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(Rough Draft)

CONFERENCE OF FRUIT SHIPPERS AND CANNERS HELD
ON MONDAY, SEPTEMBER 28, 1942, AT 10:00 AM, AT
CHAMBER OF COMMERCE BUILDING, SAN FRANCISCO.

Presiding: Mr. Russell T. Robinson Assisted by: Mr. Wayne Phelps
 Chief, Evacuee Property Division Agr. Property Supervisor
 War Relocation Authority Regional Office, E. P. D.

Present: Mr. S. E. Gilchrist of California Packing Corporation
 Mr. E. W. Feil, of Florin Farms, Inc.
 Mr. W. Bethel, of Placer Farms.
 Mr. Frank Heggblade, of Heggblade-Marguleas Company
 Mr. DeNico, of "Tokays, Inc." (S. A. Gerrard Company)
 Mr. Charles E. Day)
 Mr. E. L. Schnell) - Nash DeCamp Company
 Mr. F. H. DeCamp)
 Mr. James Eager, and) Farm Security Administration
 Mr. Al Scheidecker) " " "
 Mr. George H. Casey, of Pacific Fruit Exchange
 Mr. Hoffman, Attorney - " " "
 Mr. Lee Tudsbury, of "Loomis Agencies", Loomis, Calif.

MR. ROBINSON: Gentlemen, as you may know, at the time evacuation was determined for the Japanese, responsibilities in connection with their properties was divided between two agencies, Farm Security Administration - concerned with agricultural properties, and the Federal Reserve Bank for commercial, industrial, and other properties. The FSA was concerned with continuity of production and with a transfer of these Japanese interests to competent Caucasian operators. You gentlemen here all represent corporations who secured financial assistance from the FSA. The source of these funds was the War Department, made for the purpose of expediting the evacuation program. The two agencies, FSA and FRB, had their responsibilities cease when the evacuees were moved from the assembly centers to relocation projects.

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The War Relocation Authority was set up to take care of them from that point on, and, as a consequence, the WRA has inherited the joint responsibilities formerly held by FSA and FRB. That is why we are now in the picture. We likewise are charged with seeing there is continued production on these properties, to the end that the national interests are best served. Here are these agricultural lands. We need all of these products we can get and we are going to need them a lot worse.

The Evacuee Property Division of the War Relocation Authority is charged with the responsibility of acting in behalf of the evacuees, since they are under the protective custody of the United States at the present time and are of course limited to a great extent and precluded from following their individual pursuits. In addition to that, there has been going on a considerable amount of exclusions, excluding persons whose presence in a given area is deemed inadvisable in the national interests. If these excludees are in the fruit business or have properties which they are unable to take care of, the responsibilities again fall in the lap of Evacuee Property Division.

We have had inquiries from a number of fruit growers and shippers and we have heard that there is considerable question in their minds as to how they are going to finance continued operations after this year, because, as you well know, the loans obtained were 12-month loans and were intended for this initial cropping season which is about drawing to a close now. I have recently been in Washington. The answer is, as far as WRA is concerned, they do not choose to go into the loaning or loan collection business. They feel that there are other agencies existing, better qualified and equipped for financing. Ours is an operating job. While in Washington I presented the point of view, I hope, of you men here, and the uncertainty in your minds in regard to future operations, financial risk, labor shortage, etc., and I would get this statement: WRA is interested in the continuation of these programs; that if other existing agencies are unable to finance these operations, Mr. Dillon S. Myer, the National Director of WRA, would see what could be done about

WRA extending the financing. Before he takes any steps in that direction he wants to know what the program is, how much money is required, and is the loaning of it going to be justified? He doesn't want WRA placed in a financing position unless fully justified. That is why I asked for this meeting and I hope we will be able to get something of an idea as to where we can proceed from this point.

Each of you, I believe, have received a communication in which you have been asked to bring to this meeting the number of farms involved and total acreage in crops; kind of crops; estimated yields - Are the yields which you would normally expect from each piece of property such as to justify their being operated? It is my considered opinion that some of these farms, in the long time point of view and in the interest of economy, might just as well be declared too marginal to justify loaning any money on. A Japanese might be able to carry on, with their method of operating on a family-type basis, planting varieties according to soils, with family labor to harvest.

It is our headache as to what we are going to do, both to preserve Japanese equities and preserve and operate these evacuee properties as a source of revenue for the political subdivisions that have received revenue.

Mr. Heggblade, what is your reaction to this?

*Placer
orchards*
MR. HEGGBLADE: We were fortunate enough to have paid back the money borrowed. We have cleaned that up. We had gotten returns on approximately 57,000 packages and that has been returned to the leaseholder at Placer. We have about 10,000 packages yet to be reported, also deliveries to the canneries to be reported, that will pay our costs of operation and will leave some money to be divided between the evacuee and ourselves according to the terms of the lease. Just how much is a little hard to say - approximately \$12,000. We had 13 farms, totaling 595 acres. We have a breakdown of the crop acreage on this list, which you may have if you wish.

MR. ROBINSON: Could you again operate all 13 of these farms with some degree of satisfaction?

HEGGBLADE: Yes. There might be one small piece that better be left out.

ROBINSON: Could it be retained without injury to anyone concerned?

HEGGBLADE: Well, there would probably be a loss on that property. Doubt if it could be operated at a profit. Mostly old trees that have been grafted and the yield is very little against the costs of operating.

ROBINSON: Is it a place that a farmer could successfully handle?

HEGGBLADE: No. Just happens to be that one piece. Happens to be too poor.

ROBINSON: Do you happen to know anything about the equity of the evacuee in that?

HEGGBLADE: The evacuee owns it and doesn't owe anything on it.

ROBINSON: No one could even return taxes? I am interested in political subdivisions being able to get their usual returns. The tax burden is already heavy enough.

HEGGBLADE: Remains a "liner", that's all. (or did he say "blighter"?)

ROBINSON: Could your concern operate without government financing in the ensuing year?

HEGGBLADE: Yes.

ROBINSON: Wherever there can be independent financing, by all means we are for that. This is an emergency thing only and I will have to have pretty good argument to get anywhere when I make my report back to Washington.

HEGGBLADE: Operating as we did with the funds that were advanced, there is one case, or rather, one angle, and that is that we were guaranteed against loss in any individual crop, after applying any profit that we might have made out of it ourselves against it, so that if one had to choose - if there was a new program that guaranteed against loss - naturally that would be more desirable than putting --

ROBINSON: When I was in this so-called WFA program, we attempted to expedite the handling of loan applications. We thought we would cut out a lot of red tape and that was so dam slow it gave me a headache. Therefore, now knowing how we may be involved in this other type of financing, I would like to have as little of it to have to be involved with as possible.

