Marketing Ontario's Fruits

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by

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Preface

This thesis is devoted in the main to a study of the major problems met in marketing Ontario's fruits. Niagara, being the most important soft-fruit producing area in Ontario is treated at some length. Emphasis is placed on the marketing of peaches, the most important fruit produced in that area.

The purpose of the work is to suggest a solution to the regrettable lack of organized marketing in the fruit industry of the Niagara Peninsula. Tardy development of a satisfactory marketing system has been a great stumbling-block to a welfare of the fruit-producers and to the expansion of the industry.

It would give the writer great pleasure to see this long-needed improvement take place. Any small aid which may be obtained from this work in attaining the same will be full justification for the time spent thereon.
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General Survey of the Native Fruits of Canada

Throughout the length and breadth of Canada fruits of various kinds abound. The Canadian climate and soil are eminently suited to their growth. Before the white man came to drive the Indian from his home wild strawberries covered the sunny glades within the woods. In winter their tender roots nestled beneath the warming body of the deep heavy snow and were secure from the killing frost. Even long leagues to the north we find myriads of these little tender fruit plants. In the spring the melting snow steeps the ground with moisture and the plant emerges to flourish under a kindly Canadian sun. As soon as the frost leaves the ground the blossoms appear and the first fruit of the year is on its way, coming to freshen the blood and to inspire with new life the birds, animals, and now the human race. What is true of the strawberry is true of many other fruits - the wild raspberry, both red and black, grow from one border of Canada to the other packing the ravines with luscious fruit.

There are however some fruits that are not to be found in every part of Canada. These are the tree-type fruits. These fruits, unprotected from the biting winds and the bitter cold of the rigorous Canadian winter by the snow covering the berry, find
it impossible in the most severe areas to stand the scourging blasts of winter. They are to be found in the southern parts of the Maritimes, Quebec, Ontario, and British Columbia. There, the nearness to the seas or to the Great Lakes moderates the climate to a great degree and the young seedling is able to mature into a tree and thus to parenthood and fruit. These fruits are the wild apple, the wild plum, the wild grape, etc., and though unfit for human consumption in their wild state betoken the suitability of the surrounding environment and point the way to their later domestic perfection into beautiful, sugared, satisfying fruit.

Throughout western Canada in the absence of tree fruits due to the intense cold we have myriads of wild berries or bush fruits growing. The chief of these are loganberries, buffalo berries, and saskatoons. Birds, beasts, and men have for ages picked this wild bounty of nature to their mutual comfort and benefit. These fruits have not developed commercially but still provide hundreds of housewives throughout the bald, dry, prairies with a welcome change from the stolid, monotonous fare of cereal and flesh. They form the only source of native fruit where an excellent cereal producing land cannot produce soft fruits due to its rigorous climate.
As we approach the cold regions of northern Ontario and Quebec we have an analogous figure and the tree gives way to the stunted growth of scrub and bush - the wild apple, plum and grape give way to the creeping blue-berry bushes. These bushes by their lowliness and proximity to the earth best their towering cousins in the struggle for life during the killing winter and awake in the spring to provide bird and beast with succulent, juicy fruit.

This is roughly a picture of the natural state of Canada's fruits before the advent of the white race. The white man in his bid for progressive expansion settled along the shores of Eastern Canada and began to wrest food from the Canadian soil. It was not long before thoughtful souls began to experiment with domesticated fruit from Europe where an earlier civilization had by trial and error succeeded in improving upon the wild product. Thus the domesticated apple found its way into American life where it was to flourish and expand until the apple production problem is of prime importance in the economy of the Canadian world.

The fruit tree accompanied the European to Lower Canada and in turn to upper Canada. Various places became the home of the domestic apple tree followed by the plum, the cherry, and the pear. In the most
northerly parts of Upper Canada it became apparent that these tree fruits would not stand the severe winter, but that the apple could be produced beyond the settlers' wildest dreams in most of southern Ontario. Similarly the pear, the plum, and cherry could be produced in most of Southern Ontario where the soil was rich and of a sufficient depth and drainage. The strawberry, and bush-berries grow anywhere in Ontario where soil, moisture, and drainage conditions are suitable. Thus we have a new addition to the family diet of the early settlers, a welcome commodity and one to become of paramount importance in the economy of the new nation.

Population spread to the prairies and domestic fruit trees were planted there. But conditions were found unfavourable and western Canadians were reduced to growing cereals and raising cereal eating animals. Specialization and division of labour were thrust upon Canadian settlers. They turned to the production of wheat and flesh. If they wished fruit they would have to exchange their produce for the little fruit they could get from the areas more particularly suited to their production. This lack of fruit in the western diet was both apparent and regretted and continues even to the present day.

In the earlier days of settlement fruit in eastern Canada was sketchy and produced in small quantities.
In the areas where it could be produced a few house-
holders had an apple tree or two doing indifferently
well.

As it became apparent that domesticated bush,
plant, and tree-fruits flourished in certain particular
parts of eastern Canada far-sighted settlers began
to realize the benefits of specialization and exchange.
More trees were planted in these areas and fruit
exchanged in a steadily increasing manner for other
commodities from those areas where fruit could not
be easily grown. Hence the cycle ran on, localities
experimented and found it impossible or uneconomic
to produce domesticated fruits in their areas. The fruit
did indifferently well and the production of other
commodities for which that particular locality was
suitable brought more goods in exchange than the
little fruit of a poor quality which they could produce.

In other localities however, various fruits
flourished. It took years of trial and error to find
out the most suitable localities for certain fruits
but many hands in the natural quest for food soon
supplied the answer. As transportation facilities
increased, fruit could be exchanged for things from other
localities and both could be, buyer and seller, enriched
by the process.
Fruit-growing became a new industry in suitable areas. With the growth of population these particular areas became more thickly populated and people found it expedient to exploit their climatic advantages. They found a ready market for their produce in their neighbours and these areas became more and more specialized. As transportation facilities advanced they began to look for wider markets and greater expansion of production. Soon the Annapolis Valley in Nova Scotia, the Niagara Peninsula in Southern Ontario, and later the Okanagan District of British Columbia became world-famous. These areas advanced with the development of their provinces and the consequent transition and specialization was long and gradual in the light of years but was very speedy and unique in the light of centuries and trends. It was early found that the apple, a hardy fruit, was that most suited to Nova Scotia — first apple in 1635. The industry developed rapidly in the Annapolis Valley and the first experimental shipments of apples were made in 1861. It is said that up to that date the annual production of apples by Nova Scotia rarely exceeded 100,000 barrels; but after that date there was a pronounced increase in acreage and production, which reached 1,000,000 barrels in 1909, and 1,900,000 barrels in 1911. Further high records were made in
1919 with over 2,000,000 barrels, and in 1922 when 1,891,850 barrels were packed and sold from the Annapolis Valley and adjacent district. In British Columbia commercial fruit-growing is of comparatively recent origin but progress has been very rapid during the last ten years. The first apple trees were planted about 1850 but not until the completion of the Canadian Pacific Railway in 1886 were there many fruit trees planted for commercial purposes. In 1891 the area under all kinds of fruit in British Columbia was 6500 acres; by 1921 this area had expanded to 43,569 acres.

In Ontario where the commercial production of all descriptions of fruit has reached its highest development apples have been grown from the middle of the 18th century, but commercial orcharding has developed only during the past 75 years and was only possible when the building of railways permitted trees and fruits to be rapidly transported.

In 1925 the total value of Canadian fruit was $21,588,620 comprising apples - $16,024,165; pears - $332,735; plums and prunes - $154,228; peaches - $547,772; cherries - $409,210; strawberries - $1,460,650; raspberries - $105,840; other berries - $554,000; and grapes - $1,680,000.

In 1941 the total estimated value of Commercial
Fruit Production in Canada was $18,736,200; comprising - apples - $9,215,100; pears - $809,600; plums and prunes - $501,500; peaches - $1,689,200; grapes - $1,929,000; cherries - $1,005,500; strawberries - $1,927,200; raspberries - $1,152,800; loganberries - $93,200; apricots - $163,100.
CHAPTER II
Soft Fruit Production In Niagara

The Niagara Peninsula in the period of early settlement became the home of the United Empire Loyalists migrating from the wars to the south of us. These people came into forests heavily wooded with both hard and soft-wood trees, firm in the intention of making an honest living from a goodly land. They cleared the land and in their labours killed numerous wild apple, cherry, and plum trees and the clinging wild grape. Resourceful people, they gathered the berries and drew what little benefit they could from the wild tree-fruits; these were unsatisfactory judged on the basis of our modern production, but provided an excellent change in the diet of hard working people.

This presence of the wild tree made it quite apparent how suitable the district must be for domesticated fruit and we can readily picture an enterprising soul making his first attempt to grow domesticated fruit as he had known it in United States, or in England. There is a record in the annals of the modern Fruit Growers Association of Ontario that 'About 1796, one John Smith sold Johnathan Woolerton 200 acres of land for £40 York Currency and the said Smith gave five natural apple trees to bind the bargain'. This is the first mention we have of fruit growing
in this area. How much emphasis was placed on the new fruit production can be seen in that there was made special mention of five natural trees. What a prize and how welcome to man in his quest for new production must they have been.

A new industry was becoming established, gradually at first; but the country was large, transportation and communication limited. These indispensable aids to industrial progression being absent, isolated areas had to make their own discoveries and few people betoken few discoveries. One could only build on the experience of another.

More fruit was cherished for home consumption. Each individual family was practically a self-contained unit in those days. Division of labour and high specialization had not as yet touched these settlers. Each produced what he himself needed. As population increased in the area odd families planted an extra tree or two and exchanged the surplus produce for the services of the merchant, the smith, or the wheelwright in the village.

With more attention being paid to the new means of income it was found that this particular area would produce other fruits. We have a record that on March 29th 1850 one James Durham or Dunham planted peach trees to replace an orchard of 500 trees planted
by his father about 1814. This soon we see the advent of Niagara's place of importance among fruit-producing areas and also the advent of the peach-growing industry, the most important fruit in the Niagara area today.

The industry grew apace bringing with it many problems. At first small surplus could be readily sold to the neighbours or taken to the neighbouring villages and towns, like Hamilton. It is said that in 1820 Dennis Woolverton sold peaches on the Hamilton market from his farm at Grimsby. This a distance of perhaps fifteen miles and could be readily travelled in two or three hours. The small supplies of fruit could be picked one day, sold and consumed the next with no great problems of transporting or marketing themselves.

