



L.A. Sprawl: How Did We Get This Way?

By Dr. Mason Gaffney

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L.A. SPRAWL: HOW DID WE GET THIS WAY?

Notes, Mason Gaffney, 4/93, rev. 12/99

It is probably true that the mass transit system of L.A. was deliberately sabotaged by a rampant auto industry, allied with all the related interests: oil, rubber, paving, construction, auto dealers, etc. It is alleged that Standard Oil, Firestone et al. were found guilty in Federal court of "criminal conspiracy to monopolize ground transportation," case No. 186 F2d 562, 1949. See also transcripts, 1974 Kennedy-Collier Hearings on anti-trust violations.) One visible accuser (Bradford Snell, ca. 1974) assigned a major role to GM (I cannot confirm or deny his specific allegations)¹. However, settlement patterns in metro L.A. had been set up for the auto during the mass transit era by the rent-seeking of traction magnate Collis P. Huntington (Huntington Beach, Huntington Avenue, Huntington Library, Gardens, Art Gallery, etc.)

C.P. Huntington's father or uncle had been one of the "Big Four" Robber Barons of S.P. with Stanford, Crocker and Hopkins. Then C.P. Huntington went into local electric lines. He would buy a ranch, then run a trolley line to it and cash in by selling land. The story is told in an article by Michael Sheehan in the AJES, ca. 1982+/-2. *cf. Van Sweringen, Shelden Hrs*

This dovetailed nicely with the "Arcadian" model of scattered small towns that dominated the region. (See Carey McWilliams, Southern California: an Island on the Land.) Settlers from cornbelt states were easily sold on it. Intensive irrigated citriculture called for many small farm towns (e.g. Riverside, Whittier, Anaheim, Etiwanda, Ontario, Pomona). Seaside resorts led to the many Beach Cities: Malibu, Sta. Monica, Venice, Long Beach, Manhattan Beach, Hermosa Beach, Huntington Beach, Palos Verdes, Dana Point, Newport Beach. Most of these got well started before the auto. *cf. n. of Milwaukee; n. shore of L.A.*

The City of Los Angeles was also led to expand its city limits well beyond any urbanized districts, by a water problem. It was a means of avoiding a condition Pres. Theodore Roosevelt had placed on the use of Owens' Valley water secured using a

¹ GM officially denies them. Some scholars have taken GM's side, but it is not clear how independent they are of GM funding, direct or indirect.

r.o.w. over Federal lands: it was for use within the city only. The story is well told in Wm. Kahrl's 1982 book, Water and Power.

The rent-seekers, led by Wm. Mulholland (City Engineer), and a Gen. Harrison, and Otis Chandler of the L.A. Times, bought the land cheap in the San Fernando Valley, then had it annexed and watered. See Faye Dunaway, Jack Nicholson and John Huston in Roman Polanski's film Chinatown.

Once the Chinatown pattern was proven out, it was replayed several times, in a Great Water Treadmill: subsidized water supply followed by overdraft followed by State rescue projects followed by new overdrafts. It has become a way of life and philosophical mindset, which they idealize as "foresight," for the local leadership. The Metropolitan Water District of Southern California (MWD) keeps pressing for more water sources, wringing its hands over the drought, preaching domestic conservation and imposing rationing on its old customers - and annexing new desert lands to water. "It's hard for the public to understand how you can annex and talk about a water shortage," stated Lois Boylan Krieger, MWD Board Chair, as the Board approved another drought-year annexation (Metzler, 1991). It is hard indeed, and neither she nor anyone has made it understandable. A month later she proposed making more water available for farmers in her district (Bankole, 1991). She has MWD maintain a "balancing fund" to subsidize waste by keeping prices low during droughts, and avoid peak-load pricing (Krieger, 1991).

Land speculators generally dominate the Metropolitan Water District of Southern California, the regional water supply agency, which has long overtaxed the City of Los Angeles to subsidize expansion to outlying areas. It is organized that way.

MWD is run by a board of fifty directors, representing twenty-seven cities and districts that it serves. Those representatives from the cities are elected on the basis of "one-person-one-vote" and those from several outlying districts are elected by "one-acre-one-vote." Representatives from landowner-run districts remain the same from election to election, thus gaining seniority and domination of the fifty-person board. Thus a handful of speculative landowners have as many votes as millions of city residents. Accordingly, the MWD preaches water conservation in the cities while it keeps annexing new speculations at its fringes. It is probably no accident that its long-time president represents the Western Municipal Water District of Riverside County, an area dominated by land speculators. Many economists have criticized its persistent refusal to consider any kind of economically rational, cost-justified rate structure.

