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Robert Di Giorgio
and
Joseph A. Di Giorgio

THE DI GIORGIOS: FROM FRUIT MERCHANTS
TO CORPORATE INNOVATORS

With an Introduction by
Rudolph A. Peterson

An Interview Conducted by
Ruth Teiser
in 1983

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Robert Di Giorgio and Joseph A. Di Giorgio,
"The Di Giorgios: From Fruit Merchants
To Corporate Innovators," an oral history
conducted in 1983 by Ruth Teiser, Regional
Oral History Office, The Bancroft Library,
University of California, Berkeley, 1986.

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BIOGRAPHICAL INFORMATION

(Please print or write clearly)

Your full name JOSEPH ARTHUR DI GIORGIO

Date of birth Jan. 11, 1908 Place of birth Baltimore, Maryland

Father's full name ROSARIO DI GIORGIO

Birthplace CEFALU, SICILY, ITALY

Occupation FARMER AND MERCHANT

Mother's full name CARMELINA RESTIVO DI GIORGIO

Birthplace TERMINI-IMERESE, SICILY, ITALY

Occupation HOMEMAKER AND MOTHER

Where did you grow up ? BALTIMORE, MD & LOS ANGELES, CA

Present community BAKERSFIELD, CA

Education Elementary School-Baltimore & Los Angeles; Virgil Jr. High - Los Angeles, CA, Los Angeles High School, Los Angeles, CA; Oregon Agricultural College, Corvallis, Oregon and University of California, Davis, CA

Occupation(s) Horticulture and Viticulture Farming for Di Giorgio Corporations operating and Winery Processing 5-29-29 to Retirement 12-31-1976.

Special interests or activities All phases of American agriculture - also American historical sites and events.

Joseph A. Di Giorgio

7-2-86

BIOGRAPHICAL INFORMATION

(Please print or write clearly)

Your full name Robert Joseph Di Giorgio

Date of birth December 2, 1911 Place of birth New York City, New York

Father's full name Salvatore Di Giorgio

Birthplace Cefalu, Sicily

Occupation Officer - Di Giorgio Corporation

Mother's full name Marie Meyer

Birthplace New York City, New York

Occupation Homemaker

Where did you grow up ? New York City

Present community San Francisco

Education High School--Lawrenceville, grad. 1929; College--Yale University,
grad. 1933; Fordham Law School, grad. 1936--Member of New York Bar

Occupation(s) Various responsibilities Di Giorgio Corporation CEO 1971-1983.
Presently retired.

Special interests or activities _____

INTRODUCTION

This story of the Di Giorgio family corporation is in many ways a history of American agriculture during the first half of the 20th Century. It is indeed a prototype of American enterprise at its best. Due to the foresight, ingenuity and resourcefulness of the 17-year-old immigrant boy, Joseph Di Giorgio, the milestones along the way are truly dramatic. The outstanding successes came out of Joseph's ability to take advantage promptly of changes in pattern or, better still, to foresee these changes or trends in advance.

It is remarkable indeed that this young man, in his early 20's, could take the padrone system out of Europe and turn it into a new and established system of distribution for fresh fruits and vegetables in the West. When the Supreme Court decided that one party cannot control both the supply source and the shipping facilities of fruit in the West, young Joseph was ready. He was in a position to purchase and finance the largest and most sophisticated distribution setup on the west coast, the Earl Fruit Company. This became the key and the basis for building the Di Giorgio fruit empire as most of us have known it.

Joseph Di Giorgio had the foresight to foresee that the agricultural prosperity of World War I was a temporary phenomenon and proceeded, in Earl Fruit Company, to retrench and build cash reserves while his competitors continued on their expansion spree. (On our ranch in the San Joaquin Valley, gyp corn went from \$60 to \$30 and raisins from 18¢ to 2¢ per pound.) He anticipated the inevitable in Prohibition by some two to three years, and utilized some of the above cash reserves to build a potential fortune in both inventory and equities in the wine industry. Incidentally, he provided these inventories with his own grapes at rock-bottom prices, or at times no price at all.

Later on, he disposed of his overseas holdings and turned them into cash at the proper time. Then he capped it all with a master stroke of high finance, by consolidating all these varied activities and partnership equities into one major, coordinated, corporate setup, in which he still had 50% control.

It seems to me that the real story of Di Giorgio in the first half of the century is the way Joseph marched along with, or a bit ahead of, much of our agricultural history. Between his foresight and acumen, he single-handedly built the organization which is the basis for the multi-faceted Di Giorgio of today.

During the later 20's and early 30's, his four nephews joined the organization. "J.S." and "J.A." graduated from agricultural colleges and entered into the actual ranching operations. Phil moved more into the marketing area, and Robert, who joined the organization in 1934, was given assignments under some of the established veterans in the financial, accounting and tax areas of operation. As a result, when Joseph died in 1951, he had a family team all ready to take over from the veterans of his original organization. And, for the next 20 years, they did indeed make the most of the opportunity Joseph had prepared for them. They selected J.S., the elder, to be the captain of this new team, to be succeeded in later years by Robert. While each reserved the right to speak his mind freely in the family gathering, to the outside world, once a decision was made, they spoke only with one voice, and usually through J.S. It was this practice that assured the continuity of planning and consistency in management that also prepared them for the timely transition that was to take place at the start of the 60's.

Interestingly, this transition was accelerated by two developments in the agricultural scene which are now important parts of history. In the late 50's came the legislation which the so-called 160-acre limitation per family as its ultimate objective. About this time, the labor situation in the agriculture areas of California became quite restive with the so-called Cesar Chavez agitation. This, in the face of an unpredictable world market for fresh produce, seemed to call for at least some measure of diversification.

In 1958, TreeSweet (citrus juices) was acquired, and the following year, S & W Fine Foods, Inc. a leading old-line canner and distributor of premium quality fruits and vegetables, was taken into the corporate family. In the ensuing years, Di Giorgio Corporation continued to broaden its market operations with acquisitions in Italian specialty meat and sausage products as well as packaged condiments, dressings, spices and jellies for restaurant and fast-food operations. In the U.S., this market was growing fast, and in Europe, Di Giorgio became a pioneer processor.

Distribution in the same span of time saw the acquisition of White Rose, which has become Metropolitan New York's largest food wholesaler. Likewise, Los Angeles Drug Co. was acquired, one of southern California's largest drug and pharmaceutical distributors.

Building materials in the expansion process received strong emphasis. Di Giorgio became the largest supplier of prefinished mouldings in the U.S. The company's innovative concept of off-site assembly of houseframe

components has been broadly accepted by tract developers and home builders. Metal-clad wood windows and aluminum-extruded doors, windows and panels are basic products in the mix of Di Giorgio building materials.

It will be noted that every company acquired by Di Giorgio is engaged in a line of business which is not unrelated to the activity of the original parent company: food processing and distribution; forest products and lumber. Within this area, another important criterion was "finding the niche." Seeking out smaller segments of mass markets on the premise that they can be managed profitably, with minimum expenditures for selling, promotion and administrative cost became a guiding principle. The niche may not be all that large, but the important thing is to be one of the majors in that niche.

"Also-rans" in some of the larger markets have just not stayed the course. S & W Fine Foods and Tree Sweet products are cases in point.

Ever-present in management during this 20-year interval was the willingness to admit a mistake. It took some sifting to wind up with the assortment of lively and profitable enterprises that comprise the Di Giorgio Corporation today. There was bound to be an error in judgment now and then. However, once discovered, it was promptly disposed of. Such decisive action not only minimized losses, but in a few cases produced modest gains. In the meantime, the choice selections survived and progressed, and together became the successful Di Giorgio Corporation of today. A record of earnings growth and revenues which moved from the \$60 million level at the beginning of the 60's to \$1 billion in 1980 bespeaks for the soundness and success of that policy. It is also, of course, a real tribute to the resourcefulness of the family quartet to whom Joseph Di Giorgio turned over the reins of management.

Having spent my youth on a fruit farm in the same San Joaquin Valley as the Earl Fruit Company, and where the Di Giorgio fruit ranches were part of the scene, has made the more recent 25 years of my participation in the Di Giorgio Corporation more meaningful. During these latter years, the banker and director relationship has provided a reasonably intimate observation post, both on matters of policy and specific acquisitions.

One cannot help but be impressed with the talent of this congenial family quartet. They were always interested and intelligent listeners. They not only worked well together, but also made good use of the contributions that a talented board of outside directors provided.

This was particularly true during Robert's more recent years as chief executive, when the sifting process on various acquisitions took place. Once the facts were in and a conclusion was reached, decisive action followed promptly, a fact which has contributed so much to the interesting over-all results.

It has, indeed, been a happy association for all concerned.

Rudolph A. Peterson
Member, Board of Directors, Di Giorgio Corporation
President, retired, Bank of America

6 June 1986
Bank of America Center
San Francisco, California

INTERVIEW HISTORY

Since its inception in 1954, the Regional Oral History Office has considered the recording of the Di Giorgio empire of key importance in preserving the history of California agriculture. Although Joseph Di Giorgio had died in 1951, suggestions that younger members of his family be interviewed came from such diverse sources as Wofford B. Camp, the San Joaquin Valley cotton grower, and Paul S. Taylor, the University of California economist and social scientist. Realization of the significance of the Di Giorgio enterprises grew as the office conducted interviews concerning irrigation and water rights, agricultural labor, the state's wine industry, and other related subjects.

Special importance attaches to these interviews with the two surviving of the four nephews of Joseph Di Giorgio who guided the organization through the years following his death, for during the later years of his life the founder of the enterprise became publicity-shy. At a time when much might have been recorded in print, little was. Thus this thoughtful and well-reasoned account by Robert Di Giorgio, who has led the recent business development of the Di Giorgio Corporation, and Joseph A. Di Giorgio, who was for many years in charge of its agricultural affairs, is of particular value.

The immediate impetus for this interview was a letter written to this office in 1979 by Carolyn Martini of the Louis M. Martini winery. Inquiries were begun into the possibility of putting aside the tradition of close privacy still maintained by the Di Giorgio Corporation. A decision was made by Robert Di Giorgio that a candid interview would be possible, and shortly after his retirement as president and chief operating officer of the Corporation, preparations were begun. The result is this account of the Di Giorgio enterprise as a fruit and vegetable marketing and growing organization, and its gradual transformation into a corporation of diversified interests. It stands as a significant addition to the recorded history of California in the mid-twentieth century.

The seven interview sessions were held in the office of Robert Di Giorgio at 1 Maritime Plaza in San Francisco, to which J.A. Di Giorgio came from his home in Bakersfield. Both read over the transcripts very carefully and made some corrections. In particular, they both helped the interviewer put together into a single coherent account the discussions of the Di Giorgio wine interests which had been recorded on two separate occasions. Joseph Brotherton, public relations director of the Di Giorgio Corporation, participated in the fourth interview on March 10, 1983, recalling details of labor problems.

We are grateful to Rudolph A. Peterson, retired president of the Bank of America and a member of the board of directors of the Di Giorgio Corporation since 1969, for contributing an introduction which effectively adds historical perspective to the interview.

Presented by the Di Giorgio Corporation to The Bancroft Library are printed materials which include annual reports. A related essay on the Di Giorgio fruit operation by L.L. Claypool, professor of pomology at the University of California, Davis, has been deposited in The Bancroft Library manuscript collection as well.

Ruth Teiser
Interviewer-Editor

June 1983
Regional Oral History Office
486 The Bancroft Library
University of California at Berkeley

February 15, 1991

Businessman Di Giorgio dies at 79

By James Schermerhorn
OF THE EXAMINER STAFF

Robert Di Giorgio, who diversified his family's giant California farming corporation, the Di Giorgio Fruit Co., into a billion-dollar conglomerate in the 1970s, died Wednesday at the age of 79.

He had been ill since undergoing surgery in 1988.

He joined the firm, founded by his uncle Joseph Di Giorgio, in 1937 and helped the Bakersfield operation become one of the largest farming enterprises in the world.

As president in 1962, then as chief executive officer and board chairman in 1971, he expanded and diversified the company into food processing, drug and food distribution, manufacturing building materials, real estate development and other businesses.

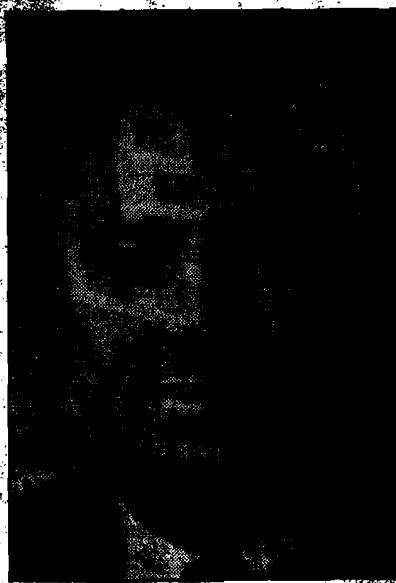
At one time Di Giorgio had 30 separate divisions around the world.

Mr. Di Giorgio retired as board chairman in 1981 but remained a member of the board and chairman of the executive committee.

Born in New York City, he joined the firm after graduating from Yale University and earning a law degree at Fordham University. He was licensed to practice law in New York, and belonged to clubs in New York and San Francisco.

He was on the boards of the Bank of America, Pacific Telephone and Telegraph, Union Oil of California and the Newhall Land and Farming Co.

Mr. Di Giorgio's company made a unique contribution by taking over and maintaining orchards owned by neighboring Japanese families when the owners were interned by the government in World War II, and returning the properties intact when the war was over.



Robert Di Giorgio headed huge farming-industrial enterprise.

He helped finance youth agencies in San Francisco and was a trustee of USC. Mr. Di Giorgio was a state parks commissioner, president of the San Francisco chapter of the American Cancer Society, active with his wife in the United Nations Association, and was co-chairman of the 1960 Squaw Valley Winter Olympics. He also served on the Republican State Central Committee.

Mr. Di Giorgio leaves his wife, Patricia Kuhrts Di Giorgio; daughters, Ann Costigan of San Francisco, Barbara Di Giorgio of Danville, Christine Timmerman of Atherton and Dorothy Moore of Menlo Park; stepchildren Pamela Rogers and Lane and Patricia Lou Sharman, all of San Diego County, and a sister, Dorothy D. Gretsch, of Long Island, N.Y., and five grandchildren.

No services are planned.

The family suggests memorial gifts to the United Way.

I ORIGINS: AN OVERVIEW

[Interview #1: January 27, 1983, with Robert Di Giorgio]

The Salvatore Di Giorgio Family

Teiser: Perhaps I should ask you to start with your place and date of birth, and then we'll go on to your family.

Di Giorgio: My name is Robert Joseph Di Giorgio. I was born December 2, 1911, in New York City. My father was Salvatore Di Giorgio. My mother was Marie Meyer. My father was one of seven children. He was the youngest boy of the family, and I believe the youngest child. My father's birthplace was Cefalu, Sicily, on the north coast of Sicily, about thirty miles east of Palermo. My mother was born in the U.S.A., in New York. Her mother was Irish and had come over to this country because her family was in dire financial straits during the potato famine. Grandmother was one of many children. She had an aunt and uncle in Philadelphia who sent enough money for her to come to the United States as a child.

My grandfather was born in Strasbourg, which was part of France at that time, and he came to our country to avoid the draft in the Franco-Prussian War.

Teiser: What was his name?

Di Giorgio: His name was Michelle Renee Meyer. But it's interesting that people were avoiding the draft way back then. It's nothing new.

Teiser: That's three different strains of Europeans coming to this country for three different reasons.

Di Giorgio: My father came to this country when he was eleven years old, and my uncle Joseph Di Giorgio brought him over. My uncle was about thirteen years or fourteen years older than my father, and he had made a success by that time in Baltimore, Maryland, and was financially able to bring my father over, take him into his home, and to hire a very fine woman who tutored him both in the English language and in the necessary regimen to enable him to enter the following year into school in the United States.

He graduated from high school and then went to Virginia Military Institute, from which he graduated. The year my dad graduated, his tentmate was General George Marshall. Their friendship continued until the death of General Marshall.

I can recall during the war my father regularly, almost as regularly as once a month, going to Washington to spend the night with General Marshall in his home, because he was one of the few people that General Marshall felt he could talk to about something that wasn't connected with the war, and that my father had nothing to sell him or tell him. [laughs] And it was a method of relaxation for General Marshall, and they were very good friends.

Teiser: I suppose it was your uncle who chose your father's education--?

Di Giorgio: Yes.

Teiser: How in the world did he think of The Virginia Military Institute?

Di Giorgio: I don't know. But I assume VMI was selected because, first of all, it was close to Baltimore, reasonably close. And secondly, it was a very fine school. And Europeans tend to like the schools that have military discipline and background as part of the schooling. I suspect, because of my uncle's old-world tendencies and that European tradition, he felt that was an opportunity for better education and perhaps better discipline, although I don't recall ever hearing that my father ever had a disciplinary problem. But I know that my father was very loyal to VMI and spoke of it many times and liked it very much. He went to VMI not to get a military career, but because they thought that was a great place for a good education.

Teiser: Is it a college?

Di Giorgio: It's a college. When my father graduated, he went into the business of my uncle.

Joseph Di Giorgio, Entrepreneur, ca. 1889-1920

Di Giorgio: I think first I ought to tell you how my uncle got here, because he really was the person who founded the family when he came to the United States and started the family business.

My grandfather, who was also Salvatore Di Giorgio, was a person of modest means in Cefalu. They were landowners, and they owned a number of pieces of property, small acreage, which were planted principally to lemons, although obviously they raised all their own food, as well as grapes for wine. But their cash crop was lemons.

In those days the United States did not raise any lemons commercially, and the lemon supply for the eastern part of the United States was entirely dependent upon Sicilian lemons, which were imported. This is a very, very large part of the food business in the United States and a very important part. Some great fortunes were made by what were known as lemon importers. They would act as receivers for lemon growers and shippers in Sicily, and they would receive the lemons and sell them for the account of the grower, taking out a commission for themselves.

My grandfather was the head of the cooperative packing house, which packed not only his lemons but those of a number of other growers in that area. He was responsible for the sale of those lemons. He was very dissatisfied with their lemon broker in the United States, who was located in Baltimore, Maryland, and felt that they were not getting full value for their lemons. My grandfather conceived the idea of sending my uncle, Joseph, with the cargo of lemons, to New York. My uncle was fourteen and a half years old at the time* and spoke no English, but he was given the papers for the consignment of the cargo and was sent off to New York with the lemons on the boat carrying them.

When he arrived, there already were a number of Cefalutanos, which is what we called people from Cefalu who came to the United States, living in Baltimore and some distant

*Possibly 1888 but probably 1889; the date is not known for certain.

Di Giorgio: relatives.* My uncle went to them, and they helped him and acted as interpreter. His first act was to rent a store in the old Washington Market in Baltimore, so that the lemons when they were unloaded could be put into the store. And then he proceeded to sell them out of that store. He did substantially better than the lemon importer representing them and, of course, was told to stay in Baltimore. He then proceeded to be the receiver for subsequent shipments, not only from my grandfather's cooperative but from other cooperatives. So he suddenly became at the age of sixteen an important lemon receiver and distributor in Baltimore.

His lemons were only a seasonal crop. He was concerned what to do in the winter months, the months in the early spring before lemons arrive, and conceived the idea of buying bananas from the West Indies, and so he proceeded to buy small quantities of stems of bananas to be imported into the port of Baltimore, and put those into his store and sold those in the off-season. Eventually, of course, the bananas became a year-round product for him. The bananas came principally from Jamaica and Cuba at that time. My uncle prospered very swiftly, and soon had sufficient funds to invest in other ventures.

Establishing Auction Companies

Di Giorgio: He was very interested in the system of marketing bananas and other fresh fruits which was used in Europe. It was a method of selling perishable fruits at auction upon their arrival at the city of distribution. He proceeded to start up auction companies with other investors in a number of cities in the United States, in which he owned varying shares of the percentages of ownership. He became involved in auction companies in New York, Baltimore (which he owned entirely), Pittsburgh, Chicago, Cleveland, Cincinnati, St. Louis.

Teiser: Did they receive other produce?

*For additional details of Joseph Di Giorgio's early days, see P. 34.

Di Giorgio: Yes. The produce came from various places. It came from Florida, citrus from Florida, citrus from California, deciduous fruit from California, Washington and Oregon, cherries, plums, pears, apples, and bananas. It became a business that grew very, very quickly. Because this enabled a shipping company that would ship, for example, a car of plums to New York, to sell off that whole car of plums to many buyers very, very quickly, before the fruit could spoil. And the auction company also acted as the banker for the transaction. The auction company would pay the grower twenty-four hours after the fruit was sold, less their commission. In turn, the auction company extended credit of ten to fifteen days to the buyer. So it acted in two functions. It acted both as the banker of the transaction and as the method of furnishing the place to sell the merchandise.

Teiser: Was that an innovation, or was that the European system?

Di Giorgio: It was the European system, but it took hold very quickly in the United States, and other auction companies sprang up in competition. New York at one time had I believe three or four different auction companies.* So it was very important to have as much fruit and as many varieties and as large a supply as possible so that your auction company would be the most successful and attract the most buyers, because if there were two auction companies selling, for example, in New York, they would sell at the same time and the buying power would be split. And obviously the growers were interested in the auction that did the best job with their fruit for sale.

In the late nineteenth century, from about 1890 to the early twentieth century, up to 1910, the fruit that came from California and Florida came under refrigeration, in refrigerated cars. The railroad refrigerated cars at that time were owned entirely by the meat packing firms, Armour and Swift and other large meat packers. They had them manufactured, and owned these cars for the shipment of their meats to various parts of the United States. And so when they shipped meat to California, they wanted to have a product to bring back under refrigeration, and obviously the logical thing was fruit. Those cars made it possible for a grower to take a peach or a pear or a plum or grape, which were very perishable, and ship them back to the Chicago and to the eastern Seaboard, where the

*Connolly Auction Company, owned by Joseph Di Giorgio, Brown and Seconto, and Independent Fruit Company. R.D.G.

Di Giorgio: majority of the population lived at that time. That was the logical market for their products, but they had to have those refrigerated cars for shipments.

The Armour family, because of the control of such a large number of refrigerated cars, bought and operated a company called Earl Fruit Company. The Earl Fruit Company was headed up by a man named E. T. Earl from Sacramento, who owned a small portion of it and who was the manager of the company for the Armour family. They built a series of packing houses in different fruit-growing areas of California. Growers would bring in their fruit, and Earl would manufacture the boxes and sell them to the grower and pack and sort the fruit, and then ship it for the account of the grower and charge them for the freight in each refrigerated car in addition to the freight charged by the railroad for transportation. So it was a very, very lucrative business for the Armour family. And the Earl Fruit Company became the dominant commercial packing company in California and really controlled a great part of the business.

In 1910 the United States Supreme Court issued a very famous antitrust decision that forced the meat packing companies and the families to dispose of all of their ownership of these refrigerated railroad cars because they monopolized the business. The railroads then bought, either singly or in partnership, these refrigerated cars from the meat packing companies. Santa Fe started its own refrigeration division with refrigerated cars. Union Pacific and Southern Pacific formed the Pacific Fruit Express, PFE, which I'm sure everybody has seen on the refrigerated railroad cars, and that was a company jointly owned by Southern Pacific and Union Pacific.

So now the refrigerated railroad cars were part of the service furnished by the railroads, so there no longer was a monopoly, and the rates were set by the Interstate Commerce Commission for refrigerated freight. So everybody was treated fairly equally, and everybody had the same opportunity to get refrigerated cars.

Teiser: Can I ask you, who handled the icing?

Di Giorgio: I'm going to get to that.*

*See p. 27-28.

Buying The Earl Fruit Company

Di Giorgio: The Armour family then decided that there was no point any longer in owning Earl Fruit Company, because the raison d'etre had disappeared. So they put the company up for sale, and my uncle was very anxious to buy this company, because whoever owned Earl Fruit Company would have a very large share of the California deciduous fruit market. He wanted that for his auction companies in New York and Baltimore and Chicago, et cetera. And he wanted that fruit.

So he went to the railroads, with whom he had a very close relationship at that time, and he got several of the railroads--I know the Erie was one, and I don't recall the others. But several railroads loaned him the money with which to buy the Earl Fruit Company from the Armour family. So suddenly he owned packing houses in every important shipping area in the state of California and really had a great share, if not the largest share, of the deciduous fruit in California. He had the packing of it, the income from the packing, and the shipping of it, and of course he had it at the other end, having the commission on it at his various auction companies. This proved to be profitable to him, and he was able within two years to pay back to the railroads all the money that they loaned him to buy Earl Fruit Company.

Earl Fruit Company was very successful and was an important part of the company's business and was a great supplier of cash for other ventures and other activities. At that time, my uncle was becoming an owner of groves, orange groves in Florida and grapefruit, and the cash flowing from the profits of Earl Fruit Company permitted him to do this.

He found one of the problems of Earl Fruit Company was that the packing houses, as other packing houses started, became more and more competitive, and one of the methods of securing business was to help finance growers. In the beginning Earl would give growers sufficient money to pick the crop, and then they would have a lien on the fruit, and they repaid themselves out of the proceeds when the fruit was sold.

Di Giorgio: Pretty soon these packing companies were selling supplies to the growers, sprays, insecticides, fertilizers, and they would furnish them credit, loan them that money. And then shortly after World War I it became a problem, because at the end of the year sometimes the fruit didn't bring enough to repay all the loans, and pretty soon Earl Fruit Company had a lot of debts on its books from growers who couldn't pay them. Then they would have not only a lien on the crop, but a mortgage on the property, and they would finally end up with the orchard. The trouble was they ended up owning a lot of orchards, but they were the poorer orchards in California.

My uncle decided if he was going to have to grow fruit, he might as well start from scratch, plant his own and have good orchards instead of bad ones. So he immediately stopped loaning money to the growers and lost a large share of the business, but he replaced the business by starting to grow crops in California. And that was how we got into growing in California. So that started around 1919 and 1920. Those are the years in which he bought the land for the Di Giorgio Farms and in which he bought the original nucleus of the Sierra Vista Ranch. And J. A. [Di Giorgio] will tell us all about that in our next meeting.*

By 1920 Joseph Di Giorgio had a myriad of interests of varying shares in a number of different businesses, owning parts of different groves and orchards in Florida and California, owning a hundred percent of some, owning different shares of the auction companies, owning Earl Fruit Company, owning a varied number of interests. Including apple orchards in Oregon and Washington and prune orchards in Idaho and citrus groves in Florida and varying types of deciduous in California. And these were all motivated by the thriving desire to supply the auction companies with fruit, and consistently finding that he either had to finance people to get that fruit or he had to grow it himself, in many cases because of the high competitiveness of the business. And because of the needs of a great number of auction companies.

In 1920 he decided to form Di Giorgio Fruit Corporation. Di Giorgio Fruit Corporation was incorporated December 13th, 1920, and my uncle turned in all of his properties, the shares in the various properties that he owned,** for stock in Di

*See p. 37.

**See p. 41.

Di Giorgio: Giorgio Fruit Corporation, as it was called at that time. Di Giorgio Fruit Corporation was incorporated on a system where the various people turning in their properties were given units of Di Giorgio stock. A unit of Di Giorgio stock consisted of one share of preferred stock and three shares of common. My recollection is that the preferred stock had a par of \$100, and the common stock didn't have a par but had a stated value of \$20. So a unit was \$160.

So he and many of his associates in the various businesses that he was interested in--practically all of them turned in their shares of their businesses and also took units of stock. All property was appraised, and then each one was paid off in those units of stock.

Simultaneously, a public offering was made of Di Giorgio stock, and units of stock were sold to the public for \$160. So in 1921 Di Giorgio came into being with a new infusion of cash from the sale of stock to the public, and with all of these properties that were turned in by the various owners, who then became owners of Di Giorgio [Fruit] Corporation. So that was the start of Di Giorgio Corporation, how it came into being.

It was really formed to codify and to bring together all of the varying interests that he had in various businesses. The stock was not listed; it was traded over the counter. The headquarters were in New York. So it consisted of many units: a banana company, which was a steamship company with a number of ships and with banana plantations on the West Indies and also a business of buying bananas in the West Indies to supplement what they grew. It consisted of fruit groves in Florida and fruit orchards in California and Idaho, Oregon and Washington. And it consisted of ownership of a number of auction companies in different cities.

Teiser: Was there a box factory, too?

Di Giorgio: Yes. During the First World War, in 1917, the Earl Fruit Company was having a great deal of trouble getting sufficient lumber manufactured into shooks, which is the component of a box. All fruit was shipped in wooden boxes. It was an essential part of the ability to ship fruit safely, perishable fruit particularly, without damage. The shortage was due to the fact that so much of the pine lumber that went into shooks was being made into ammunition boxes. So in order to protect the source of supply, my uncle bought a small lumber company called the Klamath Lumber and Box Company, whose whole business

Di Giorgio: was to manufacture shook.* And that way he insured himself a steady source of supply for the various packing houses of the Earl Fruit Company.

And in addition, there were packing houses that he had by that time built or bought for the orchards and vineyards that he owned himself. Di Giorgio Farms had its own packing house; Sierra Vista had its own packing house; Idaho Prunes had its own packing house. There were several packing houses in the state of Washington, and there were several packing houses in Florida, to handle the company-owned groves.**

So he had a fairly integrated business at that time. There was no winery yet, because Prohibition had just started.

Various members of the Di Giorgio family were in the business. His oldest brother was Vincent Di Giorgio. Vincent Di Giorgio lived in Washington, D. C. and later in Baltimore and was associated with the Baltimore fruit auction for his whole life. My uncle [Joseph]*** was the next oldest brother. The next brother was Rosario Di Giorgio, and Rosario Di Giorgio was also located in Baltimore, and he was associated in various functions with the company, spending a great deal of his time in Florida and in California. My father, Salvatore, was only associated with the banana business during his career with the company.

In and Out of the Banana Business

Di Giorgio: A very important part of the early profits and revenues of Mr. Di Giorgio, before he formed Di Giorgio Fruit Corporation, was the banana business. After he had come over to New York and first worked for Mr. [Guiseppe] Saitta, then he had later on moved to Baltimore and engaged in business on his own. He was handling lemons, but he needed something to sell in the off-season and he became involved in an endeavor to handle

*See pp. 28-29 and 175.

**See p. 30.

***When Robert Di Giorgio spoke of "my uncle," or "Mr. Di Giorgio," he was referring to Joseph Di Giorgio.

Di Giorgio: bananas, and this he pursued. And then, as this business grew, he tried going to the source for his bananas, to the West Indies, and so on. Subsequently, he chartered small ships and began to bring in small quantities of bananas, three, four, five thousand bunches at a time.

He then found himself running into opposition with United Fruit Company. During the whole period, up to the end of the First War, he was constantly in competition, and in vigorous competition, with the United Fruit Company out of Boston, who were the giants of the business and really controlled it.

Mr. Di Giorgio was just a little upstart and somewhat in their way, so they were constantly trying to knock him out. But he did succeed in hanging in there and staying on. My father was in that part of the business for my uncle. My father was located in New York but spent at least half his life in the tropics, in a place called Baracoa, Cuba, which was the source where we both bought and later grew bananas for our fifty-percent-owned Mexican-American Fruit and Steamship Company. And he spent a lot of time in Jamaica, where we also sourced a lot of bananas. We got bananas out of Nicaragua and Mexico and all through the West Indies. My father would--that was his job, was to source the bananas and see they were delivered and sold properly in New York, Baltimore, and other ports.

After the end of the First War, the Di Giorgios started getting a lot stronger, and they then had a very good source of bananas, in Jamaica in particular. Mr. Di Giorgio had then gone into business with some other people from his home town in Cefalu, and they were the Dantoni family and Vaccaro families. They were New Orleans people, the Dantonis and the Vaccaros. He was in business with them in Mexican-American Fruit and Steamship. Mr. Di Giorgio ran that jointly with the Dantonis all during the '20s, and it grew and grew and became very, very successful and became a real competitor to United Fruit.

Towards the late '20s and early '30s, we became a real factor in bringing bananas from Jamaica to Europe, to London and to Amsterdam and Rotterdam. I know at that point we were very competitive to United Fruit and really hurting them and doing very well.

In 1933, Mr. Di Giorgio made a decision that was a most interesting one. He decided he wanted to get out of all foreign growing and selling operations of fruit, and concentrate domestically, in the United States. In 1933, he sold all of his interest in Standard Fruit and Steamship to the

Di Giorgio: Dantoni group.*

He took that money and then used it to reduce some debts and to grow in California and Florida. By grow, I mean to enlarge his growing operations in California and Florida and put that money into both of these areas. Of course, it was the time of the Depression, and he was trying also to reduce his exposure to failure, which many people were doing in the middle '30s. He was very anxious to strengthen his financial position and balance sheet. So he sold out to the Dantonis and Vaccaros and got completely out of the banana business, and we have never been in it since.

In later years, the Dantoni family and the Vaccaro families sold Standard Fruit and Steamship to Castle and Cook, and today Castle and Cook's Standard Fruit and Steamship are the biggest people in the banana business and have left the United Fruit behind.

My father went into the banana business for himself, around 1924 or -5. In later years he went out of the banana business, sold his interest, and then went into the lumber business, importing a lumber called greenheart lumber, which was a very rare, unusually hard species of wood grown in the jungles of British Guiana. It's a wood that's heavier than water, will not float and will not burn, and it was used for pilings for piers--it was resistant to the teredo, which is a marine borer--and it was used for surfacing platforms in railroad yards and places where there was very, very heavy wear. The lumber was used extensively in England and in the United States, mostly in port areas.

The family really were all headquartered in Baltimore for many, many years. However, my uncle found it necessary to move to New York around 1910. I think it was the time of the Earl Fruit Company. And while he had previously spent a lot of time in New York, he then made his full headquarters there. However, the rest of the family remained in Baltimore except my father, who was located in New York, because that was the headquarters of the banana company.

*See also pp. 199-200.

Robert Di Giorgio: Education and Early Contributions

Di Giorgio: My father was married in 1910. My mother at that time I believe was eighteen years of age. She had been born and raised in New York City and had graduated from Hunter College. And I can remember her telling me that she lived on the West Side and used to be taken to school every morning in a pony cart through Central Park.

I was born on Riverside Drive in New York City, and we lived there for three or four years. Then we moved to West End Avenue, and for about four or five years I was sent to a school called Riverdale Country School, situated just north of the city in a community called Riverdale, which in those days was the country. We were taken up and back each day in a bus owned and operated by the school.

Then when I got to what was then the eighth grade, I transferred to Lawrenceville and became a boarder and completed my high school education at Lawrenceville, graduating from there in 1929.

I then entered Yale and graduated from Yale in 1933, and this was a terrible time to graduate. I proceeded to go job hunting, and I was absolutely shocked to find that the best offer I could get (and there weren't many of those) was for \$75 a month, which meant that I would have to continue to live with my family and be, to a great extent, dependent upon them.

I decided that that wasn't the right way to spend my time and so decided that I would use the opportunity to get further education. I determined to go to law school. I applied to Harvard and to Columbia and to Fordham Law School and was accepted by all of them. They were short of students.
[laughter]

My father had had, as many other people, financial reverses, had of course lost money in the stock exchange as I guess everybody else did. So my parents weren't in any position to do as much as I would have liked them to do. So we decided that I would get a part-time job and go to Fordham. Fordham was located in the Woolworth Building. I got a job with my uncle's auction company, and I went to law school from eight to twelve-thirty every day five days a week. The auction company was only five blocks away from the Woolworth Building, and so I had a little brown bag and would munch my lunch while walking over to the auction company* where I would work till five-thirty every afternoon and all day Saturday. And then in the summer I worked full time. So that was how I put myself through law school.

*The New York Fruit Auction Company.

Years at Lawrenceville and Yale

Teiser: I wondered how much your education was guided by your uncle, Joseph?

Di Giorgio: It wasn't at all. I really made all the decisions with respect to my education myself. Even from an early, early day. I decided I wanted to go to Lawrenceville and went down and took the examination. I discussed it with my mother and father, and they agreed with me. But I made all the decisions as to where I went and when.

As a matter of fact, while I was in Lawrenceville, I remember deciding that I wanted to go to summer camp. It was a summer camp run by some professors from Lawrenceville. It was a summer camp where they tutored you, or whatever you want to call it. It had preparatory classes, either for people who were behind or deficient in some subject or subjects, or people who for some reason wanted to take something else. And I went on the basis that I thought that by going to summer school that I could skip a year at Lawrenceville. So at the end of my sophomore year, that summer, I went to summer camp.

In those days you could take what was called college board exams either in one subject, in which you got credit for one point, two points, three points, or you could take, like in English, an exam at the end of your senior year which encompassed all English, and you got, say, four or five points. You needed a certain number of points--as I recall, it was fifteen points--to be eligible to enter college. So I went to summer camp that year, and I took--what did I take? Oh, I took what was then second-year Latin, or Cicero, and two history courses, and I passed them all and took my college boards that fall and passed them all and was accepted as a senior. So I completely skipped my junior year at Lawrenceville. I made up my other points, because as a youngster we spoke French at home, so I was very fluent in French. In fact, I spoke French before English, so I could both read and write and speak French fluently. French was the language of our house.

Teiser: How did that happen?

Di Giorgio: Well, my mother's background was French, and we had French mademoiselles to take care of us, and we had a French woman as

Di Giorgio: our cook. So we were staffed in French, and the help only spoke French, and so you spoke French.

Teiser: Did you ever speak Italian at all?

Di Giorgio: Yes. We spoke Italian, too, but not much. I was never proficient in Italian, although I did, as a young man, speak pretty good Italian. I don't now, but when I go back to Italy in a week or so I pick it right up again, conversational Italian, just enough to get by. But my mother was fluent in both Italian and French. My father was fluent in Italian, French and Spanish as well as English. So we were a family of languages. We spoke a lot of languages.

So, obviously, when it came to French in high school, I was very proficient in it. So I took, that same fall, the comprehensive French language examination. I got all of my points in French, which I guess were three or four. And that gave me time to take another extra course as a senior, so I had no trouble, and I got the points, as I said, and was accepted at Yale and Princeton. My first choice was Yale.

The headmaster of Lawrenceville was a man named Dr. Mather Abbot. We used to call him the "bot." He was a very famous headmaster and a very fine man. He had been a Latin professor at Yale and the coach of the crew at Yale. And he was very much idolized by the boys, and I liked him very much. I think he proselyted Yale. While Lawrenceville is basically a preparatory school for Princeton and most of the students go there, out of my class of a hundred and ten, thirty of us went to Yale. And a number did in subsequent years. So I was always glad of my decision to go to Yale, liked it very much. I think the proximity of three years to Princeton--it lost some of its glamour.

Teiser: What did you study at Yale?

Di Giorgio: I really didn't study much. [laughter] I didn't do a good job at Yale. I didn't make the right decisions at Yale, based on the career I later followed. But of course at that time nobody knows what they are going to do, and I had no idea of going in the family business. I really didn't know what I wanted to do. And so I took a liberal arts course, and I took a lot of French, and I took Latin, and I took a lot of history. I took some economics, but really that was the only course of any use. I was very good in the liberal arts courses, liked them, had some wonderful professors.

I had William Lyon Phelps. I took three courses from him and got fantastic grades from him. He and I really hit it off, and I was on the Dean's List from my sophomore year on at Yale.

Di Giorgio: But William Lyon Phelps was a brilliant man.

And I had some great English professors, who were very famous there. There were some great courses in English that I enjoyed. So it was really a liberal arts education. It was nothing that really helped me later on, except to make me better informed.

Teiser: It did you no harm!

Di Giorgio: Did no harm at all. But perhaps, in retrospect, if I were advising a young person today, I would suggest they take a little more of the accounting and of the economics courses. I think they're more essential to a person who is going to go into a business career. Not to a person who is going to be a researcher or a teacher or whatever.

The other thing that I didn't do, which I wish I had done--and I think everybody should do--is learn how to type, or, what you say today, learn how to use a word processor. I think that's so essential. God, when I think of the hours I spent taking notes (I write illegibly) and then trying to decipher them. I never learned how to type. That was a great mistake. I think everybody ought to learn how to type today. [laughs] I really believe that. I think it's an essential tool of your education, and I have always regretted that I didn't do that.

Teiser: Still you managed to get through.

Di Giorgio: Well, I managed somehow or other. With my bad writing. I still can't read my writing.

Teiser: You must have had a neat enough hand to do figures, though?

Di Giorgio: Yes, I did all right on figures. [laughs]

Teiser: What sort of work did you do in the auction company while you were going to law school?

Di Giorgio: I was a clerk in the auction company, learning mostly the financial end of the business. I worked with two very great men who had spent their business lives with my uncle, both of them having gone to work for my uncle before they were twenty years old. One of them was Bob [Robert S.] McKnight. Bob McKnight at that time was the treasurer of the New York Fruit Auction Company. He took me under his wing for the first year and taught me all about cash handling and finances and matters of that kind. It was a very fine experience and a very informative one.

Di Giorgio: Then McKnight turned me over to Charlie [Charles J.] Nosser. Charlie Nosser was an accountant with the company. He was the head accountant of the auction company, and he was also in charge of the credit. They had a credit committee, but Charlie was the one who pretty much implemented the decisions of the credit committee. Because the auction company extended credit to all of its buyers, and it was very, very important that they not overextend, that they keep very close financial tabs on the success of the operations of the various buyers to whom they extended credit. So I learned a great deal about credit and accounting from Charlie, and I really enjoyed it and got a fine business education from these two men.

While I was still in law school, Bob McKnight was promoted from being a treasurer of the New York Fruit Auction Company, a wholly owned subsidiary of Di Giorgio Corporation, and became the treasurer of Di Giorgio Fruit Corporation and moved to San Francisco.

When I graduated from law school, Charlie Nosser told me that I was still pretty stupid, so he made me go to night school and take accounting for two years, which I did. That also was fabulous advice and has served me immeasurably in the years since. To have a law degree and be a member of the New York Bar and to also have accounting, it was a very, very fine background for anybody, any business career, I don't care what it is, because you can't just run a business unless you understand accounting and books and balance sheets and profit and loss statements and the very complex and complicated rules of the SEC [Securities and Exchange Commission] and of the accounting profession. It's almost a must today to have a sound accounting background and experience.

I never did get my CPA degree because in 1938 I was transferred to California. The reason I was transferred to California was, Di Giorgio Fruit Corporation had ten years of income taxes, prior years' income taxes, which were in dispute with the federal government. The federal government was claiming to be entitled to what was then a fantastically large amount of money from the company. It was in excess of a million dollars. We were contesting it vigorously. The law firm representing Di Giorgio was a very prestigious law firm which still exists today. In those days it was called Davis, Pope, Wardwell, Gardiner & Reed. Mr. George H. Gardiner, one of the senior partners for many years, was made a director of Di Giorgio Fruit Corporation in 1925, a great personal friend of my uncle's. The firm's partner who was the tax expert was a man named Lionel Fisher, a Virginian, who was a very courtly gentleman and a very brilliant man. He had been handling the cases for a number of years. There was a period of at least five or six years that these taxes were in dispute and under contest.

Di Giorgio: During this period, late 1934, the head office--late in '34--the head office of Di Giorgio Corporation was moved by my uncle from New York to San Francisco. And it became more and more difficult for Mr. Fisher to get the necessary information that he needed from the accounting department of Di Giorgio, which was now in San Francisco instead of two blocks away in New York. So I spent a great deal of my time, after I got out of law school, working in the offices of Davis, Pope, Wardwell, Gardiner & Reed for Mr. Fisher. He was using me as his clerk to assimilate and gather the various accounting schedules and information that he needed for the finalization of the case and the brief that he was writing. I had a great opportunity to get a lot of experience and to get an insight into the law of taxation with respect to corporate income tax while I was working for Mr. Fisher. It was a rare opportunity.

In the summer of '37 he took me to Washington, and we spent one month in Washington at the old Washington Hotel across from the Treasury Building, and in those days it was not air conditioned. The only thing air conditioned was the restaurant on the roof, so we ate a lot. [laughter] It was a very hot summer.

Mr. Fisher, in late '37 or early '38, successfully won the case and settled it, and we paid just a very, very minor tax assessment, and it was a very great victory and most important to the company.

Transfer to California, 1938

Di Giorgio: The state of California also had our income tax returns open for some of those same years, some affecting Earl Fruit Company and some affecting Di Giorgio from the time it moved from New York to California, becoming domiciled there. And so it became necessary to settle the same tax case but to a lesser degree with the state of California. Since at that point I probably knew more about it than anybody else outside of Mr. Fisher, I was brought out to California to work with our California attorneys and to help them finalize the arguments and win the case in California, which we did. That is how I came to California.

Teiser: Who were your attorneys here?

Di Giorgio: The tax attorneys were a very old Sacramento firm named Diepenbrock. I believe it's Diepenbrock and Diepenbrock, and it still exists today. Our San Francisco attorneys at that time were Brobeck, Phleger & Harrison. Mr. Herman Phleger represented us in a number of very interesting cases and became a very good friend of my uncle's and ended up as the man who prepared my uncle's will and was co-executor of the will with my oldest cousin, J. S. Di Giorgio, and myself.

So I came to California in 1938 for what was supposed to be a couple of months, and I'm still here. [laughter] When I came here I lived in a hotel for a while. I decided it was essential that I meet some young people my age, and so I went and lived in a boarding house out on Scott Street. Met a lot of very interesting people and made a lot of friends. It was a very nice way for a newcomer to San Francisco to get started. It's economical, and you don't have the food problem, because they serve you breakfast and dinner. The food was pretty good. There were a lot of nice young people doing the same thing that I was doing. And I made a great friend there named John Swain.

John Swain and I became close friends, and after about a year in the boarding house we took an apartment down on California Street between Powell and Grant. He was an aspiring young patent attorney, and I was an aspiring young business executive. We had great fun together, and I really enjoyed it. John and I remained friends for years, until his untimely death. He became a partner in Flehr & Swain, the leading attorneys in the patent law business in San Francisco.

I spent a lot of time traveling in the early part of my career. And when I became chief operating officer, later chief executive, I spent about half of my time traveling, because by that time we had become a very large conglomerate, with varied interests in a lot of places. We'll talk about that part of the company later.

But I've always spent a great part of my career on the road, traveling.

Teiser: Did you mind?

Di Giorgio: No, I didn't mind a bit. I enjoyed it. I'm not interested in doing it now. It becomes a little tiring, but I traveled a very great deal. I can't begin to think of how many miles I put on, places that I had to spend time. And in those days traveling was a lot different than now, took a lot longer. You made longer trips, because it took so long to get places.

In addition to working on the tax cases when I first came to California, Bob McKnight took me under his wing and

Di Giorgio: immediately got me into the financial and accounting aspects of the company, and a year later I was made assistant treasurer. Then some years later I became a vice-president, and then executive vice-president and finally president and then chairman of the board.

I retired after a career stretching really full-time from '38 until 1982; I worked full-time for the corporation and never worked for anybody else. So it was a long career with one company, and I retired after December 31 [1982] as an active employee with the company. However, I'm staying on as chairman of the board and as a consultant to Di Giorgio.

Teiser: In your early career, as you got involved with the company, did you then decide that it really was interesting enough to hold you?

Di Giorgio: Yes. I knew I wasn't going to practice law. That didn't interest me too much. But when I got into the tax law and so on, with the accounting and all that, that intrigued me. I've always liked accounting and financial matters. And really that's been my best skill. I just had a flair for it and liked it and spent a lot of time at it. I never had any difficulty with it. When I took the accounting courses at night, they weren't difficult for me. And of course, I spent a lot of my youth studying at night and on weekends. I spent so much time either in class or working or both that I didn't have the time that other people had, so I didn't have much time to play as a youngster.

Teiser: It's amazing that you were willing to do all that.

Di Giorgio: I lived home the whole time, you see. We had an apartment in New York, and I lived with my family. I was an adult then. I was living with them all through law school.

Teiser: By the time you joined the company, it was deep in California agriculture?

Di Giorgio: Very deep. We were the largest grower in California of fruits, perishable fruits.

Teiser: You had to know something about it.

Di Giorgio: Oh yes. Well, we'll get into that in one of the subsequent interviews. We'll get J. A. to open that up, and then we'll get into that.

Obviously, I had to learn agriculture, because that was the business. Our company was a company that was entirely agriculture oriented. Although we were a conglomerate, we were

Di Giorgio: a conglomerate that was entirely oriented to the production of fruit. And our other interests were all connected to that. We had auction companies. We had a lumber mill. We had a winery. We had businesses that were related. We had a commercial packing company, our own fruit company, and we had our own packing houses. But everything was oriented to the production of fruit and its by-products.

Character and Attributes of Joseph Di Giorgio

Teiser: To go to your uncle's career, it sounds as if part of his success was due to the fact that he knew first what the market was, and then worked back to supply what the market wanted.

Di Giorgio: I think his success was because he was basically a brilliant man. He did not have the education my father had, because he became a businessman too young. He really just got barely through high school. So he was a self-taught man. But he was an avid reader. He read a great deal. He always had a slight accent all his life. Many people do that who come from Europe and who don't have schooling here. He was not a great linguist himself, didn't have the ability. My father seemed to have a much better ability for language. Some people just are born with that ability to have an ear for languages.

A Millionaire at Twenty-One

Di Giorgio: But my uncle was a selftaught man. He was a very brilliant man, a very persuasive man. He instilled confidence in the people he was talking to so that they believed he knew what he was talking about, instinctively believed in him. He was a fine analyst, and he just had a good nose for business. By the time he was twenty-one he was a millionaire, which was something in those days. At twenty-one he became a director of a bank, The Monumental Trust Company at Baltimore. At twenty-one years of age. This seems unbelievable for a man who had only been in this country seven years.

Teiser: Was it in part that the bank wanted to create goodwill?

Di Giorgio: No question about it. They probably had customers of Italian

Di Giorgio: origin. There were many Italians in Baltimore. It was a very Italian city, as was New York. It was a very Italian city, and I'm sure many of their clients were Italian people, Italian business people. And I think they felt it was good to show on their board a person of Italian origin. But, my gosh, they had thousands of Italians to select from, and the fact that they selected a twenty-one year old boy--

Teiser: [laughs] A twenty-one year old millionaire.

Di Giorgio: --was quite a tribute to his capability.

Teiser: He was later a friend of A. P. Giannini here?

Di Giorgio: Yes, he knew the Gianninis very well.

Teiser: Was he on the board of the Bank of America?

Di Giorgio: No, he wasn't. I was. No, my uncle never was on the board of any companies out here.

Teiser: I think I read that when A. P. Giannini was trying to get a foothold in New York, your uncle helped him.

Di Giorgio: Yes, he was very helpful to him. He was always very helpful to A. P. and to his brother Attilio, the doctor, whom he knew very well.

Teiser: The doctor was in the East, wasn't he?

Di Giorgio: Yes, he was in the East, and then later he became headquartered in Los Angeles and was very close to all the film industry. B. of A. became the big banker of the film industry in the twenties. So my father was a great personal friend and was very helpful to Mr. Giannini in his various endeavors and in his battle out here.

The Di Giorgio Fruit Corporation Stock

Di Giorgio: I might talk a little bit about the Di Giorgio Fruit Corporation.* When my uncle died, he was really the principal

*The name was changed to Di Giorgio Corporation Nov. 16, 1964.

Di Giorgio: owner of Di Giorgio corporation, the largest stockholder. For years he had controlled fifty-one percent of the common stock and owned it, and owned perhaps twenty percent or twenty-five percent of the preferred stock. And about four or five or six years before he died, he created a new class of stock called a class B stock, and a stock dividend was declared giving each shareholder who owned common stock a share of class B. So now there was a class A and a class B, and there were 160,000 shares of each. Common stock. In addition, there were 60,000 shares of preferred. So he had created another 160,000 shares of common stock, called this class B stock, and it was non-voting stock. He then proceeded to sell off some of his class B stock, the non-voting stock, because he had a need for cash. During his whole life, he helped the members of the family financially and did a lot of things financially which helped the family. So he had a fairly large need for cash in addition to what he was earning. And yet he never wanted to give up his voting control of the company or sell any of that stock.

When in 1934 he brought the company to California, he proceeded to list the company's stock on the San Francisco Stock Exchange. Up until that time, it had only been traded on what was known as the over-the-counter market. So it was listed on the San Francisco Stock Exchange and traded.

At the time when my uncle died he still owned fifty-one percent of the voting stock of the class A, and he owned perhaps one third of the class B stock, and perhaps twenty percent of the preferred stock.

The Joseph Di Giorgio Trust

Di Giorgio: In 1941--I believe it was '41, about then--he had created a trust in which he named the six nephews. The six nephews consisted of J. [Joseph] S. Di Giorgio, the only living son of Vincent Di Giorgio, the four sons of Rosario Di Giorgio, who were S. [Salvatore] A. Di Giorgio, or Sal, as we called him, Philip Di Giorgio, J. [Joseph] A. Di Giorgio, and Vincent Di Giorgio, and then myself, Robert Di Giorgio, the only son of Salvatore Di Giorgio, his youngest brother. My uncle Joseph Di Giorgio had no children. So he created this trust, of which eighty percent was given to the six nephews, and the other twenty percent was given to seven or eight of his key employees, who had spent many years with him, and were key Di Giorgio executives.

Di Giorgio: That trust consisted of ten thousand shares of Di Giorgio voting stock; there was only common stock at that time. And subsequently that stock was doubled when the corporation issued the class B stock, and there were a number of stock dividends in later years, during my years with the company. So that trust now consists of in excess of 110,000 shares of stock from that original ten thousand. That trust still exists and will exist until the last of all of the six nephews and of all of the outside employees dies.

Teiser: What percentage of the total does it represent?

Di Giorgio: Well, at that time, ten thousand shares out of I guess 160,000. So it would have been maybe six percent, seven percent of the company. Then when he died, he left all of the stock that he then owned in another trust under his will. The executors and trustees of that will were my cousin, J. S. Di Giorgio, P. Di Giorgio, C. J. Nossner, Herman Phleger, and myself. Actually Herman Phleger was only an executor, not trustee.

He provided for a very interesting feature in his will, namely that the trustees would have the right to vote the stock and that they could do anything with the stock as they saw fit. They could sell it and invest in something else, or do anything they wished. They could do everything with the trust except change the recipients of the principal when it became due or the amount of income. So this was a very powerful thing, because it was the voting control of the company. So I, with the other trustees, have always had the big block of stock. And while after he died we had to sell quite a bit to pay the inheritance taxes and so on (there were several stock dividends, which diluted our interest), but nonetheless, we have always had the voting control of the company. Not by having a majority, but having a big voting block, which in effect has meant working control of the company.

Teiser: That was a great advantage, was it not?

Di Giorgio: A great advantage. And fortunately I became close to my uncle in his later years, and I persuaded him to create this trust and make the trust so that none of our generation ever would receive the principal. We only had the income and the voting rights. And that the principal would go, on the deaths of all of us, to our children, or to whomsoever we designated in our wills. So that way we skipped a whole generation of taxes. So when myself and the others are deceased, there'll be no inheritance taxes due. You see, we skipped a whole generation. My children and the children of the other nieces and nephews will inherit this tax-free. That's very important to keep that together.

Di Giorgio: Fortunately, he agreed with me. So what his will provided was to leave a fixed monthly income to his widow and to his sisters, his brothers, his nieces, his nephews and some of Mrs. Di Giorgio's nieces and nephews. There was a huge list, maybe thirty people, who share the income on that. As the people who had the life income die, the monthly fixed payments for those various people cease. In other words, when Mrs. Joseph Di Giorgio died (obviously she was the major beneficiary), the remaining amount was distributed once a year at the end of the year in fixed percentages to the remaining beneficiaries, namely his nieces and nephews.

The trust under my uncle's will still exists, and I continue as trustee. And now as trustee I've brought in some of the younger generation as trustees. Because J. A. Di Giorgio and I are the only trustees of our generation who are living, and so we now have two of the next generation who are the other trustees. Once a year we have a distribution, and of course the sole income of the trust is Di Giorgio dividends. We have never sold any stock other than to pay inheritance taxes, and we have never invested in anything else. So the family has been dependent during all these years on whatever dividends the company paid, so this has been the chore on my back, to see that the family always received dividends so they had enough to eat. [laughs]

Teiser: I was about to say that that's the kind of arrangement that has led some families into poverty.

Di Giorgio: Yes, but fortunately it didn't. We have been very successful. We've all eaten well. The company has thrived. There was only one year in which we had to reduce the dividends. That was '74. My uncle Joseph Di Giorgio died in February, '51, and we have continued to pay dividends and consistently increased some all of these years, with the exception of 1974 and 1975, which were problem-fraught years.

Teiser: I wonder if that was the weather and the wine or what?

Di Giorgio: Yes, the depression. It particularly hit the farming industry. And also some of the housing industry that we were depending upon lumber mills. We were very heavily into lumber mills, and it hurt us there. But we have since then disposed of those lumber operations.

Teiser: I think the story of how you have changed the company in recent years--

Di Giorgio: How we have changed the company. That's another whole story. And, of course, another story is the 160-acre limitation and what it did to Di Giorgio operations. And Mr. Chavez* and all

*César Chavez.

of his machinations. I'll get into those on another day.

II OPERATIONS OF A TIGHTLY INTEGRATED FRUIT COMPANY, 1920-1962

Distribution Facilities and Practices

Di Giorgio: You did ask me one question early on. I said I'd get to it, and I recall now I didn't. You were asking about the railroad cars and who did the icing of the refrigerated railroad cars. Of course, in those days these cars were entirely refrigerated by ice. When the car was first delivered to the siding of the packing house, it would arrive iced. The average packing house arranged for what was called the pre-icing, or the first icing of the cars, and then when the car was loaded, the ice bunkers were refilled, so the packing house had made sure, when the railroad picked up that car, that it was fully iced.

When you deliver the car to the railroad, to the Southern Pacific or the Western Pacific or the Santa Fe or whoever it might be, the originating carrier, you specify in your instructions, in your bill of lading, where the car is to go, what railroad lines it is to go over, and where it is to be iced. Because the railroads had certain icing stations, and you could decide, depending on the temperature--for example, if it was wintertime you might only have one icing en route, but if it was July or August you might have three icings en route. And of course, each time you stopped it to ice, you delayed the speed of delivery of that car.

The average refrigerated railroad car used to take somewhere around eight to ten days to go to the eastern seaboard. They generally sold the tenth morning. That was the normal procedure. And so fruit had to be picked very green. The icing had to be very carefully done. The railroads had fans which worked on belts when the car moved, and blew air through the ice and through the car. A lot of salt was used to force the ice to melt and to get very cold temperatures. So

Di Giorgio: there was both salt and ice put in, just as you would do in an ice cream freezer. Of course, today the refrigeration on the cars is all mechanical air conditioning with the temperature controlled, and no longer is ice used.

We had our own icing people who were independent contractors. There was a man named Berkeley Schorr, who was very well known in California. Berkeley Schorr was a northern Californian out of the Sacramento area, and his was one of the leading car icing companies. It was his own personal business. He would hire a number of young college students. He had a few regular foremen who went from packing house to packing house icing the cars. It was a physically demanding job, and it generally required that you work at night, because you'd normally ice the cars when the packing house day was over. Schorr would arrange for the purchase of ice from Union Ice or National Ice or other big ice companies. He would get it in carload lots. And he would have the ice delivered, and then they would chop it up and put it in and turn the fans on. When the car was stationary at the packing house, they had motors that operated the fans, while it was being packed or until the railroad picked it up.

Teiser: I remember the revolution when they started using cartons instead of wood boxes in refrigerated cars.

Fruit Boxes

Di Giorgio: Of course, the lumber business was another interesting business. The lumber company my uncle bought in 1917 was run by a man named Gus Krause. Gus Krause was part owner of Klamath Lumber and Box Company. When my uncle bought it from other people, Gus was the manager and part owner, and my uncle apparently bought out the other owners. The plant was located on Klamath Falls on upper Klamath Lake. The mill was all built on pilings, sticking in the lake, and the storage of the wood was all done on boardwalks built on pilings. The lumber company would buy stands of timber from the government at government sales on a bid basis, and then we would cut that timber, load it on railroad cars, and bring it into our mill, unload the logs. We would then saw the logs.

We would take the top grades of lumber, the best ones, of high value, which were called "molding or better" in the grading system at the lumber mill. And those molding or better grades were loaded into railroad cars and were sold to molding

Di Giorgio: companies, such as Dorris Lumber and Sacramento Molding and other companies that used that high-grade lumber to make moldings and finished lumber.

Then we took the lower grades. Those went into the manufacture of what we call shook: and shook is merely components cut to size to make a box, the ends and the slats and the bottom and the top and so on. We manufactured those for all of our operation, for Earl Fruit Company, plus all the Di Giorgio packing houses. And then, in addition, we had many outside customers, citrus and other growers, who bought their shook from us.

Teiser: Did you ever get into the printing or lithography of box-end labels?

Di Giorgio: No. The labels were very important on boxes in those days as identification. The labels were very valuable. Labels commanded premiums, the good labels, in the auction companies. A very important asset of our shipping company was its label. Very valuable, very important. Those labels were printed by maybe a half a dozen label companies, principally in San Francisco. Labels were very expensive.

The shook was set in bundles in a railroad car at a packing house, and then they were unloaded and stored during the winter, and then about two or three weeks before a grower would start to pack he would hire boxmakers. There were professional boxmakers who traveled from packing house to packing house and who worked on a piece rate basis. The packing house would own the machine and be responsible for getting it all fixed up during the winter, oiled, and all the parts checked out so it was in good working order. Then the boxmaker would come in, and he would be paid so much a hundred for making different boxes, what were called L.A. lugs or pear boxes or peach boxes. There were all different types of boxes for different products, and the machine could be adjusted. So the lumber was purchased to make the specific box that was needed. The machine was set to receive those shapes.

The workers that worked these box machines were very adept and very fast. They were like an automaton, the way they would feed this machine and nail these boxes together.

The end of the box would be pre-labeled. Generally that would be done by another packing house man, who would take the ends, label them, and then re-stack them back in bundles with the label that he wanted on those particular boxes. Then the boxes would normally be put on a conveyer that went along the top of the packing house. And then they would come down chutes by gravity, where they would be available to the people who

Di Giorgio: were doing the packing, who then would usually take the box off the chute above them.

Boxes were an important part of the produce business. Many times the cost of the box and the label equalled the cost of the fruit in it. The boxes were a pretty essential part of the whole production. The first one of the big cash outlays for growers was the cost of the shook, the cost of the label, the cost of making the box and putting the label on. And that was all money that he had to spend before he got anything back. And so the average grower who had ten, twenty, thirty, forty acres, usually had a connection with a packing house such as Earl Fruit Company or Pacific Fruit Exchange, or belonged to the big cooperative, which was the California Fruit Exchange, now known as Blue Anchor.

The California Fruit Exchange was based in Sacramento. Still exists, and is the largest cooperative for deciduous fruit. It has a series of packing houses in various parts of the state. There was a similar organization for citrus, and that was called the California Fruit Growers Exchange. The names were very similar. And they had a series of packing houses, some owned by one grower, some owned by many growers. And each packing house had its own label for citrus. The California Fruit Exchange had one trade mark, the Blue Anchor, which they used for all of their exchanges.

The cooperative form was used by the grower to enable him to bring his fruit in. When he harvested it in small quantities, he didn't have enough to make up a carload. So he would bring his fruit in, and the packing house would blend his fruit with other fruits, sort it, and grade it, and give him what we called a packout sheet at the end of the day showing the number of tons we received, how much were culled out, how much was graded and what sizes were graded out of this fruit. Because normally the larger the fruit, the more valuable it is, and so on. Everybody's fruit had to be sized and graded separately.

Teiser: It was complicated, then.

The Shipping Season

Di Giorgio: It was a very interesting business. It's a very challenging business and requires fantastic long hours during the season. But during the off season, you know, there wasn't enough to do.