The Niagara Peninsula, sheltered on the north by Lake Ontario, on the south and east by the Niagara Escarpment and Lake Erie, was seen to possess great advantages in fruit-production. The absence of late spring frosts, moderate winters and sufficient rainfall made possible the advantages peculiar to production and trade in these fruits.

Under such conditions the production of fruits well suited to this area increased and commercial orchards of apples, peaches, plums, pears and cherries were planted. With the advent of commercial orcharding

1. 50 Years—Highlights of History—Fruit-Growers Assoc., p.1
2. Ibid., p.1.
and high specialization the industry soon produced a greater supply than the market within the area would absorb at the old prices favourable to the grower. Farmers, hitherto content to grow cereals and raise stock, became obsessed with apparent profits made by those neighbours growing fruit. As speedily as possible they planted orchards on their own land but of course these orchards took considerable time to grow. Meanwhile population and communication increased and the market demand and prices offered for rose. The same thing caused many more farmers to plant young orchards. When these came into bearing at the end of a planting era invariably production caught up with and even surpassed local demand. This, of course, caused competition between the now increasing number of sellers, each competing against the other for the markets at hand. Especially was this more true since transportation was poor and the physical qualities of fruit did not permit marketing in outside areas.

In the early days then we can readily see how fruit specialization was considerably hampered in its progress by various factors. The local market was easily supplied and glutted. The price would fall due to the oversupply and orchards, now not paying better dividends than fields left in wheat, would be
allowed to grow old, decay and die. The peach tree
is not long lived and many orchards in the olden days,
due to this cycle occasioned by local marketing, were
not replaced. Many fruits, excluding apples, will
not carry long distances nor remain in a state of
preservation for more than a very few days.

If it had been possible for peaches to be shipped
to other areas in Canada in the early days it is very
likely that the peninsula would have developed and the
industry would have assumed greater proportions much
earlier than it actually did. Peaches could not be
taken by cart over rough roads for long distances.
They would not have arrived at their destination in a
condition that would induce people in these outside
areas to give the producer a return commensurate with
his losses accruing from specialization in their
production. Wheat, live-stock, other grains, and
vegetables, having this quality of preservation lacking
in the soft fruits, could be kept for days, weeks,
or months until it became convenient to take them
to the outside markets and sell them.

Then too the soft fruits, peaches, pears, plums,
and cherries, arrived at a time when farmers could
not take time off from other products to market small
quantities. They were content to take advantage
of the readily accessible, limited market at hand,
for the production of that amount which would, through the law of demand and supply, yield an income equal to that gained by a like amount of labour, land, and capital expended in the production of other commodities.
CHAPTER III
Rise of Modern Marketing Problems

In the foregoing chapter we have gained some insight into the initial stages of soft-fruit production in the Niagara Peninsula—arising from that study we see our modern picture emerging. We see some of the problems of the fruit industry in Canada facing us and see problems that we must answer to get a greater production of fruit and a better distribution.

In the earlier days we saw that fruit-growing followed a cycle as it were, with the production of fruit assuming a variable rôle dependent on many independent factors. We see the early cycle of fruit-planting due to high prices in local markets, of rising prices due to time taken for maturing trees to a bearing age, and then the influx of fruit glutting the prevailing local market demand and the subsequent fall in prices. This was followed by an income below cost of production, below income from a like amount of land, labour, and capital ensuing from other industries and other production. The orchards die out, and are not replaced, local prices arise, new planting is done. This cycle continues as long as dependence is upon local markets. Formerly, this dependence upon local markets was caused by lack of speedy transportation, making impossible the moving of highly
perishable products.

As transportation became more speedy and extensive, the marketing widened and soft fruits could be sent longer distances to fringe markets hitherto untouched. This occasioned another fruit producing cycle in those few areas having the conditions necessary for soft-fruit production. Farmers saw profits being gained from selling to these fringe markets by these steady producers; the old stand-bys, and saw the home market relieved from the surplus of former years. The supply in the new fringe markets being of course as yet very small, due to physical limitations of production and of transportation, demanded and obtained a fairly high price. Supplies of fruit were shifted from the old local markets to the new fringe markets, and the old market being relieved, the demand there remaining the same and supply becoming smaller, the price also arose. All this induced optimism, great new plantings with a greater number of farmers entering the industry and an increase of production by those already engaged. Soon the new production of soft-fruits will outrun demand and small returns per unit be realized.

Thus we see the picture evolve. Production of soft-fruits has been in the past greatly hampered by certain physical limitations emerging from the
foregoing picture. Soft-fruits not standing rough long transportation, due to their propensity to rot and decay within a few days of maturity, must depend directly on speedy transportation facilities; and until the Niagara district became or does become extensively and completely exploited by soft-fruit producers the production of soft-fruits has and will depend on advances in transportation.

This of course assumed that the Niagara Peninsula, the greatest producer of soft-fruits in Canada, had always a sufficient market for her fresh-fruits to realize a return commensurate with other commodities that could be produced in that area. In other words we assume that Niagara production fell far short of Niagara local demand and the potential demand for Niagara produce in outside areas. This in the past has been largely true. It is inconceivable that the small production of soft-fruits in Niagara and two or three other limited areas in Ontario could not have easily been absorbed at a reasonable price by the population of Ontario if this demand could have been realized. The potential demand must have exceeded production. Fruit had to be offered at the price it would bring in the markets available. This led to gluts, small returns to producers and an unsatisfied demand for the fruit diet in less fortunate parts.
of Ontario and Canada where soft-fruits could not be produced due to lack of suitable climatic, topographical and soil conditions.

As transportation improved further markets were opened, but we still have local markets receiving fruit at a much reduced price relative to that paid in even available distant markets. We also have a condition, incident in the situation itself, of an over supply of fresh-fruits on the local market and a relative undersupply of fresh-fruits on even the available distant market. This was partly caused by specialization in fruit-growing not going far enough. The farmer not specializing commercially in fruit alone, found it inconvenient to leave his home at the summer season of ripening to learn and exploit the distant available market. He was content to get what he could at home. His job was that of production. In all too many cases he did not know where he could get better prices or if he did, he didn't think he should leave production to market his produce. The grower did not in most cases do a good job of marketing his soft-fruits. When the day of specialization came, due to an increase of transportation and communication facilities, only a few adventurous souls in the community, marketed on the fringe.
As the industry increased due to a widening market and also to improvement in cultural practices we have greater specialization taking place. Now men devoted themselves, their capital, and land to producing huge quantities. Cultural practices kept pace and the grower soon appointed some one to market his produce. Either this, or some grower in the community having a bent for marketing, found he could make a profit by exploiting the greater demand in outside markets. He found he could buy fruit from his neighbour at relatively low prices due to over-supply on local markets occasioned by indifferent selling practices. He could sell this fruit at a high figure accruing from unsatisfied and hence greater demand in fringe markets. He became what is known as a fruit-shipper. We have now a new situation in which the grower suffers from his own indifference to or inability to market his own produce. The grower occasioned a low price at home, neglected a high price at more distant points, and received a smaller return than he might otherwise have received.

Transportation facilities kept increasing and new markets opened but the grower all along the line has only gained from new markets, because it has made possible greater output, greater physical supply. The new markets did not increase his price or profit.
per unit due to this inability or indifference to marketing his own product. If he had marketed it, greater returns per unit, from exploitation of fringe markets and increased demand would have occasioned increased production and greater profits than growers have obtained. The answer to the problem was quite obvious but the grower, steeped in that soothing balm of sunshine and superific air, was content to get by. In a sense this caused a great deal of delay and under-expansion of the fruit industry, a greater loss of potential wealth to the Niagara Peninsula and the loss of life-invigorating, health-giving, fruit products to the diet of the less fortunate people in the outside world.

The same sort of problems, factors, limitations and annoying practices were extant throughout the growth of the industry and still exist to-day. Growers are still hampered by physical limitations over which they have no control. These limitations are chiefly:

(a) Transportation facilities limit quite arbitrarily the location, and extent of potential markets. If transportation does not exist in marketing areas demand is unsatisfied, the industry held down and its efforts to expand frustrated.

(b) The physical limitation incident to the nature of soft-fruits causes lack of exploitation of markets,
lack of commensurate returns to the producer, and hence the limitation of the growth of the industry and satisfaction of potential demand. This physical limitation is bound up with advances in transportation.

(c) Indifference on the part of the grower where marketing his produce is concerned leads to:

1. Glutting of local markets with fresh fruit.
2. Unsatisfied potential foreign demand.
3. Smaller returns than might otherwise accrue.
4. Limitations to the industry, etc.

(d) This indifference or lack of ability to sell his own crops leads to middle men exploiting the producer and selling to the fringe markets. This leads in turn to:

1. Lack of development in the industry.
2. Higher prices to the consumer.
3. Lower returns to the grower.
4. Lack of control of markets by the grower.
5. Lack of understanding between grower and consumer.

(e) Over-production in local areas and under-consumption in foreign areas are all occasioned by the foregoing circumstances.

(f) Cultural problems involved in the production of commodities best suited to the tastes of the
consumers.

(g) Lack of sympathy between grower and consumer
    leading to:

(1) Dissatisfaction due to unsatisfied demand.
(2) Poor shipping facilities and practices.
(3) Consignments to wrong areas.
(4) Mistaken cultural practices from stand-point of market.
CHAPTER IV
Supposed Over-production not the Answer to
Small Returns and Lack of Progress

In spite of the difficulties presented in the
last chapter development in the Niagara Peninsula
progressed. Specialization in peaches took predominance
over other fruits. The Niagara Peninsula is by far
the greatest peach-producing area both in Ontario
and in the whole of Canada. The following table will
show this very clearly.

