

An Institution of the Interior

The Evolving Role of the BCFGA 1899-1939

The farmer is the only part of modern industry (besides art) in which you have individual production ... But marketing is not individual at all. It is a group problem. You cannot market without a distinct consideration of what all the other producers are doing at the same time ... Marketing can be done sanely only on a collective basis and through organized effort.¹

Aaron Sapiro
1922

Long before the first orchard had been planted in the interior, growers subscribed to the notion that individual rights were paramount to the health of the industry. This was a prescription that had been born of the coastal environment within which the majority of growers operated. The increasing specialization of the Okanagan as a tree-fruit district, however, challenged this notion as many orchards were being created within areas of marginal capacity far removed from any major market. In this new environment, individualism allowed inequalities in marketing, created wholly by chance, to be exploited to the detriment of the entire industry. There was nothing to prevent a grower or shipper who was determined to sell quickly to the markets from undermining the prices for everyone. The untenable nature of continued independent marketing practices lay in the under-capitalization of numerous individuals attempting to operate an orchard. Unlike growers on the coast, many had invested a small fortune to establish themselves, and were poorly positioned to weather any volatility in returns. Some attempted to stabilize prices and improve the viability of the orchard unit through co-operatively based marketing organizations, but all these schemes were to fail due to one underlying weakness. The high costs associated with collective marketing created an incentive for a small minority to stay outside of any scheme. This perpetuated a cycle of competition in

which growers raced to dispose of their highly perishable crop in as short a period as possible. As individual action in marketing increasingly came to be recognized as the root of the economic turmoil, talk of compulsory co-operation began to be voiced. The most prominent actor in this debate would prove to be the provincial government. Its direct involvement in the extension of the orchard landscape south of Penticton increased the stakes for all regions of the province in seeing the Okanagan succeed as a fruit district. By underwriting the South Okanagan Lands Project, a large amount of public money was committed to irrigation projects as an exercise in province-building. The inability of growers to implement a marketing scheme capable of stabilizing this expanded, and often-fragmented, orchard landscape by 1927 jeopardized the entire initiative. In the quest for stability, the BCFGA would be transformed both by growers and provincial legislation into a highly centralized, co-operative marketing organization, and an important component of public policy in the region.

The emergence of the Okanagan as the focal point of fruit production in the province proved to be a very tumultuous affair. Tensions between the systems favoured by interior and coastal growers were exposed, resulting in the collapse of four separate marketing agencies, a precipitous decline in support for the BCFGA, and an eventual schism based on regional fault lines.² An important contributory cause in this process was

¹ Aaron Sapiro, "True Farmer Co-operation: The California Plan of Cooperative Marketing. How it differs from the Rochdale Plan. 'Locality' vs. 'Commodity.' Organization and Financing," reprinted in *Journal of Agricultural Cooperation*, 1993, p. 83.

² In 1904, the President of the BCFGA had felt compelled to address the perception that the association remained beholden to the interests of coastal growers. Despite his reassurances to the contrary, Okanagan growers established their own selling agency independent of the association in 1908. By 1913, BCFGA membership totaled only 600: a troublesome figure in light of the thousands of individuals who had bought orchard land during the land-boom years. By the early 1920s, these antagonisms had been reversed; the BCFGA was slowly emerging as an institution representative of interior growers. An official break with coastal growers would come years later, in 1934, when Vancouver-area berry producers broke with tree-fruit growers and formed their own association. For more information see: Bruce Ramsey, "British Columbia Fruit Growers' Association," *Okanagan Historical Society*, 28th Report, 1964, pp. 141-191. See also, David Dendy and Kathleen Kyle, *A Fruitful Century: The British Columbia Fruit Growers' Association, 1889-1989*, Joan McIntyre (editor), Kelowna: BCFGA, 1990.

