

THE FEDERAL AVOCADO MARKETING AGREEMENT

Wm. H. Krome

Homestead

Ever since it was large enough to be called an industry, the avocado business in Florida has been plagued by certain man-made troubles that have seemed unnecessary but which in fact have proved extremely difficult to remedy. These problems have had to do mainly with buyer resistance created by sale of immature fruit and of poorly graded fruit. Also prices have suffered because of demoralization of certain markets due to over-supply.

I remember a meeting of the old Avocado Association, held at the Subtropical Experiment Station at Homestead one evening — I think it was in the fall of 1938 — when the only topic of discussion was the problem of green fruit. At that time it was no new problem, but the oldest of all the many aches the arthritic industry suffered. And if you doubt that the Avocado industry in 1938 was arthritic you should have been here then, trying to make a living from it!

Times got better after that, but we never felt that we were getting a reasonable return for our fruit, and in seeking the cause we always came to the fact that enough really terrible fruit was offered in the markets to prejudice the consumers against all the Florida product, even though much of it was of fine quality. There were other reasons, to be sure, such as lack of sales promotion and the difficulty inherent in merchandising as large a fruit as most of our avocados, but it seemed clear that before we could attack those problems we must first take steps to eliminate the green fruit and the inferior grades.

Control of maturity and grades was easy enough to talk about but extremely difficult to do anything about. The big stumbling block was the fact that we had no satisfactory method of determining maturity. There were a score of fairly important varieties and a hundred others, and the variation among them in most physical characteristics was extreme. The percentage of oil in the fruit, which increases with maturity, varies among varieties, and within each variety, to such an extent that although much work had been done trying to develop a test based on oil content, nothing was worked out that could be used. Investigation along this line is still being carried on, and eventually we may have a maturity test based on oil content, but neither that method nor any other quantitative measurement was of any help to us then.

With this handicap, a law was drafted covering grades, packing, labeling and shipping of avocados, in which maturity was treated very cautiously. It was submitted to the State Legislature in 1937. A few growers opposed it, however, and the legislators hesitated to meddle in what seemed to be a local squabble. The bill was presented again in 1939, but this attempt also failed.

Voluntary control of volume was equally unsuccessful. Agreements toward this end were always broken. If they worked at all, some shipper would take advantage of the forbearance of the rest; also, no agreement was strong enough to keep growers from picking when the crop was threatened by a hurricane. So the periodic glutting of the markets continued.

During the first half of the 1940's, acreage planted to avocados increased tremendously, and the prospect for crop increase was even greater, as most of the new plantings were to heavy-bearing varieties. What was in store for us when all those new groves came into full bearing was painfully clear. We seemed to be faced with the alternatives of getting together for some kind of control or of leaving the groves to the real estate men.

In 1952 Mr. Steffani circularized growers and shippers to get their ideas on proper picking dates for the more important varieties and to find out whether they would contract to observe them. What followed was the famous "Gentlemen's Agreement" of August 4, 1953, under which we were supposed to pick our fruit only after specified dates which represented the consensus as to the earliest maturity. It failed completely, and for a while the word "*Gentleman*" became a term of opprobrium. The attempt served a valuable purpose, however, by demonstrating that more than fair words and good intentions were necessary, and it left us with some information as to what picking dates were generally regarded as reasonable for most varieties.

In September, 1953, E. A. Ames, a local avocado grower, knowing that certain other crops were marketed under agreements which the Federal Government enforced, inquired among other growers as to whether they would be interested in such an agreement for avocados. My own reaction to his inquiry was that it might be alright but I was highly dubious about getting any kind of agreement when we could not regulate maturity any better than by setting dates which would never be agreeable to everyone. The handwriting on the wall was as plain to me as it was to everyone else, though, and I was willing to try anything that seemed to have any chance of success. Other growers felt the same way, so Mr. Ames asked Mr. Steffani if his office could help us in getting such an agreement. Mr. Steffani asked M. F. Miller, a field representative of the Agricultural Marketing Service of the U. S. D. A. at Lakeland, to help us, and on Sept. 24, Steffani, Miller and Dr. Calkins of the University of Florida conducted a meeting in Homestead to tell the avocado growers and shippers what could be done under a Federal agreement and what its limitations are.

