

Challenges to the Single-Desk Marketing System 1949-1959

This trend to smaller and smaller farms must be reversed if a healthy tree-fruit industry is to survive.¹

E.D. MacPhee
Royal Commission on the Tree-Fruit Industry of British Columbia
1958

We are trying to get the whole group to go into larger holdings, otherwise they cannot succeed. When the farm keeps the farmer, that is as it should be; but when the farmer starts keeping the farm, that is a ridiculous situation.²

Newton P. Steacy,
Minister of Agriculture, British Columbia
1959

For all the turmoil of the late 1920s and 1930s, the restrictions of the war and the post-war economy had done much to fulfill the promise of the single desk marketing system. The 1940s proved to be the golden era of the fruit industry as an absence of competition created a false economy for all fruit in Canada. As one grower later recalled: rarely in the history of farming had there been such a combination of circumstances, all favouring an organization and its structure.³ The return of a box of apples increased by 114 percent in the period 1939 to 1945, even though annual apple production for the decade was roughly 40 percent higher than it had been throughout the 1930s.⁴ Central selling and orderly marketing appeared to have allowed growers to master the limitations of the natural environment, providing economic stability while accommodating the fragmented nature of the orchard landscape. The optimism of these years was so great that a renaissance in land prices occurred, fuelled by an influx of German immigration

¹ British Columbia, Department of Agriculture, *Report of the Royal Commission on the Tree-Fruit Industry of British Columbia*, Dean E.D. MacPhee (commissioner), Victoria: Queen's Printer, 1958, p. 778.

² Newton Steacy, quoted in Canada, The Senate of Canada, *Proceeding of the Special Committee of the Senate on Land Use in Canada*, Arthur Pearson and Henri Bois (chairmen), Ottawa: Queen's Printer, May 27, 1959, p. 372.

³ Arthur Garrish, quoted in David Dendy and Kathleen Kyle, *A Fruitful Century: The British Columbia Fruit Growers' Association 1889-1989*, Joan McIntyre (editor), Kelowna: BCFGA, 1989, p. 83.

and retiring farmers from the Prairies. Given this new era of high returns, a sizeable number of established growers were lulled into the belief that they could subdivide their property and profit from the new demand for land, while still retaining a decent income from their remaining orchard land.⁵ Taken together, these individual decisions came to comprise an ominous trend, as almost two decades of unregulated subdivision subtly altered the face of the orchard landscape.

In 1930, a combines investigation made the rather mundane point that holdings in the north Okanagan generally tended to be larger acreages than those orchards to the south. By 1958, another Commission appointed to investigate the tree-fruit industry felt compelled to comment on this point and the popular assumptions that had arisen around it.

The Commissioner had understood prior to his examination of these records that orchards in the north generally tended to be larger than farms in the south, and this is a common tradition in the Okanagan. Excluding Kelowna, the statement does not appear to be true.⁶

Although it would take years for the drama to unfold, growers were unwittingly pushing their industry toward a great reckoning as the 1950s proved to be a period of considerable upheaval and environmental distress. Smaller holdings proved to be slight security in a deteriorating economic climate for agricultural producers. Growers who had bought during the peak of the post-war real estate market, or had subdivided to accommodate the demand, now faced the prospect of having to abandon orcharding as a profession. As the physical boundaries of the orchard landscape began to erode towards the end of the decade due to the increasingly fragmented nature of orchard units, BCFGAs policies

⁴ The return on a box of apples in 1939 was \$0.83, while in 1945 it was \$1.78. For more information, see MacPhee, pp. 104, 225. Dendy, p. 85.

⁵ Ralph Krueger, "The Geography of the Orchard Industry of Canada," *Geographical Bulletin*, Volume 7, No. 1, 1965, p. 61. See also, MacPhee, p. 777.

⁶ MacPhee, p. 79.

remained conspicuously silent on the subject. The *Natural Products Marketing Act* had invested the single-desk with the responsibility of ensuring the viability of the small, family-owned orchard, but in so doing, the legislation had institutionalized a marketing system within the BCFGAs. For the Association to have actively entered the debate on what constituted an “economical unit” would have been to throw open to debate the whole composition of the BCFGAs and its continued role in growers’ affairs. The province had, after all, entrusted the Association with broad powers to regulate the sale of Okanagan fruit with the understanding that such a measure would bring stability to the individual orchard unit. The BCFGAs could not, therefore, be seen advocating a rationalization of orchard sizes when over half of its membership might be adversely affected economically by such a process.⁷ As a result, the Association, through its silence, condoned the continued sale and subdivision of orchard land as a necessary trade-off needed to sustain the single-desk.

