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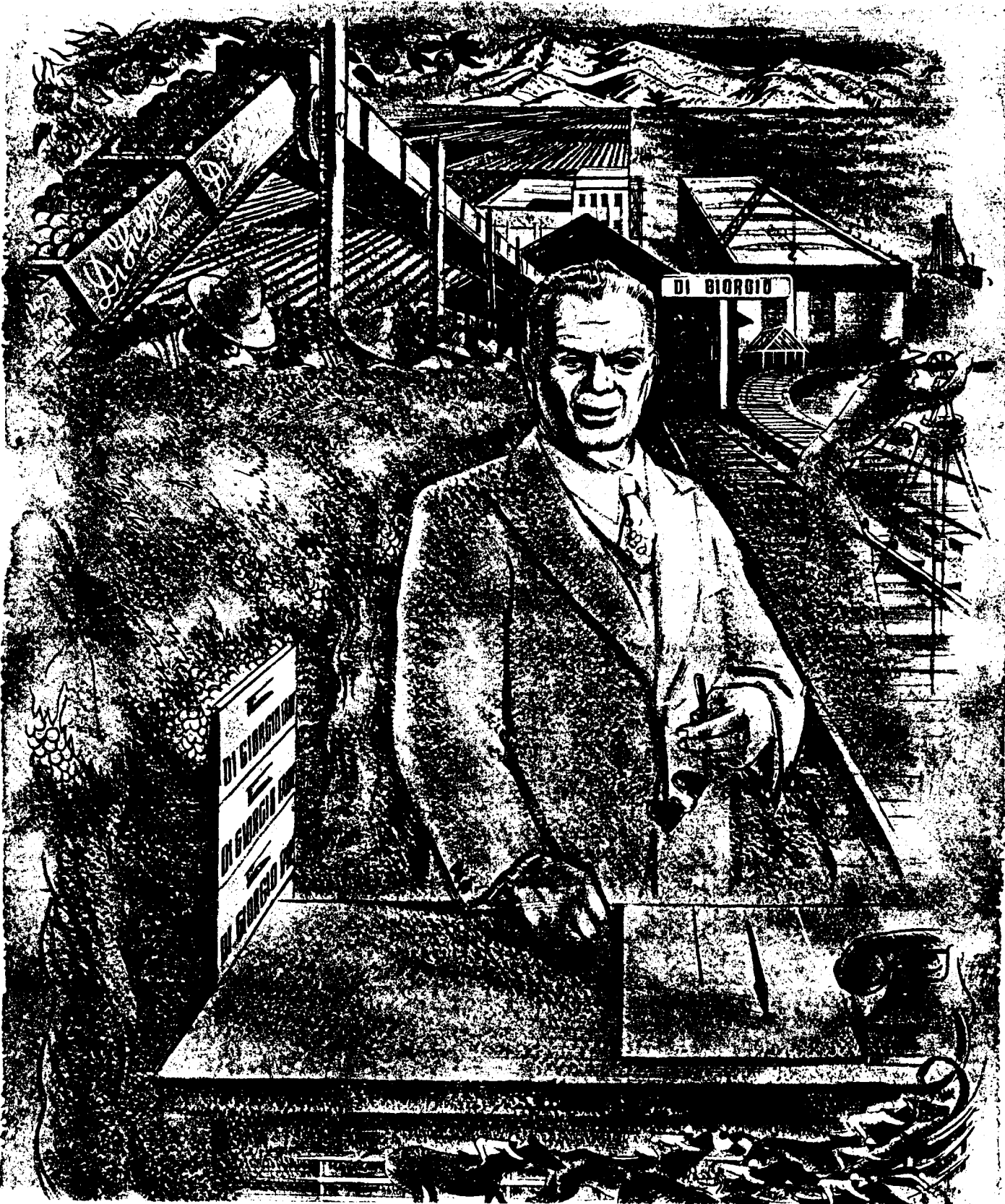
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COVER: PAINTING BY ANTONIO RUIZ
(The New Rich) from the collection of
The Museum of Modern Art, New York

THE NEXT ISSUE

FOWLER MCCORMICK • INDUSTRIAL
RAYON • POLITBURO • THRUST PRO-
PULSION • STATUS OF ARMED FORCES



JOSEPH DI IORGIO

A BOUNDING FRUIT MAN'S WHIRLWIND

COURTSHIP OF FREE ENTERPRISE • HOW HE LOST HER TO BANANA RUSTLERS AND FOUND HER AGAIN YEARS LATER IN THE DESERT

Seventy-two-year-old Joseph Di Giorgio, the largest grape, plum, and pear grower in the world, the largest citrus producer in Florida, is also, as would not seem too surprising, the most influential fruit auctioneer in the U.S. Since he arrived from Sicily in 1888 in a suit planned by his mother to make room for his future enlargement, he has not grown appreciably taller—he is a sturdy five foot six. But the hand-sewn suit of 1888 would scarcely fit his waistband today, for Di Giorgio is now shaped like one of his own select plums. The fruit wears the healthiest aspect: the white-mustached, gray-haired, soundly tanned Californian has the face of a man twenty years his junior.

Di Giorgio has risen from lemon packer on his father's little Sicilian farm to chief owner and boss of enterprises carried on the books at about \$21 million but hardly to be duplicated in 1946 at less than \$80 million. In 1940 the Di Giorgio Fruit Corp.'s gross income, largely based on fruit sales, partly based on commissions as an auctioneer and shipper of fruit, was about \$6 million. On that take the company made no profit at all. By 1944, however, the gross was \$16 million, the net after taxes about \$1 million. In 1945 the company's financial position was strengthened by Di Giorgio's sale of its holdings of stock in the Del Vista Wine Co.

