1902, Mathews and Workman sold the issue in full to Farson, Leach & Co., headed by John Farson and Arthur Burtis Leach. The “largest municipal bond-buying house in the United States,” the Los Angeles Times exaggerated, Farson, Leach & Co. immediately sent a representative from Texas to Los Angeles “to investigate the merits of the deal.”

Upon his return to sunny California, Workman received a brass band reception and parade while Mathews remained in New York to complete contractual details. An elated Workman exclaimed: “I’m glad to get home. Los Angeles forever! I’d rather be a pauper in this city than a millionaire in the East; say that to the people for me and tell them that this is the chosen land. . . . Wherever I went the mention of California, and especially of Los Angeles, attracted attention. On the trains, when it was found that I was from the city, the passengers turned around and looked at me, to hear about the wonders of Southern California.” Concerning the closing of the deal, Workman graciously stated, “The credit for its consummation is due entirely to Mr. Mathews.”

Mathews, a southerner raised in Kentucky, had graduated from Columbia Law School in New York in 1888, after which he relocated to Los Angeles, becoming one of the city’s leading lawyers and then city attorney in 1901. His return to New York for the purpose of seeking financiers—his physical familiarity with the country’s financial capital ever valuable—was the first of many trips he would make throughout every major juncture of the aqueduct project. For this, Mathews became as indispensable as Mulholland to the success of the Los Angeles Aqueduct and the city itself.

With the Los Angeles Department of Water—the official title of the city’s new municipally owned water works agency—now established, the city appointed Mulholland as its new superintendent and he worked to reorganize the city’s water works system. The following year, President Roosevelt made his first visit to Los Angeles during a grand tour of the Golden State. Standing before a large crowd at City Hall, the president eloquently spoke of the centrality and significance
of water to Los Angeles: “I have been passing through a veritable garden of the earth yesterday and today, here in the southern half of California, and it has been made such by the honesty and wisdom of your people, and by the way in which you have preserved your waters and utilized them. I ask that you simply keep on as you have begun, and that you let the rest of the nation follow suit.” Though Roosevelt spoke with clear sentiments of his storied passion for conservation and love of American nature, he would soon play an essential role in the realization of Los Angeles’s greatest “utilization of water”—the Los Angeles Aqueduct, a project propelled by the very bankers he would later excoriate as the great trust-busting president.

Two years later, on July 29, 1905, the city announced the Owens River project to its public via the press. Exclaiming “Titanic Project to Give City a River,” the Los Angeles Times unveiled the logistical blueprint of the project, plans the Department of Water had developed during the previous two years: “30,000 inches of water . . . enough for a population of 2,000,000 people . . . 240 miles at a cost of about $23,000,000.” The article continued, “The desert has yielded up its wealth. The problem has been solved for the next hundred years.” All that citizens of Los Angeles had to do was vote for a series of impending bond issues that would ensure the project’s completion. The article was enticing, to say the least, as it concluded, “Thirty thousand inches of water means more than all the gold hidden away in the California mountains.”

FINANCING THE AQUEDUCT: THE SYSTEM AT FULL THROTTLE

In order to finance the aqueduct project, the city issued two municipal bonds, both known officially as Water Works Bonds and colloquially as Aqueduct Bonds. With Mulholland as chief engineer, William Mathews, in his third term as city attorney, was appointed Special Counsel of the Los Angeles Aqueduct Bureau, his yearly salary doubling from $3,000 to $6,000. Mathews’s responsibility was to find “purchasers for the aqueduct securities,” which in practice meant that he would continue his role as a bond agent or salesman and travel to the East to solicit financial backing. For every major bulk bond sale, it was Mathews who was physically in New York, meeting with banking heads in their fine Wall Street offices, guiding all contractual arrangements and signings as he successfully did with the 1901 Water Works Bonds.

The first bond issue in 1905 was for $1.5 million, for the “purchase of the necessary lands, water rights and rights of way, and for engineering and investigations necessary to develop the complete plans of the aqueduct project.” On September 7, 1905, “piling up the greatest majority ever given at a bond election in Los Angeles,” Angelenos voted in favor of the bond issue 10,693 to 743, a ratio of 14 to 1. Mulholland was elated at the news, exclaiming: “Let me tell you how I feel. I’m intoxicated—drunk with delight. I want to whoop and yell like a kid. I guess that was a large enough dose to fix the knockers. . . . We have got the real thing now.” The ever-pragmatic Mathews “expressed pleasure that the majority is so great” as “it will impress bond buyers favorably. The greater the popularity of a bond issue the easier it is to market the securities.” Mathews indeed found it an easier task than the marketing of the 1901 Water Works Bonds, as the 1905 bonds were quickly purchased in full at 4 percent interest, “under competitive bidding,” by N. W. Harris & Co., a Chicago firm headed by Norman Wait Harris, who had been investing heavily in Los Angeles and its peripheral towns since the turn of the century.

“Such transactions,” the Los Angeles Times declared, “show what eastern financiers think of our great waterworks enterprise. It also indicates
the high esteem in which Los Angeles is held in eastern monetary circles. Our credit there is first class. Unbounded faith is felt in our future, else our bonds would not be sought so eagerly. . . . These bonds will literally go like ‘hot cakes,’ for they will be regarded as gilt-edge securities.”53 In a Wall Street Journal advertisement for the Aqueduct Bonds, Harris & Co. pitched Los Angeles to the investing public as “the financial, commercial, manufacturing and residential center of Southern California . . . with the exception of San Francisco, the largest city on the Pacific Coast. The present population (1905) is 201,349, and is rapidly increasing. The net debt of the city of Los Angeles is but two per cent of the assessed valuation.”54

With Harris’s backing, the city purchased necessary riparian lands in the Owens Valley and hired a consulting board of the “most eminent hydraulic engineers in the United States” to estimate the cost of construction, which the team set at $23 million. But before the city could proceed with construction, it had to gain final approval from the U.S. government. On behalf of Los Angeles, a select delegation headed by state senator Frank P. Flint and including Mulholland and Mathews traveled to Washington, D.C., in June 1906. The group sought to gain the right-of-way for construction through the “Flint Bill,” which explicitly requested “the proposed sale of the right of way from Inyo county [where the Owens River is located] to the city of Los Angeles for a municipal water supply.”55 After a private conference with the delegation, Theodore Roosevelt signed the bill, concluding in a memorandum that the interests of the “few settlers in Owens Valley . . . must unfortunately be disregarded in view of the infinitely greater interest to be served by putting the water in Los Angeles.”56

With the blessing of the president, Mulholland finally had the green light to commence construction.

The second bond issue, at $23 million, was for the aqueduct’s construction.57 On June 12, 1907, citizens voted in favor of the issue 21,918 to 2,128, a ratio of approximately 10 to 1. Now facing the Panic of 1907, Mathews set out once again for New York to market the momentous issue while the city sought local investors to fund its growth. On December 31, 1907, the state of California became the first bond purchaser for $510,000. Over the next seven months, only a handful of local Californian banks, insurance companies, and private citizens purchased Aqueduct Bonds, totaling a meager $520,000, just enough to begin full-on construction. In response to the weak eastern interest, the Los Angeles Times explained that “the municipal bond market is dull at the moment, owing to conditions in the money market. At present there is no demand for 4 per cent municipal bonds.” Mathews reported in an urgent telegram to the city council that on Wall Street it was “impossible to dispose of the bonds at 4%” and requested that the interest rate be increased to 4 1/2 percent to entice eastern investors, to which the council agreed.58
These 1907 water works bond certificates were sent in bulk to the Kountze-Leach Syndicate, who in turn sold them in the eastern bond market. Along with funds appropriated from Congress in 1907, the second Aqueduct Bond issue—worth $23 million and approved by Los Angeles voters in June of that year—secured construction of the gravity-powered conduit, the country’s largest municipal water system in its day.

Courtesy of the California History Room, California State Library, Sacramento, California
During this early stage of construction, in April 1908, the city contracted with the Southern Pacific Railroad, appointing the Harriman line as the aqueduct’s official railroad. Thus, in addition to his share with Henry Huntington, Moses Sherman, and Harrison Gray Otis in the San Fernando Mission Land Company—the incorporated name of the San Fernando Syndicate, the group that purchased land in the northern San Fernando Valley, where aqueduct water would be routed—E. H. Harriman had direct access and oversight of all transportation involved in the aqueduct project. This consisted of moving thousands of tons of cement, machinery, and steel over 100 miles of track, some of these materials traveling from the East across Harriman’s transcontinental system.59

Though construction was under way, the slow rate of local bond sales worried city officials. Fortunately, the city received three bulk bids in July 1908. The first was from a local syndicate headed by James H. Adams & Co. and the Los Angeles Trust Company for $2,040,000. The second was from N. W. Harris & Co., purchaser of the 1905 Aqueduct Bonds, who sought to continue the firm’s investment in the city’s water works, also a $2,040,000 offer. Mathews, who had spent nearly half a year in New York, returned to Los Angeles with the third offer made directly to him: a bid for the entirety of remaining Aqueduct Bonds from a syndicate headed by the New York firms Kountze Brothers and A. B. Leach & Co. The Kountze-Leach Syndicate also included two bond houses with significantly smaller investment stakes, N. W. Halsey & Co. of New York and E. H. Rollins & Sons of Boston.60

The city council met immediately to discuss the three bids. Aware of the futility of local banks and investors alone to fund the city’s large project, Adna Chaffee, chairman of the Board of Public Works, urged the board to accept the syndicate’s offer, which it finally did on July 10, 1908, following two days of deliberation. It was the largest

The Kountze-Leach Syndicate

**Kountze brothers** Herman and Luther moved in 1868 to New York from Omaha, Nebraska, where they had started, with their oldest brother, Augustus, the First National Bank of Omaha in 1863.