HEGGBLADE: Of course, if there developed out of this some guarantee against loss such as existed in this past year, naturally we would like to avail ourselves of it.

ROBINSON: I think you are not exactly correct in saying that there was a guarantee against loss, because when the United States of America loans money - that is an indebtedness as long as you live - and

There is a very good attorney down at that end of the table. Perhaps he can answer that question.

HEGGBLADE: But wasn't it implied in this that if anyone suffered a loss on these ranches exceeding profit that might have been made on others, they wouldn't have to bear that loss themselves?

HOFFMAN: Not to my knowledge, and I don't think that was actually the fact. You had an obligation, a loan agreement, and that is just all there was to it. Of course the answer might very well be: "Alright, this corporation has no assets other than this loan, and what are you going to do about it?". On the other hand, that corporation, as long as it continued in existence, still owed the government the difference.

ROBINSON: What would you gentlemen think if there could be a revolving fund established? I don't know whether it is possible or not so don't count too much on it. Instead of having to _____ and to go through this same rigamaro and repeat each year, if these repayments could go into a fund which next year could be drawn up for the same sort of thing, I think it would expedite the whole business and save all the Federal red tape involved. Just for a moment, does anyone have any reaction to that suggestion?

CASEY: What vehicle would you use to get that money to get that money out of the United States Treasury?

ROBINSON: Whatever agency is going to handle this loaning problem - if an appropriation could be made to this organization and repayments made to the same organization, to go back into this same fund, and whether we can get it done in time for this year's operations, I don't know.

FEIL: Would that mean that if you had a bad year and the total loan wasn't able to be repaid, would there be that much less money available?

ROBINSON: Yes, it actually would result in that. Mr. Bethel, do you want to make a report for Placer Farms?

Placer Farms
BETHEL: Mr. Taylor couldn't come down today and he didn't give me any figures to bring down on farms handled by the corporation. However, the corporation is paid out.

There are two questions I would like to ask: first, when we are talking about the financing of Japanese property should we consider the equity that the Japanese has in the property before we talk finance? In other words, should we finance lessees?

ROBINSON: Where the Japanese is leasing a piece of land and still has a period of time to go on that lease? How much time?

BETHEL: Where the Japanese has no actual equity in the property itself other than a lease - in speaking of this finance should we think of that as well as the Japanese that owns the place outright?

ROBINSON: Say he had 14 years more to go. It might be conceivable that he would be in a position to come back and operate. On the other hand, with only one more year to go, I take a different approach.

BETHEL: Should we think in terms of financing Japanese properties where they have made a purchase on a contract by which they paid, say, 10% of the purchase price? Who are financing them?

ROBINSON: You bring up an important point, I think, and I have to go back to the fundamental charges given to WRA not greatly different from those given to FSA:

1. National interests are to be served and that means that the needed production be kept at a maximum on the property.
2. That since these properties are in the names of American citizens, it has been determined that their equities should be preserved and maintained. Now, to what degree we can do that practically opens up a wide field for argument; labor conditions what they are, etc.

BETHEL: I would like that question incorporated for answering.

ROBINSON: Does Port Taylor intend to submit a report on this?

BETHEL: I think so.

ROBINSON: Is he going to be able to operate with private funds or will he have additional finance from some other source?

BETHEL: I do not know, Some of the places can be operated with private funds.

ROBINSON: I have to let Washington know almost immediately -

BETHEL: I think the more we can keep private money into this thing, as far as the harvest of the crops, the better off we will be. I don't think government money should come in competition with private capital in the actual harvest of the crops. If this government finance could be limited to the cultural costs and private money be used for harvesting and some private money could guarantee the repayment --

ROBINSON: Let me make this very clear. This money was put up in the first place, not in competition with private funds but because representations were made to us in writing that private capital could not be had for these purposes.

BETHEL: Money used for harvesting of crops and employment of labor came into competition with private capital.

ROBINSON: In what way would that differ from government money coming in contact with private in cultural practices?

BETHEL: Before crop is picked some private concern

ROBINSON: Why doesn't it begin at the beginning and carry through if it

WOODIN: Because you never know what you are going to have at the end of a fruit season --

BETHEL: No, if the

CASEY: What difference

BETHEL: I want to see private

ROBINSON: After government money has taken over the risk, private capital would come in and pick the gravy off.

BETHEL: You are interested in keeping these places in production, and if left entirely to private financing there are places that will not be put in production.

A lot of growers in Placer county are going to object if financing is the same as last year. In fact they are going to see what can be done to block the further financing with government money --

ROBINSON: Tell Port to get a report down here and bring out those points so that I can have it down in black and white and can summarize this thing and get it into Washington as soon as possible. George, do you want to make a report on your company's operations now?

*Deciduous
Farms
(Pacific
Fruit
Exchange)*

GEORGE CASEY: I Cannot make this presentation en toto. We are only 45% done.

Placer Sonoma 2 Salinas 2 Fresno and Lodi, nearly through.

We are finishing up on pears from these properties that are going into canneries; harvesting tomatoes, table grapes, vegetables, and seed crops , sugar beets tokay grapes and raisin grapes. Our program is far from being completed. Only 45% done. Could not answer all of the questions en toto that you asked the other day. We will get some statements on certain --

ROBINSON: Indicate those things which are estimates so that if anyone later on wants

CASEY: We ourselves have not completed our program yet with FSA. We still haven't received all of our funds yet. We have to complete new records from time to time and still haven't our program complete. We have gone through the same with other organizations --

ROBINSON: Are you in any position to indicate whether you have found this program, so far, satisfactory? Would you be willing to undertake it again?

CASEY: Yes, we would be willing, with some slight modifications. Those on marginal classification will have to be eliminated.

ROBINSON: Will you require Federal financing in order to carry on?

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CASEY: Possibly we would but that is a hard question to answer inasmuch as we haven't our picture finished, but I believe we will, too, on account of the labor situation. I see now that - going into this fall and winter season - we are going to have to pay still higher rates than we are paying right now - 90¢ per hour on sugar beets 70¢ in Lodi

going to have to pay more money than that to get things started for fall and winter work --

ROBINSON: Do you think you will be able to satisfy your obligations to FSA?

CASEY: Yes, we will at this time. We are going to have losses in there but if we can get things harvested we will be able to repay FSA.

ROBINSON: You have your statement there indicating about payments to the evacuees, etc?

CASEY: No, because we are only 45% finished.

ROBINSON: Do you now believe that the arrangements which you would make with evacuees for the 1943 season would be the same as for 1942?

CASEY: Well, in the main they would be, yes, but in some cases, as Mr. Bethel asked a while ago, would it be compulsory to go on with the lease?

BETHEL: Thinking in terms of financing Japanese property, should leasing at all be included in the finance?