Di Giorgio: And it was not at all unusual for people in packing houses and growers during the season to work fourteen hours. Most of our employees in those days worked twelve or fourteen hours. These were the days before the wage and hour laws. And even when those did come in, when they first came in, there were periods of exemptions for the packing house during a certain number of weeks. I believe it was fourteen weeks of exemption from the wage and hour laws to growers and packers of fruit. Of course, it was not at all unusual to work Saturday or Sunday. That was like any other day. When the fruit was ready, you had to pick it and pack it. Ship it.

Teiser: I can remember sitting in offices with growers who were selling fruit on the phone.

Di Giorgio: Oh, sure. All hours. Of course, you start at six in the morning, because it's nine o'clock in New York and Boston and Philadelphia. And you work till long hours into the evening to get the cars all shipped and the bills of lading made out and the instructions given to the railroad, or, now, to the truckers--how to ship it, where it's to go.

Teiser: Did you have to trace it along the line?

Di Giorgio: Yes, in those days we had a traffic department, which was very large and important. Every car we shipped, a copy of the bill of lading would be sent to the traffic department as the car was shipped and turned over to the railroad. I remember the traffic department was responsible for tracing that car, its progress. And then frequently the car would be billed to Di Giorgio, for example, in New York, in our office there, but maybe the third day out we would divert the car to Boston or to Philadelphia or to Chicago. Sometimes the car would be sold to a chain store while en route and diverted to the buyer.

The chain stores were not big factors in the 1910 to the 1930 period, except maybe for the Great A. & P. There were not many big chain stores. There were the mom and pop stores and these small, modest chains that had one, two, or three stores. So those types of stores couldn't buy a car of peaches or a car of pears or a car of plums. There was no way they could handle it.

The Auction System

Di Giorgio: So the auction was the essential method of distribution, really

Di Giorgio: until the Second World War, up until 1940. The auction companies were very, very important because they enabled a grower or a packing house or a cooperative packing house to ship eleven hundred boxes of plums, Beauty plums or Santa Rosa plums or Wickson plums to one market. No retailer could use that many plums. The fruit was bought by the buyers who supplied hotels and restaurants and clubs. It was bought by the buyers who supplied the pushcart dealer. It was bought by the buyers who supplied the out-of-town people in upstate New York and northern New Jersey for the New York market, or New England, Westchester County. It supplied all of those people. It supplied the people who supplied the stores in greater New York, for example. And so it was very essential that the auction had the ability to sell quickly. And the smallest unit was twenty boxes.

This system enabled a box of perishable products, cherries, plums or peaches, to be distributed amongst the necessary number of buyers. So it would be normal to sell two hundred cars of deciduous fruit on a Monday morning in New York, mixed deciduous fruit. That was a tremendous amount of plums and peaches and pears and cherries and apricots, coming from all over the West Coast. This was the perfect method of distribution of perishable produce. It could be moved quickly.

What would happen, the railroad cars would come into New Jersey during the night, let's say Sunday night, and the railroad would then barge these across the Hudson River and unload them on the Erie dock in New York, downtown, adjacent to our auction. Or onto the Pennsylvania Railroad dock. And the cars would be put on those two docks. We would have the bills of lading. We would print a catalogue, a catalogue for each room in which a sale was to take place. A catalogue of well, let's say for California fruit, or Sunkist citrus. Then another catalogue for non-Sunkist citrus. Then another catalogue for Florida Citrus Exchange. Then another catalogue for the independent Florida orange growers. Another catalogue for the California Fruit Exchange, which was the cooperative of deciduous fruit. Another catalogue for deciduous fruit, non-exchange.

So all these different rooms would have sales. We'd print a catalogue on all the cars that came in that night. The next morning, at five o'clock, that catalogue would be ready. The buyers would come down at five in the morning. We'd offer them a sample of every box. They would inspect that fruit, and then they would bid for it at the sales rooms starting at 8 AM. And then that afternoon, after they had bid and purchased, beginning at twelve o'clock deliveries would start to be made.

Di Giorgio: And by four o'clock that afternoon, every box of fruit that had been sold was delivered. Twenty-four hours after that fruit arrived in New York, it was in the hands of the supermarket or the chain store or the hotel or jobber. That was the perfect method of distributing fresh fruit.

Now, when the big chain stores became established, they suddenly had the capability of buying a whole carload of oranges, a whole carload of peaches, a whole carload of pears. They bought and directed shipments direct to their central warehouse and supplied forty or sixty or more stores, and they could use the whole carload. That's where you first got FOB sales which we call "private sale."

Teiser: What did that mean?

Di Giorgio: That meant that you sold to A. & P. or to Lucky, or to whatever the chain, a whole carload at privately negotiated prices. You offered a price, and they countered it, and you finally agreed, and then you shipped the car to their warehouse, and they paid you for it.

Teiser: When did it become necessary for you to divert a car midway across the continent?

Di Giorgio: Depending on a lot of things. Boston might be selling a box of pears for \$4, and New York might be selling it for \$3.75, and Philadelphia for \$4.50. That had to do with supply and demand every day in each market. So we would have our offices representing us there, and they would try to find out what other people were going to do and what was coming in. And they would say, "Philadelphia isn't going to have enough pears Monday morning," so we'd divert a car that was going to go to Baltimore or Boston and put it in to Philadelphia.

Teiser: They must have had to watch, then, every market?

Di Giorgio: Every market every day. And every day, at the end of the day, we'd take that same catalogue that we'd printed, and we would reprint it with all the prices for every line sold. And then everybody would know exactly what everything sold for, the grower, the shipper, the buyer. So it was very open and very fair.

Teiser: Did the grapes shipped east during Prohibition appear in the Di Giorgio auctions?

Di Giorgio: Yes. We sold hundreds and hundreds of cars of wine grapes. Alicante [Bouschet] and Zinfandel and--what were some of the other ones? J. A. will tell us. When we get into that, J. A.

Di Giorgio: can tell you the details and varieties. We'd sell the wine grapes in New Jersey. They were bought by home winemakers.

The Rosario Di Giorgio Family

[Interview 2: February 24, 1983]

[Interview with Joseph A. Di Giorgio and Robert Di Giorgio]

Teiser: This is Mr. J. A. Di Giorgio, whom Mr. Robert Di Giorgio calls Joe, another nephew of Joseph Di Giorgio.

Would you begin, then, with your family?

Joseph A.

Di Giorgio: Well, I think perhaps it would be better to first make a little correction to what Bob mentioned earlier. When Mr. Joseph Di Giorgio came over to the United States, when he was just a young boy, he went directly to New York to meet with the lemon importer that his father had been doing business in exporting lemons to the United States, which was a Mr. Saitta. He worked for this Mr. Saitta in his wholesale jobbing business for a period of time before he endeavored a little on his own. And then he branched down into Baltimore, Maryland, where he started a wholesale business of his own called the Di Giorgio Fruit Company. And this was in existence for a great number of years, until we finally went into the auction business in Baltimore. You couldn't be in both, so they sold that and went into the auction business, which was the Baltimore Fruit Exchange. Those two were the beginning of the whole Di Giorgio Corporation.

[interruption in the tape]

He used to always refer to Saitta and remind people of his very beginnings, which naturally we all enjoyed hearing. He often said he built the business, and his brothers and sisters built the family. He had no children.

My father, Rosario Di Giorgio, served in the Italian army for my uncle, Joseph, in the 1800s. In those days, the first son was excused from military service. Then the second had to go. Mr. [Joseph] Di Giorgio was the second son, but he was already over in this country, so my father, who was the third son, went in his stead. And he served in the Italian-Abyssinian War in the 1800s and participated in the massacre at Aduwa. He was one of the few survivors of that.

J.A. Di G.: So after he returned home, my father had a desire to come to our country. His brother Joseph then invited him over. He moved directly to Baltimore, because at that time Mr. Di Giorgio had already established his home in Baltimore, though he had businesses in several other places. My father met my mother there and married, and from that marriage there were eight surviving children, of which I am the fifth.

Robert

Di Giorgio: Joe, tell about your mother a little bit, her background.

J.A. Di G.: My mother was born in Sicily also, in a little town called Termini Imerese, which is about twenty miles east of Cefalu, about halfway between Cefalu and Palermo. She came over here when she was a little girl, about five or six years of age. Her father was a fisherman, and he started to go into the fishing business in Baltimore but soon reverted into the fruit business. He had a fruit market in the old Richmond district market in Baltimore, which still exists. The building does, but not as a market. When my father and mother married, they lived in Baltimore.

My mother was just a little tiny person. She didn't reach five feet. We all thought she was a very wonderful mother. Even Bob thinks so, too. [laughs]

We enjoyed Baltimore, with the exception of my father who had a very bad sinus condition. One year, in 1917, he was asked to attend the United Fresh Fruit and Vegetable Association convention in Los Angeles, which was held in February.

When he came home a couple of weeks later, he said, "We're moving to California." So we moved ten days before school started, in late August. Came by way of train. Eight kids. [laughter] So that was quite a move.

Settled in Los Angeles. We ranged from one and a half years of age up to about fifteen, my eldest sister. And as youngsters we basically grew up in Los Angeles but have scattered into many areas since.

R. Di G.: How old were you then, Joe?

J.A. Di G.: I was ten. We moved in 1919, arriving in Los Angeles September third 1919. We started school in September 1919. So I finished lower grades of school and then went up to Oregon State College for a couple of years for the basic scientific facts of agriculture.

Teiser: That's at Corvallis?

J.A. Di G.: Corvallis, Oregon. It was called Oregon Aggies in those days. And then I transferred down to Davis to get acquainted with and study the conditions of California farming, which I knew was where I wanted to divert my attention.

The Di Giorgio Farms: Background and Growth

J.A. Di G.: In the meantime, Mr. Di Giorgio, Sr., Joseph Di Giorgio, had earlier established in the late 1800s or the very early 1900s, after the auction business had been created, the Connolly Auction Company in New York and the Baltimore Fruit Exchange in Baltimore. We had an interest in the Chicago auction, which was the Union Fruit Auction and Sales Company. And also there were some seven or eight other auctions in eleven cities in the United States that we felt was the basic way of selling produce. Previous to that time, most produce had been shipped on consignment to jobbing houses, and sometimes they didn't get the best price. But at an auction, it all sold on its merits. This is one of the basic principles of our sales in those days.

R. Di G.: It has changed, of course.

J.A. Di G.: So in order to provide merchandise for the auctions, he [Joseph Di Giorgio] came to California, and also went to Florida, and arranged for growers and shippers in those days to consign their fruit to the auction companies for sale rather than to the little jobbing places. And it was in the interest of providing a continuity of produce to the auctions that he came out here to California, and also went to Florida.

Then while out here, he bought one little produce shipping concern called the Producers. Then he bought a second one called the Pioneer. Then he bought a third one called the Earl Fruit Company and combined them all.

R. Di G.: I explained how he bought Earl Fruit Company from the Armour family.* Joe, do you remember that?

J.A. Di G.: Yes. During World War I, the growers made just oodles of money. It was these packing companies. In that business, you had to have a three-way deal. The shipper would borrow money from the bank. He would in turn lend it at a little increased interest to the grower. And then in turn the packer or shipper would take a marketing contract back on his produce, and he

J.A. Di G.: would pack it for an agreed price including packing charges and materials. And then he would take the commission on the sales prices, both auction sales and private sales.

The latter part of World War I, many growers had become very well to do, and they wanted advances and advances and advances, much more than the value of their land. So Mr. Di Giorgio was a little bit skeptical of this, because they could get way in over their heads. So without forcing anyone, he told them that they'd have to reduce their demands for advances, or else he wouldn't handle their produce any more.

First Land Purchases in California, 1919-1930s

J.A. Di G.: The other competitors in the shipping business were so happy to get the business that they bought a lot of the contracts, so Mr. Di Giorgio took that money and started investing in land. This is where he started Di Giorgio Farms. He bought that in 1920.

Teiser: I have read 1919.

J.A. Di G.: Well, Sierra Vista Ranch was the first one, in 1919. There was only about three or four or five months difference in timing.

R. Di G.: But wasn't Sierra Vista, part of it, already planted?

J.A. Di G.: Yes.

R. Di G.: I mean, it was a developed property?

J.A. Di G.: That is correct.

R. Di G.: As opposed to Di Giorgio Farms, which was really a piece of desert. Nobody had been farming that area.

J.A. Di G.: Delano had had a little development, and we bought a good part of that land, the original portion of Sierra Vista, from Mr. Walter J. Wallace.

Teiser: The Sierra Vista was the part near Delano?

J.A. Di G.: That is right.

Teiser: And then the major acquisition, however, was further south?

J.A. Di G.: Near Arvin, east of Bakersfield. The Di Giorgio Farms became the larger in turn, finally reached almost eleven thousand acres. The one at Delano was a little bit less. It reached almost nine thousand acres. All the other properties, except Borrego, were the result of some foreclosures of the Earl Fruit Company: Dantoni pear orchard, New England pear orchard, all the apple orchards in the northwest, in Idaho, the prune properties, the Lodi grape properties. They were acquired when there was the panic in the early twenties. This is when the growers just walked away from their places, so we took them over as foreclosures. And even the Winters apricot property. All of them. That's how we got into the smaller places, which we have now divested.

The idea of going into the Di Giorgio Farms area was for earliness of maturity. Because the early bird got the highest prices. And it was the warmest place to start. The fruit and the vegetables matured earlier there until some twelve, fourteen years later. Then there were developments in the Coachella Valley. These were near Palm Springs and Indio. Their fruit came to maturity even earlier, and that, in turn, was the reason for going into Borrego later on. That was after World War II, in '45 or '46.

My father ran the Baltimore Fruit Exchange for my uncle until he moved to California. Then when he came here, he operated, partly on his own and partly representing Earl Fruit Company, in the Imperial Valley. And then he dabbled in a little shipping of his own, grapes and citrus and such as that, but basically always a part of Di Giorgio subsidiaries. Now let's stop this just a moment; then I'll--

[Interruption]

Teiser: I have a 24,000 acre figure for the total Di Giorgio holdings, and you said that was the total that you were farming?

R. Di G.: That was that total on the West Coast. And that consisted of substantial acreage in Idaho, I suspect about a thousand acres of prunes. We had a couple of thousand acres of apples in Washington state.

J.A. Di G.: Right, apples and pears.

R. Di G.: And then the balance was in California, all over the state.

Teiser: That would have been about what years?

R. Di G.: In the late 20s or 30s.

J.A. Di G.: Well, yes, from the time we first bought land and had to

J.A. Di G.: foreclose on some farmers. So from actually 1919 until we finally disposed of the last of them in 1979. Well, Marysville was sold only about four years ago. Four or five years ago.

R. Di G.: But Mr. Di Giorgio kept adding to Di Giorgio Farms all through the '20s and '30s.

J.A. Di G.: Oh yes.

Teiser: The original purchase, then--

J.A. Di G.: Was twenty-five hundred acres. At Di Giorgio*, DiGiorgio Farms, and Delano, Sierra Vista Ranch, was two thousand, the original. That's the original purchase.

While I was attending high school, I spent all of my summers at Sierra Vista Ranch learning first-hand how to plow a field and how to prune grapes. And some of the winter vacations. So I had on-the-job experience. From '23 until the time I graduated in '29, I had these experiences all along. So then I asked my uncle for a job, and he sent me to Sierra Vista Ranch. Then I worked--

R. Di G.: You graduated from Davis?

J.A. Di G.: After I graduated from Davis, I went to work as a regular hand in the fields, doing what everybody else did. And fortunately, I was able to advance. After five years there, the manager at Di Giorgio Farms decided to run for the sheriff's position, and he won. So I was moved down there with another employee to operate Di Giorgio Farms. That was Max Newman.

Teiser: That's Arvin?

J.A. Di G.: Yes, that's the Arvin property. At that time, it was about forty-two, forty-five hundred acres, which was in the depths of the Depression, '33 and '34.

R. Di G.: What was planted there, Joe, at that time?

J.A. Di G.: The varieties of grapes that were popular in those days were the white Malaga, the Cornichon, the Emperor...

*Near Arvin; see p. 46.

R. Di G.: Also Thompson Seedless, Red Malaga and Almeria.

J.A. Di G.: Yes. Those were the grapes. And Alicantes [Alicante Bouschet] for wine purposes, because we were in Prohibition in those days. We used to ship those varieties to the East for the Italian and the French and the different ethnic groups to make their own wine. You could make all the wine you wanted in your own home, provided you didn't sell any of it. And this became a very large business all through the '20s. So a lot of land was bought and then immediately planted in these wine shipping grapes.

Diversifying to Lengthen the Shipping Season

J.A. Di G.: Also, we tried out and went into apricots and a few varieties of plums and peaches and a mix of the various fruits. And we also experimented in terms or dates of maturity, so that they wouldn't all come at one time, so we'd have a continuity of fruits going into market, to the auction companies. And to the private sales areas. We did that at both ranches.

In order to help all the mix, we had for continuity pears up in the Sacramento Valley at Marysville and Yuba City. And also a rose orchard just outside of Sacramento, just on the west side of Sacramento, also planted to pears. We packed them in different containers according to the different markets. Some of them such as grapes used to be packed in cork that you'd keep into February, before you had real refrigeration. And barrels or kegs with cork packing insulation. And they'd keep for three months with very, very light refrigeration. So we had a continuity of fruit.

Now then, Mr. [Joseph] Di Giorgio also wooed what is now the present Sunkist growers. It was a very big entity in our auction businesses, because they also believed in the auction method of sale. So we handled all of their auction businesses in the various auctions, where they did very well.

Also, the Florida citrus business, a great deal of that went to auction. We had in the meantime acquired a company called the International Fruit Corporation in Florida, and they did substantially the same type of business in Florida and Georgia as the Earl Fruit Company did here in the West. Consignment and packaging and so forth, and shipping. And also dealt in peaches in Georgia. We had all these various types of fruit that were going to market, so we had a share of it. I

J.A. Di G.: would say we were the prime fruit shipper in the United States, other than the two big citrus co-op houses, the Florida Citrus Exchange and the California Fruit Growers Exchange, which is Sunkist now. I think we at that time were the largest over-all shipper of various fruits in the country. Totaled in quantity, not individual varieties.

So Mr. Di Giorgio commanded the respect of the whole fruit industry, as is well known today.

I stayed with the Di Giorgio Fruit Corporation--well, we were still Earl Fruit Company in those days--and my recollection is that in some of these enterprises of his, a great number of them, were partnerships that he went into with some little growers that wanted to be a part of it. He had some fifty-two or fifty-three different little entitites, which were later on all combined into Di Giorgio Fruit Corporation in 1920. Then they were paid off in stocks or in cash, and so forth. So that's the way the corporation became an entity.

Contributions of Joseph A. Di Giorgio

J.A. Di G.: Fortunately, I happened to be named as a vice-president of Earl Fruit Company and Di Giorgio Fruit Corporation back in '34. And I've served in that capacity ever since. Coming up through the lines. It was really the most enjoyable experience in my life.

Experimenting with Different Crops

R. Di G.: Joe, tell a little bit about how you changed the crop, how you got out of apricots and peaches and how you concentrated on plums and grapes and then got into vegetables.

J.A. Di G.: All right, fine. The auction companies used to also sell vegetables, some vegetables. Asparagus and tomatoes. During the Depression era we found that some of the varieties of fruits that we were growing had lost their lure to the public. Some new varieties had been developed by the universities through their experiment programs. So we had to change from those that had lost their lure into those that would be

J.A. Di G.: acceptable in the marketplace.

We found that apricots did not grow very well in that section of the San Joaquin Valley. They would ripen at the pit and start to break down while they were still too green to pick from the color point of view. So we determined that this was not a good thing, so we grafted some of those over to plums. Some varieties of grapes we grafted over to other varieties that had a potential, we thought at that time. And they did.

And then in turn some of those had lost their lure because of additional varietal improvements.

Later, as the cost of growing became quite acute, we also looked for the possibility of changing some of the high-cost commodities such as grapes, which took a lot of handwork, and plums and such as that, where the pruning costs were excessive. We wanted to go into some mechanical type crops. And this was just before the beginning of World War II, and right after the great Depression.

So when a variety of a planting was in excess of what we felt we could market profitably, we pulled it out, cleaned up the land, and then started planting to potatoes, which grow beautifully there, and cotton. Cotton had established itself in the San Joaquin Valley since 1921, I think it was, or 1920. The first cotton experiment station was established at Shafter by the United States Department of Agriculture, and it is still in existence. It's the finest one in the country. We determined that the San Joaquin Valley was a prime growing locality for cotton and especially the Acala variety. The San Joaquin Valley now is a one-variety area. You can only plant that one variety.

Then to diversify into vegetables. We went into some earlier varieties or types, and that's where we got into asparagus. Then for another rotation, we went into some peanuts. These were all mechanical type operations, excepting the asparagus. The asparagus was still a labor-intensive crop.

R. Di G.: But the labor need came at a time when we didn't have other labor needs.

J.A. Di G.: The high intensity of asparagus cost was during the harvest. However, the harvest of asparagus would come just after we'd finished the pruning of all the vineyards and the orchards, and there was a lull in there of about six or eight weeks, a time of low employment. So this filled in a gap to maintain labor available on the ranch for the forthcoming thinning and other hand work in grapes and plums. And by the time that came, we were through with the asparagus, and then it would be allowed

J.A. Di G.: to go to fern for the next year's crop. So these all fit in. We studied them to see their timing. Our first plantings of each of them were in small quantities, so we would get the feel of the timing and so forth. And that is how we went into growing those various crops.

Providing for Farm Laborers

J.A. Di G.: We recognized in starting our properties that they would require considerable labor. The properties were far enough away from the center of population, like Bakersfield, which is some sixteen or eighteen miles, so that transportation was a very difficult thing for ordinary labor. So we entered into a program of building camps for different types of labor. We had an American camp for white people. We had a camp for Japanese. We had a camp for Mexicans. We had a camp for Filipinos. So we had a varied mix of the different laborers that were available for farm work.

We absorbed a great number of the transients who came from the dust bowl, came right at that time--the early '30s. You read about all that. Well, we absorbed a great number of those in our American camps.

Teiser: Were they good workers?

J.A. Di G.: Good workers, oh yes. A lot of them have become very, very rich people, farmers.

R. Di G.: Let me interrupt you a minute. I think it's worth noting the reason for segregating the people by their nationality. And the reason had to do with the eating habits of the people. Because not only were they given a place to sleep, boarding houses, but they were fed as well. The Japanese, the Filipino, the Mexican, and the American, are quite different, and they each require different types of food and prefer them. And so we had to have cooks of the proper nationality in each of those camps to produce the type of ethnic food that was suitable and desired by the employees. That really was the basic reason for segregation.

J.A. Di G.: That is correct.

R. Di G.: And in turn, they worked under foremen of their own nationality, their own group.

J.A. Di G.: That is correct.

R. Di G.: So we would talk about Philippine crew number one or Philippine crew number two Japanese crew number one or number two, and so on.

Teiser: They didn't all speak English, did they?

R. Di G.: Many of them did not.

J.A. Di G.: Very few of them did. We also used some Arabians. Right after the war. We employed all types of nationalities who were industrious.*

R. Di G.: You used prisoners of war, too, didn't you, during the war?

J.A. Di G.: We did. We had some German prisoners of war that were in camps three miles away. They were brought to the property every day and taken back every day. And we also employed--what did we call them?--the Mexican national program. They came over for periods of six months at a time, and then they went back. I believe it was called the bracero program.

R. Di G.: That was a government program.

J.A. di G.: Correct. The labor force, naturally, had two peaks. One in the harvest period in the summertime and fall. And in the early winter, in late December, January, and February. The winter period was the pruning of the crops and new plantings. Then there was a lull. Then you went into the maintenance, or the growing, of the crops to produce them in the proper quality by thinning and cleaning out and opening the vines and girdling, and all these different types of works that are required to produce a quality grape in different types. And also in the tree fruits, pears and plums and peaches, and so forth. It took a great number of people to thin, because if you had a good set, you only wanted one plum in an area of about four or five inches. When they came they looked like ropes on the twigs, so you had to thin them off. Now some of that is being done mechanically, with chemical sprays.

You also had to cut off when you had too many grapes, so that you didn't detract from the vine making a quality product rather than tonnage, volume.

*For further discussion of the labor force, see pp. 116-128.

Teiser: Were grapes generally your largest crop?

J.A. Di G.: Yes. Grapes were our largest crop.

So at Di Giorgio Farms, with which I am most familiar, and Delano, the lowest ebb was just after we finished pruning. And then we started in the operation of the making of the crops. So we ranged from a steady force of about two hundred people to, within a few weeks, about eight hundred, and then went to twelve hundred. Then you'd go up to eighteen hundred. And our peak in the summertime was around twenty-seven hundred people. At Di Giorgio Farms alone. That was when we had eleven thousand acres there. At Sierra Vista Ranch, the peak was about fourteen to eighteen hundred. And then it ranged, in and out of the whole year's operations according to the type of work needed to be done at the time, down to about two hundred.

We had homes there for families. We had some two hundred homes for families. many of the wives were employed packing the fruit. And some of the wives from nearby, women from nearby communities, would come in to pack fruit during the peak of the packing period. Later on the women learned to do some of the field work, so we used them in the field work also. And then also in some of the tying of the vines, or the thinning of fruit, and such as that. When we had to do hoeing, they wanted to do that. So we utilized them wherever they wanted to work.

So all this gave an income to a family of man and wife which was substantial for the times that we were living in, in those days, and they enjoyed this very much. And the children, as they grew up, as soon as they had reached an age where it was legal to employ them, we would employ them. Youngsters, you could employ them--boys, you could employ them when they were fourteen, provided you didn't go over eight hours a day and five days a week.

R. Di G.: You had to have a school work permit.

J.A. Di G.: And you had to have a school work permit. And a lot of them enjoyed it. They saved their money, went to college, and so forth. A lot of them are very prominent people in this county today. Believe me.

So we had a very, very fine rapport with our employees at all of our properties. We had these same type of camps and living conditions, both families and single workmen-- We even had some camps specifically for women. I remember, those were set up during the war.

R. Di G.: During the war we did that.

Teiser: Were there community facilities, schools and churches, and so on?

J.A. Di G.: Yes. The Di Giorgio Farms was located four miles from a little town that was just developing called Arvin. There were schools and there was a small rural school called the Rockpile, the name of which was since been changed. The county changed the name to Di Giorgio School. The children were provided transportation by the school system to go back and forth, which is still done today. In fact, even in the cities it's done in some instances.

So they all had access to education, and also to churches. In some instances, we provided a truck for transportation, or small busses, to go to church. We were very cognizant of the needs of the community and its hopes. Later on, we arranged for a doctor to live on the ranch. Or a registered nurse for first aid. Or with some farms we were close enough to other communities, such as Marysville. We were just a few miles from the community, so transportation was available to take people back and forth to get the medical aid that was needed.

Teiser: At Di Giorgio Farms, were there stores nearby, or did you--?

J.A. Di G.: Mr. Di Giorgio was always opposed to company-owned stores. He never wanted to have a company store. And never did on any of his properties. He felt that this was an area for community building. He had these bunkhouse dining rooms and stuff, but that was for a different purpose. That was not to make money. At none of our properties did Mr. Di Giorgio ever have a store.

Last Years of Joseph Di Giorgio, 1938-1951

R. Di G.: Joe, would you like to--I think Joe is better able to do this than anybody else, because he was living with Uncle Joe at the time--would you like to tell a little bit about Uncle Joe's last year, really, and when he died and how he died and so on?

Teiser: Yes, very much.

J.A. Di G.: Mr. Di Giorgio was a most active, energetic individual. In 1938 he had a heart attack in New York. Spent several weeks in

the hospital. I think he was about sixty-four.*

R. Di G.: Yes, just when the war started.

J.A. Di G.: That's right.

Through a friend of his, Mr. Harry Brown, he obtained a horse back at either Aqueduct or Jamaica, one or the other. Anyway, he got into the horse racing activities. This was his spectator sport. Naturally he didn't do anything halfway. He always wanted to be one of the good ones. So he bought some more horses and got up into a pretty good stable. He enjoyed that life. They were doing well, and things were going well, especially with the wine business having turned over. Financially we were in pretty good condition. So he was enjoying his life.

Prior to this heart attack, he used to go to Europe at least once a year, didn't he, Bob?

R. Di G.: Yes.

J.A. Di G.: But from the time of the heart attack, which was before the war, until after the war, he had not gone to Italy to see his home town, as he had always done. So he was building up his strength. Then later on he had a very comfortable home at Di Giorgio Farms called Casa Di Giorgio, where he invited many people to visit with him from time to time. He always liked to have someone around, either a nephew or nieces or some family or some guests. He had some very prominent people come and visit with him there, whom I could name, but I prefer not to. And this was his life, going to the racetrack a few times and keeping in touch with the business through his nephews, Bob and Phil, and J. S. He practically turned all the business over to them, they and the administrative and executive departments up here in San Francisco.

He had named J. S. [Joseph S. Di Giorgio] as president at that time. You, Robert, were an executive vice-president. Phil [Di Giorgio] was an executive vice-president. Charles Nosser was an executive director. I was a vice-president, but I was a farmer. All we boys did all of the jobs that he did at one time. He just loved to get on the telephone and talk with each of us, our various departments. Bob was in financial,

*He was born on June 10, 1874.

- J.A. Di G.: Phil was in marketing, and J. S. an over-all executive, and I was in farming. So he had a pretty well rounded group. He was able to enjoy his life that way. And he'd go to Florida for a period of time and ship some horses there. He was at Santa Anita and Hollywood Park and came up here to Bay Meadows and Golden Gate. He really was enjoying life.
- R. Di G.: If my memory is right, Joe, in the late '40s I think he used to take a house at the old Huntington Hotel in Pasadena, a little house on the grounds.
- J.A. Di G.: That's right.
- R. Di G.: And spend a couple of months there.
- Teiser: That was near Santa Anita.
- R. Di G.: Yes, right near Santa Anita.
- J.A. Di G.: And he also sometimes took a suite of rooms at the Biltmore in Los Angeles.
- R. Di G.: That's right, at the Biltmore Hotel. I'd forgotten that. So he was enjoying life.

Buying Land at Borrego Springs

- R. Di G.: Right after the war Mr. Di Giorgio had the idea he wanted to get into some of the earlier fruit production, so this is when we got into Borrego Valley. I had been sent down there some years earlier, in 1939, and had a report on it. Well, there came the war, so we couldn't do anything. But in '44, at the invitation of Mr. A. A. Burnand, Jr., he and myself and Mr. Di Giorgio took a trip down into Borrego and saw the land. So Mr. Di Giorgio bought a piece of land from Mr. Burnand, some twelve hundred acres or so, which we enlarged later on, and this was the beginning of our Borrego enterprises.

So we started operating and leveling and preparing the property for planting. When we went to see Harry Bauer about getting electricity they said, "What are you going to do, Joe? Don't you know there's a war on? You can't get a power line." Mr. Bauer was head of Southern California Edison and a director of Di Giorgio Corporation.

R. Di G.: Well, he didn't get the power until after the war, right at the end of it.

J.A. Di G.: That's right. Right at the end.

Teiser: Was this fairly undeveloped land?

J.A. Di G.: All undeveloped. In fact I have a picture, and it shows you just what it was. There was only one thing down there, an old date farm.

Mr. Di Giorgio had another heart attack in either '49 or '50, while he was at the Santa Anita race meet. He was placed in the Huntington Hospital in Pasadena. He spent about ten days there, and he was released. So then he took it rather quietly, didn't go to the races too often. He'd ask one of us to go make his bets at the race track. Anyhow, he enjoyed life. He and Mrs. Di Giorgio would go to New York and return and so forth.

R. Di G.: He loved to travel.

J.A. Di G.: Mr. Di Giorgio had a yearning to go back to Italy before he passed away. He felt that he was going away. So in 1950 he talked to the doctor about possibly making a trip to Italy and maybe spending three or four weeks over there. So the doctor said he could go, but he would like to have him take a short trip earlier to test himself. So we had made reservations on the Lurline, and I was to accompany him--the first time I was ever going to take a trip with him--to Hawaii for a week. We were to sail on March 3rd, 1951, for Hawaii, one week after his death, which was February 25th, 1951.

He had a stroke and a final heart collapse at the Casa Di Giorgio, at Di Giorgio Farms, on a Sunday afternoon, February 25th. It was just a week before we were supposed to go. He had a heart attack, then never regained consciousness.

We had some guests there at the time, and he loved to come out in his pajamas and bathrobe and have breakfast and then sit around to talk and joke, and then he'd go in and dress for lunch. He'd loll around in pajamas for three or four hours before changing. Uncle Joe went in to change, but suffered a stroke just after he'd gone into his bedroom at the main house. And the nurse that had accompanied him all the time in the past two or three years called loudly and said, "Come quickly," so I went into the bedroom. I happened to be at the Casa with my son. So I asked somebody to go over and alert the doctor, who lived nearby, just twenty-five yards from the Casa. The doctor came over and administered adrenaline shots to Mr. Di Giorgio. He was given artificial respiration and heart pumping

and everything, but in about ten minutes the doctor had to pronounce that Mr. Di Giorgio had died.

R. Di G.: He didn't respond at all.

J.A. Di G.: Didn't respond at all to it.

R. Di G.: So he went very quickly.

J.A. Di G.: He didn't suffer. Mr. Di Giorgio had been joking all the time before he walked into the house, just ten minutes before. I remember him saying, "You all take care of things here. I'll be out in a little bit." And he hobbled over. He always liked to show how spry he was. He would dance around, you know, by himself. A very, very jovial gentleman.

"Still Calling the Shots"

Teiser: Did he continue making some decisions until then?

J.A. Di G.: Oh, yes, absolutely.

R. Di G.: Nothing was done in the company, even when he had turned over the day-to-day operations to J. S. and the rest of us, no important decision was made that it wasn't first submitted to him either in writing or on the phone or in person. About once a month or so, he'd have us all come down and spend the night at the Casa if he was there, or in New York or wherever he was--

J.A. Di G.: Review things.

R. Di G.: I remember once we went to Florida to meet with him. Any important decision went to him, and he made the final decision. There was never any question who was boss until the moment he died.

J.A. Di G.: [laughs] That's right.

R. Di G.: We were doing the day-to-day things, but he was still calling the shots. His mental ability--

J.A. Di G.: His mind was very, very acute. Very acute. All the way.

R. Di G.: His heart problems affected him physically, but never mentally. There was never any degeneration of his mental ability at any

time. It was remarkable. Remarkable.

J.A. Di G.: It was.

R. Di G.: And his memory was good all the way through. I think uncle was seventy-six when he died, and I never discerned any deterioration of memory of any of his mental abilities.

J.A. Di G.: No, none at all.

R. Di G.: And he was a good decision maker. He didn't take forever to make up his mind.

J.A. Di G.: That's right.

R. Di G.: When you presented a suggestion, and the facts were there and you had made a good presentation, he'd say, "That makes nothing but sense to me," and he'd ask you a couple of questions--had you thought of this, had you thought of that--and say go ahead and do it. It wasn't, "I'll get back to you in a month," or something. He never was that way. He never left everything on the table for later. It wasn't his style, was it, Joe?

J.A. Di G.: No. That's right. Any decision. He'd say, "Give me your problem and I'll give you an answer." [laughter] Remember that?

R. Di G.: Right.

J.A. Di G.: Give me your problem and I'll give you an answer!

I'd like to mention one thing about Uncle Joe in the auctions, and if I've heard him say it once, I've heard him say it a thousand times: he had a great faith in mankind, and anybody who wanted to get into the fruit business, if he didn't have a criminal record, he could get a small amount of credit to start the business.

R. Di G.: Be a buyer at the auction.

J.A. Di G.: Be a buyer at the auction to get into the business of being a peddler, or even have a little store, and such as that. He aided many people in that manner.

The Four Nephews Carry On

- Teiser: At his death all of you of the next generation were reasonably prepared to carry on?
- R. Di G.: Yes. He had very carefully made his will quite some years before and had discussed parts of it at least, I know with J. S., and some with me, and other people. So that the will wasn't any surprise about how he handled things.
- Teiser: Then who made decisions?
- R. Di G.: J. S. What my uncle did in his will was to create a trust, and he included all the stock of Di Giorgio that he owned at that time in this trust. The trustees were J. S. Di Giorgio, Philip Di Giorgio, Charlie Nosser, and myself. There were four trustees.
- J.A. Di G.: And two alternates.
- R. Di G.: J. A. was an alternate, and Charlie [Charles W.] Smith was an alternate. The will provided that a majority of the trustees would make the decision, but that J. S. must always concur with the final decision. No decision that he voted against could take place. If J. S. was in the minority, we did not adopt it, but also we didn't do what J. S. preferred. In other words, it was whatever the majority wanted, as long as J. S. was with the majority. We made an agreement immediately after he died that we would never do anything unless we all four agreed to it, so that if we couldn't persuade all four of us, perhaps we oughtn't to do it. And that's the way we operated from then on. There was never any dissension.
- J.A. Di G.: We kept things pretty well together, even though we are a public company. We realized the fondness of the family and their interest and their desire for the business to continue as a fine company.

Joseph S. Di Giorgio

- Teiser: Would you characterize J. S. Di Giorgio?
- R. Di G.: J. S. was very close to Uncle Joe, because he was the oldest boy in our family. because he had no children of his own Uncle

R. Di G.: Joe took a personal interest in J. S. as J. S. grew up. He really regarded him as his son. He was very interested in J. S., in his education, so J. S.'s basic interests were formed early. He was an agriculturalist, and a very good one. In his early days with the company, he started out in the secretary's office in New York, and he did not prefer the administrative part of the business. He wanted to get into operations. In those days we were still in the banana business, and that was before I was with the company. So J. S. got into the banana business and worked out of the New York office, but became responsible for shipments in Baltimore or Philadelphia or New York, and he was also very active in the banana end of the business and its marketing.

J.A. Di G.: Mainly in the marketing.

R. Di G.: In the mainland United States. Then the corporation sold the banana business to the Dantoni-Vacarro families who were based in New Orleans and had banana and shipping companies.* At that time J. S. said to Uncle Joe, "I want to get down to Florida and get into the actual growing." A man named Lionel Lowry was the manager of our Florida properties at that time, if my memory is correct.

J.A. Di G.: Right.

R. Di G.: Uncle Joe made J. S. assistant to Mr. Lowry. Mr. Lowry was in charge of the entire Florida operation, which meant both growing and marketing and the relationship with the exchange, and all of those matters, and the packing house, and so on. He delegated to J. S. the responsibility for supervising the groves, and in those days we had, I believe, as many as twenty different groves in Florida.

J.A. Di G.: Oh, yes.

R. Di G.: We had a great number of groves, all of different sizes. These were located all over the state.

J.A. Di G.: And some of these were also obtained from foreclosures, as was the Earl Fruit Company in California. Excepting one, Lucerne Park.

R. Di G.: J. S. spent really about--I can't remember now how many years,

*See pp. 11-12.

but about ten years--until the war, J. S. spent his time in Florida, and was in charge of all the growing. I think those were the happiest days of his life.

J.A. Di G.: Oh, yes.

R. Di G.: He really loved the Florida operation. When the war came, J. S. was one of the few of us that was not married, and he immediately enlisted. He joined the marines and went to, I believe, Cherry Point to do basic training.

J.A. Di G.: He was at Quantico first.

R. Di G.: Quantico, I guess, yes. He came out of his training as a captain, and he went all through the Far East war, including Guadalcanal, and was in all of those terrible battles there. Came back unscathed. He came out as a major.

When he had completed his war service, he immediately came to the San Francisco office and took over the responsibility for the farming here in California. He would occasionally go to Florida, but he was no longer as active there. However in California he was really active. He would go down and work with Joseph A. Di Giorgio at Di Giorgio Farms. I believe J. S. consulted with Ray Boone at Delano, and with Ralph Newcombe and Mr. Herman Wolfskill at the Maryville properties, and they all reported directly to him. He was made vice-chairman of the corporation. But anyway, of the nephews, he was the next under Uncle Joe. I believe Uncle Joe was chairman.

Teiser: Yes, I see J. S. was vice-chairman in 1949.

R. Di G.: J. S.'s job was really responsibility for all of the growing here in California. The growing personnel reported to him. At that time Mr. Charlie Smith was in charge of Florida, and he reported directly to Uncle Joe.

J.A. Di G.: Mr. Lowry had passed away.

R. Di G.: Mr. Lowry had passed away. Then when Uncle Joe became less active, Charlie Smith reported to J. S., because by then J. S. had become the top operating executive of operations. I reported to J. S. as the financial man. J. S. was a very shy, retiring person. He didn't like to participate in public affairs, and he never cared to be a representative of the corporation on any industry boards or groups or marketing agreements. This he always delegated to somebody else. I believe J. A. represented us on most of the tree fruit and the grape agreements and the various marketing arrangements in California.

J.A. Di G.: Also the Wine Advisory Board.

R. Di G.: Wine Advisory Board. All of those things. J. S. never cared to do any of that. He was a very shy person who kept pretty much to himself.

J.A. Di G.: He was just a continuation of Uncle Joe. Though he was community interested, he wanted someone else to be in the forefront, but he'd pull strings.

R. Di G.: I would classify J. S. for his whole life as a farmer. Shortly after Uncle Joe died, J. S. had had a lot of trouble with his back, and my recollection is that the injury came from an old football injury. Joe was quite a football player in his day.

J.A. Di G.: Played center.

R. Di G.: He apparently sustained an injury to his back which I guess didn't bother him too much during the war. But he started getting a lot of pain with his back after he got out of the service. Then Uncle Joe died in '51, and I think for several years thereafter, J. S. was in such pain with his back that he finally decided to have surgery on his spine. The surgeon involuntarily severed the nerve that controlled his left leg, and J. S. was never able to walk without a brace after that operation.

J.A. Di G.: And a cane.

R. Di G.: And a cane. But he prided himself on his physical fitness, and he was always a--

J.A. Di G.: Very robust individual.

R. Di G.: Tall, robust, virile person. You know, he'd go down to the ranch, and be up at five o'clock in the morning, go out in the bunkhouse and have breakfast with the foremen, and visit about the day's work. He pushed himself. He enjoyed that. But later on J. S. lost that ability.

At that time, we went out and bought our first company plane, because J. S. didn't have the ability to get to the ranches. He had to get to the Sierra Vista Ranch at Delano and to the Di Giorgio Farms and to Marysville and to all of our operations. He wasn't comfortable driving long distances, so we purchased the first company plane. That was the purpose of it. J. S. used the plane a great deal. He would go to Borrego and to Di Giorgio. We constructed a little airstrip next to the winery at Di Giorgio so the plane could land right at DiGiorgio.

J.A. Di G.: Delano already had one.

R. Di G.: Delano had an airstrip. Marysville had an airstrip. And Borrego had an airstrip. So that we were able to get J. S. to all the properties. So each week he flew to nearly every property.

J.A. Di G.: Just like Uncle Joe used to do.

R. Di G.: J. S. drove himself very hard. But really his primary interest was farming. When we initiated the diversification, Joe never took any part of that. He always said, "Whatever you and Charlie wish to do is fine with me. If you consider it's all right, I'll go along. But," he said, "I'm not knowledgeable in those areas, and I really am going to stick to my farming." So that although he was head of the company, he didn't really exercise direction except in the farming end of the business. But he participated in every important decision we made and every acquisition, because we couldn't act unless he agreed. I mean, that was the family agreement, and that's the way Uncle Joe had directed. So we would present our plan to him, and he would say, "Well, if you want to do it, I'll go along."

Teiser: Did he retire before his death?

R. Di G.: Yes, Joe did. When J. S. reached sixty-five, before he retired, he made me president and chief operating officer, C.E.O. That was 1962.

J.A. Di G.: That was just about a year after his operation.

R. Di G.: Shortly after, yes. Then he stayed on as chairman. Then he got to worrying about--

[Interruption]

Teiser: --you said he was worried about the succession.

R. Di G.: J. S. was anxious about the succession. He said, "I think we ought to bring in a president." He said, "We're getting so big, there's too much for you to do." And he said, "I'm concerned that you'll end up getting sick or something." And he said, "I think we ought to share those duties, and you should bring someone in and start training him."

So we looked over all potentials in the company, and J. S. picked Bob [Robert C.] McCracken, who at that time was the head

R. Di G.: at TreeSweet.* Joe had been closer, I guess, to Bob McCracken than really any of the other operating people in the other companies. And the reason was that TreeSweet was really basically a company that was dependent upon agriculture, and all of our citrus, for example, in Florida that was not shipped fresh went to TreeSweet. So J. S. really had a relationship, an ongoing relationship, with Bob McCracken. More so than he did with any of our other people in S & W or the various other companies that we were interested in.

So Charlie Nosser came to San Francisco and we talked it over, and we all agreed that we would try McCracken. So we got McCracken here and suggested to him that he become president and move up here to San Francisco. Which he did in 1971.

That was the time when J. S. really stopped being active in the day-to-day management, and I would say it was at that time that he really retired. Because it was then that he became chairman of the executive committee, and he gave up as chairman of the board and conducting of the meetings. I started to do them. Up until that time, he had always presided.

Bob McCracken came to San Francisco. That was about the time that we moved into the Alcoa Building. That's just about when J. S. really started stepping aside.

J. S.'s usual program would be to come into the office nearly every day. And even when he was chief executive, he never arrived early. He liked to get on the phone at home and talk to the east and to the marketing people and to Florida, because of the difference in time. He arrived at the office not much before ten or ten-thirty. That was Uncle Joe's style, too.

J.A. Di G.: Yes, that's right. He was talking all over the world.

R. Di G.: So J. S. continued even after he stepped aside as chairman of the executive committee. He came in every day about eleven o'clock. He'd always spend about an hour with me, and I'd bring him up to date what was going on and just get his viewpoint on matters. Frequently, maybe as much as twice a week, we'd have a conference call with Charlie Nosser, who was our key man in New York and another trustee and in whose

*Di Giorgio Corporation had acquired TreeSweet Products Company in 1956-1958. See pp. 168-169.

R. Di G.: judgement Uncle Joe, J. S., and I all had fantastic confidence. He was practically a member of the family, he was so close to all of us. We all thought the world of him.

So about twice a week we'd get on the phone for about half an hour and talk to Charlie. It would then be about two or three o'clock in New York. Then he would go home. Usually about two-thirty or three. He really did that about the last seven or eight years, would you say, J. A.?

J.A. Di G.: Yes. That's right.

R. Di G.: I think from about the time he reached seventy or seventy-one.

J.A. Di G.: That's right.

R. Di G.: J. S. died in '80. He was seventy-nine.

But I always considered J. S.'s judgment was keen. J. S. was a great sounding board for me, and I felt if I couldn't sell J. S., it probably wasn't a very good idea.

Philip Di Giorgio

Teiser: The other nephew who was a trustee in your uncle's will, then, was Philip.

R. Di G.: Philip. That was Joseph A. Di Giorgio's brother.

J.A. Di G.: My brother.

Teiser: Would you tell about him?

J.A. Di G.: Philip attended the lower school grades in Los Angeles, the same as I, and he went on to Notre Dame. He was a graduate of Notre Dame. And after that Mr. Di Giorgio invited him to come to New York. So Philip accepted and worked in the auction company for a while. At that time the main office was in New York, and Philip was elected corporate secretary, on which he served for several years. He relinquished that position after the main office was moved out to San Francisco in '34.

Philip stayed in New York for two or three years later on to get into the throes of the auction market, because in the beginning he had entered the marketing phase of the company,

- J.A. Di G.: and auctions were our basic principle of marketing. Then later on Philip worked on private sales and chain store sales. So he gained a good rounded education. Then he moved to California in about '41. He was out here during the war, because he rented Randolph Hearst's house in Burlingame in 1942. He became active in sales in California at that time. He became a vice-president of Di Giorgio Fruit Corporation at that time, with his office here. He was in the marketing phase with Bob.
- R. Di G.: When J. S. came here, Uncle Joe moved Philip back to New York, around '47 or '48. Philip was in New York up until the time when Uncle Joe died, and then about six months after Uncle Joe died, J. S. moved Philip back to California. But from about '47 until '51 or '52, Philip was back in New York handling all the eastern sales.
- J.A. Di G.: That's right. And also mainly Florida, too. So he was in the marketing end of the company. Then when he came back to California he still maintained that phase.
- R. Di G.: I think Philip was president while J. S. was at war.
- J.A. Di G.: That's right.
- R. Di G.: And I think Philip was the president all during the war and Mr. Joseph Di Giorgio was chairman.
- J.A. Di G.: That's right. Which was shortly after Mr. Joseph Di Giorgio had his first heart attack.
- R. Di G.: Right. And then Philip remained president. But when J. S. came back from the war, Mr. Di Giorgio made J. S. vice-chairman, so that there was no question that J. S. was the number two. Uncle Joe, then J. S., then Philip. Following the death of Uncle Joe, when we had our family thing to decide how to run the business, it was at that point J. S. decided that he would take both the title of chairman and president; this he did, and held for a number of years. And Philip became senior vice-president.
- J.A. Di G.: There were three of you vice-presidents. You and Charlie and Phil.
- R. Di G.: That's correct. Until later, when J. S. decided to relinquish the presidency.
- J.A. Di G.: He asked you to be president. That's right. Well, they remained in that status until my brother Philip elected to take early retirement in 1962.
- R. Di G.: Philip continued as a director, and we had his assistance as a consultant.

Teiser: He no longer was in on your decisions?

R. Di G.: No.

J.A. Di G.: But he was as a trustee.

R. Di G.: Trustee, but not on the day-to-day operations.

J.A. Di G.: Well, he was kept informed inasmuch as he was a director. He was informed of basically everything that was happening.

R. Di G.: Oh yes, Philip came to all the meetings. Then quite suddenly Philip became very ill and in about three months died of cancer.

J.A. Di G.: Very quickly. The cancer was in the pancreas.

Teiser: I have the date of his death as December 21, 1971. Is that correct?

J.A. Di G.: Yes.

"We Were Always Unified"

Teiser: Well, it's certainly an interesting group of men.

J.A. Di G.: We've enjoyed being together, believe it.

R. Di G.: I think, though, the most important characteristic our family is that we were unified. We always spoke with one voice about the company and the family. And I think that's one of the reasons the company has been successful. That doesn't mean we did not have disagreements and differing viewpoints about what to do or when to do something or not to do something, but these were all decided privately with three or four or five of us. As frequently as possible, we would ask Charlie Nosser to come out to San Francisco. He was always a very helpful in the decision-making process.

J.A. Di G.: Very steady influence.

R. Di G.: Very strong balance wheel.

But when we came out of that meeting room, one decision

had been made and that was it. As I said, J. S. always had to be part of that decision. That's the way Uncle Joe wished it, and that was the way we operated. Somebody has to take on the onus of being boss.

J.A. Di G.: Sure.

R. Di G.: I think that has a lot to do with why we're still a big company and successful. Because frequently families do tear apart because somebody feels they aren't treated right, or this, that or the other. We have never had that. We had private disagreements, but never publicly was there any statement by anyone or any action by anybody that wasn't part of the unified program. Very important. I think Uncle Joe was responsible for this, the way he taught us.

J.A. Di G.: Oh yes. He always said, "I don't want any argument among the family. Iron it out between yourselves. There'll be no argument among family." And this has been a really great stabilizing factor.

Teiser: In a future interview, I hope you will explain whatever happened to the auction business.

R. Di G.: Yes, I'll cover that.

Teiser: I assume it's changed.

R. Di G.: Well, I'll tell you a very simple fact. It has changed. The auctions are really a thing of the past. They have become an incidental, small part of marketing. This was a very interesting development and one that I had trouble with the family to make them realize it was changing, because the auction was such a key part of Uncle Joe's success and his whole business theory. Charlie Nosser ran the auctions, and he was such a strong, self-sufficient guy that it was very difficult for Charlie and for J.S to ever accept that the days of the auctions were over. And I'll tell you that story, and what happened and why and what we did about it.*

III FACTORS IN CORPORATE DIVERSIFICATION

[Interview 3: March 3, 1983]

[Interview with Robert Di Giorgio]

The 160-Acre Limitation

Teiser: The 160-acre limitation started in 1902, didn't it?

Di Giorgio: Yes, it did. Let me tell you my version of it. There's your version, my version, and as the Chinese say, the honorable version. [laughter] Anyway, what I have to give you are my impressions. My impressions of the law and what it was, and what happened and how it affected us.

When the Reclamation Act of 1902 was passed, there were great extents of federally-owned land in the West. There was simultaneously a move on the part of the federal government to begin to conserve water and to use that water to irrigate land that formerly did not have water. The difference in value of a parcel of land without water and with water can be astronomical in total dollars on any kind of acreage. So the Congress, in its wisdom, wished to prevent a concentration of ownership of land which was served by federally generated water. This so that a small group of people couldn't gobble up great quantities of such land and make unconscionable profits by reason of the increase in the value of those lands.

Congress determined, in its wisdom, that 160 acres was the maximum acreage of land which could receive federally generated water, or water generated with federal monies in part or in whole. And I believe this decision was sound. Because if I, say, owned a piece of land, ten thousand acres, and I was able to get water for it, and maybe I had paid \$5 an acre for the land, and now it's worth \$500 an acre, obviously that is not fair. So this is the intentional purpose of the law. And

Di Giorgio: that's how the law was used for a number of years.

However, when Mr. [Harold] Ickes became Secretary of the Interior, the Bureau of Reclamation, which had charge of the 160-acre limitation, issued a new interpretation, and that new ruling in effect said that land already in private ownership and which had been receiving water from its own generation or from some other source, then if owners wished to receive water generated in whole or in part with federally financed money, the limitation would be 160 acres.

In other words, originally if you went in and bought or claimed government land which had been non-irrigated and which now was going to get federal water, that you were limited. That is, if owners claimed a thousand acres, they could only take water for the 160. But here the interpretation changed, and it was changed to affect land that had always been in private ownership and which had been brought into farming but, because of the falling water table, or because of the higher incidence of salt or boron or some other substance in the water, resulted in the inability of the landowner to fully water properly with his own water the crops that he was growing. So the grower then sought to use some of the canal waters in the Central Valley.

At that point was when the Bureau of Reclamation changed the interpretation and made the ruling applicable to lands that were then in private ownership and already farmed. This was the big change that caused all the trouble.

When the new ruling came in it was tested in courts, and it was tested here in California. There was a man named [Courtney] McCracken. You'll see his name in all the important lawsuits that have to do with testing the legality of the interpretation that the law of Congress applied to privately owned lands which were taking supplemental water.

Our company became involved in the McCracken suit and supported it and aided it. Our lawyers became of counsel, and we filed along with many other groups what are called amicus curiae briefs. The suits went through a series of different courts here in California, and each decision was in favor of Mr. McCracken, the farmer, and against the Bureau of Reclamation. Even when the case got to multiple court judges, there was never one judge that didn't rule in our favor. In other words, every single judge that ever heard the case in California, and these were federal courts, ruled in favor of the grower.

The matter went to the United States Supreme Court, and Earl Warren was Chief Justice. He was on the bench and heard

the case and wrote the opinion and reversed all the lower courts.

Teiser: Was this the 1958 Ivanhoe decision?

Di Giorgio: Yes.* Mr. Warren, adjudged that it was not a legal problem, but a social problem. He felt that you make the law, you interpret the law to try to suit the social needs of the country. He was a protagonist of the 160-acre limitation, so the other justices, I'm sure, felt he knew more about it than anyone else and went along with him.

But it was very interesting that the judges in the courts below all ruled to the contrary.

It was a shocking decision to all farming interests in California because we all felt it was so wrong. We all felt that a landowner who took water for more than 160 acres, there was no reason not to charge him if there was any subsidy involved of federal money, because of the lower interest rates or anything else. Then the landowner should have been charged more per acre foot of water than other growers, if that was a subsidy and if that was the ruling. That would have been proper.

But to completely restrict the water, I felt, was a distortion of the law to suit the social views of Earl Warren. I never since admired the Chief Justice. I have always felt that that was a very bad decision and that, if anything, he should have abstained in the vote.

That's the background of where we then stood. As I say, the company had spent a lot of money, had been very active in the case and had had our legal counsel involved from the beginning and right on through. I was in charge for the company and followed the case closely and at that time was conversant with all matters.

The legal testing took many years. My memory would be eight-ten years. A long time, anyway. In the course of all this, my uncle, Mr. Di Giorgio, died, and we continued with the problem.

*Ivanhoe v. McCracken, 357 U.S. 275 at 292 (1958).

The Recordable Contracts

Di Giorgio: At the Delano property we had wells that were as deep as twelve hundred feet. We had constantly been deepening these. We were getting heavy salt water intrusions. And there was no other source of water at Delano but the Central Valley canal. So after reviewing all our various alternatives, we felt that there was no intelligent alternative except to sign what was called the "recordable contract." A recordable contract required the landowner who signed up for water to also sign a contract with the Bureau of Reclamation giving the Secretary of the Interior the right, after ten years, if you had not in the course of that ten years reduced your landholding to 160 acres, to appraise your land.

The system required the Secretary to appoint an appraiser, the landowner would appoint an appraiser, and I believe if they could not agree, a neutral appraiser was appointed by perhaps the judge of the court or some independent person. I've forgotten who that was. But anyway, if there were any differences of opinion, a third appraiser was appointed, and the majority was to set the value of the land.

Then the Secretary of the Interior would be empowered to sell that land for cash and convey title, and the proceeds would go to the landowner. We signed such contracts on the Sierra Vista Ranch after much negotiation and much soul searching. It seemed to us that was the only way to go.

Teiser: This was in, I believe, 1952. Do you remember?

Di Giorgio: Yes, it was soon after Mr. Di Giorgio died.

Teiser: Would it have made any difference if he had been still living?

Di Giorgio: I don't see what else Mr. Di Giorgio could have done. There were only two things the company could do. We could immediately get out of farming and try to sell the lands. Or we could farm the lands for another ten years, and during the course of such time try to sell them on our own, if we could, and if we couldn't, let the secretary try to sell for the appraised price. It gave us ten years to review what we wanted to do.

At Di Giorgio Farms, which was the only other property involved at that time, the ranch was divisible into two parts, and on one part we had sufficient water to farm it. The wells

Di Giorgio: were not too deep and not too saline. The other part, however, the problem was that the wells were rather deep, and the amounts of water and quality of water were deteriorating, so we needed supplemental water. So we signed up roughly for half the ranch. And the other half was not included.

Teiser: Did that mean you would not get water on the other half?

Di Giorgio: No, we did not because already had our own water. We had sufficient water from our own wells on what's called the east half of the ranch. The west half of the ranch did not have sufficient water and needed the supplemental water. So we divided the ranch up. It was some eleven thousand acres, and my memory is we signed up for 4,500 acres.

We gave a lot of thought to not signing up at all on the basis that the water was going to come in, and the people would get it who had 160 acres, or who were able, if they were individuals, to divide the title up amongst various members of the family and the foremen and the foremen's family, and then take it all back and farm it and not change anything. We thought that the addition of that water might replenish the water table over a period of time, and maybe that would have solved our problem. But we realized that would take quite some time to replenish the water table, and we knew that wasn't the way we wished to operate. We decided that we were going to go along with the law and either make it or not make it.

So we signed recordable contracts for all of Sierra Vista and for possibly forty or fifty percent of Di Giorgio Farms. So we then proceeded to farm it.

New Types of Acquisitions, 1950s

Di Giorgio: As the time approached, when the government would be selling the land, it forced us to face up to a decision as to what to do. In the course of that time, we had not been doing very well in our farming. After Mr. Di Giorgio died, we started to diversify. We got heavier into the wine business, and we went into wine bottling. We completed the acquisition of the TreeSweet Products Company in 1958, our first big acquisition. Then I think in '59, we acquired S and W Fine Foods. We acquired Santa Fe Wine Company in Los Angeles in

Di Giorgio: 1956. So we started to branch out.*

We felt that it was very important that we be able to earn money every year and to pay dividends every quarter. We had a number of members of the family under Mr. Di Giorgio's trust, particularly female members of the family in my generation, who were looking to those dividends for a good part of their support. I had been troubled for some years with the deterioration the profits from our farming business, and I felt this was going to continue.

We were almost entirely involved in crops that by their nature required intensive amounts of farm labor, hand labor. We had to thin the plums. We had to thin pears. We had to thin these crops by hand. Then pick them by hand and hand pack them. Grapes had to be girdled by hand and selectively picked for the fresh shipment, so there was a great deal of labor in trimming and preparing the bunches for shipment. And as labor costs went up, the prices that we received for our fresh produce did not go up proportionately. Our profit margins were squeezed, and for many crops we were losing money. I was concerned about our ability to maintain our dividends and our profitability.

I felt that the type of acreage that we were farming could only be successfully farmed to what I call row crops that were machine farmed, maintained and harvested. Potatoes and cotton and things of that type. We had a few potatoes, but we had over ninety per cent hand crops, namely pears, plums, grapes and asparagus and things that really required very intensive hand labor. I just felt that the future of this was not attractive and that's what spurred me to start our diversification program.

Also, it was evident that the consumer preference in foods was beginning to change. We had at Di Giorgio Farms many acres of red Malaga and white Malaga grapes, grapes that no longer were attractive varieties to the people who ate fresh grapes. Newer varieties were coming in. The Coachella Valley was beginning to produce in large amounts and was taking the premium early prices away from the Arvin-Di Giorgio area. So we were getting lower margins on those early Thompson Seedless and early varieties.

*See p . 167.

Di Giorgio:

The more I analyzed and looked at the numbers, the more convinced I was that we should get out of farming. The first really big acquisition in an effort to change the character of our business was S and W Fine Foods. When Mr. Di Giorgio died, my recollection is that our sales were in the area of \$14 million in '51. Our total sales of the company were all agricultural. When we acquired TreeSweet and Santa Fe and so on, we moved sales up to about \$30 million, and later when we acquired S and W, my recollection is our sales were around \$90 million. And the next year, 1960, we went over \$100 million. But by that time farming was maybe twenty percent of our business in total sales. We had eighty percent in packaged products.

The problem with farming perishable crops (plums and peaches and pears and grapes) is that if the market is not suitable, the price is not suitable, you have no choices. Because as long as shippers can recover more than the cost of harvesting, they go ahead with harvest and ship even though losing money on the venture but thus reducing the loss in that way. But if you can put wine in a bottle, or you can put peaches in a can or pears in a can or spinach in a can, you give it shelf life, and you can control it a little better, and you have at least a better chance at a profit. Your losses are certainly not going to be as great, and the chances for profit are better.

So I felt we had to get out of the business of selling tons of fresh commodities, which is what we were doing. We were the largest grape grower, the largest plum grower, the largest pear grower in the United States. And these were positions that were very vulnerable. We might have a year when we could make a huge profit, but we also had years in which we could make huge losses, and then we had years in which we did modestly one way or the other.

Teiser: Had you never sold to canneries prior to the acquisitions?

Di Giorgio: We had sold pears to canneries, but the price at the cannery was always less than the price fresh. The quality of fruit we raised and the business we were in was fresh fruit. Putting our grapes into our winery and selling pears at the cannery, that was a secondary sale and a less desirable sale. What I would call a salvage sale, as it were. We weren't looking to the profits from those, and the profits did not come from those sales.

Sale of California Farm Lands, 1965-1969

Di Giorgio: I finally reached the conclusion that there was no future in the farming of perishable agricultural commodities, which is what we were in. I felt that the future of the company, and the only way to ensure the continuity of earnings and a better use of our assets, was to change our whole business.

So, because my cousin, who was the older one and the head of the business, J. S., was only farm oriented, and J. A. was farm oriented, I had great difficulty in persuading them. Mr. Nosser, who was the other trustee of Mr. Di Giorgio's estate, he and I saw eye to eye on this and were of one mind. It took a long time to persuade J. S. that that was the way to go. When he finally agreed, and we were able to persuade him of the wisdom of our decision, he agreed, but most reluctantly. It was cutting his heart out. Because J. S.'s great interest was in farming. But we did make the decision at that point not to get entirely out of farming, but to sell Sierra Vista and to sell Di Giorgio Farms and to discontinue farming in Borrego, where we had lost money year after year.