In late May of this year, Mr. and Mrs. Di Giorgio left their New York apartment on Central Park South, took the *Twentieth Century* to Chicago, boarded the Santa Fe's *Chief* from Chicago, and beat the railroad strike into Barstow, California, by several days. (Barstow is about a hundred miles northeast of Los Angeles.) From there the Di Giorgios' chauffeur drove them west through the Mojave Desert. Mr. Di Giorgio, between studious plunges into the racing charts, noticed that the spring flowers had already withered from the face of the wasteland. Seventy-five miles west of Barstow his car climbed the Tehachapi mountain range, which joins the Coast Range with the Sierra. On its farther side, along the new highway replacing an old road where Okies used to enter the Central Valley of California, Di

Giorgio had his car stopped. He was at the southern tip of the San Joaquin Valley, which is also the southernmost extension of the Central Valley's long domain. Below him was his own land, lying at the foot of hills tawny and napped as a lion's paws.

Looking down on Di Giorgio Farms, the heart of his nationwide ownership of about 26,000 acres, he saw a rectangle of green six miles long and three miles wide. On its eastern and southern sides it was bordered chiefly by the same sort of sagebrush-covered semi-desert from which he had wrested the fruit land itself. On its other sides it was hemmed in by the ranches of growers who had followed him into the neighborhood. The whole perimeter of his land was marked by a row of tamarisk, slightly darker green than the leaves of his vines and plum trees. A pale green strip in the north was his asparagus, which he knew was now being left uncut and ferny after a profitable growing season. Nearer, at Di Giorgio's left, lay the small town of Arvin. Not so far beyond Arvin, and within his ranch's limits, Di Giorgio spied the monolithic concrete of his new winery. At this point in the road Di Giorgio has expressed the same sentiment to many friends: "All this I create myself. Before I drill the wells, all was desert like you see close here."

The eighteen square miles that Di Giorgio has girdled round with tamarisk is now known as Di Giorgio, California. Not far from the company office and the post office stands Di Giorgio's house. It looks more or less like the other low and simple clapboard houses in which his head men live beside him, but its interior has a graciousness that belies its plain façade. In a dining house to the rear the Di Giorgios sat down that evening to a dinner of steak—from the same beef cattle Di Giorgio

slaughters in his own stockyard to provide daily meat for all his ranch help. Among the guests were two Di Giorgio nephews also named Joseph. One was Joseph Salvatore Di Giorgio, Marine Corps Reserve major, vice chairman of the Di Giorgio Fruit Corp. and heir apparent to the throne. To distinguish him from all other Joes, greater or lesser, he is known as "J.S." Another was Joseph Arthur Di Giorgio, who is in general charge of all the company's California farming operations. He is "J.A."

Sitting in such open-collared sovereignty in the southern part of rich Kern County, Di Giorgio is among 2,000 other farmers.



THAT'S MY LIFE

...says Di Giorgio of incidents on his way to Di Giorgio, California, from his birthplace in the Sicilian town of Cefalù. On the right, the fruit man at nineteen, as he appeared to the lens of a Baltimore photographer. In the background is Cefalù itself, on whose pleasant outskirts



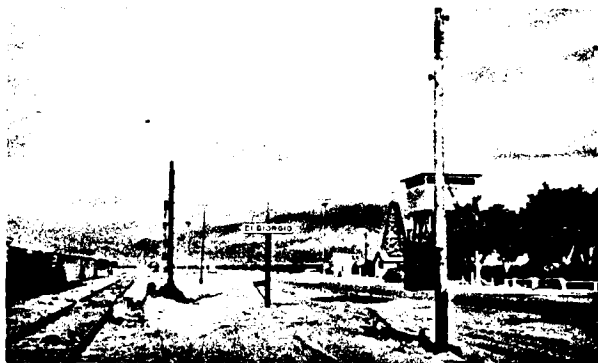
CALIFORNIA FARM: HOW TO MAKE AN OASIS

The eighteen square miles of fruit land known as Di Giorgio Farms near Arvin, California, were wrested from the desert with the aid of pumped water. There are forty pumps on the property. If the water pumped in a year were imagined as a

blanket on the land it would stand almost five feet deep. Grapes and plums are the chief crops. Their sales value has approached \$5 million in a single year. Many of the grapes will go to a new Di Giorgio winery (below, left).

