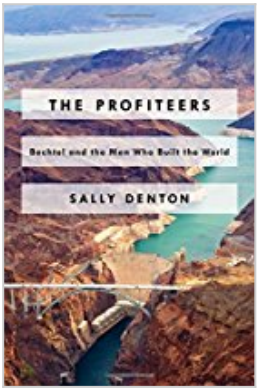

The Profiteers: Bechtel and the Men Who Built the World

By Sally Denton

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From the bestselling coauthor of *The Money and the Power* (which the *Los Angeles Times* called “one of the most important nonfiction books published in a half century”)—the inside story of the Bechtel family and the empire they’ve controlled since the construction of the Hoover Dam.

The tale of the Bechtel family dynasty is a classic American business story. It begins with Warren A. “Dad” Bechtel, who led a consortium that constructed the Hoover Dam. From that auspicious start, the family and its eponymous company would go on to “build the world,” from the construction of airports in Hong Kong and Doha, to pipelines and tunnels in Alaska and Europe, to mining and energy operations around the globe.

Today Bechtel is one of the largest privately held corporations in the world, enriched and empowered by a long history of government contracts and the privatization of public works, made possible by an unprecedented revolving door between its San Francisco headquarters and Washington. Bechtel executives John McCone, Caspar Weinberger, and George P. Shultz segued from leadership at the company to positions as Director of the CIA, Secretary of Defense, and Secretary of State, respectively.

Like all stories of empire building, the rise of Bechtel presents a complex and riveting narrative. In *The Profiteers*, Sally Denton, whom *The New York Times* called “a wonderful writer,” exposes Bechtel’s secret world and one of the biggest business and political stories of our time.

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Editorial Review

Review
"Investigative reporter Sally Denton has deftly pulled back the curtains on one of the most consequential business dynasties in America. "The Profiteers" is eye-opening reading for anyone who truly wants to understand how money, government and power intersect." **– Jane Mayer, author of *Dark Money* and staff writer for *The New Yorker* magazine**

“In the highest tradition of investigative journalism, Sally Denton tells the compelling, troubling story of a vast enterprise that has blurred the lines between governmental and corporate power. This is how our nation really works, and this is a book that's impossible to ignore. So don't.” **– Walter Kirn, author of *Blood Will Out* and *Up in the Air***

"Investigative journalist Denton offers an ambitious "empire biography" of the Bechtel family and the secretive, privately held construction company-turned-diversified international conglomerate that has been "inextricably enmeshed" in U.S. foreign policy for seven decades. In this incredible-seeming but deeply researched book, the author traces the phenomenal rise of the California-based corporation that became famous for building the Hoover Dam and went on to handle billion-dollar projects from the Channel Tunnel to the Big Dig.... Filled with stories of cronyism and influence peddling, Denton's riveting and revealing book will undoubtedly displease the so-called "boys from Bechtel."
– Kirkus

"The author's journalistic writing style is fast paced, hard-hitting, and engaging.... This book will interest readers who enjoy contemporary U.S. history, Middle Eastern history, political science, and public works spending." ***– Library Journal***

"Denton dutifully reports Bechtel’s denials of influence-peddling but plainly doesn’t believe them. Instead, she maps coincidences between the government tenure of a Bechtel executive, such as George Schultz, and projects his former agency later awarded to Bechtel. However readers view the company, Denton’s extensively researched work informs readers about the firm’s maintenance as a privately held concern during its growth into a huge, multinational enterprise."
— Booklist

“In this compelling corporate history, she artfully detail show Bechtel accrued power by exploiting the “revolving door of capitalism,” through which its executives have glided effortlessly, moving between the company headquarters and the corridors of power in the nation’s capital.” **– The National Book Review**

About the Author
Sally Denton is an investigative reporter, author, and historian who writes about the subjects others ignore—from a drug conspiracy in Kentucky to organized crime in Las Vegas; from corruption within the Mormon Church to the hidden history of Manifest Destiny; from one of America’s bitterest political campaigns to the powerful forces against Franklin D. Roosevelt. She has received the Guggenheim Fellowship, the Woodrow Wilson Public Scholar Fellowship, and the Black Mountain/Kluge Fellowship. She is the author of, among others, *The Money and the Power*, *American Massacre*, *The Bluegrass Conspiracy*, and *The Profiteers: Bechtel and the Men Who Built the World*.

