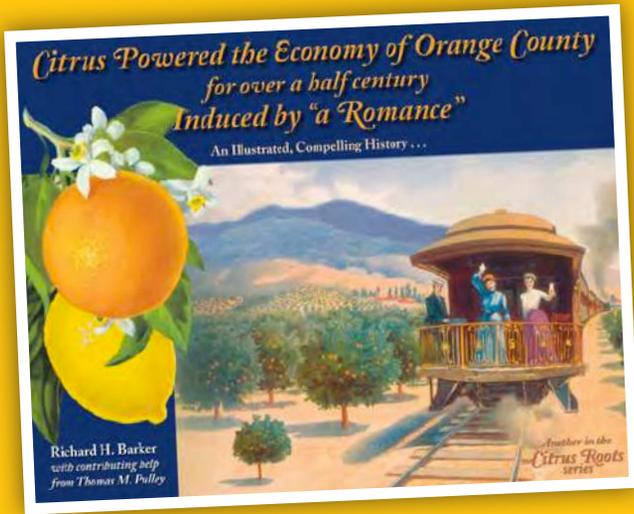


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Applying annual citrus pest control provided additional labor.

Richard Barker

Just what did the California citrus industry contribute during its period of dominance that extended from the Roaring Twenties through the aftermath of World War II? How many families directly received their livelihood from citrus? Approximately how many were indirectly linked to the industry? This article, which is the first in a series, takes a look at the 1930s.

By 1930, the grower-owned cooperative serving the California citrus industry was considered one of the biggest, most successful businesses in the United States. This evaluation combines the California Fruit Growers Exchange, Mutual Orange Distributors and smaller organizations into one industry serving California and Arizona. There is no question that this amalgamation in aggregate was one of the largest business entities within the two states.

Today, very few people realize how widely returns were distributed, and what proportions went to other industries for labor, materials and services. In the 1930s, citrus was grown from the Mexican border to the very northern counties of Butte, Tehama and Sierra. The industry furnished the livelihood for an estimated 250,000+ people. Growers and their families comprised far less than half the total. An even greater number of peripheral



HOW IMPORTANT WAS CALIFORNIA'S CITRUS INDUSTRY? A LOOK BACK

The \$150 million citrus crop was "pure gold" to Arizona and California.

individuals sought their livings as jobbers by selling fruit and vegetables. They numbered 4,000-5,000 and served half-a-million retail "mom and pop" grocery stores spread throughout every state and Canada. The sale of citrus was a meaningful source of income to wholesale/retail merchants' families.

Paul S. Armstrong, General Manager of California Fruit Growers Exchange, addressed the Fruit Growers and Farmers Convention in 1937. Excerpts of his speech help to provide an understanding of the size of the California/Arizona citrus market. As Armstrong featured, the 1936 citrus crop mainly originated from California and was sold in primary markets for more than **\$150 million**, which would equate to more than **\$2.51 billion** in 2014 dollars.* This determined the source of funds, which flowed through the U.S. economy as follows (2014 equivalents are listed in parentheses):

- **\$40 million (\$670.3 million)** covered rail freight and refrigeration. More than half of this sum went to cover wages of rail labor, which was spread over the three main routes that served California.



The health benefits of citrus were being widely marketed in 1931 by Sunkist.



During the Great Depression, the Fernstrom Paper Mills in Pomona, California, boasted 350 employees.

- **\$5 million (\$83.8 million)** was dispersed for marketing, primarily in California, Chicago and New York. Advertising played a big role in increasing the annual per capita consumption of oranges to 79 by 1936. (As an addendum, in 1939, the Exchange became the first western advertiser to win first prize in the national outdoor advertising art exhibit.)

- **\$30 million (\$502.7 million)** went to local wages for labor, which was divided roughly between \$18 million for grove labor and \$12 million for packinghouse labor.

- **\$18 million (\$301.6 million)** was paid out for orchard supplies such as fertilizers, water, pest controls, orchard heating, etc.; and the multiplier effect spread this sum over the U. S.

