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The Influence of the Los Angeles "Oligarchy" on the Governance of the Municipal Water Department, 1902-1930: A Business Like Any Other or a Public Service?

Fionn MacKillop

The municipalization of the water service in Los Angeles (LA) in 1902 was the result of a (mostly implicit) compromise between the city's political, social, and economic elites. The economic elite (the "oligarchy") accepted municipalizing the water service, and helped Progressive politicians and citizens put an end to the private LA City Water Co., a corporation whose obsession with financial profitability led to under-investment and the construction of a network relatively modest in scope and efficiency. The "oligarchy" accepted municipalization on the condition that the water service remain self-sustainable with respect to investments and operating costs. Moreover, the oligarchy benefited hugely from public investments, such as land speculation in desert made habitable by giant water infrastructures. Profit-making was part of the reason why the business class accepted infringement of the dogma of LA free enterprise. Progressives, faithful to the motto of one of the movement leaders, President Theodore Roosevelt, aimed to achieve "the greatest good for the greatest number," to disperse water service as much as possible, and foster widespread access. They had a social and even a moral agenda and were trying to increase LA's political influence in Southern California. From the start these conflicting views of what the municipal system should be and how it should operate, exerted influence on both the governance of the company and water network planning in LA.

It is a common belief[1] that, during most of the twentieth century, Los Angeles (LA) was controlled politically, socially, and economically by an

[1] Even among historians or commentators of Angeleno life, such as Carey McWilliams, *Southern California, an Island on the Land* (Layton, Utah, 1946, 1973).

Fionn MacKillop is a doctoral student at Laboratoire Techniques, Territoires et Sociétés (LATTS), Paris.

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informal "oligarchy"[2] of wealthy business leaders and professionals,[3] operating in its own class interest. As Mike Davis puts it, this "militarized power structure *controlled* the city for about three generations after 1899" and especially in the 1920s.[4] Indeed, this elite played an important role in the shaping of the city as one of America's biggest, and most fascinating metropolitan areas as well as a premier financial and industrial center: the mobilization of the "oligarchy" was instrumental, for instance, in bringing a harbor to LA, in ensuring a rail link to the rest of the continent, and, generally speaking, in "selling" the city to the rest of the country, and even the rest of the world, via the Chamber of Commerce, but also through the aggressive techniques of the pervasive real estate developers, who really shaped the city like nowhere else. Moreover, this elite ensured (and enforced, for instance through connections within the LAPD[5]) that a "healthy business climate" reigned in the "City of Angels," that is, a very conservative, anti-labor context, that attracted a lot of business to the "city of sunshine and the open shop." Thus, the influence of the elite was very important in giving LA life *in general* many of its characteristic traits. As we will see, the oligarchy had an essential influence in shaping water supply and delivery in twentieth-century LA, which makes the case of the City of Angels particularly original when compared to other cities;[6] how far did this influence extend and how did it express itself? Was it the only force shaping the municipal water department?

The "oligarchy," a fierce advocate of private enterprise and laissez-faire capitalism, in an apparent paradox, played a key role in the emergence of a *municipal* water department in LA,[7] thus evicting private

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[2] According to Kevin Starr, *Material Dreams*: *Southern California Through the Twenties* (New York, 1990), 120. "Los Angeles divided itself into three discernible sub-groups: Oligarchs, Babbitts, and Folks."

[3] Such as Harrison Gray Otis, the owner of the influential *Los Angeles Times*, and his son-in-law Harry Chandler.

[4] Mike Davis, *City of Quartz, Excavating the Future in LA* (New York, 1992), quote at p. 15 (emphasis added).

[5] The Los Angeles Police Department often went beyond its duties, breaking strikes and curtailing civil liberties to maintain this "healthy climate." See Tom Sitton, "Did the Ruling Class Rule at City Hall in 1920s Los Angeles?" in *Metropolis in the Making, Los Angeles in the 1920s*, ed. Tom Sitton and William Deverell (Los Angeles, 1999), 302-319.

[6] Such as Paris and Rome, studied by other members of this conference session on water supply.

[7] The Bureau of Water Works and Supply of the City of Los Angeles, under the direction of chief engineer William Mulholland, replaced the private LA City Water Co. in 1902, at the end of the latter company's lease. See Catherine Mulholland, *William Mulholland and the Rise of Los Angeles* (Los Angeles, 2000), chapter 8. Also see Fionn MacKillop, *L'universalisation des réseaux d'eau et d'électricité à Los Angeles (1781-fin des années 1930)*, (Paris, 2003), 36-57. Also see William L. Kahrl, *Water and Power*, (Berkeley, Calif., 1982), ch. 1.

