

The directors of this Foundation are elated and honored in having this opportunity to “showcase” our work through the *Citrograph* magazine. Our “Mission” is to elevate the awareness of California citrus heritage through publications, education, and artistic work. We are pleased with the response of the three current university displays: the University Library-Special Collections at Cal Poly Pomona, Pomerantz Library at Western University, and our largest display in the John M. Pfau Library at CSU San Bernardino. We are especially happy to report that the Foundation’s latest book has just arrived, titled *Citrus Powered the Economy of Orange County for Over a Half Century Induced by “A Romance”*. Please visit our website... www.citrusroots.com.

We are proud of our accomplishments as a volunteer organization, which means each donated dollar works for you at 100% [for we have no salaries, wages, rent, etc.]. All donations are tax deductible for income tax purposes to the full extent allowed by law.

Citrus Roots – Preserving Citrus Heritage Foundation

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The views of the writer may not be the same as this foundation.

G. Harold Powell, Part II:

A religion of cooperation and the ascendancy of the California Fruit Growers Exchange, 1905-1920

H. Vincent Moses

By 1915, and with the torque of a steel spring, the California Fruit Growers Exchange (CFGE, now Sunkist Growers, Inc.) deftly catapulted southern California onto the national stage. The CFGE had clearly emerged as a powerful engine of modernization, pulling California and the American countryside into the 20th century. A citrus marketing cooperative organized as a corporation, the Exchange leadership never hesitated to flex its muscle. As a marker of its clout, in 1921 CFGE sold \$121,000,000 of oranges and lemons to the wholesale trade. It did so by marketing the fruit of 15,000 tough-minded California citrus growers, all members of the Exchange. Its premium trademark, Sunkist, had become a household word. For countless millions in the East, especially women, Sunkist was citrus, and citrus grew in California.

In 1922, the Exchange handled more than 70 percent of the entire California citrus production, at low marketing costs, by means of a large corps of salaried sales agents throughout the United States, Canada, and overseas ports of call. A vertically integrated enterprise,

the CFGE owned its own Fruit Growers Supply Company, including prime timberland and sawmills in northern California. The supply company operated under the CFGE board of directors, providing raw materials at low cost to Exchange growers and packers. In this manner, CFGE exploited the economies of scale and scope in production and distribution. Through standardization, the elimination of decay, cooperative purchasing of supplies, the development of citrus by-products, and a systematic effort to stimulate demand through advertising, the Exchange promoted the growers’ interests in all aspects of its activities.

From 1912 through 1922, G. Harold Powell sat at the helm of this gigantic vertically integrated enterprise. He fondly called the mammoth Exchange his Flying Wedge of Cooperation. In part



Pachappa Orange Growers Association, Riverside, California, origin of the CFGE, c1891. (Photo courtesy of Riverside Metropolitan Museum.)

I of our series, the charismatic Harold Powell had arrived in southern California as a rising star with the Bureau of Plant Industry of the Department of Agriculture. Now he served as CFGE’s first non-grower General Manager, taking his position in 1912. Supremely confident,

and in command of an encyclopedic knowledge of citriculture and all phases of production and distribution, Powell especially appreciated “manly” commentary on his organization. He wrote that the CFGE can “do anything a bank, a railroad, or any other corporation can do. Nerve isn’t lacking in the Exchange fibre.” It was not lacking in his either.

In an era when most farmers were still planting by the Moon, Powell reveled in the knowledge that the CFGE constituted a revolutionary business organization in agriculture, and he was its undisputed spokesman. Because of its organization, the Exchange surged ahead in an economic sector traditionally dominated by the rugged individualism of small proprietary farmers. By all reckoning, CFGE stood as what Pulitzer Prize-winning economic historian Alfred D. Chandler, Jr. has called a modern business enterprise; a vertically integrated managerial corporation, with region and industry-shaping clout.

