

Conclusion

*The Valley has saddled the country with an immense surplus of fruit for which an outlet must be found, either at home or abroad. By whatever means this is done, it must be based on sound economic principles, which when put into practice will afford the grower a livelihood. Until that is done, the final installment of the history of the fruit industry in the Okanagan Valley can not be written.*¹

Margaret Ormsby
1935

The abandonment of the orderly marketing system marked the conclusion to a sad and divisive period in the history of the Okanagan fruit industry. Confronted by the fallout from successive freezes in the late 1960s, a significant number of growers once again became disillusioned with the marketing structures utilized to sell their fruit. The single-desk and orderly marketing system had, after all, been intended to buffer the average grower against the vicissitudes of the open market place, providing, in turn, the economic stability that a fragmented orchard landscape had never been capable of generating. This had been the motivating force behind the removal of individual rights from the marketing process in the 1920s and 1930s: the conviction that only through collective action could prosperity be achieved. Unfortunately, in periods of abnormal climactic conditions such as the events that occurred between 1949-55, this marketing system could, and did, break down, unable on occasion to return to producers even the minimum costs of production. The causal factors behind these failings could be traced directly back to the

¹ Margaret Ormsby, "Fruit Marketing in the Okanagan Valley of British Columbia," *Agricultural History*, Volume 9, No. 2,

development of a large-scale, intensive fruit-growing district in the Okanagan, and the question of whether such a project had been an ideal utilization of the land base. Both local boosters and the provincial government had attempted to supersede the limitations of the natural environment in erecting their respective orchard communities. Subsequently condemned to seek stability through local institutions and organizations extraneous of the orchard unit, growers ultimately resolved to pursue a form of mandatory central selling following a generation of financial bloodletting exacerbated by an uncoordinated, voluntary approach to marketing. Despite the indisputable successes of the single-desk and orderly marketing throughout the 1940s, they were only ever coping mechanisms: the tools needed to protect and further the interests of all growers in the production and marketing of their fruit in an inhospitable natural environment.

Unfortunately, active regulation of the market through these mechanisms did not allow growers to become masters of their surroundings. The single-desk simply moderated the advantages and disadvantages, created wholly by chance, between orchards in the marketing and production of fruit. Being a compromise solution itself, the social and economic networks that came to constitute the “industry” after 1939 were undoubtedly compelled to exercise flexibility on the issue of orchard utilization during periods of price volatility. Despite all the moves towards co-operation, it would be the orchard unit that remained under individual control throughout this period. An ironic anachronism to some,² the unencumbered right of

April 1935, p. 97.

² Colin Reeves asserts that in order for commercial orcharding to be economically viable in the Kelowna area, it was necessary to nullify the adverse affects of a dispersed marketing system. This was achieved through the creation of large co-operative

growers to dispose of their property in any manner they deemed appropriate came to be an integral component in the continued operation and acceptance of the single-desk. This was a dynamic shaped by a local environment in which any degree of autonomy returned to the individual in marketing would allow inequalities in location or production to once again be exploited to the detriment of the entire industry. If the single-desk and orderly marketing were to succeed as a mandatory, co-operative venture, no member could have a privilege such as selling to the market early or avoiding the collective costs of marketing. Confined to upholding a rigid and inflexible marketing structure and confronted by a natural landscape that made the consistent, year-over-year return of a basic level of income to growers increasingly difficult after 1949, the unencumbered sale of orchard land became a safety valve. The sale of orchards effectively deflected any serious criticisms or re-evaluations concerning the BCFGA's one-dimensional evolution.

