Henry E. Huntington and Metropolitan Entrepreneurship in Southern California, 1898-1917

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From 1898 to 1917, Henry Huntington was the foremost developer of the greater Los Angeles metropolitan area. Huntington's strategy was to pour vast amounts of capital rapidly into three of the southland's basic sectors critical for regional growth--trolleys, electric power generation and distribution, and real estate development. By establishing a series of interrelated firms, he created a development program which operated the segments together in unison to spur economic expansion.

When all the firms of his business triad worked together, Huntington streetcars, powered by his Pacific Light and Power Company, rolled over tracks built to property which was already owned by one of his land companies, or under consideration for purchase. The acreage was eventually subdivided and sold at a large profit. Adding to this development machine, Huntington set up water companies, and, in combination with Pacific Light and Power, his firms often provided the new communities with public utilities.

When the economy of the Los Angeles basin grew, Huntington was one of the prime beneficiaries. The economic boom he helped to create rewarded him handsomely by bringing in more people and expanding the markets of his various concerns. So widespread were his projects and so successful were his many ventures that Huntington's name became linked with prosperity and progress. His name, in fact, and the perceived image of boosterism, investment, and development in the Los Angeles metropolitan area were virtually interchangeable terms between 1898 and 1917.

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Contemporary businessmen clearly understood Huntington's role in the economic expansion of the Los Angeles basin. In 1917, for example, John B. Miller, president of Southern California Edison, wrote that Huntington's "faith in Southern California has been the dominating factor in its return from the depression of the latter eighties and its new and wonderful growth, substantiality and prosperity" [2, p. 5].

Like other local entrepreneurs, Huntington was bold, future-oriented, and willing to gamble on the growth of his area of choice--southern California. In addition, like most urban developers, Huntington chose not to specialize in one type of business activity but established a number of enterprises in critical sectors which were aimed at encouraging and then accelerating city growth. Entrepreneurs often increased their likelihood for profits because the various elements of their investment interacted synergistically when operated together. Frequently, for example, entrepreneurs controlled the region's transportation sector and used the transit firm to promote and develop their real estate holdings.

Urban developers abound throughout American history. In early nineteenth century Albany, New York, Erastus Corning encouraged urban growth by investing in railroads, land development, and manufacturing. At about the same time, William Ogden labored to develop Chicago. He organized many railroads and land companies as well as an iron enterprise and a lumber firm. By the late nineteenth century, however, local developers often substituted streetcars for railroads as the engines of urban development. Charles Yerkes of Philadelphia and later Chicago, for example, concentrated on the businesses of trolley transportation and public utilities.

Huntington differed from other urban builders; his operations covered an entire metropolitan region, and his investments in sectors basic for urban growth were huge. While most entrepreneurs operated on a small-scale and were almost always seeking additional capital to expand their businesses outward, Huntington arrived in southern California with a background of managing large-scale enterprises and a fortune--approximately $15 million--inherited from his uncle, Collis P. Huntington, enabling him to finance simultaneously many great business ventures in a short period of time. His operations were so unique that he was in a class by himself: the metropolitan entrepreneur.

The importance of entreprenuers to urban development has been the focus of several scholarly studies: Richard C. Wade, *The Urban Frontier: The Rise of Western Cities, 1790-1930* (1959); Charles Glaab, *Kansas City and the Railroads: Community Policy in the Growth of a Regional Metropolis* (1962); and Kenneth Wheeler, *To Wear a City's Crown: The Beginnings of Urban Growth in Urban Texas* (1968). All stressed the role of individuals in urban development.

More recently, however, studies of urban entrepreneurs have shifted away from the elites' roles in urban development and have instead dealt with the social dynamics and composition of the regional urban elites. Examples of works in this vein include: David Goldfield, *Urban Growth in the Age of Sectionalism: Virginia, 1847-1861* (1977); John Ingham, *The Iron Barons* (1978); Frederic Jaher, *The Urban Establishment* (1982); and Edward Davies II, *The Anthracite Aristocracy* (1985).

In *Urban Capitalists* (1981), Burton Folsom, Jr., investigated the function of entrepreneurs in the development of seven cities in northern and eastern Pennsylvania. Examining the urban growth in the Lackwanna and Lehigh valleys, two industrial centers in Pennsylvania, Folsom stressed the role played by able and energetic entrepreneurs in the establishment of prosperous cities.