If the fruit industry ever experienced a watershed year, 1949 was to be it. Growers were presented with a series of challenges in production and marketing that had not been seen since the “cent-a-pound” strike of the early 1930s.⁸ When the federal government removed restrictions on imports that year, it occurred as currency restrictions prevented sales to offshore markets, as freight rates to Eastern Canada nearly doubled, and as

⁷ As an independent agent, Commissioner MacPhee was free to follow his finding that over fifty percent of growers operated such orchards with the caveat that: “If I am charged with destroying the property values of growers, then the charge will stand on the record of the last seven or eight years” (p. 779). MacPhee further pointed out that “there is no warrant for believing that orchard land in British Columbia, at \$2,000 to \$2,500 per acre, is an economic proposition” (p. 778). The BCFGAs, however, was a part of the process that had seen growers subdivide their holdings throughout the 1940s when war time restrictions and an immigration boom had fueled an artificial rise in orchard values. It could not destroy property values, no matter how beneficial consolidation would be to the long-term health of the industry, without damaging its own position in the process.

⁸ For information on this period in the history of the fruit industry, see David Dendy, “Cent a Pound or on the Ground: Okanagan Fruit Growers and Marketing, 1920-1935,” Unpublished MA Thesis, University of British Columbia, 1981.

production increased by more than a million boxes over 1948.⁹ This left BC Tree Fruits with a surplus of over a million and a half boxes of apples, which eventually required shipment to the United Kingdom, free of charge, to avoid depressing the local market.¹⁰ Unfortunately, despite these efforts, domestic prices were down considerably as some growers saw their returns reduced by as much as fifty percent. These lower returns were due, in part, to increased tree-fruit production in Washington State. Reclamation projects south of the border, similar in intent to British Columbia's soldier-settlement schemes, had made over a million acres available for irrigation in the Columbia Basin project. The Grand Coulee Dam, a federally financed and constructed hydro-project, provided the cheap electricity needed to pump the water from the dam's reservoir to the arid lands of the Columbia Basin.¹¹ With an earlier harvesting season and subsidized operating costs, Washington growers could bring fresh fruit to market three weeks sooner and at lower costs than Okanagan growers. The removal of Canadian import restrictions in 1949 opened markets that had been the exclusive domain of BC Tree Fruits during the war years to competition from Washington apples.

A subtler influence was the completion of the Hope-Princeton highway in 1949. The construction of this single route through the Cascade mountain range introduced a broad, new range of dynamics to the production and marketing of Okanagan fruit in the 1950s. Prior to the Hope-Princeton, access had been confined to a single, major artery that ran north-south to Kamloops, through the upper Fraser Valley and down into Vancouver. In the darkest days of the growers' strike this simple transportation network had allowed the vigilante Okanagan Stabilization Board to monitor the CPR line easily

⁹ Dendy and Kyle, p. 96.

¹⁰ *Ibid.*

¹¹ Steacy, quoted in the *Proceeding of the Special Committee of the Senate on Land Use in Canada*, p. 398.

for any movement of “unauthorized” fruit out of the valley.¹² It later aided the enforcement of the single-desk as the movement of small lots of fruit to the coast was prohibitively expensive, and inspectors employed by the Fruit Board could easily locate larger shipments. The Hope-Princeton highway altered this by creating a direct link from the core region of fruit production, the Oliver-Osoyoos area, with the urban center of Vancouver. Instead of looking at the broader implications of the Hope-Princeton upon the Okanagan, and how the fruit industry might fit into the new order, the Fruit Board attempted to clamp down with increased regulation over the sale of apples and other soft fruits. With growers’ conventions dominated by discussions surrounding the highway’s reordering of established marketing patterns, the industry leadership had failed to realize that the Hope-Princeton was facilitating a change in land-use patterns. The highway was abetting an urbanizing trend as the very attributes of the natural environment that had made fruit growing such a challenge – an arid climate and a rugged terrain – transformed the Okanagan into a desirable tourist destination.

For the industry, the most noticeable change was the proliferation of roadside stands along the valley’s highways as vehicle traffic increased. These stands presented a multitude of problems in the regulation of the product as they allowed growers to regain a measure of independent control over their fruit, and to play a more direct role in its marketing. The single desk had operated, successfully, on the notion that BC Tree Fruits — via growers, the BCFGAs and the Fruit Board — was the only authorized agent to sell the fruit of the interior. A roadside stand was a direct refutation of this one central premise, and also threatened the central co-operative principles of the Association itself. Aaron Sapiro had warned growers in the 1920s that for a marketing venture to be

¹² Dendy and Kyle, p. 73.

successful, no member in the co-operative body could have a privilege that would not be enjoyed by all members. The simple reality of the “road”-side stand was that a grower had to have an orchard fronting one the valley’s primary routes for such a stand to be financially viable. Based strictly on location, not all growers would have the ability to establish these types of operations and would, therefore, not be able to enjoy a privilege that had been afforded to a lucky minority. Operators of the stands also benefited in that they enjoyed lower overhead costs than the local packinghouses. This became a point of contention as the customer base to which the stands catered was generally tourists from the Lower Mainland seeking savings on the price of fruit. Had it not been for the presence of the orderly marketing system, and the active regulation of supply by BC Tree Fruits in the Vancouver market, it was unlikely that the stands would have been as profitable as they were. Yet, they did not contribute in any way to the costs of the marketing system from which they were benefiting, and in some cases they undermined it, as quality control at the stands became a major issue.¹³

