

The Sunsweet Story

*A history of the establishment of the dried tree fruit
industry in California and of the 50 years of service of
SUNSWEET GROWERS INC.*

By ROBERT COUCHMAN

Published by SUNSWEET GROWERS INC.
San Jose, California
1967

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*Printed by Globe Printing Company
San Jose, California, U.S.A.*

Foreword

This is a history of the dried fruit industry as well as of Sunsweet Growers Inc. To our knowledge, it is the only published account of the origin and growth of this important segment of California agriculture. As such, it has an important place in the history of California's economic development. We know now that had we not sponsored this undertaking at this time, much of what is recorded herein would soon be lost to us. The book is being issued at this time to mark the completion of the first 50 years of Sunsweet's service to the dried fruit industry. Since it recounts the origin and growth of the industry, as well as of Sunsweet, it is, in effect, our fiftieth anniversary gift to the industry of which we have been an important part so long.

Three years ago, Director R. V. Garrod reminded the board of directors that our Association would complete 50 years of operation in 1967. He proposed that we do something noteworthy to commemorate this anniversary, suggesting that we publish a history of the Association. The board approved the idea and I was authorized to appoint a committee to look into the proposal and submit definite plans for board consideration. The committee, largely suggested by Mr. Garrod, consisted of the following: Director Norman Boeger; W. S. Breton, retired grower and packer; Ward Cheadle, manager of Sunsweet's grower services; Robert Couchman, now retired publisher of Pacific Fruit News; Albert M. Foster, longtime Sunsweet grower; A. W. Greathead, longtime Sunsweet grower; Bernold Glashoff, president of Sunsweet Dryers; Director W. H. Halsey; T. O. Kluge, retired executive vice president of Sunsweet; C. D. Owens, general manager of Sunsweet; E. A. Peterson, retired Sunsweet grower; W. S. Rice, retired manager of Sunsweet's field department; G. K. Schrader, retired manager of Sunsweet Dryers; E. N. Thayer, retired Sunsweet sales manager; Garrod; and myself.

The general planning was delegated to Mr. Couchman, who finally was chosen to take charge of the project and do the writing. For him—after his long association with the dried fruit industry—this has been mainly a labor of love. His concept of the book is much broader, I think, than Mr. Garrod or the rest of us had in mind. Nevertheless, we gave him a free hand, offering such help and encouragement as we could from time to time. The text and the accompanying illustrations are the results of his efforts over the last two years.

EYVIND M. FAYE
PRESIDENT
Sunsweet Growers Inc.

Acknowledgment

Although I was born on a Santa Clara County, California, prune orchard my father had planted several years earlier and I picked prunes and cut apricots as a youth, my serious interest in the dried fruit industry awakened years later. It really began in about 1932 when I was a reporter on the San Jose *Mercury-Herald*. J. O. Hayes, the publisher, gave me a most unusual assignment. Shortly before, the Oak Grove local of the California Prune and Apricot Growers Association had terminated Mr. Hayes' membership for reasons I do not recall. He had been active in both industry and Association affairs and politics for more than two decades and the action of the Oak Grove local angered him greatly. He directed me to interview the principal independent dried fruit packers to obtain information that might be used as the basis of a newspaper attack on the Association. Fortunately, I think, the packers I interviewed were much too shrewd to become involved in such a scheme, so my efforts came to naught and Mr. Hayes let the matter drop. Subsequently, I spent most of the depression years in Morgan Hill publishing the *Morgan Hill Times* and living intimately with a community that depended principally on prune growing for its livelihood. Those were very lean years and I learned much about the problems of dried fruit producers. In the years since, I have written extensively about dried fruits and agriculture. So I came to this project with a long sustained interest in the subject matter.

I am deeply grateful that Sunsweet Growers Inc. has given me the opportunity to compile a record of the industry's origin and development. I owe thanks to many persons who loaned the old photographs used herein. W. S. Rice, E. N. Thayer, R. V. Garrod, W. S. Breton, W. S. Follett, and E. M. Faye have given me the benefit of their counsel and long experience in the industry. My wife Edna has been most considerate in putting up with the disarrangement of our household for more than two years and she has been most helpful in the careful reading of proofs, a tedious job at best.

ROBERT COUCHMAN

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The Sunsweet Story



1. Introduction

For a long time after the epochal discovery of gold in California, the aura of that spectacular and romantic event colored much of the California scene. Recollections of the excitement, the good fortunes, and the violence and tragedies remained vivid and strong. And the new and unfamiliar landscape, the equable climate, and the cosmopolitan nature of the population stimulated the imagination and fostered a feeling of newness. When Americans became accustomed to the idea that fortunes were no longer to be made by everyone in the gold and silver mines, they still saw about them other opportunities, latent or ready for the grasping, for fortunes to be made. They clung to the pleasurable notion that California had a great bag of unique and spectacular gifts to be bestowed upon its venturesome and lucky settlers and entrepreneurs, the builders of a great and productive new country.

For many years, Californians and their world-traveled and world-wise guests included among these spectacular things the central coastal valleys in the springtime, carpeted as they were with the bloom of hundreds of thousands of deciduous fruit trees. Nowhere else in the world was anything like this to be seen; neither is there anything like it to be seen now. Thousands of persons came to California year after year until the 1940's to see the breathtaking beauty of these fruitful valleys. We are greatly poorer to have lost most of it, poorer not only because so much of it is gone, but because in recent decades we have also lost some of our appreciation of great natural beauty of this kind.

How these valleys and virgin soils became one of the world's great fruit producing regions is an important part of the history of the settlement and development of the Golden State. There is a striking similarity between the discovery of gold in California and the rich output of its mines and the establishment and expansion of the prune industry in the State. Few such far-reaching occurrences as these had happened before in the United States, occurrences in which many men made substantial fortunes in such a short time. Both of them were spectacular and both attracted great numbers of new settlers to the State and thus helped to speed its development. The prune industry is unique in another regard. Nowhere else in the history of U.S. agriculture has there been a deciduous fruit industry that grew as rapidly, that reached great importance so quickly, or was as significant economically as this industry. Its establishment was both remarkably propitious

and remarkably opportune. At the peak of prune plantings in 1929, California had 171,330 acres—267.7 square miles—of prune orchards.

California's first great expansion of commercial tree fruit production in those pioneering years after "the days of old, the days of gold" was in prunes. It followed a similar but much smaller boom in apples and pears that ended abruptly when oversupplies glutted the State's limited markets. Growers turned to other fruits and prunes soon became predominant. This rich and nourishing fruit was then and for many years thereafter the most easily preserved of all tree fruits. It provided American homes with a fruit dish in the long winter and spring months when supplies of fresh fruits had long since been exhausted. California growers further enriched the diets of American consumers with their dried apricots and dried peaches, which for many years contributed greatly to the economy of the dried tree fruit industry.

The history of the California dried tree fruit industry, but particularly the prune industry, can be readily divided into three unequal parts. The first part encompasses the more than 2,000 years in which the prune, the apricot, and the peach were discovered and slowly moved westward to Europe. This period ends shortly after the introduction of the French prune in California in 1856, many years after the apricot and peach.

The second part encompasses roughly 50 years before 1917 in which the California prune industry was established and in which prunes grew to be California's most important deciduous tree fruit crop. It included a significant expansion of apricot and peach production.

The third period encompasses the 50 years since 1917 in which the California Prune and Apricot Growers Association—now Sunsweet Growers Inc.—was established. It is a period in which Sunsweet achieved a remarkable record of service to the dried tree fruit industry. It is a record of able leadership and of a steady and persistent effort to improve dried fruit products and to make industry marketing practices more effective.

This account hereafter will tell of the origin of these three deciduous fruits. It will tell how they were brought to California. It will describe how and why the prune industry was established in California. It will tell of the conditions that created an insistent demand by growers for the establishment of an association, and it will recount the significant developments in the history of this cooperative processing and marketing association that have determined the nature and form of Sun-

sweet Growers Inc. today. It will remind us that the Association is unique among large cooperative marketing associations in having been established in anticipation of difficult marketing times ahead and not, as is usually the case, in an effort to bring stability to an industry already facing bankruptcy because of the failure of its marketing processes and agencies.

Though, historically speaking, a preponderance of the record is of man's discovery of a valuable fruit that nature had created to be more or less self-preserving, and of introducing this valuable food into other areas favorable to its growth, the principal emphasis in this account is on those periods in the last 50 years in which determined and far-seeing men sought to establish the industry on a basis that would permit them to earn a good livelihood from growing prunes. Hence, this is mostly a record of their efforts to surmount seemingly endless problems, of men seeking new ways to direct the economic forces that control the success or failure of their enterprises, of men striving to achieve a good life for themselves.

It is a record of an earnest group of farmers searching for a pattern of cooperative endeavor that would enable them to participate in the processing and marketing of their crops. There is special interest in this phase of the record, for when Sunsweet began its service to the California dried fruit industry, farm cooperatives were still relatively new, their capabilities were far less understood than now, and the most useful form of organization for each commodity group was still to be found. The expectations of many members then as to what a well managed cooperative could accomplish far exceeded the realm of possibility, as experience has shown.

It is an account of a picturesque industry that for many decades led California on the way to becoming the nation's most important producer of deciduous fruits. It is an account that would be incomplete without mention of those years when whole valleys in central California were carpeted with orchards whose loveliness in spring was so breathtaking that travelers came from all over the world to see these orchards in bloom.



The springtime beauty of the Santa Clara Valley during the peak of orchard bloom and the promise of fruitfulness were the inspiration of and reason for the Saratoga Blossom Festival, which was observed from 1900 to 1941. It was originated and promoted by the Rev. Edwin Sidney (Sunshine) Williams. It drew the participation of many notables, including Dr. David Starr Jordan,

Governors William T. Stephens and James Rolph Jr., and the San Francisco Symphony Orchestra. Here in 1922, Dr. Tully Cleon Knoles, president of the College (now University) of the Pacific delivers the principal address. Thousands of persons, many of them from the East and Midwest, participated each year in the Blossom Festivals, held in a natural amphitheater near Saratoga.

2. From the Old World to the New

It is significant that in the scriptural account of man's downfall in the Garden of Eden, Eve tempted Adam with a fruit. Had she offered anything less tempting, it is conceivable that Adam might have avoided his downfall and man's experiences in the long journey to today might have been far different. Even then Eve was endowed with womanly wisdom and intuition and chose her lure with a sure hand. Yet in spite of this epochal experience, man has greatly relished fruits, even from prehistoric times.

This great liking for fruits was a distinctive characteristic of our forebears. They savored fruit not only as sources of needed nourishment, but as appetizing adornments of an otherwise plain and restricted diet. They considered fruits to be among the choicest of God's gifts to mankind, and in their speech and folk arts they used fruits as the symbols of the good things of life.

Wherever western man settled in the Old World, and soil and climate were favorable, he propagated his favorite fruits, some of which he had obtained by trading in distant lands. As trading expanded among peoples reaching for civilization, fruits seasonally became important products of local commerce. For the most part though, fruit production was an incidental part of agriculture and fruits were produced mostly for the use of those who engaged in agriculture or the very rich. Fruit production usually depended more on the whims of nature than upon the skills and care of the husbandman.

It was inevitable that when the first Europeans settled in the New World they brought their favorite Old World fruits with them. At first, they brought pits and kernels and seeds for planting, but soon thereafter they brought cuttings and rootings. They sought thereby to ensure the production of the kinds and varieties they knew and favored. As early Americans pushed westward from the Atlantic seaboard, they took seeds and cuttings and rootings with them. The men who moved away from the eastern seaboard to clear the forests and build homes and establish farms considered a garden with fruits a valuable, necessary adjunct to every home.

Our dried tree fruit industry of today is one of mankind's inheritances from his unrecorded past. It was built on the tiny base of a monumental discovery — some of man's favorite and highly perishable foods could be preserved for future use. It reflects his early recognition that these particular fruits — prunes, apricots, and peaches — have unique qualities that facilitate their preservation

by simple means, the evaporation of their moisture content.

In the case of prunes, man simply observed that the ripe fruit clinging to the tree slowly lost its moisture content and the desiccated product was still nourishing and tasty and, if protected from moisture, could be kept edible for a considerable length of time. It was a discovery that man made over and over again through the centuries when seeds and plants were carried to new locations. Seeds and fruit pits were easily transported, but they were rarely taken by men who were experienced in fruit preservation. Thus knowledge of how fruits were preserved for future use lagged far behind their introduction into new lands.

How these Old World fruits came to the New World and how a great fruit industry developed in California seems, in retrospect, to be as natural as the cycle of fruit growth, from the dormant bud to the blossom, from pollination to the rapid growth of the immature green fruit to its fore-ordained maturity.

The origin of the three stone fruits upon which the dried tree fruit industry rests is lost in antiquity. The prune, the apricot, and the peach are gifts of prehistoric times and of still uncertain places.

Our prunes for drying are varieties of the species *Prunus domestica*. They are related to other stone fruits, but are unique in that they dry readily without spoiling without the pit being removed. It is this characteristic that differentiates prunes from all other plums. It is the high sugar content of the prune varieties that inhibits fermentation. Most varieties of *Prunus domestica* are called European plums because of their long cultivation in Europe. For centuries, most Europeans considered these plums to be indigenous, but competent botanists and historians have put the record at least partly straight in recent times.

It is quite certain that this species originated in western Asia. Many botanists now believe that the original home of the species was in the area south of the Caucasus Mountains easterly to the Caspian Sea. This region is now the part of the Union of Soviet Socialist Republic lying between the Black Sea and the Caspian Sea and includes Georgia, Azerbaijan, and Armenia. To the immediate south lie Turkey and Iran (Persia). Varieties of this species of plum have been growing in northern Persia for so many centuries that once they were thought to have originated there. Their gradual spread easterly about the lower end of the Caspian Sea was slow and, since

these plums do not thrive in tropical and subtropical climates, they never gained a foothold in the lands farther to the south. The Egyptians left no record of them. Pliny was the first Roman writer to mention them. He wrote in the first century of "a vast number of varieties of plums" and described several of them briefly.

Many centuries passed, however, before the European plums found their new home in Europe. Prunes, according to European historians, were established in Hungary late in the fifteenth century, at about the time Columbus discovered America, whence they spread into all the Balkan countries and eventually into France. Hence, the development of major areas of prune and plum production in countries north of the Mediterranean has been rather recent, historically speaking. In this new homeland, prunes served four important uses: for consumption fresh, for the manufacture of prune butter, for the manufacture of a potent brandy (called *slivovitz* in the Balkan countries), and for drying, partly by exposure to sunshine and partly in crude wood-fueled farm dryers.

It is interesting to note that the prune pits for planting, the cuttings, and the rootings that were first taken into Hungary came from Turkestan, which lies to the east of the Caspian Sea. This migration of prunes from the Caucasus to the south, then to the east of the Caspian Sea and northward into Turkestan, as well as westerly across the Black Sea and Mediterranean to Italy for centuries was most puzzling to historians and botanists, the latter particularly, who sought to find the prune's place of origin.

Many *domestica* plum varieties were brought to the New World by the early settlers. They preferred the large-fruited varieties to prunes, which are relatively small and cannot be readily dried in the humid weather of the eastern seaboard. Also, prunes bloom early in the spring and are severely damaged by early spring frosts. Except for the most favorable fruit sections, such as the lake area of western New York, the *domestica* varieties crack badly and decay readily in the late summer rains of the East and Midwest.

Man has greatly relished the juicy and aromatic fruit of the apricot—*Prunus armeniaca*—for more than 4,000 years. He has tried to propagate it widely in the Old and New Worlds in spite of its suitability only to an especially favorable climate because of its blossoming habits. Its blossoms come out early in the spring and often are caught by frost. The tree itself is quite hardy and will grow vigorously in climates in which it fails to bear fruit.

The common apricot grows spontaneously over wide areas of western and central Asia, as far eastward as Peking, China. It is believed to have originated in China. The Chinese had a character to represent the apricot in written character earlier than 2,000 B.C. Within the last century botanists have found apricots in China that have all indications of being indigenous. Southwest Asia was long thought to be the original home of the apricot, but botanical research has not substantiated this idea. Also, neither the Hebrew nor Sanskrit languages have a name for the apricot, as would be expected if the fruit were present when these languages were developed.

Alexander the Great is said to have brought the apricot from Asia to Greece in the fourth century B.C., whence it was taken to Italy. Pliny, at about the time of Christ, mentioned it as a Roman fruit. From Italy its culture spread northward in Europe, reaching England about the middle of the fourteenth century. The English established the apricot in the New World. Captain John Smith reported that it was abundant in Virginia in 1629.

The Spaniards apparently took the apricot to the New World to their earliest settlements, and the Spanish missionaries planted apricot seedlings at the California missions. George Vancouver, English explorer, saw apricots growing in California mission orchards in 1792.

The efforts to establish apricots along the eastern seaboard and in the South were disappointing as the tree is not well adapted to the climate of the eastern United States. It was not grown commercially there. It was not until the last half of the nineteenth century that it was found to flourish in California and commercial plantings quickly followed.

The peach, next to the apple the most versatile and widely planted and relished of all deciduous tree fruits, is another fruit whose place or origin is difficult to establish. The scientific name, *Prunus persica*, indicates that for a long time—about 2,000 years—the peach was thought to have originated in Persia. But nowhere in Hebrew literature or in Sanskrit has any mention of the peach been found, which indicates that it was unknown in the area from Persia (Iran) to western India about 1,500 B.C.

Two principal facts make it evident that China was the original home of the peach. It was mentioned in Chinese literature before 2,000 B.C. and botanists have found several types of peaches, which appear to be native, growing over large areas of China. The range is wide, extending over much of the country from Turkestan to the eastern coast. Trees having all the charac-

teristics of the fruit in the western world are found in forests and orchards in China. It was their abundance in both forests and orchards in Turkestan and Persia that first gave rise to the idea that peaches always have grown there.

Botanists and historians in recent times had no difficulty tracing the slow movement of the peach westward after satisfying themselves that China was its place of origin. But how this movement took place is unknown. The peach appears to have spread along the caravan routes used in the pre-Christian era. It had reached Greece by 332 B.C., when it was mentioned by a Greek writer. Virgil (70-19 B.C.) was the first Roman to mention the peach and he described it as a Persian fruit. In the centuries following, culture of the peach spread throughout the temperate parts of Europe. So greatly was it favored that in northern Europe, where weather conditions are less favorable, it was grown in pots and against walls, and is today.

A situation arose in the United States very similar to that which caused early botanists to believe that the peach originated in Persia. For several centuries, New World settlers thought that peaches were indigenous to the New World. Actually, peaches were brought to the New World shortly after its discovery by Columbus and the environment was so favorable that they spread rapidly and widely. Indians as well as the settlers prized peaches and they carried pits for planting far inland, in advance of white settlement. This widespread occurrence of peach trees caused botanists in the eighteenth century to conclude that peaches were native to North America, but later careful reviewing of the facts disproved this idea. It is now assumed that the Spaniards were the first to plant peaches in the New World, for by 1571 three types were growing in Mexico. Plantings were made at their New World settlements by the English at Jamestown, the Puritans in Massachusetts, and the French in Louisiana.

The Jesuits planted peaches, among other fruits, at their first missions in Lower California. When the Franciscans supplanted the Jesuits and established their chain of missions in California, they, too, planted peaches. Early American settlers brought peaches with them to California. Extensive early plantings of deciduous fruits in the new State included peaches, as well as apples and pears.

In the early days of our colonial, and later national, growth and development, fruit growing was not an established commercial enterprise. It followed more or less the customary pattern of the Old World. Farmers and village dwellers

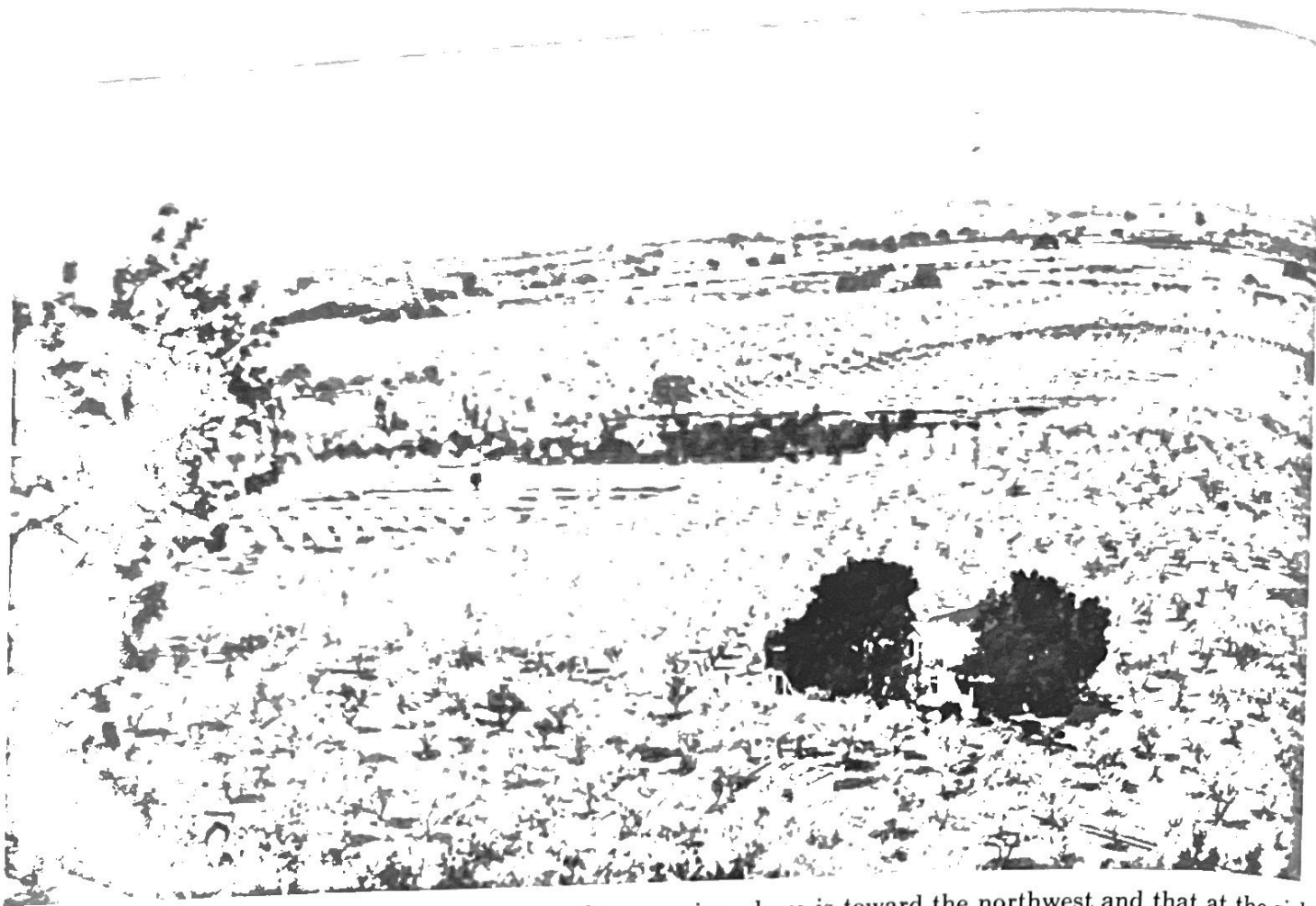
grew fruit mainly for their own use: apples to be eaten in season, to be stored for later use, to be made into apple butter, and to be crushed for cider; peaches to be eaten in season and the surplus to be made into brandy; pears to be eaten fresh and to be stored for later use; plums to be eaten in season; berries to be eaten fresh and to be dried. Surpluses were disposed of in purely local trading. This was the nature of fruit production and consumption in the New World for almost 200 years.

Old World fruits were first introduced into North America by the Spaniards in 1560. Records considered authentic indicate the Spaniards brought oranges to Florida before they founded St. Augustine. It is likely they introduced figs into the Southeastern states at about the same time.

How many of the Old World fruits came to be established in the New World is revealed in records of the governor and Company of the Massachusetts Bay at New England. One of these documents, undated but evidently made during 1629 if not in the preceding year, included a memorandum of things "to provide to send for New England." Among these were to be "stones of all sorts of fruits, as peaches, plums, filberts, cherries." The second evidence is a letter dated April 17, 1629, from Gravesend, England, to Captain John Endecott, the "governor and council for London's plantation in the Massachusetts Bay in New England." It includes the statement, "As for stones and kernels, the time of year fits not to send them now, so we purpose to do it pr. our next."

Hence, within a decade after the Pilgrims landed, the first requirements for founding a fruit industry in the New World were being provided in the fruit seeds brought by the settlers from their Old World homes.

A century and a half later on the distant western edge of the American continent, Spanish missionaries laid the first foundation for a Pacific Coast fruit industry. The Franciscan fathers established their first mission in California at San Diego in 1769, planting there a fruit garden and a vineyard to supply grapes for wine. In the next 54 years, to 1823, they established 20 additional missions in California and at nearly all of them planted orchards, some of them quite large. The fruits planted by the Franciscans were those with which they were most familiar—oranges, lemons, limes, figs, pomegranates, wine grapes, and others. The pattern of the mission gardens was set when Don Jose de Galvez, representing the King of Spain as secular head of the expedition to establish a mission at



Laurence Bulmore took these two photographs of the Santa Clara Valley in bloom from one tripod setting on Blossom Hill Road, near Los Gatos, about 1920. The

view above is toward the northwest and that at the right is toward the north. Except for an occasional vineyard, this part of the valley was in orchards, mostly prunes.

San Diego, ordered that seeds of fruits, vegetables, grains, and flowers be taken to the new territory for planting.

Captain George Vancouver reported that in 1792 he found a fine orchard at Mission Santa Clara, with apple, peach, pear, apricot, and fig trees all thrifty and promising. He also described the gardens at Mission San Buenaventura as containing apple, pears, plums, figs, oranges, grapes, peaches, and pomegranates. Alfred Robinson described the orchards at Mission San Gabriel in 1830 as being very extensive and including oranges, citrons, limes, apples, pears, peaches, pomegranates, figs, and grapes. Edwin Bryant wrote that at Mission San Luis Obispo he saw oranges, figs, palms, olives, and grapes. He was surprised to find at Mission San Jose an enclosure with adobe brick walls up to eight feet high of 15 to 20 acres, all of it planted to fruit trees and grapevines. There were 600 pear trees and a large number of apple and peach trees, all bearing an abundance of fruit. He considered the pears to be of excellent eating quality but thought the apples and peaches to be less tasty than those he was accustomed to.

A few of the early secular settlers in California also planted fruit trees, although this was not

the general practice on the large ranches that were devoted mainly to the production of cattle and grain. The settlers at the pueblo of San Jose, the first civil community established in the State in 1777, planted fruit trees and grapevines to supply their needs and those of the military. Before 1805, the production of fruits had grown so large it could not all be consumed. General Marino Guadalupe Vallejo, who settled in the Sonoma Valley, planted fruit trees there as early as 1830. His rancho was known throughout California as a well cultivated and fruitful place.

Early American settlers set out fruits and grapevines about their homesteads. In the Los Angeles area, these were mostly of oranges and wine grapes. George C. Yount planted grapevines in Napa County in 1838 and fruit trees later. John Wolfskill planted grapes on Putah Creek near what is now Winters in 1842, having seen grapes and peaches on Yount's place a year earlier. J. M. Pleasant took peach pits for planting from Yount's place to Pleasant Valley, Solano County, in 1851. After the missions were secularized in 1834, the orchards and vineyards deteriorated rapidly, as they were no longer cared for. Livestock was permitted to forage in them and hastened the decline. With the arrival of the



Americans in 1849, some of the mission gardens were taken over by enterprising men who rightly anticipated a great demand for fresh fruits by gold seekers and other newcomers. These men who preferred fruit growing to gold mining undertook to rebuild the orchards by pruning, cultivation, and irrigation, and some succeeded remarkably well. The first fresh fruits offered for sale in San Francisco were pears and grapes from the old gardens of the Missions Santa Clara and San Jose and grapes from Los Angeles County. These latter were packed in sawdust and shipped by steamer to San Francisco, whence a large volume was reshipped to the mines. It is recorded that 1,500 tons of grapes were sent from Los Angeles County to San Francisco and the mines in 1852.

The first person known to dry fruits commercially in California was James F. Reed, a leader of the ill-fated Donner (or Donner-Reed) Party, which was caught in early heavy snows in the Sierra Nevada near what is now Donner Lake in October, 1846. Reed was in charge of the farm and gardens at Mission San Jose in 1847, 1848, and 1849 and he harvested the apple, pear, and peach crops, dried some of the pears, and shipped both fresh and dried fruit to the Hawaiian Islands. He also marketed some of the fruit in San Francisco and inland points, particularly after the discovery of gold.

Reed was placed in charge of the Mission San Jose properties to prevent squatters from damaging the buildings and settling on Mission lands. Disorder was widespread and the American forces attempted to prevent some of the marauding. Commodore J. D. Sloat learned of the depredations and ordered the American forces, of which he was in charge, to protect the Missions. Lieutenant R. F. Pickney of the U.S.S. Savannah took possession of the Mission San Jose properties and placed Reed—then called Captain Reed—in charge as custodian. Reed soon negotiated a lease on a crop-share basis for the farm, orchard, vineyard, living quarters, and outbuildings. The arrangement was made with Father Jose M. Real, whom the Roman Catholic Church had placed in charge of Missions San Jose and Santa Clara after the secularization of the California missions.

Reed's venture into fruit drying was accidental. He was not a farmer, but a businessman, having been a successful furniture manufacturer in Springfield, Ill., before emigrating to California. He was then 46, in the prime of life, industrious, and eager to make money. He was thrust into an unusual situation in which he saw an opportunity to make money and did so.

Don Andres Pico, who came into possession of the orchard at San Fernando Mission in 1858, did a considerable business in drying pears and



COL. PHILO HERSEY was the active organizer of the first cooperative dried fruit marketing association in the Santa Clara Valley, serving as both president and manager of the Santa Clara County Fruit Exchange. He was a native of Maine, fought in the Civil War, and became a prominent orchardist and civic leader in the Santa Clara Valley. He died in 1923 at age 87 while visiting relatives in Maine.

other fruits. He hired Indians to harvest his crop and assist in preparing it for drying.

The Russians, who undertook to establish a colony at Fort Ross in Mendocino County, are believed to have planted fruit trees there as early as 1820. Plantings were of apples and cherries. Some trees of both of these fruits still survived in 1900. Among the apple varieties planted by the Russians was the Gravenstein, the principal variety grown in nearby Sonoma County today.

Fruit growers in the early years of the settlement of the State were mostly farmers—and some nonfarmers—from the East and Midwest. They had little or no experience in producing fruit commercially, although some had grown fruit in their home gardens under eastern and midwestern conditions. At first, they did not even plant trees uniformly in spaced rows, but more or less haphazardly according to their estimate of how large a tree would become.

As a result, they had to learn how to deal with cultural problems as they arose. The almost virgin soil took care of plant nutritional problems. Pests and diseases were not at first serious, though they became increasingly serious as plantings increased in size and number. These farmers knew little or nothing about drying fruits other than apples, although elsewhere in the world fruit drying was a familiar means of preservation. By persistence and ingenuity California farmers developed the drying practices that enabled them to produce superior products.

3. Demand for Fruit Was Tremendous

The early plantings of deciduous fruits by the Americans were widely scattered throughout California. The settlers quickly realized that the fertile, well-watered soils were mostly close to the major streams. The streams also supplied water for irrigation when it was required. Scattered fruit districts developed from Anderson close to the Sacramento River north of Red Bluff all the way down the Sacramento and San Joaquin Valleys, and in the coastal valleys, also, from the Russian River valley at Ukiah south through the Sonoma and Napa Valleys, the Santa Clara and Pajaro Valleys, all the way to the San Jacinto Valley below Riverside.

The bench and bottom lands along the major streams were settled and farmed first. Thus fruits were planted at favorable spots on the Sacramento River and also on the American, the Consumnes, the Mokelumne, the Calaveras, the Stanislaus, the Tuolumne, the Merced, the Fresno, the San Joaquin, the Kings, and the Kaweah Rivers where these emerged from the Sierra Nevada. Fruits were planted also where the Cache and Putah Creeks emerged from the Coast Range into the Sacramento Valley. In the early days, the great intervening areas were either untilled or were grazed or planted to grains. Until the irrigation districts brought water to the valley floors, the orchard areas were scattered oases in a great semiarid empire.

The growers' greatest problem for many years was transporting his fruit crops to market, although those close to navigable streams had the advantage of river boats.

A tremendous demand for fruits developed in California as the gold seekers stampeded into the State. The Americans particularly quickly tired of the monotonous and unpalatable diet available to them: beef from cattle raised almost wholly for hides and tallow, locally produced breads, beans, some cereals, occasionally potatoes, and occasionally unfamiliar Mexican foods. They hungered for more familiar foods. As money—including gold—became plentiful, the new Californians readily paid unprecedented prices for the small quantities of fresh fruits available. How extraordinary these prices were is made evident when they are weighed in terms of the monetary values prevailing in the mid-nineteenth century. Here are a few examples:

A. P. Smith, who located on the American River near Sacramento in 1848, supplied the first peaches sold in Sacramento at \$1.50 to \$2 a pound.

George H. Briggs of Marysville in 1853 sold the fruit on his peach trees at \$1.50 a dozen, getting \$2,800 for his small crop.

In 1854, John Wolfskill of Winters sold \$120 worth of Mexican apricots and \$625 worth of peaches to George Hughes of San Francisco. In 1858, when his apricot trees were six years old, he sold 2,000 pounds from six trees in Sacramento at 75 cents a pound.

Edward J. Wickson, famous University of California horticulturist and farm editor, reported that peaches grown at Coloma in 1854 sold at \$3 apiece or \$1,350 for the fruits on one tree. In 1855, six peach trees bore 1,100 fruits that sold at \$1 apiece.

In 1858, pears sold in Sacramento at 25 to 50 cents a pound, plums at 50 cents a pound, peaches at 2 pounds for 25 cents, and apples at 25 to 50 cents a pound. But this was when fruit began to be more abundant and prices were declining.

J. W. Redmond, who took possession of the Mission Santa Clara orchard after the missions were secularized, quickly discovered he had a bonanza. The trees produced heavy crops with a little care and he sold his fruit readily at 50 cents a pound. E. L. Beard took over the orchard at Mission San Jose following Reed and considered this a surer way to found a fortune than by mining for gold.

Many Americans, some of whom made their fortunes in the gold mines and others who did not, decided to settle in California and become farmers. The climate is mild, fertile lands were available, and land was easy to acquire even by those with limited resources. The high prices for fruits stimulated the planting of a great many fruit trees. These were mostly in garden plots or small orchards of from one to three acres. In most instances, trees were planted at irregular distances and in irregular patterns, and often not even in rows. Many plantings were of dwarf trees that come into bearing early and bear heavily when young. Wickson reported in 1899 that from about 1852 to 1858, small garden plots of fruit trees, "which would now only be considered respectable town lots, were turned to great profit with dwarf pear and apple trees."

The first extensive new plantings of fruit trees tended to be in the Santa Clara Valley, mainly because of the long existence there of the widely known secular community, the pueblo of San Jose. The orchards of the nearby Missions of Santa Clara and San Jose demonstrated the favorable growing conditions of the Valley—

fertile soil, the mild and semi-arid climate, and abundant water. The San Francisco Bay, extending up the Valley almost to the pueblo, provided ready access to San Francisco and the interior valleys by boat, then the most practical means of transportation.

At the same time, other newcomers were settling in the other coastal valleys and on fertile bench and bottom lands of the central valley streams. They, too, planted fruit trees. There thus began in the very early settlement of the State by both American and western Europeans a testing of widely scattered localities for the growing of deciduous fruits, as well as other crops.

Many trees for planting came from eastern nurseries, some were grown by the first settlers, and many were seedlings grown from seeds brought from the East or obtained in California. A few trees came from Oregon, some from Chile.

Since the eastern suppliers were among the most reputable, established nurseries, California growers had early access to a large selection of named fruit varieties. Included among these suppliers who contributed greatly to the start of the State's fruit industry were: Highland Nurseries, East Rochelle, N. Y.; Charles M. Hovey, Cambridge, Mass.; H. Saul & Company, Newbury, N. Y.; William Price, Long Island, N. Y.; Ellwanger and Barry, Rochester, N. Y.; P. J. Berckmans, Atlanta, Ga.; and New Rochelle Nurseries, Newburg, N. Y.

A number of California growers were impressed by the widespread interest in fruit growing and saw opportunities for profit in the nursery business. Some of them already were experienced in propagating nursery stock. Others sent for experienced nurserymen to come to California to help establish the new nurseries here.

Here is a partial list of the nurseries that began supplying deciduous fruit trees in the early years of the American occupation of California and of its statehood:

Alameda—The Rev. A. H. Meyer and Flint and Haile.

Berkeley—John Kelsey.

Chico—John Bidwell.

Hayward—William Meek.

Marysville—George H. Beach and George H. Briggs.

Nevada City—Felix Gillet (Barren Hill Nursery).

Niles—James Shinn and John Rock.

Oakland—M. A. Chabot and A. D. Pryal.

Sacramento—Charles W. Reed, A. P. Smith, and Warren and Sons Garden and Nursery Co. (G. L. L. Warren).

San Francisco—H. H. Berger and Company, Commercial Nursery (Mission Dolores), R. J. Trumbull & Company, and William C. Walker (Golden Gate Nursery).

San Jose—D. T. Adams (Hope Nursery), Capt. Joseph Aram (Railroad Nursery), A. Banfreton and J. Dufie, William Daniels, Bernard S. Fox, San Jose Valley Nursery, (a Frenchman named) Lavalley, James R. Lowe, William O'Donnell, Sylvester Newhall, Louis Pellier, Louis Prevost, China Smith and H. H. Winchell, and Commodore Robert F. Stockton (Stockton Ranch Nursery).

San Lorenzo—John Lewelling.

Santa Clara—L. A. Gould.

Stockton—William B. West.

Suscol Ferry (5 miles south of Napa)—Simpson Thompson.

Yountville—Magnolia Farms.

Everyone knew about the high prices growers received for their fruits. Anyone determined to go into farming had little difficulty acquiring good land. But there was no way of knowing how extensive fruit plantings were or what volume of locally produced fruit might soon flood into California's limited market. Under such conditions, fruit trees were greatly overplanted, the California market was glutted, particularly after 1858, and fruit growing received a jolting setback.

Nonetheless, the nurserymen and undaunted growers continued their efforts to find the varieties best suited to California's soils and climates. The superior quality of the peaches and apricots obtained from eastern nurseries was quickly recognized. The perfection of the fruits grown on the virgin soils and in the semiarid climate astounded everyone, growers and consumers alike. The impression was so pronounced that many early settlers afterward believed that the fruits produced in California in later years never equaled the perfection of the first crops harvested here.

The oversupplies of fruit after 1858 dampened the enthusiasm of growers for a time, but when the transcontinental railroad was completed in 1869, the fruit industry had a new spurt of growth and fruit growers already had at hand dependable sources of trees for planting that were of proved varieties.

4. Pellier Introduced the Prune

It was in the earliest years of the industry that the French prune was introduced into California through the effort of a pioneer San Jose nurseryman of French origin—Louis Pellier. Though apricots and peaches had been grown in the State for many years, prunes were not among the plums the Spanish missionaries or settlers planted here; at least there is no authenticated record of them.

The prune d'Agen—now generally called the French prune—was familiar to eastern nurserymen, however. William Robert Prince, according to U. P. Hedrick in his authoritative "Plums of New York State," first described the variety in the United States in 1832. Although there is no positive verification of the early importation of French prune rootings or scions, it is substantially confirmed by the fact that the Highland Nurseries, New Rochelle, New York, and its associated Commercial Nurseries, Mission Dolores, San Francisco, listed prune d'Agen as available in its catalog of 1854. Hence, Highland Nurseries must have been propagating the prune d'Agen for at least two or three years earlier. The New Yorkers who tried this variety found drying the fruit too difficult under New York climatic conditions. So although the variety was available, there is no evidence that any early California growers obtained it and planted it.

Pellier had no idea at all of the predominant position the prune would shortly gain in the State's deciduous fruit industry. It was simply a fruit he had liked in his native France, one of a great number of familiar French fruits and vines he wanted to try out in this new country.

That the prune would become the State's most important deciduous tree fruit in a few decades was due in part to its timely introduction by Pellier, but also as much to the combination of favorable conditions existing at that time. The tree grows vigorously here and bears heavily, farmers early found ways of producing a good dried product, and a tremendous market soon developed in this country for an economical, nutritious preserved fruit that could be served when fresh fruits were out of season. The newly completed transcontinental railroad in 1869 opened up this great market to California fruit growers.

Because the circumstances surrounding the introduction of the prune d'Agen and the start of the California prune industry seem to indicate that fate had a hand in it all, they are a cherished part of the lore of the State's fruit indus-



LOUIS PELLIER at the peak of his success as a nurseryman. This is an enlargement of a daguerreotype taken of Pellier on a visit to France in about 1870.

try. As such they deserve recounting here.

Pellier was a horticulturist by vocation who spent his early life among the orchards and vineyards of his native Department of Charente Inferieure, France. In 1848 at the age of 31, unmarried and unlikely to be called for military duty, he began a leisurely journey, supporting himself by selling knick-knacks and drygoods. He journeyed through southern France, northern Africa, and back into Portugal and thence to South America. He landed in Chile early in 1849 and thought of settling there. Word of the discovery of gold in California soon reached Chile and induced him to hurry northward to California and the gold mines. Reportedly, he did well in the gold diggings, but the hardships of the winter in the Sierra Nevada forced him back to

San Francisco and shortly thereafter he went to San Jose. There in 1850 he formed a partnership with Gioachino Yocco and bought a 100 vara lot (about 275 feet square) on which to settle down and engage again in horticulture. Privately he bought adjoining properties that he merged eventually into a single plot on which he established his Pellier's City Gardens. Here he first grew vegetables and, as soon as he could, planted fruit trees. He, of course, was aware of the high prices being paid for fresh fruits. In 1853, Pellier's brother Pierre, 31, came from France to join him. Although similarly trained in horticulture, he seemed to lose interest in his brother's enterprise, owing to both homesickness and a desire to wed



Louis Pellier's nursery house still stood near what is now downtown San Jose in 1900. It was built principally of lumber shipped from the East around the Horn.

his sweetheart in France. So Pierre was sent back home to marry his sweetheart, but firmly enjoined to gather together and bring back a long list of nursery stock, including *la petite prune d'Agen*, and seeds of many kinds. In 1856, Pierre returned with his bride, a third brother Jean and the latter's son Louis A. Pellier, a brother-in-law, and the large collection of fruit scions and cuttings, grape cuttings, and the plant seeds.

Tradition has it that the prune scions were grafted on native plum rootstocks and on Damsion plum rootstocks the early settlers had brought from the East. The prune scions grew thriftily, fruited heavily, but aroused little interest among

the fruit growers who greatly preferred plums bearing large fruits. Pellier gave 50 scions to John Q. A. Ballou, a New Hampshire forty-niner who went into fruit growing in San Jose in 1855. He had been experimenting with fruit drying and Pellier told him the prune d'Agen was the source of France's dried prunes, a large volume of which was exported then to the United States. Pellier also gave scions to George W. Tarleton, another fruit grower, and to B. Kamp, a nurseryman of German origin, who later was instrumental in supplying growers with prune nursery stock when the demand for prunes overwhelmed nurserymen.

Ballou and Tarleton grafted their scions onto established plum trees and set out adjoining plots of what became the State's first prune orchard. Tarleton expanded his orchard to produce fruit for fresh market sale, but Ballou continued his experimentation in fruit drying. He shipped 130 pounds of dried prunes to San Francisco in 1859. He continued to expand his output and to sell it locally until 1867 when he shipped 500 pounds to eastern markets by ship. The next year he shipped 11 tons of dried prunes East and they brought him 18 to 20 cents a pound, net. Tarleton meanwhile continued to enlarge his prune plantings and for some years had the most extensive prune orchard in the State.

In spite of Louis Pellier's part in preparing the way for the establishment of the prune industry, he saw nothing of its early growth and productivity. He died June 13, 1872, of an apparent nervous breakdown after an unhappy and childless marriage, just as the industry approached the threshold of its great initial growth. He was buried in a cemetery since abandoned, and although the headstone that marked his grave has been preserved, no one knows the site of his grave.

Louis Pellier left no descendants, but Pierre had four daughters who grew to maturity, married, and had children. For reasons that apparently traced back to earlier friction between Louis and Pierre, the latter's descendants for a time belittled Louis' part in bringing prunes to California and magnified Pierre's part. Fruit industry historians now seem agreed that the major credit for introducing French prunes should go to Louis Pellier.

5. They Had To Learn How To Do It

Although fruit growers became aware during the years 1860 to 1866 that the prune d'Agen is a prolific bearer, most of them were little interested in it because of its relatively small fruit and because of their unfamiliarity with fruit drying processes. The slump the fruit industry experienced in 1868—mainly affecting apples and pears—apparently awakened an interest in prunes, as well as several other fruits. By 1870, prune plantings totaled 650 acres, of which about 300 acres were in Santa Clara County and most of the remainder was in adjoining counties.

Commenting on the situation in this period, B. M. Lelong, State horticultural commissioner, stated in his report of 1892; "In 1868 the fruit interests of Santa Clara County received a heavy blow. The plantings theretofore had been principally of apples and pears, and that year the yield was so great that the market was more than glutted. The influence of this experience was long felt, but it had its good effects, for it resulted in the planting of other varieties of fruit, and the adaptability of the soil and climate to them was soon apparent. Large orchards of cherries, apricots, and plums were planted, and fields of berries were set out."

Titus Fay Cronise, author of *The Natural Wealth of California* (1868), reported: "One half the fruits of California cannot be marketed, so enormous is the crop, and so expensive picking and the cost of carriage. The most extensive orchard in the State is that of Briggs & Co., at Marysville, comprising 160 acres, in a deep, moist, rich, and friable soil. The proprietors, finding the prices of fruit no longer profitable, have gone extensively into drying almost every variety. They cured over 50 tons in 1867, which in appearance and other respects cannot be excelled. Owing to the power of sunshine and its unbroken continuity in the season, kiln drying is dispensed with, and the color of the cured fruit is therefore lighter and more attractive. This industry will be greatly extended."

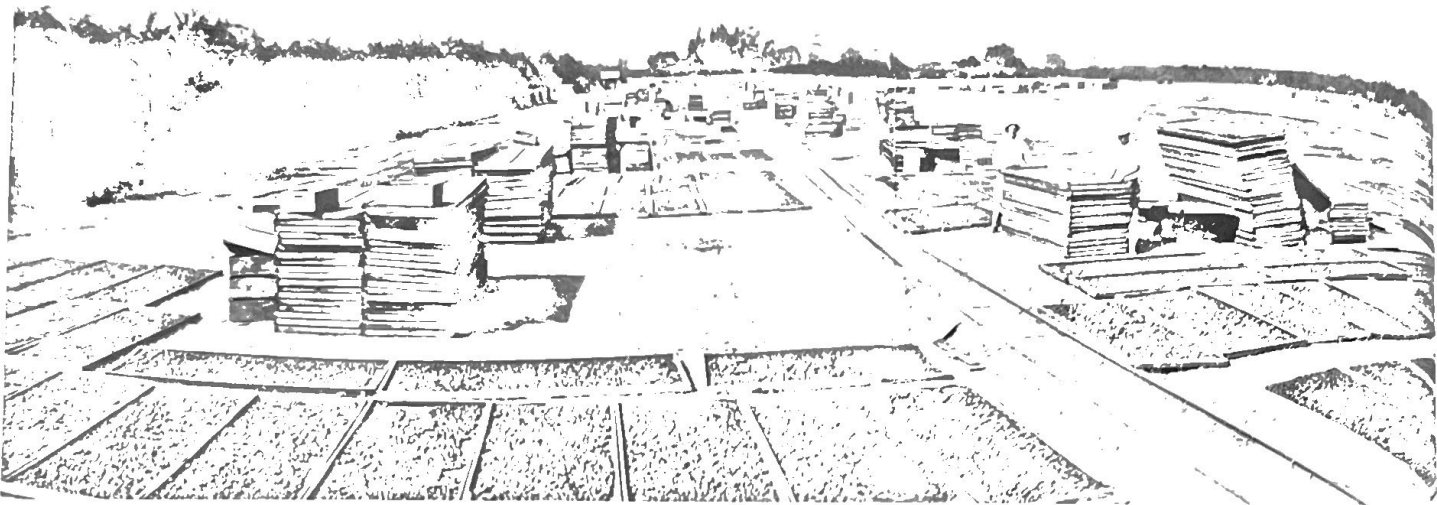
Of this same period, Wickson reported: "The imports (into California) of dried and canned fruits were large and growers were exhorted to take steps to secure this trade for themselves. Something was done in this direction, for by 1867 the local product of canned fruit was equal to the demand. Drying did not advance so fast; about two years later there were imports of 6,000 barrels of dried apples while hundreds of thousands of bushels of fruit were rotting under the trees in our own orchards."

The picture began to change in the decade of 1870-1880. By 1880, plantings of prunes in the State had increased to about 5,400 acres. In the 10 years 1871 through 1880, United States yearly imports of prunes from France, Germany, and Bosnia ranged from 18,902,480 pounds to 45,682,762 pounds. Some California growers began to awaken to the idea that California prunes might gain a share of this market.

There were many problems to solve and many difficulties to overcome before this could be done.

California fruit growers in this period were slowly and painfully learning to be horticulturists. The fact is that very few of them had any previous training in fruit growing. They knew nothing at all about producing dried prunes or other dried fruits. Those of French origin knew something of how the French dried their prunes, but the problem was to produce a dried prune of better quality that would have a chance of displacing the imported product in the United States marketplace. Californians saw no way of improving the French method of drying prunes. The French spread straw under their trees for the fruit to drop upon to lessen the damage to very ripe fruit. Then the prunes were given what has been described as several light cookings with intervening exposure to the air for drying. Finally, the partially dried product was completely dried in a crude oven-like dryer. The flesh of the dried prune was dark to black in color and much of the fruit sugar was caramelized. The fruit was described as having a licorice-like flavor.

The California growers who undertook to duplicate the French process found that their dried fruit had little consumer appeal and little salability. This experience prompted growers to develop their own drying processes. Some of them pitted the fresh, ripe prunes by hand and dried them, cut surface up, on small trays by exposure to sunlight and open air. J. Q. A. Ballou sought to find a way to speed up the drying of unpitted fruit and, perhaps drawing on his recollection of home food preparation processes back in New Hampshire, he experimented with a dipping solution of lye made from wood ashes. It is possible that somehow, perhaps from some of the many Spaniards then in California, priest, settler, or adventurer, he learned that raisin producers at Valencia, Spain, where drying conditions are not always favorable, for a great many years had dipped grapes in a weak lye solution to hasten drying. The Spaniards made their lye from the ashes of burnt vine prunings.



Three illustrations on these adjoining pages are successive parts of a single panorama photograph taken of a large Santa Clara County dryyard about 1910. The large dipping shed can be seen at the far edge of the

drying ground in the lower right picture. Stacks of field trays loaded with freshly-dipped prunes were moved by small rail cars from the dipping shed to the drying ground, and the fruit when dried by cars to fruit storage.

Ballou and his neighbor George W. Tarleton concluded they were on the right course in discarding the French process entirely and pushing their experimentation further. They found that the lye dipping solution caused the skin of the fruit to *check* or develop numerous small perforations that, in fact, did hasten the drying of the fruit when exposed to sunlight and open air. And further, this speeded-up drying process did not darken the amber flesh of the fruit or cause the fruit sugar to caramelize. California dried prunes, when the new processes were widely adopted, were a wholly different product from the dried prunes imported from Europe.

Some 200 miles away from the San Jose area, fruit growers in the southern San Joaquin Valley were experimenting with fruit drying, also. In the fruit district that was developing around Visalia, growers planted apricots, peaches, and prunes, as well as other fruits. Some of them constructed evaporators like those they had used back East for drying apples and they dried their apricots, peaches, and prunes in these small evaporators. Growers were not happy with them because they seemed not to work satisfactorily in damp weather. Because Easterners used sulfur fumes to bleach drying apples, the Visalia growers used sulfur fumes on their apricots and peaches. It was shortly discovered that trays of fruit removed from the evaporators dried even better in the sunlight and warm dry air than in the evaporators. Sulfuring was continued, but use of the evaporators was discontinued except for apples.

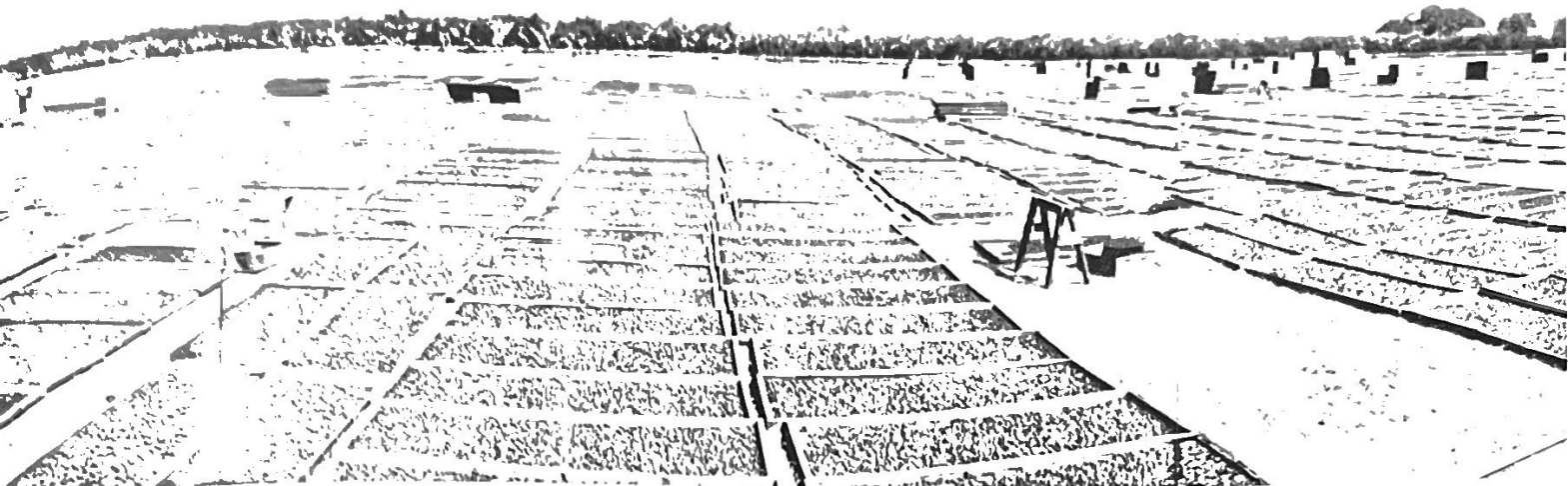
George Fleming, a long-time employee of the Griffin and Skelly Company at Visalia, recalled in 1909 that 30 years earlier, a grower in the

Willow Glen district near San Jose, took a load of prunes to a neighbor's evaporator for drying. He arrived too late with his load, and fearing that the prunes would not hold up for another 24 hours, he dumped them over the bank of a nearby creek. Several days later he happened by the spot where he had dumped the fruit and was surprised to find that a great deal of it had dried satisfactorily in the sunlight and warm air. He gathered up the dried prunes that looked all right to him, cleaned them, and shipped them to San Francisco. He received 14 cents a pound for the lot. After this experience, growers in the San Jose area abandoned the use of evaporators for drying prunes.

Although the prune drying processes that California growers discovered and perfected were new to them, historically they were not new at all. Leonard Coates, the well respected California nurseryman, visiting France in 1912, discovered that a French writer reported the use of an alkaline preparation, doubtless a lye solution, as a prune dipping solution as early as 1675. He found mention of this practice in *The Theater of Agriculture* by Oliver de Serres published in 1675. But California growers were not aware of this fact and the practice was not widely used in France.

Development of the new drying processes took place in a period in which prune plantings were expanding rapidly. From the 5,400 acres in the State in 1880, they jumped to 15,090 acres in 1890, of which 6,175 acres were in Santa Clara County.

The growth in acreage alone does not tell the full story of the industry's expansion quite as well as the increase in production. No accurate



data are available on prune production before 1885, but it has been estimated that the total production in the years up to 1885 amounted to 10,000,000 pounds, dried.

Production in the remainder of that decade is reliably estimated as follows, in pounds dried: 1885—3,104,000, 1886—4,340,000, 1887—7,500,000, 1888—8,050,000, 1889—17,150,000, and 1890—16,200,000. The prune industry gained momentum rapidly in the latter half of that momentous decade.

Helping to make this growth possible were the nurserymen who supplied growers with nursery stock, and their greatest difficulty was in meeting demand. The ingenuity of one great California nurseryman, Luther Burbank, is reported by W. L. Howard, University of California horticulturist. He reported, "Prunes especially were wanted; the existing nurseries could not meet the demand for trees to plant. Then Burbank did a spectacular thing by filling an order from an impatient customer for 20,000 prune trees to be propagated from seed to budded trees, complete and ready for planting between the months of January and December of a single year. The task was accomplished by 'June budding'—a

method certainly not original, but apparently not used before in California."

Meanwhile production of apricots and peaches was also expanding steadily, accelerated by the overproduction of apples and pears in 1868. At first, these fruits were intended for the fresh market. As supplies increased, some of the fruit was canned. Additional outlets began to be sorely needed and growers began to experiment more and more with drying. Producing dried cut fruits of acceptable quality was a far more difficult problem to solve than drying prunes and it was not fully solved until the turn of the century.

Wickson, in recalling industry conditions existing in 1880, commented:

"California dried cut fruit was a makeshift and a poor one."

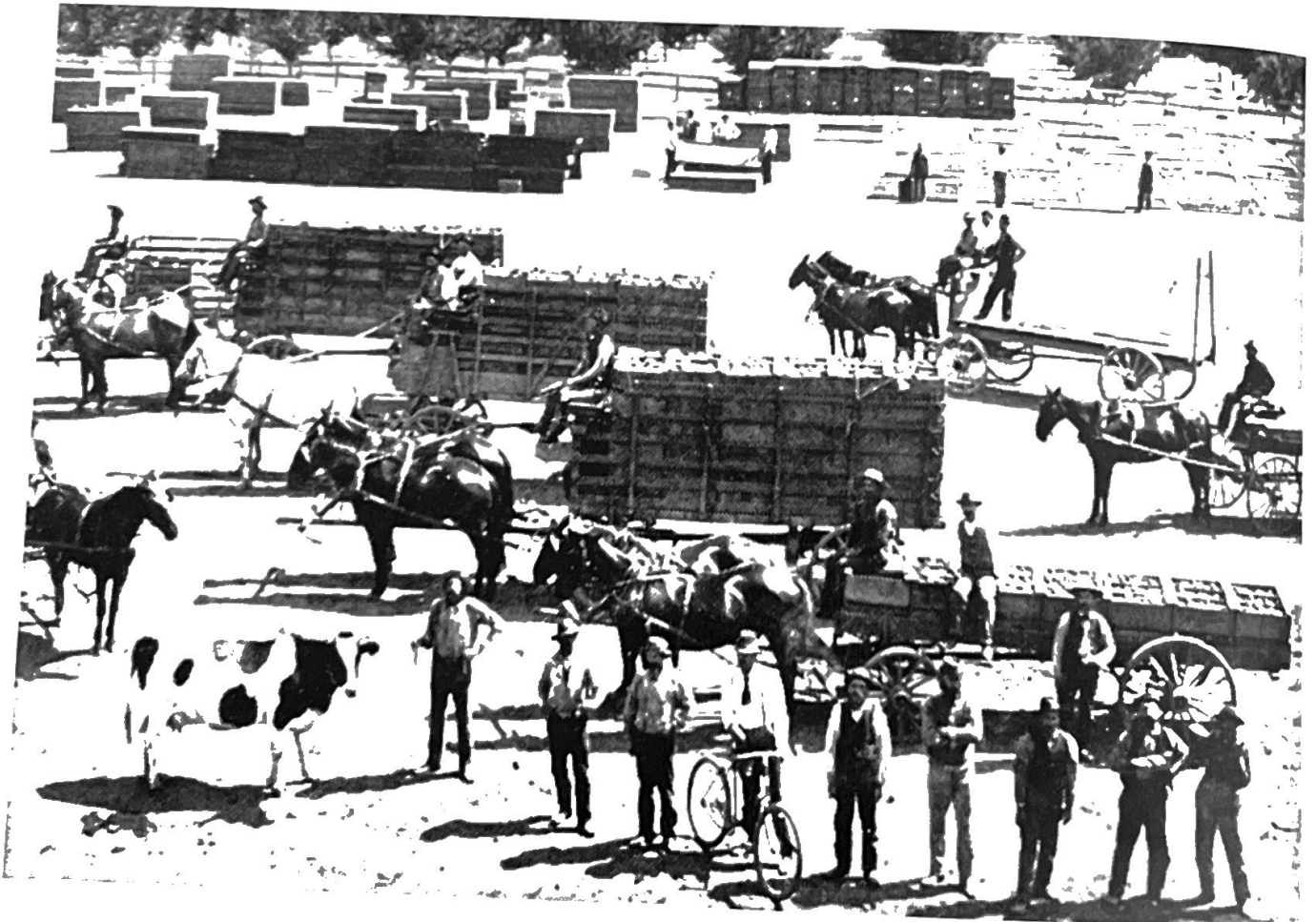
Elsewhere he said:

"Before the employment of the sulfur process, (exposure of the freshly halved fruits to the fumes of burning sulfur and then to sunshine) California cured fruits were suitable only for the lowest culinary uses. They were of undesirable color, devoid of natural flavor, offensive by content of insect life. They had no value which would induce production and a discernible future."



The unfamiliarity of the first generation of California fruit growers with horticulture was far exceeded by their complete ignorance about how to dry cut fruits. This was not because the fruit drying processes were not known elsewhere; they were known in the Mediterranean countries. Actually mankind had had a long experience with sulfur extending back 2,000 years before Christ. The Egyptians found practical uses for burning sulfur before the Christian era, using it to bleach linen and preserve meat and other foods. When they first discovered its value as a preservative of fruits and vegetables is not known. It appears that none of this knowledge about the historic uses of sulfur was known to early California fruit growers. Some of them had experience in evaporating apples back at their former eastern homes. They knew of the use of burning sulfur as a bleach and a protectant. Other settlers from Europe doubtless knew of the use of sulfur to

bleach and preserve raisins in eastern Mediterranean countries. Apple drying in small locally built evaporators was one of the earliest methods used in California to preserve fruit. Some growers used their apple dryers to produce dried cut fruits and discovered by experimentation the value of sulfuring as a preservative of freshly cut peaches and apricots for drying. Nonetheless for a number of years after the value of sulfuring had been demonstrated, many growers refused to adopt the practice. In the late 1880's many progressive grower-packers of dried fruits and several grower-owned cooperative dryyard and packing organizations installed sulfur houses and made sulfuring a regular practice. Even as late as 1899, however, Wickson reported, growers were still attempting to produce dried cut fruits without sulfuring them, although the packers who bought the dark and unappetizing fruits sulfured them to bleach them and increase their salability.



