

"New Chicago"

Land Promotion in Alviso,

1890-1891/

CALIF
979.474-

by

Sherry Tvedt

Leland High School
San Jose, California
Charles L. Sullivan (advisor)
1975

SAN JOSE PUBLIC LIBRARY

TABLE OF CONTENTS

Prologue	1
Alviso's Early History	4
The Dawn of New Chicago	8
Arrival of the San Jose Watch Factory	16
The Continuing Story	23
Appendix	25
Bibliography	31

PROLOGUE

At the southernmost tip of the San Francisco Bay, lies the small community of Alviso. Now part of the sprawling megalopolis in Santa Clara County and the butt of many local jokes, Alviso was once a city in her own right with a very unique historical background.

As with every city, Alviso has had her dreams of success, followed by the harsh realities of failure. She has always been known as a city destined to be great, but she has never quite achieved that stature. But it is those attempts at success that gives Alviso her unique historical background. She has always had dreams of becoming a deep-water port, but the needed funds for such a port have never been available. Many times throughout her long history, plans were made for a "Port Alviso", but they always fell through. In the late 1920's, Alviso boasted of the great Alviso Salt Works that were to ". . . have brought this quiet salt marsh village to a peak of activity oft hoped for--but never attained."¹ However, this too, failed after one harvest. During the early 1930's a greyhound race track was located in Alviso,² but it soon disappeared. But perhaps the most fascinating of Alviso's dream is her dream of a "New Chicago", for here

1 San Jose Mercury-News, February 23, 1938, p. 1 (Microfilm).

2 Interview with Willis Laine, March 31, 1975.

the hopes and desires of the residents of the tiny bayside community were caught up in such a frenzy, that it caught the attention of the entire County and beyond.

ALVISO'S EARLY HISTORY

The story of New Chicago could never have occurred without the origin of the town of Alviso itself. Although made up of parts of three California Ranchos, the majority of Alviso was originally owned by Ignacio Alviso.

Born in 1772 in Sonora, Mexico, Don Ignacio Alviso came to California in 1776 with his parents on Don Juan Bautista De Anza's first expedition to California.³ In 1790, he enlisted in the Mexican Army, stationed in San Francisco, where he remained until his retirement in 1837.⁴ On February 10, 1838,⁵ Alviso was granted Rancho Rincon de los Esteros by Governor Alvarado. This grant embraced 6352 acres from the Guadalupe River to the limits of Milpitas⁶ alongside the San Francisco Bay.

Between 1835-1849, the Rancho was known as Embarcadero de Santa Clara, or "Saint Clara's Embarkation Place",⁷ and she began her history as a port. "To this point came the hides, and other native products, with quicksilver from the New Almaden

3 Ralph Rambo, Pioneer Blue Book of the Old Santa Clara Valley (San Jose, 1973) p. 3.

4 Margaret K. Zebroski, "Alviso's First Boom", Santa Clara County Pioneer Papers, 1973, (San Jose, 1973) p. 60.

5 Edwin G. Gudde, California Place Names, (Berkeley, 1969) p. 9.

6 Clyde Arbuckle, Santa Clara County Ranchos, (San Jose, 1968) p. 27.

7 Arbuckle, p. 17.

mine as well, where they were stored and shipped in sailing craft to San Francisco, the imports being distributed to the different parts of the country by the primitive wagon and ox-teams of the period."⁸

By 1840, three homes had been built in Embarcadero de Santa Clara. The first was Alviso's, the other two belonged to the Berryessa family and to Julio Valencia. In 1843, the first foreigner came to Alviso, a Scotchman, John Martin, and in 1847, the first American settler came to the township, Leo Norris. Slowly, Alviso was growing.⁹

With the coming of the Gold Rush in 1849, Alviso began to boom. Trade increased and a steamer line to San Francisco was established.¹⁰ Shipping was expanded to include produce from all over the Santa Clara Valley. Warehouses were built along with homes, hotels and stores. Alviso was expanding and prosperous.

In the winter of 1849, plans for the city of Alviso were laid out by Chester S. Lyman.¹¹ "Docks were projected, squares arranged for, a plaza set apart, streets with high-sounding names ran at right angles to each other."¹² In 1852, Alviso

8 J. P. Munro-Fraser, History of Santa Clara County, (San Francisco, 1881) p. 245.

9 Munro-Fraser, pp. 244-245.

10 Federal Writers Project, California, (New York, 1939) p. 600.

11 Gudde, p. 9.

12 Munro-Fraser, p. 248.

was incorporated,¹³ making her one of the first cities in the new state of California. "In an almost incredible short space of time, handsome homesteads commenced to rise from the chaparral and the plain began to assume an air of true civilization."¹⁴

Alviso's booming prosperity lasted until the completion of the San Francisco-San Jose Railroad in 1864.¹⁵ "The construction of the railroad changed the current of travel and freight and Alviso sunk into insignificance except as a point of shipment for the limited country that immediately surrounded it."¹⁶ In 1876, when the South Pacific Coast Railroad was completed, it went through Alviso, and revived prosperity somewhat, but not to it's former level¹⁷. Alviso remained a small port community, waiting for her chance at success.