ROBINSON: Do you mean term leases?

CASEY: Are you going to be compelled to stay on the --

ROBINSON: This reason for it being done this year was because the Japanese had, by and large, formed certain expectations, and it was felt that the clean way to do it was to carry through this year. Now we are to the end of that program and there will have to be certain determinations made. The point is, now this Japanese may have a two or three year additional period on his lease. However, should you deal through the Japanese on a sublease basis or should there be a cleavage, with the Japanese eliminated and the owner made free to lease to a third party?

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HOFFMAN: If there is an unexpired lease, even for a year's period, that Japanese has an interest in that property and that elimination would cause a forfeiture of that lease.

ROBINSON: Yes, very definitely. The only way this might be done, if at all, would be that the Japanese would say: (Hypothetically) "Well, I am going to be in here for two or three more years. Actually I have little interest in this thing" and he might be as willing to request a cancellation of the lease as not. On the other hand, our experience so far has indicated they have that toehold, which they regard highly and want to keep as long as they can, and if he says "No, I have a lease and am willing to make an arrangement with a third party", I think he is legally entitled to take it.

HOFFMAN: If the Japanese wishes to consent to the transaction involving the cancellation of the lease for a cash consideration, he was always free to do that. On the other hand, if coercion were going to be brought, that is a different situation.

ROBINSON: I doubt if the government would take that position or let that situation maintain. They are entitled to all the rights of citizens.

CASEY: Before this program was proposed, much of this work had been consummated and had been done by a lot of people at reasonable rates, and if we go on the same financing program with increased labor, it is going to cost a lot more money than it cost a year ago, far beyond the belief of anybody here, and there may be no comparison. Japanese farmers labor cheaply.

ROBINSON: Anyone anything to add on that?

HOFFMAN: Very important point to this extent. There are two things that could happen in this thing. One is, we could at any stage find ourselves with absolutely insufficient help. As it is, we have muddled through, after a fashion, have lost some fruit, and we could hit a stage where the whole structure would break down. Might not have enough help to spray, irrigate, etc. at the proper times. Having a ten-day

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cancellation clause in those leases, might feel we could not carry on any further and might avail ourselves of cancellation. From 85 and 90¢ per hour the demand might be \$1.25, might be \$1.50, nobody knows. Many types of labor become frozen; some of them go on strike and slow down. We might run into those sort of conditions and under those conditions it would be impossible to carry on.

CASEY: I have checked the situation in Placer County and have checked with a considerable number of white people, and they indicated to me that there was a 20% loss in Placer County.

BETHEL: Evacuation came at the time when irrigation and spraying was necessary and at the time the fruit there was marketable, and there was such a shortage of labor that it caused a big loss. 20% is a small estimate.

ROBINSON: Here is what I am concerned about. With all the different varieties which a Japanese frequently had in a relatively small acreage, with different methods of pruning involved, etc., I am wondering how possible it is going to be to get competent men to prune trees, spray properly, etc., and you are all wondering that, too, I expect, but taking it from a cold approach, are you going to be able to do enough to justify the thing at all?

CASEY: It may be easier in the Sacramento River section where your labor is more stable, Chinese and , and in Lodi, Florin - possibly, and Merced counties, they can get help more readily than in the foothill districts.

ROBINSON: One of the reasons why we who were then in FSA brought this group together in the first place was because we knew you had competent field men to oversee, instruct and guide, with a greater chance of success than individuals would have.

DeCAMP: Why was it that the fruit companies themselves did not undertake this program? Why were these corporations set up unless it was to avoid a possible loss on the part of the fruit companies?

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ROBINSON: I think, calling a spade a spade, that that is exactly why it was set up.

DeCAMP: And yet the indebtedness, if there is any, is still due the U.S. Government.--
(Would they allow their companies to undertake a program of this kind?) --

ROBINSON: In other words, the question you have is: "Why will not the fruit companies themselves take over the program?"

DeCAMP: Yes, absolutely.

ROBINSON: In some instances the parent organization does not have adequate capital. In some cases they have it but are unwilling to jeopardize their parent structure. On the other hand, if there is no Federal financing available and there may not be; if there is none available then it is a case of the fruit companies either not having an adequate supply or having to take all of the risks involved in doing the job.

SCHNELL: In that case, then, there will be quite a lot of these marginal cases that would be abandoned.

ROBINSON: I would think that would be the result. So what? Now, whether the degree of heat when viewed from the overall approach is sufficient, we don't know. I hope that out of this information we have asked for we might make some determination along that line. Maybe I started off wrong. Maybe I should have put the question this way. Will the fruit companies undertake this job on their own without assistance in the ensuing year? And I would include this statement: In so doing, would that make an equitable deal with the evacuees?

CASEY: Is anybody present here from FSA?

ROBINSON: Yes, Mr. James Eager and Mr. Al Scheidecker.

CASEY: I haven't received the letter asking for the information. Is FSA requesting the same information? How much money remains with a parent market corporation that is due and payable to the subsidiary company, we will consider that information in determining whether the advances will be made or not.

CASEY: That will be changing the program.

WOODIN: California Fruit Exchange cannot finance these ranches.

CASEY: I am not prepared to say that we can and it is hard to make an estimate right now. We are in a very indefinite position at the present time. 20% of these properties will be out.

DeNIEO: We are definitely out of the picture after 1942. Under no circumstances will we operate Florin Farms. That goes back further, to the attitude taken by the FSA, and we haven't our second payment yet.

ROBINSON: How many farms all told?

DeNIEO: Thirteen. We have had to fill out so many papers for FSA and have lost so much time. Like Mr. Heggblade said, we were assured that under no circumstances would we have to repay the loans or be obligated for any losses.

DeCAMP: Nash-deCamp Company would not undertake to finance a program of this kind. It isn't a question of the money but they would not be willing to take the risk involved.

GILCHRIST (speaking for Cal-Pack): Our problem has been a little easier than some of these other gentlemen and I will have to rely on Mr. Phelps to help me recall the details involved regarding the forming of the corporation. As I understand it, on these two properties that involved only tomatoes, FSA took crop and chattel mortgage and crop assignments. One ranch had a two-year lease and one had a one-year lease and the equity of the moneys put in by the evacuees into the crop to the date of our taking over, plus the equipment, part of which was purchased, those equities have been cleared and there is no further question of equities still due the original evacuees and we now have a direct assignment of these leases. As far as we know at the present time we anticipate farming the Odi place again for the 1943 season. As far as I have gone and as far as the corporation has given me information, they are in hopes that the same financial operation will continue for the one lease we are continuing, and they hope the same financing will be available. Whether the corporation can handle the financing I am not in a position to say.

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ROBINSON: What is the acreage involved with those ranches?

GILCHRIST: 150 on one and 155 acres on the other.

