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Spreckels Sugar Company : the first fifty years

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SPRECKELS SUGAR COMPANY: THE FIRST FIFTY YEARS

A Thesis

Presented to

The Faculty of the Department of History

San Jose State University

In Partial Fulfillment

of the Requirements for the Degree

Master of Arts

by

Jimmie Don Conway

December 1999

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Abstract

SPRECKELS SUGAR COMPANY: THE FIRST FIFTY YEARS

by Jimmie D. Conway

By 1950, the Spreckels Sugar Company was one of the largest beet sugar companies in the world. This thesis examines its economic and social history from its founding in the 1890s until World War II. It explores the role that Claus Spreckels played in building the business; the development of the company town of Spreckels; and an array of factors that impacted on the economic fortunes of the company.

The economic fortunes of Spreckels fluctuated and were largely governed by world sugar prices, tariffs, blights, and farm price supports. During the 1930s, New Deal farm policies stabilized the domestic sugar industry.

A paternalistic ethos pervaded the tone of labor relations until the 1930s. During this decade, the relationship was momentarily discordant. However, the creation of a de facto company union in 1937 ultimately led to the preservation of a paternalistic and harmonious relationship between the company and its workers.

Preface

This history of Spreckels Sugar Company in the Salinas Valley from 1898 to 1941 was prompted by what happened in 1995. That year the sugar company closed its doors and for all practical purposes ended its ninety-six-year involvement in the Salinas Valley. In 1982, the sugar processing operation ceased and the once giant factory produced its last bag of sugar. It is fairly easy to find out how many bags of sugar were produced, how many people worked at the factory, and how many sugar beets were harvested to produce that sugar. The company kept meticulous records to document the statistics, but I was more interested in its social and undocumented history

My interest was not purely academic. I worked at the Spreckels Sugar Company as the Superintendent of Warehousing and Shipping from 1977 until the last closure in 1995. I lived in the town of Spreckels from 1977 to 1991 and was in the Spreckels Volunteer Fire Company for twenty years. Debie, my wife, was president of the Association of Spreckels Residents during the difficult time when Spreckels was selling off the remaining houses to its employees. Our children went to school in the town, and participated in the activities sponsored by the fire company, the Veterans of Foreign Wars, and other civic-minded groups.

Even as my job was being “downsized” in the early 1990s, I could not help but wonder why an institution such as Spreckels was crumbling when it had been successful

for so long. There was the company explanation about transportation and fuel cost, high debt payment due to ubiquitous corporate buyouts started by such investment companies as Kholberg, Kravis, and Roberts. And, there was always the claim that the sugar industry had been asked to compete on a world market but that the “playing field was not level.” The company contended it needed the farm bills to provide a level playing field.

I am fairly sure these are the correct business answers as to why the Spreckels factory closed, but I wanted to know how the company got itself into the position where it could not survive these challenges. For me the answers to how this happened were found in the company’s past. I always suspected that protective legislation was what was meant by “keeping the playing field level,” but I had no idea of the overall effect created by the loyalty to the company which had developed in those first fifty years. It was not until I started graduate school, and was influenced by Dr. Dan Cornford, that I came to realize that “welfare capitalism” and “paternalism” were management tools which had been in practice since the building of the sugar company in 1898. I am extremely grateful to Dr. Cornford, and the other members of the committee, for all the help and advice which they have given me in the research and writing of this thesis.

To this date I am not sure the company realized the extent of its paternalism and I know for a fact that the employees and residents were never fully aware of it. However, I have discovered that without the social history associated with the company one cannot truly understand why the factory had to close.

One of the hardest things for me to do while writing this thesis was to keep the legends and personalities from influencing my arguments. I have met some of the people whose names are mentioned in the text and have listened to them reminisce about the good old days at Spreckels. Their stories are fun to hear, and should be saved in some way. This is an economic and social history of the first fifty years that Spreckels was in the Salinas Valley. It is for all those who ever worked for or lived in Spreckels.

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Introduction

Spreckels Sugar Company 1898-1941

After leaving the Salinas-Monterey Highway, known today as Highway 68, the drive east on Spreckels Boulevard for one and a half miles is lined on both sides of the road with giant black walnut trees. The trees were planted in 1913 and have grown to towering heights which cast long shadows across the lettuce fields. The boulevard lies under their canopy of branches cutting between the green fields. The great trees lead to the entrance of what was once the Spreckels Sugar Factory. The entrance to the factory was located on the south side of the boulevard, and the village of Spreckels is still across the boulevard on the north side. Today the road is a favorite location for the filming of television commercials, and it is used as the backdrop for movies. This is very appropriate, because, like the illusions of commercials and films, the factory and town of Spreckels were not always what they appeared to be.

For almost one hundred years the Spreckels Sugar Factory was a landmark in the Salinas Valley. It stood five stories high and was as long as two football fields and over one hundred yards wide. It dominated the Salinas River which flowed behind it and the flat fields which surrounded it. Construction of the factory started in 1898 and sugar beet processing began in 1899. Over the following eighty-three years, Spreckels employed thousands of workers spanning three generations. During the construction of the plant, the need to house the employees gave birth to the town of Spreckels. It was a company

town from its conception until 1982 when the company sold off the remaining houses. In 1982, the beet processing operations came to an end due to increased energy prices and the competition for land with row crops and grapes. At its closure it remained one of the largest beet sugar producing plants in the world.¹ In 1995, its warehousing and packaging operations were closed down, leaving only the beet seed operations. The beet seed operations were discontinued in 1996 after Spreckels Sugar Company was bought out by Holly Sugar Company. Today, over seven hundred people live in the town of Spreckels which in 1998 was designated as a historical district by the County of Monterey .

This thesis is not the complete history of the Spreckels Sugar Company. It is a monograph about the social impact which Spreckels Sugar Company had in the Salinas Valley during the first half of the twentieth century. The majority of Americans lived in small towns or on farms until the 1920s when industrialization caused the relocation of most Americans to urban settings. In the American West, economic development typically occurred in small-town settlements or single industry settings. Spreckels is a case study that enables the historian to examine the cause and effect relationship of a single-industry community upon the Salinas Valley.

The Spreckels Sugar Company not only had operations in the Salinas Valley but it also had sugar factories in Manteca, Woodland, and Mendota, California. The company

¹Page and Turnbull, *Spreckels Sugar Company Factory No. 1*, Historical, Architectural, Environmental Report (San Francisco: Page and Turnbull, Prepared for the Spreckels Sugar Company, Inc. 1990), 22.

was diversified with several industrial divisions and was involved in numerous mergers and buy-outs, but its legacy was in the beet sugar industry. The Salinas factory was the original Spreckels sugar factory, therefore, throughout the company it was referred to as Factory One.²

The town of Spreckels was founded during the late 1890s. Located across the boulevard from the factory, the town remains as the enduring heritage of the once giant factory. Even after selling the company housing, Spreckels maintained a surprising influence over the inhabitants. How this loyalty to the company remained so strong is a study in welfare capitalism and paternalism. The Spreckels' influence was not merely over the factory and company town, but it permeated into Salinas and through the rest of the Salinas Valley.

The relationship between the Salinas Valley and Spreckels was dynamic from the very start. It was the Spreckels Sugar Company that introduced agribusiness to the valley, and it was the sugar company that provided economic stability to a farming region which previously had depended on fortuitous conditions rather than scientific farming methods. Spreckels helped expand auxiliary agricultural industries into the valley by employing thousands of men in its farming and beet processing operations. As Carey McWilliams

²Manteca, Factory Two, was the second factory completed in 1918; Woodland, Factory Three, was the third factory completed in 1937; Mendota, Factory Four, was the fourth completed in 1963. For a short time there was a factory at Chandler, Arizona and a liquid and bulk distribution center in Los Angeles.

postulated in his famous book, the inauguration of sugar beet production in 1899 heralded the arrival of “factories in the field.”³

The commanding structure of the factory, with its stacks billowing smoke and steam, dominated the landscape for miles around and the smoke seemed to beckon people to work. Nearly every family who has lived in the Salinas Valley for more than one generation has had at least one member of their family who worked at the factory or the Spreckels farming operations.

Today all that is left of the great factory are a few warehouses, and the eight empty sugar silos with the capacity to store 84 million pounds of sugar. How did Spreckels become the force it was in California agriculture? Why did Spreckels locate in the Salinas Valley? What were the effects that Spreckels had on the people who made the company function? The answers lie in the history of the sugar company’s Salinas Valley operations between 1898 and 1941. These were the formative years, and the period that set the stage for all other accomplishments and its final demise in the 1990s.

Forty-three years may seem like a long formative period, but due to changes in legislation and the dynamics of the domestic sugar business, it took years for the beet industry to find its place as part of the American economy. Spreckels was no different from other beet companies; it required forty years to stabilize the agricultural practices, production procedures and labor force into the paternalistic company that many of the

³Carey McWilliams, *Factories in the Field* (Boston: Little Brown and Company, 1939), 89.

former employees fondly remember. It is impossible to study the Spreckels Sugar Company without considering the town of Spreckels. The town was an integral part of the picture and will be examined in this study for the role it played in the “welfare capitalism” Spreckels orchestrated over its employees.

The name Spreckels is directly associated with the person, the company, and the community. The person was Claus Spreckels, the man known as the “Sugar King.” The company was the sugar company and the economic force of the Valley. And the lone survivor, Spreckels, is a small town four and a half miles southwest of Salinas. To understand the reciprocity of the three, one must begin with the birth of the beet sugar industry in the Salinas Valley.

source: National Steinbeck Center, *Steinbeck Country A Guide to Exploring John Steinbeck's Monterey County: Salinas CA*

Chapter I

Claus Spreckels: From Grocery Clerk to Sugar King

On September 3, 1896, Claus Spreckels announced that he intended to build the world's largest sugar factory in the Salinas Valley.¹ He came to that decision not as a sudden revelation, but as the result of his experience in the sugar business and his knowledge of the protection afforded by Republican Party legislation. Protective tariffs such as the McKinley Tariff Act of 1890 and the Dingley Act of 1897 were the midwives of the beet sugar industry in America. The protection afforded by the tariffs set the stage for Claus Spreckels and his sugar companies for the next forty years.

Claus Spreckels came to the United States from Germany in 1848, at the age of twenty. He landed in Charleston, South Carolina and started to work in the grocery business. After marriage and a return trip to Germany, Spreckels arrived in San Francisco in 1856 where he continued to be successful in the grocery business. As a grocer he noticed the careless manner in which the sugar business was conducted in San Francisco. He was struck by the substantial difference in the price between raw and refined sugar and became determined to get into the sugar business. In the meantime, he and his brother established the Albany Brewery, and they were the first to manufacture steam beer on a

¹*Salinas Daily Index*, 3 September 1896.

large scale in San Francisco. Through the brewery, he was able to “amass a considerable amount of money” which helped him buy his way into the sugar business.²

Spreckels' first experience with sugar was not with beet sugar, but with the more common cane sugar. In the early 1860s, Spreckels and his son John traveled to New York where they learned the hard way how to process sugar. They rented a modest room in the big city and became common laborers in a large cane refinery. The two men learned the sugar business from the ground up by working twelve-hour shifts six days a week. Although this arrangement lasted only a few months, Spreckels was able to learn the processing procedures well enough to return to California in 1863 and open the Bay Sugar Refinery in San Francisco. It is probable that Spreckels also went to Germany during this period, as well as working in New York, and the length of time he was gone from San Francisco was closer to two years.³

Spreckels, along with his two brothers, sold his interest in the sugar refinery in 1867 when he realized that he did not agree with the other directors on how to manage the refinery. At that time Spreckels vowed never again to organize a company in which

²*San Francisco Chronicle*, 27 December 1908.

³Spreckels Sugar Company, *Sweet Nostalgia: Spreckels Sugar Spreckels, CA 1898-1982* (Salinas: Published by the Spreckels Sugar Company, 1982), 7; The *San Francisco Chronicle* reported that he went to Hamburg, Germany with his son John D. and his wife for two years, where he worked as a laborer learning the sugar business, *San Francisco Chronicle*, 26 December 1908; The *Sacramento Bee* reported he went to Germany where he “studied sugar and sugar beets [working] as a laborer for wages at Madgeburg for six weeks.” *Sacramento Bee*, 26 December 1908.

the Spreckels family did not have the controlling interest.⁴ While the brewery was still generating enough money to live on, Spreckels returned to Germany to investigate another type of sugar manufacturing that had been developed during the Napoleonic Wars.⁵

Napoleon Bonaparte had encouraged the development of an alternative to cane sugar early in 1811. The British blockade during the Napoleonic Wars cut France off from the West Indies and their sugar supply which resulted in the price of sugar skyrocketing to over \$1.00 a pound. This became a national concern for France. Napoleon encouraged the development of the beet sugar processing by encouraging the growing of sugar beets and the erection of beet sugar factories. In March, 1811, he ordered his Minister of the Interior to plant 79,000 acres with sugar beets and to build six factories as quickly as possible. He also appropriated one million francs to implement the program.⁶ The technology Napoleon had championed fell to the Germans to perfect after Napoleon's defeat at Waterloo in 1815.

Germany became the leader in beet sugar technology. Without any overseas sugar production, a domestic source was vital to the Germans. Their knowledge of beet seeds cultivation, and factory operations made them the leader in the manufacturing of beet processing equipment and the growing of beet seeds. The beet sugar industry was

⁴*Sweet Nostalgia*, 8.

⁵*Sacramento Bee*, 26 December 1908.

⁶United States Beet Sugar Association, *The Beet Sugar Story* (Washington, D.C.: Published by the United States Beet Sugar Association, 1959), 10-11.

operating on a large scale throughout most of the continent by 1854.⁷ It was this European expertise in domestic sugar production that Spreckels brought back to San Francisco with him in 1867. Following this early trip, Spreckels stored the information he gathered about sugar beets until the mid-1880s when he was ready to launch the beet sugar industry on the Central Coast of California.

For the time being Spreckels focused on production of sugar from sugar cane. In 1867 he returned to America and built a \$1,000,000 sugar cane refinery in San Francisco. The California Sugar Refining Company processed cane sugar imported from Hawaii. Spreckels was ruthless with his competition and started to eliminate other cane refineries on the West Coast. He set his sights on controlling the sugar industry from Hawaii to California. In 1880, Spreckels established himself in Hawaii, which enabled him to take full advantage of a reciprocal trade treaty between the United States and Hawaii. The treaty allowed Hawaiian sugar to be imported duty-free, and growers to receive a two cent a pound advantage. Spreckels proceeded to vastly expand his sugar plantations in Hawaii and to capitalize on the favorable legislation by growing his own sugar and enjoying the duty free benefits.⁸

From his Spreckelsville plantation on Maui, Spreckels found King Kalakaua a willing supporter of his business ventures, and, in exchange, Spreckels financed the King's

⁷Ibid., 12.

⁸William Woodrow Cordray, "Claus Spreckels of California" (Ph.D. diss., University of Southern California, 1955), 75-77.

pet projects. Spreckels ended up owning forty thousand acres on Maui. Claus Spreckels' daughter-in-law, Alma Spreckels, credited him as having "revolutionized the planting, harvesting, marketing, shipping (for which he organized his own steamship company) and refining of Hawaiian sugarcane." In the process he became known as the "Sugar King" and soon controlled not only sugar production, but also the political, financial, and shipping concerns of the Hawaiian Islands.⁹

Spreckels' hegemony in the islands ended abruptly after a high stakes poker game with a British admiral and King Kalakaua, in which Spreckels presented three kings and stated that he won with four kings. When his opponents said they only saw three kings, Spreckels boldly announced that he was the fourth! Unfortunately for Spreckels, King Kalakaua was not amused. This incident led King Kalakaua to turn to the British for financial aid, and that resulted in the rapid demise of Spreckels' influence. Eventually Spreckels was forced off the island and lost most of his Hawaiian holdings. But, by that time, Spreckels had renewed his interest in beet sugar and was establishing his control over the beet industry west of the Mississippi River.¹⁰

Claus Spreckels never abandoned the idea of developing a sugar beet industry in California. In 1867, he provided French and German beet seeds for growers in the San

⁹Bernice Scharlach, *Big Alma San Francisco's Alma Spreckels* (San Francisco: Scottwall Associates Publishers, 1990), 19-20.

¹⁰*Ibid.*, 20; Jacob Adler, *Claus Spreckels The Sugar King of Hawaii* (Honolulu: University of Hawaii Press, 1966), 29-30.

Joaquin Valley. He stated his purpose was to conduct “preliminary investigation with a view of carrying out this [beet farming] proposed enterprise.”¹¹ As early as 1872, Spreckels had shown an interest in the Salinas and Pajaro Valleys for growing sugar beets. Spreckels began to experiment with beet production from seeds imported from Denmark and Germany while he was living in Aptos, near the Pajaro Valley.¹² By the late 1880s, Spreckels was ready to build a sugar beet factory. After negotiations with city leaders and farmers he committed to build it at Watsonville, in Santa Cruz County. On November 10, 1887, Spreckels announced, “I am now in my sixtieth year and it would kill me to fail in what I undertake to do. It is not the money that is an object to me, but I want the people of California to be able to show that Claus Spreckels has done something for this state when his bones are at rest.”¹³

Once Spreckels committed himself to building the factory, he asked the state to do something for him before he undertook the actual construction. He knew the importance of legislation in order to complete a business venture. He went to Hawaii in the mid-1870s to take advantage of a reciprocal trade treaty between the United States and Hawaii. While there, he cultivated more than sugar cane; he also harvested concessions

¹¹Michael H. Marleau, ed., *“It Has Been A Rough Old Sea” The Story of Spreckels Sugar in Manteca 1916-1996* (n.p.1996), i.

¹²*Memories of the Pajaro Valley: An Interview with John Easton Porter* (n.p. Pajaro Valley Historical Association, 1974), 13.

¹³*Watsonville Pajaronian (California)*, 10 November 1887.

from the local government as well. He used this same formula in Watsonville. From the state of California he was granted tax exemptions before the opening of the Watsonville facility. Most importantly, he benefitted from the passage of the McKinley Tariff in 1890. This protective tariff paid a federal bounty of two cents per pound on all domestic sugar and it allowed free importation of beet seed and sugar producing machinery into the United States.¹⁴ He received financial concessions from the local farmers and businessmen, including a gift deed on December 7, 1887, of twenty-five acres in Watsonville. The future site of the factory was paid for through popular subscriptions totaling \$13,520.00.¹⁵

Construction of the Watsonville plant started on January 19, 1888, and became the second successful beet sugar factory in California.¹⁶ The first Watsonville campaign, as a sugar production season is known, was in 1889. Claus Spreckels controlled 85 percent of the stock of the newly formed Western Sugar Beet Company which combined the new

¹⁴Horace W. Fabing and Rick Hamman, *Steinbeck County Narrow Gauge* (Boulder CO: Pruett Publishing Company, 1985), 27; McWilliams, *Factories in the Field*, 83; F. W. Tussing, *The Tariff History of the United States*, 8th ed. (New York: The Knickerbocker Press, 1931; reprint, New York: Johnson Reprint Corporation, 1966), 276-79 (page citations are the reprint edition).

¹⁵Edward P. Pfingst, ed., "Scattered Leaves in the Pajaro Valley." (n. p., n. d.), 3; Oral histories of Watsonville gathered and edited by Pfingst, located at the Watsonville Public Library.

¹⁶The first successful factory was built by E. H. Dyer in 1879 at Alvarado, California. Other beet factories had been attempted including one in Soquel in the 1870s which provided beet seeds for the Salinas Valley as early 1871; Mary Beth Orser *It Happened in Soledad* (King City, CA: Published by Community Action Team of Soledad, 1996), 148-49.

factory at Watsonville with his San Francisco refinery. The company started to realize profits almost immediately aided by the McKinley Tariff. By the second year an 80 percent profit was reported.¹⁷

It was neither in Claus Spreckels' nature, nor his business principles, to be dependent upon anyone or anything which could adversely affect his production and profits. However, he was very dependent on the Southern Pacific Railroad to transport the raw sugar from Watsonville to his refinery in San Francisco. Spreckels strongly believed he needed leverage with the Southern Pacific to assure fair and advantageous rates on raw sugar between Watsonville and San Francisco.¹⁸

When Spreckels needed transportation to get the raw sugar from the Hawaiian Islands to California, he started his own steamship line. In California, he followed the same course with the creation of the Pajaro Valley Railroad. He reached his decision to enter the railroad business, after determining that the Southern Pacific rates were higher than warranted. When he could not secure a guarantee from "the octopus" that they would not raise rates even higher, he built a railroad which he could use as leverage when negotiating with the Southern Pacific. His own railroad offered him a chance to control loading and unloading schedules, and gave him a position from which to negotiate transportation rates with the Southern Pacific.

¹⁷McWilliams, *Factories in the Field*, 82-83.

¹⁸Fabing and Hamman, *Steinbeck County Narrow Gauge*, 27-28.

He built a narrow gauge railroad that ran from the Watsonville factory to the wharf at Moss Landing, thus allowing him to take advantage of the cheaper steamship rates to San Francisco. In January 1890, the Articles of Incorporation for the Pajaro Valley Consolidated Railroad were filed in Monterey and Santa Cruz counties and with the California Secretary of State. Construction started in the spring of 1890, and by the summer campaign of that year the Pajaro Valley Railroad was operational between Watsonville and Moss Landing. His next goal was to extend the line out into the farmlands of the Moro Cojo Rancho in Northern Monterey County, thereby tapping thousands of additional acres of the rich alluvial soil of the Salinas Valley.¹⁹ (see map on page 16)

Spreckels' sugar refining venture into the Salinas Valley was still six years away, but he already knew the importance of building a larger plant to serve a much larger beet growing area. The success that the Sugar King achieved in the Pajaro Valley was hailed as a great accomplishment. The Western Sugar Beet Company had been operating for eight years, when the Watsonville *Pajaronian* extolled, "The most essential thing in booming a new beet factory is the backing of a nervy capitalist, one who is not afraid to put up and keep putting up, and who will not look for dividend one minute after the first toot of the whistle. That kind of backing has made the Watsonville beet factory the largest

¹⁹Ibid., 29-32.

source: Fabing and Hamman, *Steinbeck Country Narrow Gauge*.

and most successful on the continent.”²⁰

The “nervy capitalist” proved to be more capitalist than nervy. He protected his investments by securing favorable legislation and commitments from local farmers and business men. He had gained control of the cane industry on the West Coast between 1863 and 1880; he was now attempting to control the new beet industry that was growing throughout the United States, and especially in California.