**Arthur Burtis Leach** headed A. B. Leach & Co., previously of Farson, Leach & Co., the firm that purchased the 1902 Water Works Bonds. Leach began his business career as a hardware dealer in Detroit, Michigan, before moving to Chicago to organize Farson, Leach & Co. with John Farson in 1889, reorganizing the firm under his own name in 1906.1

**Noah Wetmore Halsey** headed N. W. Halsey & Co., the first of the two smaller banks of the Kountze-Leach Syndicate. Halsey had earned his beginnings in Chicago working for N. W. Harris’s firm before relocating to New York to establish his own private bank in 1901. Halsey, learning from his old boss Norman Harris, specialized in municipal bonds and became an aggressive salesman, employing press, circulars, and periodicals in pioneering a new type of “vigorous, informative” advertisement to inform the investing public. These new, national advertisements were “attractive, easily read, thoroughly dignified,” opined *The Banker’s Magazine* in 1907. They “inspire confidence, reflecting, as it were, the very character, or composite personality, of the house itself.”2

**E. H. Rollins & Sons**, the syndicate’s second small bank, was founded in 1876 by Edward H. Rollins, a secretary and treasurer of Harriman’s Union Pacific Railroad (1871–1877) and senator from New Hampshire (1877–1883). Edward passed away in 1889, leaving the firm to his two sons, Edward Warren and Frank West Rollins. Edward, the elder son, later became a winter resident of southern California and a director of the Southern California Edison Company. Frank also enjoyed winters in California and, taking after his father, served as governor of New Hampshire (1899–1901) before returning to the family firm. Early in 1913, while on an “automobile tour” of Los Angeles, Frank checked on his municipal investment, prophesying that “Los Angeles will some day balance New York as a city of importance. It is bound to come. You have a great advantage over the East. The East had disadvantages. Here you have all the natural resources. You need nothing but people and water to make this.”3
bond sale Los Angeles had ever made—$21 million at 4 1/2 percent interest on a yearly installment plan—given that the syndicate would be offered the choice to withdraw on their remaining options at the beginning of every fiscal year. The following day, Chaffee told the Los Angeles Times that “Los Angeles has taken her place among the first cities of the country. Now we are going to show you how to make the dirt and rocks fly.” Niles Pease, city council president, commented on the syndicate: “These people are showing a marked confidence in Los Angeles; they are risking millions in it, and I hope it will prove an excellent financial venture for them.”

Despite losing the bond bid to the Kountze-Leach Syndicate, Norman Harris was still able to increase his stake in Los Angeles, purchasing $400,000 of Aqueduct Bonds from the syndicate itself. A Harris circular dated May 1909 provided prospective customers with a profile of the “Los Angeles, Cal., Water 4 ½’s”: “Los Angeles is the financial, commercial, and manufacturing center of Southern California. The growth of the city in wealth and population during the past decade has been uninterrupted. It is the Pacific terminal of four transcontinental lines, and has one of the best electric systems, urban and interurban, in the world. The city owns its waterworks, the net income from which in 1907 was more than twice the entire interest charges on the whole existing debt, and nearly enough to pay the interest on the entire bond issue for extending the waterworks.” The Panic of 1907 now safely past, the municipal bond market’s health was underscored by such confidence in Los Angeles. With the entirety of Aqueduct Bonds sold, or arranged to be sold, construction of the aqueduct proceeded quickly, the city’s destiny seemingly sealed.

However, more financial roadblocks lay ahead. Early in 1910, “the market for municipal securities had become quite inactive.” The Kountze-Leach Syndicate, which previously had agreed to make payments in advance, decided to return to the annual payment schedule as outlined in the original bond contract. Immediately, Mathews and Mulholland traveled to New York to seek alternative financiers but were unable to secure any offers. Then, unexpectedly, in June 1910, the city received a bid for $500,000 of Aqueduct Bonds from the New York Life Insurance Company, which had provided significant financial aid to Los Angeles through mortgage securities during the Panic of 1907. A month later, the Metropolitan Life Insurance Company of New York followed suit, purchasing $500,000 of Aqueduct Bonds, just prior to an installment of $530,000 from the Kountze-Leach Syndicate.

Construction on the aqueduct progressed smoothly until 1912, when, amidst a further weakening of the municipal bond market, the Kountze-Leach Syndicate unexpectedly decided not to exercise its remaining options, a total of $2,892,400, causing a halt to all aqueduct operations. In a letter to City Clerk Louis A. Handley, the syndicate coldly stating that “owing to the market position of the City of Los Angeles Bonds, the Syndicate decided not to exercise its option under the terms of our contract dated July tenth, nineteen hundred eight.” Thus, Los Angeles’s growth was stymied by its own “market position,” the Los Angeles Times estimating that the city’s remaining money would only be enough “for about sixty days” of construction. A desperate Mathews quickly hurried east to persuade a New York bank to buy out the remaining options, while Mulholland remained in Los Angeles, the recent news causing him a severe case of insomnia. In total, the Kountze-Leach Syndicate purchased $18,087,600 of Aqueduct Bonds.

While in New York, Mathews found himself in a low, marbled building at 24 Pine Street, an “architectural gem modeled after the old Pandolfini Palace in Florence” that held the office of Collis Huntington’s old friend James Speyer. After extensive negotiations with Mathews,
Speyer decided to return to the fray. Always a conservative investor, Speyer was known to “put his own money in to help a tottering enterprise, if the enterprise seems to deserve it and the money promises to be safe.”

In order to doubly ensure the success of a Los Angeles investment, Speyer’s contract stipulated that the city “furnish to Speyer and Co. such verified statements of statistics and facts concerning The City of Los Angeles and the projects under construction . . . as Speyer and Co. may desire for the purpose of the preparation of circulars and advising of prospective purchasers relative to The City of Los Angeles.” Furthermore, Speyer required that “the city shall not, prior to January 1, 1913, authorize, sell, negotiate, or contract for the sale of, or advertise for sale or issue, any other additional municipal bonds.” The banker demanded this “no debt provision clause” so as to halt any further deepening of the city’s debt, thus preserving a better standing for the city’s bonds in the eastern market. Thus, as the House of Speyer rules dictated, all new municipal projects that Los Angeles engaged in for nearly an entire year, from February 1912 to January 1913, were exclusively backed by James Speyer.

Mathews sent via telegram the news and details of Speyer’s contract to the city council, which held a special meeting on February 10, 1912, to discuss the offer. Lynn Helm, Speyer’s personal representative, was present to field questions. Though councilmen Haines Reed and Charles McKenzie opposed the no-debt provision clause, expressing that they “thought it tied the city’s hands,” the majority of the council was unwilling to continue with the stalemate and accepted Speyer’s offer. Speyer purchased the remaining options of Aqueduct Bonds—$2,890,000 at 4½ percent interest—in addition to two other municipal bonds—$3,500,000 of Electric Plant Bonds and $3,000,000 of Harbor Improvement Bonds—both at 4½ percent and complementary to the aqueduct, as increased water flow would provide the city with a new source of hydroelectricity and impending commercial growth would necessitate a larger harbor.

Upon receiving news of the successful sale of the remaining Aqueduct Bonds, the city, “now on Easy street financially,” viewed Speyer as a savior. “It is the gladdest news of the New Year,” cried the Los Angeles Times. “If there was anything like a doubt-cloud in the city’s horizon it has passed . . . and a salute of the requisite number of guns to W. B. Mathews, whose adroitness and courage saved the situation for the city.” Mulholland, who had stated that “the aqueduct, should the sale not be closed, could not run longer than a month,” now could guarantee his promise to the city to complete construction within five years. “This is a great load off my mind,” said Mayor George Alexander. “We now have the money to go ahead rapidly with the three projects so vital to us.”

While the Kountze-Leach Syndicate remained with cold feet stuck in a weak bond market, James Speyer invested a total of $9,390,000 in Los Angeles’s infrastructure.

Of the $24,500,000 of municipal bonds issued by the city of Los Angeles to purchase necessary land and construct the Los Angeles Aqueduct, nearly $23,500,000 was purchased by eastern banks. Thus, eastern capital financed close to 96 percent of the aqueduct project. Though eastern syndicates, Chicago banks, life insurance companies, and even the federal government played a crucial role at various junctures of the venture, no player was as important as James Speyer. After a decade of financial detachment, Speyer, symbolizing the power of old eastern and European capital, invested in Los Angeles, an endeavor other Wall Street powers deemed a risk and beyond commitment. However, to Speyer’s mind, Los Angeles was no risk at all. His investments had built up the Southern Pacific Railroad decades earlier, and he had seen the city’s trajectory all the
Of the $24,500,000 of municipal bonds issued by the city of Los Angeles to purchase necessary land and construct the Los Angeles Aqueduct, nearly $23,500,000 was purchased by eastern banks.

Way to the cusp of great emergence before E. H. Harriman had ousted him. Speyer’s investment in the Los Angeles Aqueduct was no less than the crowning touch on the young city that his—and his old friend Collis Huntington’s—Southern Pacific Railroad first had created.