Production of Peaches in Bushels

<table>
<thead>
<tr>
<th></th>
<th>1940</th>
<th>1941</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole of Ontario</td>
<td>585,000</td>
<td>700,000</td>
</tr>
<tr>
<td>Niagara</td>
<td>443,000</td>
<td>494,800</td>
</tr>
<tr>
<td>Acres of Peaches Niagara</td>
<td>14,000</td>
<td>14,500</td>
</tr>
<tr>
<td>Whole of Ontario, acres</td>
<td>15,710</td>
<td>16,435</td>
</tr>
<tr>
<td>British Columbia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Okanagan, acres</td>
<td></td>
<td>1,829</td>
</tr>
</tbody>
</table>

In spite of this production, large as it may
seem, it is inconceivable that such a small area
should be faced with a situation of limited demand
and low prices such as have been the case for a great
number of years. This is all the more strange when
we consider that Ontario has a virtual monopoly of
peach-production in Canada. Surely Canada with her
12,000,000 people and her good standing as a trader
and producer of raw materials in the eyes of the world can sell these comparatively few bushels of peaches to greater advantage than has been formerly the case. It is inconceivable that the peach producers of Ontario and Niagara Peninsula should sell some part of their peach crop for such a small figure as they do or should be forced to waste so much of this splendid fruit. It does not take a great deal of imagination to envisage Canada’s population consuming the whole of Canada’s production of soft-fruits. Such a consumption would only entail but a fraction of a pound per capita. Suppose we take Ontario’s production of peaches for 1941, which was approximately 700,000 bushels or roughly (taking 50 pounds as a bushel) 35,000,000 pounds, and distribute them over a population of approximately 12,000,000. This would give a consumption rate for Ontario peaches of only 3 pounds per capita.

When we consider that Canada exports canned peaches to Great Britain etc. and that much of this export production comes from Ontario, wherein lies our difficulty in disposing of our fruit at a much higher figure and with much less trouble than is now encountered? Why should not those few pounds per capita be snapped up by the people of Canada immediately and at a return to the grower which will allow him to
plant more and more peaches. For years many of the peach-growers of Niagara have been forced from their farms because they could not operate and cover costs of production. Only those hardy souls willing to subsist at a low level of living or those having a store of permanent fixed assets built up over long former years of saving have been able to carry on. It is true that some fruit growers do very well. That is chiefly because mass production has made an even small return per unit sufficient to maintain them. These, however, are in the minority and it seems to be a pertinent question to ask why such a specialized, limited industry could not support a farmer on let us say ten acres of orchard? That is about all one man and his family can handle without a great deal of outside help. The average production of peaches per acre last year in Ontario was approximately 42.7 bushels, 427 bushels of peaches from a ten acre orchard take a lot of labor and care to produce. These production figures do not contain the enormous waste each year entailed in growing first-grade marketable fruit. Yet the producer has not, for many years, been able to make ends meet. Of course the objection will be raised that depression years have made it difficult for practically any class of society to progress. But, it is evident
that during the depression certain monopolistic enterprises flourished, and this in spite of the fact the monopoly was neither inflicted by physical immutable laws of nature; nor was the product produced one of such prime importance to men as the kindly fruits of the earth. Suppose we were to say three dollars a bushel to the grower, a fair price for peaches. This would give a price of six cents per pound, or in terms of per capita consumption amount to about eighteen cents per consumer to the grower per annum. Is it such a stretch of the imagination to maintain this, let us say fair return (for it is a much better price than the grower has seen for many years), is impossible in the peach-growing industry? Do not let us forget also that the export trade taking much of our Ontario fruit crop diminishes Canadian consumption of Ontario peaches and cuts the required 18¢ per annum greatly.

Of course there are many factors that have a great influence on the price obtained for peaches; but many of these factors can be controlled and many others remedied. Fruit-growers throughout the district labour to grow first-class fruit, succeed in doing so and then feel dissatisfied that prices are not sufficient. The district is full of talk of over-production, gluts and all that sort of thing. In other words the people
of Niagara have lain down on the job. They have not seen that there can be no over-production of peaches in Canada. They haven't even learned how many peaches are produced in Canada. They don't know how many people in Canada are receiving peaches, nor how many more people of Canada want them but are unable to buy them on their local markets. They don't know how much competition they face from outside areas and foreign imports, what class of product they compete against, nor how to combat this competition. Farmers in this area have hazy ideas, figments of their own imagination, that their markets in Western Canada are exploited and curtailed by the competition from British Columbia. They don't know what an enormous production of peaches they have in comparison, nor that British Columbia could not hope to supply Western Canada with even an infinitesimal part of the potential demand of prairie dwellers for fruits they cannot grow. If the growers would but get it to them there is untold demand for fresh fruit throughout Canada. It is inconceivable that this fruit cannot be got to them in some form or another (we must not forget it only takes a consumption of 3 lbs. of peaches a year to market all Ontario production in Canada alone) We cannot say that the people of Canada have been poor and could not buy fruit for it only takes 12¢ per capita to the grower
for Canada to consume all the Ontario peaches grown in one year. Throughout the depression it was a poor soul indeed who could not pay 15¢ for peaches.

The objection may be raised that the physical carrying qualities of peaches prohibit exploiting the markets throughout the great distances of Canada. This objection is almost as invalid as the foregoing one about lack of buying power. Transporting facilities have improved tremendously and along with them science has advanced also. The refrigerated car, the quick-freeze process, cold-storage plants, pre-cooling plants etc. have all worked for the benefit of perishable food producers. If these producers don't avail themselves of the facilities presented for their use, if they cannot stir out of their lethargy to become as progressive in marketing as in fruit-culture, then the omen of low prices is on them and them alone. They have everything at hand, all they have to do is to use it. Physically better of soft-fruits is possible and very practical— the problem is staring the Niagara producer in the face and asking him to do something about it. The producer himself sees the problem but doesn't even probe it. The fruit-producer in Niagara hasn't begun to take the problem of marketing his stuff seriously. He kicks day in and day out because his returns are not greater but doesn't even take a positive
step toward realizing those greater returns.

A rather interesting picture of fruit prices emerges from the history of the Fruit-Growers Association. In 1865 Crawford peaches were selling for $4.00 a bushel; plums from $3.00 to $4.00 and grapes from 5-10¢ a lb. (of course prices in Canada in 1865 were high for most commodities due to the American Civil War). In 1940 the average receipt for peaches was $1.37 per bushel; plums, $1.05, and 2¢ per lb. for grapes. In 1941 peaches gave a return of $1.72 per bushel, plums $1.45 and grapes 2½¢. This rise in price from 1940 - 1941 is not indicative, for 1942 prices on peaches were much lower.

It is true production has increased somewhat but the increased production has been more than offset by the enormous strides in transportation facilities, in a greatly enlarged population, in the advance of scientific technique, communication, and marketing facilities. Over-production is not the answer to the problem; lack of purchasing power is not the answer; nor is competition from outside sources the answer. Outsiders have even greater trouble in marketing fruit in Canada than we have. They have all the problems of the Canadian producer plus those of duties, distance, exchange; liaison between the markets, prejudice, etc. Coupled with this there is no competition within the
country itself. The Niagara Peninsula is as well
suited to the production of peaches as any area in the
world, nor does it have more serious difficulties
in fruit production than any other country. The peaches
of many outside areas are inferior in quality to those
produced in Ontario and yet we have peaches in some
form or other coming into Canada every year. This,
coupled with talk of overproduction, is a paradox
that must be faced and dissolved before the fruit-
growing industry in Niagara can expand and the fruit-
producer become a progressive member of society.
What is the trouble and how to overcome it?

That is a question which interested persons have
asked for years and which never has been satisfactorily
answered. Many pamphlets, bulletins, and reports
of various kinds have been written. Many committees,
associations, and delegations have met time and time
again to find a solution but the problem exists.
Representations have been made to the Government.
Concessions and favours have been won. Commissions
have been requested. These have collected data and
published their reports with recommendations. It is
true that these have accomplished many improvements
but in spite of all this the Ontario fruit-industry
still lacks something vital to its growth. Speeches and
copious literature of the past have not bettered
the fruit-grower to any marked degree. They have not made the fruit-industry expand to the point to which it might expand. The work has been good but it hasn't gone far enough.

To study the ills of the peach-industry in Niagara and to arrive at conclusions similar to those of many other men is but a waste of effort. In none of the literature available has the problem been fairly faced and properly answered. Many of these reports cover countless pages discussing the fact the grower does not supply the type of fruit the consumer requires and that the use of the leno cover is bad for the industry. It is easy to say the grower shouldn't do this and shouldn't do that; that he should pick the fruit a day earlier or a day later than he does, that he should spray with more sulphur, that the inspection service is not adequate etc. But this sort of thing is dealing with detail without getting to the heart of the trouble. These are the effects; we must look for the cause of this lack of cohesion between producer and consumer.

The whole answer to the problem lies in the marketing organization. We must study what happens to the fruit from the time it leaves the growers' hands until it reaches the consumer. If the marketing organization as we know it is inadequate and does not
do the job as it should be done, without fear or
favour we must throw it out and replace it by something
which will do the job. The existing type of distribution
has existed in Niagara for years and it has not relieved
the problem. The grower has been divorced from physical
contact with the consumer and as a result the fruit-
industry is steadily becoming less and less attractive.
It is declining in verity and for years expansion
has been slowed down. Niagara is not progressing as a
going concern. Many of her fruits are declining
in acreage at a time when expansion should be taking
place. All this is accompanied by the fact that as
the industry yields smaller and smaller returns there
is a proportionate decrease in direct selling by the
producer to the consumer. As more links are added
to the marketing chain and more and more agencies
come between the producer and the consumer, driving
a huge wedge between two classes of society who
should be in direct contact and indeed the counterpart
of one another, the situation becomes worse. The
grower is becoming deprived of that preogotive which
is his by right of the foundation of society in which
he exists— that right of dealing directly with the
man for whom he grows his surplus— that right of
asking what his fruit is worth, or rather what his
fruit should bring to pay for his production— that
right of knowing what sort of surplus and how much surplus his counterpart, the consumer, is willing to buy. Without this rapport between buyer and producer how can the industry hope to flourish? How can the buyer gain what he desires, and how can the producer produce what the buyer wants? How can the producer know whom the buyer is and meet the conditions necessary to establish connection with that personality? Obviously the whole thing is being thrown more and more out of line; free exchange is being upset with subsequent losses to both consumer and producer. The demand of the consumer is not satisfied nor the desire for expansion and greater production on the part of the producer. Both important segments of society, the producer and consumer, lose. This is because of the existence of a few extraneous beings who, forming but an infinitesimal part of society, yet make it impossible for the whole of society (for consumer and producer embrace the whole of society) to reach its greatest satisfaction.
Marketing Function Divorced From the Producer

Why has the grower become divorced from the function of marketing and from his partner of the agreement of sale, the consumer? The answer lies in the very essence of the nature of the soft-fruit industry; soft-fruits will not remain in a state of preservation and fitness for consumption for more than a few days. With greater specialization the grower became more the cultural agent and confined himself to his producing function. To-day very few producers market their own goods. Fruit spoils so quickly the grower cannot take time off to market it. He passed the marketing function to various other persons. More and more links developed in the selling chain but the iron law of nature held—the fruit will spoil very quickly. Each link developed from someone seeing he could make a profit from trading in fruit. The turnover was rapid, and it seemed an easy way to earn a living. More people entered the marketing function, each taking the pound of flesh he could glean from the process. Each squeezing the producer more and more, each trying to do the least he could for this pound of flesh and trying to amass as many pounds as he could. Dealing in fruit has degenerated into the old days of usury. People have nothing
to do with its consumption, or its production, get their hands on it and squeeze from it some of its inherent blood without adding anything to its value. Of course they create utility but these people have contributed to a badly organized marketing function and to many evil practices. In the early days growers sold directly to consumer. Now the usual process is grower, shipper, packer, broker, wholesaler, retailer, consumer. Up until the present these people handle the fresh fruit. Desirous of a quick-turnover and a maximum profit these middle-men spend as little as they can on the product while in their possession. If they can get away with not using refrigeration they do so etc. And let us not forget that accompanying the process is that immutable law of nature crying, "it must be done in three or four days".