13 Rambo, p. 38.

14 Munro-Fraser, p. 248.

15 Clyde Arbuckle and Roscoe B. Wyatt, Historic Names, Persons, and Places in Santa Clara County, (San Jose, 1948) pp. 5-6.

16 Thompson and West, Historical Atlas Map of Santa Clara County, California, (San Francisco, 1876) p. 16.

17 H. S. Foote, Pen Pictures from the Garden of the World or Santa Clara County, California, (Chicago, 1888) p. 213.

THE DAWN OF NEW CHICAGO

The early 1890's was a period of rapid expansion and prosperity for the entire United States, and Santa Clara County was no exception. Exports were reaching an all-time high,¹⁸ and the construction industry was booming. Population in Santa Clara County had increased from 25,269 in 1870¹⁹ to 44,261 in 1891,²⁰ and morale was high. Conditions were perfect for a clever promoter to take advantage of.

Such a man was P. H. Wheeler. He saw the possibilities in the frustrated seaport of Alviso, and knew they were perfect for his scheme. Many new communities were springing up throughout California in the 1890's and Wheeler saw the potential for another in Alviso. He had previously acquired a bankrupt watch factory near San Diego in the small town of Otay, that needed a new home. So he proposed a new city--New Chicago, to be located in Alviso, that would once again make Alviso a thriving port community. This time with a new industry--The San Jose Watch Factory.²¹

The first step in Wheeler's plan was to set up his new city. He had little trouble finding backers for New Chicago

18 San Jose Daily Mercury, September 29, 1891, p. 2, (Microfilm).

19 Frederic Hall, The History of San Jose and Surroundings, (San Francisco, 1871) pp. 442-3.

20 San Jose Daily Mercury, January 1, 1891, p. 4, (Microfilm).

21 San Jose News, March 13, 1968, p. 16, (Clipping).

as the revival of Alviso's port industry was a popular idea of the time.²² Prominent men, such as attorney John E. Richards, railroad commissioner John Rea, wealthy Santa Clara fruit grower George A. Penniman, county supervisor Paul P. Austin, and real estate dealer A. C. Darby were backers and served in many different capacities in New Chicago's progress.²³

Once he had sufficient financial backing, P. H. Wheeler started the plans for New Chicago. Just north of Alviso, 4,000 lots were laid out in a miniature version of Chicago complete with the proper street names: State, Wabash, Dearborn, and LaSalle.²⁴ Each lot was small, 25 feet by 150 feet and there were 60 lots to a block. The blocks were 50 feet wide with no alleys between.²⁵ The lots were to be set by a tide-water canal $3\frac{1}{2}$ miles long, 150 feet wide and 15 feet deep at low tide,²⁶ with no harbor or wharfage charges for residents of New Chicago. The site was the new Port of Alviso. Two real estate firms, Roberts, Austin and Darby, in San Jose, and Middleton and Sharon in San Francisco were engaged to handle the sale of lots.²⁷

On March 30, 1890, lots in New Chicago went on sale for the

22 San Jose News, March 31, 1972, p. 31, (Clipping).

23 San Jose Mercury-News, October 10, 1948 p. 22, (Microfilm).

24 San Jose News, March 31, 1972, p. 31, (Clipping).

25 Interview with Willis Laine, March 31, 1975.

26 San Jose Daily Mercury, April 20, 1890, p. 4, (Microfilm).

27 San Jose Daily Mercury, April 1, 1890, p. 2, (Microfilm).

for the first time. There availability for purchase was announced by a sensationalized advertising campaign. Advertisements were run in inch-high bold-face type covering a half-page, heralding the beginning of New Chicago--"The Coming Manufacturing Center of California", and readers were advised of "A Grand Oppurtunity for Investment."²⁸ On April Fools Day in 1890, small one-line ads were run, proclaiming "Be the architect of your own fortune--invest in New Chicago" and "Never Doubt the success of New Chicago."²⁹ At the same time, another larger ad told of "A rare chance to get in early and secure a piece of land which withing months will advance greatly in value"³⁰

This advertising campaign continued for many months with ads running daily from March 30 to the end of June, and continuing on an occasional basis until the middle of October. But never once did the ads let the excitement over New Chicago abate. When sales began to level off towards the middle of May, 1890, ads announced: "FOR SALE--PART OF THE EARTH"³¹ and readers were told "When you buy a 25' x 150 feet, do you know what you get? You are entitled to the atmosphere forty-five miles high, or higher if you want to utilize all your

28 San Jose Daily Mercury, March 30, 1890, p. 3, (Microfilm).

29 San Jose Daily Mercury, April 1, 1890, p. 3, (Microfilm).

30 San Jose Daily Mercury, April 1, 1890, p. 2, (Microfilm).

31 San Jose Daily Mercury, May 18, 1890, p. 3, (Microfilm).

lot; you are entitled to the earth down over 4,000 miles deep running to a point," A contest was held to see who could correctly determine the number of cubic feet in a 25' x 150' lot. The prize was a free lot in New Chicago.

