Industry controls in Plum Marketing have affected fruit quality

Marketing orders and agreements are one means of increasing net returns to growers. Many programs have been tried with California agricultural products since 1933. The present federal marketing program controlling interstate shipments of California plums, Elberta peaches, and Bartlett pears was set up in 1939, and is still in effect, with a few relatively minor changes. Plum controls were also applied, on a limited basis, earlier under the California Deciduous Tree Fruit agreements in effect from October 1933 to March 1938.

As it applies to plums, the regulation provides for minimum grades and sizes of fresh shipments to out-of-state markets. Certain minor provisions are included: 1, use of federal-state inspection as proof of compliance; 2, specification of maturity requirements in conjunction with grade regulations; and 3, issuance of exemption certificates to cover individual hardship cases.

In 1949 the program was changed with respect to plums. They were classified as early plums and other plums so late-plum producers would not be denied the benefits of marketing control because prices received for early plums exceeded the parity standard.

Marketing Order Extended

In April, 1950, plum growers and dealers adopted a state marketing order extending federal regulations to intrastate fresh sales. It applies to plums shipped for fresh consumption within the state, and although worded differently, parallels the federal agreement.

Have these controls materially altered the size and grade distribution of shipments, and how do these changes affect prices and grower income?

Figures for the years 1946-1959 show that controls have sharply reduced shipments of the lower grades and the smaller sizes. Minimums for both grade and size clearly show an upward trend. Since 1946-48, grade tolerance has been reduced from 12% to 3% below U.S. No. 1 grade. Minimum size has been raised by about one-half. For example, the minimum for Beauty, 5 x 5 pack, was increased from 100% to 50%; for Santa Rosa, 5 x 5, from 50% to 0%; and for Tragedy, 6 x 6, from 50% to 0%.

Differences Comparable

Because physical characteristics differ among varieties, restrictions also differ. Minimums are set at different levels and show sharper trends for some varieties than others. The changes, however, are approximately comparable.

Plums vary in size distribution with both variety and year. Size distribution in actual shipments is further affected by marketing regulations.

Between 1945-1949 and 1955-1958, the size composition of interstate shipments changed substantially. Shipments of 4 x 4 and larger packs doubled—from 22% to 43% of the total. Packs smaller than 4 x 5 declined from 29% to 10%. Intermediate sizes continued at just under half the total. Relatively greater shipments of the larger-fruited varieties do not affect the validity of the result shown in the table because the shift occurred with each variety.

Exclusion of the smaller sizes from fresh sales seems to have had an important effect: the proportion of the largest sizes has increased. Could this be the result of changes in cultural practices over the past 15 or 20 years? Well-informed industry persons think not. They say the primary cause is improved marketing practices.

Available evidence shows that the plums shipped to out-of-state markets are larger today than they were only 10 to 15 years ago. Comparable information on grade is not available, but average quality has undoubtedly improved—at least as judged by the minimum grade regulations.

Similar changes in size and grade for intrastate shipments are suggested by the behavior of prices. Since 1950, prices for fresh intrastate sales have approximated those of interstate shipments, in contrast to discounts of 10-15% during 1930-1949.

Have grower returns been increased by these changes? Since improved size and quality generally bring higher prices, and since the volume marketed has not changed appreciably, there is strong evidence that the industry has benefited somewhat.

Jerry Foytik is Associate Professor of Agricultural Economics, University of California, Davis.

The above progress report is based on Research Project No. 1379.