the relatively benign nature of the Fraser Valley's climate and landscape, which had shaped the early structures of the fruit industry. Average annual precipitation rates of fifty to seventy inches negated irrigation costs that other fruit districts incurred, while geography provided an ease of access to a major market not reproducible elsewhere in the province.³ That the urban market of Vancouver could absorb most production allowed growers to pursue the marketing of their crops in a highly decentralized system dominated by producer unions and local associations. The relatively *laissez-faire* attitude towards marketing issues that this engendered coloured the two attempts at co-operative marketing launched by the BCFGAs prior to 1910. Selling agencies were intended to stand alone, completely separate from constituent organizations, competing with independent grower-shippers and even other co-operatives. In the event of a market glut, however, the reality remained that competition to dispose of the crop inevitably caused prices to crash, and diminished returns. It seemed apparent that as long as the majority of growers operated in a natural environment that did not impose undue hardships upon production, collective marketing initiatives would be ineffectual, and largely unnecessary.

These coastal assumptions about production and marketing, epitomized by the early BCFGAs, proved wholly incongruent with the daily experiences of growers in Kelowna or Vernon. Three major freezes between 1897 and 1907, and a growing realization that the soil under many orchards might not be suitable for agriculture, made Okanagan orchardists question what was needed to make a decent living.⁴ The BCFGAs' creeping marginalization in the interior can be traced to its support for an ethos of individualism that exacerbated the reliance on shoddy irrigation systems, or the logistics

³ British Columbia, Legislative Assembly, Official Bulletin 10, *Agriculture in British Columbia*, Victoria: King's Printer, 1912, p. 39.

of transporting fruit out of a mountain valley to markets hundreds or thousands of kilometers away. What was required was a more co-ordinated and disciplined form of market co-operation. Centralization offered advantages in handling, packaging, selling and stability necessary in the nurturing of the orchard landscape. For fifteen years, interior growers attempted to sustain two models of grower-shipper co-operatives built around a loose form of central selling and distribution.⁵ They were ultimately to fail through their inability to neutralize private shippers and packers operating in the local market. By catering to individuals who had forsaken the collective marketing ventures, and by servicing the higher-quality orchards, these independents were able to obtain a significant share of the crop, continuing the cycle of lowering returns by disposing of fruit in an unco-ordinated manner.⁶

Despite the inroads that collective marketing had achieved by 1923 – the Okanagan’s share of the Prairie market increased from thirty-nine percent in 1913 to eighty-two percent – grower loyalty to these ventures was proving to be a cyclical phenomenon, easier in times of adversity, and more difficult in periods of prosperity.⁷ As the overall number of growers in the valley continued to increase through the 1920s, the actions of those who opted to sell independently, outside of a co-operative, held implications for the livelihood of many people.⁸ The crux of the problem was brought

⁴ Jeannette C. Boyer, *Human Response to Frost Hazards in the Orchard Industry, Okanagan Valley, British Columbia*, Waterloo: Department of Geography, University of Waterloo, 1977, p. 36.

⁵ These two experiments were the Okanagan Fruit Union, founded in 1908 and operated until 1912, and the Okanagan United Growers between 1913 and 1922-23. By the 1920s the OUG’s control of the local market had steadily deteriorated, reaching a climax in 1922-23 as it too had failed to control the local market. With the last plantings of the land-boom era reaching full maturity, total apple tree numbers peaked at an all time high of 2,219,716 in 1921. The increased volume from trees planted a decade earlier overwhelmed the existing marketing structures and channels, further depressing prices and pushing the OUG into insolvency. MacPhee, pp. 27-28.

⁶ Ian MacPherson, “Creating Stability Amid Degrees of Marginality: Divisions in the Struggle for Orderly Marketing in British Columbia 1900-1940,” *Canadian Papers in Rural History*, Volume 7, Gananoque: Langdale Press, 1990, p. 319.

⁷ *Ibid.*, p. 322.