The Profiteers

CHAPTER ONE

Go West!

A “tall, beefy man with a bull-like roar,” Warren Augustine Bechtel, whose legacy would be one of the greatest engineering achievements in American history, came into the world on September 12, 1872. The fifth in a family of eight children, he was raised on a hardscrabble farm near Freeport, Illinois. His parents—Elizabeth Bentz and John Moyer Bechtel—were descendants of pioneer Pennsylvania German families. When he was twelve, his parents moved to Peabody, Kansas, where they eked out a living “at a time when he saw many men missing an arm or a leg from service in the Civil War,” as one account described the setting.

It was a backbreaking childhood that he fantasized about escaping from an early age. Because he was tasked with farm chores since he was a toddler, Warren’s schooling was confined to the winter months when the crops lay beneath frozen ground. Like many of his contemporaries, he hated farming as only a farmer’s son can, but he disliked the classroom with equal fervor. Still, his father, who was also a grocery store proprietor, insisted that he finish high school. In 1887 the first railroad came through the area, and during the summers, Warren hired himself out to the construction crews to learn grading and machinery. He also worked for neighboring ranchers, branding cattle and driving herds. But his passion was the slide trombone, which he practiced while roaming the land. He dreamed of playing the instrument professionally.

Upon graduation at the age of nineteen, he hit the road with an ensemble of performers who called themselves the Ladies Band. He hoped music would spare him a future in farming. “Either the music of the ladies’ band was very bad or the Western audiences were lacking in appreciation,” the New York Times would later describe the venture. “The troupe came to grief in Lewiston, Ill., and the young slide-trombonist was stranded.” Disheartened, he returned home to the unwelcome plow to raise corn for livestock feed. He remained there until 1897, when he became infatuated with a slender brunette named Clara Alice West. She was visiting relatives in nearby Peabody. After a fleeting courtship that alarmed her affluent Indiana parents, the two married, and Warren ventured into the cattle business. He embarked on his scheme to fatten Arizona draught steers as they awaited slaughter in the Kansas stockyards. But the bottom dropped out of both the corn and cattle markets to record lows at the end of the nineteenth century, leaving the newlyweds bankrupt. With their infant firstborn son, Warren Jr., their personal possessions, a slip grader, and two mules, they struck out for Indian Territory, where the Chicago, Rock Island and Pacific Railway Company was putting new lines westward from Chickasha in what is now Oklahoma.

Earning $2.75 per day—a good living for a man with his own mule team—Warren found the work plentiful, as rail companies were expanding westward with boomtown gusto. His nascent construction company consisted mostly of muscle and ambition. As the railways forged west, so too did the little Bechtel family, with Warren grading track beds in Indiana, Iowa, Minnesota, and Wyoming. Though a rugged and itinerant existence, the couple was optimistic, and welcomed the birth of their second son, Stephen Davison, while visiting Clara’s parents in Aurora, Indiana.

When he was offered a job as gang foreman with the Southern Pacific Railroad in Reno, Nevada, during the winter of 1902–03, Warren was grateful for the opportunity. Eager for a more secure financial position, he had set his sights on the West Coast and the post–Gold Rush promise that existed in California. Warren

embraced newspaperman Horace Greeley's famous 1871 career advice to a young correspondent: "Having mastered these, gather up your family and Go West!"