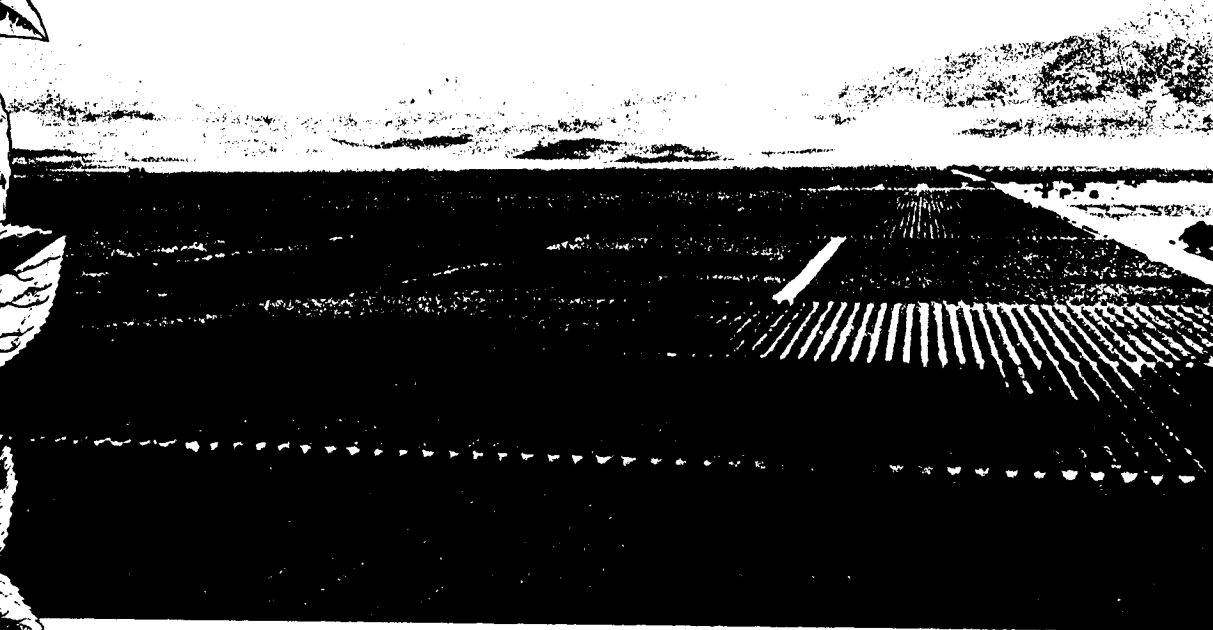


CALIFORNIA FARM BUILDING AND (BELOW) FARMHOUSE



CALIFORNIA FARMYARD AND (BELOW) FARMER





two-thirds are run by their owners, another 15 per cent by part owners. About 20 per cent are run by tenants. And perhaps 5 per cent are run by skilled farm managers in whipcord and straw hat like Di Giorgio Farms' manager Max Newman. In Kern County and its two adjoining counties to the north, Joseph Di Giorgio is one of fourteen landowners holding more than 6,000 acres apiece. The acreage of Di Giorgio Farms, near Arvin, is about 10,000, almost all of it under cultivation. At Delano, about sixty miles north, there are about 5,000 acres.

A bust of Di Giorgio has been erected in the town of Arvin by grateful citizens of the more freely donating class. It immortalizes him as an Italian-American serious thinker, thus tending to fix in bronze the notion that his rise has been from bandanna neckcloth to stuffed shirt. This is not the fact. At seventy-two, Di Giorgio is still the personal melting pot of more bubbling forces than even his picturesque speech can evoke. He knows well that as Toscanini is to the baton, Giannini to credit, Obici to peanuts, and La Guardia to the 5-cent fare, so is Di Giorgio to grapes, plums, and pears. Full of *pastafazoi*, he is one of the most relentlessly self-entertained egoists on the U.S. business scene. At one moment recollections of the chances he has had to take lead him into scornful derision of "planned" economies; he sees the OPA pressing a crown of thorns on the sweating brows of the big farmers. In the next he is nostalgically Jeffersonian, a big corporate farmer who thinks that there should be more small family farms.

Di Giorgio's inconsistencies befit him as an Italian-born businessman built along the lines described by Petronius: "He raised himself from little or nothing . . . yet never heard a philosopher." His consistency lies in his attachment to one theme—production. He loves to work hard. Another point of view

school and forty acres besides; he likes equally well to recall the little men he has helped on their way up. And his self-confidence shades into a cocky, Figaresque hail-fellowship that has made him many valuable friends. This is at the source of his sparkle—the most natural effervescence in the grape industry since a monk named Dom Perignon stumbled on champagne.

Sandals v. lemons

Cefalù is a small town on the north coast of Sicily, about forty miles east of Palermo. One evening in Cefalù, fifty-eight years ago, a boy known as Peppino packed his clothes to enter a local seminary where he was enrolled to study for a brotherhood. Peppino, christened Giuseppe by his parents, Concetta and Salvatore Di Giorgio, heard on the same evening that one of his gang had been beaten up by another young mob of fighting Cefalutani. He organized a counterattack. It succeeded in breaking a few noses. It also convinced the head of the seminary that young Di Giorgio was not going his way. Instead of taking to the sandals, Peppino Di Giorgio sailed a few months later to New York with a small consignment of his family's lemon crop.

Once in the legendary U.S., he stayed to work at \$8 a week for a *paesano* named Saitta, an importer of lemons and general fruit jobber in Washington Market. After a few years Di Giorgio moved to Baltimore, where he went into jobbing for himself. The city was a fruit center and the chief port for Di Giorgio's particular interest: bananas. He soon found that he needed more working capital and got \$5,000, on the strength of his face and personality, from a chancy old officer of the Maryland National Bank. Di Giorgio paid the loan off in short order. In a few years he also acquired his first corporate vessel: the Monumental Trading Co. Looking back on the Baltimore years, he



"J.A." DI GIORGIO

MAX NEWMAN

ROY BOONE

THE BOSS

The boss is always brim full of illustrative reminiscences. Here at Di Giorgio Farms he is recalling how as a banana man he got along with Central American revolutionists—not by greasing their palms but by giving them "one big smile." "J.A." is the loving master of agricultural detail at Di Giorgio Farms and Delano to the north. Max Newman, the Di Giorgio Farms manager, has been with the boss for

twenty-one years. Roy Boone, who runs the 5,000 acres of vines at Delano, often entertains his brother-in-law, Walter Huston, at the diner-style dining bar at his ranch home. Much of Di Giorgio's success can be attributed to his flair for checking his Latin inspirations against the shrewdness and farming skill of the native Americans whom he has brought up in the business over the years.