On the one side, ironically, Spreckels was outspoken against monopolies; however, he aspired to, and gained economic control of the sugar industry in California. His influence reached all the way to the East Coast where he found himself in a battle with the Eastern Sugar Trust. The Trust was a combination of Eastern sugar companies, which exercised monopolistic control over the production, distribution and selling price of cane sugar.²¹ Henry O. Havemeyer was President of the American Sugar Refining Company, which controlled the Sugar Trust. Spreckels found himself involved in a furious price war with Havemeyer and the Sugar Trust.²²

He challenged the Trust on their own turf; just as he had done with the other industries, including transportation and utilities companies. He built a cane refinery in

²⁰Ruth W. Newhall, “Spreckels: The Man and The Company,” (n. p. 1962), 119; Unpublished manuscript in the Spreckels Collections, Monterey County Parks and Recreation Department, Salinas CA.; This collection is unprocessed and unorganized.

²¹*San Francisco Chronicle*, 6 September 1899.

²²McWilliams, *Factories in the Field*, 82-83.

Philadelphia, then engaged in a price war with the Trust over the selling price of refined sugar.²³ The building of the Watsonville plant had been part of the control which he coveted over the West Coast sugar industry. Spreckels' goal was to control the sugar business on the West Coast, and if that meant a price war on the East Coast to protect his interest, so be it. When he announced his plans to build the Watsonville factory, Spreckels proudly proclaimed, "I will no longer be the 'Sugar King' but the emperor of the sugar industry."²⁴

For Claus Spreckels monopolies were something that other people created. His control of the sugar business was rationalized as good sound business. It was his opinion that a monopoly existed when competition was eliminated, and then rates and prices were raised to produce more than a fair return on an investment. If the competition was eliminated fairly, and his sugar prices were fair, then it was just good business according to Spreckels.²⁵ Spreckels had set the stage for the creation of a sugar beet factory which represented the culmination of his first sixty years of experience.

²³In 1893 Spreckels constructed the San Francisco and San Joaquin Railroad Company to challenge the tariff rates of the Southern Pacific Railroad. In a dispute with Joseph Crockett and the San Francisco Gas and Electric Company over power rates, Spreckels built the Independent Light and Power Company and Crockett saw his profits drop by 40 percent; *Sacramento Bee*, 26 December 1908.

²⁴Page and Turnbull, *Spreckels Sugar Company Factory No. 1*, Historical Architectural, Environmental Report (San Francisco: Page and Turnbull, Prepared for Spreckels Sugar Company, Inc. 1990), 18.

²⁵Fabing and Hamman, *Steinbeck Country*, 28.

Prior to building the Watsonville factory in 1889, Spreckels had reported to the Watsonville businessmen and farmers that other locations had shown an interest in having the factory built in their area, and were being considered for the location of the new factory. Spreckels not only knew how to eliminate competition but he also knew how and when to use it. Now that he was ready to construct a factory three times as large as the one in Watsonville, he again needed commitments from local farmers and businessmen. This time, however, what he needed was a commitment in acres pledged to grow beets. In 1896 at a speech before a group of Salinas civic leaders, Spreckels told them:

Now if you farmers will guarantee to grow the beets, I'll guarantee to turn 'em into sugar. I propose to build here at your door the greatest sugar factory and refinery in the world. . . .It will eat up 3,000 tons of beets every day and turn out everyday 450 tons of refined sugar. . . .That means the distribution among the farmers of \$12,000 every day and \$5,000 more paid to workmen and for other materials in the manufacturing. . . . I shall buy and pay for the site and put up the factory myself. I ask no presents or bonuses from the people. I shall have no partners in the enterprise whatever.²⁶

As it worked out, he was not without partners. His partners turned out to be the American Sugar Refining Company, also known for its leadership of the Sugar Trust. Spreckels had been involved in a price war with the Sugar Trust since 1888, but in 1891 a settlement was reached between Havemeyer of the American Sugar Refining Company and Claus Spreckels of the Western Sugar Beet Company. Under the agreement, the Trust allowed Claus Spreckels to control the sugar industry, both beet and cane, west of

²⁶Newhall, "Spreckels The Man and the Company," 119-21.

the Mississippi River. Spreckels had no real competition to challenge his dominance on the West Coast, all he needed was enough acres pledged to grow beets so he could operate a factory.

Not everyone in the Salinas Valley was enthusiastic about the building of a giant factory. Some of people were concerned about the foul smell and the possible air, water and particularly land pollution. No one wanted to live down wind from the pulp-yard.²⁷ While the people of Salinas discussed the building of the factory, a group of farmers from Sacramento boldly pronounced that they desired the factory in their area. They announced they had in hand a pledge of 40,000 acres of what they described as the best beet land in California. Spreckels sent P.W. Morse, the agricultural superintendent at Watsonville, to look over the Woodland territory. Spreckels then casually informed the people of Salinas that they had two weeks to pledge the number of acres he demanded or be forgotten.²⁸

On August 6, 1896, Spreckels called a meeting with local farmers and businessmen to discuss the growing of sugar beets and what would be necessary to build such a large factory in Salinas. James Bardin, a prominent local farmer, presented detailed facts and costs on sugar beet cultivation, which included planting, harvesting, labor (Chinese), and gross receipts, as compared to current crops of barley and grain. Bardin's

²⁷*Sweet Nostalgia*, 10.

²⁸Newhall, "Spreckels The Man and the Company," 124.

statement was based on a crop of beets raised in 1892 on 225 acres. He concluded "total value of the crop of \$30,908.48; total expense \$17,557.55; net proceeds \$13,350.93 or \$50.33 per acre compared to \$12.75 an acre on land which he had been growing barley."²⁹

Claus Spreckels followed Bardin on the agenda and outlined the factory requirements, which included a large growing area, an adequate water supply, a good transportation system, a sufficient work force and a suitable building site.³⁰

The people of Salinas knew that there was plenty of water available. They knew that between the Southern Pacific, the Pajaro Valley Railroad, and the Pacific Coast Steamship Company transportation would not be a problem. Labor could be imported; so what they needed was acres changed from the traditional grain crops to beet farming. Spreckels promised the factory to the Salinas Valley on one condition: that the farmers in the area pledge 30,000 acres a year for beet production, a total of 90,000 acres every three years since beets had to be planted on a three year rotation.³¹ The *Salinas Daily Index* ran sensational editorials claiming that a crisis was upon the valley.

On August 22, a mass meeting was called by a Salinas citizens committee to get the big land holders in the valley to plant enough beets to meet Spreckels' demand.

²⁹Rutillus Harrison Allen, "Economic History of Agriculture in Monterey County, During the American Period" (Ph.D. diss., University of California, Berkeley, 1934), 44-45.

³⁰Fabing and Hamman, *Steinbeck Country*, 50.

³¹*Sweet Nostalgia*, 64-65.

Bardin addressed the meeting by saying, "Ladies and gentlemen, you all know I'm scared, but the time has come when I believe it is the duty of every farmer to raise his voice in support of the sugar factory." At this time he read an itemized statement from the *Pacific Rural Press* about his profits on the 225 acres in 1892. He then concluded by adding, "Gentlemen, Mr. Spreckels can live handsomely without us, but I am not so dang sure we can all live without him."³² After Bardin's speech the chairman called for members of the audience to step forward and sign beet contracts. At the end of the afternoon, the quota had been topped, and the committee sent a telegram with the results to Spreckels at his San Francisco residence. Now Spreckels had his acres in the Salinas Valley and he could proceed with the construction of the factory.

On September 3, 1896, Claus Spreckels made it official when he announced that Salinas would be the home of the world's largest beet sugar factory. It is doubtful that Spreckels had ever intended to build the factory elsewhere, even though he kept Salinas wondering until his requirements were fully met. In a 1934 dissertation, R. H. Allen noted that Spreckels had experimented by planting one hundred acres of sugar beets at various locations throughout the Salinas Valley as early as 1889, the first year of the Pajaro Valley operations. Allen added, "the tests made by Mr. Spreckels' chemist demonstrated that the Salinas Valley beets carried a satisfactory percentage of sugar."³³ In a 1944 interview in

³²*Salinas Index*, 23 August 1896; Newhall, "Spreckels The Man and The Company," 125.

³³Allen, "Economic History of Agriculture in Monterey County," 44.

the *Salinas Californian*, Charles Pioda, who was the resident manager of Factory One for forty-eight years, said he was hired in 1897 to survey the site of the new plant, verifying that as early as “1896 he [Claus Spreckels] had selected a site at Spreckels near Salinas.”³⁴

Between 1896 and 1899, Spreckels not only built a factory, but also altered farming operations throughout the entire valley to support his factory. However, before Claus Spreckels started the construction of the factory he once more hedged his financial risk by shrewd investment arrangements and by taking full advantage of the legislative environment established by the Dingley Act of 1897.

Spreckels had boasted in 1896 that if the farmers would grow the beets he would turn them into sugar by putting up the factory all by himself. In reality, his partner was his old enemy, the American Sugar Refining Company, a.k.a. the Sugar Trust. Spreckels estimated that he needed between seven and eight million dollars to start the new factory. As was his practice, he wanted to assure himself that he had enough working capital. Over the previous two years, 1895 and 1896, Spreckels had built a skyscraper in San Francisco, invested over a million dollars in real estate in San Francisco, bought a newspaper [*San Francisco Call*], financed a railroad, and acquired several ranches. His proposed agreement with the American Sugar Refining Company was for them to buy a half interest in his sugar holdings.

³⁴Charles L. Pioda, “Beet Sugar Industry—Salinas Area,” *Salinas Californian*, October 1944, Western Ranch and Home sec. 28-A; Before 1898 there was no Spreckels site. The name Spreckels did not appear in Monterey County until after the start of factory construction in 1898.

Sugar beets were being grown not only in California but throughout the United States as part of the move toward domestic sugar production. From Michigan to California beet farmers were gaining political power in Washington, D.C. With talk of a sweeping change in the tariff policy, American Sugar decided to join Spreckels as a prudent move to protect themselves. The directors of American Sugar agreed to approve the venture on 3 February 1897. They realized that beet sugar might someday be as important to the sugar industry as cane sugar. In exchange for eight million dollars, Claus Spreckels merged his Western Beet Sugar Company of Watsonville and his cane operations in San Francisco with American Sugar, who received half of the stock in his beet sugar operation.³⁵ Spreckels then incorporated the newly formed Spreckels Sugar Company and became president of the group holding 85 percent of the stock.³⁶

Spreckels gained another partner with the passage of the Dingley Act. Carey McWilliams argued that "the sugar-beet industry in California really dates from the passage of the Dingley Tariff Act of 1897 which imposed a heavy duty . . . on imported sugar."³⁷ The first page of the Dingley Tariff stated that its purpose was "to provide revenue for the government and encourage the industries of the United States."³⁸ No

³⁵Newhall, "Spreckels The Man and The Company," 119-121.

³⁶*Spreckels Sugar Company Factory No. 1*, Historical, Architectural, Environmental Report, 1990, 19.

³⁷McWilliams, *Factories in the Field*, 83.

³⁸House, *An Act to Provide Revenue for the Government and to Encourage the Industries of the United States*, 55th Cong., 1st sess., 1897, H.R. 379, 1.

industry was more encouraged than the beet sugar industry. Following the defeat of the Democratic Party in 1896 and the passage of the Dingley Tariff, thirty-six new beet sugar factories were built across the country. Claus Spreckels, always a firm believer in tariff protection, asserted "the Republican idea of protection becomes an object-lesson in the establishment of the sugar industry. Without a protective tariff there would be no success attendant to the efforts of capital and the tillage of the soil."³⁹

In support of the new sugar factory, the Monterey County Board of Supervisors sent a resolution to Democratic senator George Perkins, of California, urging him not to support Hawaiian reciprocity which was part of the Dingley Bill. In the resolution they asked the senator "to use his every endeavor to place a duty on sugar from the Hawaiian Islands, so as to protect the beet sugar interest of the State of California, particularly in this county." Perkins' response was less than encouraging, but very political. He answered that he was in an "embarrassing situation" because "the commercial organizations banks and exporters of San Francisco deem the continuance of the treaty of vital importance to them and the general prosperity of the state, while from the interior cities and counties come appeals for abrogation . . . based [on] the beet sugar industry of the state."⁴⁰

³⁹Thomas J. Osborne, "Claus Spreckels and the Oxnard Brothers: Pioneer Developers of California's Beet Sugar Industry, 1890-1900," *Southern California Quarterly* 54 (summer 1972): 120.

⁴⁰*Salinas Index*, 20 May 1897.

On the national front, the sugar portion of the bill was attacked more in opposition to the Sugar Trust than for its protection of the embryonic beet sugar industry. At the New England Free Trade League dinner on March 27, 1897, speakers encouraged the development of the domestic beet sugar industry as a means to “clip the wings of the Sugar Trust.”⁴¹ Other prominent reformers and free trade advocates rose up against the bill, but in Monterey County its passage was heralded by headline news in the Salinas newspapers. In one final jab at the opposition, the *Index* editorialized, “It is worthy of notice that some of the countries that kicked hardest against the new tariff are now making graceful overtures for the establishment of reciprocal relations. They are all welcome; the eagle has no sharpened bill for them.”⁴²

For Claus Spreckels the same tariff that assured him high domestic sugar prices through the restrictive imports of raw sugar, allowed him to bring beet sugar technology and equipment into the country, exempt from import taxes. Since Spreckels already controlled the sugar market west of the Mississippi, his investments were protected from foreign sugar competition. Upon passage of the Dingley Tariff in 1897, the retail price of

⁴¹Arthur B. Farquhar, “Argument’s Against the Dingley Bill” at the New England Free Trade League Dinner, March 27, 1897 Boston. (n. p.) Part of the Pamphlets in American History Series; Ida M. Tarbell, *The Tariff In Our Times* (New York: The Macmillian Company, 1912), 252-53.

⁴²*Salinas Index*, 9 September 1897.

sugar went from \$.053 cents per pound in 1895 to \$.061 cents per pound in 1900, a 13 percent increase; but more importantly, the amount of production doubled.⁴³

All the pieces were in place by the fall of 1897 for the start of factory construction. The beet sugar technology needed to operate the factory was only twenty miles away at the Western Sugar Beet Company in Watsonville. The transportation requirements had been met by the Pajaro Valley Consolidated Railroad and the Southern Pacific Railroad. The beet acreage had been guaranteed by the local farmers' contracts. Adequate financing had been assured through the partnership with the American Sugar Refining Company. Federal legislation was in place which protected the infant beet industry through its high tariff on imported sugar and its lenient allowance for the importation of equipment and seeds. In addition, a site for the factory had been selected.

In 1896 Claus Spreckels purchased 122 acres 4.5 miles south of Salinas along the east bank of the Salinas River. This was the site which he had selected to build his factory. To ensure the supply of beets, the Spreckels Company bought large tracts of land around the site and throughout the valley including the old Mexican land grant of Llano de Buena Vista located near the factory site; the Bolsa Nueva y Moro Cojo near Castroville; and the 12,000 acre King Ranch near King City.⁴⁴ With the land issue settled,

⁴³Osborne, 121-24.

⁴⁴Fabing and Hamman, *Steinbeck Country*, 50; *Sweet Nostalgia*, 65; *Spreckels Sugar Company Factory No. 1*, Historical, Architectural, Environmental Report, 16; William Orville Jones, "The Salinas Valley: Its Agricultural Development 1920-40" (Ph.D. diss., Stanford University, 1947), 170; Jones argued that had it not been for the

construction of the factory took on an atmosphere of urgency. In 1898 as many as six hundred men were working to construct the buildings.⁴⁵ Spreckels went to Germany to purchase boilers, evaporators and other equipment needed for the factory. The four million bricks needed were used first as ballast in ocean going vessels and then brought from San Francisco by water to Moss Landing.

The *Salinas Index* published a weekly supplement at that time which included regular updates on construction progress. Each article would contain a recapitulation stating:

The great factory will cost about \$2,500,000. The dimensions of the buildings are as follows: Main Building 582 feet long, 102 feet wide, 5 stories high, containing 3,500 tons of steel, 4,000,000 bricks and 800 squares of slate. Boiler house 559 feet long, 68 feet wide, 22 feet high, will contain nearly 1,000,000 bricks, 24 boilers, 4 economizers, 2 steel smokestacks 216 feet high, 13 feet in diameter, each stack with a base weighs 1,000 tons. . . .⁴⁶

Farmers, holding beet contracts, wanted to be reassured of the factory's opening, were told: "Construction pushed as rapidly as men and money can do it—Will be ready for this year's crop In order to keep the readers informed the Index [*sic*] dispatched a reporter to the scene of operations to note the progress of the work. . . . No one need

survival of some of the old land grants the factory would most likely not have been located at that site and the chain of Spreckels ranches would not have come into existence.

⁴⁵*Sweet Nostalgia*, 11.

⁴⁶*Salinas Index*, 27 January 1898.

hesitate to plant beet seed as the great establishment will be ready in time for this year's crop."⁴⁷

As the work progressed the reports became even more descriptive going from building to building, floor to floor. On March 10, 1898, the *Salinas Index* described the work as:

In the storeroom are huge racks filled with rubber and iron washers, steel nuts, braces, bits and all sorts of spare tools. In the corner of this room a space has been enclosed and within it are 16 draughtsmen busy all day drawing plans etc., under the direction of Mr. Schierholz . . . going across the river Contractor McMahon has a force of men excavating for the immense reservoir. This will be lined with concrete and will have a capacity of 1,300,000 gallons. . . . recrossing [*sic*] the river several of the artesian wells are to be seen . . . the center of attention, the main building looms up in all its grandeur . . . the erection of the steel work by the Risdon Iron Works under the superintendency of George R. Field will necessitate the use of upwards of 500,000 rivets all of which are to be driven red hot.⁴⁸

The factory was completed during the summer of 1898, but had to postpone opening because of a severe drought. The worst drought that California had endured in thirty years caused the yield on beets to be greatly reduced. The Spreckels Sugar Company management elected to send the Salinas Valley beets to Watsonville rather than

⁴⁷Ibid.

⁴⁸*Salinas Index*, 10 March 1898; *Sweet Nostalgia*, 10; The chief draftsman for the factory was Joseph Rhyner who would later become the plant engineer.

start Factory One without a sufficient supply of beets. The 1898 campaign was the last year of operation for the Watsonville plant.⁴⁹

In anticipation of the sugar factory moving from Watsonville to the Spreckels Factory in 1898, reports in the *Index* centered on the structure and the farming operations. And while the reports speculated on the long term economic effects that the factory would have on the Valley, it did not report on the number of people who would be needed to make the operation successful. On December 4, 1898, the *Index*, was promoting “great things for Salinas and its suburbs ” based on the location of the factory and the commerce it would create. In April 1899, four months prior to the first production, the *Index* heralded the Spreckels Sugar Factory, comparing it to the Brooklyn Bridge, and Eiffel Tower, claiming “the greatest of all undertakings, the immense 3,000 ton capacity sugar factory. . .will stand pre-eminent as one of the wonders of modern achievement.”⁵⁰

On August 24, 1899, just after midnight, the factory steam-whistle blew a long loud blast for about fifteen minutes. The next morning local residents were informed that at the moment of the whistle blast the first sugar had been produced by the world’s largest sugar beet factory. On August 31, 1899, the first full day of operation ended

⁴⁹Allen, “Economic History of Agriculture in Monterey County,” 45; *Sweet Nostalgia*, 12.

⁵⁰*Salinas Index*, 27 April 1899; Although reports do not mention the number of employees in the first year of operation, by 1902 the *Index* was reporting 300 men during the campaign and 100 during intercampaign.

when Spreckels Factory One produced 1,733 bags of sugar. On September 1, 1899, regular shifts started running twenty-four hours a day, seven days a week, lasting a total of sixty days.⁵¹ Thereafter the factory continued to manufacture sugar every year for the next eighty-three years and the company maintained its presence in the Salinas Valley for ninety-five years.

As the new century started, the mammoth sugar factory dominated the Salinas Valley as no other structure ever had. The physical dominance was expanded to include a metaphysical domination as an employer and agriculture partner. The Spreckels Sugar Company was dependent upon two resources for its operations. First, there could be no sugar production without successful beet farming. Second, there could be no farming or sugar production without people to do the labor. Both resources were not always available, and when they were, they were not always in the forms that the Sugar Company desired.

Spreckels Sugar Company faced some of its greatest challenges over the next forty years, as it dealt with the complicated agriculture problems associated with sugar beet farming and how it dealt with its amalgamation of employees.

⁵¹Allen, "Economic History of Agriculture in Monterey County," 45; Fabing and Hamman, *Steinbeck Country*, 51; *Salinas Index*, weekly edition 7 September, 1899; *Sweet Nostalgia*, 13.

Chapter II

Town and Farm: The Start of Company Paternalism

The shortage of labor and beet acres were two concerns that Claus Spreckels attempted to address even before the factory was operational. To help alleviate the dependency on independent growers, Spreckels purchased or leased large amounts of land from Santa Clara County to the southern part of Monterey County. However, at no time in the company's history did Spreckels ever own or lease enough land so that it was independent from the farmer/growers who provided the majority of the beets needed to sustain such a large factory. Once the land was improved through irrigation, sugar beets became a cash crop that farmers depended on. The shortage of farm labor was an ongoing problem for the growers and the sugar company. However, at the factory, Claus Spreckels created a company town as an incentive to draw and keep skilled labor.

At the same time the plant was being constructed, a town adjacent to the factory was also being built to provide housing for the employees. Although the factory was only 4.5 miles from Salinas many of the workers had much further to travel. Most sugar workers were single men who were affectionately referred to as "sugar tramps." The first building that Claus Spreckels had constructed was a sixty-room hotel which provided housing for single men. Soon after the hotel construction began, houses started going up for the married men. The founding of the town ushered in a form of industrial paternalism which residents accepted as part of employment at the Spreckels Sugar Factory.