ROBINSON: How many ranches will your operations involve, Mr. DeCamp?

De-CAMP: 20 farms in Placer County. In addition to those 20 there probably will be another 15 or 20 in the Florin district that were leased by the Japanese to individuals, and probably most of those individuals will give up those leases at the end of this season.

FEIL: 39 farms. Florin Fruit Growers has a cooperative. We couldn't jeopardize the equity of our white members to finance a deal at this time. Our answer would be "NO".

BETHEL (speaking for "Placer Farms"): The chances are we would separate the wheat from the chaff. We would finance the better orchards. I do not know what would happen to the poor ones. The other places would depend on what kind of labor is available and at what price.

ROBINSON: Mr. Heggblade?

HEGGBLADE (Speaking for Heggblade-Marguleas Company): Could we finance it? Of course that is a bit different than "would we?". If the labor situation gets worse, I doubt that we would.

ROBINSON: The results of this poll very obviously point to the need for something being done and decided. I hope I am not overlooking someone here. Mr. Feil, what would your answer be on this situation here? Did you bring answers to these questions.

FEIL: (Speaking for "Florin Farms, Inc.") We do not have our figures on the 1942 season yet as we are less than 25% finished. For 1942 it is very dubious that the loan will be paid out this year. Might say this: The cost of production in our district is so high in proportion to the tonnage raised and the packing costs running so high, if we are to continue on with these places we would probably forget the table grape harvest altogether and harvest for tonnage only. We couldn't come out on the table grape basis but could come out on the tonnage or wine basis.

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ROBINSON: Mr. Gilchrist, do you have a summary?

GILCHRIST: Our operations, as I said, covered just two places in tomatoes. The equity and interests of the Japanese have been completely liquidated. The 150-acre lease goes for another year and it is our program to date to continue farming that 150 acres in tomatoes for the coming year. In the other instance the land owner is going to make other arrangements. The question of how we stand in the repayment of this, I must say we are all disappointed in tomato deliveries to date. We have only about 25% of the crop harvested. However, the good Lord willing, we may get some weather in October. It is a fine crop and one of the biggest I have seen in California. It is a question of delivery. Looks safe that it will be paid off. The question of handling this, it is our hope that on the continuation of this 150 acres a budget could be set up but the budget set up for 1943 will have to allow for higher costs of labor and particularly for cheap vegetable crops and truck crops. Labor is so high that the cheap vegetable farmers cannot afford to pay those rates. As to whether our corporation would assume the financing for 1943, I would have to get an expression from the corporation.

ROBINSON: Have I missed anyone in getting reports here? If there is to be financing, how much will be required? Have you indicated that in your reports that you are sending to us? Has anyone omitted indicating the amount of money required? Mr. Woodin, did we get your report?

WOODIN: (Speaking for "Fruit Farms, Inc.") We had 20 farms, involving 756 acres in deciduous tree fruits. The estimated yield, approximately 100 cars. If we carry on the operation in the same manner in 1943 that we have in 1942 and for the 12-months' expense instead of 5 or 6 months, and estimating as much trouble as we might anticipate in labor, we might be just guessing but I don't see how we could get along on less than \$200,000.00. We are now putting the fruit on the cars. Have made no payments to evacuees for 1942 as yet. It will be 30 days before all returns are in. We are in hopes that if there is any loss it will be small. We are in hopes we

will break even or better but there is a possibility of a small loss, by that I mean from two to five thousand dollars.

ROBINSON: Would you alter the basic repayment schedule to the evacuee? For example - if a percentage of the crop, would it be the same for the ensuing year?

WOODIN: I think we would probably change it but just how I cannot tell you. It is very much of a guess.

ROBINSON: Mr. Casey, have you indicated what you might require for the ensuing year? What I am trying to do is to make the picture clear to you, to see the situation I am in. If you people are going to continue, you have to irrigate, prune, spray, etc., real soon. I acknowledge that in asking this of you you cannot anticipate what labor is going to be, etc.

CASEY: We operated 59 places under FSA financing, 742 acres in all. Estimated finance \$224,750.00 \$135.00 more per acre. I am satisfied in my own mind that with the same properties it would take from \$50 to \$125 more per acre than last year, predicated on increased labor rates and operating expenses.

MR. ROBINSON. Mr. DeNiego.

DeNIEO: Out of a total of 440 acres, will continue to operate 193 acres operated independently. Turning back at least 247 acres.

MR. DeCAMP (Speaking for Nash-deCamp Co.) If we do not handle these Florin ranches that were leased this year to individuals, our requirement for the same set-up that we had this year, "Northern Farms" requirement, would be at least \$125,000.00. If we take on the responsibilities of the ranches in Florin we would have to add at least \$25,000 to it.

GILCHRIST: On this one project of ours, anticipating increased costs and the labor situation, to be on the safe side we'd need another 25-30%, which would bring our budget estimate for 1943 close to \$50,000.00.

FEIL: I based my figures on the 1942 costs, but with increased wages I would raise the estimate I submitted for 1943 and instead of \$76,000.00 it will probably take

Tokay
Inc

Northern
Farms

Calif
Fruit
Canner

Florin
Farms

\$100,000.00 for 1943. We are also in the same fix as Mr. DeCamp. We have a renter who may or may not stay. We have 12 or 15 extra ranches on our hands this coming year if these renters do not stick.

ROBINSON: Are they worth carrying on?

FEIL: Oh, yes. Would probably take another \$50,000 for them.

BETHEL: Our budget was set up for \$46,000. Only used one-half of it this year.

*Places
Farms* Thinking in terms of same places, chances are we would operate on same budget but we have quite a number of places in Military Area 2 that we hadn't planned on at all and arrangements were made this year for various white people to take over and complete the harvest, but whether they will carry on for another year I do not know, but to take care of Military Area No. 2 also it would double the figure I just gave you. Twice \$46,000.00 would be \$92,000.00.

ROBINSON: Assuming that we are just utterly unable to get financing, either through WRA or through an existing agency in the loaning field, would you give me an estimate of the percentage of acreage which would be just simply abandoned as far as you are concerned?

WOODIN: We will make a reasonable effort to turn them over to Mr. Casey or Mr. Feil. Two of the farms we operated are owned by people living on the Atlantic seaboard. Operate about 690 acres owned and operated by ourselves and know what we are facing and know definitely that it cannot be made to pay under present labor conditions and other increased expenses of operating.

HEGGBLADE: Of those properties, all things commensurate, I would say between five and ten percent.

ROBINSON: Mr. Woodin, what would your judgment be as to that?

WOODIN: That is the wildest kind of a guess. The impossible ones --Is this your question? "If government financing is not available, how many acres or how many ranches or fruit farms can be financed by private sources?"