enterprise from the (lucrative) water business, and opening the way for what would become the biggest municipal utility in America, the LA Department of Water and Power, controlling the production and distribution of water and electricity in the largest city in the American West. Put simply, the elite supported municipalization, in this case as in a few others, because it actually served its interests better than private enterprise.[8] Indeed, the private water company was doing a mediocre job of spreading the water network and developing new water resources for a fast-growing city,[9] thus hindering the arrival of new settlers and, generally speaking, slowing down commercial and industrial investments, the basis of the oligarchy's wealth and power.[10] The dominant class knew how to be flexible with its ideology and practices when it came to making money, especially when municipalization meant making even more (private) money via public investments: in 1906, the municipal utility started building a mammoth, 300-mile-long aqueduct to tap the water-rich Owens Valley. The brainchild of William Mulholland, the aqueduct, funded through new bonds-eagerly supported by the elite, brought seemingly endless water resources to the thirsty city, and allowed it to grow by annexing adjacent communities, hitherto relatively undeveloped.[11] That was the case in the San Fernando Valley, north of the city. Chandler and Otis, as well as other prominent figures of the oligarchy, started buying massive chunks of this piece of desert at very low prices. Because they were privy to the arrival of cheap aqueduct water, which allowed development of the valley as a residential and farming area, these businessmen made fortunes selling the land at a premium ...Thus, the oligarchy endorsed the creation of a municipal water department because it served its interests, and extraordinarily so. Moreover, the elite used their influence to ensure that the water department remained a "healthy business proposition," that is, financially self-sufficient, and a provider of cheap water to industry, commerce, and farming. In other words, a cheap and abundant water supply was to make LA more attractive for business and residential purposes, thus benefiting the financial and economic elite,

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The voice of the conservative elite, the *Los Angeles Times*, supported the issuing of bonds by the city to purchase the LA City Water Co. and played an important role in ensuring that the required two-thirds of the population of the city voted for the bonds.

[8] Such as the construction of a municipal harbor at San Pedro.

[9] Between 1900 and 1910, the population increased threefold, reaching 319,000. See Robert M. Fogelson, *The Fragmented Metropolis* (Boston, 1967), 21, 78 -79.

[10] This put many real estate developers out of business.

[11] One can even speak of propaganda and the use of "scare techniques," such as warning the population against an imminent water crisis even though LA had been through a succession of very wet years and there were no shortages in sight. This is well documented in David Carle, *Drowning the Dream, California's Water Choices at the Millennium* (Westport, Conn., 2000), 70, and is also the theme of Roman Polanski's film, *Chinatown* (1974).

at no cost to the oligarchy. Through the *LA Times* mainly, the elite could influence public opinion and officials, elected or not (such as members of the water commission) to achieve its goals, affecting the management of municipal affairs, namely the municipal water department.[12] How far did this influence extend?

We must refrain from attributing too much power to the "oligarchy," which was not a monolithic group and had its enemies. They had various visions of LA and its development, which included the issue of managing the municipal water department. The main opponents of the conservative elite were the Progressives, who gained increasing power over municipal affairs from the 1910s. The Progressives advocated greater participation of the citizens in public affairs, non-partisanship, and municipal ownership of utilities, in order to achieve what President Theodore Roosevelt, who epitomized the Progressives, called "the greatest good for the greatest number."[13] Leading movement figures in LA, such as Dr John Randolph Haynes, strove to ensure the extension of the municipal water department and to protect it from oligarchy pressure, so that it could serve other goals. These goals included better hygiene, widespread access to water, making LA a better place to live, as well as achieving the ideological goal of giving more power to the people by making the water department theirs. The Progressives were not alone in having different or even conflicting views from the oligarchy.

The influence of its engineers and their specific culture characterized the Bureau of Water Works and Supply of the City of LA (BWWS), sometimes completely apart from financial considerations. The main figure in this respect was, of course, William Mulholland, self-made hydraulic engineer and superintendent of the BWWS until the end of the 1920s. We should also mention others, such as Mulholland's assistant, Van Norman, or city electrician Ezra F. Scattergood, however. Generally speaking, engineers had a great amount of influence and prestige in a city obsessed with "progress." Needless to say, the transformation of a once-arid land into a thriving oasis, an "aqueduct empire," gave engineers associated with the water supply even more prestige.[14] Engineers were often guided by the desire to build technically perfect, impressive

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[12] Harrison Gray Otis controlled the *Los Angeles Times*, and followed by Harry Chandler, who had become his son-in-law. Thus, it was "the" voice of the oligarchy, adopting very conservative views in general.

[13] William Deverell, Tom Sitton, *California Progressivism Revisited* (Los Angeles, 1994), 28. The Progressives defended such initiatives as the recall of public officials, direct legislation, and the women's vote. Progressivism envisioned itself as promoting efficiency in the conduct of municipal affairs, through "non-partisanship."

[14] "Water made imperial Los Angeles possible"; see Starr, *Material Dreams*, 68.

structures, not necessarily useful or economical ones.[15] Sometimes, as in the case of Mulholland, their technical concerns echoed visionary desires for "social engineering," that is, changing society through big-scale projects that, in the case of LA, would allow the emergence of a powerful, massive "garden city of light and air," representing a new sub/urban lifestyle, "a thousand dreams of escape" in a "city under the sun."[16] We must also take the influence of this particular socio-professional category into account.

In a way, though, the Progressives, the Oligarchy and the Engineers (we will use these simplified categories in our analysis) all shared a common dream, albeit with nuances and some misunderstandings: that of a "Great" LA, first, by the sheer size of the city, envisioned as spread out over a vast area to reduce its density, making it a powerful counterpoint to the dreaded eastern cities, characterized by too much density, too many people, and not enough space. They also viewed LA as a new epitome of the American dream, illustrating Henry Ford's desire to "solve the city problem by leaving the city," or creating a new, decentralized type of city. LA was also to be an economic powerhouse, a place of opportunity and achievement, the "greatest place on earth" in the mind of those who made it. The Engineers, the Progressives, and the Oligarchy alike saw the issue of the water supply as crucial in achieving this dream of a "Great LA." The importance of water is confirmed by the fact that this city surrounded by desert had almost outstretched its water supply by the beginning of the twentieth century. The question of the water supply, and the particular way in which it was solved, was essential in shaping the growth of LA, the pattern of this growth, and, thus, the city as it is today.