The reaching of the decision, and my ability to sell it to my associates, was to no small degree helped by Mr. [César] Chavez and the union problem. This coming upon and on top of all of the other business reasons was, you might say, the straw that broke the camel's back and that finally got J. S. to agree. Charlie Nosser and I had already made up our minds prior to any of the labor troubles, and we had been assiduously trying to persuade J. S., and he was more and more reluctantly agreeing with us. But the Chavez incident and that whole unionization crisis really triggered it finally. J. S. just said, "That's just one more thing, and obviously we have to do this." Why have a situation where you've got a perishable crop like this and where you're at the mercy of a man like Mr. Chavez?

I had done all the negotiating with Mr. Chavez and the original arbitration hearings. We'll get into those another time. But we were, all of us, absolutely convinced that he was not a labor leader; he was a social reformer. And he still is a social reformer. It's fascinating that all the years he's

Di Giorgio: been around, and with the opportunity to be the most powerful union in California, you hear very little of him, and he has very little effect, compared to the Teamsters or the Restaurant Workers, or you name it. It's very strange that with an opportunity and the greatest work force in California to unionize, that he has been unable to rally the workers behind him. The reason he hasn't been able to rally them is that his own people don't like him and don't trust him. He does not keep his word. He makes a contract with you, and the contract binds you, but if it doesn't suit him, the part that binds him, because his cause is just and God is on his side, he doesn't have to live up to it. You can't do business with that kind of a person. So this was one of the important things that finally precipitated the decision.

So we then said, well, the Secretary of Interior, he's not able to sell the land. [The recordable contracts ended in 1962.] He had tried to sell it. He had had one sale, if I remember, he had one buyer for like twenty acres or forty acres. He just wasn't able to sell these properties for cash at those prices. It was unrealistic. It was impractical.

Teiser: He had assessed the value?

Di Giorgio: He had assessed the value, and he tried to make one sale. He had put up a lot of property for auction and only sold like one little piece. Anybody could come in and bid on it. He thought he was going to have a lot of buyers, but he was very shocked when nobody wanted to buy.

Teiser: Why do you think that was?

Di Giorgio: Because it was difficult to make money at farming in those varieties of crops. The same reason that triggered us to sell them. If that had been land in cotton or something else, or suitable for cotton, and had been appraised at those prices instead of appraised at prices planted to grapes and planted to plums, people would have bought it. So we said there was no use waiting around for him to sell it; let's get this thing over with. Let's go out and sell it. So we employed a staff and went out to sell for our own account. We used outside brokers, and we went on a hard-sell campaign. We, over a period of a couple of years, sold all of Delano and all of Di Giorgio Farms.

Teiser: I have read that you sold something like fifteen thousand acres.

Di Giorgio: That would be right. Roughly five at Delano and ten at Di Giorgio. That would be about right.

Teiser: That was between '65 and '69.

Di Giorgio: Right. We had signed the contract in '52, and when the ten years were up would be roughly '62 or '63, and at that point the Secretary of Interior tried to make the first sale and was unsuccessful. Then it took us a couple of years to sell our property, maybe two or three.

In the meantime, we were on a program of diversifying the company. Not only did we have to sell the land, but we had to sell the winery, because what good was a winery without all the grapes to back it up? We were crushing our own grapes, plus a lot of neighbors'. So what we did was to start taking in more and more of the neighbors into the winery with their grapes. We formed a cooperative, and we sold the winery to the cooperative and took a piece of paper back, and they paid us off over ten years.* We were fully paid, with interest.

Problems Inherent in Corporate Farming

Di Giorgio: But the real decision to sell was strictly an economic decision. We were in the wrong crops. As a comment, in my opinion, farming of this type of specialty crops is not suitable for a corporation, a corporate setup. Where you have a number of stockholders who are inactive.

I think farming is better suited to families and partnerships with individuals. The reason I say that is that the owner, when active in the business and participating in the business, has advantages that a corporation doesn't have. Living on the property, he's closer to it. He has some financial advantages. He ends up probably charging off some of his living expenses to it. He's interested in building up the equity of the farmland. He's interested in the appreciation during his lifetime in the value of that farmland, partly from his efforts and partly from inflation. He's interested in the

*This was The Bear Mountain Winery Cooperative, formed in 1966. See also p. 158.

Di Giorgio: long-range capital gain. This doesn't do a corporation any good that wishes to pay dividends every ninety days. But a man who's there with his children, and he's building this for his children, and the values are increasing, and they're adding to their land, and if they get any profits they buy some land next door or across the street and add to the farm--I think the type of farming that takes place in California is suited to that.

But not 160 acres. A hundred and sixty acres is an impractical unit, and, as you know, the Congress has found so and has changed the law, because it's impractical in California. It costs so much to put a well down, and a well can serve more than 160 acres. It costs so much to buy these huge machines. A tractor, just to start with. And all the harvesting machinery and the cultivating machinery. By the time you make the investment in the wells and machinery and equipment and trucks and all the things that are needed to farm a crop today, there's no way you could support that cost with 160 acres.

Teiser: When you made the recordable contracts, did you hold out 160 acres or 320 on your own?

Di Giorgio: If you recall, I said earlier that when we signed the recordable contract, we covered all the land of Delano, but only about half of the ranch, or a little less than half of the ranch, at Di Giorgio Farms. So we kept out about 5,500 acres at Di Giorgio Farms that was not under the recordable contract.

Teiser: But you could have kept out 160 acres, couldn't you?

Di Giorgio: Oh, we could have, and whether we did or not, I don't even remember. It was so inconsequential it was meaningless, you know. We probably did. It would be silly not to. But, of course, we then decided to sell all of the land. We sold all of the land whether we had to or not. We made the conscious decision to get out of farming in the Central Valley. We sold all of Delano and all of Di Giorgio over several years.

Then we took those funds that were generated--a lot of it was cash, but a lot of it was long-term notes, because we had to give credit terms to buyers in order to make it possible for them to buy these properties, and we did so. We had to.

Teiser: Did you sell them in 160 and 320 acre blocks?

Di Giorgio: No, we sold them in a variety of blocks. Of course the piece

Di Giorgio: that was the 5,500 acres at Di Giorgio, that could be purchased in a block and was, because that wasn't under the contract. It had its own water. But even some of the other blocks were purchased in larger pieces, because people just went through the subterfuge of putting in a lot of names. It was meaningless. Nominally they had to conform, because otherwise the district couldn't give them the water. We know, ninety percent of all the land in the valley went through the sham of conforming. And that's what it was; it was a sham. And the bureau knew it was a sham. There was nothing they could do about it. They were meeting the objective tests of 160 acres in each person's name. If you had a big family, that was pretty simple. If you had a couple of foremen, you put it in the foreman's name, and you made a deal with him.

Teiser: Is the land now farmed in large parcels?

Di Giorgio: Sure it is. That's why the law was changed. And of course, after the failure of the bureau in its inability to sell our land, they backed off, and they didn't try very hard to sell anybody else's. Even though they had recordable contracts, they didn't try to do anything about it, because they didn't have to, and it wasn't practical, and they knew they couldn't. So we were the guinea pig, as usual.

Teiser: Why were you the guinea pig?

Di Giorgio: I don't know. I can't really tell you that. We were the largest. I guess they thought they would make an example of us and prove their point and prove how great the program was. And of course, it was a great failure because, as I said, they ended up selling, I think, either twenty or forty acres out of all of the Sierra Vista Ranch that they offered.

Teiser: I'm looking at a list of known ownerships of five thousand or more acres. And I don't believe--

Di Giorgio: There were great numbers of names. I know that.

Teiser: Kern County Land Company.

Di Giorgio: Of course, Kern County Land didn't sign the contract. They didn't have to. See, Kern County Land had better water rights than anybody in California, because they had built the dam up on the Kern River, and they had put in their own canal, going back many, many years, to the founders of Kern County Land, the families that originally did it. The Tevises and--I've forgotten all the names now. It's been many years since I knew them all. A lot of those people didn't even sign the contract, because they didn't have to. It just so happened that Delano was the real trap for us, because that was the area that the

Di Giorgio: wells were the deepest. Not only was the water table dropping, but the amount of water per well was reducing, and it didn't pay you to put down more wells, and the salinity was going up. So it just so happened we were the person who, just by the force of circumstances, proved to be in the most desperate situation and had to sign.

Teiser: According to the Sheridan Downey book, They Would Rule the Valley*--

Di Giorgio: Yes, I have those for you. I read both of them to refresh my recollection over the weekend, and also the Fortune article. [he goes to get the publications]

Teiser: The Sheridan Downey book painted the Di Giorgio enterprise as a fairly flourishing one, and one that, if it should disappear, would have caused great loss to the state, in fact.

Di Giorgio: Well, I think it certainly caused a lot of problems in our area, because we were the largest employer in that whole area there around Bakersfield and Arvin, Edison district. I guess at Di Giorgio Farms we would have twenty-five hundred employees in the season and never less than a thousand. They were all family people. These were not migrants. We had no migrants there for years. These were all local family people, and those families were looking to those wages to sustain them and the economy of Arvin and Edison and Lamont and Weed Patch, that whole area where our people lived and came from, it certainly did hurt them.

We paid well, and we had more stability of employment than any other employer, because, as J. A. explained to you the last time**, Mr. Di Giorgio was very conscious of trying to give full employment, and that was why we planted a lot of crops. Many of the crops that we planted were not as profitable as others that we might have planted. But they were planted to give year-round employment.

He was socially conscious of his people and their needs.

*San Francisco, 1947. No publisher given. The other publications referred to were a pamphlet by Angus McDonald, One Hundred and Sixty Acres of Water (Washington, D. C., Public Affairs Institute, 1958) and a copy of the article "Joseph Di Giorgio" from Fortune Magazine, August 1946.

**See p.42.

Di Giorgio: Somewhat in the nature of the old padrone system of Europe. He felt, you know, that he had an obligation to these people, and they looked to him for their security, and he felt he owed it to them.

The Arvin-Dinuba Study

Teiser: The Arvin Dinuba study of 1946*--

Di Giorgio: Oh, yes. I remember that. That again was--again, this is me talking, and my impressions, but I remember at the time that came out and reading it. The sole purpose of that study was a social purpose, to show the evil of big farms like the Di Giorgio Farms, and the benefit of farms more of the size around Dinuba, which were a section or two sections or half a section.

And an important fact that the two researchers very carefully avoided (and this is very interesting) was that Dinuba is one of the oldest communities in the lower part of the Central Valley. It had been in existence for about sixty years or seventy years longer than Arvin. Arvin was a newly developing community. When Mr. Giorgio went in there in 1919, there was no Arvin. We went in there with twenty-horse mule teams, because there weren't tractors big enough to do that work at that time. We went in with the old-fashioned twenty-mule team. They used to pull the plows and do the land leveling and prepare that land. It was absolute desert. There was nothing there. Nobody there. No water there, and there was no Arvin.

These researchers very carefully avoided the fact that Arvin didn't even start until the '20s, and that it started because of the start of Di Giorgio Farms, which, in turn,

*Special Committee to Study Problems of American Small Business, Study in Central Valley of California on Effects of Scale of Farm Operation, Report Pursuant to S.Res. 28 (Extending S.Res. 298, 76th Congress), Dec. 23, 1946; [by Walter R. Goldschmidt]. (Senate Committee Print No. 13, 79th Congress, 2nd Session) [Comparative study of Arvin and Dinuba, Calif.]

Di Giorgio: attracted other growers to that area, who went and copied what Mr. Di Giorgio did, and suddenly they needed employees, and they hired employees, and the employees needed stores, and so you had a little shanty town that grew up from nothing, as any small town would. You know, San Francisco was pretty shabby in 1851. [laughter] Arvin didn't have the good fortune to burn three times, like San Francisco, so Arvin was a shabby little community that had started from nothing and was fifty, sixty years younger than the town with which they compared it.

That town had stability and old churches and old schools and second- and third-generation residents and had a commercial basis. You know, it was a completely unfair comparison and it was ridiculous. It was comparing things that were completely unlike, and the researchers never once mentioned that or discussed it. They just very carefully avoided that fact. But they were trying to make a social point, since the study was designed and paid for for such purpose. So I look at it as a piece of trash, which is what it is. Absolutely unjustified. It would be very interesting to compare Arvin and Dinuba today. Nobody is going to be bothered doing that or financing it. They wouldn't find the point they were trying to prove.

Teiser: What's Arvin like today?

Di Giorgio: Arvin's quite a thriving, successful community. I came through there about two weeks ago. I was coming down the Tehachapi Pass, and I drove way down Main Street just to see it. But that study was absolutely a piece of rubbish, and it was inexcusable to spend public monies to make that study. Absolutely inexcusable. But it was all part of the campaign to break up the big farms and to justify the 160-acre limitation. That's why the study was made. It was all part of the master scheme.

Sheridan Downey and "They Would Rule the Valley"

Teiser: You looked again at that They Would Rule the Valley by Senator Sheridan Downey.

Di Giorgio: Yes.

Teiser: Do you have comments to make upon that?

Di Giorgio: Downey was trying to make a political point, you know. It's a political book. He also was slanting facts, I think, to prove

Di Giorgio: the points that he was trying to justify. He was thinking about his re-election and trying to say nice things about the people from whom he hoped to get money for his re-election campaign. So I would put his book in the same situation as the same kind of a piece as the Dinuba-Arvin study. I think that both were politically motivated, or socially-politically motivated.

Teiser: It doesn't say who published it.

Di Giorgio: Downey published it. He went around and got money from people. I do know Mr. Di Giorgio gave him some money or at least bought five hundred copies or a thousand copies to help him out. I know Mr. Di Giorgio personally supported Sheridan Downey. So both of those sides had axes to grind.

Teiser: You told a story, after we'd finished taping last time, about Mr. Di Giorgio supporting Philip Bancroft when he ran against Downey.

Di Giorgio: Right.

Teiser: Could you tell it again on tape?

Di Giorgio: Sure. In 1938, Philip Bancroft, who came from the old Bancroft family of California and who was a very close personal friend of Mr. Di Giorgio's and who was a very important pear grower in the Walnut Creek area, came to Mr. Di Giorgio and told him that he decided that the farm community ought to be better represented in California and that, after all, agriculture was the biggest single business of California and was not being represented in Sacramento and the United States Senate. He felt that we needed better spokesmen for the agriculture of California, and he had decided for some time that he ought to run for office. He felt that it was a good opportunity for him to become the Republican candidate for United States Senator. He sought Mr. Di Giorgio's support in that effort, and Mr. Di Giorgio encouraged him. He thought the world of Phil Bancroft.

As I did. I knew Bancroft and liked him and respected him. He was a man of the highest integrity, and very well educated. In my opinion, though, an ineffective candidate, because he was a poor speaker. He did not have stage presence or public presence. He was intellectually brilliant and knew what he was talking about, but did not have the ability to capture and hold an audience and sell them.

Mr. Bancroft ran against Sheridan Downey, who was an excellent lawyer, a good public speaker, had charisma, and in a series of appearances over all California, was able to overshadow and really outshine and out-attract and outdraw

Di Giorgio: Mr. Bancroft. Downey won an easy victory; there was never any question in my mind what was going to happen.

Teiser: Then were you surprised when Downey, who had been quite liberal, turned quite conservative?

Di Giorgio: I was very surprised, but apparently he did, and I never knew why. We had nothing to do with it, but I know, later on he did come to Mr. Di Giorgio, and he became very involved in the 160-acre limitation. He had been with a fine Sacramento firm of lawyers, if my memory is right, and that firm, if I'm not mistaken, was considered to be one of the leading firms on water rights in California, experts in that field. I believe Mr. Downey personally was an expert in the field, although I don't recall him as being an outstanding water lawyer. Nonetheless, his firm was. However I think he probably knew and understood a lot about water rights in California, the impact on farming, and maybe he just arrived at this conclusion on his own.

And while you may say he was a liberal who changed, I'm not sure he reversed on anything more than this one subject. That's my impression. And I think this was a viewpoint on the opposite side of what anybody would expect of him. And I think it's because of his legal background, and, as I say, the experience and knowledge of his firm in water and the importance of it in California, its effect on agriculture, and so on. But he became the spokesman in the federal government in waging a very strong battle for the elimination of the 160-acre limitation. It's interesting that, many years later, this finally did take place. And, of course, the changes are really what should have been done at that time, what he was saying and stood for.

Teiser: If the situation then had been as it is now, even--

Di Giorgio: I'd still not be farming. [laughter] If it were my decision. But that 160-acre limitation was really the thing that I used with Mr. Nossner to finally persuade J. S. Di Giorgio to go along with us and get rid of the ranches.

Now, we did not at that time dispose of our Florida operations or many of our other properties. Particularly the Marysville properties. That followed later. But this decision was a very important decision at the time, and it really transformed the company and permitted us to become what we are today, which is really a huge conglomerate. We exceeded \$1 billion in 1979. Our sales were over nine hundred million last year and the year before, and we'll exceed \$1 billion again next year. Even though we are diminishing and disposing of certain less desirable entities of our business. Of course, that was a

Di Giorgio: long way to come from a little farm boy doing less than \$20 million of sales.

The Rise and Fall of the Auction Business

Di Giorgio: I thought now I'd go to the subject of the fruit auction business. It's an interesting subject, because the end of the fruit auction business is very similar to our getting out of farming. It was one of the changes that came in the reformation of Di Giorgio.

I remember when the company was formed, it was called Di Giorgio Fruit Corporation, because that was our whole business. I think you will recall that, in talking about Mr. Di Giorgio's early days, and J. A. talking about it, we talked about his very early investment and activity in the fruit auction business.* He had seen this method of selling fruit in London and in Amsterdam, and was very impressed with that as a method of selling large quantities of fruit in a very short period at fair prices in a public manner.

He always doubted the method of using a receiver, as they were called, who was a person that had a warehouse in a market in a major city and who would receive the truckload or the railroad car of fruit and then would warehouse it and then would sell it out over a period of a couple of days and would take his expenses out and the commission and then would remit a certain amount to the grower. That relied to a great extent on the integrity of that receiver. And it was not an open thing, and one receiver would do a better job than another receiver, and one grower would get a better price for the same fruit shipped on the same day than another.

Whereas in the auction, all fruits sold in competition against all other fruit. All interested buyers were there. The prices were published every day. The catalogue at the end of the day was printed up with the prices for every line of fruit that was sold. And the grower got that, and the shipper, and the consigner, and so on. The association or the

*Pages 4, 32, 36.

Di Giorgio: cooperative, whoever the person was selling it. So it was a matter of public knowledge what everybody got for everything. It was a much fairer way.

But even more important than that, the receiver was slow to pay the grower. He kept the money for fifteen days or longer. Secondly, the grower always had the risk of the credit reliability of the receiver. And then sometimes he would charge the grower back and say, "I sold your fruit to Joe Doakes, but Joe Doakes went bankrupt and didn't pay me, and I'm not going to pay you."

In the auction system, the grower received the money the very next day. In other words, if his fruit sold on Monday, he got his check on Tuesday. The auction company took a commission of somewhere between one and a half and two percent, depending on the fruit, the product. The auction company would pay the railroad or the trucker for the account of the grower and take its commission out, and the grower would get a net check.

He saw exactly what his fruit sold for, how many boxes. They got each price and extended out, what the railroad's bill was, which he got a copy of from the auction company. And then a charge for the auction sale. And the auction company financed the transaction, because the auction company in turn extended fifteen days credit to that buyer--some were ten, some were fifteen. I think it depended, again, on the crop. I think if it was citrus it was fifteen days, because it was less perishable. If it was deciduous it was ten days. But the buyer got ten days of credit. He was extended a credit line which limited how much he could buy, and the auction company took the risk of the bad debt.

So there were a lot of reasons why it was very attractive to a grower in Washington or Oregon or California or Michigan or Florida, or of peaches in Georgia or of strawberries in Louisiana, to ship and sell at auction. It had a lot of attraction.

Also, when the auctions started out, a hundred per cent of the fruit came by rail. So there were very large shipments. It was a whole railroad car of mixed fruits. If it was things like cherries, where people only bought one or two or five boxes, and there were eleven hundred or two thousand boxes of cherries in that car, it took something like an auction to spread it out amongst all the potential customers, so that the commission merchants that dealt with the hotels bought some, and the merchants that dealt with the restaurants got some, and the merchants that supplied individual stores or small chains got some, the pushcart people got theirs, and the out-of-town

Di Giorgio: buyers in Lancaster, Pennsylvania, and Albany, New York, and Erie, Pennsylvania, et cetera all filled their needs. It was a method of distributing it very quickly from large sources. It would be nothing for two hundred, two hundred and fifty cars of fruit to arrive in the New York market on a Monday morning for sale. So it was a very expeditious, fair, and reasonable method of moving large quantities in a public manner at the best possible price.

Teiser: Did it always sell?

Di Giorgio: Every day everything was sold. Now, a grower was permitted--the grower would normally have somebody representing him in the New York market who would handle the paperwork and who would advise the auction companies that the car was arriving and that it was to be listed for sale on Monday or Tuesday or Wednesday. Up to a certain hour--and I've forgotten what that was--the grower did have the right to withdraw the car from sale. He could try and sell it privately, or he could offer it the next day, if he thought there was too much of the product on hand that day. But that was rarely done. Once it was listed in the catalogue, it could not be withdrawn, and it was sold. At whatever the price was. That was the rules.

And, as you know, Mr. Di Giorgio became very active in this business. He ended up controlling the Connolly Auction in New York. In New York, in those days when I'm talking now, the 1900s, Mr. Di Giorgio owned the Connolly Auction [Company], but that was one of three auctions in New York. There were two other auction companies. One was the Independent Fruit Auction, and I've forgotten the name of the third one. It's not important at this moment. But there were three auctions, all doing the same job. And all selling on the same railroad piers at the same time. And different growers shipped to different auctions. Very competitive.

Boston and Baltimore, Philadelphia and Chicago, and Cincinnati and Cleveland, St. Louis, those were all auction cities. They all had, to the best of my knowledge, one auction company except Philadelphia. And Mr. Di Giorgio had an interest, either a controlling interest or a substantial interest, in nearly all of those markets. He was not in the Boston market and was not in the Philadelphia market, however, at that time.

After he died, we bought the Philadelphia auction, Di Giorgio did. But in the days when he was alive, in the early days, we were not in Philadelphia. We owned all of the Baltimore Fruit Exchange. We owned half of Pittsburgh Fruit Auction Company. We were an important stockholder, but minority, in Chicago, Cleveland, Cincinnati, St. Louis. So he

Di Giorgio: was very active in the auction business.

Acquiring Sources for Fruit

Di Giorgio: As I said to you earlier, it was one of the things that compelled him to come out and buy the Earl Fruit Company and go down to Florida and get involved as a grower. He was trying to source his fruit, because it was, particularly in the New York market, very competitive, and it was also essential to get fruit from these sources, because if they didn't get enough volume, the auctions couldn't make money. They were dependent on a good volume of fruit.

Teiser: Did they also handle some vegetables?

Di Giorgio: Some vegetables, but that was not a big item. Tomatoes were sold. Some asparagus was sold. Some potatoes were sold. Chestnuts were sold. But, you see, vegetables were never quite as perishable. You know, potatoes and onions and the big items in the vegetables were really not as perishable. Fruit had to be moved in twenty-four hours and get out on that retail market. When the auctions would start selling early in the morning, they would be through by eleven o'clock, and by two o'clock that afternoon, every single box of fruit, two hundred and fifty carloads of fruit, would be off the dock and delivered to the buyer. The buyer would have them, and then that night he would sell them to the hotels and the restaurants, to the chain stores, the supermarkets, the pushcarts, and then that next morning, Tuesday morning (the fruit that was sold on Monday morning), that fruit would be at the Waldorf Astoria. It would be at the A. & P. It would be at the pushcart on Second Avenue. It would be in the restaurant, at the club. It would be where it would be consumed that next day. And that was so essential. That was the key part of this auction system of marketing this very perishable deciduous fruit. Not as true of oranges. Oranges didn't have to be sold that quickly. Or grapefruit. It was essential with the deciduous fruit, the fig and pear and plum and peach. Any of those things. Grapes.

The auction system was essential in the days of railroading, when most of the fruit went by railroad. Because small communities couldn't take a whole railroad car of something. Lancaster or Schenectady or Buffalo, they couldn't take a whole carload of figs or plums or prunes. It would be very difficult to distribute it that quickly.

Di Giorgio: In the days when the bulk of fruit, as today, moves by truck, it's much easier to send a truckload, because a truck can very easily drop off half its load in Schenectady and the other half in Albany. Plus the fact it normally wouldn't carry as much as a railroad car. But see, when the truck left the auction company for Schenectady, it would be delivering to the man who was the wholesaler in Schenectady. He would have bought forty boxes of oranges, ten boxes of lemons, twenty boxes of grapefruit, eight boxes of grapes, fifteen of plums, a mix of all the fruit he needed for the day.

He'd know what his customer wanted; he knew what to buy. The quantities. What he could sell.

Refrigerated Trucks and Supermarkets

Di Giorgio: Now, what changed the auction business? A number of things changed it. The first thing I referred to already was that, as refrigerated trucking became more and more possible, with better roads and better over-the-road equipment, better trucks, that made inroads into the amount of perishable fruit that the railroads carried. It gave the shippers the ability to get to smaller communities. That was the first important thing to happen to the auction companies.

The second, and I think even more important, thing that happened was the method of selling fruit to the general public changed. How did it change? In 1915 or 1920 the supermarket had only a small portion of the total retailing of fruits in the United States. A very small portion. There were maybe two or three important chains that were big enough to buy a carload of something. And they did. They went to the source. A. & P. would buy a carload and take it to its warehouse and then distribute it to its stores. And perhaps Kroger. But there were not that many big chains, and they didn't have that big a proportion of the market.

I can remember as a boy in New York that a lot of the fruit was sold in pushcarts, but even more was sold in small stores along the shopping areas of Broadway and Second and Third Avenue, and in stores that sold nothing but fruit. Or in stores that sold fruit and vegetables. Or in stores that were an independent grocer, but who was also a greengrocer, and he carried both the fruit and groceries. That's the way the bulk

Di Giorgio: of it was sold. And what was true in New York was true in every other city in the United States.

This meant that there weren't many buyers who could afford to buy a whole carload of things and put it into a central warehouse and distribute it to their stores. These people wanted to buy small quantities, and so if they were big enough, they would go to the auction and buy for their own account direct. The minimum auction unit was twenty boxes or a line, as I recall. You had to buy twenty boxes of cherries, twenty boxes of pears, twenty boxes of plums, twenty boxes of oranges, grapefruit. So you had to be big enough to use that much of one line.

If not, you then went to a wholesaler, who was in one of the markets, such as the Washington Market or the Brooklyn Market or the Bronx Market, who would buy the required amount, take it to his store, and then you as an individual man who had a little fruit store in the Bronx, you would go and you would buy a box of cherries and two boxes of grapes and a box of figs and a box of plums and a couple of boxes of peaches, and you'd buy each day what you needed. That was really the method of distribution, and the auction was more suited to that than any other method.

Then what happened was, the chain stores every year became a greater and greater portion of the total sellers of fruits. As these chain stores grew in size and influence and area, more and more of them became in a position where it was cheaper for them to go and get a whole carload of fruits and bring them direct to their warehouse and distribute them to their stores. Now, that just didn't happen overnight. I can remember in the '20s, the A. & P. was a very big customer at the auction companies. Because while they would buy a whole car of oranges or grapefruit for their warehouse, they wouldn't of lemons, and they wouldn't of cherries, and they wouldn't of plums, and they wouldn't of the real perishables. So they used to come and buy what we used to call their fill-ins from us. What they could take a carload of, they did. What they couldn't, they came and bought every day in the auctions.

But as they got bigger, and as others got bigger, they needed less and less fill-ins, they gave less and less support to the auction, and they bought more and more direct. They were already buying their vegetables that way, and it was very easy for their buying departments in the growing areas to suddenly start adding on the fruits. That's what gradually happened.

So the auction in St. Louis closed, and the auction in Cincinnati closed, and the auction in Cleveland closed. And

Di Giorgio: you finally got to the point where there were only a few basic auctions left, in Boston and in Pittsburgh and in New York and Baltimore and Philadelphia and Chicago. That was because of this very factor that I was talking about. In the Depression, in the early '30s, '31, '32, '33, originally there were three auctions in New York. There was the Independent, the Brown and Seccomb, and the Connolly Auction, which was one hundred percent owned by Mr. Di Giorgio. The Independent Fruit Auction got into financial trouble in '33 or late '32, and they were about to go into bankruptcy. They went to Mr. Di Giorgio and told him their problems, and what he did, he bought half of the Independent Fruit Auction, or fifty-one per cent I guess, and left their stockholders with half. He put in new money and got the banks to give credit to it, and saved them from going into bankruptcy. Then he liquidated Connolly Auction, took all his money out of Connolly Auction but took all the fruit that Connolly Auction had been receiving, and put it into the new company. And the new company was called New York Fruit Auction Company. So Mr. Di Giorgio really put not much money into this new company, but he took the old Independent and took his credit in, and so on, and then took control of it. Mr. Nosser and Mr. McKnight were moved from the Connolly Auction into the New York Fruit Auction, and they left Mr. Joseph Schwab, who had formerly been the head of Independent, they left him as the head of it, but he reported to Mr. Di Giorgio. We had our people in there to control the credit and to correct the problems that got them into trouble.

Then shortly after that, and I can't remember how long, but not very long after, perhaps within a year or so, the other auction company, Brown and Secomb, got into financial trouble and went into bankruptcy and closed. So that left only one auction company in New York, where there formerly had been three, and that was the New York Fruit Auction, which Mr. Di Giorgio controlled more than half of. The independent buyers and receivers and people in the New York market owned various amounts of shares of that. That company was turned right around and became profitable immediately under Mr. Di Giorgio's direction and his firm hand and his experience, and the experience of Mr. Nosser and Mr. McKnight. The trouble had been credit, extending too much credit to growers and too much credit to buyers, and this was one area that our people were very good at, and they immediately turned the company around and put a firm hand on it. So that business became very profitable, and although the business was shrinking in New York, when we ended up with the only show in town, it became very, very profitable and a very important part of our business.

As we started in the middle '60s in doing our acquisition thing, I started talking about the death of the auction

Di Giorgio: companies, and normally Mr. Nosser and I saw eye to eye on everything. But since he was in charge of all the auctions, he didn't like my song. [laughter] I had an awful time with him, because I think while he may have known I was right, his whole life had been the auctions. That was his major operating responsibility--he never really did anything else. While he served on the Di Giorgio board of directors and the executive committee and was instrumental in helping J.S. and I reach all the important decisions we reached, he rarely left New York, always was in New York, always was an auction man, and that was always his heart and his business and his sole interest. It was just more than he could bring himself around to, was to sign his own death certificate. And I don't blame him.

But it came, and we ended up closing the Baltimore auction first, at the end of 1959. I finally convinced Charlie Nosser we had to do something. What triggered the whole thing was, New York City was going through one of these redevelopment programs. They did a huge redevelopment, and they wiped out the whole area where the old Washington Market was and where the auction company was, where the railroad piers were, and they moved all that up to Harlem, to the new Bronx Market. We went in there as a tenant, and that convinced Charlie, after that move, that it wasn't going to work, that we were in a diminishing business. And he finally succeeded, at my urging, in selling the New York Auction Company and the Philadelphia auction. He made a very good sale and handled the negotiations, but I know it broke his heart to do it. But he did do it. He did sell them, and we got out whole.

Direct Purchases

Di Giorgio: The auction companies today are a thing of the past. They are a token now. It's just gone down, down, down. Ever since Muriel Siebert bought it. And it has to do, more than anything else today, with the upsurge of the supermarkets. And of course, you must remember that the supermarkets as such are also a creature of the de-urbanization of the country and the springing up of strong shopping centers, regional shopping centers, in outlying areas of the main downtown city core. Not only do you have the A. & P.s and the Grand Unions and the various Safeways and all those type of chains, but you also have very, very strong independent supermarkets, or chains of independent supermarkets, and they're all big enough now, with the huge warehouses that they have put in, refrigerated sections in the warehouses, and the system of being able to get

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University of California
Berkeley, California

Robert Di Giorgio
and
Joseph A. Di Giorgio

THE DI GIORGIOS: FROM FRUIT MERCHANTS
TO CORPORATE INNOVATORS

With an Introduction by
Rudolph A. Peterson

An Interview Conducted by
Ruth Teiser
in 1983

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Robert Di Giorgio and Joseph A. Di Giorgio,
"The Di Giorgios: From Fruit Merchants
To Corporate Innovators," an oral history
conducted in 1983 by Ruth Teiser, Regional
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University of California, Berkeley, 1986.

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BIOGRAPHICAL INFORMATION

(Please print or write clearly)

Your full name JOSEPH ARTHUR DI GIORGIO

Date of birth Jan. 11, 1908 Place of birth Baltimore, Maryland

Father's full name ROSARIO DI GIORGIO

Birthplace GEFALU, SICILY, ITALY

Occupation FARMER AND MERCHANT

Mother's full name CARMELINA RESTIVO DI GIORGIO

Birthplace TERMINI-IMERESE, SICILY, ITALY

Occupation HOMEMAKER AND MOTHER

Where did you grow up ? BALTIMORE, MD & LOS ANGELES, CA

Present community BAKERSFIELD, CA

Education Elementary School-Baltimore & Los Angeles; Virgil Jr. High - Los Angeles, CA, Los Angeles High School, Los Angeles, CA; Oregon Agricultural College, Corvallis, Oregon and University of California, Davis, CA

Occupation(s) Horticulture and Viticulture Farming for Di Giorgio Corporations operating and Winery Processing 5-29-29 to Retirement 12-31-1976.

Special interests or activities All phases of American agriculture - also American historical sites and events.

Joseph A. Di Giorgio

7-2-86

BIOGRAPHICAL INFORMATION

(Please print or write clearly)

Your full name Robert Joseph Di Giorgio

Date of birth December 2, 1911 Place of birth New York City, New York

Father's full name Salvatore Di Giorgio

Birthplace Cefalu, Sicily

Occupation Officer - Di Giorgio Corporation

Mother's full name Marie Meyer

Birthplace New York City, New York

Occupation Homemaker

Where did you grow up ? New York City

Present community San Francisco

Education High School--Lawrenceville, grad. 1929; College--Yale University,
grad. 1933; Fordham Law School, grad. 1936--Member of New York Bar

Occupation(s) Various responsibilities Di Giorgio Corporation CEO 1971-1983.
Presently retired.

Special interests or activities _____

INTRODUCTION

This story of the Di Giorgio family corporation is in many ways a history of American agriculture during the first half of the 20th Century. It is indeed a prototype of American enterprise at its best. Due to the foresight, ingenuity and resourcefulness of the 17-year-old immigrant boy, Joseph Di Giorgio, the milestones along the way are truly dramatic. The outstanding successes came out of Joseph's ability to take advantage promptly of changes in pattern or, better still, to foresee these changes or trends in advance.

It is remarkable indeed that this young man, in his early 20's, could take the padrone system out of Europe and turn it into a new and established system of distribution for fresh fruits and vegetables in the West. When the Supreme Court decided that one party cannot control both the supply source and the shipping facilities of fruit in the West, young Joseph was ready. He was in a position to purchase and finance the largest and most sophisticated distribution setup on the west coast, the Earl Fruit Company. This became the key and the basis for building the Di Giorgio fruit empire as most of us have known it.

Joseph Di Giorgio had the foresight to foresee that the agricultural prosperity of World War I was a temporary phenomenon and proceeded, in Earl Fruit Company, to retrench and build cash reserves while his competitors continued on their expansion spree. (On our ranch in the San Joaquin Valley, gyp corn went from \$60 to \$30 and raisins from 18¢ to 2¢ per pound.) He anticipated the inevitable in Prohibition by some two to three years, and utilized some of the above cash reserves to build a potential fortune in both inventory and equities in the wine industry. Incidentally, he provided these inventories with his own grapes at rock-bottom prices, or at times no price at all.

Later on, he disposed of his overseas holdings and turned them into cash at the proper time. Then he capped it all with a master stroke of high finance, by consolidating all these varied activities and partnership equities into one major, coordinated, corporate setup, in which he still had 50% control.

It seems to me that the real story of Di Giorgio in the first half of the century is the way Joseph marched along with, or a bit ahead of, much of our agricultural history. Between his foresight and acumen, he single-handedly built the organization which is the basis for the multi-faceted Di Giorgio of today.

During the later 20's and early 30's, his four nephews joined the organization. "J.S." and "J.A." graduated from agricultural colleges and entered into the actual ranching operations. Phil moved more into the marketing area, and Robert, who joined the organization in 1934, was given assignments under some of the established veterans in the financial, accounting and tax areas of operation. As a result, when Joseph died in 1951, he had a family team all ready to take over from the veterans of his original organization. And, for the next 20 years, they did indeed make the most of the opportunity Joseph had prepared for them. They selected J.S., the elder, to be the captain of this new team, to be succeeded in later years by Robert. While each reserved the right to speak his mind freely in the family gathering, to the outside world, once a decision was made, they spoke only with one voice, and usually through J.S. It was this practice that assured the continuity of planning and consistency in management that also prepared them for the timely transition that was to take place at the start of the 60's.

Interestingly, this transition was accelerated by two developments in the agricultural scene which are now important parts of history. In the late 50's came the legislation which the so-called 160-acre limitation per family as its ultimate objective. About this time, the labor situation in the agriculture areas of California became quite restive with the so-called Cesar Chavez agitation. This, in the face of an unpredictable world market for fresh produce, seemed to call for at least some measure of diversification.

In 1958, TreeSweet (citrus juices) was acquired, and the following year, S & W Fine Foods, Inc. a leading old-line canner and distributor of premium quality fruits and vegetables, was taken into the corporate family. In the ensuing years, Di Giorgio Corporation continued to broaden its market operations with acquisitions in Italian specialty meat and sausage products as well as packaged condiments, dressings, spices and jellies for restaurant and fast-food operations. In the U.S., this market was growing fast, and in Europe, Di Giorgio became a pioneer processor.

Distribution in the same span of time saw the acquisition of White Rose, which has become Metropolitan New York's largest food wholesaler. Likewise, Los Angeles Drug Co. was acquired, one of southern California's largest drug and pharmaceutical distributors.

Building materials in the expansion process received strong emphasis. Di Giorgio became the largest supplier of prefinished mouldings in the U.S. The company's innovative concept of off-site assembly of houseframe

components has been broadly accepted by tract developers and home builders. Metal-clad wood windows and aluminum-extruded doors, windows and panels are basic products in the mix of Di Giorgio building materials.

It will be noted that every company acquired by Di Giorgio is engaged in a line of business which is not unrelated to the activity of the original parent company: food processing and distribution; forest products and lumber. Within this area, another important criterion was "finding the niche." Seeking out smaller segments of mass markets on the premise that they can be managed profitably, with minimum expenditures for selling, promotion and administrative cost became a guiding principle. The niche may not be all that large, but the important thing is to be one of the majors in that niche.

"Also-rans" in some of the larger markets have just not stayed the course. S & W Fine Foods and Tree Sweet products are cases in point.

Ever-present in management during this 20-year interval was the willingness to admit a mistake. It took some sifting to wind up with the assortment of lively and profitable enterprises that comprise the Di Giorgio Corporation today. There was bound to be an error in judgment now and then. However, once discovered, it was promptly disposed of. Such decisive action not only minimized losses, but in a few cases produced modest gains. In the meantime, the choice selections survived and progressed, and together became the successful Di Giorgio Corporation of today. A record of earnings growth and revenues which moved from the \$60 million level at the beginning of the 60's to \$1 billion in 1980 bespeaks for the soundness and success of that policy. It is also, of course, a real tribute to the resourcefulness of the family quartet to whom Joseph Di Giorgio turned over the reins of management.

Having spent my youth on a fruit farm in the same San Joaquin Valley as the Earl Fruit Company, and where the Di Giorgio fruit ranches were part of the scene, has made the more recent 25 years of my participation in the Di Giorgio Corporation more meaningful. During these latter years, the banker and director relationship has provided a reasonably intimate observation post, both on matters of policy and specific acquisitions.

One cannot help but be impressed with the talent of this congenial family quartet. They were always interested and intelligent listeners. They not only worked well together, but also made good use of the contributions that a talented board of outside directors provided.

This was particularly true during Robert's more recent years as chief executive, when the sifting process on various acquisitions took place. Once the facts were in and a conclusion was reached, decisive action followed promptly, a fact which has contributed so much to the interesting over-all results.

It has, indeed, been a happy association for all concerned.

Rudolph A. Peterson
Member, Board of Directors, Di Giorgio Corporation
President, retired, Bank of America

6 June 1986
Bank of America Center
San Francisco, California

INTERVIEW HISTORY

Since its inception in 1954, the Regional Oral History Office has considered the recording of the Di Giorgio empire of key importance in preserving the history of California agriculture. Although Joseph Di Giorgio had died in 1951, suggestions that younger members of his family be interviewed came from such diverse sources as Wofford B. Camp, the San Joaquin Valley cotton grower, and Paul S. Taylor, the University of California economist and social scientist. Realization of the significance of the Di Giorgio enterprises grew as the office conducted interviews concerning irrigation and water rights, agricultural labor, the state's wine industry, and other related subjects.

Special importance attaches to these interviews with the two surviving of the four nephews of Joseph Di Giorgio who guided the organization through the years following his death, for during the later years of his life the founder of the enterprise became publicity-shy. At a time when much might have been recorded in print, little was. Thus this thoughtful and well-reasoned account by Robert Di Giorgio, who has led the recent business development of the Di Giorgio Corporation, and Joseph A. Di Giorgio, who was for many years in charge of its agricultural affairs, is of particular value.

The immediate impetus for this interview was a letter written to this office in 1979 by Carolyn Martini of the Louis M. Martini winery. Inquiries were begun into the possibility of putting aside the tradition of close privacy still maintained by the Di Giorgio Corporation. A decision was made by Robert Di Giorgio that a candid interview would be possible, and shortly after his retirement as president and chief operating officer of the Corporation, preparations were begun. The result is this account of the Di Giorgio enterprise as a fruit and vegetable marketing and growing organization, and its gradual transformation into a corporation of diversified interests. It stands as a significant addition to the recorded history of California in the mid-twentieth century.

The seven interview sessions were held in the office of Robert Di Giorgio at 1 Maritime Plaza in San Francisco, to which J.A. Di Giorgio came from his home in Bakersfield. Both read over the transcripts very carefully and made some corrections. In particular, they both helped the interviewer put together into a single coherent account the discussions of the Di Giorgio wine interests which had been recorded on two separate occasions. Joseph Brotherton, public relations director of the Di Giorgio Corporation, participated in the fourth interview on March 10, 1983, recalling details of labor problems.

We are grateful to Rudolph A. Peterson, retired president of the Bank of America and a member of the board of directors of the Di Giorgio Corporation since 1969, for contributing an introduction which effectively adds historical perspective to the interview.

Presented by the Di Giorgio Corporation to The Bancroft Library are printed materials which include annual reports. A related essay on the Di Giorgio fruit operation by L.L. Claypool, professor of pomology at the University of California, Davis, has been deposited in The Bancroft Library manuscript collection as well.

Ruth Teiser
Interviewer-Editor

June 1983
Regional Oral History Office
486 The Bancroft Library
University of California at Berkeley

Businessman Di Giorgio dies at 79

By James Schermerhorn
OF THE EXAMINER STAFF

Robert Di Giorgio, who diversified his family's giant California farming corporation, the Di Giorgio Fruit Co., into a billion-dollar conglomerate in the 1970s, died Wednesday at the age of 79.

He had been ill since undergoing surgery in 1988.

He joined the firm, founded by his uncle Joseph Di Giorgio, in 1937 and helped the Bakersfield operation become one of the largest farming enterprises in the world.

As president in 1962, then as chief executive officer and board chairman in 1971, he expanded and diversified the company into food processing, drug and food distribution, manufacturing building materials, real estate development and other businesses.

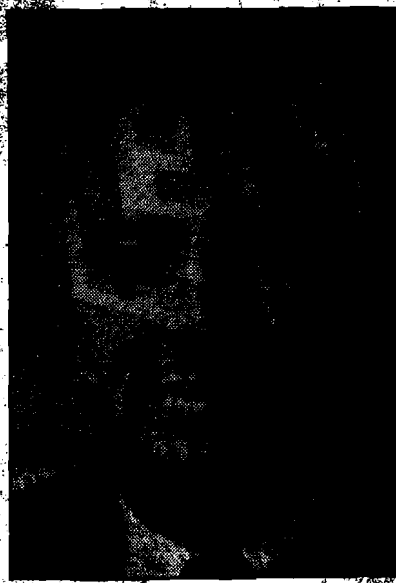
At one time Di Giorgio had 30 separate divisions around the world.

Mr. Di Giorgio retired as board chairman in 1981 but remained a member of the board and chairman of the executive committee.

Born in New York City, he joined the firm after graduating from Yale University and earning a law degree at Fordham University. He was licensed to practice law in New York, and belonged to clubs in New York and San Francisco.

He was on the boards of the Bank of America, Pacific Telephone and Telegraph, Union Oil of California and the Newhall Land and Farming Co.

Mr. Di Giorgio's company made a unique contribution by taking over and maintaining orchards owned by neighboring Japanese families when the owners were interned by the government in World War II, and returning the properties intact when the war was over.



Robert Di Giorgio headed huge farming-industrial enterprise.

He helped finance youth agencies in San Francisco and was a trustee of USC. Mr. Di Giorgio was a state parks commissioner, president of the San Francisco chapter of the American Cancer Society, active with his wife in the United Nations Association, and was co-chairman of the 1960 Squaw Valley Winter Olympics. He also served on the Republican State Central Committee.

Mr. Di Giorgio leaves his wife, Patricia Kuhrts Di Giorgio; daughters, Ann Costigan of San Francisco, Barbara Di Giorgio of Danville, Christine Timmerman of Atherton and Dorothy Moore of Menlo Park; stepchildren Pamela Rogers and Lane and Patricia Lou Sherman, all of San Diego County, and a sister, Dorothy D. Gretsch, of Long Island, N.Y., and five grandchildren.

No services are planned.

The family suggests memorial gifts to the United Way.

I ORIGINS: AN OVERVIEW

[Interview #1: January 27, 1983, with Robert Di Giorgio]

The Salvatore Di Giorgio Family

Teiser: Perhaps I should ask you to start with your place and date of birth, and then we'll go on to your family.

Di Giorgio: My name is Robert Joseph Di Giorgio. I was born December 2, 1911, in New York City. My father was Salvatore Di Giorgio. My mother was Marie Meyer. My father was one of seven children. He was the youngest boy of the family, and I believe the youngest child. My father's birthplace was Cefalu, Sicily, on the north coast of Sicily, about thirty miles east of Palermo. My mother was born in the U.S.A., in New York. Her mother was Irish and had come over to this country because her family was in dire financial straits during the potato famine. Grandmother was one of many children. She had an aunt and uncle in Philadelphia who sent enough money for her to come to the United States as a child.

My grandfather was born in Strasbourg, which was part of France at that time, and he came to our country to avoid the draft in the Franco-Prussian War.

Teiser: What was his name?

Di Giorgio: His name was Michelle Renee Meyer. But it's interesting that people were avoiding the draft way back then. It's nothing new.

Teiser: That's three different strains of Europeans coming to this country for three different reasons.

Di Giorgio: My father came to this country when he was eleven years old, and my uncle Joseph Di Giorgio brought him over. My uncle was about thirteen years or fourteen years older than my father, and he had made a success by that time in Baltimore, Maryland, and was financially able to bring my father over, take him into his home, and to hire a very fine woman who tutored him both in the English language and in the necessary regimen to enable him to enter the following year into school in the United States.

He graduated from high school and then went to Virginia Military Institute, from which he graduated. The year my dad graduated, his tentmate was General George Marshall. Their friendship continued until the death of General Marshall.

I can recall during the war my father regularly, almost as regularly as once a month, going to Washington to spend the night with General Marshall in his home, because he was one of the few people that General Marshall felt he could talk to about something that wasn't connected with the war, and that my father had nothing to sell him or tell him. [laughs] And it was a method of relaxation for General Marshall, and they were very good friends.

Teiser: I suppose it was your uncle who chose your father's education--?

Di Giorgio: Yes.

Teiser: How in the world did he think of The Virginia Military Institute?

Di Giorgio: I don't know. But I assume VMI was selected because, first of all, it was close to Baltimore, reasonably close. And secondly, it was a very fine school. And Europeans tend to like the schools that have military discipline and background as part of the schooling. I suspect, because of my uncle's old-world tendencies and that European tradition, he felt that was an opportunity for better education and perhaps better discipline, although I don't recall ever hearing that my father ever had a disciplinary problem. But I know that my father was very loyal to VMI and spoke of it many times and liked it very much. He went to VMI not to get a military career, but because they thought that was a great place for a good education.

Teiser: Is it a college?

Di Giorgio: It's a college. When my father graduated, he went into the business of my uncle.

Joseph Di Giorgio, Entrepreneur, ca. 1889-1920

Di Giorgio: I think first I ought to tell you how my uncle got here, because he really was the person who founded the family when he came to the United States and started the family business.

My grandfather, who was also Salvatore Di Giorgio, was a person of modest means in Cefalu. They were landowners, and they owned a number of pieces of property, small acreage, which were planted principally to lemons, although obviously they raised all their own food, as well as grapes for wine. But their cash crop was lemons.

In those days the United States did not raise any lemons commercially, and the lemon supply for the eastern part of the United States was entirely dependent upon Sicilian lemons, which were imported. This is a very, very large part of the food business in the United States and a very important part. Some great fortunes were made by what were known as lemon importers. They would act as receivers for lemon growers and shippers in Sicily, and they would receive the lemons and sell them for the account of the grower, taking out a commission for themselves.

My grandfather was the head of the cooperative packing house, which packed not only his lemons but those of a number of other growers in that area. He was responsible for the sale of those lemons. He was very dissatisfied with their lemon broker in the United States, who was located in Baltimore, Maryland, and felt that they were not getting full value for their lemons. My grandfather conceived the idea of sending my uncle, Joseph, with the cargo of lemons, to New York. My uncle was fourteen and a half years old at the time* and spoke no English, but he was given the papers for the consignment of the cargo and was sent off to New York with the lemons on the boat carrying them.

When he arrived, there already were a number of Cefalutanos, which is what we called people from Cefalu who came to the United States, living in Baltimore and some distant

*Possibly 1888 but probably 1889; the date is not known for certain.

Di Giorgio: relatives.* My uncle went to them, and they helped him and acted as interpreter. His first act was to rent a store in the old Washington Market in Baltimore, so that the lemons when they were unloaded could be put into the store. And then he proceeded to sell them out of that store. He did substantially better than the lemon importer representing them and, of course, was told to stay in Baltimore. He then proceeded to be the receiver for subsequent shipments, not only from my grandfather's cooperative but from other cooperatives. So he suddenly became at the age of sixteen an important lemon receiver and distributor in Baltimore.

His lemons were only a seasonal crop. He was concerned what to do in the winter months, the months in the early spring before lemons arrive, and conceived the idea of buying bananas from the West Indies, and so he proceeded to buy small quantities of stems of bananas to be imported into the port of Baltimore, and put those into his store and sold those in the off-season. Eventually, of course, the bananas became a year-round product for him. The bananas came principally from Jamaica and Cuba at that time. My uncle prospered very swiftly, and soon had sufficient funds to invest in other ventures.

Establishing Auction Companies

Di Giorgio: He was very interested in the system of marketing bananas and other fresh fruits which was used in Europe. It was a method of selling perishable fruits at auction upon their arrival at the city of distribution. He proceeded to start up auction companies with other investors in a number of cities in the United States, in which he owned varying shares of the percentages of ownership. He became involved in auction companies in New York, Baltimore (which he owned entirely), Pittsburgh, Chicago, Cleveland, Cincinnati, St. Louis.

Teiser: Did they receive other produce?

*For additional details of Joseph Di Giorgio's early days, see P. 34.

Di Giorgio: Yes. The produce came from various places. It came from Florida, citrus from Florida, citrus from California, deciduous fruit from California, Washington and Oregon, cherries, plums, pears, apples, and bananas. It became a business that grew very, very quickly. Because this enabled a shipping company that would ship, for example, a car of plums to New York, to sell off that whole car of plums to many buyers very, very quickly, before the fruit could spoil. And the auction company also acted as the banker for the transaction. The auction company would pay the grower twenty-four hours after the fruit was sold, less their commission. In turn, the auction company extended credit of ten to fifteen days to the buyer. So it acted in two functions. It acted both as the banker of the transaction and as the method of furnishing the place to sell the merchandise.

Teiser: Was that an innovation, or was that the European system?

Di Giorgio: It was the European system, but it took hold very quickly in the United States, and other auction companies sprang up in competition. New York at one time had I believe three or four different auction companies.* So it was very important to have as much fruit and as many varieties and as large a supply as possible so that your auction company would be the most successful and attract the most buyers, because if there were two auction companies selling, for example, in New York, they would sell at the same time and the buying power would be split. And obviously the growers were interested in the auction that did the best job with their fruit for sale.

In the late nineteenth century, from about 1890 to the early twentieth century, up to 1910, the fruit that came from California and Florida came under refrigeration, in refrigerated cars. The railroad refrigerated cars at that time were owned entirely by the meat packing firms, Armour and Swift and other large meat packers. They had them manufactured, and owned these cars for the shipment of their meats to various parts of the United States. And so when they shipped meat to California, they wanted to have a product to bring back under refrigeration, and obviously the logical thing was fruit. Those cars made it possible for a grower to take a peach or a pear or a plum or grape, which were very perishable, and ship them back to the Chicago and to the eastern Seaboard, where the

*Connolly Auction Company, owned by Joseph Di Giorgio, Brown and Seconto, and Independent Fruit Company. R.D.G.

Di Giorgio: majority of the population lived at that time. That was the logical market for their products, but they had to have those refrigerated cars for shipments.

The Armour family, because of the control of such a large number of refrigerated cars, bought and operated a company called Earl Fruit Company. The Earl Fruit Company was headed up by a man named E. T. Earl from Sacramento, who owned a small portion of it and who was the manager of the company for the Armour family. They built a series of packing houses in different fruit-growing areas of California. Growers would bring in their fruit, and Earl would manufacture the boxes and sell them to the grower and pack and sort the fruit, and then ship it for the account of the grower and charge them for the freight in each refrigerated car in addition to the freight charged by the railroad for transportation. So it was a very, very lucrative business for the Armour family. And the Earl Fruit Company became the dominant commercial packing company in California and really controlled a great part of the business.

In 1910 the United States Supreme Court issued a very famous antitrust decision that forced the meat packing companies and the families to dispose of all of their ownership of these refrigerated railroad cars because they monopolized the business. The railroads then bought, either singly or in partnership, these refrigerated cars from the meat packing companies. Santa Fe started its own refrigeration division with refrigerated cars. Union Pacific and Southern Pacific formed the Pacific Fruit Express, PFE, which I'm sure everybody has seen on the refrigerated railroad cars, and that was a company jointly owned by Southern Pacific and Union Pacific.

So now the refrigerated railroad cars were part of the service furnished by the railroads, so there no longer was a monopoly, and the rates were set by the Interstate Commerce Commission for refrigerated freight. So everybody was treated fairly equally, and everybody had the same opportunity to get refrigerated cars.

Teiser: Can I ask you, who handled the icing?

Di Giorgio: I'm going to get to that.*

*See p. 27-28.

Buying The Earl Fruit Company

Di Giorgio: The Armour family then decided that there was no point any longer in owning Earl Fruit Company, because the raison d'etre had disappeared. So they put the company up for sale, and my uncle was very anxious to buy this company, because whoever owned Earl Fruit Company would have a very large share of the California deciduous fruit market. He wanted that for his auction companies in New York and Baltimore and Chicago, et cetera. And he wanted that fruit.

So he went to the railroads, with whom he had a very close relationship at that time, and he got several of the railroads—I know the Erie was one, and I don't recall the others. But several railroads loaned him the money with which to buy the Earl Fruit Company from the Armour family. So suddenly he owned packing houses in every important shipping area in the state of California and really had a great share, if not the largest share, of the deciduous fruit in California. He had the packing of it, the income from the packing, and the shipping of it, and of course he had it at the other end, having the commission on it at his various auction companies. This proved to be profitable to him, and he was able within two years to pay back to the railroads all the money that they loaned him to buy Earl Fruit Company.

Earl Fruit Company was very successful and was an important part of the company's business and was a great supplier of cash for other ventures and other activities. At that time, my uncle was becoming an owner of groves, orange groves in Florida and grapefruit, and the cash flowing from the profits of Earl Fruit Company permitted him to do this.

He found one of the problems of Earl Fruit Company was that the packing houses, as other packing houses started, became more and more competitive, and one of the methods of securing business was to help finance growers. In the beginning Earl would give growers sufficient money to pick the crop, and then they would have a lien on the fruit, and they repaid themselves out of the proceeds when the fruit was sold.

Di Giorgio: Pretty soon these packing companies were selling supplies to the growers, sprays, insecticides, fertilizers, and they would furnish them credit, loan them that money. And then shortly after World War I it became a problem, because at the end of the year sometimes the fruit didn't bring enough to repay all the loans, and pretty soon Earl Fruit Company had a lot of debts on its books from growers who couldn't pay them. Then they would have not only a lien on the crop, but a mortgage on the property, and they would finally end up with the orchard. The trouble was they ended up owning a lot of orchards, but they were the poorer orchards in California.

My uncle decided if he was going to have to grow fruit, he might as well start from scratch, plant his own and have good orchards instead of bad ones. So he immediately stopped loaning money to the growers and lost a large share of the business, but he replaced the business by starting to grow crops in California. And that was how we got into growing in California. So that started around 1919 and 1920. Those are the years in which he bought the land for the Di Giorgio Farms and in which he bought the original nucleus of the Sierra Vista Ranch. And J. A. [Di Giorgio] will tell us all about that in our next meeting.*

By 1920 Joseph Di Giorgio had a myriad of interests of varying shares in a number of different businesses, owning parts of different groves and orchards in Florida and California, owning a hundred percent of some, owning different shares of the auction companies, owning Earl Fruit Company, owning a varied number of interests. Including apple orchards in Oregon and Washington and prune orchards in Idaho and citrus groves in Florida and varying types of deciduous in California. And these were all motivated by the thriving desire to supply the auction companies with fruit, and consistently finding that he either had to finance people to get that fruit or he had to grow it himself, in many cases because of the high competitiveness of the business. And because of the needs of a great number of auction companies.

In 1920 he decided to form Di Giorgio Fruit Corporation. Di Giorgio Fruit Corporation was incorporated December 13th, 1920, and my uncle turned in all of his properties, the shares in the various properties that he owned,** for stock in Di

*See p. 37.

**See p. 41.

Di Giorgio: Giorgio Fruit Corporation, as it was called at that time. Di Giorgio Fruit Corporation was incorporated on a system where the various people turning in their properties were given units of Di Giorgio stock. A unit of Di Giorgio stock consisted of one share of preferred stock and three shares of common. My recollection is that the preferred stock had a par of \$100, and the common stock didn't have a par but had a stated value of \$20. So a unit was \$160.

So he and many of his associates in the various businesses that he was interested in--practically all of them turned in their shares of their businesses and also took units of stock. All property was appraised, and then each one was paid off in those units of stock.

Simultaneously, a public offering was made of Di Giorgio stock, and units of stock were sold to the public for \$160. So in 1921 Di Giorgio came into being with a new infusion of cash from the sale of stock to the public, and with all of these properties that were turned in by the various owners, who then became owners of Di Giorgio [Fruit] Corporation. So that was the start of Di Giorgio Corporation, how it came into being.

It was really formed to codify and to bring together all of the varying interests that he had in various businesses. The stock was not listed; it was traded over the counter. The headquarters were in New York. So it consisted of many units: a banana company, which was a steamship company with a number of ships and with banana plantations on the West Indies and also a business of buying bananas in the West Indies to supplement what they grew. It consisted of fruit groves in Florida and fruit orchards in California and Idaho, Oregon and Washington. And it consisted of ownership of a number of auction companies in different cities.

Teiser: Was there a box factory, too?

Di Giorgio: Yes. During the First World War, in 1917, the Earl Fruit Company was having a great deal of trouble getting sufficient lumber manufactured into shook, which is the component of a box. All fruit was shipped in wooden boxes. It was an essential part of the ability to ship fruit safely, perishable fruit particularly, without damage. The shortage was due to the fact that so much of the pine lumber that went into shook was being made into ammunition boxes. So in order to protect the source of supply, my uncle bought a small lumber company called the Klamath Lumber and Box Company, whose whole business

Di Giorgio: was to manufacture shook.* And that way he insured himself a steady source of supply for the various packing houses of the Earl Fruit Company.

And in addition, there were packing houses that he had by that time built or bought for the orchards and vineyards that he owned himself. Di Giorgio Farms had its own packing house; Sierra Vista had its own packing house; Idaho Prunes had its own packing house. There were several packing houses in the state of Washington, and there were several packing houses in Florida, to handle the company-owned groves.**

So he had a fairly integrated business at that time. There was no winery yet, because Prohibition had just started.

Various members of the Di Giorgio family were in the business. His oldest brother was Vincent Di Giorgio. Vincent Di Giorgio lived in Washington, D. C. and later in Baltimore and was associated with the Baltimore fruit auction for his whole life. My uncle [Joseph]*** was the next oldest brother. The next brother was Rosario Di Giorgio, and Rosario Di Giorgio was also located in Baltimore, and he was associated in various functions with the company, spending a great deal of his time in Florida and in California. My father, Salvatore, was only associated with the banana business during his career with the company.

In and Out of the Banana Business

Di Giorgio: A very important part of the early profits and revenues of Mr. Di Giorgio, before he formed Di Giorgio Fruit Corporation, was the banana business. After he had come over to New York and first worked for Mr. [Guiseppel] Saitta, then he had later on moved to Baltimore and engaged in business on his own. He was handling lemons, but he needed something to sell in the off-season and he became involved in an endeavor to handle

*See pp. 28-29 and 175.

**See p. 30.

***When Robert Di Giorgio spoke of "my uncle," or "Mr. Di Giorgio," he was referring to Joseph Di Giorgio.

Di Giorgio: bananas, and this he pursued. And then, as this business grew, he tried going to the source for his bananas, to the West Indies, and so on. Subsequently, he chartered small ships and began to bring in small quantities of bananas, three, four, five thousand bunches at a time.

He then found himself running into opposition with United Fruit Company. During the whole period, up to the end of the First War, he was constantly in competition, and in vigorous competition, with the United Fruit Company out of Boston, who were the giants of the business and really controlled it.

Mr. Di Giorgio was just a little upstart and somewhat in their way, so they were constantly trying to knock him out. But he did succeed in hanging in there and staying on. My father was in that part of the business for my uncle. My father was located in New York but spent at least half his life in the tropics, in a place called Baracoa, Cuba, which was the source where we both bought and later grew bananas for our fifty-percent-owned Mexican-American Fruit and Steamship Company. And he spent a lot of time in Jamaica, where we also sourced a lot of bananas. We got bananas out of Nicaragua and Mexico and all through the West Indies. My father would--that was his job, was to source the bananas and see they were delivered and sold properly in New York, Baltimore, and other ports.

After the end of the First War, the Di Giorgios started getting a lot stronger, and they then had a very good source of bananas, in Jamaica in particular. Mr. Di Giorgio had then gone into business with some other people from his home town in Cefalu, and they were the Dantoni family and Vaccaro families. They were New Orleans people, the Dantonis and the Vaccaros. He was in business with them in Mexican-American Fruit and Steamship. Mr. Di Giorgio ran that jointly with the Dantonis all during the '20s, and it grew and grew and became very, very successful and became a real competitor to United Fruit.

Towards the late '20s and early '30s, we became a real factor in bringing bananas from Jamaica to Europe, to London and to Amsterdam and Rotterdam. I know at that point we were very competitive to United Fruit and really hurting them and doing very well.