"I landed in Reno with a wife and two babies, a slide trombone, and a ten-dollar bill," Warren later recalled. The railroad supervisor who had promised him the job had gone bust. Twenty-seven years old, Warren lived with his wife and small sons in a converted railroad boxcar. Discouraged, he hitched a ride on a buckboard to Wadsworth, Nevada—a remote railroad site on the banks of the Truckee River known for its wild mustang herd and native Paiute population. He found a job there as an estimator for the Southern Pacific, earning $59 a month. "He was learning all the time, but he seemed to me a natural engineer," his supervisor later recalled. An engineer who worked with him during those early days described him as "a horse-drawn fresno-scraper type of contractor"—meaning an old-fashioned laborer who had come up the hard way on the railroad construction gangs.

A series of jobs ensued from which Warren acquired technical experience in lieu of a formal education. From Wadsworth, he moved to Lovelock, Nevada, where he became a gravel pit superintendent at a quarry. He, his wife, and two young sons were a familiar sight at the primitive migrant job sites. He soon acquired the nickname "Dad," as his ubiquitous brood called him. He bounced around various posts, gaining a reputation for efficiency and, especially, for mastering the newfangled modern transportation and construction equipment—most conspicuously the giant excavating machine called the steam shovel. "Many of the old-timers were reluctant to have anything to do with the big, belching mechanized monsters," according to one account, "but Bechtel put them to immediate—and profitable—use." That specialty brought him to the attention of an inspector for a construction firm, based in Oakland, California, that had a contract to build the Richmond Belt Railroad and to extend the Santa Fe line into Oakland.

In 1904 Dad moved his family to Oakland, where a third son, Kenneth, was born. The city, named for the massive oak forest that dominated the landscape, was surrounded by redwoods, farmland, and rural settlements. Even then a sad relative to booming, raucous San Francisco, located six miles west across the San Francisco Bay, the city's future as Northern California's busiest seaport was not yet apparent. Still, its sunny and mild Mediterranean climate lured an increasing number of immigrants from throughout the country, and its population (eighty-two thousand upon the Bechtels' arrival) would double in just six years. A few blocks away from their Linden Street home, tracks of the interurban electric line to San Francisco were being laid. Dad had the contract to fill the swamp at the head of Lake Merritt for Oakland's Lakeshore Park.

By 1906, Dad was ready to strike out on his own. At thirty-four years old, he obtained his first subcontract with the Western Pacific Railroad, building a line between Pleasanton and Sunol. This independent undertaking marked the birth of the modern Bechtel company. Dad began assembling the team of colleagues that would help him make construction history. For an extortionate fee, he rented the impressive Model 20 Marion steam shovel that had been memorably developed for the Panama Canal construction. When he purchased the imposing machine, thanks to a loan from his well-to-do father-in-law, his company was officially launched. His steam shovel was in great demand, and he undertook ever-larger railroad projects while expanding into building roads, tunnels, bridges, and dams. In large white block script, he stenciled "W. A. BECHTEL CO." onto the red cab door. It would be another sixteen years before he would formally incorporate his business. Home now to a family of five, their residential boxcar was called WaaTeeKaa for the combination of their three toddlers' baby names: "Waa-Waa" for Warren, "Tee-Tee" for Steve, and "Kaa-Kaa" for Kenneth.

"Still largely undeveloped, California was booming . . . and, with the recent addition of the steam engine, railroads couldn't lay track fast enough to link the new west to the rest of the country," a newspaper

described the moment. A man of unlimited ambition, Dad expanded his vision to the western slope of the Rocky Mountains, where he came into contact with the imposing and pugnacious sheep-ranching Wattis brothers of Ogden, Utah. W. H. and E. O. Wattis were the founders and chief executives of the Utah Construction Company—one of the great railroad construction firms of the West—who were devout members of the Church of Jesus Christ of Latter-day Saints. The sons of a forty-niner "whose trek to California ended six hundred miles short in . . . northern Utah . . . they were reared in the dynamic, enterprising environment of Brigham Young's Mormon commonwealth," wrote historian Joseph E. Stevens. They were notoriously reluctant to work with non-Mormon "gentiles." But they admired Dad's abilities and resourcefulness and, as W.H. reportedly put it to his brother: "Might as well ask him in as to have him bitin' our feet."