In order to understand the influence of each of these "philosophies" on the management of the BWWS, the pattern of urban development of LA, as well as how they may have reinforced each other or conflicted throughout history, we must review the history of the BWWS and its policies from 1902 to the end of the 1920s. When, why, and how did the concerns of the LA business elite influence department policy? What were the consequences for urban planning (that is, the effect of the way the network was built and financed on LA's pattern of growth)? What were the social implications (that is, the issue of the extension of the water supply to various social categories/spaces and the potential inequities that emerged)? What were the political implications (not only of the

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[15] The case of the famous "Mulholland Drive," built as "Mulholland Highway" in 1928, as a tribute to "our own Bill" on the part of the city engineers, is illustrative of how powerful engineers became in LA. They imposed a useless and expensive road as a symbol of their community. See Matthew W. Roth, "Mulholland Highway and the Engineering Culture of Los Angeles in the 1920s," in *Metropolis in the Making, Los Angeles in the 1920s*, ed. Tom Sitton and William Deverell (Los Angeles, 1999), 45-77.

[16] McWilliams, *Southern California*, 227.

annexation of outlying communities, but also of the importance of the water supply in elections and public opinion) of this undeniable influence of a certain "business ethos" on BWWS policies? By analyzing the importance of each of these elements in shaping the municipal water department, we can illustrate how it emerged as a combination of "classic" business practices and an ideology of "public service."

1902-1915: "A Healthy Business Proposition"

The establishment of a municipal Water Department[17] was an essentially pragmatic venture that was not accompanied by a full-fledged ideology of municipal management or the idea of a superiority of municipal management over private enterprise.[18] Actually, in the city of private enterprise, the water department (the only municipal venture at the turn of the century in the city) had to prove itself as "responsible" in the eyes of the business elite.[19]

This meant that, first of all, the municipal venture had to be self-funding, through its revenue or debt, but in no way could the budget be based on taxation of the population,[20] thus, bond emissions[21] were necessary to purchase the LACWC and start the operations of the municipal department, which was envisaged, for all practical purposes, as a commercial venture, and a lucrative one: to further convince voters to approve municipalization, the mayor announced that the company was making "$33,000 a month" and would thus bring "over a $1,000 a day to the city," making it a "healthy business proposal."[22]

Moreover, the oligarchy, in order to support municipal management, requested that it be "kept out of politics": a Board of Water Commissioners, theoretically independent from political pressure, was created to manage the operations of the department, in lieu of laying down fixed principles in the city charter. The Board, consisting of five members appointed by the mayor, first convened in 1902, and Mulholland himself

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[17] The Water Department was renamed the Bureau of Water Works and Supply in 1911 after the creation of a municipal department in charge of electricity.

[18] Kahrl, *Water and Power*, 7, 14. MacKillop, *L'universalisation des réseau*x, 36.

[19] Fogelson, *The Fragmented*, 229-230.

[20] Fred Eaton, a Progressive Republican and mayor of LA at the turn of the century, had suggested that the water be supplied for "free" to customers, the service being funded by a general tax; see MacKillop, *L'universalisation des réseaux*, 30.

[21] In 1899, for instance, the voters of LA approved a bond emission for the purchase of the LACWC; a two-thirds majority was indeed necessary for any project entailing municipal indebtedness. Los Angeles voters committed $2,000,000 to the purchase of the LACWC. Thus, Angelenos appear as the "shareholders" of the municipal department. Bonds (together with revenue) were used throughout the history of the department to fund acquisitions of private companies or major service extensions/ improvements.

[22] Mulholland, *William Mulholland*, 78.

aptly described it as "a splendid body of businessmen."[23] Indeed, two of the commissioners had served as directors of the former private water company, while the other members represented real estate, bank, and railway company interests. Not a single scientist, intellectual, or representative of labor sat on the Board, which confirmed the overwhelming domination of conservative, WASP (White, Anglo-Saxon, Protestant) entrepreneurs in city affairs in LA while illustrating continuity in the management of utilities, private and public. Engineers' suggestion that a well-paid superintendent, auditor, and engineer named by the mayor would manage the waterworks far better than a commission of businesspersons was snubbed, demonstrating unabashed faith in capitalism. The fact that Mayor Snyder, a Progressive Democrat, appointed the members of the Board shows how automatic the choice of a business-dominated Board was to placate a powerful oligarchy, as well as ensure "sound" management. Moreover, at the time, the City of LA was still seen as an obscure little town, especially by the New York financiers' syndicate in charge of selling the bonds issued by the water department to fund its acquisitions and works. The support of the oligarchy and its far-reaching business networks was thus essential for the fledgling department to ensure its credibility because the money came from the private sector.[24]

But the business elite went beyond shaping the water department's governance to use it as a tool to pursue their private interests, illustrating how business and municipal water service were ambiguously intertwined in LA, making the city the epitome of links between business and networked services. For instance, one of the more prominent (and controversial) members of the first Board of Water Commissioners was Moses Sherman, yet another self-made-man who ended up in LA seeking fortune. By the turn of the century, he owned a successful electric railway and was a leader in LA financial and banking circles, as well as a member of real estate syndicates involving General Otis and Harry Chandler, the two leading figures of LA oligarchy.[25] Together, they purchased vast swaths of land in the arid San Fernando Valley north of the city, knowing that things would soon change with the building of a vast aqueduct that would make the land extremely valuable.[26] Sherman's position on the Board made him privy to crucial information on the city's water projects, and the associates made a lot of money in the process.[27] Thus, public investments furthered private interests on a very big scale. Together with

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[23] Ibid., 88.