Along with the excitement created by the newspaper ads, there was a general feeling of excitement generated by the community. Alviso was going to finally achieve the success everyone knew was rightfully hers. "Awakening from it's blissful slumber, the lately submerged village is destined to grow into a commercial city."³² Also, Alviso's success was something everyone could participate in and share.

The extremely low prices of the lots recommends New Chicago to investors. The lots sell today at from \$5 to \$200. There is no man who cannot afford to speculate on these terms. It is but a few years ago that lots in the great city of Chicago were sold as cheap and those persons that held on to them were made rich by their doing. There is no reason why the growth of New Chicago should not be equal to that of the big western metropolis.³³

The excitement created by the advertising campaign and the attitude of the community was culminated in the purchase of the lots. From the beginning, demand was high.

The demand for lots in this new location showed itself to be great, the moment the office of Roberts, Austin and Darby, at 7 West Santa Clara Street was opened for business yesterday. From that time until 9 o'clock last evening, the place contained persons who were present for the purpose of securing some of the lots.³⁴

On the first day lots were available for sale, 305 lots were

32 San Jose Daily Mercury, April 10, 1890, p. 3, (Microfilm).

33 San Jose Daily Mercury, April 11, 1890, p. 3, (Microfilm).

34 San Jose Daily Mercury, April 1, 1890, p. 3, (Microfilm).

sold, which was more lots than had been sold on any previous day in San Jose's history.³⁵ By the end of the first week, 803 lots had been sold, many of them to residents of San Francisco.³⁶ On April 9, 1890, the 1,000 mark was reached and hopes were high concerning the continued success of New Chicago.³⁷ The San Jose Daily Mercury ran frequent stories relating New Chicago's success to all:

The sale of lots in New Chicago, the future manufacturing city on the Pacific Coast, continued unabated, and the agents, Roberts, Austin and Darby are kept busy in attending to the demands of the investors.

Yesterday, a large number of lots were sold, including 129 to a San Francisco real estate broker who visited the place for the first time yesterday and was very favorably impressed, as his purchase shows.

The work of grading the streets will be begun this week, the contracts having been let.

The agents are constantly receiving letters of inquiry, and orders from all parts of the country and the prospects are that the lots in New Chicago will all be sold soon.³⁸

On April 13, 1890, Roberts, Austin and Darby decided to open their offices at night to allow more investors the opportunity to purchase lots in New Chicago.³⁹ Sales continued at a somewhat steady rate throughout the month of April, and by the end of the month over 2,311 lots had been sold.⁴⁰ As New Chicago grew, it gained in importance and some out of state

35 San Jose Daily Mercury, April 1, 1890, p. 3, (Microfilm).

36 San Jose Daily Mercury, April 6, 1890, p. 5, (Microfilm).

37 San Jose Daily Mercury, April 9, 1890, p. 3, (Microfilm).

38 San Jose Daily Mercury, April 13, 1890, p. 5, (Microfilm).

39 San Jose Daily Mercury, April 13, 1890, p. 7, (Microfilm).

40 San Jose Daily Mercury, April 29, 1890, p. 2, (Microfilm).

sales were made. However, despite all the initial excitement, sales in New Chicago could not go on indefinitely and in the ensuing months they gradually dwindled. Many of the lots were never sold, and were eventually taken over by San Jose, Alviso and Santa Clara County.⁴¹

Much of the success of New Chicago relied heavily on the claims of "Port Alviso" and Alviso's promised future as a great manufacturing city. Advertisements for New Chicago promised the beginnings of "Port Alviso".

Over \$100,000 will be expended this coming summer in dredging and straightening the water course. Sailing vessels and small steamers are now constantly arriving and departing with their loads of freight. As soon as the dredging can be completed, deep water vessels will lie at our door, and a daily line of steamers will ply between San Francisco and
NEW CHICAGO.⁴²

Alviso was envisioned as a new city with many diversified industries, foundries, iron works, sugar refineries, clothing mills, wineries and car shops. It was forecasted that anything at all could be done to Alviso, there was no limit to her expansion.⁴³ Residents of Santa Clara County were certain that this time Alviso was going to succeed in fulfilling her destiny as a large port, and many bought lots under these pretenses.