⁸ In the span of four years, the average annual production of apples went from 1,316,773 boxes in 1920, to 2,769,180 boxes in 1921, 2,849,453 boxes in 1922 and 3,054,031 boxes in 1923 as a result of the maturation of over 1,465,662 trees that had been under ten years of age during the 1911 tree census. As production decreased between 1924-25, so did the commitment of growers to support a

home by a San Francisco lawyer, Aaron Sapiro, who had an extensive background in the trials of California fruit growers, Kentucky tobacco farmers, Prairie grain farmers, and others in their quests for some form of orderly marketing. He traveled through the valley in early 1923 (months before his famous visit to the Prairies in August), on a tour designed to bring a broader awareness to Okanagan growers on their ability to influence their terms of trade through co-operative organization. The “California model” that Sapiro advocated could not have been more ideally suited to this task as it legitimized and facilitated the centralizing trends that had been occurring since 1913. In particular, he encouraged a strong, top-down co-operative structure, built around professional management, long-term contracts and direct membership organized upon commodity lines.⁹ In his speeches, Sapiro upbraided the growers on their recent track record in marketing. He believed that they “were themselves to blame for disastrous prices ... they themselves broke the market[, as] shipping apples blindly on consignment was the worst form of dumping possible.”¹⁰ Sapiro explained how there had been a point when there were over forty co-operative organizations among California growers, and that the smart shippers had simply proceeded to sit back and watch them break each other.¹¹ He advocated extensive improvements and reforms in merchandizing, from quality control, standardization, improved packaging, to regulation of supply.¹² In California this had served the dual purpose of extending markets, while also creating a powerful brand name

co-operative marketing venture such as the Associated Growers. When production surpassed 3,500,000 boxes in 1927, growers once again sought some form of collective action, eventually giving rise to the Committee of Direction. MacPhee, pp. 214-226.

⁹ Randall E. Torgerson, Bruce Reynolds, Thomas Gray, “Evolution of Co-operative Thought, Theory and Purpose,” presented as part of the conference “Cooperatives: Their Importance in the Future of the Food and Agricultural System,” Food and Agricultural Marketing Consortium, Las Vegas, NV, January 16-17, 1997, University of Wisconsin Center for Co-operatives. <http://www.wisc.edu/uwcc/info/torg.html> (July 31, 2000).

¹⁰ Aaron Sapiro, quoted in “Committee Recommends Sapiro Co-operative Plan,” *Vernon News*, January 11, 1923, p. 2.

¹¹ *Ibid.*

¹² David Dendy and Kathleen M. Kyle, *A Fruitful Century: The British Columbia Fruit Growers' Association 1889-1989*, Joan McIntyre (editor), Kelowna: British Columbia Fruit Growers Association, 1990, p. 49.

used to mitigate the loss of members and volume to independent shippers. As a guarantor of loyalty, Sapiro also advocated the use of an ironclad, five-year contract, “more sacred than matrimony,” that would bind growers to the co-operative and be reinforced by a pledge to “never handle an ounce of stuff for a non-member.”¹³ These were all steps that the industry tried to follow in the intervening years, but to little avail, as after initial success growers again began to abandon their organization in favour of independents.

The dilemma with Sapiro’s model was that non-members were as likely to enjoy the benefits of a co-operative’s efforts to regulate supply, without having to shoulder the accompanying costs. The temptation to leave for the deceptively higher returns offered by independents was ever-present and fatal to any co-operative venture. Many who had joined in 1923 had not been ideologically inclined to support a central selling agency, having only been lured in by the prospect of better returns.¹⁴ When the industry began to falter in the late 1920s, the provincial government was urged to step in by growers and provide the stability that they had not been able to achieve on their own. Grower sentiment on this issue was not far removed from that of other producers across the Canadian west at this time, or around the world. Some of the most important new ideas on marketing initiatives such as compulsory pooling were being advocated by farm groups in Australia, New Zealand, the United States and even Saskatchewan following the dissolution of the Wheat Board in 1920.¹⁵ Okanagan growers’ request for a similar measure marked the commencement of a decade-long legal odyssey regarding the

¹³ Garry Fairbairn, *From Prairie Roots: The Remarkable Story of the Saskatchewan Wheat Pool*, Saskatoon: Western Producer Prairie Books, 1984, p. 24.

¹⁴ Dendy and Kyle, p. 51.

¹⁵ MacPherson, p. 311, and Fairbairn, p. 13.

validity of compulsory marketing legislation, a journey that would see the BCFGA develop into an adjunct of public policy.