[24] For example, rail magnate Huntington and his *Southern Pacific*.

[25] The mythical *Pacific Electric* and its "Big Red Cars" that connected far-flung areas to the center of Los Angeles.

[26] In June 1907, the voters accepted a new bond issue for $24,000,000. Mulholland, *William Mulholland*, 147.

[27] Ibid., 99.

control over the utility's governance, this defined the municipal water utility in LA in its first years of operation.

What was the effect of this pervasiveness of the business elite on the building of the network? Was the influence of business principles (economical operation, pragmatism...) combined with an important part of the oligarchy's predatory attitude detrimental to the extension of the water service? What was the position of the other actors of the story (the Politicians and the Engineers) *vis-à-vis* the influence of the business elite and its principles?

As we have suggested, "business principles" were shared by an important part of the population of LA when it came to operating the municipal water department; nobody wanted this venture to be too ideological or harmful to private enterprise generally.[28] The idea was to make the municipal water service work efficiently, to ensure the city's "greatness," without harm to the city's financial situation. As long as the oligarchy was not prevented from making money, they did not object. Thus, during the first years of the utility's operation there was a certain unity concerning management; Politicians and Engineers were able to implement parts of their agendas in cooperation with the business elite without too many misunderstandings.

The Board of Water Commissioners appointed William Mulholland (who was in no way related to the business elite) as chief engineer of the municipal water department, thus acknowledging his technical expertise.[29] The *LA Times*, voice of the oligarchy, expressed generally laudatory views of his action, and the political class supported him, too. When, in the wake of the Owens Valley aqueduct project, LA proceeded to annex outlying communities attracted by the promise of an abundant water supply,[30] Mulholland voiced growing concern over the cost of such operations,[31] which often required rebuilding obsolete water networks, and even whole distribution systems. The chief engineer believed LA should not "spend a single dollar" on such operations,[32] and the water derived from the

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[28] Thus, in 1898, just before municipalization, a committee recommended that the city council consider all offers from private enterprises before building its own infrastructures, in order to reduce costs; see MacKillop, *L'universalisation des réseaux*, 29. At the turn of the century, LA depended entirely upon private enterprise for the functioning of the city.

[29] Mulholland was, before the municipalization took place, Superintendent of the LACWC for over 20 years, which shows that he managed to maintain good relations with the businesspersons who owned the company.

[30] Communities wishing to benefit from LA's water supply and service had to undergo annexation to the municipal territory; water was thus an instrument of LA's "imperialism," its quest for territorial expansion.

[31] MacKillop, *L'universalisation des réseaux*, 45, 47.

[32] Mulholland, *William Mulholland*, 217.

aqueduct was to be sold to the outlying territories for a profit.[33] Mulholland's concern was essentially due to engineering (not financial) reasons; he needed time to redesign LA's own distribution network before extending it to other territories, and even more time to design networks adapted to these communities. Indeed, some members of the city council were in favor of LA building a very extensive distribution network in outlying communities, even if it cost a lot, in order to be able to sell the aqueduct water at a price much higher than that recommended by Mulholland, thus further "commodifying" water.[34] Yet, Mulholland was not in favor of selling the water at too high a price. The chief engineer envisioned the municipal water department as a tool in stimulating metropolitan growth rather than a simple business. This signified the beginning of the first elements of discord surrounding the management of the utility.

The controversy over extension of LA's water service into outlying communities also illustrates the divisions during the 1910s among the political class of the city between the Socialists[35] (who opposed annexations and the selling of water as sources of profit and corruption) and the Progressives (who were more open to the "commodification" of water and to annexations as a way of facilitating the expansion of the network). Most Progressives were indeed open to private enterprise, as they advocated running cities "like businesses": efficiently and "beyond politics."[36]

In the end, a compromise was reached that reflected the balance between financial, engineering, and political concerns in LA in the mid-1910s. A 1912 report issued by the Board of Water Commissioners recommended that LA annex several outlying communities (in particular the vast San Fernando Valley) to simplify water distribution and make it more economical via the creation of a "satisfying market" for the excess water from the aqueduct.[37] This would ensure the territorial growth of LA and thus greater political, economic, and symbolic influence for the city. It was also decided that the annexed territories were to pay for network extension by constituting improvement districts that could issue bonds as

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[33] It was expected that the Owens Valley aqueduct would yield considerable surpluses, thus opening the debate over what to do with these supplementary resources.

[34] MacKillop, *L'universalisation des réseaux*, 47.

[35] Their leader, Job Harriman, came close to being elected mayor of LA in the 1910s, before the infamous bombing of the LA Times building, attributed to organized labor, ruined his chances forever.

[36] The Progressives' principle of "non-partisanship" gradually became a basis of LA politics: elections were contested between individuals, the parties were barely mentioned, and national politics was kept out of local debates.

[37] MacKillop, *L'universalisation des réseaux*, 48. At that time, the aqueduct was almost completed and even more extensions of the network were already projected, to ensure a big market for the water.

