

History of Co-operation in the  
Marketing of California Fresh  
Deciduous Fruit

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# History of Cooperation in the Marketing of California Fresh Deciduous Fruits

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### SUMMARY AND CONCLUSIONS

Cooperative marketing in the California fresh-deciduous-fruit industry has been in process of development for sixty-odd years. During this period it has gradually gained in importance. Today, approximately 8,000 growers are organized in some 90 local cooperative associations which handle about 30 per cent of the fresh deciduous-tree fruits and about 11 per cent of the fresh grapes shipped from California, as well as some portion of such commodities sold in the state itself. Most of these organizations are federated into a general sales organization, the California Fruit Exchange.

The earliest instances of collective action were efforts to improve the transportation of fruit. The first of these occurred in 1869 when the completion of the overland railroad opened prospects of new markets in the East. This organization, the California Fruit Growers' and Dealers' Association, was a combination of growers and dealers, and had as its major purpose the reduction of freight rates and the development of eastern outlets. It seems to have done nothing but negotiate with the railroads. (See pages 5 to 7.)

Examples of local collective action followed shortly thereafter and consisted of informal efforts of local groups of farmers to reduce the costs of shipping fruit to California markets. (See pages 7 and 8.)

The first plan for the establishment of a state-wide grower-owned and grower-controlled cooperative marketing system for fresh deciduous fruits was drafted in 1885. This plan led to the creation of the California Fruit Union. It provided for the organization of a central cooperative association with stock owned by individual fruit growers. Such local associations as developed were to load the fruit and the Union was to ship and sell it.

After its first year the Union became a grower-dealer organization. It was organized during the business depression of 1885 just after several years of marked increases in fruit shipments. Having lost its grower character and having failed to obtain the expected market control, it passed out of existence during the business depression of 1894, after further marked increases in shipments had led to low prices. (See pages 13 to 29.)

When the cooperative movement got under way among citrus-fruit growers in southern California during the middle nineties, attention was attracted to the advantages of a federated type of organization, the "exchange system." The California Fruit Exchange, a dried-fruit organ-

ization, developed in the Santa Clara Valley, and sought to spread its influence over the state. After the California Fruit Union passed out of existence, it sought to get the fresh-fruit growers in to form local associations and affiliate with it. Nothing came of this movement (see pages 31 to 33).

The exchange system attracted further attention when the Southern California Deciduous Fruit Exchange was organized for the sale of dried fruits (page 39). Moreover, both the manager of this organization and of the Southern California Fruit Exchange urged the development of a federated type of organization for the fresh-deciduous-fruit growers.

It was not until 1901, when the California Fresh Fruit Exchange was formed (now the California Fruit Exchange), that another state-wide organization for the sale of fresh deciduous fruits developed. Although it was first proposed to make this a direct membership type of association patterned after the then successful California Raisin Growers' Association and the California Cured Fruit Association, the advocates of the federated type won.

After many difficulties, particularly in the early years, the Exchange has become a very important factor in marketing California deciduous fruit. In 1931 it marketed 22.7 per cent of the fresh deciduous-tree fruits and 9.7 per cent of the fresh grapes shipped out of the state. Its superior fruit is sold under the Blue Anchor brand, which has gained a high reputation in the United States and abroad. The Exchange furnishes most of the supplies needed by its affiliated local associations. Furthermore, it performs valuable services in matters of standardization, advertising, transportation, insurance, and public relations. It coordinates the activities of the large majority of the existing local cooperative associations for fresh deciduous fruits and has spread its grower connections over the entire state and into Arizona. Last but not least, in collaboration with the California Fruit Growers' Exchange (formerly the Southern California Fruit Exchange), the organization has built up an effective sales system and has made good progress in the development of an export business.

So far as local and regional developments are concerned, there is relatively little aside from the local units affiliated with the California Fruit Exchange. There are perhaps a dozen independent cooperatives today marketing fresh deciduous-tree fruit or grapes and, in addition, one regional organization, the Sebastopol Apple Growers' Union. The cooperative movement has suffered in the Sebastopol area because of a split in the membership of the Sebastopol Apple Growers' Union which

occurred in 1924. Little progress has been made so far in the Watsonville region.