The Wattis brothers wielded extraordinary political power in Utah. David Eccles, patriarch of the single largest Mormon fortune, leading tither to the church, and the father of Marriner Eccles, who would later become chairman of the Federal Reserve Board, supplied most of their capital. (The Eccleses' formidable Utah Corporation was an international conglomerate of mining, shipping, and construction involved in the production of iron, coal, and uranium ore on three continents.) The Wattises gave Bechtel his most lucrative jobs to date: three large contracts for railroad lines in Northern California and central Utah. His work with the Northwestern Pacific Railroad required more sophisticated construction techniques, and he became the first contractor in the country to replace the horse- and mule-drawn freight teams with chain-driven, gasoline-powered dump trucks. At a yard in San Leandro, he retrofitted 1912 model Packards and Alcos with dump bodies. Referred to later as the "coming of age" period for the Bechtel organization, the completion of the last 106-mile stretch of the Northwestern Pacific line signaled the beginning of the company's rise. "I never expected to have that much money in a lifetime," the unlettered son of a small-town grocer confided to a friend upon receiving his nearly $500,000 payment.

Now flush, he turned his attention to family—which included daughter Alice Elizabeth, born in 1912—purchasing a spacious Victorian home and furnishing it lavishly with rare Oriental rugs that had been exhibited at the 1915 Panama-Pacific International Exposition in San Francisco. He chose the Estudillo Avenue house in nearby San Leandro, where the children would have "more room to grow." Evocative of his farm upbringing, the house was surrounded by acres of tomatoes and elaborate flower gardens. A tennis court on the grounds affirmed the family's fresh wealth.

But just as the official history of the company smooths over the "near misses, the bad judgment calls, and the numerous failures" of Dad's early climb—as an academic critique of the corporate culture of Bechtel portrayed his dismal performance in the cattle, farming, and grading enterprises, not to mention the nomadic lifestyle to which he subjected his young family—so too are his subsequent fiascos whitewashed. "It is difficult to connect the sober-headed, hard-working straight-shooter depicted in the official history with the man whose main ambition on leaving home, for instance, was to play the slide trombone with a largely female dance band," wrote Canadian postcolonialist professor Heather Zwicker.

Despite the revisionist and mythologizing company narrative of Warren A. Bechtel's entrepreneurial individualism—the American exceptionalism that would be much ballyhooed by later generations of Bechtels—in the years following the Northwestern Pacific windfall, Dad made a string of bad calls. Smug with his newfound success, "and still fancying himself the wheeler-dealer of his youth," according to Friends in High Places: The Bechtel Story—The Most Secret Corporation and How It Engineered the World, by Laton McCartney, he sank tens of thousands of dollars into an unsuccessful Oregon gold mine, followed by several hundred thousand more invested in a folding toothbrush company that tanked. The salvation of his fortune and future would lie not in the up-from-the-bootstraps chronicle that would become family legend, but with the US government. With government patronage, Bechtel was able to build a network of tracks and

highways throughout the land at the very moment that railroad expansion and the automobile industry were exploding.

Sales of Henry Ford's iconic black Model Ts had passed the five hundred thousand mark by 1918—giving the Ford Motor Company a veritable monopoly, as a Ford was driven by more than half the car owners in America. Dad was not alone in recognizing that all of these cars needed roads to travel on, but he was among a handful of California builders positioned to capitalize on the new construction market. The Federal Aid Road Act had been approved in 1916 to meet the overwhelming demand, resulting in the creation of the US Bureau of Public Roads. Bechtel lobbied for a role, and in 1919 received the first federal highway contract in California. He first built the Klamath River Highway near the Oregon border; the scenic byway, considered an engineering marvel at the time, jutted through volcanic rock and granite. The following year, he built another highway for the federal government in Los Angeles County that ran through the rugged San Gabriel Canyon; this one required a bluff to be blasted down with the rarely used powerful explosive, picric powder. Next was the Generals Highway in Sequoia National Park, named after the largest, most famous giant sequoia trees—General Sherman and General Grant—and famous for its steep, often-impassable switchbacks. Then came the job of making additions and improvements to the highway system in Yosemite National Park, followed by contracts in New Mexico and Arizona to double track the Santa Fe Railroad from Gallup to Chambers.