However, most of the promised improvements in Alviso never appeared. With the exception of the soon to be constructed Watch Factory, no new industries were erected in Alviso. New

⁴¹ Interview with Willis Laine, March 31, 1975.

⁴² San Jose Daily Mercury, April 10, 1890, p. 2, (Microfilm).

⁴³ San Jose Daily Mercury, April 10, 1890, p. 3, (Microfilm).

Chicago did encourage some new activity in Alviso. New homes were constructed, including one for the former owner of the New Chicago property, a Mr. Maynes, who moved his residence to a block in New Chicago.⁴⁴ In late October of 1890, over two miles of streets in New Chicago were graded, graveled and curbed, and soundings were taken along Steamboat Slough, as a preliminary step for dredging.⁴⁵ In February of 1891, a bridge was built connecting New Chicago and Alviso.⁴⁶

With the exception of the preceding improvements most of the excitement over New Chicagg had waned by the late summer of 1890. In the interim, plans were being made, and funds collected to start Wheeler's second phase--the construction of the San Jose Watch Factory.

44 San Jose Daily Mercury, May 6, 1890, p. 1, (Microfilm).

45 San Jose Daily Mercury, October 30, 1890, p. 3, (Microfilm).

46 San Jose Daily Mercury, February 3, 1891, p. 3, (Microfilm).

ARRIVAL OF THE SAN JOSE WATCH FACTORY

New Chicago promoter P. H. Wheeler had previously obtained a watch factory in Otay, near San Diego, which was now bankrupt. He planned to use the money netted from the sale of lots in New Chicago, to bring the factory up from Otay, and put it back into operation in New Chicago. The San Jose Watch Factory as it was to be called, was to be the first of many industries located in New Chicago.⁴⁷

However, before the watch factory could be brought to New Chicago, a number of legal problems had to be resolved concerning the bankruptcy. So Wheeler sent San Jose attorney John E. Richards and J. F. Devendorf to extricate the factory from the entanglement of legal red tape. When Richards and Devendorf reached San Diego, they found the situation much worse than they had originally anticipated. A number of suits, liens and labor claims had been filed against the Otay factory. The numerous creditors were being represented by Zachariah Montgomery, former Attorney General of the United States.⁴⁸

Richards, by a lucky break, struck up a friendship with Frank Kimball, chief creditor of the factory, and prevailed on him to permit the factory to come to San Jose. One provision was, however, that Kimball retain first lien upon it

47 San Jose Mercury-News, October 10, 1948, p.22, (Microfilm).

48 San Jose News, March 13, 1968, p. 16, (clipping).

if it went bankrupt again. The complicated mess came into San Diego Superior Court for final settlement on a Saturday afternoon.

At 5 p.m., just before court adjourned for the weekend, and too late for Montgomery to bring forward another claim on which to base a new suit, the judge gave his decision in favor of Richards.⁴⁹

Quickly, over the ensuing weekend, the Otay factory was dismantled and shipped to New Chicago, before any new claims could be made against it. The equipment was shipped by rail to San Francisco and from there it was transferred to the steamer Frank Silva to be brought to Alviso.⁵⁰

Meanwhile, while matters were being settled in Otay, a great deal of activity was taking place in Santa Clara County. At first there was talk that the factory might not be located in Alviso after all, but in Los Gatos or San Jose.⁵¹ But when articles of incorporation were filed on May 7, 1891⁵² Alviso was listed as the principal place of business. A news article of May 8, listed the terms of incorporation.

The objects of the corporation as set forth are to manufacture and sell watches, watch movements, material and appliances; to equip and maintain a watch factory or factories as may become necessary; to purchase a site or sites for same and erect thereupon the necessary buildings; to buy and sell real estate; to construct and maintain railroad tracks and switches; to build and own wharves and dwellings and other houses and to engage in other transactions as may be deemed necessary.

The term of incorporation is 50 years and the

49 San Jose Mercury-News, October 10, 1948, p. 22, (Microfilm).

50 San Jose Daily Mercury, July 19, 1891, p. 7, (Microfilm).

51 San Jose Daily Mercury, March 14, 1891, p. 4, (Microfilm).

52 San Jose Daily Mercury, May 8, 1891, p. 1, (Microfilm).

principal place of business is Alviso.

The capital stock is \$350,000 of which \$27,000 has been subscribed.⁵³

On May 25, a stock holders meeting of the San Jose Watch Factory was held and a board of directors was chosen. William A. Sexton was elected as president, Paul P. Austin was elected vice-president and manager, George A. Penniman was elected secretary and A. C. Darby was elected treasurer. Also chosen for the board of directors were John W. Rea, J. F. Devendorf, promoter P. H. Wheeler and J. R. Roberts.⁵⁴ Each one of these men were leading citizens of the Santa Clara Valley.

