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CITRUS TALKS

"THE FUTURE OF THE ORANGE INDUSTRY"

Read before the State Horticultural Convention

Los Angeles--November 13, 1914

Copy of paper
read before State
Horticultural Convention
Los Angeles - Nov. 13, 1914

Some minor changes
made in original paper

The Future of the Orange Industry

By Charles C. Chapman

I wish I were a prophet or even the son of a prophet. I would consider myself fortunate if not happy, if I could unerringly look into the future of the orange industry. The vision might not add to my peace of mind, nevertheless, I may be pardoned for having this desire to know something of the future of a business in which so many of us are largely interested. What is to be the result of the large expansion of the production of the orange here in California and in Florida and the unfair competition from foreign producers which the late Congress has forced upon us? What of the future of the industry? Will it continue to return fair remuneration for our investment and the thought and toil it demands, or will it be a decadent and unprofitable industry? It is fitting that our State Commissioner should want this vital question discussed at a gathering of this kind. I realize, however, my inability to cast any very brilliant rays of light into the darkness of the future. I shall consider that I have rendered some service if I offer a few suggestions for discussion. My way of prognosticating the future is to figure from the basis of past experience. In looking back over the history of the orange industry for twenty years we find all sorts of experiences and even a casual study of these may form a fair basis from which to judge the future.

It is evident that we are soon to have a largely increased crop to market. This will go on increasing for eight or ten years, even should no more trees be set as the large number put out the last few years will naturally bring an increasing yield for at least that time. Will the markets absorb this 60,000 to 80,000 cars we are to have at profitable prices to the producers, is a very vital question. If none are exported, this will provide a box of oranges for every three or four men, women and children in the United States. This is by no means an abundance of fruit and could it be properly distributed, not only throughout the nation, but over at least ten months of the year, it would

undoubtedly be taken at fairly good prices. Let us glance backward and gather from the past, if we can, what we may reasonably expect the future to do for us on this point of increased consumption.

When I came to California, some twenty years ago, 4000 cars of oranges were shipped. A car at that time contained about 15% less fruit than at present. The shipments soon, however, increased to 6000 cars, while at the end of four years more we were sending 24,000 cars annually, or an increase of 400%. This sudden and tremendous expansion proved somewhat trying for a time, but improved marketing methods were devised and new markets found by the aid of a more just tariff, one that proved to be really protective, and soon we were readily selling 35,000 cars. While an extraordinarily large percentage of increase in shipments was made within the short period of four years, we must not necessarily expect that we can now even double the present output as easily as that was accomplished. There is, however, no question but what we can materially increase the shipments, but a too sudden or too big jump may for a time put a crimp in our ambitious expectations. We must not feel that it will be an easy task for us to market our enormously increased production in competition with the greatly increased shipments from Florida and from foreign countries. The tariff wall that so splendidly protected us during the years when the industry was expanding so rapidly has been razed so that in this respect at least, we are at a great disadvantage.

During these former years when the industry was so rapidly increasing, very much more radical and important improvements were made in the methods of packing and marketing than we have reason to look for in the future. These were important factors in helping to expand. Some betterment in both handling and marketing will yet be made, but nothing startling or materially helpful need be anticipated. I think we have about arrived at what may be termed commercial perfection in handling the fruit, and while our thoughtful and enterprising marketing experts may

get onto better methods of distribution, the improvements will only be minor. Yet some serious problems will have to be met if we are to profitably market our ever increasing crop and do this in competition with the large output from Florida, Porto Rico and from foreign countries without the protection we have heretofore enjoyed. The prospect for an early restoration of this protection is not bright.

My impression is that in order to meet this outside competition successfully with our own large crop, some changes along several lines of the business will be necessary. For instance, we must grow, handle and market our fruit at less cost. I think this is absolutely necessary. While we produce a better orange than most of those grown in Florida or in Spain or Italy, yet to successfully sell our fruit in the same markets we must be able to sell them at about the same price. This, especially is applicable to our medium and low grades.

By more scientific cultural treatment we may be able to produce a finer quality and more uniform crops. This will greatly help, for most of us realize that too much of our fruit is of medium or low grade and that our groves fail to produce normal crops regularly. Advance along this line will prove an important factor in making the business profitable. A good quality of fruit always finds a more active demand and at better prices than poor fruit, and a regularly normal crop keeps the grower from getting behind. The practical assistance that we will receive from Dr. Webber and his able corps of assistants, will be of great value in helping us in all phases of our business.