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ROBINSON: No. What percentage of the total acreage would you abandon?

WOODIN: We cannot finance any of it, regardless of how good or how bad it was. We are a cooperative. We have no funds. If we are unable - "Fruit Farms, Inc." - to get financing from some source or from the government, then "Fruit Farms, Inc." have got to go out of business and cancel with the Japs. Now then, if the California Fruit Exchange, who had contracts with Japanese originally, can arrange to get tenants on certain of the better ranches and arrange for independent financing, there will be a percentage that could be continued, but as far as the California Fruit Exchange as an organization is concerned, we cannot do it. We just can't do it.

ROBINSON: Under the proviso which you set up, on how many of these places, on what percentage of them do you think you would be unable to get individual operators?

WOODIN: Couldn't answer that.

ROBINSON: Mr. Hoffman.

HOFFMAN: (Speaking for Pacific Fruit Exchange) No, we couldn't answer that now, even on the basis of 1942.

WOODIN: If I may make a blunt statement here. If the government wants these better ranches operated, as I see it the government has got to finance it along similar lines of last season. Mr. Heggblade and Mr. DeCamp mentioned the fact that we, all of us, understood that if there were any losses on any individual ranch or ranches - the corporations or individuals would not be held responsible. If there was any question in my mind last June you can bet your last dollar I wouldn't have stuck my name on those papers.

ROBINSON: The way that impression got in circulation: As I recall the meeting which we held, there was a question asked along those lines, and I think Mr. Sussman made this answer: "You are setting up, in fact, "dummy" corporations. They have no capital stock of their own. All they have is that which they borrow. If there isn't

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money enough to repay the borrowings, then what? The answer is, if there isn't any money there, what are you going to do about it?" On the other hand, of course, I make this statement as a government official. I cannot sit here and tell you that the government is going to take the loss. They will hold that corporation for it so long as that corporation hasn't gone through bankruptcy.

HEGGBLADE: If in case of subsidiary organization and there was a loss, the deficiency would be marked off.

ROBINSON: You will have to recognize the stimulus which brought about government financing. Here was a critical military situation. They evacuated, under military supervision, quickly and completely, yet, because of citizenship and other factors, international relations, etc. they wanted it done as fairly as possible and to that end war department funds were made available to the FSA. That stimulus does not now exist. They have been evacuated. It was hoped that in the interval normal conditions would return and prevail.

DENIEO: You think there may have been something like that implied or impressed?

HOFFMAN: I don't think the question can be dismissed by simply saying that if the subsidiary corporation cannot pay it cannot pay. We have a further question. We have pledged the entire assets of the subsidiary to the government for the entire liability. We have made a distinction between the individual accounts with the Japanese and the aggregate returns, and that will raise a serious question at the end of this year. That is a question that still has to be ironed out.

ROBINSON: That again falls in the lap of the agency which made the loan and is not in the field of the WRA.

HOFFMAN: That is true. Where a Japanese has good property that has paid out, how are you going to pay him if his assets have also been pledged to the U. S. Government?

AL SCHEIDECKER: It will have to receive some discussion and considerable thought before it can be answered.

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HEGGBLADE: Further along that line I would say that in the handling of our deal it was quite specifically set forth that, for instance, if an aggregate property made, say, \$10,000. and half of that belonged to the company operating and half to those Japanese properties that are leased--and went on further to state that if any of the properties we farmed lost money we would have to take our one-half of that profit to make it up but could not take any of the Japanese profit. \$5,000 on the property would have to be _____ until distributed to the Japanese.

ROBINSON: Are these loans all made on the same basis?

EAGER:

HOFFMAN: I think, though, that under the loans as made the Federal agency required the pledging of the Japanese interests if he had a lease and must be applied to make up any losses to the marginal properties -- raises directly the question: Are our profits all pledged and the profits of the Japanese?

HEGGBLADE: That was not the understanding and that was not the way ours was written up.

SCHEIDECKER: The whole thing is a matter of legal interpretation and the situation has so changed since the original deal was made. Under the original set up the Japanese was guaranteed against loss if his property operated at a profit. He shouldn't be penalized as against someone whose property operated at a loss.

ROBINSON: That specifically is a problem of FSA. What I am attempting to do here is to be able to indicate what the Evacuee Property Division of WRA can and cannot do with regard to properties which may be dropped out if no government financing is available. In other words, I am not going to sit here and hold the responsibility for properties when nothing advantageous can be done with those properties because of lack of financing.

WOODIN: One other thing that may preclude securing private finance. We have heard a lot of talk and a lot of discussion that the authorities in Washington are considering naming essential and non-essential foods. If I were a banker and you came to me with a proposition, regardless of how good it looked to me and you were growing plums, until that question was answered I wouldn't loan you a thin dime, and there are many bankers looking at 1943 production through those glasses, and it seems to me that the main factor to be considered first is determination of essential foods.

EAGER: In the event they establish a priority on labor in regard to essential and non-essential crops --

ROBINSON: That is the most fundamental thing about it.

WOODIN: It looks like this to me. If the government wants these properties taken care of, the government has got to pay the do-ra-me. Make a deal with Frank Heggblade or someone else to run this show. Otherwise, they are not going to be able to run at all.

GILCHRIST: As a canner, I can say we are seriously concerned with the prospects of raising certain vegetable crops this year. The question of finance of the individual grower and sufficient labor to harvest, and one of the major crops they are asking for is tomatoes - That question : What percentage might be cut down in financing is not available? Of course there are individual growers who have taken over individual Japanese properties, and certainly with no finance those boys would never continue and we are very seriously concerned with the prospects of 1943 from these two points: Whether these farmers can get that finance, and whether they can get the necessary labor.

ROBINSON: This other phase of it is something again. Getting you people together is simple but getting the government finance is another thing and might be a whale of a job.

DeNIEO: 325 acres of tomatoes and those tomatoes are rotting on the vines. Inability to get help and materials. We had 150 acres we couldn't even plant because we couldn't get the labor at the right time. The government has got to prove that the crops can be harvested.

ROBINSON: I have a ranch of my own and what I want to know is whether the production of fruit doesn't rate right along with handling the business end of a gun. One of my boys is operating a 200-acre farm and doing all of the labor himself, and he is subject to draft. If they are going to draft the experienced and skillful farm labor and you have to hire someone else and they wreck your tools, how are you going to come out?

DeNIEO: Japanese machinery was not very good to start with. There is a great deal of this work that should be done very soon and yet we have no authority to use any of the funds we now have for the production of the 1943 crop, and as far as the Northern Farms are concerned we do not intend to violate our contract with the government and do not intend to expend one penny for 1943.

ROBINSON: (To FSA men) Is Larry Hewes back?