By 1927 the provincial government had come to the conclusion that the success of one of its major, post-war policy objectives had become dependent on the ability of fruit growers to find a durable model for marketing their produce. A decade earlier, John Oliver, the “Farmer Premier,” had outlined to the province, and country, his vision of reincorporating discharged soldiers into society. A farmer himself, Oliver believed an agricultural way of life was the cornerstone to a healthy and prosperous society, and the foundation upon which to develop British Columbia.¹⁶ As a policy objective, soldier settlement was to be a two-pronged strategy – made more difficult by the province’s rugged terrain. With farmland being at a premium, the provincial government was forced into expensive reclamation projects in order to find the land-base necessary for the construction of its agricultural communities. One such area was the Osoyoos Territory south of Penticton, encompassing some of the driest, most desert-like sections of the province. The use of irrigation works would come to be essential to the success of any agricultural community established within the Lands Project. In developing a land-use plan for the south, the provincial government had recourse to twenty years of experimentation by private developers, and a catalogue of mistakes that had been perpetrated in erecting the early orchard landscape. Accordingly, the surveying of individual orchard plots within the Lands Project was to be conducted in a far more comprehensive and orderly manner. Acreages were to be self-sufficient and capable of supporting a family unit. The reliable delivery of water to orchards had also emerged as a

¹⁶ Paul Koroscil, “Soldiers, Settlement and Development in British Columbia, 1915-1930,” *BC Studies*, No. 54, Summer 1982, p. 69.

serious issue in the 1920s as the wooden canals built by the land companies were proving to be of a sub-standard quality and in need of repair or replacement. In response, the Lands Project was to be equipped with a solid, concrete-lined ditch capable of carrying a high enough volume of water to meet the needs of all growers. Unfortunately, despite these concerted efforts to avoid past mistakes, the provincial government unwittingly adopted familiar assumptions about the ability to re-order the landscape without due regard to the physical restrictions of the natural environment.

Given the scale of the undertaking and the massive amounts of public capital that would be expended upon it, those overseeing the Lands Project lacked some very basic information regarding the suitability of local conditions to the proposed application. Irrigation systems and orchard subdivisions were plotted without the use of soil tests or an adequate knowledge of precipitation levels in the area.¹⁷ A Manager for the Lands Project at the time later explained how this unfamiliarity with the landscape resulted in stretches of canal being built upon a clay foundation.

During the spring and summer this clay became saturated and, in one case, ninety feet of canal went out leaving a vertical wall which had to be bridged by a trestle. For some miles, where the clay became saturated and very low winter temperatures were encountered, the ground froze solidly. In so doing the clay expanded heaving panels, throwing up the bottom, and cracking the concrete, until, in places, it resembled a patchwork quilt.¹⁸

In other cases, the combination of orchard location and capacity of the irrigation network simply proved to be inadequate to allow the water requirements of growers to be met. The canals had been designed to carry 2.5 acre-feet for 120 days, an amount which was thought to be ample for irrigation needs, but ended up not being able to water the area for which it was designed because local soil conditions drained the moisture away from the

¹⁷ British Columbia, Department of Lands and Forests, D.W. Hodson, "The South Okanagan Land Project," *Transactions of the British Columbia Natural Resources Conference*, Volume 7, 1954, p. 47.

trees.¹⁹ These conditions ultimately led to a stratification of growers as the spread in orchard values within the Lands Project reflected the varying degrees of soil, precipitation, and temperature ratings in any given location.²⁰ Those on more marginal plots were less able to better their position, and would be more prone to the vagaries of the market than their better-placed neighbours. Despite the best of intentions, government participation in the extension of the orchard landscape had only introduced more producers into a region that was already experiencing difficulties in disposing of the crop.