The final event to cement 1949 as the most challenging and destabilizing year the fruit industry had ever seen occurred late that fall. The north-south orientation of the valley facilitated the movement of a large, polar air mass into the Okanagan trough and over the orchard landscape. Lasting for several weeks, the air mass brought with it record low temperatures, clear skies – causing additional cooling – and strong, drying winds that kept the cold air mass moving, negating the effectiveness of any countermeasures that could have been employed (i.e. smudgepots). In aggregate numbers, 366,110 trees were lost in the valley, equaling about 20 percent of total plantings, while many more survived

¹³ The operators of roadside stands were routinely accused at BCFGAs conventions of peddling cull, over-ripe, or substandard fruit to their customers. This was a practice that many other growers felt undermined the goodwill the industry had striven to achieve with consumers. See, *Kelowna Courier*, January 22, 1964, p. 1.

in a severely damaged state.¹⁴ What aggravated matters for the industry was that the effects of the freeze had not been uniform. The Upper Fraser-Thompson area, which comprised the Salmon Arm and Kamloops growing districts, had a staggering 54 percent of its trees killed,¹⁵ while the Oliver-Osoyoos area suffered the highest casualties in the Okanagan at 28 percent, and in the Kootenays the Creston area suffered only 4 percent.¹⁶ Production in peaches and apricots was affected the most drastically as both crop totals were down over 85 percent the following year.¹⁷ Apple production also dropped dramatically going from 8,783,005 boxes in 1950 to only 5,100,373 boxes in 1951.¹⁸ The north end of the valley was especially hard hit as total tree plantings in the Salmon Arm area fell from 5,526 trees to 4,049, and Vernon went from 186,680 to 159,329 in the span of one year.¹⁹ Kamloops, in particular, had developed as a fruit growing region of some consequence prior to the freeze, contributing a large percentage of the over 200,000 boxes of apples the region produced annually.²⁰ A decade later, however, it was essentially lost as a fruit-growing region, comprising a mere 309 acres of commercial orchards by 1961.²¹ The loss of Kamloops can be seen as more than simply the after-effects of a major freeze; it was representative of the new land-use dynamics re-shaping the valley. It also highlighted the inability of the growers' own organization to safeguard the orchard unit from an expanding rural-urban fringe.

Growers' discontent over their deteriorating economic position eventually led to calls for reform within the fruit industry, and a Planning Committee was struck in 1951 to

¹⁴ Jeannette Boyer, *Human Response to Frost Hazards in the Orchard Industry, Okanagan Valley, British Columbia*, Waterloo: Department of Geography, University of Waterloo, 1977, p. 39.

¹⁵ Dendy and Kyle, p. 96.

¹⁶ *Ibid.*

¹⁷ Boyer, p. 39.

¹⁸ MacPhee, p. 226.

¹⁹ *Ibid.*, p. 215

²⁰ Krueger, p. 63.

²¹ *Ibid.*

make recommendations on the relationship between the BCFGA and BC Tree Fruits. The new president of the Association, Arthur Garrish, was determined to put the BCFGA back in charge of growers' affairs by having all elections put under the Association's authority. It had become the accepted method to have the nominated delegates from the locals meet in May to choose members for the Fruit Board, the BCFGA, and BC Tree Fruits. This became an easily manipulatable process for, in the case of the Fruit Board, if no more than three people were nominated for the three seats, there would be no need for a grower-wide election to decide the issue.²² Occurring away from the scrutiny of most growers, the process inherently lent itself to backroom politicking, a fact the Planning Committee sought to rectify by recommending that all elections take place in front of the annual BCFGA Convention. Ultimately seeking to increase the transparency of the association, the re-organization had the unintended consequence of centralizing power within the hands of the BCFGA executive.²³ It also ensured that the agenda of the Association would become dominated by issues of marketing due to its direct oversight of BC Tree Fruits.²⁴ The democratic processes that guided the BCFGA offered slight protection, through checks or balances, to prevent the association from fully embracing an agenda dominated by marketing. Regardless of acreage, a registered grower operating a minimum of one acre was entitled to one vote at the local level. For every one hundred members, a local was awarded one delegate to the annual convention, and for each one

²² MacPhee, p. 188.

²³ During the 1940s the industry had created three posts within BC Tree Fruits: President, General Manager, and Chairman of the Board of Governors. These had all been awarded to a single individual, A.K. Loyd, in appreciation of his "gigantic efforts during the war years when salaries were frozen and his compensation had not been adequately set up in the first place" (Ramsey, p. 188). From this position Loyd was to exert a considerable degree of influence over association affairs, contradicting at times the stated objectives of the democratically elected BCFGA executive. Electoral reform held the promise of preventing any one individual from ever perpetuating such an accumulation of power in the way Loyd had. However, by requiring that the composition of all industry boards be determined at the annual convention of the BCFGA, the association, and by extension its leadership, now found themselves in a position of authority within industry structures.