Imagine the consequences of such a system. It is not hard to see a picture of glutted local markets, cheap prices, poor quality fruit being sold to the consumer; good fruit at the farm but rotten fruit to consumer, lack of expansion in the industry, lack of care in picking and growing, small returns to farmer; unsatisfied fringe demand and unsatisfied demand in distant places. Now compare this with our modern productive picture. Do you see anything analogous? If the set of circumstances outlined above create the
conditions we find below and if these conditions are analogous to our own real picture, can we not assume the casual relationship between the circumstances above and our conditions as they exist? It is so wrong to state the problem so frankly and to answer it equally frankly or should we, as have others in the past, be afraid of trampling someone's toes, be afraid of the force of our own thought and sit quietly back without facing the issue squarely and unafraid? Is there anyone in the whole district who would say that our marketing position in Niagara is perfection and contains no ills? Can anyone presume in the light of the conditions seen in the industry to say it is going well when unsatisfied and the picture of over-production? This gap must be bridged; demand must be satisfied and the picture of over-production must be removed to have a healthy society.

Then what must be done? If it is necessary to establish contact between grower and consumer so that demand may be met and influenced more truly by supply and that supply in turn be met and influenced by demand, what is the best way to accomplish this? How can the grower get his product to the centres of greater demand and realize a higher price? How also can he meet local demand at a satisfactory profit to himself? There immediately appear two solutions:
(a) (1) Central selling

(2) Grower controlled selling

(3) Organized marketing, call it what you will, or

(b) Immediate processing of all fruits as soon as it leaves the tree.
CHAPTER VI
Organized Selling

Canadians have never completely instituted a Central Selling system in any of their industries. Free enterprise and a love for individual expression has led them to view Central Selling as something not quite compatible with our way of life. More especially does this appear to be true of agriculture. There is no doubt that agriculture, being the production of the most fundamental need for human existence, namely food, could establish monopolistic practices and advantages if they could organize well enough.

Labour in some industries has organized and succeeded, by so doing, in gaining a return for their labour greater than that which individual bargaining had ever succeeded in granting them. Indeed labour groups have established virtual control of certain industries by their acknowledged right to strike. They have done this in spite of the fact that their labour has in many cases been used only to produce articles of purely luxury nature. Returns to labourers in automobile factories are on the whole greater than returns per hour to the agricultural worker, - yes even much greater than have been the returns per hour to the agricultural proprietor.
for many years. This is so in spite of the fact that labourers have merely contributed their labour.
Agricultural proprietors contribute in most cases years of savings in the form of capital and fixed assets such as accumulated machinery. These savings and the capital invested have been gradually wiped out due to low prices failing to give an adequate return. In producing grains in Canada this situation may well be expected at a time of depression. Prior to the present war the cessation of markets for Canadian wheat in Russia, Germany, Spain, and Italy made it impossible for Canada to dispose of her surplus grain and stock. This caused a piling up of a huge surplus with low prices to the producer. Canada's closest approach to central selling came in the subsequent organization of the Canadian Wheat Pools. These maintained almost complete control of the wheat industry and, by intercessions to the Canadian Government, by strong protest and vigorous exploitation of what little markets did exist, were able to make the best of a bad situation. They knew the aggregate surplus, the probable yields, and were able by a complete knowledge of supply and demand to make it possible for a more or less fair distribution to the wheat farmer of the little there was to be had. They succeeded in having subsidies obtained from the Canadian Government because they
were well enough organized to have their voices heard.

Now contrast this with Niagara's industry. It is true there can be no surplus of fresh fruit and if a surplus of any kind exist it can be only a surplus of processed goods which have already passed into the hands of the processing companies and for which the farmer has been already paid. On the other hand, however, fruit-farmers do not face the supreme problem of Western Canada. There can be no surplus of soft-fruit production in Canada, neither can there be a limited market. The climatic and geographical conditions allow fruit production in a very limited area. Thus if organized marketing in Western Canada has done so much for the wheat producer under exceedingly tougher conditions, how much might not be accomplished in the fruit industry by the same sort of organization? In the West the Wheat Pools were faced with no markets and yet kept the farmer on the farm. The Niagara fruit farmers have unlimited markets in Canada yet the farmer is leaving the farms because these available markets are not being used. The Niagara farmer's problem is very easy compared with that of the wheat-producer and yet he has not done nearly as much to solve it. Indifference causing this subsequent lack of organized effort is the Niagara Peninsula's sole enemy.
Another rather interesting consideration to note is that Niagara, in spite of being by far the greatest fruit-producing area in Canada, is at the same time the least developed in its methods of distribution. This may be accounted for by the fact that nature has been more prodigal to Niagara fruit-producers and also that the Niagara Peninsula is more advantageously situated for marketing her fruit than in any other area. These advantages have lulled the Niagara producer into a state of luxurious ease where marketing is concerned. Also this is heightened by the various concessions and protections advanced to the fruit-grower in the past by the Dominion and Provincial Parliaments.

Other areas in Canada have encountered greater difficulties of culture and marketing. The problems have presented to the producer a challenge and, in accepting the challenge, they have progressed much further than the Niagara producer. They are more alert for opportunities to extend their markets and to progress.

There are various examples of this outstripping of Niagara in organized marketing. In many cases this lag in development has made inroads on Niagara's outside markets and have curtailed its outlet for fruits. Potential markets that Ontario might have
possessed have been already exploited and educated to buying the fruits of other areas and of other countries. These areas have established strong connections and Ontario with its hit-and-miss marketing methods find it impossible to compete. To establish a market in distant areas, or even at home, it is necessary to provide a high-class product consistently and at all times. The source of supply must be dependable and constant. This can only be accomplished by an integrated system of selling. Odd shipments of various fruits sent into an area at spasmodic intervals by independent sellers is no way to establish a permanent, paying, satisfying market connection. Yet this has been the case for much of the marketing of Niagara's soft fruits. Some markets have been filled with consignments they cannot possibly absorb at a satisfactory figure to the grower, while at the same time other markets have been bare of fruits for which there was a great demand. Organized marketing could take care of this situation very nicely; but our present system could not possibly do so. Let us take an example. Suppose there is a high demand for peaches in Owen Sound. This demand may go unsatisfied for days because no one in the Peninsula realizes such a demand exists. At the same time from all over the Peninsula dozens of independent fruit shippers are sending thousands of
baskets of peaches into Toronto. The market there becomes glutted and peaches are sold for a song. Much fruit which cannot be sold at a decent figure rots or is given away to clear. The wholesaler or commission agent passes this small return back to the shipper and he in turn passes it to the producer. The producer invariably after such a marketing debacle becomes dissatisfied, and rightly so, for the returns do not cover his expenses or, if they do so, leave him little for a decent standard of living. A further expansion of the industry is out of the question.

In a day or so someone realizes peaches are fetching three or four times the Toronto price in Owen Sound due to unsatisfied demand. Immediately independent dealers ship quantities of fruit to Owen Sound and the market is swamped in the rush. This market is glutted with an oversupply and competition forces the price down to a figure entailing a loss. This loss is passed directly to the grower. Various shippers have maintained that this loss is borne by they themselves but it would be a naive person who would consent to believe this is the case. Small losses may accrue to shippers at times but numerous shippers have started with very little capital and have made a success of the business. If untoward losses had been reflected directly to them it would
take very few bad consignments to push them to the wall.
The margin of shipping fruit, they say, is not large.
If this is so, and the chance of a loss great, these
shippers with small capital could carry on, and indeed
shipping fruit would not be the attractive business
it has become. This loss of revenue due to bad con-
signments must be without a shadow of doubt suffered
by the producer and the producer alone. Let us follow
the picture through more carefully.

Suppose that the price in Toronto were 50¢ a
basket for peaches to-day and the producer was receiving
35¢ a basket from the shipper. Independent shippers
learning of the relatively good market at Toronto
compared with 35¢ a basket at Montreal send consignments
on speculation to Toronto. Truckers all rush to buy
great loads of peaches and take them to Toronto. The
market is immediately glutted and the competition
between independent sellers forces the price down to
25¢ a basket. One might say the price would not fall
below the price obtained in Montreal but this is not
true in the soft-fruit industry. Many non-perishable
commodities offered on the markets in Toronto could
be diverted to Montreal. This is impossible however
with soft-fruits. After the long truck haul from the
Peninsula to Toronto the fruit has lost much of its
fresh attractive appearance. Already it looks wilted.
If after standing all day on Toronto's market it were shipped to Montreal it would not be saleable on arrival next day. Then what must be done? The answer is obvious; the fruit is offered for what it will fetch and the seller feels that any price is better than nothing. His investment presumably has been made. Anything that can be retrieved is welcome in a losing fight. As long as any return at all can be obtained these independent sellers will compete, cut prices and unload their unsold surplus.

Now let us consider what happens. Apparently a trucker who suffers such a loss is in no mood to buy fruit at a decent figure next day nor is he likely to turn again to Toronto for a few days. Someone returns to Toronto and it leaks out that in Peterborough there were no peaches, or very few, and that people were willing to pay $1.50 a basket there. These disgruntled truckers immediately rush to fill their trucks with cheap peaches, for now every shipper has refused to pay the farmer the former price due to the fall in prices at the greater centre, Toronto. The psychological pressure on the farmer is great. His shipper may not have marked the bill of sale at a set figure for the fruit formerly shipped to Toronto. When the price broke this made an excellent opportunity to refer the low price and the loss back to the grower.
Thus the grower takes the ultimate loss from bad consignments. Be that as it may, the price to the grower has dropped to 20¢ following the Toronto collapse; the grower cannot ask more, he does not know the marketing conditions. All dealers who shipped to Toronto and broke the price at least know what happened there and refuse to pay more. The growers stuff will spoil if he does not get it picked. Then how can he ask more?