The selling of orchard land effectively muted the appeal of reformers and dissidents seeking broad, wholesale changes to existing industry hierarchies in the 1950s and 1960s. The failure of dissidents to loosen the monopoly status of BC Tree Fruits, or of reformers to overthrow the incumbent leadership of the industry, must be weighed against the slow and steady erosion of the orchard landscape in this same period. The composition of the general grower body was one still dominated by individuals who could well remember the economic turmoil that had precipitated the collapse of the Associated Growers in 1923 and the dark days of the "cent-a-pound-

organizations. He then argues that it is ironic, if not surprising that Kelowna can only be understood as an extension of co-operative grower control over all aspects of the industry except the orchards themselves. See Colin Reeves, "The Establishment of the Kelowna Orchard Area: A Study of Accommodation to Site and Location," Unpublished MA Thesis, University of

or-on-the-ground” strike a decade later. Battling the Fruit Board for more autonomy was perceived by this generation as a zero-sum game, explaining the higher levels of support shown to the reformist Penticton Ginger Group versus the rebel Canadian Fruit Growers’ Association. The option of continuing to subdivide one’s holdings in order to stem the losses from the orchard operation remained a far more palatable option than illegal peddling, and one not initially at cross-purposes with the long-term viability of the fruit industry. These practices, however, would indeed soon become untenable, as the valley was subjected to a new dynamic in land-use trends: urbanization.

In a sense, the final report of the MacPhee Royal Commission released in 1958 marked a pivotal and final opportunity for the industry to attempt to reverse the course it had embarked upon. The Hope-Princeton Highway, connecting the important Oliver-Osoyoos fruit district with the large urban centers of the coast, had already been open for a decade and was slowly transforming traditional marketing channels to the detriment of BC Tree Fruits and the Fruit Board. With improved vehicle access came a new opportunity for growers fronting some of the valley’s busiest motorways to service the new traffic through roadside stands. While the penetration of these grower-owned outlets was limited, and their legality hotly contested in the 1950s, the completion of the Trans-Canada Highway was only a mere four years away. After 1962, the valley would be opened to all manner of vehicle traffic coming in from the Prairies, followed shortly thereafter by a new wave of economic growth and diversification. Meaningful engagement of MacPhee’s

findings on orchard size, economical units, and packinghouse amalgamation may have helped reverse the erosion of the orchard landscape that had already seen Salmon Arm and the Kootenays no longer producing commercially meaningful volumes of fruit. That the BCFGa (and, by extension all growers) allowed debate following MacPhee's findings to be polarized by dissidents seeking to overthrow the marketing system obscures the centrality of unfettered land-use decisions to the continued operation of the single-desk. The more apparent that the shortcomings of the marketing system became after 1958, the more growers looked towards their land holdings as retirement nest eggs. MacPhee's attempt, therefore, to define a minimum orchard size below which production would not be economically feasible threatened entrenched preconceptions within the industry. The BCFGa had been created to bring stability to the small-scale, family run orchard, and had presided over the unregulated subdivision of orchards throughout the 1940s and 1950s. Its democratic processes were dominated by growers operating on smaller acreages, growers who continued to believe that their orchards were viable, if for no other reason than to maintain the property value. The single-desk was an integral part of this system, and for the BCFGa to actively engage the issue of orchard size and land-use patterns would have likely precipitated a re-evaluation of the entire marketing structure. The larger, corporate orchards of Washington State operated their own packinghouses, marketing their fruit directly. If the Okanagan fruit industry was to move towards a similar model, then it stood to reason that the commitment to the single-desk and orderly marketing would need to be re-thought.

This inability to conduct a wider-ranging and more meaningful debate on the future of the industry had far-reaching consequences for the maintenance of central selling. The turmoil and uncertainty that accompanied the two freezes of the early 1950s provided a more conducive atmosphere for the re-emergence of a small but vocal minority of growers who had never been able to accept the more illiberal requirements of the single-desk. In the early history of the fruit industry this group had been composed of ardent individualists, growers who possessed practical experience marketing their produce and who preferred to rely upon their own initiative over any collective venture. Following the implementation of BC Tree Fruits as the sole selling agency, the composition of these dissidents had been changing. An influx of immigration during and after the war along with a general turnover in the overall demographic profile of growers combined to bring people into the valley who were unaware of the industry's history, and who had a hard time accepting the restrictions of central selling. Most of these new-generation dissidents had come to the Okanagan after 1940, and none had any practical experience marketing their own crop. Neither did these growers realize or accept that the prices they did receive from bootlegging fruit to the coast bore a direct correlation to the operation of the orderly marketing system – a mechanism they did not fully understand. Although they were relegated to the margins of the industry in the early 1960s, it was almost inevitable that, following the next short-term income crisis, there would be a return of dissent.