Di Giorgio established himself as early as 1918 in all the kinds of enterprises with which he is now associated. In 1904 he founded the Baltimore Fruit Exchange, cornerstone of his present auction business—and fiscal nest egg of more of his later endeavors. He went into the shipping and commission business on a transcontinental scale with his purchase of the Earl Fruit Co., an old California shipper, in 1910. His first venture as a grower came in 1918, when he started to acquire Florida citrus land that has now grown to some 9,000 acres in extent. Today all of the growing operations are incorporated in the Di Giorgio Fruit Corp. and account for more than 90 per cent of the total revenue of the company. California growing contributes about three times as much as Florida to the gross, somewhat less to the net; and total fruit sales for all geographical divisions amounted to \$12,700,000 in 1945.

The nongrowing income of the company comes from several sources. First are the dividends from the three major U.S. auction companies in which the Di Giorgio Fruit Corp. owns a controlling share: the New York Fruit Auction Corp., the Baltimore Fruit Exchange, and the Union Fruit Auction Co. of Pittsburgh. Together, these turn over about \$80 million worth of merchandise a year, more than 95 per cent in fruit, the balance in vegetables. Their commissions contribute in the neighborhood of \$200,000 to the Di Giorgio Fruit Corp.'s gross. The corporation also derives some income from minority interests in other major auction companies. It gets additional returns as a packer, loader, and commission merchant—in 1945 these totaled about \$500,000. An Oregon lumber and box operation has been doing

"J.S." DI GIORGIO

PHILIP DI GIORGIO



of the corporation have been heavily buttressed in the last year or two by Di Giorgio's anticipation of the great current upsurge in California wine production.

The banana bunch

Once, as a young banana buyer, Joseph Di Giorgio went aboard a steamer owned by the Boston Fruit Co., a predecessor of the United Fruit Co., to inquire the day's prices. The salesman in charge did not answer Di Giorgio directly, but displayed the lapel button on which the day's quotation was traditionally penciled. Di Giorgio took this as an affront. He explains that although the lapel-button method was conventional, the attitude of the company and its salesmen had always been too highfalutin for him. With this incident, and Di Giorgio's recognition that the United Fruit Co.'s prices were very high, there began a running battle between Di Giorgio and United that ended only about a decade ago.

Many of the details of the engagement have disappeared under Di Giorgio's hat—and that of his former secretary and human safe-deposit box, Ben Barton, now senior Vice President. Nevertheless the general outlines of the story are as obvious as a banana split. When Di Giorgio rashly challenged United Fruit's right to operate as it chose on the body politic of the Caribbean (and the U.S. consumer), he put himself in the position of the motor launch challenging the Cunarder for right of way. During the early stages of the conflict—involving sea, rail, pushcart, and mouthpiece power—Di Giorgio's bananas were hacked to pieces at his Central American docks. His companies were festooned with lawsuits. His search for allies among the shipping companies was unsuccessful. From 1905 until 1910 he was forced by the threat of bankruptcy to work very closely with United. In 1911 he formed a new company. By 1912 he thought he had tied up a large new source of bananas. But the Costa Rican grower upon whom he depended sold out to United. Di Giorgio was presently called to the collective quarterdeck of United's Great White Fleet by President Andrew Preston, a Bostonian fanatically devoted to the pursuit of banana dividends. He invited Di Giorgio to walk the plank. Di Giorgio walked. When World War I broke out, Di Giorgio's career as a banana man seemed about over.

However, as Di Giorgio puts it: "This is the honest to truth; I never did what I was told to do in the banana business." In the late 1920's he returned most vigorously to the battle line. In Jamaica he saw a chance to do what United had kept him from doing before the war—reach Europe with his bananas.

United, with British allies in both the greengrocer and steamship peerage, had been making it as hard for Di Giorgio to cross the Atlantic as it was for Columbus before he met Isabella. Di Giorgio's Isabella was the beautiful coffee-colored daughter of a late friend of his among the Jamaica growers. Di Giorgio met her at a dance in Kingston in 1929, when he went to see if he could solicit the British Empire through its Caribbean channels. He told her something about the bargain he proposed to lay before the Jamaican officials. He would supply Cuban and Mexican bananas to the Jamaica growers' association so that they could fulfill their contracts in case of hurricane loss. They, in turn, would provide him with the crown colony's semi-official privileges in obtaining banana bottoms. Di Giorgio's seductive partner on the dance floor thereupon advised him that if he did not appear too anxious to sign up when the public hearings were held, he would probably get a very good arrangement.

cases in which Di Giorgio "fought the United's \$300 million with nothing but my good-lookin' brown eyes and curly hair."

The Jamaica arrangement enabled Di Giorgio to land thousands of bunches of bananas on the docks of London and Rotterdam from 1929 to 1931. This, in turn, enabled him to sell out his banana interests to the Standard Fruit & Steamship Corp. at a price high enough to pay off his millions in banana debts. Di Giorgio had made no fortune in bananas, nor had he found free enterprise in them. He was probably not even the big-time fruit man for whom legend says *Yes, We Have No Bananas* was written. He never came near possessing the power that Bessarabian-born Sam Zemurray finally obtained when he used the Cuyamel Fruit Co. as a Trojan horse with which to seize control of United. But as the departing Di Giorgio told the rising Zemurray: "I have my honor. And I think I go make a fortune in California." Today a good friend of Zemurray's and a peaceful associate of his onetime foe, Di Giorgio handles substantial lots of United's bananas through his various auction rooms.