- **\$10 million (\$167.5 million)** was used for packinghouse materials, chiefly boxes, tissue wraps and processing materials. The treated tissue wrappers were made in Pomona by Fernstrom Paper Mills for Fruit Growers Supply Co. (FGSC); though the pulp supply came from sources within the U. S. (another example of inducing the multiplier effect); and the lumber for the boxes came from the mills of FGSC in Northern California. These dollars purchased goods and services in northern California and elsewhere.

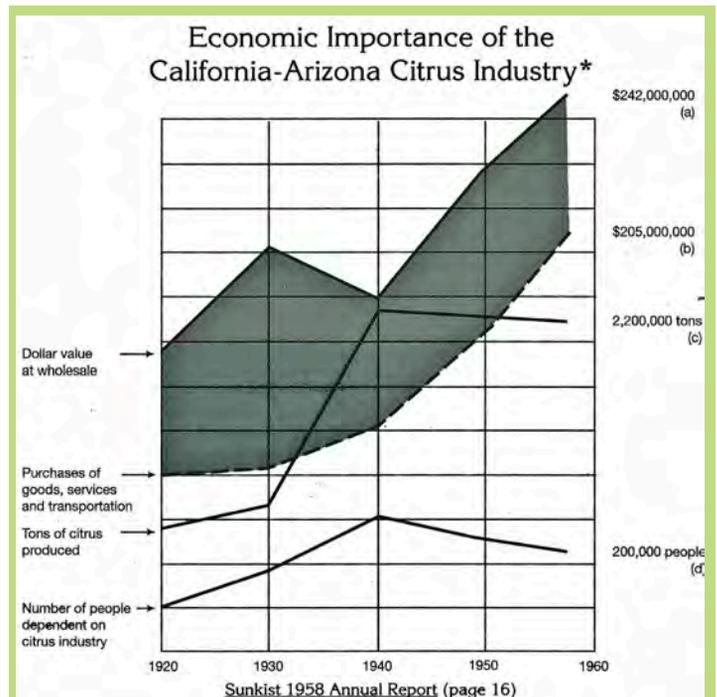
- The remaining **\$50 million (\$837.9 million)**, or about one-third of the total, was paid to growers as financial fundamentals. A proportion would cover interest charges that had accrued through borrowed funds from financial institutions, or a return on capital. Further, it either covered depreciation of trees or funds for replacement, as well as a margin of profit.

As additional information (see “Economic Importance of the California-Arizona Citrus Industry” chart at right), one can look beyond the duration of Armstrong’s speech, and verify that the California citrus industry was only minimally affected by losses from the Great Depression.

Consumer demand for citrus had held up miraculously well, even though the U. S. had gone through a widespread, long period

of unemployment and great financial distress. The vigorous past emphasis on health had to be a strong stimulus for the appeal for citrus over other consumer goods. The slogans “Orange for Health - California for Wealth” and “Nature’s Finest Beverage: Drink an Orange” could be heard echoing over and over. Billions of sales were booked during the duration of this chart by this industry, which was far more than any other agricultural commodity enterprise during this period. Citrus was a powering entity based on the force of the multiplier effect and the velocity of its monetary turnover. These catalysts drove the economies of California and Arizona to highs for a long period of time.

The California citrus industry was one of the state’s largest industries, holding second or third place throughout the 1920s and ‘30s. An upcoming, concluding article will examine the industry at its apex regarding the bearing acreage of all citrus varieties, and its placement analogous to other industries in the state. 🍊



Legend to Graph Economic Importance of the California-Arizona Citrus Industry

* All figures are estimates based on industry sources: (a) wholesale value of citrus, which would equate to \$1.9 billion in 2014 dollars, according to the U.S. Inflation Calculator; (b) includes all production, marketing and transportation costs and would equate to \$1.6 billion in 2014; (c) includes oranges, lemons and grapefruit; (d) individuals whose income is derived directly or indirectly from citrus. (An increasing use of mechanical handling of fruit in packinghouses has occurred since 1940). In 1940 as a comparison, the entire population of the San Gabriel Valley and the Pomona area was 349,488, and the population of Southern California was 4,169,243.

Source: Sunkist 1958 Annual Report, p.16