This is how orchardists delivered their fruit to the Joshua Cozzens dryer in Santa Clara County in 1895, when horses provided tractive power. The workers gathered in the foreground for the photograph, but one

cannot guess why the cow was displayed also. Its presence, however, is a forceful reminder of the great change that has occurred since in our standards of sanitation and in the esthetic sensitivities of consumers.

6. *The Bonanza of the 1880's*

The tremendous growth of the California dried tree fruit industry from the early 1880's on did not happen spontaneously. This almost unique occurrence in the development of U. S. agriculture was the direct result of a combination of extraordinarily favorable conditions occurring at the right time and in the right place. These particularly favorable conditions were:

The existence of an exceptionally favorable environment—climate, soil, and water—for deciduous fruit production.

The ease of getting into fruit production then, even for one with limited resources.

The availability of the transcontinental railroad after 1869, which enabled growers to develop markets for their dried fruits in the more populous East and Midwest.

The expansion of the West Coast market as the American population continued to surge westward.

The glamour that consumers attached to fruit products from California—still the romantic, far away Golden State in the minds of a great many easterners.

The exceptional profits realized once the dried fruit markets opened up.

The establishment of numerous agencies that specialized in marketing California's specialty products.

When the first American settlers arrived in California, they became immediately aware of the new country's especially favorable environment for fruit growing. The fruits and vines planted by the Spanish missionaries, beginning about 200 years ago, impressively demonstrated that fact. It is now universally accepted that few areas in the world equal California's natural adaptation to fruit production. The moderateness of temperature, the freedom from excessive heat and cold, the long growing season, the low summer humidity, the relative freedom from cloudiness in the growing season; these conditions combine to create an ideal climate for deciduous fruits. California's soils are similarly suitable for fruit trees and where normal rainfall is insufficient to sustain trees in good vigor and fruit production, supplemental water has been available for irrigation. This was truly a land in which "milk and honey" could easily be made to flow in abundance.

Most of us living in California in the second half of the twentieth century can hardly realize how easy it was for the first settlers to go into farming and fruit growing. Some of the land

suitable for farming was public land and open for homesteading. Much of the better land was in Spanish land grants that soon became available for purchase as the grantees or their descendants sold off their lands to finance a style of living that changing agricultural conditions could no longer support. Many of them were unwilling to adapt themselves to the new kind of agriculture and the aggressive competitiveness of the Americans. Large holdings were acquired by Americans who made their stakes in the gold mines or who brought their wealth with them to invest in the new country.

The history of the Laguna Seca grant in the Santa Clara Valley, given to Juan Alvires in 1834, is a good illustration of what happened to land values after the Americans began to arrive in California. This 23,040-acre grant (four square leagues) extended from Coyote, about 10 miles south of San Jose, to Madrone, about 18 miles south, and up into the foothills on each side of the Valley. Alvires became bankrupt and Laguna Seca was sold at public auction in 1845. William Fisher paid \$6,000 cash for it, twice what it was then worth in the opinion of local ranchers. Fisher, of English origin and a former resident of Massachusetts and Lower California, died in 1850, and left the property to his widow, the mother of their six children. The widow, who married again, had the grant confirmed to her in 1865. When the Murphy and Dunne holdings to the south were subdivided about 1890, the original Laguna Seca grant was estimated to exceed \$2 million in value. By 1900, some of the ranch that had cost Fisher 26 cents an acre was valued at \$1,000 an acre.

Before the American occupation, most farms sold for a few cents to a dollar or more an acre—values being determined more than anything else by the willingness or eagerness of the seller to sell and the willingness or eagerness of the buyer to buy. A Spanish grantee needing money was a poor bargainer. Americans bought land that, for the most part, had never been tilled, but had been grazed by livestock. They planted wheat and barley and many were able to get back their land cost from the sale of their crops in a year or two. Later farmers bought grain land and planted field crops and they, also, were able to recover their land costs in a year or two. When fruit growing and grape growing began to expand, many owners of large tracts made deals with less-well-off farmers to clear the land of native trees and brush, plant fruit trees, and care for the

trees, usually for four years. The farmer then received title to a third or a half of the orchard as compensation for his efforts. Some of these enterprising farmers subsisted on wages earned by working for other farmers and some cut the great oak trees into firewood and sold it for sufficient money to live on.

An Indiana native, A. G. Huggins, came to Santa Clara County in 1886 and bought 800 acres of land between Los Gatos and Saratoga. He started an orchard of 150 acres, of which 125 acres were in prunes. One hundred and twelve acres were planted and cared for for four years by a local farmer, who was then deeded a part of the orchard as compensation. Huggins' investment in the ranch and orchard was \$12,000. In 1894, eight years after he bought the 800 acres, Huggins sold his interests for \$50,000. Scores of others had similar experiences.

The bonanza in California fruit production from about 1880 on was beyond credibility to eastern and midwestern farmers who were clamorously solicited to buy California land and make a fortune. Literature put out by boards of trade and public agencies—not promoters—affirmed that "To strike an average, it is well within the facts to say that an ordinarily good orchard in Santa Clara County will yield a net profit of \$125 an acre. It is generally more than this. Very frequently, it reaches from \$300 to \$500 an acre, and instances are not rare where \$800 to \$1000 has been realized from a single acre." They were told further that "The bearing orchards of Santa Clara County are held (in 1894) at from \$500 to \$1000 an acre, according to character. Take those of the highest price and compare them with improved farms in the East that are held at \$100 per acre. It is an exceptional case where the eastern farm will produce a net profit of \$5 per acre. The Santa Clara County orchard will regularly produce a net profit of from \$250 to \$400 per acre. . . . A first class eastern farm of 100 acres will cost \$10,000. A first class orchard of 10 acres in Santa Clara County will cost the same amount of money. The eastern farm will yield a net annual income of \$500 while the income from the orchard will be \$2,500 . . ."

To make the case more impressive, prospective buyers were told that good orchard lands could be bought at from \$100 to \$300 an acre. When the 18,000-acre Catherine Dunne ranch at Morgan Hill and San Martin was subdivided it was sold in 10-acre blocks for \$150 an acre, \$250 down and \$125 a year for 10 years. There were many such subdivisions. The cost of getting an orchard established in Santa Clara and adjoin-

ing Counties in 1894, if the owner hired all work done, was estimated as follows:

Planting costs per acre—	
Plowing and harrowing	\$ 3.00
108 trees at 7 cents	7.56
Digging, planting, staking	7.56
Total	\$18.12
Contract plowing and harrowing	
young orchards per acre per	
season	\$7.50 to \$10.00
Pruning per 100 trees—	
First year	\$ 0.25
Second year50
Third year	1.00
Fourth year	3.00
Fifth year	5.00
Older trees	9.00
Picking prunes, per ton	\$ 2.00

Cost of nursery stock that year was as follows per tree: Prunes on myrobalan rootstock—7 cents, prunes on peach rootstock—5 cents, apricots—15 cents, and peaches—10 cents. The cost of pruning apricot and peach trees for the first three years was the same as for prunes, but after the third year the cost was a cent a tree for each year the tree was old.

Thus the purchaser of 10 acres for planting a prune orchard would invest about \$1400 in payments for the land and for setting out and caring for the orchard through the first four years. In the fourth year, the crop would usually take care of expenses. From the fifth year on the orchard would not only take care of expenses, including the mortgage payment, but would also yield the owner a profit.

Prospective buyers of California farms were assured—with apparent good reason—that there were unlimited opportunities for employment, which would enable an energetic able-bodied person of limited means to work out and support himself and family and meet his payments while his young orchard was coming into bearing.

Giving substance to these data and claims, the estimates and assurances, were the experiences of growers in every fruit-producing district. The experience of E. L. Bradley caused great excitement. He planted a 10-acre prune orchard near San Jose about 1875. After the orchard was six years old the crop brought returns of \$2,500 to \$4,000 a season from 1881 through 1888. The Rev. William D. Pollard, who came to Santa Clara County from Indiana in 1875, reported he had realized \$550 an acre from prunes and \$300 an acre from 5-year-old peach trees in 1887. He said he realized \$5 an acre from 3-year-old prunes, \$75 an acre from 4-year-old prunes, and \$200 an acre from 5-year-old prunes.

The Alden Fruit and Vegetable Preserving Company was formed in San Jose in 1874 and produced 15 tons of dried apricots that year. Its returns were so great that they provided the initial incentive for development of dried apricot production in the Santa Clara Valley. A San Jose attorney, A. H. Upton, publicly reported in 1895 that his 4.5 acres of prunes produced over 11 green tons per acre. W. A. Coulter, another attorney, reported that his 50-acre orchard of prunes, half of it just coming into bearing, grossed \$120 an acre for the 50 acres.

Farmers in the Sacramento Valley became greatly interested in prunes in the 1880's. The first planting in Colusa County, where prunes became an important crop, was made in 1884 by J. B. DeJarnatt. Ten years later, Joseph Boedefeld reported that his 40-acre orchard was producing 140 tons of dried prunes a year, averaging 3.5 tons an acre. In 1894, he received \$140 a ton for his crop, just short of \$20,000.

Experiences like these occurred and were reported again and again wherever farms were established and fruits were planted in California. It had been customary for gold strikes to be widely publicized, so participants in this new endeavor to produce wealth were not hesitant about reporting their good fortune.

The opening of the transcontinental Central Pacific railroad in 1869 first proved a great windfall to the fresh fruit industry. In that year shipments of pears, apples, grapes, and plums totaled 33 tons, but the next year they zoomed upward to 700 tons. By 1890, ten years later, yearly shipments had soared to 34,042 tons.

Though shipments of dried fruits did not at first keep pace with fresh fruits, they began to catch up by 1880 and that year rail and sea shipments totaled 32,297 tons. Amazingly, in 1897 and 1898, dried fruit shipments of 75,160 and 76,663 tons respectively exceeded fresh fruit shipments. The fact was that something of very



The West Side Fruit Growers Association, west of San Jose, had this fruit elevator next to its drying ground to convey the freshly dried prunes into its storage house.

great importance had been happening in the U.S. food market. In 1887, U.S. imports of dried prunes from Europe reached an all-time record high of 92,032,625 pounds. By 1897 and 1898, prune imports had fallen to 710,028 and 303,992 pounds respectively. California prunes had largely displaced imports in the U.S. consuming market but growers realized little financial benefit.

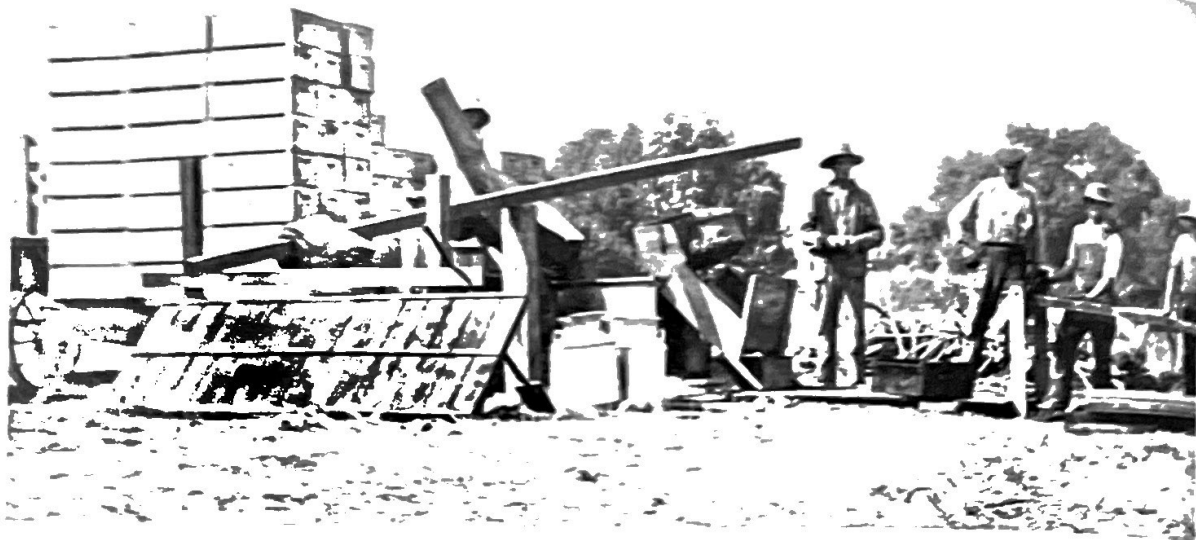
The tariff had a significant effect in lessening the competition from imported prunes. Up to 1894, the tariff was 0.5 cent a pound, but that year in the face of increasing political pressure from California, the rate was increased to 1.5 cents a pound. In 1897, it was increased further to 2 cents. These higher rates proved an effective hindrance to imports. Although prunes from California displaced the dwindling imports, California growers got little good from the greater domestic sales. Grower efforts to sell their crops for cash and as early as possible kept the field market weak and unsettled. As a result, whereas exports increased and imports decreased between 1895 and 1900, prune prices steadily declined.

Much nearer at hand, a new market was also developing for dried fruits. The emigration to California was paralleled, though on a smaller scale, by streams of settlers moving into Oregon and Washington. Southern California, where deciduous fruit production was never as extensive as farther north, was at the beginning of a period of tremendous population growth.

Word of the exceptional quality of California's fresh fruits—apricots, cherries, peaches, pears, plums, and grapes—was first spread throughout the East by letters sent by settlers to the folks



This is the packing plant of Start & Morrison, San Jose, in 1895. Presumably, most of the 13 persons shown were employees of this important dried fruit packing firm.



This improvised dipper rig has a counterweighted boom with a homemade dipping basket to lower prunes into the dipping tank, then dump the fruit into a hopper for

spreading onto field trays. The wood piled behind the crew provided fuel to heat the dipper tank. The dipper was used on the A. Groeneveld place, Hanford, in 1920.

back home, by horticulturists, and by travelers. With the opening of the transcontinental railroad, easterners learned at first hand how good these products were. The railroad also made California canned fruits available, though to many persons these continued to be luxuries or semi-luxuries for a long time. Thus in a period when the diet of the average American was plain and somewhat monotonous most of the year, fruits from California came to be looked on as a great treat. The public readily attached some of the glamour of California's fresh and canned fruits, of its gold and other products, to dried fruits. These later rapidly became almost staples in U.S. grocery stores in the most populous areas. Almost overnight, boarding houses everywhere in the country made dried prunes a standard dessert a good part of the year.

Under these conditions, prunes became a big money crop in California in the late 1880's and early 1890's. Prosperous fruit growers, who up to this time sought out their own customers and who often had to ship on consignment, looked to others to sell their crops. Growers got together to pool their crops for drying, packing, and marketing. Usually they placed the sale of their

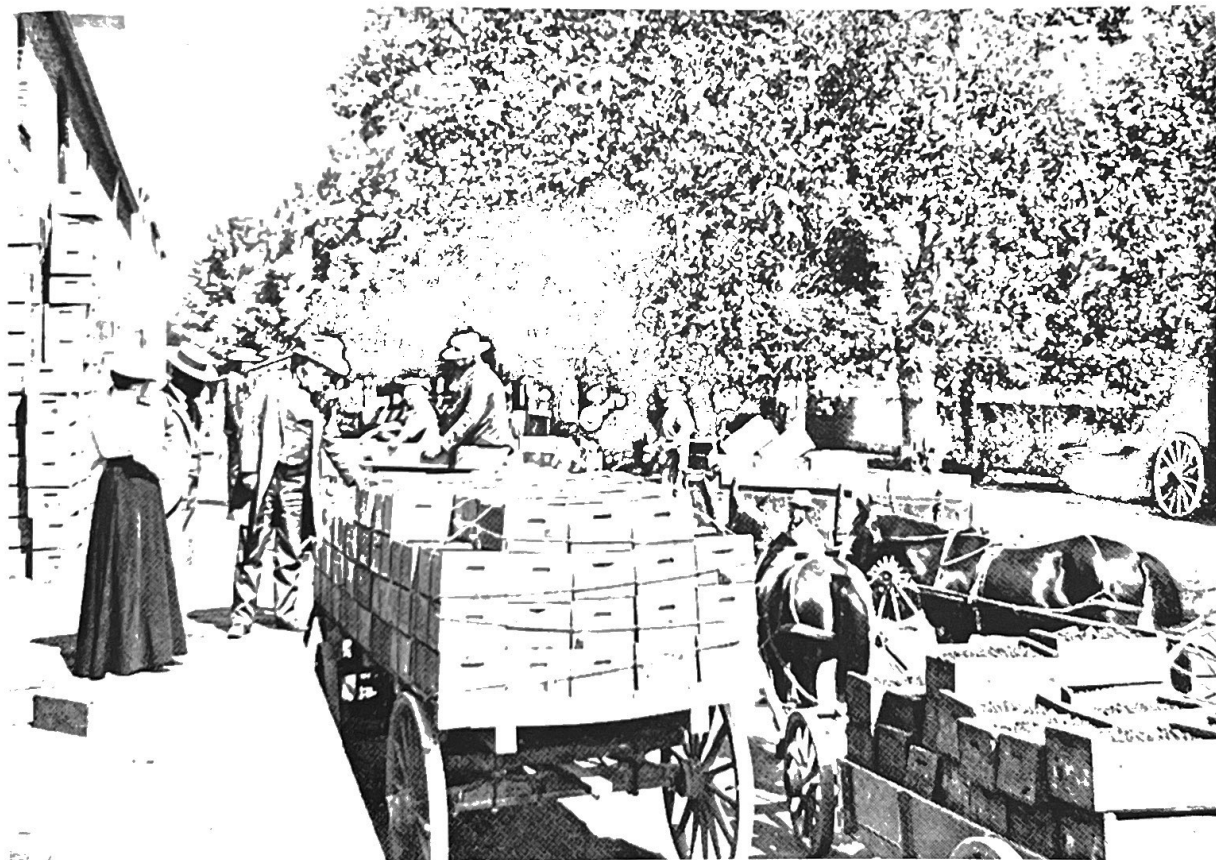
crops in the hands of one of their number or they hired someone to handle sales. Cooperative drying and marketing agencies were organized. This period of tremendously expanded production brought into existence a new segment of an industry approaching maturity—a great number of dried fruit marketing agencies.

Of the latter part of this period, Dickson and Holmes wrote in the *Practical Horticulture for the Pacific Slope*, "The history of the fruit industry has been one of ups and downs. For instance, prunes were the big money crop in 1890. Everybody planted prunes. Everybody talked prunes. Everybody expected that everybody else was just dying to eat prunes. But it soon happened that California was producing more prunes than the poorly organized trade of those early years could stand. In 10 years, it seemed that the other fellow had acquired a dislike for prunes. Although hotels and boarding houses featured prunes by serving prunes or nothing, the price would not stand up, and prunes fell heavily. In 10 years' time trees were being pulled out, and the production of prunes dropped back to the amount of consumption. Then prunes once more came to a paying basis."

7. Their Viewpoint Changed

There was a steady change in the basic attitude and temperament of those engaged in fruit production as California moved from a frontier land to become a settled part of a young and expanding nation. Many of those who first engaged in fruit growing were simply trying out a new field of farming that seemed to promise unusual profit. They weren't even sure they liked fruit growing or that the locality in which they happened to be was the place where they wanted to remain permanently. It was not for many of them, although for many more it was. Later on these latter developed a sort of proprietary interest in the industry they were building as well as in the way of life they were establishing. To them, this was the last American frontier, the end of the movement west, and it was a land they found greatly to their liking. Thus slowly they came to support policies and measures they considered to be conducive to social, political,

and economic stability. They had a strengthening determination to help build up this new country of theirs and to share in the gains that came from its growth and progress. Both those who recklessly faced great risks in the forties and fifties to reach California and their sons wanted a more settled way of life in the nineties and later. Although most of them relished the tales of those years of great danger and excitement, a few diligently undertook to establish a well-ordered society. After all, this is the kind of change that takes place in the adventurous who after their adventuring want to settle down to well-ordered living and in young men who having completed their soldiering return to civilian life. This change in viewpoint was frequently evident in dried fruit industry happenings as more and more got into fruit production and the output increased spectacularly. Then economic changes imposed unexpected discipline.



Fruit being received at the plant of the Santa Clara County Fruit Exchange, San Jose, about 1895. This was when this cooperative was at the peak of success. Note

the small volume of the deliveries, the one at the lower right being made in a small low-bed orchard truck, drawn by a single horse, then widely used in orchards.

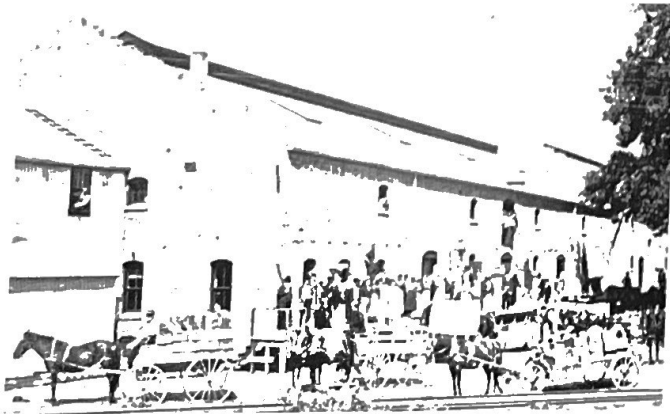
8. Transportation Was the Key

The opening up of transcontinental transportation by rail in 1869 shortly provided the means by which the California dried fruit industry could expand. It made the scattered markets of the nation accessible to California fruit producers. Marketers of dried fruits were able then to exploit potential markets previously closed to them. The new demand was a great stimulus to further production. This epochal development, the spanning of the continent by rail, is a reminder of the crucial part that transportation always has had in the growth of the industry.

In 1900, when prune production in California totaled 87,000 tons, California had about 85 packing plants spread from Anderson to San Jose to Visalia. The local nature of the prune packing business had always been due, more than anything else, to the necessity of having plants close enough to the orchards so that growers could deliver their crops by horse-drawn wagons. Growers patronized those plants they could deliver to and return home from on the same day or not later than the next day. A correspondent to the *California Fruit Grower* of July 6, 1907, reported that Santa Clara Valley growers were within riding distance of about 50 dried fruit packers, "all of whom are financially strong."

Horse-drawn transport then imposed almost iron-bound limitations upon the dried fruit industry, just as it had from the beginning and just as transportation today obliges the industry to accommodate itself to the requirements of this vital service.

The dependence of fruit growers upon transportation was no greater in the early decades of the industry in California than today, but aware-



This is another view of the Santa Clara County Fruit Exchange plant, showing one substantial 2-story brick building owned by this pioneer dried fruit cooperative.



After prune growers acquired tractors, some growers used their tractors to tow wagonloads of prunes to the packinghouse; four wagonloads at a time in this case.

ness of this dependence was far greater than it is today. It was the limitation of transportation that to a very large degree determined the location and extent of commercial fruit production in central and northern California. Good soil, adequate water, and ideal growing conditions were of little use if the fruit crops could not be gotten readily to a market. So the first commercial production was limited to areas close to centers of population or, at first, close to water transportation. The distance over which fruits could be hauled by horses and wagon was extremely limited by the condition of early-day roads.

For many decades, until the 1920's, commercial fruit production away from centers of population was limited to those areas within the range of haul by teams and wagon to the rail-



Here is a part of the lineup of horse-drawn wagons loaded with fruit being delivered to the A. & C. Ham Company packinghouse in San Jose, a familiar scene.



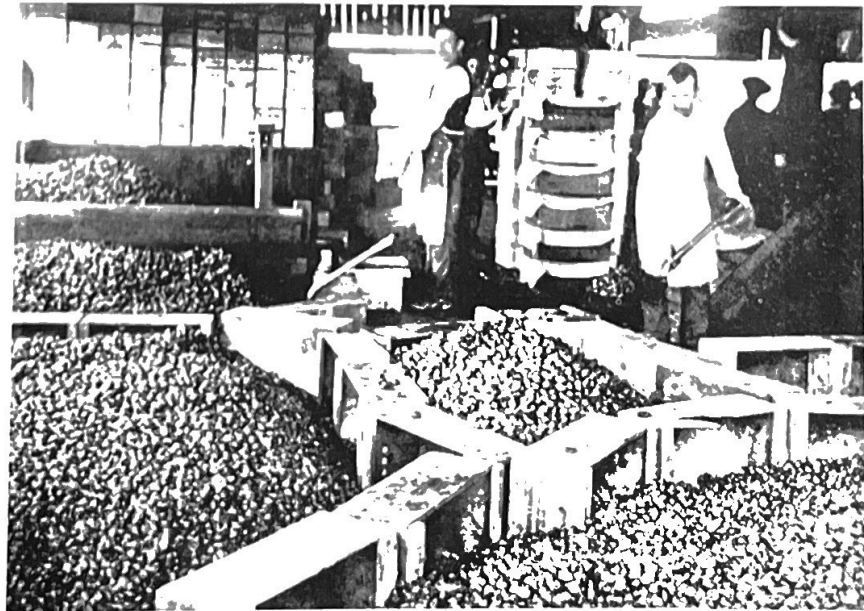
Inland water transport was important to the dried fruit industry until about 1915. This river boat, shown near Colusa, was operating on the Sacramento River in 1910.

road lines or water routes. Water transportation continued to be used for many years and growers and packers along the Sacramento River continued to ship dried fruits to San Francisco by river barges until into the decade ending in 1920.

A few districts had means of transportation available from the start. San Jose had access to San Francisco by boats on the Bay and the south Bay was rimmed with small landings. Marysville and Colusa had access to Sacramento and San Francisco by river boats. Napa, Sonoma, and Alameda County, from Fruitvale to Mission San Jose, had access to San Francisco by boats on the Bay. Winters and Vacaville were within hauling distance of Sacramento. Stockton was the gateway to the southern mines and was at the head of San Joaquin River transportation.

The railroads came early to California and in a sense the fruit industry and the railroads grew up together. Persons settling in productive farming areas distant from San Francisco clamored for better means of transportation. Businessmen, public officials, and farmers quickly began promoting the construction of railroads. The railroad between Sacramento and Folsom began operating in 1856 and was extended to Marysville in 1868. In 1862, construction began on a line from San Jose to Sacramento via Oakland. This later became a part of the transcontinental line, which connected California to the East in 1869. A railroad connecting San Jose with San Francisco began operating in 1864. By 1870 railroads were in operation between the north Bay port town of Donohue and Santa Rosa, from Vallejo to Calistoga, from Napa to Sacramento via Suisun and Davisville (now Davis), from Roseville to Oroville via Marysville, from Sacramento to Shingle Springs, from Sacramento to Oakland via Stockton, Tracy, Niles, and San Jose, and from San Francisco to Tres Pinos via San Jose, Gilroy, and Hollister. In the 1870's railroad lines were extended down the San Joaquin Valley to Bakersfield and that productive region was opened up. San Francisco and Los Angeles were connected by rail in 1876.

The Civil War in one way proved a boon to California deciduous fruit growers. When the transcontinental railroad was first proposed, the favored route was to southern California because of the greater ease of construction and the lesser cost. Some thought the Sierra Nevada route impracticable because of the difficult grades and winter snows. But when the Civil War



These piles of prunes, separated by curbs of fruit boxes, have been size graded in preparation for packing in the packinghouse of J. H. Herbert, San Jose, in the mid-1890's. Here, fruit is being scooped out of the piles by workers with shovels.



This green prune grader, washer, and spreader was used about 1895 at the F. H. Holmes dryyard at Berryessa, in Santa Clara County. Since no provision was made to drain water away from the equipment, the workers had to stand on planks to keep out of the water that accumulated about their feet.

started the Federal government quickly abandoned the southern route as being too vulnerable to Confederate sabotage and ordered the line built across the Sierra. Hence the fertile coastal and central valleys were given ready access to markets of the Midwest and East much earlier than was intended originally.

To get its goods to the markets of the world, the industry has been a major shipper by ocean freighters since early days. Its use of this means not only has given it access to markets overseas but also has enabled it to take advantage of the lower rates in effect to East Coast ports. Nonetheless, shipping dried fruits by ship had drawbacks of one sort or another until after World War II.

Faster ships and shorter routes have speeded up ocean shipment. A century ago, some freighters going from West to East Coast circled the tip of South America via Cape Horn, a distance of 15,660 nautical miles. The trip took 120 days. Most freighters went by way of the Strait of Magellan, however, a distance of 13,436 miles and a much faster trip.

After 1855, some shipping lines made use of the newly completed Panama Railroad across the Isthmus of Panama from Panama to Colon. Goods transported by water to Panama were shipped across the Isthmus by railroad, and then transhipped at Colon to the East Coast of Europe. In 1906, Mexico completed the \$50 million, 190-mile Tehuantepec National Railroad across the Isthmus of Tehuantepec from Salina Cruz to Puerto Mexico. Shipping lines then switched to the use of this new railroad, reducing the dis-

tance to the East Coast by 4,330 miles and the time of delivery to 30 days.

For eight years, dried fruit packers routed their shipments for water movement to the long wharf at Oakland, whence they went by ship to Salina Cruz on the Tehuantepec route. And then one of the tremendous strides in modern transportation occurred—the Panama Canal was opened.

In August, 1914, the Panama Canal was put into service and the 5,263-mile route to the East Coast required only 20 days. Shippers cut freight rates for dried fruits to 40 cents a hundred-weight by the Canal route, putting all competing water routes out of use.

The industry still has the problem of coping with moisture condensation in the holds of ships moving through the Canal, during the passage through the tropics, but since 1914 the industry's attention has centered more on services and rates than on the availability of transportation facilities.

The need to have dried fruit packing plants within horse-and-wagon hauling distance of growers until about 1920 meant there had to be a great number of plants widely dispersed throughout the prune growing districts, particularly, since large scale dried prune production was more extensive than production of other dried fruits. The result was that plants were comparatively small in size and required only a small investment for the simple building and limited facilities then required. As a consequence, many growers and small businessmen went into the dried fruit packing business. In 1900, for example, there were an estimated 85 prune packing plants in the

State. We have a record of 65 of these that entered into a contract that year to receive and pack for the California Cured Fruit Association. These 65 plants were operated by 52 firms. Forty-six of them had one plant only and seven firms had two or more plants. Only one of these firms, the Warren Dried Fruit Company, San Jose, continued to handle prunes in 1966. Several of them, however, were absorbed later into the California Prune and Apricot Growers Association and several others into the California Packing Corporation. The rest of them are scarcely remembered by people in the dried fruit industry today.

Here, for the record, is a list of the 65 plants operating in 1900, by districts:

North Coastal—*Calistoga*, H. L. Gibbs; *Healdsburg*, Miller & Hotchkiss and Porter Bros.; *Napa*, William Fisher and Napa Fruit Company; and *Santa Rosa*, E. W. Devereaux, Merritt Fruit Company, and M. McDonald.

North Sacramento Valley—*Anderson*, C. W. Pike and Porter Bros. Company; *Colusa*, Johnson-Locke Mercantile Company; *Marysville*, Castle Bros.; *Red Bluff*, Porter Bros. Company; and *Winters*, Johnson-Locke Mercantile Company.

Sacramento Area—*Concord*, Burgess & Noble; and *Sacramento*, Castle Bros.

San Joaquin Valley—*Armona*, Charles Downing; *Fresno*, Castle Bros., Griffin & Skelly, A. L. Hobbs, and J. B. Inderrieden & Co.; *Traver*, Gass Fruit and Raisin Packing Co., and *Visalia*, J. K. Armsby Company, Castle Bros., Charles Downing, Fleming & Jacob, Griffin & Skelly, and Mineral King Fruit Packing Company.

Santa Clara County—*Berryessa*, Berryessa

Fruit Growers Union and F. H. Holmes; *Campbell*, Campbell Fruit Growers Union; *Los Gatos*, H. D. Curtis, George W. Hume, San Tomas Drying Company, and J. J. Shaner; *San Jose*, J. K. Armsby & Company, Balfour, Guthrie & Company, Castle Bros., Cozzens Fruit Company, East Side Fruit Growers Union, George Frank & Company, Griffin & Skelly, Haven & Company, George N. Herbert, J. B. Inderrieden & Company, Knowles Bros. & Todd, Porter Bros., Santa Clara County Fruit Exchange, Santa Clara County Fruit Union, Santa Clara Valley Fruit Company, and Warren Dried Fruit Company; *Santa Clara*, S. S. Haines and Ira Hageman; *Saratoga*, Charles E. Bell, Johnson-Locke Mercantile Company, L. McGuire Company, L. Russell, and Sorosis Fruit Company; *West Side*, A & C Ham Company, J. E. Abbott, George E. Hyde, Scott & Braun, Stelling Brothers, and West Side Fruit Growers Union; and *Willow Glen*, Willow Glen Fruit Growers Union.



When in 1937, a dock strike in San Francisco halted all water shipments, the Association shipped a trainload of 22 cars of dried fruit to New Orleans for transshipment by ship to the East coast and to western Europe as well.

9. They Learned About Overproduction

After its years of rapid expansion and large profits in the late 1880's and early 1890's, the California prune industry ran into great difficulty. Overplanting and overproduction were the basic causes of the trouble. Prune growers made a disheartening discovery. They could grow prunes far easier than they could find new customers for prunes or persuade their regular customers to eat more prunes. They were face to face with the unfamiliar complexities of market development. The ramifications of the problem seemed endless as supplies jumped ahead of demand. The first effect of excess supplies was on price, and it was a powerful depressant.

Aggravating the situation was the complete lack of coordination in the marketing structure of the industry. It consisted mainly of a large number of small marketing agencies, small packers and commission sellers, competing against each other for sales on a price basis.

There was still a third cause of trouble; the variable and often poor quality of the pack discouraged wider consumer acceptance. As prunes as well as other foods became more abundant, consumers became more selective. They began to demand cleaner packs of better quality and better grading. Some of the packing agencies were aware of the need to do a better packing job, but they could do little about it even if they were inclined to. Each one handled so small a part of the total volume it could exert little influence on the pack as a whole.

The industry was saved from complete ruin from time to time by the fortunate fact that it sold its output to a great number of scattered buyers who were not fully aware of the industry's plight and its vulnerability.

American consumers, it must be understood, were used to two kinds of prunes when the California fruit became available. France supplied a high-quality and high-priced product packed in neat boxes or glass jars. Austria-Hungary supplied a different kind of a pack produced in Bosnia and Serbia and called by the trade "Turkeys." This label understandably caused many persons in this country to think these prunes actually originated in Turkey. The Turkeys were very small fruit and were packed in large casks holding from 1,500 to 2,000 pounds each. When fresh, they made a more attractive food than "any of the dirty, flyspecked, sundried fruits" then available from California. When the Turkeys were kept in the stores for two or three years, however, as often was the

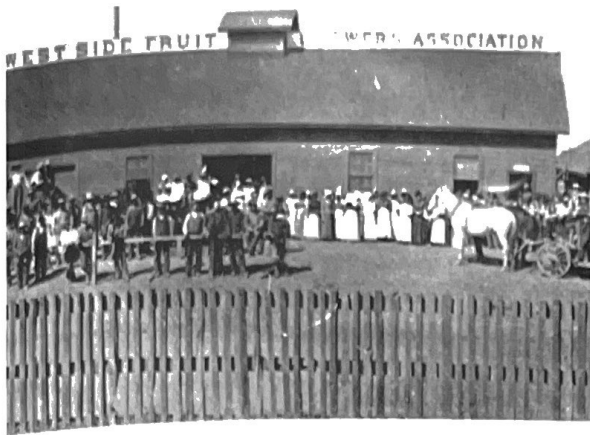
case, they became almost wholly unacceptable by present-day standards. They became worm-infested, dry, and hard, although the worm-infestation did not at that time disqualify them as food.

At the start of the California industry, the indifference about the quality and cleanliness of dried prunes was due to grower inexperience in drying and packing dried fruits, to the public's less critical esthetic standards at the time, and to the esteem in which fruits were held by most consumers. Later, it reflected the slight concern felt by growers generally for putting out products of as good quality as was practically possible. Many growers somehow had come to believe that California dried prunes were essential to American consumers who would have to accept whatever volume and quality were offered them. But consumers then as now thought and acted otherwise.

A simple, fundamental economic fact of life also served for a time to hinder improvement of the pack. No industry agency was sufficiently large to make significant improvements in industry practices and products that might incur higher costs and expect thereafter to sell its products at sufficiently higher prices to recover the added costs. Thus price competition worked to hinder improvements that many growers and sales representatives knew would be to the industry's advantage.

As these problems flooded in on California prune growers, they searched for ways to deal with the situation. Throughout the orchard districts, growers called for the formation of new organizations to battle for higher prices. These, they thought, would solve their problems. If they had higher prices, they could supply better products and better packs. They would then be in a position to cope with other problems.

The United States was then at the threshold of a new stage in mankind's economic advance. We were about to produce all of the foodstuffs we required. This was a radical change from all of mankind's previous experience, in which foodstuffs were never sufficient for the needs of man and there was always a pressing need for all the foodstuffs that could be produced. Farmer thinking did not adjust itself readily to this new fact of life, however. Farmers clung stubbornly to the idea that if they could just manage to control the supply of a commodity, they could not only set the price for it, but also could control the volume that consumers would purchase. The



This is a view of the plant and crew of the West Side Fruit Growers Association, near San Jose, at the height of the 1894 dried fruit packing and shipping season.

feeling was widespread among them that consumers had to have prunes and that "the packer has to buy at the growers' price if growers hang on long enough." Even though the operation of the market disproved this belief time after time, the idea persisted for many years, causing farmers marketing cooperatives many difficulties long after the problems existing in the 1880's and 1890's had been forgotten.

So the first and major aim of a great many growers was to find a way to sustain prices at higher levels in spite of the increasing production.

Beginning about 1870, prune plantings expanded at an astounding rate. Farmers were very much aware of the high returns for dried prunes up to that time and concluded this might be a very profitable crop. These reliable production estimates for the 20 years 1886 through 1905 show vividly how rapidly the industry was expanding:

	<i>Pounds Dried</i>		<i>Pounds Dried</i>
1886	4,340,000	1896	55,200,000
1887	7,500,000	1897	97,780,000
1888	8,050,000	1898	90,420,000
1889	17,150,000	1899	112,900,000
1890	16,200,000	1900	174,000,000
1891	27,500,000	1901	81,600,000
1892	22,500,000	1902	195,000,000
1893	52,180,000	1903	165,000,000
1894	44,750,000	1904	135,000,000
1895	64,500,000	1905	70,000,000

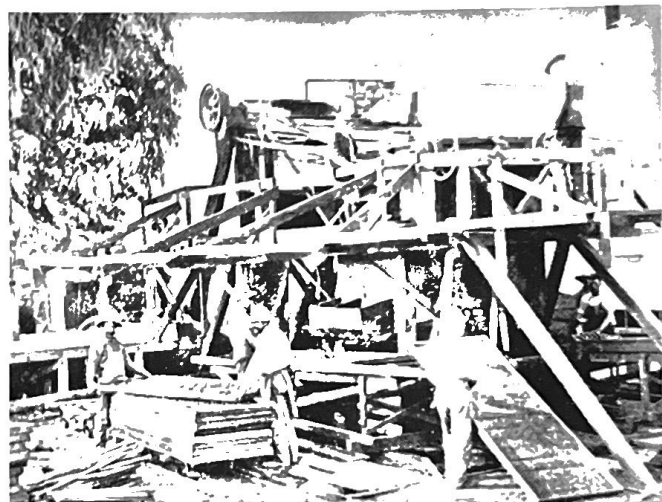
As production rose, the prices received by growers declined. Grower returns, which were 4 cents bulk basis—\$80 a ton for fruit averaging 80 to a pound—or higher up to 1897, started dropping sharply thereafter. In 1904, returns to

many growers fell to a low of 1¼ cents basis—\$25 a ton for fruit averaging 80 to the pound.

After the 1902 crop of 195,000,000 pounds, production did not again reach that volume until 1912. In three of those 10 years, production did not exceed 75,000,000 pounds. Older orchards, mostly unirrigated, were declining in production and younger orchards had not reached the peak of production.

With what appeared to be a ready demand for prunes already existing, growers earlier centered their attention mostly on cultural practices, which most of them were having to learn by trial and error, anyway. It seemed needless to devote much time to marketing.

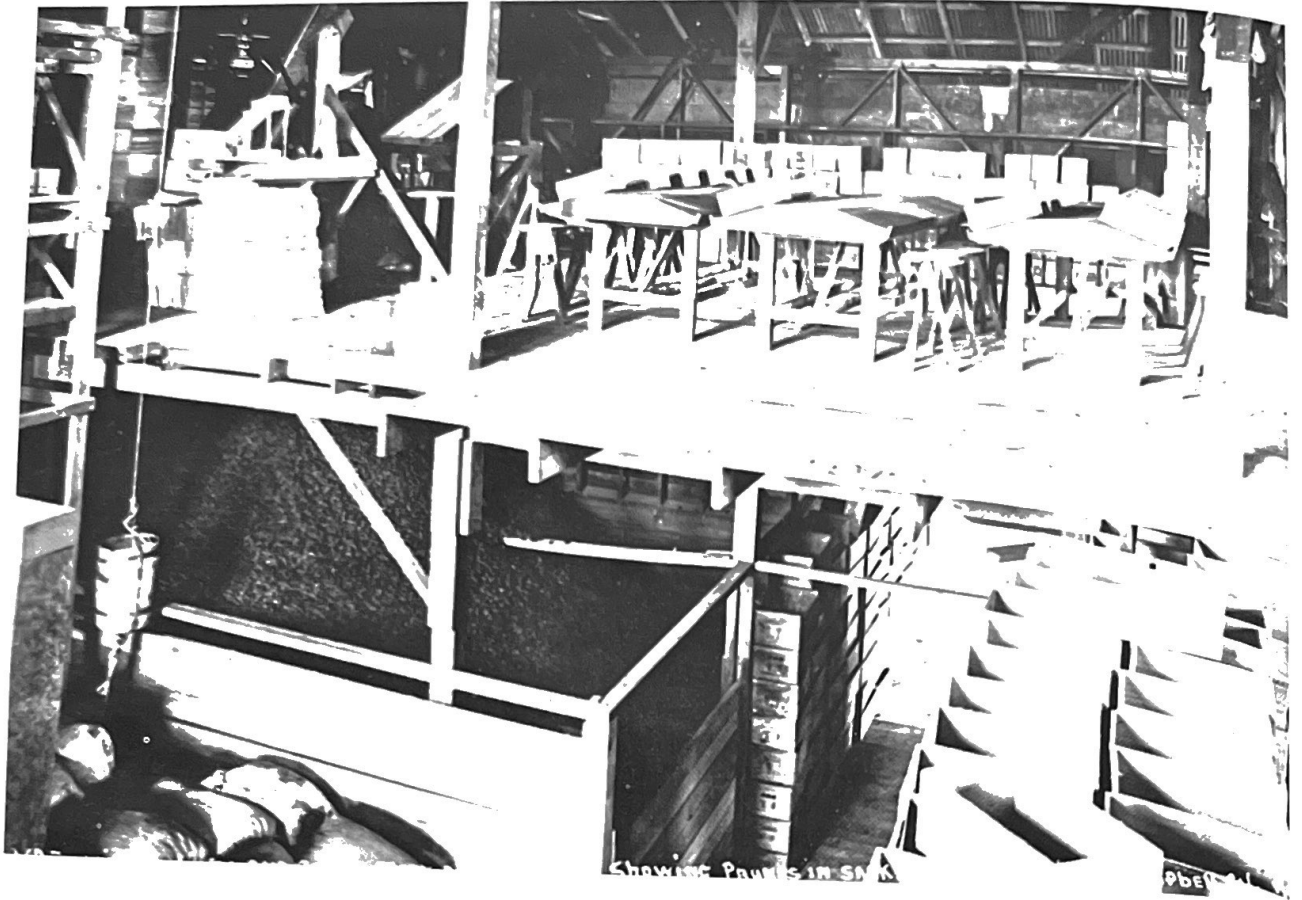
In the earliest years of the industry, growers simply depended on jobbers in San Francisco to buy their dried fruits that could not be disposed of locally. In some instances, growers called on former associates in the East to find markets for dried fruits there. Selling arrangements tended to be haphazard, unplanned, and temporary. Many jobbers and commission merchants had es-



Start & Morrison operated this green prune grader at their dryyard near San Jose in 1895, the workers at the left stacking trays of size-graded prunes after dipping.

established offices in San Francisco during and following the gold rush. At first they represented eastern suppliers seeking new markets in California, but as California fruit production grew many of these firms undertook to handle the sale of dried and canned fruits and other products. Most of these firms handled these sales on a commission basis, as was customary then for such products, and the principals had little interest in developing a broader market for a particular commodity such as dried fruits.

About 1890, the dried fruit buyers of the Santa



This is the interior of the dried fruit packinghouse of the California Cured Fruit Association at Campbell about 1900. Note that there is no railing on the second

deck, where the packing tables are located. Note also the bin storage and box storage below and the bucket dumbwaiter to move needed materials between floors.

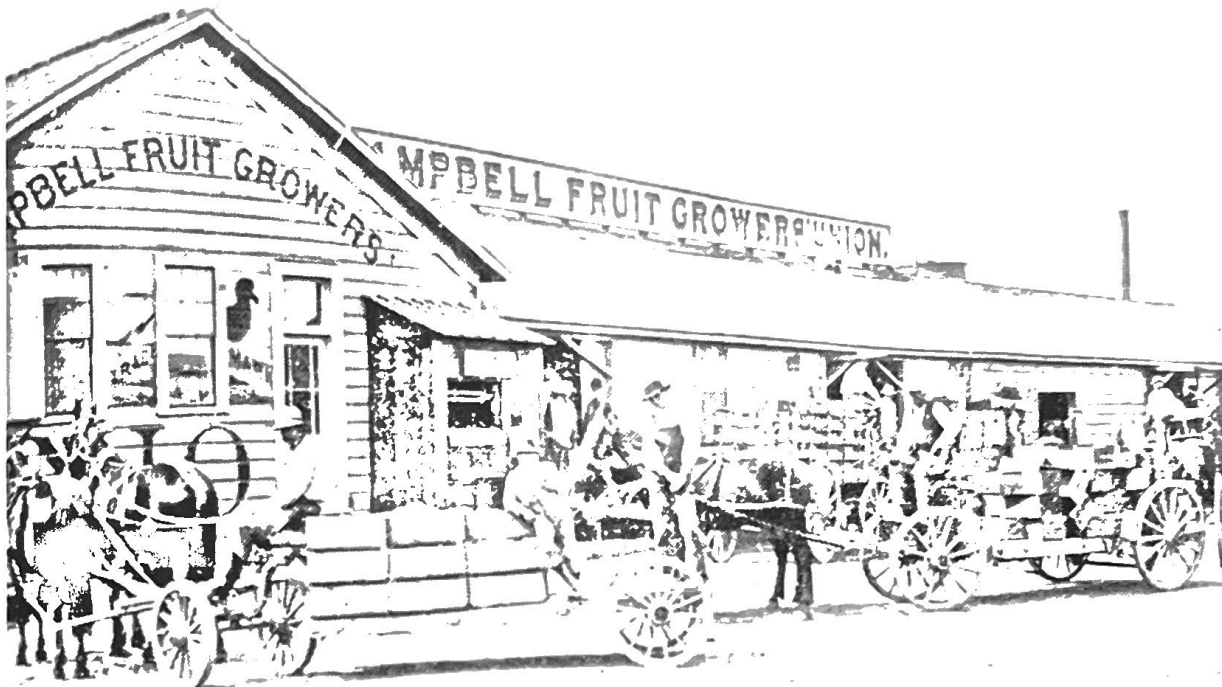
Clara Valley organized the Fruit Driers and Packers' Association to bring about some uniformity in buying procedures. Buyers then were buying by verbal contracts and customarily paid for fruit 30 days after delivery. The purchase price agreed to was discounted 1 percent if a grower insisted on earlier payment. In 1891, the buyers began to encourage the use of a written purchase contract to avoid controversy over what had been agreed to. They also proposed another innovation, the use of uniform grading procedures. Among the forward-looking buyers in the Association were President H. J. Haines, Secretary W. F. Parker, Noah J. Rogers, S. R. Cushing, A. E. Newby, George A. Fleming, L. J. Lathwesen, F. R. Shafter, S. A. Moulton, and Frank Buxton.

As long as the supply of prunes and other dried fruits did not equal or exceed the ready demand, the principal grower concern in marketing the crop was to find the most convenient way of doing it. Expanding supplies forced growers gradually to change from their early practice of

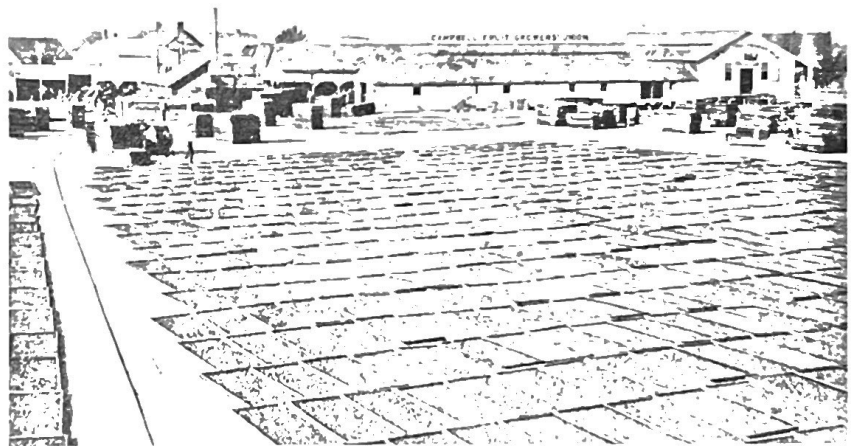
doing their own selling, just as they handled their own drying and packing, to search for more effective marketing methods. A new consideration shortly entered the picture. Some members of the grocery trade began to insist on better, more uniform packs.

As new problems cropped up in both fruit drying and marketing, growers felt impelled to find more convenient and effective solutions for them. Some growers got together with their neighbors to form drying, packing, and marketing companies. Larger growers undertook to provide these services for others on a custom or commercial basis. They formed associations that received their green fruit, dried it, packed it, and marketed it.

In Santa Clara County, growers formed a small cooperative association at Saratoga in 1888 with Laurence Russell as the principal backer, the West Side Fruit Growers Association in the Willow Glen district in 1891, the Willow Glen Fruit Union in 1893 with Charles W. Cutler as manager, the East Side Growers Exchange in the



The Campbell Fruit Growers Union operated a dryyard, packinghouse, and sales organization, starting in 1892. Above, fruit is being delivered to the plant and growers are collecting empty boxes. The wagon at lower left is preparing to move onto the scales. At the right is a portion of the Union's 17-acre dryyard covered with trays of fruit at the height of the drying season.



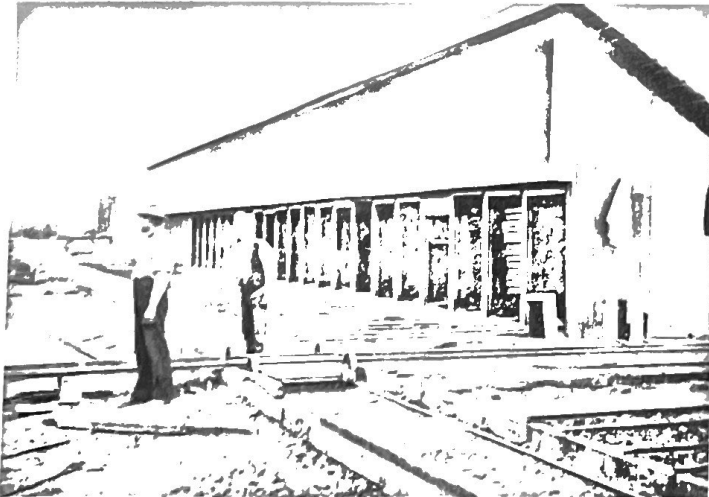
Evergreen district, and the Berryessa Fruit Growers Union. What became the most important grower associations were the Santa Clara County Fruit Exchange and the Campbell Fruit Growers Union. A single able, strongly determined person headed each of them. The Fruit Exchange, organized early in 1892, was headed by Col. Philo Hersey, whose almost single-handed efforts brought it into being. The Fruit Growers Union, organized later in the year, was headed by F. M. Righter, first as manager and later as president and manager. In each instance, the basic idea of the new organization was the same, to establish a large packing and marketing agency that the growers themselves would own and control.

A major purpose of the sponsors of the Fruit Exchange was to sustain the smaller cooperatives, which mainly were cooperative fruit dryers. As a result it shortly drew into its fold the West Side Fruit Growers Association, the East Side Fruit Growers Exchange, the Berryessa Fruit Growers Union, and later the Campbell Fruit Growers Union. Its brand, significantly, was a wagon wheel in which the name of each member organization was shown as a spoke. The Exchange's emphasis was on good quality packs and more effective sales practices.

The Fruit Exchange had a number of good years, helped along by the unwillingness of packers to buy available fruit in some seasons and by marketing conditions particularly favorable to it

and of which it could take advantage. It built and paid for several substantial warehouses. Exchange officials continually had to resist grower pressure to "hold" for higher prices. Growers resented this and they liked the idea of "cash on delivery."

Growers tended to look upon the Fruit Exchange as sort of insurance in bad times, but when packer returns were generally satisfactory they refused to deliver their fruit to it and eventually the Fruit Exchange lost vital grower support. Growers seemed not to fully appreciate the Fruit Exchange's efforts to establish marketing stability in the industry. The competition for sales in a periodically oversupplied market was difficult enough, but there was a fatal weakness in the membership contracts of the Fruit Exchange and most other cooperatives. They did not bind the growers to deliver all their fruit to their associations—growers could do so or not as



Here is the bank of sulfur houses at the Campbell Fruit Growers Union dryyard. Note the transfer track arrangement and the large warehouse beyond the sulfur houses.

they wished. In spite of this almost insurmountable handicap the Fruit Exchange carried on until 1916, outlasting the Campbell Fruit Growers Union and still another even more ambitious cooperative project, the California Cured Fruit Association.

Edward F. Adams, who was associated with Col. Hersey in the Exchange and later became agricultural editor of the San Francisco Chronicle and founder of the Commonwealth Club of California, noted that "not one of the five unions (affiliated with the Fruit Exchange) would make the Exchange its selling agent nor would a single one of the nearly 500 members of the Exchange pledge his fruit to the Exchange except President

Hersey and presumably some others who were directors."

Commenting on dried fruit packing practices in this period, an unnamed industry figure said in 1932, "My first connection with cooperative work was with the Santa Clara County Fruit Exchange, which, for a time, was the largest single element in the marketing of dried deciduous fruits and which, under its president the late Col. Hersey, got its trade by honest packing in which, at the time, it was unique in this country in the dried fruit trade."

The aggressive leadership and accomplishments of the Campbell Fruit Growers Union also stimulated widespread interest in cooperative associations that waxed and waned until the California Prune and Apricot Growers, Inc., was established in 1917. The Campbell Fruit Growers Union was capitalized at \$1 million, had a \$30,000 plant and a 17-acre dryyard, and was wholly grower owned. Righter, a retired educator from Indiana, was a leading organizer and a long-time leader in the cooperative movement in the dried fruit industry. The size of the Fruit Growers Union business is shown in its reported volume of fruits dried in the first three years of operation:

	1892	1893	1894
	Pounds	Pounds	Pounds
Apricots	407,880	1,750,143	2,828,012
French prunes	194,336	3,767,587	2,245,505
Peaches	140,182	1,432,228	1,366,367
Others	65,337	170,286	101,937
Totals	807,735	7,120,300	6,541,821

Of exceptional interest to dried fruit producers in the 1960's is the Union's reported drying costs per green ton for two of those years.

	1892	1893
Apricots	\$7.35	\$5.45
Prunes	2.18	2.12
Muir peaches	5.91	4.77

The industry's marketing methods were changing and the results were more far-reaching than grower leaders could imagine. Some associations like the Fruit Growers Union set up their own sales staffs and bypassed the commission sellers, who had handled dried fruits almost from the start of production. Smaller associations, however, continued for a time to depend upon them. But the commission sellers were also striving to cope with the competition of the firms newly formed to buy orchard-run fruit directly from growers, pack it, and market it. These latter introduced the most compelling buying device ever used. They guaranteed to pay cash for fruit upon delivery to the packinghouse. This caused some growers to abandon both the commission sellers



The plants of the Sorois Fruit Company near Saratoga in 1900 were set in the midst of a large orchard. Sorois operated a fruit cannery as well as a packinghouse.

and their recently formed cooperatives because these latter could not make a settlement until the end of the marketing season. Many growers wanted their money now.

Some of these packers became major independent handlers and packers. A. Lusk & Company and J. K. Armsby Company, later a part of the California Packing Corporation, were among the San Francisco firms that early engaged in dried fruit handling. J. H. Flickinger, a pioneer San Jose area fruit canner, also packed dried fruits. The California Fruit Packing Company was formally organized in San Jose in 1880 after having operated a dryer for four years. J. B. Herbert started fruit drying operations near San Jose in 1887. George A. and C. F. Fleming established a fruit drying and marketing business in 1887 in Campbell, employing 700 persons that year and shipping 120 carloads of dried fruits that season. E. E. Thomas, who first went into fruit growing and packing in 1885, established the E. E. Thomas Fruit Company that shipped more than 650 carloads of dried fruits from San Jose in 1893-94. The Sorois Fruit Company, which packed both dried and canned fruits, had 250 acres of orchards and its canning and packing plants near Saratoga. It was owned by the widely known F. M. "Borax" Smith of 20-Mule Team Borax fame and managed by Mark Calkins. Smith sold his interest in the firm in 1908 and Frank Abernathy became manager.

The decline in field prices that paralleled rising production aroused widespread grower unrest and apprehension. Growers were told, and it seemed logical to many of them, that as production continued to climb, prices would also continue to fall unless something drastic were done to prevent it. The seductive idea that growers might control prices if they gained control over a sufficiently large proportion of the prune crop gained increasing acceptance and support. Its advocates argued that a statewide organization

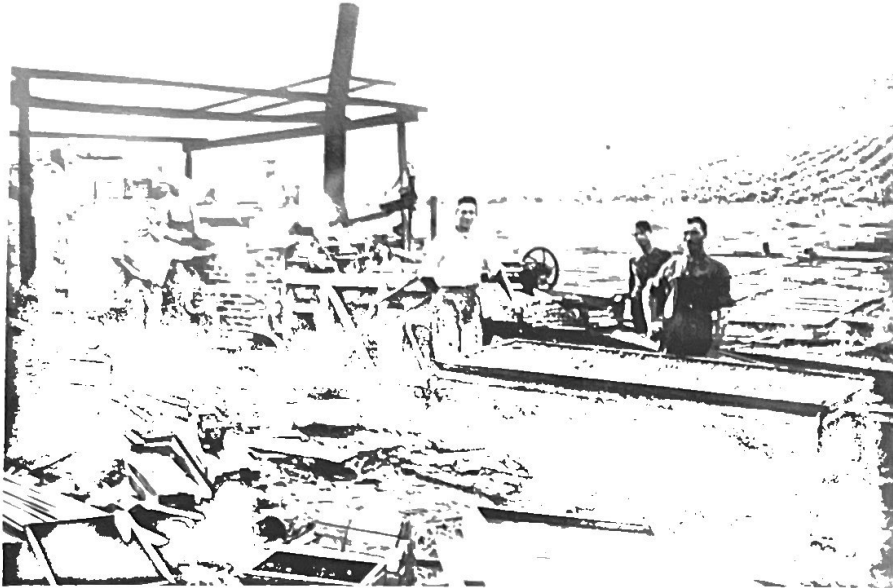
was needed to gain such control. Others saw in such a statewide organization the means of imposing quality standards and uniform grading and packing standards on the industry. A leader in such public discussions at the time was Charles Wesley Childs, orchardist and assistant principal of San Jose Normal School (now San Jose State College). He offered specific suggestions on how an industrywide association should be set up and central California newspapers gave his ideas wide circulation. His proposals aroused great interest that led to the calling of a convention of central California dried fruit producers in San Jose on January 15-17, 1900. More than 1,000 growers attended. After hearing Prof. Childs' proposals, the growers organized the California Cured Fruit Association, the first truly industrywide cooperative association. They agreed that when 75 percent of the production of any fruit crop was signed up in the Association, the Association would undertake to fix and maintain a price for that crop.



This is the San Jose packinghouse of the J. K. Armsby Company about 1910. A major independent fruit packer, it later merged into the California Packing Corporation.

The new Association's first principal act was to negotiate a contract with 65 prune packers to receive and handle the members' crops. The packers also agreed to limit their business to the crops handled by the Association. Because these packers normally were competitors and sold competitively and the Association proposed to fix a uniform selling price, the 65 packers organized their own organization—the California Packers Company—a sort of cooperative in which they would pool their sales and from which they would receive their net earnings on a pro rata basis.

The Association elected Judge J. G. Bond of Santa Clara president and launched a campaign



The Breton-Ward-Sawyer dryyard in Paradise Valley, near Morgan Hill, had this modern prune dipper-spreader unit in 1911. The litter in the foreground is mostly repair materials kept handy for emergencies.

to sign up 90 percent of the State's prune production. Producers of dried apricots and dried peaches indicated they were not interested in the Association. The Association finally signed up 4,263 growers having 55,670 acres of prunes, presumably 75 percent of production, but actually only 67 percent because the Association's acreage data were inaccurate. It at once took steps to standardize the pack, setting up a statewide inspection program and service.