The auction room

Di Giorgio, strongest single power in the U.S. fruit-auction field, makes much of the auction's virtues as a free pricing mechanism. The system is today under some pressure as a distributing organism. For one thing, the chain stores prefer if possible to do their buying through big agencies of their own; they claim this permits more efficient distribution to their consumers. For another, the wartime market for fresh fruit has been generally so good that a number of growers, both new and old, have been glad to bypass the auction route, which the OPA can easily scrutinize, to make direct deals of their own. Again, the appearance of frozen fruits, and of fruits and fruit juices canned by new methods, is putting a sure though as yet uncertain downward pressure on the prices that the auctions pride themselves on keeping in something like reasonable equilibrium. Finally, the fact that the OPA fixed ceiling prices on auction deals during the war has temporarily reduced the auctioneer's function to something like that of an allotment officer, who must do his best to divide up a scarcity.

Di Giorgio's present eminence in fruit auctioneering is based largely on his early perception that the small grower and the city jobber who supplies the small retailer both need a free, open, and honest market. Even if some of the small grower's fruit is not sold through an auction, the auction room nevertheless establishes a daily price structure to which he can refer in any direct deal he makes. Of course, groups of either buyers or sellers can gang up on one another, using a thousand tricks to rig the day's market. Honesty here, as in big-time politics, depends on a balance of power. But that balance of power is constantly being demonstrated in the New York Fruit Auction. It handles \$70 million worth of fruit a year, some 70 per cent of all the primary sales of fruit and vegetables made by all auction facilities in New York City. But substantial amounts are offered to the New York market in other kinds of deals; and



FIGURE IN BRONZE
The community center of Arvin, California, honors Di Giorgio.



A PRE-AUCTION DISPLAY OF THE DAY'S FRUIT



AUCTIONEER (ABOVE) AND BIDDERS (BELOW)



BY THE DAWN'S EARLY LIGHT—THE FRUIT AUCTION

As early as 6:00 A.M. the jobbers are busy examining the day's lot of fruit stacked for sampling on the lower North River docks occupied by the New York Fruit Auction Corp. By eight or nine o'clock the fruit buyers are ready to go to the nearby auction room and conclude their day's business. Lots for sales are listed in a catalogue printed daily. Bids are registered with the catalogue, the hands, the eyebrows, or the shrugged shoulders of the buyers. Auctioneers must have the voices of bulls, the eyes of eagles, the temperament of actors. Their audience is more critical than that at Ebbets Field.

store buyers outside the auction. The auction's response to these outside forces with which it is contending acts as a further check on its own price-setting habits.

In the auction room Di Giorgio himself is a well-respected arbiter who rides herd on stooge buyers as fast as or faster than any public agency. He owns 52 per cent of the stock. He does his best to see that the supplies of both large and small growers flow into the market at a reasonable rate. The city buyers, on the other hand, also have cards to hold; they own 48 per cent of the stock. They can raise a fearful racket if they think that the auction room is working more in the growers' interest than their own.

Since only a small percentage of the income of Di Giorgio Fruit is derived from the auction companies, the continuing enthusiasm of Di Giorgio himself for the system requires further explanation. He is today principally a grower; and it is the fresh market information the system provides that is now its chief value to him.

California bound

It was through the Earl Fruit Co. that Di Giorgio learned about California and California growing. He improved his knowledge when he accompanied the former Beatrice Brackenridge, Scottish-descended Baltimore belle, to the golden state on their wedding trip in 1910. This journey, easily the most successful venture in Di Giorgio's long life, was begun with a bid of marriage to the attractive Miss Brackenridge and hinged on her acceptance within twenty-four hours. ("Never give an option to anyone on anything," says Di Giorgio of his proposal.) In 1919, Di Giorgio observed with increasing distrust the high prices of fruit and fruit lands, and began to consider the possibility that the Earl's loans to growers might be overextended. In good years the Earl found that it had financed the growers into generous profits; in bad years it found its treasury heavy with farmer paper that could not be immediately collected. Di Giorgio gradually drew in the company's line of crop credits. With the ready cash that resulted from leaving an inflated situation at the right time, he visited California on a land-buying venture of his own. He bought 5,845 acres at Delano. Within a year he had also acquired a box factory in Oregon.

"After we get the land," Di Giorgio says of California desert farming, "fruit is nothing but water, and labor, and more labor and freight." In all these matters Di Giorgio has affected the California landscape—and it has affected him. Water, to be sure, is basic. The area of irrigated land in the West has doubled since 1900. It was irrigation that raised California's farm income from about \$126 million in the 1899-1901 period to more than \$1.8 billion in 1945.

Di Giorgio has always drilled for his own water. In the last ten years the water table under his property near Arvin has sunk about 150 feet. This increase in pumping costs cannot go on indefinitely. Di Giorgio will, therefore, sooner or later need water from the Reclamation Bureau's proposed southern development

places an individual-ownership limitation of 160 acres on all recipients. If it goes through, farmers who do not sign up—and they do not have to—will probably find that their water table is being replenished from the supplies purchased by their neighbors. The Bureau of Reclamation wants to make sure that free riders like this commit themselves to some repayment by special contract. In the meantime, many big Central Valley operators are demanding, with the assistance of a few California Senators and Representatives, that the 160-acre clause be abrogated.

