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King of the Thrifts

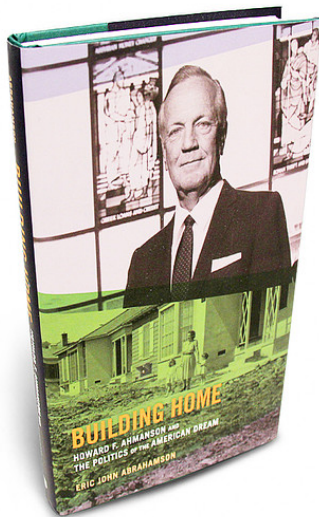
By [ROBERT BRUEGMANN](#)

Howard Ahmanson Sr., who in less than a decade after World War II built the largest savings-and-loan association in the country, is far from a household name outside Southern California, where he built his empire. Even there he may be best known for the buildings named after him. Yet in an impressive biography, "Building Home," Eric John Abrahamson is able to make Ahmanson's life an ideal lens through which to view some of the most momentous developments in America following the war. Ahmanson was perhaps the most conspicuous single player in the rise of the savings-and-loan industry, which helped to fuel the growth of Los Angeles and Southern California and contributed to a rapid increase in homeownership and prosperity throughout the country.

Building Home

By *Eric John Abrahamson*

(California, 357 pages, \$34.95)



Raised in Omaha, Neb., Ahmanson (1906-68) got his start in business even before he finished high school, with a job in his father's fire-insurance business. He moved to Los Angeles at age 19, attended USC and made his first million dollars selling fire insurance to banks and other entities that foreclosed on homes during the Depression. After spending World War II in a Washington office coordinating airplane production—he joked about his "foxhole at the Shoreham" hotel—he returned to Los Angeles.

The region had become a vital manufacturing center; Mr. Abrahamson notes that at one point it was producing 10% of all supplies for the war. Many workers stayed on after the war, and others soon arrived. With his deep knowledge of insurance and the real-estate industry, Ahmanson was ideally positioned to shift to mortgage financing and to ride the postwar real-estate boom, one of the most spectacular in American history. In 1947 he purchased a small thrift, founded in 1889, called Home Building & Loan (later renamed Home Savings & Loan) and over the next two decades expanded it into a financial juggernaut by lending both to builders and home buyers in the increasingly large tract developments in and around Los Angeles.

Mr. Abrahamson makes no claims for startling novelty in Ahmanson's methods. Ahmanson trimmed costs, paid careful attention to market trends, maintained ample liquid reserves, kept a watchful eye on risk, and played all the angles in the shifting balance between private enterprise and government regulation. He was willing to make riskier loans than his competitors but would offset them with greater capital reserves. Savvy marketing that emphasized Home Building's stability also helped: For example, the interiors of some branches featured bank-vault doors, even though there were no vaults on site. Ahmanson's creation was so strong that despite some broader economic troubles starting in the 1960s and the eventual saturation of the market for single-

family homes, the thrift was able to prosper for many years after his death in 1968. (In 1998 it was purchased by Washington Mutual, which itself was gobbled up by [J.P. Morgan Chase](#) in the wake of the housing-bubble collapse in 2008.)

Although the Ahmanson family underwrote "Building Home," Mr. Abrahamson provides an admirably dispassionate account of Ahmanson's life and career. He was a larger-than-life figure, often in the public eye. He was an avid yacht racer; played a key role in state Republican politics; donated early and lavishly to institutions like the Los Angeles County Museum of Art and the Music Center; and helped create a new Southern California elite that encompassed more than the established white Protestant families that had been its pillars. Yet because of a lack of surviving records and Ahmanson's reluctance to document his private thoughts, the inner life of this complex figure, by turns bold and cautious, eager for publicity and wary of the limelight, remains somewhat enigmatic.

For many readers the chief interest of the book will be less the focus on Ahmanson than its chronicle of how, over the course of his career, the savings-and-loan industry was transformed from a group of small, mutual community organizations into a set of large national companies that became the most important source of funds for the development of residential real estate. Mr. Abrahamson does an excellent job laying out how New Deal policies and organizations like the Federal Savings and Loan Insurance Corp. and [Fannie Mae](#) provided the foundation for postwar housing growth by insuring mortgages and creating a secondary market for them.

Although he carefully explores tensions of the era surrounding issues like racial discrimination and public housing, Mr. Abrahamson makes a strong case that, in the

"consensus society" of the time, business interests and government regulators were able to collaborate in a "grand partnership" that appears to have benefited most of the citizenry. He explains, in sometimes bewildering detail, the complex negotiations required to maintain the balance of competing interests, like those of S&Ls, commercial banks, the business associations representing both, and the agencies of state and federal government that regulated the businesses.

This system started to break down in the 1960s, buffeted by economic headwinds, deregulation, and rising political and social tensions. Seen from the vantage of 2013, the 1950s in Los Angeles look to have been something of a golden age in which the economy boomed, real income rose, institutions flourished, business and government cooperated, and citizens respected both.

It would be natural to ask what we can learn from that era.

The implications that could be drawn from Mr.

Abrahamson's narrative about the value of both private initiative and government regulation and of consensus and compromise are likely to be frustrating to ideologues on the right and left. But the book provides a compelling account of one era in which the "managed economy" seemed to work out pretty well for almost everyone. Perhaps the most persuasive lesson, however, is a powerful reminder of the evergreen values of honesty, hard work and a constant attention to new opportunities and risk.

Mr. Bruegmann is a professor emeritus of art history, architecture and urban planning at the University of Illinois at Chicago. He is the author of, among other books, "Sprawl: A Compact History."