With eastern capital, water flowed to the Los Angeles basin and the city blossomed. Its industries prospered—citrus, oil, automobile, motion pictures, aviation, and aerospace—and each experienced unprecedented success in the coming years. Sunkist, trademarked the year aqueduct construction began, created its orange juice in 1916. Winter oranges and Valencias began traveling in train carloads to New York and even—via the Panama Canal—to the United Kingdom. In 1919, 47,736 carloads of citrus fruits were shipped from Los Angeles, in addition to walnuts, strawberries, alfalfa, wheat, barley, corn, pumpkins, celery, and olives—all year round.70

The oil industry had established itself firmly in Los Angeles as early as Edward Doheny’s first discovery of oil in 1893. By 1918, the city supplied nearly one-fourth of the country’s entire oil supply, totaling more than 100 million barrels. The Standard Oil Company was a significant player during this period, operating a large refinery in the city at El Segundo.71

In 1914, just a year after the aqueduct’s completion, the Ford Motor Company opened its first Model T Factory in Los Angeles, a harbinger of how the city would eventually operate entirely by automobile. As a Los Angeles Times article described in 1920, the year the Goodyear Tire & Rubber Company of Akron, Ohio, opened its first plant in the city, “Twenty-five years ago there was not a single paved street in this area, and today there are 1,236 miles of paved boulevards within city limits . . . more than 111,435 Los Angeles automobiles were registered last year.”72

The motion picture industry also flourished. In 1910, David Wark (D.W.) Griffith of New York City’s Biograph Company produced the first film in Hollywood, a short work titled In Old California. In 1915, he directed the first successful feature-length film shot in the city, The Birth of a Nation, marking the beginning of one of the most culturally significant and commercially viable goods today—the Hollywood blockbuster.73

The aviation industry prospered. In 1915, Donald W. Douglas arrived in Los Angeles to work for the Glenn L. Martin Company, the predecessor of Lockheed that Martin had founded in 1912. In 1920, the year the Aero Club of Southern California was established, Douglas launched the Davis-Douglas Company of Los Angeles, the forerunner to the Douglas Aircraft Company, which later would merge into the Boeing Company.74

The sky, as it were, was the limit for Los Angeles, an opportunity made possible through the sustainability brought by aqueduct water as well as the eastern investment infrastructure that the aqueduct project had helped cement.
In 1970, to meet continued demand, a 137-mile-long second aqueduct was constructed. In 2006, Los Angeles began returning water to the Owens Valley by diverting water from the aqueduct intake to the Lower Owens River.

Water from the Sierra Nevada is funneled directly to Los Angeles's urban sprawl on the cover of this 1928 pamphlet from the Department of Water and Power publicizing the low cost of domestic water.

Second Los Angeles Aqueduct, Library of Congress; pamphlet, California Historical Society
AGENTS OF CIVILIZATION

The year 1913, which saw the aqueduct’s completion, marked not only a watershed moment in Los Angeles’s history, but also a distinct juncture in American high finance. With Congressman Pujo’s Money Trust investigation, the institution of the income tax, the Federal Reserve Act, and, symbolically, the death of J. P. Morgan, the year also signified the closing of the “old order” of investment bankers. As the twentieth century pushed forward, the first generation of traditional eastern bankers passed away, and with them a distinct era of investment banking. “In 1913,” Vincent Carosso has written, “when the Pujo Committee published its findings, the investment banker as the ‘symbol of economic power’ stood near the zenith of his prestige and influence . . . not even during the great stock market boom of the late 1920’s did he enjoy the prestige or exercise the authority he had in the first decade of the twentieth century.”

The old order stood for a distinctive breed of capitalist: agents of civilization who had earned their pinstripes during the age of western railroad expansion and accumulated an unprecedented amount of personal wealth in an incredibly short period of time. Committed to the same philanthropic efforts and enrolled in the same city clubs, they found each other annually on the Social Register, summered and vacationed at the same locales. Then, by the turn of the century, in the winter of their lives, they spent their capital on western municipal development, accomplishing what had not been realized before—the creation of a modern western metropolis. Except for James Speyer, every banker who invested in the Los Angeles Aqueduct passed away before 1920. In a way, Los Angeles was the old guard’s last joint venture, their final great act. But at what moral cost?

In June 1910, following Mathews’s and Mulholland’s failure to secure financiers in New York, Mulholland expressed his personal sentiments on eastern powers to his close colleague and eastern counterpart Jonas Waldo Smith, chief engineer of New York’s Catskill Aqueduct and Board of Water Supply. On the brink of the aqueduct’s completion, Mulholland wrote: “We have all come to the conclusion that your New York financiers are pretty hard games. I think I discovered something that might account for this in some degree: I noticed in looking up from the steps of one of the banks with which we had business, that the halls of Mammon were fully ten stories higher than the cross of Christ on the steeple of the little church across the way—a fact which would indicate a degree of degradation that might easily exercise malign and potent influence on the habitués of the region. We are still hopeful, however, that something may be done to keep the best of our forces usefully employed until the storm passes.”

Smith replied: “Your discovery as to the cause of many of the evils usually attributed to both this town and to this section of the country is an interesting one, but it occurs to me that, while the structures of the ungodly are in a numerical majority and rise to greater altitudes than do the temples of the holy, yet, nevertheless, the temptations of the devil and the leaven of unrighteousness seem to be equally effective whether the place be high or low or whether the station of the individual affected be one of wealth or of poverty.”

If the corruption of the California oligarchy during this period can be determined by graft or capital gain, then westerners were saints compared with eastern investment bankers, who collectively reaped profit not only directly from Los Angeles Aqueduct bonds but also from the city’s industries at large. Certainly, the monuments of western entrepreneurs are ubiquitous today,
Wall Street, ca. 1910. William Mulholland walked down this very city block when he traveled to New York to find aqueduct financiers in 1910. As a devout Irish Catholic, he could not have failed to recognize New York’s financial district as a sanctuary for the biblical Mammon, false god of avarice, and to perceive its pavements as the halls of Mammon.

Library of Congress

from Huntington Beach to Mulholland Drive to Lake Mathews. But these namesakes pale in comparison to the legacy left by eastern capitalists in Los Angeles, a legacy of a higher, more complex order.

After all, the infrastructural development, as dictated by these very eastern powers, created a city that would exponentially produce and send goods, and thus profit, back East. The old order was a group unchecked in the pursuit of profit and development in the modern world, continually fueled by an insatiable Faustian energy. While Los Angeles’s industries prospered, most with eastern capital themselves, the eastern banks involved in the Los Angeles Aqueduct continued their investments in southern California, most eventually establishing Los Angeles branches. Scores of other investments spanned a spectrum of infrastructural developments of the city’s peripheral towns: road improvement, highway, railway, school, electric power, and water works bonds. In post-aqueduct Los Angeles, eastern development of these satellite nodes continued until Los Angeles’s identity was quite literally cemented as a capital of urban sprawl, a city hostage to water from elsewhere and helplessly bound to the halls of Mammon.

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NOTES


The author thanks Catherine Powell, Mike Munoz, and Robert Cherny.


4 Seamen’s Journal, Oct. 9, 1901.


8 Seamen’s Journal, Apr. 10, 1901.

9 Tygiel, Workingmen in San Francisco, 158–59; Knight, Industrial Relations, 26–27.


11 Seamen’s Journal, July 24, 1901.


15 A number of studies examine the political differences between various urban progressives and their respective reform programs; Melvin G. Holli, Reform in Detroit: Hazen S. Pingree and Urban Politics (New York: Oxford University Press, 1969), see chap. 8; Martin J. Schiesl, The Politics of Efficiency: Municipal Administration and Reform in America, 1880–1920 (Berkeley: University of California Press, 1977); Rodgers, “In Search of Progressivism”; Bridges, Morning Glories; Flanagan, American Reformed.

16 Examiner, Oct. 16 and 20, 1896; Chronicle, Nov. 1 and 3, 1898; Examiner, Nov. 5, 1899.

17 The sources used for this analysis include Examiner, Nov. 4, 1896 (election results polled by assembly district); Chronicle, Nov. 6, 1896 (official results) and Nov. 9, 1899 (comparison of official election results in 1898 and 1899 by assembly district); Table 23, “Population by Sex, General Nativity, and Color, for Places Having 2,500 Inhabitants or More,” Twelfth Census of the United States: 1900, vol. 1, pt. 1 (Washington, DC: Government Printing Office, 1901), 610; Table 43, “Total Males and Females 10 Years of Age and over Engages in Selected Groups of
Occupations, Classified by General Nativi-

ity, Color, Conjugal Conditions, Months
Unemployed, Age Periods, and Parentage, for
Cities Having 50,000 Inhabitants or

More,” Occupations at the Twelfth Census:
1900 (Washington, DC: Government Print-

ing Office, 1904). 720–24. For discussion of
neighborhood and assembly district
demographics, see Issel and Cherny, San
Francisco, 53–79; Alexander Saxton, “San
Francisco Labor and the Populist and Pro-

gressive Insurgencies,” Pacific Historical

18 Examiner, Oct. 20, 1896. For example,
Examiner, Oct. 16, 20, and 24, and Nov.
5, 1896; Chronicle, Nov. 3, 1898. The Mer-
chants’ Association was organized in 1894
by wealthy young financial and mercantile
capitalists who sought to promote business
and influence municipal policy. See Issel
and Cherny, San Francisco, 139–40. Exami-
ner, Nov. 5, 1899.