Company towns were not unique to the American industrial landscape in 1898, when Claus Spreckels started to develop a place for his employees to live. Company towns had existed in Europe since the seventeenth century.¹ By the late nineteenth century, company towns were common in New England, the southern textile industry, midwestern iron producing towns, and western logging and mining industries. Spreckels' new village was a company town modeled after existing ones. It was dependent on the sugar beet crop for its existence and the sugar company for its future.

A vigorous debate has persisted among historians about the nature of company towns. John Garner in his monograph, *The Company Town*, argued that the term "company town" was coined in America in the late nineteenth century and carried with it a stigma that has not gone away.² James Allen concludes, "there is no image applicable to all company towns. In some towns serious abuse of power occurred, while in others sincere and commendable efforts at company-employee cooperation were made."³ The

¹As early as 1695, Braintree Iron Works established the first company town in America. Horace P. Davis in the *Encyclopedia of Social Science* defined a company town as "when it is inhabited solely or chiefly by the employees of a single company or group of companies which also owns substantial parts of the real estate and houses . . . the purpose of the company town is to attract, hold and control labor." Horace P. Davis, "Company Towns" *Encyclopedia of the Social Science*, vol. 4, ed. David L. Sills (New York: The Macmillan Co. 1930), 119-20.

²John S. Garner, *The Company Town: Architecture and Society in the Early Industrial Age*, ed. John S. Garner (New York: Oxford University Press, 1992), 3.

³James B. Allen, *The Company Town in the American West* (Norman: University of Oklahoma Press, 1966), x.

historical interpretations which contend that the company town was solely a means of exploitation and control of its inhabitants is highly problematic, but cannot be ignored.

In her recent book, Margaret Crawford bridges the gap in the historiography created by those who only view the economic, labor, and the social aspects of life in a company town and by those who see the town as the physical environment that helps control the employees. She summarizes the historical literature on company towns as follows:

Marxist historians make a direct link between the evolution of company town design and broad transformation in the American economy, while others portray the company town as the mechanism to control the unruly masses, and the designer as a physical agent of social control. In spite of their opposing points of view, both approaches suffer from over generalization. Both schools tend to view the company town as one-dimensional phenomenon, rarely differentiating between different types of company town or the widely varying regional, industrial, social, and labor contexts in which they developed.⁴

Arguably the most famous early company town was Pullman, Illinois. It was built in 1879-80 for the employees of the Pullman Company. In 1883, Carroll Wright, first U.S. Commissioner of the Bureau of Labor, applauded the example of Pullman, and strongly endorsed its merits.⁵ Prior to the 1893 rail strike, which led to riots in the streets of Pullman, it was considered the blueprint for company towns. The entire city was built

⁴Margaret Crawford, *Building the Workingman's Paradise: The Design of American Company Towns* (New York: Verso, 1995), 1.

⁵Garner, *The Company Town*, 7.

to include amenities that other non-company communities had: housing, parks, recreation space, shopping, religious buildings, theaters, and libraries.⁶

Spreckels included all these amenities in his town. Housing was provided for single men at the hotel. The first single family dwellings constructed in 1898 had a minimum of five rooms and a maximum of eight rooms per house.⁷ Two parks were planned. The first was built in 1906, “where the urchins may gambol on the green and their elders enjoy the grateful shade of the trees.”⁸ Baseball and softball fields were provided for recreation. Plans for a second park included a new children’s playground that would be made up of a tennis court, baseball diamond, sandpile, and swing area, among other playground equipment. The businesses included all the necessary establishments to provide for a family, such as a grocery store, and mercantile store. In addition, the town contained two churches, a library, and a modern theater.

All the building and facilities were completed or started within the first ten years of the town’s founding.⁹ Considering the similarities between Pullman and Spreckels, the logical assumption is that Spreckels considered the advantages and disadvantages of the Pullman design when creating his town. Pullman had been the model for physical layout

⁶Ibid., 7; Glenn David Mathews, “Spreckels: California Design Guidelines,” (Salinas: Monterey County Planning and Building Inspection Department, 1998), 13-14.

⁷*Salinas Index*, 27 January 1898.

⁸*Spreckels Courier*, 30 March 1906.

⁹*Sweet Nostalgia*, 19-24.

but not for its government. Spreckels had the advantage of knowing about the labor strife which spread from the Pullman factory into the town.

Spreckels claimed he had built his town solely to provide housing for his employees. Indeed, a popular view among the residents was that Mr. Spreckels had declared that the town was to be the employees' town. But, first and foremost, it was a company town. The town had its own separate utility company, all businesses were to be privately owned and operated by individuals not associated with the Sugar Company, and residents were not required to support the local business establishments as a condition of their employment.¹⁰ But in reality the utilities were controlled by the company; the real estate was all owned by the company; and those who lived in the town or started a business were selected by the company. Even several business proprietors worked for the company at the factory.

It was not in Claus Spreckels' character to give up control of anything he started. Therefore, it is doubtful Spreckels would have given up management of the town in those early years. Lincoln Steffens in his articles in *Upbuilders* describes Claus Spreckels as a man who "must dominate whatever he took part in, impatient, implacable, ruthless."¹¹ John Ferriera, who worked for Spreckels in Hawaii and came to California at the same time Spreckels was starting the beet factories, related to his grandson David Ferriera what

¹⁰*Sweet Nostalgia*, 18.

¹¹Lincoln Steffens, *Upbuilders* (1909; reprint with introduction Earl Pomeroy, Seattle: University of Washington Press, 1968), 250.

he remembered most about Mr. Spreckels (which was how Claus Spreckels preferred to be addressed according to John Ferriera). The elder Ferriera recalled how intelligent Spreckels was and how much control he exhibited over a project, especially the construction of the Spreckels factory.¹²

During construction of the factory and town, Claus Spreckels visited the site often to oversee the operations. The overall superintendent of construction was W.C. Waters. When prominent architect William Weeks designed the Waters house, two of the fourteen rooms were "fitted out in style for the use of Claus Spreckels whenever he visited his new enterprise."¹³

The site plan for the town was laid out by Charles Pioda in 1897 at the same time he surveyed the factory site. The town was planned on a grid system which included three rows of five rectangular blocks, with each block divided into twenty lots. (See Official Map of Spreckels dated 1906, page 38.) Construction started on the south row, leaving the other blocks available for future expansion. The small commercial district of the town was built along Spreckels Boulevard. A modern sewer and water system connected to the factory provided the utilities. All the residences were wired for electricity before it became readily available in other municipalities in the area. William Weeks was hired to design the plant superintendent's house, the factory office, the cottages for the workers

¹²David Ferriera, interviewed by author, Salinas, CA 15 April 1998.

¹³Betty Lewis, *W. H. Weeks Architect* (Fresno: Panorama West Books, 1985), 7-8.

and the school house.¹⁴

In 1898 the *Salinas Index* described the town as follows:

Across the road from the factory grounds can be seen the 40 cottages erected for Mr. Spreckels workmen, everyone of which has been let in advance. Carpenters, plasterers are at work hurrying to finish the building before April 1st. There are 12 different styles of architecture to be seen in houses and some 16 colors. The town is laid out in streets and alleys. Fronting the main street and Railroad Avenue is the large three story hotel with its 70 rooms. The second floor has rooms and suite, the third single rooms. The plumbing work is roughed in and the building enclosed. The flooring has not arrived delay is caused. The painting, however, has commenced under contract by Messrs G. E. Hart & Co. formerly of San Jose. Lathing will be commenced tomorrow. There will be a sewerage system for the town. The main pipe being 24 inches in diameter, and the smallest pipe 4 inches. Every house will be lighted by electricity and will have sanitary plumbing. There have been several spaces staked off along the along side the hotel for stores. It is expected the town of Spreckels will be fully in operation by the 1st of May at the latest.¹⁵

The need for housing was so great that existing houses were moved into town from the outlying areas to supplement the construction.

Access to the town and the factory was by way of the newly constructed Spreckels Boulevards. Known as the upper and lower roads, they were heralded as the only lime rock roads in the state. Completed in August 1898, the lower road started at the Southern Pacific siding about two miles from Salinas running into the upper boulevard in Spreckels. The upper road ran parallel to the Salinas River, starting at Riverside and ending at the

¹⁴Ibid.; Mathews, "Spreckels: California Design Guidelines," 14-15.

¹⁵*Salinas Index*, 10 March 1898.

factory.¹⁶ Materials for the roads came from the company owned Silacci quarry on the Alisal which was expected to maintain the roads in first class condition. The *Salinas Index* reported that plans were being considered to plant trees along the road sides, and erect water tanks for daily sprinkling, and added that the Board of Supervisors for Monterey County expressed themselves as highly gratified at having what they “denominated the best made roads in the state, if not west of the rockies [*sic*] . . . giving the citizens of Salinas and Spreckels a fine drive over a hard, firm, solid roadbed at all seasons of the year.”¹⁷

At the corner of Spreckels Boulevard and Hatton Avenue, the first business was opened to meet the needs of the Spreckels residents. With single men living in the hotel and the houses filling with families the most pressing need was for a general merchandising store. True to the pledge that businesses were in principle to be owned and operated by private individuals not associated with the company, the store was privately managed. The first proprietor of the store was the Ford and Sanborn Company of Salinas. Margot Abeloe, the current proprietor, reported Ford and Sanborn ran it for a short period and then Mr. A. Vollmer took over the lease from Spreckels.

According to Abeloe, “He [Vollmer] couldn’t make a day of it . . . so they closed the store for about a year, and then the people from the factory got together and they each

¹⁶The upper road became the most used route into the factory; today it is still known as Spreckels Boulevard.

¹⁷*Salinas Index*, 11 August 1898.

had stock. They bought so many shares in the store, and then they had somebody to run it. By about 1912 I guess, my great-uncle [Jes Madsen Juhler] bought out the stockholders one by one.”¹⁸ Juhler became the sole proprietor after 1912 and the store has remained in the family since. He was also a machinist at the factory and operated the store in his spare time.¹⁹ Later a second floor was added to the store which provided the community with a place to hold dances and other functions.²⁰

Other businesses joined the store and the hotel and soon after the turn of the century the town’s businesses included: a meat market, livery stable, grocery store, clothing store, lumberyard, cabinet shop, plumbing business, bicycle shop, Chinese laundry, barber shop, and a husband and wife doctor team. The Louvre opened during this period to provide libations for the workers at the factory. In 1899, Weeks designed the schoolhouse and upon its completion classes moved from the hotel to the two-story Spreckels schoolhouse.²¹ (see page 42)

The construction of the railroad depot in 1899 attested to the permanence of the new town of Spreckels. Horace Fabing and Rick Hamman, whose monograph on the

¹⁸Page and Turnbull, *Spreckels Sugar Company Factory No. 1*, Modified Historical, Architectural, Environmental Report, vol 4, (San Francisco: Page and Turnbull, Prepared for the Spreckels Sugar Company, 1994), 88-89.

¹⁹Ibid., 88.

²⁰Jennie D. Verardo and Denzil Verardo, *The Salinas Valley: An Illustrated History* (Chatsworth, CA: Windsor Publication, Inc., 1989), 57.

²¹Ibid., 55-57; Fabing and Hamman, *Steinbeck Country*, 57-60; *Sweet Nostalgia*, 18-22.

source: Spreckels Collection, Monterey County Parks and Recreation, Salinas, CA

Pajaro Valley Consolidated Railroad detailed the growth of the railroad in the Salinas Valley noted, "Last, but not least, the railroad depot was constructed in 1899, and the thriving little town of Spreckels, California, began to appear in major railroad timetables and schedules and in the Official Railway Guide. Obviously it was a community of some stature."²²

Other businesses, encouraged by the Board of Trade, were recruited and established throughout the community. The Board of Trade was a combination Chamber of Commerce and City Council whose main job was to look after the interests of the community. In 1907, the *Spreckels Courier* carried an advertisement sponsored by the Board which claimed:

Under the Santa Lucia Mountains, on the Salinas River lies the town of Spreckels. The Pajaro Valley Railway connects it with Steamers for the North at Moss Landing. The town is thoroughly sewered [sic] and supplied with the purest water. The district has a soil which produces the richest sugar beets in the world, furnishes the famous Salinas potatoes and flowers that have a brilliance and beauty found nowhere else. It enjoys a very mild winter climate and cool healthy breezes from the ocean in the summer. Spreckels has the largest beet sugar factory in the world and a very large pay roll the year round. Help is always in demand at good wages and many more men are now wanted. In filling permanent positions preference is always give to those who reside here.

With the substantial backing of the Company and the determination to make this a beautiful city, we have implicit confidence in the future of Spreckels. **BUSINESS AND RESIDENCE LOTS FOR SALE ON EASY TERMS-** No better place or opportunity offered anywhere. . . .Spreckels Board of Trade.²³

²²Fabing and Hamman, *Steinbeck County*, 57.

²³*Spreckels Courier*, 27 July 1907.

One advantage of having private individuals operating the businesses was that the Spreckels Sugar Company was able to have the businesses operating from their buildings without having to invest capital in inventories, or be concerned with the success or failure of each establishment.

Spreckels Sugar Company encouraged business in the town, but kept control of who operated the businesses by controlling the Board of Trade. Thus, when the bank was established in 1907, its first president was R. H. Moore, who was also the General Manager of the Spreckels Sugar Company. The Bank was financed by D. W. McCloud, a non sugar company employee, who with \$25,000 of his own money started the bank and served as the Cashier.²⁴

Not only were businesses encouraged to move into town, but Spreckels encouraged its employees to live there too. Candidly, on May 8, 1908, the *Spreckels Courier* carried an article which referred to a policy by the Spreckels Sugar Company that factory employees must reside in the company town. A week later in a less coercive sounding article the *Courier* reported, "The company is preparing to offer employees a good proposition by which everyone can own their own home by paying about the same as rent and should the employee desire to remove after six payments have been made the cost will be refunded to them."²⁵

²⁴*Spreckels Courier*, 25 October 1907; *Sweet Nostalgia*, 21; Verardo and Verardo, *The Salinas Valley*, 57.

²⁵*Spreckels Courier*, 8, 15 May 1908.

Between 1907 and 1920 the town experienced its most prosperous period of growth. In addition to new businesses, the town established two newspapers, the *Spreckels Courier* (1907-1913) and the *Enterprise* (1908-1918). The two newspapers combined in 1913 to create the *Spreckels Courier-Enterprise*.²⁶ A benchmark of how the town and factory were growing was the Spreckels Hotel. By 1907 it housed up to 1,500 guests and six annexes had been added by 1920. Two of the annexes reflected the strict segregation of the community and were designated for Mexican employees.²⁷

Within the sugar company there were essentially three categories of employees. First were the permanent employees. Within the permanent group were the managers, salaried supervisors, and essential hourly workers who were known as “year round” employees. Second were the seasonal, or campaign workers. Their employment lasted only during the beet processing campaigns, which were sixty to ninety days. During the period between campaigns, known as intercampaign, they were laid off. Seasonal workers easily made up the largest number of employees. The third group of employees were the agricultural workers. This group was traditionally made up of migrant (foreign) farm laborers, including Japanese, Mexican, and Filipino workers.

The employees who had priority for housing in Spreckels were the permanent employees. Although the Sugar Company employed as many as 1,500 workers at the

²⁶*Spreckels Courier-Enterprise*, 31 May 1913.

²⁷*Sweet Nostalgia*, 20.

factory during the campaign, those employed year-round often numbered less than 10 percent of the total work force. The number of year-round employees varied based on the amount of maintenance work required during the shut down.²⁸ The significance of being a year round employee will be covered more thoroughly in a future chapter. The 1900 census schedule confirms that the vast majority of residents living and working in Spreckels during those first years were either management or skilled year-round employees.

An analysis of the 1900 census schedule for the Alisal Township, which included the new town of Spreckels, reported seventy-four employees of the sugar company living in Spreckels and working at the factory. Over 90 percent of those not boarding at the hotel were mechanics, pipe fitters, drafters, and other skilled workers.²⁹ The next largest group of permanent Spreckels residents were the business owners. Hotel residents were mostly seasonal or campaign workers, sugar tramps, who traveled from sugar factory to sugar factory at the end of each campaign.

Spreckels, who preferred German machinery for his factory, bricks from England, beet seed from Holland and steel from the United States, relied on imported workers to get his factory up and running. The 1900 Census Schedule indicated that thirty-eight of

²⁸In the first five years the average number of employees during campaign was closer to 300.

²⁹U.S. Bureau of the Census, *Twelfth Census of the United States, 1900 Schedule No. 1- Population* (Washington D.C.: GPO, 1901), California, Monterey County, Alisal Township.

the seventy-four employees living in Spreckels had been born outside the United States, and over 92 percent had been naturalized. A large number of the first employees reported Portugal as their birth place, and most of their children had been born in Hawaii. Many of the machinists had been employed by Spreckels in Hawaii and had come to the United States at the same time as Spreckels. However, the largest ethnic groups living in Spreckels and working at the factory were Danish and German.³⁰

Work in the factory was hard, but life in the town was reflective of the social conditions throughout the United States at the turn of the century. Community spirit was something that developed in most company towns in the West.³¹ Spreckels was no exception. As early as 1908, the *Salinas Daily Index* reported on a meeting to organize for community improvements:

There was a meeting of residents of Spreckels last evening for the purpose of organization for the improvements of conditions in that town. They want a Public library, an efficient fire company, the weeds and rubbish cleared off the streets and general slicking up and lively public spirit will make for better things all around. R. L. Adams the scientific agriculturist of the Spreckels Sugar Co. was chairman of the meeting.

³⁰Ibid.

³¹James Allen In *The Company Town in the American West* describes community spirit by claiming, "even if the company itself was not always the object of great affection, there was something about the closeness of town life which developed an interesting and long-lasting community spirit." (Allen, 24). John Garner and Margaret Crawford stress the bond between the town and the residents. In a more clinical analysis Garner writes in *The Company Town*, "most towns were quite small, with populations rarely exceeding a few thousand. The workers who lived in company towns, who conformed to circumstances imposed on them, created subcultures of their own. Social order derived from labor routine, isolation, and company-imposed rules and policies."(Garner, 4).

Peter Peterson secretary. This meeting was preliminary to others, the next will be held January 4, 1909. . . . a committee to draw up a constitution and by-laws and choose a name for the organization [was appointed].

There is a fine opportunity for good work along the lines indicated at Spreckels.³²

The need for an efficient fire department was a top community priority which provided a vehicle to promote community spirit. It was the lack of fire protection that had helped spur the meeting in December 1908, and the history of fires in the community could not be ignored. On June 18, 1899, fire damaged the Spreckels Hotel. The Salinas *Daily Index* reported:

The fire whistle was sounded [at the factory] and the workmen quickly responded . . . the hose was unwound and willing hands attended to the lines while about one hundred men went into the burning building and commenced taking out every thing moveable The Salinas Fire Department . . . made remarkable quick time . . . the factory workmen and vast crowd of others present cheered our fire department for the timely and effective service provided.³³

Although there was a fire brigade at the factory and a local hose team which participated in firemen musters throughout the area, they were not trained or equipped to deal with structure fires.

It was not until March 3, 1910, that a volunteer fire company was organized "with the support and cooperation of the Spreckels Sugar Company."³⁴ The sugar

³²*Salinas Daily Index*, 22 December 1908.

³³*Ibid.*, 22 June 1899.

³⁴*Ibid.*, 4 March 1910.

company provided most of the fire fighting equipment, including the engine. The volunteer fire company developed into a subculture in the town. Until the mid-1960s, the Spreckels Volunteer Fire Company was made up primarily of company employees. The volunteers were given time off work to drill and were paid for their drill time by the sugar company. If an alarm sounded during an employee's shift, he would respond and continue to receive his regular pay. However, if he was not at work the time spent responding was unpaid.

The fire company developed into an "old boys" network for the men who managed the business of the fire company. During those early years, membership in the fire company was by secret ballot, and one blackball cast during the voting was enough to keep a person out.³⁵ The membership was confined to white, male factory employees. Regular business meetings were held monthly and drills were held weekly. Both were often covered by the Spreckels newspapers. The Fire Hall was the social club for the members and their families, but it was the men who benefitted the most from being members. The Fire Company responded to fires and emergencies of all types both at the factory and in the town, in addition to the surrounding area.

Ancillary to responding to emergencies, the Fire Company took the lead in community activities, sponsoring Boy Scout troops and fire education at the Spreckels School, and promoting dances and parties for the community. For the Spreckels Sugar Company, the fire company paid two dividends. First, by having a trained fire brigade

³⁵By-laws of the Spreckels Volunteer Fire Company dated June 1910. Located at the Spreckels Volunteer Fire Company, Spreckels, California.

with professional equipment, it reduced its fire insurance rating. And more importantly, the activities of the fire company reflected favorably on the company.³⁶ The fire company provided favorable publicity for the company and the community, and was a catalyst for developing community spirit. This community spirit can still be observed on July Fourth, when the community of Spreckels, led by the Spreckels Volunteer Fire Company, sponsors an "Old Time Fourth of July Celebration."

The spirit of community was manifested at Spreckels in many other ways. On Sundays, many of the residents attended the Community Church at the corner of Third Street and Hatton Avenue.³⁷ Others attended St. Joseph's Catholic Church. It was moved into Spreckels from St. Joseph's German Colony near the Gabilan Mountains shortly after the colony was abandoned in 1907.³⁸ The present St. Joseph's Church is located at Railroad Avenue and Spreckels Boulevard, the original site of the hotel. Community spirit was also derived from the baseball craze that was becoming the national pastime at the turn of the century. Baseball diamonds were located throughout the town including at the factory. The popularity of fraternal lodges contributed to the feeling of community and community service. In May 1908, the *Spreckels Courier* reported that seventy men had joined the beneficent order of the Owls.

³⁶Newhall, "Spreckels The Man and the Company," 159-60.

³⁷*Sweet Nostalgia*, 23.

³⁸Verardo and Verardo, *The Salinas Valley*, 74-75.