In 1933, Mr. Di Giorgio made a decision that was a most interesting one. He decided he wanted to get out of all foreign growing and selling operations of fruit, and concentrate domestically, in the United States. In 1933, he sold all of his interest in Standard Fruit and Steamship to the

Di Giorgio: Dantoni group.*

He took that money and then used it to reduce some debts and to grow in California and Florida. By grow, I mean to enlarge his growing operations in California and Florida and put that money into both of these areas. Of course, it was the time of the Depression, and he was trying also to reduce his exposure to failure, which many people were doing in the middle '30s. He was very anxious to strengthen his financial position and balance sheet. So he sold out to the Dantonis and Vaccaros and got completely out of the banana business, and we have never been in it since.

In later years, the Dantoni family and the Vaccaro families sold Standard Fruit and Steamship to Castle and Cook, and today Castle and Cook's Standard Fruit and Steamship are the biggest people in the banana business and have left the United Fruit behind.

My father went into the banana business for himself, around 1924 or -5. In later years he went out of the banana business, sold his interest, and then went into the lumber business, importing a lumber called greenheart lumber, which was a very rare, unusually hard species of wood grown in the jungles of British Guiana. It's a wood that's heavier than water, will not float and will not burn, and it was used for pilings for piers--it was resistant to the teredo, which is a marine borer--and it was used for surfacing platforms in railroad yards and places where there was very, very heavy wear. The lumber was used extensively in England and in the United States, mostly in port areas.

The family really were all headquartered in Baltimore for many, many years. However, my uncle found it necessary to move to New York around 1910. I think it was the time of the Earl Fruit Company. And while he had previously spent a lot of time in New York, he then made his full headquarters there. However, the rest of the family remained in Baltimore except my father, who was located in New York, because that was the headquarters of the banana company.

*See also pp. 199-200.

Robert Di Giorgio: Education and Early Contributions

Di Giorgio: My father was married in 1910. My mother at that time I believe was eighteen years of age. She had been born and raised in New York City and had graduated from Hunter College. And I can remember her telling me that she lived on the West Side and used to be taken to school every morning in a pony cart through Central Park.

I was born on Riverside Drive in New York City, and we lived there for three or four years. Then we moved to West End Avenue, and for about four or five years I was sent to a school called Riverdale Country School, situated just north of the city in a community called Riverdale, which in those days was the country. We were taken up and back each day in a bus owned and operated by the school.

Then when I got to what was then the eighth grade, I transferred to Lawrenceville and became a boarder and completed my high school education at Lawrenceville, graduating from there in 1929.

I then entered Yale and graduated from Yale in 1933, and this was a terrible time to graduate. I proceeded to go job hunting, and I was absolutely shocked to find that the best offer I could get (and there weren't many of those) was for \$75 a month, which meant that I would have to continue to live with my family and be, to a great extent, dependent upon them.

I decided that that wasn't the right way to spend my time and so decided that I would use the opportunity to get further education. I determined to go to law school. I applied to Harvard and to Columbia and to Fordham Law School and was accepted by all of them. They were short of students.
[laughter]

My father had had, as many other people, financial reverses, had of course lost money in the stock exchange as I guess everybody else did. So my parents weren't in any position to do as much as I would have liked them to do. So we decided that I would get a part-time job and go to Fordham. Fordham was located in the Woolworth Building. I got a job with my uncle's auction company, and I went to law school from eight to twelve-thirty every day five days a week. The auction company was only five blocks away from the Woolworth Building, and so I had a little brown bag and would munch my lunch while walking over to the auction company* where I would work till five-thirty every afternoon and all day Saturday. And then in the summer I worked full time. So that was how I put myself through law school.

*The New York Fruit Auction Company.

Years at Lawrenceville and Yale

Teiser: I wondered how much your education was guided by your uncle, Joseph?

Di Giorgio: It wasn't at all. I really made all the decisions with respect to my education myself. Even from an early, early day. I decided I wanted to go to Lawrenceville and went down and took the examination. I discussed it with my mother and father, and they agreed with me. But I made all the decisions as to where I went and when.

As a matter of fact, while I was in Lawrenceville, I remember deciding that I wanted to go to summer camp. It was a summer camp run by some professors from Lawrenceville. It was a summer camp where they tutored you, or whatever you want to call it. It had preparatory classes, either for people who were behind or deficient in some subject or subjects, or people who for some reason wanted to take something else. And I went on the basis that I thought that by going to summer school that I could skip a year at Lawrenceville. So at the end of my sophomore year, that summer, I went to summer camp.

In those days you could take what was called college board exams either in one subject, in which you got credit for one point, two points, three points, or you could take, like in English, an exam at the end of your senior year which encompassed all English, and you got, say, four or five points. You needed a certain number of points--as I recall, it was fifteen points--to be eligible to enter college. So I went to summer camp that year, and I took--what did I take? Oh, I took what was then second-year Latin, or Cicero, and two history courses, and I passed them all and took my college boards that fall and passed them all and was accepted as a senior. So I completely skipped my junior year at Lawrenceville. I made up my other points, because as a youngster we spoke French at home, so I was very fluent in French. In fact, I spoke French before English, so I could both read and write and speak French fluently. French was the language of our house.

Teiser: How did that happen?

Di Giorgio: Well, my mother's background was French, and we had French mademoiselles to take care of us, and we had a French woman as

Di Giorgio: our cook. So we were staffed in French, and the help only spoke French, and so you spoke French.

Teiser: Did you ever speak Italian at all?

Di Giorgio: Yes. We spoke Italian, too, but not much. I was never proficient in Italian, although I did, as a young man, speak pretty good Italian. I don't now, but when I go back to Italy in a week or so I pick it right up again, conversational Italian, just enough to get by. But my mother was fluent in both Italian and French. My father was fluent in Italian, French and Spanish as well as English. So we were a family of languages. We spoke a lot of languages.

So, obviously, when it came to French in high school, I was very proficient in it. So I took, that same fall, the comprehensive French language examination. I got all of my points in French, which I guess were three or four. And that gave me time to take another extra course as a senior, so I had no trouble, and I got the points, as I said, and was accepted at Yale and Princeton. My first choice was Yale.

The headmaster of Lawrenceville was a man named Dr. Mather Abbot. We used to call him the "bot." He was a very famous headmaster and a very fine man. He had been a Latin professor at Yale and the coach of the crew at Yale. And he was very much idolized by the boys, and I liked him very much. I think he proselyted Yale. While Lawrenceville is basically a preparatory school for Princeton and most of the students go there, out of my class of a hundred and ten, thirty of us went to Yale. And a number did in subsequent years. So I was always glad of my decision to go to Yale, liked it very much. I think the proximity of three years to Princeton--it lost some of its glamour.

Teiser: What did you study at Yale?

Di Giorgio: I really didn't study much. [laughter] I didn't do a good job at Yale. I didn't make the right decisions at Yale, based on the career I later followed. But of course at that time nobody knows what they are going to do, and I had no idea of going in the family business. I really didn't know what I wanted to do. And so I took a liberal arts course, and I took a lot of French, and I took Latin, and I took a lot of history. I took some economics, but really that was the only course of any use. I was very good in the liberal arts courses, liked them, had some wonderful professors.

I had William Lyon Phelps. I took three courses from him and got fantastic grades from him. He and I really hit it off, and I was on the Dean's List from my sophomore year on at Yale.

Di Giorgio: But William Lyon Phelps was a brilliant man.

And I had some great English professors, who were very famous there. There were some great courses in English that I enjoyed. So it was really a liberal arts education. It was nothing that really helped me later on, except to make me better informed.

Teiser: It did you no harm!

Di Giorgio: Did no harm at all. But perhaps, in retrospect, if I were advising a young person today, I would suggest they take a little more of the accounting and of the economics courses. I think they're more essential to a person who is going to go into a business career. Not to a person who is going to be a researcher or a teacher or whatever.

The other thing that I didn't do, which I wish I had done--and I think everybody should do--is learn how to type, or, what you say today, learn how to use a word processor. I think that's so essential. God, when I think of the hours I spent taking notes (I write illegibly) and then trying to decipher them. I never learned how to type. That was a great mistake. I think everybody ought to learn how to type today. [laughs] I really believe that. I think it's an essential tool of your education, and I have always regretted that I didn't do that.

Teiser: Still you managed to get through.

Di Giorgio: Well, I managed somehow or other. With my bad writing. I still can't read my writing.

Teiser: You must have had a neat enough hand to do figures, though?

Di Giorgio: Yes, I did all right on figures. [laughs]

Teiser: What sort of work did you do in the auction company while you were going to law school?

Di Giorgio: I was a clerk in the auction company, learning mostly the financial end of the business. I worked with two very great men who had spent their business lives with my uncle, both of them having gone to work for my uncle before they were twenty years old. One of them was Bob [Robert S.] McKnight. Bob McKnight at that time was the treasurer of the New York Fruit Auction Company. He took me under his wing for the first year and taught me all about cash handling and finances and matters of that kind. It was a very fine experience and a very informative one.

Di Giorgio: Then McKnight turned me over to Charlie [Charles J.] Nosser. Charlie Nosser was an accountant with the company. He was the head accountant of the auction company, and he was also in charge of the credit. They had a credit committee, but Charlie was the one who pretty much implemented the decisions of the credit committee. Because the auction company extended credit to all of its buyers, and it was very, very important that they not overextend, that they keep very close financial tabs on the success of the operations of the various buyers to whom they extended credit. So I learned a great deal about credit and accounting from Charlie, and I really enjoyed it and got a fine business education from these two men.

While I was still in law school, Bob McKnight was promoted from being a treasurer of the New York Fruit Auction Company, a wholly owned subsidiary of Di Giorgio Corporation, and became the treasurer of Di Giorgio Fruit Corporation and moved to San Francisco.

When I graduated from law school, Charlie Nosser told me that I was still pretty stupid, so he made me go to night school and take accounting for two years, which I did. That also was fabulous advice and has served me immeasurably in the years since. To have a law degree and be a member of the New York Bar and to also have accounting, it was a very, very fine background for anybody, any business career, I don't care what it is, because you can't just run a business unless you understand accounting and books and balance sheets and profit and loss statements and the very complex and complicated rules of the SEC [Securities and Exchange Commission] and of the accounting profession. It's almost a must today to have a sound accounting background and experience.

I never did get my CPA degree because in 1938 I was transferred to California. The reason I was transferred to California was, Di Giorgio Fruit Corporation had ten years of income taxes, prior years' income taxes, which were in dispute with the federal government. The federal government was claiming to be entitled to what was then a fantastically large amount of money from the company. It was in excess of a million dollars. We were contesting it vigorously. The law firm representing Di Giorgio was a very prestigious law firm which still exists today. In those days it was called Davis, Pope, Wardwell, Gardiner & Reed. Mr. George H. Gardiner, one of the senior partners for many years, was made a director of Di Giorgio Fruit Corporation in 1925, a great personal friend of my uncle's. The firm's partner who was the tax expert was a man named Lionel Fisher, a Virginian, who was a very courtly gentleman and a very brilliant man. He had been handling the cases for a number of years. There was a period of at least five or six years that these taxes were in dispute and under contest.

Di Giorgio: During this period, late 1934, the head office--late in '34--the head office of Di Giorgio Corporation was moved by my uncle from New York to San Francisco. And it became more and more difficult for Mr. Fisher to get the necessary information that he needed from the accounting department of Di Giorgio, which was now in San Francisco instead of two blocks away in New York. So I spent a great deal of my time, after I got out of law school, working in the offices of Davis, Pope, Wardwell, Gardiner & Reed for Mr. Fisher. He was using me as his clerk to assimilate and gather the various accounting schedules and information that he needed for the finalization of the case and the brief that he was writing. I had a great opportunity to get a lot of experience and to get an insight into the law of taxation with respect to corporate income tax while I was working for Mr. Fisher. It was a rare opportunity.

In the summer of '37 he took me to Washington, and we spent one month in Washington at the old Washington Hotel across from the Treasury Building, and in those days it was not air conditioned. The only thing air conditioned was the restaurant on the roof, so we ate a lot. [laughter] It was a very hot summer.

Mr. Fisher, in late '37 or early '38, successfully won the case and settled it, and we paid just a very, very minor tax assessment, and it was a very great victory and most important to the company.

Transfer to California, 1938

Di Giorgio: The state of California also had our income tax returns open for some of those same years, some affecting Earl Fruit Company and some affecting Di Giorgio from the time it moved from New York to California, becoming domiciled there. And so it became necessary to settle the same tax case but to a lesser degree with the state of California. Since at that point I probably knew more about it than anybody else outside of Mr. Fisher, I was brought out to California to work with our California attorneys and to help them finalize the arguments and win the case in California, which we did. That is how I came to California.

Teiser: Who were your attorneys here?

Di Giorgio: The tax attorneys were a very old Sacramento firm named Diepenbrock. I believe it's Diepenbrock and Diepenbrock, and it still exists today. Our San Francisco attorneys at that time were Brobeck, Phleger & Harrison. Mr. Herman Phleger represented us in a number of very interesting cases and became a very good friend of my uncle's and ended up as the man who prepared my uncle's will and was co-executor of the will with my oldest cousin, J. S. Di Giorgio, and myself.

So I came to California in 1938 for what was supposed to be a couple of months, and I'm still here. [laughter] When I came here I lived in a hotel for a while. I decided it was essential that I meet some young people my age, and so I went and lived in a boarding house out on Scott Street. Met a lot of very interesting people and made a lot of friends. It was a very nice way for a newcomer to San Francisco to get started. It's economical, and you don't have the food problem, because they serve you breakfast and dinner. The food was pretty good. There were a lot of nice young people doing the same thing that I was doing. And I made a great friend there named John Swain.

John Swain and I became close friends, and after about a year in the boarding house we took an apartment down on California Street between Powell and Grant. He was an aspiring young patent attorney, and I was an aspiring young business executive. We had great fun together, and I really enjoyed it. John and I remained friends for years, until his untimely death. He became a partner in Flehr & Swain, the leading attorneys in the patent law business in San Francisco.

I spent a lot of time traveling in the early part of my career. And when I became chief operating officer, later chief executive, I spent about half of my time traveling, because by that time we had become a very large conglomerate, with varied interests in a lot of places. We'll talk about that part of the company later.

But I've always spent a great part of my career on the road, traveling.

Teiser: Did you mind?

Di Giorgio: No, I didn't mind a bit. I enjoyed it. I'm not interested in doing it now. It becomes a little tiring, but I traveled a very great deal. I can't begin to think of how many miles I put on, places that I had to spend time. And in those days traveling was a lot different than now, took a lot longer. You made longer trips, because it took so long to get places.

In addition to working on the tax cases when I first came to California, Bob McKnight took me under his wing and

Di Giorgio: immediately got me into the financial and accounting aspects of the company, and a year later I was made assistant treasurer. Then some years later I became a vice-president, and then executive vice-president and finally president and then chairman of the board.

I retired after a career stretching really full-time from '38 until 1982; I worked full-time for the corporation and never worked for anybody else. So it was a long career with one company, and I retired after December 31 [1982] as an active employee with the company. However, I'm staying on as chairman of the board and as a consultant to Di Giorgio.

Teiser: In your early career, as you got involved with the company, did you then decide that it really was interesting enough to hold you?

Di Giorgio: Yes. I knew I wasn't going to practice law. That didn't interest me too much. But when I got into the tax law and so on, with the accounting and all that, that intrigued me. I've always liked accounting and financial matters. And really that's been my best skill. I just had a flair for it and liked it and spent a lot of time at it. I never had any difficulty with it. When I took the accounting courses at night, they weren't difficult for me. And of course, I spent a lot of my youth studying at night and on weekends. I spent so much time either in class or working or both that I didn't have the time that other people had, so I didn't have much time to play as a youngster.

Teiser: It's amazing that you were willing to do all that.

Di Giorgio: I lived home the whole time, you see. We had an apartment in New York, and I lived with my family. I was an adult then. I was living with them all through law school.

Teiser: By the time you joined the company, it was deep in California agriculture?

Di Giorgio: Very deep. We were the largest grower in California of fruits, perishable fruits.

Teiser: You had to know something about it.

Di Giorgio: Oh yes. Well, we'll get into that in one of the subsequent interviews. We'll get J. A. to open that up, and then we'll get into that.

Obviously, I had to learn agriculture, because that was the business. Our company was a company that was entirely agriculture oriented. Although we were a conglomerate, we were

Di Giorgio: a conglomerate that was entirely oriented to the production of fruit. And our other interests were all connected to that. We had auction companies. We had a lumber mill. We had a winery. We had businesses that were related. We had a commercial packing company, our own fruit company, and we had our own packing houses. But everything was oriented to the production of fruit and its by-products.

Character and Attributes of Joseph Di Giorgio

Teiser: To go to your uncle's career, it sounds as if part of his success was due to the fact that he knew first what the market was, and then worked back to supply what the market wanted.

Di Giorgio: I think his success was because he was basically a brilliant man. He did not have the education my father had, because he became a businessman too young. He really just got barely through high school. So he was a self-taught man. But he was an avid reader. He read a great deal. He always had a slight accent all his life. Many people do that who come from Europe and who don't have schooling here. He was not a great linguist himself, didn't have the ability. My father seemed to have a much better ability for language. Some people just are born with that ability to have an ear for languages.

A Millionaire at Twenty-One

Di Giorgio: But my uncle was a selftaught man. He was a very brilliant man, a very persuasive man. He instilled confidence in the people he was talking to so that they believed he knew what he was talking about, instinctively believed in him. He was a fine analyst, and he just had a good nose for business. By the time he was twenty-one he was a millionaire, which was something in those days. At twenty-one he became a director of a bank, The Monumental Trust Company at Baltimore. At twenty-one years of age. This seems unbelievable for a man who had only been in this country seven years.

Teiser: Was it in part that the bank wanted to create goodwill?

Di Giorgio: No question about it. They probably had customers of Italian

Di Giorgio: origin. There were many Italians in Baltimore. It was a very Italian city, as was New York. It was a very Italian city, and I'm sure many of their clients were Italian people, Italian business people. And I think they felt it was good to show on their board a person of Italian origin. But, my gosh, they had thousands of Italians to select from, and the fact that they selected a twenty-one year old boy--

Teiser: [laughs] A twenty-one year old millionaire.

Di Giorgio: --was quite a tribute to his capability.

Teiser: He was later a friend of A. P. Giannini here?

Di Giorgio: Yes, he knew the Gianninis very well.

Teiser: Was he on the board of the Bank of America?

Di Giorgio: No, he wasn't. I was. No, my uncle never was on the board of any companies out here.

Teiser: I think I read that when A. P. Giannini was trying to get a foothold in New York, your uncle helped him.

Di Giorgio: Yes, he was very helpful to him. He was always very helpful to A. P. and to his brother Attilio, the doctor, whom he knew very well.

Teiser: The doctor was in the East, wasn't he?

Di Giorgio: Yes, he was in the East, and then later he became headquartered in Los Angeles and was very close to all the film industry. B. of A. became the big banker of the film industry in the twenties. So my father was a great personal friend and was very helpful to Mr. Giannini in his various endeavors and in his battle out here.

The Di Giorgio Fruit Corporation Stock

Di Giorgio: I might talk a little bit about the Di Giorgio Fruit Corporation.* When my uncle died, he was really the principal

*The name was changed to Di Giorgio Corporation Nov. 16, 1964.

Di Giorgio: owner of Di Giorgio corporation, the largest stockholder. For years he had controlled fifty-one percent of the common stock and owned it, and owned perhaps twenty percent or twenty-five percent of the preferred stock. And about four or five or six years before he died, he created a new class of stock called a class B stock, and a stock dividend was declared giving each shareholder who owned common stock a share of class B. So now there was a class A and a class B, and there were 160,000 shares of each. Common stock. In addition, there were 60,000 shares of preferred. So he had created another 160,000 shares of common stock, called this class B stock, and it was non-voting stock. He then proceeded to sell off some of his class B stock, the non-voting stock, because he had a need for cash. During his whole life, he helped the members of the family financially and did a lot of things financially which helped the family. So he had a fairly large need for cash in addition to what he was earning. And yet he never wanted to give up his voting control of the company or sell any of that stock.

When in 1934 he brought the company to California, he proceeded to list the company's stock on the San Francisco Stock Exchange. Up until that time, it had only been traded on what was known as the over-the-counter market. So it was listed on the San Francisco Stock Exchange and traded.

At the time when my uncle died he still owned fifty-one percent of the voting stock of the class A, and he owned perhaps one third of the class B stock, and perhaps twenty percent of the preferred stock.

The Joseph Di Giorgio Trust

Di Giorgio: In 1941--I believe it was '41, about then--he had created a trust in which he named the six nephews. The six nephews consisted of J. [Joseph] S. Di Giorgio, the only living son of Vincent Di Giorgio, the four sons of Rosario Di Giorgio, who were S. [Salvatore] A. Di Giorgio, or Sal, as we called him, Philip Di Giorgio, J. [Joseph] A. Di Giorgio, and Vincent Di Giorgio, and then myself, Robert Di Giorgio, the only son of Salvatore Di Giorgio, his youngest brother. My uncle Joseph Di Giorgio had no children. So he created this trust, of which eighty percent was given to the six nephews, and the other twenty percent was given to seven or eight of his key employees, who had spent many years with him, and were key Di Giorgio executives.

Di Giorgio: That trust consisted of ten thousand shares of Di Giorgio voting stock; there was only common stock at that time. And subsequently that stock was doubled when the corporation issued the class B stock, and there were a number of stock dividends in later years, during my years with the company. So that trust now consists of in excess of 110,000 shares of stock from that original ten thousand. That trust still exists and will exist until the last of all of the six nephews and of all of the outside employees dies.

Teiser: What percentage of the total does it represent?

Di Giorgio: Well, at that time, ten thousand shares out of I guess 160,000. So it would have been maybe six percent, seven percent of the company. Then when he died, he left all of the stock that he then owned in another trust under his will. The executors and trustees of that will were my cousin, J. S. Di Giorgio, P. Di Giorgio, C. J. Nossner, Herman Phleger, and myself. Actually Herman Phleger was only an executor, not trustee.

He provided for a very interesting feature in his will, namely that the trustees would have the right to vote the stock and that they could do anything with the stock as they saw fit. They could sell it and invest in something else, or do anything they wished. They could do everything with the trust except change the recipients of the principal when it became due or the amount of income. So this was a very powerful thing, because it was the voting control of the company. So I, with the other trustees, have always had the big block of stock. And while after he died we had to sell quite a bit to pay the inheritance taxes and so on (there were several stock dividends, which diluted our interest), but nonetheless, we have always had the voting control of the company. Not by having a majority, but having a big voting block, which in effect has meant working control of the company.

Teiser: That was a great advantage, was it not?

Di Giorgio: A great advantage. And fortunately I became close to my uncle in his later years, and I persuaded him to create this trust and make the trust so that none of our generation ever would receive the principal. We only had the income and the voting rights. And that the principal would go, on the deaths of all of us, to our children, or to whomsoever we designated in our wills. So that way we skipped a whole generation of taxes. So when myself and the others are deceased, there'll be no inheritance taxes due. You see, we skipped a whole generation. My children and the children of the other nieces and nephews will inherit this tax-free. That's very important to keep that together.

Di Giorgio: Fortunately, he agreed with me. So what his will provided was to leave a fixed monthly income to his widow and to his sisters, his brothers, his nieces, his nephews and some of Mrs. Di Giorgio's nieces and nephews. There was a huge list, maybe thirty people, who share the income on that. As the people who had the life income die, the monthly fixed payments for those various people cease. In other words, when Mrs. Joseph Di Giorgio died (obviously she was the major beneficiary), the remaining amount was distributed once a year at the end of the year in fixed percentages to the remaining beneficiaries, namely his nieces and nephews.

The trust under my uncle's will still exists, and I continue as trustee. And now as trustee I've brought in some of the younger generation as trustees. Because J. A. Di Giorgio and I are the only trustees of our generation who are living, and so we now have two of the next generation who are the other trustees. Once a year we have a distribution, and of course the sole income of the trust is Di Giorgio dividends. We have never sold any stock other than to pay inheritance taxes, and we have never invested in anything else. So the family has been dependent during all these years on whatever dividends the company paid, so this has been the chore on my back, to see that the family always received dividends so they had enough to eat. [laughs]

Teiser: I was about to say that that's the kind of arrangement that has led some families into poverty.

Di Giorgio: Yes, but fortunately it didn't. We have been very successful. We've all eaten well. The company has thrived. There was only one year in which we had to reduce the dividends. That was '74. My uncle Joseph Di Giorgio died in February, '51, and we have continued to pay dividends and consistently increased some all of these years, with the exception of 1974 and 1975, which were problem-fraught years.

Teiser: I wonder if that was the weather and the wine or what?

Di Giorgio: Yes, the depression. It particularly hit the farming industry. And also some of the housing industry that we were depending upon lumber mills. We were very heavily into lumber mills, and it hurt us there. But we have since then disposed of those lumber operations.

Teiser: I think the story of how you have changed the company in recent years--

Di Giorgio: How we have changed the company. That's another whole story. And, of course, another story is the 160-acre limitation and what it did to Di Giorgio operations. And Mr. Chavez* and all

*César Chavez.

of his machinations. I'll get into those on another day.

II OPERATIONS OF A TIGHTLY INTEGRATED FRUIT COMPANY, 1920-1962

Distribution Facilities and Practices

Di Giorgio: You did ask me one question early on. I said I'd get to it, and I recall now I didn't. You were asking about the railroad cars and who did the icing of the refrigerated railroad cars. Of course, in those days these cars were entirely refrigerated by ice. When the car was first delivered to the siding of the packing house, it would arrive iced. The average packing house arranged for what was called the pre-icing, or the first icing of the cars, and then when the car was loaded, the ice bunkers were refilled, so the packing house had made sure, when the railroad picked up that car, that it was fully iced.

When you deliver the car to the railroad, to the Southern Pacific or the Western Pacific or the Santa Fe or whoever it might be, the originating carrier, you specify in your instructions, in your bill of lading, where the car is to go, what railroad lines it is to go over, and where it is to be iced. Because the railroads had certain icing stations, and you could decide, depending on the temperature--for example, if it was wintertime you might only have one icing en route, but if it was July or August you might have three icings en route. And of course, each time you stopped it to ice, you delayed the speed of delivery of that car.

The average refrigerated railroad car used to take somewhere around eight to ten days to go to the eastern seaboard. They generally sold the tenth morning. That was the normal procedure. And so fruit had to be picked very green. The icing had to be very carefully done. The railroads had fans which worked on belts when the car moved, and blew air through the ice and through the car. A lot of salt was used to force the ice to melt and to get very cold temperatures. So

Di Giorgio: there was both salt and ice put in, just as you would do in an ice cream freezer. Of course, today the refrigeration on the cars is all mechanical air conditioning with the temperature controlled, and no longer is ice used.

We had our own icing people who were independent contractors. There was a man named Berkeley Schorr, who was very well known in California. Berkeley Schorr was a northern Californian out of the Sacramento area, and his was one of the leading car icing companies. It was his own personal business. He would hire a number of young college students. He had a few regular foremen who went from packing house to packing house icing the cars. It was a physically demanding job, and it generally required that you work at night, because you'd normally ice the cars when the packing house day was over. Schorr would arrange for the purchase of ice from Union Ice or National Ice or other big ice companies. He would get it in carload lots. And he would have the ice delivered, and then they would chop it up and put it in and turn the fans on. When the car was stationary at the packing house, they had motors that operated the fans, while it was being packed or until the railroad picked it up.

Teiser: I remember the revolution when they started using cartons instead of wood boxes in refrigerated cars.

Fruit Boxes

Di Giorgio: Of course, the lumber business was another interesting business. The lumber company my uncle bought in 1917 was run by a man named Gus Krause. Gus Krause was part owner of Klamath Lumber and Box Company. When my uncle bought it from other people, Gus was the manager and part owner, and my uncle apparently bought out the other owners. The plant was located on Klamath Falls on upper Klamath Lake. The mill was all built on pilings, sticking in the lake, and the storage of the wood was all done on boardwalks built on pilings. The lumber company would buy stands of timber from the government at government sales on a bid basis, and then we would cut that timber, load it on railroad cars, and bring it into our mill, unload the logs. We would then saw the logs.

We would take the top grades of lumber, the best ones, of high value, which were called "molding or better" in the grading system at the lumber mill. And those molding or better grades were loaded into railroad cars and were sold to molding

Di Giorgio: companies, such as Dorris Lumber and Sacramento Molding and other companies that used that high-grade lumber to make moldings and finished lumber.

Then we took the lower grades. Those went into the manufacture of what we call shook: and shook is merely components cut to size to make a box, the ends and the slats and the bottom and the top and so on. We manufactured those for all of our operation, for Earl Fruit Company, plus all the Di Giorgio packing houses. And then, in addition, we had many outside customers, citrus and other growers, who bought their shook from us.

Teiser: Did you ever get into the printing or lithography of box-end labels?

Di Giorgio: No. The labels were very important on boxes in those days as identification. The labels were very valuable. Labels commanded premiums, the good labels, in the auction companies. A very important asset of our shipping company was its label. Very valuable, very important. Those labels were printed by maybe a half a dozen label companies, principally in San Francisco. Labels were very expensive.

The shook was set in bundles in a railroad car at a packing house, and then they were unloaded and stored during the winter, and then about two or three weeks before a grower would start to pack he would hire boxmakers. There were professional boxmakers who traveled from packing house to packing house and who worked on a piece rate basis. The packing house would own the machine and be responsible for getting it all fixed up during the winter, oiled, and all the parts checked out so it was in good working order. Then the boxmaker would come in, and he would be paid so much a hundred for making different boxes, what were called L.A. lugs or pear boxes or peach boxes. There were all different types of boxes for different products, and the machine could be adjusted. So the lumber was purchased to make the specific box that was needed. The machine was set to receive those shapes.

The workers that worked these box machines were very adept and very fast. They were like an automaton, the way they would feed this machine and nail these boxes together.

The end of the box would be pre-labeled. Generally that would be done by another packing house man, who would take the ends, label them, and then re-stack them back in bundles with the label that he wanted on those particular boxes. Then the boxes would normally be put on a conveyer that went along the top of the packing house. And then they would come down chutes by gravity, where they would be available to the people who

Di Giorgio: were doing the packing, who then would usually take the box off the chute above them.

Boxes were an important part of the produce business. Many times the cost of the box and the label equalled the cost of the fruit in it. The boxes were a pretty essential part of the whole production. The first one of the big cash outlays for growers was the cost of the shook, the cost of the label, the cost of making the box and putting the label on. And that was all money that he had to spend before he got anything back. And so the average grower who had ten, twenty, thirty, forty acres, usually had a connection with a packing house such as Earl Fruit Company or Pacific Fruit Exchange, or belonged to the big cooperative, which was the California Fruit Exchange, now known as Blue Anchor.

The California Fruit Exchange was based in Sacramento. Still exists, and is the largest cooperative for deciduous fruit. It has a series of packing houses in various parts of the state. There was a similar organization for citrus, and that was called the California Fruit Growers Exchange. The names were very similar. And they had a series of packing houses, some owned by one grower, some owned by many growers. And each packing house had its own label for citrus. The California Fruit Exchange had one trade mark, the Blue Anchor, which they used for all of their exchanges.

The cooperative form was used by the grower to enable him to bring his fruit in. When he harvested it in small quantities, he didn't have enough to make up a carload. So he would bring his fruit in, and the packing house would blend his fruit with other fruits, sort it, and grade it, and give him what we called a packout sheet at the end of the day showing the number of tons we received, how much were culled out, how much was graded and what sizes were graded out of this fruit. Because normally the larger the fruit, the more valuable it is, and so on. Everybody's fruit had to be sized and graded separately.

Teiser: It was complicated, then.

The Shipping Season

Di Giorgio: It was a very interesting business. It's a very challenging business and requires fantastic long hours during the season. But during the off season, you know, there wasn't enough to do.

Di Giorgio: And it was not at all unusual for people in packing houses and growers during the season to work fourteen hours. Most of our employees in those days worked twelve or fourteen hours. These were the days before the wage and hour laws. And even when those did come in, when they first came in, there were periods of exemptions for the packing house during a certain number of weeks. I believe it was fourteen weeks of exemption from the wage and hour laws to growers and packers of fruit. Of course, it was not at all unusual to work Saturday or Sunday. That was like any other day. When the fruit was ready, you had to pick it and pack it. Ship it.

Teiser: I can remember sitting in offices with growers who were selling fruit on the phone.

Di Giorgio: Oh, sure. All hours. Of course, you start at six in the morning, because it's nine o'clock in New York and Boston and Philadelphia. And you work till long hours into the evening to get the cars all shipped and the bills of lading made out and the instructions given to the railroad, or, now, to the truckers--how to ship it, where it's to go.

Teiser: Did you have to trace it along the line?

Di Giorgio: Yes, in those days we had a traffic department, which was very large and important. Every car we shipped, a copy of the bill of lading would be sent to the traffic department as the car was shipped and turned over to the railroad. I remember the traffic department was responsible for tracing that car, its progress. And then frequently the car would be billed to Di Giorgio, for example, in New York, in our office there, but maybe the third day out we would divert the car to Boston or to Philadelphia or to Chicago. Sometimes the car would be sold to a chain store while en route and diverted to the buyer.

The chain stores were not big factors in the 1910 to the 1930 period, except maybe for the Great A. & P. There were not many big chain stores. There were the mom and pop stores and these small, modest chains that had one, two, or three stores. So those types of stores couldn't buy a car of peaches or a car of pears or a car of plums. There was no way they could handle it.

The Auction System

Di Giorgio: So the auction was the essential method of distribution, really

Di Giorgio: until the Second World War, up until 1940. The auction companies were very, very important because they enabled a grower or a packing house or a cooperative packing house to ship eleven hundred boxes of plums, Beauty plums or Santa Rosa plums or Wickson plums to one market. No retailer could use that many plums. The fruit was bought by the buyers who supplied hotels and restaurants and clubs. It was bought by the buyers who supplied the pushcart dealer. It was bought by the buyers who supplied the out-of-town people in upstate New York and northern New Jersey for the New York market, or New England. Westchester County. It supplied all of those people. It supplied the people who supplied the stores in greater New York, for example. And so it was very essential that the auction had the ability to sell quickly. And the smallest unit was twenty boxes.

This system enabled a box of perishable products, cherries, plums or peaches, to be distributed amongst the necessary number of buyers. So it would be normal to sell two hundred cars of deciduous fruit on a Monday morning in New York, mixed deciduous fruit. That was a tremendous amount of plums and peaches and pears and cherries and apricots, coming from all over the West Coast. This was the perfect method of distribution of perishable produce. It could be moved quickly.

What would happen, the railroad cars would come into New Jersey during the night, let's say Sunday night, and the railroad would then barge these across the Hudson River and unload them on the Erie dock in New York, downtown, adjacent to our auction. Or onto the Pennsylvania Railroad dock. And the cars would be put on those two docks. We would have the bills of lading. We would print a catalogue, a catalogue for each room in which a sale was to take place. A catalogue of well, let's say for California fruit, or Sunkist citrus. Then another catalogue for non-Sunkist citrus. Then another catalogue for Florida Citrus Exchange. Then another catalogue for the independent Florida orange growers. Another catalogue for the California Fruit Exchange, which was the cooperative of deciduous fruit. Another catalogue for deciduous fruit, non-exchange.

So all these different rooms would have sales. We'd print a catalogue on all the cars that came in that night. The next morning, at five o'clock, that catalogue would be ready. The buyers would come down at five in the morning. We'd offer them a sample of every box. They would inspect that fruit, and then they would bid for it at the sales rooms starting at 8 AM. And then that afternoon, after they had bid and purchased, beginning at twelve o'clock deliveries would start to be made.

Di Giorgio: And by four o'clock that afternoon, every box of fruit that had been sold was delivered. Twenty-four hours after that fruit arrived in New York, it was in the hands of the supermarket or the chain store or the hotel or jobber. That was the perfect method of distributing fresh fruit.

Now, when the big chain stores became established, they suddenly had the capability of buying a whole carload of oranges, a whole carload of peaches, a whole carload of pears. They bought and directed shipments direct to their central warehouse and supplied forty or sixty or more stores, and they could use the whole carload. That's where you first got FOB sales which we call "private sale."

Teiser: What did that mean?

Di Giorgio: That meant that you sold to A. & P. or to Lucky, or to whatever the chain, a whole carload at privately negotiated prices. You offered a price, and they countered it, and you finally agreed, and then you shipped the car to their warehouse, and they paid you for it.

Teiser: When did it become necessary for you to divert a car midway across the continent?

Di Giorgio: Depending on a lot of things. Boston might be selling a box of pears for \$4, and New York might be selling it for \$3.75, and Philadelphia for \$4.50. That had to do with supply and demand every day in each market. So we would have our offices representing us there, and they would try to find out what other people were going to do and what was coming in. And they would say, "Philadelphia isn't going to have enough pears Monday morning," so we'd divert a car that was going to go to Baltimore or Boston and put it in to Philadelphia.

Teiser: They must have had to watch, then, every market?

Di Giorgio: Every market every day. And every day, at the end of the day, we'd take that same catalogue that we'd printed, and we would reprint it with all the prices for every line sold. And then everybody would know exactly what everything sold for, the grower, the shipper, the buyer. So it was very open and very fair.

Teiser: Did the grapes shipped east during Prohibition appear in the Di Giorgio auctions?

Di Giorgio: Yes. We sold hundreds and hundreds of cars of wine grapes. Alicante [Bouschet] and Zinfandel and--what were some of the other ones? J. A. will tell us. When we get into that, J. A.

Di Giorgio: can tell you the details and varieties. We'd sell the wine grapes in New Jersey. They were bought by home winemakers.

The Rosario Di Giorgio Family

[Interview 2: February 24, 1983]

[Interview with Joseph A. Di Giorgio and Robert Di Giorgio]

Teiser: This is Mr. J. A. Di Giorgio, whom Mr. Robert Di Giorgio calls Joe, another nephew of Joseph Di Giorgio.

Would you begin, then, with your family?

Joseph A.

Di Giorgio: Well, I think perhaps it would be better to first make a little correction to what Bob mentioned earlier. When Mr. Joseph Di Giorgio came over to the United States, when he was just a young boy, he went directly to New York to meet with the lemon importer that his father had been doing business in exporting lemons to the United States, which was a Mr. Saitta. He worked for this Mr. Saitta in his wholesale jobbing business for a period of time before he endeavored a little on his own. And then he branched down into Baltimore, Maryland, where he started a wholesale business of his own called the Di Giorgio Fruit Company. And this was in existence for a great number of years, until we finally went into the auction business in Baltimore. You couldn't be in both, so they sold that and went into the auction business, which was the Baltimore Fruit Exchange. Those two were the beginning of the whole Di Giorgio Corporation.

[interruption in the tape]

He used to always refer to Saitta and remind people of his very beginnings, which naturally we all enjoyed hearing. He often said he built the business, and his brothers and sisters built the family. He had no children.

My father, Rosario Di Giorgio, served in the Italian army for my uncle, Joseph, in the 1800s. In those days, the first son was excused from military service. Then the second had to go. Mr. [Joseph] Di Giorgio was the second son, but he was already over in this country, so my father, who was the third son, went in his stead. And he served in the Italian-Abyssinian War in the 1800s and participated in the massacre at Aduwa. He was one of the few survivors of that.

J.A. Di G.: So after he returned home, my father had a desire to come to our country. His brother Joseph then invited him over. He moved directly to Baltimore, because at that time Mr. Di Giorgio had already established his home in Baltimore, though he had businesses in several other places. My father met my mother there and married, and from that marriage there were eight surviving children, of which I am the fifth.

Robert

Di Giorgio: Joe, tell about your mother a little bit, her background.

J.A. Di G.: My mother was born in Sicily also, in a little town called Termini Imerese, which is about twenty miles east of Cefalu, about halfway between Cefalu and Palermo. She came over here when she was a little girl, about five or six years of age. Her father was a fisherman, and he started to go into the fishing business in Baltimore but soon reverted into the fruit business. He had a fruit market in the old Richmond district market in Baltimore, which still exists. The building does, but not as a market. When my father and mother married, they lived in Baltimore.

My mother was just a little tiny person. She didn't reach five feet. We all thought she was a very wonderful mother. Even Bob thinks so, too. [laughs]

We enjoyed Baltimore, with the exception of my father who had a very bad sinus condition. One year, in 1917, he was asked to attend the United Fresh Fruit and Vegetable Association convention in Los Angeles, which was held in February.

When he came home a couple of weeks later, he said, "We're moving to California." So we moved ten days before school started, in late August. Came by way of train. Eight kids. [laughter] So that was quite a move.

Settled in Los Angeles. We ranged from one and a half years of age up to about fifteen, my eldest sister. And as youngsters we basically grew up in Los Angeles but have scattered into many areas since.

R. Di G.: How old were you then, Joe?

J.A. Di G.: I was ten. We moved in 1919, arriving in Los Angeles September third 1919. We started school in September 1919. So I finished lower grades of school and then went up to Oregon State College for a couple of years for the basic scientific facts of agriculture.

Teiser: That's at Corvallis?

J.A. Di G.: Corvallis, Oregon. It was called Oregon Aggies in those days. And then I transferred down to Davis to get acquainted with and study the conditions of California farming, which I knew was where I wanted to divert my attention.

The Di Giorgio Farms: Background and Growth

J.A. Di G.: In the meantime, Mr. Di Giorgio, Sr., Joseph Di Giorgio, had earlier established in the late 1800s or the very early 1900s, after the auction business had been created, the Connolly Auction Company in New York and the Baltimore Fruit Exchange in Baltimore. We had an interest in the Chicago auction, which was the Union Fruit Auction and Sales Company. And also there were some seven or eight other auctions in eleven cities in the United States that we felt was the basic way of selling produce. Previous to that time, most produce had been shipped on consignment to jobbing houses, and sometimes they didn't get the best price. But at an auction, it all sold on its merits. This is one of the basic principles of our sales in those days.

R. Di G.: It has changed, of course.

J.A. Di G.: So in order to provide merchandise for the auctions, he [Joseph Di Giorgio] came to California, and also went to Florida, and arranged for growers and shippers in those days to consign their fruit to the auction companies for sale rather than to the little jobbing places. And it was in the interest of providing a continuity of produce to the auctions that he came out here to California, and also went to Florida.

Then while out here, he bought one little produce shipping concern called the Producers. Then he bought a second one called the Pioneer. Then he bought a third one called the Earl Fruit Company and combined them all.

R. Di G.: I explained how he bought Earl Fruit Company from the Armour family.* Joe, do you remember that?

J.A. Di G.: Yes. During World War I, the growers made just oodles of money. It was these packing companies. In that business, you had to have a three-way deal. The shipper would borrow money from the bank. He would in turn lend it at a little increased interest to the grower. And then in turn the packer or shipper would take a marketing contract back on his produce, and he

J.A. Di G.: would pack it for an agreed price including packing charges and materials. And then he would take the commission on the sales prices, both auction sales and private sales.

The latter part of World War I, many growers had become very well to do, and they wanted advances and advances and advances, much more than the value of their land. So Mr. Di Giorgio was a little bit skeptical of this, because they could get way in over their heads. So without forcing anyone, he told them that they'd have to reduce their demands for advances, or else he wouldn't handle their produce any more.

First Land Purchases in California, 1919-1930s

J.A. Di G.: The other competitors in the shipping business were so happy to get the business that they bought a lot of the contracts, so Mr. Di Giorgio took that money and started investing in land. This is where he started Di Giorgio Farms. He bought that in 1920.

Teiser: I have read 1919.

J.A. Di G.: Well, Sierra Vista Ranch was the first one, in 1919. There was only about three or four or five months difference in timing.

R. Di G.: But wasn't Sierra Vista, part of it, already planted?

J.A. Di G.: Yes.

R. Di G.: I mean, it was a developed property?

J.A. Di G.: That is correct.

R. Di G.: As opposed to Di Giorgio Farms, which was really a piece of desert. Nobody had been farming that area.

J.A. Di G.: Delano had had a little development, and we bought a good part of that land, the original portion of Sierra Vista, from Mr. Walter J. Wallace.

Teiser: The Sierra Vista was the part near Delano?

J.A. Di G.: That is right.

Teiser: And then the major acquisition, however, was further south?

J.A. Di G.: Near Arvin, east of Bakersfield. The Di Giorgio Farms became the larger in turn, finally reached almost eleven thousand acres. The one at Delano was a little bit less. It reached almost nine thousand acres. All the other properties, except Borrego, were the result of some foreclosures of the Earl Fruit Company: Dantoni pear orchard, New England pear orchard, all the apple orchards in the northwest, in Idaho, the prune properties, the Lodi grape properties. They were acquired when there was the panic in the early twenties. This is when the growers just walked away from their places, so we took them over as foreclosures. And even the Winters apricot property. All of them. That's how we got into the smaller places, which we have now divested.

The idea of going into the Di Giorgio Farms area was for earliness of maturity. Because the early bird got the highest prices. And it was the warmest place to start. The fruit and the vegetables matured earlier there until some twelve, fourteen years later. Then there were developments in the Coachella Valley. These were near Palm Springs and Indio. Their fruit came to maturity even earlier, and that, in turn, was the reason for going into Borrego later on. That was after World War II, in '45 or '46.

My father ran the Baltimore Fruit Exchange for my uncle until he moved to California. Then when he came here, he operated, partly on his own and partly representing Earl Fruit Company, in the Imperial Valley. And then he dabbled in a little shipping of his own, grapes and citrus and such as that, but basically always a part of Di Giorgio subsidiaries. Now let's stop this just a moment; then I'll--

[Interruption]

Teiser: I have a 24,000 acre figure for the total Di Giorgio holdings, and you said that was the total that you were farming?

R. Di G.: That was that total on the West Coast. And that consisted of substantial acreage in Idaho, I suspect about a thousand acres of prunes. We had a couple of thousand acres of apples in Washington state.

J.A. Di G.: Right, apples and pears.

R. Di G.: And then the balance was in California, all over the state.

Teiser: That would have been about what years?

R. Di G.: In the late 20s or 30s.

J.A. Di G.: Well, yes, from the time we first bought land and had to

J.A. Di G.: foreclose on some farmers. So from actually 1919 until we finally disposed of the last of them in 1979. Well, Marysville was sold only about four years ago. Four or five years ago.

R. Di G.: But Mr. Di Giorgio kept adding to Di Giorgio Farms all through the '20s and '30s.

J.A. Di G.: Oh yes.

Teiser: The original purchase, then--

J.A. Di G.: Was twenty-five hundred acres. At Di Giorgio*, DiGiorgio Farms, and Delano, Sierra Vista Ranch, was two thousand, the original. That's the original purchase.

While I was attending high school, I spent all of my summers at Sierra Vista Ranch learning first-hand how to plow a field and how to prune grapes. And some of the winter vacations. So I had on-the-job experience. From '23 until the time I graduated in '29, I had these experiences all along. So then I asked my uncle for a job, and he sent me to Sierra Vista Ranch. Then I worked--

R. Di G.: You graduated from Davis?

J.A. Di G.: After I graduated from Davis, I went to work as a regular hand in the fields, doing what everybody else did. And fortunately, I was able to advance. After five years there, the manager at Di Giorgio Farms decided to run for the sheriff's position, and he won. So I was moved down there with another employee to operate Di Giorgio Farms. That was Max Newman.

Teiser: That's Arvin?

J.A. Di G.: Yes, that's the Arvin property. At that time, it was about forty-two, forty-five hundred acres, which was in the depths of the Depression, '33 and '34.

R. Di G.: What was planted there, Joe, at that time?

J.A. Di G.: The varieties of grapes that were popular in those days were the white Malaga, the Cornichon, the Emperor...

*Near Arvin; see p. 46.

R. Di G.: Also Thompson Seedless, Red Malaga and Almeria.

J.A. Di G.: Yes. Those were the grapes. And Alicantes [Alicante Bouschet] for wine purposes, because we were in Prohibition in those days. We used to ship those varieties to the East for the Italian and the French and the different ethnic groups to make their own wine. You could make all the wine you wanted in your own home, provided you didn't sell any of it. And this became a very large business all through the '20s. So a lot of land was bought and then immediately planted in these wine shipping grapes.

Diversifying to Lengthen the Shipping Season

J.A. Di G.: Also, we tried out and went into apricots and a few varieties of plums and peaches and a mix of the various fruits. And we also experimented in terms of dates of maturity, so that they wouldn't all come at one time, so we'd have a continuity of fruits going into market, to the auction companies. And to the private sales areas. We did that at both ranches.

In order to help all the mix, we had for continuity pears up in the Sacramento Valley at Marysville and Yuba City. And also a rose orchard just outside of Sacramento, just on the west side of Sacramento, also planted to pears. We packed them in different containers according to the different markets. Some of them such as grapes used to be packed in cork that you'd keep into February, before you had real refrigeration. And barrels or kegs with cork packing insulation. And they'd keep for three months with very, very light refrigeration. So we had a continuity of fruit.

Now then, Mr. [Joseph] Di Giorgio also wooed what is now the present Sunkist growers. It was a very big entity in our auction businesses, because they also believed in the auction method of sale. So we handled all of their auction businesses in the various auctions, where they did very well.

Also, the Florida citrus business, a great deal of that went to auction. We had in the meantime acquired a company called the International Fruit Corporation in Florida, and they did substantially the same type of business in Florida and Georgia as the Earl Fruit Company did here in the West. Consignment and packaging and so forth, and shipping. And also dealt in peaches in Georgia. We had all these various types of fruit that were going to market, so we had a share of it. I

J.A. Di G.: would say we were the prime fruit shipper in the United States, other than the two big citrus co-op houses, the Florida Citrus Exchange and the California Fruit Growers Exchange, which is Sunkist now. I think we at that time were the largest over-all shipper of various fruits in the country. Totaled in quantity, not individual varieties.

So Mr. Di Giorgio commanded the respect of the whole fruit industry, as is well known today.

I stayed with the Di Giorgio Fruit Corporation--well, we were still Earl Fruit Company in those days--and my recollection is that in some of these enterprises of his, a great number of them, were partnerships that he went into with some little growers that wanted to be a part of it. He had some fifty-two or fifty-three different little entitites, which were later on all combined into Di Giorgio Fruit Corporation in 1920. Then they were paid off in stocks or in cash, and so forth. So that's the way the corporation became an entity.

Contributions of Joseph A. Di Giorgio

J.A. Di G.: Fortunately, I happened to be named as a vice-president of Earl Fruit Company and Di Giorgio Fruit Corporation back in '34. And I've served in that capacity ever since. Coming up through the lines. It was really the most enjoyable experience in my life.

Experimenting with Different Crops

R. Di G.: Joe, tell a little bit about how you changed the crop, how you got out of apricots and peaches and how you concentrated on plums and grapes and then got into vegetables.

J.A. Di G.: All right, fine. The auction companies used to also sell vegetables, some vegetables. Asparagus and tomatoes. During the Depression era we found that some of the varieties of fruits that we were growing had lost their lure to the public. Some new varieties had been developed by the universities through their experiment programs. So we had to change from those that had lost their lure into those that would be

J.A. Di G.: acceptable in the marketplace.

We found that apricots did not grow very well in that section of the San Joaquin Valley. They would ripen at the pit and start to break down while they were still too green to pick from the color point of view. So we determined that this was not a good thing, so we grafted some of those over to plums. Some varieties of grapes we grafted over to other varieties that had a potential, we thought at that time. And they did.

And then in turn some of those had lost their lure because of additional varietal improvements.

Later, as the cost of growing became quite acute, we also looked for the possibility of changing some of the high-cost commodities such as grapes, which took a lot of handwork, and plums and such as that, where the pruning costs were excessive. We wanted to go into some mechanical type crops. And this was just before the beginning of World War II, and right after the great Depression.

So when a variety of a planting was in excess of what we felt we could market profitably, we pulled it out, cleaned up the land, and then started planting to potatoes, which grow beautifully there, and cotton. Cotton had established itself in the San Joaquin Valley since 1921, I think it was, or 1920. The first cotton experiment station was established at Shafter by the United States Department of Agriculture, and it is still in existence. It's the finest one in the country. We determined that the San Joaquin Valley was a prime growing locality for cotton and especially the Acala variety. The San Joaquin Valley now is a one-variety area. You can only plant that one variety.

Then to diversify into vegetables. We went into some earlier varieties or types, and that's where we got into asparagus. Then for another rotation, we went into some peanuts. These were all mechanical type operations, excepting the asparagus. The asparagus was still a labor-intensive crop.

R. Di G.: But the labor need came at a time when we didn't have other labor needs.

J.A. Di G.: The high intensity of asparagus cost was during the harvest. However, the harvest of asparagus would come just after we'd finished the pruning of all the vineyards and the orchards, and there was a lull in there of about six or eight weeks, a time of low employment. So this filled in a gap to maintain labor available on the ranch for the forthcoming thinning and other hand work in grapes and plums. And by the time that came, we were through with the asparagus, and then it would be allowed

J.A. Di G.: to go to fern for the next year's crop. So these all fit in. We studied them to see their timing. Our first plantings of each of them were in small quantities, so we would get the feel of the timing and so forth. And that is how we went into growing those various crops.

Providing for Farm Laborers

J.A. Di G.: We recognized in starting our properties that they would require considerable labor. The properties were far enough away from the center of population, like Bakersfield, which is some sixteen or eighteen miles, so that transportation was a very difficult thing for ordinary labor. So we entered into a program of building camps for different types of labor. We had an American camp for white people. We had a camp for Japanese. We had a camp for Mexicans. We had a camp for Filipinos. So we had a varied mix of the different laborers that were available for farm work.

We absorbed a great number of the transients who came from the dust bowl, came right at that time--the early '30s. You read about all that. Well, we absorbed a great number of those in our American camps.

Teiser: Were they good workers?

J.A. Di G.: Good workers, oh yes. A lot of them have become very, very rich people, farmers.

R. Di G.: Let me interrupt you a minute. I think it's worth noting the reason for segregating the people by their nationality. And the reason had to do with the eating habits of the people. Because not only were they given a place to sleep, boarding houses, but they were fed as well. The Japanese, the Filipino, the Mexican, and the American, are quite different, and they each require different types of food and prefer them. And so we had to have cooks of the proper nationality in each of those camps to produce the type of ethnic food that was suitable and desired by the employees. That really was the basic reason for segregation.

J.A. Di G.: That is correct.

R. Di G.: And in turn, they worked under foremen of their own nationality, their own group.

J.A. Di G.: That is correct.

R. Di G.: So we would talk about Philippine crew number one or Philippine crew number two Japanese crew number one or number two, and so on.

Teiser: They didn't all speak English, did they?

R. Di G.: Many of them did not.

J.A. Di G.: Very few of them did. We also used some Arabians. Right after the war. We employed all types of nationalities who were industrious.*

R. Di G.: You used prisoners of war, too, didn't you, during the war?

J.A. Di G.: We did. We had some German prisoners of war that were in camps three miles away. They were brought to the property every day and taken back every day. And we also employed--what did we call them?--the Mexican national program. They came over for periods of six months at a time, and then they went back. I believe it was called the bracero program.

R. Di G.: That was a government program.

J.A. di G.: Correct. The labor force, naturally, had two peaks. One in the harvest period in the summertime and fall. And in the early winter, in late December, January, and February. The winter period was the pruning of the crops and new plantings. Then there was a lull. Then you went into the maintenance, or the growing, of the crops to produce them in the proper quality by thinning and cleaning out and opening the vines and girdling, and all these different types of works that are required to produce a quality grape in different types. And also in the tree fruits, pears and plums and peaches, and so forth. It took a great number of people to thin, because if you had a good set, you only wanted one plum in an area of about four or five inches. When they came they looked like ropes on the twigs, so you had to thin them off. Now some of that is being done mechanically, with chemical sprays.

You also had to cut off when you had too many grapes, so that you didn't detract from the vine making a quality product rather than tonnage, volume.

*For further discussion of the labor force, see pp. 116-128.

Teiser: Were grapes generally your largest crop?

J.A. Di G.: Yes. Grapes were our largest crop.

So at Di Giorgio Farms, with which I am most familiar, and Delano, the lowest ebb was just after we finished pruning. And then we started in the operation of the making of the crops. So we ranged from a steady force of about two hundred people to, within a few weeks, about eight hundred, and then went to twelve hundred. Then you'd go up to eighteen hundred. And our peak in the summertime was around twenty-seven hundred people. At Di Giorgio Farms alone. That was when we had eleven thousand acres there. At Sierra Vista Ranch, the peak was about fourteen to eighteen hundred. And then it ranged, in and out of the whole year's operations according to the type of work needed to be done at the time, down to about two hundred.

We had homes there for families. We had some two hundred homes for families. many of the wives were employed packing the fruit. And some of the wives from nearby, women from nearby communities, would come in to pack fruit during the peak of the packing period. Later on the women learned to do some of the field work, so we used them in the field work also. And then also in some of the tying of the vines, or the thinning of fruit, and such as that. When we had to do hoeing, they wanted to do that. So we utilized them wherever they wanted to work.

So all this gave an income to a family of man and wife which was substantial for the times that we were living in, in those days, and they enjoyed this very much. And the children, as they grew up, as soon as they had reached an age where it was legal to employ them, we would employ them. Youngsters, you could employ them--boys, you could employ them when they were fourteen, provided you didn't go over eight hours a day and five days a week.

R. Di G.: You had to have a school work permit.

J.A. Di G.: And you had to have a school work permit. And a lot of them enjoyed it. They saved their money, went to college, and so forth. A lot of them are very prominent people in this county today. Believe me.

So we had a very, very fine rapport with our employees at all of our properties. We had these same type of camps and living conditions, both families and single workmen-- We even had some camps specifically for women. I remember, those were set up during the war.

R. Di G.: During the war we did that.

Teiser: Were there community facilities, schools and churches, and so on?

J.A. Di G.: Yes. The Di Giorgio Farms was located four miles from a little town that was just developing called Arvin. There were schools and there was a small rural school called the Rockpile, the name of which was since been changed. The county changed the name to Di Giorgio School. The children were provided transportation by the school system to go back and forth, which is still done today. In fact, even in the cities it's done in some instances.

So they all had access to education, and also to churches. In some instances, we provided a truck for transportation, or small busses, to go to church. We were very cognizant of the needs of the community and its hopes. Later on, we arranged for a doctor to live on the ranch. Or a registered nurse for first aid. Or with some farms we were close enough to other communities, such as Marysville. We were just a few miles from the community, so transportation was available to take people back and forth to get the medical aid that was needed.

Teiser: At Di Giorgio Farms, were there stores nearby, or did you--?

J.A. Di G.: Mr. Di Giorgio was always opposed to company-owned stores. He never wanted to have a company store. And never did on any of his properties. He felt that this was an area for community building. He had these bunkhouse dining rooms and stuff, but that was for a different purpose. That was not to make money. At none of our properties did Mr. Di Giorgio ever have a store.

Last Years of Joseph Di Giorgio, 1938-1951

R. Di G.: Joe, would you like to--I think Joe is better able to do this than anybody else, because he was living with Uncle Joe at the time--would you like to tell a little bit about Uncle Joe's last year, really, and when he died and how he died and so on?

Teiser: Yes, very much.

J.A. Di G.: Mr. Di Giorgio was a most active, energetic individual. In 1938 he had a heart attack in New York. Spent several weeks in

the hospital. I think he was about sixty-four.*

R. Di G.: Yes, just when the war started.

J.A. Di G.: That's right.

Through a friend of his, Mr. Harry Brown, he obtained a horse back at either Aqueduct or Jamaica, one or the other. Anyway, he got into the horse racing activities. This was his spectator sport. Naturally he didn't do anything halfway. He always wanted to be one of the good ones. So he bought some more horses and got up into a pretty good stable. He enjoyed that life. They were doing well, and things were going well, especially with the wine business having turned over. Financially we were in pretty good condition. So he was enjoying his life.

Prior to this heart attack, he used to go to Europe at least once a year, didn't he, Bob?

R. Di G.: Yes.

J.A. Di G.: But from the time of the heart attack, which was before the war, until after the war, he had not gone to Italy to see his home town, as he had always done. So he was building up his strength. Then later on he had a very comfortable home at Di Giorgio Farms called Casa Di Giorgio, where he invited many people to visit with him from time to time. He always liked to have someone around, either a nephew or nieces or some family or some guests. He had some very prominent people come and visit with him there, whom I could name, but I prefer not to. And this was his life, going to the racetrack a few times and keeping in touch with the business through his nephews, Bob and Phil, and J. S. He practically turned all the business over to them, they and the administrative and executive departments up here in San Francisco.

He had named J. S. [Joseph S. Di Giorgio] as president at that time. You, Robert, were an executive vice-president. Phil [Di Giorgio] was an executive vice-president. Charles Nosser was an executive director. I was a vice-president, but I was a farmer. All we boys did all of the jobs that he did at one time. He just loved to get on the telephone and talk with each of us, our various departments. Bob was in financial,

*He was born on June 10, 1874.

- J.A. Di G.: Phil was in marketing, and J. S. an over-all executive, and I was in farming. So he had a pretty well rounded group. He was able to enjoy his life that way. And he'd go to Florida for a period of time and ship some horses there. He was at Santa Anita and Hollywood Park and came up here to Bay Meadows and Golden Gate. He really was enjoying life.
- R. Di G.: If my memory is right, Joe, in the late '40s I think he used to take a house at the old Huntington Hotel in Pasadena, a little house on the grounds.
- J.A. Di G.: That's right.
- R. Di G.: And spend a couple of months there.
- Teiser: That was near Santa Anita.
- R. Di G.: Yes, right near Santa Anita.
- J.A. Di G.: And he also sometimes took a suite of rooms at the Biltmore in Los Angeles.
- R. Di G.: That's right, at the Biltmore Hotel. I'd forgotten that. So he was enjoying life.

Buying Land at Borrego Springs

- R. Di G.: Right after the war Mr. Di Giorgio had the idea he wanted to get into some of the earlier fruit production, so this is when we got into Borrego Valley. I had been sent down there some years earlier, in 1939, and had a report on it. Well, there came the war, so we couldn't do anything. But in '44, at the invitation of Mr. A. A. Burnand, Jr., he and myself and Mr. Di Giorgio took a trip down into Borrego and saw the land. So Mr. Di Giorgio bought a piece of land from Mr. Burnand, some twelve hundred acres or so, which we enlarged later on, and this was the beginning of our Borrego enterprises.

So we started operating and leveling and preparing the property for planting. When we went to see Harry Bauer about getting electricity they said, "What are you going to do, Joe? Don't you know there's a war on? You can't get a power line." Mr. Bauer was head of Southern California Edison and a director of Di Giorgio Corporation.

R. Di G.: Well, he didn't get the power until after the war, right at the end of it.

J.A. Di G.: That's right. Right at the end.

Teiser: Was this fairly undeveloped land?

J.A. Di G.: All undeveloped. In fact I have a picture, and it shows you just what it was. There was only one thing down there, an old date farm.

Mr. Di Giorgio had another heart attack in either '49 or '50, while he was at the Santa Anita race meet. He was placed in the Huntington Hospital in Pasadena. He spent about ten days there, and he was released. So then he took it rather quietly, didn't go to the races too often. He'd ask one of us to go make his bets at the race track. Anyhow, he enjoyed life. He and Mrs. Di Giorgio would go to New York and return and so forth.

R. Di G.: He loved to travel.

J.A. Di G.: Mr. Di Giorgio had a yearning to go back to Italy before he passed away. He felt that he was going away. So in 1950 he talked to the doctor about possibly making a trip to Italy and maybe spending three or four weeks over there. So the doctor said he could go, but he would like to have him take a short trip earlier to test himself. So we had made reservations on the Lurline, and I was to accompany him--the first time I was ever going to take a trip with him--to Hawaii for a week. We were to sail on March 3rd, 1951, for Hawaii, one week after his death, which was February 25th, 1951.

He had a stroke and a final heart collapse at the Casa Di Giorgio, at Di Giorgio Farms, on a Sunday afternoon, February 25th. It was just a week before we were supposed to go. He had a heart attack, then never regained consciousness.