These agreements were first authorized under the Agricultural Adjustment Act of 1933, and were amended considerably in the Agricultural Adjustment Act of 1935 and the Marketing Agreement Act of 1937. They cover two types of commodities, milk and dairy products, and specialty crops such as fruits, nuts and vegetables. They provide for the control of the quantity, quality, rate and method of shipment from the producing area to all markets, thus indirectly affecting the final return to the producer. If two thirds of the growers, and handlers representing over fifty per cent of the volume, vote for such an agreement it is adopted as a Marketing Order of the Secretary of Agriculture. The regulations are set up and administered by the local growers and shippers but the overall rules of conduct are prescribed by the Federal acts, and the ultimate enforcement is the job of the Secretary of Agriculture. By the same token, if the program does not work, or if it is opposed by too many of the producers, the Secretary may

cancel the whole thing. Such crops as citrus in Florida, lemons in California and peaches in Georgia are among the fruits which are marketed under Federal Agreements.

It seemed that we might be able to use a Marketing Agreement to get around the difficulty of the maturity problem, as well as to accomplish the other things we thought were necessary. So arrangements were made for an exhaustive hearing on all aspects of the growing and marketing of Avocados, to serve as a basis for the drawing up of the agreement. This hearing was held at Homestead under the auspices of the Department of Agriculture on March 8 to 11, 1954, with John Curry, Official Examiner for the U. S. D. A. presiding, and A. B. Parker, Attorney for the office of Solicitor of the U. S. D. A., R. C. Beeman, U. S. D. A. Marketing Specialist, and Mr. Miller, acting for the government to make sure that no pertinent opinions were ignored. The testimony and exhibits required over 600 pages. It came from growers and shippers, and from scientists in State and Federal experiment stations.

The need for some control was demonstrated easily enough, and the difficulty caused by the diversity of the product was soon apparent. It seemed that control of the maturity problem must for the present be handled by a system of arbitrary dates, just as Mr. Steffani had attempted to do in 1953. Once that was accomplished, the other provisions for control of quality and marketing were not so difficult, and the Secretary's office was able to draft an agreement to cover our needs which seemed to have a fair chance of working. This draft was then submitted to growers and shippers for criticism. A few changes were made and it was voted upon on May 22, 1954. The vote was overwhelmingly favorable; 94% of the growers, representing 97% of the total volume of avocados, voted for the agreement, and handlers representing 83% of the 1953-4 volume signed the handlers' agreement. Accordingly, on June 11, the Secretary of Agriculture issued Marketing Order No. 69, for the handling of Florida Avocados.

Under this Order the Secretary of Agriculture undertakes to regulate the shipment of Florida avocados in accordance with the recommendations of an administrative committee composed of 5 growers and 4 shippers. The production area of the State is divided into two districts; District 1, consisting of Dade County, and District 2, embracing the rest of the State where avocados are grown commercially. Four grower and three shipper members are selected from District 1, and one grower and one shipper member come from District 2, this division being roughly the same as the proportionate production of the two areas. These committee members are appointed by the Secretary from a list recommended to him by the growers and shippers. In practice the effect is the same as if the growers and shippers elected their representatives directly. The committee is authorized to recommend control measures aimed toward putting a good quality product on the market, and when oversupply threatens to demoralize the market it may restrict shipments until the situation improves. The quality objective is attacked from the standpoint of maturity and by a system of grades. The maturity angle—that tough nut—has been handled this season by imposing a schedule of arbitrary picking dates for the several varieties. In most instances the larger sizes of a variety are permitted to be picked a couple of weeks before the restrictions are completely removed. In setting up this schedule, the dates compiled by Mr. Steffani's office for the "Gentlemen's Agreement" have been of considerable help, as has also the fine work on

palatability and maturity by Dr. Roy Harkness of the Subtropical Experiment Station and by the U. S. D. A. Agricultural Marketing Service at Orlando, under the direction of Dr. Paul Harding.