Membership in the “nest” of Owls was made up of local businessmen, area farmers, and employees of the company. George Stadler, who two years later became the first fire chief, was elected president of the order. The *Courier* explained that the benefits paid by the Owls were an “excellent plan of insurance provided a member desires to take advantage of it. It is not compulsory . . . no insurance no pay. The sick benefit of \$7 per week is enjoyed by each member and plan is on foot to appoint a lodge physician who will for so much per capita attend your physical needs.”³⁹ Unfortunately the article did not report the cost of membership.

For those company employees who could afford the membership and insurance the Owls provided some security. Benefits such as sick or disability payments were not provide by the company at this time, therefore, membership in a fraternal organization providing those benefits was invaluable. However, in the early years most clubs and fraternal orders at Spreckels, as elsewhere in the country, excluded minorities and women.

In the 1910 census only one woman, Mary Tavernetti, living in the confines of Spreckels was enumerated as working at the factory.⁴⁰ There may have been a few other women employees from outside the Spreckels area, but they would have been employed in the kitchen, or as stenographers or secretaries like Tavernetti. Most of the women in Spreckels were wives of Spreckels employees. Their activities were centered around

³⁹*The Spreckels Courier*, 22 May 1908.

⁴⁰U.S. Bureau of Census, *Thirteenth Census of the United States-1910 Population* (Washington D.C.: GPO, 1911), California, Monterey County, Alisal Township.

cultural and family commitments. They organized women's clubs, including sewing clubs, literary clubs, dance clubs, and musical groups. Their activities were held in the Community Hall which was located above the Spreckels Emporium. The social columns in the local newspapers reported a very active social calendar. By comparing the names from the newspapers to the job titles in the census records and city directories, it is clear that the managers' and superintendents' wives were the ones organizing and participating in most of the cultural and social activities.

The Spreckels Theater or Opera House opened in 1911 and promoted various types of cultural entertainment. It could seat 375 people and included a balcony, a large stage and orchestra pit, various dressing rooms, a foyer and vestibule, a lady's rest room, and a men's smoking room. The *Salinas Daily Index* was so impressed with the facility that it proclaimed, "It promises to exist as long as Salinas and Spreckels are on the map."⁴¹

Between July and September each year the character of the town changed with the start of the sugar campaign. The population of the town almost doubled with the arrival of the sugar tramps. These were men of every nationality skilled in a particular line of factory work. They moved from one job to another in the sugar industry, peddling their skills throughout the country. The other arrivals were the semi-skilled or common laborers. With their arrival the two bars in town came to life.⁴² One bar was in the hotel

⁴¹*Salinas Daily Index*, 16 January 1912.

⁴²Newhall, "Spreckels The Man and The Company," 157-58.

and operated by the company, the other was the privately owned Louvre. Competition for the liquor business reached a ludicrous point when the owner of the Spreckels Emporium, A. Vollmer, decided to add bottled liquor to his inventory. The proprietors of the Louvre, Mr. Schroeder and Mr. Steinfartz, said nothing, but added a line of cheap overalls and men's shirts to their inventory.⁴³

It was a popular practice of the men on payday, to stop off at the Louvre or Spreckels Hotel for a few drinks rather than going straight home. This practice not only involved the single men, but started to spill over to the married men as well. The competition between the two establishments contributed to constant insobriety throughout the campaign season. In 1911, the residents of Spreckels, led by the women, circulated a petition to close the saloons. Obtaining the signatures of 240 permanent residents, the petitioners demanded that Spreckels become a dry town when the current liquor licenses expired in 1912.⁴⁴ In the unincorporated sections of Monterey County, retail liquor dealers were required to apply yearly to the board of supervisors for the renewal of their liquor licenses. The Spreckels Sugar Company requested a renewal of its liquor licences on July 6, 1911, which was approved on August 6, 1911. However, things changed in the next year as a result of the petition.⁴⁵

⁴³*Sweet Nostalgia*, 21-22, 48.

⁴⁴Fabing and Hamman, *Steinbeck Country*, 60; Verardo and Verardo, *The Salinas Valley*, 56.

⁴⁵*Salinas Daily Index*, 6 July, 6 August 1911.

The idea of a dry town also appealed to the new General Manager, F. E. Sullivan. In one of his first public notices it was announced that the town of Spreckels would be dry. The Sugar Company endorsed the residents' petition, and when it was presented to the Board of Supervisors the company supported it.⁴⁶ The two bars closed in 1912. Sullivan had a more practical reason for wanting the saloons closed. The overindulgence was impacting the around the clock schedule at the factory contributing to the absence and tardiness of the workers. Sullivan made it clear that he believed alcohol contributed to the problems of fighting, debts, and poor attendance which affected production. It was reported in the *Salinas Daily Index* that "the superintendent has stated that in the future factory employees will have to walk a mile - to Riverside - to satisfy their longing for alcoholic stimulants, and that if they seem inclined to take the walk too often they will be told to keep on walking . . . the same admonition will be given to the thirsty who come to Salinas via rail. Too many trips will earn them a red check."⁴⁷

Although the town would remain without a saloon it was not dry. In April 1913, J. M. Juhler applied to the Board of Supervisors of Monterey County for a liquor license for the Spreckels Emporium.⁴⁸ He did not intend to open a saloon, but he wanted the opportunity to sell the packaged product. Each week, an advertisement appeared in the

⁴⁶Newhall, "Spreckels The Man and The Company," 205.

⁴⁷*Salinas Daily Index*, 11 May 1912.

⁴⁸*Spreckels Courier*, 12 April 1913; *Spreckels Sugar Company Factory No. 1 Modified Historical, Architectural, Environmental Report*, vol. 4, 88.

Spreckels Courier stating, "Berges and Garrisser's wagon from Salinas, calls at Spreckels every Tuesday and Friday. If you want wines or liquors let them know and it will be promptly delivered."⁴⁹ Many of the social functions held at this time featured alcohol for refreshments. It was not until the ratification of the Eighteenth Amendment in 1919 and the passage of the Volstead Act in October of that year that Spreckels would join the rest of the nation in total prohibition.

It was easy to equate the company town with the nearby factory, but others who lived miles from the factory farming beets, made important social and cultural contributions to Spreckels. Some of the most active residents of Spreckels were those who managed the agricultural operations of the company. The Spreckels Park was originally laid out in 1907, by Professor R. L. Adams of the Spreckels experimental station.⁵⁰ In 1913, George Scott the agricultural superintendent for the Spreckels Sugar Company was responsible for planting the black walnut trees that still line Spreckels Boulevard today.⁵¹

Within the framework of Spreckels Sugar Company there were always two separate divisions which made up the company, agriculture and factory operations. While the factory and town were growing and exerting an influence over the valley, the

⁴⁹*Spreckels Courier*, 5 April 1913.

⁵⁰*Ibid.*, 22 November 1907.

⁵¹*Salinas Californian*, 21 September 1998.

company's agricultural developments were just as significant. Claus Spreckels had promised the factory to the Salinas Valley on the condition that the farmers would pledge 30,000 acres a year to sugar beets. In order to ensure an adequate beet crop for the factory, Spreckels purchased the 6,000 acre Llano de Buena Vista Ranch near the factory site in 1897. Next, the company bought the Soberanes Rancho at Soledad, then the 12,000 acre King City Ranch in south Monterey County. Over the ensuing years the sugar company acquired land around Alisal and Greenfield, and in San Benito and Santa Clara Counties. By 1919, Spreckels Sugar Company owned, leased, or operated 66,000 acres on the Central Coast.⁵²

Rutillus Allen adumbrated the birth of the sugar beet industry by stating, "The sugar-beet industry in the Salinas Valley did not experience a gradual growth from a small start, but was brought into existence full grown, largely through the activities of the Spreckels Sugar Company."⁵³ The land had been relatively inexpensive at the time because of the critical water situation.⁵⁴ Never was more than half of the 66,000 acres in beet production at any one time making sugar beets an excellent candidate for rotation with other crops.

⁵²*Sweet Nostalgia*, 65.

⁵³ R. H. Allen, "Economic History of Agriculture in Monterey County," 47.

⁵⁴Jones, "The Salinas Valley: Its Agricultural Development 1920-1940," 46; Jones argued that by 1919 Spreckels controlled about 46,000 acres of which it owned 21,000 acres.

To make this bargain land more productive the Spreckels Sugar Company invested heavily in irrigation. Spreckels financed irrigation projects and brought innovative methods of irrigation to the valley. As early as 1897, the Spreckels Company built the first steam powered pumps in the valley in order to supply its ranches near King City and Soledad with water from the Salinas River. Even during the severe drought of 1898 the *Pacific Rural Press* reported, "the San Lorenzo Water Company of King City agreed to furnish Spreckels Sugar with all the water it needs for irrigation."⁵⁵ In the following years, even larger steam pumping plants were installed along the Salinas River as far north as Salinas to pump water for irrigation. However, this method of pumping had seasonal limitations due to the nature of rainfall in the Salinas Valley.

Spreckels soon found it could not count on the Salinas River to furnish all the water it needed for farming and factory operations. Six wells were dug in 1899 at Spreckels in order to obtain sufficient water for the factory operations. They were 190 feet deep and four feet in diameter, and they were connected to centrally located centrifugal pumps which could pump 5,500 gallons per minute. In addition, about 10,000 gallons per minute of water was pumped from the surface flow of the Salinas River. Any surplus water not needed for factory operations was used to irrigate the adjacent land

⁵⁵*Pacific Rural Press*, 31 December 1898; In the following issue of the *Pacific Rural Press*, dated 7 January 1899, a statement by Governor Budd on the severity of the drought was reported; it included the appointment of a relief committee.

owned by the sugar company.⁵⁶ The well concept became important throughout the valley once the growth of irrigation proved to overtax the surface water of the Salinas River, which is the world's longest underground river.

In 1904, a similar installation of pumps to the ones at the factory was fashioned at the King City Ranch along the Salinas River. The surface pumps were capable of extracting from the wells and river over 6,000 gallons per minute. Driven by the necessity to grow beets further from the plant, Spreckels leased other large ranches and farmed them. The lease agreements included the installation of pumping plants. By 1919, there were eleven such pumping plants in operation along the Salinas River, not including the factory. However, as early as 1915, it was apparent that the water supply of the Salinas River was not consistent enough to supply the needs of the factory along with the other pumping installations.

The solution was to resort to deep well pumps and abandon the pumping plants and shallow wells. By 1924, the deep well pumps were in general use throughout the Valley, not just on Spreckels' farms. Along with sugar beets came row crops such as beans, corn, tomatoes, celery and asparagus and, by the 1920s, lettuce and carrots stretched from north of Salinas to as far south in Monterey County as Gonzales and

⁵⁶Salinas River Basin Investigation Bulletin Summary Report No. 52-B State of California, Department of Public Works, Division of Water Resources, 1946, (hereafter cited as SRBI No. 52-B).

Soledad.⁵⁷ The Spreckels Sugar Company opened the door for competition with other crops through its development of the irrigation systems. Charles Pioda, who served as the Chairman of the Flood Control and Water Conservation Committee in Monterey County wrote in his 1946 report that “the financial success that followed the pioneer work [in irrigation] caused rapid development of land suitable for vegetable growing . . . this development has been continued during the passing years until at present time little first class land remains undeveloped.”⁵⁸

The importance of irrigation and the use of water in growing sugar beets in the 1900s is described by John Vierra in *It Happened in Soledad*:

You’d soak the ground in March or April by building borders all around the field and flooding it. Then when it got dry enough to work, you’d knock those levies down and you’d work it all real nice. Then you got your seed, beet seeds, from Spreckels. It came from Germany, most of it. Then you’d plant it and you’d cultivate it a little bit. But you’d never water it no more. . . . And you’d get thirty-five maybe forty ton, just with that one watering.⁵⁹

The tonnage in beets that were harvested was the most important thing to the early beet farmer because their pay was based on how many tons of beets they could produce at 12 to 14 percent sugar content.

⁵⁷ Orser, *It Happened in Soledad*, 148-50.

⁵⁸ SRBI No. 52-B, 5.

⁵⁹ Orser, *It Happened in Soledad*, 151.

Growing sugar beets was more complicated than Vierra indicated. The farmers of the Salinas Valley were accustomed to wheat, a crop which required minimal maintenance once the grain was planted. Sugar beets were different. Once planted, beets required thinning, topping and digging prior to harvesting. Thinning and topping required stoop labor for hours and days. Jones explained the skill involved in blocking or thinning the plants, "the laborer swings a short-handled hoe in one hand and separates doubles and triples with the other, walking along the rows in a constantly stooped position, or crawling on his knees."⁶⁰

When the farmers committed to growing beets for Spreckels in 1898, one of the prime concerns was who was going to do this back-breaking work for the growers. In Europe, family labor was the tradition with children working in the fields alongside their parents. But in California the farmers preferred to hire casual labor to do the work. At the turn of the century, California suffered from a shortage of farm laborers. Claus Spreckels knew the farming of beets was labor intensive and required hard work through squat-labor. Accordingly, cash was made available to the growers through beet contracts with the company. The contracts established advance payments to hire the thinners and toppers to hoe the beets.⁶¹

⁶⁰Jones, *The Salinas Valley: Its Agricultural Development 1920-1940*, 137.

⁶¹Tony Dunbar and Linda Kravitz, *Hard Traveling: Migrant Farm Workers in America* (Cambridge: Ballinger Publishing Company, 1976), 39-40

The growers turned to immigrants as the cheapest source of labor, using the money made available through the sugar beet contracts. Japanese immigrants made up the first core of immigrant farm labor, followed by the Mexicans, Hindus through Canada, and Filipinos. These immigrant groups usually followed the harvest throughout the state. Spreckels Sugar Company used immigrant workers starting in 1898. The color of one's skin relegated the migrant immigrants to the difficult task of stooping at the end of a short handled hoe. Segregation in the workplace was also reflected in the make up of the town of Spreckels.

Census records for 1900 and 1910 indicated less than one percent of the names in the enumeration district covering Spreckels was Hispanic and/or Asian. These two ethnic groups were represented on the census only as farm laborers. By 1910, there were more second-generation Americans working at the factory and living in town, but none were Asian or Hispanic. However, by 1920 five Hispanic names were reported on the census records as living in town and working as "factory laborer."⁶² In 1918, a separate annex was added to the Spreckels Hotel to serve as the Mexican quarters.⁶³

In 1921 the Gutierrez family moved to Spreckels when there were only three other Hispanic families in the town. Eventually the Hispanics were moved to the other side of

⁶²U. S. Bureau of Census, *Twelfth, Census of the United States 1900, Population Schedule*, Monterey County; U.S. Bureau of Census, *Thirteenth Census of the United States 1910, Population Schedule*, Monterey County; U.S. Bureau of Census, *Fourteenth Census of the United States 1920, Population Schedule*, Monterey County.

⁶³*Sweet Nostalgia*, 19.

the railroad track to a place the company referred to as Little Tijuana. In Mike Gutierrez's words, "I was one of those fellows who lived across the tracks. They had eight houses over there across the tracks for the Spanish people, Mexican people—we were all happy-what the hay. Then I moved."⁶⁴

The Gutierrez's and other families lived in the houses rented to them by the sugar company. There were not enough houses for all the employees of the sugar company to get a company house, therefore the company made sure the houses were let to those employees they considered most valuable and deserving. Houses were assigned two ways: First, it was based upon ones's position within the company. And, second, it was based on the needs of the family. Ferriera explained that getting into company housing was done through a waiting list, "when you first come in you got on the bottom of the list. If there were forty people there, you moved as they gave the houses away. Once you were in the house there was another list, but it was quicker. A lot of people were in houses they wanted to stay, but like if we got into a little cottage, and if one [house] would open up say at the park, and whoever was on the list would get that choice."⁶⁵

This dual list system made it easy for the company to control who lived in the town and where they lived. It was common knowledge that supervisory personnel received the bigger houses and the more prestigious locations in the town. Mrs. Ferriera, added that

⁶⁴Mike Gutierrez interviewed by author, Spreckels, CA, 7 April 1998.

⁶⁵Ferriera interview, 15 April 1998.

her mother, who had lived in Spreckels since the 1920s, said in the old days there was “a wrong side of the track of Spreckels too, that’s what Mom called it, and that was on the other side of Hatton Avenue . . . on over to Llano were for management people, and the little houses, which weren’t really kept up too well, were for everyone else.” David Ferriera added, “all the big shots were already in the nice homes, so what we got was what was left over.”⁶⁶

Mike’s Gutierrez’s wife, Trine, who had moved to Spreckels at the end of 1936 with her family, saw the other side of the track somewhat differently than the Ferrieras. She described living across the tracks as, “there was nothing but Mexican families on the other side of the track, and on this side [west of the railroad track where they now own their home] there were very few on Railroad Avenue, Mexican families. Most of us were on the other side, which the company used to call Little Tijuana.”⁶⁷ When Trine arrived in town changes had taken place making the village of Spreckels an economic shadow of what it had been just fifteen years before.

The company town of Spreckels experienced a meteoric rise between 1899 and 1920. But as the sugar company went, so went the town. Starting as early as 1899, a blight affected the yield from the beet fields, presaging harder time ahead. By the late 1910s the reduced yield per acre and the declining price of sugar resulted in difficult times

⁶⁶Ferriera interview, 15 April 1998.

⁶⁷Trine Gutierrez interviewed by author, Spreckels CA, 7 April 1998.

SPRECKELS

SALINAS RIVER

NO SCALE
8" x 11" COPY
OCTOBER 1999

for the sugar company. Following the 1924 campaign, the future of the Spreckels Sugar Company, the town, and the farming operations were all in question.

Businesses began to close in the town of Spreckels early in the 1920s, and by the end of 1925 only the bakery and hotel continued to operate. Even the Pajaro Valley Railroad fell victim to the shorter campaigns and the reduced factory operations. Passenger service ended on November 24, 1925. What had been eight trips a day for the railroad was now serviced by bus and increased automobile usage. Most of the buildings that had held Spreckels' businesses were still standing, but empty. The park which had been laid out had not been completed and throughout the town improvements had ceased. The company was not putting any more money into the town. Plans were made to sell the houses and close the factory.⁶⁸

Even the Spreckels volunteer firemen, all of whom worked for the sugar company, made contingency plans for closing the fire company. In a letter to its members dated 5 May 1925, Chief Stadler and Chairman Rowe outlined the plans:

At the regular meeting of Spreckels firemen held December 7th 1925, the Department voted as follows: "That the Department postpone action on breaking up the organization, also that no member in good standing be taken from the roll until the first meeting in May 1925." By unanimous vote taken of fifteen members present at the regular meeting held on May 3, 1926, the Department adopted the following motion: "That we divide \$2800.00 of the available cash in our account amongst the

⁶⁸Fabing and Hamman, *Steinbeck Country*, 184; Charles L. Pioda, *Highlights of Spreckels History*, Unpublished history of Spreckels Sugar Company Factory One organized by year 1898 through 1946. Spreckels Collections, Monterey County Parks and Recreation Department, Salinas CA; *Sweet Nostalgia*, 25.

members of the Department. All property is to remain until January 1, 1927. Then if the plant ceases operations further division to be made. . . .” If the plant continues to operate, the Department will reorganize and all members residing outside of Spreckels at that time will automatically lose their membership with no further payments from the Department. . . .

We have no assurance, either there will or will not be any opportunity of keeping a Department hereafter the campaign but if any use is to be made of the Spreckels Factory, by the Spreckels Sugar Company or by any other concern, there will be need for the department, and it is our plan to reorganize bring our membership up to full quota, and start from the bottom to build up to where we were in the fall of 1925.⁶⁹

The Spreckels Sugar Company had been profitable for over twenty years, with record profits just five years earlier. How had the company got into such a drastic financial position? The answer lay in the ground with the sugar beet, and the tactical errors made by management in not meeting competition from other crops.

⁶⁹George Stadler and H. E. Rowe, To All Spreckels Firemen, Spreckels, 5 May 1926, In Spreckels Volunteer Fire Company's records, Spreckels, CA.

Chapter III

From Beet to Sugar

Turning sugar beets into white sugar was a complicated process. It was a labor intensive process requiring growers, field workers, and skilled and unskilled factory workers, all working toward the one goal of producing sugar for the consumer. For the processors to make a profit the market price had to be enough to cover the expenses of the processors and the farmers. Sugar on the world market was grown in countries where the climate was conducive to cane and there were no limits on how much sugar was grown. These facts, coupled with the low cost of labor in these countries, meant that the market price of sugar was usually low. On rare occasions, such as natural disasters, wars, or political unrest, the price of sugar soared. Balancing the costly labor and land requirements with the world sugar market made the beet sugar business a risky and precarious venture.

Competition for the land in the Salinas Valley became critical in the 1920s for the large growers who were trying to obtain as many acres as possible to plant the most profitable crops. This competition during the Roaring Twenties inflated the lease price per acre to the point where Spreckels could no longer compete with the more lucrative row crops. Spreckels sold off or relinquished much of its farm property after 1919 to produce revenue for the company. The leases that Spreckels had once held on valuable acreage were lost to crops that produced more income. The loss of acres resulted in fewer beets

planted, which resulted in fewer beets harvested and processed. The loss of beets affected the factory employees through reduced wages, longer working hours, and shorter campaigns. On the farms that were still growing beets, the need for cheap seasonal labor continued to be a problem, as it had been for the previous twenty-five years.

To ensure a sufficient supply of beets, Spreckels contracted with the farmers to grow beets for the factory. Although Spreckels owned large amounts of land, they never had enough acres to supply the factory without contracting with farmers to grow beets for the factory. The sugar company had contracts with the growers which not only involved money, but the sugar company also supplied information on farming techniques, irrigation, labor requirements, and necessary equipment. In exchange, the farmers grew the beets, harvested them and got them to the factory. The contracts between the sugar companies and the farmers were finalized before the beet seed was ever in the ground. Three times between 1898 and 1941 the methods of contracting the beets changed, and each time brought challenges for the factory and the farmer.