Folsom's book points the way for further investigation of entrepreneurs within the urban context. Comprehensive analysis of individual city-builders and their contributions to the expansion of urban economies is a surprisingly little ploughed field of historical scholarship. Urban entrepreneurs receive only passing attention in broad studies of urbanization such as Charles Glaab and A. Theodore Brown, *A History of Urban America* (1967) or Kenneth T. Jackson, *Crabgrass Frontier* (1985). Other works dealing with businessmen in the urban setting often stress only one aspect--usually transportation--of local entrepreneurship. Fine works in this category include George Hilton and John Due, *The Electric Interurban Railways in America* (1960) and Charles W. Cheape, *Moving the Masses* (1980).

Yet strangely, none of the above works of urban history or entrepreneurship takes as its focus a single particularly significant individual, or a small group of individuals whose presence and economic activity altered the path of urban development in a specific area. To appraise accurately the impact of an individual and his ventures on metropolitan economic growth, works of business biography should be integrated with studies in the history of urban development. The individual entreprenuer must be considered within the urban context in which he operated. This then, is an examination of the Los Angeles basin's leading metropolitan entrepreneur, Henry E. Huntington, and his developmental enterprises in southern California.

Through his business triad, Huntington dominated the key sectors for regional development. With the exception of Moses Sherman and Eli Clark's Los Angeles Pacific Railway, which covered the western section of Los Angeles County, Huntington held a near monopoly in the Los Angeles basin's public intracity and intercity transit. Huntington's streetcar companies consisted of the very profitable LA Railway in the heart of the Los Angeles business and residential district, and the sprawling interurban Pacific Electric.

The Pacific Electric linked many of the region's small fringe settlements, at distances ranging from 10 to 50 miles away, with the downtown core of Los Angeles. It was not a profitable transit system, but it served Huntington's larger purpose of working with his many land companies and promoting the sale of real estate.

To purchase, subdivide, and sell real estate, Huntington formed several land companies, but his primary and solely-owned land firm--the Huntington Land and Improvement Company--held the majority of his property which was largely concentrated in the San Gabriel Valley. When times were propitious, Huntington subdivided and sold his land at a huge profit. Working with his transit and real estate components was his power company. Huntington initially entered the electric business to guarantee power for his streetcars, but by 1913, his Pacific Light and Power Corporation, besides providing electricity to the trolleys, was supplying 20% of the power needs in the city of Los Angeles and furnishing electricity for cities in the San Gabriel Valley. In addition, Southern California Gas, a PL&P subsidiary, held 20% of Los Angeles's natural gas market.

Besides his far-flung southern California business triad, Huntington was also involved in local agriculture, industry, the hotel business, and many leading social and civic organizations. He was one of the region's largest employers. An outspoken proponent of the open shop, Huntington worked to keep his companies free of unions, and he became a major force in foiling organized labor's attempts to gain a foothold in the Los Angeles basin.

In addition to his tremendous influence in southern California's economy and area labor relations, Huntington also played a leading role in shaping the region's cultural landscape. He donated money to local colleges, universities, and museums and was active in the Pasadena Art and Music Association. His major contribution, however, was the creation of the Huntington Library and Art Gallery, a first-class research library, museum, and botanical gardens open to the public free of charge.

The development of metropolitan Los Angeles was influenced heavily by the creative genius and energy of a few entrepreneurs. Huntington was directly involved in so many different large-scale projects in such a short period of time that it seems safe to claim that he was by far the foremost of these urban developers who built southern California into a major urban center between 1898 and 1917. He had used his wealth and managerial and organizational skills to accelerate even faster the growth of the Los Angeles basin.

Theodore Dreiser's description of his protagonist, Frank Algernon Cowperwood, and his many enterprises in the 1914 novel *The Titan* could be used

to depict Huntington and his various commercial ventures in southern California.

> How wonderful it is that men grow until, like colossuses, they bestride the world, or, like banyan trees, they drop roots from every branch and are themselves a forest--a forest of intricate commercial life of which a thousand material aspects are the evidence [1, p. 428].

Indeed, given the scope of his activities, Huntington was the epitome of the successful metropolitan entrepreneur.

This study is based on the recently opened Henry Huntington papers at the Huntington Library in San Marino, California. The cataloged portion of the collection includes over 22,000 items of personal and business correspondence arranged chronologically. The larger uncataloged section of the collection contains a wide range of Huntington's personal financial records and business reports of his various enterprises.

REFERENCES

1. Theodore Dreiser, *The Titan* (1914; reprint ed., New York: New American Library, 1965).

2. Southern California Edison, *The Greater Edison* (1917).