²⁴ A case in point, Garrish himself would come under considerable criticism in 1957 for attempting to dominate the Association and for purportedly circumventing the Fruit Board in engineering the appointment of a close supporter, Gordie Wight, to the Presidency of BC Tree Fruits.

thousand acres covered by a local, another delegate was afforded.²⁵ The fragmented nature of the orchard landscape entrenched the dominance of growers operating smaller acreages in the delegate selection process. Since the single-desk was intended to protect these smaller producers, there appeared to be an inherent benefit to having the Association take a front and centre role in marketing issues. The long-term consequences, however, were less than ideal as the BCFGAs would become virtually marginalized on issues that did not directly deal with the administration of the single-desk and orderly marketing.

Returns continued to diminish after the re-organization, even as the cost to consumers for a box of apples increased; in the face of these trends, growers began to re-assess the structure of their industry, again believing their problems to be internal. Agitation and unofficial calls for some sort of impartial investigation had been voiced as early as 1952. With the continuing economic malaise, various locals tabled official resolutions at both the 1954 and 1955 conventions specifically calling for a Royal Commission to investigate all facets of the industry; finally in 1956, a majority favoured such an investigation. What had served to change the opinion of a majority of growers was the onset of another cold snap in November of 1955. All crops had been retarded by an unusually cool and cloudy spring, so that by late fall the trees had not had a sufficient period in which to enter a dormant stage and harden off. Heading into the January convention many growers, not knowing the full extent of the frost damage, were aware that the industry was facing a potential catastrophe. The Horticultural Branch of the BC Department of Agriculture later estimated that of the 1,298,042 trees in the Valley

²⁵ MacPhee, p. 738.

between the ages of 1-10 years, over 400,000 had been lost to the freeze.²⁶ Even more devastating was that the vast majority of trees killed were the ones that had been planted in 1950 to replace the losses from the previous cold snap. At that time, the province had supplied a one-time grant of \$250,000 after the previous freeze to aid in replanting, but the effects of the 1955 freeze negated the benefits of the transfer as many growers had yet to realize any returns from the replanting. As apple production fell from 6,017,015 boxes in 1955 to 3,794,166 boxes in 1956,²⁷ the seemingly perpetual problem of BC Tree Fruits' inability to communicate its actions effectively became a flashpoint amongst growers facing potential red ink at the packinghouse level.²⁸ Many felt that the sales agency had actively refrained from releasing important information, information that could be used to evaluate the performance of BC Tree Fruits,²⁹ and to a degree they were right. Industry leaders were selectively withholding information from the grower body for a number of reasons. For one, there was a slight contempt regarding the membership's willingness and ability to understand the role of their association. There was also a fear that decisions made for the good of the industry, regarding pooling, could be used by malcontents and dissidents to attack the executive.³⁰ A case in point was the experimentation by BC Tree Fruits with the production of apricot jam in the late 1950s. The selling agency paid fifty dollars a ton for the fruit, but for a number of reasons, the prices returned by the local packinghouses to growers were not uniform. The industry leadership feared the consequences of reporting the actual costs of acquiring the apricots,

²⁶ *Kelowna Courier*, November 8, 1956, p. 5.

²⁷ MacPhee, p. 226.

²⁸ Unable to understand how returns had diminished to the degree they did, many growers looked to the BCFGAs executive believing it to be withholding information showing corruption and graft throughout the selling agency. The belief that "secret" and "damaging" information was being kept from growers was what fueled the surge of support for the Penticton Ginger Group in late 1956. In his final report, however, Dean MacPhee was to state that while there was no information being withheld "for fear of the consequences," there was a preponderance amongst the executive to not deal with rumours as soon as they arose (MacPhee, p.788).

²⁹ *Penticton Herald*, October 10, 1956, p. 1.

believing their good intentions in seeking a new outlet for the membership's fruit would be lost in the uproar over packinghouse charges.³¹ To the average grower, this attitude merely fed suspicions that BC Tree Fruits had simply become too complacent and arrogant under the existing system and was not doing enough to ensure maximum grower returns. As a result, and much to the disapproval of the BCFGAs executive, a resolution was adopted calling for the appointment of a federal Royal Commission to investigate the industry to see if it was achieving what it had been established to.