So he sells his produce to the trucker for 20¢, grumbling and discontent, but feels he must. The truckers, full of optimism, each severally takes his stuff to Peterborough and there the same collapse in price ensues as in Toronto. With too many peaches rushed into the market and buyers unprepared to handle the sudden volume a condition of oversupply is created. Independent, competing truckers force the price down and by night fall are selling for what the stuff will bring. The market is broken and the grower next day is offered a price that makes his heart sick—a price that he knows will not enable him to meet his expenses fixed or otherwise—nor even allow him to pay his mortgage interest. He cannot even think of paying off the principle, spend any money on his family, and certainly it would be out of the question to consider storing up capital for expansion and new machinery.

And so the process continues, each market is smashed
one after the other. The news is published each day and market prices are given but no publication is made of the volume of fruit that might conceivably be absorbed at such a market - no information is available as to who will supply the market there. In short there is no attempt to spread the fruit equitably to the markets according to potential demand. No attempt is made to organize the marketing system so that the quantity of fruit consigned to a certain area will be such as to realize a decent return - there is no attempt to regulate supply whatever, and all the different links in the fruit-industry suffer, with the greatest share falling to the producer. He cannot move his capital to a better paying industry easily. Perhaps he knows no other occupation, perhaps he cannot sell for what he paid so he hangs on hoping that somewhere there will be a ray of light in the gloomy horizon. The other agents suffer also from this lack of control. Shippers, not knowing what marketing conditions are liable to be, are shooting in the dark, hitting and missing as the case may be. The only precaution the shipper can make is to pay the producer a price low enough so that if the market goes very badly he can still break even. If the market goes well he stands then to gain doubly - if it doesn't he won't lose. Where does this leave the grower? The answer is
rather obvious - unless the fruit crop is so scarce
that it can be called a failure and local demand far
exceed production, he invariably receives a price
much below the lowest price on the poorest market.
The marketing agents cannot be blamed for this
individually, for that is the only way they can secure
themselves against bankruptcy. The problem is that
the shipper does not know either market demand or
supply; he does not know what his competition is
likely to be and must act accordingly. To ensure
against loss to the marketing agents the grower must
be the scapegoat for a stagnant and degenerate industry.

The shippers have on many occasions adopted the
very unfortunate practice of refusing to mark the
price on the bill of sale passed to the producer when
he surrenders to them his fruit. This puts the shipper
in the position where he has the farmer's goods without
agreeing to pay any price. If the going gets tough
the shipper can dump the fruit and the producer gets
practically nothing for it. If the fruit makes a
good price the shipper need not pass it on to the
grower. This is a very unsatisfactory state of affairs
for the grower. When this procedure is followed he
is at the mercy of every wind that blows, he has
given up the last hold he has; he cannot even ask
the agreed price — he is as a beggar standing on
the street and looking into the faces of people who pass by — he is hoping against hope that someone will give him some small bit of revenue with which to carry on. This practice is not followed throughout the season for the opposition to its use is great, but, it invariably falls out that, when it is used, every shipper is doing the same thing. They all follow the same procedure and the farmer cannot do much about it.

Arising out of the foregoing analysis of the marketing picture several obvious conclusions emerge.

1. It becomes evident that passing the marketing function of fruit into the hands of persons not directly connected with the industry is not a good practice and invariably leads to loss to the grower.

2. Shipping and selling agencies receive by far too little information concerning marketing conditions — they know the price at various markets at any one certain period but know nothing of the potential market there and the potential supply.

3. Shippers and distributors are as much at the mercy of disorganized marketing as are the producers.

4. The producer is the one who bears the final loss accruing from lack of organization in marketing.

5. Orderly marketing would work a great benefit to everyone connected with the fruit industry and
it is of paramount importance that it be established.

Besides the above ills occasioned by the lack of organization in marketing there emerges another not quite so apparent at first sight. It may seem to the casual reader that the consumer is benefited by the lack of organization in the marketing function leading to low prices to the producer, but this is not so. First, we have seen how the producer receives a lower price than the price obtaining in the lowest market, and how as long as the present conditions exist he is powerless to obtain a return following closely the differences in price obtaining at different markets. In other words windfalls fall into the hands of the marketing function and the producer receives at all times only the lowest price obtaining. Then the consumer does not benefit from the low price to the producer. Further it is evident that a lack of cohesion between different independent marketing agencies leads to a constant oversupply at close local markets, and spasmodic feasts and famines in outside markets. The consumer to-day has more than he can consume, to-morrow he wonders where he can get some. This obviously leads to a dissatisfied consuming public. Organized marketing would stop these alternating feasts and famines and would ensure a constant supply at a fair price to both grower and consumer.
Also arising from this system of disorderly marketing we have a further problem; lack of sympathy and rapport between grower and consumer. Consumers receive fruit in bad condition. They have no way of making the grower realize what the market demands etc. These all lead to bad cultural and packaging practices. The consumer must be considered much more in the future than he has been in the past, for it means much to the industry to know what consumers want and also to know if they are satisfied or dissatisfied with the products on the markets.

Direct contact with the Chief of the Consumers' Section, Department of Agriculture, Ottawa, has revealed many complaints received from many women concerning the very green peaches offered on the market. Also many women have complained of the deceiving red netting placed on peaches by the Ontario growers. It may be pertinent to include here that this red netting practice is disapproved very highly by the producer due to the expense it entails. Also it is regarded with disfavour by the whole of the consuming public for the red netting makes the peaches look very attractive and ripe while they might in reality be green and immature. This red netting practice was adopted at the instigation of the trucker huckster. These truckers felt it an excellent way to make peaches sell faster. Here to-day
and somewhere else to noon, they considered only
the problem in hand, that of getting rid of the present
load of fruit with the least effort and the greatest
return. Building up a permanent market for years
to come was not their problem or at least many did
not consider it so. The fruit season only lasts
a very few weeks at the most and the psychological
reaction of the huckster was rather one of immediate
profits than of constructive marketing practice. Thus
we see again the producer and consumer, both dissatisfied,
this dissatisfaction rising from the passing of the
marketing function to competitive agents outside the
industry itself with subsequent lack of uniformity.

It becomes increasingly apparent that Ontario
growers need closer connection with outside markets
in order to compete with British Columbia and United
States. This is very clearly in the report on Study
of Fruits in Prairie Markets 1941 made by Summerland
Experimental Farm 1941. This report was published
for the benefit of British Columbia growers. In it
were allusions to the Ontario product. The shortcomings
of Ontario marketing practices were held up as examples
to British Columbia growers of what not to do. British
Columbia considers Ontario her competitor in the West
but by a system of Central Selling has established a
connection with fruit markets in Western Canada such
that Ontario cannot hope to emulate with her present hit and miss system. The following quotation may be sufficient to show British Columbia's advance over Ontario in fruit-marketing on the prairies. "A careful consideration of fruits from Ontario as they appear upon the market leads to the conclusion that the Ontario product becomes a significant factor in the successful marketing of British Columbia fruits. At this time there seems to be no justification for reporting improvements in Ontario fruits, either in maturity, size, quality or pack. Apparently no attempt has been made to secure information from the market since the visit of Mr. Sammerville about 1933. In the report to the Minister of Agriculture for Ontario, 1932, the Fruit Branch stated: the great difficulty at the present time is the large volume of fruit arriving on our nearby markets in an unripe condition. Many complaints are being received from the consumers and a continuance of this practice will result in a lessened demand if not soon corrected. Ontario peaches of low maturity continue to arrive in the "lonly" basket. Ontario fruit has been sold on the Prairie markets for many years. Most dealers and some consumers do not discriminate with regard to the origin of what they buy.

Poor quality fruit from any source has a detrimental effect upon the market... although British Columbia
advertising aims to promote the sale of British Columbia fruits the proof of any claim or suggestion lies in the quality of the fruit available. The fruit growers of British Columbia may well take warning from the experiences of Ontario fruit growers and improve their output by establishing higher standards. Market preferences are being made known. This season it was reported a ladies' club established on the Prairies sent a resolution to Ottawa with a request that the use of coloured netting over packaged fruit in an attempt to enhance the appearance of the fruit be prohibited.

Ontario fruit arriving on these markets has shown very little if any improvement over a period of years. Packages have generally not been changed to suit either the fruit or the market, and the tendency is to feature the individual grower rather than a standard pack. This makes for less uniformity and likewise makes it difficult to adopt definite standards of quality.

The above quotation speaks for itself. In it we see emerging the practical disastrous results of lack of organization in marketing Ontario fruit. Also it is necessary to face the distressing fact that Ontario is gradually losing her grip on her fruit markets. If she continues to adopt bad marketing and cultural practices due to ignorance on the part of the
grower about where his fruit goes and in what condition it arrives Ontario will lose still further her markets in outside areas and these markets will have conditions of unsatisfied demand or of demand filled with fruit from competitive areas.

The above quotation from a report submitted to British Columbia growers is also indicative of Ontario's failure to keep up with marketing advances made in competitive areas. Ontario makes little attempt to analyze, study and gather information concerning outside markets for the benefit of the Ontario producer. This is shown in the British Columbia report where it is mentioned Ontario has gathered no information concerning Western markets since 1963. Contrast this with British Columbia marketing practices where an annual survey is made of Prairie markets by a central authority and recommendations are made concerning the best cultural and marketing practices. Also it should make the Ontario producer's blood run cold to think that Ontario's fruit marketing methods in the West are held up to ridicule by her competitors.

To go further, the marketing practices of Ontario in the West are very much decried by British Columbia because they feel the whole fruit industry suffers. People receive bad consignments of fruit and resolve never to handle fruit again regardless of who may
produce it. They feel the risk is too great. This antipathy is very hard to overcome. If Ontario creates this atmosphere in the West British Columbia finds it very hard to struggle against and sell her produce there. When we consider that British Columbia and Ontario combined could not possibly supply the Canadian market with all the ripe, mature, well preserved soft-fruits it demands it seems regrettable that Ontario producers should so spoil the industry by indifferent marketing practices.