SCHEIDECKER: I do not know. Incidentally, we in Farm Security have been waiting to answer a lot of collateral questions until we can talk to him and get some of these things cleared.

ROBINSON: Are there any points you would like to bring up here?

SCHEIDECKER: I don't believe so.

FEIL: If there is no government financing, we will have approximately 100 acres that will not be taken care of in 1943 and approximately 500 acres under lease to individuals, and probably two-thirds of those will not be operated without finance. Probably 1350 acres that would be left.

SCHNELL: If one is left--

or is that obligated to pay for some of the red ink figures. Could we use the Jap's 50% to go ahead and irrigate and prune.

EAGER: As it stands now, No.

HEGGBLADE: As I understood it, you could pay taxes and major production costs but couldn't go into the 1943 season.

EAGER: You would at all times maintain the equity of the Japanese. If you had wiped out your debt to us we wouldn't be in the picture.

ROBINSON: An arrangement with the Japanese, mutually satisfactory, and all interests protected equally, would be alright?

FEIL: Suppose there was no money to pay taxes and a mortgage on the property. How about foreclosure?

ROBINSON: That is another pertinent question and there may be several answers. After all, that property is in the name of the Japanese. What does he wish to do about it? We are not superimposing ourselves upon him. As far as we are concerned, we are an intermediary, and if he wishes to give a power of attorney to the best of our ability - that is one thing. A private arrangement is still his privilege.

FEIL: 99% of them want to have the properties there with the expectation of coming back. They were told by the WCCA at the time they left that they could request that a foreclosure be stopped and they would stop it.

ROBINSON: The only way that that might be done, as I see it, a minimum might be considered. Whether application or not is another question, or the freezing power might be invoked under justifiable circumstances.

FEIL: Who would have the power to do the freezing, now the WCCA is no more?

ROBINSON: The Secretary of the Treasury conferred the freezing power on the Secretary of Agriculture, who in turn delegated it to Mr. Hewes so that FSA would have the freezing power, but only once was it actually exercised. Whether that freezing power will be given to WRA, or not, I do not know. It is being contemplated.

FEIL: Reason I asked the question - the local National Farm Loan Association notified me yesterday that if an interest and tax payments were not made they were going to proceed with foreclosure on Japanese properties they have loaned on.

ROBINSON: There are many angles. Here is an association. If those properties are blocked --

WOODIN: (Interrupting) I would judge that the majority of the people interested here are not in a position to secure private finance. I assume that that is the case. How long before you can tell us definitely Yes or No how soon the government is going to step in?

ROBINSON: That answer I do not have. That is why I am in a sweat here to get things functioning soon enough to be effective -

HOFFMAN: Does your present program contemplate not only finance but taking over properties in case of abandonment by people here?

ROBINSON: When in Washington Mr. Myer made this statement to me. He said: "I do not believe I would want the WRA to become a loaning agency". He said we would be duplicating the work of other existing agencies and I think he had specifically in mind the fact that FSA is already in that program, set up to make loans, collections, servicing, etc. It would be a waste of government money to duplicate that job. The second half of your question - what would we do about abandoned properties generally? Our function is to act in behalf of evacuees, doing two things: Preserve the national interests and further the war effort. Preserve property values so that political subdivisions find them a taxable asset. To do for the evacuees all reasonable things which we have deprived them of the opportunity of doing by having them under control as they are at the present time. Whether or not we operate property, I expect, will be my decision and I don't think any government agency is competent to actually operate property. I don't believe I could effectively operate a property. There is too much red tape, too much procedure, too much damn nonsense about it, and I would rather move it out into the hands of people making a job of that thing. As far as acting as a negotiator or in a capacity of go-

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between, Yes, we do that. Have been doing it ever since August 4. There are 6,664 pieces of evacuee farm property in this region totaling 258,000 acres worth a hundred million dollars. There are 5,300 pieces of commercial property, everything from liquor establishments to churches. Our job is to keep them to their maximum usefulness. There were 693 hotels in the hands of Japanese. We are intent upon them being used to help fill the housing shortage.

DeCAMP: I don't think there was any misunderstanding at all on the part of these men who formed these corporations as to their liability to the government in case their operations show a loss. I don't want to be one of the founders of a corporation to do this particular work if, when the work is completed and there is a loss, that corporation would have to go through bankruptcy to clean up that conditon. From what has been said here, that, evidently, is what would be necessary as the matter was handled for the 1942 crop. If we are going to do this in 1943, I would like to have that difficulty eliminated as far as I am concerned personally. I don't want my name with a corporation that has to go through bankruptcy.

ROBINSON: First, I think you are entitled to have that question cleared up but as far as my own knowledge goes - any indebtedness incurred to the United States of America reamins an indebtedness until it is paid. For example, if I should overcharge on an expense account, if I make an error in computing my per diem and it is paid and later found I was overpaid, and whether that is 15¢ or \$15.00, I owe that as long as I live and they will get it, too. But I do believe, in fairness, too, that you are entitled to have the matter cleared up. I sat in on most of those early meetings, as a matter of fact I am the one who made the recommendation to Mr. Hewes that he approach the corporations instead of individuals, as FSA was equipped to do the job within the time limitation.

HOFFMAN: When various men here take into consideration whether they should operate in 1943 or not, that question that has just been mentioned is going to be uppermost

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in their minds, and if the corporation is going to be compelled to again pledge its entire assets, without distinction between the various accounts and with so many disadvantageous conditions that will exist in 1943 --

Now if the matter could be handled so that your lien would exist as only against the crop and not for any deficiency, and certainly not for any deficiency that would go against the pool of the funds. That will be a very important factor to be considered. The situation is so different than it was in the late Spring of this year. We haven't nearly the assurances we had then and, besides that, we don't want to be in a venture where you know you have an obligation that is unpaid. I realize the government wants to be paid for the making of the loan. On the other hand it is admitted that if this is not government-financed then there are other agencies that can do that. It is not normal banking. It is admitted to begin with that it is "distress" banking with probable losses. The very fact it is handled the way it is indicates that probable losses must be expected. It is so fundamental.

ROBINSON: You will have to recognize this; that I am no longer connected with FSA and I have refrained completely from making any statements that would commit them. I do think there was recognition of the situation. You had to indicate that you were unable to get the financing from any other source whatever. This was set up to meet an emergency but I do think that --

HOFFMAN: Of course we are more interested in what your agency will do for next year with respect as to how these repayments will be made for 1943. If it were the attitude of your agency that you would expect that loan to be repaid in full, like any banker would, we would cull these accounts through much closer for the purpose of determining those we would exploit for the coming year than in those cases where there was only a lien against a particular ranch. It would be an all-important consideration in giving you the information you are asking now as to how much we

would need for next year.