The Department of Interior, under Julius Krug, defends the letter of the reclamation law with the same fervor that it did under Harold Ickes. Although Di Giorgio is not legally obligated to take Central Valley water, and thus commit himself to division of his properties within ten years, he wants the water. Therefore the limitation clause, as it might affect already developed land, is to him a Bolshevik measure. "They want to divide my land?" he asks. "I buy it for about \$90 an acre. I make it worth more than \$2,000 an acre now. I do it. If they want to divide the wealth, why not something more convenient? Like Macy's. Why don't they divide it up—sell each counter to a different man?"

Kublai Khan of Kern County

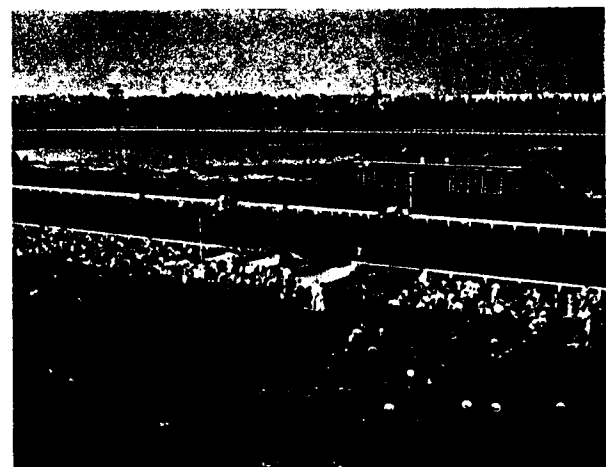
Because of Di Giorgio's marketing knowledge and connections, he has probably contributed more to Central Valley development than most growers. In his role as a grower rather than merchandiser he is one of the very big farmers who give California its distinctive agricultural pattern. At Di Giorgio Farms alone he employs about 800 hands on a year-round basis and an additional 1,600 hands during the peak season. About 1,000 of the latter are the wives and older children of his full-time workers and neighbors; about 600 are Mexicans, a few are Filipinos. Di Giorgio's general attitude toward labor reflects his general breadth of mind—he thinks that the more it earns, the more grapes and plums and bottles of wine it is likely to buy.

Di Giorgio could, if he wanted, tell countless stories of smaller growers squeezed between labor costs and farm prices. He could tell others of big San Joaquin growers who, in the face of rising cotton prices, did not see far enough ahead in their own interest to pay enough to attract labor in wartime years. And doubtless he could tell, too, of situations in which his own willingness to grant wartime increases in pay has had to be modified by a due regard for what his big neighbors would think of his generosity. Di Giorgio believes an annual wage is coming in agriculture, and he is for it. He does not announce such beliefs with undiplomatic violence, because not all of his big-farmer neighbors agree with him.

After water and labor, in fruitgrowing, comes transportation. Western railroad officers are familiar visitors to the Di Giorgio Farms. They are generally friendly to Di Giorgio, and they should be. He understands thoroughly the importance of their business to his, and his to theirs. He was once approached by certain lines that had been losing money for years to unscrupulous shippers who filed overclaims on fruit damage. Di Giorgio ferreted out the frauds. Still another time a group of growers grew alarmed by railroads that began to deliver private, direct sales of fruit to Chicago in six days, while making the trip for the growers' group in seven days. The growers decided to throw all their shipments to one railroad until the others came to terms. They called Di Giorgio to ask his opinion. It was just one more of the many conflicts of interest and loyalty a big grower faces almost daily. Di Giorgio said: "Well, which railroad are you going to pick to give all your business to?" They answered that this was a mere formality, a means to an end, and made no personal difference to any of them. "All right," said Di Giorgio, "then you let *me* pick the road." The growers got the point of their own naiveté, and finally obtained satisfaction by more equitable means. The story illustrates perfectly the almost mathematically abstract nature of a big grower's bargaining problems. And as Charles Nosser, President of the New York Fruit Auction

[Continued on page 205]

AT HOLLYWOOD PARK Mr. and Mrs. Di Giorgio discuss the odds. He favors bets across the board. The picture suggests Mrs. Di Giorgio's unflagging interest in and amusement at her husband's ever shifting preoccupations.



Joseph Di Giorgio

[Continued from page 103]

Corp. and a long and fervid admirer of the boss, roundly declares: "When it comes to philosophy, Mr. Di Giorgio wrote the book on that!"

Grapevine telegraph

The California economy this year has an extremely high, though not necessarily unhealthy, color. One reason is that the U.S. is turning to wines as it never has before. Many of the best wines come from California, running the gamut from the sweetest dessert wines to excellent Moselle and Chablis vintages. The state accounts for 90 per cent of the production of all U.S. vintners. When wine was basement red in a barrel it made little money for the vintners. Now that it is purchased in bottles, from "the simply constructed wine cellar" advocated by the wine industry, grapemen and vintners have moved out of the basement red into the wine-cellar black. Khayyam's question about what the vintners buy one-half so precious as the stuff they sell can be answered today in one word: grapes. In 1936 the farm value of California grapes crushed for wine was about \$9 million. By 1944, partly as a result of increasing volume, chiefly as a result of rising prices, they cost the vintners about \$100 million. Grapes have jumped from a rock-bottom price of about \$10 a ton in the 1930's to well over \$100 a ton in 1944.

