

Citrus Roots

Preserving Citrus Heritage Foundation

The directors of this Foundation are grateful for the opportunity to “showcase” our work through *Citrograph*. We are delighted to report that our newest and most extensive exhibit of historical photography – 15 cases’ worth – opened this summer at the Cooper Museum in Upland and is garnering rave reviews. This unique collection of high-quality images will be showing at the Cooper through December. (Upland’s Cooper Regional History Museum is at 217 East “A” Street. For days and hours,



call 909-982-8010. Admission is free.) For a preview, visit our website at www.citrusroots.com. Also, we are excited to announce that “Citrus Roots Foundation” just received its largest in-kind gift in the form of a lemon label collection valued at \$4,400. We are always

open to receiving contributions of original crate labels (all fruit and veggie), Sunkist and Pure Gold signs, early *California Citrograph* magazines, historical photos, and other related memorabilia. Your foundation will hold or sell the goods, and with the additional cash will be able to “showcase” more exhibits and pursue other ways of elevating the awareness of our citrus heritage.

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 III: “Sunkist” know-how at the U. S. War Food Administration, 1917-1919

H. Vincent Moses

“It seems necessary that I should have consultation with you at earliest possible moment on matters pertaining to the trade. Will you arrange to come to Washington advising me by wire what day you can reach here.”

— Herbert Hoover to G. H. Powell, May 1917

Introduction: The “Great War” and progressive dreams of order

America, in 1917, with reluctance and trepidation, faced an onslaught of all-out total war. Kaiser Wilhelm’s forces appeared on the verge of defeating and subjugating the European democracies, including England. At home, President Woodrow Wilson knew he had to mobilize the nation, and he needed help doing it. In spite of the Progressive reforms brought to bear on America’s march to modernization, the country remained primarily laissez-faire, individualistic, and suspicious of a strong national government.

At America’s entry into the war, food distribution remained mostly a regional and decentralized system. Wilson needed a Czar of food distribution to rationalize and standardize the production and distribution of the nation’s food supply, while diverting necessary provisions to the war front. Only one man was suited for the task: Herbert Hoover. The Great Engineer, then leading the relief effort in Belgium, dived in headfirst.

Armed with a Presidential mandate, in July 1917 Hoover immediately summoned G. Harold Powell and like-minded members of the leadership elite of the food trades to Washington. They, he told them, were to create from scratch a food

control agency, and they had to do it fast. It would be centralized in policy and decentralized in operation, i. e., federated in structure.

Hoover sought out Powell to run the Division on Perishables. So, only seven years after leaving the United States Department of Agriculture for the leadership of the California Citrus Protective League and the California Fruit Growers Exchange, Powell returned to the nation's capital as a genuine national celebrity.

Solicited to handle the "most significant task" Hoover had to offer with his newly formed wartime Food Administration, Powell's job came down to nothing less than the rationalization of the entire range of perishable foods industries in the entire country. As a trained USDA agricultural scientist turned professional corporation manager, Powell quickly found himself in a position to achieve a level of order in the agricultural markets of America that he and his modernizing colleagues had long advocated but had not achieved.

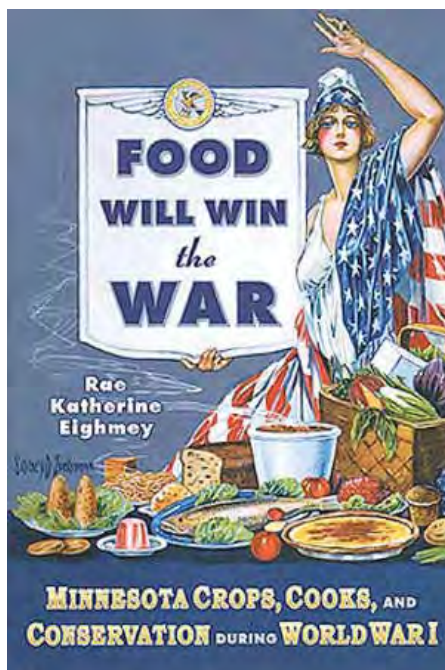
"Food will win the war," Hoover argued, and by Powell's summons to the capital he sought to make it so. At the same time, he hoped to see that government-led rationalization of the national food distribution system would win over the hearts and minds of farmers on behalf of organized marketing efficiency.



Herbert Hoover, "The Great Engineer," sat for this photograph while running the US Food Administration, c1917. From the National Archives, Washington, DC.

Mostly members of the Progressive Movement cohort, they saw in the war a great opportunity to finally realize the promise of organizational reform and scientific social engineering they had for years dreamed of on a national scale. As Hoover conceived it, the domestic war machine would substitute the higher aims of public service, self-sacrifice and voluntary cooperation for the peacetime grubbiness of the unfettered laissez-faire capitalist marketplace. Powell, Hoover, and much of the managerial elite who inundated Washington during the war shared an ambition to meld Theodore Roosevelt's demands for efficiency, centralized administration, and executive authority with Wilson's New Freedom emphasis upon fact-finding, voluntary associations, and the conference and committee form of participatory democracy.