Construction of the San Jose Watch Factory building was started soon after the Board of Directors meeting, in preparation for the delivery of the machinery from Otay. Contractors Wilcox and Smith were hired to do the brick work and by early July the office building had been completed.⁵⁵ Construction continued unabated throughout July and August with almost weekly shipments of lumber for the Watch Factory building. Robert Summers was hired to do the carpentry, and he and his crew of twenty workmen worked diligently throughout the summer.⁵⁶ By early September, the machinery was being put in place, and the finishing touches

53 San Jose Daily Mercury, May 8, 1891, p. 1, (Microfilm).

54 San Jose Daily Mercury, May 26, 1891, p. 1, (Microfilm).

55 San Jose Daily Mercury, July 1, 1891, p. 5, (Microfilm).

56 San Jose Daily Mercury, August 6, 1891, p. 3, (Microfilm).

were being completed.⁵⁷

The work being done of the San Jose Watch Factory building generated a lot of interest and excitement in the community. Some was positive, some was not. Almost every weekend, sometimes even daily, a great number of spectators would travel out to the Watch Factory and watch it's construction.⁵⁸ Most were visibly impressed. However there were a few who were not. Some people laughed at the idea of a watch factory in Alviso, figuring nothing would come of it. The San Jose Daily Mercury admonished those who ". . . are continuously howling, sneering and trying to belittle this watch company and other proposed improvements will only have their trouble for their pains."⁵⁹

The Board of Directors of the San Jose Watch Factory wanted their factory to be as successful as possible. So they hired employees from many locations throughout the United States. The majority of the workmen were employed from the former factory down in Otay.⁶⁰ Most of the experts came from well-known watch factory's in the United States. From the renowned watch factory in Elgin, Illinois they hired chemical expert, John Cregier and master mechanic George Cregier. George E. Flick train-room foreman and Henry Barbier, master mechanic were brought over from Columbus, Ohio, and F. W. Robbins of

57 San Jose Daily Mercury, September 10, 1891, p. 7, (Microfilm).

58 San Jose Daily Mercury, September 8, 1891, p. 1, (Microfilm).

59 San Jose Daily Mercury, August 6, 1891, p. 3, (Microfilm).

60 San Jose Daily Mercury, July 29, 1891, p. 5, (Microfilm).

Waltham, Massachusetts was hired as a master mechanic.⁶¹

With the hiring of the employees and the near completion of the watch factory building, excitement over the San Jose Watch Factory began to mount. Daily, visitors came to inspect the watch factory and watch it's progress.⁶² Hopes for a successful new industry in Alviso were high. A newspaper ad announcing the opening of the factory stated:

. . . . The opening of this factory marks a new era in the industrial enterprises of this country and its success is a matter of interest to every citizen and property owner. The Company has a thoroughly equipped plant and starts off with every assurance of being able to earn satisfactory dividends the first year. The reputation and merit of the watches are already established, and the projectors of the enterprise know positively that a ready market can be found for its entire output and the factory will run to its full capacity from the start. . . .⁶³

So the stage was set for Alviso's new industry to come to life. This was to be her chance at success, and everyone knew she would make it this time. However, when the San Jose Watch Factory opened her doors to start the production, her fate did not turn out as had been anticipated. Instead of becoming the first of many industries in New Chicago, the San Jose Watch Factory closed her doors after one day, marking the end of the dream of New Chicago.

It seems that the \$350,000 capital of the company had been completely spent on the construction of the building, and there was simply not enough money to pay the expensive, skilled

61 San Jose Daily Mercury, September 19, 1891, p. 5, (Microfilm).

62 San Jose Daily Mercury, September 1, 1891, p. 5, (Microfilm).

63 San Jose Daily Mercury, October 27, 1891, p. 7, (Microfilm).

watchmakers. Even the money generated by the sale of stock was not enough to keep the watch factory going.⁶⁴ Only a few watches were ever made there, and one of them went to attorney John E. Richards in payment for his services in bringing the factory up from Otay.⁶⁵

Despite the San Jose Watch Factory's dismal failure, the few watches that it did produce were very ornate.

" 'The case of the watch, back and front, is beautifully engraved with filigree scroll work and a small scene, the front cover has a dainty butterfly on one corner surrounded with engraved leaves and scrolls. The houses in the scenes I do not recognize as any particular place. One looks like it could be the front of the Santa Clara Mission. The trees definitely resemble redwoods.' "⁶⁶

With the shutdown of the San Jose Watch Factory, New Chicago faded, along with Alviso's dream of becoming a major deep-water port. But although the factory shut down, it's story did not end on that first and final day of production. The watch factory machinery was sold to a Japanese firm and for years, that firm turned out watches which read "San Jose Watch Factory",⁶⁷ and appeared in many different parts of the country.