19 Issel, “Class and Ethnic Conflict in San
Francisco Political History,” 341–59; Chroni-

cle, Nov. 1, 1898. Phelan and the Merchants’
Association sponsored the charter reform
of 1898 and received varying degrees of
support from organized labor. While the
building trades leadership saw the provision
for an eight-hour day and $2 per day for city
employees as a victory for working people,
other labor leaders argued for stronger
initiative and referendum provisions and
voiced concern over the fact that organized
labor was underrepresented in the commit-
tee that drafted the charter.

20 San Francisco Evening Post, Oct. 3, 1901.
“Industrial Education or The Advantages of
Trade Education for Boys,” Sept. 10, 1901,
Box 19, Folder 2, Phelan Papers.

21 San Francisco Organized Labor, Aug. 3,
1901 (hereafter cited as Organized Labor).

22 Examiner, Aug. 1 and 8, 1901. Organized
Labor, Aug. 3, 1901.

23 Seamen’s Journal, Aug. 7, 1901; Organized
Labor, Aug. 10, 1901.

24 San Francisco Bulletin, Aug. 1, 1901 (here-
after cited as Bulletin). Organized Labor,
Aug. 3, 1901.

25 Seamen’s Journal, Aug. 7, 1901. Organized
Labor, Aug. 10, 1901.

26 Seamen’s Journal, Aug. 7, 1901. Chronicle,
Aug. 1, 1901. Organized Labor, Aug. 10,
1901.

27 Seamen’s Journal, Aug. 7 and 14, 1901. Bu-

letin, Aug. 10, 1901.

28 Seamen’s Journal, Sept. 18, 1901.

29 Examiner, Aug. 28, 1901.

30 For example, Examiner, Sept. 11, 1901.
Chronicle, July 30, 1901. Alexander Saxton,
The Indispensable Enemy: Labor and the Anti-
Chinese Movement in California (Berkeley:

31 Examiner, July 31, 1901. See the Chronicle,
Aug.–Sept., 1901. Quoted in Tygiel, Working-
men in San Francisco, 318.

32 Examiner, Aug. 27, 1901. Seamen’s Journal,
Oct. 2, 1901. San Francisco Call, Sept. 29,
1901.

15, 1901. Seamen’s Journal, Aug. 21, 1901.
Examiner, Aug. 15 and 28, 1901.

34 Seamen’s Journal, Aug. 21, 1901. Charter
of the City and County of San Francisco (San
Francisco: Star Press, 1900), 33–100. Chroni-
cle, Aug. 14, 1901.

35 Walsh and O’Keefe, Legacy of a Native Son,

36 Seamen’s Journal, Sept. 25, 1901. Examiner,
Sept. 22 and 25, 1901. The main biographies
of Yorke besides Cronin’s are Joseph S.
Brusher, Consecrated Thunderbolt: Father
Yorke of San Francisco (Hawthorne, NJ:
Joseph F. Wagner Publishers, 1973); James P.
Walsh, “Peter C. Yorke: San Francisco’s Irishman
Reconsidered,” in The San Francisco Irish,
1852–1976, ed. James P. Walsh (San Francisco:

37 Examiner, Sept. 27, 1901.

38 Phelan to Lincoln Steffens, Dec. 16, 1907.
Box 92, Folder 7, Phelan Papers. Examiner,
Sept. 27, 1901.

39 Historians who have argued that Phelan
took the side of the employers throughout
the strike include Tygiel, Workingmen in
San Francisco, 321; McDonald, Parameters of
Urban Fiscal Policy, 228; Ethington, The
Public City, 493. Some historians have
emphasized that Phelan attempted to mediate
during the strike but was ultimately
persuaded to support the employers: Issel
and Cherny, San Francisco, 153; Cronin,
Father Yorke, 45; Brusher, Consecrated
Thunderbolt, 60. Others have argued that
Phelan’s actions alienated both labor and
capital: Bean, Boss Ruef’s San Francisco, 16;
Kahn, Imperial San Francisco, 38. Walsh and
O’Keefe (Legacy of a Native Son, 75) argue
that Phelan’s actions were guided by his
opposition to violence.

40 For details about Phelan’s business career,
see Issel and Cherny, San Francisco, 35–36.
“The Ideal of San Francisco,” Box 19, Folder
2, and “The New San Francisco,” Sept. 1,
1896, Box 19, Folder 1, Phelan Papers.

41 Examiner, Aug. 14, 1901.

42 Sacramento Bee, Nov. 24, 1897.

43 “Trade Education or The Advantages of
Trade Education for Boys,” Sept. 10, 1901,
Box 19, Folder 2, Phelan Papers.


45 Cronin, Father Yorke, 84–85.

46 Chronicle, Aug. 1, 1901. San Francisco
Organized Labor, Aug. 10, 1901. San Fran-
cisco Evening Post, Oct. 3, 1901. Bulletin,
Oct. 30, 1901. Most historians have judged
the settlement a victory for labor: Knight,
Industrial Relations, 92–95; Tygiel, Working-
men in San Francisco, 337; Issel and Cherny,
San Francisco, 88; Kazin, Barons of Labor,
56; Cronin, Father Yorke, 39; Brusher, Con-
secrated Thunderbolt, 68–69. Some have
emphasized that the strike stimulated the
creation of the Union Labor Party: Cross,
A History of the Labor Movement in Cal-
fornia; Bean, Boss Ruef’s San Francisco, 17;
McDonald, Parameters of Urban Fiscal Policy,
227. Other historians, while acknowledg-
ing the defeat of the open shop drive and
the creation of the ULP, respectively, have
seen the strike settlement as a restoration of
pre-strike conditions: Schwartz, Brotherhood
of the Sea, 36; Kahn, Imperial San Francisco,
37–38.

47 San Francisco Bulletin, Sept. 1, 1901.
quoted in Tygiel, Workingmen in San Fran-
cisco, 313.

48 Pile Drivers Local #1, “Minutes of 93
regular meeting, Oct. 12, 1901,” Unpub-
lished Minute Book, 1901, Pile Drivers Local
Union #34, Oakland, CA (hereafter cited as
UMB, PD34).

49 Seamen’s Journal, Oct. 9, 1901.

50 Seamen’s Journal, Oct. 16, 1901. Pile Driv-
ers Local #1, “Minutes of 92 regular meet-
ing, Oct. 5, 1901,” UMB, PD34. Organized
Labor, Sept. 7, 1901.

51 Pile Drivers Local #1, “Minutes of 95 reg-
ular meeting, Nov. 2, 1901[1],” UMB, PD34.

52 Pile Drivers Local #1, “Minutes of 95 reg-
ular meeting” and “Minutes of 97 regular
meeting, Nov. 16, 1901,” UMB, PD34.
Pile Drivers Local #1, “Minutes of 95 regular meeting.” “Minutes of 97 regular meeting,” “Minutes of 98 regular meeting, Nov. 23, 1901,” and “Minutes of 99 regular meeting, Nov. 30, 1901.”


Seamen’s Journal, Nov. 6, 1901. Pile Drivers Local #1, “Minutes of 105 regular meeting, Jan. 18, 1902,” UMB, PD34; Chronicle, Jan. 8, 1902.


San Francisco Star, Dec. 18, 1897.

REDISCOVERING SAN FRANCISCO’S PARKSIDE NEIGHBORHOOD, PP 24–31

The editors thank Woody LaBounty of the Western Neighborhoods Project, San Francisco, for his assistance.

1 Much of the material in this essay is derived from Richard Brandi and Woody LaBounty, “San Francisco’s Parkside District: 1905–1957” (San Francisco: Western Neighborhoods Project, 2008), produced for the Mayor’s Office of Economic and Workforce Development; http://www.outsidelands.org/parkside-district.php.

2 From a population of about 35,000 at the end of the Gold Rush, San Francisco had grown to nearly 350,000 in 1900. Displacement from the 1906 earthquake and fire might have been as high as a quarter million people. See the 1852 state census and the 1900 U.S. Census cited in Gladys Hansen, San Francisco Almanac (San Francisco: Chronicle Books, 1995), 408, and Oscar Lewis, San Francisco: Mission to Metropolis (San Diego, CA: Howell-North Books, 1980), 193.

3 In 1894, the California Midwinter International Exposition in Golden Gate Park spurred the first significant development to the area immediately adjacent to the park by bringing city services (utilities, water, and sewers) and improved transportation options. But without public transit, few San Franciscans could afford to live so far from downtown.

4 The transcripts of these grand jury hearings are in the CHS Collection, MS 1880.

5 City directories show Chadwick & Sykes beginning business late in 1906. The firm’s civil engineering and contracting services likely were in considerable demand during the city’s post-1906 rebuilding. Parkside was among Chadwick & Sykes’s first major projects, and the company continued to do business in the western United States until at least the 1920s. Its offices in 1906–7 were at 500 Golden Gate Avenue, in San Francisco. By 1908, the firm had moved downtown to the Crocker building. See Crocker-Langley San Francisco Directory (San Francisco: H. S. Crocker Company, 1904, 1905, 1906, 1907, 1908, 1909); “Railways, Steam and Electric,” Engineering-Contracting 38, no. 7 (August 1907): 37; “Railways: Prospective Work,” Engineering-Contracting 43, no. 7 (February 1915): 700; “Highway Bridge Over Merced River,” Engineering World 18, no. 5 (May 1921): 346.