We had some guests there at the time, and he loved to come out in his pajamas and bathrobe and have breakfast and then sit around to talk and joke, and then he'd go in and dress for lunch. He'd loll around in pajamas for three or four hours before changing. Uncle Joe went in to change, but suffered a stroke just after he'd gone into his bedroom at the main house. And the nurse that had accompanied him all the time in the past two or three years called loudly and said, "Come quickly," so I went into the bedroom. I happened to be at the Casa with my son. So I asked somebody to go over and alert the doctor, who lived nearby, just twenty-five yards from the Casa. The doctor came over and administered adrenaline shots to Mr. Di Giorgio. He was given artificial respiration and heart pumping

and everything, but in about ten minutes the doctor had to pronounce that Mr. Di Giorgio had died.

R. Di G.: He didn't respond at all.

J.A. Di G.: Didn't respond at all to it.

R. Di G.: So he went very quickly.

J.A. Di G.: He didn't suffer. Mr. Di Giorgio had been joking all the time before he walked into the house, just ten minutes before. I remember him saying, "You all take care of things here. I'll be out in a little bit." And he hobbled over. He always liked to show how spry he was. He would dance around, you know, by himself. A very, very jovial gentleman.

"Still Calling the Shots"

Teiser: Did he continue making some decisions until then?

J.A. Di G.: Oh, yes, absolutely.

R. Di G.: Nothing was done in the company, even when he had turned over the day-to-day operations to J. S. and the rest of us, no important decision was made that it wasn't first submitted to him either in writing or on the phone or in person. About once a month or so, he'd have us all come down and spend the night at the Casa if he was there, or in New York or wherever he was--

J.A. Di G.: Review things.

R. Di G.: I remember once we went to Florida to meet with him. Any important decision went to him, and he made the final decision. There was never any question who was boss until the moment he died.

J.A. Di G.: [laughs] That's right.

R. Di G.: We were doing the day-to-day things, but he was still calling the shots. His mental ability--

J.A. Di G.: His mind was very, very acute. Very acute. All the way.

R. Di G.: His heart problems affected him physically, but never mentally. There was never any degeneration of his mental ability at any

time. It was remarkable. Remarkable.

J.A. Di G.: It was.

R. Di G.: And his memory was good all the way through. I think uncle was seventy-six when he died, and I never discerned any deterioration of memory of any of his mental abilities.

J.A. Di G.: No, none at all.

R. Di G.: And he was a good decision maker. He didn't take forever to make up his mind.

J.A. Di G.: That's right.

R. Di G.: When you presented a suggestion, and the facts were there and you had made a good presentation, he'd say, "That makes nothing but sense to me," and he'd ask you a couple of questions--had you thought of this, had you thought of that--and say go ahead and do it. It wasn't, "I'll get back to you in a month," or something. He never was that way. He never left everything on the table for later. It wasn't his style, was it, Joe?

J.A. Di G.: No. That's right. Any decision. He'd say, "Give me your problem and I'll give you an answer." [laughter] Remember that?

R. Di G.: Right.

J.A. Di G.: Give me your problem and I'll give you an answer!

I'd like to mention one thing about Uncle Joe in the auctions, and if I've heard him say it once, I've heard him say it a thousand times: he had a great faith in mankind, and anybody who wanted to get into the fruit business, if he didn't have a criminal record, he could get a small amount of credit to start the business.

R. Di G.: Be a buyer at the auction.

J.A. Di G.: Be a buyer at the auction to get into the business of being a peddler, or even have a little store, and such as that. He aided many people in that manner.

The Four Nephews Carry On

- Teiser: At his death all of you of the next generation were reasonably prepared to carry on?
- R. Di G.: Yes. He had very carefully made his will quite some years before and had discussed parts of it at least, I know with J. S., and some with me, and other people. So that the will wasn't any surprise about how he handled things.
- Teiser: Then who made decisions?
- R. Di G.: J. S. What my uncle did in his will was to create a trust, and he included all the stock of Di Giorgio that he owned at that time in this trust. The trustees were J. S. Di Giorgio, Philip Di Giorgio, Charlie Nosser, and myself. There were four trustees.
- J.A. Di G.: And two alternates.
- R. Di G.: J. A. was an alternate, and Charlie [Charles W.] Smith was an alternate. The will provided that a majority of the trustees would make the decision, but that J. S. must always concur with the final decision. No decision that he voted against could take place. If J. S. was in the minority, we did not adopt it, but also we didn't do what J. S. preferred. In other words, it was whatever the majority wanted, as long as J. S. was with the majority. We made an agreement immediately after he died that we would never do anything unless we all four agreed to it, so that if we couldn't persuade all four of us, perhaps we oughtn't to do it. And that's the way we operated from then on. There was never any dissension.
- J.A. Di G.: We kept things pretty well together, even though we are a public company. We realized the fondness of the family and their interest and their desire for the business to continue as a fine company.

Joseph S. Di Giorgio

- Teiser: Would you characterize J. S. Di Giorgio?
- R. Di G.: J. S. was very close to Uncle Joe, because he was the oldest boy in our family. because he had no children of his own Uncle

R. Di G.: Joe took a personal interest in J. S. as J. S. grew up. He really regarded him as his son. He was very interested in J. S., in his education, so J. S.'s basic interests were formed early. He was an agriculturalist, and a very good one. In his early days with the company, he started out in the secretary's office in New York, and he did not prefer the administrative part of the business. He wanted to get into operations. In those days we were still in the banana business, and that was before I was with the company. So J. S. got into the banana business and worked out of the New York office, but became responsible for shipments in Baltimore or Philadelphia or New York, and he was also very active in the banana end of the business and its marketing.

J.A. Di G.: Mainly in the marketing.

R. Di G.: In the mainland United States. Then the corporation sold the banana business to the Dantoni-Vacarro families who were based in New Orleans and had banana and shipping companies.* At that time J. S. said to Uncle Joe, "I want to get down to Florida and get into the actual growing." A man named Lionel Lowry was the manager of our Florida properties at that time, if my memory is correct.

J.A. Di G.: Right.

R. Di G.: Uncle Joe made J. S. assistant to Mr. Lowry. Mr. Lowry was in charge of the entire Florida operation, which meant both growing and marketing and the relationship with the exchange, and all of those matters, and the packing house, and so on. He delegated to J. S. the responsibility for supervising the groves, and in those days we had, I believe, as many as twenty different groves in Florida.

J.A. Di G.: Oh, yes.

R. Di G.: We had a great number of groves, all of different sizes. These were located all over the state.

J.A. Di G.: And some of these were also obtained from foreclosures, as was the Earl Fruit Company in California. Excepting one, Lucerne Park.

R. Di G.: J. S. spent really about--I can't remember now how many years,

*See pp. 11-12.

but about ten years--until the war, J. S. spent his time in Florida, and was in charge of all the growing. I think those were the happiest days of his life.

J.A. Di G.: Oh, yes.

R. Di G.: He really loved the Florida operation. When the war came, J. S. was one of the few of us that was not married, and he immediately enlisted. He joined the marines and went to, I believe, Cherry Point to do basic training.

J.A. Di G.: He was at Quantico first.

R. Di G.: Quantico, I guess, yes. He came out of his training as a captain, and he went all through the Far East war, including Guadalcanal, and was in all of those terrible battles there. Came back unscathed. He came out as a major.

When he had completed his war service, he immediately came to the San Francisco office and took over the responsibility for the farming here in California. He would occasionally go to Florida, but he was no longer as active there. However in California he was really active. He would go down and work with Joseph A. Di Giorgio at Di Giorgio Farms. I believe J. S. consulted with Ray Boone at Delano, and with Ralph Newcombe and Mr. Herman Wolfskill at the Maryville properties, and they all reported directly to him. He was made vice-chairman of the corporation. But anyway, of the nephews, he was the next under Uncle Joe. I believe Uncle Joe was chairman.

Teiser: Yes, I see J. S. was vice-chairman in 1949.

R. Di G.: J. S.'s job was really responsibility for all of the growing here in California. The growing personnel reported to him. At that time Mr. Charlie Smith was in charge of Florida, and he reported directly to Uncle Joe.

J.A. Di G.: Mr. Lowry had passed away.

R. Di G.: Mr. Lowry had passed away. Then when Uncle Joe became less active, Charlie Smith reported to J. S., because by then J. S. had become the top operating executive of operations. I reported to J. S. as the financial man. J. S. was a very shy, retiring person. He didn't like to participate in public affairs, and he never cared to be a representative of the corporation on any industry boards or groups or marketing agreements. This he always delegated to somebody else. I believe J. A. represented us on most of the tree fruit and the grape agreements and the various marketing arrangements in California.

J.A. Di G.: Also the Wine Advisory Board.

R. Di G.: Wine Advisory Board. All of those things. J. S. never cared to do any of that. He was a very shy person who kept pretty much to himself.

J.A. Di G.: He was just a continuation of Uncle Joe. Though he was community interested, he wanted someone else to be in the forefront, but he'd pull strings.

R. Di G.: I would classify J. S. for his whole life as a farmer. Shortly after Uncle Joe died, J. S. had had a lot of trouble with his back, and my recollection is that the injury came from an old football injury. Joe was quite a football player in his day.

J.A. Di G.: Played center.

R. Di G.: He apparently sustained an injury to his back which I guess didn't bother him too much during the war. But he started getting a lot of pain with his back after he got out of the service. Then Uncle Joe died in '51, and I think for several years thereafter, J. S. was in such pain with his back that he finally decided to have surgery on his spine. The surgeon involuntarily severed the nerve that controlled his left leg, and J. S. was never able to walk without a brace after that operation.

J.A. Di G.: And a cane.

R. Di G.: And a cane. But he prided himself on his physical fitness, and he was always a--

J.A. Di G.: Very robust individual.

R. Di G.: Tall, robust, virile person. You know, he'd go down to the ranch, and be up at five o'clock in the morning, go out in the bunkhouse and have breakfast with the foremen, and visit about the day's work. He pushed himself. He enjoyed that. But later on J. S. lost that ability.

At that time, we went out and bought our first company plane, because J. S. didn't have the ability to get to the ranches. He had to get to the Sierra Vista Ranch at Delano and to the Di Giorgio Farms and to Marysville and to all of our operations. He wasn't comfortable driving long distances, so we purchased the first company plane. That was the purpose of it. J. S. used the plane a great deal. He would go to Borrego and to Di Giorgio. We constructed a little airstrip next to the winery at Di Giorgio so the plane could land right at DiGiorgio.

J.A. Di G.: Delano already had one.

R. Di G.: Delano had an airstrip. Marysville had an airstrip. And Borrego had an airstrip. So that we were able to get J. S. to all the properties. So each week he flew to nearly every property.

J.A. Di G.: Just like Uncle Joe used to do.

R. Di G.: J. S. drove himself very hard. But really his primary interest was farming. When we initiated the diversification, Joe never took any part of that. He always said, "Whatever you and Charlie wish to do is fine with me. If you consider it's all right, I'll go along. But," he said, "I'm not knowledgeable in those areas, and I really am going to stick to my farming." So that although he was head of the company, he didn't really exercise direction except in the farming end of the business. But he participated in every important decision we made and every acquisition, because we couldn't act unless he agreed. I mean, that was the family agreement, and that's the way Uncle Joe had directed. So we would present our plan to him, and he would say, "Well, if you want to do it, I'll go along."

Teiser: Did he retire before his death?

R. Di G.: Yes, Joe did. When J. S. reached sixty-five, before he retired, he made me president and chief operating officer, C.E.O. That was 1962.

J.A. Di G.: That was just about a year after his operation.

R. Di G.: Shortly after, yes. Then he stayed on as chairman. Then he got to worrying about--

[Interruption]

Teiser: --you said he was worried about the succession.

R. Di G.: J. S. was anxious about the succession. He said, "I think we ought to bring in a president." He said, "We're getting so big, there's too much for you to do." And he said, "I'm concerned that you'll end up getting sick or something." And he said, "I think we ought to share those duties, and you should bring someone in and start training him."

So we looked over all potentials in the company, and J. S. picked Bob [Robert C.] McCracken, who at that time was the head

R. Di G.: at TreeSweet.* Joe had been closer, I guess, to Bob McCracken than really any of the other operating people in the other companies. And the reason was that TreeSweet was really basically a company that was dependent upon agriculture, and all of our citrus, for example, in Florida that was not shipped fresh went to TreeSweet. So J. S. really had a relationship, an ongoing relationship, with Bob McCracken. More so than he did with any of our other people in S & W or the various other companies that we were interested in.

So Charlie Nosser came to San Francisco and we talked it over, and we all agreed that we would try McCracken. So we got McCracken here and suggested to him that he become president and move up here to San Francisco. Which he did in 1971.

That was the time when J. S. really stopped being active in the day-to-day management, and I would say it was at that time that he really retired. Because it was then that he became chairman of the executive committee, and he gave up as chairman of the board and conducting of the meetings. I started to do them. Up until that time, he had always presided.

Bob McCracken came to San Francisco. That was about the time that we moved into the Alcoa Building. That's just about when J. S. really started stepping aside.

J. S.'s usual program would be to come into the office nearly every day. And even when he was chief executive, he never arrived early. He liked to get on the phone at home and talk to the east and to the marketing people and to Florida, because of the difference in time. He arrived at the office not much before ten or ten-thirty. That was Uncle Joe's style, too.

J.A. Di G.: Yes, that's right. He was talking all over the world.

R. Di G.: So J. S. continued even after he stepped aside as chairman of the executive committee. He came in every day about eleven o'clock. He'd always spend about an hour with me, and I'd bring him up to date what was going on and just get his viewpoint on matters. Frequently, maybe as much as twice a week, we'd have a conference call with Charlie Nosser, who was our key man in New York and another trustee and in whose

*Di Giorgio Corporation had acquired TreeSweet Products Company in 1956-1958. See pp.168-169.

R. Di G.: judgement Uncle Joe, J. S., and I all had fantastic confidence. He was practically a member of the family, he was so close to all of us. We all thought the world of him.

So about twice a week we'd get on the phone for about half an hour and talk to Charlie. It would then be about two or three o'clock in New York. Then he would go home. Usually about two-thirty or three. He really did that about the last seven or eight years, would you say, J. A.?

J.A. Di G.: Yes. That's right.

R. Di G.: I think from about the time he reached seventy or seventy-one.

J.A. Di G.: That's right.

R. Di G.: J. S. died in '80. He was seventy-nine.

But I always considered J. S.'s judgment was keen. J. S. was a great sounding board for me, and I felt if I couldn't sell J. S., it probably wasn't a very good idea.

Philip Di Giorgio

Teiser: The other nephew who was a trustee in your uncle's will, then, was Philip.

R. Di G.: Philip. That was Joseph A. Di Giorgio's brother.

J.A. Di G.: My brother.

Teiser: Would you tell about him?

J.A. Di G.: Philip attended the lower school grades in Los Angeles, the same as I, and he went on to Notre Dame. He was a graduate of Notre Dame. And after that Mr. Di Giorgio invited him to come to New York. So Philip accepted and worked in the auction company for a while. At that time the main office was in New York, and Philip was elected corporate secretary, on which he served for several years. He relinquished that position after the main office was moved out to San Francisco in '34.

Philip stayed in New York for two or three years later on to get into the throes of the auction market, because in the beginning he had entered the marketing phase of the company,

- J.A. Di G.: and auctions were our basic principle of marketing. Then later on Philip worked on private sales and chain store sales. So he gained a good rounded education. Then he moved to California in about '41. He was out here during the war, because he rented Randolph Hearst's house in Burlingame in 1942. He became active in sales in California at that time. He became a vice-president of Di Giorgio Fruit Corporation at that time, with his office here. He was in the marketing phase with Bob.
- R. Di G.: When J. S. came here, Uncle Joe moved Philip back to New York, around '47 or '48. Philip was in New York up until the time when Uncle Joe died, and then about six months after Uncle Joe died, J. S. moved Philip back to California. But from about '47 until '51 or '52, Philip was back in New York handling all the eastern sales.
- J.A. Di G.: That's right. And also mainly Florida, too. So he was in the marketing end of the company. Then when he came back to California he still maintained that phase.
- R. Di G.: I think Philip was president while J. S. was at war.
- J.A. Di G.: That's right.
- R. Di G.: And I think Philip was the president all during the war and Mr. Joseph Di Giorgio was chairman.
- J.A. Di G.: That's right. Which was shortly after Mr. Joseph Di Giorgio had his first heart attack.
- R. Di G.: Right. And then Philip remained president. But when J. S. came back from the war, Mr. Di Giorgio made J. S. vice-chairman, so that there was no question that J. S. was the number two. Uncle Joe, then J. S., then Philip. Following the death of Uncle Joe, when we had our family thing to decide how to run the business, it was at that point J. S. decided that he would take both the title of chairman and president; this he did, and held for a number of years. And Philip became senior vice-president.
- J.A. Di G.: There were three of you vice-presidents. You and Charlie and Phil.
- R. Di G.: That's correct. Until later, when J. S. decided to relinquish the presidency.
- J.A. Di G.: He asked you to be president. That's right. Well, they remained in that status until my brother Philip elected to take early retirement in 1962.
- R. Di G.: Philip continued as a director, and we had his assistance as a consultant.

Teiser: He no longer was in on your decisions?

R. Di G.: No.

J.A. Di G.: But he was as a trustee.

R. Di G.: Trustee, but not on the day-to-day operations.

J.A. Di G.: Well, he was kept informed inasmuch as he was a director. He was informed of basically everything that was happening.

R. Di G.: Oh yes, Philip came to all the meetings. Then quite suddenly Philip became very ill and in about three months died of cancer.

J.A. Di G.: Very quickly. The cancer was in the pancreas.

Teiser: I have the date of his death as December 21, 1971. Is that correct?

J.A. Di G.: Yes.

"We Were Always Unified"

Teiser: Well, it's certainly an interesting group of men.

J.A. Di G.: We've enjoyed being together, believe it.

R. Di G.: I think, though, the most important characteristic our family is that we were unified. We always spoke with one voice about the company and the family. And I think that's one of the reasons the company has been successful. That doesn't mean we did not have disagreements and differing viewpoints about what to do or when to do something or not to do something, but these were all decided privately with three or four or five of us. As frequently as possible, we would ask Charlie Nosser to come out to San Francisco. He was always a very helpful in the decision-making process.

J.A. Di G.: Very steady influence.

R. Di G.: Very strong balance wheel.

But when we came out of that meeting room, one decision

had been made and that was it. As I said, J. S. always had to be part of that decision. That's the way Uncle Joe wished it, and that was the way we operated. Somebody has to take on the onus of being boss.

J.A. Di G.: Sure.

R. Di G.: I think that has a lot to do with why we're still a big company and successful. Because frequently families do tear apart because somebody feels they aren't treated right, or this, that or the other. We have never had that. We had private disagreements, but never publicly was there any statement by anyone or any action by anybody that wasn't part of the unified program. Very important. I think Uncle Joe was responsible for this, the way he taught us.

J.A. Di G.: Oh yes. He always said, "I don't want any argument among the family. Iron it out between yourselves. There'll be no argument among family." And this has been a really great stabilizing factor.

Teiser: In a future interview, I hope you will explain whatever happened to the auction business.

R. Di G.: Yes, I'll cover that.

Teiser: I assume it's changed.

R. Di G.: Well, I'll tell you a very simple fact. It has changed. The auctions are really a thing of the past. They have become an incidental, small part of marketing. This was a very interesting development and one that I had trouble with the family to make them realize it was changing, because the auction was such a key part of Uncle Joe's success and his whole business theory. Charlie Nosser ran the auctions, and he was such a strong, self-sufficient guy that it was very difficult for Charlie and for J.S to ever accept that the days of the auctions were over. And I'll tell you that story, and what happened and why and what we did about it.*

III FACTORS IN CORPORATE DIVERSIFICATION

[Interview 3: March 3, 1983]

[Interview with Robert Di Giorgio]

The 160-Acre Limitation

Teiser: The 160-acre limitation started in 1902, didn't it?

Di Giorgio: Yes, it did. Let me tell you my version of it. There's your version, my version, and as the Chinese say, the honorable version. [laughter] Anyway, what I have to give you are my impressions. My impressions of the law and what it was, and what happened and how it affected us.

When the Reclamation Act of 1902 was passed, there were great extents of federally-owned land in the West. There was simultaneously a move on the part of the federal government to begin to conserve water and to use that water to irrigate land that formerly did not have water. The difference in value of a parcel of land without water and with water can be astronomical in total dollars on any kind of acreage. So the Congress, in its wisdom, wished to prevent a concentration of ownership of land which was served by federally generated water. This so that a small group of people couldn't gobble up great quantities of such land and make unconscionable profits by reason of the increase in the value of those lands.

Congress determined, in its wisdom, that 160 acres was the maximum acreage of land which could receive federally generated water, or water generated with federal monies in part or in whole. And I believe this decision was sound. Because if I, say, owned a piece of land, ten thousand acres, and I was able to get water for it, and maybe I had paid \$5 an acre for the land, and now it's worth \$500 an acre, obviously that is not fair. So this is the intentional purpose of the law. And

Di Giorgio: that's how the law was used for a number of years.

However, when Mr. [Harold] Ickes became Secretary of the Interior, the Bureau of Reclamation, which had charge of the 160-acre limitation, issued a new interpretation, and that new ruling in effect said that land already in private ownership and which had been receiving water from its own generation or from some other source, then if owners wished to receive water generated in whole or in part with federally financed money, the limitation would be 160 acres.

In other words, originally if you went in and bought or claimed government land which had been non-irrigated and which now was going to get federal water, that you were limited. That is, if owners claimed a thousand acres, they could only take water for the 160. But here the interpretation changed, and it was changed to affect land that had always been in private ownership and which had been brought into farming but, because of the falling water table, or because of the higher incidence of salt or boron or some other substance in the water, resulted in the inability of the landowner to fully water properly with his own water the crops that he was growing. So the grower then sought to use some of the canal waters in the Central Valley.

At that point was when the Bureau of Reclamation changed the interpretation and made the ruling applicable to lands that were then in private ownership and already farmed. This was the big change that caused all the trouble.

When the new ruling came in it was tested in courts, and it was tested here in California. There was a man named [Courtney] McCracken. You'll see his name in all the important lawsuits that have to do with testing the legality of the interpretation that the law of Congress applied to privately owned lands which were taking supplemental water.

Our company became involved in the McCracken suit and supported it and aided it. Our lawyers became of counsel, and we filed along with many other groups what are called amicus curiae briefs. The suits went through a series of different courts here in California, and each decision was in favor of Mr. McCracken, the farmer, and against the Bureau of Reclamation. Even when the case got to multiple court judges, there was never one judge that didn't rule in our favor. In other words, every single judge that ever heard the case in California, and these were federal courts, ruled in favor of the grower.

The matter went to the United States Supreme Court, and Earl Warren was Chief Justice. He was on the bench and heard

the case and wrote the opinion and reversed all the lower courts.

Teiser: Was this the 1958 Ivanhoe decision?

Di Giorgio: Yes.* Mr. Warren, adjudged that it was not a legal problem, but a social problem. He felt that you make the law, you interpret the law to try to suit the social needs of the country. He was a protagonist of the 160-acre limitation, so the other justices, I'm sure, felt he knew more about it than anyone else and went along with him.

But it was very interesting that the judges in the courts below all ruled to the contrary.

It was a shocking decision to all farming interests in California because we all felt it was so wrong. We all felt that a landowner who took water for more than 160 acres, there was no reason not to charge him if there was any subsidy involved of federal money, because of the lower interest rates or anything else. Then the landowner should have been charged more per acre foot of water than other growers, if that was a subsidy and if that was the ruling. That would have been proper.

But to completely restrict the water, I felt, was a distortion of the law to suit the social views of Earl Warren. I never since admired the Chief Justice. I have always felt that that was a very bad decision and that, if anything, he should have abstained in the vote.

That's the background of where we then stood. As I say, the company had spent a lot of money, had been very active in the case and had had our legal counsel involved from the beginning and right on through. I was in charge for the company and followed the case closely and at that time was conversant with all matters.

The legal testing took many years. My memory would be eight-ten years. A long time, anyway. In the course of all this, my uncle, Mr. Di Giorgio, died, and we continued with the problem.

*Ivanhoe v. McCracken, 357 U.S. 275 at 292 (1958).

The Recordable Contracts

Di Giorgio: At the Delano property we had wells that were as deep as twelve hundred feet. We had constantly been deepening these. We were getting heavy salt water intrusions. And there was no other source of water at Delano but the Central Valley canal. So after reviewing all our various alternatives, we felt that there was no intelligent alternative except to sign what was called the "recordable contract." A recordable contract required the landowner who signed up for water to also sign a contract with the Bureau of Reclamation giving the Secretary of the Interior the right, after ten years, if you had not in the course of that ten years reduced your landholding to 160 acres, to appraise your land.

The system required the Secretary to appoint an appraiser, the landowner would appoint an appraiser, and I believe if they could not agree, a neutral appraiser was appointed by perhaps the judge of the court or some independent person. I've forgotten who that was. But anyway, if there were any differences of opinion, a third appraiser was appointed, and the majority was to set the value of the land.

Then the Secretary of the Interior would be empowered to sell that land for cash and convey title, and the proceeds would go to the landowner. We signed such contracts on the Sierra Vista Ranch after much negotiation and much soul searching. It seemed to us that was the only way to go.

Teiser: This was in, I believe, 1952. Do you remember?

Di Giorgio: Yes, it was soon after Mr. Di Giorgio died.

Teiser: Would it have made any difference if he had been still living?

Di Giorgio: I don't see what else Mr. Di Giorgio could have done. There were only two things the company could do. We could immediately get out of farming and try to sell the lands. Or we could farm the lands for another ten years, and during the course of such time try to sell them on our own, if we could, and if we couldn't, let the secretary try to sell for the appraised price. It gave us ten years to review what we wanted to do.

At Di Giorgio Farms, which was the only other property involved at that time, the ranch was divisible into two parts, and on one part we had sufficient water to farm it. The wells

Di Giorgio: were not too deep and not too saline. The other part, however, the problem was that the wells were rather deep, and the amounts of water and quality of water were deteriorating, so we needed supplemental water. So we signed up roughly for half the ranch. And the other half was not included.

Teiser: Did that mean you would not get water on the other half?

Di Giorgio: No, we did not because already had our own water. We had sufficient water from our own wells on what's called the east half of the ranch. The west half of the ranch did not have sufficient water and needed the supplemental water. So we divided the ranch up. It was some eleven thousand acres, and my memory is we signed up for 4,500 acres.

We gave a lot of thought to not signing up at all on the basis that the water was going to come in, and the people would get it who had 160 acres, or who were able, if they were individuals, to divide the title up amongst various members of the family and the foremen and the foremen's family, and then take it all back and farm it and not change anything. We thought that the addition of that water might replenish the water table over a period of time, and maybe that would have solved our problem. But we realized that would take quite some time to replenish the water table, and we knew that wasn't the way we wished to operate. We decided that we were going to go along with the law and either make it or not make it.

So we signed recordable contracts for all of Sierra Vista and for possibly forty or fifty percent of Di Giorgio Farms. So we then proceeded to farm it.

New Types of Acquisitions, 1950s

Di Giorgio: As the time approached, when the government would be selling the land, it forced us to face up to a decision as to what to do. In the course of that time, we had not been doing very well in our farming. After Mr. Di Giorgio died, we started to diversify. We got heavier into the wine business, and we went into wine bottling. We completed the acquisition of the TreeSweet Products Company in 1958, our first big acquisition. Then I think in '59, we acquired S and W Fine Foods. We acquired Santa Fe Wine Company in Los Angeles in

Di Giorgio: 1956. So we started to branch out.*

We felt that it was very important that we be able to earn money every year and to pay dividends every quarter. We had a number of members of the family under Mr. Di Giorgio's trust, particularly female members of the family in my generation, who were looking to those dividends for a good part of their support. I had been troubled for some years with the deterioration the profits from our farming business, and I felt this was going to continue.

We were almost entirely involved in crops that by their nature required intensive amounts of farm labor, hand labor. We had to thin the plums. We had to thin pears. We had to thin these crops by hand. Then pick them by hand and hand pack them. Grapes had to be girdled by hand and selectively picked for the fresh shipment, so there was a great deal of labor in trimming and preparing the bunches for shipment. And as labor costs went up, the prices that we received for our fresh produce did not go up proportionately. Our profit margins were squeezed, and for many crops we were losing money. I was concerned about our ability to maintain our dividends and our profitability.

I felt that the type of acreage that we were farming could only be successfully farmed to what I call row crops that were machine farmed, maintained and harvested. Potatoes and cotton and things of that type. We had a few potatoes, but we had over ninety per cent hand crops, namely pears, plums, grapes and asparagus and things that really required very intensive hand labor. I just felt that the future of this was not attractive and that's what spurred me to start our diversification program.

Also, it was evident that the consumer preference in foods was beginning to change. We had at Di Giorgio Farms many acres of red Malaga and white Malaga grapes, grapes that no longer were attractive varieties to the people who ate fresh grapes. Newer varieties were coming in. The Coachella Valley was beginning to produce in large amounts and was taking the premium early prices away from the Arvin-Di Giorgio area. So we were getting lower margins on those early Thompson Seedless and early varieties.

*See p . 167.

Di Giorgio:

The more I analyzed and looked at the numbers, the more convinced I was that we should get out of farming. The first really big acquisition in an effort to change the character of our business was S and W Fine Foods. When Mr. Di Giorgio died, my recollection is that our sales were in the area of \$14 million in '51. Our total sales of the company were all agricultural. When we acquired TreeSweet and Santa Fe and so on, we moved sales up to about \$30 million, and later when we acquired S and W, my recollection is our sales were around \$90 million. And the next year, 1960, we went over \$100 million. But by that time farming was maybe twenty percent of our business in total sales. We had eighty percent in packaged products.

The problem with farming perishable crops (plums and peaches and pears and grapes) is that if the market is not suitable, the price is not suitable, you have no choices. Because as long as shippers can recover more than the cost of harvesting, they go ahead with harvest and ship even though losing money on the venture but thus reducing the loss in that way. But if you can put wine in a bottle, or you can put peaches in a can or pears in a can or spinach in a can, you give it shelf life, and you can control it a little better, and you have at least a better chance at a profit. Your losses are certainly not going to be as great, and the chances for profit are better.

So I felt we had to get out of the business of selling tons of fresh commodities, which is what we were doing. We were the largest grape grower, the largest plum grower, the largest pear grower in the United States. And these were positions that were very vulnerable. We might have a year when we could make a huge profit, but we also had years in which we could make huge losses, and then we had years in which we did modestly one way or the other.

Teiser: Had you never sold to canneries prior to the acquisitions?

Di Giorgio: We had sold pears to canneries, but the price at the cannery was always less than the price fresh. The quality of fruit we raised and the business we were in was fresh fruit. Putting our grapes into our winery and selling pears at the cannery, that was a secondary sale and a less desirable sale. What I would call a salvage sale, as it were. We weren't looking to the profits from those, and the profits did not come from those sales.

Sale of California Farm Lands, 1965-1969

Di Giorgio: I finally reached the conclusion that there was no future in the farming of perishable agricultural commodities, which is what we were in. I felt that the future of the company, and the only way to ensure the continuity of earnings and a better use of our assets, was to change our whole business.

So, because my cousin, who was the older one and the head of the business, J. S., was only farm oriented, and J. A. was farm oriented, I had great difficulty in persuading them. Mr. Nosser, who was the other trustee of Mr. Di Giorgio's estate, he and I saw eye to eye on this and were of one mind. It took a long time to persuade J. S. that that was the way to go. When he finally agreed, and we were able to persuade him of the wisdom of our decision, he agreed, but most reluctantly. It was cutting his heart out. Because J. S.'s great interest was in farming. But we did make the decision at that point not to get entirely out of farming, but to sell Sierra Vista and to sell Di Giorgio Farms and to discontinue farming in Borrego, where we had lost money year after year.

The reaching of the decision, and my ability to sell it to my associates, was to no small degree helped by Mr. [César] Chavez and the union problem. This coming upon and on top of all of the other business reasons was, you might say, the straw that broke the camel's back and that finally got J. S. to agree. Charlie Nosser and I had already made up our minds prior to any of the labor troubles, and we had been assiduously trying to persuade J. S., and he was more and more reluctantly agreeing with us. But the Chavez incident and that whole unionization crisis really triggered it finally. J. S. just said, "That's just one more thing, and obviously we have to do this." Why have a situation where you've got a perishable crop like this and where you're at the mercy of a man like Mr. Chavez?

I had done all the negotiating with Mr. Chavez and the original arbitration hearings. We'll get into those another time. But we were, all of us, absolutely convinced that he was not a labor leader; he was a social reformer. And he still is a social reformer. It's fascinating that all the years he's

Di Giorgio: been around, and with the opportunity to be the most powerful union in California, you hear very little of him, and he has very little effect, compared to the Teamsters or the Restaurant Workers, or you name it. It's very strange that with an opportunity and the greatest work force in California to unionize, that he has been unable to rally the workers behind him. The reason he hasn't been able to rally them is that his own people don't like him and don't trust him. He does not keep his word. He makes a contract with you, and the contract binds you, but if it doesn't suit him, the part that binds him, because his cause is just and God is on his side, he doesn't have to live up it. You can't do business with that kind of a person. So this was one of the important things that finally precipitated the decision.

So we then said, well, the Secretary of Interior, he's not able to sell the land. [The recordable contracts ended in 1962.] He had tried to sell it. He had had one sale, if I remember, he had one buyer for like twenty acres or forty acres. He just wasn't able to sell these properties for cash at those prices. It was unrealistic. It was impractical.

Teiser: He had assessed the value?

Di Giorgio: He had assessed the value, and he tried to make one sale. He had put up a lot of property for auction and only sold like one little piece. Anybody could come in and bid on it. He thought he was going to have a lot of buyers, but he was very shocked when nobody wanted to buy.

Teiser: Why do you think that was?

Di Giorgio: Because it was difficult to make money at farming in those varieties of crops. The same reason that triggered us to sell them. If that had been land in cotton or something else, or suitable for cotton, and had been appraised at those prices instead of appraised at prices planted to grapes and planted to plums, people would have bought it. So we said there was no use waiting around for him to sell it; let's get this thing over with. Let's go out and sell it. So we employed a staff and went out to sell for our own account. We used outside brokers, and we went on a hard-sell campaign. We, over a period of a couple of years, sold all of Delano and all of Di Giorgio Farms.

Teiser: I have read that you sold something like fifteen thousand acres.

Di Giorgio: That would be right. Roughly five at Delano and ten at Di Giorgio. That would be about right.

Teiser: That was between '65 and '69.

Di Giorgio: Right. We had signed the contract in '52, and when the ten years were up would be roughly '62 or '63, and at that point the Secretary of Interior tried to make the first sale and was unsuccessful. Then it took us a couple of years to sell our property, maybe two or three.

In the meantime, we were on a program of diversifying the company. Not only did we have to sell the land, but we had to sell the winery, because what good was a winery without all the grapes to back it up? We were crushing our own grapes, plus a lot of neighbors'. So what we did was to start taking in more and more of the neighbors into the winery with their grapes. We formed a cooperative, and we sold the winery to the cooperative and took a piece of paper back, and they paid us off over ten years.* We were fully paid, with interest.

Problems Inherent in Corporate Farming

Di Giorgio: But the real decision to sell was strictly an economic decision. We were in the wrong crops. As a comment, in my opinion, farming of this type of specialty crops is not suitable for a corporation, a corporate setup. Where you have a number of stockholders who are inactive.

I think farming is better suited to families and partnerships with individuals. The reason I say that is that the owner, when active in the business and participating in the business, has advantages that a corporation doesn't have. Living on the property, he's closer to it. He has some financial advantages. He ends up probably charging off some of his living expenses to it. He's interested in building up the equity of the farmland. He's interested in the appreciation during his lifetime in the value of that farmland, partly from his efforts and partly from inflation. He's interested in the

*This was The Bear Mountain Winery Cooperative, formed in 1966. See also p. 158.

Di Giorgio: long-range capital gain. This doesn't do a corporation any good that wishes to pay dividends every ninety days. But a man who's there with his children, and he's building this for his children, and the values are increasing, and they're adding to their land, and if they get any profits they buy some land next door or across the street and add to the farm--I think the type of farming that takes place in California is suited to that.

But not 160 acres. A hundred and sixty acres is an impractical unit, and, as you know, the Congress has found so and has changed the law, because it's impractical in California. It costs so much to put a well down, and a well can serve more than 160 acres. It costs so much to buy these huge machines. A tractor, just to start with. And all the harvesting machinery and the cultivating machinery. By the time you make the investment in the wells and machinery and equipment and trucks and all the things that are needed to farm a crop today, there's no way you could support that cost with 160 acres.

Teiser: When you made the recordable contracts, did you hold out 160 acres or 320 on your own?

Di Giorgio: If you recall, I said earlier that when we signed the recordable contract, we covered all the land of Delano, but only about half of the ranch, or a little less than half of the ranch, at Di Giorgio Farms. So we kept out about 5,500 acres at Di Giorgio Farms that was not under the recordable contract.

Teiser: But you could have kept out 160 acres, couldn't you?

Di Giorgio: Oh, we could have, and whether we did or not, I don't even remember. It was so inconsequential it was meaningless, you know. We probably did. It would be silly not to. But, of course, we then decided to sell all of the land. We sold all of the land whether we had to or not. We made the conscious decision to get out of farming in the Central Valley. We sold all of Delano and all of Di Giorgio over several years.

Then we took those funds that were generated--a lot of it was cash, but a lot of it was long-term notes, because we had to give credit terms to buyers in order to make it possible for them to buy these properties, and we did so. We had to.

Teiser: Did you sell them in 160 and 320 acre blocks?

Di Giorgio: No, we sold them in a variety of blocks. Of course the piece

Di Giorgio: that was the 5,500 acres at Di Giorgio, that could be purchased in a block and was, because that wasn't under the contract. It had its own water. But even some of the other blocks were purchased in larger pieces, because people just went through the subterfuge of putting in a lot of names. It was meaningless. Nominally they had to conform, because otherwise the district couldn't give them the water. We know, ninety percent of all the land in the valley went through the sham of conforming. And that's what it was; it was a sham. And the bureau knew it was a sham. There was nothing they could do about it. They were meeting the objective tests of 160 acres in each person's name. If you had a big family, that was pretty simple. If you had a couple of foremen, you put it in the foreman's name, and you made a deal with him.

Teiser: Is the land now farmed in large parcels?

Di Giorgio: Sure it is. That's why the law was changed. And of course, after the failure of the bureau in its inability to sell our land, they backed off, and they didn't try very hard to sell anybody else's. Even though they had recordable contracts, they didn't try to do anything about it, because they didn't have to, and it wasn't practical, and they knew they couldn't. So we were the guinea pig, as usual.

Teiser: Why were you the guinea pig?

Di Giorgio: I don't know. I can't really tell you that. We were the largest. I guess they thought they would make an example of us and prove their point and prove how great the program was. And of course, it was a great failure because, as I said, they ended up selling, I think, either twenty or forty acres out of all of the Sierra Vista Ranch that they offered.

Teiser: I'm looking at a list of known ownerships of five thousand or more acres. And I don't believe--

Di Giorgio: There were great numbers of names. I know that.

Teiser: Kern County Land Company.

Di Giorgio: Of course, Kern County Land didn't sign the contract. They didn't have to. See, Kern County Land had better water rights than anybody in California, because they had built the dam up on the Kern River, and they had put in their own canal, going back many, many years, to the founders of Kern County Land, the families that originally did it. The Tevises and--I've forgotten all the names now. It's been many years since I knew them all. A lot of those people didn't even sign the contract, because they didn't have to. It just so happened that Delano was the real trap for us, because that was the area that the

Di Giorgio: wells were the deepest. Not only was the water table dropping, but the amount of water per well was reducing, and it didn't pay you to put down more wells, and the salinity was going up. So it just so happened we were the person who, just by the force of circumstances, proved to be in the most desperate situation and had to sign.

Teiser: According to the Sheridan Downey book, They Would Rule the Valley*--

Di Giorgio: Yes, I have those for you. I read both of them to refresh my recollection over the weekend, and also the Fortune article. [he goes to get the publications]

Teiser: The Sheridan Downey book painted the Di Giorgio enterprise as a fairly flourishing one, and one that, if it should disappear, would have caused great loss to the state, in fact.

Di Giorgio: Well, I think it certainly caused a lot of problems in our area, because we were the largest employer in that whole area there around Bakersfield and Arvin, Edison district. I guess at Di Giorgio Farms we would have twenty-five hundred employees in the season and never less than a thousand. They were all family people. These were not migrants. We had no migrants there for years. These were all local family people, and those families were looking to those wages to sustain them and the economy of Arvin and Edison and Lamont and Weed Patch, that whole area where our people lived and came from, it certainly did hurt them.

We paid well, and we had more stability of employment than any other employer, because, as J. A. explained to you the last time**, Mr. Di Giorgio was very conscious of trying to give full employment, and that was why we planted a lot of crops. Many of the crops that we planted were not as profitable as others that we might have planted. But they were planted to give year-round employment.

He was socially conscious of his people and their needs.

*San Francisco, 1947. No publisher given. The other publications referred to were a pamphlet by Angus McDonald, One Hundred and Sixty Acres of Water (Washington, D. C., Public Affairs Institute, 1958) and a copy of the article "Joseph Di Giorgio" from Fortune Magazine, August 1946.

**See p.42.

Di Giorgio: Somewhat in the nature of the old padrone system of Europe. He felt, you know, that he had an obligation to these people, and they looked to him for their security, and he felt he owed it to them.

The Arvin-Dinuba Study

Teiser: The Arvin Dinuba study of 1946*--

Di Giorgio: Oh, yes. I remember that. That again was--again, this is me talking, and my impressions, but I remember at the time that came out and reading it. The sole purpose of that study was a social purpose, to show the evil of big farms like the Di Giorgio Farms, and the benefit of farms more of the size around Dinuba, which were a section or two sections or half a section.

And an important fact that the two researchers very carefully avoided (and this is very interesting) was that Dinuba is one of the oldest communities in the lower part of the Central Valley. It had been in existence for about sixty years or seventy years longer than Arvin. Arvin was a newly developing community. When Mr. Giorgio went in there in 1919, there was no Arvin. We went in there with twenty-horse mule teams, because there weren't tractors big enough to do that work at that time. We went in with the old-fashioned twenty-mule team. They used to pull the plows and do the land leveling and prepare that land. It was absolute desert. There was nothing there. Nobody there. No water there, and there was no Arvin.

These researchers very carefully avoided the fact that Arvin didn't even start until the '20s, and that it started because of the start of Di Giorgio Farms, which, in turn,

*Special Committee to Study Problems of American Small Business, Study in Central Valley of California on Effects of Scale of Farm Operation, Report Pursuant to S.Res. 28 (Extending S.Res. 298, 76th Congress), Dec. 23, 1946; [by Walter R. Goldschmidt]. (Senate Committee Print No. 13, 79th Congress, 2nd Session) [Comparative study of Arvin and Dinuba, Calif.]

Di Giorgio: attracted other growers to that area, who went and copied what Mr. Di Giorgio did, and suddenly they needed employees, and they hired employees, and the employees needed stores, and so you had a little shanty town that grew up from nothing, as any small town would. You know, San Francisco was pretty shabby in 1851. [laughter] Arvin didn't have the good fortune to burn three times, like San Francisco, so Arvin was a shabby little community that had started from nothing and was fifty, sixty years younger than the town with which they compared it.

That town had stability and old churches and old schools and second- and third-generation residents and had a commercial basis. You know, it was a completely unfair comparison and it was ridiculous. It was comparing things that were completely unlike, and the researchers never once mentioned that or discussed it. They just very carefully avoided that fact. But they were trying to make a social point, since the study was designed and paid for for such purpose. So I look at it as a piece of trash, which is what it is. Absolutely unjustified. It would be very interesting to compare Arvin and Dinuba today. Nobody is going to be bothered doing that or financing it. They wouldn't find the point they were trying to prove.

Teiser: What's Arvin like today?

Di Giorgio: Arvin's quite a thriving, successful community. I came through there about two weeks ago. I was coming down the Tehachapi Pass, and I drove way down Main Street just to see it. But that study was absolutely a piece of rubbish, and it was inexcusable to spend public monies to make that study. Absolutely inexcusable. But it was all part of the campaign to break up the big farms and to justify the 160-acre limitation. That's why the study was made. It was all part of the master scheme.

Sheridan Downey and "They Would Rule the Valley"

Teiser: You looked again at that They Would Rule the Valley by Senator Sheridan Downey.

Di Giorgio: Yes.

Teiser: Do you have comments to make upon that?

Di Giorgio: Downey was trying to make a political point, you know. It's a political book. He also was slanting facts, I think, to prove

Di Giorgio: the points that he was trying to justify. He was thinking about his re-election and trying to say nice things about the people from whom he hoped to get money for his re-election campaign. So I would put his book in the same situation as the same kind of a piece as the Dinuba-Arvin study. I think that both were politically motivated, or socially-politically motivated.

Teiser: It doesn't say who published it.

Di Giorgio: Downey published it. He went around and got money from people. I do know Mr. Di Giorgio gave him some money or at least bought five hundred copies or a thousand copies to help him out. I know Mr. Di Giorgio personally supported Sheridan Downey. So both of those sides had axes to grind.

Teiser: You told a story, after we'd finished taping last time, about Mr. Di Giorgio supporting Philip Bancroft when he ran against Downey.

Di Giorgio: Right.

Teiser: Could you tell it again on tape?

Di Giorgio: Sure. In 1938, Philip Bancroft, who came from the old Bancroft family of California and who was a very close personal friend of Mr. Di Giorgio's and who was a very important pear grower in the Walnut Creek area, came to Mr. Di Giorgio and told him that he decided that the farm community ought to be better represented in California and that, after all, agriculture was the biggest single business of California and was not being represented in Sacramento and the United States Senate. He felt that we needed better spokesmen for the agriculture of California, and he had decided for some time that he ought to run for office. He felt that it was a good opportunity for him to become the Republican candidate for United States Senator. He sought Mr. Di Giorgio's support in that effort, and Mr. Di Giorgio encouraged him. He thought the world of Phil Bancroft.

As I did. I knew Bancroft and liked him and respected him. He was a man of the highest integrity, and very well educated. In my opinion, though, an ineffective candidate, because he was a poor speaker. He did not have stage presence or public presence. He was intellectually brilliant and knew what he was talking about, but did not have the ability to capture and hold an audience and sell them.

Mr. Bancroft ran against Sheridan Downey, who was an excellent lawyer, a good public speaker, had charisma, and in a series of appearances over all California, was able to overshadow and really outshine and out-attract and outdraw

Di Giorgio: Mr. Bancroft. Downey won an easy victory; there was never any question in my mind what was going to happen.

Teiser: Then were you surprised when Downey, who had been quite liberal, turned quite conservative?

Di Giorgio: I was very surprised, but apparently he did, and I never knew why. We had nothing to do with it, but I know, later on he did come to Mr. Di Giorgio, and he became very involved in the 160-acre limitation. He had been with a fine Sacramento firm of lawyers, if my memory is right, and that firm, if I'm not mistaken, was considered to be one of the leading firms on water rights in California, experts in that field. I believe Mr. Downey personally was an expert in the field, although I don't recall him as being an outstanding water lawyer. Nonetheless, his firm was. However I think he probably knew and understood a lot about water rights in California, the impact on farming, and maybe he just arrived at this conclusion on his own.

And while you may say he was a liberal who changed, I'm not sure he reversed on anything more than this one subject. That's my impression. And I think this was a viewpoint on the opposite side of what anybody would expect of him. And I think it's because of his legal background, and, as I say, the experience and knowledge of his firm in water and the importance of it in California, its effect on agriculture, and so on. But he became the spokesman in the federal government in waging a very strong battle for the elimination of the 160-acre limitation. It's interesting that, many years later, this finally did take place. And, of course, the changes are really what should have been done at that time, what he was saying and stood for.

Teiser: If the situation then had been as it is now, even--

Di Giorgio: I'd still not be farming. [laughter] If it were my decision. But that 160-acre limitation was really the thing that I used with Mr. Nosser to finally persuade J. S. Di Giorgio to go along with us and get rid of the ranches.

Now, we did not at that time dispose of our Florida operations or many of our other properties. Particularly the Marysville properties. That followed later. But this decision was a very important decision at the time, and it really transformed the company and permitted us to become what we are today, which is really a huge conglomerate. We exceeded \$1 billion in 1979. Our sales were over nine hundred million last year and the year before, and we'll exceed \$1 billion again next year. Even though we are diminishing and disposing of certain less desirable entities of our business. Of course, that was a

Di Giorgio: long way to come from a little farm boy doing less than \$20 million of sales.

The Rise and Fall of the Auction Business

Di Giorgio: I thought now I'd go to the subject of the fruit auction business. It's an interesting subject, because the end of the fruit auction business is very similar to our getting out of farming. It was one of the changes that came in the reformation of Di Giorgio.

I remember when the company was formed, it was called Di Giorgio Fruit Corporation, because that was our whole business. I think you will recall that, in talking about Mr. Di Giorgio's early days, and J. A. talking about it, we talked about his very early investment and activity in the fruit auction business.* He had seen this method of selling fruit in London and in Amsterdam, and was very impressed with that as a method of selling large quantities of fruit in a very short period at fair prices in a public manner.

He always doubted the method of using a receiver, as they were called, who was a person that had a warehouse in a market in a major city and who would receive the truckload or the railroad car of fruit and then would warehouse it and then would sell it out over a period of a couple of days and would take his expenses out and the commission and then would remit a certain amount to the grower. That relied to a great extent on the integrity of that receiver. And it was not an open thing, and one receiver would do a better job than another receiver, and one grower would get a better price for the same fruit shipped on the same day than another.

Whereas in the auction, all fruits sold in competition against all other fruit. All interested buyers were there. The prices were published every day. The catalogue at the end of the day was printed up with the prices for every line of fruit that was sold. And the grower got that, and the shipper, and the consigner, and so on. The association or the

*Pages 4, 32, 36.

Di Giorgio: cooperative, whoever the person was selling it. So it was a matter of public knowledge what everybody got for everything. It was a much fairer way.

But even more important than that, the receiver was slow to pay the grower. He kept the money for fifteen days or longer. Secondly, the grower always had the risk of the credit reliability of the receiver. And then sometimes he would charge the grower back and say, "I sold your fruit to Joe Doakes, but Joe Doakes went bankrupt and didn't pay me, and I'm not going to pay you."

In the auction system, the grower received the money the very next day. In other words, if his fruit sold on Monday, he got his check on Tuesday. The auction company took a commission of somewhere between one and a half and two percent, depending on the fruit, the product. The auction company would pay the railroad or the trucker for the account of the grower and take its commission out, and the grower would get a net check.

He saw exactly what his fruit sold for, how many boxes. They got each price and extended out, what the railroad's bill was, which he got a copy of from the auction company. And then a charge for the auction sale. And the auction company financed the transaction, because the auction company in turn extended fifteen days credit to that buyer--some were ten, some were fifteen. I think it depended, again, on the crop. I think if it was citrus it was fifteen days, because it was less perishable. If it was deciduous it was ten days. But the buyer got ten days of credit. He was extended a credit line which limited how much he could buy, and the auction company took the risk of the bad debt.

So there were a lot of reasons why it was very attractive to a grower in Washington or Oregon or California or Michigan or Florida, or of peaches in Georgia or of strawberries in Louisiana, to ship and sell at auction. It had a lot of attraction.

Also, when the auctions started out, a hundred per cent of the fruit came by rail. So there were very large shipments. It was a whole railroad car of mixed fruits. If it was things like cherries, where people only bought one or two or five boxes, and there were eleven hundred or two thousand boxes of cherries in that car, it took something like an auction to spread it out amongst all the potential customers, so that the commission merchants that dealt with the hotels bought some, and the merchants that dealt with the restaurants got some, and the merchants that supplied individual stores or small chains got some, the pushcart people got theirs, and the out-of-town

Di Giorgio: buyers in Lancaster, Pennsylvania, and Albany, New York, and Erie, Pennsylvania, et cetera all filled their needs. It was a method of distributing it very quickly from large sources. It would be nothing for two hundred, two hundred and fifty cars of fruit to arrive in the New York market on a Monday morning for sale. So it was a very expeditious, fair, and reasonable method of moving large quantities in a public manner at the best possible price.

Teiser: Did it always sell?

Di Giorgio: Every day everything was sold. Now, a grower was permitted--the grower would normally have somebody representing him in the New York market who would handle the paperwork and who would advise the auction companies that the car was arriving and that it was to be listed for sale on Monday or Tuesday or Wednesday. Up to a certain hour--and I've forgotten what that was--the grower did have the right to withdraw the car from sale. He could try and sell it privately, or he could offer it the next day, if he thought there was too much of the product on hand that day. But that was rarely done. Once it was listed in the catalogue, it could not be withdrawn, and it was sold. At whatever the price was. That was the rules.

And, as you know, Mr. Di Giorgio became very active in this business. He ended up controlling the Connolly Auction in New York. In New York, in those days when I'm talking now, the 1900s, Mr. Di Giorgio owned the Connolly Auction [Company], but that was one of three auctions in New York. There were two other auction companies. One was the Independent Fruit Auction, and I've forgotten the name of the third one. It's not important at this moment. But there were three auctions, all doing the same job. And all selling on the same railroad piers at the same time. And different growers shipped to different auctions. Very competitive.

Boston and Baltimore, Philadelphia and Chicago, and Cincinnati and Cleveland, St. Louis, those were all auction cities. They all had, to the best of my knowledge, one auction company except Philadelphia. And Mr. Di Giorgio had an interest, either a controlling interest or a substantial interest, in nearly all of those markets. He was not in the Boston market and was not in the Philadelphia market, however, at that time.

After he died, we bought the Philadelphia auction, Di Giorgio did. But in the days when he was alive, in the early days, we were not in Philadelphia. We owned all of the Baltimore Fruit Exchange. We owned half of Pittsburgh Fruit Auction Company. We were an important stockholder, but minority, in Chicago, Cleveland, Cincinnati, St. Louis. So he

Di Giorgio: was very active in the auction business.

Acquiring Sources for Fruit

Di Giorgio: As I said to you earlier, it was one of the things that compelled him to come out and buy the Earl Fruit Company and go down to Florida and get involved as a grower. He was trying to source his fruit, because it was, particularly in the New York market, very competitive, and it was also essential to get fruit from these sources, because if they didn't get enough volume, the auctions couldn't make money. They were dependent on a good volume of fruit.

Teiser: Did they also handle some vegetables?

Di Giorgio: Some vegetables, but that was not a big item. Tomatoes were sold. Some asparagus was sold. Some potatoes were sold. Chestnuts were sold. But, you see, vegetables were never quite as perishable. You know, potatoes and onions and the big items in the vegetables were really not as perishable. Fruit had to be moved in twenty-four hours and get out on that retail market. When the auctions would start selling early in the morning, they would be through by eleven o'clock, and by two o'clock that afternoon, every single box of fruit, two hundred and fifty carloads of fruit, would be off the dock and delivered to the buyer. The buyer would have them, and then that night he would sell them to the hotels and the restaurants, to the chain stores, the supermarkets, the pushcarts, and then that next morning, Tuesday morning (the fruit that was sold on Monday morning), that fruit would be at the Waldorf Astoria. It would be at the A. & P. It would be at the pushcart on Second Avenue. It would be in the restaurant, at the club. It would be where it would be consumed that next day. And that was so essential. That was the key part of this auction system of marketing this very perishable deciduous fruit. Not as true of oranges. Oranges didn't have to be sold that quickly. Or grapefruit. It was essential with the deciduous fruit, the fig and pear and plum and peach. Any of those things. Grapes.

The auction system was essential in the days of railroading, when most of the fruit went by railroad. Because small communities couldn't take a whole railroad car of something. Lancaster or Schenectady or Buffalo, they couldn't take a whole carload of figs or plums or prunes. It would be very difficult to distribute it that quickly.

Di Giorgio: In the days when the bulk of fruit, as today, moves by truck, it's much easier to send a truckload, because a truck can very easily drop off half its load in Schenectady and the other half in Albany. Plus the fact it normally wouldn't carry as much as a railroad car. But see, when the truck left the auction company for Schenectady, it would be delivering to the man who was the wholesaler in Schenectady. He would have bought forty boxes of oranges, ten boxes of lemons, twenty boxes of grapefruit, eight boxes of grapes, fifteen of plums, a mix of all the fruit he needed for the day.

He'd know what his customer wanted; he knew what to buy. The quantities. What he could sell.

Refrigerated Trucks and Supermarkets

Di Giorgio: Now, what changed the auction business? A number of things changed it. The first thing I referred to already was that, as refrigerated trucking became more and more possible, with better roads and better over-the-road equipment, better trucks, that made inroads into the amount of perishable fruit that the railroads carried. It gave the shippers the ability to get to smaller communities. That was the first important thing to happen to the auction companies.

The second, and I think even more important, thing that happened was the method of selling fruit to the general public changed. How did it change? In 1915 or 1920 the supermarket had only a small portion of the total retailing of fruits in the United States. A very small portion. There were maybe two or three important chains that were big enough to buy a carload of something. And they did. They went to the source. A. & P. would buy a carload and take it to its warehouse and then distribute it to its stores. And perhaps Kroger. But there were not that many big chains, and they didn't have that big a proportion of the market.

I can remember as a boy in New York that a lot of the fruit was sold in pushcarts, but even more was sold in small stores along the shopping areas of Broadway and Second and Third Avenue, and in stores that sold nothing but fruit. Or in stores that sold fruit and vegetables. Or in stores that were an independent grocer, but who was also a greengrocer, and he carried both the fruit and groceries. That's the way the bulk

Di Giorgio: of it was sold. And what was true in New York was true in every other city in the United States.

This meant that there weren't many buyers who could afford to buy a whole carload of things and put it into a central warehouse and distribute it to their stores. These people wanted to buy small quantities, and so if they were big enough, they would go to the auction and buy for their own account direct. The minimum auction unit was twenty boxes or a line, as I recall. You had to buy twenty boxes of cherries, twenty boxes of pears, twenty boxes of plums, twenty boxes of oranges, grapefruit. So you had to be big enough to use that much of one line.

If not, you then went to a wholesaler, who was in one of the markets, such as the Washington Market or the Brooklyn Market or the Bronx Market, who would buy the required amount, take it to his store, and then you as an individual man who had a little fruit store in the Bronx, you would go and you would buy a box of cherries and two boxes of grapes and a box of figs and a box of plums and a couple of boxes of peaches, and you'd buy each day what you needed. That was really the method of distribution, and the auction was more suited to that than any other method.

Then what happened was, the chain stores every year became a greater and greater portion of the total sellers of fruits. As these chain stores grew in size and influence and area, more and more of them became in a position where it was cheaper for them to go and get a whole carload of fruits and bring them direct to their warehouse and distribute them to their stores. Now, that just didn't happen overnight. I can remember in the '20s, the A. & P. was a very big customer at the auction companies. Because while they would buy a whole car of oranges or grapefruit for their warehouse, they wouldn't of lemons, and they wouldn't of cherries, and they wouldn't of plums, and they wouldn't of the real perishables. So they used to come and buy what we used to call their fill-ins from us. What they could take a carload of, they did. What they couldn't, they came and bought every day in the auctions.

But as they got bigger, and as others got bigger, they needed less and less fill-ins, they gave less and less support to the auction, and they bought more and more direct. They were already buying their vegetables that way, and it was very easy for their buying departments in the growing areas to suddenly start adding on the fruits. That's what gradually happened.

So the auction in St. Louis closed, and the auction in Cincinnati closed, and the auction in Cleveland closed. And

Di Giorgio: you finally got to the point where there were only a few basic auctions left, in Boston and in Pittsburgh and in New York and Baltimore and Philadelphia and Chicago. That was because of this very factor that I was talking about. In the Depression, in the early '30s, '31, '32, '33, originally there were three auctions in New York. There was the Independent, the Brown and Seccomb, and the Connolly Auction, which was one hundred percent owned by Mr. Di Giorgio. The Independent Fruit Auction got into financial trouble in '33 or late '32, and they were about to go into bankruptcy. They went to Mr. Di Giorgio and told him their problems, and what he did, he bought half of the Independent Fruit Auction, or fifty-one per cent I guess, and left their stockholders with half. He put in new money and got the banks to give credit to it, and saved them from going into bankruptcy. Then he liquidated Connolly Auction, took all his money out of Connolly Auction but took all the fruit that Connolly Auction had been receiving, and put it into the new company. And the new company was called New York Fruit Auction Company. So Mr. Di Giorgio really put not much money into this new company, but he took the old Independent and took his credit in, and so on, and then took control of it. Mr. Nosser and Mr. McKnight were moved from the Connolly Auction into the New York Fruit Auction, and they left Mr. Joseph Schwab, who had formerly been the head of Independent, they left him as the head of it, but he reported to Mr. Di Giorgio. We had our people in there to control the credit and to correct the problems that got them into trouble.

Then shortly after that, and I can't remember how long, but not very long after, perhaps within a year or so, the other auction company, Brown and Seccomb, got into financial trouble and went into bankruptcy and closed. So that left only one auction company in New York, where there formerly had been three, and that was the New York Fruit Auction, which Mr. Di Giorgio controlled more than half of. The independent buyers and receivers and people in the New York market owned various amounts of shares of that. That company was turned right around and became profitable immediately under Mr. Di Giorgio's direction and his firm hand and his experience, and the experience of Mr. Nosser and Mr. McKnight. The trouble had been credit, extending too much credit to growers and too much credit to buyers, and this was one area that our people were very good at, and they immediately turned the company around and put a firm hand on it. So that business became very profitable, and although the business was shrinking in New York, when we ended up with the only show in town, it became very, very profitable and a very important part of our business.

As we started in the middle '60s in doing our acquisition thing, I started talking about the death of the auction

Di Giorgio: companies, and normally Mr. Nosser and I saw eye to eye on everything. But since he was in charge of all the auctions, he didn't like my song. [laughter] I had an awful time with him, because I think while he may have known I was right, his whole life had been the auctions. That was his major operating responsibility--he never really did anything else. While he served on the Di Giorgio board of directors and the executive committee and was instrumental in helping J.S. and I reach all the important decisions we reached, he rarely left New York, always was in New York, always was an auction man, and that was always his heart and his business and his sole interest. It was just more than he could bring himself around to, was to sign his own death certificate. And I don't blame him.

But it came, and we ended up closing the Baltimore auction first, at the end of 1959. I finally convinced Charlie Nosser we had to do something. What triggered the whole thing was, New York City was going through one of these redevelopment programs. They did a huge redevelopment, and they wiped out the whole area where the old Washington Market was and where the auction company was, where the railroad piers were, and they moved all that up to Harlem, to the new Bronx Market. We went in there as a tenant, and that convinced Charlie, after that move, that it wasn't going to work, that we were in a diminishing business. And he finally succeeded, at my urging, in selling the New York Auction Company and the Philadelphia auction. He made a very good sale and handled the negotiations, but I know it broke his heart to do it. But he did do it. He did sell them, and we got out whole.

Direct Purchases

Di Giorgio: The auction companies today are a thing of the past. They are a token now. It's just gone down, down, down. Ever since Muriel Siebert bought it. And it has to do, more than anything else today, with the upsurge of the supermarkets. And of course, you must remember that the supermarkets as such are also a creature of the de-urbanization of the country and the springing up of strong shopping centers, regional shopping centers, in outlying areas of the main downtown city core. Not only do you have the A. & P.s and the Grand Unions and the various Safeways and all those type of chains, but you also have very, very strong independent supermarkets, or chains of independent supermarkets, and they're all big enough now, with the huge warehouses that they have put in, refrigerated sections in the warehouses, and the system of being able to get

Di Giorgio: a truckload of something or a half truckload of something, instead of a whole, huge railroad refrigerated car--they're all able to buy direct, and so they do. So really the whole method of distribution of fruit in the United States has undergone a complete metamorphosis in the last fifty years.

Teiser: You say buy direct. Would that mean, for instance, that Lucky would--?

Di Giorgio: Lucky has buyers located in California, and they buy either at the packing house or, in the case of Sunkist, they deal directly with a Sunkist sales office. Sunkist has one in New York and Chicago, and of course the main one in Los Angeles. They would place an order direct with the sales office of Sunkist or direct with the California Fruit Exchange up in Sacramento for plums or pears or peaches.

Teiser: They wouldn't have gone directly to Di Giorgio Farms?

Di Giorgio: There was a day they did, and in Florida that was done for many years. And of course, we've been out of it for a while. But I can remember the buyers coming to our main packing house at Fort Pierce, Florida, and buying there. Either a carload or a truckload. Or they would contact our sales office in Sacramento or in Fort Pierce and place the order.

That's the way it's done now. It's either done through a sales office or it's the sales office at the packing house. All these chains have buyers, and there are some buyer organizations who buy. And of course, all of the cooperatives--and there are many, many grower cooperatives now--they have huge sales forces who contact the sales office, the buying office of a Lucky or a Safeway or an Alpha Beta or whatever. But the auction is a thing of the past. It's no longer a factor of any importance.

Teiser: That's tremendously interesting.

Di Giorgio: A very interesting story.

Listing Di Giorgio Stock on the Exchanges

Di Giorgio: After Mr. Di Giorgio sold the banana business in '30, he no longer had any interest in New York except as a sales office. There he had a large sales office and the auction company, but he determined that he ought to move the

Di Giorgio: headquarters of Di Giorgio Fruit Corporation to California, because that's where his principal investment existed.

So in 1934 the Di Giorgio head office was moved from New York to San Francisco. And at that time he proceeded to list the Di Giorgio stock on the San Francisco Stock Exchange. Up until that time, the stock had always been traded in what was known as over-the-counter. It was an over-the-counter stock.

When in December, 1920, he incorporated the Di Giorgio Fruit Corporation, he and all his partners--because he had different partners in Pittsburgh and New York and California and Florida, and so on--all of his partners and himself, when they formed Di Giorgio Fruit Corporation, had an appraisal made of everything that they owned. It was an American Appraisal Company appraisal, and they appraised everything, and the partners took stock in Di Giorgio Fruit Corporation and turned in, at the appraised values, whatever they owned, namely their various interests in these different businesses. There were over a hundred of them, as I recall.

They received preferred stock and common stock (I don't know what the value was for the common) for whatever their holdings were. Mr. Di Giorgio, of course, he then had the controlling interest in the company by a large amount. Then early in 1921 they retained some underwriters, and sold stock to the public. The stock was sold in units. One share of preferred and three of common were a unit. The units were sold for \$160. Of course, the underwriters took about forty dollars out of that, and expenses, and so on. I don't know what the company got. It was like a hundred and five or a hundred and ten dollars for the unit. But a substantial number of shares were sold. That was the first time the general public ever invested in Di Giorgio. Up to that time it had been Mr. Di Giorgio and his business associates in the various businesses.

But when it was all accomplished, Mr. Di Giorgio ended up owning over fifty percent of the common stock, even after we had gone public, and, as I recall, about twenty percent of the preferred stock.

Teiser: I looked through Walker's Manual, and found that before Di Giorgio was included, Earl Fruit Company was listed.

Di Giorgio: Earl Fruit Company had no public stock. All of Earl Fruit Company's stock was owned by Di Giorgio Fruit Corporation. However, Earl Fruit Company had public bonds out. Earl Fruit Company bonds. These were California bonds, registered in California and approved by the State of California. And my recollection is it was \$2,500,000 worth, but I would have to look that up. But it was bonds that Earl Fruit Company issued

Di Giorgio: and then of course retired in the late '30s. So that's how Earl Fruit Company was in the public eye and why it was in Walker's. Because it did have a public security, but it wasn't stock. It was bonds. And my recollection is they were secured by some of the real estate in California.

So in 1934 Mr. Di Giorgio moved the head office to San Francisco, and then at that point the stock was listed for the first time on an exchange. Although the stock had been traded over the counter during all the '20s and early '30s, in '34 it became a public security and publicly traded and quoted each day.

And that's the situation that existed when Mr. Di Giorgio died. Then in 1960, we had by that time become large enough in size and we had had sufficient profits for a consistent number of years, and we had sufficient number of shares outstanding because we had gone through a couple of stock splits after Mr. Di Giorgio died, that we were now qualified to meet the requirements for listing on the New York Stock Exchange.

So I went to New York early in 1960 and made the necessary arrangements, and on June 30, 1960 Di Giorgio was accepted and listed on the New York Stock Exchange. But we continued our listing out here, and even today we're traded both in New York and on what's now the Pacific Coast Stock Exchange. But that was when the listing occurred, in 1960. This was a big step forward for us.

There is one other interesting thing about the stock. Before Mr. Di Giorgio died, he wanted to acquire some money personally. He wanted more cash for his living expenses and gifts and other things he wanted to do. And he never wished to sell any of his controlling stock in Di Giorgio. So at that time he came up with the idea of doing the first stock split, created a class B non-voting stock, and every owner of Di Giorgio common stock now got a new share of class B non-voting stock at no cost. That was really a stock split. Then he was in a position to turn around and sell some of his class B stock and not affect his voting control of the company.

Mr. Di Giorgio was always aware of somebody raiding the company or forcing him out of control of the business, and so he always used to say, "I'm going to be able to vote fifty-one percent of the stock, and you kids aren't going to vote any, and nobody else is going to vote any. As long as I live, I'm going to vote fifty-one percent of the stock." And he used to say, "Every morning when I shave, I talk to the board of directors." [laughter]

So he created class B stock, and it was a very interesting

Di Giorgio: system. Then both stocks were listed in San Francisco on the exchange. Di Giorgio was not listed in New York. This was prior to '51, before he died. It was in 1945 that he had this stock split, and that gave him the ability to sell some of the class B stock and raise a lot of cash, which he did.

Teiser: He must have been a very astute businessman.

Di Giorgio: Mr. Di Giorgio was a very astute businessman. He was a genius. He possessed a very creative mind.

Creating One Class of Stock

Di Giorgio: When Di Giorgio sought to list on the New York Stock Exchange, we found they would not list a non-voting stock. I persuaded the family that what we should do is give the vote to the non-voting stock. After Mr. Di Giorgio died we had strong voting control of the company because it was still the A and B stock, and we still had the A stock. I had a little trouble with J. S. and Phil on that. They were very nervous and very cautious, and they had the same fears Mr. Di Giorgio had, that if they gave the vote to the B stock we would end up with, let's say, twenty percent of the vote instead of fifty percent of the vote. I said to them, "I think it's more important that we be listed on the New York Stock Exchange and be a publicly traded security so we can go out and sell more stock and raise more capital when it's needed."

I was trying to acquire a number of companies at the time, and I said, "You know, there's no way anyone is going to take our stock in an acquisition if we cannot give them voting stock." And I said also, "They're not interested in a stock unless it's listed on the New York Stock Exchange, and you're going to give me a more valuable, more versatile piece of paper if I have a Di Giorgio stock that's listed on the New York Stock Exchange, and that is a voting stock." I said, "You know, if we lose control of this company, it's because we didn't run it right. Somebody else will run it better." I said, "I think we should do what we ought to do. We should abolish this non-voting stock and give the vote for free and don't charge." Because there really was a difference. The stock we had in Mr. Di Giorgio's estate was the voting control of the company, and if we went to sell it somebody would have paid a great bonus over the market price for voting control.

Di Giorgio: So the family voluntarily gave up that great advantage of the voting control of the company and gave the voting privilege for nothing to all other shareholders. It was a very generous gift of a lot of potential money.

But I did persuade them to do it. Then we only had one class of stock, and that made it possible for me to go and make the arrangements and list it on the New York Exchange, which was done. But all of the family discussion had to take place first. And that took a lot of heart wrenching and thought. J. S. was more like Uncle Joe, perhaps, than I am in some ways, and he was worried about losing the control that he had as a person, you see. But he finally saw the wisdom in it.

And of course, once that happened, we were able to go through a tremendous period of acquisitions, when we acquired-- I don't know--thirty, forty companies. Most of them for stock, which would not have been possible if we had had a non-voting stock. It would have not been possible if we were not listed on the New York Exchange.*

So that made it possible for us to become the large conglomerate that we were and are today. It was through giving up the voting right, namely control of the company. So today the family controls let's say ten percent of the voting stock, and that's a far cry from the fifty-two or fifty-one we had when Mr. Di Giorgio died.

Teiser: Are you vulnerable to being raided now?

Di Giorgio: Sure. Very. But if we're raided, somebody is going to have to pay a very high price, so all of the family will be better off financially. In other words, as long as we run the company well, and we have the support of our stockholders, we'll stay in control. And when somebody comes in and makes an offer that's so attractive people can't refuse, we'll lose it. But we'll also benefit in greater proportion than anybody else, because we've got more stock than anybody else.

We've never sold one share of the stock that Mr. Di Giorgio left when he died, except to satisfy estate taxes. That's all intact, and it goes to the next generation, my children's generation, without any additional taxes, so it will be intact to them. I suspect many of them will rush out and

*See p. 173.

Di Giorgio: sell it and go buy Cadillacs and take trips to Europe, but that's their problem, not mine. The smart ones will keep it and work together. But the day will come when there won't be a Di Giorgio running this company. After all, the chief executive is not a Di Giorgio now. It's Peter [F.] Scott. I don't see anything wrong with that. That day comes in every family. The thing is to accomplish it in a proper way so that the transition is smooth, and there's no deterioration to the stockholders and their investment and to the trust of the family. And I think that's been planned very well. At some point every family has to change and go. I guess we're at that point in the Di Giorgio saga. [laughs]

Teiser: It's amazing that the men of your generation were so able, and handled things so well.

Di Giorgio: I was lucky, too. [laughs] But I've enjoyed it. To me it's been like a game, to build this great company and to have the fun of putting it together. It's like building something worthwhile and something that I think will have some permanence, because the kind of companies we have will be around a long time, whether or not they're called Di Giorgio. People can change the name, but they won't change what we've built. It'll be here.

The White Rose label in New York, for example, which is our wholesale distributor in New York, this is the largest selling label in the entire metropolitan greater New York market. There is more White Rose sold than Del Monte and Libby all put together. This is the foremost, premier label in the New York market, and it's our label. We built it over the last fifteen years. We're the largest wholesale distributor in New York.* People can't change that. They can change the name of the company, or they can merge us or acquire us, but what our family built is there, and we're proud of it. Enjoyed doing it.

*See also pp. 174-175.

Labor

[Interview 4: March 10, 1983]

[Interview with J.A. Di Giorgio, Robert Di Giorgio, and Joe Brotherton, public relations director of Di Giorgio Corp.]

Problems of the Latter 1940s

- R. Di G.: An agricultural labor union was in the formative stage in 1946 and 1947. It was headed up by a man named Mitchell, whose first name I do not recall* and one of the key organizers working with him was a man named Hank Hasiwar. They were trying to get a foothold in California and selected the Bakersfield area as the place to initiate their program. I believe this was in 1946. The union had somewhat of a loose relationship with the American Federation of Labor. I don't know if they were a fully accredited union and part of the federation, but at least they had support from the American Federation of Labor.
- J.A. Di G.: They embraced them to an extent.
- R. Di G.: Right. In a way they acted as a backdrop for them. We believed Di Giorgio Farms was selected because we were the largest employer in the area. But, as a matter of fact, we had less, proportionately less, migrant labor or transient labor than probably anybody else the state. Because of the very system that Mr. Di Giorgio had set up of trying to house the basic labor supply and their families and expanding, through the use of the families, as the labor force needed expansion at harvest time. So we had a very, very low percentage of true migrant labor. I would suspect that it would have been under five percent. But I'd like J. A. to comment on that.
- J.A. Di G.: I think only in some few peak days or weeks would it have gone up above fifteen percent.
- R. Di G.: Generally it was very low. We just didn't use many of them. They weren't efficient, and they weren't the type of labor that we could rely on.

*H. L. Mitchell.

J.A. Di G.: And most of the excess labor which we used in those peaks were laborers from other farms who worked in the area, but their other jobs had decreased or had not started yet. And this is where we intertraded between workers already in the area.

R. Di G.: They were residents in the Arvin-Edison-Delano-Lamont--

J.A. Di G.: --Kern County area--

R. Di G.: --Kern County pool.

A picket line was initiated, but the union was not very effective. Our employees generally did not respect the picket line, and we were able to keep operations going. We had very strong support from the basic labor force residing on the ranch and who continued to work and to support management. So that we were not in a position where our operations were to any serious extent impeded.

Because the actual presence of the union did not result in a true work stoppage, and because they were not able to bring sufficient economic pressure on us to make the strike effective, the union decided to resort to the creation of public opinion supportive of them and anti-Di Giorgio. In support of this, the American Federation of Labor financed a movie film.

J.A. Di G.: Before you go to that, they made a lot of comments in the local press as to the living conditions which our people had to live under as being very substandard. And they would publish a few pictures and make statements of this sort. Also, of the wage scale that was being paid, and so forth, and without giving any true comparison with the general wage conditions in the area. So they became a little bit frantic.

"Poverty in the Valley of Plenty: and "The Di Giorgio Story"

R. Di G.: The union decided to resort to a movie to picture the plight of the migrant farm worker, the terrible working conditions on Di Giorgio Farms, and why Di Giorgio was an unjust employer. They did make a movie, and the movie was financed by the American Federation of Labor, which took credit for it: "Poverty in the Valley of Plenty." The movie was used and presented to an investigating committee of Congress.

J.A. Di G.: Before that, Bob, it was circulated in schools, in colleges, and in clubs in areas that were sympathetic to their type of thinking as to that underprivileged people didn't have the benefits of good education and so forth. And also to the elite. We had evidence that it had been shown to some very fine groups.

R. Di G.: When we saw copies of the movie, and since this was coming to the attention of the Congress, and hearings were scheduled on the matter, we determined that the only way to answer their movie was with our own movie. And so we hired an independent movie producer named Frank Walker. He produced a movie which was, in our opinion, an appropriate answer to "Poverty in the Valley of Plenty."

Walker did this in fantastic, record time. As I recall, the whole thing, from the day he got the assignment till the day he finished was less than thirty days. And it was a live movie with sound, very well done, and we thought it presented our case fairly. We did get the opportunity to show that movie to the congressional committee, and we did, as far as we could, follow up showings of "Poverty in the Valley of Plenty," asking that they look at the other side.

J.A. Di G.: Our movie was called "The Di Giorgio Story." That was the title.

R. Di G.: To stay with the movie for just a moment, before I go into the other parts of the labor dispute, we here at Di Giorgio felt that we had been libeled, because there were distinct untruths and innuendos in "Poverty in the Valley" that gave a wrong impression deliberately; for example, showing a man who had lost a hand and claiming that he had lost it on the job when he had never been an employee of ours, and then going on to say that the man had no compensation for the injury when, as a matter of fact, Di Giorgio had workman's compensation insurance to cover all injuries.

J.A. Di G.: From day one.

R. Di G.: From day one, for all of our employees, and Di Giorgio had the records to prove it. We felt this was libelous and they ought to be punished, so we brought a lawsuit, and miracle of miracles, we were successful in the lawsuit. The lawsuit forced the union to turn in to us for destruction all prints of "Poverty in the Valley of Plenty." They had to agree never to show it again. And the American Federation of Labor sent us a check for \$75,000 in damages. Which I photographed and enjoyed very much thereafter. It was a very scurrilous movie, and obviously, they didn't let the facts interfere with what the movie was about. And actually, it rebounded against them.

R. Di G.: Because I felt that our movie answered it so well that it took the punch out of "Poverty in the Valley of Plenty" and took its effectiveness away. Anyone who saw both knew the first was a sham.

Congressional Hearings and Exoneration

R. Di G.: The hearings in Washington, after the showing of the two movies, were transferred to Bakersfield, and a subcommittee of the Labor Committee of the House of Representatives, headed up by a representative named [Cleveland Monroe] Bailey from West Virginia, who was a coal mine union official. He was the chairman of the subcommittee. He was a Democrat. Dick Nixon at that time was in his term in the House, and he was on that committee as a member of the House of Representatives. And also there was Congressman Tom Steed from Oklahoma, and they were the three members of that subcommittee. They held hearings for about three or four days in Bakersfield, public hearings, and everybody got a chance to testify. The committee questioned everybody. I know I testified on behalf of the company and was on the stand for quite some time.

J.A. Di G.: So was Mr. Harrison.

R. Di G.: Gregory Harrison was our attorney. He took part in it. The hearings were concluded, and the committee went on to have hearings on other matters in other parts of the state.

As part of the hearing, the committee came out to the ranch. And, of course, they saw both movies. Then there was a long lull of time, and no action was taken. And almost a year after those hearings--somewhere between nine months and a year after those hearings--a report of the subcommittee finally came out. The committee found in very strong language that the union was in error and was wrong, that the facts were wrong, and that they had made a movie that was false, and that they did not have proper standing and did not represent our workers. The finding was just a hundred percent whitewash of Di Giorgio and very critical of the union. The report was signed by Nixon and Steed, and was not signed by Bailey, the chairman, who said he was going to issue a minority report, but to my knowledge he never did. And that was the end of the matter.

In the meantime, the effect of the hearings and the publicity they got in the press, particularly in the Bakersfield area, Los Angeles, pretty much spiked the union.

R. Di G.: They were shown in their true colors. By that time, they had anticipated that the Congress was going to do something to breathe new life into this labor dispute. They had already lost it, but they were hoping that the congressional committee and the new publicity and everything would in some way force us to meet with them and to negotiate and to let them represent our workers. It had the counter-effect. Really, after that hearing was over, the matter just kind of petered out. Then, about nine months later, this report was issued, which got very large press all over California, but particularly in San Francisco and Los Angeles.

J.A. Di G.: And Kern County. In agricultural areas.

R. Di G.: I can remember the newspaper articles, and how overjoyed Mr. Di Giorgio was, because it was such a commendatory report on Di Giorgio and our labor conditions and our working conditions and so forth. It really was a great relief to him. I'm kind of thinking that was around 1948, if my memory is right.

J.A. Di G.: Yes. It was almost a period of three years.

R. Di G.: The report came out just after Borrego was started, the first time I was in Borrego with Mr. Di Giorgio, one of the first times he was down there, when Hoberg's had just opened. That's a resort down there.

A Shooting Incident

Teiser: Was it before--there was a shooting that was a celebrated incident--

J.A. Di G.: This was one of the union members who the organizers had enticed into their thinking. He was our head cook, Jimmy Price. They went to some union meetings, and they claimed there was a shooting*, and this was all part of the falsehoods that were brought out in the movie, and so forth: that one of our people had done the shooting, a representative of the Di Giorgio interest, whereas it turned out, something was set up just for their purposes for that sort of thing.

*On May 18, 1948.

J.A. Di G.: He was shot, but he was not shot by anybody in our organization. It was all planned. It was just in the hand, where it would not have been of any great consequence. With a small caliber [bullet]. There were powder burns on him, and so forth. [laughs] So it was shown to be a falsehood, as to who was accused. This was at the meeting down there that was held in that little corner building down outside of Weed Patch.

R. Di G.: Where they have the union headquarters.

The union just kind of petered out after that. It never amounted to anything. Hasiwar left, and we never heard from Mitchell again. Really, nothing came out of it. They had no success at all.

Brotherton: Did the AFL disavow them?

R. Di G.: Oh, no. They paid the seventy-five thousand. They couldn't disavow them. We gave them all the credits that they claimed.

Union Tactics

Teiser: There was an attempt at a secondary boycott, also. Do you remember?

R. Di G.: I don't remember the secondary boycott.

J.A. Di G.: Yes, there was a phase of that in New York.

R. Di G.: In the auction?

J.A. Di G.: Yes, in the auction.

R. Di G.: I don't recall. It wasn't very successful.

J.A. Di G.: No.

R. Di G.: I don't recall that they ever really hurt us much. Financially or--

J.A. Di G.: You remember the leader of the union, out of the trucker's union in New York, Joe Pappa?

R. Di G.: Something like that.

- J.A. Di G.: Charlie Nosser was very close to him, because of the trucking matters, and so forth. They had a conversation, and in turn, word got out to send the shipments and they would be handled.
- R. Di G.: In other words, they tried to do a secondary boycott, but the local unioners wouldn't support them, is what you're saying?
- J.A. Di G.: Wouldn't support it locally.
- Teiser: There was an article in the Chronicle by Gordon Pates on June 26, 1949. It discussed much of what you've been saying.
- R. Di G.: Yes, it was a very good article. I remember Gordon. I remember him interviewing me for that. It was in the Sunday "This World" section. He was the editor of that. I remember the article. It was a very full article on the whole incident. It was all over then, but it was a summation of everything that happened.
- Teiser: He said there was only one picket left.
- R. Di G.: I think that article, as I recall it, fairly stated the events as I remember them. I think the other story would be interesting. I know it ran in the Chronicle, and it was a big article, I think, on page 3, the story of the congressional report when that came out. I suspect it was '48.
- J.A. Di G.: During the heat of the situation, when there was a controversy as to what the living conditions were on the farm, a group of interested farmers formed a committee in Kern County, and they made an investigation on their own, and they published a little booklet called "A Community Aroused," about the misleading stories that were being spread around. They took some pictures, and there were comments that all these assertions were way out of line, which goes along with the movie. We have copies of those available.*
- Teiser: Do you remember, were things uncomfortable when the strike just started?
- J.A. Di G.: Yes, naturally. Of course you're uncomfortable. You never know when someone's going to become hotheaded or worse, and

*The pamphlet is undated, but it includes photographs dated December 1947. A copy is on deposit in The Bancroft Library.

J.A. Di G.: something will happen--someone get shot or someone get injured. We did have incidents of little tripod type of barbed wire that were thrown around in the area where the trucks went in and out. And we had a number of tires ruined because of this, and some when we were transporting field help back and forth from the congregating location at the packing house on the way going to the fields and back. There was a great deal of jeering along the way, and so forth.

There was also an effort to gain more sympathy. They had a food caravan from Los Angeles to come help the poor starving workmen who were on strike at Di Giorgio. They came up, and I think Helen Gahagan Douglas was in on that effort.

Brotherton: This was during the Mitchell strike.

J.A. Di G.: That's right.

R. Di G.: Hank Hasiwar was the head man. Mitchell was the head of the union. And I remember, he did testify at those hearings in Bakersfield. But Hasiwar was really an idealist--we used to call him the white knight on the horse.

Teiser: I think the writer Carey McWilliams said that you had brought in a hundred laborers from Texas in trucks.

J.A. Di G.: Yes, we did. We did recruit some help in Arizona and Texas, and so forth. Dick Myer was a part of that. He was our contact. We did.

Brotherton: They all knew there was a strike. They were all told there was a strike in progress.

J.A. Di G.: Yes, we did. I don't know how many we got.

Teiser: There was also apparently a government crackdown on braceros at that time, and you lost a lot of braceros.

J.A. Di G.: This is correct. We were participating in the bracero program from Mexico. In fact ere quite instrumental in a lot of that, getting it set up, during the war.

R. Di G.: That's right, the government withdrew them because there was a finding by the Department of Labor, or whatever it was, that there was a labor dispute. And since there was a labor dispute, under the terms of the bracero agreement, they withdrew the braceros. In other words, these were not illegal Mexicans. They were under contract and publicly there. But because a labor dispute had been certified the government withdrew the braceros, and that was when you brought in the other labor to replace them. I recall that now.

Teiser: What ever happened to Hasiwar? Did he just drift away?

R. Di G.: He just drifted away. We never heard from him or of him since.

Teiser: Still, that was a hard job to wait it out, wasn't it?

R. Di G.: It was.

J.A. Di G.: Oh, yes. And it was costly.

R. Di G.: They're all costly, and they're unpleasant. It's tough on the employees, because they always have a fear of violence and something happening. Somebody, as Joe said, getting hotheaded or doing something that causes a tragedy. And people working under conditions that are uncomfortable.

J.A. Di G.: It's difficult to do their work properly. And also, the quality of your product has a tendency to deteriorate during efforts of that nature.

R. Di G.: No different than in any other labor dispute anywhere today. It really wasn't a bit different. But basically, the reason it failed was because most of our labor--I don't know what the percentage was--did not support it, did not agree with the union, did not want to be represented, and felt they were being treated fairly. If they hadn't, we'd have lost the strike.

J.A. Di G.: About this particular food caravan from Los Angeles, they publicized that it was going to happen on a certain day. And on that particular day, we mounted a counter publicity, and I well remember, Walt Paladini and all the other people arranged the use of all of our equipment and all of our employees that were working at that time, and they had a great gathering where they normally went out and gathered on the trucks and in the autos, going to work. And as this caravan came through, we just went counter to it, and they just split apart and went to the side of the road. And our people went by. They were cheering the farms and the Di Giorgio effort. They wondered how we got all these people to enter into this sort of a phase of publicity. There were motion pictures taken of that, and so forth. So it kind of helped turn the tide.

Teiser: And in effect, Di Giorgio Farms came out--

R. Di G.: Pretty much unscathed. It did not change the situation, and nobody else in the area was unionized. Ninety-five percent of the effort was against us.

Problems of the Latter 1960s

- Teiser: Then you had a period of peace.
- J.A. Di G.: Yes. We had really peaceful relations with all of our help until--
- R. Di G.: [Speaking to Brotherton] What year was it, Joe? How's your memory?
- Brotherton: Late '65--
- Teiser: I have September, 1965, that the grape workers struck.
- R. Di G.: I would think in '65. And it was in the fall, because I remember being down at the ranch that week-end when they did it.
- Teiser: Did you have any inkling that this was going to happen in '65?
- R. Di G.: I don't recall that there was any warning. What had happened--my memory is that [César] Chavez started to get some press in the early fall, and my impression is that he may have started against Schenley [Distillers].
- J.A. Di G.: No, he didn't. He started with us. At Delano. Delano was the focal point to begin with.
- Brotherton: I have an impression that he tried a secondary boycott very early. My impression is that in New York we started getting problems with some of the customers back there, without having any realization that this was part of an effort against Di Giorgio.

César Chavez as a Social Reformer

- R. Di G.: My version of what all happened here is that Chavez was a social reformer, and he was interested in bettering the lifestyle of people of Mexican origin. And since the majority of them, or a great number of them--perhaps not the majority, but a very important number of them--were employed in agriculture, he felt this was the area in which to start the social reform and to get some attention and to get some additional rights and benefits for people of Mexican extraction

R. Di G.: working in the United States. He used the labor movement as the best method to accomplish the social reform that he was seeking. Now again, this is only my evaluation of the situation. He used a very clever combination of religion and a pride in being Mexican.

He visualized himself more as a social leader than a labor leader. He was very canny in bringing the Catholic church to back his cause and what he was trying to do on the basis that practically all the Mexicans were Catholic and that they were a deprived minority, and they were therefore being treated unjustly, and therefore it was a matter for the Catholic church to intervene, since some of their flock were being discriminated against. That was the method that he used to persuade the church to back him.

And to get attention. He was very clever in getting press. He had a great knack for press. He was either very good at it himself or very well advised or a combination thereof. But you will recall, he went on starvation campaigns, he went on long marches where every morning they would start out taking communion somewhere on the public highway. He was using all kinds of dramatization of things that the press would eat up and that would make good pictures. That's what he did.

He got an inordinate amount of attention and built up the sympathy and appeal to what I call the bleeding-heart group. He got a lot of support from people who liked him and his idea but knew nothing about the facts of the labor dispute.

His theory when he brought the strike against Di Giorgio was that he would have had already and would continue to build up a press that would be so strong that it would force us, by using secondary economic boycotts, to our knees. That was when he tried to boycott our products, when he tried to boycott S & W, when he tried to boycott our fruit, through secondary boycotts.

Chavez was able to stir up the imagination of a lot of young people in college in that time who were looking for things to get excited about. It was the time of Yippies. This was a cause, and it was one that young people could easily rally to, and they didn't let the facts interfere or bother much to get the facts. Here were the poor, abused Mexicans, abused by this great and wealthy corporation.

Then at the same time he declared war against Schenley, and did the same thing with them. And the Schenley people apparently felt the economic problem much more heavily than we

R. Di G.: did. They capitulated very, very quickly and made peace with Chavez.

Di Giorgio did not, and the strike went on for a very long time.

Teiser: Could I ask you to point out here, in this relation, that your winery was and had been unionized, that you had a contract with the Winery and Distillery Workers Union?

R. Di G.: Di Giorgio was not a non-union company. Di Giorgio had many unions at that time and continues to have them. Even today, a great majority of Di Giorgio employees are unionized. But we have many operations that are non-unionized. At that time our winery was unionized. The winery was only a wholesale winery. We did not have, like Schenley did, retail bottles with our label on the shelf, so they were not able to coerce us through our wine business. That was not really too troubling, and we were able to ship everything by railroad cars or tank trucks.

They did get support from some of the A. F. of L., and that caused us some severe problems. Chavez never could make a strike effective against Di Giorgio, because he didn't have the support of our laborers. The only way he could make a strike effective was by using secondary boycotts, and this was his main tool--secondary boycotts and a press that would be friendly to him. This he did very, very well, and he got the Teamsters to support him in that. We had difficulty with truck shipments. The railroad shipments we were able to handle and to manage.

J.A. Di G.: Locally, at Di Giorgio, he prevailed upon the local union in the Bakersfield yard not to take trains out to pick up fruit. But the management of the division took the trains and operated them into our yards.

R. Di G.: Every day.

J.A. Di G.: Every day.

Teiser: You had a private siding?

J.A. Di G.: Yes, but it's a public railroad, going right by. Then we had our own private siding.

R. Di G.: They took them into the main yard at Bakersfield. But he was very successful in getting support of other unions to do the job that he couldn't do himself. And this strike went on for a great, long time, and there was serious economic loss to us and to the community from it. We certainly felt it in our S & W products. We felt it in the difficulty of increased costs of operations because of the secondary boycott.

Arbitration and Elections

R. Di G.: Eventually the matter was submitted to arbitration. Some representative of the American Arbitration Association acted as the head arbiter. Mr. Chavez and his representative--

Brotherton: Was Sam Kagel.

R. Di G.: The man from the arbitration association was Ronald Haughton. I don't know what Kagel had to do with it. He may have tried to intervene, but he didn't settle anything.

Brotherton: I think Governor Pat Brown appointed Kagel.

R. Di G.: Kagel may have been appointed and tried, but the actual arbitration negotiations were carried on by Ronald Haughton, a member of the American Arbitration Association.

Brotherton: Kagel brought the parties together, and Haughton conducted the election.

R. Di G.: That might be. I did the negotiating for Di Giorgio, and I was there I couldn't tell you how many times with Haughton, at least a dozen times. Long sessions, two, three, four-hour sessions. We would explore this, explore that. Then he would meet with Chavez and his representative. Then they would come back. He kept trying to conciliate.

Finally an agreement was drawn up that was eventually accepted by both sides. And Chavez did represent a substantial portion of the labor at Di Giorgio and Borrego.

Teiser: Borrego also?

Brotherton: There were elections at Di Giorgio and Borrego. They were close. He won by a slim majority.

R. Di G.: In this negotiation, terms were set up for an election, and an election was held at Di Giorgio.

J.A. Di G.: Delano. That's where the main election was.

R. Di G.: Wasn't there one at Di Giorgio?

Brotherton: There was a Borrego election, too.

J.A. Di G.: In fact, all three of them had elections.

Teiser: Delano, Borrego, and Di Giorgio Farms.

R. Di G.: The Teamsters intervened at this point. I guess they lost confidence in Mr. Chavez, and they started coming out for themselves and tried to become a third party. Actually the voters, as I recall, had a choice of the Teamsters, Chavez, or no union.

Brotherton: And we were being whipsawed between the Teamsters and Chavez's.

R. Di G.: It ended up, of course, with Chavez winning, but by a small majority. Then a contract was negotiated in writing, so that the Farm Workers represented the Di Giorgio laborers.

Chavez, Alinsky, and the A. F. of L.

Brotherton: To go back to the character of Chavez, many people feel that he was simply a kind of a puppet for Saul Alinsky and that whole Chicago movement for social reform.

R. Di G.: He wasn't part of that.

Brotherton: It would be interesting, if it's possible to do so, to look and see if there are any interviews or writings of Alinsky that set forth the strategies that Chavez followed. Because I believe Alinsky was the man who created those strategies and who recognized that the '60s (this was right in the middle of the '60s) were a time when this kind of issue could achieve great acceptance by the press and the interest of the students, and so on. You contrast it with today, for instance, there would be very little hope of this kind of a movement having the emphasis and the public attention that it got at that time. It was the time of--I remember shortly before, there were the Sheraton Palace sit-ins and the whole business over at Berkeley, and these people popping up. That was a different period.

R. Di G.: Chavez, in my opinion, never really had the wholehearted support of the Mexican people. The workers did not trust him. He really was a poor labor leader in that he did not represent them properly or ever really have their complete confidence and support.

R. Di G.: And the very proof of it is that here is the greatest single source of labor which has the potential to be organized in California, and Mr. Chavez has gone nowhere from then. It's still a very small, not very effective union. He's only successful with wineries and places where he can threaten secondary boycotts. He can't basically go into a ranch and get all the workers to cheer for him and say, "Okay, we want to sign the paper, and we want you to represent us."

And here he's got an Agricultural Labor Board in the state that, up to now at least, has been stacked completely for him and with his people. Even with that behind him, he hasn't been able to end up as the czar of labor in California. There's a very good reason, and the reason is because he's not trusted, he's not liked, he's not a labor leader.

Our experience with him was, based on the contracts and trying to live with them, that the contract bound us only, but it didn't bind him. And if there was anything in the contract he didn't like, it was unfair, and it was a mistake, and he wasn't going to abide by it. But you had to abide by it. After all, his cause was just, and that was perfectly all right. You know, you can't do business with this kind of a person. I really feel that that's why he's not succeeded, and I think it's remarkable that he hasn't succeeded, really remarkable.

Brotherton: When the whole thing ended, some reporter, from one of the local papers, called Di Giorgio the best friend that Chavez ever had. We gave him legitimacy as a labor leader. As Bob says, I don't think he ever really was a labor leader. But those were the great days for him.

R. Di G.: It was stylish then.

Brotherton: His success in those jurisdictional elections between Teamsters, AFL-CIO, and no union, were the most successful ventures that he ever had in organizing California labor.

Teiser: Let me ask a very hypothetical question. He did, after all, get you to sign a contract, no matter what. If he had not been on the scene, would more orderly labor--

R. Di G.: The Teamsters would have taken it over. They were very anxious to, and they saw the potential of the agricultural field. This was an area where they felt they could add really a million members to their roll and get the dues. They really wanted to, and they tried very hard, and they constantly contacted us and contacted me, did everything in their power to try to get a sweetheart contract. And, you recall, they did with Bud Antle

R. Di G.: and with a number of other lettuce growers and vegetable growers in the Salinas and I think the Imperial Valley. They did make some very strong indentations. For a while there, they had quite a surge. They were really doing a head-on with Chavez.

Brotherton: But they did it by much more legitimate--

R. Di G.: They did it by normal methods. And they lived up to their contract. I would much rather have a contract with them.

Brotherton: Chavez, probably, in one way of looking at it, as you suggest, was not much of a friend to the migrant laborers. Had the AFL gone in here and organized it along more conventional lines, it might have been a better situation throughout. But it became such an emotional issue and such a demagogic issue, on Chavez's part. He seemed to be personally such a seeker of publicity. He had this messianic complex, and I don't think it did him any good.

R. Di G.: I don't either. I think what happened is the best evidence of it, that he wasn't successful.

Brotherton: And he still hasn't succeeded.

Teiser: Still, it must have given you, again, some bad days.

J.A. Di G.: Every one of them was a bad day. We had to get the work done, and keep people in the organization, in the fields, assured that we were going to do everything we possibly could to protect them and to see that they were taken care of and given work, and that sort of thing. So that they felt that we were their protector, and also their helper, as best we could, under the laws. And see that they had jobs to earn a living. Sure, they always gave you apprehension.

Teiser: Were there any episodes of violence during that?

J.A. Di G.: There were a few, but rather minor.

Brotherton: Surprisingly little.

R. Di G.: Really, during that whole strike, I don't recall any really serious incidents. I think with a large number of people involved, and high emotions involved, that was very fortunate. I think our people used good restraint and conducted themselves admirably, because these are emotional things, and particularly for the people living there and who are personally involved and who are under daily picket lines and abusive words and fear of their home being attacked or damaged, or their children, or something. I think there was great restraint shown by a lot of

R. Di G.: people, and I think it's a great tribute to the character of the people that worked for us that there were no serious violent incidents.

J.A. Di G.: That is quite true. Because, you know, we who were in management and were helping to direct this and to keep it on an even keel were aware of our legal responsibilities. We were very, very careful to tell our people to stay away, to back away, and let the legal procedures take precedence, and they would in the end prevail. This is the attitude that we had as management, and we prevailed upon the employees to be very cautious and not get into any fracas or anything like that if you can possibly avoid it.

Teiser: Did you lose many employees to the strike at that time?

J.A. Di G.: Very few. Only the very few that were adamant, and so forth.

Getting Out of Farming

R. Di G: One of the first results of the strike was the decision to abandon farming in Borrego. We had farmed Borrego for a number of years, and of all of those years--thirteen or fourteen years, and the first three or four years were development years to bring the crops up to production--and during all of those years, my recollection is that only one year did the operation show an operating profit. All the other years it showed operating losses. Basically due to the unfriendliness of the weather to the development of the grape crop. Too much heat, too much rain, too much wind, with dust. Just a number of things. Low production yields. We just never could cut the buck.

When we got the unionization in Borrego on top of all the other problems, the decision was made that it's inadvisable to keep on farming there, particularly since we no longer have any obligation to give those people a job. They're on their own. Mr. Chavez can take care of them. So the decision was a very easy one to reach.

The decision would not have been reached that easily if there had been no union, because we would have then felt some sort of obligation. You know, that maybe we had an obligation to those people to try to work it out and to try to keep them at their jobs.

R. Di G.: But once they became unionized, it was a negotiating situation. There no longer was the personal relationship. So it was a very easy decision to pull the plug. So we did walk away from everything, turn everything off. We put caretakers in charge, and at the end of the harvest we said goodbye to all, and that was it.

That was a direct result of Chavez, and of course, that put a couple of hundred people permanently out of work down there.

Brotherton: But you have to look at that as a negative result from the standpoint of the worker.

R. Di G.: Sure, it was pretty negative for the two hundred people. And it was negative for the community of Borrego, because those people lived there and spent money there. Supplies were brought in. There was housing for them and food. You can go down there today, and you can see all these lovely boarding houses and dormitories that are just lying there idle.

Teiser: Nothing going on there?

R. Di G.: Nothing going on. On our property.

J.A. Di G.: Not in the farming.

R. Di G.: The only farming today in Borrego that's really successful, I think, financially, is probably citrus. But I don't know of anything else down there that's really been done successfully. We are not farming the citrus crops.

Teiser: You're just holding your property inactive?

R. Di G.: We've sold off some of the old ranch, but we're holding it inactive for future development.

So that was really the first direct result. The second result was that, after we had signed these contracts and we now were operating as unionized (we'd closed Borrego, but we were unionized at Sierra Vista and Di Giorgio) we weren't doing well financially at either of those ranches. These weren't the disaster like Borrego, but were not making a proper return on the investment.

Simultaneously with that, the hundred and sixty acre problem came to a head. And the combination of the hundred and sixty acre limitation problems, which we discussed the other day, plus the unionization, plus the poor numbers on the bottom line, made us reach the decision to sell Sierra Vista and Di Giorgio Farms. It was really a combination of those things. But it was principally the water problem.

R. Di G.:

If we hadn't had the water situation, what we would have done with that property was, we'd have pulled out all the trees and all the grapes, and we'd have gone to row crops and machine crops, where you just have a handful of people to run ten thousand acres. We could have made money growing cotton and potatoes. We'd have been into non-hand crops, and there are a number of them that grew then successfully, financially, and that still are grown successfully financially. We'd have just turned both those ranches over to row crops. That would have been the most logical thing to do if we hadn't had the water problem on top of all the others.

Brotherton: I think one time you put it to me differently, Bob, and I still think it was very well put. That for a publicly held company to be as profitable, we would have to diversify away from agriculture, because the earnings are not predictable or sufficiently manageable or controllable in an agricultural situation, where you're responsible to shareholders for dividends and for an increase in the stock price, and so on; you have to have a more secure base for earnings growth than agriculture can provide. There are too many shifts in market prices and quantity of supplies and too many uncontrollable effects of weather and this sort of thing. So I don't believe that we really got out of agriculture as a result of Chavez, or as a result of the Grape Strike, as it was called, really at all. I think probably the indications were that we would diversify away from strictly agricultural operations when we became a public company, when we were listed on the New York Stock Exchange.

R. Di G.: This had already started when we acquired a working interest in TreeSweet. And we also had the auction companies, which were another diversification, but, of course, these were related. But also the lumber company in Klamath Falls. And then we went into S & W, which gave us an opportunity to get into the retail end, to retail a product. And, of course, wine was a result, too. But then we started to go into some of the others and really diversify, just prior to the decision to get out of farming, realizing that there were better results available.

Brotherton: But my point is that these were more business decisions than a kind of coercion from the labor union or something of that nature.

Union Techniques

Brotherton: If I could say something about the final effect of the strike, I have, to some extent, an objective view of this, I think, coming in late on it and from a different kind of operation.* It was very distressing, because I could sense, I think, right from the outset that this was really a phony issue. There was not really a basis for any kind of a labor dispute between Di Giorgio and its employees. Yet it was extremely difficult to voice that opinion, and to have it taken up and given fair treatment in the press. The thing that was disturbing about it was to see how it was possible in this country to apply the technique of the big lie to a situation, and to have it work so effectively. You asked if we had any bad days. My God, we had strike--we had parades on Market Street with people carrying banners. We had the office full of people day after day chanting and yelling and shoving Mr. Di Giorgio when he tried to get into the elevator and that sort of thing. I mean, we had a lot of trouble. But when you would try to rebut some wild statement made by Dolores Huerta--you remember her--we had a very hard time getting any kind of press at all.

R. Di G.: The press was absolutely one-sided.

Brotherton: And this whole aspect of the thing I thought was disturbing because it was taken up as a crusade, as a public issue, but really nothing existed.

R. Di G.: What bothered me was the position of the Roman Catholic church. I was once a Catholic and no longer am. Mainly because of the position the church took in this matter. I considered that they were completely off base because they had listened to only one side of the story, and were completely bamboozled by Chavez. I've never really forgiven the Roman Catholic church for that position.

Brotherton: The archbishop of Fresno diocese came out for Chavez.

R. Di G.: Oh, they all came. There were sermons in local churches all around here. Our employees would come and tell us what the priest had said in the sermon, and how he cast us out as

*See p. 114.

R. Di G.: devils. You know, it was completely ridiculous. There was just no sense of truth to it. And it was an area that was not appropriate for the church. My feeling is that if there is a heaven and I'm going to get to it, I'm going to make it without the Roman Catholic church. [laughter]

I have a feeling that in heaven they don't have a union shop and that you don't have to be a Catholic to make it. [laughter] Although the church seems to think they have.

Again, that was part of the manipulation, this business of parading up and down. You remember the banners--?

Brotherton: Banners, big black flags.

R. Di G.: They paraded up and down Market and Sansome Streets.

Brotherton: Having communion in the fields, and so on. I think the church was helpless to resist that kind of thing.

R. Di G.: They weren't helpless; they encouraged it. I think they loved it.

J.A. Di G.: We had the caravans all over the ranches.

Teiser: On the ranches, too?

J.A. Di G.: Oh, yes. These caravans with twenty or thirty people would stop for twenty minutes at one crew that was picking or pruning and raise the dickens with their flags and marching up and down, and the priest would give this and that statement, and so forth. And then they would get into their cars and go to another area. They had means of finding out where the crews were working. They'd send out scouts to learn where they worked.

R. Di G.: They'd notify the press.

J.A. Di G.: The press would be there with them all the time, and the pickets could see them taking pictures of their parades and so forth. It was constant. All the time until after the election. Just constant. They didn't wish to stay on the public right-of-way. They wanted to get into the fields. There was controversy as to whether pickets had the right to go in, and this is what the ALRB is still fighting about today, as to whether they have the right to enter a man's property, or that owned by an organization.

R. Di G.: During work hours.

J.A. Di G.: You know, you can't do your work very well out there in the

field when the pickets are cussing at you and--

Teiser: Before you go, Mr. Brotherton, you said before we were taping that you had been with S & W and came to Di Giorgio--

Brotherton: Right at the height of this, on the first of March, 1966.

Teiser: So you were here.

Brotherton: Yes. I came sort of in the thick of it, so to speak.

J.A. and R.: Thank you, Joe. [Mr. Brotherton leaves]

R. Di G.: I always had a very strong feeling, and some evidence to back it up, that Chavez's people used coercion on many of these illiterate, poorly educated Mexicans and forced many of them unconscionably, under threats, to support his union. There was no unanimous or overwhelming support.

If you were to ask these people privately their evaluation of Chavez, you'd find a remarkable lack of enthusiasm. That's the greatest single factor why he hasn't been successful. He's only successful where he can threaten economic boycotts, secondary boycotts, turn on the PR juice, threaten a winery that has a label. That's where he's been the most successful, with the wineries. When he gets right back to the ranch, where they have an anonymous agricultural product to sell, he can't do very much.

Teiser: He did pretty well with lettuce, didn't he?

R. Di G.: Well, he didn't, though. The A. F. of L. beat him. He tried, and he boycotted lettuce, and all the sisters and priests had bumper stickers on their cars: "Don't eat lettuce." And all this stuff. It almost became like not eating fish on Friday, if you ate lettuce. It was almost something you had to tell in confession. [laughter] But it was never successful, because it just was a lot of nonsense. It won't work with anonymous agricultural products. You could do it with Schenley wines. It had Schenley on it. Or it had Roma on it. Their whiskey, or you name it. But the success was a secondary success, and it had to do with his PR, not with his labor ability, his organizing ability.

J.A. Di G.: Or what he had to offer.

R. Di G.: Yes. And he got very little for them, incidentally. There was very, very little that we gave economically in our negotiations.

Teiser: Is that right?

R. Di G.: Because we already were the highest paying people in the valley. He wasn't able to make a package for them. But I think that's about enough on Mr. Chavez. But in a way the timing of his efforts and the way he operated--when I realized you couldn't do business with an irresponsible person who didn't live up to his word, that really helped trigger the decision to get out of farming. So in many ways he did us a great blessing.

Teiser: He speeded you in something you would have done anyway?

R. Di G.: Well, we were doing it, but we wouldn't have gone as fast.

J.A. Di G.: As Joe Brotherton mentioned just a few minutes ago.

R. Di G.: It was clearly that and the hundred and sixty acres, the combination, there was no argument against it. Even J. S., who was the most agriculturally oriented, and who wanted to keep the agricultural image, and who felt that was really Uncle Joe and that we ought to stay with it, even he had to finally bow to the combination of those two things.

J.A. Di G.: Reluctantly. What was, was. What was happening, was happening.

Last Years of Marysville Orchards

R. Di G.: We did keep the pear orchards till the last, up in Marysville, and there we had no union. He had not been successful in that area. Because the area wasn't predominantly Mexican national. He had no support unless there was a predominance of Mexican nationals on your payroll. So when he got to Marysville, he was very ineffective and did nothing up there in that area.

J.A. Di G.: Still hasn't done anything up in that area. He has nothing in the pear area, or even in the cling peach area.

R. Di G.: So we farmed those properties about ten years more, didn't we, Joe?

J.A. Di G.: That is correct.

R. Di G.: The Marysville properties. They were farmed quite

- R. Di G.: successfully. But we finally reached the decision to get out of farming and then sold those lands. They were the last properties that we sold. So it took us about twenty years from the time we started to the time we finished disposing of all the agricultural properties.
- Teiser: I have that in 1969 you sold the final six thousand acres in the Delano area.
- R. Di G.: Right. We didn't sell Marysville until 19--
- J.A. Di G.: About '78.
- R. Di G.: Seventy-eight or '79.
- J.A. Di G.: Four or five years ago.
- Teiser: Were you in charge of the Marysville operation, too?
- J.A. Di G.: I was for three years, during the interim of the then manager, who retired until we finally--
- R. Di G.: Trained a new one.
- J.A. Di G.: Trained a new one, and he came up there and took my place. When he did, I retired.

Character of the Di Giorgio Labor Force

- R. Di G.: Maybe J. A. would go back to the labor situation and tell us about the composition of the labor force at Di Giorgio and at Delano. We referred to that, I think, at the last meeting when Joe was here. I think we mentioned how we separated them by, really by nationalities, because of their eating habits.*

I think it affects the labor situation. Roughly how many local whites were there, how many Filipinos (if there were any Filipinos at the time of the strike), how many were Mexican nationals, how many were local Mexicans?

*See pp. 43-44.

J.A. Di G.: We had three and four, and sometimes five basic types of labor. The main one, of course, was the American who was looking for agricultural work.

R. Di G.: He was two types, wasn't he? Wasn't he a single man who lived in the bunkhouse, and a family man who lived in the area, or on the ranch?

J.A. Di G.: That is correct.

R. Di G.: How big was that group?

J.A. Di G.: That group was about twenty percent. And at Di Giorgio a lot of them lived in the little communities of Arvin, Lamont, Weed Patch, Pumpkin Center, Edmundson Acres, and little places such as that, or Bakersfield. At Delano, they lived mainly at [the town of] Delano or Earlimart or Rich Grove or McFarland. Those were the small communities near the Delano properties.

R. Di G.: Was the percentage about the same at Delano?

J.A. Di G.: About the same.

R. Di G.: They tended to be the year-round people, too, didn't they?

J.A. Di G.: The family ones, yes. The lowest ebb in the American bunkhouses for the single men was in the wintertime.

The original laborers we had in the early days were Hindus, Chinese, and Japanese, because they were the labor force in California at that time. But they gradually changed. The Chinese drifted away. The Hindus drifted away. They bought properties of their own.

R. Di G.: They became proprietors. Farmers. In the Marysville area, there are a lot of wealthy Hindus, big farmers.

J.A. Di G.: Then the Japanese. And then the Mexicans started coming in, drifting further north from the Texas and Arizona areas. And, of course, from the Imperial Valley. So they became a labor entity, and we had a group of them.

R. Di G.: Wasn't that principally after the war, Joe, that that influx started to get heavy?

J.A. Di G.: No, we had a lot of them in the late '30s. In fact, in the early '30s. The Filipinos started coming in as a group in about 1928-29.

R. Di G.: All single men.

J.A. Di G.: All single men. Very, very few Filipino ladies. Then, during the war, a great number of Negroes became disenchanted with the work in the cities, with what they had to live with, and so forth, and a lot of them drifted into the agricultural work. So we had black groupings. We employed quite a few blacks. They mostly lived in the little towns and drove in.

The Mexicans, the Filipinos, the Japanese, and the Americans were the basic labor force during the main part of the season. Each of them preferred a different kind of food such as they were used to in their childhood. So in those single camps we provided the cooking facilities, the type of food that they liked to eat, and [served it] when they liked to eat. Some of them liked to eat real early in the morning, and some later. So they made their own arrangements to be governed for meals, excepting we had starting times to go to work for everybody. This gave them a feeling of their own origin, and they felt good, and they fraternized with one another. They could talk about their old home and such as that, and they were friends.

But there was no sense at all of discrimination. We worked separate crews. Each group had their own field foreman. They had their own foreman over the entire camp under a general division foreman or crop type foreman. They were available to all the different divisions, as the need required. The person who was in charge of the ranch could call on any one or two of the different camps for one or two groups of that group of people. He didn't have to confine his group to Mexicans. He didn't have to confine it to Americans. He got some of each. And that way, they all became trained in the different operations.

They all had their own preferences for entertainment, so they provided their own basic means of entertainment. The Filipinos liked to have chickens, fighting chickens. They could have their fighting chickens. No problem to have them. It's the fighting that was illegal. So they went and did it elsewhere. But, hell, they had chicken coops with the most beautiful fighting chickens you ever saw in your life.

Of course, the Americans had their crap games and their poker games and their card games and their checkers, and all that sort of thing. They all provided their own basic type of entertainment. The Japanese had several games that they used with little black and white buttons. I don't remember the names, but they were very interesting. Everybody enjoyed being at home in their own type of surroundings, even though they were away from their basic home.

The Japanese Workers and World War II

R. Di G.: I'd like to add one thing that's a little different. It's always interested me, and I think it's appropriate when we're talking about labor. We had a large number of very loyal and very old-time Japanese employees on a number of the ranches. When the war came, and all the Japanese were rounded up and moved out, Mr. Di Giorgio and all our people did everything we could to discourage this and to talk the army out of it.

There was a General [John] DeWitt, if my memory is right, in San Francisco, who was the chief mucky-muck with the most ribbons, and I always used to say that every night before he went to bed he used to look under the bed to see how many Japanese were sleeping there. I assume he had a mania on this subject.

We did everything we could to contact him to persuade him not to do this. When it wasn't very stylish, we were saying how unjust and unfair it was and immoral. We did everything we could to protect these people. Many of them had belongings that they just didn't know what to do with at that time, and we stored these for them free of charge and then later shipped them to them. Many of the Japanese came back and claimed them. We felt terrible about this. Probably one of the worst injustices I have ever seen done by our American people. It was just unbelievable and inexcusable and unnecessary from any military point of view.

We also had a small number of small Japanese growers who lived in the Placerville-El Dorado area who grew pears and peaches and plums et cetera, small acreages, ten, twenty, forty acres, successful, independent people. Many of them shipped through the Earl Fruit Company's packing houses in that area. They, too, were rounded up and packed right off and just made to walk away from their orchards, which was, again, unjust. Many of them were trying to find a buyer at the last minute. And again we stepped in through Earl Fruit Company and helped as many as we could, and in many instances our agent became a caretaker for the Japanese and took care of their farms until they returned.

Mr. Joseph Di Giorgio was deeply sorrowed about this because he thought the world of these Japanese people. Again, it was a matter of loyalty of a conscientious employer to his employees and his customers. He did everything he could to prevent this, but of course was completely unsuccessful. But I recall how hard we all endeavored to try to work things out, particularly for these particular Japanese small landowners.

R. Di G.: Because our government's edict in effect meant confiscation of their properties, thus requiring a Japanese to depart from his lands which needed his personal care. In retrospect this can be questioned as to justification because some people took great advantage by buying these lands at very depressed prices and really cheated the property owners. I'll never get over the injustice of that--I was heartsick that our country allowed this to happen.

And now, finally, there's some press and talk about it, but even if there are monetary payments now, it can never overcome the humiliation and the indignity to those Japanese who--many of them were loyal and trustworthy citizens of our country, and considered themselves as Americans.

Mr. Di Giorgio would say (I'll never forget it), "I'm a much better American than you because you were born here and you had no choice, but I came here voluntarily and became an American citizen because I found it to be the greatest country in the world, and I wanted to be an American."

I always respected my uncle's integrity in his love for our country, but the injustice (in my opinion) to the Japanese we knew was really troublesome. I'm still heartsick about it, very sad about it.

J.A. Di G.: I'll never forget the morning of Pearl Harbor. Within minutes after it came out over the radio I received a telephone call from my uncle, who was in New York at the time. He said, "You get together with the sheriff, see that he provides protection out there for those Japanese camps, and you see to it they stay there, that none of them are in any way involved or hurt in any way." I'll never forget it. There were four or five deputy sheriffs out there within an hour, just serving on duty there, to protect the Japanese people. Because, as you know, there was a lot of hostility.

R. Di G.: Hysteria.

J.A. Di G.: Hysteria, that's right, hysteria. We had two Japanese camps at Di Giorgio at that time, and there were two at Delano. And you know, the Filipinos had been bombed at Manila, and we had the Filipino camps right there adjoining them. They never made any effort to get even.

R. Di G.: Never.

J.A. Di G.: But we had the sheriffs there, so the Japanese were protected. And at Marysville, the same thing. We had Japanese camps up there.

R. Di G.: You might be interested--I can remember when I first came to California in the '30s going to a property of ours just outside of Sacramento, which has now got the bypass freeway running right through it, at a place called Bryte, California, just across the Sacramento River from downtown Sacramento. It was about a hundred and sixty acres of pears.

J.A. Di G.: It was called Rose Orchard.

R. Di G.: One of the oldest pear orchards in California, if not the oldest. A very, very fine orchard. My memory is, it was farmed almost entirely by Japanese. In this case, as opposed to many of the other areas where we had Japanese, instead of having singles these were Japanese families. The men and the women worked in the field and in the packing house. They were excellent workers.

We had to build a special bathhouse for them in addition to the regular boarding houses and housing and family houses. Every afternoon, in the late afternoon, the Japanese in charge of the housing and the food would start the fires for the bath, and we would provide the wood for them. They'd have these big wood fires to heat the hot water, and then the Japanese laborers would come in. That was the first thing they did after they came in from work. They would all first sit on the little stools and wash themselves. Then they would all go in for their afternoon bath.

J.A. Di G.: They had communal tubs.

R. Di G.: The whole family were there. There would be as many as fifty or sixty Japanese in the big tub at a time. That was the social hour for them. After that, they went to their food. But it was a ritual with them, and it was something they did every day.

We no longer have the Rose Orchard. But I do know they were there, and then, of course, they were interned, moved out.

The Wartime Labor Shortage

Teiser: That gave you then again another shortage of workers?

R. Di G.: Yes. During the war, we resorted to all kinds of interesting innovations.

I recall Joe making arrangements for German prisoners of war. There was a camp somewhere in the area of San Joaquin.

J.A. Di G.: Two miles down the road.

R. Di G.: And the military used to bring them every day to you, didn't they, J. A.?

J.A. Di G.: That's right.

R. Di G.: The German prisoners worked. We paid them, and I assume the money was sequestered for them. But anyway, they were paid at the same rate as everybody else.

Then I recall working out an arrangement with the San Francisco school district, and we brought to Marysville about a hundred and fifty high school boys. We transported them up in school buses, and they were housed in the public school up there. We got beds and cots and housed them in the gymnasium, and used the cafeteria for meals. Then every day we took them, in school buses, to the Dantoni and New England ranches.

We did this for three years, if my memory is correct, during the war. That was quite successful. Of course, we only employed kids who were sixteen and older, and then we had a limited number of hours that we used them. But the boys were a supplementary force and a very important part of the labor in the Marysville area for those three summers. Fortunately, our timetable of the need was right during the holiday time. A lot of these kids were delighted to make some money. For them it was a paid vacation, and they really enjoyed it. The school had swimming pools for them, so that when they came back from work, they could swim and shower.

Then the other thing we did, at least at Di Giorgio Farms--I don't remember about Delano, but Joe would remember--we arranged to recruit women from the Los Angeles area.

J.A. Di G.: Both places.

R. Di G.: We had a very, very impressive number of women who came on a year-round basis.

J.A. Di G.: Dolores Hope was the head of that.

R. Di G.: She was the head of it in Los Angeles. I've forgotten what the title was.

J.A. Di G.: The AWVS, American Women Volunteer Service.

R. Di G.: Dolores Hope was the head of it. I remember meeting with Mrs. Hope and setting it up and arranging it. It worked very well. We were amazed, because I didn't think that making it possible to do this would intrigue many women, but they came, several hundred. It was a big enough block to really mean something to our work force.

J.A. Di G.: Usually they would come for two weeks at a stretch. They'd take a vacation from other type of work and come up and take a paid vacation up at the ranches and work and learn something new, and for them it was a paid vacation.

Teiser: This was harvesting?

R. Di G.: Generally it was harvesting. But, of course, our harvest period was a much longer period at Di Giorgio. You see, up in Marysville, it was a short harvest period. It started about the 15th of July, and it usually was over about the 20th of August. Then you were just about through. Then you just had certain specific varieties, late varieties. But we grew ten percent of all the Bartlett pears in California, so the solution up here was these high school youngsters. Down there, because it was a longer period, we used this AWVS.

J.A. Di G.: We employed the AWVS women from the middle of May or the first of June, into the middle of September. But they came in spells, two or three weeks at a time.

Teiser: How did it work to take a woman out of an office job and put her in the fields?

J.A. Di G.: They loved it. It was different.

R. Di G.: They enjoyed it.

J.A. Di G.: We had specific camps for them. We provided women cooks, and they cooked whatever they preferred.

R. Di G.: Then, we paid them on an hourly basis, whereas most of the other labor was guaranteed so much an hour, but paid on piecework. But it wasn't fair to employ people who were only there three weeks and try to pay them for how many boxes of grapes they could pick, or things of that type. So the only way you make it not inequitable to these people was to guarantee them a certain amount an hour.

Provisions for Di Giorgio Workers

Teiser: This brings up something that I should have asked earlier. Reports of the '40s labor strike stated that Mr. Di Giorgio had proposed and was in favor of an annual wage.

R. Di G.: He was. J. A., you talk to that.

J.A. Di G.: He was in favor of guaranteeing a basic annual wage which would meet the basic needs of a family or an individual. And then there were incentives so that they could make more, according to their own individual ability. No particular figure was ever mentioned, but this would have provided continuity and experienced personnel for your operation. But it never came to fruition.

Teiser: I suppose that the pay of the people who had been with you for a long time, in effect amounted to an annual wage.

J.A. Di G.: More or less. We had a great number that were on what we called monthly salary, and these were our basic supervisors, the year-round.

R. Di G.: "Crew pushers," isn't that what we called them?

J.A. Di G.: Crew pushers. And field foremen.

R. Di G.: In other words, the people who ran a crew. A crew was what, twenty--?

J.A. Di G.: Twenty to thirty people.

R. Di G.: And an individual who was a year-round employee headed up each crew. He was experienced and could teach them how to girdle.

J.A. Di G.: Or even how to pick, because the handling of a fruit is very important so that it isn't bruised, which would make it a cull. If you want to market fresh fruit, you want it so it's marketable.

R. Di G.: Wasn't the crew pusher, Joe, always the same nationality as the crew he was with?

J.A. Di G.: Yes, always.

- R. Di G.: That was always the basic thing.
- J.A. Di G.: Yes. I mentioned that before. They wanted to get to that status in the group.
- R. Di G.: The laborers always came to the packing house area, where there was a central gathering area, where there were toilets and washrooms.
- J.A. Di G.: That was the American group, but the singles went right from their bunkhouses to the fields.
- R. Di G.: But we always provided them with transportation to the fields. The Americans who lived in all the areas around--
- J.A. Di G.: They were the "drive-ins." We called them drive-ins.
- R. Di G.: The ones who lived on the property went right from their homes and bunkhouses.
- Teiser: Who kept records of working hours?
- J.A. Di G.: Each crew pusher had to turn in a time card at the end of each day. We had a number system. Originally we had names in the early days, and then we got badges with numbers. They were checked in in the morning.

They were also checked in as being on duty or in the field after lunch. So if they were checked in, then they were given credit for the four or five hours morning time. Sometimes we worked ten hours, and sometimes we worked eight. Then that card was given in every night. Then we had payroll clerks who accumulated all this on big, long sheets. Later on we went to a punch card system, and then to computers.

[interruption in the tape]

We paid them every two weeks, but then we changed that to once a week. If a person came in, and they were destitute, and we put them to work, we would give them at least two days pay in advance, chargeable against their earnings, so they'd have something to eat.

- R. Di G.: What were the general room and board charges, Joe? Were they by the day, by the month? Do you remember?
- J.A. Di G.: They were generally by the day.

R. Di G.: One charge covering both?

J.A. Di G.: One charge covering both board and lodging.

R. Di G.: What kind of numbers were you doing?

J.A. Di G.: I have to say this, that in the early days it was about 80¢ a day, and then it finally went up to about \$1.65, \$1.70.

R. Di G.: That was three hot meals a day?

J.A. Di G.: That was three meals served in the bunkhouses.

R. Di G.: Hot meals. They were taken in the bunkhouses. No field eating.

J.A. Di G.: No field eating. We provided cots and mattresses, and they provided their blankets. If they didn't have blankets, we had some.