For those Progressives who followed Wilson into the war, no matter how reluctantly, efficiency and organization emerged as the touchstones upon which to base the war effort. Furthermore, here amidst a foreign war of terrifying propor-



Hoover's United States Food Administration undertook an unprecedented and very successful food conservation program, running it under the title "Food will Win the War." The posters appearing in this article illustrate part of the campaign and are from the National Archives, Washington, DC.

tions, they would be able to bring order out of the chaos of America's changing political economy and divisive social milieu.

Established by the Lever Food Control Act, the United States Food Administration became a nationwide food-holding company, run by the best professional managers Hoover could lure to Washington and staffed by over 750,000 volunteer members of committees, primarily women, serving in the conservation effort. The whole country, he said, received an invitation to join the Food Administration. Food supply took on strategic importance as a measure of national defense and as a supremely effective weapon in the Allied struggle with the Triple Entente.

Wartime conditions required stepped-up production of foodstuffs, particularly staples such as meat, sugar, and grain, combined with their conservation and the substitution of fruits, vegetables and other semi-staple commodities such as potatoes. Production initially fell and consumption surged as more men, mostly from the rural areas, were added to the labor force in heavy industry and millions put under arms in

the American Expeditionary Force. Inefficient military food handling procedures added to the wastage of food.

The Wilson Administration also faced abnormal market conditions among several food commodities due to concentrated purchases by Allied countries without regard to price. Speculative fever gained ground quickly under these circumstances, fueled by the added knowledge that America would stimulate domestic production in order to feed the Allies. This irksome situation added a fictitious demand to the already fluctuating regular demand. Wilson gave Hoover and his cohorts the authority to fix the problem by controlling food production and distribution.

Powell's perishable foods division: "The Flying Wedge" of Cooperation, July 1917-February 1919

"Your division was often alluded to as the 'flying wedge'. . .this name was certainly merited."

Harry J. Eustace to Powell, December 4, 1919

1. Origin and Organization: The modern business enterprise of perishables

One of the largest divisions of the USFA, Perishables, originated with the work carried out by Powell as early as July 1917. Under the title Division of Fruits and Perishables (later known as the Fruits, Vegetables, and Fish Division), and a Division of Markets and Marketing, Powell organized and managed the second most important component of the

USFA. These various commodity sections and divisions came together in December 1917 as the Perishable Foods Division with Powell as Chief. Powell's new group included Potatoes and Staple Vegetables, Dairy Products, Cold Storage, and Packing House Products Divisions. Powell created several sections within the larger Division to deal with certain particular commodities. Some of the sections constituted previously existing units. The DPF was abolished officially as of October 1918 but appears to have continued operation through February 1919, about the time of Powell's departure.

In a report to Hoover entitled "Policies and Plan of Operations, Perishables," Powell described his division as a set of eight federated commodity units, but with no hard, fixed lines of separation dividing one commodity unit from another. Supervised by Powell's administrative unit, the others operated as a team rather than, in his words, "unfederated principalities." If this description sounded as though it matched the Food Administration itself, the similarity was intentional. On the same frequency with Hoover, Powell sought through this Plan to bring order and cooperation to the perishable foods industries of the nation. Inefficiency brought on by unorganized producers and distributors, Powell argued, produced most of the price and supply problems faced by the USFA in this arena.

He set about quickly and deliberately to bring order into this system. Although striving for voluntary cooperation with producers and distributors at all levels, Powell swung the powerful licensing hammer provided by the Lever Act without flinching. His Division virtually dominated the preparation of the licensing system, and along with voluntary agreements with producers, he wielded it to bring about order in the marketing of perishable produce.

In one instance, Powell cracked down on the independent citrus shippers of California who complained about the Perishable Division's maximum loading rule to relieve refrigerator car shortages. Powell told California Food Commissioner Merritt that the Exchange had no problem with the rule. The real issue, he informed Merritt, had to do with careless handling of fruit for shipment by the independents. The Exchange policed its own members, he insisted, and the USFA regulations would be enforced.

Powell's Plan brought the following practices within USFA control: all forms of fictitious competition such as speculation on the commodity exchanges, hoarding for speculation later, holding perishables in cold storage for speculation, willful destruction of supplies, selling and re-selling and re-selling again in order to pyramid prices for the distributor, and refusal of shipments by buyers simply due to turns in the market prices while the order was in transit.

For years, Powell had railed against these practices among the distribution trades. He had initiated studies to expose them, and he had sought voluntary solutions through jaw-

boning wholesalers and commission agents. He had brought the weight of the citrus industry down on them through the courts and the ICC, and he had invoked government regulatory authority where available. Now he had the hammer, and he used it.

From the standpoint of war mobilization, perishable foods gained significant status as domestic dietary substitutes for the non-perishable key staples. Powell's grasp of their strategic importance, and his desire to bring order to the distribution trades once and for all, moved him to immediate action. Within two months of arriving in the capital, he had assembled what many in town considered the best-managed management team at work in the Food Administration. By September, Powell had cajoled the keenest minds and ablest managers from within the perishable distribution trades to join his crusade, and mostly pro bono.