In late prohibition days, Di Giorgio sniffed change in the air and decided that the period of wine bricks, grape concentrates, and other odd substitutes for good wine making and good wine ingredients was about over. In 1928 he delivered 200 tons of his own grapes to the Colonial Grape Products Co. for wine making. In 1932, while driving past the Italian Swiss Colony winery at Asti, he decided to jump into the vintage with both feet. "Stop the car," he shouted. Entering the winery, he made a deal to deliver grapes, freight-paid, to the winery in return for a credit of eighty-five to ninety gallons per ton. At that time the delivered value of the grapes was fairly represented by the wine gallonage guaranteed to Di Giorgio; but he was counting on a rise in the price of wine. When he told Italian Swiss that he would sometime sell the wine back to them at 50 cents a gallon, they laughed at him. Before repeal, the wine wouldn't have brought more than 35 cents a gallon. In 1933 he did sell it back to them at 50 cents, netting \$225,000 on the transaction. Di Giorgio took the proceeds in Italian Swiss stock. Later he delivered more grapes and acquired still more stock with cash.

Throughout the thirties Di Giorgio continued to take his grapes to the crushers. Altogether, between 1933 and 1940, he delivered an average of about 23,000 tons a year to wineries. This amounted to approximately 40 per cent of his total grape crop. The grapes went first to Italian Swiss, then in increasing amounts to the Del Vista winery at Delano, which Di Giorgio first leased and then bought for his company.

Although the grape industry showed steady gains in the later years of the depression, the bad year 1938 exposed it again to instability. During the early thirties the raisin industry had been used as the fulcrum through which the leverage of both private and government funds was used to support the whole grape market. In 1938 it became clear that something more had to be done. Measured in terms of general farm parity, the grape growers' disadvantage that year was considerably greater than that of many other types of farmers. Investment in California grape land and equipment approached half a billion

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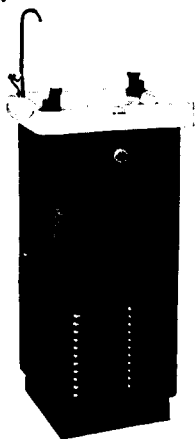
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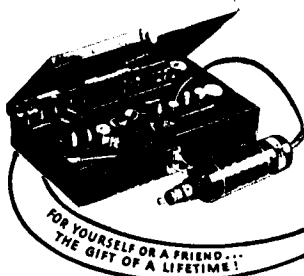
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Name _____
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Joseph Di Giorgio

[Continued from page 205]

of America, in San Francisco one evening, they naturally fell to talking of grapes. At that time the Bank of America had substantial loans to the industry, and to other enterprises heavily dependent for their prosperity on good prices for grapes. Giannini suggested that he would like to prime the pump, if Di Giorgio knew how it could be done. Di Giorgio says that he promptly suggested that the Bank of America should finance a heavy conversion of grapes into brandy.

Brandy and splash

Not long afterward, with government help, the plan was worked out. In July, 1938, the Federal Commodity Credit Corporation announced that it would place a primary floor under the price of grapes by arranging with the vintners a minimum price for some 550,000 tons of grapes for wine. Still another 450,000 tons were to be devoted to making brandy. As it worked out, the Bank of America advanced the \$5 million required to finance the brandy making, with the Reconstruction Finance Corporation acting as guarantor of half of its advances. Di Giorgio's brandy plan, plus his wine foresight, put him in a strong position as a vintner.

By 1945, Di Giorgio had sold out all of the equities in wine, brandy, and stock that he had built up during the previous decade or so. The approximately 300,000 tons of grapes he had turned into wine during ten years or more had in the meantime turned into substantial equities in his own and other wineries. In 1942, when National Distillers bought Italian Swiss, this wine company proved to be 37.5 per cent Di Giorgio's. When Central Winery, Inc., was sold out to Schenley's in the same year, the outfit was 26.7 per cent Di Giorgio's. From the two sales he netted about \$2 million. In 1945, when he sold the Del Vista Wine Co. to Alfred Hart, a California Schenley distributor. Di Giorgio netted about \$5 million. "I make a good thing on that deal," he says.

Di Giorgio's ventures in desert grape and wine growing are not over. Some years ago a group of Los Angeles entrepreneurs began to acquire land in the Borego Valley, not far from Palm Springs. Today this formerly valueless property has taken on great potentialities as a resort location. Recently its promoters found themselves without water. They turned to Di Giorgio and virtually gave him 1,500 acres of the flat land on the valley floor. The San Diego Gas & Electric Co. promptly built a power line and supplied him with power for his pumps. Now the promoters are ready to build their hotel, swimming pool, and a brand-new mission to the aborigines of early California. And Di Giorgio is getting ready to raise at Borego some of the earliest fruits to reach eastern markets, and to start still more rivers of wine in the desert.

"Look at me"

"There should be no scare about the distillers coming into the California wine picture," says Di Giorgio. "To hell. Look at me. I sell them 3,000 acres, I plant 3,000 more. I sell them the Del Vista, I build a winery for six million gallons." With his new winery at Di Giorgio Farms nearing completion under Earlton F. Ryan, chief wine maker, he will be back in the wine business more sizably than before he sold Del Vista. The new plant, designed to cost about \$1 million, probably set him back over 50 per cent more than that. It will be ready to make from this year's crop a handsome crush of dessert wines and a

soon its capacity will be 20 million gallons, and that it will have vermouth and champagne rooms as well. The size of his own hopes has not, characteristically, diminished his long interest in the little operator. "I tell you one thing," he says, "the little fellow is sometimes afraid. The trouble I think is—he don't know his own strent'."

Price of growth

Di Giorgio Fruit's gross earnings for 1945 included a nonrecurring item that was a substantial part of their \$8,100,000 total. This was the sale of the stock of the Del Vista Wine Co. The disposal of this equity swelled the year's reported profits to \$4,200,000 after taxes. This is a considerable change in fortune for the corporation. Its colorful boss has always been a chance-taker, gambling large stakes on his knowledge of both fruit markets and fruitgrowing. The fact that he was able to keep the corporation's head above water during the terrible thirties is a tribute to his durability. Now it is beginning to pay off. Since 1940 his organization has never netted less than \$900,000 a year, and there is a corresponding vitality in the corporation's new working-capital position.