ROBINSON:

SCHEIDECKER: Are you speaking now, Russell, of what---

There isn't a single official in the FSA that has the authority to compromise a debt. That is something that has been reserved to the Comptroller General and, in some rare instances, to the discretion of the United States General and, in some rare instances, to the discretion of the United States Attorney. Even if we wanted to make loans on an understanding that if you didn't make it you wouldn't have to pay it, we couldn't operate like that.

HOFFMAN: What I meant is: the government would have the lien not only for 1943 but for 1944 by taking the repayment of the money out of the lien then there would not be a deficiency against the corporation, looking only to your crop interests for reimbursement.

SCHEIDECKER: The FSA, as a matter of security, could make a decision whereby only the crops would be put up as security but we couldn't go further and say that if the crops don't make it you don't have to pay it back.

SCHNELL (of Nash-DeCamp): What effort would you make to collect the rest?

SCHEIDECKER: That is something that would have to be determined.

DeCAMP: If you started proceedings against any of these corporations unable to repay the government and you could of course secure a judgment against that corporation: nothing to levy on but the judgment would stand.

SCHEIDECKER: Whether or not we would do that I couldn't answer. It would depend on the circumstances in each case.

FEIL: I think you are mistaken on your thought about nobody having power to forgive loans because I know it has been done.

SCHEIDECKER: The only loans I know of that have been compromised by FSA are loans made by the old California Rural Rehabilitation Resettlement Corporation.

That was not a government agency. It was a private corporation set up under government sponsorship to make loans to farmers and may have compromised some of those. I don't know of any FSA loans compromised by FSA officials.

WOODIN: Do you think it is going to be a matter of weeks or months before we will know definitely whether or not there will be government money?

ROBINSON: I hope it is a matter of days because if it is more than that it will be ineffective.

WOODIN: Let us assume that you get a favorable reply, or a reply that appears likely something will be worked out. Are you going to call another meeting?

ROBINSON: There are certain things, certain ambiguities in the past deal that I do not want to exist if we go into it again. "Is this going to be held over one's head for the rest of their lives if, with good judgment and conscientious effort, it is not repaid in full?" I would like that cleared up. Then we may have to do it a different way than it was done last season.

WOODIN: I don't think there is a man in this room but what did everything in his power, regardless of personal expense to himself or his company, to work with the government on the 1942 program. Personally I feel that the government drove a pretty shrewd bargain. To be specific, the matter of attorney expense in drawing up papers and all the preliminary work. No, that couldn't be charged against the deal. Hours and hours of time and miles of automobile expense that should legitimately be charged against the operating expense of these ranches that wasn't. Now, if a new deal is worked up whereby some deals similar to 1942 are worked out for 1943, I really think that all such legal expense should be paid out of the operating expense of the ranch or ranches in any estimates made. If the company I am associated with can make a few thousand dollars at the end of the year we can recoup what we paid out in organization. If we don't, it is just too bad.

ROBINSON: It was my thought that there would not be government finance involved. My feeling was that the original corporations which were approached had enough at stake and enough interest so that they could and would finance these undertakings free and clear of all of the involvement that comes about with government finance. More freedom in their action and, after all, what they wanted was to meet government contracts for food and I thought there was adequate justification for it.

ROBINSON: (to Mr. Tudsbury who just came in). Is this Mr. Tudsbury, of "Loomis Agencies"? We are glad you were able to get here. Would your corporation be willing or able to carry on without government financing in this ensuing year?

TUDSBURY: We will not carry on.

ROBINSON: If, then, you are unable to carry on, what percentage of the acreage you are operating will be abandoned? Would much of it be taken over by individuals or would they be unable to handle it?

TUDSBURY: Who is going to finance the individuals?

ROBINSON: That is the next question. I haven't the answer.

TUDSBURY: Well, if you haven't I haven't.

ROBINSON: Do you have a summary of your estimated expenses and operations for next year?

TUDSBURY: Wait a minute. Who is going to do all this financing? It is easy for you to finance it but where is the help coming from for all this coming up in 1943?

ROBINSON: Specifically, what I must do is to indicate to Washington the certain sum of money that will be needed if it is carried on in 1943 as in 1942, and recognizing you have all these questions in your mind as to where you are going to get labor, what you are going to pay for it, and what you are going to get for your labor.

TUDSBURY: Are all our products going to be called "essential" or "nonessential"?

ROBINSON: That is very pertinent. We don't know the answers to those things right now and we do recognize that they are fundamental.

TUDSBURY: We don't know whether we want to go ahead either, and --

ROBINSON: Are you an attorney, Mr. Tudsbury?

TUDSBURY: No, sir, but I certainly had some wonderful experiences this year and if I had known, four months ago, what I know now --

ROBINSON: How many places did you operate?

TUDSBURY: Operated 12 places, about 500 acres.

ROBINSON: How much was marginal? That you wouldn't want to consider operating again?

TUDSBURY: There is only a bare chance that we might farm three or four of the parcels, provided we can get someone to go on there and be responsible for the work, and you folks furnish the money. Otherwise we wouldn't be interested at all. There are at least eight that we wouldn't want to handle again.

ROBINSON: Japanese ownership?

TUDSBURY: All Japanese ownership. Listen, we have 1,000 things to worry about besides financing. Labor shortage, bum pipe lines, everything under the sun --

WOODIN: If you call another meeting like this make it for one o'clock, if you can, instead of ten o'clock. One o'clock would be a whole lot better. And some day other than Monday would be more desireable.

TUDSBURY: I came on a train and the Army stopped me all along the way -- (Laughter)

ROBINSON: That's nothing. I drove in from Davis this morning. Left at 6 AM.

GILCHRIST: If the funds are available and forthcoming under a new program, will the FSA or WRA remain as the loaning agency?

ROBINSON: The Director's attitude was that we do not want to duplicate on any other agency.

GILCHRIST: I wouldn't know if there is a definite plan; whether FSA is definitely out and WRA is taking over.

ROBINSON: If FSA is to tackle it, it will be necessary for WRA to aid them in expediting the finances.

TUDSBURY: What becomes of the funds; if we are lucky enough to make anything on these ranches, to whom do we pay them? What do you do with the deficit that might be created? We did not, in our agency, take any percentage to cover any losses. Each one on their own. Consequently, if a ranch comes up with a deficit (one in the twelve) and all the balance had an earning - just how do we handle the deficit, and if we should be lucky enough to not have a deficit and they all have earnings - to whom and how are those funds to be handled?

TUDSBURY: Would you have individual contracts or power of attorney in your contracts covering anything?

ROBINSON: Then why do you ask us the question. You have the decision in your own hands.

TUDSBURY: I propose to do this. Am I wrong? I propose to put that money in a bank, in a trust fund, until we know what is to be done with it. But what am I going to do with the deficit on this one ranch that we had a big deficit on. How is that to be covered?