In 1898, Spreckels began contracting beets by paying a flat price per ton for beets that had at least 12 to 14 percent sugar content. As an incentive, beets that tested over 14 percent sugar content received an additional fifty cents per ton for each additional degree of purity. The company hoped that the extra incentive would encourage the farmers to cultivate the beet crop in such a manner as to obtain the higher rate. The incentive policy, however, was never completely understood by the growers and led to misunderstandings

between the growers and the company. To alleviate the misunderstandings Spreckels went to paying a flat rate of \$5.00 a ton for beets delivered to the factory.¹

This flat rate policy most often favored the farmer as evidenced by the following example. In the Fall of 1906, heavy rains caused some of the beets not to be harvested until April, 1907. The beets that were harvested in the Fall 1906 tested as high as 17 percent for sugar content. By April the next year the sugar content had dropped as low as 10 percent. Under the contract, the factory was required to pay \$5.00 a ton for the poor quality beets, the same as they had for the high quality beets just five month earlier.² This flat rate contract was used until 1912.

In 1912, general manager Frank Sullivan changed the method of contracting beets from the flat rate to a sliding scale. He knew from his experience in Colorado that certain irrigation practices could increase the weight of beets without increasing the sugar content and the sugar content was what the company was buying. To appease the farmers who were suspicious of the new sliding scale approach, he offered the farmers a choice of both types of contracts. Sullivan raised the flat rate to \$5.50 a ton for the 1912 season. Using the sliding scale contract, beets that tested 12 to 15 percent sugar were paid \$5.25 per ton; for every percentage point of sugar content above the 15 percent average was added \$.35 to the price. A ton of beets that averaged 17 percent sugar was worth \$5.95. Every

¹*Pacific Rural Press*, 9 July 1898.

²Cordray, "Claus Spreckels of California," 124-25.

percentage point below 12 percent subtracted \$.35 from the base. A ton of beets that averaged 10 percent was only worth \$4.55. The amount of sugar in each load of beets was measured by a testing sample using a new piece of equipment called a polariscope.³ At the end of the 1912 campaign, thirteen farmers had contracted based on the flat rate of \$5.50 a ton, fifty-three farmers had taken the sliding scale which produced an average of \$6.20 a ton. This was a 15 percent increase over the old method.⁴

After 1912 the sliding scale rate was used exclusively. The price per ton for the beets was set at the beginning of each season by the sugar companies. Even though conditions and events such as drought, cane crop failure, infestation of the curly top blight, or war (which was the case in 1914 through 1918 during World War I) might alter sugar prices dramatically, the farmers were paid what the contracts stipulated. The processor or factory had the advantage under this contract. In the shortage years following World War I, the beet farmer did not share in the bonanza of high sugar prices but the processors did. However, in 1924, the tables turned, and the sugar companies paid higher prices for beets than the market price brought for the sugar. Although the companies tried to negotiate with the farmers for lower beet prices, the farmers

³The polariscope is still used in tare labs today, it gives reliable, accurate measurements of the amount of sugar present in the beet samples. A tare lab is where the sugar beets are measured for average sugar content and weight prior to being processed through the factory.

⁴Newhall, "Spreckels The Man and The Company," 208.

remembered being shut out of the windfall profits of five years before.⁵ It was not until the Great Depression that a third method of contracting beets was developed, which will be covered in more detail in a later chapter.

There were three principal operations required in growing sugar beets: first, preparation of the seed bed and planting; second, growing the crop; and third, harvesting the mature beets. Only the first operation was mechanized to any great extent prior to 1941. The second and third operations were performed almost entirely by hand labor. Seed was normally planted in April and May, in twenty inch rows by horse drawn planters. Throughout the growing season, the weeds had to be clean-cultivated with a hoe which required large amounts of hand labor. Once the beet plants had two to four leaves they required thinning to prevent the beets from becoming too large for efficient harvesting.

Thinning was done by stoop labor with a short-handled hoe. It had to be completed during a small window of time in the growing season. This required large amounts of field labor for a short period of time. Depending on conditions, harvesting was normally performed six to seven months after planting. Sugar beets are a root and are harvested by turning the soil over in an operation called digging. Once dug, they were picked up by workmen who cut off the leaves and tops and tossed the beets into windrows or onto a wagon. The green leafy tops were used for cattle feed. The beets were then

⁵Ibid., 236-37.

hailed to the factory or a railroad siding by six-horse team wagons which had a three- to six- ton capacity.⁶

Between 1899 and 1917, Spreckels Sugar Company was the largest employer of agricultural workers in the valley. Most beet operations required a large number of relatively unskilled laborers for limited periods of time during the year. Beet farming required arduous field work that demanded a strong back and vigorous constitutions more than anything else.⁷ And, as in the case of many other sectors of California agriculture, the farmer needed a large pool of cheap labor at short notice for limited periods of time. During the late nineteenth and early twentieth centuries, Spreckels found such a supply of labor among immigrant workers, usually of Asian extraction. Such workers, it was believed, were best suited for working in the sun and in a squat position, and they were relatively plentiful.⁸

In the late nineteenth century the Chinese were the primary farm laborers in the Salinas Valley, but the anti-Chinese sentiment exhibited throughout California reduced that source of cheap labor. Former Spreckels employee and Salinas native, John Steinbeck, wrote a series of articles for the *San Francisco News* in which he explained,

⁶Jones, "The Salinas Valley: Its Agricultural Development 1920-1940," 136-38.

⁷Ibid., 282.

⁸Ibid.; Many California farmers insisted that field laborers should be of a race in which the arms and trunk of the body are long relative to the legs, so that it was easy for the worker to reach the ground when performing 'stoop' labor.

“consequently, white labor began a savage warfare on the coolies. Feeling against them ran high and culminated in riots which gradually drove the Chinese from the fields, while immigration laws closed the borders to new influxes.”⁹

By the time Spreckels Sugar Company was in full operation in 1899 few Chinese were available in the area for farm labor.¹⁰ The farmers in the Salinas Valley preferred to hire casual labor to do the backbreaking work of thinning, blocking, and digging the beets. Cash was available to hire the labor because the beet contract established advance payments to ensure that the thinners and toppers were available to hoe the beets.¹¹

The Japanese filled the cheap labor gap which was left by the Chinese.¹² The Japanese were immigrant farmers who understood agriculture and knew how to work the fields efficiently. From the industry’s vantage point, they became the perfect migrant laborers. To the growers delight, they arrived early in the season and vanished at the end of the season.¹³ The Japanese perfected the process of labor contracting. Newhall described the process:

⁹John Steinbeck, *The Harvest Gypsies* (1936; reprint, with introduction by Charles Wollenberg, Berkeley: Hayday Books, 1988), 52.

¹⁰Donald Fisher, “A Historical Study Of The Migrant In California,” (Masters Thesis, University of Southern California, 1945), 7.

¹¹Tony Dunbar and Linda Kravitz, *Hard Traveling: Migrant Farm Workers in America*, 36-40.

¹²Fisher, “A Historical Study Of The Migrant In California,” 8.

¹³McWilliams, *Factories in the Field*, 106-8.

Contractors formed pools of such labor, and trucked them around to the fields for topping and thinning. The field laborers earned, on average, 70 cents to a dollar for a ten-hour day. Contractors were paid \$4 to \$6 an acre for thinning by the farmers and they in turn, paid bonus wages (as high as \$2 a day, which was equal to factory pay) to skilled field workers who were used as "pace-setters" for the remainder of the crew. A good pace-setter could thin as much as an acre a day.¹⁴

In 1897, just prior to the Spreckels Factory being constructed, the "yellow peril" raised its ugly head in the form of E. L. Fitzgerald, the State's Labor Commissioner. Fitzgerald, like most politicians of the day, was obsessed with the "Oriental question" and oppugned the use of "coolie labor." Fitzgerald reported to Congress in 1910 that the beet sugar industry fostered Japanese and not American labor.¹⁵

To some degree Fitzgerald was correct. The Japanese were the predominant labor force in the fields.¹⁶ In the infant sugar beet fields around Salinas, the need for laborers was acute. Bardin, one of the leading shipper-growers in the area, estimated that for every man who got work in the wheat fields forty-one were needed in the cultivation, harvesting, and processing of sugar beets.¹⁷ Jones contended that labor requirements for sugar beets

¹⁴Newhall, "Spreckels The Man and The Company," 146.

¹⁵*Salinas Index*, 16 June 1897.

¹⁶McWilliams, *Factories in the Field*, 86-87; Fisher, "A Historical Study Of The Migrant In California," 8.

¹⁷McWilliams, *Factories in the Field*, 88.

were approximately six times greater than for beans and nearly twenty times greater than for barley.¹⁸ It is little wonder then that the farmers turned to the Japanese. The Fitzgerald attack was aimed more at the growers than the producers, not realizing that Spreckels was both.

Spreckels Sugar Company responded to Fitzgerald's allegation by declaring that no Japanese were employed in the factory, which was true. Factory work was reserved for white workers. The criticism that Spreckels Sugar exploited immigrant labor surfaced at the Hardwick Committee hearing in 1911. In response to the adverse testimony of his brother Claus, J. D. Spreckels was asked if it was necessary to use Japanese labor. He answered, "Oh, yes, we cannot get any other kind of labor . . . if we do not have the Jap to do the field labor, we would be in a bad fix, because you know American labor will not go into the fields."¹⁹

The same hearings indicated that the total labor required by the firm was 10 percent factory labor, and almost all were white American, and 90 percent field labor, of which almost all was immigrant labor. The use of Asians continued to be a public relations problem for the sugar company in the Salinas Valley. Although other growers had Japanese field workers, the high visibility of those working for the sugar company gave

¹⁸Jones, "The Salinas Valley: Its Agricultural Development 1920-1940," 134.

¹⁹McWilliams, *Factories in the Field*, 86-87.

rise to complaints that Spreckels hired too many Japanese. The King City newspaper referred to the Japanese in the area as "Spreckels' beauties."²⁰

Hostility towards the Japanese became almost as strong as it had been against the Chinese. By 1910, resentment reached its zenith. There were many economic causes of this hatred. First, although the Japanese were unorganized, as associated with union organizing, they would walk off a job if they were dissatisfied with conditions or wages. In February 1903 a large group of disgruntled Japanese laborers and contractors organized a grievance meeting in Oxnard over the wages for thinning beets. When the meeting proved unsatisfactory, 1,200 Japanese and Mexican laborers struck the beet growers of Ventura County winning a major victory for field laborers. This propensity for sticking together made the Japanese field worker a threat to the control and stability of the growers.²¹ Second, the Japanese became growers and established themselves on an independent basis. They acquired land and intensified its cultivation, thereby driving the price of land up for the small American farmers. Thirdly, the growing independence of the Japanese deprived the large landowners of cheap seasonal labor.²²

²⁰*King City Settler*, 5 June 1912.

²¹Tomas Almaguer, "Racial Domination and Class Conflict in Capitalist Agriculture: The Oxnard Sugar Beet Workers' Strike of 1903," in *Working People of California*, ed. Daniel Cornford (Berkeley: University of California Press, 1995), 183-203.

²²Donald Fisher, "A Historical Study of the Migrant in California," 9.

On May 22, 1913, the *Salinas Index*, while promoting European immigration at the expense of Asian immigration, released the following statement: "The objection to the Chinese and Japanese is not because they are foreigners, but because they are aliens to the spirit of freedom upon which this government is founded . . . the difference between the European and the Asiatic is that the former raises his standard of living to the American standard, while the Asiatic would pull it down to his own low level of existence."²³ The release was typical of the rhetoric of the day promoting the white backlash to the Japanese and Chinese laborers.

Spreckels' agricultural superintendent, Percy W. Morse of Watsonville, claimed that Japanese laborers were necessary because the numbers of white laborers simply did not exist. He had maintained records of all the farm labor hired by the beet growers in the area from 1895 through 1911, and reported that the only source of white labor was schoolboys from 12 to 16 years old who were paid \$1.00 daily during the summer vacation. The plowing, harrowing, sowing, and cultivating was done by white labor, but the stoop labor of thinning, topping, and harvesting was performed by the "Orientals." "The difficulty," Morse wrote, "was getting white men who will stay sober."²⁴ The problem was that the dependable white men already had good jobs, and those who didn't have jobs were not considered dependable. The number of white men available for field

²³*Salinas Index*, 22 May 1913.

²⁴Newhall, "Spreckels The Man and The Company," 148.

work was minimal in Monterey County. Field work carried with it a social and cultural stigma that kept many white workers out of the fields.²⁵

In one of the more interesting attempts to get white men into the fields and alleviate the shortage of beet growers, Claus Spreckels encouraged the Salvation Army to purchase land and establish a colony of beet farmers. The colony was located on a tract of land between Salinas and King City, near the town of Soledad. The property the colony was located on was divided into lots of ten and twenty acres and sold with a long term mortgage to indigent families. Spreckels encouraged this colonization as a philanthropic method of relocating unemployed families from San Francisco and giving them a chance to own their own land to grow sugar beets. Fort Romie, as the colony became known, proved to be successful and Spreckels contributed by providing work for the colonists when he needed them. However, by 1910 most of the colonists had sold their lands to local farmers for many times what they had paid the Salvation Army for it.²⁶

As the Japanese were being squeezed out of the beet fields, the need for a cheap source of farm laborers continued. If local farmers could not get white Americans into the field, and the Chinese and Japanese were not acceptable because of public opinion, where were the growers to turn for field labor? Between 1907 and 1910 a new source of farm

²⁵Jones, "The Salinas Valley: Its Agricultural Development 1920-1940," 281-83.

²⁶Clark C. Spence, *The Salvation Army Farm Colonies* (Tucson: University of Arizona Press, 1993), 26-41; McWilliams, *Factories in the Field*, 92-95; Verardo and Verardo, *The Salinas Valley*, 75-76.

labor was discovered in Hindustani workers. The *tide of turbans*, as the Hindu immigrants were referred to in local newspapers, arrived in California via Canada and supplemented the Japanese who remained in the fields. At the Hardwick hearing, J. D. Spreckels, defended the use of East Indians by declaring that without them, “we would not have had the means of harvesting our crop. The East Indians however, are an emaciated lot of people and they have not the strength to do the work.”²⁷

McWilliams claimed the Hindus were an intermediary group used as a wedge to separate the Mexican and Asian groups.²⁸ J. Donald Fisher argued that the Hindu, although mentioned frequently as a factor in California’s agriculture labor, was never a major factor. He supported his argument by presenting immigration figures from 1900 to 1920, showing that there were never more than 3,000 Hindus in the state at any one time. Fisher’s argument supports McWilliams’ claim that the East Indians were used primarily to segment the labor force. Along with the East Indians, Mexicans and Filipinos were also brought into the state to help lower the wage scale, because the Japanese were rapidly improving their standard of living and did not hesitate to demand higher wages.²⁹

Immigration laws and popular sentiment forced the Asians out of the fields and into the cities or onto their own farms. The loss of Asian farm laborers, coupled with the

²⁷F. W. Taussig, *Some Aspects of the Tariff Question* (Cambridge: Harvard University Press, 1931), 87-88.

²⁸McWilliams, *Factories in the Field*, 118.

²⁹Fisher, “A Historical Study of the Migrant in California,” 10, 14-15.

United States' entry into World War I, created new demands on the labor market. World War I and the military draft, combined with good paying defense jobs in the cities, made the shortage of manpower acute in agriculture. The new source of cheap labor came from Mexico. The *peon labor*, as Steinbeck referred to them, were Mexican nationals who were first used in the Imperial Valley and Southern California. They migrated north to the beet fields of the Salinas Valley.

The Pacific Rural Press' headline on January 5, 1918, proclaimed "SUGAR BEET GROWING PATRIOTIC AND PROFITABLE." The article simplistically maintained that "relief from the labor shortage is possible in three ways [which are] widely agitated – drafting the idlers who now populate street corners, pool rooms, etc., closing saloons to increase efficiency and dependability of workers and modification of immigration and contract labor laws for the period of the war."³⁰ With the advent of the war, a big influx of Mexican workers began in 1918. Herbert Hoover, head of the Food Administration, eliminated many of the restrictions which slowed Mexican immigration. The six month limitation on residency was removed along with the literacy test, and the head tax was waived, allowing the immigration to continue.³¹

³⁰*The Pacific Rural Press*, 5 January 1918.

³¹Linda Majka and Theo J. Majka, *Farmworkers, Agribusiness and the State* (Philadelphia: Temple University Press, 1982), 62-63; Immigration law prior to 1917 allowed Mexican nationals to remain in the United States only up to six month at any one time

Not all farmers were pleased with the importation of Mexican workers. Mexican-Americans had long been part of the labor force throughout the state, but the importation of Mexican nationals served as a new group of foreign-born laborers. Like the Chinese and Japanese before them, the Mexicans were met by both prejudice and suspicion. In a paradoxical change, farmers called for the return of Chinese workers in place of the Mexicans. H. C. Melone wrote for *The Pacific Rural Press*:

The Chinaman is physically constituted to stand the work beneath the hot sunshine in our agricultural valleys, trained for generations to stoop to the back-breaking work of the intensive culture of all vegetables and low growing products . . . thousands starve to death in poor over-populated China . . . with their labor and our land and implements, [we] could not only save every poor Chinaman from this awful death, but could benefit them, as well as ourselves, by giving them work in our fields. . . . Let us glance at the subject from the humanitarian standpoint. As for the Mexican labor, any experienced farmer will tell you that the less said about this is better. They are lazy and unreliable and poor workmen at best. The mixture of Indian blood gives them the desire to roam from job to job and they look more for the day of the fiesta than the day of work. The patriotic standpoint is to be considered, and the wisdom of bringing many thousands into our State [*sic*] during this war must seriously be considered. Who could compare the faithful work of the Chinese to the *mañana* of the Mexican?³²

In the beet fields the Mexicans were stereotyped as of little value. One report claimed:

Mexicans brought across the border are [not] of very much value to the beet growers. In the first place it costs a lot of money to get them here; and second they are too slow to pick up the work. Then too the wages paid here are so much higher than in Mexico that when they have \$1.50 or \$2.00 earned they want to quit work for the day, as that is more than they

³²*The Pacific Rural Press*, 22 June 1918.

earn in a week down there The Spreckels Sugar Company in Monterey county [*sic*] had a great deal of trouble with the men that they imported.³³

In his book on the history of California farm workers, Cletus Daniel argued that farm employers expressed a lack of enthusiasm for Mexican workers, not because they felt any particular disdain for Mexicans as an ethnic group, but because they feared that “as farm workers Mexicans might not be vulnerable in an equal degree to the aggregation of social and other forces that had tended to guarantee the powerlessness of Chinese laborers.”³⁴

The Mexican national became the most numerous immigrant group of farm laborers by 1920. Following World War I, the temporary admission program was repeatedly extended through 1921. Farm journals proclaimed the 1920 crop as the “Mexican Harvest,” indicating that over 50 percent of the migratory laobor employed that year was Mexican. With the ever-expanding need for cheap seasonal labor, the Mexican national became the mainstay of California’s agricultural labor force. This large new workforce was seen by some as a threat to the American worker, and quotas on immigration were suggested to Congress in the early 1920s.

The American Federation of Labor was one group which supported quotas as necessary to stop the influx of Mexicans, as well as other immigrants, into the labor

³³ Ibid., 16 March 1918.

³⁴Cletus E. Daniel, *Bitter Harvest: A History of California Farmworkers, 1870-1941* (Berkeley: University of California Press, 1981), 67.

supply. When legislation to limit immigration, in the form of the Box Bill and the Harris Bill, was introduced in the early 1920s the agriculture lobbyists from California and the Southwest responded as one voice. In a speech before the Commonwealth Club of California one beet grower stated that, "the Mexican peon is at present the backbone of our menial labor supply . . . some of the largest agricultural crops are so dependent upon Mexican labor that many farmers feel that it is indispensable."³⁵ However, the growers feared that legislation to limit their supply of Mexican labor was imminent and looked to the Philippines for their new source of cheap, seasonal laborers.

Between 1920 and 1930, 31,000 Filipinos were brought to the United States as a new labor supply of cheap seasonal farm workers. Conditions of their immigration were such that only young, single, males were permitted to enter the United States. At the same time the marriage laws of California were amended to include persons of the Malay race among those who could not intermarry with whites. Eighty-five percent of the Filipinos who arrived in California were under the age of thirty and without families to accompany them. These young Filipinos soon developed a reputation for immorality and as trouble makers.³⁶

In a highly publicized incident, which allegedly demonstrated the immorality of the Filipino, a twenty-one year old Filipino was arrested for marrying a fourteen year old

³⁵Majka and Majka, *Farmworkers, Agribusiness, and the State*, 64-65.

³⁶Steinbeck, *The Harvest Gypsies*, 55.

white woman from Salinas, and taking her to Oregon. The young man was brought back to Salinas, the marriage was annulled, and the young man received a prison sentence, not for his actions with an underage girl, but because he broke the immigration and miscegenation laws.³⁷

The majority of the Filipino workers found agricultural employment on the Central Coast and in Northern California. On the Central Coast they were used in lettuce and celery harvesting, and after its completion they moved on to the beet fields to top and thin the beets. Because they were single males living together in labor camps without dependants, they were the lowest paid of any group of migratory workers of that period.³⁸

The low pay, their reputation as trouble makers, and a spirit of independence which they brought with them from the Philippines, made them natural protagonists in an emerging labor movement. They knew they were the lowest paid of all the migrant immigrant workers, and they recognized a need for organization and protection. In 1928, the Mexican field workers in the Imperial Valley tried to strike without garnering the support of the Filipinos, only to fail badly. Early in 1930, the Mexicans united with the Filipino and Anglo packing shed workers in the Imperial Valley and struck for improved wages and better working conditions.³⁹ The strike was supported by the Communist Party

³⁷*Salinas Daily Post*, 3 November 1934.

³⁸Fisher, "A Historical Study of The Migrant in California," 16.

³⁹Dunbar and Kravitz, *Hard Traveling*, 40-41; The connection between the Imperial Valley and the Salinas Valley is very important. Row crops, such as lettuce and

which became closely associated with the farm workers struggle. The Communists proved to be good organizers and made effective use of the Filipino workers' penchant for militance and radicalism.⁴⁰

Immigrant workers had been employed by the Spreckels Sugar Company since its opening in 1898. The color of one's skin relegated the Chinese, Japanese, Hindu, Mexican, and Filipino to the difficult work of stooping at the end of a short handled hoe, while white European immigrants found work inside the factory. European immigrants were employed both as skilled and unskilled laborers. Factory wages were better than field work wages, working conditions were better and living conditions were much improved for those who worked in the factory operations. By 1910, there were more second generation Europeans and Americans working at the factory. The population schedules did not indicate that any Asians or Hispanics were employed by the sugar company in the factory.⁴¹

celery, were harvested in the spring and summer in the Salinas Valley. Then the operations were moved to the Imperial Valley for the fall and winter operations. Many of the people involved in the Imperial Valley strikes were the same ones who were later involved in the Salinas Valley labor disputes.