LA did. Moreover, to ensure a healthy return on investments made to build the aqueduct, part of the expected surplus was to be sold at a high price according to supply and demand to farmers for crop irrigation in the San Fernando Valley. Thus, New York financial milieus would have greater guarantees concerning the viability of the water department's projects. In a way, the building of the aqueduct was seen as a way to increase revenue for the department, like an investment made by a private company.

Thus, the spreading of the network, the expansion of LA's municipal boundaries, and the requisites of financial orthodoxy were ensured via the compromise that characterized the first years of municipal water department operation. Although marked by the strong influence of the business elite and its principles (and interests), it was also able to accommodate other concerns, both technical and political. Between 1902 and 1914, the number of connections to the water network increased fourfold; in 8 years, the water department, in addition to extending the network, rebuilt all the city's crumbling reservoirs and the whole distribution network, while increasing the trunk lines' capacity by 50 percent.[38] This extension of the network and increase in quality of service was expensive, particularly because of the growing size of the city and the many settlements spreading in hilly areas.[39] Nevertheless, due to the requisites of financial orthodoxy at the heart of the utility, it was not possible to fully pursue the policy of expanding the network quickly and efficiently. In 1903, for instance, expenditure on the network was cut by 50 percent in order to honor interest payments on the bonds issued by the department, in May 1910, funds available for the construction of the aqueduct dwindled to $160,000 per month (from $600,000) due to a slump in the financial markets, thus severely slowing down the works.[40] Indeed, LA had become a fairly indebted city, as it had also issued bonds for the construction of a municipal harbor and an ambitious municipal park scheme.[41] In order to preserve the city's credibility and its global financial balance, the most costly venture had to moderate its ambitions to expand the water service.

Thus, a situation of relative harmony (although there were of course controversies and attacks) was maintained, thanks to the widespread ethos

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[38] MacKillop, *L'universalisation des réseaux*, 45. The number of connections grew from 23,119 to 84,818 in total; in the mean time, the population grew from 102,000 to 500,000, and the surface of the city grew from 43 sq. miles to 108 sq. miles.

[39] For example, Garvanza and Edendale, two very small neighborhoods at an altitude above 500 feet were extremely expensive to supply, because they required special infrastructures. See MacKillop, *L'universalisation des réseaux*, 45.

[40] Mulholland, *William Mulholland*, 101, 187.

[41] Ibid., 211.

of pragmatism and the shared desire to ensure LA's growth, prestige, and credibility on the national scene.[42] With the first years of operation of the aqueduct, the growing momentum of annexation, and changes in the political life of the city and new opportunities for municipal ventures, the relationship between the oligarchy and the other important forces in the field of water supply began to change as well.

1915-1925: New Principles of Governance are Asserted

Water from the Owens Valley was first distributed in LA in June 1914.[43] The availability of a new and vast source of water to the city made the expansion of the water service possible on an unprecedented scale. Pragmatism remained an important aspect of the municipal department's philosophy to avoid raising concerns of rampant "socialism" or "bolshevism" that the *LA Times* was keen to denounce when it came to tenets of municipal enterprises. Yet, as the department set out to universalize water service during this period by building an integrated network corresponding to Mulholland's dream, the growing influence of Progressivism in municipal affairs was also felt in the domain of water supply.

Thus, this was a period of rising tensions with the business elite and the assertion of other principles. One such principle, "the greatest good for the greatest number," a motto of progressivism, was interpreted as using the municipal water department as a tool to structure territorial growth and development in the City of Angels, and not just to ensure good conditions for the business elite.

The delivery of aqueduct water lead to a flurry of annexations to the city and a strong growth of the population as well as the emergence of industry in LA; the city gradually turned into a metropolis boasting a wide range of activities.[44] Yet, a certain pragmatism combined with financial orthodoxy remained regarding the expansion of the water network: the annexed territories had to pay for the works, which became property of the department.[45] Mulholland was satisfied that LA had managed to build a

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[42] For instance, in 1907, John Randolph Haynes, a leading figure of Progressivism in LA, founded the Direct Legislation League in favor of reforming politics and municipalizing utilities, such as the LA Gas and Electric Co. Otis's *Times* promptly labeled the League "a bunch of dreamers, doctrinaires, professional agitators and reformists (sic.)." MacKillop, *L'universalisation des réseaux*, 42, 48.

[43] Ibid., 54.

[44] Between 1915 and 1930, the population grew from 533,535 inhabitants to 1,300,000, while the area of the city grew from 115 sq. miles to 442 sq. miles. See MacKillop, *L'universalisation des réseaux*, annexures, 50-51;.

[45] Such as Hollywood, annexed in 1910, the San Fernando Valley, annexed in 1915. Thus, in 1916, $1,020,000 worth of bonds were issued for the purchase of the private *Union Hollywood Water Co.*

network for the distribution of its surplus water "without spending a cent," even though this was not quite true; the Improvement Districts created to issue bonds in the outlying territories didn't always succeed in selling their bonds.[46] In that case, the BWWS stepped in and covered the (considerable) expenses, as it did in Hollywood in 1918.[47]

Thus, breaches in the logic of financial orthodoxy did appear, first because it conflicted, sometimes absurdly, with engineering concerns. In 1919, LA experienced a great drought followed by another in 1922. This would not have been a problem, given the Owens River resource, if, in 1906, a committee had not decided against building reservoirs to store aqueduct water during the winter (when a lot of the water isn't used and just goes out to sea) in order to keep costs down. Thus, principles inspired by a spirit of pure financial orthodoxy to keep costs down, conflicted with the Engineers' views, and were detrimental to the city in a period of strong growth. Running the water service as a business was becoming less and less compatible with the city's needs.