I think the chief item in readjustment will be the reduction of the cost of labor of culture and packing. Every employer of labor shrinks from an attempt to reduce wages. It is always unsatisfactory to do so. It is far more agreeable to increase than to lower the wage scale, but if largely on account of the attitude of wage earners themselves toward fundamental and economic laws, this unhappy conditions prevails, they ought to bravely bear the inevitable result.

✓ The poorly paid foreign labor must be met by low priced labor here, if our politicians refuse to grant the necessary tariff protection. I can see no other way that will enable us to meet this unfair competition in the great markets of this country. If the labor required to do this work is not American, then it will of necessity have to be foreign, that is labor such as chiefly prevails in Southern Europe and Japan.

✓ This is not a rosy picture of the future and one which I have, with all the force at my command, protested against, but ultimately, I think it means that unless we are adequately protected the fruit industry will under one condition or another go into the hands of these people. They may be employed by growers and packing houses or they may buy or lease our orchards and grow and handle the fruit. In this way it can undoubtedly be done at very much less cost than under the present system. Adequate protection must be secured before this evolution, this transference to foreign management and foreign labor, is too fully developed. When once the transfer has been made, when the industry has largely gotten into the hands of these people, we will then not particularly care whether protection is given or not for it will not be so greatly needed and, therefore, such strenuous efforts to secure it will not be made as have been made in the past. What this will mean, not only to the orange business in which we have taken such delight and which has made California famous, but to our own fair Southland, I leave you to imagine. The picture is too distasteful to me to attempt to draw. I trust that the politicians who have forced us into this unfair and destructive competition, will rebuild the walls sufficiently high and strong to adequately protect us and prevent such a disaster.

✓ We have gradually increased the wage scale as we have prospered until today it is so far beyond and above the wages received by the foreign fruit handlers that this section will be very attractive to them. This proposition of raising the wage scale is a pleasant one, especially so if you are yourself an

employe or manager and others pay the bills. This process of increasing salaries and wages has gone merrily on until today, under present conditions very much of the labor employed is not equivalent to the salary paid. I have, for instance, had men who have left me for more lucrative positions, who to my way of thinking could not earn the salary paid them. This problem will have to be readjusted and though the process may not be pleasant, yet grim necessity will demand it.

The future will see more attention given to the manufacture of various byproducts of the orange and the consequent use of large quantities of culls and low grade fruit. We have been prodigal in wasting our culls. We may have been unwise in putting any of them upon the market. This low grade fruit may have brought some returns, but it has been at a real sacrifice of better and more lasting results. If we put only the better grades upon the market they will not only bring more money, but add to the reputation of the California orange, not only increasing the consumption with old customers, but securing new ones. A poor article of any kind is not a good advertisement. It would be far better if we grew less poor fruit, but it is quite natural for those of us who do grow it to want to realize something from it. However, when we put it upon the market instead of working it up into some wholesome and delicious product it is done at ultimate loss to the industry. One of the most damaging results of free trade is the invitation it gives the importers to dump on our markets large quantities of low grade fruit. This demoralizes the market so that the better grades suffer.

We must also remember that the larger the crop the better will be the transportation facilities offered and cheaper freight rates may be expected.

Just what the Panama Canal is going to do for us in the way of reducing freight rates is yet unknown. We have every reason to believe, however, that it will prove highly beneficial. The competition that this waterway puts up against the railways must induce material freight reduction. All of these

things will undoubtedly be adjusted to the advantage of the industry.

✓ The process of readjustment that has been referred to will, I think, be made without serious disturbance. We are a resourceful people and I am sure will evolve methods of growing, packing and marketing that will meet the exigencies of any condition that may arise, however unfavorable, so that our favorite vocation, the most delightful followed by man, will continue to prove profitable. We have made these adjustments in the past and there is no reason to doubt our ability to do so now or in the future. In fact we are at present in far better position to overcome unfavorable conditions than ever before. Seasons and conditions when the profits of the business will be pared down to the minimum are certain to come to this business the same as to all others, but these are merely incidental and do not in any way imperil the life of the industry. It is truly a great business and worthy of the attention of our most enterprising and sagacious men, both for the pleasure and profit it affords.