ROBINSON: Separate power of attorney?

TUDSBURY: Yes.

ROBINSON: Is this one on which there is a deficit a clear piece of property?

TUDSBURY: Yes.

ROBINSON: Then you have authority to borrow the money to take up the deficit.

TUDSBURY: We paid back everything we got from the department. From whom would I borrow and to whom would I pay the deficit?

ROBINSON: I don't think I am the one to sit here and adjudicate that problem. Maybe you need some legal counsel. Maybe it is a legal question and I wouldn't attempt to answer it right off like that.

TUDSBURY: I was informed that the agency not having any assets and the corporation wouldn't be responsible. But someone has this deficit. We have expended the money on it and

WOODIN: Maybe he paid back too quickly.

ROBINSON: Well, on the other hand, the agency borrowing an overall sum and the overall income assets covered it --

TUDSBURY: Where did we get any assets? Temporarily, yes, for the reason we have credits on one side, but we have this one deficit. Now, who is going to carry the load?

ROBINSON: Here is another question to ask. Did these twelve Japanese jointly issue this or individually?

TUDSBURY: Individually.

ROBINSON: In so doing, did they intend to pool their resources?

TUDSBURY: No.

ROBINSON: There is a lawyer on your left there - I would suggest that I may be intruding on your field, Mr. Hoffman - but it would appear to me that that deficit is against that piece of property.

HOFFMAN: If there is sufficient equity in the other _____, the agent would get reimbursement from the profits such as might be in his hands from the other pieces. If the agent has spent the money it is out of his own pocket. Very similar to this other question, and we are going to discover when we look at our papers that we have pledged our entire assets. The Federal government is going to take the profitable money with the unprofitable and there will be a mix-up if we are not mighty careful in these payments and disbursements.

SCHEIDECKER: I would have to look at the individual papers to see just exactly what security was taken. If in the particular case the mortgage was taken on all of the crops, and, in addition, all of the leases were assigned to the government, it would appear that we would have a mortgage on whatever assets the corporation would have, but whether we had that in each case I do not know.

HOFFMAN: You had a blanket assignment on all these crops and, because of that, you will find that everything was pledged, and I think - as far as we are concerned - we at all times knew, as far as the FSA is concerned - we at all times knew what we were doing and we were misled. We had to yield what other wise we would have bargained for because of the fact that we were "over the barrel". It certainly was not good business except that we were trying to do our duty by the government. But there are those problems Mr. Tudsbury brings up that we are very interested in.

ROBINSON: Mr. Tudsbury, how many places will you operate next year?

TUDSBURY: We have possibly four places we would operate next year.

ROBINSON: As far as this labor situation is concerned, what is this highpowered Manpower Commission going to determine? If you know what you can produce and --

TUDSBURY: (interrupting): I think you fellows really dumped something. We offered a good suggestion a year ago that the FSA paid no attention to and then in a little while, too late to be effective, here came a suggestion awfully similar.

BETHEL: If you are going to complete finance of these Japanese properties; We have heard this past summer that some of these people operating with government money went out and were the worst kind of competition to the legitimate grower. There is going to be an awful roar from the individual white growers. Would you be interested in a recommendation from the Farm Bureau up there and similar bureaus, which would be a cross-current of the feeling throughout the region?

ROBINSON: The FSA made an overall loan and the restrictions were not as to how little or how much was to be paid.

PHELPS: Yes, we had no jurisdiction or power in the loan to say just what could be paid for labor.

BETHEL: There were some operators up there got mighty free with money they were convinced they wouldn't have to pay back.

ROBINSON: Some of these gentlemen here were astounded when they were reminded that the money would have to be paid back.

BETHEL (Tudsbury assenting): This financing has got to be policed.

ROBINSON: I am wondering whether or not this would happen: How can we afford to put government money into uneconomic operations (beyond the necessity of war). What are the essential foods? How badly do we need plums, etc?

TUDSBURY: What is going to be declared essential foods? Is the government going to finance this? Will there be some policing power to control this thing?

Pirating and piloting kept the labor jumping around until a lot of the fruit was not harvested at the proper time. It all brought down the efficiency of the labor.

ROBINSON: If they can guarantee repayment of the cultural costs, why can't they finance the whole thing?

BETHEL: Make private money come into the deal for the harvesting of crops.

TUDSBURY: I don't know how the white growers are going to get their places pruned and sprayed right now. We have in a measure produced the crops we could get off from there but when I inspect those crops I find no thinning, no pruning, and water running wild -- no allowance for expense money there --

ROBINSON: What would there be to prevent the same sort of thing you referred to in harvesting prevailing in pruning, irrigating, etc.?

TUDSBURY: There have been loans made up there and I see a tremendous amount of money expended, probably more money than they will ever get back. Now, who will repay that?

PHELPS: They are all afraid of bankruptcy, though.

ROBINSON: Mr. Bethel, if the Farm Labor Committee would like to submit a statement, I would be glad to graft it in any formal report that goes in on this thing.

TUDSBURY: Agencies set up on a division of the net earnings. Ours is set up on each for their own. No pooling of assets. We don't take anything out other than agency

operating expense. However, are you going to get a recommendation and how are you going to corrolate all those different set-ups? Any recommendation that come in will cross over and conflict in another's territory and some will rejoice and some will resent. If next year's operations are going to be a repetition of what we had, keep the government money out of it. As far as our putting any money in it, NO. Out of 12 ranches there are 4 we would consider provided we can get a tenant on each one that can finance himself or can get finance on his own.

ROBINSON: Well, gentlemen, it is one-thirty and I guess we had better push along.

Personalities of the Corporations:

George Casey, Pacific Fruit Exchange, ~~DI~~ DO-8300 (Deciduous Farms Lands Inc.)

Woodin, California Fruit Exchange, Sacramento (Fruit Farms Inc.)

DeNies; W.B. Parker, President, Tokay Inc. Lodi, ^{Pacific Fruit Exchange S.A. Gerrard} ~~SAGerrard~~

DeCamp, Nash-deCamp Co., Berkeley, TH-3524 (Northern Farms Inc.)

Leonard Wood, A. W. Eames, Mrs. Blackley, sec., Calif. Packing Corp., SU-7760
(California Fruit Cannery)

Fiel, Benjamin Thomas, ~~Elva~~ Florin Fruit Growers Ass'n (Florin Farms)

~~H. N. Hansen, Tudsbury~~

H. N. Hansen, Tudsbury, (Loomis Agencies), Loomis

F. W. Heggblade, Marguleas, Heggblade-Marguleas, San Francisco, (Placer Orchards)

William Bethell, American Fruit Growers Inc. (Placer Farms Inc.)