Inspection for maturity, and when necessary, for grade, is done by the Federal-State Citrus and Vegetable Inspection Service, which has undertaken to do this the first season for six cents per bushel. Inspection for maturity is quite simple, as a rule. The fruit is either taken to a packing house, where an inspector is stationed, or to a central location provided for growers who do not ordinarily sell through packing houses. There the inspector identifies it as to variety, and if there is a weight restriction in force at the time he checks the smallest fruits in the lot, requiring that any below the minimum specified weight be rejected. As an example of this kind of regulation let us consider the Booth 8 variety. It was decided that it might be picked after October 10; larger fruit, weighing over twelve ounces, were permitted to be picked as early as Sept. 27, and fourteen ounce fruit were permitted to be picked Sept. 15. In the sandy lands of the Ridge Section, in District 2, avocados normally run somewhat smaller than they do in Dade County, so the size restrictions on Booth 8's in that area were reduced by two ounces. Similar regulations were set up for forty-two different varieties, and the best seedlings and varieties in very small production, were regulated by a simpler set of dates and weights. In some instances the additional test that they have a brown seed coat was employed.

Provision is made for issuing exemption certificates to cover cases where it can be demonstrated that a given lot of fruit is mature before the regulation would permit it to be shipped.

All this is admittedly a rather complicated method for avoiding shipping immature fruit, but as I said before it is the best we can do at present. We all hope a better method is worked out.

Up to now—mid-October—we have not used our grade standards. A set of grades has been adopted but it is felt that it may be desirable to revise them before using them. Work is now being carried on by experts on the subject, so that we are confident we will have excellent grade standards before long.

Although it is possible that at some time in the future, all Florida avocados will be shipped under Federal grades, for the present we plan to use grades only to restrict the volume when the general price structure gets too weak. That would be done by prohibiting shipment of certain lower grades of all varieties until the market strengthened. For instance, if it looks as though all important outlets are over-supplied, we might decide to prohibit shipment of all fruit that grade lower than No. 2. That might reduce the volume going to market by 20%, and would tend to bring supply more into line with demand. As soon as the market regained its strength the restriction on the lower grades would be removed.

The crop of early avocados was light this year, and prices have been quite good, so the only regulation so far has been for maturity. In this connection I might mention that there is a feeling prevalent among both shippers and growers that it might be wise to prohibit shipment of the No. 3 grade, which is ordinarily a cull class, all the time.

The Administrative Committee meets as often as conditions require. That may be once a week or it may be once a month. It has established an office in Homestead, currently in the building of the County Agricultural Agency, through the courtesy of Mr. Steffani. A full time manager and his assistant handle most of the matters necessary for the operation of the Agreement except the formulation of the regulations. Expenses of the Committee and the office are met by a levy of four cents per bushel. With the six cent inspection charge, the total tax comes to ten cents a bushel. It is collected from the shippers. This tax will be adjusted each year to a rate calculated to just cover expenses.

The question arises, "How is this Agreement working out?" In my opinion it is still too early to tell. Until the middle of October the price level has been somewhat higher than it has been the past few seasons, but the short crop of early fruit may be entirely responsible for this. Improving quality tends to have a long-term effect, rather than to be reflected in an immediate price rise. I have heard, however, that news of what we are trying to do has been very favorably received in the northern markets. Beyond any question the consumer is getting a better avocado, and that must surely work to increase the demand.

Mistakes are sure to be made in the operation of this Agreement. We have to feel our way as we go, and we have no idea we will always make the right decision. We hope we will see our mistakes quickly, so that we can act promptly to correct them. As matters now stand the program has the strong support of almost all the growers and shippers. They realize that we are having to develop it by trial and error, and are inclined to make allowance for this. If we act wisely enough to justify their faith and tolerance the Agreement will probably succeed, to the lasting benefit of the entire industry. I am sure that everyone who has watched the long struggle for improvement will wish it well.