64 San Jose News, March 31, 1972, p. 31, (Clipping).

65 San Jose Mercury-News, October 10, 1948, p. 22, (Microfilm).

66 Letter to Dick Barret, San Jose Mercury-News, August 6, 1967 as cited by Dick Barret, Dick Barrets '67, (San Jose, 1968), p. 70.

67 San Jose News, March 13, 1968, p. 16, (Clipping)

THE CONTINUING STORY

Even with the sale of the machinery, reminders of New Chicago and the San Jose Watch Factory did not completely die out. During the 1896-1897 school year, Henry Suzallo was principal of the elementary school in Alviso. When Suzallo had a disagreement in policy with the parents, the school building was burned down,⁶⁸ and school held in the vacant watch factory building.⁶⁹

The old San Jose Watch Factory building was finally torn down in the mid- 1920's. In 1929, the land located in New Chicago was put up for auction. The city of San Jose bought ~~for~~ 400 lots for \$678.34 to be used as part of her sewage treatment plant.⁷⁰ The rest of the land was divided between the city of Alviso and Santa Clara County. Alviso sold the land to her own citizens that were willing to improve it. Finally, the last remnants of New Chicago and the San Jose Watch Factory, which were to have brought glory and grandeur to Alviso, were gone, leaving only a memory in the minds of those who were there, of what was to have been.

68 Letter to Ms. Lynn Vermillion from Donald T. Williams October 25, 1974.

69 Letter from Mrs. Irving L. Ryder, April 10, 1975.

70 San Jose News, March 13, 1968, p. 16, (Microfilm).

But could Alviso's grandiose dream ever have come true? The chances are not good. New Chicago is a perfect example of speculative overexpansion in the early 1890's. Through clever promotion, speculators excited public interest and managed to sell considerable quantities of an item at an inflated price. This was the case in New Chicago, when entrepreneur P. H. Wheeler brought his land promotion scheme to Alviso.

It is this kind of venture that tended to contribute to the speculative bubble in the United States that burst in 1893. New Chicago would most likely have failed eventually, even if it had at first been successful. With the collapse of the economic structure in 1893, the inflated land would have plummeted in value and the monetary base for the San Jose Watch Factory would be gone. Also the demand and the market for the watches would have declined, making the further financial success of New Chicago and the San Jose Watch Factory improbable.

So, in a broader sense, a knowledge of New Chicago is important not only to the understanding of local history in the Santa Clara Valley, but to the understanding of the general business cycle in America, and the tendency towards the overexpansion of productive capacity. The entire operation is a perfect example of the short-sighted land and industrial speculation which was a major cause of the depression that lasted from 1893 to 1897.

APPENDIX

THE SAN JOSE WATCH CO.

—OFFER FOR SALE—

A LIMITED AMOUNT

—OF—

THE CAPITAL STOCK OF THE COMPANY.

SUBSCRIPTIONS

*Will Be Received at the Office of the Company,
No. 7 West Santa Clara Street,
in Sums of \$10 and Upward.*

(The right is reserved to reject any subscription, or to accept it in part.)

..... THE OPENING OF THIS FACTORY

MARKS A NEW ERA IN THE INDUSTRIAL ENTERPRISES OF THIS COUNTY and its success is a matter of interest and importance to every citizen and property owner. The Company have a thoroughly equipped plant, and start off with every assurance of being able to earn satisfactory dividends the first year. The reputation and merit of the watches are already established, and the projectors of the enterprise know positively that a ready market can be found for its entire output, and the factory will be run to its full capacity from the start (about October 10th). In addition to the extensive capacity of the factory, the Company owns a large tract of land, a portion of which will be used or given to other manufacturing industries, to encourage the locating of labor employing enterprises in our vicinity.