At the end of the shipping season of 1942 the retailers' association in Winnipeg passed the resolution that they would not handle any more Niagara peaches. This was a severe blow to the Niagara producer, but it can be readily traced to the lack of information regarding market needs and further the lack of direct contact between grower and consumer. The year 1942 was extraordinarily damp during the growing season. This produced a very heavy crop of peaches but also led to the development of a bad condition of brown rot. Some farmers, realizing that this brown rot would soon destroy the fruit and make it impossible to market it, conscientiously covered their orchards at intervals with sulphur. It is maintained by the Experimental Farm at Vineland that faithful obedience to the advice given in this institution's spray pamphlets sent out
to the fruit-grower at intervals throughout the growing season will obviate any danger from this dread disease. Thus the farmers who applied the spray consistently had not nearly so much rot as those who neglected to do so.

Then it came to marketing the fruit the output of various farmers was collected together at the nearest shipping points by the shipping agencies and carloads were made up for the Western markets. In any one given carload there may be a rot-free quantity of peaches from a conscientious farmer's crop along with 3 or 4 lots of peaches from farms where the sulphur was not applied. When the carload arrived all the car was condemned and either thrown out or sold for what it would bring. Meanwhile the shipper had protected himself by affixing a conditionary clause to the bill of sale that loss from brown rot would be referred back to the grower. Thus conscientious and indifferent growers alike lost the revenue from that load of peaches. This however was not the worse effect of brown-rot as we have seen. The receivers of the car-load in Winnipeg resolved never to trust Ontario fruit again. The situation was so bad that practically all the consignments were lost due to disease. It is true that if the season had been dry as usual nature herself would have cared for the
brown-rot situation, for the disease requires excess moisture and heat to develop to any considerable degree. This is what most farmers were expecting. They hoped the season would be propitious and left it to Fate. When Nature refused to grant an optimum season their fruit was lost and their markets aise. Once the consuming public has been cheated and disappointed in the product they buy they become sour on the product and the supplier. It may take years to win back their confidence. In the meantime these consumers turn to other sources of supply and, even if the prices are higher, they will be willing to pay them for a better, more reliable product. This is what Niagara faces in Western Canada this coming year. Not only is this true in the Prairie Markets but it is true throughout Canada. People are demanding a more uniform, dependable product. If they cannot get it from Niagara they will turn to British Columbia or, what is worse from the Canadian producer's standpoint, to United States and foreign sources of supply.

In 1942 representatives of the "Blue Goose" brand of peaches in the United States came to Niagara to buy hundreds of car-loads of Elberta peaches to help lengthen the late-peach consumption season in United States. This would have been
a great boon to the Niagara grower for it was proposed that this stroke of business should become a permanent affair and develop to greater proportions in the future. The same brown-rot situation arose and the fruit on arrival in United States was thrown out. The deal fell through and the American buyers were dissatisfied with the venture. It will be difficult to institute another such program and to get these back again. Thus the industry and the revenue from it has received a great blow.

Many farmers will console themselves with saying Nature was against them, but the scientists have proved satisfactorily that the brown-rot can most certainly be easily controlled if farmers follow the advice given. The necessary precautions are not expensive nor do they entail much expenditure of time.

What then is necessary to take advantage of these outlets and to guard against loss of beneficial markets? Apparently there must be some system of control. If there had been an organization entrusted with establishing and maintaining this control in Niagara in 1942 it is unlikely that these losses would have happened, profits would have been made, over-production cleared up, and expansion would have taken place.
A central organization could have taken upon itself the responsibility of seeing that the proper cultural care had been taken in spraying the fruit. If a member of the organization refused to comply with the practices desired by the other members, the organization could refuse to market his fruit and could delete the name of that member from its rolls. This proposed central grower controlled organization would be one in which every farmer could and would be encouraged to become a member with an active vote. This group could market a uniform product and by establishing a direct connection with the consuming public or with retail outlets could ensure a dependable supply of first-quality fruit. The consuming public would soon gain a favourable impression of the product offered and after continued purchases of a uniform product would add this organization's dietary offerings to their weekly shopping bag. It is not hard to see that such an organization could in a short time remove many of the mal-distribution practices and problems now existing in the Niagara fruit industry. Obviously it would be to the individual grower's benefit to ally himself with this organization and do his share to make orderly marketing possible. If he did not conform he would be the loser. Only in unity would there be strength.
In addition to the above benefits such an organization might be expected to bring to both the grower and consumer, there is also the consideration that the growers by moving in a body could make themselves heard much more easily at the seat of government. Any industry has problems from time to time to take to the legislators. Situations arise where concessions must be asked. Farmers feel that an inspection service is necessary or that certain aspects of inspection service should be changed. They may feel that they should be given more consideration as an industry and may need to be protected from untoward practices from outside groups. The industry may enter into a period of general distress and the members may feel a subsidy is needed or that money should be made available in the form of government loans. Any of these problems could be answered to much greater advantage to the grower if they present their plea in a body.

Again a Central Organization could gather exact information regarding the amplitude of potential markets and relate this directly to the total production offered. This information is at present sadly lacking. Its availability would be of inestimable value to the industry. Huge supplies would not be sent to areas of relatively small demand. If the prices were found
to be declining at a marketing centre, pressure could be relieved and the stuff sent to an area of relatively high prices. This high price market would not be glutted instantly as sometimes happens with the present set-up. Only sufficient supplies would be sent to maintain a fair price and an active market. In this way fruit would sell at a fair figure at every centre and waste due to oversupply at the larger markets would be eliminated. Moreover Consumers would be buying fruit at a fairly uniform level and the cost of living at all centres would be more approximately equal, subject only to the difference caused by costs of transportation.

Knowing the extent of production and the demand for fresh fruit this Central Organization could also determine the amount of fruit it would be wise to consign to processors and that to be put on the fresh-fruit market. The surplus could be disposed of to advantage and a fair figure gained.

Perhaps the greatest benefit accruing from a system of Central or Controlled Selling would be the discovery and exploitation of new markets. Canada could be divided into selling areas. Contact men could be sent to each area. It would be their duty to report the extent and nature of the markets in each area, to report the condition in which fruit arrived
to establish new marketing connections, to advertise and generally promote sales and to see that no infractions of fair selling practices were followed.

Each representative could advise growers and shippers regarding the best packaging practices and the best transporting facilities. He could report on necessary conditions of maturity. He could advise retailers of the best fruit to order for his particular market and get this fruit from the organization in the required condition. In short, his job would be to establish favourable connection and sympathy between producer and consumer generally.

A Central Organization could maintain more favourably connection with other fruit-producing areas. They could co-ordinate their activities with the Central Selling Agency of British Columbia and work to-getherser for the betterment of the industry in general. They could promote consumption of fruit to such an extent that greater profits could be realized for the industry than now accrue, and at the same time remove the competition between Canadian fruit-producing areas. British Columbia and Ontario to-gether could not supply the potential demand for high grade, reliable supplies of soft-fruits in Canada.

Consumers would be happy in the greater availability of fruit, in the greater dependability of supply, and
quantity and would be willing to yield a return to
the farmer which would be more in line with the prices
required to improve and expand the industry. British
Columbia and Ontario could enlarge and divide the
market to their mutual benefit. At the same time
adopting uniform cultural, packaging and marketing
practices they could offer a more united front to
competitive sources of supply from United States
of America smaller measure of protection would be
necessary, for Canadians could capture the Canadian
market.

And now let us consider how far Canadians would
have to go along the road of development to accomplish
this system of orderly marketing and realize the
benefits envisaged above.

First Ontario fruit producers must be conscious
that they lag far behind British Columbia in marketing
development. Indeed it is apparent that Ontario lags
far behind any Western Province in this unification
of agricultural producers. The wheat industry of
the West has gone far in securing benefits for its
farmers. These benefits could not have been gained
without co-operation of effort. For many years the
British Columbia fruit producers met with the same
marketing problems as obtain now in Niagara.
With the cessations of markets in Europe for their
extensive apple production it became increasingly necessary to work out a system of marketing that would exploit completely the few and limited outlets for British Columbia apples. If the old competitive system were maintained and each grower were allowed to continue to grow a maximum crop and compete with his neighbour in selling it on the apparent and readily accessible markets, the returns would be very small, much fruit wasted and thus grown at a loss. This would have meant inability to meet fixed charges, an abandonment of the apple orchards and a general decline of the industry. Much aid was solicited from the Federal Government at Ottawa and the Government of British Columbia. The British Columbia Fruit Growers Association managed to gain subsidies for the apple growers but this was not enough. Soon a system of Central Selling was discussed and it was thought the industry could only be maintained if such a system could be devised to exploit the few remaining markets, to promote home markets, and to keep Ottawa and British Columbia advised of British Columbia apple producers' conditions. Accordingly Ottawa and British Columbia countenanced the establishment of such an agency and the authority was duly relegated to the shipping agency called the British Columbia Tree Fruits Limited. This agency was given
the right to market all British Columbia Fruits and membership in it encouraged. Much spade-work had to be done before it had full co-operation from British Columbia producers. When the majority of the farmers expressed their willingness to become an integral part of this marketing agency and to follow the dictates of the majority, the organization was well under way. Certain foreign producers refused to fall in line; but the organization had gained such sway that they were compelled to conform. Virtual resort to physical force became necessary to stop the recalcitrant actions of a few remaining dissenters and freebooters, but at last the selling agency was fully recognized and yielded full powers. The benefits accruing from this organization to British Columbia fruit-producers have been manifold. A statement issued every year gives information of the distribution costs and returns from British Columbia fruit. The grower knows what is being done with this fruit, the profits made, the prices realized etc. Moreover he has the right to make his voice heard in the organization for it is supposed to be run on a co-operative basis. The organization is a war-time innovation but is now well under way and there is every likelihood that it is a permanent fixture in British Columbia agricultural life.
This Association in British Columbia has the authority to tell the growers to pick certain crops or to let them fall on the ground if it is necessary to preserve the market. They dump surpluses or divert them to other uses if it is deemed expedient to maintain a fair price. Anybody breaking this ruling and picking the fruit or otherwise disposing of it is subject to a severe penalty for having virtually broken the law. The Association has established connection as far as possible in other provinces and in foreign markets. The growers stand united and firm in the belief that their organization will find and yield them the best that can be obtained from their industry.