A little noticed resolution from this same 1956 convention, lost in the din of activity surrounding debate about a Royal Commission, was one put forward by the Creston local requesting that Kootenay growers be allowed to establish an independent form of central selling. The proposal was defeated, as returning any autonomy to growers in the Creston area, regardless of their circumstances, would jeopardize both the existing marketing apparatus as well as the prices received by growers elsewhere in the Tree Fruit Marketing Scheme area. The Creston resolution was telling, however, in other ways as it demonstrated a willingness on the part of the fruit industry to allow a struggling, peripheral district to be lost, not only as a fruit producing region, but as an agricultural one. The Kootenays had been developed for fruit growing in the same era as the Okanagan, but due to an even more limited land-base had never been able to develop to the same extent. Kootenay growers managed to survive through their ability to build up their own independent brands, which they could sell rather reliably in local and Prairie markets. In many instances, to maintain their viability, Kootenay orchards were self-

³⁰ Gordon DesBrisay to Dean MacPhee, *Proceedings of the Royal Commission on the Tree-Fruit Industry of British Columbia*, March 13, 1958, Box #5, File #17, pp. 6-8, Provincial Archives of British Columbia (PABC).

³¹ When asked by Commissioner MacPhee about keeping the membership better informed about industry activities, such as the jam production experiment, A.G. DesBrisay, a Fruit Board Director, expressed reservations. He was quoted as saying: "I almost question whether the publishing of the details of the operation to the extent that they (BC Tree Fruits) are – whether that's good business or

contained, small, family-run enterprises dependent on the frugality of the owner-operated, on-site packing facilities.³² With the institution of the single-desk in 1939, many of these orchards had to change their existing patterns of marketing. Where they had once been able to buy boxes from a local box factory for eight cents and pack on site with family labour, the cost of packing at the Nelson pool jumped to two dollars per box.³³ The new marketing system was dominated by Okanagan growers, and the pooling returns were to be based on the lower Okanagan costs of production. In the end many Kootenay growers found they could not exist under such a regime.³⁴ By 1956 the district had come to account for only 300,000 of the 6.5 million boxes of apples produced within the scheme area. It would be in the Kootenays that the sale of orchard land for non-agricultural purposes would first assume the role of a safety valve, deflecting any sustained criticism about the BCFGA's evolution after the implementation of the single-desk. Orchards in the district tended to be smaller than in the Okanagan, as many of the original holdings had been subdivided from their original forty and fifty acres down to two- and three- acre plots.³⁵ This resulted in only 39 of the 353 registered growers in the Creston area operating on ten acres or more, while 223 had five acres or less.³⁶ While the land may not have been competitive in the cultivation of fruit, as bench lands it commanded \$1,000 to \$1,500 an acre, while reclaimed land in the same area, used for mixed farming, was selling at only \$100 to \$150 an acre.³⁷ The prospect of fighting the Fruit Board held slight appeal when one could sell out to "retired bankers and

not? I don't think they (growers) understand it." *Proceedings of the Royal Commission on the Tree-Fruit Industry of British Columbia*, March 13, 1958, Box #5, File #17, pp. 6-8, PABC.

³² Joan Lang, "A History of the Fruit Growing Industry in the West Kootenay District of British Columbia 1905-1950," Unpublished MA Thesis, University of Victoria, September 1996, p. 117.

³³ R Noakes, quoted in Lang, p. 117.

³⁴ *Ibid.*, p. 119.

³⁵ Steacy, quoted in the *Proceeding of the Special Committee of the Senate on Land Use in Canada*, p. 368.

³⁶ MacPhee, p. 782.

³⁷ Steacy, quoted in the *Proceeding of the Special Committee of the Senate on Land Use in Canada*, p. 386.

businessmen who do not know a peach tree from an apricot tree,”³⁸ but wanted to live the idyllic lifestyle of a hobby orchardist.

As the 1956 growing season progressed, the impact of the freeze began to become apparent at the local level as trees failed to set and others damaged by the cold produced fruit of a noticeably lower grade. The anxiety levels amongst growers over the expectation of poor returns started to manifest itself in dissatisfaction with the executive of the BCFGGA. Many of the individuals holding high office within the Association, BC Tree Fruits and the BC Fruit Board at this time were growers who had been active within the industry since the 1920s and 1930s. They could well remember the days of the growers’ strike, and the political challenges that had surrounded the implementation of the single-desk between 1927 and 1939. The executive had consistently opposed the idea of a Royal Commission on the grounds that it would remove the agenda from growers’ and place it in the hands of politicians. This had been the case in the 1930s, and there was a fear that the legitimacy of the *Natural Products Marketing Act* could be brought into question through any inquiry.³⁹ For growers, however, the prior disdain of the executive combined with the absence of a progress report on efforts to attain an investigation triggered a minor revolt in October of 1956. Sparked by a fifteen-member “Ginger Group,” the Penticton local called an extraordinary meeting at which a thinly veiled resolution of non-confidence in the ability of the BCFGGA was discussed. The Ginger Group sought the immediate appointment of a provincial Royal Commission that would emphasize marketing and distribution problems. As these were issues that affected all growers, support for the resolution spread rapidly throughout the other twenty-nine locals

³⁸ *Ibid.*, p. 375.

