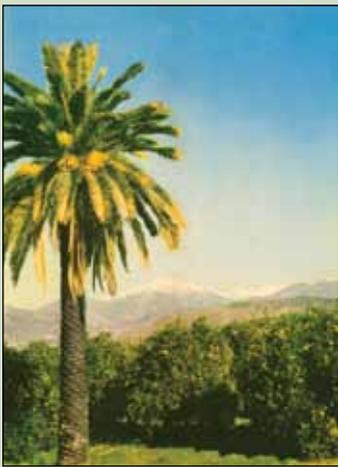


# Citrus Roots

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**The Foundation is seeking memorabilia in many forms including historical photos like this one, c 1940, Standard Oil Co. of California.**

***Our “Mission” is to elevate the awareness of California citrus heritage through publications, education, and artistic work.***

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**Citrus Roots – Preserving Citrus Heritage Foundation**

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

## *Preserving Citrus Heritage Foundation*

# Recap: The Powell Era in California Citrus, 1904-1922

H. Vincent Moses

**I**t was the evening of February 18, 1922. G. Harold Powell stood at the pinnacle of his storied career. A shooting star that evening, Powell appeared on his way to a possible run for the United States Senate. His future looked unlimited. But life doesn't always deal its cards in a straight line.



**G. Harold Powell**

While attending a California Republican soiree, Maryland Hotel, Pasadena, suddenly and without warning, Powell suffered a massive heart attack and died on the spot. G. Harold Powell was a scant 50 years old. For 18 years, he had dominated the California citrus industry, the CFGE, and the modernizing wing of American agriculture. He had distinguished himself as the chief of the Perishables Division of the United States Food Administration, and the future held greater opportunities for his leadership on behalf of California and the business he loved so much.

What follows is a recap of Powell's role in shaping the modern citrus enterprise and American agriculture in the process.

By 1900, devastating rot had manifested itself in thousands of refrigerator rail cars laden with California citrus. These cars carried the expanding, extremely lucrative and intensely sought-after orange and lemon crops of thousands of growers. In 1904, orange grower pressure brought youthful, talented, and brash G. Harold Powell roaring into the region. One of “Uncle Sam's missionaries” from the USDA Bureau of Plant

Industry, Powell expected to educate citrus growers in scientific practices.

In prior studies, Powell had demonstrated conclusively why Hudson River apples spoiled in barrels and why Georgia peaches decayed in transit aboard trains. Just prior to his first trip to California in 1904, B. T. Galloway, Chief of the Bureau, placed him in charge of the Fruit Storage and Transportation Division. As Pomologist-in-Charge, Powell and his subordinates pursued studies in ways to obtain more efficient cooling and air flow in refrigerated rail cars. The USDA Yearbook of Agriculture published the results of his team's research as “The Handling of Fruit for Transportation” in 1905.

In dramatic fashion, Powell and his team quickly identified the source of orange rot en route from California. He declared blue mold (*Penicillium italicum*) the culprit, and described the reasons it took hold in citrus shipments. Then he submitted proposals for industrial solutions to the problem, telling growers that careful handling from field to shipping crate would solve their problem.

Those proposals were adopted wholesale by growers and packers throughout California. In one fell swoop, he deftly linked the industry with the scientific prowess of the United States Department of Agriculture. From that time on, the industry was his to shape. In 1910, growers summoned Powell back to California to head the Citrus Protective League, a trade association representing 90% of the industry and the first such entity in agriculture.

As manager of the League, he emerged as a potent spokesman for the industry, promulgating his ideology of cooperation wherever and whenever



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 molded the development of the Exchange, taking it into full-fledged status as a modern industrial enterprise. That work included 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 on-going 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.

His efforts 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 an easy task since the Exchange membership represented more than 70% of all the citrus shipments out of California by the last years of his tenure.

The Exchange stood on par with the 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.

Powell knew in his gut that California orange growers embodied Theodore Roosevelt's modernizing aspirations for America. 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.

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. His ideology allowed all Exchange growers to think of themselves as individual family farmers while enjoying the fruits of corporate organization. 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.

At America's entry into the war, food distribution remained mostly a regional and decentralized system. The CFGE stood out as a bright beacon

of organization amidst the chaotic marketplace for food. So, armed with a Presidential mandate, established by the Lever Food Control Act in July 1917,

Hoover summoned G. Harold Powell to Washington. Hoover sought out Powell to run the Division on Perishables. Powell's job involved the rationalization of the entire range of perishable foods industries in the entire country.

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.

Powell quickly and deliberately brought order to this system. He swung the powerful licensing hammer of the Lever Act with authority. His Division 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. 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 jawboning 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.

Within two months of arriving in the capital, he had assembled 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



Citrograph as it looked in 1922.



**Sunkist created and advertised more than citrus, through a perfect branded, packaged product, including selling California sunshine. This postcard captured it all in one image.** Courtesy Riverside Metropolitan Museum.

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.

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". Moreover, his advocacy of cooperative associations for marketing efficiency accelerated the organizational revolution underway in agriculture. 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 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.

They advocated renewal of the licensing system under the Federal Trade Commission, 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 agencies in the public interest.

Over the next two decades, a large part of Powell's legacy would be cemented in legislation. On the very day of his untimely demise, Congress passed the Capper-Volstead Act legalizing cooperative marketing organizations and allowing them to form up as no-profit corporations and exempting them from the Sherman Antitrust Act. A lot more of his market standardization measures were made law during the New Deal, helping to bring order into the nationwide marketing and distribution of agricultural products.

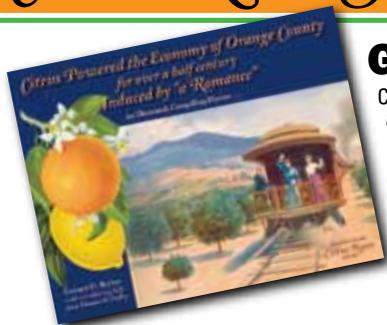
In fact, by the arrival of the Great Depression and new Deal, agriculture on a national level had undergone a corporate reconstruction no less radical than that experienced by 20th century industrial capitalism. Much of that reconstruction can be attributed to the charismatic and adept leadership of G. Harold Powell. Like the California citrus industry before it, mainstream agriculture in the United States by 1929 had become corporate and modern.

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



**Powell prided himself on his expertise in lemon culture. He consequently developed a close relationship with C. C. Teague of the Limoneira Ranch in Santa Paula. Courtesy of Limoneira Company.**

## Citrus Roots Series...

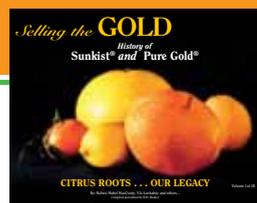


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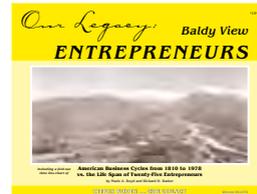
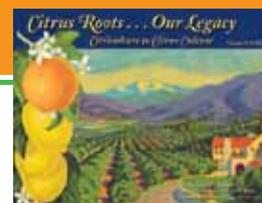
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*Keeping citrus heritage alive in the minds of those living in California through publications, educational exhibits and artistic works*

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