Aiding the dissidents' cause was the economic boom that had slowly started to reshape the face of the valley by the end of the 1960s. The Trans-Canada highway

was already transforming the Okanagan into a desirable summer tourist destination, stimulating the emergence of a service sector geared to the expanding tourist industry. Federally sponsored rural development programs designed to encourage industrial development and off-farm employment opportunities were also diversifying the valley's economy away from agriculture. In a narrow, mountain valley such as the Okanagan, the limited land base precipitated an intense competition for land, one in which producers were poorly positioned to compete. As growers struggled after consecutive freezes between 1965 and 1969, the temptation to sell into an inflated real-estate market being sustained by urban, residential demand proved too great. The industry's marketing structures had begun to falter following the 1965 freeze, eventually to fail in 1970 as cash transfers, expected by growers from the sales agency, never materialized at local packinghouses. An important means of exiting the industry following the '65 freeze, the continued sale of orchard land became crucial entering the new decade. Not surprisingly, dissidents re-emerged to exploit this grower unrest, but for two years their message remained relatively muted. Apart from a minor increase in the number of growers illegally bootlegging fruit to the coast, the unencumbered sale of orchard land was once again buttressing the continued operation of the single-desk.

The broader implications of urbanization were ultimately realized in 1972, when a newly elected provincial government began the process of instituting far-reaching restrictions on the conversion of farmland throughout British Columbia. This inhibited the sale of orchard land in the Okanagan, closing what had been a viable avenue of operation for many growers. The subsequent unrest amongst the

growers provided fertile ground for the dissidents to push for a relaxation of the rules surrounding the single-desk. As a result of its one-dimensional evolution, the BCFGA was poorly positioned to mount a convincing counter-campaign to these dissidents, especially when most growers were suffering financially due to successive frosts. The result was a usurpation of power by the provincial government through the *Land Commission Act*, which provided the government control over the disposition of land; and its companion piece of legislation the *Farm Income Assurance Act*, which provided growers with a guaranteed income. The only argument the association could make was that it had the rule of law on its side, but even this claim proved futile. Through reckless inaction and political calculation, the provincial government abandoned the Fruit Board in its enforcement of the *Natural Products Marketing Act*, denying the industry one of the structures it had operated on for over thirty years.

Following the defeat of the New Democratic Party government in 1975, the province's commitment to growers vis-à-vis subsidies and other economic transfers slowly receded. By the mid-1980s the provincial government began reducing coverage under the act, and in 1993 the subsidies were ended all together – prompting the BCFGA to call for the abolition of the Agricultural Land Reserve. Currently, any public assistance made available to growers is done without any requirement that eligibility be dependent on participation in the Association. This has resulted in a precipitous drop in membership: where there was once over three thousand growers belonging to the BCFGA, in 2001 that number was slightly more

than six hundred.³ The decline has been even more precipitous in the short-term as membership declined by two hundred between 1999 and 2000, and registered a 50 percent decline over the previous seven years.⁴ Orchard acreage has suffered a similar drop, decreasing from twenty-six thousand acres in 1993, to about nineteen thousand in 2000, of which BCFGA members only farm ten thousand acres.⁵

In the end, what conclusions are there to be drawn from the fate of the Okanagan fruit growers and their system of central selling and orderly marketing? It does remain somewhat ironic that these growers, as one of the first commodity groups in Canada to avail themselves of the marketing legislation introduced in the 1920s and 1930s, can now be looked upon as having provided an early roadmap to the challenges which other regulated agricultural industries now experience. The issue of excessive institutionalization or specialization of the marketing organization, along with an accompanying and persistent avoidance of broader issues that face producers, which weakened the BCFGA throughout the 1960s, is a charge that has routinely been made against the Canadian Wheat Board (CWB) in recent years.⁶ The CWB's ability to deal with "dissidents," and others opposed to its dominant position within the marketplace, may well depend on an avoidance of the organizational failure that beset the BCFGA. When further looking at events in the Okanagan, it is important to understand that urban development is not the only form of land-use change that can be detrimental to a marketing system. Changing land-use patterns

³ *Oliver Chronicle*, "Falling BCFGA membership reaching crisis point," January 31, 2000, http://www.oliverchronicle.com/2000_31.htm (January 22, 2002).