³⁹ *Penticton Herald*, October 10, 1956, p. 1.

as they met to prepare for the January convention. While there were concerns that the attempt to by-pass the convention in order to get approval for a motion should not have been tolerated, by November the executive was forced to concede that;

In view of the attitude already displayed by a majority of Locals, such a request from our Annual Convention is, in the opinion of the Executive, a foregone conclusion.⁴⁰

With that, the province appointed Earle D. MacPhee, Dean of the Faculty of Commerce at the University of British Columbia, to lead a Royal Commission investigating the tree-fruit industry on the 21st of December, 1956.⁴¹

Dean MacPhee would be charged with investigating the economics of marketing and distributing fruit, as growers had desired, but his primary objective would be to determine what constituted an “economic unit” of production.⁴² It became an often-repeated statement in the final report that, should a grower deliberately operate an acreage that could not provide an acceptable standard of living, then they should not expect society to feel responsible for their plight.⁴³ The Royal Commission’s focus on land-use issues was reflective of a broader concern amongst agricultural policy makers in Canada’s post-war provincial economies. The British Columbia Ministry of Agriculture, in particular, was concerned with developments in its farm sector that had come to see 55 percent of operations in 1956 producing only 8 percent of total farm revenues.⁴⁴ The average return for these operators amounted to \$653 annually; a total that required family owned farms to look for off-farm sources of income in order to survive.⁴⁵ Until this trend

⁴⁰ *Kelowna Courier*, November 15, 1956, p. 1.

⁴¹ The federal Agriculture Minister, James Gardiner, turned down the request for a federal Royal Commission, as the marketing problems Okanagan growers wanted explored were unique to British Columbia. A national investigation would be required to look at the issues confronting the production and marketing of tree-fruits in Ontario, Quebec and Nova Scotia. As none of these regions supported the call for a Royal Commission, it was deemed to be more appropriate, and cost-effective, to have the province take up the matter. *Kelowna Courier*, October 15, 1956, p. 1.

⁴² MacPhee, p. 9.

⁴³ *Ibid.*, pp. 76-80, 776-778.

⁴⁴ Steacy, quoted in the *Proceeding of the Special Committee of the Senate on Land Use in Canada*, p. 399.

⁴⁵ *Ibid.*, p. 399.

was reversed, and the average size of farms increased, agriculture would remain a volatile sector of the economy, lurching from one crisis to another and leaning heavily on the provincial treasury for support. Since the Okanagan accounted for 25 percent of the province's farms⁴⁶ and the subdivision of holdings had been commonplace, determining what constituted an economic unit in the valley was key to changing these existing patterns of agricultural dependency.⁴⁷

As the Royal Commission commenced hearings throughout the valley, it became apparent that there was a wide-range of problems regarding the long-term viability of the orchard landscape. The 1949-50 and 1955 freezes had exposed the systemic, environmental disadvantages that an agricultural community, centered upon the small, individual producer, endured trying to grow fruit in the Okanagan. The larger orchards, those being over twenty acres, could better absorb the effects of frost damage by buttressing a grower's income through the continued production from healthy trees, thereby seeing the orchard through a replant. The grower on a smaller orchard, ten acres or less, was not as well placed to remove large, seven to eight acre tracts of damaged trees, as doing so would have a disproportionate impact on their income.⁴⁸ While the single desk was designed to ensure the viability of these small growers, any orchard operating on the output of damaged trees was an invitation for deteriorating returns – something a marketing system or the capability of the individual grower could not overcome. In the Salmon Arm area, the single-desk even served to push many of the

⁴⁶ *Ibid.*, p. 396.

⁴⁷ At the time of the Royal Commission, government policy was still very much directed to supporting the family farm. The purpose in defining an economic unit was simply to determine which orchards were commercially viable against those that fell into a category of "hobby farm." Once the size of an economic unit had been determined, the economics of marketing and distributing fruit could be addressed and policies formulated to ensure that marketing and distribution practices supported and encouraged full-time commercial operators.

⁴⁸ Mr. Coe to Dean MacPhee, *Proceedings of the Royal Commission on the Tree-Fruit Industry of British Columbia*, February 17, 1957, Box #7, File #17, pp. 67-69, PABC.

growers working smaller acreages out of tree fruit production altogether, as the economics of the business no longer warranted their continuance. With the damage that had occurred after the 1955 freeze, many of the orchards produced drastically reduced tonnage and lower-quality grades, which in turn pushed costs at the local packinghouse to as high as \$1.95 when a box of apples was selling for around \$2.00.⁴⁹ By 1958, the Salmon Arm Local of the BCFGGA had folded, storage plants in the area had been shut, and the Ministry of Agriculture was encouraging growers to move into mixed farming.⁵⁰ What had preceded in the Kootenays was now occurring to growers within the Okanagan, as the interplay between markets and the natural environment further eroded the boundaries of the orchard landscape, and the BCFGGA seemed incapable of stemming the loss of orchard land.