There is invested in the citrus industry in this state, most of which is in the culture of the orange, \$200,000,000. There are devoted to it something like 200,000 acres, owned by some 10,000 individual growers. This enormous investment by so many people in a business so inviting and profitable will not be permitted to suffer permanently from any cause over which man may have control.

In traveling over Southern California and through some of the central counties of the state, we may be impressed with the large acreage of young orchards coming into bearing or which will come into bearing in the next four or five years. If each acre produced the maximum amount of fruit, the supply would be enormous, possibly too great to be profitably marketed. My opinion, however, is that those who have orchards in well tested locations need not be over apprehensive on account of this vast new acreage. It is quite certain that all the orchards set will not prove good producers. From various causes I look for many of these young

groves to prove disappointing. Some growers have ventured in sections where climatic conditions are unfavorable, others where soil is not suited, and many orchards will suffer for want of proper care, so that we may reasonably expect a very considerable percentage of these prospective groves to prove disappointing. We also have reason to expect that many old groves will decline and even entirely succumb to the ravages of disease and pests or lack of proper care, so that the continual setting of new orchards should be no occasion for alarm. This process will continue, sometimes even with a measure of enthusiasm, for enterprising men will always find more or less inducement to set out the orange tree. This, we are told is being done in Italy, Spain and Sicily even today. The late reduction of the tariff was the immediate occasion of the revival of the business in these countries.

Florida is our strongest competitor in the orange markets of this country. The Florida crop is estimated this year to be five and one quarter millions boxes of oranges and three and three quarters millions of grapefruit. There is no increase over last year in the production of the orange, but an increase of about one million boxes of grapefruit.

While Texas has given some attention to orange culture it is yet in the experimental stage in that state. We are told that fully 50% of the acreage set, which runs into the thousands, has been abandoned, chiefly for want of proper care and failure to protect during the cold weather. There are some enthusiastic claims made for the lower Gulf Coast section. I do not, however, expect Texas oranges will cut much figure in the markets.

Louisiana will have a crop of about 300,000 boxes this year. Recent progress has been made in that state by the adoption of standard boxes and a uniform pack. The outlook for the industry we are told is very bright and a steady increase of production from year to year may be expected, and some claim that the state will take her place among the big producers of the country. I am, however, not looking for any great competition from Louisiana.

While Cuba exports some very fine grapefruit, practically no oranges are sent out. The entire crop being consumed at home. Other sections of the West Indies are small producers of oranges and grapefruit. While the latter is of excellent quality and meets with ready demand, the oranges are weak and cut but small figure in the markets..

At one time I was apprehensive ~~least~~ Mexico should become a dangerous competitor. I am no longer worried about it. Our neighbors below the line have evidently found a more congenial occupation than even the culture of the orange.

California has made no special effort to export oranges to foreign countries, except to Canada. I am sure the future will see the export business extensively exploited. The unhappy war now ravaging the European countries will prevent for the present much export trade to any of these countries. Otherwise, now that the Panama Canal is open and transportation facilities satisfactory, we might find profitable markets there. I believe that when these big and little European nations loosen the strangle hold they have on each other, large cargoes of oranges will leave our harbors for foreign ports. This will materially assist in caring for our increasing production.

My expectation is that we shall open up new and large avenues for the distribution of our oranges. Any article of food of such excellent quality as our California orange, will always find consumers. Our cities are growing larger, the consumers of food products increasing while the producers are decreasing. These conditions of themselves will demand an ever increasing output. The orange is a wholesome, as well as a delicious fruit and the more largely it enters into consumption by the people of the nation, the more perfect the health. I, therefore, have the greatest confidence that the California orange will increasingly command the attention of not only the American public, but the people of other nations as the years pass by. Remember that there is but one California and no fruit comparable to the oranges it produces.

When we hear the wail of some disappointed grower or shipper, let us not for a moment think that the industry is going to the bow wows. The dirge of these false prophets will ever be heard in the land, especially at the close of the season, for among the thousands engaged in the industry all will never be satisfied. A little investigation will invariably show the cause of failure to be either inattention to business, ^{or} a location where climatic or soil conditions are unfavorable.

Let us go bravely and resolutely on overcoming every obstacle and making the future of the orange industry as profitable and as attractive as has been the past. This will not only increase the amount of our income tax, but add to the charm of life in our glorious California. Regardless of all the wailing of the disappointed, the fault finding of the most critical or of every real or fancied difficulty^s that ^amy confront the business, I unhesitatingly say that it has a bright future.