⁴⁰Daniel, *Bitter Harvest*, 109-113.

⁴¹U.S. Bureau of Census, *Twelfth Census of the United States, Population Schedule 1900*, California, Monterey County, Alisal Township; U. S. Bureau of Census, *Thirteenth Census of the United States, Population Schedule 1910*, California, Monterey County, Alisal Township.

Census records for 1900 and 1910 indicated that less than one percent of the names in the town of Spreckels were Hispanic or Asian. These two ethnic groups were represented on the schedule only as farm laborers. Unfortunately, census records have never been accurate when counting farm laborers. Often the census was taken in the fall after the harvest was complete and the migrant workers had moved or were in the process of relocating. One other problem was that census workers took the census during the working hours when the migrants were in the fields.

The labor shortage associated with field work was never as acute in the factory, but shortages of laborers did occur. Mexican labor was first used in the factory in 1918 to help alleviate the manpower shortage created by World War I. Eighty-seven Mexican nationals were imported to Spreckels when a special permit was received from the federal government. According to the *San Francisco Chronicle*, the laborers were contracted to receive \$2.75 and their meals for a nine hour day. Their transportation to and from Mexico was to be paid by the sugar company.⁴²

The story of their employment reached the newspaper when fourteen of them walked off the job. They complained that they were being forced to work twenty-one hours a day under armed guard, and their wages were being docked for meals and transportation, and they were being forced to buy from the company store at high prices. Six of the laborers reached San Francisco where they were taken into custody for violating

⁴²*San Francisco Chronicle*, 9 May 1918.

their bond. The Mexican Consul-General, Ramon De Negri, appointed a special investigator to inquire into the charges. On May 10, he reported:

Most of the troubles at the Spreckels plant were caused by misinterpretations of their contracts by the Mexicans. [He] said the Spreckels people brought the men here in bond under six months contracts, but that the men understood the contracts were for only three months. At the end of that time they demanded their money and wanted to return to Mexico. Their money was held out by the sugar company, which explained by saying it was for the Mexicans' good to do so, otherwise they would have squandered their wages and when time to be deported would have had nothing to show for their work and time.⁴³

This incident was not reported in the Salinas newspapers of the day. However, Steinbeck, in a letter to his publisher in 1933, suggested writing short stories "about sixty Mexicans and Yuakis [*sic*] taken from jails in northern Mexico." He claimed to have supervised them during that time period when he worked at the Spreckels Sugar Factory, according to him, as an "assistant chief chemist and majordomo." Could these have been some of the same Mexican nationals that went to San Francisco?⁴⁴

In 1920, five Hispanic names were reported on the census records as "factory laborer," indicating that at this date Hispanic workers were no longer exclusively consigned to the fields.⁴⁵ The need for laborers to work in the factory was evidenced by

⁴³*San Francisco Chronicle*, 10 May 1918.

⁴⁴John Steinbeck to Miss MacIntosh, January, 1933, Spreckels Collections, Monterey Parks and Recreation Department, Salinas, CA.

⁴⁵U.S. Bureau of Census *Twelfth Census of the United States Population Schedule 1900*, California, Monterey County, Alisal Township; *Thirteenth Census of the United States-1910 Population*, California, Monterey County, Alisal Township; *Fourteenth*

the fact that a local Monterey County judge made it a practice to punish drunks and loiterers by sentencing them to work in the sugar factory for indeterminate periods at the base rate of pay.⁴⁶

Work in the factory was demanding, and the hours were long. During the campaign, the shifts were twelve hours a day, seven days a week, no weekends off, no paid sick days, and no paid vacations. In 1896, Claus Spreckels had argued for passage of the Dingley Tariff by saying, "We must have some law whereby the manufacturer in the United States who pays \$2.00 a day or more to his labor in men will have some protection from the countries where labor is paid 50 cents [*sic*] a day."⁴⁷ When the factory opened in 1898, the base rate of pay was still \$2.00 a day for laborers and slightly more for skilled workers. It is ironic that the tariff was needed to protect the high wage standards for Americans when immigrant labor was paid so little for the field work.

Charles L. Pioda more descriptively confirmed the initial wage rates in a 1943 publication when he acknowledged, "during the early years of operation, the minimum wage paid at the plant was sixteen cents an hour [\$1.92 for a twelve hour day]. Campaign shifts were two 12 hours seven days a week; and 9 hour shifts six days a week in

Census of the United States- 1920 Population, California, Monterey County, Spreckels Precinct.

⁴⁶Newhall, "Spreckels The Man and The Company," 116-19.

⁴⁷*San Francisco Chronicle*, 2 August 1896.

intercampaign periods.”⁴⁸ The initial campaign in 1899, and the second in 1900, harvested enough beets to run the factory at maximum capacity for about sixty working days. The third season, the supply of beets was great enough for ninety days of maximum operations. It was not until the plant was expanded in 1915 that the ninety day campaign was exceeded.⁴⁹

Several large capital expenditures resulted in the factory being able to increase the number of days it produced sugar. The sugar from the first five campaigns did not have the molasses removed and had to be sent to the Western Sugar Refinery, part of the Spreckels’ holdings, in San Francisco for refining into white sugar. In 1905, at Factory One, the Steffen house was added to extract the molasses from the sugar, and extra boiling and filtering processes were completed at the factory, enabling the plant to produce its own white sugar for the first time. In 1915, a pulp dryer was installed permitting the pulp to be sold for cattle and dairy feed. The enlargement of the factory made it possible for the plant to operate longer campaigns. The town provided necessary housing for year-round employees and the beet supply was sufficient for the campaigns to run more than ninety days.⁵⁰

⁴⁸Charles L. Pioda, *Highlights of Spreckels History*, July, 1943. Unpublished history of Spreckels Sugar Company’s Factory One organized by year 1898 through 1946. Spreckels Collections, Monterey County Parks and Recreation Department, Salinas, CA.

⁴⁹Allen, “Economic History of Agriculture in Monterey County,” 45.

⁵⁰Ibid., 45; Charles L. Pioda, “Western Ranch and Home,” *Salinas Californian*, 6 October 1944; *Sweet Nostalgia*, 15; It was not until 1954 that the factory started to

In the early years, when campaigns were two shifts of twelve hour days and workers were given very few days off, accidents were not uncommon. Almost weekly the *Salinas Index* and the *Spreckels Courier* carried reports of serious injuries. In one symptomatic type of accident, a stick or paddle, which was use to stir the sugar, was caught in one of the centrifugals, and struck the employee just above the heart.⁵¹ He later died at a Salinas hospital.⁵² The lack of benefits was evidenced by the newspaper coverages of fund raisers for employees who had been injured at work. One “benefit” that may have added to the frequency of accidents was the company beer breaks.

In the German tradition, a pint of beer was served to each employee at noon and in the afternoon. Each man had an equal size cup with his employee number painted on it. At the appointed time, each employee lined up with his cup to receive his ration of beer. After several years of this practice it was discovered that the supply of beer was running low and the men at the end of the line were not getting their allotment. An investigation uncovered that the keepers of the keys to the beer supply were the supervisors, and they had been sneaking an extra ration or two, during the day. As a result, to the dismay of the employees, the beer breaks were eliminated. Not surprisingly, it was reported that the quality of work from the supervisors especially improved.⁵³

operate two campaigns (fall and spring) a year.

⁵¹A piece of equipment that looks like a washing machine tub and is used to separate the molasses from the sugar crystals by spinning at a very high rate of speed.

⁵²*Spreckels Courier-Enterprise*, 27 September 1913.

⁵³*Sweet Nostalgia*, 15.

The factory work force was divided into eight basic groups, and wages were based on the jobs that were included in the group. These groups remained constant from the opening of the factory until the 1930s, with the exception of some of the second class stationmen who worked in the Steffens and extraction positions. The following classification of positions is from the lowest paying groups to the highest:

<u>Group</u>	<u>Type of Position</u>
Common laborer	Yard labor, rock and coke pile
Watchman, warehouse laborers	
2 nd Class Stationmen	Rock Pile Foremen; brown sugar cutters, hot saccharata tank, etc.
Stationmen	Cutter Foreman; Diffusor (battery) Foreman; carbonator, Rotary Kiln Foreman; Evaporator Operator; Centrifugal Foreman; Sugar Room foreman
Lime Kiln Foreman	
Sugar Boilers, some mechanics	
Mechanics	
Shop Mechanics ⁵⁴	

⁵⁴Page and Turnbull, *Spreckels Sugar Company Factory No. 1*, Modified Historical, Architectural, Environment Report vol. 1, (San Francisco: Page and Turnbull, Prepared for the Spreckels Sugar Company, 1993), 18.

Wages fluctuated based on the economic conditions in the sugar industry, and the rate at which an employee was paid in one campaign was not necessarily the rate they would receive the following campaign.

The initial campaign in 1899 paid the common laborer sixteen cents per hour. Over the next twenty years wages doubled, reaching a high of thirty-five cents per hour for the common laborer. During World War I, the wholesale price of sugar stabilized at \$.073 a pound and in 1920 sugar reached a high of \$.238 a pound. However, in 1921 sugar fell all the way back to \$.026 a pound.⁵⁵ The war years were the most stable for Spreckels' employees. Common labor realized an hourly wage of \$.325 and even more was paid for skilled labor. In a letter from Spreckels Sugar Company to James Dunn dated July 11, 1917, Dunn was offered "a position as a pipefitter[sic]. . . on a basis of 55 cents per hour, working nine hours per day."⁵⁶ The work hours were reduced from twelve hours a day to nine hours, but by 1921, when the price of sugar fell, so did the wages.

It was not unusual for beet sugar companies to compare labor rates. A review of correspondence between Spreckels and the Alameda Sugar Company, and sugar companies in Utah and Southern California indicates that wages were often established

⁵⁵Jones, "The Salinas Valley: Its Agricultural Development 1920-1940," 174; Jones bases his data on U.S. Department of Agriculture Yearbook for 1925; *Historical Statistics of the United States Colonial Times to 1970*, (Washington D.C.: Bureau of Census, 1976), 208 show a wholesale average \$.0782 1916 to 1918.

⁵⁶Resident Engineer of Spreckels Sugar Company to James F. Dunn, 11 July 1917, Spreckels Collections, Monterey County Historical Society, Salinas, CA. This collection is unprocessed and unorganized.

through collaboration.⁵⁷ Between 1921 and 1925, the superintendent of the major West Coast sugar factories compared labor rates on a campaign-by-campaign basis. Prices did rebound somewhat in 1923 and 1924, and the Spreckels employees' wages returned to their 1920 level. However, the twelve hour day continued. In 1925, a memo between the California factories showed the 1924 hourly rate schedule:

	<u>Spreckels</u>	<u>Betteravia</u>	<u>Oxnard</u>	<u>Santa Ana</u>
Common Labor	.32 ½	.35	White .47 Mexican .40	White .37 ½ Mexican .32 ½
Regular Station	.43	.47 ½	.55	.45
Evaporators	.47	.47 ½	.52	.45 ½
1 st Carbonators	.47	.47 ½	.52	.45 ½
Sugar Boilers	.60	\$15,000.00 all year	.65	.57 ½
Shop Mechanics	.65	.70		.77 ½ ⁵⁸

As can be seen, on an average Spreckels' employees remained the lowest paid of the four companies compared.

Despite the low wages paid by Spreckels, there was little labor unrest. In part this was due to the company paternalism and welfare capitalism policies discussed in Chapter II. It can not be stressed enough that Spreckels combined welfare capitalism and paternalism to create a unique social culture in the factory and the town, which contributed to mitigating labor tensions by promoting the idea of an employee town,

⁵⁷Amalgamated Sugar Company to E.M. Burgh, Spreckels Superintendent, 3 September 1921. Spreckels Collections, Monterey County Historical Society, Salinas, CA.

⁵⁸Comparative list of campaign rates for 1924, dated 5 February 1925. Spreckels Collections, Monterey County Historical Society, Salinas, CA; The use of ½ in place of .50 reflects the Sugar Company list.

Not only did Spreckels provide employment, but it also provided housing and recreation to fill the non-working hours for employees and their families. Towns such as Spreckels, which were started by companies at the end of the nineteenth century, were cognizant that a combination of adequate housing and minimal welfare programs helped to avoid union activity and to promote company loyalty. Housing was provided for those permanent employees who chose to live in Spreckels. Welfare programs consisted of company picnics, sporting events, dances, and other social activities. The fire company helped promote the community spirit through its fund-raising activities and high visibility (see dance tickets on page 95). However, it was the company hiring policy that exemplified and reinforced the power of paternalism and, by extension, buttressed loyalty to the company.

Nepotism was an accepted practice at Spreckels. In a series of interviews with long time Spreckels employees, all the former employees agreed that getting hired at the sugar company was easier if you had family already working there. David Ferriera, who was the third generation of his family to work at Spreckels commented, "If you were born and raised in Spreckels you were a family, you got to work there Spreckels was very, very, very, family oriented and Spreckels liked the families all on one shift so they would all have the same days off."⁵⁹

Mike Gutierrez went to work for Spreckels in 1936 as a seasonal employee. He followed his father into the plant as a laborer and remained there forty-six years. He did

⁵⁹Ferriera interview, 15 April 1998.

The Spreckels Volunteer Firemen
will hold their
Twenty-eighth Annual Masquerade Ball
at the Riverside Ball Room, near Salinas on the Monterey Road

Saturday Night the Fourteenth Day of April
Nineteen Hundred and Twenty-eight

Reserve this Date - - Come One
Come All

General Admission One Dollar; Extra Ladies Twenty-five Cents

23d ANNUAL MASQUERADE BALL
GIVEN BY
Spreckels Volunteer Fire Department
SPRECKELS HALL
SATURDAY EVENING, FEB. 25, 1922
DEL-MAR ORCHESTRA
DANCING 9 P.M. TO 3 A.M.
ADMISSION \$1.00
EXTRA LADIES 25c Plus For Tax SUPPER EXTRA

31st ANNUAL BALL
Given By
SPRECKELS FIREMEN
Riverside Dance Hall
Saturday Evening, May 23, 1931
• • Admission \$1.00

===== **33rd ANNUAL**
===== **CAMPAIGN BALL**
Given By
===== **SPRECKELS FIREMEN**
MODERN AND
OLD-TIME DANCING
===== **SATURDAY, JULY 15th 1933**
===== **ADMISSION 50 CENTS - - EXTRA LADY 25 CENTS**

34th Annual Dance
Spreckels Firemen
AT
Spreckels Emp. Hall **56**
MODERN AND OLD TIME DANCES
Saturday. April 28, 1934
Tickets, Couple 75c - - Extra Lady, 25c

source: Spreckels Volunteer Fire Company, Spreckels CA

not become a year round employee until 1945 when he returned from World War II.

Gutierrez explained the importance of being year round as:

That meant you had a job all year. Non year round meant you were just employed during the processing deal [campaign], which would amount to two or three months out of the year. That was non year round jobs. There were a lot of fellows who put in a lot of years, but were non year round. I heard complaints, "after all we put so many campaigns and we didn't get nothing out of the company." I told them that was the policy. That was the difference, you got benefits by being a year round person.⁶⁰

Gutierrez pointed out in the interview that when his father started to work for the company in 1921 there were not many year round jobs at the facility. Most jobs at the factory were seasonal and non year round jobs.

Trine Gutierrez explained the circumstance of her employment much differently than the two men. Her father also worked at the factory. She was hired in 1940 when the shortage of men opened the door for her. Trine described the process as follows:

I had just turned 17 and my mom wanted me to see if I could get a job because it was just right after the depression and we needed the help at home. My mom brought me over to Mr. Johnson . . . she [her mother] told me to put on high heel shoes and a lot of makeup to make me look older. I couldn't even walk with the high heel shoes. My mom was holding onto my arm and we went into his home. He was very nice and gracious. He asked me how old I was. I guess the makeup didn't quite cover up. I told him I had just turned 18, but I was only 17. But he hired me anyway. I know he didn't believe me . . . going to work at Spreckels, I felt like I had just won the lottery.⁶¹

Trine went to work in the sewing room.

⁶⁰Mike Gutierrez interview, 7 April 1998.

⁶¹Trine Gutierrez interview, 7 April, 1998.

Getting work at the sugar company during the early years of the depression often depended more upon what instrument you played in the band or what position you played on the baseball team. Spreckels Sugar Company sponsored a company band that performed in concerts and marched in local parades.⁶² However no activity received more publicity than the success of the Spreckels Tigers baseball team.

Salinas newspapers headlined the games between Gonzales, Hollister, Salinas, Spreckels and Watsonville who all competed in an industrial/town league.⁶³ A check of the box scores on the sports page compared to city directories and phone lists published in the 1930s indicated that most of the Spreckels players were not only employees of the company but residents of the town.⁶⁴ Johnnie Collins, Jess Campos, and Frank Hughes were star players who eventually retired from the company and resided in Spreckels into the 1990s. Spreckels not only competed with the local teams but had a competitive series with its sister company, the Western Sugar Refinery of San Francisco.⁶⁵

For those people living in Spreckels at the beginning of the depression improved economic prospects must have seemed ironic. Starting in 1930 there was an upturn in sugar production, but wages were lower than they had been just five years earlier, working hours were longer, and working conditions were more demanding. The local businesses

⁶²*Sweet Nostalgia*, 44.

⁶³*Salinas Index-Journal*, 3, 15 May 1937, 4 August 1938.

⁶⁴*Polk's Salinas, Monterey and Pacific Grove Directory* (San Francisco: R. L. Polk & Company, 1928, 1930, 1933, 1937), 529-32, 522-25, 393-96, 473-76.

⁶⁵*Salinas Index-Journal*, 29, 30 May 1937.

which had flourished in Spreckels between 1908 and 1925 were all closed and many of the houses in the town were empty. During inter-campaign less than one hundred men were retained on year round jobs.

Business decisions made between 1912 and 1929 reflected the kaleidoscope of issues with which the sugar industry and Spreckels Sugar Company were faced. Political changes threatened the tariff protection that had been fundamental in the founding of the company. World War I brought with it the price fluctuations that often accompany periods of war time stability followed by periods of shortages and surplus. Combine these outside influences with the turmoil of Claus Spreckels' death and the changes in management that followed and it is easy to see that the Spreckels Sugar Company was going to suffer through some very trying years.

Chapter IV

Challenges From Outside and Changes From Within

Between 1912 and 1929, the Spreckels Sugar Company experienced its most volatile period. Building the factory, establishing a town, and revolutionizing farming in the Salinas Valley may have been the easiest part in creating the Spreckels Sugar Company. The hardest part was surviving the ups and downs associated with the world's sugar market and the political changes which took place in the United States. The fledgling beet sugar industry was challenged by internal conditions as well as external problems. Challenges from outside the industry included severe competition from the cane importers along with the political swings which involved the tariff policies of the United States. Internally, the company experienced personnel changes in management which resulted in the Spreckels family ultimately relinquishing their control of the company.

How the company dealt with the sugar beet blight was the challenge that first demanded attention. First noticed in 1899, the virus plagued the sugar beet industry for thirty-five years. The severity of the blight drastically affected the amount of sugar in the beets, which in turn adversely affected the growers' income and the sugar company's cost of production. In California, the beet sugar companies banded together in 1920 to address the problems associated with the blight. Meanwhile, the beet sugar industry throughout

the United States cooperated to save their industry from the challenges of competition and legislation.

Between 1894 and 1934, world sugar prices fluctuated widely. The United States Beet Sugar Association described this era as one in which “the history of the sugar industry during that period was a sequence of stable earnings, wild prosperity, severe but short lived depression, temporary recovery, and prolonged depression in that order.”¹ During this time period the United States government had no firm policy which defined the relationship between domestic sugar and imported sugar. Republican and Democratic administrations used the most current tariff laws as the *quasi* sugar policy of the United States, thereby never establishing a definitive policy from which to structure future legislation.

At no time in the history of the United States has the country been capable of growing enough sugar to supply its domestic demands. Therefore, the United States has always been a net importer of sugar. Imported cane sugar arrived in the United States as raw sugar and was refined into white sugar. Sugar refineries were associated with cane sugar. On the other hand, beet sugar was manufactured from the sugar beet at a factory. Although the processes are different, the results are the same: broken down chemically, all

¹*The Beet Sugar Story*, 64-66.

sugar has the same organic properties whether made from sugar cane, sugar beets, honey, or corn.²

The difference between the types of sugar was in the cost of production. The most economical way to produce sugar was to let nature do most of the work and refine the sugar from sugar cane. However, in the countries where the climate was most conducive for growing sugar cane, wages were significantly lower than in the United States, and there were fewer government restrictions on the growers and the producers. For the domestic beet industry to compete with the off shore sugar producing countries, the price of imported sugar had to be increased, and this was done through the tariffs. The Tariff Act of 1897 had imposed a substantial duty on imported sugar, which increased the price of cane sugar providing beet sugar with a subsidy by inflating the market price. Consequently, the increased price of sugar was the equivalent of an annual subsidy of 140 million dollars to California sugar beet producers.³

Following the passage of the Dingley Act in 1897, thirty-six new beet factories were built across the United States. California became the country's leading producer of beet sugar and it operated the largest number of beet sugar factories in the United States. It also boasted the largest beet sugar plant in the world. By 1900, California was growing

²Ibid., 4-5.

³Majka and Majka, *Farm Workers, Agribusiness and the State*, 39.

and processing nearly one-half of all the sugar beets grown in the United States.⁴ From Michigan to California, beet farmers gained political power in Washington, D.C. The growth in the beet industry did not go unnoticed by the East Coast Sugar Trust headed by the American Sugar Refining Company.