Fate was against the Cured Fruit Association from the start. No season could have been more unfavorable for such an undertaking than 1900-1901. California's prune crop reached an all-time record production in 1900 of 174,000,000 pounds; the prune crops in France, Bosnia, and Serbia were unusually large and prices of them so low that it was impossible to sell even small California prunes in Europe; and nonaffiliated packers simply set their prices at \$10 a ton below the Association's price. In March 1901, the Association undertook a special prune advertising campaign in the Midwest and East—the industry's first—but gave up after spending \$41,000. It sent a Mr. Filcher to the Pan-American Exposition at Buffalo, N.Y., to demonstrate ways of preparing and serving prunes. He also took a look at how prunes were handled by retailers and reported his findings to growers. Prices were low, he said, not because of overproduction of prunes, but because they were so inefficiently distributed and poorly packed, because many people had never eaten California prunes and were unfamiliar with them, and because many who had eaten prunes were afraid they might become worm-infested in a few weeks.

The Association had set a price of 3 cents basis

for the crop, which proved to be too high. When members met on June 5, 1901, President Bond reported that of receipts of 124,924,102 pounds, the Association had been able to sell only 59,417,491 pounds, 47.5 percent of receipts. Judge Bond told them the price should have been $2\frac{3}{4}$ cents basis and the Association should have met the packers' price reductions. He said also, "The Association had under contract this season, when all membership contracts were in, 54,472 acres of prunes . . . This apparently gave us control of 87.5 percent of the State prune acreage. It is not necessary for me to accuse members of selling their prunes to outside packers. If the packers had bought all of the prunes not pledged to the Association, they could have got only 22 million pounds. In fact, they got 59 million pounds. This is sufficient answer as to where they got them."

After this meeting, the Cured Fruit Association seemed to fall apart. The contract with the packers was terminated and, after a long time, the enormous carryover was sold for about a half cent a pound. For many years afterward, the collapse of the Cured Fruit Association was the main deterrent to further effort by growers to deal with industry problems in an organized way on an industrywide basis.

Thoughtful growers did a lot of serious thinking about that collapse. C. D. Harvey, a San Jose grower, told a fruit growers convention in 1904 that "Nine out of every 10 growers selfishly expected all others to stick by the Association, and as soon as prices began to advance, to quickly step around the corner, sell to the speculator at a slight advance, and demoralize the market, leaving the true cooperator to hold the umbrella while he profited from his efforts." Edward F.

Adams said, "The break-up of the prune association was the result of the dishonesty of those members who, having contracted with each other to cooperate, deliberately betrayed their fellow members by secretly disposing of their products to outsiders for cash. It was due to the widespread dishonest intent of the members not to maintain their alliance with the packers, but to break away from them on some pretext and to do their own packing and selling . . . What in effect the growers proposed to do was to secure the assistance of the packers to create conditions that would enable them to crowd the packers out."

It was not until growers later became so dissatisfied with industry marketing practices they were willing to bind themselves by contract to deliver their fruit to their marketing associations that cooperative marketing on a large scale was attempted again. This growers did when they formed such organizations as the California Cured Fruit Exchange (wholly different from the earlier California Cured Fruit Association) and the California Farmers Cooperative and Educational Union.

Dried fruit packs during this period usually varied considerably in quality and uniformity. Growers early adopted the French practice of size grading prunes and pricing prunes on the basis of fruit size. Selling of imported prunes by the eastern food trade on this basis was a long-established practice. The California industry felt it had a real advantage in the premiums usually paid for larger-sized fruit, for the State produced a considerably larger proportion of large fruit than did France. Containers varied greatly in dimensions and volume. Even though the fruit itself was often of excellent flesh quality, culls were not always sorted out of packs with care. Occasional packs were not as clean as they should be, although this deficiency was not considered as objectionable then as it is today.

Growers began to adopt the practice of size grading the fresh fruit before lye dipping. After sun drying, prunes usually were put through a screening device to get rid of dirt, litter, leaves, twigs, and other foreign matter. The fruit was then put through a sweat, either in lug boxes or in piles in a dried fruit storage room, to equalize the moisture, after which it was size graded. Before packing, the prunes were dipped again in a hot-water bath. This served two purposes, to give the prunes a gloss and to wash off any visible dirt and kill insects and insect eggs. To give the fruit a gloss, a small quantity of glycerine or liquid in which prunes or other dried fruits had been cooked was added to the hot-water dip. The processed prunes were packed immediately, the

pack usually being faced with fruit that had been softened and then flattened by being put through soft rubber rollers much like the clothes wringers used to expel water from freshly washed clothes.

There was much experimenting with packs and in 1902 the California Package Fruit Company of Santa Clara and Chicago advertised it would supply prunes and cured fruits in 1-pound cartons—its specialty—under its Honor brand. Members of the firm were Stewart Patterson, R. P. Cross, C. A. Braun, and W. M. Scott. Prunes in consumer packs in 1902 evidently were far ahead of their time, for the advertising did not continue long and the firm simply dropped out of sight.

Of great assistance to growers and packers during this period of growth were mechanical aids and devices produced by ingenious farmers, blacksmiths, and others possessed of what was then popularly called Yankee ingenuity. In 1889, Luther Cunningham invented a simple mechanical prune dipper for use with the lye-water dip. Earlier most farmers used cast iron hog scalding kettles to hold the heated lye dipping solution. For dippers, most of them simply punched holes in buckets or large kettles so the lye solution would drain off the fruit quickly. These were filled with fruit and lowered and raised with a simple timber boom so the bucket of fruit could be swung over and into the dipper tank, lifted up to drain, then swung over a tray for dumping and spreading the prunes. The business Cunningham established to manufacture the improved dippers and other farm devices became a part of FMC Corporation many years later.

The first dried fruit size graders were simple riddles, but these were soon improved in design to be the archetype of those used today. Dried fruit packers borrowed many of their equipment ideas from fruit canneries, the processor, conveyors, and sorting belts being good examples. Simple bulk pack filler chutes with cut-off gates were constructed to speed up the filling of bulk-pack boxes. In the dryyards, small gauge portable tracks were equipped with small flange-wheeled cars to transport trays of fruit into and out of the dryyard, replacing the horse-drawn wagons previously used. When box nailing machines were perfected, they were quickly adopted to speed up bulk-pack box making and closing. Nonetheless, for many years most packinghouse operations were done by hand or mainly by the expenditure of human labor.

The idea of mechanizing fruit drying first caught the interest of a few growers with exceptional mechanical skill and ingenuity about 1880. Some of the ideas proposed anticipated present-

day practices, though it took many years to perfect them. One of these grower-mechanics was Arthur Condley Penniman, a former New Yorker who had a 20-acre orchard in Willow Glen on which he built a fruit dryer or evaporator. He dried his own prune crop and also a considerable volume of apples that he bought locally and in nearby Santa Cruz County. He marketed his pack and shipped some of it directly to France. He used a donkey engine to move a continuous belt of fruit-filled trays through a heated drying chamber. He also designed a Ferris wheel type dryer that Castle Brothers had built at Watsonville in 1885 to dry both prunes and apples. Later the plant was remodeled to dry vegetables for the Alaskan trade, as well as dried fruits. The fruits and vegetables were dried in a continuously revolving drum having a furnace in the center. It dried fruit in about four hours and had a capacity of 5,000 to 6,000 pounds a day.

Penniman achieved considerable fame as a young man when he and a companion in 1852 drove a light wagon, drawn by a team of horses, from the Missouri River (presumably from Kansas City or nearby) to Placerville, Calif., in 51 days.

The degree of mechanization in one of the largest and the most modern dryers in Santa Clara County in 1891 was described in a newspaper account of that time. A part of the item about the Frank Buxton dryer in Campbell, soon thereafter acquired by the Campbell Fruit Growers Union, follows:

"Early in the season arrangements were made to handle some 3,000 tons of fresh fruit, but owing to the unsatisfactory outlook of the eastern markets only about half that quantity was handled. A small army of boys and girls are employed and, as load after load—tons upon tons of fruit are constantly being delivered by wagons and cars during the brief season—one wonders how such vast quantities of perishable goods are disposed of. But everything moves without clash or confusion, everything is arranged to handle the fruit rapidly with as little labor as possible; the prunes, for instance, are not handled from the time they are unloaded from the cars or wagons until the filled trays are ready to be spread on the drying ground, the prunes being taken by an endless carrier and fed directly into a large steam grader, where stems, leaves, and dirt are sifted out and the prunes graded into various sizes; from there they drop into chutes and slide into vats of boiling lye solution, kept constantly boiling by steam. As they sink through the boiling lye they fall on a metal elevator which carries them up out of the lye and plunges them into a

bath of clean, constantly changing water to rinse them. Here they fall on another metal elevator which carries them out of the water and deposits them on the large wooden trays where they are evenly spread by the application of steam vibrating machinery. Thus far steady streams of prunes aggregating 15 tons per hour, without the application of a single hand, are dumped from the boxes in which they are first dumped on to the first carrier which takes them to the grader.

"The first special train of cars loaded entirely with dried fruits valued at upwards of \$20,000, was shipped from Buxton's Fruit Drying Works October 16 of this year (1891)."

Many of the mechanical innovations used in prune production and packing were used also with dried cut fruits, which then included apricots, nectarines, freestone peaches, cling peaches, pears, plums, and prunes. Growers continued for many years to produce rubies, pitted and sulfured prunes and plums, some of the latter being peeled before pitting and sulfuring. The slowness with which growers generally accepted the idea that sulfuring is necessary to produce dried cut fruits of marketable quality delayed the development of both effective practices and practical and efficient sulfur cabinets or houses. Growers did a lot of improvising, even after the turn of the century when a good understanding of the basic facts of sulfuring cut fruits became general. Many growers constructed wooden sulfur cabinets or houses that were crude, inconvenient, leaky, and wasteful. Some were simple wooden cabinets slightly wider than the fruit trays and a little longer. Cleats were placed horizontally on cabinet walls and the trays of fruit were slid into the cabinets by hand and pulled out by hand after sulfuring was completed. Sulfur usually was burned in a shallow pit in the ground, occasionally in a basin placed in such a pit. The larger dryers tended to build larger chambers so dry-yard tracks could be extended into them. Dry-yard cars with trays of fruit stacked on them could be moved easily into and out of the sulfuring chambers.

The better growers sought to avoid overdrying cut fruits, so that the product after size grading and sweating would still be soft and pliable. Such fruit was not processed, but packed without further treatment. Wickson praised highly the quality of the better packs, stating: "Owing to the beautiful light color of the fruit and the great care in boxing and adorning it, California sun-dried fruit sells as evaporated fruit—than which a higher commercial tribute cannot be paid to its excellence."

10. The Sulfur Dioxide Headache

The California dried fruit industry, with its attention centered mostly on economic matters, was plunged into a national controversy over the safety of some of its products in 1907. It became a full-blown storm with sufficient political pressure being generated at one point that the President of the United States was induced to intervene. The industry's initial preoccupation with food safety growing out of this experience eventually broadened to include sanitation, which continues to be a major concern today. Never since that jarring occurrence has the industry ever lost sight of the importance of public confidence in and acceptance of its products.

A long-smouldering but almost unnoticed controversy reached a crisis on July 13, 1907, when Dr. Harvey W. Wiley, head of the U.S. Bureau of Chemistry, issued an order limiting the sulfur content of foods to 350 parts per million. The immediate explanation of the ruling was that it was intended to limit the sulfur dioxide content of wine, which the French government regarded as a politically antagonistic action. In retaliation, it established a limit of 1,000 p.p.m. of sulfur dioxide in dried cut fruits, which it imported in considerable volume from California. That brought the matter to the attention of everyone in the industry in California. Not too much notice had been taken of the action by Germany in 1906 of imposing a tolerance of 0.125 percent of sulfurous acids in foods, including dried cut fruits.

When Dr. Wiley issued his famous Food Inspection Decision No. 76, things began to happen. The publicity given this action, as well as others he took in his campaign to safeguard the public from foods he deemed unsafe, aroused fears in many consumers that sulfur-treated foods might, in fact, be unsafe. The possible impact that such fears could have on dried fruit sales as well as the effect of the ruling on dried fruit production and marketing shocked the industry into immediate action. The California industry faced the threat forcefully. Albert Castle and J. K. Armsby quickly conferred with Governor J. N. Gillette after which W. M. Griffin hastened to Washington to inform Federal officials of the adverse effect the order would have on California cured fruit production. Petitions asking the government to hold up action on the matter were circulated among growers. Then a Fruit Protective Association was formed with Col. Philo Hersey as president and Henry Cahen of San Francisco as secretary.

Both the California legislature and the California delegation in the Congress joined in asking the Bureau of Chemistry to hold up any action on the controversial order. Secretary of Agriculture James Wilson came to San Francisco to confer with growers and he assured them he would not consent to prosecution "for goods as lightly sulfured as possible and still remain marketable."

As a result of Dr. Wiley's warnings about the danger of sulfur in goods given before the order was issued, the State of Pennsylvania in September, 1907, barred the sale of cured fruits having any sulfurous acid content. This was in spite of the fact that earlier in June, the Board of Food and Drug Inspections, U.S. Department of Agriculture, ruled it would not enforce Dr. Wiley's order, thus officially permitting adulteration.

A statewide growers meeting in San Francisco in January, 1908, directed a committee to proceed to Washington to confer with members of the Congress and Federal officials. The problem shortly reached the desk of President Theodore Roosevelt and in February he intervened. He suspended enforcement of the rule and appointed five scientists to a Referee Board on Foods to study the matter. They were directed to investigate both the fruit curing process and the danger to health of sulfurous acid in foods. Secretary Wilson issued a signed statement that there would be no interference with either the curing or drying of the 1908 fruit crop.

Extensive tests were sponsored by both the industry and the Referee Board on Foods in which selected groups of men were fed large amounts of dried cut fruits and, at the same time, subjected to extensive tests and examination. No evidence of harm to any one of them was found. One participant in a test, a policeman, ate 28 pounds of dried cut fruits in 30 days. This may be an all-time record.

In spite of the fact that subsequent investigations of all kinds by competent researchers through the years have demonstrated time and again the safety of sulfur dioxide in the quantities in which it occurs normally in dried cut fruits, the sulfur problem has plagued the industry ever since.

Dr. Wiley did not readily give up his battle with the dried fruit industry. He left the Bureau of Chemistry in 1912 to join the editorial staff of the Good Housekeeping Magazine. There he continued to publicize his views while suppressing or depreciating the conflicting findings of other scientists.

After World War II, the sulfur content of dried cut fruits again became a matter of great concern. Germany as well as some other countries imposed stringent restrictions on this preservative in foods, particularly imports, in spite of the great volume of scientific data showing the safety of foods containing sulfurous acids.

For almost four decades, a major purpose of the Dried Fruit Association of California, representing the entire industry, was to defend the safety of dried cut fruits and to fight the use of low sulfurous acid tolerances as a means of restricting imports by foreign countries. Its most impressive help came in 1942 when the U.S. Quartermaster General asked the industry to increase the sulfur dioxide content of dried cut fruits to from 2,000 to 3,500 p.p.m., almost twice what it usually had been. These cured fruits were reserved for food for the men in our armed services.

Such matters as sulfurous acid content and lye residues on prunes have been favorite crusade topics of food faddists for 60 years. It once was claimed that residues from the mild lye solution in which prunes were dipped remained on the

skin of the prunes and when ingested would injure the lining of the digestive tract. No responsible scientist has ever found any evidence to support the claim. Even today, health food vendors feature unsulfured apricots and peaches. Some display "unsulfured" prunes. The fact is that except for a very special product called Rubies, not produced in the last 30 years, all packed prunes are unsulfured. Thus the efforts of the food faddists to subvert the minds of consumers continues to the present but little abated.

Exposure of freshly cut fruits to the fumes of burning sulfur is beneficial in several ways. It causes plasmolysis, by which rapid drying is accomplished. It kills yeasts and molds and otherwise sterilizes the fruit and repels insects. It kills the enzymes in the fruit that otherwise would cause rapid browning of the flesh and flesh deterioration. Hence it makes possible the retention of the natural color, nutritive values, and eating quality of the fruit. Well sulfured dried cut fruits can be stored for months with a minimum loss of eating quality and nutritive value, a characteristic of equal importance to producers, packers, and consumers.



Adults and children worked together in the prune harvest for many decades. These were neighbors picking prunes for J. W. Breton near Morgan Hill 65 years ago.

11. Economics Engrossed Them

We Don't Have To Sell Our Prunes

There was a song that oft was sung
by children in this valley,
When e'er the members of the Grange
met at their weekly rally;
For years the words remained the same
though they often changed the tunes,
The young folks all remember 'twas
"when father sells his prunes."
Then times were hard and money scarce:
We didn't have the "stuff"
To spend for fun of any kind,
I tell you it was tough;
The mortgage interest wasn't paid,
and we were shy on clothes,
While dad and ma were both afraid
the banks would all foreclose.
The price of prunes was far below
what it cost us to produce 'em
And many times I've heard dad say
for hog feed he would use 'em.
But now the whole thing's changed, you know,
and prices are so high
That mother never makes a kick
at anything I buy;
Instead of going to town to sell,
the shippers come our way
And buyers from all packing firms
come to our ranch each day.
The mortgage's paid, the house rebuilt,
and dad's no more dyspeptic,
While brother Bill has an auto now,
and ma drives an electric.
This talk of "lower prices soon"
to us seems very rank
For we *don't* have to sell our prunes,
we've money in the bank.

This homely but expressive verse appeared in the J. K. Armsby Company weekly newsletter of September 6, 1912, at a time when prune prices were quite low. It was written by a young woman employee, unnamed, in the firm's San Jose packinghouse. It reports graphically the prevalent grower attitude of complete independence when conditions had been favorable.

In the decade and a half that preceded the organization of the California Prune and Apricot Growers, Inc., dried fruit growers experienced a remarkable change in their thinking about industry matters. It was as though the industry itself was passing through a stage of late adolescence in which, as in the case of the young person approaching adulthood, everything seemed marked by uncertainty and there was much wondering about the future. The industry did not experience any really serious crises, although it had seasons of large crops and low prices as well as seasons of small crops, high prices, and unexpected demand for its products that often seemed providential.

Growers began to think about how they might achieve greater stability in the market for dried fruits, how they might promote increased consumer purchases of dried fruits, how they might lessen or even eliminate speculation in dried fruits, how they might establish higher product quality standards and more uniform grading of the industry's products, and how they might ensure that the successive markups in the movement of dried fruits from the grower to the consumer did not bulk so large as to be unfair or disadvantageous to growers or to discourage consumer purchases. Growers were concerned also about transportation costs and services and many other problem areas. They pondered how they might deal with these problems and still retain the individual independence to which they were accustomed and they prized so highly.

This was, in fact, a period in which attention shifted from mostly cultural problems to economic matters. At the big annual statewide horticultural conventions in those years for example, speakers dwelt to a far greater extent on economic problems than on soil management, pest control, pruning, or other purely cultural matters.

This was a time when growers seemed to gain some understanding of the economic forces at work in and upon the industry. It was as though all of their experiences over four decades were slowly becoming more meaningful. Growers began to realize that their markets could not be taken wholly for granted, that there were inherent weaknesses in the current structure of the industry that would continue as long as the industry was unchanged. They came to understand that as long as the marketing agencies in the industry were small and obliged to compete with each other for supplies and sales, there was no way to curb the tendencies toward very high

prices in short-crop seasons and too low prices in large-crop seasons. They began to see that there was no way to bring any degree of stability into such a market.

The newly emerging attitudes and concerns of growers were truly revolutionary as a glance backward at predominant ideas of earlier years reveals. Yet an amazing anomaly existed; growers for a long time seemed unable to pursue the path their thinking charted for them.

A great many growers continued to cling to two ideas, long since discredited, that had confused the thinking of California specialty crop producers and distributors over a long period of industry history. They were that:

1. The first duty of each individual, or link, in the food chain stretching from producer to consumer, was to look out for his own interests,

almost wholly to the exclusion of the interests of others, for if he failed to do so and suffered thereby that was his bad luck.

2. Sooner or later, consumers had to buy whatever foodstuffs farmers produced, especially such specialty crops as dried fruits.

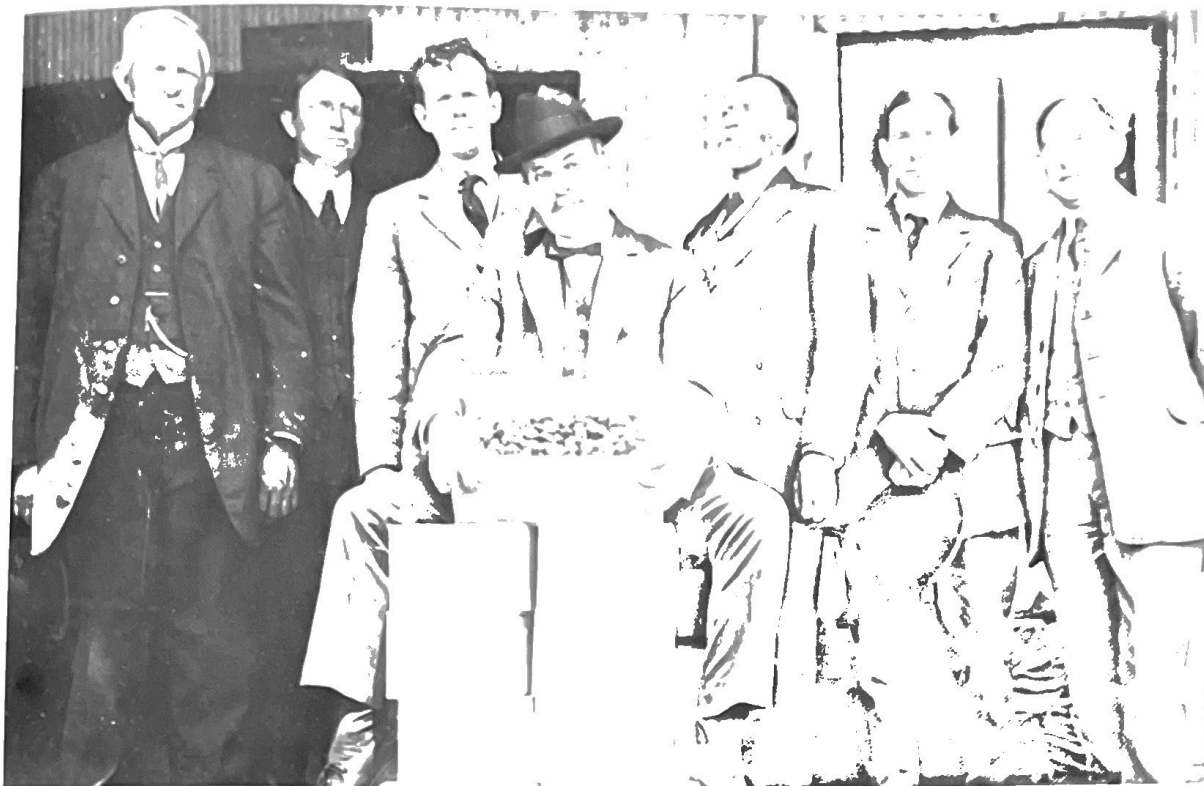
The first of these two ideas was particularly consonant with the strong spirit of independence and individualism that characterized the pioneers in the dried fruit industry. The second was based on the long experience of mankind that, historically, food supplies never had been sufficient for mankind's barest needs. Also adding to the confusion of economic ideas were other significant conditions. There was then no dependable source of information on crop production, commodity movement, or commodity supplies: means of making dependable crop estimates have



Two workers sack 70/80 Santa Clara prunes for export to Hamburg in the Campbell Farmers Union packinghouse in Campbell in 1912. The entry to a stationary bin where prunes were stored is seen at the right beyond the worker who has the scoop shovel in hand.



The Campbell Farmers Union had this well-equipped office for transacting sales and other business and for record keeping in its plant in Campbell in 1912. The cluttered left wall and desk suggest this was in the midst of the shipping season.



The marked success of the Campbell Farmers Union Packing Company brought Charles Barrett (seated, center) national president of the National Farmers Union, to the Campbell packinghouse in 1911. There to welcome him were, left to right, standing: F. M.

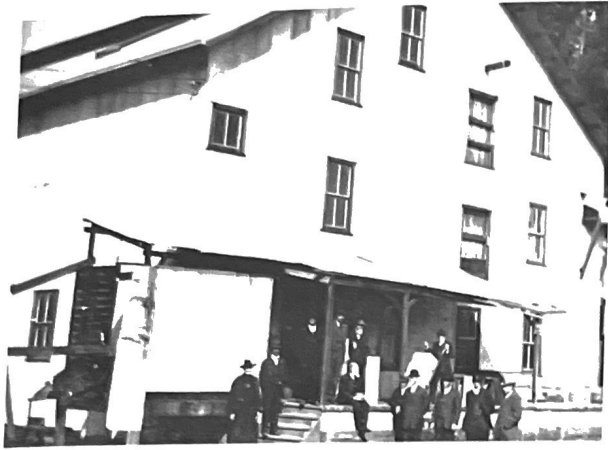
Righter, president, a retired Indiana educator turned grower and leading advocate of farmer cooperatives; Earl Morris; Perley B. Payne, Sr., manager; John McNaught; Lloyd Gardner; and Arthur Ernst. Their company then was the leader among dried fruit cooperatives.

been developed only in the last 50 years. Trade requirements were considered automatically to be the same as consumer requirements. The California industry was completely segmented. It comprised a great number of unorganized, poorly informed farmers and many unorganized and highly competitive selling agencies, jobbers and commission merchants at first, and later packers.

Growers believed that it was their principal responsibility, if not their duty, to grow their crops and for so doing they were entitled to profitable returns. They believed that marketing the crops was mainly the responsibility of the jobber, the commission merchant, or the packer. Such ideas fitted logically into the parochial thinking of farmers. For example, they seemed to base their estimate of the State's crops on the crops they saw in their own and their neighbor's orchards. Most often, they tended to place greater importance on their own inadequately informed judgments and opinions than on information from others, without regard for the source. Under such conditions, it was inevitable that marketing crops became a speculative activity.

Food marketing procedures at the time also favored speculation. Growers were eager to sell their crops before the crops were harvested, often before a crop was set, and packers began selling promptly to the trade, also. Packers undertook to sell their packs as rapidly as possible after taking a delivery of each season's crops. Wholesalers and retailers were long accustomed to buy at one time large volumes of products to supply their needs for from several months to an entire season. Since there were no dependable sources of information about the size or quality of a crop or what trade requirements might be, growers and packers alike considered it not unfair or dishonest to distort the known facts or the best information available so it would work to their advantage in selling. Few better examples of the old laissez faire viewpoint can be found than in dried fruit marketing.

A great many growers came to consider it not unfair to cheat the packer and packers considered it not unfair to cheat growers. Packers also considered it a part of the game to misrepresent the facts of supply to establish a market price



Grower-members gather for a meeting at the plant of the Campbell Farmers Union Packing Company, 1911.

that favored them and frequently disadvantaged the food trade. So there developed an industry situation in which the weakness was not simply a matter of speculating on supply and demand, but it was a case very often of also distorting the available facts of supply and demand to serve the packers' advantage.

This widely held attitude led the industry to adopt a great variety of practices to fool the buyer. Thus growers often hosed down their prunes just before delivery to sell whatever water the prunes would absorb at the prevailing field price for prunes. Packers had their tricks, too. One example of a selling gimmick employed by a leading packer makes us wonder if food distributors were as ingenuous as they were supposed to be. This packer was a distinguished citizen in his home community, was a fine speaker, and had a manner that seemed to inspire the confidence of others. He assured his important customers that he, personally, would supervise the packing of every case of dried fruit the customers bought to make sure it would be "the finest packed in



Growers delivering their dried fruit to the new plant of the Morgan Hill Farmers Union, Morgan Hill, 1912.

California." When dried fruits were packed for such customers, he assigned a packinghouse worker the task of writing the packer's initials in large size with a crayon on each packing case, intending thereby to show the customer the packer had carried out his promise. The packer, of course, visited his packinghouse infrequently; his forte was selling.

Even in recent years—before the adoption of industry marketing order programs—some packers would buy quantities of offgrade fruit for a fraction of the cost of standard grade fruit and blend the offgrade into their packs. The expectation was that the offgrade would become "lost" in the bulk packs and no one would be the wiser except the packer himself, who would profit handsomely.

Though selling practices changed as buyers became more sophisticated, speculative practices became so deeply embedded in industry marketing procedures in the early years that some vestiges of them still persist. Occasionally, an old-timer will express regret there are now far fewer



The cutting shed crew of a characteristic family peach drying operation in Selma pauses for a picture in 1914.

opportunities to make a killing in dried fruits than there used to be.

During this period, the calls for grade and quality standards of packed products became more and more frequent and insistent. In August 1910, J. W. Jeffery, State commissioner of horticulture, judged the need for industry action on grade standards "imperative." The next year, the *Fresno Republican* urged editorially—the first such public suggestion of this kind—that an agency be established to inspect grower deliveries. It remarked about the frequent litigation over nondelivery of fruit to packers and the refusal of packers to accept deliveries by growers under contract. In a preponderance of these court cases, juries' verdicts were in favor of growers.

Some packer contracts required the grower to deliver his fruit to the packer, but did not require the packer to accept the fruit tendered. Occasionally, when a packer rejected a delivery as not meeting the grade specified in the contract, the grower would have a neighbor deliver the fruit as his own to the packer in question. Frequently, the packer would accept such fruit, but at a lower price than called for in the original contract. The first grower would then bring suit against the packer for the difference between the price contracted and that actually paid. Nearly always, he was awarded the judgment.

There was increasing agreement, particularly among growers, that there was need for an independent inspection agency to determine if deliveries did, in fact, meet the grades specified in packer contracts.

This was a period in which American farmers began to organize large cooperative associations and the idea attracted great attention in California, especially among producers of specialty crops such as dried fruits. For a long time, dried fruit growers generally viewed cooperative association with noticeable ambivalence. Growers seemed to favor the existence of a cooperative in the industry to stabilize prices, to promote commodity consumption, and "to keep packers in line." But they wanted others to join the cooperative and keep it going while they, themselves, remained outside. Often growers vigorously supported new organizations currently considered essential to the profitable production of dried fruits, then did the very things that brought about the collapse of these organizations. Because of greater grower concern with parochial matters, efforts to establish statewide organizations representing most of the scattered areas of production of an important commodity encountered apathy and often overt resistance.

From about 1900 until the first truly industry-wide packing and marketing association—the California Prune and Apricot Growers, Inc.—was organized in 1917, prune growers formed scores of committees and associations for joint action on important problems. Most of these organizations were local; most of them were organized in seasons of low field prices to protest such prices and to seek ways of raising them; and most of these associations were abandoned when field prices later improved, usually not as a result of anything the associations did.

Representative of such organizations were: a San Jose committee formed in May, 1907, to protest packers' offers of 4 cents basis for prunes and to investigate freight rates; a pool formed by 34 growers in the Campbell district that called

itself the Campbell Packing Company; the Lodi Fruit Growers Association; the Ventura County Dried Fruit Growers Association; the Banning Fruit Growers Association; the Hemet Deciduous Fruit Growers Association; the Mountain View Fruit Growers Association; the Los Altos Fruit Growers Association; the Tehama County Dried Fruit Association; the Ventura County Dried Fruit Association; and the Orange County Dried Fruit Association.

Growers invariably tended to blame proprietary packers for low prices and most of the industry's economic ills, but when field prices were acceptable, the growers unhesitatingly abandoned their recently formed organizations and delivered their fruit to the packers. The short life of the Santa Clara Valley Fruit Growers Association is a case in point. The season of 1907 is considered to have given growers the highest prices ever received for dried fruits up to that time. The 1908 season was, in contrast, most unsatisfactory. The 1909 season appeared likely to be another low-price year, so Santa Clara County fruit growers undertook to do something about it. A Committee of 50 was formed with J. O. Hayes as chairman. As a result of its recommendations, the Santa Clara Valley Fruit Growers Association was organized on April 3, 1909 to undertake an ambitious program. Its purposes were: To correct wrong methods of curing and packing dried fruits. To seek stability and uniformity of price. To fix a reasonable price to be charged consumers of dried fruits by eastern retailers. To advertise Santa Clara prunes, distribute recipe booklets, and use other means to increase prune consumption. The Association was incorporated in June after which it elected officers: A. M. Kelley, president; R. P. Van Orden, vice president; and J. T. Dunn, secretary-treasurer. In September it closed shop. Prices of dried apricots were then advancing, the demand for dried peaches was strengthening, and the outlook for prunes looked very bright, principally because of unexpected export demand. This tendency of growers to act on a season-by-season basis made it practically impossible for organizations to continue to operate for more than a season or two. Even those that achieved a record of successful operation slowly but steadily shrank in volume as grower support waned.

Yet there still persisted a core of strong advocates of cooperative marketing who, with varying degrees of success, argued that the principal difficulties besetting the industry could be dealt with successfully only by determined and widespread grower action.

A frequently-tried measure was the pooling of

crops in a district. In seasons of light crops, demand took care of price and such pools had few sales problems, but when crops were large the pools accomplished little. Usually they forced growers to accept lower returns than they might otherwise have received. For example, in August, 1912, prune growers representing two-thirds of the prune production of Butte County met in Chico to consider field prices. Eastern buyers then were offering 3½ cents basis for prunes and California packers were offering growers 2½ cents basis. Thirty-two growers formed what was called the Chico pool and they agreed to hold firmly for 4½ cents basis. Packers promptly increased field prices to 3½ cents basis, but the growers in the pool refused to budge. They held their prunes on through the fall, winter, and spring. By May, 1913, the growers were in difficulty and under great pressure to sell. They finally closed out the pool at 3 cents basis. Many pools had similar experiences.

Among the growers were some who saw the futility of attempting action on a local basis and who were convinced that growers should have a statewide organization.

As the Santa Clara Valley Fruit Exchange waned, the California Farmers Cooperative and Educational Union drew increasing numbers of dried fruit producers into its membership, principally in Santa Clara Valley, and actively promoted the organization of local Farmers Union packing associations. A similar program was promoted by the California Cured Fruit Exchange in other parts of the State.

The efforts of the California Farmers Union, as the organization was popularly called, gained great impetus from the outstanding success of the Campbell Farmers Union Packing Company. It in turn was helped by the experiences of the Campbell Fruit Growers Union, which, after a number of very successful years, gradually lost grower support and finally sold out to George E. Hyde in 1913. The Campbell Farmers Union Packing Company was incorporated in September, 1909, with the following directors: Perley B. Payne, Sr., who became plant manager, H. E. Craig, A. N. Lantz, I. V. Vollmer, and Arthur Ernst, all of Campbell; F. W. Watson and W. O. Post of Los Gatos; T. P. Jones of Sunnyvale; F. M. Coleman of Cupertino; and F. R. Shaffer of San Jose. The Company received and packed the fruit produced by its members. Sales were handled by the California Farmers Union, Inc., formed a month earlier as a general sales agency for dried fruits with an office in San Francisco. It was headed jointly by Walter M. Field as general sales agent and H. H. Bennett, vice president of

the CFU board of directors, who represented the State organization.

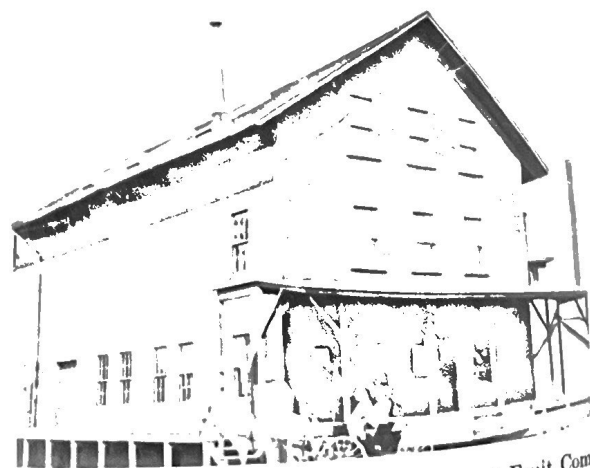
The immediate success of the Campbell operation and the San Francisco sales agency led to the formation of similar Farmers Union packing companies at Morgan Hill, Gilroy, and Napa, each erecting its own plant and managing its own operation, but marketing its output through the San Francisco sales office of CFU. Lyman Mc-ton packing plant at Saratoga, became an affiliated packer and his output, some of it handled on a commercial basis for neighboring growers, was also marketed through the San Francisco CFU office.

As the volume of dried fruit handled by the CFU affiliates grew larger and larger, the San Francisco operation was expanded. Walter S. Breton, who managed the Morgan Hill plant, went into the San Francisco office to oversee the packing operations of all of the affiliates. By 1916, Alexander Kammerer of San Jose had become president and general manager of CFU and Breton was shifted to sales as assistant sales manager.

At first, the CFU tried to get into raisin packing, but it made such little headway that it discontinued raisin packing and marketing early in 1913.

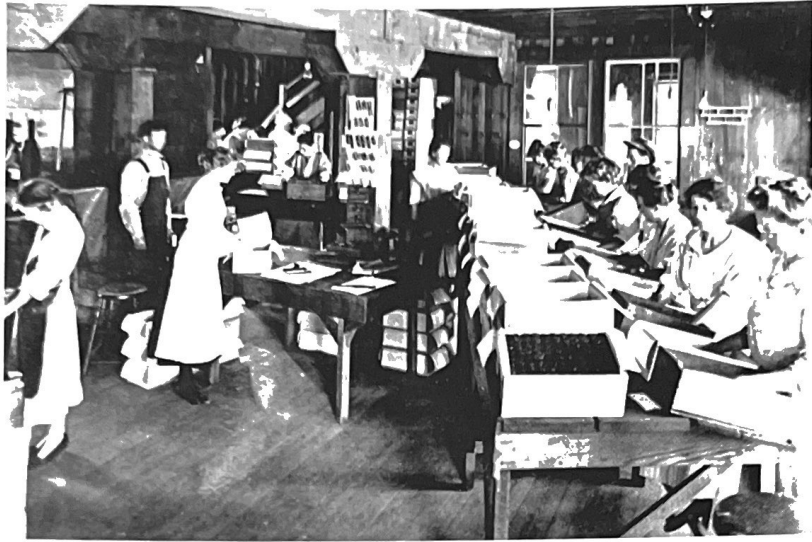
When the California Prune and Apricot Growers, Inc. was organized in 1917, it had the energetic support of CFU and the new Association acquired the Morgan Hill and Gilroy plants and hired many of the Farmers Union employees.

The California Cured Fruit Exchange was formed without much fanfare late in 1912 in the north Sacramento Valley. It immediately began



The packinghouse of the Los Gatos Cured Fruit Company near Los Gatos, in 1912. It was headed by Noah J. Rogers, who was exceptional in his insistence upon cleanliness. He had workers sweep his entire dryyard

The women workers seated at the right are "facing" the boxes preparatory to filling. They are placing softened and flattened prunes in regular rows in what will be the top of each box of packed prunes when it is opened. This was in the plant of the Los Gatos Cured Fruit Company, whose manager Noah J. Rogers insisted that plant floors be kept clean enough for meals to be served on them at all times.



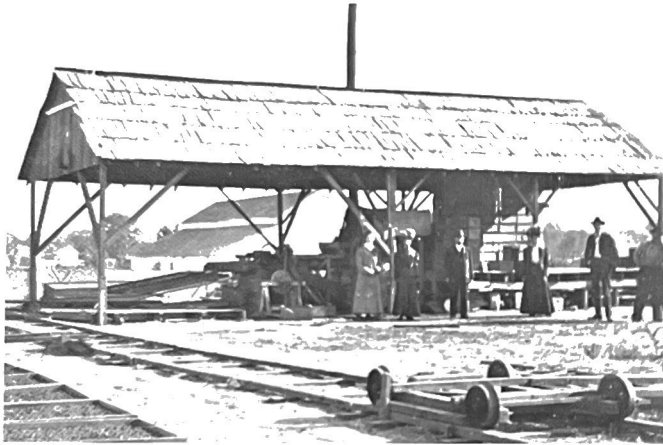
After the bulk pack boxes of prunes were properly faced, the worker at the left set the box on the small platform scale in front of him, placed a collar on the box and filled the container with fruit from the chute, whose gate he holds in his left hand. The filled container was passed on to the middle worker who pressed down the contents with the hand-powered press. Next, the worker at the right folded over the paper box liner and nailed on the box lid, all being done by hand.

organizing local affiliates with remarkable success. Its plan of organization was much like that of the Farmers Union. The central organization served as the sales agent of all of the affiliated local associations. The local associations received and packed the crops delivered by their members. The Cured Fruit Exchange was headed by R. C. Kells of Chico. J. P. Dargitz, who earlier had promoted and managed the California Almond Growers Exchange, was manager, and J. W. Jeffery was field organizer. Friction soon developed among the three men and in March, 1913, Dargitz resigned, Jeffery following shortly afterward.

When the Cured Fruit Exchange held its annual meeting in May, 1914, at about the zenith of its career, it reported having 25 affiliated local associations: Acampo, Alta, Atwater, Banning,

Chico, Contra Costa, Corning, Geyserville, Hemet, Kerman, Lake County, Lake Elsinore, Linden, Maywood, Modesto, Napa, Orange, Red Bluff, Sacramento, Santa Rosa, Shasta, Sutter, Turlock, Ventura, and Woodland. It was the most extensive cooperative dried fruit packing and marketing organization up to that time. The officers and directors were: Kells, president; E. E. Ogden, vice president; and W. H. Starkey, David Felsenthal, C. B. Weeks, J. E. Lowery, S. W. R. Langdon, F. A. Abshire, P. M. Davis, William J. Hill, W. T. Wilson, S. W. Baker, and F. L. Meier. C. O. Walker was secretary and treasurer and G. A. Bolster was sales manager. The next month, the Cured Fruit Exchange moved its general and sales offices from Sacramento to San Francisco, appointing Henry M. Ellis, who was

president of the Pioneer Fruit Company, Sacramento, manager. Before the year was out, Kells withdrew from the Exchange and Ogden succeeded him as president. In February, 1916, the public press began mentioning reports that the Cured Fruit Exchange was in trouble. Walker, the secretary-treasurer, sued the Exchange for \$35,382 for "goods, wares, and merchandise," and \$1,200 in unpaid salary. He purportedly had commingled his own funds with those of the Exchange while having complete charge of its fiscal affairs. He secured an attachment of some Exchange facilities. President Ogden then an-



W. A. Yerxa had this large prune dipper facility at his extensive prune orchard at Princeton in 1910. Many visitors came to this showplace, a few standing here.

nounced he was trying to put Exchange affairs in order and charged Walker with fraud and embezzlement. Later in a criminal trial, Walker was exonerated of these charges, but when the Exchange sued him to recover \$98,000, Walker shortly turned over his personal assets of \$17,000 to the Exchange and the civil action was dropped. The Exchange seemed then to fall apart and it went out of business.

We today are greatly puzzled by the widespread distrust of growers in their own organizations in this period. They were becoming aware of the real nature of their problems and they seemed to more fully realize the necessity of acting concertedly and constructively to solve those problems, yet they evidently were unable to participate in any sustained effort designed to improve conditions. They could not bring themselves to give up any of their accustomed freedom to act independently in every situation. They readily, even enthusiastically, paid lip service to all kinds of efforts to put the industry, but especially themselves, on a sounder basis, but then

openly or secretly repudiated their commitments without hesitation if they saw a chance to benefit temporarily thereby.

Growers could not bring themselves readily to accept the discipline imposed by membership in a cooperative association. They were reluctant to accept all of the limitations imposed by membership because for a long time they did not fully understand the basic idea of cooperation and how a successful cooperative association had to be operated. They particularly objected to membership contracts that obligated them to deliver all of their crops to a cooperative. They were accustomed to switching from packer and cooperative when it suited them to do so. Many growers who joined an association and thereafter regretted doing so engaged in bitter fights, many of them ending in the courts, to escape the non-delivery penalty provisions of membership contracts. It was not until the California Prune and Apricot Growers, Inc., was established that the laws specifically sustained the legality of such provisions. As late as December, 1916, a superior court in Visalia ruled that a cooperative (the California Associated Raisin Company) could not attach the crop of a grower-member to secure delivery, but could only institute a civil suit after nondelivery to recover damages under the penalty provisions of the membership contract.

It was the refusal of members of the Santa Clara Valley Fruit Exchange to accept a mandatory delivery clause with penalty provisions in the membership contract that brought about its collapse. Growers insisted upon having the privilege of delivering their crops to whom they chose. In large-crop, low-price seasons, when packer demand slackened, the Exchange got all the fruit it could handle. But in small-crop, high-price seasons, the growers delivered their crops to the packers.

Another big stumbling block that hindered proponents of cooperatives into the 1920's was the widely held belief of growers that their cooperative associations ought to guarantee minimum returns for grower deliveries. The basic idea that a cooperative association in reality has no existence apart from its membership was so radically new that growers generally found it difficult to understand and accept. Some growers have the same difficulty today.

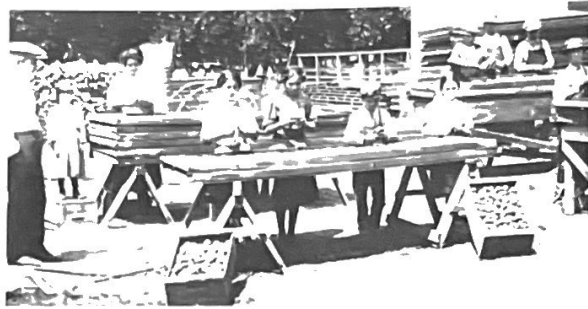
The greatly increased attention given to the structure of the industry and to a search for industrywide measures to deal with industry problems indicated a shift in emphasis, a new approach in dealing with problems.

One important problem was the practice of

selling natural condition prunes in 100-pound bags to eastern firms that processed and packed the fruit in eastern plants and then sold it in competition with packs from California. The difficulty was that the eastern packers generally did not put out as good or as uniform packs as those from California and they usually undercut California prices. Complaints became widespread that the eastern packers were ruining the prune business. Similar complaints arose over the shipment of natural condition prunes, both standard grade and substandards, to firms in Hamburg, Germany, that operated packing plants there. Some of these firms blended the substandards into their regular packs and others blended in prunes from Yugoslavia and France and then offered them as California or Santa Clara prunes. It was rough competition for California export packs.

Such practices as these were evidences of both the disorganization of the industry and of the control that the trade—the jobbers, wholesalers, and the importers abroad—exercised over the industry. For many years the trade dictated the conditions under which they bought dried fruits. The terms of payment for merchandise bought, the capricious way in which shipments were accepted or rejected, and other aspects of trading were disadvantageous to the California industry. The outlook was even less hopeful. In 1906, the principal handlers of dried fruits in New York City formed a dried fruit association and announced they would draft a uniform sales contract for dried fruits under which members would do all their buying. This alarmed California packers who already were angered at practices of the New York buyers. They bitterly objected to the way the New York buyers “abused the 3-day privilege (of accepting or rejecting a shipment after arrival) by having cars held on the Jersey flats many days after knowledge of such arrival for the express purpose of delaying examination and acceptance pending (further developments in) market conditions.” If the market was firm or strengthening, the buyers readily accepted the shipments. When the market was uncertain or weakening, they simply let the shipments set in the freight yards on the Jersey flats while they tried to figure out what the market was going to do.

So in 1908 California packers got together and organized the Dried Fruit Association of California (now the DFA of California) to deal with these matters and transportation, legislation, pure food laws, and so forth. It soon began drafting a uniform sales contract it considered more equitable to its members. When the DFA announced that its members would sell to domestic



Apricots being cut for drying under the simplest open air conditions at the George H. Ismon orchard near San Jose about 1920. Most fruit cutters were children.

buyers only according to the terms of the new contract, members of the trade in the more important markets, such as New York, Chicago, and Philadelphia, protested vehemently. The “you-can’t-do-this-to-us” complaints got them nowhere. The DFA, after some minor modifications of its contract provisions, held its ground and the trade finally accepted its terms. The fact was the trade wanted dried fruits. The new contract regularized trading and made a sale a sale. It established uniform rates of commissions and discounts, so that each buyer bought on the same basis as his competitors.

Dried fruit exports were increasing greatly, making the overseas market tremendously important to the industry. But too often this trading was under conditions that packers considered unfair. Buyers in western Europe were accustomed to pay for dried fruit imports after receipt and inspection. Frequently shipments of dried fruit were rejected after being unloaded in foreign ports. Such lots had to be sold as distress goods, usually at a great loss to the shippers. So the DFA undertook to introduce more orderly and equitable procedures in its export marketing. It drew up a new export sales contract, set up an independent inspection service to certify the condition of packed dried fruits on the dock before shipment, and advised importers they would have to pay for dried fruit purchases at time of shipment, when inspection determined that the packers had fulfilled the buyer’s requirements as to grade and quality and pack. If dried fruit shipments deteriorated in transit, the buyer’s recourse was to make a claim against the carrier. The importers resisted this radical innovation in dried fruit export procedure, but it protected the import buyer, as well as the packer, and it put the packer in a better position to take care of his financial obligations to his grower-suppliers. So they, too, capitulated.

Practically every packing firm of importance became a member of the DFA, which meant that the trade, either domestic or abroad, had to do business with a DFA member. Albert E. Castle of Castle Brothers was the first president, the first of a long line of packing industry leaders to hold the office, among whom have been managers of the Association. The secretary and general manager was Harry P. Dimond, a lawyer who had been associated with J. K. Armsby and Company.

The DFA provided packers with a greatly needed forum for discussing the harm resulting from the competition of eastern packers, the sales abroad of substandard prunes, the mislabeling of prunes abroad, and other problems. Packers generally discontinued selling natural condition fruit to eastern packers. Measures to regulate export shipments shortly were rendered unnecessary by the outbreak of World War I. Attention centered for a time on the problems created by operating under wartime conditions.

Although the outbreak of World War I in August, 1914, greatly increased the need for foodstuffs in western Europe, the California dried fruit industry benefited little from it. Exports of dried peaches and dried apricots increased moderately in both 1914-15 and 1915-16, but exports of prunes fell off. The principal reason was

the interference by the British with the United States shipments of all kinds to neutral countries. The British contended, with some justification, that some of the shipments were intended to be transhipped to the Triple Alliance nations: Germany, Austria-Hungary, and Italy. Shipments by boat dropped sharply and goods intended for shipment abroad congested eastern U.S. rail freight yards. The railroads promptly embargoed the shipment of many items, including dried fruits. The loss of what seemed to be good export business distressed growers and packers. Growers bitterly criticized the export trade for its alleged failure to fight for U.S. government intercession with the British government over its interference with ship movement and its seizure of some cargoes. The exporters and its were doing everything they possibly could do to look after the interests of the dried fruit industry.

Since the war continued until November 11, 1918, after the organization of the California Prune and Apricot Growers, Inc., initially it operated under wartime conditions. With the entry of the United States into the conflict in 1917, the U.S. government reserved large quantities of dried fruits for use by the military. The crops of both 1916 and 1917 were quickly cleaned up at prices that were most acceptable to growers.



Trays of prunes drying in the sun covered thousands of acres each fall before the advent of dehydraters. This drying ground bordered the foothills of southern Santa

Clara County in 1912. Full trays mean newly dipped fruit. There was a lot of back-bending work in spreading trays of fruit and stacking after prunes had dried.

Field prices in 1916 were about 25 percent higher than a year earlier, averaging about 13 cents a pound for dried apricots, $5\frac{3}{4}$ to 6 cents a pound for dried peaches, and $5\frac{1}{2}$ cents basis for prunes. As early as February, 1917, the trade began making inquiries about the 1917 pack and packers began booking sales of the new crop (the trees were not yet in bloom) subject to 1917 opening prices.

There were other developments of interest during this period, some of them significant to the industry. The spectacular San Francisco earthquake and fire in April, 1906 badly upset the 1906 dried fruit marketing season. Destruction of supplier plants and warehouses caused a shortage of box shook and labels. The congestion of inbound rail cars whose freight could not be readily unloaded delayed the availability of box cars for out-shipments.

The 1906 season also provided a graphic example of the industry's acute need for accurate crop estimating procedures. In August a controversy arose over whether the prune crop would reach the 165,000,000 pounds estimated by the First National Bank of San Jose after a survey covering Visalia, Santa Rosa, Healdsburg, Hollister, Chico, Suisun, Vacaville, and the San Jose area. The Grange estimated the crop at 145,000,000 pounds and urged growers to hold their crops for $3\frac{1}{2}$ cents basis. As deliveries proceeded, the crop grew steadily larger and finally proved to be 185,000,000 pounds. As packer supplies accumulated, the field price slipped steadily, going down to $2\frac{1}{8}$ to 2 cents basis. In the San Joaquin Valley, some sales were at prices as low as $1\frac{1}{4}$ cents basis.

Thus two estimates on which growers placed



The concrete warehouse and packinghouse of the Mineral King Fruit Company, Visalia, in 1917, was 400 feet long and 80 feet wide, one of the fruit industry's largest.

great reliance in judging what field price should be were far short of actual production, one being an underestimate of 11 percent and the other of 22 percent. Grower dissatisfaction grew as the field price declined in response to the evidence that the crop was far larger than estimated.

Although small orchards predominated in the industry, a few large orchards were developed or put together by purchases of smaller units. One of these, in 1913, made the largest sale of prunes ever consummated up to that time. The Mineral King Fruit Company, Visalia, sold 750 tons of 1912 and 450 tons of 1913 crop to the J. K. Armsby Company, San Francisco, at 5 cents basis, for a total of \$135,000, a transaction that was widely publicized. Mineral King Fruit Company had been organized in 1891 by three San Jose men and had what was claimed to be the largest prune packing plant in the world. It owned 300 acres of orchard. J. H. Henry was president and J. W. Macaulay was treasurer and manager.

12. Packer Ruse Boomeranged

Grower pique and determination to get even with their chosen enemies, the packers, started a train of events early in 1915 that eventually led to the organization of the California Prune and Apricot Growers, Inc.

Several exceptionally well-informed growers in the Cupertino district made a startling and angering discovery. They learned that the speculative packers, who were persistent in trying to buy 1915 crop prunes—before the trees blossomed—at less than 3 cents a pound, had earlier sold short perhaps 35 percent of the oncoming crop for 3½ cents a pound. These growers realized that if growers generally could be induced to hold their prunes for higher prices, the packers involved would be forced to take substantial losses on their commitments. So the growers began to circulate word of their discovery throughout the Santa Clara Valley and other prune-producing districts. They also undertook to have the situation discussed publicly to help arouse growers to action, with the result that this was the principal subject before the Cupertino Improvement Club at a meeting on May 6, 1915.

Packer agents, in trying to get growers to sign their contracts, argued that the outlook for the season was very unfavorable because of the loss of German exports due to World War I, the recession the country was then experiencing, and—hard to believe—the certain prospects of a large prune crop.

At the Cupertino Improvement Club meeting, Harry B. Lydiard and Dr. F. M. Coleman led the discussion of the unsatisfactory dried fruit marketing situation then existing. Charles E. Warren offered a motion, promptly approved, instructing the secretary Karl A. Freidrich to arrange for a grower meeting in San Jose for a public discussion of the conditions detrimental to growers and of the need to form an industry cooperative. The meeting was held in the San Jose Chamber of Commerce assembly hall on May 15 and the 1,200 growers present acted with eagerness and determination. They agreed that their greatest marketing handicap was their lack of dependable information about the crop and market conditions and that they had to do something about it.

J. O. Hayes made a proposal that each district select a representative to serve on a bureau of information that would supply growers with semimonthly reports on crop and market conditions. The assemblage voted it into effect and contributed funds to finance the project. Chosen

on the first committee to operate what came to be called the Growers Information Bureau were: Warren of Cupertino, maker of the original motion and chairman of the mass meeting, H. O. H. Shelley of Lincoln district, H. A. Clark of Saratoga, J. A. Schofield of Los Gatos, D. M. Utter of Valley View district, Edwin Howe of Union district, G. F. McLaughlin of Willow Glen district, Herschel Johnson of Edenvale district, Fred Millard of Pioneer district, R. P. Van Orden of Mountain View, F. C. Wilson of Sunnyvale, L. J. Lathwesen of Berryessa, J. H. Bone of Linda Vista district, W. S. Breton of Morgan Hill, H. C. Hagen of Rucker, G. A. Moore of Gilroy, A. N. Lantz of Campbell, Leroy Anderson of Moreland district, and R. B. Williams of Mt. Pleasant district. Others were added to the committee from time to time as special needs arose. The committee shortly issued and the growers were grateful for the semimonthly reports on crop and market conditions.

Growers, in fact, had been thinking about cooperatives for a long time. But it was also a fact that the circumstances existing in the dried fruit industry were wholly different from those that generally led to the organization of most other farmer cooperatives. Most farmers cooperative marketing associations were organized by farmers who sought to cope with current marketing crises. Usually they undertook to do something about very low prices, excess production, unwarranted profit-taking after the commodity was out of the farmers' hands, market expansion, and so forth. Almost without exception, a commodity industry experienced economic distress before farmers would accept the responsibilities and curtailment of their freedoms that membership in a cooperative necessitated. The California dried fruit industry, however, was not in serious trouble in the several years that preceded the formation of the Growers Information Bureau. Fruit growers were not heavily mortgaged and they were not losing their orchards and homes. There actually was little distress among fruit producers. There were symptoms of such conditions from time to time and the more thoughtful farmers feared that these conditions might in the future become prevalent in their wholly unorganized industry and bring about hardship if nothing was done to forestall them. They determined to prevent such a disaster and concluded the idea of a grower-owned cooperative marketing association, wholly free of packer manipulation, was the best way of doing so.

There were many precedents for an organization of this kind. California prune growers were familiar with reports of successful cooperatives in the East and Midwest. They watched with interest and increasing enthusiasm the operations of the California Fruit Growers Exchange (now Sunkist Growers, Inc.) in citrus, the California Fruit Exchange (now Blue Anchor) in fresh deciduous fruits, the California Walnut Growers Association (now Diamond Walnut Growers, Inc.), the California Almond Growers Exchange, and particularly the California Associated Raisin Company (now Sun-Maid Raisin Company (now Sun-Maid Raisin Company). In addition, small local cooperatives, such as the Farmers Union locals, were operating successfully in dried tree fruits. The general feeling was that dried fruit growers could be induced to organize on an industrywide basis if a determined effort was made to bring this about. The idea of a statewide association had been proposed many times, and, in fact, the Farmers Union and the California Dried Fruit Exchange did try to operate on a statewide, though not on an industrywide, basis.

The first season's operations of the Growers Information Bureau on an extensive, though not industrywide, basis were considered successful. In November, 1915, the committee, of which J. H. Bone was now chairman, decided that its scope of activity should be broadened and it directed a subcommittee to prepare plans with this in view. Members were George E. Merrill, S. E. Johnson, and R. P. Van Orden. This action led to the calling of a mass meeting of growers in San Jose on January 19, 1916, at which Chairman Bone invited Colonel Harris Weinstock, newly appointed State market director, to be a principal speaker. Bone's purpose in doing this was evident, for Weinstock, who was greatly admired and trusted by the growers, was an energetic and forceful advocate of cooperative marketing associations in the State.

Committee member Merrill urged the growers to continue the Information Bureau program for another year, saying the cost would be low and growers would gain the invaluable experience of working together cooperatively for another year. But Weinstock disagreed with this view and he urged much more far-reaching and positive action. He proposed formation, under recently enacted laws, of a State trust empowered to receive all dried fruit from growers, to grade, standardize, and label it, and to sell it at public auction in market centers throughout the country. All packers were to be eliminated. He argued that such a procedure would obtain the true economic value of dried fruits and would give all members



AARON SAPIRO, whom the New York World described in 1922 as "the genius of cooperative marketing," aided in the formation of the California Prune and Apricot Growers, Inc. He was born in San Francisco in poverty, reared in an orphan asylum, and in 1923 headed a California law firm that represented 57 farm associations. He died in November 1959 at the age of 75 years.

of the food trade ready and equal access to supplies. He proposed also to carry on product advertising to stimulate trade and consumer interest in dried fruits.

The growers were wildly enthusiastic about Weinstock's ideas. They decided to expand their Information Bureau activity to a statewide basis and authorized formation of a State growers central committee to govern the Growers Information Bureau and to make the semimonthly reports on crop and market conditions available to all dried fruit producers throughout the State. And they unanimously passed a resolution directing the growers central committee "to formulate a plan of organization in cooperation with Colonel Weinstock along the lines of the suggestion made in his address."

Representatives of districts outside the Santa Clara Valley were appointed to the growers central committee, which consisted of Joseph H. Bone, chairman, R. P. Van Orden, S. E. Johnson, H. O. H. Shelley, and Charles E. Warren of Santa Clara County; J. H. Gerner of Hollister; Henry Wheatley of Napa; J. E. Metzger of Geyserville; W. A. Yerxa of Princeton, and Arthur

Swall of Tulare. Dr. J. B. Bullitt, representing Col. Weinstock, and George E. Merrill, respectively, were chosen executive secretary and treasurer of the Growers Information Bureau.

The packers, understandably, became greatly excited about Weinstock's proposal. They were most aware of his persuasive powers, his flair for publicizing his ideas, and his skill at taking advantage of grower discontent. They immediately got busy in the field and pointed out that under the Weinstock proposal growers themselves would have to pack their fruit, pay cash transportation costs, and forgo the cash payment on delivery customarily made by packers. Packers argued that such a selling procedure might cause hand-to-mouth buying, which would force growers into longer-term financing arrangements. Growers began to have second thoughts.

As the initial enthusiasm for Weinstock's proposal wore off, prune growers turned their eyes again toward the California Associated Raisin Company and its plan for organization and operation, which many of them had thought for a long time was just what the dried tree fruit producers needed. This was the idea that growers favored at the next mass meeting in San Jose on April 14 and Weinstock expressed himself at the meeting as being wholly satisfied with it. The growers committee had consulted with him earlier and with heads of other cooperatives and the plan it offered was along the lines of the raisin cooperative. It submitted plans for a voting trust and stock subscription agreement for the Prune and Apricot Growers, Inc. The new association was to be capitalized at \$2.5 million, of which \$750,000 had to be subscribed by March 1, 1917. The membership contract was to cover the crops of 1917, 1918, and 1919, with an option to be extended to cover the crops of 1920 and 1921. Growers would be represented by 25 trustees selected on a district basis. It was proposed that the membership contract provide for a minimum guaranteed payment to growers of 4 cents basis for prunes and 8 cents a pound for dried apricots. Stock subscriptions in the new corporation were to be on the basis of 50 percent cash, the balance to be covered by notes. It was proposed to levy 0.25 cent per pound for operating expenses. One provision imposed a penalty of 2 cents a pound for liquidated damages in the case of a breach of contract by a grower.