Another issue was the rise of social and political concerns, namely ensuring access to water for the greatest number and using the municipal department as a tool in city planning. We can link this to the rise of Progressivism, and an agenda more and more openly in conflict with that of the oligarchy in insisting on "the greatest good for the greatest number," not just the greatest profit for a few. Thus, the municipal water department pursued a costly policy of universalizing the water networks so that everyone could have access to the precious fluid under the best conditions. For instance, between 1914 and 1918, the municipal department absorbed 32 private water companies operating in hitherto outlying communities (now annexed to LA) in order to ensure the same technical standards of water delivery for all.[48] Typically, the networks built by these companies did not compare favorably with the LA municipal system. Moreover, rigorous sanitary standards were introduced, for instance, in 1916 with the creation of a "fully equipped biological and chemical analysis laboratory" performing 'daily tests" on the water supply.[49] Creating better sanitary conditions was a widely shared goal, for obvious reasons, but the Progressives also saw it as a way of "civilizing" the Mexican and African-American immigrants by "teaching" them cleanliness. Thus, we see how the municipal water utility also furthered political goals. The key political goal of the Progressives with respect to utilities, however, was to "give the inhabitants of the city the benefit of

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[46] *Annual Report of BWWS*, 1917.

[47] MacKillop, *L'universalisation des réseaux*, 53, 57. The municipal water department had already spent $200,000 on upgrading the network in the Hollywood area in 1916.

[48] Ibid., 61.

[49] *Annual Report* of BWWS, 1916. Thus, LA was the U.S. city with the lowest incidence of typhoid fever; see Mulholland, *William Mulholland*, 54.

public services at a price as close as possible to operation costs."[50] In 1916, in order to "relieve the smaller consumers" it was decided to charge them a minimal monthly rate of 50 cents instead of 75 cents, which was deemed to be "fairer."[51] We can see that the BWWS' policy to ensure widespread access to a high quality water network was pursued at a high cost. Of course, this was, in part, designed to provide a more reliable supply, ensuring better conditions for commercial and industrial activities. As noted, social and ideological elements that were not strictly economic determinants also intervened, making the BWWS something other than just a "healthy business proposition." Another concern was the desire to use the water department as a tool in city planning, thus using more than the mechanisms of wildcat capitalism to shape the city.

In 1917, Mulholland noted in his BWWS annual report that, due to the growing number of undeveloped plots of land in the city, a "mobile scale" of water tariffs had to be adopted to encourage the use of these plots, and thus curb the intensifying sprawl, already a distinctive mark of urban growth in the City of Angels. Water was offered for half the normal price (and sometimes for free) in various parts of the metropolis to stimulate a more rational land use. Another example was the building of heavy-duty water supply infrastructures in the San Pedro/Wilmington area of the city (the Harbor District) to attract and accommodate industry. Thus, the municipal water supply was used to promoting the advent of a powerful industrial district in a city whose economy was based mainly on real estate and tourism. The private LACWC's ineffective management of the water supply had a lot to do with this delay in industry development in LA. Of course, a policy destined to promote industrial activity in the city pleased Oligarchs, Progressives, and Engineers alike, unlike the pursuit of social and political goals, or Mulholland's engineering feats, which were sometimes viewed as too costly or excessive by businesspersons and politicians alike. However, such instances of harmony between the key actors of LA water supply became scarcer during these years, and important tensions arose that threatened to destroy this pragmatic coalition.

Mulholland had never really approved of the idea of massive annexations by the city for technical reasons: the cost of distributing water over a growing and increasingly fragmented area, while still having to upgrade water networks in the city of LA ad the annexed communities. In 1922, Mulholland, speaking of "the great tendency of outlying

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[50] *Annual report of BWWS*, 1916.

[51] MacKillop, *L'universalisation des réseaux*, 63. Nevertheless, as an illustration of the ongoing logic of financial orthodoxy of the BWWS, we must note that this price change was not effective throughout the city. In places such as San Pedro or Wilmington, where the water supply cost more because it was pumped, the minimum monthly charge was reduced from $1 to 75 cents, 50% more expensive than in the rest of the city. Thus, cross-subsidies were limited.

communities to request annexation to the city " for their water supply, criticized this "spreading out of the city's water resources" based on political motivations (that is, forging a Great LA), and called for this practice to be "discouraged."[52] Arguing that the city of LA was already "big enough to absorb all the available water," he noted that it was becoming a "scattered patchwork," very expensive to supply correctly. Generally speaking, Mulholland was critical of the fact that he was not given enough financial resources to carry out all the work required to ensure a satisfactory water supply in a period of strong growth; thus, many parts of the city (such as the Harbor District) were characterized by "inadequate" service, which hindered the city's growth.[53] This illustrates the growing tension between Mulholland and City Hall, as well as the Board of Public Service Commissioners.[54]