Our great competitor in England, namely South Africa, has also advanced much further than has Ontario in developing her marketing organizations for the sale of soft-fruits. Over a period of years South Africans have obtained a virtual monopoly of the fresh-peach sales in England. Repeated spasmodic attempts have been made by Canadian growers to send fresh peaches to England. There is a high price to be obtained there and it has been demonstrated that peaches properly handled by refrigeration etc. will arrive in England in suitable shape for sale. Up until the present time however Ontario peach-producers have been unable to avail themselves of this market. The South Africans
have supplied a very nice white-flesh peach to England for many years. They supplied these peaches consistently and regularly with a real regard to quality and an attractive product. Due to this supreme care the British people have come to favour the white-flesh peach above all others. They have faith in the African product and have become so pleased with it that our yellow-flesh peaches are not favourably received in Britain. They think them inferior to the African white peaches. On the American Continent where peaches are grown it is generally acknowledged that many of our yellow-flesh peaches are quite superior to the white-flesh and indeed have quite replaced them to such an extent that we rarely see white-flesh peaches grown in Ontario to-day.

If then we know that many yellow-flesh are superior to white-flesh peaches we can only say that the British people have been educated to the white-flesh by a far more intensive and superior marketing agency than anything we have to offer. If we had a real sales staff educating the British taste as do the South Africans there is no reason to suppose we could not also extend and gain a very wide market there. Apparently then this has not been done by Canadians. The irregular trial shipments made by easily discouraged independent shippers in the past could never hope to
create a consuming public for Canadian fruit in Britain. Only an integrated, aggressive, organized campaign such as the South Africans maintain could accomplish this objective. This would require, as the South Africans found, some sort of marketing body which would familiarize itself with the extent, quality and availability of the Ontario product and could upon that foundation establish a permanent, dependable connection with the British market.

In the United States the fruit-growing industry has a more integrated marketing system than has Ontario. This has made possible the competition of American fruits in our own Canadian markets. The only way to meet this competition effectively is to offer as united a front to them as they offer to us. Many more fruit-producing areas could be cited which have outstripped Ontario in developing and perfecting their marketing system but space does not permit their inclusion.

Let us not suppose that the establishment of such a Central Selling or organized Marketing Agency would be a difficult undertaking for the Niagara Peninsula. To-day many formerly small co-operative shipping agencies are growing into more and more important cogs in the marketing wheel. These co-operatives have done much to maintain the best
for the grower that can be hoped for from the present disorganized system. They represent the grower and offer some competition to independent, exploitative agencies. The unfortunate part of this type of organization in the past has been that they have not progressed as they might have done. Short-sighted Directors have followed a regrettable system of maintaining low-priced co-operative managers. This has been primarily to curtail salary expenses by a few dollars. This small saving has cost them many thousands of dollars in reality. If they had gone to the expense of hiring a first-class man with the foresight and capacity to implement an aggressive, virulent, marketing policy their selling co-operatives would not have degenerated into a mere collecting depot as has happened to so many co-operatives in that area. One of the most progressive co-operatives in the Niagara Peninsula has for the past few years been managed by a somewhat more highly educated, progressive, trained young man. After graduating from university he made his job a career. By the force of his own initiative and forceful personality he has by persistent personal contact with wholesalers in the Maritimes established there a marketing connection which is the envy of many shippers in the area. This marketing area takes much of this particular co-operative's production
bringing great benefit to the grower members. If the manager had not had the vision and the personality to establish personal friendship with his customers he would never have had this market. What he has done others can do.

To establish Central Selling or Organized marketing in Niagara it would be only necessary for a progressive co-operative to bring together the officials of the co-operative bodies in the fruit-growing area and to combine them into an integrated whole. Then they could determine to their mutual benefit the potential demand both within and without Canada for their produce. They could integrate supply, divide the market, appoint a representative sales force and generally achieve all the other benefits we have hitherto discussed which would accrue from a Controlled Selling practice. These benefits would include widening and exploiting the market bringing higher returns to the producers, increased production, etc. Over a period of time many farmers still selling to independent shippers would come to realize the advantage of belonging to a large, widely-known organization which could readily dispose of whatever he might have to offer. If this larger, organized selling body were successful, and there is no real reason why it could not be so, it would possess great advantages
over the small, numerous independent shippers. More and more farmers would hasten to become a part of the organization and the independent shipper would be gradually eliminated. In a few years the transition would be complete and organized selling of soft-fruits an accomplished fact. More people would buy and consume increasingly greater quantities of Ontario fresh fruit, now made available to the whole of the Canadian Continent.

Another benefit of Controlled Marketing would be that fruit in the area which could not be readily sold at a fair return as fresh fruit could be determined beforehand and diverted to processing plants. This division of the market between fresh and processed fruits will be considered more fully in the ensuing chapter of this work.
CHAPTER VII
Integrated and Organized Processing

In chapter five we found there were two developments that should take place to improve the distribution of Niagara soft-fruits. The first, treated at some length in the foregoing chapter, was an institution of Organized Selling of fresh-fruits. We saw there that such a systemized marketing function could readily be set up by the grouping together of present cooperative shipping agencies into a selling unit, or for that matter an integrated body of shippers made up of all shippers of fruits throughout the area. The growers would be members of the organization with an active vote in policy. Individual shipping concerns would be the branch offices of the main body. In this way total supply for the area and potential demand for fresh-fruit could be determined, widened, and realized to the mutual benefit of producers, sales agencies, and consumers.

Such an organization as the foregoing would be also essential for a greater development and utilization of the processing function. Up until the present time we have had a very hit-and-miss fruit-processing policy. In some seasons the existing canning facilities have been quite unable to obtain the fruit they required to fill their orders. This was usually
occasioned by a short crop and a ready disposal of all the fruit on the local fresh-fruit markets. In other seasons the production of fruit offered to the canneries has been quite out of proportion to their present marketing needs and in some instances far exceeded their canning capacity. This has been generally the case when there has been a heavy crop accompanied by a subsequent collapse of the usual convenient fresh-fruit markets. Growers and shippers finding it impossible to dispose of the surplus over the readily available fresh-fruit market have considered the canning factories a good place to dump this low price stuff to clear.

The canning factories up until the present time are insufficiently developed to handle the amount offered to them by the growers when there is a good crop. Therefore the huge surplus is offered to the housewife in the fresh-fruit markets. These markets are relatively close at hand due to the perishability of the fruit and receive more than a proportionate share of the total supply. This oversupply occasions a glut on the local markets and a collapse in the retail price, with the fruit being subsequently sold at a price far below the cost of production. Local housewives have all the advantages of the situation. They buy huge quantities of fruit because the stuff
is cheap. Some of it spoils and some of it is canned. The housewife does not usually relish the task of canning but does it from thrift. Fruit canning companies must look farther afield for their markets for they cannot sell on an already glutted market at home. They cannot offer a reasonably fair return to the grower and compete with the local housewife who buys her raw materials at a price entailing a loss to the producer.

Now there is no reason to believe that even the local housewife could compete with the processing companies in producing a superior, cheap product if she paid a fair price to the producer. Fresh-fruit offered on the markets to the housewife has invariably been picked and packed a day or so prior to the day of sale. Carriage, time, and sale cause unavoidable bruising and wilting. On the other hand the fruit delivered to the processing company can be picked fresh from the tree in the morning, taken to the factory immediately, and processed the same day. It is a first-class product, fresh, unbruised, and altogether in lovely condition. Moreover, if any optimum picking practice is followed, the fruit taken to the local canner will be left on the tree to become perfectly ripe before it is picked. This means the fruit is large, beautifully coloured, and quite heavy with sweet natural juices. It is a well known,
scientific fact, and indeed one only needs to eat a peach to know, that much of the sugar content is added to the fruit in the last day or so it hangs on the tree. The fruit in the last few hours before it softens becomes much heavier and sweeter. Contrast this with the fruit the housewife buys. These quantities offered have been picked from the tree for at least two or three days. To be able to stand the transportation, jolting, refrigeration, and intricate packaging necessary to the domestic retail trade, this fruit has in many cases been picked in a state of immaturity. It lacks the colour, the soft texture, the luscious flavour, and the invigorating health-giving sugary qualities of the tree-ripened fruit. The fruit is smaller in size than the mature fruit, making a great decrease in tonnage of production and potential food value. Bruises and rotten specimens which cannot be avoided in fresh-fruit retail offerings to the housewife cause a further waste and impart a less attractive appearance to the finished product. The housewife's product must be in most cases somewhat inferior to the best quality fruit offered by the canning companies.

In addition to the superior quality of the product of the canning company there is no reason to suppose that, if the raw fruit were bought at the same reasonable price by the housewife and canning company alike, the product offered by the processing company
should not be just as cheap or cheaper than the housewife's own production. It may be argued that the product of the canning company has to undergo the expense of transportation and selling but this is also true of the raw product offered to the housewife. Then if the selling and transportation expenses are the same the technological improvements rapidly taking place in the processing industry and the benefits of mass production on a large scale should make the product even cheaper to the housewife than her own production.

It is true this may not have been the case in the past. This can be accounted for by a study of the present processing picture. Some years ago with the introduction of improvements and inventions in the scientific preserving of perishable foods many small independent canning establishments grew up. In the Niagara Peninsula as elsewhere people with imagination and vision realized they would be performing a service to society by preserving the luscious fruits that could not be locally and readily sold in the fresh state. Their interest was heightened when they realized very attractive profits could be made from the business.

As in every other business some establishments proved superior to their neighbours. This may have been caused by various circumstances which we have
neither the time nor necessity to explore. Whatever
the reason (in most cases lack of sufficient capital
to produce a large volume of a superior competitive
product) some independent smaller concerns went to the
wall. One canning establishment, as it were, got the
jump on its competitors. It became increasingly
successful and finally reached the place where it began
to desire a virtual monopoly of this highly remunerative
trade. To do this the company began to adopt a highly
aggressive policy of forcing its competitors one after
the other out of business. As it gained more and more
control of capital it bought out existing potential
competitors. Smaller independent canners were offered
a good figure for their establishment and their custom-
ers. In many cases this large factory bought the
independent factories for the express purpose of
closing them. To-day in the Niagara Peninsula many
formerly successful factories can be seen which have
never run since they were bought by the larger company.
These stand idle and decaying at a time when increased
production within the area has far outstripped local
demand and the demand of convenient available fresh-
fruit markets. The lack of organized fresh-fruit
marketing and the difficulties of marketing due to the
physical nature of the product has led in many years
to a glut, low prices and great difficulty in disposing
of the crop. Factories formerly instrumental in preserving this surplus lay and still lie idle while the fruit wastes or is sold at a loss.

Thus, we see a monopoly in the canning industry established in Niagara. This huge concern has not bought all the independent canners but for many years these had not sufficient production to offer much competition. If an independent canner started business, mass production and untold capital could be used and were used by the monopolist to undersell, outbuy, and effectually close the smaller business. This monopoly was further reinforced by a virtual control gained over the production of tin cans. The larger company can dictate to the can company and outbuy its smaller potential competitors.