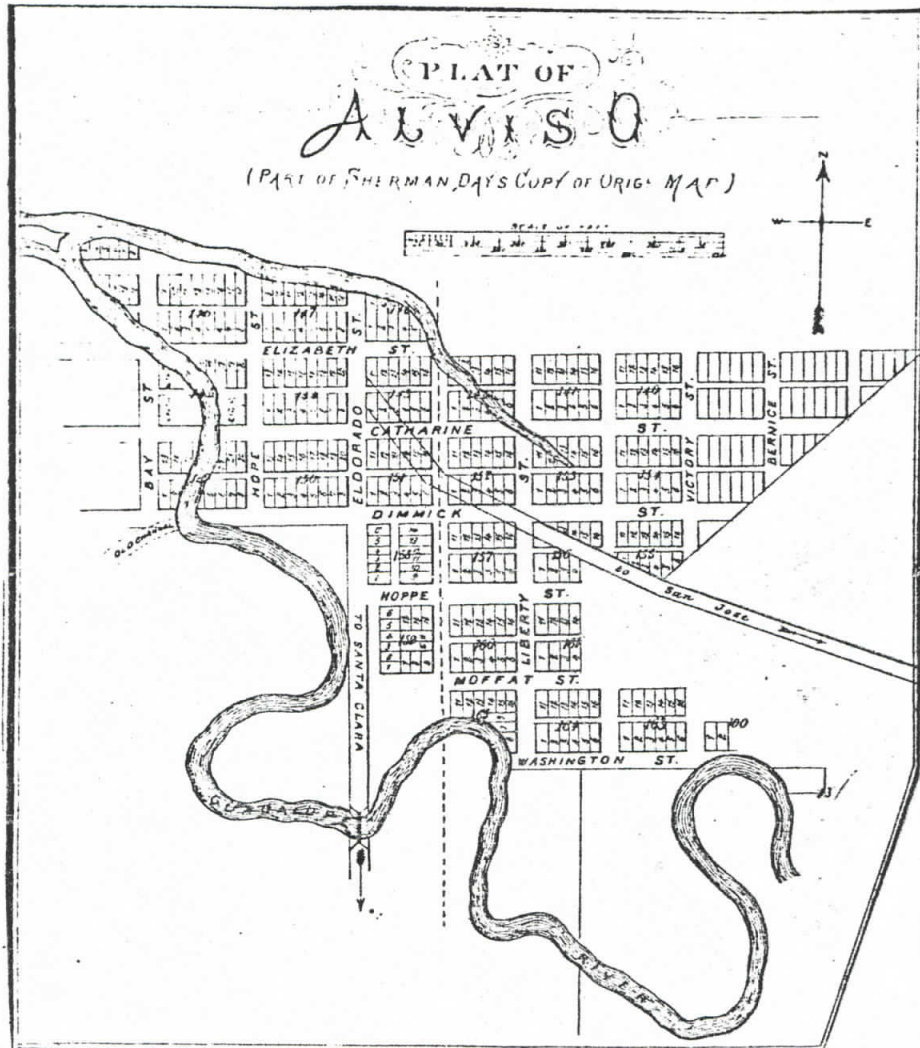
WM. SEXTON, President.

G. A. PENNIMAN, Secretary.

OFFICE: 7 West Santa Clara Street.

-San Jose Daily Mercury, October 27, 1891, p.7-

(Microfilm)