The other burden that had befallen the small-scale grower was mechanization. Beginning with the labour scarcities of the war years, and then the outflow of individuals to non-agricultural employment in the post-war era, growers had been forced to rely increasingly on machinery in order to operate. As a result, between 1934 and 1959, the number of farm tractors, province-wide, increased from 1,402 to 15,282, while farm trucks saw a similar increase from 3,947 to 11,758.⁵¹ For Okanagan growers, the complete outfit of a tractor, sprayer, cultivator and mower could cost between \$2,500 to \$6,000.⁵² This degree of mechanization was capable of tending an orchard in the fifty- to sixty-acre range, but for the operator of ten acres it was another added expense that could

⁴⁹ Gordon DesBrisay to Dean MacPhee, *Proceedings of the Royal Commission on the Tree-Fruit Industry of British Columbia*, March 13, 1958, Box #5, File #17, p. 3, PABC.

⁵⁰ *Ibid.*, p. 3. See also, Steacy, quoted in the *Proceeding of the Special Committee of the Senate on Land Use in Canada*, p. 369.

⁵¹ British Columbia, Ministry of Agriculture, Brief presented to the *Proceeding of the Special Committee of the Senate on Land Use in Canada*, 1959, p. 399.

⁵² Mr. Miller to Dean MacPhee, *Proceedings of the Royal Commission on the Tree-Fruit Industry of British Columbia*, March 13, 1958, Box #7, File #1, p. 4, PABC.

not be supported by the revenues from the land.⁵³ One obvious solution would have been to increase the size of the average orchard, but the advent of the Hope-Princeton highway had altered the dynamics of land valuation. When orchards had increased in value through the 1940s, it had been because fruit growing was seen to be a paying investment. With the economic turmoil of the 1950s, real-estate prices for orchard land should have reflected the uncertainty of the industry; but instead, land prices remained high as demand from non-agricultural interests sustained valuations in some areas. Growers on the smaller acreages could ill-afford to assume the risk of buying orchard land at inflated prices when there was slight possibility that they would receive the returns needed to repay any incurred debts and mortgages. Briefing notes kept by Dean MacPhee, concerning witnesses appearing before the Royal Commission offer a glimpse into the situation many growers found themselves in;

- G. Ricker, Winfield (6 acres) – “lack of capital ... chief reason for failing to better his position.”
- K. Pozniak, Eriksson (15 acres) – “purchased additional 5 acres of orchard in 1957.”
- E. Craigie, Eriksson (13 acres) – “sold 10 acres of orchard in 1957.”
- A. Gorak, Creston (4 acres) – “orchard subdivided for building lots in fall of 1957.”⁵⁴

Where the sale of orchard land in the 1940s had been a profitable exercise in its own right, by the late 1950s subdivision had become a way to cover losses incurred on the orchard. For smaller growers, limited in their options by a marketing system that could not restore any degree of marketing autonomy to the individual, the unregulated subdivision and sale of land prevented the whole industry from being thrown into crisis.

Despite the seemingly integral role that the orchard unit bore in relation to the operation of the single-desk, growers did not fully engage the issue during the

⁵³ Some of the local co-operative packinghouses attempted to set up an equipment pool of mowers, tree hole diggers, and cultivators that members could rent at reasonable rates. These pools, however, were limited to renting machinery that was not time-sensitive, or critical to the operation of an orchard. Each grower was, therefore, required to maintain their own tractors, sprayers, and other expensive machinery critical to the operation of an orchard.

investigation. Instead, they opted to use the occasion of the Royal Commission as a referendum on the record of the BCFGA and orderly marketing; had it achieved what it had been set-up to accomplish?⁵⁵ The Association, for its part, came to play an important role in the proceedings of the Royal Commission, although it, too, tended to avoid the question of what constituted an economic unit. Official transcripts of the commission show that the majority of the BCFGA's participation was confined to the area of marketing and distribution. Granted, this was inescapable due to the Association's direct control over BC Tree Fruits and the Fruit Board, and also as a response to growers who appeared before the commission and invariably raised questions surrounding marketing. MacPhee was to eventually find that 51 percent of orchards in the Valley consisted of 7.5 acres or less, and over 70 percent of growers were operating on 10 acres or less;⁵⁶ at the same time he concluded that an orchard of ten acres or less could not be considered an economic unit.⁵⁷ Debate amongst growers on these findings varied. Some disagreed, claiming that five acres could be an economical unit. Others even tried to argue that large acreages, over twenty acres, constituted a "nightmare" in terms of management for an individual grower.⁵⁸ For most, however, important issues remained marketing-based, such as the creation of a dissident organization, the Canadian Fruit Growers' Association;⁵⁹ or the intricacies of pooling practices at the different packinghouses. This detachment from the less obvious, but fundamental questions pertaining to orchard size

⁵⁴ *Proceedings of the Royal Commission on the Tree-Fruit Industry of British Columbia*, Box #18, File #7 - Box #19, File #8 - Box #19, File #11 - Box #19, File #12, PABC.