Another aspect of the increasing tension between the members of the "coalition" related to the Progressives' growing ambitions in municipal ventures: their desire to see the city become a producer and supplier of electricity as well as water.[55] This angered the oligarchy, which not only had no interest in this happening, but also had often invested in private electric companies, such as Southern California Edison or LA Gas and Electric, that supplied LA.[56] There were growing attacks in vitriolic *LA Times* articles against municipal utilities and municipalization, generally, as rampant "socialism." Increasingly, the hitherto respected Mulholland was portrayed as a curmudgeon, while deriding "hysterical" Progressives such as John Randolph Haynes, who seemed poised to "steal private property."[57]

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[52] *Annual Report of BWWS*, 1922; MacKillop, *L'universalisation des réseaux*, 66.
[53] *Annual Report of BWWS*, 1920.
[54] The name of the new commission in charge of water and power policy after the creation of a Bureau of Power and Light in 1911.
[55] In 1909, a Bureau of Power and Light of the City of LA was created, under the direction of Ezra Scattergood, to develop hydroelectric power from the aqueduct. The Bureau grew quickly, with the absorption of Southern California Edison in 1922. LA's water and power utility, christened Department of Water and Power in 1928, was by this time the biggest municipal utility in the world. In 1936, it achieved complete control of water and power production/distribution in the city of Los Angeles.
[56] Moreover, as a symbol of this community of interests between the oligarchy and private electricity, the San Fernando Mission Land Co. ("The Syndicate") purchased 16,000 acres of land in the San Fernando Valley (not coincidentally) on the very day that the aqueduct project received official authorization, and boasted such figures as Huntington, Harriman, Sherman, Otis, and Kerchoff, the CEO of Pacific Light and Power as its directors. See Carle, *Drowning the Dream*, 81.
[57] Indeed, between 1914 and 1924, 32 private water utilities (MacKillop, *L'universalisation des réseaux*, 61) operating in the perimeter of the growing municipality of Los Angeles were taken over by the municipal utility. Yet, to

But the main point of contention between the water department and the oligarchy, which linked the latter's principles and interests was the emergence of a municipal venture in the field of electricity, directly linked to the water supply: using the Owens aqueduct as a fantastic source of cheap and abundant hydroelectricity.[58] In 1908, the city's first power plant was switched on, and 2 years later, a bond issue ($3.5 million) was approved by 90 percent of the electorate to build another plant and a high-voltage transmission line.[59] The city's Bureau of Power and Light then proceeded to absorb the private power companies over the years, using the revenue from electricity to partly fund the municipal water department.[60] Thus, cross-subsidies were used in LA, further antagonizing the private power interests linked to LA's oligarchy, causing them to speak of unfair competition, as well as make the classical accusations of "socialism" and "confiscation of private property."[61] The coalition that had made the municipalization of water possible fell apart with the growing ambitions of the municipal utilities, supported by the Progressives and the Engineers.

Thus, the business oligarchy's principles no longer seemed to dominate the governance of the municipal utility, and increasingly conflicted openly with the assertion of other approaches that had been present from the beginning. Politics and engineering played a greater role in the operation of the BWWS, giving the utility a bigger part in urban planning and dreams of an "imperial" LA. This influence of new principles lead to accelerated diffusion of the network. The period between 1920 and

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start, the owners of these companies got fair compensation, and, most of the time agreed to sell because their ventures were essentially speculative (to attract settlers to plots of land) and unsustainable (use of dwindling and scattered water sources).

[58] This was very opportunistic. Electricity was a by-product of the aqueduct, it had not been seriously considered as part of the project; see Starr, *Material Dreams*, 112. However, growing resentment at the private power companies' attitude, accused of selling to big companies at a loss and making all their profit with small customers, coupled with the rise of Progressivism, paved the way for this project. See MacKillop, *L'universalisation des réseaux*, 94-95.

[59] Once again, as in the case of the municipalization of water, the business of electricity was presented as profitable; as the Board of Public Service Commissioners put it in 1910: "we will probably never need another bond issue after this one [1910]"; the operation was supposed to be self-funding, once it had been started; see MacKillop, *L'universalisation des réseaux*, 97.

[60] A $13.5 million bond was issued in 1919 to purchase Southern California Edison.

[61] Municipal power was sold at a low price, thanks to the considerable potential of the aqueduct. For instance, in 1916, the city's first client paid 5 cents/KW; see MacKillop, *L'universalisation des réseaux*, 100. This ensured a rapid growth of municipal operations: after one year in business, the Bureau of Power and Light (BPL) had 40,000 customers in the city. Between 1916 and 1921 alone, sales increased 47%. See *Annual Report of BPL*, 1921.

1930 witnessed an average of 18,833 new connections to the water network per year, compared to 4000 per year between 1902 and 1910, and 5500 per year between 1910 and 1920.

However, several areas reached the limits of the network's capacity, as did the reservoirs in general.[62] The quest for quantity and quality necessitated heavy investments that were both detrimental to the financial balance of the utility and insufficient to keep up with the City's growth rate.[63] Thus, a certain dose of pragmatism was there to stay, and the efficient opposition of private interests to the extension of municipal ventures made this even more so. Indeed, in the 1920s, private power companies supported by the LA *Times*, managed to cause the defeat of several bond elections organized by the pro-municipal forces.[64]

Thus, at the end of the 1920s the rhetoric of private interests, centering on the greater efficiency of private enterprise and the defense of private property still held sway over a sizeable proportion of the population of the city, while the defenders of municipal ownership were growing weaker. Progressivism was no longer a political force to be reckoned with, and Mulholland (the LA municipal engineer, and the symbol of municipal enterprise) saw his career and reputation ruined by the catastrophic failure of his Saint Francis dam in 1928.[65] This was seen as confirmation that municipal operations were going too far out of control with respect to both projects and the expenses involved. The municipal water and power ventures had succeeded in spreading the networks and adapting them to achieve the dream of a modern and prosperous LA. However, they lacked funds and public support, as well as the Progressives' sources of inspiration and the Engineer's charismatic figures (Mulholland). The city, now heavily indebted, had to face a rejuvenated oligarchy that imposed an apparent stalemate.