There can be no doubt that this monopoly of the processing function has been very harmful to the fruit-growing industry. Processing is an indispensable part of the marketing chain and monopoly has worked detriment alike to producer and consumer — low prices to the producer and high prices to the consumer have been the rule. Besides this the processors adopted many other injurious practices such as docking physical tonnage to the grower etc. on the plea that the fruit was unsatisfactory or too high priced.

Now this picture is clearing somewhat. More
and more independent canning companies are springing up and beginning to offer increasing competition to the monopolistic company. It is difficult to say if this up-swing is merely temporary or is quite real. War-time restrictions and difficulties have hindered the processing function and disrupted canning operations generally.

Contact with managers of fruit-shipping agencies have revealed the fact that existing canning facilities are quite inadequate to handle the amount of fruit offered to them by the growers. Particularly is this true of the peach crop. It is generally conceded that the fresh-fruit markets and the existing canneries can absorb the production of cherries, strawberries, and pears very well but in the case of peaches when there is a good crop there is a greater amount produced than either the canneries or the local fresh-fruit markets can absorb with a reasonably fair return to the grower. Apparently then it is necessary to foster the growth of processing plants. Cooperative managers have said that they are very much in favor of the growth of new canneries and that they would do everything in their power to help them along. They would apportion a share of their production of all kinds of fruit to the new cannery to give it a long and complete canning season. In other words
in spite of the fact that they can dispose of cherries, pears and berries readily they would apportion some of their production in these fruits to the new cannery so that they might have an additional outlet for their peaches, a crop in which there now appears to be a state of over-production.

Arising from the foregoing study we realize a need for greater canning facilities by co-operative shipping associations. Also we see a balance obtaining between the total amount of fruit offered and its disposal through the two outlets, the fresh-fruit market and the processing function. This has become quite a problem—how can it be dealt with to the greatest advantage?

It seems that the optimum situation would be one in which some integrated marketing body, by estimating total production and total potential demand, could then determine how much the various fresh-fruit markets could generally and severally absorb at a fair return to the producer, this return to cover cost of production. When they had determined the particular amount which would yield this price or more to the grower this body could then divert the remainder of the total production to be processed for future consumption. This is the only way in which men can defeat that cruel law of nature
which has made the marketing of fruits such a head-ache and a heart-ache to the producer and selling agencies——that law of nature which says the stuff must be consumed in a day or so or it will spoil. It would obviate the possibilities of some close markets being glutted with huge supplies being either sold at a loss or spoiling. The processed food having now become relatively imperishable could be apportioned to the markets both within and without Canada in the particular volumes that these markets could absorb a fair return.

Transportation of this now relatively durable commodity would not be difficult, in fact it would be much cheaper. Many people hitherto without Canadian soft-fruits could depend on a reliable supply of a fine product. In a word, distribution would be much improved with a resulting benefit to rapidly increasing numbers of consumers. Producers now realizing a fair return would become prosperous. A widening market would cause progressive expansion within the industry.

The question may be raised whether the market for processed goods has been fully exploited by existing canning companies, and whether increased facilities and a greater amount of processed goods could be sold at a profit when compared with the returns from existing fresh and processed fruit marketing. This can only be
answered by repeating information gathered at first hand from successful canning companies. These have stated that there are unlimited markets for a first class processed product. One cannery in particular located in the Peninsula said that they could in any one year dispose of a much greater production very easily if the required plant extension were added but that this had not as yet been undertaken. If then there is no difficulty in disposing of a much greater volume of processed fruit with the limited exploitation of markets we now have, how much more demand could be realized if some central, unified body were to adopt an aggressive wide-spread advertising campaign, at all times supplying a first-class, superior product and making it their policy to give the utmost satisfaction? No one can deny the efficacy of constructive, dependable, expanding sales policy in developing a greater buying public. Especially is this true when we consider that there can be no oversupply or glut of peaches on the Canadian markets if equitable distribution were established. Ontario, as stated before, produces only 3 lbs. of peaches per capita for the population of Canada without considering her markets in Great Britain etc. British Columbia, the only other area of importance in producing peaches, produces only 1 lb. per capita. Besides this we must realize that Canada still imports processed peaches. It is a specious argument to say in the light
of these figures that processed fruit markets have been fully exploited.

As to the argument that perhaps further expansion of the canning industry would not pay, we have merely to refer to the progress of the industry in general. There has been a steady increase in numbers and in capitalization of processing plants ever since the industry began. Instead of suffering a relapse during the last depression this expansion went on as steadily as it did in boom years. This is borne out by the following table of Canadian processing organizations and their capitalization taken from Dominion Government Statistics Report, 1939.

Canadian Food Processing Plants

<table>
<thead>
<tr>
<th></th>
<th>1922</th>
<th>1929</th>
<th>1939</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishments</td>
<td>296</td>
<td>332</td>
<td>338</td>
</tr>
<tr>
<td>Capitalization</td>
<td>$24,077,358</td>
<td>$38,972,985</td>
<td>$45,875,538</td>
</tr>
<tr>
<td>Salaries, Wages</td>
<td>$3,422,900</td>
<td>$5,655,491</td>
<td>$7,196,036</td>
</tr>
<tr>
<td>Employees</td>
<td>4,504</td>
<td>10,661</td>
<td>9,338</td>
</tr>
<tr>
<td>Materials</td>
<td>$13,512,518</td>
<td>$22,824,335</td>
<td>$32,097,384</td>
</tr>
<tr>
<td>Production</td>
<td>$23,495,785</td>
<td>$40,022,516</td>
<td>$55,164,957</td>
</tr>
</tbody>
</table>

A study of the foregoing table will show the steady expansion in the number and size of processing plants. This is indirect evidence of a paying industry and would seem to supplement evidence given by a large reliable organization in the area that there is an untold market
for ever increasing supplies of canned fruits. We see that along with an increase in the numbers of organizations there is also a great increase in capitalization in the existing companies. Also we see that the value of production has increased proportionately instead of falling as one might expect would happen during the past severe depression.

With increasing prosperity it is inconceivable that further progress would not be profitable or desirable. In the past profits have not fallen with a greater expansion, but have maintained an interesting figure. Analysis of the foregoing table will show that wages and salaries and cost of materials in 1922 formed 72.3% of value of production. In 1939 wages and salaries plus cost of materials formed 71.2% of value of production. For all practical purposes we may assume that cost of production has not appreciably increased in proportion to value of output and conversely that there is still the same gross profit on sales in the canning industry to-day as in the past. When we relate this picture to the ever-increasing growth in the number and size of establishments and also relate it to the acknowledged growth of virtual monopoly in the industry, it can be no longer doubted that the industry has been and still is a profitable one.
To prove further that the canning industry is expanding and profitable, let us examine the history of the Canadian Canners Ltd. Begun in 1903 this company now owns and controls 56 canning and preserving factories in Ontario, 4 in Quebec, 8 in British Columbia, and 1 in Nova Scotia; machine shops at Aylmer and Simcoe, Ontario; cider and vinegar plant and electrical engineering department at Brighton, Ontario; and research laboratory at Hamilton, Ontario. In addition, the company owns 9 farms in Ontario, Canada. In January 1930 it sold its can making plant at Simcoe, Ontario, to American Can Company for over $1,000,000 cash and contracted with latter company for can supply.

Subsidiaries:

Canners Machinery Ltd., Simcoe, Ontario.
Cider and Vinegar Plant, Brighton, Ontario.
Research Laboratory, Hamilton, Ontario.
Pembroke Shot Mills Ltd., Pembroke, Ontario.
Canners Seeds Ltd., Wellington, Ontario.
Wagstaffe Ltd., Hamilton, Ontario.
Canadian Canners (Western) Ltd.

With a par value of $20 first preferred shares paid $3.42--1937; $3.79--1938. Later figures entering the war period are subject to unnatural influences and would not give a true, reliable picture. No one can doubt that canning is a profitable industry in the light of

Moody's, p. 2402-03
these figures. Nor is there any reason to believe a co-operative cannery or increased facilities need operate at a loss.

Now that we have established the need and the possibility of success of greater canning facilities to process the growing volume of production allotted to the canning function by the proposed system of orderly marketing, how are we to obtain these additional plants? We might go on hoping that in the coming years new independent canneries will enter the business. This, however, would not be satisfactory for if we were to establish our integrated marketing body they could not immediately divert the proper percentage of fruit to be processed to the existing plants and hope that it would be absorbed. There would be constant lack of rapport between the marketing agency and the network of independent canners as we knew them.

Therefore this passive reaction to processing by the central body must give place to a constructive building program—in other words, the proposed integrated marketing body must erect or cause to be erected additional canning facilities to handle this increased amount of production. If an independent organization could not be found to work hand in hand with the central marketing body then that body must enter the processing business. It would be no more
difficult to establish a chain of grower-controlled processing plants than it would be to establish an adequate, progressive, chain of grower-controlled marketing agencies. Of course there would be many obstacles to overcome and it would be a stupendous undertaking but the end in view and the benefits to the industry would far exceed the cost.

Each member of the Central Marketing Agency would be asked to contribute a sum to the erection of the proposed grower-controlled processing plant. Either this, or the central Marketing Agency could by maintaining a slightly increased profit-taking rate over a period of years set up a reserve for the proposed grower-owned plant. Then the Central Agency could control its own plant and work out to greater advantage the optimum balance between fresh-fruit marketing and processed production.

Minor difficulties will spring up along the way. Pit-falls of the past must be guarded against. Some of these emerge from an objective study of any co-operative organization. The first difficulty to be met would be one of organization. A satisfactory intelligent, progressive, and aggressive young man with the required vision and personality must be found, and the grower-members must give him their support consistently and unreservedly. Would the
grower-members give up present small returns for the greater returns of the future? Would the grower-members work together to produce a high class competitive product or would they attempt to use the new co-operative cannery as a dumping ground for cull and unsaleable fruit?

In short would the members abide by the dictates of the organization or let petty short-sightedness destroy the new marketing and processing functions? These problems depend much on the personnel and directors of the organization. If the personnel is not of a high calibre then the venture would be difficult and costly.

All these difficulties, however, are but small when we consider the need of an integrated marketing and processing function. In Niagara and in Ontario there can be no question that the advantages of organization to both producer and consumer are great. If the grower realizes this then Ontario's soft fruit industry is on its way to greater strength and progression—the producer himself to an increasingly greater role in Canadian society.
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