But in spite of its big job during the war, Di Giorgio Fruit still has to contend with burdens born of the depression. Back in 1934, Di Giorgio, who owns about 50 per cent of the common, was under a heavy preferred burden. The 7 per cent cumulative preferred issue then outstanding ran over \$6 million at par value, and by December 31, 1933, had accumulated some \$4,500,000 dividend arrears. In 1934, by a conversion, Di Giorgio scaled down the preferred to a little over \$6 million—with \$5,400,000 represented by a new \$3 cumulative participating preferred issue. The redemption value of this newest issue is about \$9 million.

"Hell, great Scott"

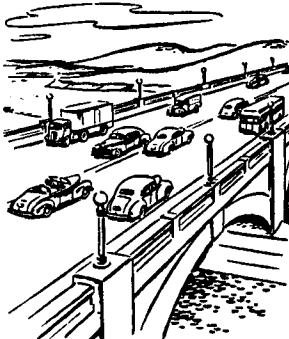
Faced with such expanded responsibilities, Di Giorgio knows that times have changed since the old rough-and-tumble days of his match with United Fruit. Inner as well as outer forces make him more and more concerned about the structure of the corporation he will someday pass on to others. For one thing, he recognizes that he is not growing younger. In early 1939, while attending a meeting of California businessmen thoroughly worried by the recession, Di Giorgio heard one of the delegates describe a government plan for distributing surplus produce to the unemployed. The plan called for bagging the fruit in the field and distributing it, without benefit of middlemen, to public-relief recipients. Di Giorgio leaped to his feet.

"This is suppose to create employment," he cried, "so what they do? They pack fruit in the bag, and throw out the packing-house help. And they throw outa work the box-factory help. Then they give the stuff away through the political captain in the district. So they take away the bread from the retailer. Hell, great Scott, they throw millions out of work!" Di Giorgio promptly suggested a plan for distributing the same produce through regular channels. Then he retired to his hotel.

His excitement kept him from sleeping. He began to feel sick. Within a few hours he suffered a heart attack. During the long rest that followed, Di Giorgio's physician told Mrs. Di Giorgio that her husband had to get out into the open air more frequently. He asked if Di Giorgio liked baseball or horseback riding. He didn't. Horse racing? "Well, he likes it all right," said Mrs. Di Giorgio, "but I, I love it." Very shortly the Di Giorgios' La Favorita Stables won the Starlet Stakes at Hollywood Park two years in a row.

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*From the
Treasured Stocks of a
Century Old House*

Joseph Di Giorgio

[Continued from page 207]

Los Angeles Biltmore and again applied himself to figures he had been studying zealously the night before. Having driven to a Los Angeles club, he talked here to a big candy man, there to a steelman, at other tables to captains of the airplane and wired-brassiere industries. He might have been exercising the shrewdness of the elder Morgan with the speed of the young Dempsey. Presently the little fruit man had made up his mind. He put his cash on the barrelhead, and a horse named The Chase came in third, paying a handsome \$25 on Di Giorgio's \$100 bet.

Don Peppino

Meantime, an apparently offhand guess about the state of New York City's potato market, made by Di Giorgio between rising and shaving, had netted him about \$6,000 on the day's shipments from the great green acreage around Arvin. The chances he likes to take on his favorite horses—Don Peppino, for example—he does not take with the Di Giorgio Fruit Corp. Throughout the years he has carefully built up its personnel from two different stocks, grafting them together, as fruit men must, with the utmost care. To begin with, there are the employees and officers on whose decisions he has relied for years. First of all in importance, perhaps, is Ben Barton, now general manager of all California operations. Among the grower bosses he relies heavily on Lionel L. Lowry, long-time head of the Florida groves. In the auction business are two Di Giorgio-trained specialists: Charles J. Nossor Jr., President of the New York Fruit Auction Corp. and N. W. Kaltenbach, Vice President and general manager of the Baltimore Fruit Exchange. Charles W. Smith is eastern sales manager of Di Giorgio Fruit. Di Giorgio also includes in his old guard Gustave Krause, head of the Oregon plant, Klamath Lumber & Box Co., Vincent V. Kerns, secretary, and Robert S. McKnight, treasurer.

Family affairs

Di Giorgio, who has no children of his own, has also trained in the organization three brothers and their sons. The brothers were Rosario, Salvatore, and Vincent, all now dead or retired. The nephews work in close harmony with the old-time corporate personnel. J. S. Di Giorgio, heir apparent, is specially skilled in handling men. Philip Di Giorgio, urbane and genial, is President—a corporate politico, well steeped in fiscal affairs and devoted to the company's relations with the trade and general public. J. A. Di Giorgio is the farmer, seriously and ably devoted to the painstaking details of the growing operations. Robert Di Giorgio, a lawyer, is assistant secretary, in general charge of personnel.

All the nephews salute their uncle as their ideal in intelligence and energy. His roots, far into the soil, have defied the years as his vines have defied the phylloxera. "If an insect try to eat his way through this root, he take a hundred years." Just before the war he revisited his home town of Cefalù. An old priest in the seminary Di Giorgio had once thought of attending began to muse over the possibility that the fruit man might have taken the rosary instead of the banana ledger. "I tell you one thing right away," said Di Giorgio. "If I'd been gone in then, I would be Pope or there'd be a new Church."

Acknowledgments: