

Production Board offices and both forms will be supplied.

Form PD200 applies in case you want to build something greater than restrictions allow, such as farm buildings. This can now be approved in Atlanta without going to Washington.

Mr. Wilcox urged people to do everything possible to bring the war to a close as rapidly as possible. He said even though there were high ratings enabling growers to get parts and do some expanding, it

would help the war effort to leave this off unless absolutely essential.

A gentleman asked Mr. Wilcox what procedure should be followed under P140 on celery crates. They have an AA3 rating only until June 15. The stock is made in the summer and will be short next fall.

Mr. Wilcox advised that, if the rating assigned by P140 was not sufficient, a letter stating the facts should be directed to the address on the Order. This should be done as promptly as possible.

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## WAR FOOD ADMINISTRATION AND THE CITRUS INDUSTRY

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One thing we should have learned from the past is that we cannot see far into the future. Who among us in 1929-30, when both grapefruit and oranges were returning approximately \$1.75 per box on the tree, thought that by the 1932-33 season the price of grapefruit for fresh consumption would be \$0.42 per box and oranges only \$0.64 per box? And who in 1938-39, when grapefruit for fresh consumption returned \$0.30 per box, and for processing only \$0.16 per box, and oranges for fresh consumption only \$0.59 per box, thought that by May 1943 Florida grapefruit would be returning from \$1.45 to \$2.35 per box on the tree or that Florida oranges would be returning from \$2.25 to \$2.90 per box. In 1941, at Camp McQuarrie, when one speaker indicated that \$1.25 per box for grapefruit and \$1.75 per box for oranges might again come to pass, his forecast was

termed fantastic, unbelievable and impossible. In 1939 we were using all the forces at our command to raise the price of citrus fruit; today we are resorting to ceiling prices in our effort to avoid a runaway inflation.

**Programs of the Past:** Programs of the past have not always met with success, and, as we shall point out later, are not adapted for the present job. Nevertheless, we should profit by the experiences of those programs. The Florida Citrus Growers Clearing House Association attempted to advertise, regulate total shipments from the State, regulate shipments to auction markets, enforce grades and packs and fix minimum prices, with the shippers representing only 80 percent of the crop cooperating. Those who administered this program do not have to be told that the 20 percent minority nullified to a large extent the efforts of the 80

percent majority. The first marketing agreement, with 100 percent control, failed because too much was undertaken with too little experience. Later marketing agreements, supplemented by relief purchases and further supplemented by compulsory grading, and advertising, were partially successful. But, too often purchases for relief competed with non-relief sales so that the total demand was changed very little. Later, school lunch programs were developed. Oranges consumed at school did not compete with oranges in normal channels of trade. The stamp program, which was a subsidy to low-income consumers, was perhaps more desirable than relief purchases.

Programs for other commodities attempted to deal with the surplus problems in various ways. In the case of milk, two price systems were instituted in a number of cities; one price to medium- and high-income consumers and another price, somewhat lower, subsidized by the Government and producers, to low-income consumers. A two-price system for citrus was studied but never put into operation.

Loans were made on corn, cotton and wheat to prevent price declines. None of these programs dealt adequately with the surplus problem. These programs were all primarily for the benefit of the producer and attempted to remove surpluses and increase prices to producers. Volume, grade and size regulations were instituted to insure an orderly movement of the citrus crop to market in order that higher prices might be returned to the grower. The purchase of fruit for relief was done quite as much for the purpose of increasing prices to growers as for improving the diet of low-income consumers.

**Past Versus Present Conditions:** Today the problem is different from that of yesterday. Pearl Harbor wiped out the surpluses, and unprecedented consumer incomes have sent prices skyrocketing. It is somewhat ironical that the supply of citrus fruit is greater for the 1942-43 season than for any previous season and yet there is ac-

tually a scarcity. Some markets and some stores in other markets have been without fruit. For more than 3 months California oranges and for several weeks Florida oranges and grapefruit have been selling at ceiling prices. We may be confronted with the necessity of regulating shipments not to bring greater returns to growers, for fruit is already selling at ceiling prices, but for the benefit of consumers. Until the 1942-43 season, transportation facilities, containers and labor were adequate. Fruit could be supplied in any quantity at any time and in any type of container that the consumer demanded. Today, with shortage of tin, containers, labor and transportation facilities, the problem is different. In another season the question will be, not whether the consumer wants his citrus fruit fresh, canned, or in concentrated form, but, in view of transportation, material and labor shortages, what will be the most practical form for him to receive it.

Because of price ceilings, it may be desirable to divert shipments from one market to another, not for the purpose of getting a higher price but to relieve extreme shortages caused by ceilings. In addition to the difference as between surpluses and low prices of the past and the scarcity and high prices of the present, there is the more important difference of programs. In the past, efforts to improve the status of citrus growers were made largely without regard to other commodities or to consumer or industry needs. Today the solving of the problems of the citrus industry must be coincident with the solution not only of those of other food industries but of those of all industry and of transportation as well, in order that the war effort may be best served. Today we are at war, and the program of "every industry for itself and the the devil take the hindmost" has no place in our economy. Certainly we find ourselves in a new situation in which new techniques and programs must be developed in order to do the job properly. Already some progress has been made.

On December 5, 1942, by Executive Order (No. 9280), the Secretary of Agriculture was charged with the responsibility of obtaining an adequate supply and efficient distribution of food to meet war and essential civilian needs. Subsequent Executive Orders combined certain branches of the Department of Agriculture into the War Food Administration and placed in charge the War Food Administrator who is responsible only to the President.

**The Job of the War Food Administration:** The job of the War Food Administration is to get people fed as well and as equitably as possible with the supplies, equipment and manpower available. It consists of: First, getting food produced; second, utilization of food produced in the most efficient forms, i. e., fresh, canned, concentrated, dehydrated; and, third, distribution of the existing food supply between the military forces, Lend-Lease, conquered lands liberated, and civilians. But the job is complicated by the fact that the production of munitions, planes, ships and the maintenance of transportation facilities must be synchronized with feeding the people.

**The Production Job:** Nothing can be done now to increase citrus production through increasing acreage. The job is to get maximum production from existing acreage. Obviously, increased vegetable acreage is practical and one of the most effective ways of increasing production. With the shortage of materials, equipment and labor and of transportation facilities, it must be determined whether the application of materials, labor and equipment will contribute more to the Nation's food supply when used on citrus, or on beans, cabbage or potatoes. More fertilizer, equipment and labor applied to citrus means more citrus, but it may mean less beans and potatoes. Similarly, additional nitrogen may mean more beans and potatoes but less explosives; irrigation pipes may mean more citrus but less steel for ships. Always the problem is which is needed more — citrus or potatoes or beans or explosives or ships. The in-

genuity of the American people is a wonderful thing; it accounts for our war effort being as far along as it is, but our enthusiasm for doing the job has to be watched. The granting of priorities on an equitable and efficient basis is difficult. Not every person that applies for irrigation piping, fertilizer, canning facilities gets them. Perhaps mistakes have been and will continue to be made.

**Utilization of Food Produced in Most Efficient Form:** We had this season a crop of 88 million boxes of oranges, 47 million boxes of grapefruit and 14 million boxes of lemons. In view of the existing tin, container, transportation and labor shortage, the question is in what form should the crop be moved in order to contribute most to the war effort?

To insure adequate supplies of the canned citrus products for Government requirements, to conserve tin by requiring civilians to utilize most of these citrus fruits in fresh rather than canned form, and to insure supplies of canned grapefruit when the fresh fruit is not on the market, Food Distribution Order 3 was issued by the Director of Food Distribution.

Beginning with January 9, 1943, the production of all citrus juices, except concentrated grapefruit juice, is reserved for war requirements. Canned grapefruit juice was frozen at processor levels and later at distribution levels from January 6 to March 23. The freezing of canned grapefruit juice resulted in forcing consumers to use, during this period, only fresh grapefruit which was on the market in large quantities and in conserving the canned supply until the period of the year when less fresh grapefruit was available.

Notwithstanding the fact that the Government had constructed two concentrate plants in Florida, it was evident toward the middle of January that Government requirements of orange concentrates was not going to be met. Although the combined concentrate plant capacity was adequate to secure these supplies, the California plants were

not getting the fruit to operate plants in that State at full capacity. On January 20 Food Distribution Order No. 6.1 was issued requiring all handlers of oranges in Arizona, and California to set aside, for processors, a quantity of oranges equal to 20 percent of their weekly shipments. Government requirements for the fiscal year (July 1, 1942, to June 30, 1943), are approximately 3,000,000 gallons of orange concentrates, 700,000 gallons of lemon concentrates, and 120,000 gallons of grapefruit concentrates. To May 10, 1943, the Government had acquired 2,780,000 gallons of orange concentrates, 555,000 gallons of lemon concentrates and 93,157 gallons of grapefruit concentrates. There has been some complaint (not serious) from California growers that it was unfair to require a 20 percent set-aside for California growers and not make the same requirement of Florida growers. The answer, of course, is that since the concentrate plants in Florida were running at approximately full capacity, nothing would be gained by imposing such a regulation on the industry.

To insure further adequate supplies of canned citrus for Government requirements, all canners of fruit and fruit juices are required, under Food Distribution Order No. 22.2, to set aside for delivery for Government requirements, a quota equal to a certain percent of their 1941-42 pack. These quotas are 19 percent of grapefruit segments, 58 percent of grapefruit juice, 45 percent of Florida orange juice, 21 percent of orange juice in States other than Florida, and 100 percent of blended grapefruit and orange juice. The Government's requirements from the 1942-43 season's pack, of 6,750,000 cases (24's) of grapefruit juice, 885,668 cases of grapefruit segments, 1,668,842 cases of orange juice and 2,888,136 cases of blended orange and grapefruit juice are being purchased under Food Distribution Order No. 22.2.

Under another Food Distribution order, California Thompson Seedless, Muscat and Sultana grapes are required to be con-

verted to raisins. Many other similar Food Distribution orders are in operation.

Priorities have been granted for three dehydration plants in Florida — one at Zellwood, one at Wauchula, and one at Havana; the one at Zellwood is in operation and the other two will be in operation by late summer or early fall. Dehydration of cabbage, carrots, sweet potatoes and beets are contemplated. The combined capacity of the three plants is estimated at 3,200,000 pounds per year of finished products, or approximately 32,000,000 pounds of raw vegetables, equivalent to 800 carloads. Under Food Distribution Order No. 30, all dehydrated stocks and future production of 7 important vegetables throughout the United States is required to be set aside for Government requirements. The big advantage in dehydrated food is the saving in transportation, especially for foreign consumption. The total estimated Government requirements of 7 dehydrated vegetables for the 1943-44 fiscal year is 238,000,000 pounds, or an amount equivalent, in fresh form, in excess of 50,000 carloads. Since, on the average, one pound of dehydrated products equals 10 pounds in fresh form, the saving in transportation is tremendous. But, in addition to the saving in transportation, less container material, less refrigeration in transit and less storage space are required.

**Equitable and Efficient Distribution of Food:** When the available supply of food is insufficient to meet the needs of the military forces, Lend-Lease, the liberated conquered countries and of civilians, we are immediately confronted with price ceiling and rationing. Rationing and price ceilings are unpleasant — but are the lesser of two evils. Price ceilings fixed low enough to be effective eventually lead to rationing. Fixing of ceiling prices to the complete satisfaction of all parties affected is very difficult, if not impossible. Both the type — whether retail, f. o. b., or farm, or all three, together with middleman margins — and the level at which ceilings are to apply — whether at

or above parity, are involved in price ceiling regulations.

The Emergency Price Control Act as amended provides that the Secretary of Agriculture shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in intent or character since the base period as to result in a price out of line with parity prices for basic commodities. The comparable price for oranges is presumed to be a price that will maintain the orange industry on a basis comparable to that which the prices of the basic commodities maintain the basic commodity industries. The mathematics of computing price is not difficult, at least for a good statistician, but determining the period to be used in computing comparable price is difficult since it is largely a matter of judgment. Should the price of oranges bear the same relation to basic commodities for the period 1938-40, or for 1933-40, or 1929-40, or for any number of other periods.

The Secretary of Agriculture published on-tree comparable price for all United States oranges at \$1.77 per box as of October 1942. Ceiling prices may not be fixed at a level that will result in returns below the comparable price but may be fixed at any point above it. Many things should be considered in fixing the level of ceiling prices; first, if inflation is to be attacked on the basis of ceiling prices then the ceiling price should be one that will prevent inflation; second, it should be a price that will get the needed production, and, if possible, one that will not draw labor and materials from other crops or industries to an extent that the contribution to the entire war effort is reduced. Such situations as occurred at Hastings, Florida, this year should not be repeated. Ceiling prices for potatoes were fixed at \$3.10 per 100 pounds, loaded on the car. With a half crop, many growers are in the red this season. On the other hand, the ceiling price for cabbage was fix-

ed at approximately \$87.00 per ton, with returns from \$500 to \$1,000 per acre. Next year, farmers in the Hastings area will be reluctant to plant potatoes.

Present citrus ceilings are fixed at the f. o. b. level with percentage mark-up margins allowed for middlemen from the first terminal handler to the retailer, inclusive. This type of ceiling is hard to enforce because it needs enforcing at f. o. b., wholesale, jobber and retail levels. The consumer who is the most powerful enforcement factor, has no way of checking the price he pays against the ceiling price. It has the reputed advantage of preventing undue forcing of middlemen out of business. Ceiling prices only at retail level would be easier to enforce and would in all probability permit a larger part of the consumer dollar to be returned to the grower where it would be used to increase production. Price ceiling fixed only at the retail level would also permit the competitive system to function from the tree to the retailer. It is believed that more equitable returns between areas, varieties and individual brands would result with retail ceiling prices. While it is important to preserve as much as possible of the competitive system because it makes for efficiency and requires less effort to enforce, to have ceiling prices at the retail level only might result in poor distribution. The entire matter of ceiling prices is being studied. Some adjustments have been made, and it is probable that the other changes will be necessary. However, we want to point out again the difficulties involved in administering a regulated price economy to the complete satisfaction of all parties affected.

**The New Situation Calls for a New Program:** Programs adapted to conditions from 1933 to 1941 are wholly inadequate to cope with the present situation. Good results have been obtained from food distribution orders to date. However, most of the food distribution orders have dealt with rather simple problems in connection with processed foods.

Problems related to fruits and vegetables are more difficult to deal with when these products are in fresh form than in processed form. Certainly the potato problem has not been very satisfactorily handled. Many markets have been without potatoes and black markets are entirely too prevalent. The result is that labor is complaining because they can get no potatoes or because of black market prices, and farmers are complaining of receiving 3 cents per pound when the press reports that consumers in some cases are paying 10 to 15 cents per pound for black market potatoes. If it were not for regulation of shipment of California oranges under the Orange Marketing Order we should almost certainly have a situation in oranges before November similar to that which we are now experiencing with potatoes. Recently we have been consuming at ceiling prices more than 1,500,000 boxes of oranges per week. Because of other fresh fruits and vegetables coming on the market consumers are not expected to take at ceiling prices such large quantities of oranges. However, 1,300,000 boxes of oranges per week would exhaust the crop by September 10. This would leave a period of 2 months with but few oranges. When oranges are selling at ceiling prices, there is no incentive for growers to stretch shipments. The risk of holding oranges and the burden of fruit on the trees are incentives for growers to move the crop as fast as labor and packing facilities will permit. The present California-Arizona Orange Marketing Order provides for volume prorated. This order, if continued, will deal satisfactorily with the seasonal movement of oranges from these States. But, it will not in its present form deal adequately with the distribution of oranges to certain designated markets should the occasion call for it. The present Florida Marketing Agreement Order is neither adequate to deal with the seasonal nor place movement. It may be desirable to issue a Food Distribution Order similar to the Marketing Agreement Order but with the necessary supplementary provision to ac-

complish the desired ends. Such an order would certainly provide for industry participation.

The container situation is not good. In the overall picture, neither the production of veneer or box lumber is keeping up with requirements for either or the rate of production of last year. There is little to lead us to believe that conditions will improve.

The re-use of such containers as Bruce boxes, Howard crates, baskets and hampers will have to be an important factor next fall and winter. Some reports regarding arrivals of these used containers in the terminal markets have not been encouraging. Two factors are responsible for the unsatisfactory condition of the containers: (1) The fact that a weak container was purchased in the first place. (2) The fact that it was not carefully handled at shipping point during setting up, packing and loading. The Package Research Laboratory tells us that they have men in Florida doing educational work with shippers on methods of handling these second-hand wire-bound boxes. The Office of Price Administration is licensing second-hand package-dealers and setting up definitions as to what constitutes a usable container. Both of these factors should greatly improve the condition on arrival of fruit in wire-bound boxes.

Plans are under way for assistance to the citrus industry to secure field boxes. The present priority rating on lumber for citrus boxes is AA-4, which is too low to secure cypress for these boxes. The Lumber and Container Divisions of the War Production Board have agreed to consider applications for a higher rating if filed by crate manufacturers together with evidence that the number, for which the priority is requested, is actually needed by the customers of the mill. These applications should be filed immediately. The Lumber Division of the Office of Price Administration also agreed to review statements showing increases in actual costs of manufacturers with a view to revising the present price schedule on field boxes.

In addition to the regulation of crop movement in the interest of consumers and the container problem, there are many other situations that may develop in which the industry will have to give assistance. Transportation problems may become so acute that it will be impossible to move all the fruit to market in fresh form. It is conceivable that labor in an area, even when supplemented by labor moved in by the Government will not always be adequate to harvest crops immediately. It may become necessary to lower grades in order to permit the shipment of culls, if wholesome, to market. Changes in packing methods to conserve labor, containers, and transportation or to eliminate frills may be desirable. Limitation of daily shipment, in order to employ labor efficiently, to conserve transportation or even existing supplies over the normal marketing period, may be necessary. If such situations should develop, and some of them are sure to do so, we are not in a position at present to handle them. We do not have the personnel in Washington to do the job without the assistance of the industry. Perhaps the solution would be an industry committee supplemented by a Government employee as chairman. If properly advised as to the need, and with assistance in administration, we may be able to develop a food order that will deal efficiently with these problems.

At this point we should like to refer to our opening sentence — One thing we should have learned from the past is that we cannot see far into the future. No industry knows today what will be expected or even demanded of it another season. An alert industry committee, however, would be in a better position than anyone else to make recommendations as to the

type of food order needed, and to assist in the equitable and efficient administration of such an order. Already in some of the terminal markets industry committees have been set up for advisory purposes. In Cincinnati the committee is giving attention to the rationing of supplies that arrive in quantities inadequate to meet the needs of all parties. This committee is studying the problem of forcing dealers to pay high prices for commodities that are plentiful in order to get commodities that are scarce at ceiling levels. Committees in our opinion should be composed both of growers and dealers organized on a commodity basis in the case of citrus, and perhaps of several related commodities in the case of vegetables. The committee should be small but large enough to allow for commodity and area representation. In the case of commodities having marketing agreements in effect, the committees now functioning might be used. Their experience with the industry would be an advantage. Only a few commodities have marketing agreement committees; most commodities have no official industry committee. How much of a job the committee would have to do will depend on the problems that arise in the industry and how vigorously the problems are attacked.

While it may not be desirable to take action immediately on this matter of industry committees, we are sure that the substitution of the "Buy a Bomber Campaign" for the Florida Orange Festival reflects the spirit of the Florida citrus industry in the war against the Axis. That the Florida citrus industry, as well as all Florida farm people, will not only assume responsibility for their part of the load but that they will point the way to the solution of many problems, is not questioned.