Although American Sugar already owned a half of the Claus Spreckels' Western Sugar Beet Company, the rapid rise of domestic sugar was something that could not be ignored. The protectionist trade policies and the congressional power of the beet producing states kept American Sugar and Spreckels in a prudent partnership. American Sugar was content to allow its partner, Claus Spreckels, control of the sugar market west of the Mississippi River.⁵ By allowing Spreckels to dominate the western sugar market, California's beet sugar interests were protected from the competition of the large refineries controlled by the Sugar Trust.⁶

Years later, during the hearings against the American Sugar Refining Company (A.S.R.), which was charged with violation of the Sherman Anti-trust law, the general manager of the Utah-Idaho Sugar Company, Thomas R. Cutler, was asked if American Sugar had control of the western market. Cutler, a bishop in the Mormon Church, testified, "I remember one remark [by H. O. Havemeyer] which led me to believe that he

⁴Osborne, "Claus Spreckels and the Oxnard Brothers," 120.

⁵Newhall, "Spreckels The Man and The Company," 119-121.

⁶Osborne, "Claus Spreckels and the Oxnard Brothers," 122.

did not [have control of the western market] It was during the life of Mr. Claus Spreckels, the old gentlemen. He (Mr. Havemeyer) said 'we own'— I think he said either 50 or 51 percent—'of that California refinery, but I cannot do anything with them. I cannot get any of the information I want to.'"⁷ American Sugar may have owned half of the refinery, but Claus Spreckels controlled it.

On December 26, 1908, Claus Spreckels died at the age of eighty. At the time of his death the senior Spreckels had ostensibly retired from an active role in the sugar company. Before his death his four sons had become embroiled in numerous family disputes concerning the many businesses which Spreckels controlled. John D. and Adolph B. Spreckels had assumed management of the sugar interest, and J. D. became the President of Spreckels Sugar Company. The contentious Claus Augustus (Gus) challenged his brothers from his cane refinery in Philadelphia.⁸ Randolph, who was involved in reforming San Francisco politics, was constantly at odds with the family.⁹ John D. and Gus eventually took the family feud before Congress.

Shortly after Claus Spreckels' death, the Spreckels Sugar Company came under intense Congressional scrutiny. On June 12, 1911, congressional hearings were opened to determine what new legislation should be drawn up to clarify the Sherman Anti-trust Act

⁷Newhall, "Spreckels The Man and The Company," 191.

⁸*San Francisco Chronicle*, 26, 27 December 1908; *Salinas Daily Index*, 28 December 1908; *Sacramento Bee*, 26 December 1908.

⁹Steffens, *Upbuilders*, 248.

based on the anti-trust case against the Sugar Trust. The hearings, headed by Senator Hardwick, gave the investigating committee a chance to examine the relationships between the beet grower, the producers, and the Trust, specifically American Sugar Refining. The hearings focused on the western beet industries and how it became part of the eastern controlled Sugar Trust. In the process, the Hardwick Committee heard testimony on everything from the beet industry's use of immigrant labor, to its pricing policies and agricultural practices.¹⁰

J. D. Spreckels was called to testify on June 26, 1911. He identified himself as president of three sugar companies: The Western Sugar Refining Company, Spreckels Sugar Company and the California Sugar Refinery Company. He added that aside from his sugar interests, he was president of thirteen other companies.¹¹ He was there to answer questions about the relationship between Spreckels' three sugar companies and the Sugar Trust. He also had the opportunity to rebut charges made by his brother, Gus, who had been accusing American Sugar, along with his brothers, of price fixing, profiteering on slave labor, and other defamatory charges. He even accused his brothers of causing his estrangement from his father.¹²

¹⁰Taussig, *Some Aspects of the Tariff Question*, 88-87.

¹¹Newhall, "Spreckels The Man and The Company," 191.

¹²*Ibid.*, 196.

Gus Spreckels had lost a price war to the Trust several years earlier, which resulted in him losing his refinery in Philadelphia. At the time of the hearings he had a cane refinery in New York and other sugar operations in Hawaii. His testimony followed John D. Spreckels' appearance before the Hardwick committee. He accused the beet industry of using the high cost of American labor as an excuse for keeping the tariff high. He asserted, "The fact that foreign labor is employed almost exclusively both in the fields and factories is carefully concealed by the sugar beet people and the excessive profits made possible by our high sugar tariff are obtained by promoters in the refineries and not by farmers in cultivating sugar beets."¹³

The hearing became the forum for a debate between the beet sugar men and the duty-free cane industry. In his testimony John D. Spreckels argued, "If the duty was entirely taken off, it would mean the total destruction of every beet-sugar factory in this county."¹⁴ Less than two years later his prediction of destruction was tested by the passage of the Underwood Tariff which was supported by the Democratic Party and President Wilson.

In 1912, Woodrow Wilson and the Democrats won the national elections based on a progressive platform. They campaigned on breaking up big business and restoring competition by eliminating the tariff. Sugar was one of the commodities which would lose

¹³McWilliams, *Factories in the Field*, 86.

¹⁴Newhall, "Spreckels The Man and The Company," 197.

its tariff protection. Despite the abject pleas of the fledgling beet sugar industry, the Democratic victory combined with the anti-trust investigation foretold that Congress was prepared to remove the duties on imported sugar. On January 15, 1913, the cane refineries argued before the Ways and Means Committee, headed by Democratic Congressman O. W. Underwood, that the existing duty on sugar was “manifestly excessive and unjust to the consumers of this country, and if this burdensome tax was reduced as broadly requested, there would be a decided increase in consumption by individuals and large manufacturing industries using sugar.”¹⁵

Representatives for the beet industry countered that “the removal of the duty would only be putting money in the hands of the refiners, that it would not reduce prices to the consumers and would result in greatly impeding the growth of the sugar beet industry, if not entirely ruining it.”¹⁶ As early as March 1912, the *San Francisco Chronicle* was editorializing against the Democratic tariff bill contending it would destroy the state’s beet sugar industry.¹⁷ The *Salinas Daily Index* followed the hearings attentively and in May noted, “\$20,000,000 [sic] is invested in the sugar beet industry in the state and estimated losses that would befall California through free sugar, the generally

¹⁵ Waisner Sugar Refining Company to O.W. Underwood, Chairman of the Ways and Means Committee, House of Representatives, Washington, D.C., January 15, 1913. Part of the Pamphlets in American History Series.

¹⁶*Salinas Daily Index*, 23 January 1913.

¹⁷*San Francisco Chronicle*, 12 March 1912.

accepted figure appearing to be about \$14,000,000 annually.”¹⁸ However, the Democrats were successful in selling the idea that even with the new income tax, the cost of living would go down because the reduction of duties through the Underwood Bill would be passed on to the consumers through lower prices. The signing of the Underwood-Simmons Tariff Act on October 3, 1913, established a thirty month schedule for the abolition of sugar duties.

On October 11, 1913, the headlines in the Spreckels *Courier-Enterprise* proclaimed “THE BEET SUGAR INDUSTRY IS DOOMED.” The article went on to quote W. H. Hannam of Spreckels Sugar as saying:

It is a very very serious situation, the question as to whether the business can survive after sugar is free has been discussed by many able men. I am free to say that we have been working with our statistics of back production and costs and we have not been able to figure out how we will be able to run at a reasonable profit. I suppose that other beet sugar factory managers in California have been doing the same thing, and no doubt that their search for a profitable means has been just as unavailing.¹⁹

The *Salinas Daily Index* carried the same story but added, “the beet sugar business in California will be among the things that were [*sic*] when the free sugar provision of the Underwood Bill becomes effective. There will be a couple more campaigns, and the sugar houses and farmers will be squarely against the stone wall.”²⁰

¹⁸*Salinas Daily Index*, 15 May 1913.

¹⁹*The Spreckels Courier-Enterprise*, 11 October 1913.

²⁰*Salinas Daily Index*, 13 October 1913.

The stone wall facing the growers and manufacturers was in the form of Philippine Island sugar which was to be admitted duty free immediately, followed by selected sugar duty reductions on March 1, 1914. On May 1, 1916, all duties on sugar were to be removed making it an unregulated market. However, just as the first phases of the Act were being implemented, war came to Europe. On April 27, 1916, three days before the free sugar phase was to become a reality, the provisions for it were repealed. Congress suddenly became aware of the vital importance of a domestic sugar industry. The war created new demands for sugar, which resulted in higher prices and windfall profits. The market prices went up sharply, which benefitted both the farmers, in a higher price for their beets, and the factory, which received a higher selling price. Spreckels had a very profitable two years despite a reduced yield due to the blight. The threat of the Underwood Act ended in 1916. However, the blight still existed and new challenges followed the end of World War I and the removal of price controls.²¹

Following the war, the nation's sugar industry was once again rocked by world market forces. During the war years, sugar imports were curtailed to the point of creating a shortage in the United States. The War Food Administration controlled the price of commodities during the war, keeping sugar at \$7.30 per hundred weight (cwt). In 1919, the war time controls were removed. It was generally anticipated that there would be a severe shortage of sugar following the removal of government controls. Prices climbed

²¹Taussig, *Tariff History*, 424-27.

rapidly to a high of \$23.57 per hundred weight in May 1920. However, the high price soon led to a state of oversupply, and prices declined precipitously. Between June 1920, and January 1922, sugar prices fell a total of \$20.17 per hundred weight to close at \$3.60 per hundred weight in January. (see average wholesale price chart page 110)

The disastrous sugar market crash of 1920-1921 resulted in a sharp decline in sugar beet acreage planted throughout the United States.²²

Farm relief was demanded by the Farm Bloc in Congress but was opposed by the Harding-Coolidge agricultural policy. Part of the Emergency Tariff Act of 1921 increased duties to protect wheat, corn, meat, wool, and sugar from sharp price decreases. The emergency act stabilized sugar prices for a short time. However, the act's passage was based on politics rather than good economics. Economists knew at the time that the problem was not the prices of the commodities, but the surplus that was keeping the prices low. The concessions to farmers were small, because there were still considerable price swings; its actual effectiveness in regulating the price of domestic sugar was limited at best. The provisions of the act did not establish a good means of measuring the surplus or the total number of acres which were in production, therefore for planning purposes it provided little assistance to sugar growers and manufacturers.²³

²²Jones, "The Salinas Valley: Its Agricultural Development 1920-1940," 174.

²³Taussig, *Tariff History*, 452-58.

Average Wholesale Prices of Raw Sugar (96^o Centrifugal) in
New York. Monthly, 1919-23*

(Cents per pound; logarithmic vertical scale)

* Data from U.S. Dept. Agr., Yearbook, 1925, p. 1007.

source: Jones, "The Salinas Valley: Its Agricultural Development 1920-1940," 175.

As if the vagaries of the world sugar market after the war were not enough, the Spreckels Sugar Company was beset by another problem. In the Salinas Valley, *eutettix tenella*, or leaf hopper, infected the beet crop with a blight that greatly reduced the yield of beets per acre. The disease became known as curly top, because once the leaf was infected it withered and curled, then stopped growing. Complicating the blight, a new pest, the nematode, attacked the beet root, and once in a field it rendered that field unusable for beet farming for several years.²⁴ In addition, water shortages began to appear as California experienced another dry year. To complicate Spreckels' agricultural problems at this time, Salinas Valley agriculture was shifting from the sugar beet industry to a truck-crop industry.²⁵

The main crops competing with beets for the land and the water were alfalfa, barley, and most important dry beans. New crops such as artichokes and lettuce were also being introduced into the valley. Spreckels Sugar Company, once recognized as the innovator of modern farming techniques in the Salinas Valley, was seen as an impediment to progressive changes in the agricultural of the valley. Jones argued:

The greatest element of rigidity in the organization of the valley was undoubtedly the Spreckels Sugar Company, reinforced by the share-rent system of large land holdings; otherwise, the area appears to have been relatively free from impediments to change.

Before any large-scale changes in valley agriculture could take place, the sugar company's hold on most of the best farm land must be

²⁴*Sweet Nostalgia*, 65-66.

²⁵Allen, "Economic History of Agriculture in Monterey County," 86.

broken. As long as the company continued to employ its large holdings in the production of one crop—a crop apparently ill suited to locality—the valley was to a large extent insulated from economic pressures that might lead to new crops and techniques.²⁶

Changes in Spreckels Sugar Company's management accompanied the changes that were going on throughout the agricultural community and the sugar industry as a whole. J. D. Spreckels had assumed the presidency of the sugar company upon his father's unofficial retirement in 1905.²⁷ At the time of Claus Spreckels' death at the end of 1908, the company's management structure was in place. W. C. Waters had served as both the head of the operating (factory) and agriculture divisions until his resignation in 1905. At that point, the factory and agriculture departments were assigned separate superintendents to manage the factory and the farming operations. The overall manager was R. H. Moore, who was followed in 1911 by Frank Sullivan as the general manager. Sullivan was succeeded by Charles L. Pioda in 1919 when Sullivan was promoted to the corporate office in San Francisco. Pioda, hired in 1897, remained at Spreckels as the resident manager until his retirement in 1946.²⁸

At the corporate office in San Francisco W. H. Hannam reported directly to J. D. Spreckels and the board of directors. Hannam became responsible for the management of

²⁶Jones, "The Salinas Valley: Its Agricultural Development 1920-1940," 165-66.

²⁷*San Francisco Chronicle*, 27 December 1908.

²⁸B.F. Arendt was the first factory supervisor and P.W. Morse the first agriculture supervisor; *Sweet Nostalgia*, 15.

sugar company business in 1909 because J. D. Spreckels was spending most of his time, and the company's money, on his interests in San Diego.²⁹ Hannam, who was in weekly contact with American Sugar, requested their assistance in locating a sugar executive to manage the Spreckels Factory following Moore's defection to California & Hawaii (C&H) Sugar in 1911. Frank Sullivan was hired on the recommendation of American Sugar and along with Hannam, he was responsible for the growth and direction of the sugar company over the next twenty-five years.

The disastrous sugar market crash of 1920-21 resulted in a sharp decline of sugar beet acreage throughout the United States. Spreckels contracted fewer acres because of the low price it expected to get for the sugar.³⁰ To offset the loss of revenues from the sale of sugar, general manager Sullivan issued a two page notice on June 25, 1921, in which he presented the company's position. The notice stated:

Commencing July 5th it will be necessary to go back to a nine-hour day during intercampaign, work to begin at 7:00 o'clock in the morning, and during the campaign we will return to the twelve-hour day. The new rates of wages established will be explained to you by the Superintendent and his assistant, including the Timekeeper. Some of the reasons that have brought these conditions about are as follows.

During the season of 1920 the Spreckels Sugar Company cut 281,176 tons of beets and made 970,147 bags of sugar. . . . The market at present time on the missouri [*sic*] river, where the principal parts of our sugar goes is \$5.20 per bag gross. From this must be deducted several

²⁹Austin Adams, *The Man John D. Spreckels* (San Diego: Press of Frye & Smith, 1924), 88-93; Adams in his biography of John D. Spreckels reported that J. D. and his brother A.B. had spent millions out of their fathers sugar profits in their own endeavors.

³⁰Jones, "The Salinas Valley: Its Agricultural Development 1920-1940," 175-76.

items of expense. . . . On this basis the sugar would net us \$4.76 per bag. If we are able to sell all the sugar remaining on hand at the present price, that together with what we have already sold, would give us an average loss of approximately \$2.00 a bag, and with an almost certain further drop in sugar ahead of us it can be readily seen that the company stands to lose this year an enormous sum of money.

The causes of the conditions are very complex. Probably the one contributing more than anything else is the aftermath of the great war. . . . With reference to the cost of our beets for this next campaign . . . will be placed in the position of paying more for the beet delivered at the factory than the present price of refined sugar will warrant. The situation that now confronts us is not one of whether we can make any money out of this next crop, by purely one of adjusting those things that are within our control so that we will lose as little as possible. . . the wage scale to be effective July 5, and through the balance of the season, based on the average paid by us during the seasons of 1917-1918.

. . . if any one of you feels that the situation is not just to him individually and that he can do better elsewhere, we will be glad to have him make such a change and, if he considers he has made mistake, we will be glad to have him return to our employ, if conditions are so that we can re-employ him.³¹

Correspondence between Superintendent Burgh and R.S. Stewart of Alameda Sugar Company in May 1923 indicated that the wages were reduced five cents to an hourly rate of \$.275 for common labor, and shop mechanics were reduced to \$.60 per hour.³² Burgh confirmed this information in a letter to Union Sugar in Betteravia, California, on July 29,

³¹F. E. Sullivan General Manager, to Our Employees, Notice, 25 June 1921, Spreckels Collections, Monterey County Historical Society, Salinas, CA.

³²E. M. B. [Burgh] Superintendent, Spreckels Sugar Company to R. S. Stewart, Superintendent, Alameda Sugar Company, 1 May 1923, Spreckels Collections, Monterey County Historical Society, Salinas, CA.

adding that straight time would be paid for overtime, and there would be no bonuses for this campaign.³³

Matching the decline in wages was a decline in agriculture. Spreckels Sugar Company's control of agriculture in the Salinas Valley peaked in 1919. Three years later the Sugar Company began to withdraw from its own beet farming. Jones argued that Spreckels discouraged beet production in all its territories in 1922 for fear that the sugar prices might fall below the 1921 level. The *Pacific Rural Press* quoted Claus Spreckels (a grandson) as predicting a price decline in raw sugar as the result of increased European production. Eight days later the same journal quoted Spreckels' resident manager Charles Pioda as predicting a decline of 60 percent in acreage compared to 1921, due to the prospective low price that the factory would offer for beets.³⁴

To complicate the situation, during the same period, the blight reduced the tonnage that an acre could produce. As a result of falling prices, low yield, and the introduction of row crop vegetables, the leased acres that Spreckels controlled were not being renewed for beet cultivation. The loss of beet acres was felt by the factory workers because campaigns were reduced in length and fewer workers were needed for the intercampaign. By 1926, the Spreckels factory was all but closed. Only a few of the

³³E. M. B. Superintendent, Spreckels Sugar Company to F. H. Johnson, Manager Union Sugar Company, Betteravia, CA, 29 July 1921, Spreckels Collections, Monterey County Historical Society, Salinas, CA.

³⁴*Pacific Rural Press*, 1, 8 April 1922.

factory's top management personnel remained at the facility. Many of the houses in town were vacated, and in 1927 the factory operated strictly on chance that enough beets would be found in other locations to cover the expenses of operating the factory.³⁵

A. B. Spreckels died in July 1924, leaving control of the Spreckels Securities Company, which included the sugar company, completely in the hands of J. D. Spreckels.³⁶ In 1926, J. D. Spreckels' death led to more personnel changes in Spreckels Sugar Company's management.³⁷ From that date forward no Spreckels family member ever managed the company again.³⁸ Hannam took the opportunity to retire, prompting the American Sugar Refining Company to restructure its managing half. Hannam was replaced by Sullivan and he directed the company for the next ten years. Sullivan brought managerial experience to his new position that was previously unknown to Spreckels. His influence in closing the company saloon in the hotel and supporting the temperance movement in Spreckels may have been his first public action, but the way in which he changed Spreckels' procedure for payment to the farmers for their beets had a more lasting effect upon the industry.

³⁵Newhall, "Spreckels The Man and The Company," 225.

³⁶*San Francisco Chronicle*, 1 August 1924.

³⁷*San Francisco Chronicle*, 8 June 1926.

³⁸Charles De Bretteville, who became president of Spreckels Sugar Company, was related through an early family marriage.

Under the direction of Hannam and Sullivan, and despite the economic vacillations the sugar manufacturing business had, earnings and dividends were paid to the stockholders. Between 1899 and 1924, over 90 percent or \$16,000,000 of earnings were paid out as dividends. Although no dividend had been paid out in the first seven years of operations, later payments were charged back to those years. The major stockholders receiving the benefits were the American Sugar Refining Company and the J. D. and A. B. Spreckels Securities Company. In the first quarter of the century, investors in the Spreckels Sugar Company received a return of 11 percent on their investment.³⁹ Dividends were paid as a priority until 1924. While dividends were being paid, land was sold, leases on property were relinquished, and employees saw their wages reduced and their working hours increased. In the town of Spreckels, businesses closed and were not replaced. In spite of the dividends being paid out, Spreckels Sugar Company was not growing, and the lack of capital reinvestment in the factory was evident after 1924.

By the mid-1920s Spreckels was on the verge of closure. Battles over the tariff, Congressional investigations, continual fluctuations in the world price of sugar, and the payment of dividends had taken their toll. Loss of acreage to other crops and the blight reduced the campaigns to their shortest runs since before World War I. Under the circumstances, it took all of Sullivan's managerial expertise to keep the sugar company

³⁹Newhall, "Spreckels The Man and The Company," 202, 241.

operational, until it could rebound with the unforeseen help of the economic policies fostered by the Great Depression.

Three problems confronted the sugar company. First was the low sugar prices. Second, the low prices made it difficult for Spreckels to compete financially with other more profitable crops for the prime acreage. As a result of its economic position, Spreckels lost its lease and contracted acres to other crops. The third problem was the blight. If the blight problem was not solved, even if the price of sugar rose, the yield per acre was so low that it made beet farming unprofitable.

Beet acreage fell each year in Monterey County. In 1925, the number of acres planted was 16,222; in 1926, 7,343; in 1927, 6,020; in 1928, 680; and in 1929 only 197.⁴⁰ Beets were shipped in from Santa Cruz and Santa Clara counties as well as the San Joaquin Valley to keep the factory running. However, transportation costs and falling sugar prices, made this only a temporary solution. In 1929, Pioda reported "... 197 acres planted and harvested; beets bought from Holly Sugar Corporation; no beets on Company ranches; lettuce acreage throughout district; all cattle sold and major part of horse and farm implements disposed of, this year marks the lowest production of beets in the Spreckels territory since the Spreckels factory was established."⁴¹

⁴⁰*Sweet Nostalgia*, 74.

⁴¹Pioda, "Chronological History-Spreckels Sugar Company," Year 1929.

