Grape Surplus

grape growers need united industry action for effective surplus control

S. W. Shear

Since 1945, large government subsidies have been the only thing that has kept California grape prices and growers' incomes from being wrecked by the loss of most of the state's large prewar commercial raisin exports to Europe.

The level at which the government has supported grape prices during the past two years has kept most growers from appreciating the depths to which the grape surplus might push prices and incomes unless growers organize to control and divert the surplus—with some government assistance—into outlets that are not competitive with the domestic market.

During the past ten years, California grape production increased substantially and just about as rapidly as United States consumption. Average grape yields per acre have been over 25% larger than before the war, while the state acreage is now about 15% greater. The combined increase in yields and acreage has resulted in annual production averaging about 2,800,000 tons during the past four years. The state's production could easily be maintained at this high level.

With the unusually favorable demand in this country during 1945–1948 our people consumed about 2,300,000 tons a year of California fresh grapes, raisins, wine and brandy. Consumption during the last two years was also stimulated by low prices, particularly for wine.

During 1945–1948 the equivalent of about 500,000 tons a year were left for export or other outlets. This excess of production over domestic consumption was just about as large as the surplus before the war when substantial commercial exports of low-priced California raisins still left some tonnage that our government diverted into noncompetitive channels.

Postwar Markets

What became of the 500,000 ton average annual excess of California grape production over United States consumption in the past four years? Foreign countries took about 36,000 tons a year of California's fresh grape exports which have been a little more since the war than before. Most of these went to Canada. California raisin exports to foreign countries during 1945–1948 averaged about 70,000 dry tons of which over 50,000 tons were shipments to Europe that were subsidized by our government directly or indirectly.

Most exports of California grapes have always been in the form of dried raisins. European markets took an average of about 49,000 tons of California raisins a year through commercial channels before the war, or 80% of the total exports to all foreign countries. Strictly commercial exports of raisins have been much smaller since the war in spite of the fact California has had just about as many to export as before the war.

European countries were so impoverished by the war that they lack the means for buying raisins from us without financial aid from our government. During the 1947–48 marketing season, European countries bought less than 11,000 tons from California through regular commercial channels and only a little more than that amount during the current 1948–49 season to date. They also find it to their advantage now to buy their raisins from soft-currency countries which don't require dollar exchange, such as Australia, Turkey, and Greece with whom they have a more favorable trade balance.

Most of our prewar export movement of raisins cannot be regained unless European countries revive their economic productivity, regain their export outlets and attain their prewar purchasing power. But such complete economic recovery probably will require many years.

Government Subsidies

The usual published statistics on raisin exports do not reveal the fact that for nearly 10 years the United States has subsidized, directly or indirectly, nearly all of the very large tonnage of California raisins shipped to Europe. Europe would have taken very few California raisins since 1940 if our government had not provided the dollars, in one way or another, with which to buy the great quantity actually shipped to them.

During the war practically all of our exports to Europe were subsidized lend-lease shipments to our allies. After the war, the large United States loan to England provided nearly all the dollars used in Europe in buying the substantial tonnage it took from California's 1946 raisin pack.

During the 1947–48 season, our government purchased about 113,000 tons of California raisins and gave them to Germany and to Austria—largely through our army civilian relief program. The Commodity Credit Corporation also bought 59,000 tons of the 1948 raisin pack and has shipped about half of it to Europe so far, largely under the auspices of the Economic Cooperation Administration.

How great the sum total of what our government has done since the war to support grape prices is not generally known.

Directly, or indirectly by loans, during the past three years, the United States government has provided the money to purchase about 235,000 tons of California raisins largely for overseas relief. During the past three years, these subsidized shipments have taken nearly one third of the state's dried raisin output and have cost our government about $40,000,000.

Vintners' stocks of wine have increased since the war and are still excessive in spite of the fact that the high level of consumer buying power and low wine prices during this year have resulted in the highest rate of wine consumption that has ever occurred in the United States. For several months bulk wine prices have been so low that they have not returned vintners the $30 a ton average paid to growers for the grapes they crushed in 1948. This fact indicates that prices for the grape crush are likely to be considerably lower in 1949, unless wine prices rise substantially before next fall, which seems unlikely considering the large stocks in prospect.

The present small carry-over of raisins is due to the facts that wineries crushed a large tonnage of raisin grapes in 1948 and that our government purchased substantial quantities of the 1948 pack of dried raisins. California production of dried raisins and of wine from the 1949 crop can easily be the reverse of 1948 so that much of the grape surplus would be in the form of dried raisins instead of wine.

Situation in Brief

Since the war, California grape production has been much larger than United States consumption, even though consumers in this country have been very prosperous. Very large government-subsidized shipments of California raisins, Continued on page 16 CALIFORNIA AGRICULTURE, JULY, 1949
MOSAIC

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come the hybrid sterility and to effect the transfer.

Virus diseases are of importance in every phase of California crop production. Usually they can be controlled effectively only by production of resistant varieties or by practice of rigid sanitary precautions. Since sanitary measures depend principally on destruction of infective material, they often have little chance of complete success, because many weeds and wild species may harbor the virus. Consequently plant breeding often is the only really practicable method of control.

The first requirement in a program of plant breeding is location of a source of resistance—either in some variety of the same species or in some related species. Often this part of the program entails extensive exploration, particularly in regions where the crop is grown under relatively primitive conditions. When such a strain or species has been discovered—no matter how unpromising it may be in other respects—it may be possible to transfer its resistance to improved varieties. Such a procedure may be effective in combating virus diseases in tomatoes, just as it has been in producing mosaic resistant tobacco varieties.

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largely for overseas civilian relief, have temporarily replaced large prewar exports to European countries. However, even with such diversion to exports and the high level of domestic consumer purchasing power and demand, wine stocks have accumulated and prices of grapes, raisins and wines have dropped sharply in the past two years. At the same time farm wages and other production costs have fallen but little.

Present indications are that lower prices for the 1949 grape crop will push growers' incomes below the 1948 level. Moreover, there is danger that prices growers receive for their grapes may be painfully low for several years unless a favorable combination of the following conditions develops; 1, smaller grape production in the state; 2, maintenance of a high level of domestic demand; 3, control or elimination of surplus grapes; and 4, a big increase in commercial exports.

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