Powell fostered and molded the development of a modern corporate infrastructure for the Exchange, taking it into full-fledged status as a modern industrial enterprise. That work included, among other innovations, refinement of production standards through implementation of careful handling methods in grove and packinghouse, totally new designs for packing machinery and grove implements, scientific studies of various ways to improve the commercial uniformity and keeping quality of fruit, ways to increase the yield per acre, the ongoing preservation and enhancement of the mass distribution system, creation of new products and by-products, penetration of new markets, and professionalization of the management at all levels. He further led the Exchange to gross returns exceeding \$100,000,000, built up the idea of cooperation to the level of a religion among citrus growers, and had made the Exchange a much envied and emulated model for other agricultural producers seeking to organize their operations through modern corporate methods. He managed this while keeping the Exchange clear of the Sherman Antitrust Act, not a small feat.

Powell himself described the rise of the enterprise in a 1915 article for the original *California Citrograph*. He told readers that the growers had begun to cooperate to solve their mutual marketing problems as early as 1885. They



G. Harold Powell at the apex of his influence, c1917. This photo was taken as an official portrait during Powell’s tenure as Director of the Perishable Foods Division, War Food Administration, WW I. At Herbert Hoover’s request, the CFGE granted Powell a leave to serve with Hoover in Washington. Hoover credited Powell with winning the war at home through his “great generalship,” by implementing a nationwide system for coordinating the allocation and shipment of the country’s perishable food supply while diverting necessary shipments for military purposes. He hit the ground running by drawing upon proven CFGE production, distribution and communications methods, and his vast national network of contacts in the food trades. (Photo from Powell Family Papers, Powell Research Library, UCLA.)

formed local associations, built packinghouses, hired professional managers from within the industry to coordinate the pooling of individual growers’ fruit, standardized grades, and branded and packaged fruit for market. Successful organization of these efforts at the local level led regional growers in 1893 to incorporate under California law as the Southern California Fruit Exchange (SCFE). SCFE located its headquarters in Riverside.

Then in 1905, the same growers reincorporated their producer-owned cooperative as the California Fruit Growers Exchange, assuming a full-scale hierarchical corporate structure. Through the new Exchange, the growers established sales offices staffed by trained sales agents at key distribution points among the country’s largest cities. Major cities in Canada also received Exchange offices and agents. Along with Exchange representatives in London, England, they sold about two-thirds of California’s massive citrus crop to 2,500 fruit jobbers, who in turn sold it to 300,000 or more retail dealers either

direct or through an army of traveling salesmen. Exchange salesmen disposed of the remaining 30 percent of the fruit at public auction in New York, Chicago, and other key cities, to either wholesale or retail dealers.

Powell’s 1915 *Citrograph* article placed the Exchange on par with the commercially sophisticated rough and tumble meat processor trusts, Swift and Armour. Employing state-of-the-art telegraphic communications technology, the central exchange of the newly structured CFGE managed to keep growers in constant contact with market trade conditions. CFGE agents in the United States, Canada, and other locations wired current information to the central agency in Los Angeles on a daily basis.

By these cables, growers were apprised of amounts and condition of Exchange fruit in transit to each market, complete car-lot sales information, up-to-date weather reports, stocks of competing deciduous fruit entering the market against citrus fruits, and all other issues required to carry on intelligent daily transactions with the trade sev-

“How can a man hope to compete with you, when every night all over the California citrus belt every little boy and girl kneels at mother’s knee and prays, ‘God bless papa and mamma and the Fruit Growers Exchange’?”

Eastern Commission Agent to G. Harold Powell, General Manager, California Fruit Growers Exchange (1920)

eral thousand miles away from the point of shipment. Moreover, the Exchange market news service made the latest information available to all Exchange shippers daily. To ensure thorough dissemination of complete information to growers themselves, the Exchange's morning bulletin included every telegram that had passed between sales agents and fruit shippers concerning all aspects of the ongoing enterprise. It further contained special reports from private sale and auction markets. Weekly and monthly summaries of various components of the enterprise rounded out the effort to keep growers informed.

This system, like that of the meat packer trusts, provided the significantly higher level of administrative coordination required to ensure the continuous marketing of a perishable product several thousand miles from the point of production. The creation and development of the growers' logistically complex and dynamic marketing system placed the Exchange in the forefront of the citrus and other fruit industries. Similar actions had moved Armour and Swift, distributors of another kind of perishable product, to the lead positions among meat processors in the 1880s.

Powell knew in his gut that Cal-



National Orange Company, a closed corporation of the Ethan Allen Chase family, incorporated in 1901 with a capital worth of \$801,000. Chase proved to be one of Powell's staunchest supporters and a great advocate of the CFGE's efforts to build a modern industrial base for citrus production and distribution. (Photo courtesy of Riverside Metropolitan Museum.)

ifornia orange growers embodied Theodore Roosevelt's modernizing aspirations for America. They were on a modernizing mission through cooperation. Unlike American small farmers generally, citrus growers embraced scientific management, electrical power, new-fangled gas-powered farm machinery, telephones, traction systems, and automobiles. Above all, they were organized and politically powerful. The Exchange provided a potent argument for the power of cooperative marketing

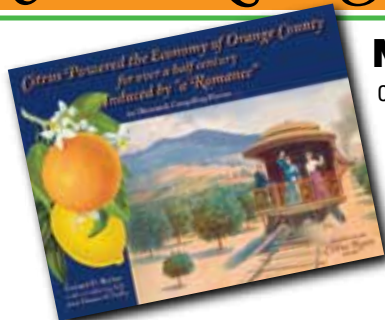
through grower-owned organizations. By wedding the citrus enterprise with Country Life ideology, and technological modernity, Powell had given the leading orange growers of southern California a potent systematic rationale for the corporate reconstruction of their industry. He gave them, in short, a religion of cooperation.

While the Exchange began, in 1893, as an entrepreneurial corporation, by 1921 it was a modern business enterprise. The CFGE employed at least 20 department heads, handling all phases of the operation, including transportation, legal issues, sales, advertising, field promotion, and research and development, among other matters. A hierarchy of salaried executives managed the organization.

These managers carried out the policy set by a self-perpetuating board of directors, repeatedly re-elected by the boards of the district exchanges belonging to the CFGE.

The Exchange applied industrial labor practices. It employed workers from the periphery of capitalism and housed them in Exchange or grower-owned facilities in a manner similar to Eastern manufacturing. CFGE applied principles of scientific management in its member packinghouses, running them

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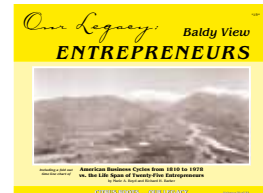
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with the efficiency of Henry Ford's automobile plants. Designed by Exchange Field Department engineers, in alliance with packinghouse machinery manufacturers Stebler and Parker of Riverside, these houses were fully functioning assembly lines, operating in plants of optimal unit size for quality production.

Between 1893 and 1920 then, leading large-scale orange growers and their General Manager diffused the ethos of the corporate culture throughout the region. Under Powell's tenure, so-called "ten-acre" growers, who made up more than 80 percent of the Exchange membership, were willing to join the CFGE precisely because it stabilized the production and distribution of their fruit. In the process of winning over the small growers, Powell's CFGE transformed the southern California landscape, reshaped the organization of work, and strategically cultivated a mythology of California as an American Mediterranean. Under their aegis, California took on the air of a "promised land," a fertile place of new beginnings and possibilities. "Oranges for Health-California for Wealth," the Southern



La Atalaya, William Porter's 26 room "winter" estate, Arlington Heights, Riverside, c1916. Porter, President of the Southern Sierras Power Company, owned 600 acres of Washington navel oranges, and exemplified the business elite that brought a corporate mindset to the business of citrus. (Photo courtesy of Riverside Metropolitan Museum.)

Pacific proclaimed, and Americans bought the concept.

Powell's leadership capped this transformation. His work enabled grow-

ers, and later other farmers, to retain a form of Jeffersonian agrarianism, while simultaneously appropriating the power of corporate business combination. Powell's form of agrarian godliness justified mutual cooperation in the service to farming as an individual way of life. His growers, he maintained, were simply small farmers banded together for mutual benefit. They were not intent upon market domination, or arbitrary price-fixing power. Powell's growers simply had the religion of cooperation and knew its benefits. By calling the CFGE an "industrial democracy," and by insisting that individual producers retain their rights as individual property owners, the Exchange effectively ensured its place among these small-scale growers. Within ten years, CFGE had enabled the thousands of California's so-called "ten-acre" growers, in tandem with the large-scale growers to succeed beyond their wildest dreams.

Dr. Vince Moses, Owner, VinCate & Associates Museum and Preservation Consultants, is an Advisory Board Member of Citrus Roots, Preserving Citrus Heritage Foundation. ●

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