The growers at the mass meeting approved all of the proposals and directed that the grower central committee proceed with the organization. Some further discussions were held by the central committee and in May it was decided that the new association would not guarantee mini-



THOMAS S. MONTGOMERY, first chairman of the board of trustees and first president of the Association. He served six years as president, resigning in 1923 because of poor health. His firm built the Association office building at Market and San Antonio Streets, San Jose, and sold it to the Association for \$35,000. The firm donated the building site valued at \$16,000. He was born near San Jose in 1855. He became a successful real estate broker and investor, banker, financier, railroad director, and public benefactor, as well as a fruit grower. He died in 1944 at the age of 88.

imum prices for members' deliveries, except at the discretion of the board of trustees.

The Growers Information Bureau, meanwhile, began actively to oppose future selling by growers. It urged that growers not sell until the size of the crops could be determined. With all of this activity going on, grower morale strengthened and in May, fruit growers met in San Jose and voted a resolution setting minimum field prices of \$60 a ton for apricots for canning and 15 cents a pound for dried apricots. Cannerymen then were offering \$40. In June, at a meeting of the Growers Information Bureau, the growers present approved 6 cents basis as a minimum price for the 1916 prune crop. Packers were then paying up to 5½ cents basis.

In the dried fruit producing districts, everyone seemed to be talking about the campaign to organize the new cooperative and of the importance of dried fruits to the economy of those



H. G. COYKENDALL, first general manager of the new Association, had been one of the State's most successful dried fruit packers. The A. & C. Ham Co., which he headed and jointly owned with a brother Frank, was estimated to have handled a fourth of Santa Clara County prune production in 1916, or an eighth of the State production. His large Sugar prune orchard west of San Jose was considered the largest of that variety in California. He resigned in May 1923 after a bitter controversy that threatened the continued existence of the six-year-old Association.

districts. In San Jose, the Chamber of Commerce met in June, vigorously endorsed the idea of the new cooperative, and authorized formation of a committee to assist. George Howes, president of the San Jose Merchants Association, was chosen chairman and the committee was instructed to raise funds to finance the organization of the new association, with \$5,000 to come from San Jose merchants and businessmen, \$5,000 from merchants and businessmen of surrounding communities, and \$10,000 from the growers themselves. The committee actually raised \$6,500.

The organizational work began actively on July 1, but when it came to signing binding membership contracts the growers seemed to have lost most of the enthusiasm they had displayed at the mass meetings in January and April. Most growers readily admitted that a cooperative marketing association would be good for the industry and that the present method of

selling prunes was wasteful. But they remembered—and were frequently reminded of—the collapse of the Cured Fruit Association of 1900. The small growers thought they could not wait for returns for their crops after delivery. Most growers thought they were making a fair living without such an association and in spite of the speculative packers. It began to appear that plans for a new association would fail.

By October 1, the principal advocates of the plan decided a more aggressive campaign was needed to persuade growers to sign up. On October 18, the growers central committee set up a new promotion committee consisting of Hugh S. Hersman, campaign chairman; H. G. Coykendall, chairman; C. C. Spalding, George W. Glendenning; Alexander Kammerer; O. A. Harlan; Joseph H. Bone, consulting secretary; and George E. Merrill, secretary. Coykendall and Harlan were packers and Kammerer headed the California Farmers Union.

Professional solicitors were employed to canvass growers. But they had trouble, also. They went after the owners of large orchards, but they were hesitant, too. There was a provision in the contract that when \$500,000 worth of common stock was sold, the stockholders would elect 25 trustees to run the new association. The large-volume growers would not join until they knew who the trustees were going to be and the trustees could not be elected until more stock was sold.

San Jose businessmen became alarmed and in December the Chamber of Commerce and Merchants Association undertook to do something. They promoted a prune week from December 4 through 9 in which residents of the county were urged to send 5-pound boxes of Fancy prunes to relatives and friends in the East. Grocers, the railroad lines, and some steamship lines joined in the promotion. Prune week was widely publicized and 20,000 boxes were sold.

There really was no effective opposition to the proposal, simply grower reluctance or apathy. Most proprietary packers avoided any open show of opposition to it, whereas several of them, apparently convinced they would secure satisfactory working arrangements with the new association, actively promoted the grower sign-up. The larger independent packers took no part in the promotion, however, and when later the association announced its list of affiliated packers there was not a major independent packer among them.

The grower proponents of the cooperative were a determined lot. In some localities, local sign-up committees were formed that exerted

great pressure upon reluctant neighbors to sign up. From the arguments of the canvassers, many reluctant signers inferred they might be subjected to social and economic ostracism if they did not join. Among the latter were favored suppliers of particular packers as well as growers who wanted nothing to do with any cooperative. Many of these growers who signed up reluctantly soon thereafter became discontented and critical of the association. They became nuclei of opposition within the association membership. They became a far more vocal, determined opposition than seemed likely had they been permitted to do as they preferred in the first place and remain outside.

Meanwhile, work was going ahead on the drafting of the articles of incorporation, bylaws, membership contracts, and the other necessary paperwork that would determine the character of the new association. A special committee was given this assignment, consisting of Bone as chairman, Merrill as secretary, and B. W. Folk, J. H. Harkness, C. H. Whitman, Leroy Anderson, E. K. Glendenning, Arthur McClay, Harry F. Curry, H. G. Keesling, J. S. Williams, R. P. Van Orden, H. O. H. Shelley, Charles E. Warren, S. E. Johnson, James B. Bullitt, and Mark Grimes. The committee secured the assistance of Attorney Aaron Sapiro, then the foremost legal authority on farmer cooperatives in the world and one of their most effective advocates. He had created the legal structure of many existing cooperatives and had proposed laws to facilitate the operation of cooperatives. Sapiro was a close associate of Col. Weinstock and, although his activity extended throughout the country, he maintained his principal offices in San Francisco.

The articles of incorporation, drafted by Attorney Phillip Ehrlich, Sr., set forth a broad program of activities and authorizations. These were mainly to enable the new association, the California Prune and Apricot Growers, Inc., to do all things necessary to carry out its principal function of receiving, storing, packing, and marketing the dried fruits produced by its members. In the minds of the principal proponents, however, it had one all-important purpose: to secure preponderant control of the supply of dried fruits and thereby to control field prices and prevent speculation by proprietary packers. Most growers believed that if they could control the supply of raw products, they could fairly well control the price at which they sold their finished products.

Time and experience taught them differently—to the dismay of many of them. Some of these

seemed to feel they had been betrayed, though by whom or what was not clear. Experience demonstrated that outside packers, who were free to buy or not and in the quantities they deemed most advantageous, were able from time to time to pay growers larger returns than the association could, since the association, although it could hold for a price to the trade, could not control the volume sold. When prices exceeded the level the trade thought proper, it reduced its purchases and left the association with unsold supplies that served to depress the market.

Stock purchases by growers lagged and on January 15, 1917, still another mass meeting of growers was held in San Jose with Congressman Arthur M. Free urging growers to buy stock in the new association. Impassioned oratory helped boost stock purchases to \$500,000, sufficient to meet the requirements to hold the primary election of trustees. The articles of incorporation were filed on February 21, 1917 and on March 6, the organization of the new association was completed. The first 24 trustees chosen in the February election were as follows:

District 1—W. J. O'Connor, Chico, and F. W. Wilson, Winters.

District 2—Henry Wheatley, Napa, and H. C. Dunlap, Yountville.

District 3—F. A. Abshire, Geyserville, and P. W. Bussman, Santa Rosa.

District 4—T. S. Montgomery, H. G. Coykendall, Alexander Kammerer, and J. S. Williams of San Jose; Nathan Lester and Irwin E. Pomeroy of Santa Clara; George W. Glendenning and S. E. Johnson of Cupertino; J. J. Stanfield of Los Gatos; Henry Hecker of Gilroy; Fred L. Barnhisel of Hollister; and Frank T. Swett of Martinez.

District 5—David Felsenthal, Fillmore, and F. E. Bagnall, Santa Paula.

District 6—E. O. Eggen, Hemet, and W. F. Riesland, Hemet.

District 7—J. W. Macaulay, Visalia, and Arthur Swall, Tulare.

The trustees elected the following as directors: George C. Alexander, Sonoma County banker and prune grower; Frank A. Brush, Sonoma County banker, director of 15 corporations, and prune grower; Harry C. Dunlap, Napa County prune grower; David Felsenthal, Ventura County apricot grower; C. G. Hamilton, manager of the Hemet Cured Fruit Association; J. O. Hayes, San Jose publisher and prune grower; Alexander Kammerer, president and general manager of California Farmers Union, Inc., and major Santa Clara County prune grower; Nathan Lester, large-scale Santa Clara County prune grower;

J. W. Macaulay, manager of Mineral King Fruit Company, Visalia, and Tulare County fruit grower; T. S. Montgomery, president of the Garden City Bank and Trust Company, San Jose real estate broker, member of the State Board of Education, grower, and later director of the Western Pacific Railroad; W. A. Yerxa, large-scale prune grower at Princeton; Joseph H. Bone, San Jose apricot grower; and H. G. Coykendall, large-scale grower and fruit packer. The directors elected Montgomery president, Yerxa vice president; Bone secretary, and Coykendall general manager.

Col. Weinstock, market director, appointed as his representative on the board of directors W. G. Alexander, San Jose flour company manager and protege of Montgomery.

This arrangement of 25 trustees and 13 directors may now seem to be topheavy and complicated, but there seemed to be a logical reason for it then. Dried fruit production in 1917 was widely scattered throughout the State and the proponents of the association sought to ensure grower representation from all important districts. Trustees were growers elected by growers and responsible to them. The directors, chosen by the trustees, however, were intended to be the ablest men in the industry whose interest would be more largely in making the new association succeed than in engaging in local industry politics. The trustees met twice a year to check up on the activities of the directors and management. The directors met once a month, or oftener when the need arose, to consult with management. It must be remembered that transportation services were much slower than today and that it was a much less convenient trip to San Jose from Hemet, Visalia, Chico, or other distant points than it is now.

Since some trustees were promptly elected directors by their fellow trustees, the issue was raised as to whether a trustee should also serve as a director. After spirited debate, it was decided he should not. So shortly, new trustee elections were held to elect replacements for those trustees who had been chosen directors. The trustee replacements, plus an additional trustee for District 4, chosen included Henry C. Malone of Napa, F. E. Bagnall of Santa Paula, R. P. Van Orden of Mountain View, Joseph H. Bone of San Jose, J. C. Shinn of Niles, Frank

DiFiore of San Jose, M. J. Madison of Hayward, L. E. Mills of Santa Paula, and J. W. Arthur of Hanford.

On April 30 it was announced that 75 percent of the prune and apricot acreage in the State had been signed on association membership contracts and that \$750,000 in stock had been subscribed. It was reported, as of May 1, that packers had sold 85,000,000 pounds of 1917-crop prunes subject to confirmation by the association.

In early June, the association, which then had no plants or facilities of its own, announced that arrangements had been made with 45 affiliated packers to receive and pack the 1917 crops. There seemed to be some confusion about which firms actually signed affiliated-packer contracts, but shortly a revised list of packers was issued that included the following dried fruit packing firms: A. & C. Ham Company, George N. Herbert & Co., J. W. Chilton & Co., George Frank Fruit Co., O. A. Harlan & Co., Warren Dried Fruit Company, Pacific Fruit Products Company, F. H. Holmes, and J. B. Inderrieden Company, San Jose; Gem City Packing Company and Curtis Fruit Company, Los Gatos; George E. Hyde & Co. and Farmers Union Packing Co., Campbell; Warren E. Hyde, S. E. Johnson, and West Side Fruit Growers Association, Cupertino; Farmers Union Packing Co., Morgan Hill; Farmers Union Packing Co., Gilroy; Lawrence Russell, Saratoga; Mountain View Packing Co., Mountain View; E. T. Reynolds & Son, Chico; Geyserville Packing Co., Geyserville; Napa Fruit Company (Ralph Butler), Farmers Union Packing Company, and William Fisher & Co., Napa; Sheriffs Bros. and Miller & Gobie, Healdsburg; Mark McDonald and Santa Rosa Cured Fruit Association, Santa Rosa; Hollister Packing Co., Hollister; Schuckl & Company, Niles; Sanitary Fruit Co., Red Bluff; Sacramento Packing Co., Sacramento; Hemet Cured Fruit Association, Hemet; Central Fruit Packing Co., Santa Paula; C. D. Collins Company, Santa Ana; Mineral King Fruit Co., Visalia; Winters Dried Fruit Co., Winters; and California Peach Growers, Inc., with plants at Fresno, Malaga, Fowler, Selma, Kingsburg, Del Rey, Parlier, Reedley, Hanford and Suisun.

The new association was ready for business and only awaited the delivery of 1917 crops to get into actual operation.

13. The Association Faced Trouble Early

As parents whose children have attained maturity look back on their family rearing trials and difficulties, they often wonder how they managed to surmount them. One gets the same feeling about Sunsweet as one retraces its tortuous and hazardous course and reviews its mistakes and setbacks, its often inept leadership and wavering grower support. One is tempted to conclude that here is a case in which a good idea survived in spite of most unpropitious conditions.

When California Prune and Apricot Growers, Inc., began operations in March, 1917, it was under heavy pressure to announce at once opening prices on 1917-crop prunes. In June, packers offered growers 7 cents basis and the impression was widespread that the field market might level off at 7½ cents basis. Hence there was much consternation when, on July 3, the association announced its opening prices on prunes to the trade: 6 cents basis, with a 1-cent premium on 30's, ½-cent premium on 40's, and ¼-cent premium for shipment in September, prices guaranteed to January 1, 1918. The schedule provided no differentials for Outsides. No further orders would be accepted. On July 13, it announced opening prices on dried apricots and withdrew from the market. Prices were, cents per pound: Standard—13¾, Choice—14½, Extra Choice—15, Fancy—16, and Extra Fancy—17.

These prices, particularly for prunes, were a great disappointment to opportunistic growers. Independent packers, some of whom had bought fruit at higher prices than these, were enraged at the association. The price announcement evidenced a great deal of courage in the new directors who were determined that price stability should include moderation in the higher price ranges as well as in the lower ranges.

The directors, trustees, and new management took account of several conditions that were hardly favorable. The prune crop totaled 224,000,000 pounds, the largest ever produced, and the association had on its hands the job of marketing three-fourths of it. There were bumper crops of other fruits, too, including peaches and raisins. On top of this, the export market, which for years had taken half of the prune crop and three-quarters of the dried apricot crop, was practically closed by the World War I embargoes of the belligerents.

The association immediately began the development of quality standards, long needed in the industry. It selected Sunsweet as its trademark. In August, it announced the employment of the



The new Association chose this trademark featuring its brand name Sunsweet. The sunburst was in gold and the prunes and apricots were in colors.

Honig-Cooper Advertising Company to prepare a national advertising campaign to advertise Sunsweet products. It wanted to lose no time in undertaking to build its domestic consumer market for dried fruits on a sound basis. At the same time, the independent packers carried on a continuing campaign in the newspapers attacking almost everything the association undertook to do. Dried fruit industry activities, as a result, were widely publicized.

In spite of the great difficulties it faced in its first year of operation, the association disposed of its prune and dried apricot packs at higher average prices than had ever been obtained before, doing a 15-million-dollar business. At the first annual meeting, it was reported that the association had handled 105,000,000 pounds of prunes and 13,000,000 pounds of dried apricots. These figures are most revealing, because the association presumably had signed up 75 percent of the State's prune acreage, yet it actually handled only 47 percent of the crop. It is fair to surmise that many growers who originally signed membership agreements did not later pay their subscriptions and thus failed to qualify as members. Others simply sold a part of their crops clandestinely to independent packers when they wanted ready cash, a dishonest practice they were loath to give up.

Problems of a different nature also cropped up during the packing season. It was discovered that the packing costs of the 39 affiliated packers varied greatly. Directors concluded that contract

packing was much too costly. Association-affiliated packer relationships were not all that had been hoped for, either. The George N. Herbert Packing Company refused to turn over to the association \$100,000 it had collected for the association's account. The association promptly attached 22 carloads of packed fruit, 200 tons of prunes in the firm's warehouse, and a large orchard owned by Herbert. By its prompt and energetic action, the association got its money and avoided further trouble of this kind.

On December 12, 1917, the bylaws of the association were amended to limit dividends to 8 percent and requiring that profits over the 8 percent be used to acquire or construct packing-houses or canneries. Or these funds could be prorated back to growers on the basis of their fruit deliveries. Some of the stockholders were not growers and the growers were determined that they alone should receive the rewards, if any, of cooperation. After polling the membership in January, 1918, the directors decided to sell \$375,000 in preferred stock and use the proceeds to buy packinghouses. They then formed the Growers' Packing and Warehouse Company, a wholly owned subsidiary of the association having the same officers and directors as the parent organization. Capital stock was set at \$1 million. This step was taken because, under California law at that time, a firm such as the association could not use its warehouse stocks as collateral for loans from banks. The Growers' Packing and Warehouse Company was simply a second-party public warehousing firm that could issue warehouse receipts that the association could then use legally as collateral. It was decided that title to all plants and equipment should be held by the Company, which shortly was renamed the Growers' Packing and Warehousing Association. The subsidiary had three sources of finances with which to buy packinghouses: (1) Funds subscribed by the parent association to buy common stock, of which it was the sole buyer. (2) Receipts from the sale of the 7-percent cumulative preferred stock to association members as an investment. (3) Proceeds from mortgages on the properties bought. It exploited these as best it could and immediately began negotiations to buy packing plants, acquiring 16 before the start of the 1918 crop season. The first one bought was the George N. Herbert Company plant.

On May 9, 1918, the directors declared a 6-percent dividend on the common stock of the association, the result of 1917 season operations.

That the association's first year of operation turned out as well as it did unquestionably was due largely to the effective efforts of H. G. Coy-



A case of love at first sight

Bashful boy and girl so coy? Hardly—when SUNSWEET Prune Pie is the center of attraction. For this substantial delicacy wins instant favor from youngsters and grown-ups alike.

Even so, it is but one of many toothsome and tempting desserts you can easily make from SUNSWEET Prunes—the finest prunes California can produce. Our Recipe Packet is helping thousands of housewives to make their menus more appealing, more healthful, more economical. Printed on gummied slips (5x3") so you can paste them in your cook book or on recipe filing cards. Send for this Recipe Packet today—it's free!

CALIFORNIA PRUNE AND APRICOT GROWERS INC.
172 Market Street, San Jose, California
A cooperative association of more than 8,000 growers

SUNSWEET

CALIFORNIA'S
NATURE-FLAVORED PRUNES

The flavor enhancement, healthfulness, and economy of Sunsweet prunes were emphasized in the early advertising of the Association. It offered packets of recipes.

kendall, the general manager, and the rapport that existed between him and the directors and trustees. Coykendall was an experienced dried fruit packer, an effective salesman, and a businessman in whom the food trade had confidence. His important part in the new enterprise put at rest many doubts that otherwise would have handicapped it.

The consensus among the officials and most members was that prospects for 1918 crop operations were very bright. But in September, disaster struck prune growers. With prices strong and all signs pointing toward the easy sale of all available fruit because of war demands, two-thirds of the prune crop was destroyed by heavy rains that drenched the State at the peak of the drying season. Many growers lost every pound of prunes they had. Others saved part of their

crops. Millions of pounds of soggy fruit was stacked on trays in the hope some of it could be salvaged. Thousands of tons of this redried fruit was bought up and put on the market, which was clamoring for prunes and ready to pay high prices for the now shortened crop. Desperate association members appealed to the association to take their partly spoiled fruit salvaged from rain-soaked orchards and flooded dryyards.

In the Santa Clara Valley, hardest hit, the storm began on September 12 and rain fell almost daily for two weeks, winding up with a downpour in which 7 inches fell in 48 hours. The storm occurred during an influenza epidemic and at a time when a great many able-bodied young men were serving in the armed forces. The labor shortage was acute. Growers who might have salvaged more of their crops had manpower been available were so shorthanded that most of their salvaging efforts were futile.

In the face of this unprecedented grower hardship and market demand, the management and directors acted in a manner that was without precedent in an industry accustomed to exploiting its present opportunities and giving little thought to the consequences. They refused to market a pound of fruit of questionable quality. They took the stand that if any of the off-quality fruit reached consumers it would help destroy the market for prunes rather than help expand it.

The decision was one of high courage and exceptional business judgment under extremely difficult circumstances. The effect on the trade, when once the full import of the decision was understood, was immeasurable and long-lasting. The new association passed its first crucial test with everything in its favor.

Membership discontent caused two incidents early in 1919 that called for direct action. A member refused to deliver his crops to the association as required by the membership contract. In the legal action that followed, the association won its first legal test of the validity of the non-delivery penalty provisions of the contract. The second incident concerned charges circulated among Santa Clara County growers that the management was inefficient and neglectful of members' interests. A committee was appointed, with J. J. McDonald of Milpitas as chairman, to investigate the charges. It commended the officers and management for their faithful and efficient conduct of the association's business.

Nineteen-nineteen was a year of bumper crop and bumper prices, a season in which grower prosperity soared to new peaks. The 1918 crop was quickly consumed and demand for the 1919

crop was unprecedented. Independent packers went into the field at blossomtime and offered 8 cents basis, then 8½, 9, 9½, 10, 11, and finally in some cases 12 cents, prices theretofore unheard of. These prices quickly stimulated a tremendous boom in orchard values and sales. Orchards that were worth \$500 an acre in 1917 were now worth at least four times that amount. Over 30,000 acres changed hands in the Santa Clara Valley alone, and over 15,000 acres at prices of from \$2,000 to \$3,000 an acre. A great many growers thought the industry had turned a corner and was firmly on a new course of prosperity. Many of the new owners of orchards were not growers, but speculators and investors. They had little interest in the association and sold their crops readily at packer offers of 10 and 11 cents cash. The association lost a lot of acreage as a result of these property sales. In April it undertook a new membership sign-up campaign to build up its membership again.

On July 16, when the size of the prune crop— it was 290,000,000 pounds—could be fairly estimated, the association put out its opening prices to the trade. They reflected a bulk-basis return to growers of about 13.65 cents a pound, with a premium of 1 cent being paid for delivery to the packinghouse before September 20. The association returns averaged 4 to 5 cents a pound higher than packers-paid outside growers, 75 percent of whom sold their prunes for less than 9 cents. Association sales reached about \$24 million in the 1919-1920 season.

Again Coykendall and the directors faced the challenge of this record crop with initiative and wisdom. They carried on their first national advertising campaign for dried fruits, but mainly prunes, deciding to invest a part of the large profits of 1919 in market development. They placed advertisements in leading women's magazines and magazines of general circulation and made extensive use of space in newspapers in large Eastern cities.

This was the association's first full marketing season under conditions of peace. The country's unprecedented prosperity, the revival of export trade, and the association's advertising campaign enabled it to dispose of its large volume at record prices. But Coykendall and the directors were not happy about one aspect of the situation. It disturbed them that, although they had amply demonstrated the value of the association to the industry, the advertising benefited outsiders as much as the members who paid for it and the association did not have the 75 percent of the crop it was supposed to have. Therefore they decided upon a drastic course of action.

The association's first membership contract, it will be recalled, covered the three years 1917, 1918, and 1919 and it gave the association an option to extend the contract for two additional years 1920 and 1921. The board of directors on December 10, 1919, adopted a resolution declaring it would not exercise the option unless contracts covering an additional 20,000 acres of prunes and 6,000 acres of apricots were signed before January 20, 1920. If such a signup failed, the directors were to dissolve the association.

An aggressive signup campaign began the next day with businessmen again participating as they had in 1916-1917. Growers appeared even more apathetic than when the first signup was held. As a result of the exceptional returns of 1919 and the high orchard values, many of them had money in the bank and seemed not to care about what might happen to the association or the industry without the association. Nonetheless, when the January 20 deadline arrived, the association jubilantly announced it had signed an additional 29,661 acres of prunes and 11,113 acres of apricots, considerably more than the minimum required. The association thus was assured of two more years of life, far more eventful and difficult years than anyone then imagined.

The 1920-crop season opened with exceptionally bright prospects, but they were shortlived. The industry experienced near disaster, the association had to begin work on reorganizing its basic structure, and there were sown the first seeds of what later luxuriated into the greatly disruptive Welch-Coykendall controversy. After 1920-21, neither the association nor the industry was ever quite the same again.

The near disaster that threatened both the association and the dried fruit industry resulted from the collapse of the U.S. food commodity market. Preparations were begun on reorganizing the association because of the termination of all membership contracts at the end of the 1921-crop season and because it was thought wise to develop a form or organization that would come technically under the Clayton Act rather than Sherman Antitrust laws and that would overcome some of the shortcomings found in the first three years of operation of the association. The Coykendall controversy had such an impact upon the longtime operation of the association that it is dealt with separately hereafter.

In view of the bright prospects, the association issued opening prices on 1920-crop prunes in August at about an average of 12.56 cents, bulk basis, and quickly sold 97,000,000 pounds at firm-at-opening prices. The market was strong and there was no resistance to the opening prices.

In late September and through October, however, the U.S. market for sugar, flour, and coffee collapsed, adversely affecting all other foods. The wholesale price of sugar dropped from 25 cents to 6 cents a pound. Many wholesalers of foodstuffs became bankrupt and they and others canceled their outstanding purchase contracts. Drafts amounting to \$1,580,000 issued by buyers of goods shipped by the association were repudiated and the banks demanded their repayment by the association. Packers had sold prune futures heavily in the spring and had secured many firm contracts at firm-at-opening prices. These also were canceled. The situation was crucial.

To repay the banks for the repudiated drafts, the association borrowed from commercial banks, giving 90-day notes secured by warehouse receipts, the loans being based on one-third of the then current value of the prunes. It also had to borrow money to make first payments to growers who had not received them when the market collapsed and to obtain operating funds. Association borrowings reached \$4,500,000.

After the collapse of the foodstuffs market, the association and the packers were obliged to sell dried fruits in small lots and at prices currently quoted. This practice continued into the 1921-crop marketing season because wholesalers were apprehensive there might be a reoccurrence of the unhappy experiences of the 1920 season. Packers then began selling also on consignment. These new selling practices, but principally the sale of smaller quantities of goods at intervals throughout the season, displaced the old ones and shortly sales of futures to the trade were discontinued altogether. These changes meant that the food trade shifted back to the packers and the growers a large part of the financial burden it previously had borne of carrying supplies throughout the season. The changes had a far-reaching effect upon packer operations. Packers were no longer able to sell most of their anticipated supplies before the packing season had begun and neither were they able to pack up the crop and ship it in several months of intense activity and then close down for the remainder of the season, as they had always done. Now they had to pack and ship as orders came in, usually smaller orders at that, making it necessary for them to operate packinghouses throughout most of the year.

This change in marketing practices also had an immediate and direct effect upon the association's practice of paying growers. No longer was it able to give growers most of the expected seasonal returns at the time of delivery, because payments from buyers were spread throughout

the year and prices tended to vary throughout the marketing season. As seasonal returns were harder to estimate in a longer marketing season, the association was forced to reduce the amount of the so-called advance payment or first payment on delivery. It was forced also to make several additional progress payments during the course of the marketing season as buyers' payments were received. Growers did not like the new payment procedure.

Since the association had made advance payments on an 8 cents basis to about one-half its growers, based on the early season outlook, before the market collapse, it later developed that these payments were greatly larger than seasonal returns warranted. Total payment was on a 4-cents basis, which meant that about one-half of the members were in debt to the association for about one-half the returns they had received. Although many growers refunded the overpayment to the association without much objection, others protested loudly. They complained that non-association growers who completed firm sales to packers before the market broke were not obligated to make refunds. The idea that the association was just another packer was hard to change.

The association refused to accept the cancellation of firm sales by wholesalers and other buyers and brought suit against many of them to collect damages. Packers did likewise. The first such trial was completed on March 19, 1921 and Rosenberg Bros. & Company was awarded \$19,287

in damages from a defaulting buyer. On July 9, the association won the first two of its many successful suits, settling some other claims by negotiation. This experience also changed buying practices and it led to the practice of using memorandum orders or bookings in place of firm contracts. The buyer simply notifies the supplier of his expected needs, but there is nothing binding in this notice.

Once again the management and directors of the new association acted with promptness and determination to make the best of a bad situation. They decided that consumer demand for prunes had to be stimulated before the trade would buy, so they launched an advertising campaign in the major eastern markets. The results surprised everyone. Demand picked up remarkably, but the packers slashed prices to sell their holdings and got all the early business. In a short time, packers ran out of cut-price prunes and left the association the only important shipper. It put on a second advertising campaign much like the first and the market began to strengthen, so that the association sold on a rising market. On July 15, it still held supplies totaling about 40,000,000 pounds. Up to then the export market had been inactive, but at about this time German buyers became extremely active and by the end of August the association had completely sold out its supplies.

The association was widely praised at the time for preventing a complete collapse of the prune market and for having enabled the industry to



There was a great deal of back-bending exercise in operating a dryyard, both in spreading trays and the

stacking that followed, even though stacked trays moved by rail cars as in the Hyde Co. dryyard in Campbell.

recover quickly—before the 1921 crop became available—and go into the 1921-22 marketing season under favorable conditions. Independent growers and packers were happy that the expense of the association's advertising campaign, which benefited them so greatly, was shouldered by association members.

The first of the association's several reorganizations was minor in nature and was proposed mainly because a new membership signup had to be completed if the association was to operate after 1921. The directors were much aware of the difficulties experienced by the California Associated Raisin Company (CARC), which officially became Sun-Maid Raisin Growers of California in 1922. CARC, which had preponderant control of the State's raisin supply, had a special contract to supply raisins to the California Packing Corporation and at the same time refused to supply certain other packers. Five independent packers filed a complaint with the Federal Trade Commission and called on the U.S. Department of Justice to prosecute CARC for violating antitrust laws. The independents objected to CARC's membership signup methods, they wanted the same access to its raisin supplies accorded California Packing Corporation, they objected to its "firm-at-opening price" and "guarantee against decline" sales terms, and they charged that it engaged in marketing practices that restricted competition in the marketing of raisins. A consent decree was obtained by the Department of Justice in February, 1922 under whose terms the CARC agreed not to engage in these and other practices. The fact was that most of them had been abandoned by the time the complaint was filed. The independents hoped for

something better, being encouraged by the knowledge that the Department (before the Capper-Volstead Act was enacted) held that any cooperative that controlled a preponderance of a crop (such as 85 or 90 percent) was operating in restraint of trade. It held that the right of a proprietary firm to access to raw products was paramount to the right of growers voluntarily to join a cooperative and thereby decline to sell to former outlets. The Federal Trade Commission cleared up the status of the association at that time by advising that it could not be considered a monopoly because of the increasing prune production in Oregon. Nonetheless, some of the association's customers in November, 1920 sought to break their purchase contracts and some of these pooled their cases and hired attorneys to sue the association in their behalf, contending unsuccessfully that the association's practice of selling "firm-at-opening price" was not legal.

In January, 1921, the membership signup campaign was launched with businessmen again assisting and newspapers urging growers to sign the new 7-year contracts. Grower apathy made the signup difficult and it appeared likely to fail, but a last minute high pressure effort was made and on May 1 the association announced it had membership contracts covering 78 percent of the prune acreage and 75 percent of the apricot acreage. Presumably canvassers had signed up 9,682 acres of prunes and 7,598 acres of apricots on the last day of the drive. As a result of the reorganization, the association's name was changed to California Prune and Apricot Growers Association.

The general expectation was that thereafter the industry would have seven years of peace and prosperity.

14. The Welch-Coykendall Fight

What has come to be called the Welch-Coykendall affair became a most crucial episode in the life of the Association. It threatened the existence of the Association at the time and for several years thereafter, it forced the Association's general manager out of office and ended his career as an industry leader, it endangered the career of a superior court judge, and it set the Association on a course of turmoil that did not fully end for many years. Only the unwavering support of a core of members who were completely committed to the cooperative idea enabled the Association to surmount its difficulties.

The disruptive Welch-Coykendall affair began quietly and innocently enough in 1921. Proposals for the reorganization of the Association were under discussion by growers as well as trustees, directors, and the management. One who was particularly active in the grower discussions was Superior Judge James R. Welch of Saratoga. He was a grower-jurist who earlier had served as city attorney of San Jose and had a long time connection with the dried fruit industry. He first became known for his recovery of the deposits of depositors in the bankrupt Union Savings Bank in 1900. It collapsed following the failure of a dried fruit packing firm, E. B. Howard and Company, which owed the bank \$300,000. He became attorney for the California Cured Fruit Association at about the time of its failure.

In June, 1921, Judge Welch offered at a grower meeting "propositions and principles as guides in reorganizing the Association." His proposals mainly dealt with: an accounting of all old Association activities; a guarantee that members could more easily express their views on matters of policy; repudiation of "monopolistic" tendencies, with positive steps to be taken to cooperate more with the independent packers; limitation of the amount of money the Association could borrow; organization of the new Association by the growers themselves rather than through the old Association; and the election of voting board members to 2-year terms instead of 7-year terms.

On their face, these seemed to be constructive proposals worthy of consideration. What was not evident at the beginning was that Judge Welch and Manager H. G. Coykendall was each the possessor of a strong personality that increasingly antagonized the other.

Coykendall responded to Welch's proposals with a public statement that seemed moderate. He said that Association books were open to all members at all times, that growers should famil-



JUDGE JAMES R. WELCH was a principal in the 1922 controversy that nearly wrecked the new Association. He was a native of Illinois, lived as a youth in Missouri and Idaho, and came to San Jose in 1882 to enter the University of the Pacific. After graduation, he studied law and was admitted to the bar in 1888. He was elected superior court judge in 1904. He was active in civic and dried fruit industry affairs and a leader in the effort to oust H. G. Coykendall as general manager. After Coykendall left, Welch was less active in the Association.

iarize themselves with the Association's operation as Welch suggested, and that the management and officials had not and would not attempt to influence growers in their selection of voting board members. He quickly forgot this latter promise.

Welch then offered a slate of candidates for the upcoming election of the voting board, men pledged to support his policy proposals. These opposed regular pro-management candidates.

Welch began addressing grower gatherings in support of his ideas and his candidates and Coykendall and Harry C. Dunlap, secretary-treasurer and head of field operations, promptly responded and spoke publicly in support of pro-management candidates and against the Welch ticket. As the intensity of the campaigning increased, more and more bitterness crept into what was said. In May, 1922, Coykendall pub-



WARREN E. HYDE was chairman of the Association's voting board at the time the Welch-Coykendall controversy erupted. He chose the Efficiency Committee that directed an investigation of the Association's affairs. It was the report of the investigation that Welch fought vigorously to have made public. Hyde was a native Californian, the son of a Gold Rush pioneer, an orchardist in the Cupertino district for 68 years. He died July 15, 1957 at age 90.

licly charged that Welch actually was engaged in a pressure play to force the Association to employ him. This Welch vehemently denied and his criticisms became more pointed and severe. A news item about a grower gathering in San Martin in May stated that in a bitter public argument Welch lost his temper and struck the chairman on the nose.

As a result of the heated public debate, the charges and countercharges, and the considerable public criticism of the Association then being made, the voting board authorized Chairman Warren E. Hyde to appoint a committee—soon popularly called the Efficiency Committee—to undertake an investigation of all Association activities. It was authorized to select a firm of efficiency experts to make the investigation and it promptly did so, choosing Leffingwell-Ream Company of New York and Chicago, a nationally known and highly respected firm. Leffingwell-Ream was directed to investigate all phases of

Association operations as well as the honesty and competence of the management. It was asked to recommend ways of reducing operating costs. Working closely with the firm was Hyde's committee, which included F. L. Barnhisel of Hollister, chairman, Henry Holden of Napa, and I. O. Rhoades of Morgan Hill. The committee appealed to growers to submit criticisms and recommendations for its consideration.

After several months, the consultants presented a confidential report of their findings and recommendations to the voting board. The Efficiency Committee also submitted a report. The voting board and board of directors did not intend to make the findings public, but intended to use the recommendations in improving the association's operations. This course of action greatly displeased the more vocal critics of the management and they redoubled their efforts. Early in 1923, a small group that wholeheartedly supported Welch, who was a member of the voting board and, hence, privy to the findings of the consultants, issued a 90-page pamphlet containing parts of the confidential report and also the personal comments of the group disparaging of management. Welch was the author.

It had become increasingly evident that the deepening schism in the Association was due as much to complete divergence of views on the course of action to be taken as to the intensifying Welch-Coykendall personality conflict. The direct actionists among the growers vigorously opposed those who wanted to deal with the Association's problems more deliberately, one by one. The direct actionists wanted all of their criticisms and suspicions aired publicly and drastic corrective action taken immediately. They minimized the effect this might have on the Association staff, on its business connections, and upon its badly needed grower support. The advocates of more deliberate action feared that drastic action might damage or destroy the Association. They hoped that if its problems could be dealt with one by one the wrongs could be corrected without unnecessarily weakening the Association.

The voting board acted swiftly after the issuance of the Welch pamphlet, entitled "The Efficiency Report of the California Prune and Apricot Growers Association." It voted on March 28 to expel from membership Welch and his associates. These included Giles Bradley of Morgan Hill, W. T. Hobson of Los Gatos, A. G. Ramstad of San Jose, O. B. Couk of Mountain View, Luther Cunningham of Saratoga, and James Turner of Campbell. Welch headed off his expulsion by securing a temporary restraining order barring that action. Petitions asking expulsion

of Welch and his associates were handed the voting board containing the signatures of almost 1,200 members.

The increasing bitterness engendered by the dispute is illustrated by remarks made by Dunlap at a grower meeting in San Jose, as reported by the *San Jose Mercury-Herald* of March 20. He described Welch as attempting to rule or ruin the Association, Hobson as being animated by personal ambition, Ramstad as being a malicious meddler, H. N. Schroeder (a Welch supporter) and Turner as a couple of disgruntled defeated candidates for the voting board, Bradley as another of the same kind, and Cunningham as a discharged former employee.

Little mentioned publicly but still aggravating the Association's difficulties was another active conflict that had been going on for several years, the battle between the Southern Pacific and the Western Pacific railroads. It so happened that President Montgomery was a director of the Western Pacific and he had been instrumental in that railroad's secret acquisition of a right-of-way into San Jose in 1917. After completion of its facilities in 1920, the Western Pacific, not unexpectedly, got a substantial volume of dried fruit shipments that otherwise would have gone to the Southern Pacific. The Southern Pacific fought back furiously. Its local legal representative was Louis Oneal, a former State Senator and a reputed political boss. There was evidence that a lot of support for Welch's cause originated in the politicking in which the Southern Pacific engaged to put pressure on Montgomery.

Montgomery also was a leading San Jose banker and there was similar evidence that his

banking competitors actively supported Welch's cause to embarrass Montgomery.

As a result of the widespread distribution of the Welch pamphlet, the Association held 21 grower meetings throughout the State in every one of which Coykendall, Dunlap, and Mrs. Ruth G. Wallace, the sales manager, participated.

Meanwhile, the board of directors instructed Coykendall to put many of the recommendations of the consultants into effect. As changes in the staff and operations become known, including a number of dismissals, they were widely reported in the newspapers. Some of the newspaper reports were incomplete and others were inaccurate and these added fuel to the growing fire of discontent. Each additional report and public charge alarmed growers further, and Coykendall came in for increasing criticism.

When the voting board and board of directors met for the annual meeting in May, 1923, Welch formally charged Coykendall and Mrs. Wallace with graft and bribery. In anticipation of some kind of sensational charge by Welch, the trustees and directors had decided to hold the meeting in private and for several days it was an all-day, all-night session. Though the press and public were excluded, word of what was going on leaked out. Welch charged that Mrs. Wallace had received \$5,000 from A. H. and G. O. Sainsbury for Association brokerage rights at Toronto, Canada, and that Coykendall knew about the deal. Mrs. Wallace admitted receiving the money, but claimed she earlier had advanced it to the Sainsburys. G. A. Sainsbury and his wife made an affidavit, which they gave to Welch and he presented to the trustees and directors, asserting

The new Association building, at the right, at the intersection of Market and San Antonio Streets, San Jose, in 1918. This view easterly toward the old Normal School shows several horse-drawn vehicles among the automobiles rapidly replacing them. The Garden City Implement and Vehicle Co. had its large showroom and store on the opposite corner.





WOODFORD A. YERXA was first vice president of the Association when H. G. Coykendall resigned and he was drafted to serve as interim general manager until the new manager could be chosen. Yerxa, after a successful mercantile career in the Midwest, went to Colusa County in 1905 and bought the 511-acre showplace, St. John's Park. He expanded his prune plantings to 300 acres in 1918, was active in organizing the Association, and was active in its affairs until 1928, when he was 78 years old. He died February 10, 1935, at the age of 84.

the payment was for the brokerage rights.

Mrs. Wallace promptly resigned and her resignation was accepted. But by a vote of 44 to 1, the voting board and board of directors passed a resolution that exonerated Coykendall of the charges made against him. Mrs. Wallace, who had been thrust into prominence by the controversy and who momentarily seemed the worst hurt by it, had been brought into the Association by Coykendall. She earlier had worked as a clerk for O. A. Harlan and her husband was a plant superintendent for Harlan.

On May 12, the voting board met to elect directors, re-electing all incumbents except Dunlap, J. O. Hayes, W. G. Alexander, and Alexander Kammerer. In their places, the voting board elected Edward Dalton of Sacramento, Waldo Rohnert of Hollister, I. O. Rhoades of Morgan Hill, and Frank Swett of Martinez. Coykendall was re-elected. When the directors met on May 14, they re-elected both Montgomery

president and Coykendall general manager, and elected W. A. Yerxa of Princeton vice president, Joseph T. Brooks secretary-treasurer, and T. J. Miller assistant secretary.

On May 17, the *San Jose Mercury-Herald*, of which J. O. Hayes was publisher, editorially called for the resignation of Coykendall and a complete housecleaning of the Association. Many found Hayes' action at the time difficult to understand, for as a director he should have had some knowledge of the conditions his newspaper's editorial criticized so strongly. Coykendall said it was hopeless for him to try to serve under such circumstances and he, too, resigned. His resignation was accepted. The directors then terminated the employment of Dunlap. Evidently they hoped that, by eliminating the two persons against whom Welch and his supporters mainly directed their fight, peace could be re-established in the Association. The voting board and directors took further action to mollify them. On May 27, the voting board and directors formally reinstated the seven growers they had expelled earlier, asking only that the seven sign anew their membership contracts.

Coykendall's departure ended his career as a prune industry leader. He later established a dried fruit packing business in Berkeley with which Mrs. Wallace was associated. It operated for a few years. In the meantime, the Association sued Coykendall for nondelivery of his crop under his membership contract, a reflection of the bitterness of those who blamed him for what Mrs. Wallace was accused of doing.

Santa Clara Valley growers were loath to let the disagreement die under existing conditions and their voting board representatives thought that the growers should be given an opportunity to choose different representation if they desired it. On June 6, 13 members of the voting board representing Santa Clara, Alameda, and Contra Costa Counties resigned. Among these were Welch, voting board Chairman Hyde, and the former voting board chairman Irwin E. Pomeroy. At the special election that followed, six of those who resigned were re-elected, including Welch, Hyde, George Glendenning, C. C. Spalding, R. P. Van Orden, and J. A. Chargin.

The pace of change then quickened even more. On June 13, T. S. Montgomery, strong supporter and president of the Association for six years, resigned. His resignation and the earlier resignation of Coykendall created two vacancies on the board of directors. These were filled by J. O. Hayes and Hugh Hersman of Gilroy. On July 11, the directors elected Rhoades president and on July 23 they elected Andrew M. Mortensen gen-

eral manager. He had been vice president and manager of California Pine Box Distributors.

After the departure of Coykendall, Dunlap, and Mrs. Wallace from the Association, Welch became less and less active in Association affairs. It was as though he had achieved a major purpose and was willing to pass on to others such new tasks as might arise. An odd aspect of the controversy was that at one time it seemed possible that his activities might endanger his career as a judge. At grower meetings, his opponents frequently told Welch publicly that if he persisted in his attacks they would battle him at the polls when he next sought re-election as judge. After the resignations of Mrs. Wallace and Coykendall, however, and the departure of Dunlap, even the growers who disliked Welch the most felt they could hardly dare make the Association's internal squabble a public political issue. Welch was still serving on the bench when he died March 25, 1931, at the age of 71.

As so often happens when an organization is torn by internal strife, the leaders of the Association experienced significant changes in their thinking and many of their ideas about the Association. The election of Mortensen as general manager had a significance that escaped most Association members at the time, but it reflected the changes in thinking that were taking place and were to affect the Association for years to come.

Although for decades the accepted rule was that men in responsible positions in the industry had to be thoroughly knowledgeable about dried fruits, this view was discarded when Coykendall departed as general manager. Perhaps the directors wanted the new general manager to be wholly free of any connection with or leaning toward any of the factions in the bitter fight that had nearly wrecked the Association. They seemed to have convinced themselves temporarily that any experienced businessman would be able to manage the Association and that necessary knowledge about dried fruits would come in time.

So in line with the new thinking, they successively hired Mortensen and Joseph M. Parker, a flour milling firm executive, as general manager. Then not being satisfied with the conditions that occurred thereafter—for which Mortensen or Parker really had little responsibility—the directors determined not to make that mistake again, but to get the most experienced dried fruit man they could find. For the next general manager, they looked over only prominent men in the industry, including E. N. Richmond, George W. Herbert, and others, finally settling on Orren A. Harlan. It is interesting to

recall that someone on the board at the time seriously proposed that the position be offered to Herbert C. Hoover, then Secretary of Commerce in President Coolidge's cabinet and soon thereafter President of the United States. In his case, his lack of industry experience, they thought, would be more than offset by his great prestige in the business world.

Thus for a time, change was the principal characteristic of the management of the Association. After Coykendall resigned May 17, 1923, Vice President W. A. Yerxa served as general manager until A. M. Mortensen took over on July 23, 1923. He resigned December 18, 1924 and President I. O. Rhoades filled the vacancy until July, 1925. Joseph M. Parker then occupied the front office, serving until May 22, 1928. C. D. Cavallaro filled in briefly until O. A. Harlan became general manager July 25, 1928. He served until his death on February 26, 1932 and he was succeeded by C. D. Cavallaro.

Hence in nine years, the Association had seven different persons serving as general manager.

One principal condition that made it difficult for the Association, and most other farmer cooperatives as well, to secure competent management was the reluctance of growers to pay salaries sufficient to attract top-notch men. After the difficulties that led to and followed Coykendall's departure, the Association directors finally overcame their own and their growers' parsimoniousness and agreed to a deal with Harlan that was so generous to him that after the first year both he and the Association agreed to a less generous arrangement.

To look back upon this bitter controversy: What about Coykendall's services to the Association during his 6-year term as manager? *California Fruit News*, the industry trade publication, commented after his departure: "Despite the things that have been done, which some may have objected to, and despite the opportunities for differences of opinion or judgment, when all is said and done the Prune Association has been more practically and effectively managed than some of the other similar organizations, in that Manager Coykendall has always sold his prunes. He got the Association out of several pretty tight holes in the general slump of merchandising after the war, getting rid of his prunes without carryovers. . . ."

It was to the Association's great loss then and later that these two strong-willed men, ready fighters both, were not able to subdue their animosities and passions, adjust their differences and combine their efforts for the good of the organization that each hoped to strengthen.

15. *The Association's Time of Trial*

While the Association was indulging itself in the luxury of the prolonged, bitter, internal controversy, it still had to do its major job of receiving, packing, and marketing the dried fruits produced by its members. This it did in a manner that was surprising in view of the way in which everyone seemed to be involved in or preoccupied mainly with the controversy.

In early 1922, the Association opened branch sales offices in San Francisco and Los Angeles and also established a warehouse in Los Angeles. It introduced a 2-pound consumer carton pack of prunes as a convenience item suited to the needs of the time. It used for the first time on consumer packs the prune size designations of Large, Medium, and Small instead of the customary size counts of 20/30, 30/40 and so forth. It heavily advertised Prune Week, observed February 27 through March 4. It began crushing apricot kernels to make a salad and cooking oil called Sunsweet nut oil. This was in an effort to increase income from apricot pits. It secured brokerage representation for the first time in Great Britain. It undertook the refinancing of the Growers' Packing and Warehousing Association, increasing the capital stock to \$3,500,000. At the time, this subsidiary owned 25 packing plants, several receiving stations, stock rooms, a shop, and a box shook factory. On March 19, 1923, the opening night of that year's Prune Week, it tried out a completely new selling device for the industry. It broadcast a talk on the nutritive value of prunes over a major New York radio station. The talk attracted wide attention and comment and the Association received more than 400 letters from radio listeners from all over the country requesting additional information about prunes.

In the spring of 1921, Coykendall had offered a promising proposal—that the Association establish a prune packing plant near New York so that freshly packed fruit could be marketed there, but mainly in Europe. Many shipments through the Panama Canal to European markets were damaged by heat and moisture and provoked buyer complaints. Coykendall had secured reductions in freight rates on natural condition prunes and box shook to make the proposal appear even more feasible. Packers loudly protested the idea, fearing that processing might gradually shift to the East Coast and that California would lose control of its packs. The directors liked the idea, however, and established a plant and warehouse—Plant 43—at Bush Ter-



ANDREW M. MORTENSEN succeeded H. G. Coykendall as general manager of the Association in July 1923. Earlier he worked for Armour Car Lines, Pacific Fruit Express, Southern Pacific railroad, and the California Fruit Growers Exchange, then becoming manager of California Pine Box Distributors. Subsequently he went into business in San Jose and was active in civic affairs. He died in 1951 at age 76.

minal, Brooklyn. In a year or so it was discovered that packing costs there ran to \$44.50 a ton compared with an average of \$12.88 in California. Railroad rate changes meanwhile ended the rate advantage Coykendall had secured. One of the first major changes after Coykendall's departure was the closing down of the Brooklyn plant.

Although the Association disposed of its 1921 prune crop without difficulty, prospects did not appear good for marketing the 1922 crop. Yugoslavia had a huge crop that year—over 180,000,000 pounds—that seemed certain to keep California prunes out of the important German market. The steady decline in value of the German mark deterred sales, also. As the German situation worsened, German importers dumped Yugoslavian prunes in the United Kingdom market at low prices making it impossible for California to sell prunes in that market. As a result, in April 1923, at the start of the 1923-crop sea-



The new Association tried every means to get its products displayed prominently, one of them being a window display contest for retailers. This is the first prize window display in a contest conducted jointly with the Los Angeles Examiner in 1922. Note that the emphasis was on persuading consumers to serve prunes every day.

son, the Association still had unsold 40,000,000 pounds of the 1922 crop.

During these several years, the Association had gone to court to get back from members the overpayments made on the 1920 crop. The courts ruled in favor of the Association, concluding they could not hold it responsible for the crash of 1920.

Thus when Andrew M. Mortensen took charge as the new general manager on July 11, 1923, a difficult marketing situation confronted the Association; its membership was embittered and torn apart also by the Welch-Coykendall fight and the suits to recover the overpayments of 1920. Subsequent developments made it evident that only a miracle could have enabled Mortensen, or his successor Parker, to surmount the

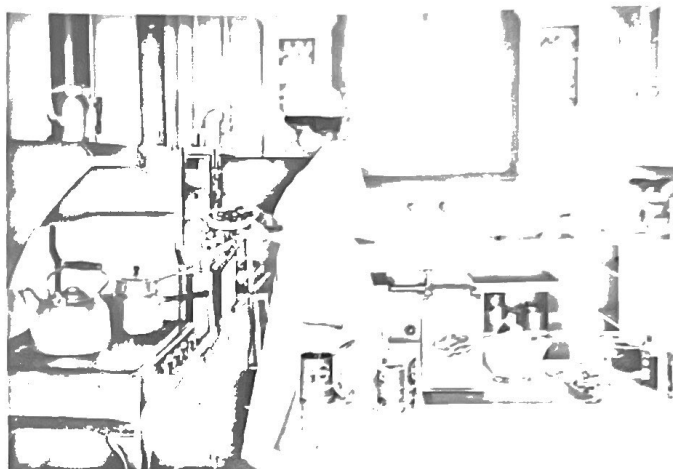
many existing difficulties, to restore grower goodwill and cooperation, and to gain grower acceptance of his leadership. This was far too much to hope for, especially since Mortensen first had to familiarize himself with the intricacies of the wholly unfamiliar dried fruit business. The Association members simply were not going to be satisfied then with anything less than the impossible. Nevertheless Mortensen began his new duties with energy, determination, and what seemed to be sound business planning.

Rhoades, the new president who had served as the interim manager, assisted wholeheartedly in Mortensen's efforts to get Association affairs in good order again and to regain grower support. For Mortensen, the task was made extremely difficult by the need to rebuild completely the upper echelon of his management staff as a result of the changes made in line with the recommendations of the consultants. In doing so, he brought in George Haig as advertising manager and editor of *Sunsweet Standard*, the membership publication; Alfred Gabrielsen as export manager; E. L. Bronson as sales manager; W. T. Webber as director of sales, on loan for six months from the California Walnut Growers Association, of which he was sales manager; Earle L. Shaw as director of the Growers Information Bureau; H. C. Sebastian as comptroller; R. W. Pearce as cashier; and R. C. Trask as manager of plant operations.

Mortensen also attempted to change basic grower and packer thinking about how much dried fruit information should be given the trade. He believed the industry should attempt to make as accurate an estimate as possible of the crop and of industry supplies and this information should be given the industry's customers. He considered this as essential to developing trade confidence in the packing industry. Mortensen frankly expressed his aims in public statements to the growers, the brokers, and the food trade. Meanwhile, he sought to increase the efficiency of the Association's operations and these efforts necessitated staff and other changes. Mortensen issued what he thought in September was an accurate estimate of supplies and production showing an estimated availability of 255,000,000 pounds of 1923 crop California and Oregon prunes. But later, when the crop was in, it was found that the marketable supply was 335,000,000 pounds, an error of 80,000,000 pounds. Oregon packers became frantic about the supply situation and priced prunes at 5 cents a pound while the Association was trying to sell at 10½ cents. By July 1924, the Association's unsold supplies still totaled 40,000,000 pounds.

Soon Mortensen became convinced the tide of affairs was running against him and on December 18, 1924, he resigned as general manager. The directors again prevailed upon Rhoades to serve as an interim manager and he undertook to do so. Although he was a successful and experienced businessman, he was nonetheless a grower and as such growers expected less of him and were less critical of him than they had been of Coykendall and Mortensen.

When the annual meeting was held in June 1925, the directors relieved Rhoades of his responsibilities as president and chose C. D. Cavallaro, a grower and attorney, to succeed him. In July, they elected Joseph M. Parker, a flour milling firm executive, general manager. Parker took over the management of the Association under more favorable conditions than had Mortensen, except that he, too, had no experience in the dried fruit industry. Mortensen had effected economies and had improved the financial situation. The advent of Parker also was two years removed from the Welch-Coykendall controversy, whose fires had cooled. Although he,



To gain new consumers for Sunsweet dried fruits, there had to be new and appealing recipes. So in 1918, the Association established its own home economics department and kitchen with a recognized home economist in charge. She was Mrs. Belle DeGraf, shown here at work.

The prune crops of 1925 and 1926, the first two with which Parker had to deal, reached 146,000 and 150,000 tons respectively, the latter a new record. Grower prices, which had gone as high as 12 cents basis in 1924, went to 7 cents basis in 1925 and to 6 cents basis in 1926. Then came a new record production of 225,000 tons in 1927 and prices paid growers fell to below 3 cents basis, one-fourth of what they had been just four years earlier. These low prices, like all low prices for commodities, were hard for growers to accept. Growers still held tenaciously to the belief that the management of their cooperative should be able to perform economic miracles and they began to clamor for new leadership when miracles were not forthcoming.

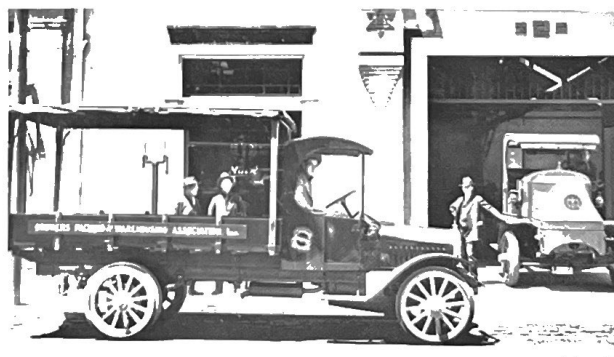
The 1925 crop did not move out as readily as Association members desired and in April 1926 estimates in the industry were that unsold Pacific



The Association undertook to develop new uses for its products, these being three canned convenience items.

too, worked to further strengthen the Association financially, he shortly got into two kinds of trouble, the first due to large crops and low prices, and the second due to his ardent advocacy of a new industry plan that called for closer teamwork with the growers' traditional enemies, the packers. Grower rejection of what came to be called the Parker Plan in 1928 was followed shortly by his resignation.

While Parker was immersed in the problems of marketing the small carryover of the 1924 crop and the 1925 crop—his first—the board of directors on March 10, 1926, exercised its option in the membership agreement to operate the Association for the crops of 1926, 1927, and 1928. This action seemed then to be taken for granted.



The new Association had to have modern transportation also. These Mack trucks were the first acquired in 1918.



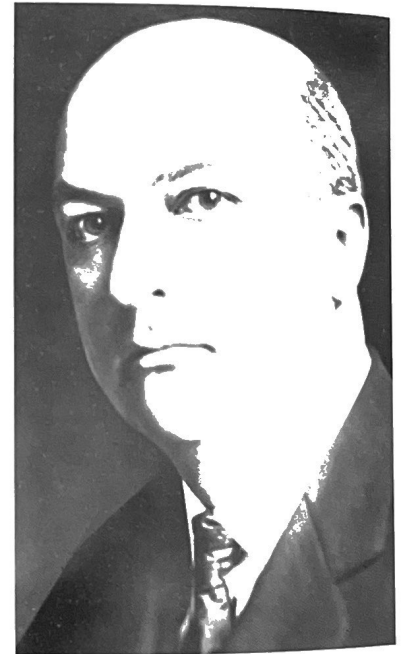
IRA O. RHOADES, a retired railroad purchasing agent turned grower, was elected president of the Association in July 1923 and was made acting manager after A. M. Mortensen resigned. He served until Joseph M. Parker became manager in July 1925. Rhoades was purchasing agent for the Southern Pacific railroad, earlier for the Union Pacific lines at Omaha, Neb.

Coast prune stocks, including those in Oregon, totaled 25,000 tons. In May, the Association disclosed that it had sold all of its unsold prune stocks to a pool made up of the four largest independent packers, California Packing Corporation, Guggenlime & Company, Richmond-Chase Company, and Rosenberg Bros. & Co. At the annual meeting shortly thereafter, Warren E. Hyde, chairman of the voting board, explained that the sale was made to expedite quick returns to growers.

When the 150,000-ton 1926 crop was all in, announcement was made of an industrywide plan to promote prune sales. An industry committee was organized to advertise prunes in the East and Middle West with funds contributed by growers. It consisted of Joseph M. Parker and C. D. Cavallaro of the Association; E. N. Richmond of Richmond-Chase Company, O. A. Harlan of O. A. Harlan & Company, J. O. Hayes, E. L. Fellows, and Steve Messina, all of San Jose; Bert Katz of Guggenlime & Company, Walter Rothchild of Rosenberg Bros. & Co., V. H. Owen of California Packing Corporation, and

D. K. Grady of the Dried Fruit Association of California, all of San Francisco; R. A. Freeman of Visalia; Hugh Hersman of Gilroy; Joseph T. Grace of Santa Rosa, and W. H. Williamson of Mills Station. The committee employed an advertising agency and conducted a contest-type

Parker became increasingly conscious of the depressing effect on price of the intense competition of all of the many industry agencies for both the growers' fruit and the trade's patronage. He discussed his views with packers in his frequent conferences with them on the industry advertising project and proposed that the industry should have a tightly controlled marketing agreement to eliminate the competition. Parker seemed to be getting on well with the packers and they encouraged him to pursue his thinking on the matter further. With the support of the directors, he undertook to develop a scheme to create a producer monopoly in the industry under the provisions of the Capper-Volstead Act. This, he contended, would end all speculation



JOSEPH M. PARKER became the Association's third manager in July 1925, serving almost three years. Earlier he spent 15 years with Sperry Flour Co., then managed the San Jose Chamber of Commerce from 1917 through 1920, returning to Sperry Flour. He became manager of the Oakland Chamber of Commerce after leaving Sunsweet. When he died in 1938 he was 59.

and enable growers to get more nearly what their prunes were worth. The main features of the plan were made public on December 11. It called for:

1. Formation of a new grower organization, California Prune Producers, to include growers owning not less than 90 percent of all prune acreage.

2. Organization of a marketing company that would include the Growers Packing and Warehousing Association and all packers and would pack and sell prunes under contract with California Prune Producers.

3. Formation of a central coordinating committee having equal representation from growers and packers, having also a joint executive committee equally representative of growers and packers plus an additional jointly chosen member, to coordinate activities, provide for prune advertising, and so forth.

At a meeting in San Francisco on December 21, it was further proposed that prune prices be set by a committee of growers and packers. The growers and packers present, numbering about 250, approved the overall plan in principle. There was no opposition to it.

Parker promptly buckled down to six months of intensive effort to draft the plan in detail. He conferred with growers, packers, and Federal officials in Washington. He determined to have the plan ready for submission to the industry by July 1, 1927.

In view of the grower and packer response at the December 21 meeting, Frank Abernathy, the chairman, a Saratoga grower-packer, appointed a committee of five to proceed with plans for a signup. The appointees were E. L. Fellows of Saratoga, Hugh S. Hersman of Gilroy, Arthur Swall of Tulare, Joseph T. Grace of Santa Rosa, and Parker. Shortly, 23 others were added to the committee, including Fred T. Robson of Vina, Leonard Walton of Yuba City, U. W. Brown of Colusa, C. M. Hartley of Vacaville, Peter Bussman of Santa Rosa, H. C. Frost of Healdsburg, W. R. Bailey of Visalia, Frank Abernathy, W. S. Clayton of San Jose, Joseph A. Chargin of San Jose, James W. Chilton of San Jose, Waldo Rohnert of Hollister, James Mills, Jr., of Hamilton City, Harry B. Reed of Chico, Harry Williams of Mills, H. C. Dunlap of Yountsville, E. M. Norton of Healdsburg, Ed Quinn of Healdsburg, Ed Hart of Visalia, Sidney D. Farrington of San Jose, Arthur McClay of San Jose, James Sheriffs of Hollister, and J. O. Hayes of San Jose. The packers also formed a working committee of E. N. Richmond of Richmond-Chase Company, Victor H. Owen of California Packing Cor-

poration, Bertz Katz of Guggenlime & Company, Arthur C. Oppenheimer of Rosenberg Bros. & Co., O. A. Harlan of O. A. Harlan & Company, Albert Asher of Garcia & Maggini Company, W. S. Breton of Libby, McNeil & Libby, and R. P. Baker of the J. D. Inderrieden Company.