The basic reason for the urge to form cooperative associations throughout the period of sixty-odd years has been low prices to growers. The reasons given in explanation of low prices have been substantially similar throughout the period with some variations in emphasis. The principal reasons were: (1) High freight and refrigeration charges. Practically every organization discussed has at some time or other participated in attempts to reduce these charges or to improve the services without increasing charges. At one time there was even a strenuous effort to form an organization of growers to develop its own refrigerator car line (pages 39 to 40). (2) High charges by California packers and shippers and by dealers in the East. (3) Dishonest or questionable practices on the part of shippers or on the part of the trade in eastern markets. (4) Lack of aggressiveness on the part of private shippers in developing new markets and correcting evils in transportation or in the eastern markets. Much was said of wide dealers' margins in the East. (5) Disorganization of markets. Most commonly the complaint has been that individual markets are alternately oversupplied or undersupplied. Sometimes, in addition, the total supply to all markets was considered too great.

The basic reason for low prices seems to have been the pressure of supplies on demand. Consumers' habits change slowly. Plantings were increasing rapidly, particularly after every reasonably prosperous or promising period. Thus from 1871 to the bumper crop year of 1876 shipments increased from 916 tons to 2,101 tons, or 129 per cent. Again, from 1876 to 1881 they increased from 2,101 tons to 3,614 tons, or 72 per cent. And to take a more recent period, from 1920 to 1925 shipments of apricots, cherries, peaches, pears, and plums increased from 10,709 cars to 15,201, an increase of about 42 per cent.

As a result, even a year of normal yield was at most times a year when each local newspaper editor or Chamber of Commerce enthusiast could boast "the biggest shipment of fruit in the history of our fair city." Every year of good crops was a year of surplus, a year when there was much complaint of "red ink."<sup>268</sup>

Throughout the history of cooperative marketing of fresh deciduous fruits the same names reappear again and again in a series of movements—the cooperatively minded. Time and again is voiced the complaint that many producers will not cooperate, or that they prefer to

<sup>268</sup> That is, when returns in the East were so low that growers had to raise additional funds to pay freight and refrigeration.

listen to and deal with private firms rather than the cooperative leaders and their organizations. The notion has been widespread, even among many of the noncooperators, that substantial grower control on an industry basis is not only desirable but even necessary. Yet, as one speaker put it, "you can get one-third of the growers together in an organization; these can get another third to join; but no power outside the Almighty can draw the other one-third in."<sup>200</sup>

Because the growth of cooperative activities was not sufficiently rapid to give the degree of control desired by those who emphasized disorderly marketing, there have been repeated attempts to combine grower and dealer interests so as to include in the organization practically all of the fruit. The California Fruit Growers' and Dealers' Association of 1869 (Page 5), the California Fruit Union of 1885-1894 (page 13), and the California Fruit Growers' and Shippers' Association of 1894 to 1901 (page 29), were the forerunners of a whole group of such organizations, attempted or realized during the past decade and a half. Some of these involved the establishment of clearing houses which merely supplied information; sometimes the clearing houses were also to have regulatory powers; and in a few cases the organizations were really joint selling organizations (pages 104 to 116).

General-purpose farm organizations have played an important part in the cooperative marketing movement. The farmers' clubs of the early seventies, the grange during the late seventies and early eighties, the Farmers' Alliance in the early nineties, the Farmers' Educational and Cooperative Union in the first decade of the present century, and the farm bureau since about 1920 have all favored, encouraged, and even promoted cooperative marketing in various lines.

The sum total of discussion of cooperation in the meetings of these organizations, and during the various cooperative movements, has brought up and examined almost every sort of cooperative notion. This discussion has been crystallized into a fairly clear understanding of cooperative practices and problems on the part of a considerable group of growers in practically every locality. This understanding promises continued progress in the development of the marketing system for fresh deciduous fruits.

<sup>200</sup> A Mr. Gordon at the Thirtieth Fruit Growers' Convention, December, 1904. California State Commissioner of Horticulture, First Bien. Rpt. 1903-04:311-12.

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