To the north, the Newhall Land Partnership holds 123,000 acres, mainly in Los Angeles and Ventura Counties, from Valencia and Magic Mountain west down the Santa Clara Valley and south toward Piru and Fillmore. They are developing the city of Valencia, but slowly. 7,000 of its 10,000 acres remain undeveloped. The Newhalls are one of California's most powerful families, controlling water sources and the San Francisco Chronicle. They are major contributors to all five of the L.A. County Supervisors. The Newhalls were early major financial backers of the political campaigns for the Peripheral Canal bond issue to bring more northern water south. The immediate purpose of this proposed project was to valorize speculative landholdings like theirs on the fringe of the southern megalopolis. They joined in this campaign with other large development interests, such as: the Irvine Company, Southern California Edison, Security Pacific Bank, Rockwell, Mission Viejo (the O'Neills), Bixby Ranch, and Union Oil. Yeager Construction Company (highways and landholdings) led the campaign in Riverside County.

Adjoining MWD service territory to the north, the Castaic Lake Water Agency (CLWA) serves the Santa Clarita Valley, including the Newhall's cities of Valencia and Newhall. It is virtually a Newhall satrapy, although it is nominally a public agency, enjoying all the tax and other privileges of a public agency. Newhall lands also benefit from priority claims on the valuable Santa Clara River, a key resource in a bone-dry area.

Its flows are regulated and probably supplemented by the state- financed Pyramid Dam on Piru Creek.

Castaic Lake Water Agency (CLWA) service territory abuts the MWD-served lands, but it maintains a separate existence. It lies right on the State's main water line. Like the MWD, CLWA buys below cost from the state water agency, then sells water for a profit. In 1993 it outspent every other government agency in California in lobbying in Sacramento. Generally, Castaic ranks a notch above other local agencies in getting favored treatment.

There was also an oil factor. Some scattered communities were founded around oil, at least in part: Carson, Brea, Torrance, Signal Hill, etc.

Downtown L.A. was located by a water supply, in Spanish days. San Pedro was a port, 30 miles away or so. Only later did L.A. annex the port and develop it: more scatter.

State Universities are another factor. UCLA (Westwood Village) was located to valorize lands of the Janss Investment Company roundabout, who "generously" donated the land. Westwood is now a rival to downtown L.A. in office space, linked by Wilshire Boulevard with its "Miracle Mile." Riverside pulled the same deal, with less success. The Irvine Company is a more recent entrant. It owns 20% of Orange County, California, still largely vacant, laced with state-financed freeways and interchanges, and crowned with U.C. Irvine, on land donated by the Irvine Company. The new city of Irvine is growing around it. Students residing at U.C. Irvine pay rents to the Irvine Company, but so do "homeowners," because Irvine's policy has been never to sell the ground, only to lease it.

The mess here is the cumulative result of several factors, then, that precede the probable rape of mass transit by GM and the others. Most of those things occurred before the auto was a major player. Some parts of the city were (and are) populated at fairly high density. The population of the metro area was, however, very scattered. Rent-seeking the cause; scatter the effect. Transit extensions through low-density territory were marginally profitable, and easy pickings for auto competition when it came, and the "road gang" got the cement-pouring juggernaut going. The road gang is not just a Sacramento group, but includes contractors around the state, many of whom combine land speculation with road-building.

As to landownership by auto magnates, it is true that Henry Ford II ("Hank Deuce," in Detroit) took a turn (with two other Detroit magnates, Max Fisher and William Taubman) owning the Irvine Company, from roughly 1970-80, between the Irvine Estate (run by Noble McLaren, accused by heiress Joan Irvine of murdering her father) and Donald Bren, the present owner (20th or so richest person in America). So far as I know, this is unrelated to the earlier rape of mass transit, but the Ford connection is suggestive and bears investigating.

L.A. is eccentric, but is it an exception to any general rule? Rather, it serves them up in caricature. "Rent-seeking" for water licenses is perhaps its outstanding idiosyncrasy, coupled with an abundance of flat, dry land in a key coastal location with growing Pacific trade.