Another contributing factor encouraging the provincial government to step in and play a more active role in the marketing of Okanagan fruit was growing questioning of the soundness of its investment in the valley. By 1927, the estimated cost of starting up the Lands Project had been determined to be three million dollars, while the government also found itself responsible for another \$2.3 million in loans to regional Water Districts.²¹ This later debt had resulted from a 1914 transition in water rights maintenance from a “company system” to public control.²² When Water Districts assumed control over irrigation works from the land companies, it became apparent that they lacked the funds necessary to carry out repairs. An amendment to the *Water Act* was passed in 1918 that created a special fund in the Treasury known as the “Conservation Fund” which could be used for upgrading these systems.²³ Unfortunately, the cost of rehabilitating the canals was to be seriously misjudged, and in 1923 the government was approached to

¹⁸ *Ibid.*, p. 48.

¹⁹ *Ibid.*

²⁰ British Columbia, Department of Land and Forests, S.L. Medland, “Economic Aspects of the South Okanagan Lands Project,” *Transactions of the British Columbia Natural Resources Conference*, Volume 7, 1954, p. 52.

²¹ British Columbia, Department of Agriculture, *Report of the Royal Commission Investigating the Fruit Industry, Part (I), (II)*, Sanford Evans (commissioner), Victoria: King’s Printer, 1931, p. 1.

²² “Companies sold a share in the distribution system with each parcel of land sold, payable in installments over a term of years ... the water-user was dependent for his supply of water on the successful operation of the company system over which they had no control, and no guarantee it would continue to operate year after year.” Margaret Ormsby, “A Study of the Okanagan Valley of British Columbia,” unpublished MA Thesis, University of British Columbia, 1931, pp. 87-88.

²³ *Ibid.*, p. 91.

defer repayments from the districts.²⁴ This process was repeated in the years 1924, 1925, 1926 and 1927, so that by the end of the 1927 fiscal year, the amount owed to the provincial government was \$2,205,792.13 on a fund of \$2,300,000.²⁵ The Lands Project also aggravated the inability of northern growers to begin re-paying loans from the fund, since the government was offering, as a public debt of gratitude, subsidized rates on land and water to growers in the south.²⁶ The resulting increases in production south of Penticton made it increasingly difficult for both ends of the valley to dispose of the crop in an orderly and equitable manner. With the fruit industry supporting over 20,000 people,²⁷ and responsible for almost \$5.5 million in public debt, the government held a vested interest in ensuring that this constituency received the legislation necessary to implement a marketing system.

The *Produce Marketing Act* (1927) was to provide growers the stability and opportunity to begin contributing to the costs of their own production that they had been unable to achieve on their own. The Act had originally begun as a resolution at the 1927 BCFGA Convention, requesting the provincial government bring in legislation mandating compulsory co-operation.²⁸ Its implementation would mark a return to prominence in issues of marketing for the association, not known since the schism between coastal and interior growers. The Act's requirement that, for any producer group to petition for government oversight, a seventy-five percent threshold of support had to be achieved,²⁹ lent itself to the presence of central organization that could represent growers' interests. As the BCFGA was the only entity that could legitimately make this claim, it became the

²⁴ *Ibid.*, p. 94.

²⁵ Sanford Evans, pp. 57-58.

²⁶ *Ibid.*, p. 25.

²⁷ As estimated by the Royal Commission in 1927; see Sanford Evans, p. 6.

²⁸ Dendy and Kyle, p. 55.

forum in which growers vetted the principles of the Act. By also limiting the applicability of its regulations to the Interior, the *Produce Marketing Act* signified a final step in the evolution of the BCFGAs to an institution of the Okanagan. From 1927 onwards, the Association would primarily deal with the unique issues surrounding the marketing of Okanagan fruit.³⁰

The preceding nine years of political turmoil, although covered extensively elsewhere,³¹ remain integral in understanding future events in the industry. The *Produce Marketing Act* was assailed from its inception by legal challenges questioning the authority it bestowed upon a Committee of Direction to levy indirect taxes upon growers.³² In 1931, the Supreme Court of Canada agreed that the province had overstepped its constitutional bounds and disallowed the Act. The vacuum in marketing structures that resulted saw the return on a bushel of apples fall from a five-year average of \$1.29 to \$0.87 in 1931/32 and \$0.68 in 1932/33.³³ To protest their deteriorating position, growers staged a strike in 1933 vowing to leave the apple crop on the trees unless they were guaranteed a minimum price of a cent per pound. Although not entirely successful, the strike effectively conveyed the plight of growers to the federal government which introduced a *Natural Products Marketing Act* in 1934 to replace the

²⁹ Donald Black, "F.M. Black and the Committee of Direction," *Okanagan Historical Society*, 31st Report, 1967, p. 102.