The signup started July 8 and on the following day it was announced that 95 percent of California prune packers had signed agreements with California Prune Producers. A statewide grower campaign was started, a team of four leading advocates addressing grower meetings in all areas. The speakers were Joseph M. Parker, E. N. Richmond, Frank Abernathy, and Hugh S. Hersman. It was announced that incorporation papers for California Prune Producers had been filed and that to be operative the grower organization would have to include growers of 90 percent of the prune acreage under a 2-year contract. Officers and directors were elected and it was announced that the packers had agreed to pack prunes at not to exceed \$30 a ton.

The Association promptly warned that if the signup failed for lack of grower support it would no longer hold an umbrella over the rest of the industry. The respected Fresno *Republican*, however, opposed the Parker Plan, stating it could not be made to operate successfully. It further stated that the plan "is put out in tacit recognition of the failure of the (C.P. & A.G.) Association to function fully up to expectations under the present arrangements." It said that Parker, in effect, had admitted this to be true.

On August 13, it was announced that the signup of non-Association growers fell short by over 11,000 acres of the 49,011 required by the August 8 deadline.

The prune market reacted immediately, weakening even more, although the consensus in the industry was that prices were unwarrantedly low. Rumors began to circulate that the Association would not operate in the 1927-crop season. So the directors passed a resolution expressing full confidence in Parker. But meanwhile growers in Napa County agitated for a change in management. Reports circulated that Ralph P. Merritt, president and managing director of Sun-Maid Raisin Growers of California, had been in San Jose to discuss the possibility of the Association's sales activities being taken over by Sunland Sales Cooperative Association, Sun-Maid's marketing subsidiary. Uncertainty over the Association's future seemed to be given further substance by changes in the official staff. First Earle J. Shaw, field manager and manager of the Growers Information Bureau, resigned. Then E. L. Bronson, sales manager for four years,



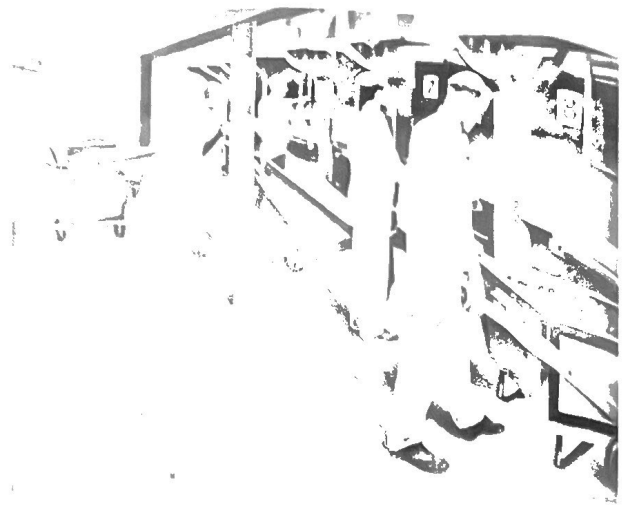
Dried apricots were sampled in this manner in the Association's plants in 1918 and for many years thereafter. Growers then delivered their dried cut fruits in sacks.

resigned and E. N. Thayer was advanced to succeed him. Then W. A. Yerxa resigned as first vice president and director. He was 80 and his age was given as the reason for his action. Hugh S. Hersman resigned from the executive committee, but not as a director. A. R. Thomas resigned as a director. Frank Berry of Sutter and Harry C. Calhoun of Healdsburg were elected directors to replace Yerxa and Thomas. Harry C. Dunlap and M. E. Phillips were elected to the executive committee to replace Yerxa and Hersman. The Association then announced that it would not turn its sales activities over to Sunland Sales. The directors approved a proposal of President Cavallaro to set up an operating committee of department heads to take over many of the operational functions of the executive committee and thus dispense with most of its frequent and expensive meetings.

The numerous changes were symptomatic of the internal troubles that seemed to be steadily worsening. On May 22, 1928, Parker submitted his resignation and the directors asked Cavallaro to take charge temporarily until a new manager could be found.

These developments were unsettling, but also there was much unrest among Association members due in part to the continuous dissemination of anti-Association propaganda in the field by packer representatives.

The characteristic packer attitude at this time was reflected in a remark by Arthur M. Oppen-



Packinghouse workers moved size-graded prunes from storage bins to the packing lines in 2-wheeled barrows.

heimer, general manager of Rosenberg Bros. & Company, to E. N. Thayer, who ostensibly had left the Association sales staff to join O. A. Harlan. The fact was that Thayer had become dismayed at what was happening in the Association, but he also knew of and covertly assisted in the efforts of a small group in the Association to induce Harlan to succeed Joseph M. Parker as general manager. Oppenheimer knew nothing about these efforts, however. He congratulated Thayer for having joined Harlan, remarking, "Harlan's a pretty smart fellow and, anyway, the Association's all washed up."

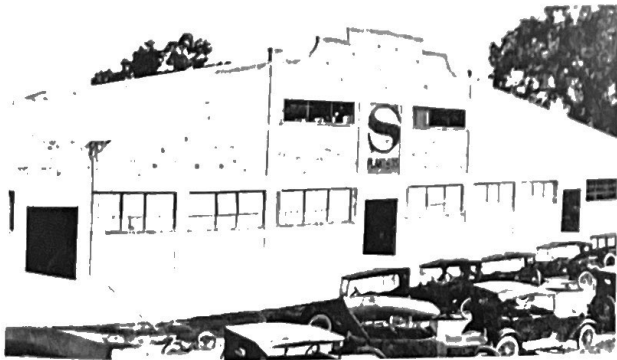
Oppenheimer was generally regarded as a sort of genius among the proprietary packers. Unquestionably he was the most successful of the speculative packers, and he was similarly successful in the other commodity fields in which the Rosenberg firm specialized: tree nuts, rice, beans, and honey. In the case of dried fruits, his practice was to circulate propaganda in the orchard districts, mainly through his buyer-fieldmen, to convince growers that economic conditions at the time would justify only a low field price. He frequently succeeded in depressing the field market, when he would buy all of the fruit his firm required. He would then get the packers together to elicit their support of some kind of a scheme he had devised to strengthen the market for packed goods. He succeeded remarkably, usually remaining personally in the background in these activities, but often persuading the other packers to fall in line and to address grower meetings and otherwise to convince growers that packers were doing all they could for the growers. It was common knowledge in the dried fruit industry that at one period, Rosenberg Bros. & Company accumulated supplies

from three successive crops before a favorable wholesale market developed that enabled the firm to make its speculation pay off handsomely. The object of all of this, of course, was to buy low and sell high.

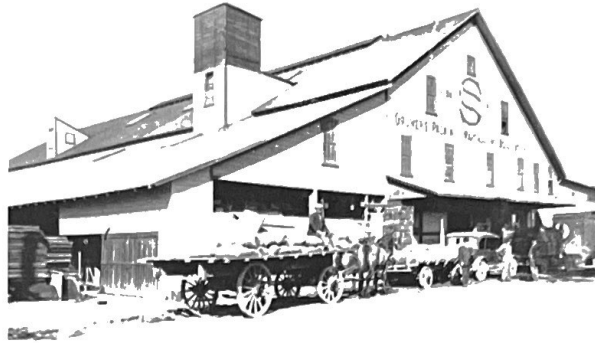
Most of the successful packers had a special clientele of growers on whom they could count for crops year after year, frequently at a small price premium or bonus. These growers were regularly propagandized to serve as centers of anti-Association activity in their districts. Many of these growers were disgruntled former Association members who had the same kind of anti-Association zeal that religious converts usually have for their new faith.

Packers employed many arguments to undermine grower support of the Association and one of the most effective of these was the charge that the Association was a consistent price cutter in the wholesale market. A packer would usually produce a telegram from his broker or a customer telling the packer that its price was so much higher than the Association's and, hence, the business was lost to the Association. The fact was that every packer had similar telegrams telling of business lost under similar circumstances to other packers, but these were never shown. And the Association also had its supply of telegrams reporting the loss of business because of the lower price of a particular packer or several packers.

In 1926, when the price-cutting charge was particularly widespread and growers, already upset by the unsettled state of Association affairs, were unusually alarmed by these charges, Association directors became insistent that the sales department produce some proof that it was not, in fact, engaging regularly in price cutting, proof that could be presented at grower meetings. The fact was that most of this kind of information came to the sales department in confidence from customers, which precluded its use



To serve the Visalia district, the Association built what was described as the world's largest prune packinghouse.



Among the older plants Sunsweet acquired was this one on Lincoln Avenue, San Jose, long designated Plant 6.

publicly. So Thayer put out a phony price offer to a single suspect customer, who leaked this confidential price offer to the packers, and almost immediately packers spread the word they again had caught the Association in another price-cutting action that was depressing the market. As a result, packers explained, they had to cut their prices to meet the Association competition. At subsequent grower meetings, Thayer produced copies of the phony price offer, the Association's unchanged current price lists, and the other details of this revealing episode, including the newly reduced prices of the packers.

Packers were similarly active in their effort to persuade members of the food trade not to do business with the Association. Some packers were long-established in the business and the Association was a newcomer, hence, the argument went, it was unlikely to last long. For many years, but mainly after Coykendall resigned and before Harlan became general manager, the packers diligently tried to convince the trade the Association was in grave danger of collapsing and of going out of business. They argued that no dried fruit buyer could afford to place his business with a firm that was not likely to last very long.

The packers had what they considered to be sound reasons for their unceasing campaign against the Association. It opposed speculation in dried fruits, which most of them favored and in which many of them engaged with considerable success. There was a general feeling in the business community then, which packers did what they could to keep everyone conscious of, that there was something "socialistic" or worse about a farmers' cooperative. If the Association returned more money to growers for their crops than packers, which it sought to do, their source of supply might be greatly curtailed. If the Association succeeded in supplying growers generally

with dependable information about supply, movement, trade acceptance, and so forth, the growers might conclude that the Association had a greater interest in their welfare than did the packers and this, might cause growers to join the Association and further reduce the packers' potential supply of raw products. So the packers saw their fight against the Association as nothing more or less than a fight for their own business lives.

Many of the packers were prominent local businessmen in fruit-growing districts, some of them being public-spirited community leaders. Their personal prestige made some of them very effective anti-Association propagandists. Some of them used their personal prestige also to influence Association officials. Judge J. R. Welch, a voting board member; J. O. Hayes, a director; and Joseph M. Parker, general manager, each sincerely proposed an industry scheme that would have required the Association to establish some kind of a working arrangement with proprietary packers. Packers promptly endorsed each of them. How this was to be accomplished was not set forth precisely, neither was there any clear idea of what these schemes were expected to accomplish for the benefit of growers. None of the three men, as well as some others, would accept the idea at the time that proprietary packers wanted to get rid of the Association once and for all.

During the time the industry seemed to be mainly preoccupied with the Parker Plan and the consequences of its rejection by growers, other developments of significance were taking place. In July 1926, the Association notified the trade it had launched a billboard advertising campaign for Sunsweet prunes using 24-sheet posters in 233 marketing areas. In August it announced continuation of the arrangement under which the packers could buy prune supplies from it from time to time. That same month it introduced canned ready-to-serve prunes and a special carton pack of Imperial prunes. In September Association officials were shocked by the announcement of Sun-Maid Raisin Growers that it was offering the trade both carton pack and bulk prunes. The Hamlin Packing Company, San Jose, was Sun-Maid's supplier. In November the Association informed growers it had sold packers 34,000,000 pounds of prunes at opening prices and had given packers an option for two weeks to buy an additional 34,000,000 pounds. Parker said Association receipts of 1926 crop prunes totaled 120,000,000 pounds and that it controlled 50 percent of the crop.

In a right-about-face change of policy, the Association announced on April 14, 1927, it had bought all the spot stocks of prunes—carton, bulk, and canned—of 11 packers, that it proposed to set the selling price for these the next week, and that it had appointed the packers its selling agents for the stocks required. Shortly afterward, several additional packers were taken into the arrangement, designed to have only one prune price list for the remainder of the season.

As a result of continuing grower-member unrest and criticism, the directors in October took surprising action to quiet or get rid of the troublemakers. They voted to authorize the Association to buy the interests of the dissatisfied members, who would therewith forfeit all interest in the assets of the Association. Almost no one wanted out that badly. A few members, convinced the Association could not survive its continuing troubles and another grower signup, withdrew and forfeited their equities, in a few instances totaling \$20,000 to \$30,000. These growers and their descendants were so embittered by this forfeiture that when the Association was reorganized and better days came, they continued to oppose the Association bitterly even three decades later.

The disturbing fact was that a great many persons in the industry and out of it were becoming convinced that the Association could not survive very much longer. They believed that inherently farmer cooperatives had fatal flaws that farmers could not overcome, especially in times of difficulty.

What proved later to be by far the most significant actions of the directors in the Association's recent existence were those taken on March 10, 1926 and shortly thereafter. The first was the exercise of the option to handle the 1926, 1927, and 1928 crops. The second was the start to develop a plan of reorganization for submission when the grower signup became necessary to extend the Association's life after 1928. Chairman Hyde of the voting board reported at the annual meeting in May 1926 that "a reorganization committee composed of prominent members from over the State worked hard and faithfully toward formulating a plan of a cooperative Association that might be more satisfactory to the membership, but this committee labored without success—the entire matter being dropped for the time being."

In the meantime there had been a significant stirring in the Santa Clara Valley that escaped general notice. Guy W. Smith, who had been an Association fieldman since 1917, knew not only what was being rumored and said, but also that

many of his growers wanted the Association to continue to serve them. He suggested to a number of them in September 1927 that they form an informal committee to review the situation and to see what could be done about it. Among those agreeing to participate in such discussions were Stanley B. Smith of Campbell, E. A. Peterson, Joseph A. Chargin, Jr., and A. W. Greathead of San Jose, Frank L. Huff of Mountain View, A. T. Jones of San Martin, Albert Haentze and Henry Hoessler of Evergreen, Dr. J. Haley Durham of Irvington, and R. W. Warren and R. V. Garrod of Saratoga. This committee, afterward referred to as the Committee of Ten, met and chose Stanley B. Smith chairman and Greathead secretary. They discussed the widespread grower antagonism toward the Association, the low field prices, and the nondelivery of fruit by members. They approved several policy recommendations: that the Association's overhead be reduced, that an investigation be pressed looking toward a more effective marketing program, and that members be required to deliver all their fruits to the Association in full compliance with the membership contract. Smith and Garrod were delegated to present these recommendations to the board of directors, which they did.

This activity, it must be realized, began before Parker resigned. It continued after Parker left and some of the growers involved in it were elected directors at the annual meeting in 1927. Among them were Stanley B. Smith and R. V. Garrod, plus others friendly to the cause, including George C. Payne, R. P. Van Orden, and M. E. Phillips. The efforts of this group not only did

much to brake the momentum of the ever-widening rumors that collapse of the Association was imminent and inevitable, but it evoked new ideas about structural changes in the Association. The group more and more favored a switch to a less centralized organization and it increasingly argued for greater membership participation in Association affairs, especially in the election of directors.

In November 1927, the directors voted to start anew on a plan of reorganization and in February 1928 a new committee began working on the problem. It consisted of Dr. H. M. Pond of Calistoga, chairman, H. C. Dunlap, secretary, R. P. Van Orden, James Mills, Jr., Frank T. Swett, A. L. Shively, M. E. Phillips, and E. F. Hart. A month later, President Cavallaro announced that the committee had made two principal recommendations for reorganizing the Association: 1. That the Association be decentralized and that local units be organized, similar to those in the California Walnut Growers Association, to which the grower members would belong; and 2. That the Association provide an annual withdrawal privilege at a specified period during which any member might withdraw. The committee suggested that the local units might operate their own packinghouses to give growers more direct local control over packing.

When Parker resigned, the Association claimed a membership of 11,492 growers. Cavallaro's first important action after taking charge temporarily was to appoint E. N. Thayer sales manager.

Just ahead awaited one of the most amazing periods in Association history.

16. Great Changes Impend

A marvelous and spectacular change occurs in deciduous fruit trees as warming spring weather wakens them from stark dormancy. Buds swell on the denuded branches, an indescribably beautiful mantle of blossoms envelops the whole structure, and then the summer garment of green clothes it. A great many persons view this cycle of change as one of the loveliest miracles of nature.

In a way, a change of similar magnitude began slowly to take place in the dried fruit industry as the decade of the 1920's waned. It was a multifaceted change—in viewpoint, in thinking, and in measures employed. Growers had begun to realize that their economic ideas were based more on desires and hopes than on verifiable facts of human experience. They began to realize that a cooperative association cannot annul economic laws. The resulting disillusion caused many of them to revert to their old commitment to independent action and to their former distrust of joint action of any kind.

This change in thought and action caused the Association membership to drop to its lowest point in history. As a result, Association proponents and supporters were obliged to examine anew its attainable purposes, its procedures, and its place in industry.

Then shortly a new and powerful force began to bear down upon the industry—the great depression of the 1930's. The growers, who so recently had rejected cooperative effort in any form, now found themselves joining with others in an effort to avoid economic catastrophe. The

practical demands of the situation overrode their prejudices.

The depression years provided a unique and impressive experience. Whereas, growers who aspired to leadership theretofore had rallied groups of supporters for one industry cause or another, now all—cooperators and noncooperators—worked more or less together to secure government aid that meant survival. The extreme urgency of the situation caused them to grasp for the strength that a common cause and combined forces gave them.

The account of the depression years is a drab tale of survival, a listing of the numerous measures and programs employed to cope with the bogged-down economy. In this troubled time, the Association sought to sustain and encourage its members and to provide wise leadership and sound counsel in the industry. Hence, the account of this distressful period and of succeeding years is a description of Association activities against a background of what went on in the industry. The Association's persistent advocacy of standards of product quality, of measures to achieve market stability, and of product promotion gained industrywide support in the end, although never unanimous support. The Association, in these years, abandoned its old aim to be the dominant factor in the industry, but determined instead to be the most effective constructive force in an industry likely to be characterized always by diversity. This is the course to which it has since adhered, keeping its own organization strong, yet working for the common good.

17. O. A. Harlan Jolts the Packers

The suddenness with which the affairs of men can change unexpectedly for the good, as well as the bad, was demonstrated dramatically by the Association during the 1928 crop season. Fruit growers both inside and outside the Association expected it to founder, if not during the season then without question when the membership contracts expired. But the opposite of the expectations came to pass, exploding with shocking suddenness, its impact jolting everyone in the industry.

Almost incredibly, Orren A. Harlan agreed to take over the management of the Association, but under strictest secrecy until he considered it most opportune to announce the fact. In masterful fashion he outwitted the packers in marketing the 1928 prune crop, to their great financial loss. This turn of events not only restored grower confidence in the Association, it restored grower confidence in themselves. The fact was that growers tended to mistrust any agency to which they turned over their crops, but their greater mistrust was in the packers. Hence Harlan's outmaneuvering of the packers elated growers greatly. The shock to packers of Harlan's assumption of management and the sudden unprecedented changes in the industry situation thereafter made simple matters of course the reorganization of the Association and the necessary membership signup.

The opinion had become widespread in early 1928 that the Association, sorely needing a new general manager of exceptional capability and—it was believed—unlikely to find one, and having shortly to undertake membership signup, would probably collapse during the 1928 crop season. The proprietary packers were wholly confident this would happen and said so to everyone who would listen, growers and the trade. Further, they developed their market strategy with this in view. They sold 1928-crop prunes heavily to the trade at 2½ cents basis without bothering to contract with growers for fruit. They fully expected there would be chaos in the field as Association growers struggled to find a home for their fruit. Even at this low price level, the packers counted on a handsome profit for themselves.

The greediness of packers for the rich plum they expected soon to pluck was so great it dulled their usual sense of caution. Who could be persuaded to take Parker's place? they asked. And they failed completely to take account of the strength of commitment of a solid core of growers to cooperative marketing. Also, they



ORREN A. HARLAN, one of the most dynamic persons in the dried fruit industry, became general manager of the Association in July 1928 under highly dramatic circumstances. His action shocked packers and his shrewd handling of the market cost them millions of dollars. He was a native of Kansas, graduated from Stanford University in mining engineering, taught school, and got into the dried fruit business to make money. He organized his own firm in 1913 and was considered a successful operator. He died Feb. 26, 1932 at age 57.

misjudged the evidence in favor of the Association's continuing existence. It was, in fact, in a strong financial position, thanks to the wise guidance of T. S. Montgomery and W. S. Alexander and the subsequent efforts of Mortensen and Parker. It owned packinghouses in all of the good orchard districts. It had members all over the State from Ventura, Riverside, and Tulare Counties in the south to Tehama County in the north. It had established a fine record of dealing with the food trade and its Sunsweet brand was well known to consumers.

It was true, nonetheless, that many members were dissatisfied with Association returns and some were selling a part of their crops to packers by one ruse or another in violation of their membership contracts. Growers were meeting in schoolhouses to discuss this state of affairs and



WARREN S. RICE, a teacher and Stanford University graduate in mining engineering turned dried fruit man, was one of the team O. A. Harlan brought with him to the Association. Rice headed the field department from 1928 until his retirement in 1958. He had joined Harlan in 1918. He was born in Wisconsin and was brought to Santa Clara County as a child.

on occasions were engaging in near-violent arguments. There was much evidence of the unrest among growers, many of them visibly impressed by the packer propaganda. In the expectation that a sign-up was bound to fail, a petition was prepared asking Judge Welch to place the Association in receivership, when that eventually occurred, with Attorney E. L. Hayes as receiver.

It was under such difficult circumstances that the directors began looking for a successor to Parker as general manager. This time they decided to turn to the industry once again. They considered, among others, E. N. Richmond, W. S. Breton, E. N. Thayer, O. A. Harlan, George N. Herbert, George D. Gilman, and James W. Chilton. The preference seemed to be for Thayer, but when interviewed, he responded, "You ought to hire Harlan. He is the man for you." So, in greatest secrecy, with Thayer as an intermediary, negotiations were begun with Harlan. A committee of directors was appointed to arrange terms with Harlan and it was finally agreed that the Association would buy all of Harlan's business and plants, except a fresh fruit packing plant in

Campbell, for \$150,000, that all of Harlan's employees who cared to go to the Association with him would be given employment, and that Harlan would be paid a salary plus a bonus based on sales results.

To make sure no word of Harlan's appointment would become known, the negotiations were carried on by a small selected group of Association directors, all pledged to secrecy. The directors met clandestinely in San Francisco so that even the fact of their meeting would not be known and suspicions aroused. Harlan frankly wanted the packers to be even more certain the Association would collapse so they would, in consequence, continue actively selling new crop prunes short at 2½ cents. He was elated at the chance to teach them a lesson. He also wanted the announcement of his appointment and his policy decisions to be made as widely and as dramatically as possible at precisely the moment of greatest impact. The directors cooperated fully and provided Harlan with the services of an expert newspaperman, Verne Scoggins of the *Stockton Record*, whom they lodged in a headquarters suite in the Sainte Claire Hotel, San Jose, also in secrecy. Scoggins had all the announcements to the press and wire services and to the dried fruit trade in readiness when Harlan was ready to move.

The Association announced the appointment of Harlan as general manager on July 25, when packers appeared to have sold short a substantial part of the non-Association fruit available to them. That blockbuster disclosure was followed quickly by others. Harlan issued a public statement saying the Association henceforth would be competitive in selling to the trade. This meant an end to its practice of providing an umbrella for the rest of the industry. The climactic shocker, however, was Harlan's announcement that the Association's new crop prices would be at 4 cents basis. After that not an independ-



The Association took over the O. A. Harlan & Co. plant in San Jose when it employed Harlan and bought his packing business. Both W. S. Rice and T. O. Kluge were directors of the Harlan company at that time.

ent grower would sell his fruit at a lower price and the packers that had sold short heavily at a 2½ cents basis had no alternative but to pay 4 cents basis to fill their commitments. As a consequence of Harlan's action, they lost several million dollars. In a most painful way they learned the Association suddenly had become a most formidable competitor.

Immediately the Association's prospects brightened greatly. The packers had been roundly beaten at their own game and the Association was now in experienced hands. Harlan had brought with him T. O. Kluge as assistant general manager in charge of all manufacturing operations and W. S. Rice as director of field activities, and Thayer was sales and advertising manager. The trade realized there was stability in California dried fruits where they had expected chaos. The market gathered strength. In late August, Harlan announced a shortage of large size prunes. He also announced an advance payment to growers of over \$3 million, considerably more than expected earlier. The *California Fruit News* reported on September 1 that "The prune market this week advanced spectacularly. Field prices also advanced."

Members were so satisfied with the employment of Harlan and the upturn in prices, the financial whipping given the packers, and the way the Association's affairs were going that when the annual meeting was held November 14 not enough of them attended to constitute a quorum.

In the expectation that reorganization of the Association would result in decentralization, growers began forming local units in late 1928. In January 1929, it was announced that local units had been formed at Geyserville, Healdsburg, Napa, Hollister, Gilroy, Morgan Hill, Campbell, and Oak Grove (San Jose). Others followed quickly. In March, the board of directors set as minimum signup goals 100,000,000 pounds of prunes and 8,000,000 pounds of dried apricots, and a signup deadline of April 6. The new membership contract was to be for 15 years with an annual withdrawal privilege. Subsequently, representatives of 33 local units met and ratified the board's action. The signup, conducted this time by growers in their own communities, brought in 110,200,000 pounds of prunes and over 8,000,000 pounds of dried apricots. These represented, the directors estimated, a quarter of the State's prune production and a third of its dried apricot output.

The relatively small volume goals of the Association acceptable in 1929, compared with the earlier goals of 90 percent of State production,



E. N. (CY) THAYER, former Association broker in Boston, joined the sales staff in 1925. He was a close friend of O. A. Harlan and served as the intermediary in the Association's negotiations to employ him. Thayer, with W. S. Rice and T. O. Kluge, was a member of the Harlan team. He continued as sales manager until his retirement in 1958. He is a native of Massachusetts and grew up at Braintree, an historic town southeast of Boston.

indicate graphically the changes in Association membership thinking as a result of 12 years of experience. These changes were reflected also in the long-term contract now acceptable, the specified annual withdrawal by members, and the decentralized type of organization. Growers had lost much of their faith in the effectiveness of large-volume control in determining price. And growers had gained greater confidence in the ability of a well-managed cooperative to serve them profitably, even though their handling represented less than one-half of production. Decentralization reflected not only a recognition of the wide geographical distribution of dried fruit production in California, but also recognition of the need to maintain closer contact with growers and to encourage their more active participation in Association activities. Decentralization reflected another equally significant change in thinking. In electing the officials of their local unit, the members also elected their representative to the central organization. Thus the directors, after the reorganization, were elected first

directly by their own constituents as central representatives and these thereafter selected the directors from among themselves. Originally, it will be recalled, the members elected trustees for a time and thereafter members of the voting board, who, in turn, chose the directors, not necessarily from among either the trustees or voting board members.

Growers increasingly demanded more direct representation and the Committee of Ten particularly advocated the idea, although both this idea and the annual withdrawal privilege were hotly opposed by some growers and some Association officials. When the first group of 25 central representatives met and elected the 15 new directors from among themselves, one Association official suggested that the 10 central representatives not chosen directors had no further duties to perform and their presence would not be required at subsequent board meetings. This precipitated a fight that was settled only by an agreement that central representatives who were not directors had every right to attend and participate in board meetings, except to vote on legal matters, and to receive the same per diem and expense allowances as directors. Later the bylaws were changed to make each central representative of a local unit a director of the central Association.

Under the reorganization, the grower became a member only of his local unit, and all the local units became the members of the Association, which contracted to receive, store, process, pack, and market the fruit delivered by the local units in behalf of their members.

Important as these new basic ideas were to the successful functioning of the Association from 1929 on, their adoption and effective use were due more to the efforts of a few energetic leaders than to any clearly expressed or demonstrated consensus of members. Members simply acquiesced to the proposals of leaders they respected. Beside, they were pleased and satisfied at the recent turn in Association affairs, particularly the higher returns for prunes and the brightening outlook.

As satisfactory as conditions were in 1928 and 1929, the prospects began to darken in 1930 as the nation's economic troubles began to touch the dried fruit industry. Whereas in August 1929, packers paid Santa Clara Valley growers 10 cents basis for prunes running to larger sizes, by May packers' quotations had fallen to below 5 cents basis. In July, Santa Clara 80/90 prunes were priced at $3\frac{1}{4}$ cents basis. Quite in contrast to price declines of other years, many growers realized that the current declines were directly

attributable to the depression and a majority of members of the Association credited their management with doing the best it could under unfavorable conditions.

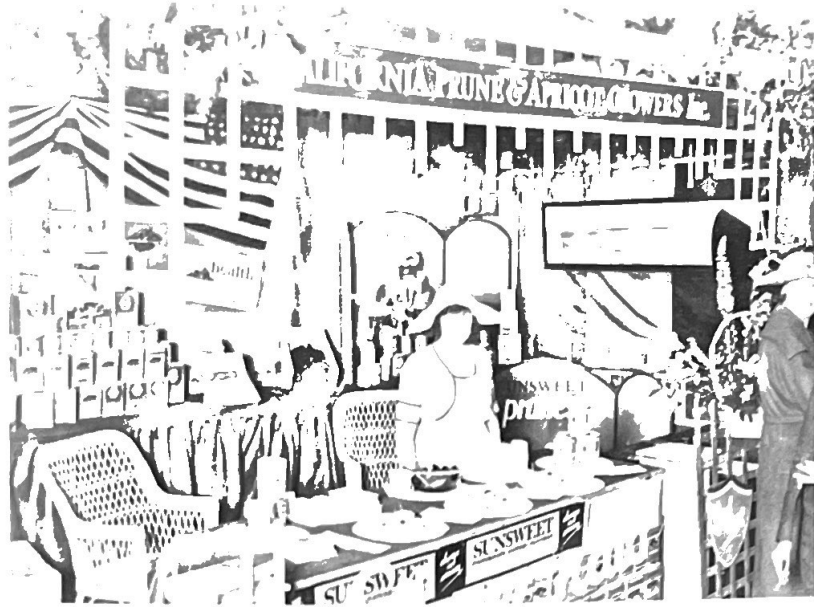
When business began to slacken further early in 1930, Harlan proposed an industrywide agency to promote the sale of prunes in consumer markets. He suggested a grower assessment of \$2.50 a ton as well as packer contributions to raise \$400,000 for this purpose. A committee was formed to sponsor formation of the California Prune Institute to conduct a promotion. It was made up of Frank Abernathy, chairman; Harlan, Harry Williamson of Sacramento; R. A. Freeman of Visalia; V. H. Owen, California Packing Corporation; Walter Rothchild, Rosenberg Bros. & Co.; and Russell K. Baker, J. B. Inderrieden Co. Santa Clara Valley growers opposed any such assessment, contending prune prices were too low to justify it, and they organized the Prune Growers Protective League to solidify their opposition. The Abernathy committee decided to defer action on the advertising proposal until the 1931 season. Leaders of the Prune Growers Protective League cast about for some new purpose and shortly found one. They proposed that the League be expanded to an industrywide basis, that it serve as a price-setting agency for the industry, and that the selling price of prunes be based on the cost of production, plus a reasonable profit. They asked further that an assessment of \$5 a ton be set aside for a reserve and advertising fund.

Significant and dependable cost-of-production data proved elusive. Growers either didn't keep accurate records of costs or were reluctant to make public those they had. The Agricultural Extension Service of the University of California was asked to dig out the needed information and in some counties it had what it called representative cost data. Growers were not agreed as to how representative the data were.

In February 1931, the Prune Growers League met in San Francisco and the growers present decided to establish the League as a permanent organization. They elected as officers Frank Abernathy, president, James Mills, Jr., vice president, and Bert Kirk, Jr., secretary-treasurer. They chose a slogan, "Cost of production plus a fair profit." It had a lot of grower appeal for at that time growers still held a large quantity of fruit unsold and packer prices were low, 80/90's being quoted to the trade at 3 cents a pound.

In May, the League met again in San Francisco, this time inviting the packers to be present—the Association also was represented—to help develop a plan to strengthen prune prices.

One means used by the Association to familiarize consumers with dried fruits, particularly prunes, was to put on booth displays such as this whenever the opportunity occurred. This booth, with plenty of samples for tasting, was provided when a trainload of Shriners came to California in the early 1920's. Similar booths are still used, though now mostly for special groups such as home economists or distributors.



Developing of such a plan was assigned to a committee of five packers, five independent growers, five Association growers, and two bankers. James Mills, Jr., was chairman. In July, the committee proposed formation of a statewide pool of 90 percent of production, including that of the Association, limiting sale to 150,000 tons, and holding any remainder off the market. Since the Association's 30 percent of production was necessary to set up a 90 percent pool, League representative strongly urged Association directors to support the plan. The directors wanted no part of it, contending that the industry could solve its problems more effectively by enlarging the volume handled by the Association.

League advocates came up with a new plan in August. They announced formation of the California Prune Growers Pool to be limited to 35,000 tons. It was headed by Abernathy and managed by Mortensen. Will Lester was vice president and Bert Kirk, Jr., was secretary. Co-operating packers were California Packing Corporation, Guggenlime & Company, Libby, McNeill & Libby, Richmond-Chase Company, and Rosenberg Bros. & Company. It offered to advance to growers 60 percent of the current market price for prunes, but 50 percent of this amount, plus 5½ percent interest, had to be returned to the participating packers by November 30. This meant the Pool had to sell a substantial tonnage to packers by that date to finance repayment of the advance to growers. The plan never caught on.

The Association, in the eyes and words of the League officials, stood in the way of accomplishing what a majority in the industry wanted to accomplish. It gave the anti's a new theme to work on. They called a meeting in San Jose in November at which Wylie Giffen, manager of the raisin pool then in operation but shortly to be in trouble, endorsed the idea of a prune grower pool that would sell prunes to the Association and packers. Growers present voted in favor of renewing their efforts for a pool. Meanwhile, two other matters were getting more and more grower attention: the need to keep offgrade prunes out of consumer packs and the need for some kind of a market development program, including advertising.

All of these subjects were discussed at a conference in Hollister on December 10-11, 1931, much of which centered on the prune situation. Among the speakers were Harlan and Cavallaro of the Association, Wylie Giffen, Victor H. Owen of California Packing Corporation, Walter Rothchild of Rosenberg Bros. & Co., E. N. Richmond of Richmond-Chase Company, Hugh S. Hersman, James Mills, Jr., and A. M. Mortensen. The growers listened to the discussion, much of it about pooling, and authorized appointment of a Program-of-Work Committee with J. Z. Anderson as chairman. Shortly it took formal action asking "that the Giannini Foundation of the University of California conduct such an investigation (of how the industry could be stabilized) and that the Prune and Apricot Growers Asso-

ciation and the independent packers be requested to cooperate in such an investigation."

As a result of this committee's energetic action, a new study group was formed to work on a prune pooling plan with representatives of the Giannini Foundation, the California Department of Agriculture, and the Farm Credit Board. Grower representatives were Hugh S. Hersman, Will Lester, S. N. Hedegard, Harry C. Dunlap, and James Mills, Jr. Dr. Howard R. Tolley of the University was delegated to put the plan in shape for submission to the industry.

This was the start of the succession of industrywide programs the industry has had since to regulate the volume marketed, to control off-grades and maintain minimum standards of quality, and to carry on market development activities. It really began with Harlan's proposal for an industry advertising program that died aborning because of the depression and the opposition of the Prune Growers Protective League. Then came the conference at Hollister and development of the industry plan in which the Association participated. The depression with its collapse of prices and curtailment of markets made growers willing to work together to cope with major problems. The Association joined in these efforts when it considered the circumstances to be not disadvantageous to its interests to do so.

The packers, still embittered by the losses they sustained in the 1928-season coup put over by Harlan, did everything they could to harass the Association. After the reorganization with the annual membership withdrawal privilege, packers concentrated their efforts on trying to get members to withdraw. These yearly anti-Association campaigns provided a special opportunity for some growers who undertook to exploit their new bargaining position. Some of them would join the Association one year, withdraw the next, and plan to rejoin the third year. The Association directors tackled the problem grimly, knowing something had to be done to re-establish stability of membership and supplies. They agreed to a policy of making it hard for members to join, although easy to withdraw. They recommended and the Local units put into effect a rule that a member who withdrew could not be readmitted for two years. This largely solved the in-and-outer problem.

Meanwhile, other things of importance were happening within the Association. The tight

money market of the early depression years presented the Association with unexpected problems. In July 1930, it borrowed \$500,000 from the Federal Farm Board for a permanent revolving fund, thus reducing the need for bank borrowings. In November 1931, the Association borrowed an additional \$500,000. In February 1931, President Cavallaro disclosed the formation of Sunsweet Growers Credit Corp., Ltd., to assist members in production financing, an acute problem at the time. It was capitalized at \$500,000. First directors were Cavallaro, H. C. Dunlap, R. H. Geer, E. F. Hart, and A. L. Shively.

In July, Cavallaro and Harlan reported to the board that in the 1930 crop season the Association had marketed 80,000 tons of fruit, 24,000 tons greater than in the preceding season. The gross volume of sales was \$8,134,631. In September, the directors and Harlan investigated possible advantages of moving the Association headquarters to San Francisco. In December, the Association reported its volume of prunes handled represented 33 percent of the industry total, a recent gain of 3.1 percent. On March 1, 1932, the Association reported a gain of 886 members, making the total membership 5,463.

Two days earlier, February 27, 1932, Harlan died after a brief illness. His management during the three years and seven months had given the Association a new lease on life, it had helped start the Association on a sounder basis of organization and had provided a solid foundation for the Association's operations ever since. In a special way, Harlan helped Association members weather the first shocks of the depression. His presence at the Association's helm reassured growers and because of their confidence in his leadership they did not panic.

The Association benefited in another way from its arrangement with Harlan. It took out life insurance for \$150,000 on him when he became general manager, the amount it agreed to pay for his business and plants. On his death, the Association received \$139,901.65 in insurance payments. It then owed a remainder of \$95,000 on the Harlan business.

Harlan's death caused several shifts in the official and administrative staff. Cavallaro was immediately chosen general manager and Harry C. Dunlap president. A. L. Shively was advanced to first vice president and Frank M. Shay was elected to fill the vacancy on the executive committee. A new era began.

18. Programs, Programs, Programs

Cavallaro differed from Harlan in many ways and these differences in viewpoint and purpose, in style and manner quickly became evident in Association policies and practices after he took charge. When Harlan became general manager, the Association's share of total prune production was about 25 percent, near the lowest point in its history. This reflected the lack of confidence in which growers then generally held the Association. When Cavallaro was chosen president, he determined to rebuild grower confidence and he gave much time to public discussion of industry problems. He discussed the Association's importance to the industry and the great need for a strong marketing cooperative, for quality controls, and for product promotion. He had a great advantage in being a grower as well as an attorney and he was helped in his relationships with growers by being quietly restrained in manner, reflecting perhaps a natural shyness not fully



C. DON CAVALLARO was president of the Association from 1925 to 1932, and was made general manager upon the death of O. A. Harlan. He served until his death January 14, 1946, at the age of 65. He was born in San Jose and graduated in law from Stanford University. His concern about problems of his grower clients impelled him to buy an orchard. Thereafter he joined the Association and became active in its affairs and also an ardent advocate of cooperatives.

overcome. After becoming general manager, he was enabled to give even more time and effort to this kind of activity by the fact that he was blessed with an administrative staff of able and experienced men. The Association's manufacturing operations were in the experienced hands of T. O. Kluge; E. N. Thayer was in charge of sales; and W. S. Rice headed the field department. Indicative of the zeal with which Cavallaro undertook his self-assigned task was his participation in 52 grower meetings in the 12 months ending with August 1931. Greatly assisting Cavallaro in his efforts to win wider support for the Association was Joseph T. Brooks, secretary, who like Cavallaro seemed to have the confidence of the growers. Frequently on Saturdays, one or both of them would go to the otherwise empty Association offices to confer with growers about Association matters that concerned them.

In his active role as an exponent of the Association as a means of improving the welfare of prune and apricot growers, Cavallaro also became an ardent advocate of farm marketing cooperatives. This came about because of the change in outlook of Franklin D. Roosevelt's administration from that of Herbert Hoover. At the onset of the depression, Congress passed the Farm Marketing Act whose purpose was to encourage growers to organize farm cooperatives to deal with their economic problems. Hoover's Federal Farm Board also further aided farm cooperatives by providing low-interest loans to assist them in serving growers more effectively. Traditionally independent growers, however, were not inclined to organize rapidly to deal with the intricate machinery of marketing.

Under the Roosevelt administration, the New Deal legislation, particularly the National Recovery Act and the Agricultural Adjustment Act, placed far less emphasis on cooperatives. As a result, the cooperatives received a setback in that licensing arrangements were made by the Agricultural Adjustment Administration (A.A.A.) directly with processors, packers, and commercial handlers—not growers. It must be pointed out that at the same time under the New Deal, the Agricultural Credit Administration offered commodity loans, facility loans, and merchandising loans, and the Farm Credit Administration offered land loans and production loans. All of these helped farmers either directly or indirectly. Yet Cavallaro viewed the bypassing of cooperatives as detrimental to them and he looked upon them as the most practical and effective means

to enable farmers to safeguard their interests and advance their welfare in a highly competitive economy.

Just as Harlan's assumption of management had marked a significant turning point in the course of business of the Association, so also came another turning point at his death and the transfer of command to Cavallaro. The long depression brought a flood of new problems. Crops were large and prices were low. Because the Association no longer would or could serve as an umbrella for the industry, new ways to deal with problems of industrywide impact had to be found. As the depression exhausted the resources of growers, they came under great pressure to sell their crops at the first opportunity. Packers likewise strove to sell their packs as quickly as they could. The result was that the dried fruit market was glutted with supplies at the start of each marketing season and prices could go only downward. Such conditions made the trade only more hesitant to buy, except for current needs. Industry leaders, therefore, sought a program to prevent glutting the market and at the same time to put cash into the hands of the hard-pressed growers. Cavallaro and the Association leadership studied this matter at length and painfully made a right-about-face decision to participate in an industrywide program, a policy that has continued in force to the present time. In his heart, Cavallaro was opposed to government sponsored programs because he believed they would hinder solving the problems they were designed to solve. He believed that growers themselves could find more satisfactory solutions to major industry problems. Nevertheless, when it seemed evident the industry would adopt such a program, he concluded the Association should have a part in shaping it and administering it. He was influenced by the knowledge that many of his associates did not share his strong conviction that it was wiser for growers to seek to solve their problems independently.

The Committee working with the Giannini Foundation offered its industrywide pooling plan to growers in May 1932. It came with the strong endorsement of Dr. Tolley, the principal author, Dr. Hutzler Metzger of the Federal Farm Board, and Dr. Theodore Macklin of the Division of Markets of the State Department of Agriculture.

Major features of the new pooling plan were these: Paralleling the California Prune and Apricot Growers Association there would be an organization of independent growers called the California Prune Pool. These two grower agencies would have to represent at least 85 percent of production. The two agencies would form the



JOSEPH T. BROOKS was secretary of the Association from 1923 to 1942, retiring in 1944. Grower trust in him helped the Association through its difficulties, particularly in the years preceding the advent of O. A. Harlan. A native of Missouri, Brooks came to San Jose to manage a hotel, became manager of the San Jose Chamber of Commerce, and served 18 years as a San Jose city councilman. He died May 23, 1946 at the age of 81.

United Prune Growers of California, which would administer a stabilization pooling operation. This would consist of the pooling of two-thirds of production, the remaining one-third to be free of controls and to be acquired by the Association and the packers as usual. The United, as it was called, from time to time would sell to the Association and packers the additional supplies they would require at prices to be set by United. Its contract with participating packers would require them to handle the tonnage obtained from growers of the unsigned 15 percent of production on exactly the same basis as California Prune Pool tonnage and be subject to the same deductions for operating expenses and advertising. Hence the burden of the program was to be borne by every grower.

The new plan had four principal purposes: 1. To regulate the movement of prunes in trade channels. 2. To stabilize prune values in the trade. 3. To establish standard grades for buying and selling prunes. 4. To stimulate consumer demand.

Association directors favored the plan, but they required approval of it by the local units before actively advocating it. The local units ratified the board's approval. The Association's favorable attitude toward the new pooling plan reflected its realization that nonmember growers would bear exactly the same burden of pooling as that borne by Association members. Theretofore, when the Association undertook to provide an umbrella for the industry, Association growers carried the burden of the supplies withheld to shore up a weak market.

Once again the business community supported the industry plan and the San Jose Chamber of Commerce loaned its manager Jack Silvey to be campaign director. Modern technology was made use of extensively for the first time in such a campaign—the program was promoted by talks over local radio stations throughout the State.

In the expectation of a successful independent grower signup, since Association backing was assured, organizational steps began at once. Non-Association growers organized the California Prune Pool and chose as directors J. D. Cox, Sonoma County; Andrew Jurian, Mountain View; Douglas Chisholm, Windsor; Hugh S. Hersman, Gilroy; John Hartley, Napa; W. W. Lester, Santa Clara; James Mills, Jr., Hamilton City; Nick Nelson, Los Gatos; Harry T. Pyle, San Jose; E. H. Sharp, Hollister; Walter Stile, Chico; C. K. Schnable, Yuba City; Walter Swall, Visalia; Arch Wilson, Cupertino; and W. H. Williamson, Sacramento.

Representatives of the Prune Pool then met with Association representatives and formed the United Prune Growers of California. Directors were Bert B. Meek, Palo Alto; Jerry Buckley, Mills; James Mills, Jr.; John Hartley; Douglas Chisholm; E. H. Sharp; W. W. Lester; and Nick Nelson plus Harry C. Dunlap, W. H. Calhoun, G. H. Geer, F. M. Shay, and C. D. Cavallaro, the latter five representing the Association. Officers chosen were Hersman president, Mills vice president, Wilson secretary, and Lester treasurer.

United reported in July that all but four prune packers had signed its contracts. It was discovered shortly that a noncooperating packer, Higgins-Hyde Packing Company, San Jose, was soliciting growers to sign its contract to operate outside the program. Aroused program backers threatened to seek an investigation of the firm by the State attorney general and the firm promptly released from its contract those growers who requested release.

On September 2, United announced completion of a successful signup campaign, but it disclosed that its original signup goal of 170,000

tons had been reduced to 160,000 tons. Slightly more than 160,000 tons were signed. The 1932 crop actually proved to be 168,000 tons, so the goal attained represented over 90 percent of 1932 production.

United immediately undertook to corral all offgrade fruit and it set up a staff to supervise grower deliveries throughout the State. Its contract with packers gave it the option to buy any or all lots packers bought from unsigned growers. This provision was mainly to gain control of offgrade fruit in such lots. Packers participating in the new program were California Packing Corporation, Guggenlime & Company, Libby, McNeill & Libby, Richmond-Chase Company, Rosenberg Bros. and Company, Anchorage Farms, Hamlin Packing Company, Herbert, Inc., J. B. Inderrieden Company, Napa Dried Fruit Company, W. T. Jenks Company, Warren Dried Fruit Company, and, later, Harter Packing Company.

The earlier assurances of governmental blessings on the program quickly materialized as the Reconstruction Finance Corporation loaned United \$2 million and the Federal Intermediate Credit Bank of Berkeley loaned an additional \$1 million to get it into operation. Francis R. Wilcox, in recent years general manager of Sunkist Growers, Inc., but then an agricultural economist at the University of California, was appointed executive secretary and administrator of the program.

On October 2, United issued its opening prices, indicative of the low price levels then prevailing. Santa Claras, 30/80 were priced at 2 cents bulk basis, plus $\frac{1}{8}$ -cent for advertising and $\frac{1}{4}$ -cent for service charges; 80/100 at $2\frac{1}{4}$ cents bulk basis, plus \$1 a ton for advertising and $\frac{1}{4}$ -cent for service charges. Outsides, 30/70, were priced at $1\frac{3}{4}$ cents basis, plus $\frac{1}{8}$ -cent for advertising and $\frac{1}{4}$ -cent for service charges; 70/80 at $1\frac{7}{8}$ cents bulk basis plus $\frac{1}{8}$ -cent for advertising and $\frac{1}{4}$ -cent for service charges; and 80/100 at $2\frac{1}{2}$ cents bulk basis plus \$1 a ton for advertising and $\frac{1}{4}$ -cent for service charges. The market weakened even further in December.

United, in February, budgeted \$147,832 for an advertising campaign and employed Lord & Thomas to conduct the campaign. It also undertook to secure additional tonnage and reported in May that 11,000 additional tons had been signed in the Association and in the California Prune Pool.

United was having its troubles, meanwhile, for in February Wilcox said publicly, "We have failed miserably in keeping offgrade fruit from the market." Nonetheless, prunes were moving and in

June United offered packers the remainder of its pool holdings, 9,883 tons of French and 365 tons of Imperials.

Wilcox resigned as administrator in July and Edwin W. Stillwell was chosen to succeed him. Stillwell had seen service with the Federal-State Market News Service, the California Vineyardists Association, and the California Grape Control Board.

United continued its battle to control offgrade fruit with only partial success through the 1933 crop season. It also carried on its advertising program, which seemed to gain increasing grower approval. Meanwhile, the New Deal programs for agriculture attracted more and more attention, particularly the marketing order programs fostered by the Agricultural Adjustment Administration—the A.A.A. Growers meeting in San Jose in January 1934 voted to seek a federal marketing order program for prunes. They thought it might provide a more effective way to control offgrade fruit, but also they were rankled because growers outside the United program received slightly more for their fruit than those in it. Some growers believed also that if the prune industry had a Federal program, it might receive other Federal assistance. In April, the directors of United instructed management to discuss with Federal officials the developing of a prune marketing agreement under A.A.A. At the annual meeting in June, Stillwell submitted the general features of such a program. The U.S. Department of Agriculture held a public hearing on the proposed marketing order in San Francisco June 19-22. Testimony disclosed that the first stan-

dard grade pool would include 28 percent of the crop, that offgrades would go into a special pool for use only for manufacturing or byproduct purposes, that packers would have to obtain licenses to operate, and that approval by growers of 80 percent of production would be required to make the marketing order effective. The grower sign-up was completed and the marketing order went into effect August 13, 1934 after being signed by Secretary Henry A. Wallace. The control board consisted of seven packers, seven growers, and a fifteenth member chosen by the other 14.

United, with one more year remaining of its 3-year contract, simply suspended operations after selling its 31,000-ton remainder to packers at 3½ cents basis. Stillwell was appointed manager of the new California Prune Control Board and Wilcox was elected chairman after being chosen the fifteenth member.

Grower opposition to the new marketing order erupted immediately. In December, a group said to be headed by Giles Bradley filed suit in San Francisco Federal Court to halt operation of the program. Plaintiffs were: growers—Lloyd Hallengren, Max S. Abbott, P. H. Rusigno, T. J. Lawler, and Joe Battaglia; and packers—Bert Kirk, Sr., Anthony Teresi, J. P. Perrucci, Sam Abinante, D. Schiro, and Lee Vuinovic. They objected to both pooling of standard grade fruit and control of offgrades. The suit never went to trial.

One principal cause of grower dissatisfaction was that the new Control Board program did not provide for an industry advertising program such

Natural condition prunes used to be shipped to Germany in huge quantities for processing there or for the manufacture of jam. This is one lot of six million pounds of natural condition prunes in sacks on a San Francisco pier in June 1921 awaiting shipment to Hamburg, Germany, on the S. S. Noorderdijk.



as United had carried on. The fact was that Secretary Wallace opposed commodity advertising programs, arguing that if advertising increased the consumption of one commodity it necessarily reduced the consumption of some other commodity. Growers continued to demand an advertising program of some kind and the demand became so insistent in January 1935 that the directors of United agreed to use its remaining unallocated funds, about \$100,000, for advertising.

The strengthening grower opposition to the Control Board program became clear when the annual meeting was held May 28. Four leading opponents were elected to the Control Board: J. P. Thomas, Bert Kirk, Sr., Peter Teresi, and A. N. Lossee. Nevertheless the new Board went ahead and set the reserve pool for the 1935 crop at 29 percent. By early August, everyone knew the Control Board program was in trouble and would not operate in the 1935 crop. Secretary Wallace terminated the program late in August and the government bought the 13,000 tons remaining in the pool for \$650,000 for relief purposes.

Depression conditions and the unsuccessful attempts to control offgrade prunes under both United and the Control Board program fostered a destructive practice in the industry, the degrading of consumer packs with offgrade prunes. Unscrupulous packers blended offgrades into their regular packs and offered them as standard grade. The packers profited handsomely, but the practice threatened to ruin the market for prunes. These packers offered their packs at cut-rate prices, as they could well afford to, and greatly undermined every market they entered. Added to the chaos in the market was the increasing dissatisfaction of those consumers who happened to buy the debased packs.

The practice was disruptive in the field, also, for packers who were eager to buy offgrade fruit bid up the price to several times its normal level. As a result, many growers for a time became much more preoccupied with the price offered for offgrades than concerned with the price offered for standard grades.

The violators of the offgrade control provisions of the Control Board program gambled on the unconstitutionality of some of the regulatory provisions of the A.A.A. and won.

No sooner had the Control Board program died than the Association joined with other constructive elements in the industry to tackle the offgrade problem again. An industry committee went to Washington in October to propose that the government allocate Section 32 funds to subsidize the diversion of offgrade prunes from nor-

mal commercial channels. Section 32 of the Agricultural Adjustment Act appropriated for use of the Department of Agriculture one-third of the nation's custom receipts. The industry hoped it might secure some of these funds. H. C. Dunlap represented the Association and H. S. Hersman of Gilroy, Victor Rais of Newberg, Ore., and F. R. Wilcox of the University of California represented the remainder of the California and Northwest industry at the Washington conference. The industry established the Pacific Prune Products Corporation as its nonprofit agency to buy all offgrade fruit, to sell it, and to receive Federal assistance. Directors were Frank Berry, Frank M. Shay, and H. C. Dunlap, representing the Association; F. P. Abshire of Geyserville, H. T. Pyle of San Jose, and James Mills, Jr., of Hamilton City, representing independent California producers; John F. White of Portland, Ore., and J. C. Hogg of Salem, Ore., representing Northwest growers; and Bert Katz of Guggenheim & Co. representing commercial packers.

The A.A.A. agreed to underwrite losses on sales of offgrade fruit by Pacific Prune Products Corporation. The Reconstruction Finance Corporation advanced \$600,000 to finance its start and it went into business December 14, 1935 with Harold H. Hyde as manager. Pacific Prune Products promptly arranged to buy the 10,000 tons of substandard prunes carried over from the Control Board 1934-crop operation for about \$20 a ton. The Pacific Prune Products program actually was the first project authorized under Section 32 of the Agricultural Adjustment Act.

Offgrade prunes were sold under a contract that called for liquidated damages of \$50 a ton if the purchaser used the prunes for other purposes than specified. They were sold for distillation, stock feed, jam and concentrate manufacture, and pitting at prices ranging from \$3 to \$20 a ton.

Although the removal of offgrades assisted the industry appreciably, it still had supplies far in excess of what the market could absorb at prices that would keep growers from going bankrupt. In a little over a year, the Federal government spent more than \$5 million in subsidized diversion and direct purchase of over 57,000 tons of offgrade and standard grade prunes.

Thus there was established, as the industry's situation became more desperate in the deepening depression, a pattern of industry-government collaboration that has persisted ever since.

Apart from these matters affecting the whole industry, the Association had to deal with other matters mainly of concern to its members in these years.



Packing dried fruits in consumer packs in the 1930's was an operation requiring a great amount of hand labor, as this photograph of a fig packing plant operated by

the Association shows most graphically. The culling, packing, and package weighing were all done manually. Relatively low wages then kept commodity prices low.

Cavallaro's complete commitment to grower welfare—actually his principal interest in life—prompted him upon becoming general manager to discontinue the bonuses that were paid key employees in addition to their salaries. Cavallaro thought his staff members were adequately paid already and the bonus fund should go to growers. As the depression worsened, he initiated salary reductions, making the largest reduction in his own salary. On one occasion he said, "Sometimes I wish that I were able to work without compensation if it would assist in any way in promoting a fairer consideration of some of my viewpoints."

Low returns to growers were a never-ending source of trouble. The weakness of the prune market during the early depression was testified to by H. C. Dunlap at a public hearing on the federal marketing order proposal in December 1934. Dunlap said that prior to the establishment of the United Prune Growers program, some purchases were made of old crop prunes late in the 1931 season at as low as $\frac{3}{8}$ -cent basis. In 1932 when United began operating, field prices were

established at $1\frac{3}{4}$ to 2 cents basis. The 1933 crop brought growers from 3 to $3\frac{1}{4}$ cents basis. Packers were buying 1934 crop, at the time, for up to 4 cents basis, but shortly afterward field prices declined.

In October 1932, the California Peach and Fig Growers Association, a once successful cooperative whose fortunes had declined drastically in the depression, merged into the Prune and Apricot Growers Association. The dried peach producers formed a local unit and the dried fig producers a separate local unit. The Peach and Fig Growers Association was formed in the merger in August 1925 of the California Peach Growers Association and the California Fig Growers Association. The former was established in 1916 and the latter in 1918. Both of the Associations had periods of prosperity, but the merged Association couldn't attract sufficient grower support to operate profitably. The Fig Growers Association had failed badly in an attempt to secure an 80-percent grower signup in 1925. Loyal members then made a determined effort to keep it operating and arranged with Sunland Cooperative Sales

Association to handle dried fig sales. After the merger of these two Associations in 1928, both president Ward Minturn and manager Emil Gundelfinger refused to accept re-election. C. A. Hawkins was chosen president and he negotiated the arrangement with the Prune and Apricot Growers Association. Hawkins became central representative of the dried fig local unit, organized as the California Fig Growers Association.

The large-volume dried fig producers could not be persuaded to join the new local unit since most of them had special deals with proprietary packers. The Prune and Apricot Growers Association failed in its efforts to bring stability to the fig industry and in March 1936 it discontinued handling dried figs. In announcing its action, it said, "At such time as the fig industry gives evidence of a discontinuance of heavy open-price selling and when many large (-scale) growers see fit to support a renewed and constructive program, cooperative marketing may be effectively revived." It was revived with the establishment of Valley Fig Growers, Inc., in 1964. The old California Peach and Fig Association was finally dissolved in November 1945 when 2,500 persons still held 13,000 shares of stock in it. It then had assets of \$60,000 for distribution.

The California Peach Growers Association also had a rocky career, having alternate periods of successful operation and of difficulties that threatened its existence. In 1920, it undertook to increase its capital from \$1 million to \$3 million. In 1924, its leaders were considering whether to discontinue operations or to campaign for 80 percent control in a grower signup. In 1925, it reported that the signup represented 52 percent of dried peach output and 63.7 percent of dried fig output. One major difficulty was the great variation in dried peach production from year to year and the steady decline in production.

In April 1934, the Prune and Apricot Growers Association bought the former dried fig plants in Fresno, Reedley, Kingsburg, and Dinuba.

Despite the depression, the Association made a giant stride in its program of product improvement. After several years of experimentation and development, it introduced prune juice in late 1932. The new product, which retailed then for 29 cents a quart, was considered by the industry generally to have little prospect of gaining wide consumer acceptance. In 1934, the Association entered into an arrangement with Duffy-Mott Co. of New York, leading apple products manufacturer, to produce and market Sunsweet prune juice, an arrangement still in force. Within two decades, in spite of the earlier pessimistic views of other packers, prune juice manufacture was a



Very often until recent years, cutting stone fruits for drying was done in the most conveniently improvised arrangements. Here, peaches are prepared for drying, the fruit being taken from the orchard boxes on the left, halved and pitted, and placed in the field trays on the right, stacked on dryyard cars on rails. An oak tree shades the workers. The snapshot was taken on the Jenkins ranch, Live Oak, about 1940.

major outlet for prunes and has continued to be such. The Association introduced "Tenderized" prunes, a high-moisture, tender-fleshed product in cartons, in January 1933. This was the start of the industry's trend toward the softer, moister dried fruits, ready to be eaten out of hand, generally offered by the industry today. Introduction then of Tenderized prunes precipitated a lengthy fight with Federal Food and Drug officials who were determined to enforce a lower moisture-content tolerance for prunes regardless of consumer preference.

At that time, the Association's line of products included: Sunsweet Tenderized prunes in cartons, Sunsweet Tenderized apricots in cartons, Sunsweet mixed fruits in cartons, cellophane packs of prunes, apricots, and mixed fruits, Blue Ribbon cellophane packs of apricots and peaches, ready-to-serve prunes, Sunsweet crushed apricots in syrup, Sunsweet prune concentrate, Sunsweet fig concentrate, Sunsweet prune juice, Sunsweet prune syrup, raisins in cartons, bulk raisins, Blue Ribbon and White Ribbon dried figs, apricot paste, apricot fruitlets, crushed pitted prunes,

bulk pack prunes, apricots, peaches, figs, pears, apples, and mixed fruit.

The Association advanced in other lines of activity, also. At the start of 1934 it had in operation in the Napa plant the industry's first automatic bulk-pack line comprising an automatic waxpaper-liner inserter, an automatic scale and box filler, and an automatic ladder. These were the creations of John D. Cantoni, then plant engineer, assisted by Frank A. Randall, plant superintendent.

No Association development of this period was more important or more far-reaching in impact than the organization of the first cooperative dryer by members in Napa County. Frank A. Randall conceived the idea of a cooperatively owned and operated dehydrater for Association members and began actively promoting it in 1934. The Napa Cooperative Dryer was duly organized in June 1934 and a membership sign-up was begun. Membership was limited to Association members. Steps were taken to build a dehydrater to handle 500 green tons. Actually it handled about 2,500 green tons in each of the first two years. John D. Cantoni was chosen to

design the new plant and to supervise its construction. He designed a U-shaped or return tunnel unit in which the cars of fruit went into the shaft, transferred at the rear to the adjoining shaft, and then moved toward the front. The entrance adjoined the exit. The heating chamber and fan were located alongside the tunnels. Fruit went through a cold water dip and spray before being spread on trays for drying. Dried fruit was cured in lug boxes.

Little notice was taken of the Napa project until drying costs of the 1935 crop were revealed: less than \$3 a (green) ton for French prunes and \$4 for Imperials and Sugars. Thereafter growers in other districts began to clamor for cooperative dryers. By 1940, such dryers were operating or preparing to operate at Campbell, Colusa, East Side (San Jose), Yuba City, Morgan Hill, and Healdsburg.

The services pioneered and perfected by the cooperative dryers soon changed the fruit drying practices of the entire industry and proprietary packers later on found they had to offer dehydration service to their grower-suppliers to avoid losing the crops of many of them.

19. More Programs as Conditions Worsen

The California dried fruit industry tottered on the brink of bankruptcy and collapse in the latter half of the depression of the 1930's—those years preceding World War II. Only massive, continuing financial aid from the Federal government saved it from disaster.

Although the depression accounted for a part of the industry's difficulties, the most devastating blow was the loss of the vital German export market. From World War I on, the industry had expanded its productive capacity to take care of the demand of German buyers, often one-half of the yearly output. When the Nazi government under Adolf Hitler assumed power on January 30, 1933, it began to change radically Germany's trading policies and curtailed imports of dried fruits from California. There was no other market then capable of absorbing California's excess production. The huge supplies available depressed prices far below what they otherwise might have been, even under depression conditions.

Growers who had expanded their orchards at considerable cost of money and effort were reluctant to cut their production back to depression market needs. So this was a period in which the production of prunes, dried apricots, and dried peaches continued at high levels; prices continued to be low; and growers sought to produce the largest crops possible to offset the low prices. After the United States entered the war, of course, the great increase in demand for dried fruits for war needs bailed the industry out of most of its troubles.

In all the efforts of growers to find a way to survive in those prewar years, they seemed to have a deep distrust of what they were obliged to do. The ambivalence of grower attitude was strikingly evident in their outspoken views. They disparaged all programs although at the same time they were operating a program or were engaged in charting the course of a new one.

This deep-seated feeling has persisted since in the industry with many growers accepting in 1967 only the measures they consider absolutely necessary to cope with the most pressing problems, but at the same time believing the industry would be better off if programs could be dispensed with altogether.

In no other extended period of industry history have growers been threatened so continuously with ruin, neither has there been as much experimentation with measures to deal with industry problems, particularly to stave off grower bankruptcy, as in this one. Each season in these

prewar years brought forth new remedial suggestions, some of grower origin, others proposed by State or Federal officials. The industry sent committee after committee to Washington to solicit aid or to propose programs calling for government participation. The vital ingredient in all of the measures finally employed was the huge financial aid given the industry by the Federal government.

The great number and variety of prune industry programs made use of gave the industry opportunity for invaluable experience in trying to solve problems through use of the powers of government to secure grower cooperation. Yet the record of post depression years shows how little actual benefit was derived from those experiences. Why this is so is puzzling only until one reads the record of those years. It is a record of monotony and fickleness, of regularly discarded half-tried measures for some new, similarly poorly prepared and shortlived program. Perhaps what happened is accounted for partly by the depression nurtured anxieties of growers and packers and partly by the inexperience of officials who were eager to extend the powers of government far deeper into agriculture than it had ever been. And further, there were political considerations, the commendable desire of elected officials to help their constituents get back on more solid economic ground. Unquestionably, there were many who believed it was better to keep trying something new and not fully succeed—or possibly even fail—than to do nothing.

These observations may serve to make what happened in the depression years more understandable, but the principal interest in what happened is in the nature and variety of measures used and not in accomplishment.

Growers searched persistently for an effective way to keep substandard fruit out of consumer packs, voting in a State prorate program for this purpose. But since the industry up to then had no means of preventing unscrupulous packers from degrading their consumer packs with low-priced substandards, the practice continued. As industry sales fell short of supplies, the Federal government enlarged its aid to the industry with subsidies and by purchases of large quantities for relief purposes. Conditions became so acute that in 1938 a joint Federal-State program was put into operation that comprised voluntary green dropping or permitting crops to go unharvested, operating a standard grade surplus pool, controlling substandards, and providing

nonrecourse loans for growers. This latter form of aid, first used in 1937, was designed to establish a floor under prune prices and also to put money into growers' hands after harvest as packers limited their purchases to current needs. Unexpectedly, the prune price floor became the field market price level.

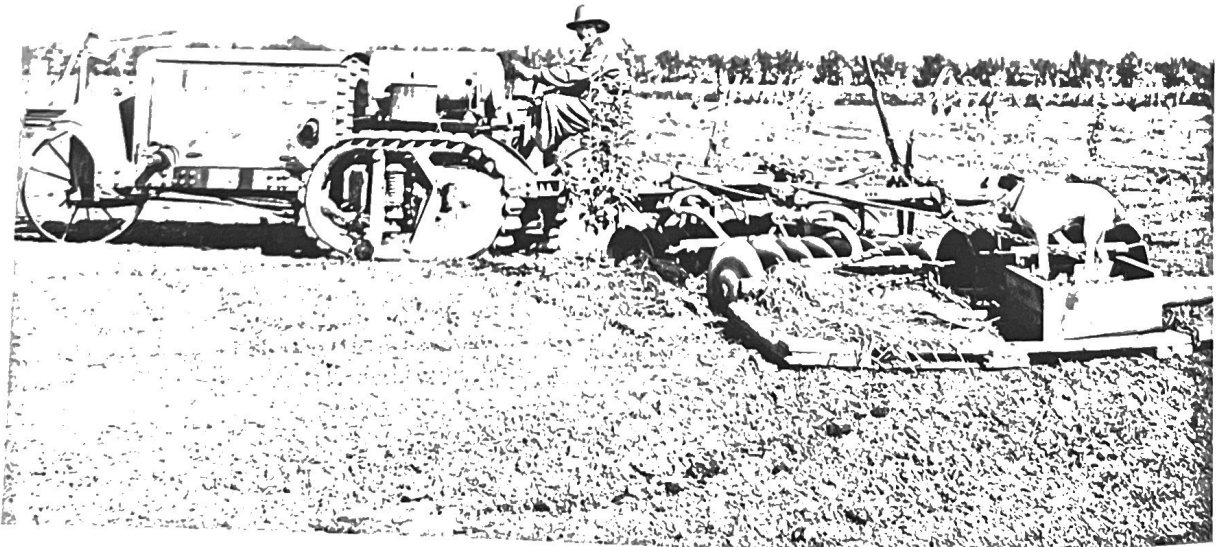
After the headache-producing prune crop of 256,000 tons in 1935, the industry outlook improved markedly early in the 1936-crop season. New crop production was forecast at 153,000 tons, down 41 percent, and the wholesale market was quite firm at from 3½ cents to 4 cents basis. The trade bought heavily of 1935 crop in the spring of 1936, which diminished the menace of a large carryover, although later it reduced purchases of the new crop. The industry sold a large quantity of 1935-crop split prunes (sub-standards) to satisfy a German demand for cheap fruit and this later hurt the sale of standard prunes abroad. As export sales of standard prunes lagged, packers pondered what they might do to cultivate this highly important market. In April 1936, six packers organized the California Prune Export Association under the Webb-Pomerene Act as a means of stabilizing the marketing of prunes abroad.

There was an additional disruptive force in the 1935-crop season. Heads of one packing firm, knowing the crop would be very large and expecting it to run predominantly to small sizes, sold a large tonnage of small-size prunes at low prices. Contrary to all expectations, the crop contained an abnormally small proportion of small sizes. As

a result, this packer had to buy a far larger tonnage than it ever before had handled to cover its small-prune commitments. The principals still thought they saw a large profit ahead and said confidently they would "out-Oppenheimer" Arthur Oppenheimer of Rosenberg Bros. & Company and shortly become the largest prune packer in the business. Unused to handling such a volume, the firm was under continuous pressure to sell its oversize supplies and it still carried a large tonnage into the 1936 season. Shortly after this speculative plunge, the firm was forced out of business.

The industry persisted in trying to divert sub-standard prunes from commercial packs and partly succeeded as was shown in the report of the Pacific Prune Products Corporation. It disposed of 10,200 tons from the 1934 crop and a few hundred tons from the 1935 crop, which was of much better average quality. In July, the Agricultural Adjustment Administration disclosed the extent of its aid to the industry: the purchase of 22,200 tons of 1934 crop carryover and 13,850 tons of 1935 crop, all standard prunes.

Grower leaders still sought a way to promote prune sales and expand markets. In August, representatives of all segments of the dried fruit industry formed the California Dried Fruit Stabilization Committee to solicit the support of chain stores in promoting consumer purchases of dried fruits. Phillip Bancroft was chairman and members were: James Mills, Jr., Harold Angier, M. E. Angier, H. C. Merritt, Jr., Dr. R. B. Hollingsworth, R. H. Brotherton, D. G. Bowley,



Occasionally, in years past, a woman would undertake the heavier orchard chores. Here is one discing and slab-

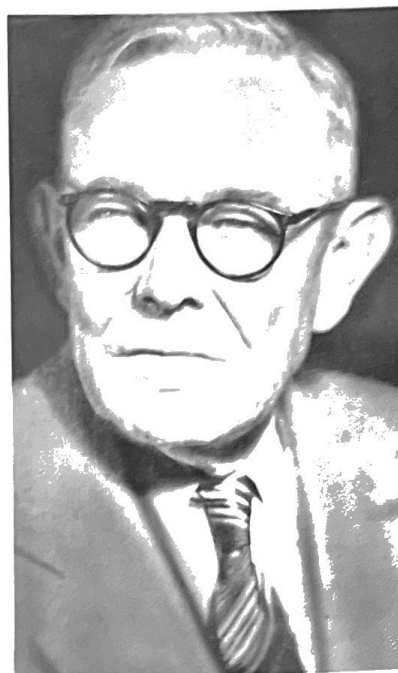
bing a young prune orchard. She is driving a Yuba ball-tread tractor, a model that was well liked about 1915.

Arnold Frew, W. E. Lawson, M. S. Meeker, A. J. Sturtevant, W. L. Stile, W. H. Williamson, Nick Nelson, Henry Wheatley, Hugh Hersman, E. H. Sharp, H. W. Barton, Amon Swank, R. W. Wright, Jr., F. P. Abshire, Harry T. Pyle, Frank Berry, Frank M. Shay, W. H. Calhoun, William Cook, Douglas Chisholm, C. C. Nordal, M. N. Yerxa, A. E. Swanson, John Hartley, and N. H. Vaughn.

The industry never relaxed its pressure on Washington for help and in September the A.A.A. announced it would subsidize diversion of 5,000 tons of substandard fruit from the 1936 crop. The next month, it announced it would buy 3,000 tons of standard grade prunes from packers that agreed to buy an equal quantity from growers at not less than 3½ cents basis. Before the month was out, A.A.A. stated it would buy 10,000 tons of standard prunes in California at prices comparable to 2¾ cents basis, and 2,000 tons on the same basis in Oregon.

Growers still held prunes in November 1936 in the expectation field prices would rise, but the packers that were buying would pay no more than 2¾ cents basis. After the government purchases, the field price advanced by about ¼ cent, but growers were still unhappy. Shortly they began to discuss again the need for some kind of an industry program and their interest gradually centered on a State prorate program under the California Agricultural Prorate law enacted in 1933 and amended in 1935. This had been used mostly by growers of fruit for fresh marketing to enforce pack standards and to regulate the volume marketed. A committee headed by Dr. George H. Hecke, former State director of agriculture, began actively circulating petitions in June 1937 asking the State to hold a grower referendum on a prune prorate program. At first it was proposed that the program regulate the volume of standard prunes marketed, provide for diversion of substandards, and include market development activities. Meanwhile Governor Frank E. Merriam pocket-vetoed an amendment to the prorate law that would have authorized product promotion and market development, so this provision had to be eliminated. Regulation of the volume of standard fruit to be marketed was discarded, so the program that growers finally approved was trimmed to but two kinds of activity: the pooling of substandard fruit and its sale in noncompetitive channels and authorizing the Prune Program Committee to serve as the sole selling agency in government purchases of prunes.

California Prune and Apricot Growers Association directors approved the program in August and early in September it received the necessary



HARRY C. DUNLAP served as president of the Association from 1932 to 1937. He was active in its affairs for 30 years, being one of the organizers. He served as director from 1917 to 1923 and from 1925 to 1937. He was the first director of grower relations and a vigorous supporter of H. G. Coykendall. He was general manager of the Dried Fruit Association of California from 1938 to 1952. He died May 6, 1953 at the age of 68.

approval of two-thirds of growers producing 51 percent of prune production. The first Prune Program Committee consisted of six growers and three packers. Growers were B. T. Galeb, W. S. Breton, R. A. McArthur, E. S. Lindauer, Lewis W. Armstrong, and William Rosenberg, the latter two of the Association. Packers were Bert Katz of Guggenlime & Company, C. B. Harter of Harter Packing Company, and F. M. Shay, president of the Association.

Immediately the perennial, contentious opposition within the industry to any kind of regulation broke out anew. It took a surprising course. Mrs. Carrie Rogers, a small-volume grower at Santa Rosa, sued for an injunction to halt operation of the program. The fact was that she was an Association member and as such stood neither to gain nor lose by her suit. Industry opinion was that she had been induced to take this action by some packers who wished to remain in the background. Tempers of the proponents flared and Robert A. McArthur, a member of the Prune

Program Committee, pointed an accusing finger. He said, "Since prorate in operation prevents substandards, cheaply bought, from being sold as standard fruit at a big profit, the operation of prorate has injured a number of unscrupulous packers who have profited at the expense of the industry."

Mrs. Rogers was denied the injunction.

The Federal government, meanwhile, announced a loan and purchase program to assist growers in the 1937-crop season. The industry organized the Prune Credit Corporation to serve as a nonprofit pooling agency through which the government could acquire prunes from growers. At the same time, the Commodity Credit Corporation allocated \$2,450,000 to acquire up to 50,000 tons of the new crop. The price set was \$49 a ton on the 60-point for 3-District fruit and \$45.50 for Outsides, less a deduction of \$4 a ton for overhead. A cash advance was made to growers on a nonrecourse loan basis, without interest charge. The participation of any grower was limited to 30 percent of his crop. If a participating grower could sell his fruit for more than the loan value to a packer, he could recover it simply by repaying the loan. Otherwise the transaction became a sale to the government at the loan value. The fruit thus acquired by the government was used for relief purposes.

The Prune Credit Corporation within a short time received grower loan applications exceeding the 50,000-ton limit. The agency was headed by William Rosenberg, an Association central representative, as president, and Russell P. Baker as manager. Further aid was then granted, Secretary Wallace allocating \$250,000 to Pacific Prune Products Corporation to subsidize the diverting of substandard fruit into noncompetitive uses—not in consumer packs.

Before long growers concluded that even all of these measures were inadequate and they reopened their discussion of measures that might sustain higher field prices. Industry leaders got together in May, 1938, and set up a Prune Growers Executive Committee of Seventeen to consider what might be done. Association representatives were Frank M. Shay, I. B. Mabie, and Lloyd Scoggins. Others were James L. Treadwell and Joe Battaglia of San Jose, C. E. Blanchard of Gilroy, Joe Vanderaar of Mountain View, Eugene H. Sharp of Hollister, W. D. DeJarnett of Colusa, E. M. Faye of Knights Landing, James Mills, Jr., of Hamilton City, Earl Lindauer of Los Molinos, F. P. Abshire of Geyserville, E. H. Uhl of Vacaville, Dallas Wagers of Healdsburg, and William Rosenberg of Exeter. They shortly proposed an 8-point program comprising:

1. Continuation of prorate.
2. Voluntary tree pulling under a government subsidy.
3. Pooling of standard prunes in addition to substandard prunes.
4. Posting of prune field prices by packers.
5. Sales promotion and advertising.
6. Advocacy of legislation to establish grade standards for prunes.
7. Compulsory inspection of fruit from the grower to the finished pack.
8. Standardization of packinghouse grading machinery and procedures under the provisions of the State Seals, Weights, and Measures Act.

In June, a committee was sent to Washington to seek government support of the proposed program. Members were Frank M. Shay, Robert A. McArthur, E. M. Faye and James Mills, Jr. They also undertook to secure financial backing of the tree-pulling measure, but the government thought that tree pulling presented too many unfamiliar problems. In July, however, it announced that the Federal Surplus Commodities Corporation would buy from the Prune Credit Corporation, the 31,174 tons still held under the government nonrecourse-loan-and-purchase program put into effect in November. It also had under consideration a second diversion plan for substandards.

A statewide meeting of industry leaders was held in July 1938 at the University of California in Berkeley to review again what might be done. W. Eric Lawson of Rutherford served as chairman. Growers were inclined to be conservative in their 1938-crop estimate after the 236,838 tons of standard prunes produced in 1937. They guessed it at 200,000 tons. The carryover was estimated at 70,000 tons. The conferees agreed that 132,000 tons had to be eliminated from the



When peaches ripened earlier than expected, there was not always time to get all the drying ground in order. Then trays of fruit had to be placed on grassy ground.

marketable supply. They concluded that an equivalent of 87,000 tons could be eliminated through use of the untried green dropping, that 25,000 tons of 1937 crop had to be eliminated by some other means, and that 20,000 tons of substandards should be diverted from commercial packs. A few days later, when the Crop Reporting Service estimated the new prune crop at 271,000 tons, even larger than the 1937 crop, the shocked leaders of the statewide group promptly raised the green-drop goal to an equivalent of 110,000 tons, dried, or 35 percent of prospective supplies.

As soon as growers generally grasped what the proposed program would encompass, opposition forces began to be heard. They particularly objected to pooling of any kind. But the resolute industry leaders, working with State and Federal officials, put together a joint program whose main features were disclosed in August. They consisted of:

1. A nonrecourse loan by the Federal government on 1938-crop prunes of \$8,745,000, providing the industry agreed to market no more than 180,000 tons in the regular channels of trade. The loan was limited to 25 percent of each grower's production of standard prunes at a maximum rate of \$60 a ton for 3-District fruit and \$55 for Outsides. This was calculated at 1½ cents basis for 3-District fruit and 1¼ cents basis for Outsides.

2. A contribution by Commodity Credit Corporation of an additional \$5 a ton for such expenses as storage, handling, reconditioning, and insurance of fruit in the loan pool.

3. Operation of a standard grade pool of 25 percent of production by the Prune Prorate Program Committee.

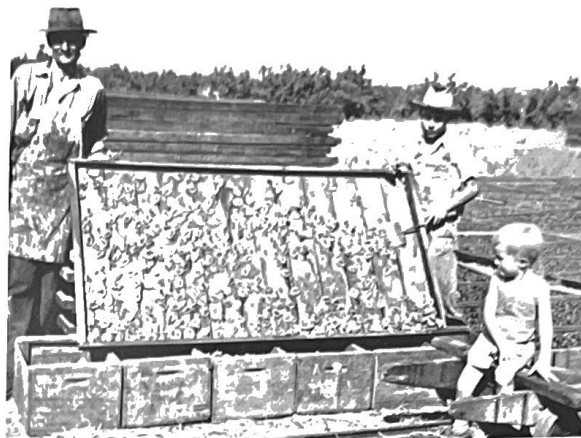
4. Operation by Prorate of a substandard pool, toward which the government would provide a subsidy averaging \$13 a ton.

5. Provision for voluntary green dropping by growers of all or part of their crops to a maximum of 130,000 tons, green (36,000 tons, dried). The volume of each grower's crop green dropped would be estimated and Prorate would issue the grower salable certificates that were acceptable in lieu of the prunes required to be delivered to the standard grade surplus pool.

6. Fruit in the nonrecourse loan pool would be held in identifiable lots until May 1 for recovery by growers for sale to packers, but all unreclaimed fruit was to be pooled together thereafter with each grower having a proportional equity in the pool.

7. All Association fruit would be handled as a single lot.

Regardless of the opposition, a preponderance



Dad and lad shared in the tray-scraping job and meanwhile both kept an eye on little brother. Doubtless mother and sister were busy working in the cutting shed.

of the growers concluded that about \$9 million in government aid, green drop, and pooling offered more promise than trying to get an acceptable field price by marketing a 340,000-ton supply. There were many complications and numerous grower complaints, but the program was put into effect. After the season's operations ended, it was estimated that an equivalent of 56,000 tons, dried, was eliminated by green drop. All of the 21,776 tons in the substandard pool were sold for byproducts use or stock feed. The Federal government bought 45,000 tons for relief purposes, including 5,157 tons left in the nonrecourse-loan pool. Prorate had 8,094 tons left in the surplus stabilization pool. The equivalent of 9,000 tons, dried, of substandard prunes was unharvested. The free tonnage of standard fruit totaled 189,008 tons. Those who thought about it conceded it was an amazing accomplishment under the circumstances. Although the prospects were grim early in the season, the measures adopted by the California industry largely accounted for reducing the world supply—including California and foreign production and the carryover—to 261,500 tons, the smallest in nine years.

When the program first went into operation, there was a brief strengthening of field prices, but it was shortlived and prices quickly settled to exactly the nonrecourse-loan value. Growers were disappointed and said so. The Association considered the price unwarrantedly low and strongly urged the Federal government to increase the loan-value to 2 cents basis. It got nowhere.

An amendment to the Prorate Act in 1937 cleared the way for a resumption of industry sales promotion. The Prune Prorate Program Committee in January 1939 sponsored the popular Hedda Hopper's Hollywood Gossip radio program for 17 weeks in five cities.

The prospective crop for 1939 appeared to be about 170,000 tons so the Prune Prorate Committee announced there would be only a very simple program for the year. It would consist only of a substandard pool and a merchandising campaign.

The fight against the program intensified, including attacks on its legality. In March, Superior Judge A. F. Bray upheld the validity of the program in a suit brought by the Prune Prorate Program Committee charging noncompliance by Rubino Brothers, Peter McKinney, P. H. Rusigno, and Mark Smith, all San Jose area growers. This suit was a mild preliminary to a fight against the entire prorate program in June. The California Agricultural Prorate Commission held a public hearing in Berkeley on a petition, bearing 4,000 signatures, to terminate the entire program. The debate was so acrimonious that some participants got into fistfights requiring police to be summoned. The Association, the Dried Fruit Association of California, and several growers defended the prune program and argued for continuance of offgrade control and of advertising.

The industry sent another committee to Washington in July to request continued government assistance in the 1939-crop season. It returned to report that any assistance would be dependent upon the industry continuing its State prorate program. Nonetheless, the following month opponents of the program petitioned the Prorate Commission to terminate the prune program. The Commission rejected the petition, stating it would go out of existence on September 20 when a new commission would take over prorate activities under the Prorate Act, which had been extensively amended by the recent legislature.

The new Prune Prorate Program Committee confirmed that because of the short crop the simplified program for 1939 would provide only for pooling of substandard fruit and for a trade stimulation and sales promotion campaign to be financed by a 75-cents-a-ton assessment. When the crop was harvested, it proved to be 185,000 tons, 17 percent less than the 224,000-ton crop of 1938. The substandard pool diverted 10,508 tons and pool returns, after payment of expenses, brought the growers nearly \$300,000. The Federal Surplus Commodities Corporation bought 4,200 tons of 1938 crop still held by growers and grower associations and also 33,400 tons of 1939



Empty boxes on end supported the trays on which apricot cutters, women and girls, placed the cut fruit.

crop small-sized fruit. It paid at the rate of $2\frac{1}{2}$ cents basis for 3-District fruit and $2\frac{1}{4}$ cents basis for Outsides.

Industry expectations of a good marketing season were raised by the government's announcement of the Food Stamp Plan to assist needy families to obtain needed foods. The government estimated that the plan might result in the sale of 87 million pounds of prunes.

Numerous suits were filed to end the Prune Prorate Program and in May 1940 one of the most important of these suits, filed by Ben Hessel and 100 other growers, ended in favor of Prorate. Judge A. F. Bray, in a San Jose Superior Court, ruled that the regulatory provisions of the Prorate Act were legal and that the plaintiffs had failed to file their action within the time provided by law. This decision cleared the way for legal action by Prorate against packers that had refused to comply with the provisions of the program. Again the decision was in favor of Prorate, Judge Bray entering a judgment against Winchester Dried Fruit Company and Bert Kirk, Sr. He enjoined them against further violations of the terms of the program and ordered them to account for the fees that should have been paid on the 1938 and 1939 crops. Later Judge Bray entered a judgment against Winchester Dried Fruit Company for \$6,000 in favor of the Prune Prorate Program Committee.

Opponents then tried a new trick. They filed suit in Federal court charging that Prorate operated as a restraint of trade. A panel of three judges in San Francisco refused to dismiss the complaint, but they also refused to issue the injunction sought by the plaintiffs.

How surprisingly little headway opponents were making in their fight against the industry program shortly became evident. In July 1940, the California Department of Agriculture held a hearing on a petition by growers for a new pro-

rate program. It was to include a stabilization pool, which was designated an export and reserve pool, and the diversion of substandard fruit to be financed by an assessment on standard prunes. When the program was submitted for grower referendum, only 12 percent of the 9,356 growers eligible to vote voted against it.

The very acute economic problems engulfing the industry, which the industry programs were intended to alleviate, were due directly to the loss of a highly important export market. Export of prunes and other dried fruits began to decline in 1934 as Germany radically changed its trading policies when the Nazis came to power. Fortunately, Great Britain and France increased their purchases of California prunes, but these fell far short of what had gone to Germany before. In the five years 1927-28 through 1931-32, total U.S. prune exports averaged 243,371,200 pounds a year. In the succeeding five years, exports averaged only 183,898,600 pounds a year, a decrease of 24.5 percent. Germany had turned to Yugoslavia and Bulgaria for prunes. The lost export business, which actually represented 16 percent of production, accounted to a great extent for the industry's large oversupplies. Export sales continued to dwindle in the face of the worsening international situation in western Europe and soon both Great Britain and France imposed trading restrictions as the threat of war increased.

On September 1, 1939, Germany launched its blitzkrieg attack on Poland and World War II began. Overnight the demand for dried fruits soared and prices rose sharply. Indicative of what happened in the industry, E. N. Thayer, sales manager, disclosed that sales by the California Prune and Apricot Growers Association from September 1 to October 11 were the largest volume in such a period in the Association's history. Thirty-four prunes that were priced at 2½ cents basis on August 9 were 3¼ cents basis on September 13. Choice Yellow dried freestone peaches rose from 6⅜ cents a pound to 9 cents.

The dried fruit boom was shortlived. Shortly San Francisco dock workers went out on strike and large quantities of goods were tied up on the docks. In January 1940, European countries began to curtail their dried fruit purchases. This brought on a wave of speculative selling and price cutting in the industry.

When estimates of the 1940 crop could be made, C. D. Cavallaro, the Association's general manager, estimated it at 186,000 tons of standard grade, the carryover at 55,000 tons, and the visible demand at 110,000 tons. Blockades cut off practically all shipments to Europe. In

October, Thayer said that exports had declined 92 percent compared with a year earlier and domestic sales had declined 52 percent. In December packers offered growers 2¼ cents basis for 3-District fruit and 1¾ cents basis for Outsides.

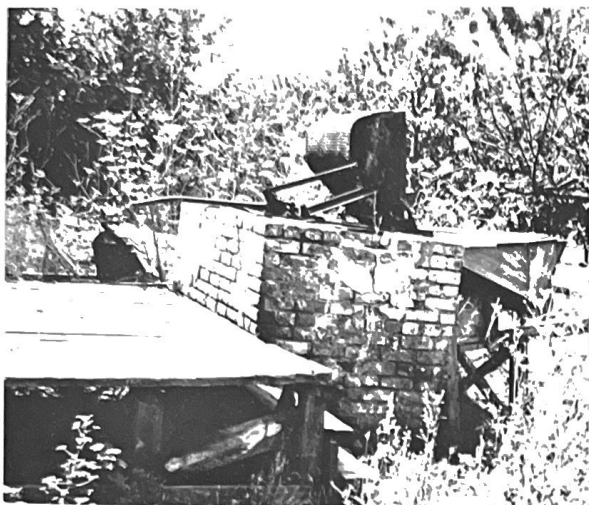
Turning to domestic market development, the industry launched a new merchandising drive in March 1940, using radio, newspapers, magazines, and contests to gain consumer attention. It also employed dealer-service men to encourage retailers to display prunes prominently and to assist them in putting up prune displays.

With a new State Prorate program assured for the 1940 crop, the Federal government in September announced its industry aid program. It included an \$8 million nonrecourse loan to be provided by the Commodity Credit Corporation on 120,000 tons of 1940-crop standard fruit. The loan rate was 2½ cents basis for 3-District fruit and 2¼ cents basis for Outsides. Loans were limited to a maximum quantity of 75,000 tons of stabilization pool fruit—38 percent of the 187,000-ton crop—and 45,000 tons of surplus pool fruit—22 percent of the crop. Both pools were to be operated by Prorate.

A new independent grower organization was formed in late 1940—the Prune Institute of America. Its announced purpose was to find ways of inducing consumers to eat more prunes and thereby improve returns to growers. Heading it were Victor H. Anderson of Windsor, president, and Frank C. Arnerich of Los Gatos, secretary-treasurer. Serving with them on the executive committee were Vincent T. Giordano of San Martin and George F. Pitts of Healdsburg. Early in 1941 it vigorously protested the delay of the government in getting money into grower hands through the nonrecourse loan program on the 1940 crop. The institute charged that of the \$8 million allocated to the loan program, growers had received only \$1 million by January. In May, the Institute announced its opposition to the Prorate program and said it would head up



Fifty years ago the women workers culling newly dried fruit in the dryyard had to be properly dressed for work.



This is a modern prune dipper of the 1920's and earlier. The dipping tank is set in a brick fire box, oil fired. By means of a lever, the dipper is swung back to be in easy reach of workers on the platform, filled with fruit, then immersed in the hot lye-water solution, then emptied into a chute that spills the fruit onto the empty trays.

any organized grower effort to terminate the program.

Santa Clara County prune growers joined in the protests over the government delay in completing the nonrecourse loans at a public meeting in April. They protested also the low prices at which the government was buying surplus prunes for relief purposes, arguing that many persons on relief were better off than the fruit growers. Kittredge Batchelder of Los Altos led this protest.

It was finally disclosed that the government had bought about 95,000 tons of prunes in the 1940-crop season and that later purchases were to be priced at $3\frac{1}{4}$ cents basis for 3-District fruit and 3 cents basis for Outsides. The packers took 17,493 tons from the stabilization pool and the government took the surplus pool and the remainder in the stabilization pool except for some 101's and smaller prunes that were diverted.

Early in 1941, Congress approved President Franklin D. Roosevelt's Lend-Lease proposal, precipitating the most active buying of consumer goods as well as hard goods the country had seen since before 1929. The dried fruit business boomed throughout March as speculators competed with Lend-Lease buyers for dried fruits. Dried fruit sales in that month increased by 187 percent over February.

Even though it now seemed certain the demand created by Lend-Lease buying would prove a boon to dried fruit producers, they continued to be apprehensive about the future. This uneasi-

ness led to the calling of a Prune Economic Conference at the University of California, Berkeley, in April with Dean C. D. Hutchinson as chairman. The conferees were F. M. Shay and C. D. Cavallaro of the California Prune and Apricot Growers Association; Lynn Brankamp, E. H. Sharp, W. H. Halsey, and F. V. Kellogg of the California Farm Bureau Federation; Norman E. Pyle, Emile J. Bouret, John Stelling, and F. C. Cottle of the Prune Fact-Finding Council; Eugene Montna, M. N. Yerxa, and M. Meschen-dorf of the Northern California Prune Producers; George M. Hecke and W. L. Gerrans of the Farmers Union; Lewis W. Armstrong, F. J. Abshire, and C. W. Bassett of the Prune Prorate Program Committee; Victor H. Anderson, Henry Luhman, and Lawrence M. Meredith, independent growers; and Dwight K. Grady of Rosenberg Bros. & Company, C. W. Griffin, Jr., of California Packing Corporation, Leonard Rubino of Valley View Packing Company, and James W. Lively of C. L. Dick & Company. They agreed on eight major objectives for a future industry program:

1. Effective control of substandard fruit.
2. Disposal of old crop before the new crop comes in.
3. Surplus control on an annual basis.
4. Quality control.
5. Market development to be an essential part of any program.
6. Any program to be as simple as possible.
7. Enforceability to be the most essential part of any program.
8. Any program to be flexible so as to adjust to changing conditions year to year, but still be a continuing program.

The government began preparations for the



This is a later type dipper hung from a counterweighted boom, easily lowered for filling with fruit, then dipped into the hot lye-water solution, then swung out over the field trays, stacked on dryyard cars, for ready filling.

new crop season and asked the industry to send two committees to Washington for conferences in July, one representing dried apricots and the other prunes. The committees were: Apricots—F. M. Shay, president of the California Prune and Apricot Growers Association, C. D. Nordal of Hemet, and Ed Grant of Hollister, president of the California Apricot Growers Union; prunes—F. P. Abshire, C. W. Bassett, and Robert A. McArthur of the Prune Prorate Program Committee and Victor H. Anderson and Norman E. Pyle of the Prune Economic Conference. Shay also participated in the prune discussions.

The government announced its prune support program for the 1941-crop in August. No loan plan was contemplated, but the government said it would buy prunes in sufficient volume to prevent a collapse of the market. The purchase prices announced were $3\frac{1}{4}$ cents basis for 3-District fruit and 3 cents basis for Outsides. The crop was estimated at 200,000 tons, with an abnormally large proportion of substandards—it proved to be 160,000 tons—but the Prune Prorate Committee ruled out any surplus and stabilization pools, although substandard diversion was to be continued. The Committee hesitated to operate the pools because of a recent adverse court decision on the raisin prorate pools. Prorate also continued the trade stimulation program such as the industry had had in 1938, 1939, and 1940. The assessment was set at \$2.50 a ton to operate Prorate, \$1.25 for administration, 50 cents to operate the substandard pool, and 75 cents for trade stimulation and consumer advertising.

Indicative of the Federal government's assistance to the industry were the dried fruit purchases of the Surplus Marketing Administration in the months of May through December: 7,800 tons of dried apples, 7,700 tons of dried apricots, 4,200 tons of dried peaches, 3,300 tons of dried pears, 109,000 tons of prunes (40,000 tons from the 1941 crop), 40 tons of mixed dried fruits, and 52,500 tons of raisins.

A new grower battle against Prorate began in early December. Leaders were Dominic DiFiore, chairman, D. J. Catania, and Kittredge Batchelder, all of Santa Clara County.

The Japanese Navy attacked Pearl Harbor on December 7 and the United States immediately declared war against the German-Italian-Japanese Axis.

The troubles of producers of dried apricots also became much more acute as World War II went on, but prior to the entry of the United States. These were due not only to the depression and the loss of export markets, but also to the dismantling of drying equipment by growers

as canners bought more and more fruit. From time to time, the great variation in the size of the crop created special difficulties. Because many growers were no longer in a position to dry their fruit, they became largely dependent upon canneries for an outlet. Often the supply available to canners was larger than they wanted to utilize. Hence a weak field price situation resulted except in seasons of very short crops.

Growers regularly called meetings to protest low prices, but with little effect. Conditions were particularly bad as the 1941 harvest neared. Growers in Santa Clara Valley organized the



Children took rides on dryyard cars during slack periods, a special use that ended with the advent of dehydraters.

Apricot Growers Union to persuade growers to hold for \$67.50 a ton for 12's and larger for canning. The average paid by canners in the preceding 10 years was \$37 a ton, statewide. In early July, Union members became restive and belligerent. They threatened to picket the orchards of noncooperating growers and canners. They threatened also to dump loads of fruit being delivered to such canneries and to burn the fruit boxes. The sheriff of Santa Clara County canceled the leaves of all his deputies and alerted them for trouble. As the fruit ripened, grower determination waned. In two weeks canners bought freely at \$57.50 a ton. Those with drying equipment decided to dry most of their crops.

This latter decision was encouraged at least in part by the action of the Federal government, which announced in August it would buy an unlimited quantity of Slabs and Standards at 11 cents a pound and Choice and larger at 12 cents a pound. Since most of the excess supplies were in grower hands, the purchase was made from growers and grower associations. For the moment, disaster was forestalled.



FRANK M. SHAY served the Association as president 22 years, 1937 to 1959. While president, he was chairman of the Statewide Agricultural Committee of the State Chamber of Commerce, president of the Agricultural Council of California, director of the National Council of Farmer Cooperatives, chairman of the Farm Production Council, and member of the State Board of Agriculture for 12 years. He was born in Oakland, went to seas as a youth, returned to study law, and became an attorney.

As the record shows, the Association was deeply involved in all of the industry activities and programs in the prewar period contributing leadership and representing as well as it could the special points of concern of producers who were also processors and marketers. Hence their concerns were broader and more diverse than those of non-Association growers. At the same time, the Association had a separate, activity-filled career of its own. It kept hacking away at costs to increase returns to growers. This was one of two major preoccupations of Cavallaro, the other being his unceasing effort to induce more growers to join the Association to enable it to do an even better job for its members.

The Association was the only agency in the industry that continuously carried on an advertising program in support of prunes and directed at consumers. It also carried on dealer-service activity to induce retailers to display prunes advantageously.

It was forced into unexpected educational efforts by having to explain time and again why it sold prunes at the low prices prevailing instead of holding its supplies in the hope that prices might rise. The demands for explanation usually originated with non-Association growers on an industry board or committee who wanted prunes held until the prices reached the level of their ideas of value.

The Association publicly deplored the apathy of non-Association growers when elections were held to choose their representatives on industry boards, with sometimes as few as 15 percent of those eligible voting.

Cavallaro hammered away on his basic essentials for both the Association and the industry; stabilization of price, modernization of packages, improvement of product quality, and product advertising. He decried the emphasis elsewhere in the industry on low price and argued that the industry could not build a market for its products on the principal basis of low prices.

As 1936 approached, the Association continued to promote its unique foil-wrapped consumer cartons and the recently introduced Sunsweet prune juice. In February 1936, it introduced a brand new gold foil carton design, made possible by the perfection of a method of printing on aluminum foil. In July, it offered group employers' liability insurance or employees' compensation insurance, on a cost-saving plan. In August, it put out a special edition of its membership publication, *Sunsweet Standard*, and sent a copy to every prune grower. The contents explained how the Association operated and appealed to nonmembers to join. In September, it put out a 40-minute film for showing to grower audiences, which it described as a dramatized lecture on cooperative dried fruit marketing.



The depression's impact on prunes is shown in a Brooklyn store in 1935 with 2-pound Sunsweet cartons priced at 15 cents, bulk Santa Claras at 4 pounds for 19 cents.

A significant change in Association direction took place in May 1937. In a spirited and momentarily controversial election, Association growers in Napa County elected Frank Wood central representative. In so doing they defeated Harry C. Dunlap, who had completed five years as president of the Association, making him ineligible to serve on the board of directors. In the ensuing annual election, the directors elected Frank M. Shay as president, a position he held for 22 years. Dunlap had been active in the campaign to organize the Association in 1917 and had served it in some official capacity until 1937, except for two years. He departed in 1923 when Coykendall resigned and he returned in 1925 as the central representative of the Napa County Prune Association.

The main thrust of Dunlap's efforts through the years was in grower relations. When Shay assumed the presidency, he immediately directed his efforts toward even greater participation by the Association in dried fruit industry and agricultural affairs and in enhancing the Association's position as a major farm business agency.

The demoralizing economic conditions of this period brought about resumption of a grower practice that disturbed Association officials greatly. Many growers began joining the Association one year and withdrawing the next, seeking both to outguess the changes in the demand-supply situation and to improve their bargaining position with packers. To curb this, in March 1938, all Association Locals approved uniform withdrawal rules that barred a withdrawing member from signing a new membership agreement until after one year and then only if he waived his withdrawal privilege for two years.

In March 1938, the Association committed itself to participation in the first Golden Gate International Exposition at San Francisco. Director R. V. Garrod had been appointed chairman

of the Exposition committee on agriculture. The Association began at once to produce a new motion picture, "The Purple Harvest," for showing at the Exposition.

The Association continued its advertising activities and in October it became a sponsor of the coastwide Housewives' Protective League program on CBS radio. Cavallaro got busy on the radio, also, and in January 1939 began a series of six talks on industry problems over Radio KQW, which later became Station KCBS in San Francisco.

As the 1939-crop season got under way, Cavallaro publicly reported on the Association's state of health. It had handled 79,978 tons of all commodities in the 1938-crop season, grossing \$16,820,000. Assets totaled \$2,966,169, reserves amounted to \$340,277, and membership totaled 5,227.

To promote the marketing of the 1939 crop, the Association launched an advertising campaign in three national magazines, LIFE, Physical Culture, and McCall's. It also scheduled local advertising in newspapers in selected markets.

The Association also made the most of its participation in the Golden Gate Exposition in 1939 and held its monthly directors meeting there on October 11. Governor Culbert Olson and many other celebrities attended. It was largely because of the favorable notice given this event that the Association decided to participate again when the Exposition was continued into 1940.

When the 1940-crop marketing season ended on June 30, 1941, Cavallaro announced that the Association's handling in the crop season totaled 185,000,000 pounds, compared with 128,000,000 pounds in the 1939-crop season and 182,000,000 pounds in the 1938-crop season. He estimated that, compared with the returns received by non-Association growers, Association growers had received a premium of \$263,000 on 1940 crops.

20. Dryyard Gives Way to Dehydrater

Processors once acclaimed California prunes as being dried in "God's pure air and sunshine." The industry considered this idea an impressive selling point, although no one knew what importance consumers attached to it. Today it is assumed that consumers have no interest in how prunes or other dried fruits are dried and circumstances have obliged growers to abandon sun drying prunes for mechanical dehydration.

Even when the virtues of sun drying were being extolled, beginning about 1880, growers experimented with means of drying prunes artificially. Some who were drying cut fruits in evaporators sought to dry prunes that way, also, and to increase the capacity of existing evaporators. The eventual shift to dehydration received great impetus from four disconnected circumstances that occurred after the Association was established. The first was the disastrous rains of September 1918 that ruined over one half of the crop. The second was the effectiveness of membership in a cooperative dryer as a solution to the annual withdrawal problem. The third was the successful low-cost operation of the Napa Cooperative Dryer. The fourth was the shortage of farm labor during World War II and rising labor costs.

Mention was made earlier of the unseasonal rains that flooded tray-filled dryyards and cost growers losses of millions of dollars in 1918. Immediately thereafter, growers began to talk about how to avoid the risks of unfavorable weather during harvest. A few small-capacity dehydraters were already in operation and these attracted much attention. Shortly several firms began to build small dehydrater plants suited to the needs



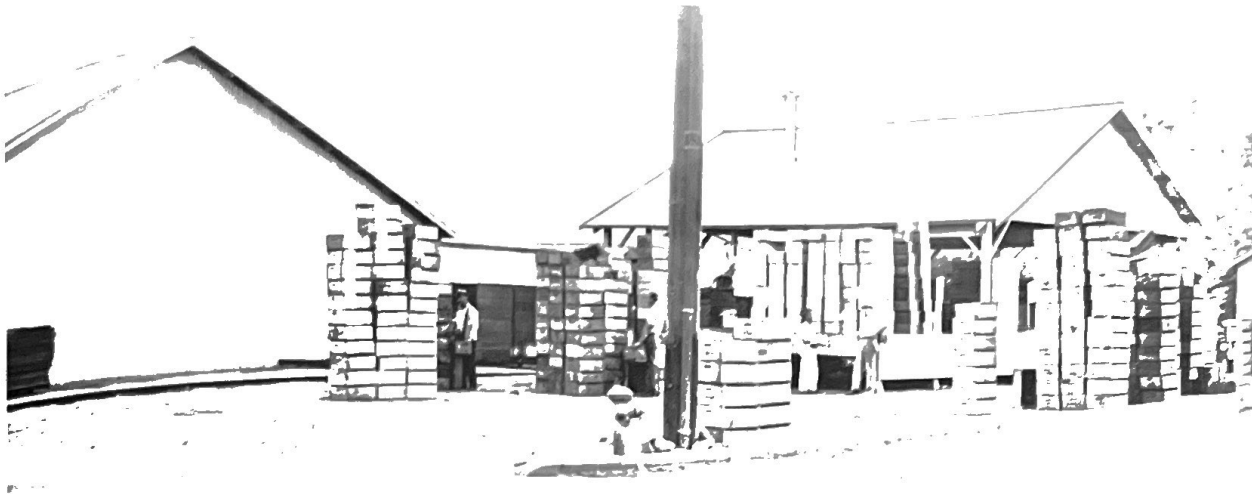
Largest dehydrater in California in 1920 was this plant in Gilroy owned by the National Ice and Cold Storage Co. Several thousand tons of prunes, apricots, pumpkins, and other products were dehydrated in it in 1920 and 1921.

of individual growers. Many of these plants were sold and put to use. Some growers satisfied themselves that the added production of trees planted in the dryyard would offset a considerable part of the cost of a new dehydrater. Growers began to receive technical help, too, as members of the staff of the College of Agriculture of the University of California began experimenting with dehydrater design and operation. W. V. Cruess and A. W. Christie particularly did a lot of early work on dehydrater design and operation and gave growers a great deal of invaluable help.

But in spite of the interest awakened in dehydration by their 1918 experience, growers did not make an immediate large-scale switch away from sun drying. There were several reasons that this was so. In looking back on their own experiences, many growers concluded that September rains as heavy as those of 1918 fell only infrequently. Further, growers were familiar with sun drying and quite unfamiliar with the complexities of dehydration. It was common knowledge that growers who had dehydraters occasionally damaged fruit by operating their tunnels at too high temperature. This was a critical problem that members of the University staff worked on diligently and eventually came up with soundly based recommendations for tunnel operation practices. So the result was that when the switch from sun drying to dehydration began in earnest, the industry possessed a great deal of sound information on how to operate dehydraters effectively.

Much credit for the present extensive use of dehydraters by Sunsweet members goes to Frank A. Randall, Napa district fieldman for the Association in the 1930's. Out of his experiences in the industry and his familiarity with the Association and its operation, he concluded that cooperative ownership of a dehydrater plant by a group of growers was the most practical way to provide satisfactory dehydration service at a low cost. He began talking to Napa County growers about his ideas in 1931. Growers were interested, but they were feeling the pinch of the depression and many were still discussing the relative advantages and disadvantages of sun drying versus dehydration. Field prices for prunes then ranged from 2 to 4 cents basis, but Randall argued that investment in a cooperative dryer was wise because it would enable growers to reduce production costs.

The idea of a cooperative dryer was not wholly new to Sunsweet growers in the Napa district at



Conventional fresh fruit handling practices had to be taken into account when the Napa Cooperative's dehydrator was built in 1934. The receiving platform was at truck bed height for unloading boxed fruit with hand trucks. The empties were stacked at curbside and elsewhere convenient for collection by growers. At the right, workers are moving cars of trayed prunes into position to be placed in the dehydrator tunnels, left foreground.

the time. Another group of Napa district growers organized the Napa Mutual Dehydrater 1932 to provide its members with drying service on a cooperative basis. It operated for two years before Napa Cooperative Dryer began operating. Randall, like many Sunsweet growers, was familiar with this operation, its shortcomings and its good points. Frank Moyer, Napa Mutual manager, also was willing to discuss his experiences with any growers who were interested and so was Walter Lutge, its most energetic grower advocate. The Napa Mutual Dehydrater sold out in the fall or winter of 1950-51.

In September 1933, Randall asked A. E. Huddart, later a fieldman and superintendent of Healdsburg Plant 31, to help compile a list of growers who might be interested in forming a cooperative dryer. They followed this up with a canvass of Napa Local members. Before the month was out, 46 interested growers attended a meeting at which Randall and Huddart explained their ideas for a cooperative dryer. This group authorized Chairman Henry Wheatley, president of the Napa Local, to appoint a committee to develop a plan of organization and to study the relationship of such a dryer to the Association. Members of the committee were Huddart, Frank Jasper, Thomas Elrick, Ray Palmer, and H. D. McCreary. The committee reported its recommendations at a grower meeting in March 1934. At a second meeting in April, the growers, all members of the Association,



formed the Napa Cooperative Dryer. The Berkeley Bank for Cooperatives assured the members it would provide half the funds required to build a plant. Thirty-four growers signed membership contracts and the articles of incorporation and shortly afterward agreed to deliver the equivalent of 500 dry tons of fruit for drying. They agreed also to pay \$30 a dry ton toward the capital requirements of the Dryer, to be used in building the plants. Seven of the members agreed to pay the capital investment charges in full so the Dryer had to borrow only \$5,000 to finance the first stage of construction.

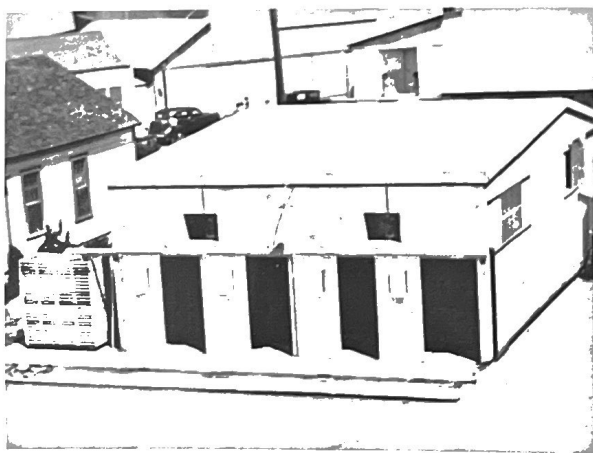
The members of the new Dryer chose the organizing committee as the first board of directors but replaced Ray Palmer with Robert P. Kroman. Palmer lived at St. Helena and thought he was too far removed from the Napa Dryer. Jasper was elected president, Huddart vice president, and Randall secretary-treasurer.

The Dryer bought a site adjoining Plant 23 on June 28 and hired John D. Cantoni to design and erect the plant, which cost \$14,937. Ten years

later, the plant of nine tunnels had a daily capacity of 80 green tons of fruit and represented an investment of \$67,237.

Little attention was paid to the Napa Dryer by Sunsweet growers in other areas until 1936 when its per-ton drying costs were reported for the first year: less than \$3 a ton for French prunes and \$4 a ton for Imperials and Sugars. These costs impressed growers in two other districts and they immediately began advocating the organizing of cooperative dryers. Campbell Cooperative Dryer at Campbell and the Sonoma District Cooperative Dryer at Healdsburg were both established in 1937. Each was unique in its own way. The Campbell Dryer expanded rapidly to become a 48-tunnel plant, until recent years the largest of all. Its expansion occurred before the urbanization of the Campbell-Los Gatos district after World War II. The Sonoma District Dryer pursued an independent course from the start and in the 1950's began to serve more and more non-Association growers. When in 1961 it handled more non-Association tonnage than Association tonnage it disassociated itself from the Association. Association members in this area, however, began earlier to affiliate with the Santa Rosa Cooperative Dryer and it constructed a new dryer plant at Healdsburg in 1959, which was enlarged to 72 tunnels in 1966.

When growers in other areas learned about Napa Dryer's low operating costs, they asked their fieldmen to get more information about the Napa Dryer and disseminate it among local Association members. As interest grew in the idea of a cooperative dryer owned by Association members, an incongruous situation developed. The Association fieldmen, with some local backing, concluded

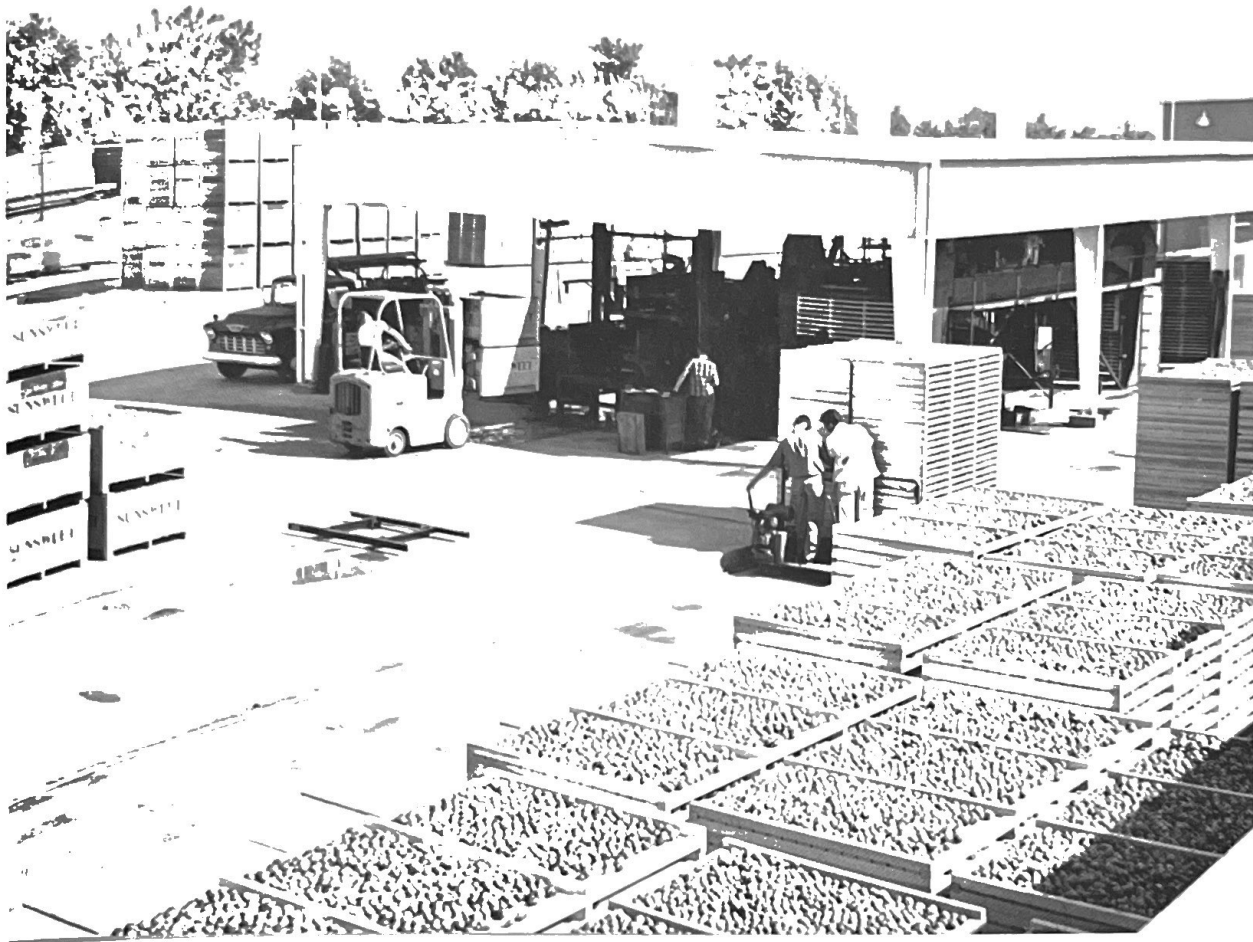


The first unit of the standard Sunsweet design dehydrator tunnels, shown above, was erected at the Campbell Cooperative Dryer plant from plans developed by G. K. Schrader, who later managed Sunsweet Dryers.

they should actively promote cooperative dryers, but C. D. Cavallaro, general manager, strongly opposed all such activity. He felt that if growers in any district wanted a dryer, they should promote it, but that fieldmen should direct their efforts toward what he considered to be more properly the Association's business. Although Cavallaro from time to time admonished fieldmen to leave dryer matters to the growers, in those districts in which growers determined to have dryers, the fieldmen found it impossible to resist insistent urging of these growers for help in getting a new dryer organized. Some directors, notably F. L. Steindorf of Campbell, joined actively in advocating the organization of new dryers.

Unexpectedly, fieldmen became enthusiastic advocates of the cooperative dryers for reasons of their own. Whereas a cooperative dryer solved a critical drying cost problem for growers, especially small-volume growers, it also seemed certain to solve one of the fieldmen's most difficult and disliked problems: how to keep members from withdrawing. Each yearly withdrawal period before cooperative dryers came into existence, several hundred members withdrew from the Association. The fieldmen had to try to persuade these growers to rescind their withdrawals. This was an unpleasant task. Growers withdrew for several reasons, an important one being their dissatisfaction over the rejection of deliveries because the fruit was "wet" or had too large a proportion of offgrades. There were always neighbors who sold to packers and who claimed their deliveries were never rejected. The disgruntled members thought that by selling to independent packers, rejections could be lessened or avoided. Packer fieldmen busily capitalized on the dissatisfaction of Association members to induce them to withdraw. The new cooperative dryer idea, however, appealed greatly to small-volume growers who could not afford a dehydrator of their own and who had either to sell their fruit green or have it dried at a custom or commercial dryer. The consensus among small-volume growers was that the green fruit buyers paid too little for fruit and the custom dryers charged all the traffic would bear. Hence, these growers thought they could solve a difficult problem and secure a better drying job, which would cut down on rejections. The small-volume growers believed they were being taken advantage of and were helpless to do anything about it until they had the opportunity to get into a cooperative dryer.

The Campbell-Los Gatos district had an unusually large number of such small-volume growers who were in desperate need of a cooperative



The new Live Oak plant of the Feather River Cooperative Dryer shows grower deliveries of freshly harvested prunes in bins at the left and in the foreground, the

washer-spreader stacker unit in the dipper shed, and the trayed fruit ready for dehydrating at the right. Forklift trucks move the bins, powered rail cars the trays.

dryer. Many of them had to sell their crops to green fruit buyers and others had their crops dried at custom dryers. Often the drying was done with little care and occasionally growers felt that what they got back from the dryer was not the fruit they had delivered for drying. Many lots delivered to the Association were rejected and the angered growers waited only until the next withdrawal period to make plain their dissatisfaction. Under these conditions, the idea of their own cooperative dryer was favored by both growers and members of the local Association staff. Growers insisted that the local fieldmen help get a dryer organized. Two strong proponents were Joseph Chargin, Jr., and E. I. Hopkins, who became the first president and secretary of the Campbell Dryer. Later Chargin was instrumental in organizing the East Side Dryer and he was a charter member also of the Morgan Hill Dryer.

There was already considerable grower commitment to the idea of a cooperative dryer in the Campbell-Los Gatos district when a small nucleus of growers decided to begin a membership sign-up. Prior to the organization of the California Prune and Apricot Growers, Inc., and for a few years thereafter, the West Side Fruit Growers Association had successfully operated a cooperative dryer. It began as a sun-drying operation, then built a dehydrater, which proved unsatisfactory, and then bought a 2-tunnel Puccinelli plant. In the early 1920's, John Leonard, then plant superintendent, rebuilt the original dehydrater and heated it with steam. It was possibly the only commercially successful steam-heated dehydrater the industry has had. The West Side Association operated as both a dryer and dried fruit packer and when many of its members joined Sunsweet, its packing volume eventually fell so low as to

make it uneconomical. Among the leaders in the West Side Association were George W. Glendenning, Joseph G. Glendenning, E. T. Pettit, Stephen P. Sanders, and Frederick M. Tantau.

Two additional cooperative dryers were organized in 1938, the East Side Cooperative Dryer serving a district easterly of San Jose and the Morgan Hill Cooperative Dryer.

Each of these first five plants differed somewhat in tunnel design and it was the operating experience gained from them that resulted in developing both tunnel and plant designs that in recent years have become standardized in Association-affiliated dryers. It was at the Campbell Dryer, after World War II, that G. K. Schrader, dryer manager, began searching for a design for a more compact tunnel layout and developed the first units that have since become standard design for all Sunsweet dryers.

Growers in other districts apparently preferred to observe how these five dryers succeeded, what their drying costs were, and how their dehydrated fruit compared with sun-dried fruit, for no new cooperative dryers were organized for five years. Nonetheless, these five years brought a change in the tide of circumstances that committed growers irrevocably to dehydration. World War II necessitated an expansion of wartime industry in California that absorbed thousands of farm workers at much higher wages than farmers were accustomed to pay. The growing labor shortage as well as the rising labor costs forced growers to turn to labor-saving and cost-saving methods that mechanical drying obviously offered. In June 1943, the Association initiated a study to develop plans to aid cooperative dryers in expanding their services and to develop the best way of financing any expansion. The directors expressed an interest in helping to provide dryer services to all Association members desiring them. This led to the appointment in November of a Dehydration Advisory Committee of staff members. They were A. E. Huddart, superintendent of Plant 31, Healdsburg, chairman; Ward M. Tarp, Association auditor and secretary-treasurer; T. A. Schwarz, in charge of Association research; G. K. Schrader, superintendent of Plant 1, Campbell; and John D. Cantoni, superintendent of Plant 23, Napa. In January 1944, the board of directors approved a plan to provide local cooperative dryers with managerial, supervisory, purchasing, and other services if they wanted them.

In the five years and seven months that followed October 1, 1943, ten new cooperative dryers were established. They were in order of their establishment: Gilroy, October 2, 1943; Oak



Tray scraping was considered light work in 1923 as done by this teen-age girl at the Jenkins ranch at Live Oak.

Grove, southwesterly of San Jose, October 17, 1944; West Side, westerly of Sunnyvale, November 27, 1944; Silverado, at St. Helena, February 7, 1945; Solano, May 7, 1945; Hollister, January 17, 1946; Feather River, at Gridley, February 13, 1947; Santa Rosa, May 17, 1948; Colusa April 24, 1949, and Ukiah, April 25, 1949.

The need for more assistance to dryer managers and directors in planning, financing, construction, and operation, as well as for the exchange of information, became increasingly evident and in March 1947 the Association board of directors proposed formation of what it called a dehydrater central. This proposal stimulated discussion among dehydrater officials and managers as to how they might benefit by closer coordination of their activities. In May 1948, the directors established the Dehydrater Service Department to coordinate the activities of the dryers. H. L. Bondurant was placed in charge. Later in the month a further move in this direction took place when representatives of these dryers organized the Cooperative Dehydrater Advisory Council. They elected Philip E. Dodini of Solano Dryer chairman and J. Hardin Rush of Gilroy Dryer vice chairman. Other dryer representatives who participated were: Clare B. Campbell, Feather River; Eric A. Dunnipace, Morgan Hill; John H. Duzanica, West Side; Peter Molinari, Silverado; Walter Rathgeber, Santa Rosa; Henry Spiegel, Napa; W. B. Mabie, Oak Grove; and George Neilsen, Hollister. Bondurant was killed in an automobile-train crash on May 4, 1949, and General Manager Kluge chose G. K. Schrader, superintendent of Plant 1, Campbell, and manager of the large Campbell Cooperative Dryer, to head the Dehydration Service Department.