6 Chadwick & Sykes photograph albums of engineering projects. The albums also include photos of other Chadwick & Sykes transportation and infrastructure projects in the Pacific West.

EASTERN PROMISES: THE ROLE OF EASTERN CAPITAL IN THE DEVELOPMENT OF LOS ANGELES, 1900-1920, BY TIMOTHY TZENG, PP 32–53


1 In 1900, the City of Los Angeles’s population was 102,479, and Los Angeles County’s 170,248. In 1920, the city’s population was 576,673, and the county’s 936,455. See Richard Bigger and James D. Kitchen, Metropolitan Los Angeles: A Study in Integration, vol. 2 (Los Angeles: The Haynes Foundation, 1932), 4. 38.

2 The titles of two respected Los Angeles secondary sources encapsulate this conception of the city’s history: William B. Friedricks, Henry E. Huntington and the Creation of Southern California (Columbus: Ohio State University Press, 1992), and Catherine Mulholland, William Mulholland and the Rise of Los Angeles (Berkeley: University of California Press, 2002). Kevin Starr, considered the foremost authority on Californian history, consistently maintains in his multivolume history the notion that an Anglo-elite dictated the transformation of Los Angeles: “[Los Angeles’s] controlling oligarchy in the early twentieth century . . . considered Los Angeles the latest and most promising English-speaking city on the planet and placed special emphasis on its Anglo-American heritage.” Kevin Starr, Inventing the Dream: California through the Progressive Era (New York: Oxford University Press, 1985), 72.

interests at a later time and for a greater percent. Other syndicate members sold their and sold his one-tenth interest for $115,000, and E. H. Harriman and the Southern prominent railwayman and land developer; Chandler, Marion’s husband and

Angeles Express owner; Marion Otis Chandler, the Metropolitan Water District, Growth, and the Environment in Southern California (Stanford, CA: Stanford University Press, 2006). This article, I use the term

historical task. In this article, I use the term

California Growth, and the Environment in Southern

“Chinatown”: The Metropolitan Water District, the “fecund offspring of a long line of L.A. water conspiracy theories” and attempts in his book to balance the dichotomous threads of Los Angeles history—the glorification versus corruption of the Californian elite; Erie, Beyond “Chinatown.”

On March 23, 1905, three months before the aqueduct’s public announcement, the members of the San Fernando Mission Land Company purchased the George K. Porter Ranch in the San Fernando Valley for $15,000 each. Among the syndicate’s members were Henry E. Huntington, railroad entrepreneur; Harrison Gray Otis, Los Angeles Times owner and publisher; W. G. Kerchoff, Pacific Light and Power Company president; Joseph Sartori, Security Trust and Savings Bank; L. C. Brand, Title Guarantee and Trust Company; Edwin T. Earl, Los Angeles Express owner; Marion Otis Chandler, Harrison Gray Otis’s daughter; Harry Chandler, Marion’s husband and Los Angeles Times future publisher; Moses Sherman, prominent railroader and land developer; and E. H. Harriman and the Southern Pacific Railroad Company. In June 1912, Huntington withdrew from the syndicate and sold his one-tenth interest for $115,000, earning an investment return of about 666 percent. Other syndicate members sold their interests at a later time and for a greater return. Kahrl, Water and Power, 96–67, 187–188; Display ad, San Fernando Mission Lands, Los Angeles Times, Apr. 21, 1912.

The issue of regional identity during this period of westward expansion is a tricky historical task. In this article, I use the term “westerner” as primarily applicable to established Angelinos who held primary residence in Los Angeles. Likewise, use of the term “easterner” primarily applies to eastern bankers from New York and Chicago.

In his seminal work, The Visible Hand: The Managerial Revolution in American Business (Cambridge, MA: The Belknap Press of the Harvard University Press, 1977), Alfred D. Chandler Jr. discusses at length the importance of the alliance between railroad companies and investment banks to the evolution of a new American business management system. See his chapter “System-Building, 1880–1900” for the development of new, self-sustaining systems of large railroad networks managed by boards composed of railroad executives and investment bankers; Chandler, The Visible Hand, 145–87. The dependency of the railroads on investment bankers was evident as early as the Civil War, when Union railroads were financed through government bonds, and particularly illuminated after the Depression of 1893, when railroad companies needed bankers to reorganize weakened or bankrupt roads.

For example, bankers had veto power on where new railroad lines would begin and end and who would be appointed into new management positions. “Top management,” Chandler writes, “determined the long-term objectives of the enterprise and allocated the resources in men, money, and equipment needed to carry out these goals.” Chandler, The Visible Hand, 145–87.

Firms in both cities appreciated the advantages of such alliances. . . . In order to sell large issues, primary investment bankers in New York needed to tap middle western savings.” Chicago banks, “realizing the profit and prestige associated with these transactions, welcomed the opportunity to act as intermediaries.” Vincent P. Carosso, Investment Banking in America: A History (Cambridge: Harvard University Press, 1970), 307–11.


If municipalities for any reason defaulted on their bond payments—a rare case—banks had (and do today) the legal authority to seize all assets of the municipality. In the same manner that commercial and savings banks seized American homes during Great Depression, investment bankers technically had the same hold on entire American cities. To this date, the largest municipal bond default in U.S. history occurred in 1983, when the Washington Public Power Supply System (WPPSS) defaulted on $2.25 billion of municipal bonds to build five new nuclear power plants. For a thorough study of this disastrous episode, see Daniel Pope, Nuclear Implosions: The Rise and Fall of the Washington Public Power Supply System (Cambridge: Cambridge University Press, 2011).


During this era, financial analyst John Moody incorporated Moody’s Investment Service, a credit rating agency that offered comprehensive, up-to-date manuals containing financial research and analysis of bonds. Moody began producing investor’s manuals as early as 1900 with Moody’s Manual of Industrial and Miscellaneous Securities. John Moody and Company experienced great success thereafter, but was forced to close due to inadequate funds during the Panic of 1907. In 1914, Moody returned to the fray with Moody’s Analyses of Railroad Investments. In 1914, Moody’s Investor’s Service incorporated, the same year the company began issuing its soon-to-be famous ratings on municipal bonds. “A Century of Market Leadership,” About Moody’s, http://www.moodys.com/moodys/cust/AboutMoodys/AboutMoodys.aspx?topic=history. Today, Moody’s Investment Service is one of the foremost rating agencies of the country.


Carosso dedicates an entire chapter to the development of the syndicate. Carosso, Investment Banking in America, 51–55. Ron
NOTES


18 According to Keller, Henry Hyde, founder of the Equitable Life Assurance Society of the United States, “planned to seek the advice of ‘the best moneyed experts in the country,’ and put them on the Equitable’s finance committee.” Keller, The Life Insurance Enterprise, 6, 129. Of course, insurance companies had another powerful incentive to shift to the West: to create new policyholders.


21 Money Trust Investigation, Exhibit 134-A, December 18, 1912, Supplemental chart: http://fraser.stlouisfed.org/publications/montru. According to the committee report: “Eighteen financial institutions were affiliated through a system of interlocking directorates with banks, trust companies, transportation systems, public utility companies, and trading corporations. In the aggregation they held 385 directorships in 41 banks and trust companies having total resources of $8,832,000,000 and total deposits of $2,814,000,000; 50 directorships in 11 insurance companies having total assets of $2,646,000,000; 155 directorships in 31 railroad systems having a total capitalization of $12,193,000,000 and a total mileage of 163,200.” Moulton, The Financial Organization of Society, 761; “Morgan Reveals Business of Firm,” The New York Times, Dec. 19, 1912. Among the eighteen financial concerns of Exhibit 134-A, three were Chicago banks: U.S. House, Subcommittee of the Committee on Banking and Currency, Money Trust Investigation (Washington, DC: Government Printing Office, 1913). Adjusted with inflation, $25,325,000,000 in 1913 dollars is equivalent to approximately $543,000,000,000 in 2009 dollars. Pre-1975 data are from the Consumer Price Index statistics from the Historical Statistics of the United States (Washington, DC: Government Printing Office, 1975) (hereafter cited as Historical Statistics).


24 Established in 1898, the Southern Pacific Railroad’s Sunset magazine was one of the most influential and prolific southern Californian boosters of this era, romantically promoting the region’s agricultural and commercial potential, “including lavish photographs and lithographs, covers and drawings.” After all, the Southern Pacific was the single largest landowner in California as well as Nevada at this time. Orsi, Sunset Limited, 158–60.


26 Dinkelspiel, Towers of Gold, 193. James Speyer often traveled to the major cities of railroad companies for which he was a board member, a practice he believed was especially important for New York financiers. For example, while a director of the Baltimore & Ohio Railroad, Speyer thought it imperative to travel to Baltimore with fellow B&O directors. The group was entertained by prominent citizens at dinner, and when asked to speak, Speyer said, among other things: “We realize that we who live in New York are in a sense provincial because we do not travel enough and do not see enough for ourselves of our country and of the men and women who live in it. Unhappily there exists an erroneous impression about New York and there is ignorance among New Yorkers about other parts of the country. This can be dispelled by visits such as we are paying you.” B. C. Forbes, Men Who Are Making America (New York: B. C. Forbes Publishing Company, 1917), 362. Specifically, Speyer reorganized the Central and Southern Pacific Railroads to resolve a loan of some $28 million to the Central Pacific made by the United States government between 1865 and 1869. James Thorpe, Henry E. Huntington (Berkeley: University of California Press, 1994), 119.

27 Forbes also noted that the Speyer banking dynasty can be traced as far back as the seventeenth century, when “Imperial Court Banker Isaac Michael Speyer was seized by the French as a hostage to guarantee the payment of a war tax levied on the people of the free city of Frankfort-on-Main.” Forbes, Men Who Are Making America, 361.

28 Geoffrey T. Hellman, “Banker, Old Style,” The New Yorker (February 27, 1932). In 1887, James’s younger brother, Edgar, was sent to London to work at the family’s London branch, known as Speyer Brothers, and would later become one of the most prominent bankers of Great Britain in the early twentieth century. This, of course, was crucial in establishing the international stature of the Speyer name and firms. In addition to success as an international financier, Sir Edgar Speyer was also an integral figure in the development of the Underground Electric Railways Company of London Limited (UERL), the forerunner to what is now known as the London Underground. He served as chairman between 1906 and 1915, a period of tremendous growth for London’s modern transit system. Hugh Chisholm, ed., The Britannica Yearbook (London: The Encyclopedia Britannica Company, 1913), 575.

29 Forbes wrote that while Speyer “takes his responsibilities and duties very seriously, he is noted for his good humour and for his knack of overcoming threatened deadlocks or squabbles by cracking a joke or dropping some pointed witticism”; Forbes, Men Who Are Making America, 364. Daniel W. James, “James Speyer Discusses the True Value of Earning Power and Its Obligations,” April 1925, Reel 1, Scrapbook 1, James Speyer Papers, New York Public Library, New York. Due to a host of reasons, including mainly the weak financial status of wartime Europe, James Speyer—with no male heir no less—decided to retire and dissolve Speyer & Co.
and instead favored reinvesting money into the company’s dividend policy. Speyer was said to be a proponent of raising the prices of Southern Pacific stock on the market so as to pay larger dividends to the European investors with whom he was the primary contact. In other words, Speyer’s rationale, as explained to a New York Times representative, was to “preserve the credit of the road in Europe.” Furthermore, the Times explained, Speyer & Co.’s “position is this: they have induced many big European capitalists to invest in the road, and these holders of stock are becoming impatient over the failure to receive any revenue from their stock.” The Huntington’s, on the other hand, had both agreed to work with other primary investors and a syndicate of four small Midwestern firms, the Commercial Investment Company of Duluth and the Trowbridge & Niver Company of Chicago, resounded on a verbal agreement, claiming to be unable to raise enough money. “Water Bonds Sold to Big New York Houses,” Los Angeles Times, Feb. 4, 1902.

Mulgolland, William Mulgolland and the Rise of Los Angeles, 18–22, 75–78; William L. Kahrl, Water and Power, 10–18; Adjusted with inflation, $2,000,000 in 1901 dollars is equivalent to approximately $51,000,000 in 2009 dollars (Historical Statistics).

The Adams-Phillips Company of New York only agreed to purchase the last one-fourth of the bonds, wanting the insurance of other primary investors and a syndicate of two small Midwestern firms, the Commercial Investment Company of Duluth and the Trowbridge & Niver Company of Chicago, resounded on a verbal agreement, claiming to be unable to raise enough money. “Water Bonds Sold to Big New York Houses,” Los Angeles Times, Feb. 4, 1902.


In the few years following 1902, Mulgolland saw the completion of five major reservoirs, a new supply line, and the improvement and reduced rates of the metering system. “Water, Power, and the Growth of Los Angeles: A 100 Year Perspective,” 1986, Box B-129, Los Angeles City Archives, Erwin C. Piper Technical Center,
NOTES

Los Angeles (hereafter cited as Los Angeles City Archives).


“Titanic Project to Give City a River,” Los Angeles Times, July 29, 1905.


Complete Report, 265. Adjusted with inflation, $1,500,000 in 1905 dollars is equivalent to approximately $35,000,000 in 2009 dollars (Historical Statistics).

Complete Report, 266; “Magnificent Chorus of Voters Shouts for Owens River Project,” Los Angeles Times, Sept. 8, 1905. Norman Wait Harris, born in Massachusetts in 1846, began his career in business in life insurance, working for the Equitable Life Assurance Society of Cincinnati, then with the Union Central Life Insurance Company, which he helped organize in 1867. In 1882, Harris relocated to Chicago to establish his own banking house, N. W. Harris & Co., and made municipal bonds his specialty. Harris operated, according to Carosso, “the most prominent house dealing in these issues . . . the most highly developed distributing organization of any private investment house before World War I,” not to mention the “leading private investment banking house of the Middle West.” Harris, who was also a director of the American Telephone and Telegraph Company (AT&T), purchased in bulk Edison Electric Company, Redlands School, San Pedro City, and Santa Ana Water Works Bonds all prior to the purchase of 1905 Aqueduct Bonds. His success in the bond business clearly demonstrates the significance of Chicago and the “geography of capital” that William Cronon contends as being crucial to the development of the West. In 1907, Harris incorporated his firm as the Harris Trust and Savings Bank and in 1911 opened a New York branch under the name Harris, Forbes, and Co. A Boston branch under the name N. W. Harris & Co., Inc. Carosso, Investment Banking in America, 95–96, 102–6.

Display Ad 11, Wall Street Journal, Nov. 14, 1905. In July 1902, Harris purchased $5,000,000 of bonds of the Edison Electric Company of Los Angeles. In November of the same year, in a syndicate with E. H. Rollins & Sons of Boston, he purchased $10,000,000 more of Edison bonds to aid the merger of four electric companies into The Edison Electric Company. He later continued his stake in the Edison Company, seeing it through its merging and becoming the Southern California Edison Company (SoCal Edison). The Edison Company was a large opponent of the aqueduct project, since the new source of water would provide hydroelectricity to the city and thus competition to the company. Harris, then, was effectively “hedging his bets” in investing in the two competitors. “Bonds Sold in a Block,” Los Angeles Times, July 10, 1902; “Big Deal Completed,” Los Angeles Times, Nov. 8, 1902; “Redlands,” Los Angeles Times, May 15, 1903; “San Pedro City Bonds,” Los Angeles Times, Dec. 5, 1904; “Santa Ana,” Los Angeles Times, Feb. 1, 1905.


Ibid., 68–71. In a formal letter to Secretary of the Interior Ethan A. Hitchcock, Roosevelt further emphasized that “It is a hundred or thousandfold more important to state that this water is more valuable to the people as a whole if used by the city than if used by the people of the Owens Valley.” Theodore Roosevelt to Ethan Allen Hitchcock, June 25, 1906, in The Letters of Theodore Roosevelt, ed. Elting E. Morison, vol. 5 (Cambridge: Harvard University Press, 1952), 315–16.

Adjusted with inflation, $23,000,000 in 1907 dollars is equivalent to $523,000,000 in 2009 dollars (Historical Statistics).


Complete Report, 90–93.

Chaffee had pleaded to his colleagues: “We are out of funds and we owe nearly $400,000 to creditors. . . . One of the conditions which the Committee has felt bound to consider as affecting the prospect for marketing these securities is the fact that the eastern bond market is being asked to absorb vast quantities of securities from all over the country, including many millions of bonds issued, or about to be issued by California cities and Counties”; Water Works Bond Report 1907.

A.W. Bullard, representing the Kountze-Leach Syndicate, was present for the City Council’s proceedings; Water Works Bond Report 1907; “Control Half Wall Street,” Los Angeles Times, July 11, 1908.

“Bond Department, Harris Trust and Savings Bank,” Trade Catalogs of Banking and Investments, 1876–1937. Lawrence B. Romaine Trade Catalog Collection, University of California, Santa Barbara.

Complete Report, 268; “Bids on Bonds for Aqueduct,” Los Angeles Times, June 25, 1910. The back story of the New York Life Insurance sale, as the Los Angeles Times reported, began when Marco H. Hellman, vice-president of the Farmers and Merchants’ National Bank of Los Angeles, had wagered with a pessimistic local broker that he could “sell half a million or more of the [Aqueduct] bonds in forty-eight hours in the New York market if he wanted to.” Hellman visited Charles H. Langmuir, a regional director of New York Life, who was “equally confident that the municipal securities were still high in the esteem of Gotham financiers.” Two days later, Hellman received a telegram from New York Life direct, authorizing him to offer the city a $500,000 bid, which the City Council readily accepted. In the fiscal year of 1910, Los Angeles was the only city in California in which the New York Life Insurance Company and the Metropolitan Life Insurance Company invested. New York Life Insurance Company Annual Report—1910 and Metropolitan Life Insurance Company Annual Report—1910, America’s Corporate Foundation, 1910, Proquest Historical Annual Reports.

Water Works Bond Report 1907; “Municipal Crisis,” Los Angeles Times, Jan. 12, 1912; Mulholland, William Mulholland and the Rise of Los Angeles, 211.

Forbes, Men Who Are Making America, 364; Mathews was advanced $400 by the city for “expenses of trip to New York on Bond Issue,” “Receipts and Disbursements,” City of Los Angeles Department of Public Works Los Angeles Aqueduct, Jan. 10, 1912, B-1975, Los Angeles City Archives.

“Yoakum and James Speyer,” Los Angeles Times, July 13, 1913.

Water Works Bond Report 1907.

“Los Angeles’ Great Projects Now Financed,” Los Angeles Times, Feb. 11, 1912. On Mulholland’s recommendation in 1906,
Ezra F. Scattergood, a private consultant, was appointed as the aqueduct’s consulting electrical engineer. In 1908, he supervised the completion of the city’s first hydroelectric power plant and in 1909 became the chief electrical engineer of the Bureau of Los Angeles Aqueduct Power. “Water, Power, and the Growth of Los Angeles: A 100 Year Perspective,” 1986, Box B-129, Los Angeles City Archives.

Water Works Bond Report 1907; “Los Angeles’ Great Projects Now Financed.” The Mayor and city officials even held a special ceremony at which “All traces of issues bearing Kountze Brothers name have to be removed by fire before Speyer & Co. takes over today millions of Los Angeles Securities.” “Burn Bonds in City Furnace,” Los Angeles Times, Mar. 30, 1912. Adjusted with inflation, $9,390,000 in 1912 dollars is equivalent to approximately $206,000,000 in 2009 dollars (Historical Statistics).


Starr, Inventing the Dream, 313.


Carosso, Investment Banking in America, 174–92. Wall Street did, however, experience a resurgence of political and economic power during the market booms of the 1990s and early 2000s.

William Mulholland to Jonas Waldo Smith, June 1, 1910, William Mulholland’s Office Files, WP04-22:177, Historical Records Program, Los Angeles Department of Water and Power (hereafter cited as LADWP).

Smith to Mulholland, June 9, 1910, William Mulholland’s Office Files, LADWP.
These two important new books have a common and compelling theme, suggested by their titles: the crisis in California government and politics and the various proposals to remedy the inadequacies—or failure—of the structure and processes that lie behind it.

Remaking California: Reclaiming the Public Good, edited by R. Jeffrey Lustig, features a series of separately authored chapters addressing the causes and effects of the state’s crises and the “large scale” changes that California needs now.

Chapters examining the causes of the crisis address Proposition 13, the decline of majority rule in the state’s legislature, elections, and the state’s executive branch. Effects on immigration, diversity, and the water crisis illustrate a “changing California.” Remedies include remapping the electorate and Lustig’s own call for a “people’s convention,” in which he proposes “a set of reforms that would reestablish California as a genuine republic—a system that not only protects private interests but also helps people discover their common interests and fulfill the public good.” An epilogue, “If I Ran the Zoo,” offers ideas from the state’s leaders, former officials, and citizens about “how they would reform the state’s government if they were in charge of a constitutional convention”—ideas Lustig describes as “but a small sample of the many original and creative proposals for improving state politics to be found throughout the state’s communities today.”

A similar political agenda constitutes California Crackup: How Reform Broke the Golden State and How We Can Fix It, by Joe Mathews and Mark Paul. Divided into two parts, it offers an analysis of “how California built and broke its government [and] the elements of a new democratic operating system, designed to work as an integrated whole.”

In Part I, Mathews and Paul explore how California was “built” and “broken.” In Part II, “The California Fix,” they present calls to action for repairing the state, including budgeting, remaking elections, and governing “from the bottom up.” In sum, the proposals they outline “are meant to work together to create something new: a more democratic operating system for California.”

While each of the two books stands alone, both can be read together with profit, leading to an understanding of the dilemma the state faces. Extensive and thorough notes enrich the varied emphases of the several authors. Combined, the two books provide a detailed description of “the political frustration” that besets the state and of the steps that should be taken to restore meaningful democracy to California.
MURDER OF A LANDSCAPE: THE CALIFORNIA FARMER-SMELTER WAR, 1897–1916
By Khaled J. Bloom (Norman, OK: The Arthur H. Clark Co., 2010, 240 pp., $34.95 cloth)
REVIEWED BY MICHAEL F. MAGLIARI, PROFESSOR OF HISTORY, CALIFORNIA STATE UNIVERSITY, CHICO, AND COAUTHOR OF JOHN BIDWELL AND CALIFORNIA: THE LIFE AND WRITINGS OF A PIONEER, 1841–1900

In this engaging and well-researched book, Khaled Bloom reveals the little-known but fascinating tale of the “Smelter War,” which pitted Shasta County farmers and the U.S. government against the powerful mining corporations that dominated California’s fleeting copper era. Although Bloom chooses not to fit his study into broader historical or interpretive frameworks, his work nevertheless succeeds admirably as a deeply informative narrative.

Between 1895 and 1919, Shasta was home to a booming copper industry centered on the smelter towns of Keswick, Kennett, and Coram, located along the west bank of the Sacramento River above nearby Redding. Little now remains at Keswick or Coram, and Kennett lies deep beneath the waters of Shasta Lake, which inundated the site during the construction of Shasta Dam in 1941. During their successive heydays, however, Keswick and Kennett boasted populations exceeding 2,000. Driven by the soaring demand for copper wiring at the dawn of the modern “age of electricity,” Keswick produced 31 million pounds of the red metal in 1901, while Kennett, responding to skyrocketing copper consumption and record prices during World War I, put out nearly 2 million pounds per month.

Unfortunately, Shasta’s rich chalcopyrite ores also proved rich in sulfur that had to be burned off in open-air roasting piles and smoke-belching smelter furnaces, transforming Keswick “into a virtual Gehenna” and creating equally melancholy scenes at Coram and Kennett. Worse, the acrid vapors that billowed forth from the smelter towns contained dangerous poisons, including arsenic, sulfuric acid, sulfur trioxide, and, especially, sulfur dioxide.

Consequently, Shasta’s smelter belt quickly became the focus of a sprawling “smoke zone” in which humans sickened and plants perished. Comprising a huge ellipse roughly 12 miles wide and 36 miles long, the smoke zone stretched from present-day Shasta Lake south to Anderson. Within its 1,000-square-mile area lay “the nation’s largest man-made desert,” a core tract of over 100 square miles straddling the Sacramento River and completely demudded of vegetation. From this barren desolation came repeated floods and massive soil erosion that dumped 35 million cubic yards of debris into the river by 1922. Soil-laden runoff continued to foul the river for decades, and the U.S. Bureau of Reclamation eventually spent millions of tax dollars on soil-stabilization projects designed to safeguard the storage capacities of Shasta Lake and its downstream companion, Keswick Reservoir.

Meanwhile, throughout the farther reaches of the smoke zone, airborne contaminants rained ruin on the oaks and pines of the Cascade Range and wreaked havoc on the fields and orchards of Shasta’s family farmers. This destruction did not go unchallenged, and, between 1898 and 1916, the smelters produced as much litigation as they did copper.

The acrimonious Smelter War was fought on two fronts as the copper companies struggled to fend off lawsuits pressed by the federal government to protect forested public land and by the Shasta County Farmers’ Protective Association (SCFPA). Despite forcing some important concessions, legal efforts failed to shut down the smelters, which finally went cold thanks only to the exhaustion of local ores and the postwar collapse of copper prices.

Shasta agriculture soon bounced back, but recovery came too late for most of the 205 SCFPA members, more than half of whom quit the region by 1920. Like the devastated landscape of the central smoke zone, the defeated farmers fell victim to a rapacious extractive industry whose wanton legacy lives on at the Iron Mountain Copper Mine, a festering federal Superfund site that continues to leak toxics into the Sacramento River today.
“Don’t judge a book by its cover,” goes an old saw. The colorful, evocative portrayal of the brig *Betsy* (built 1797) on this volume’s cover, however, affords readers a glimpse of the trove inside.

Structurally, the book is organized into five basic parts. The first: a timeline, which provides an overview of the peninsula’s history. The second constitutes the bulk of the work, traces Baja’s maritime past in a largely geographic manner while paying appropriate attention to chronology. Beginning with early explorations at the northernmost reach of the Sea of Cortés, the narrative, like a bark of yore, stops at a succession of twenty-one historic anchorages on both of the peninsula’s coastlines. At each stop, readers are taken from the past to the present. The third part offers succinct accounts of nineteen important vessels. Next, the author provides a glossary of nautical terms. Last, a selected bibliography (essential in that reference notes are absent) lists the author’s written sources. With the understandable exception of the glossary, each part is sumptuously illustrated with paintings, photographs (including satellite images), and historic maps.

The strengths of the publication are manifold. The reviewer especially appreciated the international context within which the author situated the historical particulars of a given peninsular port. For example, Magdalena Bay’s integral role in the Pacific maritime fur trade with China (circa 1790s–1850) is treated, as are later visitations to that bay by the warships and commercial vessels of Japan, Germany, Britain, and the United States in the twentieth century. A second strength is the clarity and effectiveness with which the author connects the development of lower and upper California. The stops of the San Francisco-based Pacific Mail Steamship Company, carrying goods and passengers, at Cabo San Lucas and other Baja ports, demonstrates how the economies of the two Californias were linked in the late nineteenth and early twentieth centuries. A third strength is the visuals, some of which are stunning and all of which are illuminating, in part due to well-crafted captions.