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[62] MacKillop, *L'universalisation des réseaux*, 68-69.

[63] In the 1920s, the very strong growth of the city, in part due to the efficiency of the municipal utilities in permitting widespread access to cheap and reliable water and power, put a severe strain on the financial resources of the Department of Public Service. Indeed, most of the networks inherited from private companies had to be upgraded or rebuilt, while being extended in the city and its newly annexed districts. In 1929, the *Annual Report of the BWWS* stated that an investment of "at least $6,500,000" was necessary for the network to keep up with the pace of demand.

[64] In 1922, a $49,000,000 election for the building of a municipal power distribution system and the purchase of LA Gas and Electric Co. failed; in 1924, the election failed again at the polls.

[65] The failure of this dam, designed by Mulholland and built regardless of warnings regarding the unadapted location, caused the death of over 400 people.

Conclusion: The Creation of a Municipal Department with a "Hybrid Philosophy" of Governance.

It took the economic crisis of the 1930s and the subsequent intervention of the federal government, via the "New Deal," to unblock the situation, both ideologically and financially, and ensure the completion of municipal control over water and power in LA. Indeed, the negative image of corporations during this period[66] reinforced the desire for utilities "by the people, for the people," aiming at "increasing quality of life and promoting a healthy community,"[67] while federal funds made investments by the municipality possible again.[68] Thus, the Department of Water and Power (DWP) was able to complete the universalizing of water and electricity in LA, and, again, without strictly respecting the principles of financial orthodoxy laid out at the municipal water service's birth, public intervention was necessary. The DWP acted as a tool for public policies, as opposed to taking a "strictly business" approach.[69]

But this federal intervention and the reassertion of municipal values in the 1930s must not lead us to think that the business principles gradually disappeared from the governance of LA's municipal utilities. In a city so deeply infused with these principles, with a strongly pro-capitalist population, the DWP emerged as a combination of public and private approaches of what a utility should be, and never steered too far from financial orthodoxy, even though it entered into more and more subsidy-laden operations.[70] The rhetoric of a "healthy business proposition"[71]

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[66] The LA Gas and Electric Co., for instance, was portrayed as an "octopus" at the hands of "robber barons," while the dividends that the company paid to its shareholders seemed shocking in a period of mass poverty.

[67] *Annual report of BPL*, 1928.

[68] In 1936, for instance, the Department of Water and Power (DWP) secured a Federal Emergency Administration of Public Works loan of $2,195,000. See *Annual Report* of *DWP*, 1936. In 1938, Washington granted a $10,000,000 loan under the aegis of the *Public Works Appropriation Act*. See *Annual Report of DWP*, 1938.

[69] For instance, the universalizing of electricity was presented as fostering not only "economy," but also "happiness and joy," by making "domestic life more desirable and preventing the influence of demoralising and destructive elements"; thus, widespread access to power (and water) was not only a way of stimulating the economy, but of achieving the (typically Angeleno) dream of a "Good Life" centered on the family and the home. See MacKillop, *L'universalisation des réseaux*, 112. Moreover, water and power were sold at a very low price to needy families during the 1930s crisis. See *Annual Report* of *DWP*, 1933.

[70] Such as the Boulder Dam (Colorado) and aqueduct project, started in 1928, and envisioned as "profitable" by the DWP due to massive public subsidies.

[71] The electorate rejected anything that was not explicitly "healthy," for example, the idea of municipalizing the streetcar service in the mid-1920s; see Fogelson, *The Fragmented*, 221.

never disappeared as a way of convincing the electorate, and the enduring oligarchy, to vote favorably in bond elections.[72] The "growth cartel's" persistent influence and the motivations and strategies of its business elite are essential in understanding the case of LA. This is distinctly different from Paris and Rome where there were much more marked state interventions into water supply and delivery, mainly because of their symbolism as capital cities. In the case of LA, the strategies and the narrative surrounding the issue of water supply were local, involving more of a closed system of actors.

In the end, the fact that municipal water and power operations were presented as ways of ensuring the "prosperity" and "greatness" of LA, and the record accompanying these claims constituted the main reason for the emergence of America's greatest municipal utility in a city so marked by private enterprise and the enduring power of its "oligarchy." This hybrid situation, and its emergence, is key to understanding the process of urban planning and growth in LA, its impressive successes, as well as its dramatic flaws. Although the persistent influence of the growth cartel and its rhetoric (mainly in the field of water supply) are increasingly seen as a threat to the environment and to the quality of LA life, its strategies and dogmas still shape the LA metropolitan region.

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[72] After 1947, the growth cartel of LA, together with the powerful techno-structure of the DWP, freed themselves from voters' consent via a city charter revision. The DWP, from then on, could issue bonds without submitting them to the people for approval. See Carle, *Drowning the Dream*, 75.