³⁰ In March of 1933 the BCFGAs faced bankruptcy, and the remainder of the year was spent re-organizing the association. In the process, coastal growers, who by this point were predominantly producing berries and vegetables, split off and established their own British Columbia Coast Growers' Association. They no longer believed that their interests could be represented in an association dominated by tree-fruit growers. Dendy and Kyle, pp. 70-71.

³¹ Most notably: David Dendy, "Cent a Pound or on the Ground: Okanagan Fruit Growers and Marketing, 1920-1935," Unpublished MA Thesis, University of British Columbia, 1981; Dendy and Kathleen Kyle, *A Fruitful Century: The British Columbia Fruit Growers' Association 1889-1989*, Joan McIntyre (editor), Kelowna: British Columbia Fruit Growers Association, 1990; Margaret Ormsby, "Fruit Marketing in the Okanagan Valley of British Columbia," *Agricultural History*, V. 9, No. 2, April 1935, The Agricultural History Society, Washington, pp. 80-97; Bruce Ramsey, "British Columbia Fruit Growers' Association," *Okanagan Historical Society*, Twenty-eighth Report, 1964, pp. 141-191; Donald Black, "F.M. Black and the Committee of Direction," *Okanagan Historical Society*, 31st Report, 1967, pp. 100-106.

³² Dendy and Kyle, p. 67.

³³ The return on a bushel of apples before 1931 was: \$1.23 in 1926/27, \$1.44 in 1927/28, \$1.23 in 1928/29, \$1.29 1929/30, and \$1.24 in 1930/31. Dominion Bureau of Statistics, quoted in MacPhee, p. 104.

disallowed provincial legislation.³⁴ Okanagan fruit growers were to be the first producer group in Canada to avail themselves of the legislation, but would again be frustrated when the federal act was overturned by the courts two years later due its invasion of provincial powers of marketing within a province.³⁵ In anticipation of the outcome that befell the federal Act, British Columbia amended its own *Natural Products Marketing Act* in 1936/37 to ensure that it covered only the marketing of products within the province.³⁶ Acting on the results of a grower plebiscite, the British Columbia Fruit Board allowed BC Tree Fruits full control of domestic sales in 1939, while the restrictions of a wartime economy saw control further extended to international markets by 1941.³⁷ This paved the way for the creation of BC Tree Fruits as the cornerstone of the BCFGAs' broad based policy "to do everything to protect and further the interests of the growers in all matters directly connected with the production and marketing of their produce."³⁸ Legislation finally ensured fairer treatment as the single-desk and orderly marketing checked unnecessary and cutthroat competition amongst local growers, and directed the flow of produce to markets in quantities that would avoid unnecessary gluts. The single-desk offered the possibility to growers of uniting their economic power within institutional and corporate structures, providing stability for the orchard unit, and offering the benefits of the modern agricultural corporation.³⁹ Out of necessity, the BCFGAs had been transformed, through the introduction of central selling, into the tool needed to accommodate the orchard landscape to the particulars of the Okanagan's site and location. Centralizing the marketing process allowed growers finally to achieve stability

³⁴ Dendy and Kyle, p. 76.

³⁵ Bruce Ramsey, "British Columbia Fruit Growers' Association," *Okanagan Historical Society*, Twenty-eighth Report, 1964, p. 178.

³⁶ MacPhee, p. 35.

³⁷ Dendy and Kyle, p. 83.

³⁸ Arthur Garrish, quoted in MacPhee, p. 44.

in production and marketing, but it was to come at an expense. The single-desk and orderly marketing institutionalized social and economic networks within the BCFGAs that could not be easily reversed.

³⁹ *Ibid.*, p. 330.