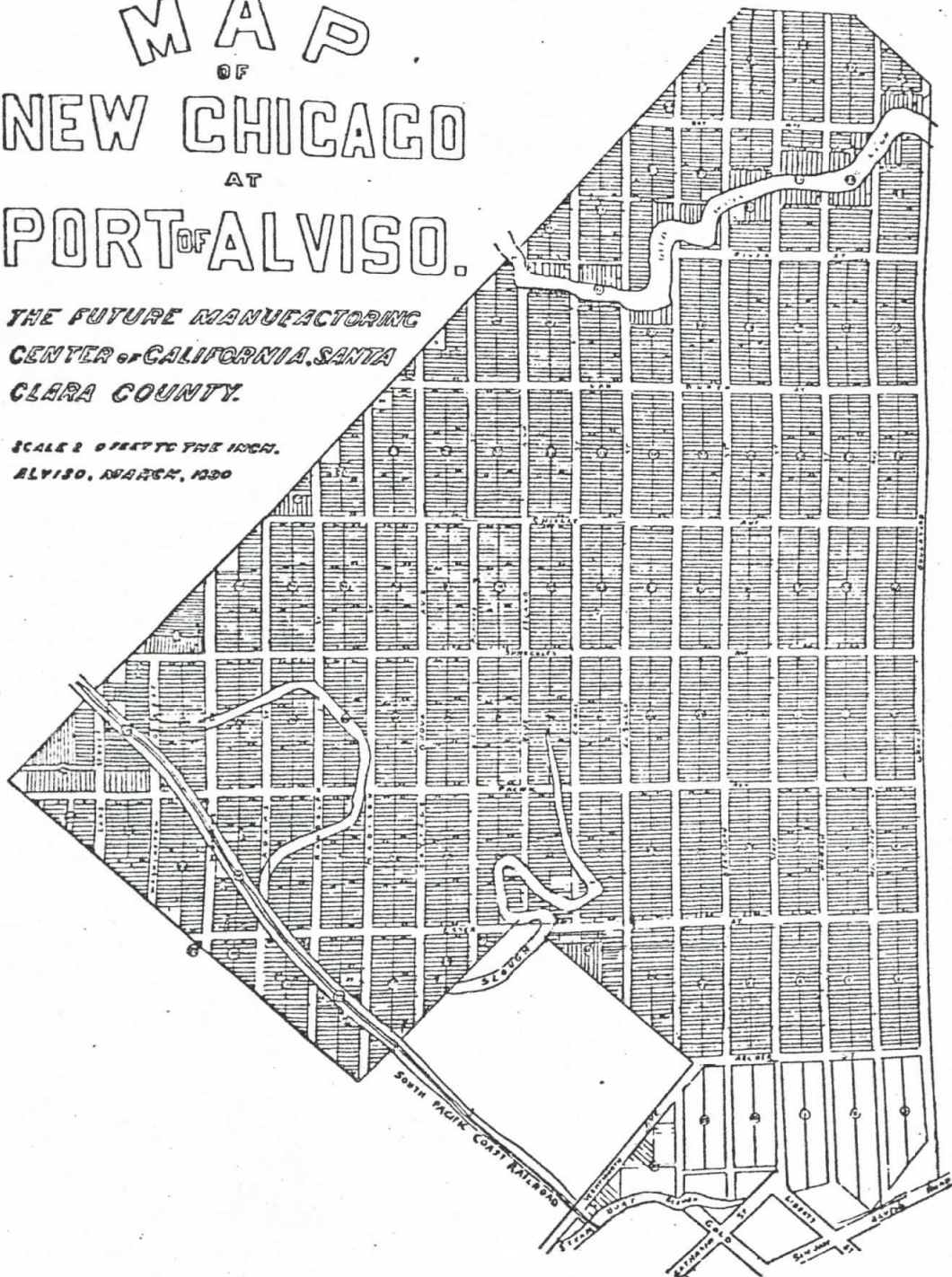


-Thompson and West, Historical Atlas Map of Santa Clara County, California, p.20-

MAP
OF
NEW CHICAGO
AT
PORT OF ALVISO.

THE FUTURE MANUFACTURING
CENTER OF CALIFORNIA. SANTA
CLARA COUNTY.

SCALE 2 FEET TO THE INCH.
ALVISO, MARCH, 1930



California Room—San Jose Library Collection

BIBLIOGRAPHY

I. Books

- 1 Arbuckle, Clyde, Santa Clara County Ranchos, San Jose, 1968, pp. 17, 27.
- 2 Barret, Dick, Dick Barrets '67, San Jose, 1968, p. 70.
- 3 Gudde, Erwin G., California Place Names, Berkeley, 1969 p. 9.
- 4 Federal Writers Project, California, New York, 1939 p. 600.
- 5 Foote, H. S., Pen Pictures from the Garden of the World or Santa-Clara County, California, Chicago, 1888, p. 213.
- 6 Hall, Frederic, The History of San Jose and Surroundings San Francisco, 1871, pp. 442-3.
- 7 Munro-Fraser, J. P., History of Santa Clara County, San Francisco, 1881, pp. 244-5, 248.
- 8 Rambo, Ralph, Pioneer Blue Book of the Old Santa Clara Valley, San Jose, 1973, pp. 3, 38.
- 9 Thompson and West, Historical Atlas Map of Santa Clara County, San Francisco, 1876, pp. 16, 20.
- 10 Wyatt, Roscoe D., and Clyde Arbuckle, Historic Names, Persons, and Places in Santa Clara County, San Jose, 1948, pp. 5-6,
- 11 Zebroski, Margaret D., "Alviso's First Boom", Santa Clara County Pioneer Papers, 1973, San Jose, 1973, pp. 60, 71.

II. Newspapers

- 1 San Jose Daily Mercury (Microfilm)
March 30, 1890 p. 3
April 1, 1890 p. 2
April 1, 1890 p. 3
April 6, 1890 p. 5
April 9, 1890 p. 3

San Jose Daily Mercury (Continued)

- April 10, 1890 p. 2
 - April 10, 1890 p. 3
 - April 11, 1890 p. 3
 - April 13, 1890 p. 5
 - April 13, 1890 p. 7
 - April 20, 1890 p. 4
 - April 29, 1890 p. 2
 - October 30, 1890 p. 3
 - January 1, 1891 p. 4
 - February 3, 1891 p. 3
 - March 14, 1891 p. 4
 - May 8, 1891 p. 1
 - May 26, 1891 p. 1
 - July 1, 1891 p. 5
 - July 19, 1891 p. 7
 - July 29, 1891 p. 5
 - August 6, 1891 p. 3
 - September 1, 1891 p. 5
 - September 8, 1891 p. 1
 - September 10, 1891 p. 7
 - September 19, 1891 p. 5
 - September 29, 1891 p. 2
 - October 27, 1891 p. 7
- 2 San Jose Mercury-News (Microfilm)
- February 23, 1938 p. 1
 - October 10, 1948 p. 22
- 3 San Jose News (Clipping)
- March 13, 1968 p. 16
 - March 31, 1972 p. 31

III. Miscellaneous

- 1 Interview with Willis Laine, March 31, 1975, with the author.
- 2 Letter from Donald T. Williams to Ms. Lynn Vermillion, October 25, 1974.
- 3 Letter from Mrs. Irving Ryder, April 10, 1975, to the author.