At the same time, he enlisted George E. Farrand, legal counsel for the California Fruit Growers Exchange, and an expert on federal regulatory law affecting agricultural organizations, as his on-call advisor. Don Francisco, Advertising Manager for the Exchange, then received an appeal to lend his considerable talents to shaping the USFA's propaganda campaign. Not prepared to stop there, Powell placed the Exchange's vast distribution network at the disposal of the Food Administration as a distributor of USFA messages and propaganda materials.

California fruit growers, who were already tightly organized, cheered as Powell adamantly pursued what he had viewed for many years as unfair trade practices. In particular, after conferring with producers and the trade, he imposed contract requirements on consignors and consignees setting terms of li-

ability, grade, quantity, and rules for acceptance and rejection of shipments and prohibiting capricious rejections based on falling prices.

Other rules and regulations issued for the fresh fruit and vegetable trade included prohibition of knowing replacement of lower grade produce to fill orders, controls on so-called unreasonable commissions and profit margins, and prohibition of false and deceptive market quotations to generate fictitious prices. Pro-corporate growers, distributors, and marketing organizations lobbied the Congress and the Secretary of Agriculture after the Armistice to make these regulatory mechanisms permanent.

Powell's Fruit Growers Exchange met the challenges of wartime conditions as if it were a seasoned veteran of belligerent status. Based on its first-mover standing in the industry, and Powell's position and prestige with the Wilson Administration, the Exchange took full advantage of southern California's and the nation's wartime prosperity. Unlike other agricultural industries, the Exchange found itself in a position to reach agreement and sign contracts



with the USFA when less well-organized enterprises first had to scramble to create entities that the government would deal with. Moreover, Powell left the marketing cooperative so well-organized that his own absence hardly strained operations in any noticeable way, save for a brief cessation of dealer service activities due to the induction of Exchange employees into the military services.

2. Powell, CFGE, and the peacetime battle for rationalization of production, marketing, and distribution of perishable products

By the Armistice, Powell had brought about a revolution in the distribution of perishable foods. His reforms virtually eliminated unfair trade practices, documented earlier by him in his seminal book, "Cooperation in Agriculture", published in 1913 by Liberty Hyde Bailey's Rural Sciences Series. They moved market rationalization measures such as standardization and grades of produce years ahead of where they would have been in the absence of wartime conditions. Moreover, Powell's advocacy of cooperative associations for marketing efficiency accelerated the organizational revolution underway in agriculture. In the case of the semi-perishable commodity potatoes, the primary substitute food, he refused to make agreements with producers until they had formed their own cooperative marketing agencies and adhered to the USDA's published standards and grades for their product.

In industry after industry, Powell's "flying wedge" used its authority and influence to establish cooperative organizational structures before it would frame voluntary agreements with the producers in those industries. The Armistice, however, also saw the end to most of the wartime provisions to rationalize the market in perishable foods.

In December 1918, the board of directors of the California Fruit Growers Exchange sent a strongly-worded and forthright resolution to the Secretary of Agriculture, congressional committees on agricultural matters, the Food Administration

in Europe, and distribution trade organizations including the Western Fruit Jobbers' Association. They wanted the visible hand of government back in the business of regulated and administered marketing.

In their resolution, the board argued that a consensus now existed among producers, shippers and wholesalers that the license regulations of the USFA had rationalized the distribution system for perishable produce, resulting in the highest level of confidence throughout the system that had existed at any previous time. The regulations reduced waste, the resolution further argued, and eliminated virtually all the discriminatory and unfair trade practices among commission merchants, jobbers and wholesalers and had increased the public's confidence in the basic fairness of the system.

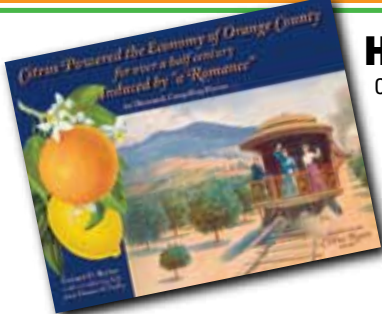
The resolution spoke for many in academia, too. Backed by corporate farmer organizations led by the CFGE and the new American Farm Bureau Federation (AFBF), scholars, Hoover, and many in Congress, the campaign to reinstate the administered markets, elaborated during the war, took hold from the delivery of the Exchange resolution.

They went on to advocate renewal of the licensing system under the Federal Trade Commission this time, in order to control unnecessary resale or pyramiding of sales, and oversight of the fresh milk industry to ensure standardization, purity and affordable price. They sought a program of production costs analysis for all agricultural industries through the Department of Agriculture, a favorite theme of Powell since his

groundbreaking study of the cost of marketing citrus fruit in 1915-16. They argued also that the war demonstrated the need to regulate the trading in futures on the produce exchanges to prevent rampant speculation. Finally, they fawned over the war's greatest lesson – business/government cooperation. For them, as for Hoover and Powell, the war had proven beyond a shadow of a doubt that trade associations, enjoying government cooperation, should be sanctioned and encouraged as



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