⁴ The 50 percent decline over seven years would be for the period 1993-2000. *Ibid.*

⁵ *Ibid.*

⁶ For more info on this topic please refer to Hartley Furtan and Andy Schmitz's *The Canadian Wheat Board: Marketing in the New Millennium* (2000).

and growing disparity among producers within an entirely rural setting can have the same impact, as was evident in Saskatchewan throughout the 1990s as the profitability of hog production spurred the creation of anomalous, large-scale, intensive hog operations. The marketing needs of these new operators were deemed to differ radically from those of more traditional, small-scale hog producers.⁷ As a result, the province's hog marketing system was dismantled in the late 1990s, and all Prairie hog producers now find themselves confronted with the same challenge of competing in an unregulated marketplace, for better or worse.

The final cautionary tale to be drawn from the fruit growers is the impact that a small but vocal minority of dissidents can have on the long-term success of a controlled marketing system. It can easily be argued that all marketing schemes are subject to this kind of pressure, but in a British Columbia context probably two of the more susceptible commodity groups are found in the Fraser Valley close to the large urban market of Vancouver and the many media outlets of the province. Every few years disgruntled producers can be relied upon to air their grievances concerning the marketing boards before the media, and occasionally a more organized opposition of dissidents will coalesce with the intent of doing away with all restrictions. Generally, debate is framed in the context of a monopolistic entity restricting access to a foodstuff to the detriment of the average consumer. Such a discourse, however, ignores the benefits of regulation including quality control, regional equity, and promoting a healthy domestic agricultural industry. Where such

⁷ Most of the hog output in Saskatchewan now comes from farms with over 4,000 animals, while only four percent of the pork originates on farms with less than 100 hogs – even though farms operating at this level account for over 2,000 producers. The potential markets for these diverse players differed substantially, and the single desk system was deemed incapable of meeting

collective benefits may be present, it is important that a minority of producers not drive the removal of a marketing scheme. The case of the land reserve in the 1970s suggests it may be particularly dangerous when agricultural policy is made abruptly by a government that is out of touch with agricultural or regional realities, and subject to pressure from a small but vocal group of producers.

The story of the BCFGA is important because it was one of the first mandated collective marketing schemes; but it is only a single case. It could be that the BCFGA's story was shaped by dynamics peculiar to its region, market, and membership. Only similar research on other cases of orderly marketing, sensitive to regional and environmental and other factors, could determine how widely the same considerations applied. This thesis is only a beginning. Too little research has been done on the processes of collective marketing and its breakdown into environmental or institutional relationships.

Over sixty-five years ago, the historian Margaret Ormsby, the child of a fruit grower herself, suggested that the final installment in the history of the Okanagan fruit industry would only be written with the institution of an equitable and economically sound marketing system. For thirty years, the single-desk and orderly marketing, the “product of so much blood, sweat, toil and tears” seemed to affirm her assertion.⁸ Growers had found a means in which to organize their industry, running it in a manner that tried to benefit everyone. But changes have indeed taken place, and

everyone's needs. Frontier Centre for Public Policy, “Saskatchewan Restructures Pork,” November 1997, http://www.fcpp.org/publications/policy_notes/new_economy/marketing_boards/nov1097.html (April 1, 2002).

⁸ Arthur Garrish, “The Demise of the Orderly Marketing System,” *Okanagan Historical Society*, 50th Report, 1986, pp. 60-61.

the final installment in the history of the fruit growers will most likely be one that few had ever predicted.