The publication’s few shortcomings include repetitiveness, a problematic timetable, and several lapses in grammar and spelling (which may have been typos). For example, we learn in three places that *El Triunfo de la Cruz* was the first ship built in Baja California. Oddly, the book’s timeline does not move chronologically. Such minor flaws are more than eclipsed by a work that, on balance, will benefit historians and lay readers alike, and grace any coffee table or bookshelf.
PÍO PICO: THE LAST GOVERNOR OF MEXICAN CALIFORNIA

By Carlos Manuel Salomon
(Norman: University of Oklahoma Press, 2010, 256 pp., $24.95 cloth)

REVIEWED BY ALAN ROSENUS, AUTHOR OF GENERAL VALLEJO AND THE ADVENT OF THE AMERICANS

Carlos Salomon’s biography of Governor Pico introduces us to a unique breed of Californio businessman that scholarly research hasn’t revealed until now. Pico inherited no land from his father (who arrived in California as a mission guard and died early, leaving his family without “even an inch of ground”). Once the ambitious Pico gained political connections and obtained ranchos, he ranked among the richest men in southern California. His holdings included the 8,926-acre Rancho Jamul and the 131,400-acre Rancho Santa Margarita. Had he been a little more scrupulous about the legal documents that accompanied his business dealings, he might have died a very wealthy individual with the Santa Margarita rancho still in his possession.

Once American rule was established, the California Land Act of 1851 influenced Pico less drastically than it did most Californios, for he was willing to take a competitive attitude toward his Anglo adversaries. Unlike Vallejo, Alvarado, and Jose Castro (who assumed that the assault on their rancho titles resulted from American banditry, ingratitude, and ill breeding), Pico entered the fray with a skilled battery of attorneys who often prevailed in court. Salomon demonstrates that other Californios and Mexicanos used the legal system to their advantage, and he emphasizes that “Pico did not ultimately fail because of pressure from a racist society.”

Thanks primarily to Hubert Howe Bancroft, Governor Pico often has been portrayed as an amiable, well-meaning politico rather than as a leader who persisted in overstepping his authority. This aggressive trait showed up in numerous mission and Indian disputes. After the Luisenos’ spokesman, Pablo Apis, accused Pico of misappropriating mission property, Pico jailed him. A thousand Luisenos then confronted him and made him back down. Nevertheless, Pico’s abuses continued, and not many years later his Rancho Jamul was attacked and burned to the ground.

In regard to his disposal of mission property, Pico may indeed have tampered with some of the sale documents. As one of the key linchpins in the secularization process, he urged Padre Narciso Duran to approve a secularization plan that featured terms far milder than the ones Pico actually employed. This led Duran to claim that he had been deceived. People unfriendly to Pico may have remarked that toward the end of his business career the ex-governor tripped over justice unaware when he borrowed a large sum of money, using one of his valuable properties as security. To close the deal, he signed what he took to be a “loan document,” which in fact was worded as a deed of sale. He battled unsuccessfully against this disastrous error, but it was a case he couldn’t win.

Salomon tells us that Pico sometimes expressed pro-British sentiments and also envisioned California existing as an independent entity, yet he describes Pico as “a true son of the Mexican Republic,” implying unstable loyalties. It is at least possible that—perceiving the imminent American invasion as a threat to his personal power (and being a highly acquisitive man)—Pico dressed up his self-protective instincts in Mexican patriotism.

One thing Salomon’s impressive evidence makes us quite sure of: affected neither by alcoholism (like Alvarado) nor by misplaced confidence in Americans (like Vallejo), Pico’s opportunism and realism made him better prepared to accept the costs of continued participation in a competitive, predatory system, whether the government remained in the hands of Mexicans, Californios, or Americans.
BRUTALITY ON TRIAL: “HELLFIRE” PEDERSEN, “FIGHTING” HANSEN, AND THE SEAMEN’S ACT OF 1915

By E. Kay Gibson (Gainesville: University Press of Florida, 2006, 256 pp., $34.95 cloth)

Reviewed by Harvey Schwartz, Curator, International Longshore and Warehouse Union Oral History Collection, and Author of Solidarity Stories: An Oral History of the ILWU and the March Inland: Origins of the ILWU Warehouse Division, 1934–1938

Produced within the University Press of Florida’s distinguished New Perspectives on Maritime History and Nautical Archaeology series, Brutality on Trial is a welcome addition to the vast literature on seafaring.

The book explores two cases of extreme cruelty at sea by ships’ officers during the waning days of sail surrounding World War I. Most of the text recounts details of the atrocities committed and the legal actions that followed. But the author also emphasizes the story’s wider significance, for these incidents served as test cases for the Seamen’s Act of 1915, which prohibited corporal punishment and let sailors on U.S. flag vessels sue shipmasters or ship owners for injuries resulting from illegal actions by officers at sea.

The first thirteen chapters cover the crimes of Captain Adolph Cornelius “Hellfire” Pedersen of the barkentine Puako, who beat, starved, and otherwise tortured members of his crew so fiercely during a 1918 voyage from British Columbia to Cape Town that two sailors committed suicide. Pedersen’s two teenage sons served as his mates and were his accomplices. The final two chapters take up the case of Frederick “Fighting” Hansen, first mate of the barkentine Rolph, who was responsible for the death of one man and the blinding of another during a 1921 sailing. The Pedersens and Hansen all received short jail sentences.

The main California connection is that the Puako and the Rolph were both owned by the shipping interests of James Rolph Jr., then mayor of San Francisco and later governor of California. Ironically, Rolph was one of the few shipowners to support the 1915 Seamen’s Act. Rolph’s holdings were nevertheless successfully sued for damages by sailors from both vessels. Presumably, as the law intended, future shipowners would be more careful in the selection of their officers.

Like many California History readers, this reviewer vividly recalls Richard Henry Dana Jr.’s description of a 1830s flogging in Two Years Before the Mast. Flogging was outlawed on U.S. vessels in 1850. Yet Gibson’s work reminds us that cruel physical abuse aboard ship between Dana’s time and the 1920s still threatened American seamen.

Brutality on Trial is firmly grounded in exhaustive primary and secondary research. The book contains a foreword by New Perspectives series editors James C. Bradford and Gene A. Smith, four useful appendixes, a glossary, a bibliography, and an index. It is also handsomely designed and illustrated.

GRAND VENTURES: THE BANNING FAMILY AND THE SHAPING OF SOUTHERN CALIFORNIA

By Tom Sitton (San Marino, CA: Huntington Library Press, 2010, 376 pp., $34.95 cloth)

Reviewed by Andre Rolle, Occidental College Professor Emeritus and author of California: A History

Nineteenth-century southern California attracted a variety of Yankee entrepreneurs. Among them was Phineas Banning (1830–1885) from Delaware. He joined Benjamin D. Wilson, grandfather of the more famous General George Patton Jr., as a business partner. Banning and Wilson both grew wealthy and locally influential. Though non-Hispanic, they took over former ranchos and became prominent merchant leaders.
At Wilmington, which he named after his eastern origins, Banning began southern California’s first sustainable rail and carriage facilities. Also as the developer of a tiny harbor at San Pedro, he anticipated the phenomenal growth of nearby Los Angeles. Banning built a wharf and warehouse on a sheltered estuary near Terminal and Dead Man’s islands. This location provided easy access to the interior. At Wilmington, he also began western America’s first manufacturing of wagons and carriages, as did John Studebaker in northern Placerville.

Sitton describes how Banning’s descendants became substantial land developers. Even before William Wrigley’s Chicago interests, they promoted nearby Catalina Island as a promising tourist destination. The Bannings also became wealthy local philanthropists.

Finally, the author provides copious notes and an extensive bibliography. Despite the book’s inflated title and excessive attention to Phineas Banning’s descendants, this is a well-crafted volume. Its carefully chosen photos and maps enhance the narrative, as does an attractive format, printed in South Korea.
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The wealth of an empire

The transformative effect of early-twentieth-century irrigation projects on the southern California landscape inspired Harold Bell Wright to write his 1911 novel *The Winning of Barbara Worth*. The following excerpt from its pages evokes Timothy Tzeng’s thesis on the role of the financier in southern California’s development (see pages 32–53):

As Jefferson Worth gazed at the wonderful scene, a vision of the changes that were to come to that land passed before him. He saw first, following the nearly finished work of the engineers, an army of men beginning at the river and pushing out into the desert with their canals, bringing with them the life-giving water. Soon, with the coming of water, would begin the coming of the settlers. Hummocks would be leveled, washes and arroyos filled, ditches would be made to the company canals, and in place of the thin growth of gray-green desert vegetation with the ragged patches of

dun earth would come great fields of luxuriant alfalfa, billowing acres of grain, with miles upon miles of orchards, vineyards and groves. The fierce desert life would give way to the herds and flocks and the home life of the farmer. The railroad would stretch its steel strength into this new world; towns and cities would come to be where now was only solitude and desolation; and out from the world-old treasure house vast wealth would pour to enrich the peoples of the earth. The wealth of an empire lay in that land under the banker’s eye, and Capital held the key. . . .Without Capital the water could not be had. Therefore Capital was master of the situation and, by controlling the water, could exact royal tribute from the wealth of the land.

Slowly the wounds heal. From the 1930s through the 1960s, a century after the famous assault on the western flank of the Sierra Nevada, photographer Alma Lavenson explored the gold country to see what had become of it. In the Malakoff Diggings, once the scene of intensive hydraulic mining that ripped the hillsides for their hidden gold, Lavenson found the sharp gouges softening as rain smoothed the hard edges and plants gradually reclaimed the earth. Monuments to a moment of furious environmental destruction, the old mines also memorialize nature’s ability to heal itself over time.

Jonathan Spaulding

Photographer
Alma Lavenson

Location
Between French Corral and Nevada City, Nevada County
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