Almost all of the dryers had been expanding their plants to take care of Association member demands for dehydration service, so that when the 1950 harvest season started 15 cooperative dryers were operating 16 plants having 273 tun-

nels and representing an investment of \$2.25 million. Much of the early equipment had been replaced with new machinery, most of it designed by Sunsweet's engineering staff and by dryer managers. This included a mechanical tray feeder and stacker, a tray fruit spreader, and a tray scraper with fruit elevator. It included also the use of bulk bins, forklift trucks, and other labor-saving devices. Tunnel design and plant construction had become fairly standardized. Most plants were of tilt-up reinforced concrete construction.

As the dryers grew in membership, they expanded their facilities and improved their plants and operating procedures. But steadily rising operating costs kept the need for efficiency in the minds of managers and directors. The continuing discussion in the Cooperative Dehydrator Advisory Council of how to operate the dryers more efficiently resulted in a radical proposal in June 1958. W. T. Casey of Santa Rosa proposed the amalgamation of the dryers for more effective coordination of all of their activities. The Council authorized the appointment of a study committee and Chairman Bernold Glashoff appointed to it Joseph Gomes, Max Fiedler, Earl Frost, Clarence Rodrick, and George Orlando. In May 1959, the Advisory Council unanimously approved a plan of merger and directed that it be submitted to the 15 affiliated dryers. The plan embraced a basis for allocating dryer space, an annual withholding fee, a 7-year revolving fund, and retention by the local dryer boards of control of the admission of new members. The plan went to the dryers and a membership signup campaign began. In January 1960, 11 affiliated dryers merged to form Sunsweet Dryers. They were Campbell, Feather River, Hollister, Morgan Hill, Napa, Oak Grove, Santa Rosa, Silverado, Solano, Tehama, and Ukiah. It brought into existence the world's largest fruit drying organization. Officers elected were Bernold Glashoff, president; A. L. Christopher, vice president; T. J. Miller, secretary-treasurer; T. O. Kluge, executive vice president; and G. K. Schrader, manager.

Shortly thereafter fire damaged the Ukiah Dryer plant, after which the property was sold at

no loss to the members. The Ukiah growers arranged to dry their fruit at the Santa Rosa-Healdsburg plant. The Ukiah unit dissolved in 1963 and the members affiliated with the Santa Rosa-Healdsburg unit. Two additional dryers were organized in 1961 as members of Sunsweet Dryers: the Tehama Dryer at Red Bluff and the River Bend Dryer at Colusa.

Ward Cheadle was appointed assistant general manager of Sunsweet Dryers in 1965 and became general manager upon the retirement of G. K. Schrader later that year.

As the Association-affiliated dryers expanded their services to Association members, many other growers, both Association members and nonmembers, built their own dehydrators. Such growers tended to be those with larger acreages. Most of the plants were similar in design to those developed by the cooperative dryers. Thus a situation developed in which a large number of non-Association growers who did not have their own dehydrators began to demand dehydration service. Many of these declared they would join the Association to qualify for membership in a cooperative dryer if they could not obtain dehydration service in any other way. The independent packers met this threatened loss of sources of supply in two ways. Some of the packers built custom dryers in districts where they had a large number of grower-suppliers. Others assisted principal grower-suppliers in erecting large dehydrators to provide custom dehydration service to the packers' other suppliers at a cost comparable to what the Association-affiliated dryers were charging.

The shift by growers to dehydration attained landslide proportions in the decade of the 1950's. Illustrative was the expansion of Association-affiliated dryers in this period. In 1951, the 14 cooperative dryers—excluding the Sonoma District Dryer—had 15 plants with 267 tunnels. In 1966, the 16 cooperative dryers had 21 plants with 777 tunnels, an increase of 510 tunnels. Twelve additional tunnels are being built in 1967. Facilities serving non-Association growers have increased by almost the same extent.

21. Wartime Prices Make Trials Bearable

World War II burdened California dried fruit producers with all kinds of problems, but the higher prices received for their crops helped make these burdens bearable. For four years growers had to worry about farm labor shortages and rising costs, limited supplies of farm equipment, fertilizer, spray materials, and so forth, but they did not have to worry about an outlet for their crops. The government requisitioned a preponderance of them. The undersupplied civilian market readily took the remainder.

Many persons in the industry were quickly caught up in the faster pace of wartime activities. Some who had gone occasionally to Washington conferences on programs during the depression soon became regular commuters there after the war started. Officials of the numerous special wartime agencies dealing with food production, purchase, and pricing programs knew little or nothing about dried fruits and someone had to inform them. On occasions, industry advisors spent weeks in the overcrowded Capitol trying to look out for the industry's welfare. Special problems were created by the high priority the government placed on dried fruits. They were wanted both for the armed forces and for Lend-Lease shipment to our Western European Allies.

All industry programs were quickly discontinued for the duration, Federal controls regulated every phase of fruit procurement, handling, packing, and marketing. Growers saw no purpose in commodity advertising when consumers had access to such limited supplies. Nonetheless, packers of major brands kept up limited advertising so consumers would not forget these brands.

The declaration of war on December 7, 1941, stimulated, in the month that followed, the heaviest buying of dried fruits the industry had ever experienced. *The California Fruit News* reported on January 10 that "The dried fruit industry in California starts the new year with the closest cleaned-up condition of supplies that has ever existed since the industry was a sizable business. There are practically no apricots, figs, peaches, apples, or pears. Raisins and prunes are thought to be in barely enough supply to take care of domestic requirements until next summer, and even this provided that the government does not buy or requisition further tonnages than now expected."

Growers still held a small quantity of prunes and packers sought determinedly to buy them, offering $4\frac{3}{4}$ cents to 5 cents basis, over 50 per-

cent more than prewar offers. Smaller sizes brought premiums, as well.

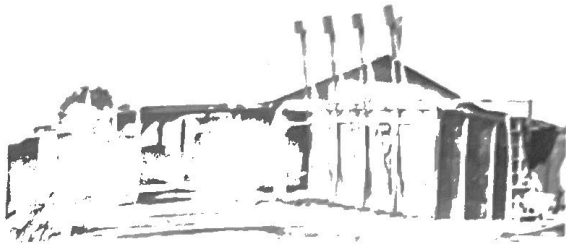
The onset of the war doomed Prorate for the duration. Growers began circulating petitions in January asking that it be discontinued. The State Grange joined in this effort and further sought repeal of the State Agricultural Prorate Act. It contended that prorate programs hindered attainment of the nation's aim of maximum production of foodstuffs. In February, the anti-Prorate faction headed by Dominic L. Di-Fiore sought two major changes in the Prune Prorate Program. It asked the State Agricultural Prorate Advisory Commission to direct that the proposed program for the 1942-crop be submitted for grower acceptance at a referendum before the harvest season and each season thereafter. It asked also that the terms of office of Program Committee members end on May 31 instead of in September. The Commission readily granted the latter request and in March agreed to a referendum. Three thousand one hundred growers, of 8,584 eligible, voted in the referendum. Only 37.7 percent of them opposed prorate, short of the 40 percent legally required to terminate a program, but the Advisory Commission terminated the program anyway.

There was some uncertainty then over the legality of prorate as the result of suits to halt pooling, particularly one attacking the validity of the California raisin marketing program in 1940. In January 1943, the United States Supreme court upheld the validity of this program and the California Agricultural Prorate Law.

The State Bureau of Markets wound up Prorate's affairs in June 1943, distributing \$5.25 a ton to equity holders in the 1941 substandard



This cutting shed crew worked for A. Groeneveld, Hanford, about 40 years ago when children cut fruit.



A. Groeneveld's sulfur houses had counterweights to balance doors. Peaches were dried on 6-foot trays.

pool. The \$98,774 distribution increased grower returns from the pool to \$368,385, an average of \$19.68 a ton for the 18,688 tons of standard prunes pooled. Prorate also distributed \$110,000 in proceeds remaining from the 1940-crop stabilization and surplus pool operations under the nonrecourse loan program. The loans totaled over \$5 million. The members of the last Prorate Program Committee were Eugene Montna of Yuba City, F. P. Abshire of Geyserville, William Herwig of Sunnyvale, Lewis W. Armstrong of Los Gatos, E. H. Sharp of Hollister, and Charles Hamilton of Visalia.

As the nation quickened its war effort in 1942, everyone in the dried tree fruit industry realized that shortly he would be operating under wartime controls. In June, the AMA disclosed what those controls were to be as the government took steps to assure adequate supplies for the armed forces. The AMA said it would set prices that growers would receive and would require packers to reserve a part of their packs for government purchase. The initial reservation of 1942 crops was of all dried cut fruits and 45 percent of packers' stocks of prunes. The prices growers were to receive were as follows: Prunes—3-District, $5\frac{1}{2}$ cents basis, and Outsides, $5\frac{1}{4}$ cents basis; dried apricots, from $15\frac{1}{2}$ cents to $19\frac{1}{2}$ cents a pound and to average 17 cents; dried freestone peaches—14 cents a pound; and dried pears—Lake County, 12 cents, and Others, $10\frac{1}{2}$ cents a pound. Apricot growers particularly were unhappy as they had expected from 4 to 5 cents a pound higher.

Business with the trade slackened sharply because, wholesalers said, the newly issued wholesale and retail price regulations were not correlated with the grower prices and they could sell only at a loss. The fact became evident that as one wartime agency sought to increase the prices paid farmers another wartime agency tried equally hard to hold consumer prices as low as possible. These conflicts in policy caused a con-

tinuing uproar in the food trade for the next year.

As the AMA got deeper into its dried fruit programs, it called on the industry for aid. On May 7, it summoned industry representatives to Washington to discuss the 1942-crop plans. They included: Prunes—F. M. Shay, T. O. Kluge, and F. P. Abshire; apricots—Arnold Frew and Charles J. Cali; peaches—Ted Price; packers—C. W. Griffin, Jr., D. K. Grady, James W. Lively, and Ray Hoak; Dried Fruit Association of California—Harry C. Dunlap; and M. A. Clevenger, AMA regional director for purchases in the 11 western states; Ward Studt, AMA California representative; and Dr. S. W. Shear of the Gianini Foundation, University of California.

On August 10, the War Production Board (WPB) issued a "freeze" order halting packing and sale of all dried fruits until the AMA and the Office of Price Administration (OPA) could reconcile their conflicting pricing policies. WPB then asked all packers to report all stocks held on September 1. Shortly WPB advised packers they could buy more fruit from growers but could not pack or sell any. On August 19, OPA set the floor price for prunes at \$142.50 a ton, natural condition, and also set ceilings on packer prices.

To help the government in its dealings with the dried fruit industry, the WPB in September appointed a dried fruit industry advisory committee. It was composed of D. K. Grady of Rosenberg Bros. & Company, C. W. Griffin, Jr., of California Packing Corporation, Ray Hoak of West Coast Growers and Packers, Bert Katz of Guggenlime & Company, T. O. Kluge of California Prune and Apricot Growers Association, James W. Lively of C. L. Dick & Company, B. E. Richmond of Richmond-Chase Company, and C. C. Ross of Ross Packing Company of Selah, Wash. Growers thought they should have representation, also.

In its Regulation 227 issued September 22, the OPA set maximum prices for all dried fruits, thus enabling packers to market the supplies not reserved for government purchase. Dried fruit packing from August through December, however, was almost entirely of government orders. The government disclosed that from March 15, 1941 through May 31, 1943 its dried cut fruit purchases were: dried apples—31,106,175 pounds, dried apricots—38,052,825 pounds, mixed dried fruits—105,000 pounds, and dried peaches—31,274,370 pounds.

As expanding war industries and the armed forces siphoned off the supplies of able-bodied manpower, on which California agriculture de-

pended, farmers became apprehensive early in 1942 that crop production, but particularly harvesting, would be hampered by labor shortages. They took their fears to Governor Culbert L. Olson and he telegraphed the War Manpower Commission stating that importation of Mexican National farm workers was vital to California agriculture. In August, the Federal Employment Service put into effect an emergency program to bring in Mexican farm workers. It was a program that continued in one form or another until December 31, 1965, more than two decades after World War II ended.

The U. S. Department of Agriculture gave notice in December that it wanted the entire 1943 freestone peach crop dried, except for the volume marketed in fresh form. The decision was intended to increase dried cut fruit supplies, but mainly it was designed to conserve the tin required in canning other foods. USDA gave assurance it would take the entire output at an average return to growers of \$280 a ton. Growers objected immediately, claiming that such a course would ruin them. They insisted that dryyard facilities were inadequate for such a large undertaking and that drying costs had risen to the point that growers could not break even at \$280. They explained that drying of peaches had become mostly a salvage operation and that in the preceding five years growers had dried only an average of 101,160 tons yearly of an average annual production of 209,800 tons of fresh fruit. Average dried peach production was 18,100 tons. Growers held a large protest meeting at Modesto and prepared to fight the proposed order, but shortly thereafter the USDA changed its plans to permit the usual utilization of freestone peaches for canning, drying, and fresh shipping.

Clevenger, the AMA regional director, found he needed more frequent grower counsel and asked growers to serve on commodity advisory committees. They were: Apricots—A. Beck, W. H. Carpenter, L. L. Edwards, Arnold Frew, James Hitch, C. B. Phillips, William Renz, and Arch Wilson; peaches—W. S. Batterman, Robert Esray, R. N. Fincher, John T. Halford, Grant Merrill, and H. T. Woodworth; and prunes—F. P. Abshire, Victor H. Anderson, Ira Ball, Victor Christopher, Charles Hamilton, W. G. Poage, E. H. Sharp, David Wheatley, and Ray B. Wiser.

Food rationing had gone into effect, meanwhile, and in March 1943, dried fruits were added to the list of rationed foods. Housewives were so reluctant to apply their limited ration points to dried fruits that a month later OPA temporarily removed dried fruits from the rationing list. Also in April, the Food Distribution

Administration (FDA) released prunes from the "freeze" order of August 1942. Packers then held only 13,382 tons of prunes. Earlier releases from time to time had made 89,000 tons of prunes available for civilian use.

The WFA took its first action on 1943-crop dried tree fruits in June, setting prices to growers for dried apricots. They were almost double the 1942-crop returns, and were to average 32 cents a pound. Unexpectedly, one of the industry's most annoying and long-lived bugaboos was suddenly disposed of, or so it seemed. Now the Quartermaster General urged the industry to increase the sulfur dioxide content of dried cut fruits to from 2,000 to 3,500 parts per million. This was to protect the nutritive values of these valuable foods. It was obvious, except to food faddists, that the government would not require a greater sulfur dioxide content in these products if the sulfur content was in the least injurious to the men in the armed services.

In July, the FDA announced the detailed price schedule for dried apricots, actually 13 cents a pound above 1942 prices, after having reserved the entire supply. Production totaled only 6,556 tons, the smallest since the 1907 crop of 1,100 tons. It then asked that all dried peaches and dried pears be set aside, also. The grower price for dried freestone peaches was set at 22 cents a pound, 50 percent above 1942. The WPB set new crop prune prices in August: 8½ cents basis for 3-District and 8¼ cents basis for Outsides. Growers were expected to average about \$45 a ton more than in 1942. The WFA directed that all dried prunes also be reserved for the government, but later it released 115,000 tons for civilian use.

Continuing grower insistence on higher crop returns for their prunes received substantial backing in January 1944 from a production cost study made by R. L. Adams, University of California agricultural economist. He found that



Large cutting sheds and crews were needed to handle the apricot crop in the Aromas district 30 years ago. This photograph was taken at the W. H. Weeks place.

prune production costs through 1943 had risen 63 percent since the start of the war.

In early 1944, the attention of dried fruit packers was forcibly diverted from wartime problems to temporarily a much more pressing matter. The Dried Fruit Association of California and its members went on trial for antitrust violations. In the winter of 1940-41, the Department of Justice had secured an indictment from a Federal grand jury charging that packer members, through rules adopted by the DFA, fixed prices of dried fruits and also depressed prices to growers and maintained artificially high prices to the trade. The case was tried before a jury in the court of Federal Judge Louis Goodman in San Francisco in April and May 1944. On May 16, the jury found all defendants not guilty and Judge Goodman dismissed charges against the DFA, 13 member firms, and 34 persons.

Again in 1944, the government directed that all dried fruits except figs be set aside for government acquisition. Support prices were set as follows: dried apricots—to average 28 cents a pound (4 cents below 1943); dried freestone peaches—to average 22 cents a pound; dried pears—Lake County, 18 cents a pound, and Others, 16½ cents a pound; and prunes—3-Districts, 10 cents basis, and Outsides, 9¾ cents basis.

During 1944, as prospects for an Allied victory in the war brightened, industry leaders began to discuss publicly the problems that might confront the industry in disposing of its surpluses after the war ended. More and more realized they should take steps to deal with this problem before it arose. In April 1945, Prune Proration Zone No. 1 proposed a 3-year program for grower consideration. The program, to be financed by an assessment of \$1.50 a ton, was to include a study of byproduct uses for prunes, a study of

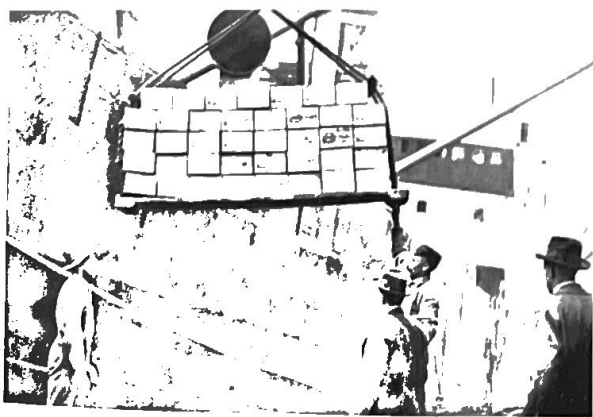
ways of increasing the demand for prunes in domestic and foreign markets, and educational and trade stimulation activities. In the referendum held in July, only 20 percent of the growers voted and 63 percent of them turned the proposal down.

Since there had been a resumption of export selling to the United States' Allies, the Foreign Economic Administration in December 1944 undertook to encourage this trade by providing an export subsidy on prunes of from \$74.23 to \$75.13 a ton.

As the time approached when the government might be expected to set 1945-crop prices for dried fruits, growers determined to have a larger part in setting them. Santa Clara County growers held a public meeting in June and voted for from 11 to 11¾ cents basis. Then a special industry committee went to Washington to urge that the price be 11 cents basis. It included F. B. Abshire, L. W. Armstrong, W. H. Halsey, Eric Lawson, and Dr. Elmer E. Braun, associate chief of the State Bureau of Markets.

Meanwhile, the OPA had been investigating industry costs. It chose an advisory committee to assist it that included C. W. Bonner of Bonner Packing Company, D. K. Grady of Rosenberg Bros. & Company, Ray Hoak of West Coast Growers and Packers, P. C. Jensen of Central California Raisin Company, James W. Lively of C. L. Dick & Company, B. E. Richmond of Richmond-Chase Company, T. O. Kluge of California Prune and Apricot Growers Association, C. W. Griffin, Jr., of California Packing Corporation, William N. Keeler of Sun-Maid Raisin Growers of California, Lester Lacher of Guggenheimer & Company, J. P. Perrucci of Mayfair Packing Company, Leon Sarkisian of California Raisin Packing Company, and Jerry Uhland of Consolidated Packing Company.

The surrender of Japan on August 14, 1945, ended World War II, but wartime conditions continued, with some relaxations, through the 1945-crop marketing season. Peacetime problems were not long in arising, however. Union packing-house workers struck 28 packinghouses in Santa Clara County and one at Healdsburg in September, shutting them down for three weeks. On September 21, the WFA issued a set-aside order for government acquisition of the 1945 crops: Prunes—3-Districts, 35 percent, and Outsides, 50 percent; dried freestone peaches—30 percent; dried apricots—100 percent, and dried apples—50 percent. Prune support prices were then announced: 3-Districts—9½ cents basis, and Outsides—9¼ cents basis. The USDA objective was an average grower return of \$203 a ton. All ceil-



Bulk pack prunes were loaded aboard ship in this fashion for shipment abroad when the Association was organized.

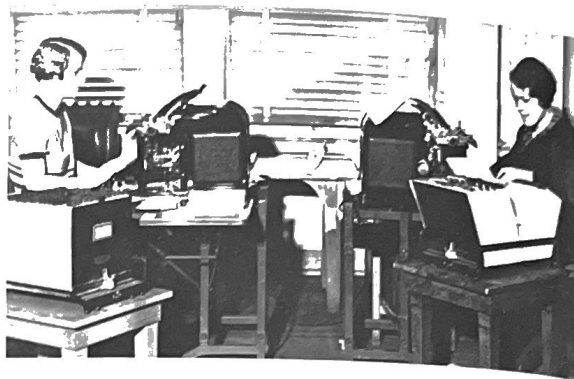
ings on dried fruits were eliminated and the government extended its subsidy program on prune exports through the 1945-crop season. Packers anticipated good business and offered \$30 to \$70 a ton above the sweatbox prices on which the government earlier had based packer ceilings. They also increased the field price for dried freestone peaches by \$20 to \$40 a ton.

On October 15, the OPA issued maximum prices on packer sales of dried fruits so something like normal trading could be resumed. Prices for dried apricots and dried freestone peaches were $\frac{3}{8}$ - to $\frac{1}{2}$ -cent lower than 1944 and prune prices were unchanged from 1944. In November the Production and Marketing Administration authorized packers to sell all of their stocks of dried apricots and dried peaches to the civilian trade. Foreign buyers began to show interest in dried fruits and in November the British Ministry of Trade appointed W. J. Marshall of Balfour, Guthrie & Company, San Francisco, its dried fruit purchasing agent. It appeared in December that the demand for dried fruits would exceed supplies. As information about wartime shipments became available, it was found that exports of dried apricots to our European Allies from 1940-41 through 1944-45 had averaged 5,613 tons yearly, just about one-half of prewar shipments.

Officials in Washington looked forward to an early resumption of export trade as more and more attention and effort were directed at re-establishing peacetime conditions in the nations recently at war. In January 1946, the U.S. Department of Agriculture appointed a Horticultural Industry Advisory Committee on Export Trade to suggest means of facilitating trade revival. Chosen to represent the dried fruit industry were Harry C. Dunlap, Dwight K. Grady, C. W. Griffin, Jr., and T. O. Kluge. The United States and its recent Allies set up a Combined Food Board to allocate world food supplies to best advantage. Allocations of dried fruits were: United States, 44 percent; United Kingdom, 21 percent; Canada, 6 percent; Australia, 4 percent; and the rest of the world, 15 percent. The National Food Brokers Association strongly protested this action, arguing that the U.S. market was bare of prunes and raisins. It demanded that U.S. allocations be increased.

Until the OPA was allowed to expire on July 1, the price ceilings continued in effect. Packers were required to buy available dried fruits at higher prices than packer ceilings, but to sell at packer ceilings. The government provided subsidies to make up the difference.

In April, the 50-year-old packing firm of Gug-



In November 1933, the Association installed the latest accounting equipment to improve service to its members.

genhime & Company, one of the best known in the industry, was acquired by Hunt Foods, Inc., successor to the pioneering canning firm of Hunt Bros.

There were indications in June that the State Marketing Program for Prunes, inoperative since 1941, might soon be reactivated. Membership on the Program Committee was increased from seven to 14. Appointed to serve until June 1, 1948 were: Eugene Montna, W. H. Halsey, Frank Wood, P. F. Westerberg, F. P. Abshire, Victor Anderson, Robert A. McArthur, D. J. Catania, Lewis W. Armstrong, Dominic DiFiore, Stuart Fletcher, E. H. Sharp, Charles Hamilton, and C. D. Chase.

The four war years were unusually busy ones for the California Prune and Apricot Growers Association. Its attention was principally directed at what was then popularly called "the war effort." The volume of dried fruits received and packed increased and Association members and officials actively participated on industry wartime committees and advisory groups.

One who had been a key figure in the Association's early crucial years ended his career in this period. Joseph T. Brooks, secretary-treasurer for 23 years, resigned and became an assistant to Ward M. Tarp, his successor, on June 1, 1942. Brooks continued on until November 15, 1944 and then retired at the age of 79.

The stimulating effect of the war on the Association's business was revealed by Manager Cavallaro in his report for the fiscal year ending June 30, 1952. Gross sales were \$10,989,564, compared with \$6,935,893 a year earlier. Some of the gain was accounted for by an increase of 6,000 tons in the volume handled. Grower returns were 43 percent larger.

Sales Manager Thayer was fearful that the disappearance of Sunsweet brands from grocers' shelves might cause consumers to forget them.

He persuaded the board of directors to continue a limited advertising program throughout the war to regularly remind grocers and consumers of Sunsweet dried fruits.

In June 1943, the California Legislature established a war-time agency, the California Farm Production Council, to assist farmers with temporary housing for migratory farm workers, particularly Mexican Nationals. Governor Earl Warren appointed Frank M. Shay, Association president, the permanent chairman of the agency.

In June, the Association began a study to develop plans to aid cooperative dryers in expanding their services and to develop the best way to finance any expansion. The directors expressed an interest in providing dryer services to all Association members desiring them. This led to the appointment in November of a Dehydration Advisory Committee of staff members. They were A. E. Huddart, superintendent of Plant 31, Healdsburg, chairman; Ward M. Tarp, Association auditor and secretary-treasurer; T. A. Schwarz, in charge of research; G. K. Schrader, superintendent of Plant 1, Campbell; and John D. Cantoni, superintendent of Plant 23, Napa. In January 1944, the board of directors approved a plan to provide local cooperative dryers with managerial, supervisory, purchasing, and other services if they wanted them.

In 1943, the Association had employed Arthur D. Little, Inc., engineering and managerial consultants, to survey all of its operations. With its findings in hand, the Association in January 1944 began a study of new plant needs to take care of expected postwar business, including enlarged packing facilities and improved dried fruit storage. The study continued and in September the Association bought a 28-acre site in the Phelan tract, in the southerly part of San Jose, for \$40,000. This is where construction of Plant 7 began shortly.

The 15-year membership agreements that had been signed in 1928 terminated in 1943 and there was some concern as to what membership action would be. In March, W. S. Rice, field department

manager, reported that withdrawals were only one-fifth as many as the additional new membership signed.

Cavallaro reported that gross sales in the fiscal year ending June 30, 1944 exceeded \$19,700,000. In the next fiscal year they totaled \$21,453,577.

In January 1945, Governor Warren paid tribute to the Association's leadership again and appointed President Frank M. Shay to the State Board of Agriculture. In February, the directors elected T. J. Miller secretary-treasurer, auditor and comptroller, succeeding Ward M. Tarp, who died. In July, the board of directors put into effect a pension plan for all regular employees.

General Manager C. D. Cavallaro died January 14, 1946, after an illness of five months. The Board of Directors chose T. O. Kluge to succeed him. Kluge had been in charge of all Association operations during Cavallaro's illness.

More and more peacetime interests came to the fore in 1946. In March, H. E. Meinhold, head of Duffy-Mott Company, New York, disclosed that Sunsweet prune juice was outselling all other brands three to one. Duffy-Mott had manufactured and distributed Sunsweet prune juice under an arrangement with the Association that began in 1934 and continues today. In April, Kluge appointed John D. Cantoni superintendent of production to take charge of all manufacturing operations. He also announced the start of construction of the first unit of the new Plant 7, a building 100 by 200 feet in size and to cost \$170,000.

Association officials became alarmed in June at the steps being taken by the government to dispose of its unwanted stocks of dried fruits. The Association urged that these not be sold to the domestic trade and thereby depress the domestic market. It suggested that these supplies be used for relief purposes or be sold in export. The board of directors requested Kluge to ask the Dried Fruit Advisory Committee to go to Washington to discuss the matter with officials.

The nature of the industry's postwar problems was rapidly becoming apparent.

22 Industry Adopts Two Programs



THEODORE O. KLUGE became general manager of the Association upon the death of C. D. Cavallaro in January 1946. He held the position—later becoming executive vice president—until October 1965. His career in the dried fruit industry covered 53 years, beginning in 1912 when as a youth of 18 he got a job at Anita Produce Co. He joined the newly formed O. A. Harlan & Co. in 1914 and remained there until 1928 when Harlan became the Association's general manager. Kluge served 15 years as president of the Dried Fruit Association of California and on numerous industry advisory boards and committees.

Postwar conditions imposed difficult problems of readjustment on the dried fruit industry. As the government lifted wartime controls, cost and price dislocations occurred. Growers found it hard to moderate their wartime efforts to keep crop production at a maximum. The government sought ways to meliorate the effects of the sudden rise in labor and other costs and the sharp commodity price increases that followed withdrawal of subsidies. During the war, the government had assured growers it would assist them in adjusting to peacetime conditions. This proved to be a far bigger undertaking than anyone realized. In the five years 1947 through 1951 the Federal government poured \$40,319,000 in aid into the prune industry, accounting for the dis-

posal of 323,642 tons of fruit. This was 38 percent of the total production of those five years. Once again the problem was productive capacity much greater than existing demand at prices the industry could live with.

Both Federal officials and industry leaders saw no way of dealing with the problem on a long-time, feasible basis except with a program similar to those tried during prewar years. To accomplish volume and quality controls, the industry adopted the Federal Marketing Agreement and Order for Prunes on August 25, 1949. To expand its market through trade promotion, consumer advertising, and research, the industry adopted the State Marketing Order for California Dried Prunes on January 1, 1952. Both programs have continued to operate since their adoption.

The problems of the postwar years brought about far-reaching changes in the industry. Low-yielding orchards were bulldozed out, new orchards were planted in higher-yield areas, and urbanization, particularly in the Santa Clara Valley, crowded prunes and other fruits off thousands of productive acres. After prune plantings reached their peak of 171,330 acres in 1929, growers began to reduce planting and gradually to remove less productive orchards. During World War II, with its increased food requirements, the total prune acreage remained fairly constant at about 139,000 acres. After World War II, the total prune acreage dropped sharply to 107,210 acres in 1951, a decrease of almost 23 percent. Production, however, did not decline as rapidly as that. The total production of the five years 1947 through 1951 was only 12 percent less than in the preceding five years. Hence the industry continued to have a supply problem, which the new marketing order programs were intended to alleviate.

The United States was drawn into the Korean War, which erupted June 25, 1950 and continued until July 23, 1953, but it had no significant impact upon the dried fruit industry. Emergency price ceilings went into effect, but these applied to prices at the processor and retailer levels and not to raw and unprocessed products. Ceilings were based on the highest delivered prices during December 19, 1950, through January 25, 1951. Restrictions were placed on the use of critical materials, which caused some inconveniences.

Although during World War II years industry people had discussed the marketing conditions that might arise in the postwar period, few of them had any anticipation of the extremely

difficult situation that soon developed. The general expectation that the problems that lay ahead would yield readily to industry action was evident as the 1946 marketing season progressed. Both packers and the food trade, and to a lesser extent the exporters, acted as though the demand for dried fruits would be unlimited.

Pricing of the 1946 prune crop was under conditions radically different from 1945. Although the OPA terminated on July 1, 1946, an Emergency Price Control Act, effective through June 30, 1947, was enacted. Price controls on dried fruits except apples, however, were discontinued. Rollback subsidies to keep retail prices low were discontinued, but industries that had received subsidies were permitted to raise product prices correspondingly. The 3-cents-a-pound subsidy on prunes was withdrawn, so packers adjusted their prices proportionately upward. Costs of production had risen and growers saw an opportunity to recover the additional costs. A statewide grower committee urged growers not to sell at less than 12 cents basis. In August, packers offered 10 to 10½ cents basis for the new crop, but found few takers. Packers advanced field prices and contracted nearly all supplies at 12 to 13 cents basis, the highest ever paid except possibly in 1919.

Early business was exceptionally good, but late in 1946 Eastern coal miners went on strike causing not only a drop in retail sales but also widespread uneasiness. Newspaper writers speculated that commodity prices were bound to drop, hence the cost of living. Food sales slackened and prices declined. As a result of the early favorable prospects, growers benefited greatly, but packers were hurt by the sharp decline in commodity prices later in the season. The wholesale and retail trade, which bought large supplies of dried fruits at high prices at the start of the season, were also badly hurt as prices declined. The trade, accustomed to ballooning its orders during the war to obtain as much of the curtailed supplies as possible, did so in 1946, but this year supplies were plentiful and the packers shipped what was ordered. Packer prices for prunes dropped from about 16½ cents to 11 cents a pound during the season and retail prices fell proportionately, causing much resentment in the food trade.

The California Prune Marketing Program, dormant during the war years, was reactivated in 1946. Growers and packers each approved a program to run for four years. The grower program permitted growers to put a seasonal program into effect by a majority vote. No sign-up was required, however, for what was in effect a major amendment to the order. Growers were not yet

willing to give up the autonomy of a grower-controlled program, although they were willing to work in conjunction with packers. The two programs imposed an assessment of 25 cents a ton on both growers and packers to finance consumer education and trade stimulation activities. The program became effective August 25, 1947.

Dr. John Schneider, a former University of California faculty member, was appointed manager of the joint programs. The Processors Advisory Board was organized with Frank M. Shay as chairman, D. K. Grady as vice chairman, and Harry C. Dunlap as ex officio secretary-treasurer. Other Board members were T. O. Kluge, James W. Lively, S. R. Abinante, C. W. Griffin, Jr., and B. E. Richmond. Members of the growers' Prune Program Committee were F. P. Abshire, chairman, and Victor H. Anderson, Lewis W. Armstrong, D. J. Catania, Dominic L. DiFiore, Stuart Fletcher, W. H. Halsey, Charles Hamilton, R. A. McArthur, Eugene Montna, E. H. Sharp, P. F. Westerberg, and Frank Wood. The two committees began work jointly on a quality improvement program.

It became increasingly clear in both California and Washington that only large-scale Federal assistance could save the industry from disaster in the 1947-crop season. Industry leaders urged both direct Federal aid and continuance of the Section 32 program under which 30 percent of import duty receipts were used to assist in disposing of agricultural surpluses.

Secretary of Agriculture Clinton Anderson notified the industry in September that the government would buy up to 66,000 tons of prunes and 3,750 tons of dried peaches, and that initial purchases would be up to 30,000 tons of prunes and 2,000 tons of dried peaches. Growers voiced disappointment at these initial purchases. Later in the month, the CCC bought 26,450 tons of prunes, mostly 1946 crop, and 1,000 tons of dried peaches. Prices paid were: Prunes—90/100, \$160 a ton, 80/90, \$170 a ton, and 70/80, \$180 a ton; dried peaches—up to \$239 a ton. These prices had the effect of setting price levels for the 1947 crop, which were about a third below grower expectations. In October, the CCC bought 20,318 tons more of prunes at prices that were \$8.40 to \$11.60 a ton higher. It also bought 2,664 tons of dried peaches, paying up to \$244.80 a ton. The CCC made a further purchase in November of 8,640 tons of prunes at lower prices, increasing government purchases to 65,991 tons.

A major postwar change in independent packer ownership occurred in December 1947. The Consolidated Grocers Corporation, Chicago, paid \$16 million for the capital stock of Rosenberg Bros.

& Company, the biggest independent packing firm and one of the oldest.

It was estimated in February 1948 that growers still held unsold 27,000 tons of prunes. So the California Marketing Program sent Dr. Schneider and a committee to Washington to urge Federal agencies to buy more prunes. In March, packers tried to buy prunes from growers, particularly smaller sizes to fill government orders, offering 5½ to 6 cents basis. Some growers preferred to hold their fruit rather than sell it, contending the 1948 crop would be short. In June, the CCC bought 5,555 tons more of dried peaches at \$235.89 a ton, 1,414 tons of dried apricots at \$386.91 a ton, and 37,168 tons more of prunes at an average of \$179.25 a ton. These prices were about 4 percent below current packer prices to the trade. Including the June purchases, the CCC bought 9,305 tons of dried peaches. Earlier CCC purchases of prunes totaled 86,000 tons.

The California Department of Agriculture announced new appointees to the Prune Program Committee in July, growers J. H. Rogers, Jr., Arthur H. Small, Wilfred C. Swall, and R. A. Young replaced Victor H. Anderson, F. P. Abshire, and F. P. Westerberg, and packer R. L. Engell replaced C. W. Griffin, Jr. The reorganized Prune Program Committee in July sent another committee to Washington to discuss 1948-crop purchases with Federal officials. Before the month was out, Dr. Schneider resigned as program manager.

At a referendum in July, growers approved changes in the Prune Marketing Program, but packers rejected them. Quality control and trade promotion activities were approved for four marketing seasons. Surplus control was authorized for two marketing seasons. Provision was made for voluntary green dropping to supplement surplus control. Growers decided to carry on their expanded program in spite of packer disapproval. The makeup of the Prune Program Committee was changed to consist of 14 growers and three processors, the latter to vote only on matters dealing with stabilization and surplus control. D. K. Grady, James W. Lively, and T. O. Kluge were appointed to the three packer positions.

R. W. Jewell, who had been assistant manager of the Prune Marketing Program since March 1, was appointed manager on August 31, filling the vacancy caused by the resignation of Dr. Schneider.

The Program Committee in September approved a setaside of 40 percent of the 1948 crop in a stabilization pool, after which packers offered growers 7 cents basis for free tonnage. The crop appeared to be at least 10 percent below



ROBERT A. McARTHUR, life-long Santa Clara County orchardist, served as chairman of both the Prune Administrative Committee and the California Prune Advisory Board from their inception until 1964. Earlier, he served on several industry program committees, beginning in the depression years. He was a frequent commuter to Washington on missions for the industry.

1947. Because, in the earlier referendum, packers had withheld their approval of the stabilization pool, opposition soon developed to a stabilization pool operation without packer participation. The California Prune and Apricot Growers Association joined in this opposition. Late in the month, six growers sought an injunction in the Superior Court to halt operation of the pool. They were Joseph Zoria, Vincent Cortese, Francis Arnerich, Paul Marce, and M. M. Perusina of Santa Clara County and Robert C. Taggart of San Benito County. A. A. Brock, State director of agriculture, whose intervention was sought, said he had no authority to suspend or terminate any provisions of the regulations for the current marketing season. The Court issued the sought-for restraining order on October 6 and the pooling and green-drop provisions were voided. Growers and packers then agreed to continue in effect the educational, research, and trade stimulation provisions and the 25-cents-a-ton assessment on both growers and packers of the combined program.

The CCC made its first new crop purchases in October, buying 19,312 tons of prunes. Average

per-ton prices paid were \$172.84 for 70/80, \$159.13 for 80/90, and \$148.16 for 90/100. In November, the USDA put into effect an export subsidy program for prunes and raisins, using Section 32 funds. The subsidy was about 25 percent of the F.O.B. Pacific Coast sales price. Growers appealed for more aid and sent several committees to Washington to solicit it, especially in selling small prunes, which were more abundant than usual. The CCC bought 20,362 tons more of prunes in December at slightly lower prices. In January it bought 3,000 tons for school lunch use at even lower prices. CCC bought 21,187 tons more of prunes in February, this time paying slightly higher prices. These average prices per ton were: \$177.42 for 60/70, \$169.48 for 70/80, \$158.21 for 80/90, \$149.30 for 90/100, and \$99.48 for 100/120.

The California Prune Marketing Program and the University of California, Davis, jointly sponsored a Prune Day on October 23, 1948, to inform growers about recent advances in cultural practices. Two hundred growers attended. Growers heartily approved the idea and the kind of program presented and the annual Prune Day has become an established event in the industry, one of its most effective educational projects.

In the meantime, the prolonged industry consideration of a Federal marketing agreement and order program began to generate calls for action. Growers met in San Francisco on December 9, 1948, to get the facts about such a program. E. M. Graham of the Production and Marketing Administration (PMA) presented the details, but he also warned growers that although government purchases were intended to replace export sales lost as a result of the war, such purchases could not be expected to continue indefinitely. Further details of such a program were presented at a second grower meeting in San Francisco on January 6, 1949. The growers present voted four to one in favor of the proposals. Growers and packers approved the proposed marketing agreement and order at a referendum in August. With harvest starting, the industry promptly took steps to put the new program into operation. It was the first time in history that growers and packers joined together in a single organization. The new Prune Administrative Committee (PAC) arranged for its inspection activity to be handled by a new agency set up by the Dried Fruit Association of California with James W. Lively, former packer, in charge. Heading the PAC were R. A. McArthur, chairman, F. M. Shay, vice chairman, and R. W. Jewell, manager. Members were: Packers—Shay, S. R. Abinante, R. L. Engell, D. K. Grady, T. O. Kluge,

Paul A. Mariani, Jr., and P. N. Meyer; and growers—McArthur, L. W. Armstrong, D. J. Catania, D. L. DiFiore, Stuart Fletcher, W. H. Halsey, Charles Hamilton, Eugene Montna, J. H. Rogers, Jr., W. B. Saunders, Arthur H. Small, Wilfred C. Swall, Frank Wood, and R. A. Young. The new program imposed minimum standards of quality on both incoming and outgoing fruit and provided for industrywide inspection and pooling. The PAC set a 25 percent reserve set-aside for the 1949 crop, to consist mostly of small and substandard fruit.

After conferences with an industry committee composed of R. A. McArthur, Lewis W. Armstrong, Frank Wood, R. L. Engell, and T. O. Kluge, the USDA put into effect in October an export and juice prune subsidy program. The export subsidy was 30 percent of the gross f.a.s. sales price for 30/40, 40/50, and 50/60 prunes, 40 percent for 60/70 through 100/120 prunes, and 25 percent for prunes in 2-pound or smaller cartons. The subsidy for prunes for juice manufacture was from 1 to 3 cents a pound for standard grade unprocessed prunes. In February, the USDA increased the subsidy on juice prunes 50/Larger to 3¾ cents a pound, but left subsidies on other sizes unchanged.

Prune movement, including government purchases, was so good that packer stocks became short and in February the Secretary of Agriculture approved transfer of 7,582 tons from the reserve pool to free tonnage. Additional 3,000 tons of reserve tonnage were transferred to free tonnage in March. And also in March, the PAC sold 8,000 tons of 60/70 through 80/90 reserve pool prunes to the United Kingdom for \$1,265,000. The price reflected 6 to 6½ cents basis. The CCC also sold 12,200 tons of prunes, all small sizes, the remainder of its 1948-crop purchases. A further release of 3,700 tons from the reserve pool in April left only 3,700 tons in the pool. Three thousand tons of these were offered packers in May.

An innovation in its program, the California Prune Marketing Program in February began participating in a survey of consumer use of prune juice and other juices.

One of the most prominent figures in the industry, Arthur C. Oppenheimer, retired head of Rosenberg Bros. & Company, died March 3, 1950, at the age of 65. The son of a merchant, he was born in the Mother Lode town of Sonora in 1884. Growers and packers considered him to be the most successful speculator in dried fruits in industry history.

The PAC began developing a program for the 1950 crop in April, sending R. A. McArthur,

T. O. Kluge, Lewis W. Armstrong, and R. W. Jewell to confer with Washington officials. Industry relations with the USDA were abruptly shaken shortly afterward when the USDA tried to force the PAC to accept USDA inspection instead of the industry inspection provided by the DFA. The USDA let the matter drop in the face of vigorous industry opposition.

The new prune crop appeared in August to be about 145,000 tons, even smaller than the 150,000-ton crop of 1949. The carryover was then estimated at 8,515 tons. Packers became optimistic and offered 9 to 11 cents basis in the field, 2 cents above the 1949 price. The USDA terminated the prune export subsidy program and the PAC proposed a setaside of 5 percent of the new crop.

In September, Hunt Foods, which had taken over the dried fruit business of the pioneer firm of Guggenheimer & Company in April 1946, announced it was getting out of dried fruits.

The Dried Prune Advisory Board joined with the California Raisin Advisory Board in 1950 in sponsoring a novel merchandising idea advocated by L. B. (Deke) Williams of the California Dried Fruit Research Institute. It was that dried fruits be displayed in retail stores in conjunction with fresh fruits and other produce. Literature telling of the advantages of the plan was widely distributed among food retailers. A great many stores throughout the country set up the special dried fruit displays.

The Dried Prune Advisory Board, representing the processors, and the Prune Program Committee, representing growers, continued to operate in the same office and under the same management as the PAC. Their activities, however, were dwarfed by those of the PAC. Discussion of the need for expanded advertising and trade promotion activity continued. By 1951, growers and packers seemed agreed their separate programs should be abandoned in favor of a second joint program to be established under the California Marketing Agreement Act of 1937. In 1952, growers and packers approved a new program to provide for industry advertising and trade promotion, research, and education. It was administered by the California Prune Advisory Board (CPAB) made up of 14 growers and seven packers. The assessment was set at \$1.50 a ton on both growers and packers. Membership of the CPAB varied slightly from the PAC and consisted of: Packers—R. L. Engell, Paul A. Mariani, Jr., T. K. Miller, J. P. Perrucci, P. S. Schneider, T. O. Kluge, and F. M. Shay, and growers—J. B. Canciamilla, D. L. DiFiore, Stuart Fletcher, W. H. Halsey, George W. Heier, R. A.

McArthur, J. H. Rush, J. H. Rogers, Jr., Arthur H. Small, F. L. Steindorf, Wilfred C. Swall, A. L. Tisch, Frank Wood, and R. A. Young.

The California Prune and Apricot Growers Association, as the end of World War II approached, had to make a policy decision of greatest consequence. It had to find a workable and acceptable compromise between trying to secure the largest possible returns for members in each crop marketing season and giving some priority to long-term needs and objectives.

In the past, the Association's emphasis was on making the largest possible returns to growers each crop year as a means of gaining and holding grower support. But now, Association directors and management saw the need to modernize the packinghouses and expand such services to growers as dehydration. They also realized the need to exploit consumer demand for dried fruits and for the Sunsweet brand.

Until that time, but particularly during the depression, many Association leaders believed they had a moral responsibility to get for grower-members the largest returns possible. During the war, Sunsweet products were available to consumers only in limited volume and the shortage of manpower had focused attention on the need for labor-saving processes and equipment.

The decision was made to set aside a small proportion of the relatively large returns for dried fruits for plant replacement and improvement, for modernization, for streamlining packing operations, and for adoption of labor-saving equipment wherever possible. It was clear that investment made in these areas would pay growers well in the long run. Attention was directed again toward product improvement and the search for new product uses and new products. It was decided that the advertising of Sunsweet brands should be expanded, since the civilian market once again would be the industry's most important market.

The relatively favorable returns received by members of the Association during the war years helped jell the decision of the directors and management to turn their attention to long-term needs. An analysis of returns for the five years 1941 through 1945 showed that yearly grower-member returns for prunes exceeded government support or ceiling prices by as much as 2.15 cents a pound. So the officials concluded that a small portion of these favorable returns might well be devoted to modernizing the Association's facilities. They intensified their planning for the future and pushed the construction of the new Plant 7 in San Jose.

Earlier, as the end of the war approached, the

Sunsweet's modern Plant 7 in San Jose, the largest packing plant handling dried tree fruits.



staff had concluded that rising labor costs eventually would force the industry to replace lug boxes with bulk bins so that both fresh and dried fruits could be handled more efficiently, mechanically. Several kinds of bins were built experimentally in 1945 and tested for structural strength, desirable capacity, and so forth. In 1946, the development program was expanded and 500 metal, plyboard, and lumber bins were built at the Napa and San Jose plants. Subsequently, two designs of metal bins and four of wooden bins were tested. It was decided that the bins should hold from 2,500 to 3,100 pounds of fruit, be designed for movement by forklift trucks and so as to stack readily when filled. Dimensions were finally set at 47 $\frac{3}{4}$ by 47 $\frac{3}{4}$ by 51 inches in height, overall. The bins chosen were of lumber construction with aluminum alloy corner braces and had integral 4- by 4-inch skids and a 2- by 4-inch center bottom support.

At the same time, Association engineers began the development of a mechanical bin dumper. When this was accomplished, the Association began the shift to an all-bin operation, first making bins available to growers and cooperative dryers on a rental basis. Warehouses were adapted to all-bin storage, with bins being stacked four high. Each bin eliminated the handling of 50 lug boxes.

Other packers followed closely the progress of the Association's bin project and they rapidly went into bin construction and handling, also.

With the war's end, the Association expanded its bare-bones advertising program. In January 1947, it became a sponsor of the Knox Manning Sunday night Surprise Theater on Columbia's Pacific Coast radio network for 13 weeks, in addition to its advertising in trade and consumer publications.

The Association began work in September on a project to develop a fresh fruit grading procedure that would yield the same results as when prunes are graded after drying. The work was done at the West Side Cooperative Dryer near Sunnyvale with Harry G. Mitchell, former director, in charge.

In October, the Association began circulating a new technicolor film, "A Fortune in Two Old Trunks," based on the introduction of prunes into California by Louis Pellier. In addition to the picturing of this historical event, the film told of Sunsweet's program and place in the industry. It probably had a longer life and a greater total viewing audience than any other Association film of this kind.

For a number of years, the Association had joined with 10 other farmer cooperatives in spon-



This Sunny Sweet cartoon figure was first used by the Association in its cartoon film commercials for theater showing in 1949. Then he appeared on a Sunny Sweet music box. Now, modernized, he is being used again in Sunsweet promotions.

soring a co-op quiz contest for students of vocational agriculture in California high schools. In December 1947, the Association published a booklet, "A Story of a Successful Grower Cooperation," to explain to these students its policies and practices.

Pushing ahead on the modernization of its manufacturing facilities, the Association installed a new carton packing line in Napa Plant 23 in 1947. It also completed construction and equipping of a new general shop at Plant 7, San Jose.

Recognition came to an Association official in 1947 when the Dried Fruit Association of California elected T. O. Kluge to its presidency, a position he was to hold for 15 years.

The directors took official notice in March 1948 of the death of Guy W. Smith, Sr., long-time fieldman who had been instrumental in forming the Committee of Ten in 1927. It was this Committee that offered new ideas and aggressive leadership when the Association faced grave uncertainty as to its future. Two veteran directors retired in May 1948, W. G. Poage of Princeton, vice president and a director for 19 years, and J. E. Morrow of Chico, a director for 16 years.

To give all members more direct representation and participation in Association affairs, the Association in May 1949, amended its bylaws to make all central representatives directors. Previously the 28 central representatives had elected 15 of their own number to serve as directors.

The Association in 1949 expanded its advertising efforts to reach consumers. It produced a

series of six cartoon film commercials in Technicolor for showing in selected neighborhood theaters in metropolitan areas. A Disney-type cartoon figure Sunny Sweet presented the Sunsweet prune message in a humorous way. Each commercial used a musical jingle, "Six or seven prunes a day / Are good for you in every way."

The change slowly taking place in the State's fruit production pattern was shown in March 1950 when the local at Aromas, the Aromas Apricot Association, dissolved and its members joined the San Benito Prune and Apricot Association. When the Aromas local was organized in 1929, there were over 4,000 acres of apricots in the district it served and dried apricot production averaged 4,000 tons a year. In 1950, dried apricot production totaled only 46 tons. Not only had the acreage declined, but growers were delivering most of their fruit to canneries.

In April 1950, the Association let a contract for \$180,000 for erection of a new Plant 39 at

Yuba City. Later in the year, a new 120- by 140-foot warehouse was completed at Plant 23, Napa.

In October 1950, the Association became a sponsor of a television program on the CBS eastern network covering 25 cities for 26 weeks. In connection with this project, it offered a Sunny Sweet music box to viewers for 50 cents and the sunburst from a Sunsweet carton.

Early in 1951, upon the recommendation of the directors, the 28 locals limited acceptance of new membership to those who would waive the withdrawal privilege for two years.

The Association persisted in its efforts to acquaint more consumers with the use of prunes and in June 1951 began distributing a newly prepared teaching unit to home economics teachers and home economists. The teaching unit supplied information on the nutritive value of prunes and how to prepare them and supplied a variety of prune recipes.

23. *Emphasis Is on Marketing*

The initial stages of a new enterprise are always more exciting than those that follow. This was true in the exploiting of California's great gold resources and it was also true in the development of the dried fruit industry. So not surprisingly, as the first century of prune growing in California drew to a close, the industry had settled into a more or less pedestrian pattern of operation, although it was faced with challenges as important as any it had had. It had developed its own procedures and instrumentalities to deal with the more pressing problems. It fell readily into accustomed ways of doing things. The old paths were retraced many, many times.

Improving cultural practices, mechanization of many operations that once required much labor, and wide commitment to unified efforts to deal with industry problems enabled growers and packers to turn their attention to what has become the most critical matter of all—sustaining the market for dried fruits, but mainly prunes.

By the decade of the 1950's, not only had food distribution practices and agencies changed greatly in the United States, but American consumers now had access to an almost unlimited variety of food products. At the turn of the century, dried fruits were one of perhaps 300 items generally stocked in most grocery stores. By 1950, dried fruits were one of perhaps 10,000 food items available to consumers. The new offerings included many items that were ready for consumption or required only a minimum of preparation. Convenience has become a characteristic having high consumer preference. Novelty, also, has become an important inducement to consumer purchase of many food items. Many food manufacturers regularly introduce items that are expected to have only relatively short high-consumption life. Advertising, considered a vital force in promoting sales of foods to consumers, has become extremely expensive as network television has increasingly supplanted other media.

Thus the conditions with which the industry has had to cope in the last 15 years involve competitive forces that give advantage to the marketers of large-volume, high-markup items that permit large-scale advertising and merchandising activity. Hence, the efforts of prune industry agencies, as well as individual factors such as Sunsweet Growers Inc., have been directed at finding ways to maintain economic vigor under often difficult conditions. The industry has sought for ways to maintain price stability, to curb

sharp increases in production, to cope with occasional oversupplies, and to lessen the impact of unexpected temporary curtailment of an outlet, such as the export market. It has undertaken most of these activities through its two closely coordinated programs, the Federal Marketing Order for Prunes and the State Marketing Order for California Dried Prunes.

The regulatory provisions of the two programs have given the industry an advantage it had never had—the opportunity and capability to compile extensive, accurate data on prune plantings and acreage, production, fruit quality, fruit sizes, domestic sales, export sales, sales for various uses, and so forth. These data have given the industry bases for both more effective product exploitation and future planning.

The two programs have given the industry another advantage in that they have provided a continuing common meeting ground for the discussion of industry facts, data, and problems by the disparate elements of the industry. This is what the early advocates of an industry cooperative sought to provide, but the diversity of interests and purposes was too great then for it to be accomplished. The usefulness of the two programs, however, has been made possible largely by the willingness of Sunsweet Growers Inc. to participate and to exercise its leadership at every opportunity, although generally with restraint.

The joint programs have given the industry effective means to maintain quality standards, to control offgrade fruit, to regulate marketable supplies in seasons of overlarge production, and to carry on a continuing program of market development at home and abroad. Nonetheless, the industry continues to be reluctant, as it has throughout its history, to adopt new measures or employ those already available to lessen the adverse effects of overlarge crops. The industry has resorted to volume controls only when it was hurting from excess supplies and it has accepted controls then only with evident reluctance. It seems to have an inborn aversion to all formal restraints on a grower's or packer's freedom of action.

The industry received relatively little Federal aid in the last 15 years compared with earlier years. In the large-crop season of 1957-58, the government allocated \$4 million to facilitate prune exports to the United Kingdom and \$1 million for exports to Finland. The U.S. Department of Agriculture bought the equivalent of 5,100 tons of natural condition prunes canned in

syrup for use in the National School Lunch program in both 1964 and 1965. The purchases amounted to about \$4 million. Since 1956, the Foreign Agricultural Service, USDA, has allocated \$779,059 in foreign currencies to assist the industry in its prune advertising and sales, promotion activities abroad, but mostly in western Europe.

The last 15 years have accelerated a downward trend in the importance of the dried cut fruits—apricots, peaches, and pears—that began after World War II. The growing scarcity of manual labor, rising labor costs, and the increasing demand for these fruits for shipment fresh and for canning have tended to make drying them mostly a salvage operation. To a large extent, the fruit dried is that which cannot readily be disposed of in other channels. Such fruit is either in excess of the requirements of the major outlets, or it is too ripe or too large or too small for such uses. Production of particular dried cut fruits has tended to increase in seasons of large crops or of unusually rapid ripening and has tended to drop sharply when supplies are less abundant and fresh market and canner demand for them is high. As the volume of dried cut fruits has declined, it has become less and less possible to carry on any kind of product promotion and market development activity and this has worked to their disadvantage in sustaining consumer demand. Their high cost in recent years has made them difficult to sell in the domestic market and has made them less and less marketable in the export markets where earlier they were in great demand. Nonetheless there is a continuing limited demand for these items and the industry endeavors to supply it with attractively packaged products of good quality.

Production statistics show graphically what has happened to dried cut fruits. Whereas production in the first 10 years of the Association's existence (1917-1926) averaged 16,578 tons of dried apricots, 26,341 tons of dried peaches, and 3,444 tons of dried pears, in the last 10 years (1957-1966) production has averaged as follows: dried apricots, 6,778 tons, dried peaches, 5,308 tons, and dried pears, 1,330 tons. In contrast, prune production averaged 118,977 tons during 1917-1926 and 143,000 tons during 1957-1966. The earlier period, however, included the 45,000-ton crop of the rain-disaster year of 1918, hence the 10-year average was low by about 8,000 tons.

The course of prune industry activity in the last 15 years has been both charted and bounded by the two closely coordinated programs. The industry's relative success in coping with its marketing problems has been accomplished in spite



R. VINCE GARROD this year completes his thirtieth year as a director of the Association. He is the oldest in point of service. He was an early advocate of the Association and became active in its affairs in the difficult year of 1926. He was president of the California Farmers Union and is of its successor California Farmers. He was a member of the State Board of Agriculture and chairman of agriculture at the Golden Gate International Exposition in San Francisco held during 1939 and 1940.

of fairly persistent opposition, sometimes forceful. In 1953, for example, 10 independent prune packers petitioned the U.S. Department of Agriculture to terminate the Federal Marketing Agreement and Order. They contended that prune bearing acreage had fallen so low that surplus production was no longer likely and, hence, there was no further need for volume regulation or quality controls. Minority elements in the industry on occasion have opposed the market development activities of the State Marketing Order program. In the main, however, a majority have supported both programs and some growers continue to advocate a further expansion of the market development activities, including advertising, merchandising, and marketing research. During these 15 years, expenditures by the California Prune Advisory Board have totaled \$9,404,885.28. A preponderance of this has been for market development activities such as advertising—\$5,918,881.73, merchandising—\$981,698.23, consumer information—\$572,167.13, ex-

port development—\$486,181.17, and market research—\$100,959.56. The sum of \$187,695.11 also has been spent for industry research. The annual rate of expenditure has trended upward in recent years. The combined grower-packer assessment rate per ton was \$3 for 1952 through 1956; \$3.75 for 1957, 1958, and 1959; \$4 for 1960 through 1963; and \$7 for 1964, 1965, and 1966. This rising trend reflects grower conviction that greater effort has to be made to stimulate consumer purchases in the face of the intense competition for the consumer's food dollar.

One result of the fuller discussion of marketing conditions by growers and packers fostered by the industry programs has been a better understanding of the marketing process. Growers have become much more aware that field prices can be too high and thereby hamper marketing of the pack. More and more growers have come to realize that a crop is not marketed until it is consumed. Growers no longer automatically protest variations in field prices to the extent that once was common.

One of the major problems for which the industry began seeking a solution in the early 1950's was the loss of export business that had been so important before World War II. T. O. Kluge reviewed the situation in 1952, pointing out that recent exports were only about one-fourth those of earlier years. He cited these prune export data:

	Exports Tons	% of Production
1911-20*	34,308	33.0
1921-30*	90,176	54.3
1931-40*	90,251	42.5
1941-50*	76,750	42.0
<hr/>		
1949	21,241	14.0
1950	21,328	14.4
1951**	20,132	11.4

* Yearly average.

** Through January 31, 1952.

Twenty-five percent of the 177,000-ton 1951 crop was set aside in a surplus pool in the expectation it might be sold in export. The Federal government undertook to assist the industry and provided \$1,472,194 to facilitate the export of over 50,000 tons, more than 35,000 tons in commercial transactions and about 14,000 tons from the surplus pool. T. O. Kluge and R. A. McArthur were sent to West Germany and succeeded in negotiating the sale of 7,314 tons of surplus prunes. With the benefit of Federal aid, Jack Gomperts negotiated the sale of 6,380 tons of surplus prunes to Norway. This was the first sale of significance to Norway since before World

War II. In December, the California Dried Fruit Export Association undertook to develop a program to regain export markets through the elimination of trade barriers. It chose D. K. Grady, Jack Gomperts, and Stanley Powell to head up the project.

Harry C. Dunlap, one of the industry's able leaders for 35 years, retired in mid-1952. He was an official of the California Prune and Apricot Growers Association from 1917 to 1936, the last four years as president. Thereafter, he was executive vice president of the Dried Fruit Association of California. He died May 6, 1953 at the age of 68. A. E. Thorp succeeded Dunlap at the DFA. He had been head of the California Fig Institute since 1949 and earlier had been associated with the Roeding Fig Company, Fresno.

It was evident as the 1952 crop took shape it would be far short of the 1951 crop, so a surplus pool was not planned. Packers bought actively and growers sold an unusually large part of the crop on open contracts or under storage arrangements, yet they still averaged 8.125 cents a pound for the entire crop.

The newly established California Prune Advisory Board got busy at once, selecting Botsford, Constantine & Gardner as its advertising agency. It began planning the first advertising campaign the prune industry had had in 12 years. Shortly consumer advertising appeared in which prunes were featured as the "California wonder fruit." In March 1953, the industry joined in a Dried Fruits Week promotion of seven dried fruits directed by L. B. Williams and his California Dried Fruits Research Institute.

Another veteran industry figure, widely known, retired in 1953. He was Ferdinand Ehrenfeld, general manager of Rosenberg Bros. & Company. He had joined the firm in 1915 and for many years was its export manager. He died in August 1962.

Important developments in cultural practices, with which growers had been experimenting since the end of World War II, began to catch on in the early 1950's. Growers began to search with determination for mechanical harvesting aids. Both rising labor costs and the scarcity of harvest labor gave urgency to the task. Growers experimented with mechanical shakers, pickup harvesters, mobile catching frames, and self-propelled catching frames. Much of this activity centered in the Sacramento Valley where prunes do not drop readily to the ground when ripe as they do in the coastal valleys. Because of this characteristic, most central valley growers harvest their prune crops in a single picking operation. Growers called on University of California, Davis, ag-

This was the customary way of picking prunes until after World War II. The fruit was dislodged with poles and men and boys picked the fruit off the ground. After the war came cable, pneumatic, hydraulic, and mechanical shakers, and a great variety of harvesters, including pick-up machines and tractor-drawn and self-propelled catching frames. Engineers are now at work perfecting devices like these.



agricultural engineers to aid them in perfecting the needed equipment. Also, many growers switched to sprinkler irrigation from the customary flooding of surface basins or checks. The new method seemed to permit more efficient use of water and to reduce labor requirements.