Dad, fleshy and always well groomed, gained a reputation for keeping his jobs orderly and his equipment in top condition. He espoused a "cleanliness is next to godliness" motto. He wore a trademark felt fedora and gold watch fob, and his dapper style set him apart from the workers on his many sites. Known for his hearty appetite, he hired the finest cooks and bakers he could find to accompany him to his worksites. Since his California labor force was composed mostly of what he called "eye-talians," his cooks became expert at cooking spaghetti, for which Dad acquired a penchant. A stickler for verbal agreements and handshake deals with his associates—"When you can't trust a man's word, you can't trust his signature," he would declare—he also insisted on fifty-fifty partnerships. "Dad had no patience with 51-49 arrangements," a former partner once said. "He used to say 'No man with a sense of self-respect wants to be controlled on that kind of percentage.'?"

Although the business of road and railroad construction was steady and profitable, Bechtel began turning his attention to oil—the coming boom that accompanied the automobile. Predicting a surge in the development of the West's oil and gas resources to meet the energy needs of a growing industrial economy, Bechtel envisioned a network of refineries and pipelines snaking throughout the country. The vision turned out to be prescient, heralding the establishment of an alliance between the Bechtel corporation and the largest oil and gas companies in the nation and, ultimately, in the world. Situated as he was in the heart of a flourishing American West, Dad garnered more contracts than he could manage, and in 1921 he partnered with a fellow Bay Area entrepreneur named Henry J. Kaiser. An "egomaniacal small-time construction tycoon," Kaiser joined Bechtel in building major arteries that wound along the entire West Coast. The company took off in 1929 with the firm's first gas line for the Pacific Gas and Electric Company (PG&E). Building more than a thousand miles of pipeline for Standard Oil and Continental Gas, he amassed a fortune of more than $30 million by the end of the 1920s, making his company one of the largest construction firms in America.

At fifty-eight years of age, Dad was once again self-satisfied with his role as a newly minted western mogul. He gloried in the national and international influence he and his western partners exercised. He might have been content to enjoy the luxuries of his life, and the sweep of his enterprise, if not goaded into a construction challenge being called the "Eighth Wonder of the World."

When the Herbert Hoover administration announced in 1929 that it would accept bids to dam the Colorado

River, Dad was leery. “It sounds a little ambitious,” he remarked drily to his protégé, Kaiser, about building the world’s tallest dam in a forbidding desert gorge. But when Kaiser compared the gargantuan project with the Egyptian pyramids and the Great Wall of China, promising that the Bechtel name would be etched on a bronze plaque at the dam’s crest in perpetuity, Dad was sold. That year he was the first western builder to become national president of the Associated General Contractors of America—a booster organization and powerful lobbying group—and he planned to brandish his political clout in both the state capital in Sacramento and in Washington’s inner circles. His petitioning would pay off.

Meanwhile, Kaiser’s company followed the same path as Bechtel, by raking in government contracts for roads, dams, public works, and later the Kaiser shipyards.

Users Review

From reader reviews:

Ralph Humphries:

Information is provisions for anyone to get better life, information nowadays can get by anyone at everywhere. The information can be a information or any news even a huge concern. What people must be consider if those information which is inside the former life are challenging to be find than now could be taking seriously which one is appropriate to believe or which one the particular resource are convinced. If you receive the unstable resource then you get it as your main information there will be huge disadvantage for you. All those possibilities will not happen within you if you take The Profiteers: Bechtel and the Men Who Built the World as the daily resource information.

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