R. Di G.: It's getting a little late, but there was just one other thing I think would be interesting. During the war, there were great shortages of all kinds of provisions, and when you were feeding a thousand, fifteen hundred people a day, as we were, it was very difficult to procure the necessary food. These people, particularly those doing very hard physical work, the one food they seemed to require was meat three times a day. And that was a very difficult thing with food stamps. We couldn't do that.

So we solved the problem by becoming our own supplier. We bought an old packing house in Delano. We bought sheep, and we bought beef, and we bought lambs, and we processed them in the packing house, and we made our own bacon and our own ham. We had chickens. We had eggs. We had our own dairy. We became very, very self-sufficient. Of course we grew as many vegetables as were needed. That was easy.

But the important thing was to have a slaughterhouse. That was exempt from any control, because it wasn't a publicly owned one, and we didn't try to ever sell anything outside. But its sole purpose was to supply all of the ranches. We even supplied Borrego and Marysville, and we bought refrigerated trucks, and they were run back and forth a couple of times a week bringing sides of beef and ham and lamb and pork.

J.A. Di G.: And eggs.

R. Di G.: And eggs. Butter. We made all our butter. You know, butter was very scarce in those days. So the people on the ranch, all during the war, ate very, very well. And it was one of the

R. Di G.: great advantages we had in attracting labor, because the word went around, if you want to eat good, go to Di Giorgio, there's no food stamps. I think that because food was an essential, it was one of the reasons why the ladies liked to come up from Los Angeles, why the kids loved it when they came from here. Because we fed them very well, handsomely. Even at breakfast, we had ham and bacon every morning, and eggs every morning, and cold cereal and hot cereal. You know. Working people require--

J.A. Di G.: They burn up calories.

R. Di G.: Particularly younger people. They just put away the food. I've never seen such appetites in my life! [laughter] And then they would come in at lunchtime, and normally you or I would have a salad or a sandwich or a light snack, and these people had to have roast beef, and they'd want steak every night.

It was a method of keeping people happy and getting an advantage over other farmers, getting the choice of the labor that was available. You know, that word goes around very quickly, that you can make the same at Joe Doakes' as you do at Di Giorgio, but boy, how you can eat for a dollar a day! It was a very tiny portion of their earnings. I suspect when we were charging a dollar a day, the wages were probably a dollar an hour. A man could work one hour, and that covered his room and board. So he had either eight or nine hours for his own, to keep. They did very well. People saved a lot of money.

J.A. Di G.: We never made any money on these bunkhouse dining rooms.

R. Di G.: During the war we lost money, because that boarding house was a tremendous loss.

J.A. Di G.: We did try to stay even, but many times we lost money. But that wasn't the deal. We wanted to have food and have it prepared and ready for people to eat when they had done their work.

R. Di G.: During the war, as you know, there were all sorts of price problems and price controls, particularly on food items, and these went out of sight. Because of this, and because of the war, and because of the wine suddenly becoming very valuable, we suddenly became a company that was paying excess profits taxes, beginning right away in '42. We paid excess profit taxes right through all of that period. So the fact that it was costing us a little extra to feed these people well and so on, wasn't a drain on the company. We would have been paying greater taxes, so it was a pleasure to be able to give them this excellent food.

- Teiser: That's most interesting. That's a whole subject I hadn't thought of.
- J.A. Di G.: These were part of the things that people who sympathized with the strikers didn't have any idea of. They were saying we were taking advantage of the labor. It couldn't have been further from the truth.
- R. Di G.: We had doctors, full-time doctors, nurses, and a complete staff on all the ranches. Any first-aid or anything that could be done on the ranch was done instantly, and if not, then they were taken to the hospital immediately, with a nurse or doctor.
- J.A. Di G.: We had company picnics and so forth once a year. It was all put on by the company, and everybody had a great time. In Kern River Park. And Delano used to hold theirs up in the mountains. And on the ranches we had baseball teams, and we had tennis teams and such as that. Everybody enjoyed a normal type of life.
- R. Di G.: We also provided swimming pools at most of the ranches, which was in those days pretty far out.
- Teiser: Yes, I should say! That's most interesting.

IV WINE INDUSTRY INTERESTS, 1928-1966

[Interview 5: March 22, 1983, with Robert Di Giorgio and Joseph A. Di Giorgio]

[The Di Giorgio wine interests were discussed in two interview sessions, on February 24 and March 22, 1983. At the second, both Robert and Joseph A. Di Giorgio recalled details of matters they had spoken of earlier. The two discussions have been put together in a single narrative. According to The Di Giorgio Story, a 16-page pamphlet published in 1929 by the Di Giorgio Fruit Company, it had sold grapes for winemaking to Colonial Grape Products in 1928. In 1929 Joseph Di Giorgio took his company into the newly organized Fruit Industries, Incorporated, a cooperative of mainly large wine firms.]

Getting Into the Wine Business

[Mr. J. A. Di Giorgio had made notes which he brought to the interview of March 22]

- R. Di G.: Joe, I think you ought to tell something about the wine business.
- J.A. Di G.: The Year of 1929 was a very, very good economic year, but at the end it also became a panic year. The Great Depression.
- R. Di G.: But for farming it was a good year.
- J.A. Di G.: Oh, yes. For farming it was a very good year. However, the following year, 1930, was a very poor time for farming. And the economy was such that grapes were unsaleable. A great number of our vineyards were not picked, and the grapes dried on the vines. We had to prune them off at pruning time.

J.A. Di G.: Mr. Di Giorgio was a very thoughtful individual, and he travelled between our various properties. He would do this religiously during the summertime to visit almost every district that he operated in at least once, and they ranged from Cashmere, Washington, all the way down to Imperial Valley and in Florida.

One day in 1931 he had visited our Ukiah operation. His chauffeur drove Mr. Di Giorgio up there. Mr. Di Giorgio had a habit of dozing off while driving. On the way back, he happened to awaken just as the car was passing through the Italian Swiss Colony, and he noted the sign, "Italian Swiss Colony." He asked the driver to stop, and he went back. He found one of the resident owners there, Mr. Enrico Prati. He asked Mr. Prati certain questions: "Is the winery usable?" It was. It would take very little work to bring it into first-class condition. So he thought all this out.

He knew from his childhood days in Sicily that you made wine from grapes. [laughter] And he loved wine, too. So, he ascertained who were the owners. Mr. Edmund and Bob Rossi, Mr. A[lfred] E. Sbarbaro, Prati. I think those were the only interests at that time. He learned that Messrs. Sbarbaro and Rossi lived in San Francisco. Mr. Di Giorgio was on his way back to San Francisco, so the following day he looked them up and had a conversation.

So, to make a long story short, he said, "Will you make wine for me out of my grapes?"

They said, "Well, we can, but what will we do with the wine? We can't sell it. Prohibition."

He said, "Well, that's another question. It'll come later on. But can you make wine and store it?"

They said they could do that. So they struck up an arrangement that Mr. Di Giorgio would send the grapes in gondola gravel cars, which we lined with canvas. We picked the grapes, dumped them in these gondola cars, and sent them up to Asti, California. They made the wine on an agreed basis: they got 40 percent of the wine that was manufactured, we got 60 percent. They stored it for us as long as we wanted them to keep it. And they could do what they wanted with their share. They could also sell some of theirs for medicinal purposes, and for sacramental purposes.

J.A. Di G.: Mr. Di Giorgio made the same joint crushing deal with the California Grape Products Company, Mr. [Sophus] Federspiel at Elk Grove. He made the same deal with A. Perelli-Minetti at the Fruit Industries plant at Trocha, East of Delano. All three of them jelled that same year.

So, for two years, two crops, the 1931 and 1932, went into this salvage. Then came the election of 1932 and Mr. F. D. Roosevelt was elected president.

R. Di G.: And Prohibition ended in '33.

J.A. Di G.: That's right. But anyway, here we had this large amount of wine in our inventory, not knowing what we were going to do with it. All of a sudden we were the fair-haired boy. We obtained a percentage of the ownership of Italian Swiss Colony with our inventory at Asti. I think it was 27.5 percent, wasn't it?

R. Di G.: Thirty-seven and a half, Joe.

J.A. Di G.: I think we wound up with that later on. The original was 27.5.

R. Di G.: That's right. Then we gave them some more grapes later on and we finally ended up totaling 37.5.*

Making Wine at Trocha, 1932-1945

J.A. Di G.: The California Grape Products Company, which was a member of Fruit Industries** down there, we bought their plant later with our inventory there.

R. Di G.: At Trocha.

J.A. Di G.: At Trocha, near Delano. And from that point on, in 1933, we started making wine for ourselves at that plant.

*See also pp. 145-146.

**California Grape Products was one of the wine-making members of Fruit Industries, Incorporated.

J.A. Di G.: Mr. [Horace O.] Lanza took a part of it, too, because he was our advisor in starting the business. because of his experiences up at Elk Grove.*

Teiser: Was Antonio Perelli-Minetti involved in that?

J.A. Di G.: Oh, yes. He was the manager of the California Grape Products Company at Trocha and in Delano, and he was the representative of Mr. Mario Tribuno and Victor Repetto. He built the first part of the Trocha winery in '27.**

Teiser: How did you happen to buy Trocha?

J.A. Di G.: The reason for buying it was to have a place to utilize the excess grapes that we grew other than for table purposes.

Teiser: You could no longer find other buyers?

J.A. Di G.: Unless you depended on what the other winery wanted to pay you. We had had previous experience with that in the citrus industry, in the citrus juice canning in Florida, when we had a terrible, terrible catastrophe in marketing fresh grapefruit. The canners would take our grapefruit and give us a nickel a box for them just to pick them and deliver them. You couldn't even afford to pick them. Well, this was the answer. You had to salvage your own. Because otherwise, you were at the mercy of the processor. So that was the reason. We had this wine inventory that we disposed of and got some cash and some interest in Italian Swiss; then we bought this winery at Trocha to have a place to process our grapes.

R. Di G.: Now, didn't we enlarge that right away?

J.A. Di G.: We enlarged it. Its original capacity was approximately a million and a half to two million gallons.

*See Horace O. Lanza, California Grape Products and Other Wine Enterprises, an oral history interview conducted in 1969, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1971.

**See Antonio Perelli-Minetti, A Life in Wine Making, an oral history interview conducted in 1969, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1975.

R. Di G.: That was my impression.

J.A. Di G.: In fact, there was no fermenting cellar at the time, and the minute we took title I had a telephone call from my uncle, "Build a fermenting cellar." So I built a million and a half gallon fermenting cellar. We bought it in the late part of '32, and I started building the new fermenting cellar in the spring of '33, and had to have it ready for the first crushings in late July and August of 1933.

R. Di G.: You almost doubled the winery that first year.

Teiser: What had they done before?

J.A. Di G.: They had squeezed the grapes, and they took them into the big tanks, and they let them settle for an hour or two, and as they did, you could drain off the clear juice. Then it would go into the concentrator. Then the pulp was dug out by hand and went through the press, and that fresh juice also went through after it had been clarified.

R. Di G.: Second pressing.

J.A. Di G.: Second pressing. And this was very, very costly. It made it difficult for people to get into the place, because later on as the juice fermented, when you had the alcohol fumes, people couldn't get into those closed vats, so you had to have open vats. Now, today there are very few open vat fermentations. They have gone back to this other, but they do it by a manner of pre-separation of the juice from the skins and the stems. They ferment just clear juice.

R. Di G.: So then the Trocha winery, by the crush of '34, was roughly three million gallons. It was the complete winery. They weren't trying to ferment prior to that. They didn't want alcohol, because they couldn't ship alcohol. They were trying to obtain sweet grape juice that was concentrated into grape syrups. So immediately now we had to go through the process to make a proper wine.

J.A. Di G.: And we also added our first distillery.

R. Di G.: To make high-proof.

J.A. Di G.: To make high-proof in order to make sweet wine. Because to make sweet wine you have to add high-proof alcohol to stop the fermentation. Otherwise it'll continue on into vinegar. So you have to stop the fermentation at a certain point.

R. Di G.: Your winemaker at this time was Allan Dunning, wasn't it?

J.A. Di G.: No, he was a red-headed Irishman from Horace Lanza's Colonial Grape Products, Mr. "Red" Evans.

R. Di G.: He was before Dunning then?

J.A. Di G.: They both came--we took them in together.

At that time, when we bought that winery from Fruit Industries, Mr. Horace Lanza bought part of that area. Remember that railroad track used to come down into Trocha. He bought the building on the one side of the track, and we bought all the rest of it. He remained there for four or five or six years. Then later on he built his own winery, adjoining us on land acquired by Lanza and Repetto from California Grape Product Company.

Mr. Lanza brought Red Evans, who was their winemaker at Elk Grove, down there. Mr. Di Giorgio employed him to help us get into the wine business and make wine, because he was a knowledgeable winemaker. He was not an enologist.

R. Di G.: He wasn't an enologist?

J.A. Di G.: No. Louis [M. Martini] and Tony Perelli-Minetti were really the only ones. They were European-trained. Excepting the two Wente brothers of Livermore, California.

R. Di G.: And Federspiel, too.

Teiser: But they didn't share their knowledge with you?

J.A. Di G.: No.

R. Di G.: They were very small-scale operators. We were trying to deal in ten-thousand-ton units, and they were dealing in hundred-ton units. There was quite a difference.

That winery was consistently enlarged. I can't tell you how many times, but eventually it got to the point where it had a capacity of what, Joe?

J.A. Di G.: It was about seven million gallons, total cooperage capacity.

R. Di G.: That Trocha winery was operated at capacity all during the war years, 1933 through 1945; we sold it in 1945.

Leasing the Wallace Winery

J.A. Di G.: We also leased the Wallace winery.

R. Di G.: We leased it, some time around 1940, the Wallace winery that belonged to a Los Angeles family. Mr. [Walter] Wallace was an attorney, if my memory is right. He owned a neighboring winery. It was built by A. Perelli-Minetti. Mr. Wallace had vineyards and built this winery, like other people, just to protect his extra grapes and have a home for them. We leased that winery from him to enlarge our capacity at the beginning of the war. We leased that for a number of years, Joe.

J.A. Di G.: We leased it for four or five years. As soon as Fruit Industries sold Trocha to us, Minetti built that one--talked Mr. Wallace into financing it. Minetti started his own winery between Delano and McFarland, south of Delano; had it ready to produce in 1943. He crushed his first grapes there in 1943.

Teiser: It was said that Mr. Di Giorgio brought Antonio Perelli-Minetti down there to make grape concentrate during Prohibition.

J.A. Di G.: No, he did not do it. Mr. Di Giorgio interested Mr. [Mario] Tribuno in the grape-growing potentials of the Delano area. Mr. Tribuno in turn prevailed upon Mr. Antonio Perelli-Minetti to come down to Delano and see about growing some grapes. Then when Prohibition was in its height, they couldn't do anything with these grapes, so then they developed this process of concentrating grapes and shipped the concentrate. The first thing they did was, they semi-dried these grapes, and they put them up in pine barrels that were lined with a pitch type material that was neutral and imparted no flavor to the semi-dried grapes. They were shipped to the East. You didn't have to ship a lot of water; all you needed to do was crush them and add a little water. This was the beginning of making concentrate of these grapes.

Then later on, they determined that they could dehydrate the juice, and then they got into the dehydrated syrup, or concentrated syrup.

Growing Grapes at Delano

Teiser: Perelli-Minetti said in his oral history interview* that Mr. Di Giorgio met him in Ukiah and said, "Why don't you come down and see Delano?"

J.A. Di G.: That's right. Minetti was growing grapes in Ukiah, California.

Teiser: Yes, and Mr. Di Giorgio got him to go down, and he looked at the soil in Delano and the soil in Arvin, and said Delano would produce better grapes.

J.A. Di G.: It is one of the finest grape growing areas in the world, for table grapes. And, of course, also fine wine grapes, but for table type wines, dry wines.

R. Di G.: That's where we grow our best Ribier grapes, Joe.

J.A. Di G.: Yes.

R. Di G.: Our highest quality Ribiers. And remember those big black ones, Alphonse Lavalle they're called sometimes? They're a Belgian hot-house grape. They're very choice, very large, beautiful grapes. They have great eye appeal. I can remember, for a number of years, when Harry and David up in Oregon, in Medford, Oregon, were starting their Fruit of the Month Club. They had for some years prior to that been selling their Comice pears, and then they went into a year-round offering, a fruit-of-the-month package, and one of the products that they selected to send to their customers was a small box of the Ribier grapes, which we contracted to grow for them for many, many years. We grew and packed and shipped these grapes for them.

J.A. Di G.: Under their direction. They had a representative there to see that we did it exactly the way they wanted it. They were shipped in October, at their peak of quality.

R. Di G.: We grew those grapes at other places, such as Di Giorgio, but the highest quality, and the best firmness and size--really, the choice grapes, to substantiate what Joe was saying about the soil at Delano--came from Delano. I thought our grapes at

*p. 33 op. cit.

Delano had higher quality than Di Giorgio. Di Giorgio had the advantage of being earlier.

J.A. Di G.: That area, Delano, is the very finest. For Emperor grapes, and now some of these new seedless varieties, the Ruby Seedless, and the Thompson Seedless, and the Calmeria, which is a United States Department of Agriculture seeded variety development. There have been others, but the highest quality are now grown in the Delano district, Delano-Richgrove area. Very, very fine soil.

The Brandy Prorate

Teiser: May I ask about the brandy prorate?

J.A. Di G.: During the poor economic years of '35, '36 and '37, Fruit Industries was helped by the Department of Agriculture. There was an effort to help raisin growers, wine grape growers, and also table grape growers that could not market their products. Mr. Giannini, A. P. Giannini, was an integral part of this, with Mr. Di Giorgio, in working out a plan for salvaging these grapes at a small base price, to pay just for the picking cost, or something like that. I think the price was something like \$11 or \$12 or \$15 a ton.

[Under the 1938 prorate plan] the proviso was that all these participating wineries* were to take part of their grapes to make brandy, and this was to become a brandy pool. And each grower, or each winery, had an interest in their percentage, the proportion that they provided, both capacity and operational storage. And some of it went into public storage; most of it went into public storage. And it was just sitting there getting older and older. Of course, when you made brandy you took on a liability of a revenue tax, spirits tax, and as we were getting into the years when they became due, all of a sudden comes the war, and alcohol is at a very, very high premium. So there was, all of a sudden, overnight, a ready

*There were about 250 wineries and 10,000 growers participating. Financing was mainly by the Bank of America and the Reconstruction Finance Corporation. See Critchfield, Burke H.; Wente, Carl F.; and Frericks, Andrew G.; The California Wine Industry During the Depression, an oral history interview conducted 1972, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1972.

J.A. Di G.: market for all this brandy at a good price, which, in turn, we got a share of.

The Bank of America was the key innovator and designer of the program, and the man who developed it was Jesse Tapp, who later became chairman of the board of the Bank of America. At that time he was vice-president in charge of agricultural matters for the Bank of America; one of the bank's biggest customer bases was agriculture. But Jesse Tapp had come from the tobacco growing area, had been in some way connected with the government in the government support of tobacco programs. Mr. Giannini employed him and brought him in as an agricultural vice-president. He immediately won the confidence of the grape growers of California.

Since many of the bank loans were made to grape people, who were in dire financial straits, Mr. Giannini, at the suggestion of Jesse Tapp, created the grape prorate program. The year after, two companies were formed by the bank. One was called Central California Wineries, CCW. That was the organization that financed the wineries and loaned them the money on the security of the inventory to make wine and distill it into brandy.

The other thing was CWI, I believe it was called, Central Winery, Incorporated, the company that was formed in order to finance the growers and loan them the money of so much a ton as they delivered grapes to the wineries, and that money went direct to the growers. It was picking, hauling costs, and a little bit extra, but not very much.

But then in turn the grower got an interest, a share, of that inventory, as the wineries did. It was all secured. It was all mortgaged to the Bank of America through those two companies. My recollection is that it was a man named Burke Critchfield.

J.A. Di G.: That's right.

R. Di G.: And Burke Critchfield was the head of either one or both of those two companies.

J.A. Di G.: He was the head of one of them, CCW.

R. Di G.: It was the bank's program, and it was a method of saving the industry. They didn't have to lose all their money. And of course the war bailed everybody out. Both the wine and particularly the brandy was to become in great demand, and most of it was moved right out.

- Teiser: Your brandy must have been good if Christian Brothers took it, because they were highly selective, as I remember.*
- R. Di G.: It was very good. Our table brandies were particularly good. We made both high-proof and table brandies. Of course, the high-proof was used to fortify the sweet wine, and then the brandy in the barrels, the drinking brandy, was to--
- J.A. Di G.: It was a substitute for whiskey.
- R. Di G.: Exactly. And what happened was that the brandies stored very well, and had good keeping qualities. And my recollection is that you could wait eight years before the tax became due. So this all happened long before the eight years were up. But I know we started getting nervous in about four years.
- J.A. Di G.: We were nervous. We had something like \$12 to \$14 million worth of tax to have to meet.
- R. Di G.: We stored all our own brandy production in our own winery. We had what was called a bonded warehouse, where there was a government supervisor on duty and he'd supervise, as it went into storage. You could not enter without his going with you. I don't remember much more than that, except that it was government supervised and inspected at all times, everything that went in and out. Because, you see, the tax hadn't been paid on the inventories. I think there was a resident there all the time in that winery, Joe. Whenever we touched it, there was a government man on the premises.
- J.A. Di G.: Yes. You could not go into the warehouse without a government employee to supervise operations relative to the spirits operations.
- R. Di G.: And whenever we used the high-proof for fortifying sweet wines, he was the person who measured the withdrawal.
- J.A. Di G.: He unlocked and turned the faucets.
- R. Di G.: He turned the faucets on and off.
- J.A. Di G.: Measured it. They measured it by weight.
- R. Di G.: But that was a very important program, and I always felt that the Bank of America--
- J.A. Di G.: The Bank of America saved thousands of growers, their properties, and their credit.
- R. Di G.: And lots of people who did business with the growers. All the

See Otto E. Meyer, California Premium Wines and Brandy, an oral history interview conducted 1971, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1973.

suppliers to the growers in the valley would have been in trouble. 'Thirty-eight and '39 were really disaster years. I can remember pears sold for \$9 a ton, which is terrible.

J.A. Di G.: Oh, it was terrible. Believe me.

The Sale of Italian Swiss Colony

R. Di G.: During the war, the Rossis decided that an offer from National Distillers was very attractive.* At that time, the distilleries were trying to find other products that they could sell as a package with their whiskeys, which were in short supply. So they would arrange with a store to take whiskey, rum and wine. So they needed more wine to make more profit.

J.A. Di G.: Grain products were restricted for distillation during the war, for war needs. This was one of the reasons they went into wine. They also went into potato alcohol.

R. Di G.: That's right. And alcohol was much in demand by the armed forces. So they were looking for additional alcohol sources, which were of course, grapes. They made an offer to the Rossis to buy Italian Swiss Colony. The Rossis and Mr. Sbarbaro wanted to go ahead with it. And, while Mr. Di Giorgio was the largest single stockholder, the others had a greater proportion, and he said, "Well, whatever you want to do, we'll do." So we did sell out. And we got a great deal of cash out of that sale of our ownership percent of Swiss Colony.

Selling the Trocha Winery to Schenley, 1945

R. Di G.: Then in the latter part of the war, Schenley (Mr. [Lewis R.] Rosenstiel, I believe, was the head of it), had a number of conversations with Mr. Di Giorgio and wanted to buy our wine inventory and winery at Delano.

We put a company together which we called Del Vista Wine Company. Del Vista owned about three thousand acres of grapes that J. A. Di Giorgio planted at Mr. Di Giorgio's request. And it owned the Trocha winery and roughly six million gallons of wine, and I believe some brandy. The entire stock of that

*See Edmund A. Rossi, Italian Swiss Colony and the Wine Industry, an oral history interview conducted 1969, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1971.

- R. Di G.: company was sold to Schenley in 1945 for \$10,050,000. I remember they had agreed on ten million, and then Mr. Di Giorgio said, "I need more than ten million," so they added fifty thousand more onto it. [laughter] The check was for \$10,050,000.
- J.A. Di G.: Yes, you and Phil [Philip Di Giorgio] were in on that.
- R. Di G.: I was the president of the wine company at that time, so I was in the middle of that.
- Teiser: Who was Alfred Hart?
- R. Di G.: Alfred Hart was a distributor for Schenley in California, and he was headquartered in Los Angeles. Schenley had a financial interest in and controlled that distributorship. Alfred Hart was the head of that distributorship.

The nominal purchaser was Alfred Hart, but the true purchaser was Schenley, who financed it. He was their front to do it. That was the vehicle they used. Vic Repetto got a commission out of that deal which in my opinion he didn't deserve, but that's just my judgement. But, anyway, he did get a commission out of it.*

Starting a New Winery at Di Giorgio, 1946

- R. Di G.: So we then immediately implemented plans to build our new winery at Di Giorgio, California, and we started, and the Cahill family building contractors built it for Mr. Di Giorgio. But we needed a place to make our wine for that one year while the winery was being built--between the time we sold and the time the new Di Giorgio winery was ready to go into crushing of the year's crops.

Mr. Di Giorgio had already made plans to construct a winery at Di Giorgio, and the Cahill brothers here in San

*See p. 144 and Victor Repetto in Perspectives on California Wines, an oral history interview conducted in 1969, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1976.

- R. Di G.: Francisco had been employed to design and to be prepared to build a new winery if this deal went through. And the deal did go through, and of course, the Cahills were very good people with concrete construction. They built a lot of high-rises in San Francisco, and Mr. Di Giorgio knew the Cahills and had used them for other construction. They had a high regard for each other.
- J.A. Di G.: They did some of our construction at Trocha when it was enlarged.
- R. Di G.: They did some of it. We added on to Trocha before we sold it. So he knew their capability. So after we sold the Del Vista Company, which included the Trocha winery and all the wine, then we immediately began construction at Di Giorgio Farms and got enough of it ready so that we could crush grapes.
- J.A. Di G.: The second year, because we rented the Wallace winery for one year. And also had Mr. Perelli-Minetti crush some grapes for us one year, in '45.
- R. Di G.: Right. While we were getting the new winery ready.
- J.A. Di G.: And our own winery opened at Di Giorgio in '46.
- R. Di G.: The fall of '46, for that crush. And that winery was then even bigger than Delano. At that time, when that was built, that was one of the biggest wineries in California.
- J.A. Di G.: Five million gallons when we built the first portion.
- R. Di G.: Then we enlarged it to ten in about two more years. I guess at that time it was probably the biggest winery in the state. Again, it was all sweet wine and brandy. We made both table wine and brandy, and then of course, high-proof to fortify the dessert wines.
- Teiser: There's a good description of it that I suppose was written by the editor of Wines and Vines in the July, 1951, issue. It sounds as if it were accurate.
- R. Di G.: That would have been right after Mr. Di Giorgio died.
- Teiser: Yes. With a picture of it.

J.A. Di G.: Yes, this is an aerial view of it.* This is looking south, and these were the homes, the ten homes, we built for the winery personnel.

Teiser: In the lower right corner.

J.A. Di G.: And this was the first area that was built, this group right here--

Teiser: In the center.

J.A. Di G.: --with the distillery, two stills in the distillery, and the brandy warehouse.

Teiser: That's right.

J.A. Di G.: This that you see there was the first construction phase.

Teiser: The right two-thirds of the picture.

J.A. Di G.: That's right. And then this building was constructed two or three years after that.

Teiser: A big building, the wine finishing building.

J.A. Di G.: So that enlarged it to about ten million.

R. Di G.: Kelly Ryan was the winemaker and in charge of that winery, and ran it for a number of years, until he unfortunately took ill and died prematurely. He died a young man. He had been our manager at Delano when it was sold.

J.A. Di G.: Yes, because, you see, Allan Dunning went with CCW when Critchfield took over CCW. And then we brought Kelly Ryan in as manager. He'd been there one year prior, and we allowed him to stay there, and he did very well. Because we had William Gilchrist, who had developed as a fairly good winemaker. We also had this boy, this Italian boy Carlo Aggazzotti that Horace Lanza brought over from Italy just before he left us. This Italian left us prior to the sale to Schenley, but Gilchrist and Kelly and the rest all moved to Di Giorgio.

*On p. 18 of the article titled, "Production Patterns at Di Giorgio Winery."

R. Di G.: That was why we built the housing for them down there, because they had to be uprooted from their homes in Delano to come down to Di Giorgio.

Teiser: When you sold, did you know you were going to start building right away?

R. Di G.: Oh, yes. Because the sale had been brewing for quite some time. There had been preliminary talks as much as two years before we actually made that sale. Mr. Di Giorgio very carefully structured exactly what he wanted to sell and to put into that company. Mr. Rosenstiel was the man Mr. Di Giorgio talked to. Repetto claimed that he introduced him to Rosenstiel and got that going. Mr. Di Giorgio, you know, spent a lot of time in New York and saw Mr. Rosenstiel in New York, and I think that's where they hatched up the deal. It was not done out here, to my knowledge.

I was president of the wine company when they sold it. I remember the closing took place on the Bank of America in what was the main branch in those days, on the corner of Montgomery and California Street. I remember doing the closing there, and I remember getting the check for \$10,050,000. [laughs] And, of course, that put our company in very fine financial shape and took us out of all our debts.

We came out of the war a quite different company than we went into it. With the sale of Swiss Colony for some millions of dollars to National Distillers and our getting a big piece of that money, and the sale of the CCW inventories of our brandy and our wine, and then the sale to Schenley, we were in fine financial shape.

Now, of course, a lot of that money went into building the new Di Giorgio winery. All during the war Mr. Di Giorgio was enlarging Di Giorgio Farms. He used to always say, "I don't want anything except the land next door to me." [laughter] He kept buying the land next door.

J.A. Di G.: "The land that adjoins me." [laughter] That was all he was interested in. In Florida and California.

R. Di G.: Yes. By that time, he had enlarged Di Giorgio Farms to in excess of ten thousand acres. He had built this huge, ten-million gallon winery. So that used up a lot of the cash. He was never one that kept cash very long.

Teiser: I should put on the record here that Mr. J. A. Di Giorgio had an article on "How We Run the Largest Vineyard in the World," in Wines and Vines of February, 1961, and a very interesting article it was.

R. Di G.: At that time we were the largest grower.

J.A. Di G.: The largest single grower.

More on Italian Swiss Colony

R. Di G.: My memory about our interest in Italian Swiss Colony is, and Joe's will be better than mine, but my memory is that the Rossi and Sbarbaro Swiss Colony Company didn't have any cash. They had their properties and their old winery, but they had no cash. And their vineyards had been neglected. They were really only partially producing when Prohibition came around.

My memory is that Mr. Di Giorgio did not have an adequate winery to handle all of the grapes he would like to crush. But they had a lot of tankage capacity at Swiss Colony. And my memory is that Mr. Di Giorgio took our grapes, I guess the first year, and actually shipped the grapes up to Asti for crushing.

[interruption]

J.A. Di G.: When we entered into the first deal with Italian Swiss Colony, it was strictly for the purpose of salvaging the grapes. Two years' crops, a percentage, went to them and to Colonial Grape Products, and to California Grape Products. With the inventory that we had when Prohibition ended, they wanted to buy the wine so badly that Mr. Di Giorgio agreed to sell it to them for an interest in the company, which was 27.5 percent at the original time.

R. Di G.: They issued new stock.

J.A. Di G.: Then later on, in a year or two after that, they wanted to improve their place up there, and they did issue a new stock on the basis--There were no dividends and so forth, and they used that, and that increased our holdings to that 37.5 percent.

R. Di G.: We only shipped the grapes to Italian Swiss Colony?

J.A. Di G.: Just the grapes.

R. Di G.: And of course, that wine, that juice which they made into wine, gave them a big head start in the market. Swiss Colony had in quantity probably more wine than anybody else in the first

R. Di G.: three or four years after Prohibition. They went out and very dramatically blanketed the United States with their product. They made a big splurge with their "Tipo red." They got a big share of the market right off. It wasn't very good, but it was the only product available. [laughter]

J.A. Di G.: At each of those three plants, our deal was that we got 60 percent of the product, manufactured or processed wine out of the grapes, and they got 40 percent for doing the work and storing it for us until we said, "Dispose of it," or, "Pour it down the sink," or whatever. That's where Fruit Industries-- when we bought that plant, they had a big part of the processing of available wine. So did Italian Swiss Colony. And so did Federspiel under the California Grape Products. They were really the three tops in the wine business until Gallo gradually grew in these early years.

R. Di G.: Which really was during the war.

J.A. Di G.: Right.

Teiser: It must have been a fascinating time, a chaotic time, to be in the wine business.

J.A. Di G.: Oh, you were trying to keep your head above water.

R. Di G.: The biggest single problem was to keep finding enough cash to make the next crop.

J.A. Di G.: And also to make your payrolls.

Teiser: In the hard times of '30 and '31, the fresh grape market was depressed along with everything else, wasn't it?

J.A. Di G.: Oh, yes. The juice grapes did fairly well, but there wasn't enough of them planted.

Grape Varieties of the 1930s

R. Di G.: Joe, you'll remember this. I think you ought to discuss it. I was always interested in the varieties in the '30s, of '31, '32, '33, '34, that were so popular. They were varieties that are not used today and have since become out of mode, out of favor. I'm thinking of the Alicante [Bouschet] and the--

J.A. Di G.: The White Malagas. The Cornichon.

R. Di G.: And there was another red grape, Joe.

J.A. Di G.: Carignane. The Alicante was for color, and the Carignane was for sweetness.

R. Di G.: The Carignane and the Alicante were the principal red grapes.

J.A. Di G.: That is correct. Zinfandel was a big one. You see, the big plantings of wine grapes in California came in about '21, '22, after Prohibition went into effect in 1919, I think it was, or 1920. So it took some four or five years for those to grow to the point of where they created enough crop for shipping purposes. There was a tremendous amount of money made in wine grape shipments for people to make homemade wine products during the '20s. But after the crash in '29, nobody had any money to even buy those grapes. So they died a normal death. As well as did the table grapes. Then later on they blended in with [commercial] winemaking. Now a lot of the Alicantes have been pulled out or grafted over to other varieties that are more usable and practical in the present-day making of wine.

Teiser: I think that one of the things that spelled the death of those shipping grapes was the work that A. J. Winkler and Maynard Amerine did at the University of California. They urged people to switch over to better wine varieties.

R. Di G.: They developed information on varieties that made far superior wines that were more related to the European wine varieties. Both Winkler and Maynard were really responsible for the development of quality wines in California, and really for what I call the development of true wine varieties. They, with their work, really were able to persuade the growers to try more and more of them. Today I suspect the strong varietal trend in Napa and Sonoma and the North Coast, Mendocino, of the real wine-growing areas, is almost entirely based on varieties that were advocated at the university by those gentlemen. And on the wines that Maynard developed.

J.A. Di G.: And of grape varieties that they brought over from Europe. They had to go through the quarantine period at the quarantine station up here at Oakville. In fact, Joe Perelli-Minetti was in charge of that for a while, Mario's cousin.

R. Di G.: Those are the gentlemen that really made our wine industry flourish. That was when the less desirable varieties fell into disrepute.

J.A. Di G.: And you know, we really had no true enologists in the United States, other than probably Antonio Perelli-Minetti and Louis Martini. However, those two gentlemen were very interested in

J.A. Di G.: their own development. Although they assisted the university in every way possible, when they found something that was desirable for what they thought was a good product, they naturally guarded it for themselves to the point until it finally got out. But the university people were constantly looking for new developments, and knew the old varieties and could see how they would adapt to growth and what kind of wine was made from them under California conditions.

Employing Louis M. Martini

Teiser: Is this the time for you to tell the Louis Martini story?

[interruption]

R. Di G.: When CCW, the Central California Wineries, came into existence--this of course was the brain child of the Bank of America and the Giannini family--they had Mr. Critchfield, I believe, as their representative running it. The concept was to take wine off the market, take the surplus grapes off the market in the form of wine or brandy, and in order to do this it was necessary to have some wineries which would be used for long-term storage of wine and which would permit the operating wineries to move their inventories out, so they could make room for the following year's crush. And so a number of wineries were purchased by CCW.*

Now, I get confused by Central California Wineries and CWI, Central Wineries, Inc. One was a marketing arm, CCW owned the wineries. They needed wineries. They bought a number of wineries.

R. Di G.: They bought Greystone in St. Helena, which is now part of Christian Brothers and is their showplace winery, where they take you on tours. I believe that's the winery where that famous movie was made, "Most Happy Fella." It was taken up there in those limestone caves and at that winery. But that

*See also pp. 137-139.

R. Di G.: winery at the time was vacant. CCW bought it and used it not to make wine, but to store the wines. They bought several other wineries.

One of the wineries that was purchased was a winery owned by Mr. Louis [M.] Martini and some San Francisco associates of his, who only had a financial interest. Louis ran the business. Louis was in the sweet wine business in Kingsburg, California. That was one of the wineries that was purchased by CCW. Louis Martini had already gotten interested in table wines, as opposed to the dessert wines, and had started in a small way up in Napa County at St. Helena.

He took the money that came from his share of the Kingsburg plant and immediately put that into developing vineyards. I suspect that was some of the money for the Monte Rosso purchase, the famous vineyard that lies between Napa and Sonoma up in the hills, which is one of their principal vineyards. But also he used it to enlarge his winery and to start carrying his inventories. Because getting into the business the way Louis did, it was a constant cash drain on him, and he had obviously limited personal means.

Also, he needed time to age his wine. Louis wanted to produce wines that were high quality and properly aged, which meant keeping Cabernet three, four, five years and keeping white wines two years. And as Louis started to do this, he had a greater and greater need for cash.

We hired Louis Martini to do two things. One, he was made the president of the Di Giorgio Wine Company, and his first and principal responsibility was to market our wine for us. We only had bulk wines, and they were dessert wines. Those wines were sold either inter-winery in California, to other wineries, or they were sold to bottlers in other parts of the United States. In those days, a lot of the wine was shipped in tank cars to New Orleans, to Tampa, Florida, to New York, to Baltimore, and small bottling establishments there would take these wines and bottle them and sell them under their local labels. That was a very big part of the sweet wine business in the United States, which, of course, far exceeded the dry wine business in the '40s, both in gallons and in dollars.

Mr. Martini did that. In addition, he was really the expert who assisted our winemakers in producing quality wine and helping them decide the proper wines to make with the proper grapes and the proper processing to follow. At that time the man who was the head of our winery was a fellow named Kelly Ryan.

This has to have been towards the end of the war or the

R. Di G.: middle of the war that Martini was with us. I suspect it was '41 or '42 that Mr. Martini came to work for us as president of the wine company.

As I say, his personal job, ninety percent of it, was marketing our wines. He used to come to the San Francisco office and handle our sales. Then he would go down and counsel with Kelly Ryan during the crushing season and after, and so on.

Louis did this for about four years, if my memory is right. We paid him what at those times was a very large sum of money. My recollection is we paid him \$50,000 a year, which was a lot of money. And Louis needed it.

Then around '46 or so, or '47, Louis was so busy with his own business that he no longer could work with us. And then we needed somebody to sell our wines, and we hired Bob [Robert] Rossi, because the Rossis had sold Swiss Colony to National Distillers. Bob Rossi came and headed up our wine business for four or five years and was in charge of the selling of the wine.

I got very close to Louis during the war years, because I would see him, and I was working with him, and I was connected with the wine business. We struck up a very close friendship. I was a great admirer of his and found him a fascinating man.

Teiser: Can you characterize him?

R. Di G.: I think he was a genius. I liked him and knew him. He would get excited, and then he would speak in very broken English. But his knowledge of the wine business and of the grape growing areas was immense.

I remember he felt, and absolutely rightly so, that the future of the wine industry was to be in the dry wines, in the table wines. And of course, our problem was that while I personally agreed with him, our whole company investment as far as grapes were concerned, was in the southern San Joaquin Valley, where we could not grow good grapes for table wine. They were just too high in sugar. The varieties that were the most desirable to make the good wine would not grow properly in that climate down there.

So we were pretty much trapped by the fact that our wine business was what I call a stepchild. It was merely the arm to salvage the surplus grapes that could not be shipped fresh. Mr. Di Giorgio's principal purpose was the fresh fruit business, and that was the thrust of his company and of himself. That's what he viewed himself as, a primary grower of quality fresh fruits.

Teiser: Did he drink wine himself?

R. Di G.: Oh, yes, he drank wine. He enjoyed wine. But his thrust was fresh growing, and for him wine and the winemaking was a by-product. It was a method of getting the last possible gross dollar out of the harvest of the grapes. Because if you didn't use those grapes, you couldn't make money growing fresh grapes. I suspect that we used to grow--Joe will tell you better than I--but I suspect we would have five or six tons of grapes on the vine, of which maybe we shipped two ton fresh, and maybe three or four tons went to wine.

J.A. Di G.: This was in the early days. But later on, with improved cultural methods, we would get a little bit more. We'd get more of the shipping quality.

R. Di G.: And of course, we got into the cultural practice where you do what I call thinning the grapes. You really eliminated the less desirable ones that would go into wine.

J.A. Di G.: That's right. Just cut them off. Get rid of them early rather than have to worry about them later on and have a drag on the vine all during the growing season.

R. Di G.: So, much as the right way to go would have been to go into growing more desirable varieties and growing up in the north, Mr. Di Giorgio was never interested in that, because that wasn't growing for the fresh market. So we were always limited to what we could do. Really we were, during I would say the whole period of the '40s, we were probably the largest winemaker in California in total gallons, and probably had more cooperage than anybody else. But we were never a factor in the wine business because we never bottled any wine. All we did with our wine was to dispose of it the best we could in the form of brandy or in the form of grape concentrate--

J.A. Di G.: Or wine in large bulk sales, inter-winery.

R. Di G.: We sold a lot inter-winery. We would sell Christian Brothers, and we would sell Swiss Colony, and we would sell Gallo. We would sell all of the wine people. They would use our wine to increase their volume and to blend their good grapes with it. So, wine with us was never a primary product. So we never had the role we should have in the wine business. It's interesting that during all this period, Mr. Di Giorgio never really had any desire to get into the wine business as such or to ever bottle wine.

Teiser: If you were starting today to plant those same vineyards that

Teiser: you tended, could you find varieties which would make good table wine to grow there?

J.A. Di G.: In that area?

Teiser: In that area.

J.A. Di G.: Yes, there are now. The university has had quite a program for years, since Prohibition, in developing grapes for the San Joaquin Valley that would produce sufficient acid, and also the timing of the harvest, before they got too sweet, while there was still a desirable amount of acid in the grapes. If you pick them at that proper time, then you can make a reasonably fine wine. And especially to supplement the volume with blending with smaller quantities of the higher grade wines in the Napa and Sonoma Valley. And a lot of that is done. But of course you cannot put the regional name on it, but you can call it California. You can't call it Napa. It has to be fifty-one percent or more coming from Napa County.*

R. Di G.: If you're going to go into the good table wine business, you wouldn't pick that area to do it.

Teiser: Where would you go?

R. Di G.: I would go a lot further north. I'd go to Livermore, or I would go to Mendocino, or I would go to Asti or places like that. Because it just seems to me that you don't get the proper balance of acidity to sugar. You can't make a good wine without having that balance.

J.A. Di G.: That's true.

R. Di G.: That ratio. Really, the picking of the grapes in the Napa Valley or a Sonoma vineyard is entirely judged by, first, when the grapes have reached the desired sugar, but, even more important, when the desired acid to sugar ratio has been reached that the winemaker wants to make the wine that in his opinion gives quality and that the customer will buy and feel is a fine wine and pay a premium for it. There's a limited number of areas where that ratio is reached.

J.A. Di G.: You're going to have to go into the valley, because of the lack

*The requirements were changed after the interview date.

J.A. Di G.: of the number of acres available up here in the Sonoma and Livermore and Napa areas.

R. Di G.: Right. Lodi is a good example. There's a lot of wine that is made for table wine and for blending is grown in Lodi, and it's good. You know, "vino da tavola," and a number of other types.

J.A. Di G.: Zinfandels.

R. Di G.: Your Zinfandels, and a number of wines are grown there that are usable. They're particularly improved if you take a certain quantity of the Napa-Sonoma wines and blend them. That's what Mr. Julio Gallo does, for example. He takes, has for years taken, the full output of the Napa Valley Co-op, and he's had contracts with those growers there in the St. Helena and Napa Valley Co-op for years, and he has taken their full production. He takes that wine and blends it with his San Joaquin wines and makes, I think, very fine wine. I think you get as good a value of a fine wine from Mr. Gallo as anybody in the country. I think he's done that with a very judicious blending of a percentage of premium wines from Napa and Sonoma with his upper San Joaquin Valley wines.

But to do it just for the southern San Joaquin Valley, it's even more difficult than where he's doing it in Modesto north.

J.A. Di G.: One of the examples of the need for quantity is that the Thompson Seedless variety is the major variety grown in California. For three purposes. One is for raisins. One is for table shipments. And the third is for bulk wine and brandy, a fill commodity. There are probably three million tons of Thompson Seedless grown, of which only maybe three hundred thousand go into table grapes, and about a million and a half tons go into raisins. The balance of that goes into making what you call a neutral wine that can be used for probably most any white table wine in quantities, depending on what the enologist and the winemaker would like to develop in their wines, or into a sweet wine basis, which is diminishing, of course. But they make very fine sherry. They make very fine Angelica. And they aid in making Tokay, because you don't to have all Tokay grapes in it. So this is one of the essences of where quantity is a necessity in what the wine development has evolved into.

R. Di G.: That's right. And the Thompson has consistently performed that duty.

J.A. Di G.: The White Malaga has done that, too, which was one of the most desirable table grapes prior to Prohibition being repealed.

Teiser: Did any of your grapes go into raisins?

J.A. Di G.: Oh, yes.

Teiser: Did you make them, or did you sell them to others?

J.A. Di G.: We dried them, and then we delivered them to independent packers for final processing and marketing.

R. Di G.: Especially during the war, Joe. I think we had to, didn't we?

J.A. Di G.: We had to, yes. For two years any seedless grape, you had to make it into raisins, unless you got a special permit from the Department of Agriculture. During World War II.

Increasing Problems With Bulk Wine Sales

R. Di G.: I've just been looking at an article from the Oakland Tribune in 1953 [June 23] announcing the Di Giorgio Wine Company's resignation from the Wine Institute. You were asking me, Ruth, why we resigned. I must state that neither J. A. nor I have any memory of the incident, but I would assume that it had to do with the fact that Di Giorgio was probably the largest producer of bulk dessert wines. We were not a bottler. And the Wine Institute's activities were primarily focused on methods and programs to help wine bottlers, and particularly--

J.A. Di G.: Retailers.

R. Di G.: --and particularly table wine bottlers with their problems in various other states of the United States and in the promotion of table wines. I guess we felt that our money was not being used in a way that was promoting Di Giorgio's interests, and since we were one of the larger dues-paying members, I suspect that was the motivation behind the resignation. But I have no direct recollection of the incident, even looking at the article.

Teiser: How did you happen to be the one to head the wine company?

R. Di G.: I don't know. I'm not sure why. I can't remember now.

J.A. Di G.: I think his reason was that he was a pretty good watchdog with cash, and it was a pretty good drain on cash. Bob had that ability. He had the confidence of Mr. Di Giorgio in that area. He was a good, good financial individual and would watch the store.

R. Di G.: I know during the war I was in charge of watching the cash flow of the winery, when Mr. Martini was there, because he only did the sales. I had the job of collecting what he sold and getting the money from these people. There were a lot of strange people in this business all over the United States that were very hard to wring money out of and who didn't have very good balance sheets. Every salesman likes to make a sale. No sale is a sale until you collect for it. [laughter]

Mr. [Peter J.] Parachini really headed up the sales after Bob Rossi left. He would travel all over the United States and make the sales. But I was still president of the wine company. And in those days our office I think was at 350 Sansome Street. Mr. Di Giorgio brought Mr. Parachini back into the firm just before he died. Mr. Parachini's background was the banana business. He had been working for Mr. Di Giorgio in the banana business in the East.

J.A. Di G.: And in the tropics.

R. Di G.: And in the tropics. And when Di Giorgio sold out the banana business and all of its interest in the Vacarro-Dantoni group, somewhere about that time, Mr. Parachini ended up buying a banana plantation in Jamaica, which was called Llanrumney, which I can't spell for you. [laughter]

J.A. Di G.: Double l-a-n-r-u-m-n-e-y. Llanrumney.

R. Di G.: It was a beautiful old Jamaican banana plantation. Mr. Parachini owned it personally and operated it for a number of years, and I guess sold his bananas to the Dantoni family. Then he sold out and retired, came to the United States and moved to California. He had always kept his friendship with Mr. Di Giorgio. I guess he was looking for something to do, and Mr. Di Giorgio put him in when Rossi left, to sell the wine for us.

Then, when Parachini retired, we hired a man named Herman Case. Herman Case came into our wine business and headed it. At that point the sales were becoming more and more difficult, because the wine market for dessert wines was shrinking, and the wine market for table wines was growing. At this point the key people, Swiss Colony, Gallo, and so on, those big companies were growing bigger and bigger and getting a bigger share of the market. They were pinching out the independent bottlers all over the United States, and it was becoming more difficult for them to survive. They were the people we were selling to. So we were constantly fighting to sell either inter-winery or to bottlers.

R. Di G.:

All of that wine was sold unbottled—it was all what we call bulk wine. It was either sold to other wineries or it was sold to bottlers all over the United States, to whom we delivered in railroad tank cars. We also made a lot of brandy, which we sold. Both high-proof and drinking brandy. And again, that was sold to Christian Brothers and to other brandy manufacturers. But we never really got into the bottling with our own labels at that time.

Going Into Bottling

J.A. Di G.: We did have a little of it later on.

This is about the time we entered into the deal to buy Santa Fe Vintage Company of Los Angeles.

R. Di G.: Right. One of the better marketing companies in southern California was the Santa Fe Wine Company.* We had been selling them some bulk wines for their labels through Herman Case. I can't remember the name of the man who owned that business.

J.A. Di G.: Louis Guerrero.

R. Di G.: He had expressed some interest in selling Santa Fe Wine Company and getting out of business and retiring. Herman Case negotiated with him, and we bought it. Case felt that we had to get our own label if we really were going to survive in the wine business, because, as I said, our market kept dwindling. So we bought Santa Fe Wine Company, and then we started selling a large proportion of our wines under the Santa Fe label. I suspect they sold a million gallons or a million and a half gallons of wine annually, which was a big block for us to market under a captive label.

Teiser: That was 1956?

R. Di G.: Right.

*Originally Santa Fe Vintage Company.

- Teiser: Earlier you announced that you were going to bottle wine and sell it in the middle price bracket.
- J.A. Di G.: We did a little. A few cases, not very many.
- Teiser: But that indicated your earlier interest in the idea.
- R. Di G.: We felt we had to go into bottling. Then the opportunity came to buy Santa Fe, and we did.
- J.A. Di G.: They had two wineries, one in Los Angeles, and one up west of Madera, at Kerman. We operated Kerman for four or five or six years.
- R. Di G.: Then we built a new facility for Santa Fe in Los Angeles, a new bottling plant, new marketing headquarters.* Then about a year after that we had a very long and difficult union strike at the Santa Fe plant. Herman had his back up, and he would not negotiate with the union. They held an election, and so on. We finally had to negotiate. But he had a personal animosity that became very difficult. The strike went on and on. Finally I had to let Mr. Case out. Then I went and settled with the union. But in the meantime the strike had lasted so long, and he had spent so much time fighting the strike instead of running his business that we lost a big share of market. We never regained that share of market because of that strike. It was a very damaging strike. That was one of the reasons I had to let Herman go.
- Teiser: In 1958 before Case left, you bought the Vai family's Padre Vineyard Company.
- R. Di G.: Yes, we also bought that. It was another attempt to get another label and to try to move more of the wine.
- J.A. Di G.: They were very strong in the sacramental wine business.
- R. Di G.: Yes, they were. Jim Vai.**
- J.A. Di G.: Very strong. In the Los Angeles area.

*Completed in 1957.

**James Vai was president and part owner.

Creating a Cooperative Winery

R. Di G.: Now, while all this was happening, we were concurrently having the problems with the 160 acre water problem. We had finally come around to signing the contracts, and I could see that we were eventually going to get out of farming. So we reached the decision, when we started to sell these properties, that we had to get rid of the basic winery at Di Giorgio, because there wasn't going to be a need for it, looking three, four, or five years down the road. We weren't going to have the vineyards, and we wouldn't need the winery.

So we did several things. We started getting other growers in the area--Joe did a lot of this--to bring their grapes into our winery, and we made the winery into a cooperative. At the beginning, we were, of course, the principal supplier to the cooperative, but over the next three or four year period, it gradually came to the point where we had a less and less share. John Kovacevich and other growers around there eventually became the large suppliers to this winery. So we sold the winery to the co-op.

Teiser: That's Bear Mountain?

R. Di G.: It became Bear Mountain Winery in 1966. We took a small down payment, and then we took paper due over ten years, and eventually the co-op paid us all out, that plus interest. Then we also went, and I made a deal with Louis Petri and sold him Santa Fe Wine Company, and I think Padre too, in October 1962.

J.A. Di G.: Oh, yes.

R. Di G.: The whole package. Padre and Santa Fe went together.

J.A. Di G.: Padre became a subsidiary of Santa Fe. They went together.

R. Di G.: Right. I sold that to Louis Petri for cash.

Teiser: You earlier had a temporary arrangement as a member of Allied Grape Growers to put your grapes into--?

R. Di G.: I can't remember that. Maybe it was a marketing agreement, but I don't recall ever putting any real grapes into Allied. The only thing I can remember doing with Allied was the sale of the Santa Fe.

Teiser: It was a two-year arrangement.

J.A. Di G.: It may have been that they sold part of the inventory.

R. Di G.: The whole thing went together.

Getting Out of the Wine Business

R. Di G.: As we were selling all the ranch properties, it became necessary also to dispose of the wine interests, so this is what forced the sale of Santa Fe and the forming of the co-op, which became Bear Mountain Wine Company. The man who was our winemaker continued at Bear Mountain. What was his name, Joe?

J.A. Di G.: Nylander, Keith Nylander. He succeeded Ryan.

R. Di G.: We were the largest part of the co-op in the beginning. The first year or two we only had ten percent growers, then twenty, then thirty, and then gradually it changed very, very fast, and after about three or four years the other growers took it over. So that's how we got out of the wine business entirely.

We had, as I mentioned, sold our stock in Swiss Colony. Mr. Di Giorgio said, "Whatever you gentlemen want to do, we'll do the same." So they negotiated and sold, so we got out of that. We sold Colonial Grape Products, I think, around the same time.

J.A. Di G.: We didn't to my knowledge ever have any stock in that. We sold our inventory, that they processed for us, and paid us over a period of years.

R. D. G.: I see, for cash. But anyway, we were entirely out of the wine business. So that's our saga of the wine business.

V ADAPTING TO CHANGES

Fruits for Canning and Export

Teiser: I think I read somewhere that you supplied one quarter of all the grapes for canned fruit cocktail. Those would have been Thompson Seedless?

R. Di G.: Yes, those were Thompson Seedless. The reason we were so effective there was, we had the relationship with these California canners because we were the largest pear grower in California. We were growing ten percent of the Bartlett pears in California, so we sold to as many as a dozen of the largest canners. In those days the canning industry was very diversified, and there were very many canners, in the '40s and '30s.

Then in the '50s it started to pinch down. That Hawaiian company, Dole, came, and they bought out Barron Gray, and they bought out three or four canneries here in California. Gradually the small independent canner was kind of going out of business, and it was becoming in the hands of the few. But we had the relationships with all of them. We also sold them some peaches, and we were the principal supplier of Thompson Seedless grapes, which was used for fruit cocktail. So the pear, you see, went into halves in the can. But the biggest single use was fruit cocktail. That was one of the principal big selling items of fruit.

J.A. Di G.: It is now, too.

R. Di G.: That's composed, as I remember, of Thompson Seedless grapes, pears, and peaches.

J.A. D. G.: And cherries.

J.A. Di G.: They have a means of changing the percentage of that particular fruit according to the quantity that's available in a particular year. If pears are in oversupply, they use a higher percentage of pears. Or peaches may be under control, or else peaches may be in over-abundance and they'll put a higher percentage of peaches. They have a leeway in the grading process.

Teiser: Did you grow mainly Bartletts?

J.A. Di G.: Yes, but we had several other varieties. We had the Buerre Hardies. They also went into cocktail. And we had the Comice. And we had the Winter Nelis. And we also had the Bosc.

R. Di G.: The principal pear was the Bartlett. Some of the other varieties were grown as pollinizers. But we grew the Buerre Hardies for export to England. During the '30s, we were very large exporters of fruit to Europe. We shipped fresh pears to Europe, but not Bartletts. They were more interested in the Buerre Hardy, which was comparable to a French pear. They liked those. They ripened well for them, and they shipped well. We also shipped grapes to Europe. We also shipped plums, didn't we, Joe?

J.A. Di G.: Yes.

R. Di G.: We were very large exporters to Europe, both Scandanavia and England.

J.A. Di G.: I think at one time we shipped over 500,000 packages into export. This is to England, France, Scandinavia, Brazil, Argentina.

R. Di G.: You shipped some grapes to Hong Kong.

J.A. Di G.: Oh, yes, quite a few to Hong Kong.

Teiser: Did they go out through San Pedro?

J.A. Di G.: Both places, San Francisco, San Pedro. And also, a lot of them went by rail from here to New York and then were shipped over by freighter refrigerator.

R. Di G.: Our export business was a very important part of our fresh fruit market, a very profitable part. England and Scandanavia I suspect took seventy or eighty percent of it.

R. Di G.: As I recall, the California pear crop would be in the area of 220,000 ton of pears in a big year.

J.A. Di G.: That was Bartletts.

R. Di G.: In a big year we would grow around twenty thousand tons.

R. Di G.: And of that, I suspect we would have shipped six thousand tons fresh maybe, Joe?

J.A. Di G.: Six to eight.

R. Di G.: Fresh. And the balance all went to the canneries.

J.A. Di G.: Generally sixty to sixty-five percent would go to canneries.

R. Di G.: Then some canners would have annual contracts and just buy each year. Other canneries, such as Del Monte, we would have five-year contracts, an agreed tonnage for five years. But there was hardly a canner that we didn't ship something to. We used to sell a great deal of our Comice pears to Oregon, to Harry and David, and also a company called Pinnacle Packing.

R. Di G.: They both were in what I call the retail business of selling.

J.A. Di G.: Gift packages.

R. Di G.: Of course the Comice is ideally suited to that. We grew very good Comice.

[interruption]

Diversification for Extending Shelf Life

Teiser: All that fruit growing led you into the diversification, didn't it?

R. Di G.: We ought to talk about that the next time. I was going to talk about the acquisition of S & W. But to answer your question, yes. Mr. Di Giorgio got into the winery business because it was one method of taking a perishable crop and giving it shelf life. That's the constant problem of a large fresh fruit grower: when he gets at the mercy of a very large crop and very low prices he has to find some way of being able to prolong the life of the perishable product. And obviously, wine is the first method you think of.

Then he did the same thing in Florida. When he and everybody else in Florida tried to sell grapefruit to the

R. Di G.: canners, grapefruit was in such surplus that the canners just wouldn't pay anything, or they wouldn't take enough of them. So Mr. Di Giorgio bought a small cannery in Fort Pierce.

J.A. Di G.: First we built one in Lucerne Park.

R. Di G.: We built one in Lucerne Park. Then we used that for a number of years. We would just sell bulk juice to other canners. We would can what we call "bright," without a label, and then we would sell to other canners, and they would put the label on it. Then when we sold all of our citrus orchards in the central portion of Florida to Minute Maid, at the same time they bought our cannery. So we then only had citrus in the Indian River section, a prime shipping area. We were planting additional acreage there. But again, we bought a small cannery at Fort Pierce. The first two years we kept selling our juice to TreeSweet. That led to our relationship with and acquisition of TreeSweet. That's what I thought I would talk about at our next meeting. I would tell about how we got into fruit processing. That was how the diversification first started. It was a logical start. We got into TreeSweet, and we got into S & W, and we got into Wood Canning, really became larger and larger in the processing business. That's the story I thought I would tell you next time.

Wartime Products

Teiser: Do you [Mr. J. A. Di Giorgio] have anything more in your notes that you didn't cover?

J.A. Di G.: The dehydrator in Bakersfield and potatoes.

R. Di G.: That's a good story. Tell that.

J.A. Di G.: During the war, there was a great need for dehydrated foods, and the potato, of course, dehydrates very well, especially for military purposes, and also for [foreign] relief purposes. A group of people invited Mr. Di Giorgio to participate in a potato dehydrating plant in Bakersfield because Kern County is a large producer of potatoes, especially in the springtime.

These people had no idea how to market this product, and the product they made was a little bit inferior.

J.A. Di G.: Mr. Di Giorgio just lent his name and prestige with the other people.

Teiser: Did he put potatoes in?

J.A. Di G.: Oh, yes. We were growing potatoes for the fresh market. When this came about, that this product was not disposable, he prevailed upon a person by the name of Harry Amenta, who was associated with the United States Department of Agriculture. He's quite a brilliant young man and a good salesman. He was able to dispose of all these potatoes, not at a premium price, but at a just barely profitable price.

At that time, during the war, under part of the farm subsidies, they were encouraging people to plant great amounts of product, so that there was a great overabundance of potatoes one year. This dehydrating plant could not handle all of it, though they did handle some. But at that particular time there was still the need by the alcohol companies for alcohol to bolster their drinks. So they were looking for potato alcohol.

R. Di G.: The government was taking so much alcohol for war purposes that there wasn't enough for the drinking people. So they were using everything, pears, potatoes, anything they could, to make alcohol.

J.A. Di G.: So we contracted to take these potatoes and dehydrate them in the sunshine out on the ground. We did. These potatoes, later, when they were in the dry condition, were rehydrated, and they were taken for a price, per ton, by these distillers, who in turn reconstituted them into a mash and fermented them into alcohol. So this was quite a usage of these surplus potatoes. You may have read about potatoes having been dumped out on the ground and that sort of thing, while people were hungry. A lot of them were for this purpose.

R. Di G.: They were off-grade potatoes, the less desirable ones. I'd forgotten all about that. Also the cull pears, Joe, went to that. Our cull pears from Marysville, the ones that were not suitable to ship and, obviously, not to go to the cannery. There was quite a market for those during the war for alcohol.

J.A. Di G.: See, you could use any what you call neutral spirits even in whiskeys, so long as you put it on the label. Twenty percent neutral alcohol, or thirty percent neutral alcohol.

R. Di G.: A lot of it went to vodka.

J.A. Di G.: Most of it went into vodka.

R. Di G.: Because vodka was just getting popular then.

J.A. Di G.: Today those potatoes, the culls and so forth, are used for cattle feed. They are dried now out in the open sun on former airplane landing fields. They are partially crushed, which dries them a lot quicker, which we learned later on to do. Something like our citrus peel.

Current TreeSweet By-Products

R. Di G.: We do the same thing with the citrus peel from TreeSweet. Both from Florida and out here in California. We take all of that pulp, and it's all air dried in California. We have an old air strip in Thermal where we have our dehydrating plant--frozen concentrate plant is what it is. We concentrate oranges and lemons and grapefruit there. And we take all the peel and we dry it on the old air strip there and then it's mixed with molasses and other additives, and it goes to the feeding yards in the Coachella Valley, where there's a lot of cattle fed.

In Florida we have huge drums that rotate, and we put the peel in those, and we use gas heat, and we blow hot air through them and dry them very quickly there. We put such volume through--we run twenty-four hours a day--that we have huge drums. Then we ship the dried peel. Florida is now, I believe, the second largest dairy state in the United States. These are all dairy cattle there, in Palm Beach and the Miami area. Their principal feed for the cattle comes from ourselves and other citrus plants.

J.A. Di G.: It's a big business. A by-product of the citrus processing. You can also feed it fresh, while it's still moist.

R. Di G.: But they don't eat it as well. They don't get as much value out of it.

R. Di G.: Of course, both in Florida and in California, we take the oil from the peel. When you first crush the citrus, that half that's been cut in half and reamed out goes into an extractor, which extracts the essence, oil, out of the peel, and then it goes out to be dried. But you first take that off. That's a very, very valuable product. That, for example, goes into things like Seven-Up and into Squirt and these things that taste grapefruit or lemon. That flavor doesn't come from the juice, it comes from the oil in the skin. That's the essence.

J.A. Di G.: In a lot of candies they have those essences to flavor it.

Teiser: Oh, candy, too.

VI GROWTH THROUGH ACQUIRING AND RESHAPING BUSINESSES, 1956-1983

[Interview 6, March 28, 1983, with Robert Di Giorgio]

Canning and Related Companies

Di Giorgio: I thought what we would do is talk a little today about the dramatic changes that came in the '60s for the Di Giorgio Corporation.

Teiser: Could I ask you to begin a little before that? According to one mention in an annual report, the planning for this change began in the 1950s.

Di Giorgio: That's correct. In the year '57, Di Giorgio had sales of less than \$30 million, annual sales. We were basically an agricultural company. In the year 1979 we had grown to sales in excess of \$1 billion, which was a remarkable growth in a very short period. And the growth occurred in businesses in which we were not involved in 1957. The company was completely re-structured, and during the course of that re-structuring the company was able to continue with earnings and continue its dividend pattern, with the only softness occurring during the depression of '74-'75.

The first concept was to take the company out of the sale of raw bulk agricultural products and try to give shelf life to those products by processing them, and to have a reasonable period of time to market the products in the processed state, and not to be subject to prices over which the marketer had no control because of the perishability of the raw agricultural products.

TreeSweet Products Company

Di Giorgio:

With this in mind, we entered into negotiations with TreeSweet Products Company of Santa Ana. TreeSweet was in the single-strength canned juice business of citrus, lemon, orange, and grapefruit juices. They had been purchasing some of our grapefruit in Florida and then had purchased from us our small cannery in the Fort Pierce area, to which we delivered our fruit, principally grapefruit.

Our first involvement with TreeSweet was the purchase of new shares of stock; we made an infusion of new capital for which new shares were issued. After that was done, Di Giorgio then owned approximately thirty percent of TreeSweet Products Company.

TreeSweet had been in the frozen orange concentrate business in Florida, and they were having one of the co-ops in Florida pack product to their specifications under their label. The co-op sold out to one of the major companies, and TreeSweet found itself looking for a new supplier. They felt that the proper answer would be to build their own plant. So this infusion of new capital was the start of their new frozen concentrate plant, their first at Fort Pierce, Florida.

After the plant was in operation, TreeSweet found that the costs were going to far exceed what they had originally planned, to do it properly, and that they were not going to be able to satisfactorily finance the additional costs. TreeSweet came back to us and asked for additional financing in order to complete the plant. We agreed to finance it provided that they would merge TreeSweet into Di Giorgio Corporation. That was our first major acquisition.

TreeSweet stock was exchanged for Di Giorgio stock on a basis of an evaluation by outside financial appraisers of what TreeSweet's value was. When that value was fixed, it was divided by the number of shares. This set a per-share value, and we then issued a comparable amount of Di Giorgio Corporation stock, at its market value at that time, to equal the total appraised value of TreeSweet. There were public hearings on this conducted by a bureau of the state government. As I recall, the exchange proceeded very favorably, and Di Giorgio ended up eventually with all of the TreeSweet stock. It was considered by TreeSweet stockholders to be a fair exchange. They turned in their stock and became Di Giorgio stockholders. This took place in 1957.

When we made the first infusion of Di Giorgio capital, I

Di Giorgio: went on the TreeSweet board and was on that board for about a year and a half, as I recall, prior to this final exchange and acquisition of TreeSweet, at which time, of course, they then became a wholly owned subsidiary, and the outside directors resigned.

The TreeSweet plant was completed, and TreeSweet became an important factor in the frozen orange juice business and are today. And, of course, it was also the home for the Di Giorgio oranges which were not shipped fresh, which were grown in the Indian River section of Florida.

That was really our first major acquisition. TreeSweet at that time was a public company traded on the San Francisco Stock Exchange. Mr. W. K. McCracken was the founder and the chief executive of TreeSweet at that time, and his son Bob was their vice president in charge of marketing. When Mr. McCracken retired, Bob became the chief executive at TreeSweet, and then later on we transferred Bob out of TreeSweet to the San Francisco office and eventually he was elected president of Di Giorgio.*

S & W Fine Foods

Di Giorgio: The next major acquisition was the acquisition of S & W [Fine Foods Incorporated]. That was in the year 1959. I had been director of S & W for a number of years and had frequently considered the possibility of merging with S & W. S & W was a leading quality canner of fresh fruits and vegetables, and this was a way for us to get into the processing part of the business with a very fine label that would equal our quality concept which we had in our fresh fruit and which we had of course at this time in TreeSweet.

Teiser: Had S & W been a publicly held company?

Di Giorgio: S & W was a public company, traded on the San Francisco Stock Exchange. The company was the subject of an investment by a group made up of Sonny [Melvin] Marks and Louis Petri,**

*See pp. 56-57.

**See also pp. 31-32, Louis A. Petri, The Petri Family in the Wine Industry, an oral history interview conducted in 1969, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1971.

Di Giorgio: Dr. Cook, and a group of others, many of whom I did not know. They made a definite attempt to get control of S & W.

When this started to develop, I resigned from the S & W board, because I was friendly with Louis Petri and Sonny Marks and on friendly terms with the management of S & W, and I didn't care to be in the middle of that kind of a situation.

The Petri group ended up owning just under 50 percent of S & W, with the management and the other stockholders owning about 51 or -2 percent. There was a standoff, and there was a great deal of bitterness and bad feeling between the Petri group and S & W. They couldn't come to terms. S & W was, in my opinion, suffering from this, because when the management of a company is involved in this kind of a fracas, they don't have all the time they should to run their business, and they become involved in other things.

Teiser: Was Mr. Adrien Falk still at S & W?

Di Giorgio: Mr. Falk had retired many years prior. The company was run by Joe [Joseph] Blumlein, and his right hand was another Joe named Joe [Joseph] Mittel. They were the key management, the central people. Blumlein was a descendant of the original family that founded S & W.

Teiser: I recall Louis Petri saying many years later, if he had it to do again, he'd know how to do it right.

Di Giorgio: Louis Petri had sold, some years prior, his United Vintners group to National Distillers, and there was some kind of a clause in that sale that limited certain actions that Louis Petri could take. And as it was explained to me some years later by Louis, that limitation put him in a position where he could not go out and get control of S & W. Louis had bought Italian Swiss Colony from National Distillers and put it into United Vintners. There were a lot of notes in payment of this, and if he had gotten control of another company, I think, under the terms of the agreement, it would have made all these notes come due. They still had a long period to run, and had very attractive interest rates. I believe that's why he had to keep his interest under 50 percent in S & W.

In any event, Louis was locked in, he and his group. They were unhappy. The management was unhappy. One day I had lunch with Louis and asked him what was going on with S & W, and he brought me up to date and told me they were at a standoff. So I said to Louis, "What do you want to get out?"

He gave me a figure, which in my recollection was \$19 per share, which would get him out with a very small profit and no

Di Giorgio: loss of face or money.

I said to Louis, "Would you sell it to me for that price?"

Louis said, "You bet I would. There's nobody I'd rather sell it to."

I said, "Well, I'm probably one of the few people, because of my friendship with you and my friendship with Joe Blumlein and Joe Mittel, and having been a director for many years when Adrien [Falk] was running the company, that perhaps I could persuade management to go along on the same basis, and they would sell out to us at the same price, accept the same price that you accepted." I said, "Give me a little time to see if I can put this thing together."

So Louis Petri agreed. I got hold of Joe Mittel and Joe Blumlein and we met out at Joe Blumlein's house one afternoon and spent a couple of hours with them, told them the whole story. They were absolutely elated, because at that point they were so sick of the Petri group that they would have done anything to bring this thing to a conclusion. They felt the price was very fair. So we then concluded the deal and bought out Louis Petri and bought out the S & W stockholders, both preferred and common. Di Giorgio ended up with 100 percent of S & W in 1959.

It was one of those few deals where everybody was satisfied at the conclusion of it. Nobody felt they had been cheated or that anybody had gotten the best of anybody. We were delighted. This, of course, suddenly made us a very large company, and it put us in the wholesale grocery business here in the San Francisco Bay Area, as well as in the S & W canning business.

I then proceeded to spend a great deal of time at the S & W offices getting re-acquainted with their business. We were able to make a number of changes and take actions that improved S & W earnings. Partly with some skills that we brought, but I think more important because management was able then to re-direct themselves to running the business instead of fighting Louis Petri.

The acquisition was a fabulous acquisition for Di Giorgio, because we bought S & W for less than the quick assets. In other words, we paid less for them than the value of their current assets less their current liabilities. So we made a terrific buy. S & W was substantially underpriced in the market, probably partly because of this battle. So we ended up making a fantastic acquisition that really strengthened our balance sheet as well as our earnings.

Wood Canning Company

Di Giorgio: Not long after we had acquired it, S & W was undergoing some problems in finding sources for the quality of the fruits and vegetables that they really had to have to put out their quality label. One of the sources that they were particularly interested in was a source of tomatoes. Tomatoes are a very big item in the canned vegetable line. I had had some relations with Don Wood of the old Wood Canning Company in the Stockton area. So we commenced talks with Don Wood. Don had been one of the suppliers to S & W for their canned tomatoes.

So we entered into negotiations with Don Wood and his management team, who owned the company. It was all privately owned by Don and his key management people. They were delighted to become part of the Di Giorgio group, and that was done with an exchange again of Di Giorgio stock at the market value of Di Giorgio in return for the net value of the Wood Canning. Wood Canning Company was acquired in 1961. They were a principal supplier of canned cling peaches, apricots, spinach, cherries, tomatoes, and juices, producing in excess of a million and a half cases of fruits and vegetables.

This greatly strengthened S & W, and made a fine relationship between Wood Canning and S & W and proved to be a very fine acquisition.

Teiser: May I ask you a kind of theoretical question?

Di Giorgio: Yes.

Teiser: When you acquire a company with an exchange of stock, then you acquire some new Di Giorgio shareholders?

Di Giorgio: Very big ones.

Teiser: Who have a real interest?

Di Giorgio: Yes.

Teiser: Is that good for a company?

Di Giorgio: That's very positive. We thought so. We had a lot of that in many of the companies we acquired. We proceeded on our course of shares acquisitions. Many of the companies we acquired, the majority were acquired for stock.

Teiser: Does that give you stockholders, then, who are--?

Di Giorgio: They're stockholders who are executives of the company and its subsidiaries and who have an interest in the company and who are supportive and cooperative and who are putting out their best because their interests are where the Di Giorgio family's interests are in the stock of the company.

In 1960, Di Giorgio listed its stock on the New York Stock Exchange. This was a very important move. Up until that time, Di Giorgio had only been listed on the Pacific Coast Stock Exchange, mainly San Francisco. It was listed in San Francisco when we moved to the West Coast in 1934, so we had already traded here on the San Francisco Stock Exchange. But in 1960 we met the qualifications for a listing on the New York Stock Exchange and did list, and of course, have been listed ever since.*

This was particularly advantageous because it made it a lot easier to do acquisitions for stock. People who had a family-owned company, such as the Wood company, were very happy from the point of view of the liquidity of their estate to suddenly have a security they could go out and market at any time, or which they could take down to a bank and use as collateral for a bank loan. Because it was a security that could be readily transferred into cash at a moment's notice. So this made it a lot easier to do the series of acquisitions that we did.

Getting into S & W, of course, was the tail wagging the dog, because at that time, in '57, we were less than 30 million, and S & W's sales were in the area of 60 million, and TreeSweet's were in the area of 15 million, and Wood Canning was in the area of 10 million. So we were making very big bites, and we were growing very, very fast. My memory is that in 1960, after we had acquired S & W and TreeSweet and had a full year of operations, our sales exceeded \$100 million, which then put us in the Fortune 500 category. At that time \$100 million dollars just made it at the bottom.

S & W had a very unique but a very old-fashioned system of distribution of its products in the markets in the United States in which it was operating—in Portland, Seattle, Los Angeles, San Francisco, New York, and so forth. The New York market was very important to them, but their products were generally sold in what I would call the small, independent

*See pp. 88-91.

Di Giorgio: supermarkets or the mom-and-papa delis. They were not in the big chains. And the problem was a consistent one of trying to deliver their merchandise in very small case lots to such very small stores, which would buy four, five, six or seven cases of S & W once a week, or once every two weeks. S & W had its own warehouse and was doing its own deliveries. It was a very, very expensive form of operation. While they were getting handsome prices for their products, the cost of warehousing, selling, and distribution were out of all proportion to what these should have been.

Met Food Corporation

Di Giorgio: Met Foods [Met Food Corporation] was a small wholesaler, distributing to small, independent stores throughout metropolitan New York and a lot of the pop-and-mamma stores. Many of those people were customers of S & W. Met Foods had not been in existence very long. They were not doing very well and were in financial problems and needed a cash infusion. So we conceived the idea of buying Met Foods and using it as a vehicle to handle the distribution of S & W. We felt that we could get a much wider distribution and at a much lower cost than delivering direct as we had been doing.

So we negotiated with the Maidenbaum family and bought out Met Foods. Nat Maidenbaum and his brothers and nephews. This proved to be a successful acquisition made in 1964.

It proved to be the kind of aid to S & W that we had hoped. In addition, on its own, Met Foods was having a very healthy growth, with our infusion of capital. We assigned Charlie Nosser, who was executive vice president of Di Giorgio and our key representative in the East, running our auction companies, to take on the responsibility of overseeing Met Foods.

Under Mr. Nosser's very wise direction, we made two other acquisitions, in the frozen food distributing business, buying two small frozen food distributors and putting them under the Met Food umbrella. We had also gone into the distribution of White Rose tea in New York, owning the White Rose label, and we changed the Met Food label to the White Rose label.

Simultaneously with this, we built a whole new

Di Giorgio: distribution warehouse, a huge building, and very successfully financed that entire operation, both the land purchase and the building.

Teiser: This was in New York, too?

Di Giorgio: In New York. It was out on Long Island in a place called Farmingdale. Our food distribution and grocery wholesaling was growing on the West Coast at the same time. Both of them were very healthy companies and profitable, with a fine growth pattern, so that our acquisition of Met Foods proved to be a great boon to S & W, but proved to be an even greater boon to Di Giorgio, because today our White Rose grocery wholesaling and distribution is the largest single entity in the Di Giorgio group and by far the most profitable.

While all this was taking place and we were making these acquisitions, we were curtailing the farming operation. We were disposing of properties, and more and more becoming non-agricultural.

As you will recall, in 1960, the Supreme Court had reversed all the lower courts on the 160 acre limitation. This accelerated our desire to dispose of the ranching properties. So from then on, we were making other acquisitions, and were consistently de-emphasizing the farming part of our business in California.

We made an impressive number of acquisitions, but I won't go into all of them. But one of them I recall was Sun Vista Foods in 1963. This was a packer and marketer of bean products, which we also blended into the S & W label.

A Pine Wood Sawmill

Di Giorgio: We also in 1961 and '62 closed down the old Klamath Lumber and Box Company, because less and less fruit was being shipped in wood boxes. There was a great changeover. As the cardboard carton became used more extensively, the wood became less in demand. We could see the handwriting on the wall. We decided to get out of the shook business, and we closed the Klamath plant and sold off the machinery and equipment at auction.*

*See also pp. 9-10 and 28-29.

Di Giorgio: But we had a number of employees that were very knowledgeable in the lumber mill business, so we bought a very large idle lumber mill in the Klamath area and spent some money modernizing and opening that plant. While we were no longer in the shook business, we were now the primary producers of quality pine wood products. In other words, the basic sawmill products of pine, all the various different grades, mouldings, and structural, and so forth. This was a fine investment. We bought it very attractively, for about ten cents on the dollar. It was idle, and was owned by a railroad. They were anxious to dispose of it and to get some freight on their line. It was a happy acquisition for us. So we moved our team over from the old mill and put them in the new one, and instantly it made money and has been successful for many, many years.

Teiser: Has the fact that you've had people able to do certain things influenced the direction that you've taken the company from time to time?

Di Giorgio: Yes, it clearly has. And of course, this is a perfect example because here were a bunch of people I didn't want to see out of work. They were good people. The product they made no longer was in demand, and yet they had skills in running a lumber mill, so we bought a lumber mill in their area. No one had to move. Everybody got their job. So it was the kind of a thing that really built great loyalty and support, and why we've always had such a close team of executives who've all been very supportive.

Additional Food Industry Investments

Di Giorgio: By 1965 we were certainly in a number of businesses. We had consistently continued to expand. We had bought Sunnyland Juice Corporation in 1964, because this brought TreeSweet into the fresh bottled juice business, which previously they had not been in. So we were constantly reinforcing and expanding our various divisions. We made at least five or six acquisitions to enlarge S & W and to give it greater capabilities, including Sun Vista and Met and Wood Canning. We had made several expansions of the very large TreeSweet plant at Fort Pierce, Florida, to give them greater capacity as their frozen juice business grew. And we had made the lumber expansion.

In 1966 we also made our first venture into Europe, where we headed, in Holland, into a joint venture with a Dutch firm

Di Giorgio: which was selling soft drinks and which was the bottler of Coca Cola in southern Holland, Limonadefabrieken en Distilleerderijne. With this we entered into the fresh juice business in glass bottles in the Benelux countries. After we had been in business with them three years, the company had not done well, and our partners were in financial trouble and could no longer sustain their share of the losses of our European juice venture, so we bought them out and constructed a new plant a short distance away in Belgium at Turnhout. Over the years we have taken that from a business which was not successful financially to becoming the largest bottler of fresh juices in the Benelux countries and a very profitable company, Sunland Juices.

Readjustments

Di Giorgio: As we were beginning to receive money from the sale of our agricultural properties, we were looking for new areas to invest. At that time we studied a number of different businesses with a view to determining where we should put the cash as it came in, to re-employ it or to deploy it into new grounds, new areas.

One of the areas that we selected which at the time we thought had a great future was the recreation vehicle business. We acquired four or five recreational companies in a space of eighteen months. We felt that that business had a great future, and we also felt that it was a highly fragmented business and that it eventually would shake down to four or five large manufacturers, and that we could easily become one of those by putting these all together and getting some uniformity of manufacturing techniques and parts and quality and maintenance, and so on.

In retrospect, that was an unfortunate decision, because the recreation vehicle business stayed very, very competitive. It didn't shake down into large businesses as quickly as we wished. Constantly new and small manufacturers came into the business and kept undercutting the market, and then went broke. In the meantime, there would be constant turmoil in the marketing. It was difficult to maintain proper margins.

Then, of course, years later, as the oil crisis came into being, that sounded the death knell of the recreation vehicle business for a few years. Only now is it really beginning to come back out of it. So we determined in later years that we

Di Giorgio: had made a mistake and we should liquidate our recreation vehicle investments, which we did in the middle '70s.

When you acquire as many companies as we did—my recollection is that it was in excess of thirty companies—in a short period of time, you're bound to make some mistakes and get some losers, and we did. What you have to do is admit your mistakes and rectify them the best you can and go on to something else.

But we also made some fantastic acquisitions. I think S & W was the perfect example. We bought S & W for somewhere around \$8 million, between preferred and common stock, and we sold S & W for \$22 million cash about eleven years later, in 1969, so it wasn't too bad an acquisition. During the course of that time, we more than quadrupled their earnings. S & W provided a steady stream of earnings to pay our dividends.

Teiser: Why did you sell it?

Di Giorgio: Well, the price was so high that we didn't feel that we could make that kind of a return on that offer. The other reason was an even more important one. We were suddenly becoming aware of the fact that the canned food business, juices and fruits and vegetables, particularly canned fruits and vegetables, was a business that was outliving its time, and that the growth had gone out of it, and that it was going to have difficulty holding its own.

It was going to be superseded by two things. One, by the consistent improvement in the quality of frozen food. And secondly, by the continuing lengthening of the fresh season. I think that if you were to look today at what's in the fresh produce section of a store, compared to what was in the fresh produce section of a store in 1940, you wouldn't believe how we have lengthened the period of time that fresh peas and fresh string beans and fresh broccoli and fresh cauliflower, and all the fresh vegetables, are available. We have really more than doubled the marketing time.

So when fresh is available people don't buy canned. And if they don't like the fresh, then they buy frozen. So canned is only used now as back-up. It's used by people who prefer not to bother with preparing fresh produce. Or it's used in areas where it's not easy to buy fresh produce because of weather or difficulties in transportation or accessibility, and so on.

We could perceive that, while our sales in S & W were going up handsomely, as were our profits, the growth in the number of cases sold of our product was very, very slow, and we judged that it was not a business that had dynamic growth in

Di Giorgio: the future. So when the opportunity came to sell this business at a very attractive profit, we decided that was the right thing to do and sold to a Canadian company, Innotron Incorporated. And in retrospect, we were absolutely right. I think that the companies that were in the canned food business, Libby's and Del Monte, have declined. Well, first of all, just look at the canners in California. In 1940, there must have been a hundred. Today I don't suppose there's twenty doing canned vegetables and fruits. The business has shrunk to just a handful of companies.

Teiser: Many of them cooperatives.

Di Giorgio: Just a handful left, and they're mostly cooperatives that are owned by the growers. So, in retrospect, that was a very wise decision. That was a very fantastic acquisition for us. Our Met Foods acquisition, which is now our White Rose Foods distribution section, is, as I said, the largest and most profitable asset in the Di Giorgio family.

Acquiring Peter Carando and Serv-A-Portion

Teiser: Is Peter Carando, Incorporated, which you bought in 1968, part of White Rose?

Di Giorgio: No, it's not. It's separate. Carando was a completely independent acquisition because I felt that the specialty food products, particularly specialty meats, salamis and prosciuttos and mortadellas and cotechinos, and all of these types of fancy Italian meats, were going to come into their own. I had watched the success of pizzas and watched the success of Chinese food and things like that, so it was just a natural that Italian meat specialties were going to take hold in the United States. I liked it particularly because it was a very high margin business, and also was a business that didn't have too many competitors in it. The only really big people in it were some of the American meat packers like Swift and Armour, who were only making part of the line and creating a poor American version of these really great Italian meats. So when we found the Carando products and got into conversation with the Carando family, I was very pleased to be able to persuade them to sell out to Di Giorgio, which they did. And that company has grown immensely since our acquisition and has had a consistent growth in profits. So we're very, very pleased with Carando. That was another one of our really fine acquisitions. And the current management is the same management that was there when we bought it.

One of the other acquisitions that we made at the time we owned S & W, in fact just about a year before we sold it [in 1967], we bought a little small company called Serv-A-Portion [Incorporated], which was in the business of making little packets of mustard and catsup and mayonnaise, and so on. I

Di Giorgio: felt that that business had a tremendous future and was going to be one of the real growth industries, because of the fast food growth, Kentucky Fried Chicken and McDonalds and so forth. This was a logical extension of the fast-food business.

So we bought Serv-A-Portion. Just for a very, very small amount of money. At the time we bought it, their sales were \$25,000 a month, and they were losing money. Today Serv-A-Portion is one of the three most profitable companies in the Di Giorgio group, with sales in excess of \$100 million, which is a fantastic growth for a company that was doing \$25,000 a month. And very handsome profits.*

So, as I say, our acquisition program had some problems, but it also had some fantastic successes. When you look at Di Giorgio today, there isn't one business of ours today that we had in 1957. There isn't one thing that we have now that we had then. All of our dollars of revenue prior to '57 came from agriculture or wine or activities that were closely related to agriculture, and there isn't one of those that exists today, and there isn't one dollar of sales that comes from anything prior to '57. So these are all new businesses that we have acquired and developed.

Teiser: You certainly showed foresight in the portion packaging field.

Di Giorgio: Yes, it was a very fine business to get into. But, you know, in addition to acquiring all these enterprises, we had to develop the people to run them. This was a very interesting project. In Serv-A-Portion, we changed managements four times before we finally got the right management that really ran it the way it should be operated. You must keep doing that, and you must be fully aware of what's going on and sensitive to the type of management that really understands and can handle its business.

The Management of Acquisitions

Teiser: You said when you bought S & W you spent a great deal of time there.

*See also pp. 182-184.

Di Giorgio: Yes, I did.

Teiser: Did you do the same with each acquisition?

Di Giorgio: No, I wasn't able to do that after a while, because we were getting so big that I found that I had to spend all my time here directing people and handling money. So I wasn't able to spend the time with the other acquisitions that I spent with S & W. But, of course, S & W was four or five times larger than we were when we acquired them. I just felt I ought to spend some time to be sure that was running right. And it did.

In many of the others we had to change management. Met Foods, we had to completely change that management. Some people who run a small business lack the ability to grow with their business. They don't have the ability to delegate. They don't have the ability to employ people who are smarter than themselves. They don't have the ability to know how to handle people when they do hire them. I think the Maidenbaum family is a perfect example of this, because they just couldn't handle the company when it got into frozen foods and other products. Met Foods grew by leaps and bounds. They just weren't able to handle it. They couldn't understand the credit implications. They just weren't able to handle the business, and so we had to bring in some professional managers from outside. And the minute we did, that business took off and became very, very successful.

So sometimes the family can continue, and other times it can't. We had problems with S & W's management, and we had to change the top executive, Joe Blumlein. He didn't fit well into being the C.E.O. of a subsidiary of a larger corporation. Some people can't handle authority, can't understand how to work with it. Joe Mittel, on the other hand, stayed and did a good job.

But we found all kinds of different reactions to new management, and to being acquired. Some like it, and some handle it beautifully and grow within the organization. Others don't. You can't ever be sure when you acquire them what's going to happen. So it's important to stay close to it and to have someone from your head office who is fully aware and responsible for everything that goes on there.

So we use a system of group vice-presidents here in this company, each of whom has a number of subsidiaries that he's responsible for and reports to the chief executive, and is our eyes and ears. He spends more than half of his time out of

Di Giorgio: our headquarters at those various subsidiaries. We have found that's probably the most successful way to evaluate and keep in touch with management and with what's going on and to be fully aware of problems as they arise and opportunities as they arise. We found that to be our most successful system.

Teiser: You once started a franchise restaurant?

Di Giorgio: That was part of S & W. The S & W group started a small franchise restaurant, 21 Flags. The concept was one that I still think was right, but I don't think, again, we had the right people. The idea was that we would try having a restaurant where we would have frozen entrees. Our theory was that you could run a restaurant very successfully with a minimum of waste and with very high quality by having frozen entrees, which could be purchased in quantity, but which could be served up in individual portions, and we could be giving people a very high quality product with the use of the microwave oven and so forth. There are quite a few restaurant chains that are doing it and doing it very well now. I think we were a little ahead of our time, and I think we didn't have the right fellow to run it. But the concept was good.

Lots of times you go into a business with a very fine concept, and you don't have the right execution, because you don't have the right people. And what is still basically a great idea doesn't work.

The Portion Packaging Business

Di Giorgio: I think Serv-A-Portion is a perfect example of that. I had made up my mind that that portion packaging business was a fantastically good business with a real growth opportunity. I wasn't going to be discouraged by inefficient or incompetent management. As I said, it took four changes. Really, the current one and the one preceding it were both successful. The third manager, unfortunately, left us for a very, very remarkable opportunity that he was offered personally. But we had a series of two managements that were very, very bad. The third manager turned it around, and the fourth has now capitalized on the restructuring. Today we're clearly the leader in this business in the United States.

Teiser: I wonder if it was your salad dressing that I got all over myself in a Jack-in-the-Box yesterday.

Di Giorgio: I don't know. It probably was. [laughter] We sell all those things. We sell to all those restaurants. We either sell in individual packages to them, or we sell dressings in large quantities if they have a salad bar. But most of it we sell in individual packages. Unfortunately sometimes they don't open as well as they should. But we are now coming out with a new easy-open little packet which will revolutionize the packaging and stop things being spilled and making it so hard to open. The trick is to keep it sanitarily packed, and yet to make it easy to open. We think we've got such a package now, which we are introducing.

Teiser: In the meantime, as you have been growing in the portion packaging, the packaging industries have been supplying better and better materials, have they not?

Di Giorgio: That's correct. They have. Continually there are new techniques, new machines, and better materials. The products now are quite good and have very good shelf life, and we rarely have problems with leakers any more or with any deterioration. The packages are so good now, and the systems are so good over what they were fifteen years ago, that it's hard to believe it's the same industry. And I think that's one of the reasons portion packaging has grown so decisively.

Teiser: In 1972 you got into a joint venture in Jakarta. Was that your first development in the Far East?

Di Giorgio: When we acquired Serv-A-Portion, we felt that it had international opportunities as well as national ones. It was going so well here, we examined the market in Japan, decided it wasn't ready yet. Then we started in Europe. We initiated portion packaging with our company that was in the juice business in Europe. It started up very slowly, and, like any new business, it lost money in the first four or five years, but now we are the largest portion packager in Europe. We are profitable, and it's very successful.

Our people in Holland conceived the idea that there was a need for portion packaging in Southeast Asia. We entered into joint venture with some Indonesians, and we started up a very small limited operation in Jakarta. It was never very successful. We decided that it was just too difficult running it in that country and at that great distance. So we sold out to our Indonesian partners and got out of it. It was never very large.

I do believe that the time will come when portion packaging will be big business in other parts of the world. It's certainly growing very, very fast in Europe. Of course, their continental breakfasts lend themselves to jams and

Di Giorgio: jellies and individual packets of honey and things of that type. They are getting more and more into the fast food business. Europeans are probably twenty years behind us, but you're beginning to see hamburger outlets and Kentucky Fried Chickens and McDonald's and all those business outlets all over. And lots of little cafes and bistros and places where you eat at a counter and where you are now beginning to see this use of the individual packet.

The Filper Corporation

Teiser: You at one time acquired the Filper Corporation, and also, I guess, the rights to the Filper portion packager.

Di Giorgio: Yes. The Filper company was a company that was started by the Perelli family and the Filice family, and that's where the name comes from, Filper. Several members of that family were very creative and inventive. They came out with some things that were oriented towards the canning industry, but that were new techniques and new inventions. Their company would license these products to the canning industry. They had stackers and unstackers. They had things to fill packages, fillers, and a number of things that were related originally to the canning industry.

Filper was desirous of selling, and we became aware of this, knew the families. So Di Giorgio negotiated an outright purchase of the Filper Corporation in 1969. Then we took the company and moved it more and more into equipment for fresh packaging, packaging carrots and things of this type. It became very, very successful, and we did a very good job with it.

When Di Giorgio had bought Filper, they had spent a lot of their money trying to develop a helicopter, and it was unsuccessful. They had several crashes and problems, and they lost millions of dollars in that venture. They also had spent millions of dollars trying to develop an automated voting machine. While they came up with what looked like a pretty good voting machine, they weren't able to persuade the various counties to buy it. They never were successful with it. So we scrapped both of those projects and took it into these other fields.

We were already in the portion packaging business so we had them develop a machine to fill certain packages where you

Di Giorgio: would form the package, or form the cup, and fill it and seal it, all in a continuous operation. We called it a form, fill and seal machine. We spent millions of dollars on it, and its principal purpose was to fill cups with jam and jelly and honey and syrup and things like that, and to do it at very high speeds. It also was used by a number of dairy companies to place butter in individual packages. I remember the Wilsey Company and a number of other dairy companies bought those machines. But that was developed while we owned the company to produce principally for Serv-A-Portion. But then we sold them outside.

In 1980 we sold Filper. Again, we felt that part of their orientation was the canning companies, and canners were becoming lesser and lesser in number. We just felt that the fresh fruit, fresh vegetable packaging business wasn't enough to sustain them. So we sold Filper to a private investor who has done reasonably well with it. But again, when you buy a company, you have to decide what can I do with it, and what's its future, and sometimes it's not what you had thought it was when you bought it. If it isn't doing what you hoped, then you have to face up to reality and move it out, use your money somewhere else. I think Filper was one of those examples. We came out of it very well, made good money with it, and got our money out when we sold it.

Developing Borrego

Teiser: During this time, you were buying—I don't know if you bought it at one time or over a period--the land in Borrego Valley.

Di Giorgio: Borrego, of course, was an entirely different matter. When we decided to abandon the farming and give up the grape farming in Borrego* because it was financially unsuccessful, then we were faced what to do with the roughly two thousand acres we owned in Borrego, whether to sell them or walk away from them, or what to do. The land wasn't very high value. At that time I felt that Borrego had some potential as a resort area and could be developed very successfully into an attractive destination

*See pp. 109-110.

Di Giorgio: desert resort. I felt the first thing to do was to construct a golf course. There was no golf course in Borrego, and I felt that was essential in any resort area. I interested a number of people down there who were landowners and who were living in Borrego to join with Di Giorgio to develop a golf course.

Simultaneously I felt that if we were going to go into the development business we should try to own more land in Borrego. So over a period of time, I went out and deliberately acquired more land, so that today we own in excess of six thousand acres in Borrego. Because I felt if we were going to raise land values and improve property we ought to have a substantial amount of land in order to get our money back when values increased.

So Di Giorgio did buy land over a period of years in various parcels. We did develop the first golf course. Di Giorgio financed it, and it was very successful. We sold it to the members of the De Anza Golf Club, and now the golf course is at capacity and is surrounded by beautiful homes and is owned by the members. It's so busy and so heavily played by the members that there's no room for outsiders and guests. So there's a desperate need for another golf course in Borrego.

So Di Giorgio is now in the course of opening another huge development, which will be over three thousand acres, which is a fantastically large piece of land. We just opened a new golf course and will be starting the sale of lots and property and homes this coming winter of 1983-1984. Altogether this is a very major thrust of the company.

Teiser: Have you constructed homes yourselves?

Di Giorgio: Not yet. We're just starting. We'll be constructing a few just to get it underway, but primarily most of the idea is that we will sell lots to people who prefer to build custom homes. But we will build a number of townhouses. We plan to build about forty of those in the next year. That's moving along very nicely. It's right on schedule.

Teiser: Did the experience there, then, lead you to be optimistic about other developments and lead you into others?

Di Giorgio: Well, when Borrego--when the De Anza Golf Club went so well, I felt that we ought to do another one. Our timing may prove to be very fortunate, because hopefully money will become more plentiful and cheaper during the course of the next year, as this Rams Hill project comes into fruition. Hopefully we will be able to make a substantial number of sales and the project will take off. The golf course is very, very heavily played, much more heavily than we had anticipated. So we're very

pleased about that. And many of the people that are playing it are all telling us they want to be advised when we have something for sale on the Rams Hill project.

Teiser: And you went into other areas?

Di Giorgio: Yes. Then we're developing in northern California. We've been in the real estate business in the last five years rather heavily. Hopefully, projects will do well. It's just a matter of the times.

Shelter Products

Teiser: Then you have made acquisitions of what you call shelter products.

Di Giorgio: This was another of a whole series of acquisitions. In 1970 we bought a small company that was a manufacturer of aluminum windows and doors and screens in southern California. It was called Guaranteed Products. We bought that business, and we've expanded it very dramatically. We put in facilities to extrude aluminum. And we put in facilities to anodize and to paint aluminum, as well as to manufacture it. Then we moved into the business of manufacturing store fronts and sidings for huge buildings, like the one we're in [the Alcoa Building], which is an aluminum building, as you know. We have now become the largest aluminum extruder and manufacturer in southern California.

We are now about to complete a huge \$10 million plant in Denver, Colorado, where we are going to be the only aluminum extruder within seven hundred miles. We think that's a very fascinating, growing market and believe we'll do very well there. We hope to open the operation some time in May. We hope to be in full production there extruding, painting, anodizing, manufacturing both windows, doors, and screens, and building siding, and so on. This is one of our shelter products companies.

We have another company we acquired some years ago in 1969. We acquired it for stock the same way we acquired Guaranteed Products. We acquired a company called the Las Plumas Lumber Company, a company that pre-cuts components of wooden houses. We sell to the very large tract builders, people that do these developments where they put up five hundred or a thousand homes. We bid on all of the wood that's

Di Giorgio: in those homes. We take the models. Maybe they may have four or five or six models. We calculate all the lumber, the footage of lumber that's to be used in that home. They say, "We need five hundred of them for the third quarter." We make a firm bid. We then sign a contract with them. We then pre-cut to size every piece of lumber, and all the roof trusses we assemble, and all the studding and the siding, and all of this. We deliver and sell to them on the site at a given price, a fixed price, which is good for a whole quarter.

This is very advantageous to these builders, because lumber is their major single raw product, and if they have a fixed price they know where they're at. They have no waste, because they have no saws on the job. Just a hammer and nails. Every piece is marked and cut to size. They have no pilferage, because if they're going to frame houses 42 and 43 tomorrow, today our truck arrives and unloads in a package everything for those two houses.

This is a very successful business. We've opened now a branch in Riverside, and we are opening next month a branch in Bakersfield. This business has grown from a tiny little business to where we manufacture a hundred houses a day. It is headquartered in Oroville.

Of course this business is dependent, again, on the economics of housing. That business was very soft for the last year or year and a half, but it has commenced to rebound, starting late last fall. It's doing very well now. We're quite optimistic about this year. The company has never been unprofitable, even in the downturn of '74-'75 and this recent downturn. We still continued to make money.

Teiser: Among your subsidiaries was Hearin Products Company, which you bought in 1972.

Di Giorgio: We no longer have that. It no longer exists. Hearin Products Company was a company which was a maker of plywood in the Portland area. And also it was heavily into paneling. Not a maker of plywood, excuse me; they were a maker of panels out of plywood. These panels were pre-finished. They were either painted or embossed or vinyl-wrapped, and so on. We were very large people in that business. Of course, they had their own group of trucks to transport these very large items to the various mobile home manufacturers and other people that used our product.

Hearin Transportation was a separate subsidiary of Hearin Products. It was unusual in that it was one of the few companies in Di Giorgio that had an ICC license, which permitted them to be a public carrier and do back-hauls.

Teiser: Back-hauls meaning when you delivered something, you could get a return load?

Di Giorgio: Yes, you could haul different products. We got out of the paneling business entirely, fortunately for us, and that reduced the need for Hearin Transportation. So we eventually pulled out of all items having to do with Hearin in the Portland area.

Pre-finished Mouldings

Teiser: At some point, especially during this building sluggishness, you went a good deal into do-it-yourself products.

Di Giorgio: Yes, that's another business. We had gotten into the raw moulding business several years ago, because Klamath fed them their raw materials. We found that was a very difficult, competitive business. The last couple of years, we've disposed of all our raw moulding plants.

But we also got into what we call the pre-finished moulding. This is moulding that's either painted or stained or vinyl-wrapped with a pattern, either of wood or plastic. This business is for people who add a room on or finish a room in the basement or the attic, or re-do a room. If you don't make a perfect joint, you just buy a molding a little wider and cover up the joint. So it's used in the do-it-yourself business, people that do things themselves. The business doesn't seem to go down in the hard times. It holds its own, because people can't buy new houses or build new houses, so they make do with what they have and enlarge it or remodel a house or fix it up or add a room, or partitions, or whatever.

So we have become the leader in pre-finished mouldings in the United States. I believe we have a third, at least, of the business in the United States, perhaps more, of pre-finished moulding.

We also own a company that makes wooden windows, Biltbest [Corporation]. That's a business that's had some difficulties. We've had to revamp and restructure it. But we have now turned it around and it is profitable. We think it has a very good future.

And, of course, we have the Klamath lumber mill, which is

also in that shelter products business. So we have a fairly large division of shelter products.

Computer Services

Teiser: The Di Giorgio Corporation now also has a subsidiary named Computer Accounting Management, Incorporated.

Di Giorgio: Computer Accounting Management Corporation is a subsidiary of LAD Drug Company, which is located in the Los Angeles basin. What that company does is, it has some very sophisticated software programs, which are used on our computer to handle the billing for many of the drugstores to whom we sell our products. We do much of the billing for them to their customers. In many cases, we in addition do their general ledger accounting for them every month. Most of these individually-owned drugstores, or just small groups of two or three drugstores, cannot afford a complete accounting system and a computer. So we furnish a system for them. It's proven very, very successful. We charge a very modest fee for that, and it's just one of the services that we render to our customers.

It also includes inventory for the stores. And the ordering, day to day. It's a very sophisticated program and very helpful to these smaller stores, which can't afford to do that sophisticated accounting on their own.

Sun Aire Lines

Teiser: Then I think you have an airline.

Di Giorgio: It's called Sun Aire Lines. This is a company that is located in Palm Springs, and it owns ten Metroliners, which are pressurized twin-engine turboprop airplanes. We're what we call a feeder airline. We're rendering the principal service between Palm Springs and LAX. We're running fifteen and sixteen flights a day each way. In addition, we render service from LAX to Borrego Springs, to El Centro, to Yuma, and to Phoenix. We have service from Phoenix to Palm Springs. We have service from LAX to Santa Maria. And we have service from

Di Giorgio: San Diego to Hollywood-Burbank. There's seven or eight flights a day each day there. It's a very successful airline, and, as a matter of fact, it's one of the few airlines in the United States that's very profitable. Last year it made in excess of \$1 million. There aren't many that did that!

Teiser: How did you happen to get into the airline business?

R. Di G.: We got into the airline business in order to provide public transportation in and out of Borrego. And we started with a little five-passenger Cessna flying from San Diego to Borrego and back. Then we went from San Diego to Borrego to Palm Springs and back. And then we decided to get a second plane. Then we got a little larger one. Then we decided there was no way we could make money just doing that, and so we decided we had to have some more profitable routes. We started the Palm Springs-LAX route and built on that. We're very successful. This year things are going even better than last year. We carry about 25,000 passengers a month.

Teiser: And those are short flights. You don't have to have lots of service on them.

Di Giorgio: No service. We will not fly over two hundred miles, because the minute you get anything over that, then you're competing with a jet. And we want a flight that is uneconomical for a jet. So we like sixty, eighty, ninety, hundred-mile flights, which a jet cannot do economically. We can fly from Palm Springs to LAX quicker than a jet, because we only climb to ten or eleven thousand feet, and they fly at twenty-nine thousand. They've got to get up in the pattern of all the planes coming from the east to land at LAX, and we go in under everything.

Teiser: Is it difficult getting airport facilities?

Di Giorgio: Very difficult. It took a long time. We are currently in the American Airlines terminal in LAX airport, which of course is a fantastic mess now, with their rebuilding. So that's the story of the airline. Of course, it's very, very important to our current development of Borrego Springs, where we're doing a very major development now.

The Niche Concept and Corporate Flexibility

Teiser: In your annual report for 1980 you explained your concept of niches. Would you discuss that?

Di Giorgio: Well, you see, in the lumber business, for example, we can't take on Weyerhaeuser, and we can't take on Georgia-Pacific and these big companies. But there's always an area where you can find a specialty or some particular product where you become very efficient and proficient, and thus become the leader of that section. It was just like the moulding business. We found the moulding business was very competitive, but we found pre-finished moulding, where you add special value and create a special product, to be what we call a "niche." We got into this operation and we developed it, and we became the leader in that business. We did the same thing with Serv-A-Portion. We've done the same thing with our aluminum, and the same thing with Las Plumas. We're the principal people in this pre-cut business, and we have a very small number of customers but they are the key customers in the business. We've done the same with a number of our products. We just think that's a great concept. We've done it with Carando, for example. We've done it with a number of companies where we found a specialty that we can handle.

Teiser: As I said, flexibility is required for a corporation to be able to do all this.

Di Giorgio: It is. We have to be creative and flexible. And we have to be willing to change, and to learn that you may make some mistakes. If you do nothing, you make no mistakes. But you don't do everything right, either. [laughter] That's the biggest fault people have. They get stuck in a rut and they're afraid to change. They're afraid of doing something wrong. They're afraid of seeking new opportunities and creating new products. My theory is that if one does nothing, one doesn't ever create anything. So we do lots of things. Some of these we do very well, some fairly well, and some we fall on our faces. If we fall on our faces we get up and go on to something else. But in the meantime, Di Giorgio, like other operations which are outstanding, has grown and made a success.

Teiser: Not all corporations, especially large ones, are that flexible.

Di Giorgio: No, they aren't.

Teiser: What's the difference?

Di Giorgio: Management. Let me give you a perfect example: the food chain store business. You have Albertson's, and you have Lucky, and you have Alpha-Beta, and you have Safeway, and you have all these companies. All pretty much doing the same thing. Each one trying to spend more advertising about their specials and their this and that and the other. But they're really all the same.

Di Giorgio: There's very little difference as to which one you go to. And yet Safeway has just in the last year come out with a new concept, and their concept is that there are people who really want a specialty food market where they can buy the best of everything. So they created a new small division, and they call it Bon Appetit. Safeway opened a store over in Tiburon. It has a far broader line of produce than a Safeway would carry. Its produce is fresher and better and more expensive. It has a gourmet deli section where they'll even make a sandwich for you to take out. They have patés, and they'll slice you meats, and slice you patés, and cut things to order. They have fancy baked goods and croissants and quiche and potato salads. A true deli section. Expensive. They even have fresh caviar. During the season they even have fresh truffles from Europe and things like that. Their meat section has the finest in meats and seafood. They constantly have a tank with live lobsters. There is a wine section where instead of selling Gallo and Christian Brothers and Taylor, they're selling from all the fine boutique wineries. And they don't mind putting a bottle on the shelf for \$12. Safeway and Lucky would think if they put a bottle out for over \$6, it'll never sell. But here they've got this special store—they've opened one right here in the Golden Gateway [in San Francisco]. And now I understand they're opening one on the Peninsula. The idea is going very, very well.

Here's a great supermarket chain that suddenly came out with a new idea. I suspect that in ten years they'll have twenty or thirty Bon Appetits, and that the profit per square foot will be treble what they make in the usual Safeway.

Teiser: Will that make them change their Safeways?

Di Giorgio: No, I think they'll continue with those the way they are. Because they obviously can't locate a Bon Appetit in the Mission District. People there don't have the level of income to support that. So they've got to select their areas as to where to have a Bon Appetit.

The same thing with the niche concept of Di Giorgio. Everybody can't afford these specialty Italian meats, but the people who can afford it want the very best. They're conscious of the quality and of the label. They don't want to go buy a whole prosciutto. They want to be able to go to the butcher and say, "I'm going to have a little luncheon or dinner tonight. There's going to be six people, and I want to serve prosciutto and melon. I want three or four slices for each person. I want them very thin, and I want them just so. I don't want them too fatty." And they never ask the price. They come there to buy that high quality specialty. And there has to be

Di Giorgio: a market for that, and then you've got to decide whether that's your market.

Teiser: I can see that management can be flexible, but what about boards of directors? You sit on other boards, so you know how some others work. Will they always go along?

Di Giorgio: So far we've been able to convince our board that that was the right way to go.

Quite a few of the board members were with us for a long time. In recent years, we've had some changes, so we have three or four newer members who have been with us for say three or four years.

Teiser: Are they ever afraid of your innovative ventures?

Di Giorgio: I think most boards are, yes. I believe that management's responsibility is to be innovative and to try out its concepts on boards and explain the methods for accomplishment; in other words, to have a master plan, including financing and projections. If a board respects the management's judgement because of their perceptions in other matters, then the board tends to go along with management. The reason the board might not is because it may consider management's timing could be wrong, or the board might consider that the financing might be inadequate; or the board might decide that a company could be incurring over-leverage. That's what boards should do. A board should not make individual decisions. That's management's job.

Teiser: Not all the companies that you sit on the boards of are as flexible as this?

Di Giorgio: No, they're not. I've sat on a number of boards. Serving on boards is a broadening, enlightening experience. To have a board that is accomplished requires members of different persuasions and who, although opinionated, are amenable to different ideas and capable of tough decisions. So serving is a very illuminating and helpful experience. I've served on a number of boards. This took a lot of time, but it was a great experience for me. You find that with almost every problem faced by a company, there is someone or nearly everyone who has the same problem to some degree, whether it be a problem in taxation, or with people, or union, communications, or an acquisition problem. There's hardly a board where I serve that at some time or other hasn't had a similar problem to Di Giorgio's. They have it either before or after us. So I can be helpful to them, or they can be helpful to me. It's been a

Di Giorgio: very enlightening, useful, helpful experience and I value it most highly.

I've gone off most of the boards now, but I served on a number of boards. I served on Union Oil. I think in '56 or '57 I went on that board, resigned last year. I served on Bank of America. I went on in 1951. I was the youngest director Bank of America had at that time. I served on that board and executive committee for thirty-one years. I went on that board when Mr. Giannini was president.

Teiser: L. M.?

Di Giorgio: Yes, Mario, L. M. And I've been, of course, on the Pacific Telephone Company board. I'm still on that. I was for years on Newhall Land and Farming. Carter-Hawley-Hale. So it's been a broad group of very diverse companies, and very, very interesting. As of today, I only serve on two boards, the Carter-Hawley-Hale and the telephone company, and I'm due to go off both of those next year.

VII RETROSPECTIVE

Providing for Succession

Teiser: Are you relinquishing some duties here?

Di Giorgio: Oh, I have done so already. Of course, a new chief executive was elected in June of '82, Peter F. Scott. Scott has been chief executive since then. On December 31 [1982] I ceased to be an employee of Di Giorgio Corporation. Currently, I am now chairman of the board and chairman of the executive committee, but no longer an employee, but consultant and director. So I no longer make any decisions in the operation of the company here, but I'm sort of a sounding box and senior advisor to Peter Scott and to the board. I'm working on special projects with Peter Scott.

Teiser: Where did Peter Scott come from?

Di Giorgio: Peter is a CPA. He came to us from an East Bay organization whose name escapes me, but it was, I believe, the plumbing business. He came in as a junior finance executive, working his way up through the treasurership and financial end. Then he became a group vice-president and broadened out.

Teiser: How did you happen to decide to step back at this point?

Di Giorgio: I had really intended to step back sooner but the board was not satisfied with Bob McCracken, who was president and presumably my successor. They just felt he didn't have people-sensitivity. So the board told me that they would like to ask for Bob's resignation, which we did. So I didn't feel that I was ready at that point to designate who should follow me, so I stayed around four years longer than I would have, getting Peter Scott ready for the responsibility. So last year I felt

Di Giorgio: was the right year. I became seventy-one in December 1982. I thought while I was seventy, it was the time. I would have preferred to step aside at sixty-five or sixty-six; that would have been my personal preference, but it was not feasible. I am glad to be able to do it now.

Teiser: You saw the company through some very successful additional years.

Di Giorgio: Well, I did, yes. I had fun. You know, it's kind of hard to walk away when your name's on the door, and when it's your love and pride. After all, I did build Di Giorgio from a family farming company into a multi-business conglomerate, which I consider has been reasonably successful. Not as successful as I would have preferred. But nonetheless, it's done reasonably well. Di Giorgio is in good financial shape.

The Development of the Di Giorgio Corporation

[Interview 7: April 7, 1983, with Robert Di Giorgio and Joseph A. Di Giorgio]

Teiser: Would you give your interpretation of the several periods in the development of this organization?

R. Di G.: I'd like to divide it into four periods.

The Formative Years

R. Di G.: I think the first period was the formative years of Mr. Di Giorgio's tenure, when he was getting into many and various enterprises. He almost always had a partner or partners. It was all part of a program that he had to build business for the auction companies. The auction companies were the cash register. Auctions per se didn't take a lot of capital, but they produced a lot. They produced the capital that he needed for his expansion. So he was always very actively seeking out ways and means of bringing business into the auction companies that he controlled, either directly or with his partners, because, particularly in the New York and several other markets, like Chicago, there were competitive auctions. But New York was the most competitive. In the years from about

R. Di G.: 1900 until 1920, Mr. Di Giorgio was really expanding his operations in a variety of ways, in the banana and the steamship line of the banana companies, in growing bananas and shipping bananas to Europe, and shipping bananas to the eastern seaboard. He was becoming involved in growing fruit in Florida. He was getting involved in starting to grow fruit in California.

J.A. Di G.: Financing growers.

R. Di G.: And Mr. Di Giorgio was financing growers in both states. Also he was very active in the Northwest. He was probably one of the largest shippers of apples out of the state of Washington. He was probably the largest shipper of fresh prunes out of Idaho. In addition, he was a grower in all of those places. We had as many as fifteen properties in the state of Idaho growing prunes, small orchards. We had a number of fairly large orchards growing apples in Washington. So he was involved in these activities either directly or with partners.

J.A. Di G.: And these were all focused towards the sales end in the auction areas. Even the bananas used to go to auction. There were some eleven auctions, which we mentioned to you previously. Our company was involved in practically every one of those auction companies to some degree of ownership.

R. Di G.: Right. Those were really the formative years.

Consolidation

R. Di G.: Then in 1920, on December 13, 1920, Di Giorgio Fruit Corporation was incorporated and created. At that time, Mr. Di Giorgio and his other partners all had everything they owned appraised, and they had a prominent appraisal company come in and appraise all the various interests in which Mr. Di Giorgio had financial interest. Based on those appraisals, everyone turned in their property and acquired stock in Di Giorgio Corporation for an amount equal to the appraisal of their interest in that particular venture.

Then in 1921, Di Giorgio Fruit Corporation went public, and it had an underwriting. They sold the stock to the public. That raised additional equity and additional cash for Di Giorgio, and that got the corporation off to a start. So I consider that from that point on was the second phase, from that until Mr. Di Giorgio's death.

R. Di G.: During that period, Mr. Di Giorgio continued what he had been doing, but he became more heavily involved in the growing end of the business, particularly in California and Florida. I don't believe there were too many acquisitions in the Northwest. I think those already existed at that time. And of course Mr. Di Giorgio was very actively interested in export. We were exporting prunes and apples and pears. We were exporting plums. We were exporting grapes. And we were also exporting grapefruit from Florida to Europe.

J.A. Di G.: And some oranges, too.

R. Di G.: And some oranges, I guess, too. So that export was a very important part of our business, and a very profitable part, of the fresh fruit business. Later he started realizing the necessity of converting perishable bulk agricultural commodities into something that had a life through a cannery. It was in the early '30s that Mr. Di Giorgio became involved with canneries. Both in Florida and California. Then also he became involved in the business of making wine in California, as Mr. J. A. explained.

J.A. Di G.: That's right.

R. Di G.: So that period was really the period of the consolidation of what he owned and its development. Also in the '30s and the early '40s, but particularly in the '30s, he was on a land buying program. I remember Di Giorgio Farms in the late '30s: he was always buying the land next door, buying a half a section or a quarter section or a whole section.

J.A. Di G.: You might want to mention, Bob, that the last part of the '20s and the very early part of the '30s, was when there was the division of the Di Giorgio interests and the Standard interests.

R. Di G.: Yes, I'd forgotten that. Mr. Di Giorgio, in the banana business, and in the fruit business out here, had as partners the Dantoni and Vacarro families. They were New Orleans people who also came from Cefalu. Mr. Di Giorgio decided that he wanted to concentrate all of his interests in the domestic United States. He considered that there were many problems in owning and operating properties outside of the United States. He had had some unfortunate experiences in Mexico, going through some confiscatory problems with the Mexican government.

J.A. Di G.: Land reforms. Early.

R. Di G.: In the teens, somewhere around 1914, -15, -16. This had always troubled him. So he made a deal with the Dantoni family

R. Di G.: whereby Mr. Di Giorgio gave up all his interest in Standard Fruit and Steamship Company.

J.A. Di G.: There were a number of boats, banana boats.

R. Di G.: There were banana boats and plantations and all kinds of interests. He got out of all of that. That was done in exchange for Standard's interest in some of the pear properties in Marysville, particularly the Dantoni orchards, as I remember, and some other properties in California. And also for some cash. This was done between 1930 and 1934. When that was completed, then Mr. Di Giorgio moved the head office of Di Giorgio Fruit Corporation from New York to California. Then at that time, he listed the Di Giorgio Fruit Corporation stock on the San Francisco Stock Exchange. Prior to that time, we had always traded in what was known as the over-the-counter market. So that was really a period of consolidation, of refining, of reducing the number of our operations, and really becoming the largest grower--

J.A. Di G.: The dominant fresh fruit producer. We were also in vegetables, too, in the same period.

R. Di G.: Potatoes and asparagus, products like that.

J.A. Di G.: Tomatoes and corn, and so forth.

R. Di G.: Di Giorgio was the dominant fresh fruit grower in the United States.

So I would typify that second period as the period of the refinement of the company, getting out of the banana and all the foreign interests, and concentrating on California and Florida. During the early part of World War II, Mr. Di Giorgio sold off all his properties in the state of Idaho and the state of Washington.

J.A. Di G.: And many holdings here in California that were quite scattered. We had forty acres here and thirty there, and so forth. Some of them were the result of foreclosures that were unpleasant. So Di Giorgio rid itself of all those outlying little farms. I used to travel to them every week. [laughs]

R. Di G.: We finally got down to where we had only the Marysville properties, the Lodi properties, which were grapes, Tokay grapes, the Sierra Vista Ranch, Di Giorgio Farms, and then later Borrego Farms.

J.A. Di G.: And then Florida.

R. Di G.: At that time we had very wide holdings in Florida. Then later

R. Di G.: on in Florida Mr. Di Giorgio went through similar divestiture. In Florida we had many, many properties through the central part of the state, and we had some properties down on the Indian River, at Fort Pierce, and then we had a huge tomato-growing property south of Miami at a place called Peters, Florida. In this period (we're talking of, now, the '40s) he, right after WWII, disposed of all the northern interests and central interests in Florida; we sold them to Minute Maid. We sold Minute Maid a number of orchards, several thousand acres of growing land in the central part of Florida, with citrus on it. And our packing houses, and our small cannery. Then Mr. Di Giorgio concentrated on the Fort Pierce area and expanded that area. Because the Indian River fruit was the choice eating fruit, particularly in grapefruit, as well as oranges. You could get a premium for the same size box of grapefruit coming from the Indian River as opposed to one coming from the center. And that still exists today, that premium. Because he was interested primarily in fresh fruit, as opposed to processing fruit, he concentrated on the Indian River area.

J.A. Di G.: That's where the prime quality was.

R. Di G.: By that time, there was only one auction in New York, and Di Giorgio owned it all. So when Mr. Di Giorgio died, he was at the peak of his career as a grower, and the company was at the peak of its career as the largest fresh fruit grower.

J.A. Di G.: The dominant fresh fruit producer.

R. Di G.: And the largest winery in the state. So I would say that was the second period.

Disposing of Farm Land and Diversifying

R. Di G.: After Mr. Di Giorgio died was the era of J. S., and that was from 1951 till about '65. And of course that period was one in which we were trying to reduce our concentration on farming. Although Mr. J. S.'s main interest was in farming, the farming was not consistently profitable. We all had a great concern because of our responsibility under Mr. Di Giorgio's trust to pay dividends to the other members of the family. Many of us were quite concerned about our ability to do this if we restricted ourselves to farming. So this is when we began our new acquisition program.

We started acquiring, first of all, bottling companies for

R. Di G.: the wine company. We began by acquiring TreeSweet. Then we acquired S & W. All of these were in an effort to get businesses that were less subject to the whims and vagaries of the bulk fruit market.

J.A. Di G.: And the weather.

R. Di G.: So eventually we got to the point where other interests had precedence over the fruit growing. That's when Mr. J. S. stepped aside, and I became very active. Then we finished that process of disposing of the farming by getting out of all farming. Originally it was triggered by the hundred and sixty-acre limitation problem. That just set the timetable and really firmed up our resolve to get out of farming. That included and ended by Mr. Nosser arranging the sale of all our Florida properties. We got completely out of it.

J.A. Di G.: And later on the Marysville properties, which were the last ones.

R. Di G.: Marysville was the last, but they were not sold until about four to five years ago.

Then, of course, we had over-diversified, and we had acquired too many ventures, and some of these were not successful. So in the later years of my responsibility as chief executive, we started to dispose of some of these holdings. Now, I think, we're really entering into our fifth period under Peter Scott and a non-Di Giorgio regime.

The Factors Leading to Success

Teiser: Maybe you've implied in that summary why this organization has been successful, while not all organizations that existed over that span of years have been.

R. Di G.: I think the success has been due to the fact that Di Giorgio wasn't afraid to change. We were not reluctant to meet the needs of the times. We were flexible.

J.A. Di G.: And trying to look forward into the future, a few years ahead, as to what the probable changes might be as things were going then.

R. Di G.: The company has very good acceptance and credibility, within the financial markets. Our bankers have been fully informed at

R. Di G.: all times what we were doing and why. They believed in us. The banks have had confidence in Di Giorgio management. Di Giorgio did not suffer a loss until 1974. That was the only year we had a loss, and that was a disaster year. Di Giorgio was so heavily involved in forest products and lumber mills. The oil crisis precipitated our dilemma. It just came so fast we weren't able to act defensively fast enough. But by '75 we started correcting the problems, and we got back into profitability. Ever since then we've been profitable.

But we've been dextrous, and we've been quick to move. We haven't been afraid to face our mistakes and to write these off and take whatever loss was involved, and closing them down or disposing of them. I suspect that that credibility with the financial world, both the public and the banking industry and the underwriting industry, has been the reason we have been able to do our financing.

We had the advantage of having an associate in Mr. Nosser, whom I've mentioned many times, who I think was one of the ablest financial men I ever met. His good judgment and guidance in helping us do the right things financially at the right time were invaluable to this company. We're still benefiting from those fine decisions of his although he has passed away.

The Heritage of Joseph Di Giorgio

Teiser: I suppose also that it was Mr. Di Giorgio's good fortune in having able people in the generation succeeding him.

R. Di G.: Well, even more important than our ability, I think, was something that I think I may have alluded to in one of our first interviews, and that was after Mr. Di Giorgio died the very judicious decision of his nephews that we were never going to have a public fight, and that we would always come out to the public with one voice and one program and one face. We never violated that. While we had lots of disagreements, these were in private, and when we came out of the discussion there was one policy, and the fellow who lost, or the people who lost, went along with the others on the basis that united we stand, separate we fall. I'm sure that has as much as anything to do with our success. When I read all the articles about other families and how they disintegrate, and the various branches engage in fights.... I read an article the other day about a family you know and the horrible fights there between

R. Di G.: the father and the sons. Then when the older son died, the altercations between his estate and the younger son and the sisters. This goes on all the time in families.

J.A. Di G.: This is where greed predominates. We have been aloof from that greed. Yes, there have been a few of us that have enjoyed good incomes, and some not so good, but we've all been able to live quite well. And none of us were, I think, very envious. No jealousy. And all these things go to the maintenance and continuity of family togetherness.

R. Di G.: Without that, we would have been a target for a takeover or something else. We have great unity of family, and I believe that's another reason for our success.

J.A. Di G.: And the great loyalty in our employees, that were associated with Mr. Di Giorgio in the very early days, before any of us were associated, when we were still going to school. You can look back on our directorships and in our history. People were with him almost a lifetime, the same as we have been.

R. Di G.: He instilled great personal loyalty. And we have that same good fortune. We've had a very strong board of directors who've backed us and been with us and have been good directors.

J.A. Di G.: Didn't you say that Mr. Charlie Nosser never worked for anyone else?

R. Di G.: Never.

J.A. Di G.: Neither did I.

R. Di G.: And neither did Robert McKnight.

J.A. Di G.: No, that's right.

R. Di G.: Neither did Ben [Benjamin G.] Barton. You know, you can go right down the list. Herman Wolfskill.

J.A. Di G.: Nicholas Kaltenbach.

R. Di G.: Mr. [L. L.] Lowry.

Mr. Di Giorgio was surrounded with people who spent their whole life with him and dedicated their fortunes with his. That's a great ability, to instill that confidence in people, and that loyalty. He had that. He had a great ability to do that, to convince you that he was a winner and you ought to stick with him. He did that, did it well.

Transcriber: Sam Middlebrooks

Final Typists: Lisa Grossman and Richard Shapiro

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