The continuing experimentation by growers with mechanical harvesters soon made it evident that the structure of trees would have to be changed to use the new equipment most effectively. Growers found it more difficult to modify the structure of old trees than to train newly planted trees to suit the requirements of catching frames and mechanical shakers.

The nature of prunes to remain attached to the tree when mature under interior valley growing conditions, instead of dropping to the ground as they do in the coastal valleys, became the subject of serious inquiry in postwar years. Since growers in the interior valleys harvested their crops in a single picking, the need arose for a precise method of determining when harvesting should start so as to secure a maximum proportion of fully ripe fruit and a minimum of immature or overmature fruit. Hence the need also arose for a means of determining optimum maturity of fresh fruit that would result in dried fruit of best quality. Examination of the problem led to the conclusion that fruit flesh color, soluble solids content, and flesh tenderness would provide dependable bases for objectively gauging fruit maturity.

Using standard color discs, a pressure tester,

and a hand refractometer, John N. Fiske, Napa County farm advisor, in 1953 began extensive testing of fruit before, during, and after the harvest period. He charted the rise in soluble solids content and the softening of fruit flesh and noted the disappearance of green from the amber flesh as the fruit ripened. He charted the change in soluble solids content and flesh pressure and compared the quality of the dried product of fruits picked at different stages of maturity. He found not only that growers could determine when fruit should be harvested to obtain the best dried fruit quality, but that fresh fruit harvested at optimum maturity also yielded the largest volume of dried fruit. Fiske's findings in the first three years of fruit testing became available to growers generally in 1956. Shortly thereafter, the determination of harvest time by fruit testing became an industrywide practice. An important result of the fruit testing, in addition to improvement of dried fruit quality, was the discovery that harvest could be begun earlier than customary in most districts most years.

The 1953 prune crop proved to be only 145,830 tons, slightly larger than the 134,726 tons of 1952, and it presented no marketing problems. Hence there was no call for a surplus pool. Industry leaders agreed that larger crops were bound to come and that more effective means should be developed to deal with them. In September they proposed amendments to the Federal Marketing Order to facilitate the marketing of surpluses in export outlets and to permit sales at negotiated



Modern dried prune storage in portable bins in Sun-sweet's Plant 7, San Jose. Each bin holds about 2,500

prices designed to encourage exports. Growers and packers approved the proposals and the USDA made them effective in March 1954. It happened coincidentally that the 1954 crop totaled 174,249 tons and the industry allocated 12 per cent of it to the surplus pool. As it had done in 1952, the industry again sent T. O. Kluge and R. A. McArthur abroad to sell prunes and they negotiated the sale of \$5 million worth to West Germany. Industry advertising and merchandising activities continued and prunes continued to participate in Dried Fruits Week promotions. In April 1954, the Prune Advisory Board initiated an advertising campaign in the United Kingdom as California prunes became available again in retail stores for the first time in 15 years. In both 1954 and 1955, Yugoslavia competed actively with California for prune business in West Germany and the United Kingdom.

The rapid urbanization of the northerly part of Santa Clara County had an increasing impact upon fruit production, particularly prunes, during

pounds of prunes, the size and quality being noted on each bin to facilitate record keeping, efficient handling.

these years. Total prune plantings in Santa Clara County stood at 54,414 acres in 1947. Ten years later they had fallen to 39,240 acres, a drop of 28 percent. By 1961, they had declined further to 33,444 acres. Homes and industries steadily crowded prune production out of this fertile valley where the industry had begun and where it was the predominant agricultural enterprise for more than eight decades. Many prune growers forced out of Santa Clara County simply shifted their operations to the northern coastal counties or principally to the Sacramento Valley. Growers began again to plant prunes in widely scattered areas of the interior valleys where prune growing had once flourished and later declined rapidly in the depression years.

The 1956 prune crop presented a special and difficult problem—the fruit set was exceptionally heavy and such a condition usually results in tree breakage and small fruit sizes. The Association and other industry agencies early advised growers to thin their trees. Some growers undertook to do

this by hand, others knocked the immature fruit off with rubber tipped poles, and still others made small wooden rake-like tools with which they raked off the excess fruits. University of California researchers began testing spray materials to reduce fruit set at blossom time.

In June, the Prune Administrative Committee estimated the crop at 169,800 tons, the carryover at 24,427 tons, equivalent to 200,054 tons processed, and 1956-57 disappearance at 182,000 tons. But PAC members could not agree on a set-aside. The need for intensified sales promotional activity was agreed on and the California Prune Advisory Board budgeted \$345,000 for a spring promotional campaign in four women's magazines. It also decided to expand promotional activities in West Germany and sent Stanley G. Swanberg of its advertising agency to Europe to make the necessary arrangements. A committee of five was sent to Washington to confer with Federal officials about industry problems and to push for Public Law 480 assistance for export sales. At that time, P.L. 480 funds were available only to aid in the sale of surplus commodities held by the Commodity Credit Corporation. The committee consisted of R. A. McArthur, R. L. Engell, T. O. Kluge, Fred Onstott, and R. W. Jewell. By May, the CPAB concluded that greater promotional effort would be needed to market the 1957 crop and it proposed a \$500,000 budget, of which \$370,000 was allocated to the domestic market.

At an industry gathering in June, S. R. Smith, chief of the Fruit and Vegetable Branch, USDA, warned growers they were inclined to price prunes too high in the face of the competition in the marketplace and in view of the volume of prunes they had to dispose of. This same matter cropped up at an economic conference in July, sponsored by the Farm Bureau, and an important recommendation was that "prune pricing must be on a more realistic basis." Growers were advised that surplus pooling was not a long-run remedy for prune disposal problems. Several months later, Smith again warned of the dangers of overpricing, particularly as it tended to stimulate increased prune plantings and caused the loss of markets.

In spite of Smith's advice, the RAC, in acting on 1957-crop marketing policy, rejected measures to keep prune prices in line with competitive products and to improve prune quality. It did, however, establish a set-aside of 10 percent. The PAC estimated the new crop at 168,000 tons and the carryover from the 193,000-ton 1956 crop at 44,000 tons.

Largely at the instigation of the Dried Fruit Association of California, dried fruit industry

agencies organized a Dried Fruit Research Advisory Council in September 1957. It was made up of representatives of the California Prune Advisory Board, the California Raisin Advisory Board, the California Fig Advisory Board, and the DFA, which, in addition to its other purposes, represented the packers of dried cut fruits. The Council has served as a clearinghouse of dried fruit research activities and findings and as an unofficial coordinator of various research projects sponsored by or participated in by the industry agencies or directly involving dried fruits. These projects have been carried on mainly at the University of California, Davis; the Western Regional Research Laboratories, Albany; and the Stored Product Insects Laboratory, Fresno.

Unseasonal rains fell during the prune harvest in September damaging unharvested fruit. The Prune Administrative Committee undertook to provide some relief for the growers hardest hit and authorized the issuance of diversion certificates for rain-damaged fruit. The certificates, which were salable, were applicable toward growers' obligations under the 10 percent surplus set-aside in effect on the 1957 crop. Certificates were issued on the estimated tonnage, on a dried basis, damaged by rain. The PAC issued certificates for 3,400 tons, some of the growers selling their certificates for about \$75 a ton.

As the 1957 prune crop marketing season advanced, the California Prune Advisory Board discussed various means of expanding outlets for prunes. In April, it sent Carroll H. Glenney, retired dried fruit sales manager for California Packing Corporation, to Western Europe to survey the area as a possible market for prune juice. At the same time, the CPAB approved steps to make additional sales abroad with Public Law 480 assistance.

Rumors long circulating in the industry were confirmed on August 31 when it was announced that Rosenberg Bros. & Co., the largest independent dried fruit packing firm, would go out of business. The Mayfair Packing Company bought the dried fruit and walnut operations of the 65-year-old firm. Earlier it had sold its raisin operations to Bonner Packing Company and its almond operations to Trico Company. The Rosenberg firm had been slowly dying since being acquired in 1947 for \$16 million by Consolidated Foods Corporation, Chicago. At its peak, the Rosenberg firm had gross sales of \$80 million a year.

Two problems began to be of deepening concern to a few men in the industry; the sharp upturn in prune plantings and the threat of markedly higher tariffs in the European Eco-

conomic Community. T. O. Kluge, executive vice president of the Association, first warned the industry in November 1959 that the new prune plantings, stimulated by higher field prices, would shortly create difficult marketing problems. R. W. Jewell, manager of the Prune Administrative Committee, disclosed that in the first 10 years of the operation of the PAC prices received by growers exceeded parity in five of those years. Kluge cited prune acreage data for the years 1950 through 1957:

	Bearing Acreage	Nonbearing Acreage
1950	101,986	8,677
1951	99,413	8,332
1952	96,604	8,053
1953	94,647	6,729
1954	94,292	6,864
1955	89,544	10,872
1956	87,415	14,376
1957	84,884	19,411

Kluge called for greater industry emphasis on marketing and for research to find the kind of prune pack or product with which prune sales could be exploited most effectively. Thereafter, he warned the industry again and again of new planting trends and in October 1960, he called attention to acreage data for 1958 and 1959:

	Bearing Acreage	Nonbearing Acreage
1958	83,704	21,214
1959	84,700	26,270

He reminded the industry that in 1929, the peak year of plantings, it had 171,330 bearing acres and 19,066 nonbearing acres. He further cited the upward trend in yield:

	Avg. Yield Ton/Acre	Percent Increase
1920-2999	..
1930-39	1.33	30
1940-49	1.46	25
1950-59	1.64	12

The new plantings were mainly in the Sacramento Valley and they more than offset the reduced acreage in the Santa Clara Valley where explosive urbanization was crowding out productive orchards. This was shown graphically in 1960 when for the first time in nine decades the Sacramento Valley led the Santa Clara Valley in prune production. The Sacramento Valley produced 55,547 tons or 40 percent of the crop, the Santa Clara Valley 51,700 tons or 37 percent of the crop, and the Napa-Sonoma district, the other major producing area, 29,688 tons or 21 percent of the crop.

Growers generally appeared little worried about the new prune plantings largely because of a sur-

prising occurrence. For six successive years, 1958 through 1963, prune crops were abnormally low and field prices were relatively high. The production in these years was:

	Tons		Tons
1958	96,000	1961	138,500
1959	139,000	1962	147,900
1960	139,000	1963	132,900

The industry became greatly alarmed in 1960 at the disclosure by the European Economic Community of its intention to increase the tariff on California prunes. The purpose clearly was to enable France to expand its prune industry to supply the needs of EEC member countries, but particularly West Germany, a major export outlet for California prunes.

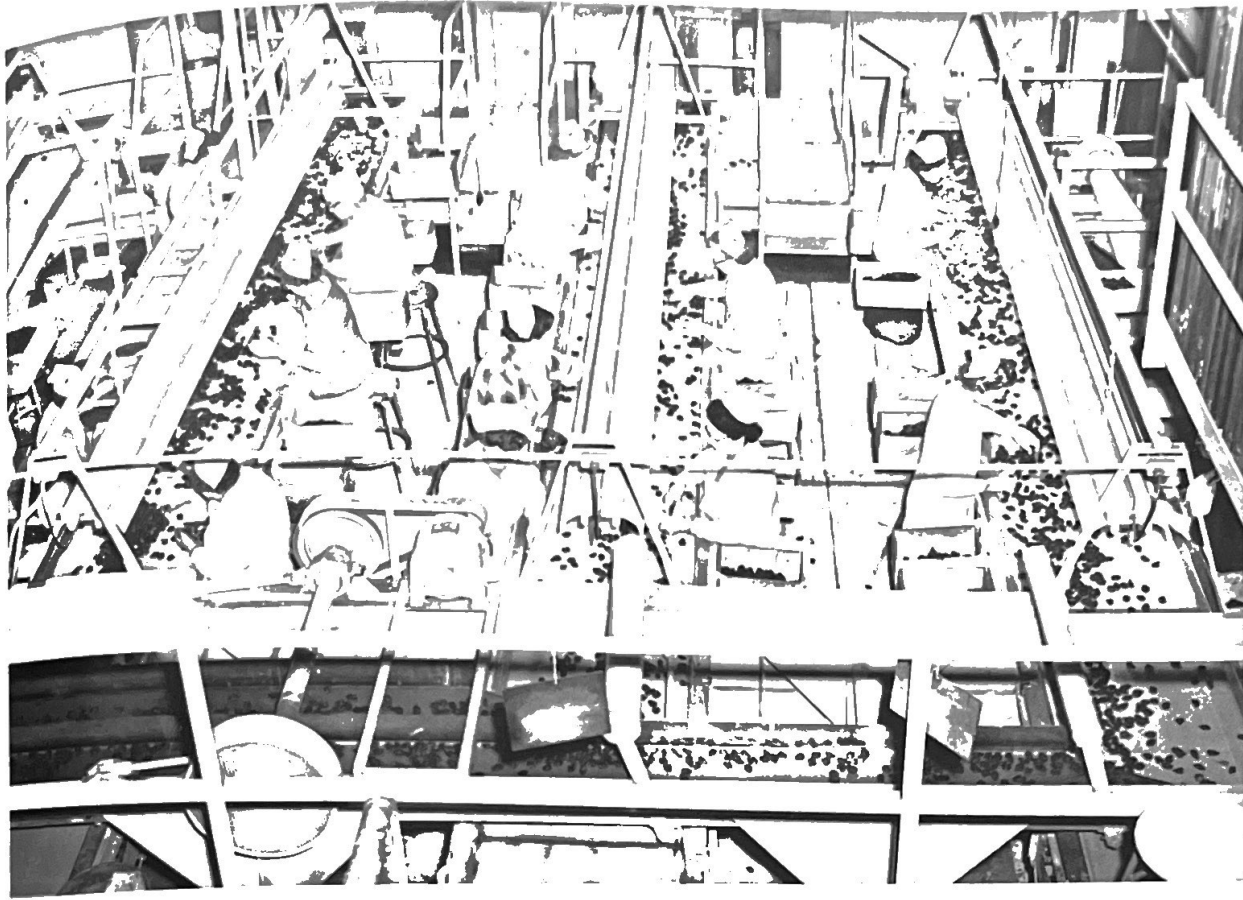
As the Kennedy round of negotiations over tariffs proceeded, prune industry leaders became more and more convinced that U. S. tariff negotiators might not sufficiently safeguard the industry's interests. In March 1962, the California Prune Advisory Board sent a committee to Washington to report industry fears to California Congressmen and to appeal for their aid. Members of this 7-man committee were R. A. McArthur, T. O. Kluge, R. L. Engell, A. E. Thorpe, E. M. Faye, Domenic L. DiFiore, and Louis O. Wurz, Jr. This problem has remained unsettled, although in 1967 a settlement appears near at hand.

The abnormally small 1958 prune crop was unique in three regards: it was the smallest crop in 27 years, it brought the highest field price of record to that time—an average of \$370 a ton, and it had the highest percentage of fruit of carton sizes and quality of record, averaging 62-63 count.

Deepening packer concern about the variable quality of dried cut fruits impelled them to take significant action in May 1959. All dried cut fruit handler-members of the Dried Fruit Association of California voluntarily agreed to impose minimum standards of quality on dried cut fruit purchases and they authorized the DFA to inspect all of their purchases.

One of the industry's best known figures died in Berkeley on Thanksgiving night, 1959. He was L. B. (Deacon) Williams, 74, owner-director of the California Dried Fruit Research Institute for 31 years. The Institute served the dried fruit and raisin industries in developing recipes and information for use by home economists and food editors and in directing dried fruit merchandising in retail stores.

The short crops of 1958 and 1959—as well as the succeeding four short crops—made marketing a relatively simple matter and there was no



Prunes are being sorted for Sunsweet consumer packs in Plant 7, San Jose. Cleanliness, good lighting, and

comfortable working conditions make this a far more effective job, hence insure better consumer products.

need for volume controls. The long-latent objections of independent packers and some growers to the volume control provisions of the Federal Marketing Agreement and Order gained widening support during the 1959-crop season. In February 1960 the Prune Administrative Committee proposed that the program be simplified and that volume controls be eliminated. The U.S. Department of Agriculture meanwhile had suggested that the program needed to be modernized. So the PAC sent R. A. McArthur, T. O. Kluge, Eyvind M. Faye, R. L. Engell, and Nedjo Spaich to Washington to discuss the program's shortcomings with Federal officials. The proposed revisions were submitted at grower and packer referendums in December and were overwhelmingly approved. The principal revisions eliminated all volume control provisions, imposed stricter quality controls, imposed size restrictions on non-French varieties, and provided for research and the dissemination of information intended to expand prune consumption.

Kluge again in November 1960 expressed con-

cern over prune consumption trends and urged the industry to develop new products or uses. He analyzed the changing pattern of prune utilization and discussed the significance of these changes to the industry. He noted particularly the downward trend of consumption of prunes as prunes, the increasing consumption of prunes in prune juice, the moderate increase of consumption of canned prunes, and the variation in prune exports year by year. He pointed out that in the 10 years 1950-1959, the sale of prunes in pitted form, for jam and fruit butter, and for puree and baby food had varied but little. He suggested that the industry ought to search for a new use for prunes having the potential consumer acceptance of prune juice, which in 1959 accounted for 37 percent of all U.S. prune sales.

A unique situation developed in the acquisition of the 1961 prune crop by packers. Growers steadfastly rejected early packer field price offers, but delivered their crops to packers under open price contracts or storage agreements. Finally, on October 28, packers announced opening prices

on the new pack to the trade in spite of the fact that there was no firm field price. Packer offers of 16 cents basis for 34/60 and 15 cents basis for 61/81 found few takers until early November when growers were in a rush to sell. By mid-month, packers had completed their acquisition of their part of the crop at these prices. These prices were about 2 cents lower than those prevailing in 1960. They reflected packer opinion that the higher prices of 1960-61 had hindered consumer purchases, an idea many growers were unwilling to accept.

During 1962, significant changes occurred in the careers of several men long prominent in the industry. Willard S. Follett, secretary of the Dried Fruit Association and a member of its staff for 35 years, retired on April 23. He was associated with the industry for 45 years. T. O. Kluge declined re-election as president of the DFA after holding that office for 15 years. Elected to succeed him was E. W. Landram, head of dried fruit operations for the California Packing Corporation. On May 26, E. N. Richmond died at the age of 82. He established the Richmond-Chase Company, an important independent packing firm after acquiring his first dried fruit plant in San Jose in 1916. The Richmond firm early went into fruit and vegetable canning and discontinued handling dried fruits after its acquisition by California Cannery and Growers in March 1958.

The California Prune Advisory Board in 1962 began the first of a series of yearly prune retail display contests for grocers and packer sales representatives and salesmen. Winners having the best retail displays of prunes have received prizes of U.S. savings bonds.

Dr. George Mehren, then chairman of the Giannini Foundation for Research in Agricultural Economics, University of California, and currently Assistant Secretary of Agriculture, made an economic analysis of the industry's promotion of prunes in western Europe. He commended the industry for the manner in which it sought to accomplish its purposes: to aim its promotion mainly at consumers, to elicit trade support of promotional efforts, and to find means of reducing the cost of handling prunes in foreign sales.

Shortly thereafter, the California Prune Advisory Board advertised prunes in Denmark, Finland, Norway, Sweden, Italy, Switzerland, and the United Kingdom. For this purpose, the Advisory Board allocated \$105,000 of its own funds and received supplemental funds totaling \$141,000 from the Foreign Agricultural Service, USDA.

Prune growers in Sonoma County, with the help and leadership of their local farm advisors, put on a Prunerama at Sunsweet's Healdsburg

plant in January 1963. Farm machinery was displayed, as also were dried fruit products. Demonstrations showed the use of prunes in food preparation. The affair stimulated such grower interest that it has been repeated in succeeding years and similar displays of machinery and prune products have been held in other prune districts, including Colusa and Gilroy. Growers have shown great interest in these local events.

The Dried Fruit Association of California announced in February 1963 its appointment of a European representative to keep the industry fully informed about developments in the European Economic Community. He is Georg Schneider, the Hague, Netherlands, former senior managing director of N. V. Gebroeders Catz, leading import-export firm dealing in dried fruits and other products.

Dried fruit packers substantially enlarged their commercial prune drying facilities in 1963. Those offering their grower-suppliers custom dehydration service were Mayfair Packing Company, Valley View Packing Company, Abinante & Nola Packing Company, and Paul A. Mariani Company. Independent growers insisted upon being provided with dehydration service similar to that available to members of the Association.

In December 1963, A. E. Thorpe, executive vice president of the Dried Fruit Association of California, testified before the Trade Information Committee in Washington, D.C. on the negotiations then under way under the General Agreements on Tariffs and Trade. Thorpe said that France was principally responsible for the imposition by the European Economic Community of an external tariff of 16 percent on California prunes instead of the arithmetical average of 12.5 percent that otherwise would be applicable. He urged that U.S. negotiators strongly demand fairer treatment for California prunes.

Growers received the findings of a successful 3-year project to develop a practical means of green grading prunes (before dehydration) at Prune Day in February 1964 at the University of California, Davis. A team of three researchers described the research results. They were L. L. Claypool, Department of Pomology; Martin W. Miller, Department of Food Science and Technology; and John J. Smith, Extension pomology specialist.

Turning its attention again to the western European market, the California Prune Advisory Board in March 1964 sent James Pettis and Manager R. W. Jewell to Europe to evaluate its sales promotion and advertising activities. It also requested the California Department of Agriculture to send Dr. Jed A. Adams, marketing econ-

omist, to Europe to make an independent evaluation of the program. The Department authorized Adams to make a survey of the prune market in 10 countries over a period of six weeks. Adams reported his observations and recommendations in July. He reported that the historical use of prunes in prune soup had largely been discontinued and the industry needed to find alternate uses; that the food trade in the United Kingdom resented the industry's practice of pricing prunes high at the beginning of each marketing season and of lowering the price thereafter; that there was need to increase the effectiveness of promotional activities especially in Sweden and Italy; that competitive prunes from other sources sold for as much as 45 percent cheaper than California prunes; and that too many consumers remembered prunes as a wartime or economy food and had come to look upon prune consumption as unfashionable. He offered a series of recommendations: 1. That because of conditions then existing in West Germany, the funds allocated for sales promotion there be diverted to the Scandinavian countries; 2. That basic market research be undertaken in Europe, especially the Scandinavian countries; 3. That a distinctive California emblem be created for use by all packers to enable consumers to recognize readily California dried fruits; 4. That trade with Soviet bloc countries be made legal; 5. That sales promotion activities in Europe be expanded, with emphasis on the California origin of prunes; 6. That a realistic pricing policy be adopted to establish a more stable market; and 7. That prune quality be improved so as to sustain the evident superiority of California prunes.

The deep concern about the European market reflected the awareness among industry leaders that the State's production potential was steadily rising. Most recent data showed that bearing orchards in 1964 totaled 81,649 acres and non-bearing trees 29,149 acres. Production in 1964 totaled 178,846 tons, 28 percent greater than the 5-year (1959-63) average. The 1964 crop returned an average of \$234 a ton to growers compared with the 5-year average of \$334.60.

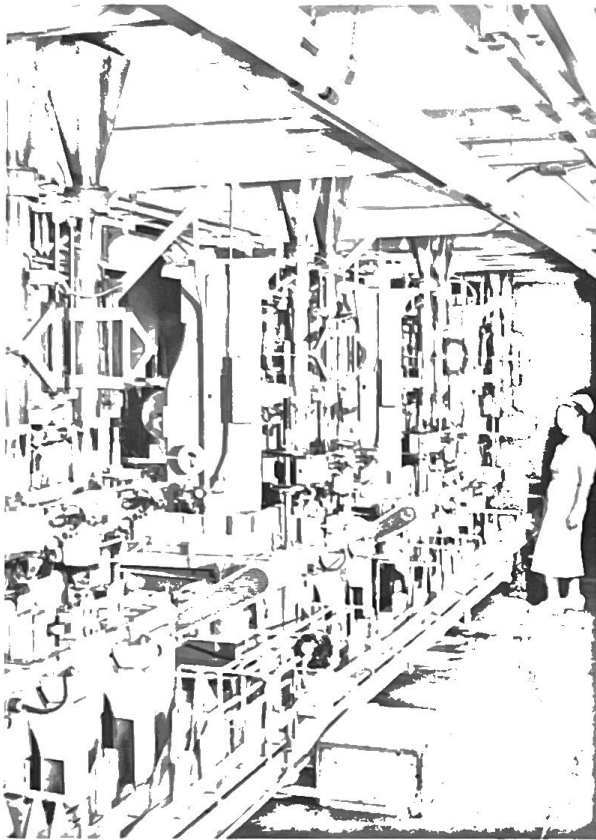
The large 1964 crop, coming after six successive short crops, played havoc with the industry's marketing operations, particularly the export phase. The trade, but mostly the exporters, began selling short before the new crop was in. Packers were four weeks later in offering field prices than in 1963 and growers were shocked at the offers made—2 to 3 cents below 1963 prices. The trade continued to cut prices even after field prices were established. Price stability was finally achieved in the domestic market at year's end,

but not in the export market until seven months later when it became clear there would be a reserve pool in effect for the 1965 crop.

Georg Schneider gave the industry his views of the European market situation in September 1964. He said that whereas prunes were a household necessity before refrigeration was widely available, they have since been displaced by canned and frozen fruits and juices and by citrus fruits, which are now available the year around. Consumers have become more affluent and can well afford these newer products. He said that German housewives who once used prunes regularly in a compote served as a dessert or in mixed dried fruits now want ready-to-serve foods. They regard other fruits as more exotic than prunes. He mentioned that whereas canned peach prices had doubled since the 1930's, prune prices had more than quadrupled. He urged greater emphasis upon quality and the allocation of more low-price prunes to juice.

The active career of Robert A. McArthur as an industry leader ended in April 1964 when he failed to secure nomination as an independent producer at large on both the Prune Administrative Committee and the California Prune Advisory Board. He had been chairman of both agencies for 15 years and was active in industry affairs for 32 years. In June, the industry honored McArthur at a banquet in Monterey. James Pettis, Marysville grower, was elected chairman of the two industry agencies succeeding McArthur. Pettis undertook a busy schedule of industry activities, found they took considerable time and money, and proposed that a chairman be reimbursed for the time spent in the industry's interest. Not only were there no provisions in Federal or State laws for such reimbursement, but the industry indicated it was reluctant to pay its chairman other than for actual expenses if a legal means could be found. Pettis believed the chairman should provide active industry leadership. He concluded he could not afford to take the time this kind of leadership required without hiring someone to do his own job at home, and this he could not afford to do unaided. So he resigned both chairmanships in June 1965.

The California Prune Advisory Board gave the domestic market for prunes a great deal of attention during the 1964-65 marketing season, sponsoring four research projects. Audits & Surveys, Inc., interviewed consumers to learn their attitudes toward prunes. The Market Research Corporation of America carried on home meal surveys to determine the patterns of prune use. Louis Cheskin Associates tested the effectiveness of various themes in advertising prunes. And Facts



These ultra modern packaging machines weigh the proper quantity of prunes, place them in film bags, which the machines make, then insert the filled bags into the cartons passing on a conveyor line, in Plant 7.

Consolidated made a study of 4,000 families that responded to the prune-Cheerios tie-in premium offer. It undertook to determine the uses of prunes and the attitudes of user families having small children.

Handlers of dried fruits, as of other similar products, were more and more objecting openly to sharing equally with growers the cost of promoting the sale of such products. Prune handlers contended that growers were the principal beneficiaries of product promotional activities and should, therefore, bear the principal cost of such promotions. Growers became reconciled to this viewpoint, realizing that if they were to insist on the equal sharing of costs by packers, they would likely lose their promotional programs altogether. Acceptance of this state of affairs was evident when the industry voted on a higher assessment rate for the California Prune Advisory Board in July. Growers overwhelmingly approved a maximum rate of assessment on themselves of \$10 a ton—\$5 for the 1964 crop year,

however—whereas the packer rate continued at \$2 a ton.

In preparation for expansion of prune advertising and sales promotion, the California Prune Advisory Board appointed Burton C. Granicher full-time advertising manager in April 1965. He recently had retired after 38 years with McCann-Erickson, Inc., San Francisco, advertising agency. The CPAB directed him to begin planning a \$1 million advertising campaign.

The prospect of oncoming crops in excess of a readily marketable volume stirred growers into further action in early 1965. The Prune Administrative Committee sent a committee to Washington to confer with USDA officials about possible volume control measures. Members were E. M. Faye, T. K. Miller, Gerald C. Harter, R. L. Engell, and R. W. Jewell. The committee contended that volume control in seasons of heavy production would be necessary to sustain market stability. It proposed a flexible volume control procedure, an authorization for the Prune Administrative Committee to set minimum export prices for reserve pool fruit, an authorization for the PAC to allocate reserve pool tonnage to low-price outlets, and to carry reserve pool tonnage forward into a succeeding crop marketing season. The committee also proposed that permission be granted for diversion of fresh or dried prunes by approved methods and that growers receive diversion certificates for fruit so diverted. It was proposed that French prunes in consumer packs be limited to fruit larger than 100-count.

The USDA modified some of the grower proposals, submitted them at a referendum in July, and announced their adoption in August. The PAC immediately estimated the new crop at 180,000 tons and established a 20-percent reserve pool. It was the first such surplus setaside since the 1957-58 crop season. The PAC reported prune shipments during 1964-65 of 206,047 tons, of which 126,310 tons went into the United States and Canada market, 42,329 tons went into export, and 51,248 tons went for juice and concentrate manufacture.

In their discussion of measures to stimulate greater consumer demand for prunes, both grower leaders and packers contended more and more in the postwar years that an attractive pitted prune might turn the trick. The industry had marketed pitted prunes since early in the century, using a pitter adapted from that used to remove the seeds from Muscat raisins. It had two important disadvantages. It mashed and tore the prune badly, exposing the flesh, and it frequently left small pieces of the hard pit embedded in the flesh. Packers wanted a large capacity machine

that would remove the prune pit cleanly and leave the prune in more or less its characteristic shape. The University of California, Davis, announced in June, 1964, that two of its agricultural engineers, J. P. Gentry and S. M. Henderson had developed a prototype machine that would meet the industry's requirements and pit four prunes a second. It happened that packers also had been at work on pitting machines of their own designs. In September 1965, the Association reported it was test marketing prunes pitted by a newly patented machine invented by John D. Cantoni, its director of development. Thereafter, as it built additional pitters, the Association expanded its output of pitted prunes and marketed them on a nationwide basis, reporting exceptional consumer acceptance. Other packers improved their pitted prunes and competed actively for consumer favor.

In its search for additional export business, the industry—through the California Prune Advisory Board—sent T. O. Kluge and Gerald C. Harter to Japan and the Orient in November 1965, directing them to explore the possibilities of devel-

oping a market for prunes there. They thought the outlook favorable except, at that time, Japan did not permit the use of potassium sorbate, which the industry used as a mold inhibitor in all high-moisture packs. The Advisory Board displayed prunes in a U.S. Food Show in Tokyo in August 1966 and thereafter sent R. W. Jewell to Japan to call on importers and potential customers.

A veteran dried fruit industry figure announced his retirement in December 1965. He was E. W. Landram, head of dried fruit operations for California Packing Corporation and president of the Dried Fruit Association of California. Landram's entire business career was with Calpak. He was serving his fourth term as president of the DFA. J. P. Perrucci, head of the Mayfair Packing Company, succeeded to the DFA presidency.

Prune growers approved continuation of the California Prune Advisory Board program in May 1966. The next month they elected Fred Onstott of Gridley chairman. Eyvind M. Faye, who had served as chairman since the resignation of James Pettis a year earlier, was re-elected vice chairman.

24. Time of Change for Sunsweet

These last 15 years of the first half century of Sunsweet's operations have been busy years both in its participation in industry affairs and in the conduct of its own affairs. They also have been crucial years in that they marked the departure of men who had a major part in Sunsweet's successes, among them being T. O. Kluge, F. M. Shay, E. N. Thayer, W. S. Rice, T. J. Miller, John D. Cantoni, and G. K. Schrader. Thus it may be truly said that Sunsweet enters into its second half century of service in the hands of men who seek to cap their careers with successes still to be won. This was also a period of physical growth in which Sunsweet greatly improved and modernized its plants and processes. It was a period in which Sunsweet introduced new products and undertook to strengthen its marketing efforts.

The facilities improvement program made a significant start in November 1952 with completion of the new Plant 7, San Jose. The first unit had 162,400 square feet of floor area. The adjoining new engineering, electrical, and machine shop had 20,000 square feet of floor area.

Sunsweet introduced "Ready-to-serve" prunes packed in glass in April 1953 to cater to those demanding convenience. In November it sold Plant 18, Berkeley.

When the withdrawal period arrived in 1954, the Association faced the most concerted packer fight for its members it had had in many years. To induce Association members to withdraw, packers offered such growers 5-year contracts guaranteeing returns of \$5 a ton above the Association's returns for each season. The Association fought back energetically. The result was that 17 members withdrew, but the Association signed up 44 new members.

In April 1954, General Manager Kluge was appointed to a 34-member USDA trade mission to Asia to study the possibilities of expanding trade in U.S. foods and fibers. The Association's long-time export manager, A. J. Secher, retired in April 1954, returning to his native Norway. He was an Association employee for 30 years. The plant replacement and improvement program continued and in mid-1954, the Association began construction of a new Plant 3, Gilroy, and a new warehouse at Plant 44, Colusa.

Principal dried fruit commodity agencies expanded their product promotions in this period so that in 1954 E. N. Thayer of Sunsweet estimated that packers and the several commodity boards were spending more than \$2 million an-



EYVIND M. FAYE was elected president of Sunsweet in 1959, after having served a year as vice president. He had served as a director since 1946. A native of Hawaii, he was educated at the University of California. He first managed, then acquired a 1,300-acre ranch at Knights Landing. During World War II, he served with the U.S. Army, retiring as a lieutenant colonel. He has been active in farm organizations and represents Sunsweet in the Agricultural Council of California and the National Council of Farmer Cooperatives.

nually for this purpose. To take advantage of this activity in behalf of dried fruits, Sunsweet joined with Sun-Maid Raisin Growers of California in September in a special advertising and sales promotion project called the "Sun-Maid-Sunsweet Dried Fruit Carnival." Display materials featured circus clowns and animals humorously caricatured. The following February, Sunsweet and Sun-Maid put on a second joint promotion, this one being called the "Sunsweet-Sun-Maid Prune and Raisin Festival." This one again featured circus figures in humorous caricatures. The success of these two joint ventures caused them to be continued in succeeding years. Each one has had its own special theme and in each instance Sunsweet brokers have assisted food retailers in setting up special store displays of both Sunsweet and Sun-Maid products.

In June 1955, the Association distributed to doctors and nutritionists throughout the nation a newly prepared booklet on prune nutritive values entitled, "The Valuable Prune." It summarized the most recent results of research on the dietary values of prunes.

As the 1955 harvest season approached, Association-affiliated dryers began their annual modernizing of dryer equipment. An important innovation was the use of a pump-washer that served the double purpose of washing freshly harvested fruit more effectively and of moving the fruit in large volume in a column of water from the washer tank to the tray spreader. Its effectiveness for these purposes led to its use later on in other steps in prune processing.

Sunsweet undertook to reach a new and different consumer audience in its early 1956 promotion efforts and joined the Art Linkletter House Party on the CBS radio network. Coverage included 205 stations, coast to coast. Meanwhile, it continued its use of display advertising and its joint promotions with Sun-Maid.

Sunsweet sold two old plants in 1956 in its continuing program of plant modernization, Plant 28, Chico, in March and Plant 11, San Jose, in June. It immediately began preparations to erect a new Plant 28 at Corning and a 180- by 280-foot addition to Plant 7, San Jose.

The Association, in July, noted with particular satisfaction, the start of a project for which it campaigned for many months, the prune quality decline study undertaken by the Agricultural Extension Service of the University of California. John J. Smith was put in charge and the cooperation of the staff of L. C. Barnard, County farm advisor, was assured. Barnard had aided in calling the matter to the University's attention. The call for the study grew out of the realization that prunes grown in the Gilroy area, once a producer of crops of good quality and larger fruit sizes, had shown an unexplained decline in quality, fruit size, and volume in recent years.

Summaries of growers' deliveries prepared by the Association made it evident that growers were confronted with one or several problems of undetermined nature and the Association pressed the University to put its researchers to work in the district. As a result, the University sent pomologists, soils and irrigation specialists, entomologists, and plant pathologists to study the district's orchards. These studies, carried on for several years, disclosed a number of adverse conditions brought on by poor cultural practices. They included soil compaction, inadequate and poorly timed irrigations, overcropping, nutrient deficiencies, and some pest and disease problems.

Test plots were set up to demonstrate the benefits of improved practices. The University's broad spectrum search for the sources of trouble in the Gilroy district attracted the attention of producers of other tree fruit and nut crops in other California districts.

Two major changes in the Association's administrative staff were made by General Manager Kluge in July 1957. John D. Cantoni, who had been superintendent of production since 1946, was appointed to the newly created position of development director. This was a full-time assignment to develop new and improved dried fruit products, packages, processing procedures, and plant facilities. Succeeding Cantoni as superintendent of production was T. K. Miller, assistant to Cantoni and an Association employee since 1947.

Death on July 15 ended the career of one of the Association's founders and first officials, Warren E. Hyde of Cupertino, at the age of 90. He was a native Californian and the son of an 1849 Gold Rush pioneer.

In furtherance of the Association's efforts to improve dried fruit quality, the Dehydrater Advisory Council in June adopted the policy of refusing to accept delivery at cooperative dryers of prunes that were overripe or showed evidence of mold, decay, or fermentation.

The Association chose a new advertising medium in its 1957-crop promotional program—the Reader's Digest. The first of a series of informational advertisements appeared in the October issue.

The year 1958 brought important top-level changes in the Association's management team. E. N. Thayer, sales and advertising manager, and W. S. Rice, field department manager, retired. Thayer was succeeded by C. D. Owens and Rice by George Songer. Thayer joined the Association in 1925 and became sales and advertising manager in 1928. He had become an Association broker in Boston in 1920. Rice, a mining engineering graduate of Stanford University, went into fruit raising and buying in 1916, joined O. A. Harlan and Company in 1917, and came to the Association in 1928 when Harlan was appointed general manager. Owens had been an Association employee for 22 years, serving as cashier, credit manager, promotion manager, and assistant to Thayer. Songer had been an Association employee for 25 years, serving both in Sunsweet plants and in the field department.

In May, the directors authorized a change they had discussed for many years: they chose a new name for the Association—Sunsweet Growers Inc. They decided it was advantageous to get the



One of the first display pieces developed by SunSweet for use in retail stores when, after the War, prunes again became available in foil cartons, was this nearly life-size cut-out of a young woman in natural colors. Supplied to retailers in 1946, some of these units were still being used in retail stores in the spring of 1955.

nationally advertised brand name into the firm name and that the old name was cumbersome. The directors also gave General Manager Kluge a new title—executive vice president.

A further significant change occurred in May 1959 with the election of Eyvind M. Faye president to succeed Frank M. Shay, who had held the office for 22 years. Shay was elected chairman of the board, held that office for one year, and then retired at the age of 80 years. He had been a director 29 years and was a member, originally in the name of his mother Mrs. A. M. Shay, for 44 years. Earlier in the year, Shay had retired from the State Board of Agriculture after serving for 16 years.

SunSweet completed and put into operation its new Plant 11, Healdsburg, in July 1959. The new plant comprised a processing unit 120 by 180 feet and a storage unit 180 by 280 feet in floor area on a new 15-acre site. The Santa Rosa Cooperative Dryer built its Healdsburg dryer unit on an adjoining site. At this time, SunSweet had 13

packing plants, six of them erected since World War II and three of them modernized older plants. The new plants, in addition to Plant 11, were Plant 3, Gilroy; Plant 7, San Jose; Plant 8, Corning; and Plant 5, Yuba City. The modernized units were Plant 9, Hollister; Plant 6, Napa; and Plant 4, Colusa.

Aaron Sapiro, attorney, internationally known advocate of farm cooperatives, and a consultant to the Association when it was formed in 1917, died November 23, 1959, in Los Angeles at the age of 75. In June 1923, he headed a firm that represented 47 farmer cooperatives in the United States.

After 30 years of close business association with the Duffy-Mott Company, New York, manufacturer and distributor of SunSweet prune juice and other products, SunSweet bought a substantial common stock interest in the firm in June 1960. Kluge was then elected to the Duffy-Mott board of directors to represent SunSweet's interest. A month earlier, Duffy-Mott entered the California fruit and vegetable canning industry through the purchase of the Pratt-Low Preserving Company, Santa Clara, a pioneer California processing firm. Western production of SunSweet prune juice was transferred to the former Pratt-Low plant.

SunSweet directors, after reviewing from time to time the changes in the food industry and SunSweet's improvements in plants and facilities in the postwar years, in July 1961 began a formal study of SunSweet's facility needs in the ensuing 11 years. The board concluded that a study of property, plant, and equipment needs was mandatory if SunSweet was to continue to serve as an effective processing and marketing agency for its grower-members.

SunSweet introduced a significant improvement in its dried fruit cartons in August 1961, employing a visible film bag in which the processed dried fruit was sealed within the foil-wrapped carton. The addition of the film bag served to lessen the loss of moisture from the packed fruit.

One of the two directors on SunSweet's board having the longest term of service—Lloyd L. Edwards of San Jose—retired August 1962. He had served as a director for 34 years, as also had R. V. Garrod of Saratoga.

SunSweet joined with Sun-Maid in an expanded promotional program in the 1962-63 crop marketing season. The program comprised the following five phases: 1. Participation in the Nargus/Post All-American brands spectacular. 2. The SunSweet-Sun-Maid "Holiday Carnival" in November and December. 3. Participation in the "Jewel Box Butter Cookies" promotion with the Ameri-

can Dairy Association, Brer Rabbit molasses, Nestle's Morsels, and Pillsbury's Best flour. 4. The Sunsweet-Sun-Maid "Winter Carnival" on the NBC television network in February and March 1963. 5. And a schedule of advertisements in Family Circle and Woman's Day.

During the 1962-crop harvest season, Sunsweet cooperated with the University of California in a fresh prune evaluation study, the field work being done at the Healdsburg and Campbell Cooperative Dryers and at the dryer of Director W. H. Halsey at Colusa.

A group of nine Sunsweet growers in Tehama County extended their cooperative activity nearer home in the summer of 1962. They formed a harvesting cooperative to acquire and operate a self-propelled prune harvester, a floating boom shaker, and a supply of bulk bins for their joint use as a means of reducing harvesting costs. None of the nine growers owned a sufficient acreage to warrant purchase and operation of the mechanical harvesting equipment for only his own use.

T. J. Miller, who had retired as Sunsweet's long-time secretary-treasurer in June 1962 but continued on as an assistant, retired on August 31, 1963, after being in Sunsweet's employ for 45 years. Willard O. Wagner succeeded him as secretary-treasurer and controller.

A second staff change of importance occurred in August 1963 with the appointment of Ward Cheadle as field department manager to succeed George Songer, who resigned. Cheadle began working for Sunsweet in 1938, was assigned to field work in the Gilroy district after two and a half years of military service, and became manager of both Plant 3, Gilroy, and the Gilroy Cooperative Dryer.

The continuing cooperative advertising projects of Sunsweet and Sun-Maid attracted special attention in June 1964. The Magazine Advertising Bureau cited as outstanding a Sunsweet-Sun-Maid "checkerboard" advertisement in which use was made of two quarter-page parts joining at the center of the page. The remaining two quarters of the page contained reading matter. The advertisement appeared in Better Homes and Gardens, Ladies Home Journal, McCall's, Family Circle, True Story, and Woman's Day. It was estimated that 225 million persons saw the 19 advertisements. Sunsweet was unwavering in its support of expanded sales activity and when it was proposed in July that the grower assessment of the California Prune Advisory Board be increased to a maximum of \$10 a ton, Sunsweet directors voted their support of the proposal. Later Sunsweet and Sun-Maid joined in participating in the Arthur Godfrey show on 237 CBS

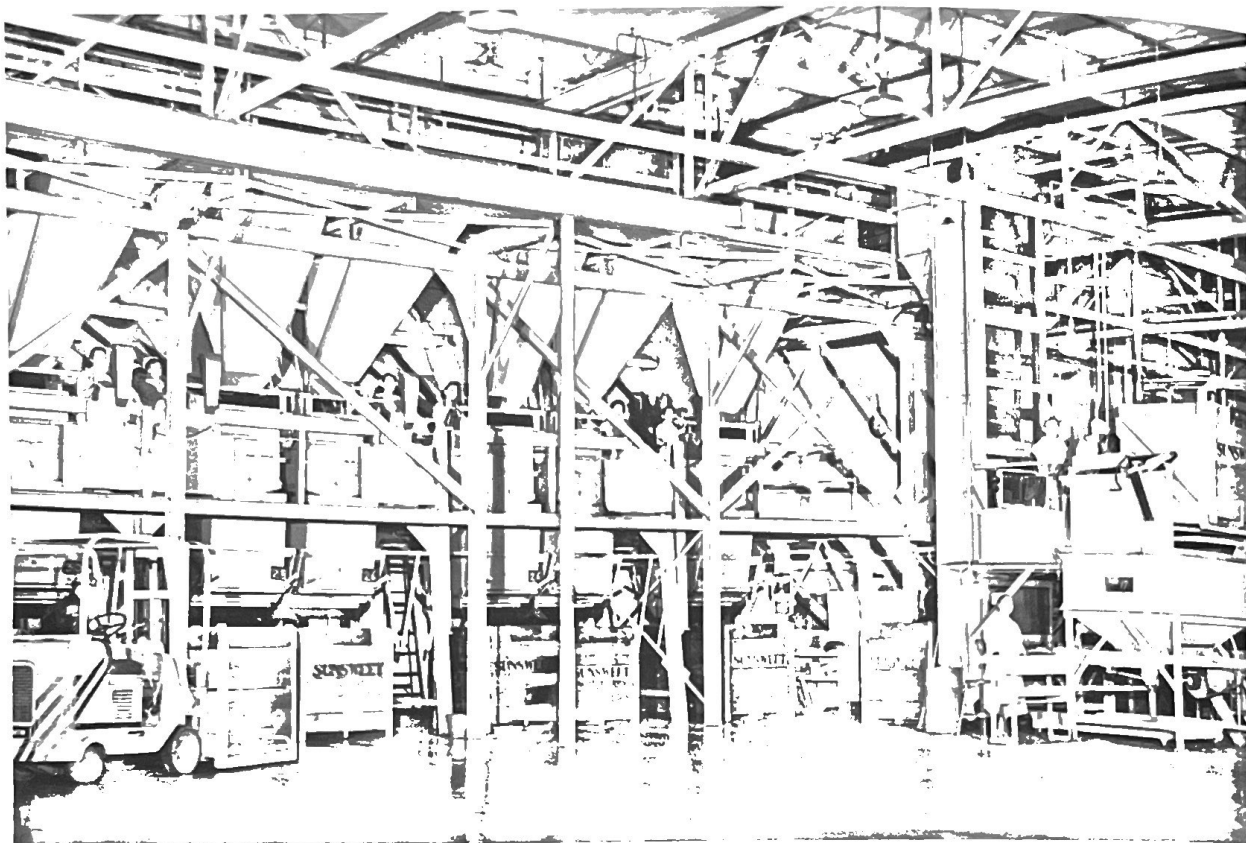


C. D. (CHET) OWENS succeeded T. O. Kluge as chief executive officer of Sunsweet in October 1965, subsequently being made executive vice president. He had been an Association employee 30 years, serving as cashier, credit manager, sales promotion manager, assistant sales manager, and sales manager. A native of Ohio, he came to California in 1924 and received his schooling in both Los Angeles and San Jose.

radio stations. Sunsweet and Sun-Maid also participated in a Christmas Butter Cookie promotion sponsored also by the American Dairy Association, Brer Rabbit molasses, Nestle's Choco-Bake, and Pillsbury's Best flour.

Culminating a long review of the European marketing situation and means of selling more effectively in this important market, in July Sunsweet appointed Don P. Fehler manager of international sales with headquarters in London. It was considered advantageous to maintain closer association with the food trade in western Europe. Earlier, Fehler had extensive sales experience with two California canning firms.

Two important plant changes occurred in 1964. Enlargement of Plant 5, Yuba City, was authorized in August. The addition had 33,000 square feet of floor space. Shortly thereafter, the directors authorized the razing of old Plant 2, Morgan Hill. The original structure was built by the Morgan Hill Farmers Union in 1911. Values at that time are graphically indicated by the fact that Morgan Hill Farmers Union paid but \$11,000 for the site, plant, equipment, and railroad spur. Members initially contributed \$100 each toward



The huge prune grader at Sunsweet's Plant 7, San Jose, was designed and built by members of the staff. The grader deck is just below the roof trusses. The size

graded prunes fall into hoppers that in turn discharge into bulk bins at floor level. A conveyor moves the fruit to the grader deck, forklift trucks move it away in bins.

the project and at its completion had to contribute an additional \$20 each.

As growers continued to shift to mechanical harvesting of prunes, they increased their efficiency in the use of the new equipment. This was shown in the experience of Andrew Vossler and Sons, Sunsweet members in Visalia. Gerald Vossler reported that harvesting with a Halsey self-propelled harvester in 1964 averaged \$2.65 a green ton for operating costs or between \$4.50 and \$5 a ton including depreciation. The cost of hand picking was \$15 a ton.

Staff changes dominated the Sunsweet scene in 1965. T. O. Kluge retired as executive vice president and C. D. Owens was chosen chief executive officer and T. K. Miller assistant general manager. Also retiring were John D. Cantoni, development director, and G. K. Schrader, manager of Sunsweet Dryers. Death ended the careers of Gerald H. Hagar, Sunsweet legal counsel for 29 years, and Hermann Gerdts, superintendent of Plant 1, Campbell, and a widely esteemed farm leader. Jack T. Kluge, general manager of the Pratt-Low division of Duffy-Mott Company, was appointed sales and advertising manager. S. H.

Olmstead, superintendent of Plant 7, San Jose, was promoted to superintendent of production. Wilbur Garrans became the new director of mechanical development.

T. O. Kluge's dried fruit industry career spanned 53 years, 37 with Sunsweet. Cantoni, who was first employed as an engineer and maintenance man at Plant 6, Napa, also had served Sunsweet 37 years. Schrader joined Sunsweet in 1930 and managed Campbell Plant 1 and Campbell Cooperative Dryer before becoming manager of Sunsweet Dryers.

In recognition of Kluge's great contributions to Sunsweet and the dried fruit industry, the board of directors provided the T. O. Kluge Sunsweet Growers scholarship of \$500 yearly to be awarded to a student at the University of California, Davis.

Sunsweet broadened its product promotion activities in 1965, preparing special material for the use of home economists and home economics teachers and their students. In January, Sunsweet distributed cookbook covers, the inside imprinted with dried fruit recipes, and an 8-page informational booklet. After receiving more than

12,000 requests for the cookbook covers and booklets, the Association expanded its educational materials and in October offered a dried fruit classroom study project, including an 8-page booklet entitled "Visions of Sugarplums." Study materials were sent to 50,000 home economics teachers.

The new prune pitter invented by John D. Cantoni was put into commercial operation in 1965 and at midyear, the Association began test marketing the new pitted prunes in selected domestic markets.

At year's end, W. O. Wagner, treasurer, disclosed that proceeds of 1964-crop pools reached \$34,059,133. The Association's returns per ton averaged: prunes—\$241.43 (13 percent above nonmember returns), apricots—\$717.78, pits—\$64.62, peaches—\$378.32, pears—\$592.26, and nectarines—\$180.78.

Consumer and trade acceptance of the new Sunsweet pitted prunes was highly encouraging and so in January 1966 the Association greatly expanded its distribution of them. It also undertook a special advertising campaign featuring them in 20 major markets. The new pitted prunes are available in both cartons and visible bags of original new designs. The new package designs were developed after research by Package Research Associates in which alternate designs without brand identification were tested in retail markets in Seattle and Los Angeles. The special advertising campaign augmented the seasonal program that included magazine advertising and participation in the Arthur Godfrey show on CBS radio stations.

In promoting the new pitted prunes, Sunsweet made the most extensive use of television advertising in its history. This included spot commercials on the NBC network's Today show and

1-minute spot commercials in color on the ABC network's Hollywood Palace show. The campaign covered January, February, and March 1967.

The unique nature of the commercials aroused considerable discussion by growers particularly.

Always in the past, Sunsweet had avoided all suggestions of humor and had insisted upon severe good taste in both printed and broadcast advertising. But management was not satisfied with the results of past campaigns and determined in this campaign to find an idea or gimmick that would more effectively induce consumers to buy Sunsweet pitted prunes. General Manager C. D. Owens and Sales Manager J. T. Kluge sought the help of Hollywood humorist and consultant Stan Freberg. The spot TV commercials emphasizing "Today the pits, tomorrow the wrinkles" in a lightly humorous vein originated in these consultations. Consumer response, both in the purchase of pitted prunes and in spontaneous comments about the advertising, was exceptional.

Sunsweet launched a new promotional venture in November when it placed a dried fruit display in the Market House on Main Street in Disneyland. The concession was contracted for on a continuing basis. This innovation in Sunsweet promotion resulted in the revival of the Sunny Sweet figure created 17 years earlier as the principal character in the animated cartoon movie commercials shown in motion picture theaters. Sunny Sweet dolls are on sale at \$1.98 each, along with all the Sunsweet products on display.

Nineteen hundred and sixty-five crop pool proceeds, W. O. Wagner, treasurer, reported in November, totaled \$36,030,463. Association assets were \$17,365,936. Average pool returns to Association members were, per ton: apricots—\$1,008.42, pits—\$64.76, prunes—\$359.26, peaches—\$421.46, and pears—\$679.11.

25. *Facing the Future Alertly*

In spite of California's below-average prune crop of 1966 and a crop of similar volume forecast for this year, the trend of prune production is upward. Prune orchards once again have expanded to almost 120,000 acres, of which 25,520 acres were classified as nonbearing in 1966.

This is a fact of business that is an important concern of the management and grower officials of Sunsweet as it begins the second half-century of its business life. It is but one of many problems, however, whose solving will have to be accomplished in the years ahead in ways not now clearly foreseen. Each has a direct bearing on the future welfare of dried fruit producers and, hence, on Sunsweet itself. These problems occur in three general areas of activity: producing products that appeal to consumers who have an almost unlimited choice of foods; operating an efficient and effective manufacturing and marketing business that will be competitive in the marketplace; and functioning in an industry characterized by diversity, some of whose members tend to oppose most joint actions for the common good. More than ever before in its business life, leaders of Sunsweet are having to turn their attention partly away from day-to-day problems toward the new and undiscernible, yet inevitable problems of the future. This is especially true if, as now seems likely, Sunsweet is going to have larger and larger crops to market.

The day-to-day problems are dealt with as they arise and as experience usually points the way to solutions. Thus Sunsweet continually develops and adopts new processes and procedures, employs new materials and equipment, and searches for new forms and uses of its products. The new pitted prune and recent changes in distribution procedures are examples: the one a greatly improved product that is more convenient to use and the other a measure to reduce distribution costs and to serve customers better. Sunsweet's computer today provides information that once was too costly to be afforded. The most distant domestic markets are not more than five or six hours away by jet plane, suggesting a parallel with what automation accomplishes in the processing and packing operations.

But the longer-term problems such as those created by rising production and a changing market involve many uncertainties that Sunsweet must be prepared to cope with. Many pertinent questions must be asked and answered as best they can. How will the industry be able to dispose of larger supplies in its customary mar-

kets at prices the industry can live with? Can new markets be found? Can new products be developed that will secure new consumers? What kinds of new products are likely to be introduced that will compete with dried fruits for consumer favor? Will the industry be able to maintain its access to foreign markets? What new restrictions are likely to be imposed in the overseas markets? How can the industry induce foreign governments to modify their import restrictions? Do changing consumer tastes and apparent food preferences suggest changes in the nature or form of the industry's products to sustain consumer demand for them? What changes? Will food distribution, particularly retailing, change as much in the next 25 years as in the last 25? What are these changes likely to be? How can dried fruits best be adapted to exploit these changes? How are Sunsweet's competitors likely to deal with these problems?

Although Sunsweet can and does employ modern marketing techniques to sustain trade and shopper demand for its products, it does so in a market environment in which its competitors are always present and active. It has faced this kind of competition for consumer favor for 50 years with considerable success. Sunsweet regularly spends a greater amount in advertising and merchandising its products than the combined expenditures of the remainder of the dried fruit industry. Yet this is not a practice that is carried on routinely, for now more than ever before is an effort made to increase its effectiveness, to obtain greater sales results for money spent. Much attention is paid to what, in Washington terminology, is currently called cost effectiveness.

Because Sunsweet is committed to whatever measures will stabilize the market for its products and gain greater consumer acceptance of them, it is a principal supporter of industry programs that enforce quality standards, promote prune consumption, and sponsor research. It is an active participant in industry programs to increase the effectiveness of measures designed to benefit the entire industry. The recently concluded Kennedy Round of tariff negotiations is a case in point. Sunsweet actively joined with other industry agencies in seeking favorable action on tariffs imposed on California dried fruits imported into the member nations of the European Economic Community. Though the negotiations recently have been concluded, the arrangements are so complex that their full sig-

nificance is not yet evident. It is now estimated that U.S. general horticulture has been hurt, through loss of export trade, to the extent of \$100 million a year. It does not appear that dried fruits, particularly prunes, have been badly disadvantaged, however. The internal tariff on prunes will be reduced from 6 to 3 percent and the external tariff has been set at 16 percent. Industry spokesmen believe that when France has a large prune crop, California will be at a disadvantage. In years of normal crops, because prune output in France is relatively small—less than 10,000 tons, the California industry is expected to fare well in the E.E.C. market. There is a continuing element of uncertainty, aside from the general economic environment, and that is the use by certain countries of nontariff barriers to curtail imports. These countries periodically impose arbitrary regulations to curtail imports although they have given the impression during negotiations of forswearing them.

Sunsweet participates actively in the development of industry programs and the modifying of existing programs. Recently, it participated in developing proposed changes in the Federal Marketing Order program to regulate prune plantings as a long-range means of avoiding overproduction. The U.S. Department of Agriculture has recommended that the industry adopt these proposals, which were strongly opposed by segments of the industry that regularly object to restrictions of this kind. A referendum on them will be held soon.

Not only is it necessary for Sunsweet to cope

with its own problems and others that affect the industry generally, it still must give attention to another area of concern. Since its supplies of raw products come wholly from a voluntary membership, it must maintain satisfactory membership relations. This makes imperative continual thoughtful self-examination. Is the form of organization, originally centralized and now decentralized, conducive to the best membership relations under the social, economic, and political conditions existing today? Are members as fully informed about Sunsweet's operations and industry matters as they should be? Can a better job be done in informing members in spite of the numerous distractions that bid for member attention today? How can the younger generation of producers be made aware of the difficulties that Sunsweet has surmounted and of the benefits gained by growers generally through its constructive efforts? Clearly what has sufficed in the past may not do so tomorrow.

In 50 years Sunsweet has become one of the industry's oldest marketing agencies and its largest and most successful. Yet its leaders are aware that the past is no guarantee of the future. In 1943, the great independent firm of Rosenberg Bros. & Co. celebrated its fiftieth anniversary. It was doing a gross business of about \$80 million a year. Fourteen years later it went out of business.

The attention directed by Sunsweet's leaders to the future reflects their determination to keep it an effective agency serving growers no matter what changes occur in the years to come.

Glossary

Dryer

California dried fruit producers have preferred this variant of *drier* to denote their drying establishments, whether a prune dryyard, a cut fruit dryer, or a dehydrater plant.

Grades

Standard—1. Natural condition prunes that are sound, free of objectionable defects, and suitable for human consumption as prunes.

2. Natural condition prunes that meet the applicable grade and size standards under a marketing order program. The first usage prevailed until the industry adopted marketing programs, the second generally since then.

Substandard—Any lot of prunes that fails to meet the applicable grade and size standards under a marketing order program. A substandard lot can be re-sorted and the standard fruit brought up to the grade and size standards in effect.

Offgrade—Used more or less synonymously with substandard, but applying more to particular prunes than to a lot. Edible offgrades are fruit having defects that make it unsuitable for consumption as prunes, yet suitable for use in juice or pulp, such as off color, scab, skin damage, small cracks, or fibrous flesh. Inedible offgrades are fruit having defects that make it unsuitable for consumption in any form, such as insect infestation, embedded dirt, and interior mold.

Pricing

Flat price (per pound)—The pricing system in which the exact price paid per pound by size groups—prunes per pound—is stated, as 30/34—15 cents, 102/111—5 cents, or 122/Up—3 cents.

Basis (or bulk basis) price—The pricing system in which the price per pound quoted—as 10 cents bulk basis—is for 80 count (fruit averaging 80 prunes per pound), and for sizes smaller than 80 count the price is reduced by 1/20 cent per pound or \$1 a ton for each point increase in prune count. Likewise, for sizes larger than 80 count, to 34 count, the price is increased by 1/20 cent per pound for each point decrease in prune count. Thus, for example, a basis price of 10 cents would apply as follows:

Prune Count per Pound	Cents per Pound	Dollars per Ton
100	9.00	180
90	9.50	190
80	10.00	200
70	10.50	210
60	11.00	220
50	11.50	230
50	12.00	240
35	12.25	245

Geographical Designations

Prunes—Santa Claras—those produced in the Santa Clara Valley; 3-District—those produced in the Santa Clara, Sonoma, and Napa Valleys; Outsides—those produced elsewhere in California than the Santa Clara, Sonoma, and Napa Valleys.

Pears—Lake County—those produced in Lake County; Others—those produced elsewhere in California than Lake County.

Size designations

Prunes—as 30/40 or 40/50. These figures signify the average count per pound, thus 30/40 signifies prunes that average in the size range of 40 to 50 per pound.

Cut fruits—Jumbo, Extra Fancy, Fancy, Extra Choice, and Standard, in order of diminishing size. For dried apricots, for example, the sizes are as follows:

Jumbo—over 1-3/8 inches in diameter

Extra Fancy—1-1/4 to 1-3/8 inches in diameter

Fancy—1-1/8 to 1-1/4 inches in diameter

Extra Choice—1 to 1-1/8 inches in diameter

Choice—13/16 to 1 inch in diameter

Standard—Fruit failing to meet above size grades.

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