⁵⁵ *Minutes of the Meeting of the Executive of the British Columbia Fruit Growers' Association*, Dec. 12, 1956, PABC, (microfilm).

⁵⁶ A more precise breakdown of orchard size is as follows. In the Okanagan and Similkameen, of the fifty-one percent of operations under 7.5 acres, 658 orchards were under 2.5 acres, 741 orchards were in the 2.5-5 acre range, and 369 orchards were 5-7.5 acres. In the Kootenays, the figures were even worse as thirty-seven percent of growers were operating 3 acres or less, and only 11 percent were on 10 acres or more. MacPhee, p. 78.

⁵⁷ *Ibid.*, p. 78.

⁵⁸ Don Corbishley to Dean MacPhee, *Proceedings of the Royal Commission on the Tree-Fruit Industry of British Columbia*. February 16, 1957, Box 7, File #4, p. 194, PABC.

could be attributed to the policy consequences of the single-desk. Central selling, orderly marketing, and direct control over the Fruit Board and BC Tree Fruits had encouraged the creation of social and economic networks within the BCFGA and the orchard landscape that were invested in a specific farming model, regardless of its viability. The BCFGA's mandate under the Tree-Fruit Marketing Scheme had been to promote and protect, through marketing structures, the interest of the average grower at a time when thirty thousand people depended on the fruit industry for a livelihood.⁶⁰ This assumption of an identity between marketing structures and the preservation of a landscape dominated by small-scale orchard units obscured subsequent changes and pressures affecting the industry. It is not surprising, therefore, that growers felt compelled to blame any slide in their fortunes upon the marketing system when the greater challenge could be found in changing land-use patterns. These same growers operated their orchards, and determined what constituted an "economic unit," based upon their own experience and with the knowledge that the single-desk held a dominant position in the marketplace. For the BCFGA to tackle actively the issue of the uneconomical unit, the entire marketing structure would have had to been re-thought. BC Tree Fruits had been created to bring stability to the Okanagan's fragmented orchard landscape. Throughout the 1940s and 1950s, the ability of growers to unite their economic power within the institutional and corporate structures offered by the single-desk influenced many an individual to continue working, or freely subdivide their holdings. A change to either the status of BC Tree Fruits as the sole selling agency, or an official determination of what constituted a viable

⁵⁹ For more information on the Canadian Fruit Growers' Association, see; Christopher Garrish, "*We can't dispose of our crop in a democracy!* Okanagan Fruit Growers and Challenges to the Single-Desk Marketing System," <http://www.BCpl8s.ca/thesis/colloquium.html> (January 17, 2002).

⁶⁰ Margaret Ormsby, "A Study of the Okanagan Valley of British Columbia," Unpublished MA Thesis, University of British Columbia, April 1931, p. 101.

orchard size, by its very nature jeopardized the other. The upheaval that would have occurred within existing institutional structures, had the association engaged the issue of the uneconomical unit more strenuously, was a disincentive to action. All told, the BCFGAs were essentially locked-in to existing structures that saw issues of marketing dominate the agenda of the Association.⁶¹

Twenty years after the implementation of the single-desk, the orchard landscape had experienced the best and worst of times. While the 1940s were to be the most prosperous decade the industry would ever know, events after 1949 would begin to expose some of the systemic problems of erecting a fruit industry within the natural environment of the Okanagan. The most obvious of these events were the two freezes that descended upon the valley in the short span of five years. Together, the 1949-50 and 1955 freezes killed or damaged upwards of one million trees in the Valley, bringing many growers to the brink of financial collapse. The freezes were also significant in that they exposed the folly of subdividing orchards during the profitable years of the 1940s. Many growers who had thought they could live on reduced acreages, now discovered that these smaller holdings were a liability in an era of reduced returns and expensive orchard replants. As the valley conceded some of its isolation with the building of the Hope-Princeton highway, the arid climate of the Okanagan that had been so detrimental to the production of tree-fruits began to attract new forms of land-use. As growers discovered that they could not always afford to pay prevailing real estate prices to re-build their holdings, it would become an accepted practice to subdivide or completely sell out — and not always to agricultural interests. For the BCFGAs, which had become so welded to

⁶¹ Paul Pierson, "When Effect Becomes Cause: Policy Feedback and Political Change," *World Politics*, Volume 45, July 1993, p. 610.

the philosophy of orderly marketing over the prior two decades, the erosion of the orchard landscape was implicitly accepted. The growers' own marketing system had been shaped, in many ways, by the local environment of the Okanagan; founded as it was on centralization, it was incapable of offering autonomy to its members, or of making special exceptions for specific districts. The ability of growers to exit the industry easily, if not make a living at it, was integral to the continued maintenance of the single-desk. As with ranching before it, exit would become the fruit industry's act of accommodation with the natural environment. Entering the 1960s, however, increased urbanization within the valley would jeopardize the merits of continued subdivision and the unregulated sale of farmland.