During World War I, Spreckels had opened a second plant in the San Joaquin Valley at Manteca, California. It started operations in 1918, but was forced to discontinue operations after four years because of the low beet prices and a lack of acres contracted for beet farming. Factory Two, as the Manteca plant was designated, reopened for the 1924 season "to save the big freight bill of shipping to Salinas." However, that was Manteca's last campaign for the rest of the decade. Although Spreckels Sugar Company abandoned its farming operations in the Manteca district, precisely as it did in the Salinas Valley, it did not scrap the factory. Other sugar companies were experiencing the decline in the beet industry and were dismantling their idle factories.⁴² Spreckels realized that the Manteca factory was still a workable facility and anticipated a return to more normal business, once the price of sugar became competitive again.

Spreckels Sugar Company cut back in many areas between 1925 and 1930, but researching a solution to the blight remained ongoing. General Manager Sullivan had gone to Santa Rosa as early as 1919 to solicit the help of geneticist Luther Burbank. Burbank, using information published in scientific journals, recommended breeding disease resistant beet plants until they developed a satisfactory strain to eliminate the curly top blight.⁴³ The leaf hopper was identified as the carrier of the disease and programs to eradicate it were undertaken. In 1920, several sugar companies including Spreckels

⁴²Marleau, "It's Been a Rough Old Sea: The Story of Spreckels Sugar in Manteca," 39-45.

⁴³Newhall, "Spreckels The Man and The Company," 215.

pooled their research on the disease and gave it to the United States Department of Agriculture, which continued to work on the problem. Finally in 1926, the first seed resistant to the curly top disease (blight) was produced at the Riverside Experiment Station. Further testing was necessary before the seed could be released for commercial use, but a viable solution to one of the biggest problems of the beet industry had been discovered.⁴⁴

With the knowledge that the blight could be controlled, Spreckels attempted to maintain an agricultural presence in the Salinas Valley. Instead of growing most of its own beets, Spreckels concentrated on contracting for beets and providing the farmers with the most up-to-date technical information. With the decline in company beet farming Spreckels sold off much of its farming equipment along with all its livestock. Spreckels accepted the fact it was no longer the largest grower in the valley. Not only was this a cost cutting move, it also gave the new Spreckels management a chance to redirect its emphasis from agriculture to factory operations. Spreckels held on to its Alisal quarry, the King City ranch and the farm properties surrounding the factory.

By the mid-1920s the town was a shell of its former existence. In 1925, the hotel agreed to rent between 100 and 250 hotel rooms at \$1.00 a day to help alleviate the shortage of rooms in Salinas during the California Rodeo, and to generate income.⁴⁵ All

⁴⁴*Sweet Nostalgia*, 66.

⁴⁵*Salinas Daily Index*, 14 July 1925.

the stores in the town, except the bakery, were closed by 1926, and most of the houses were empty. In 1928 the Pajaro Valley railroad was discontinued, and in 1929 it was sold by Spreckels to the Southern Pacific for the miserly sum of \$10.00.

The sale of the railroad, according to Fabing and Hamman, included, "40.03 miles of right-of-way and . . . buildings and maintenance structures . . . 7 locomotives, 24 boxcars, 140 gondola cars, 4 dismantled dump cars, 2 combination baggage and passenger cars and 3 coaches." Interestingly, Spreckels retained "all the records and cash on hand; two standard gauge steam engines; all the tracks within the Spreckels Sugar Factory yard, and two motorized buses for use between Spreckels and Salinas."⁴⁶ Quite likely the sugar company's management had decided on a new direction and no longer chose to be in the transportation business, preferring to focus on producing sugar.

Instead of Spreckels focusing on the sale of their assets and pronouncing the decline or end of the sugar company, evidence indicates that Spreckels was looking for a way to survive the hard times. To begin with, the company maintained the appurtenances which were most important in producing sugar. In addition, the company continued to support research on the blight, and the factory at Manteca was not sold or dismantled. Although leases were not renewed, and property was sold in the Salinas Valley, the agriculture department remained active in farm operations through its field men who served as technical advisers. The Southern Pacific Railway may have bought most of the

⁴⁶Fabing and Hamman, *Steinbeck Country Narrow Gauge*, 191.

Pajaro Valley Railroad but Spreckels retained the switching equipment which was essential to keep the factory supplied with beets and to make shipments on time. Beets were brought in from other parts of the state to keep the factory going and the houses in Spreckels were not demolished or sold. A cadre of employees continued to make Spreckels their home.

From 1925 until 1929, Spreckels had sold off most of its land holdings in the Salinas Valley. However it had maintained its largest ranch at King City. Unfortunately the blight was most severe in south Monterey County, and the yield per acre made beet farming in that district unprofitable, even for Spreckels. The large land leases that Spreckels once controlled in northern Monterey County had been lost to row crops which offered the farmers more rent per acre than Spreckels was willing to pay. Falling sugar prices from 1925 to 1929 resulted in Spreckels not having the capital to compete with the more lucrative crops for the large farm leases that became available.

Newhall, in her study of the Spreckels Company, argues that the company would have "given up the ghost" if that decade (1920s) had not been such a strong period of prosperity in American economic history. With all the prosperity of the Roaring Twenties Spreckels expected to rebound from its problems and to participate in the plentitude.⁴⁷ That plentitude changed with the onset of the Great Depression in 1929, which forced the price of beans and lettuce down. The lease price for acreage remained high because of the

⁴⁷Newhall, *Spreckels The Man and The Company*, 225.

different crops competing for what had become irrigated land. With the price of land up and the price for row crops down, Spreckels had the opening it needed to rebound from its loss of acreage in the previous five years. However, Spreckels had to make its comeback while the rest of the United States was mired in the Great Depression.

Chapter V

Harvesting the Legislative Beet

One of the great ironies in the history of the Spreckels Sugar Company was that it was saved by the Great Depression. While other businesses were failing, and factories were being closed down, Spreckels started to make a comeback from the crisis which it had suffered in the previous decade. It was New Deal legislation in the form of farm bills, and the Spreckels Sugar Company's foresight in retaining its factories, which made Spreckels one of the leading domestic sugar producers. In less than five years, Spreckels went from the brink of closure at the beginning of the Depression to being the fifth largest sugar producer in the United States.¹

This rapid recovery in the beet sugar industry can be directly linked to the federal government's controls which led to marketing allotments and quotas which increased and stabilized sugar prices in the United States. However, the initial attempt of the Hoover administration to relieve the plight of the beet farmers had resulted in failure. As Leonidas Polopolus argued, the "domestic sugar industry would probably not exist without some form of protection. . . . The quota scheme has tended to result in sugar prices high enough to maintain and protect domestic growers, processors, and refiners." Polopolus

¹*Salinas Daily Post*, 6 July 1934.

adds that “because of the extreme price fluctuations in the pre-quota period, 1929-1933, that the quota system was created.”²

The wholesale price of sugar had fluctuated from \$.062 per pound in 1921 down to \$.044 per pound in 1931.³ (see chart on page 137) The sugar industry clamored for legislation to control the price of sugar. With the onset of the Depression, the Hoover Administration supported a rate increase in the tariff to protect American farmers. The debate on the Smoot-Hawley Bill, which addressed agricultural concerns, including sugar, started in the House in January 1929. The *Salinas Index-Journal* reported three days before the passage of the bill, that the senators from the agricultural states had turned against the bill because they felt it was going to benefit the industry more than the farmers.⁴

President Hoover countered that most of the increases and decreases in the tariff were made at the request of those in agricultural states. Leading agricultural senators contended that the 20 percent duties on shoes would wipe out any benefit farmers would

²Leonidas Polopolus, “United States Beet Sugar: A Study of Industry Structure and Performance Under Protection and Control” (Ph.D. diss., University of California, Berkeley, 1955), 205, 210.

³U. S. Bureau of Census, *Historical Statistics of the United States Colonial Times to 1970*, 208.

⁴*Salinas Index-Journal*, 10 June 1930.

get from the measure.⁵ Upon passage of the bill on June 13, 1930, the *Salinas-Index*

Journal concluded:

Containing increased duties on sugar, shoes, butter, cement, lumber . . . designed originally to equalize the tariff disadvantages of agriculture with those of industry, the measure lost the almost unanimous support of the senate farm group on the final roll call . . . the increased duties on agriculture will be ineffective while the upward adjustment of many industrial rates will only add further to the burden of the farmers.⁶

The same article pointed out that the all-important sugar duty was going to be raised, but it was not encouraged about the prospects of it helping the beet farmers.

The Smoot-Hawley Act raised the import duties not only on sugar but on virtually everything that was imported, thereby, increasing the price on most of the items that farmers had to purchase. Writer David Cohn vehemently argued that the tariff and sugar situation was so “magnificently idiotic that it led one to believe that our laws were written by a group of inspired maniacs.”⁷ Cohn correctly argued that the United States government knew that the country was capable of producing only a small portion of its total sugar requirements. Nevertheless, it put a tariff on the sugar that had to be imported to meet consumer requirements, thereby, forcing the price higher. The tariff, argued Cohn, was justified as an effort to stimulate sugar production at home by encouraging the

⁵*Salinas Index-Journal*, 10 June 1930.

⁶*Ibid.*, 13 June 1930.

⁷David L. Cohn, *Picking America's Pockets: The Story of the Cost and Consequences of Our Tariff Policy* (New York: Harper & Brothers Publishers, 1936), 72-73.

small farmers to grow beets. He added, "The tariff, while enormously costly to the American people as a whole, does not and cannot benefit a great number of small farmers. They do not exist. Sugar growing is large-scale [farming]."⁸

The problem was not the duty charged on imported sugar, but the overproduction of sugar world wide.⁹ The consumer sale price was near a record low. In the economic descent of the depression, companies tended to increase production by making up in volume what they were losing in price. This strategy added to the growing surplus which caused prices to continue to fall. Because Spreckels had relinquished most of its acreage to other crops, they were not in this production spiral during the late 1920s. However, after 1930, the promise of blight-resistant seeds, coupled with the reduced competition from row crop, stimulated the growers' interest in sugar beets. Spreckels began to contract for more beet acreage, and increased its sugar production.

The *Pacific Rural Press* reported that in 1929 there were no beets grown in the Salinas Valley, and the sugar that was produced at Spreckels was from beets that were shipped in from other districts.¹⁰ In 1932, only about 8,000 acres of beets were grown; and in 1933, between 18,000 and 20,000 acres were planted.(see chart on 128)

⁸Ibid.,

⁹Stephen V. Markes and Keith E. Maskus, *The Economics and Politics of World Sugar Policies* (Ann Arbor: The University of Michigan Press, 1993), 50.

¹⁰Actually 197 acres were planted that year, but for all practical purposes that amount is not significant.

Spreckels Beet Crop: 1899-1940

Crop Year	Acres Planted	Total Tons Harvested	Average Tons per Acre	Average % Sugar
1899	22,959	175,388	10.37	-----
1900	15,150	83,256	7.98	-----
1905	17,373	167,158	10.73	7.30
1910	18,113	202,85	11.75	19.51
1915	27,100	326,832	12.40	18.82
1916	27,955	315,816	11.89	17.89
1917	25,594	282,212	11.20	19.11
1918	18,706	201,523	11.35	15.80
1919	32,219	211,888	7.24	18.91
1920	28,534	260,692	9.50	18.00
1921	32,482	223,384	7.69	18.40
1922	16,369	91,267	7.28	18.98
1923	13,227	135,828	10.63	18.10
1924	20,040	169,566	8.78	18.10
1925	16,222	102,827	6.71	18.69
1926	7,343	68,786	9.54	19.95
1927	6,020	37,764	6.47	19.57
1928	680	8,104	13.03	18.90
1929	197	3,457	17.55	17.94
1930	262	4,368	16.67	17.99
1931	1,468	23,287	17.80	17.78
1932	8,776	124,614	14.65	18.91
1933	18,602	327,689	17.90	19.73
1934	17,430	266,431	15.56	20.00
1935	17,820	215,858	12.43	19.23
1936	17,693	306,251	17.60	19.23
1937	15,475	247,744	16.79	18.80
1938	27,048	425,206	16.21	17.87
1939	23,638	517,160	21.88	18.36
1940	31,073	576,932	18.84	17.95

Source: Spreckels Sugar Co. *Sweet Nostalgia*, 74

The local farm adviser, John Tavernetti, explained, "when the cash rental on vegetable land was up to \$50 and even \$80 an acre, then beets went out the back door, but now that rentals are from \$35 an acre down, beets are coming back."¹¹

Rutillus Allen in his *Economic History of Agriculture in Monterey County*, highlights the fact that between 1925 and 1930, "sugar beet growing was almost entirely replaced by the expanding truck-crop industry" in the Salinas Valley. He argues it did not "return to its earlier position of importance until 1933."¹² William Jones pointed out that 1932 was a year of low lettuce prices and 1931 had been a poor year for bean prices. Spreckels used these down years to promote its blight-resistant beet seeds and planted approximately 8,500 acres of sugar beets. "The average yield for the county was 14.6 tons per acre, nearly double the yields that had prevailed in the 1920s. . . . The sugar beet was again a major valley crop."¹³ Fred McCarger, Secretary of the Salinas Chamber of Commerce, calculated comparative figures for the local groweres. He showed how beet payments from Spreckels Sugar Company increased from 1929 to 1932 by \$3,000,000.¹⁴

The upturn in beet acreage, coupled with the influx of dust bowl refugees, provided the factory with cheap labor which allowed it to return to longer campaigns that resulted in increased production. On May 29, 1930, the *Salinas Index-Journal* reported

¹¹*Pacific Rural Press*, 11 March 1933.

¹²Allen, "Economic History of Agriculture in Monterey County," 86

¹³Jones, "The Salinas Valley: Its Agricultural Development 1920-1940," 215.

¹⁴*Pacific Rural Press*, 11 March 1933.

that business conditions made the Salinas Valley and Monterey Bay one of only ten places in the United States enjoying a “high degree of prosperity.”¹⁵ The high degree of prosperity reported in the newspaper was not realized by the employees of the Spreckels Sugar Company. Production increased 58 percent between 1929 and 1930, but the increase was not reflected in the selling price of sugar.

To offset the difference between selling price (which the company did not control) and the cost of production, Spreckels reduced wages and increased working hours. Wages were cut to as low as \$.275 per hour, and work hours were increased to twelve hour shifts, seven days a week. When it came time to change shifts, it was often obligatory for the outgoing shift to work an additional six hours, for a total day of eighteen hours, in order to keep the factory operating at full capacity.¹⁶

By 1932, Spreckels had rebounded enough to increase its production even more. However, profits were weak and sugar prices low. The Smoot-Hawley Act proved no more effective than the Emergency Tariff of 1921, and with the county mired in the depression, a change in the approach to the economy was needed. The nation’s newly elected president, Franklin D. Roosevelt, took control of the economy with his New Deal. One senator who supported the changes represented by Roosevelt’s economic philosophy was Edward Costigan of Colorado.

¹⁵*Salinas Index-Journal*, 29 May 1930.

¹⁶*Sweet Nostalgia*, 44.

Costigan was elected senator from Colorado in 1930. He was a former Bull Moose progressive turned New Deal Democrat and had served on the Tariff Commission since the Wilson Administration. Costigan brought to Washington a progressive attitude toward old problem of the sugar tariff. In an unprecedented approach to the nation's sugar problem, the Jones-Costigan Act of 1933 addressed the problems of overproduction and the foreign imports of sugar. No legislation since the Dingley Act proved more important to the sugar growers and producers than the 1934 Jones-Costigan Act.

Costigan recognized the need to address the multiple issues that affected cane importers, beet farmers, beet producers and domestic cane producers. The sugar tariffs had never been adequate to ensure a stable domestic sugar supply. The volatility of the world sugar market over the previous thirty years saw the price of sugar skyrocket to twenty cents per pound in 1918 and 1919 then drop below four cents per pound twelve years later.¹⁷ Costigan, in his address over the National Broadcasting System on March 6, 1934, explained that his proposed bill would establish quotas to help regulate the various interests involved in America's sugar industry. He stated, "farmers who have thoroughly considered the disastrous results on price of unlimited sugar supplies under world

¹⁷Russell T. Johnson, and others eds. *Advanced Sugar Beet Production: Principles and Practices* (Ames: The Iowa State University Press, 1971), 7.

conditions, will not fail to grasp that their interests will be best served by orderly and centralized joint action of sugar production and marketing.”¹⁸

The Jones-Costigan Bill became the first piece of legislation that proposed a comprehensive sugar program for the United States. It addressed domestic production as well as imported sugar by controlling the amount of sugar that each producer was allowed to market. The bill, according to Costigan, had three purposes: first, it assured the American consumer of an adequate supply of sugar at a reasonable price. Second, it encouraged foreign trade. Last, it provided a healthy economic climate for a competitive domestic industry.¹⁹ To achieve these principles the Jones-Costigan Bill proposed an estimated usage of sugar in the United States based on consumer demand. Once the estimates were established, each source of sugar supply: domestic beet, domestic cane, Cuba, Puerto Rico, Hawaii, Philippines, etc. were each to be allotted a share through a marketing quota. The domestic industry was given 24 percent of the market as its share. Each factory and each farmer was assigned a quota based on their previous year's production.²⁰

¹⁸Edward P. Costigan, *Public Ownership of Government* (New York: The Vanguard Press, 1940), 250.

¹⁹*The Beet Sugar Story*, 67.

²⁰R.H. Cottrell, ed. *Beet-Sugar Economics* (Caldwell, Idaho: The Caxton Printers, 1952), 30-31; Newhall, “Spreckels The Man and The Company,” 234-36.

The Jones-Costigan Act went much further. It attempted to raise farm income back to what was thought to be parity with a normal year. The normal year chosen was 1913 and through a complex set of calculations the farmer's earnings were increased by government subsidies to reflect the purchasing power which farmers had in 1913. To pay for raising the farmers' income and benefits, the Act imposed a processing tax on the sugar factories and refineries. In May 1934 an excise tax of \$.535 per 100 pounds was added to the wholesale price of sugar.²¹ Crop insurance was also added to the package. However, as with any government program, specific criteria had to be acceded to by the farmer and producer for them to receive the benefits.

The criteria for benefits centered on farm labor. To receive the bonus payment, the farmer had to sign an agreement regulating wages and working conditions. Child labor was not allowed under the Act, and a minimum wage was established for the farm workers. The minimum wage for field workers became the largest stumbling block for the growers, and brought a long, loud outcry from them. What the Act foretold was that equal wages were going to be required for the harvesting of other farm crops. Eventually most growers and producers saw the advantages of stabilizing the industry and they supported the bill.²²

²¹U.S. Bureau of Census, *Historical Statistics of the United States Colonial Times to 1970*, 189.

²²*Ibid.*, 237.

The Jones-Costigan Bill became law when President Roosevelt signed it on May 9, 1934. Spreckels Sugar Company had positioned itself to take full advantage of the marketing allotments once established by the Agricultural Adjustment Administration. On July 6, 1934, when the marketing allotments were announced, Spreckels Sugar Company was given the fifth largest allotment among the twenty-seven major sugar companies.²³ The importance of Spreckels' increased production over the previous two years became clear. The marketing allotment was based upon the previous year's production. In 1933, Pioda reported that 18,602 acres of sugar beets were planted and beet acres harvested totaled 18,304 acres or 327,689 tons of beets. The Spreckels factory also received an additional 266,447 tons of beets from Manteca. Pioda added that the factory was operated under the National Industrial Recovery Act (NRA) code which included three eight hour shifts and an increase of about 15 percent in factory and field labor wages.²⁴ What Pioda failed to mention was that the wage increases and working hours did not take effect until June 1935.

In the crucible of the Depression, Spreckels Sugar Company rose from a company on the brink of extinction to become a leader of domestic sugar production. Federal control of production eliminated the glut of sugar on the market and increased the selling price which the producers could charge for sugar. The processing tax levied to make the

²³*Salinas Daily Post*, 6 July 1934.

²⁴Pioda, "Chronological History," year 1934.

bonus payments to achieve parity for the growers was passed on to the consumers with the NRA's blessing. Spreckels Sugar Company made the most of this metamorphosis of the beet industry.

Long known as the largest beet sugar factory in the world Spreckels' Factory One lived up to that billing on July 29, 1934, when it processed over 5,000 tons of beets in a single day producing 1,886,500 pounds of sugar.²⁵ This record day made headlines throughout northern California. The *Salinas Index-Journal* covered the record day and noted that the factory was employing 1,250 local men with a payroll of \$125,000 monthly and "intensely stimulates the business throughout the district. Approximately 90 percent of the payroll it is estimated finds the way to local business channels."²⁶ The record production was accomplished prior to the Jones-Costigan Act's implementation and the wage increase which accompanied it, was not effective until the following year. In July 1934, the factory was still on twelve hour shifts. The 1,250, employees who received pay totaling \$125,000 a month averaged less than \$3.00 a day per man, or an average of \$.277 per hour for a twelve hour shift. With almost no benefits for the hourly workers, wages were a bargain for the company.

Spreckels continued to position itself for the largest possible part of the market's share. Beets were brought into Spreckels from the Manteca district as well as the new

²⁵Sugar was measured in hundred weight (cwt). One bag was equivalent to 100 lbs. or 1 cwt. Therefore, the production was 18,865 cwt.

²⁶*Salinas Index-Journal*, 3 August 1934.

Production History
1899-1940

Crop Year	Production cwt	Crop Year	Production cwt
1899	384,374	1920	885,870
1900	235,736	1921	800,654
1901	515,599	1922	386,500
1902	429,763	1923	675,459
1903	343,893	1924	960,600
1904	301,108	1925	610,933
1905	527,652	1926	639,838
1906	608,594	1927	571,084
1907	315,526	1928	718,550
1908	511,350	1929	657,136
1909	607,721	1930	1,141,144
1910	682,916	1931	1,141,508
1911	675,008	1932	1,651,796
1912	550,298	1933	2,084,415
1913	512,878	1934	2,037,346
1914	715,966	1935	1,574,159
1915	1,181,203	1936	2,246,239
1916	1,261,719	1937	1,673,730
1917	1,167,521	1938	1,736,805
1918	606,231	1939	2,184,900
1919	812,329	1940	2,322,747

source: Spreckels Sugar Company, *Sweet Nostalgia*, 94.

National Economic Indicators for Beet Sugar

	Production in tons 1,000 ton	Price per ton of beets (dollars)	Wholesale Price per pound (dollars)	Retail Price per pound (dollars)
1913	5886	5.69	.043	.055
1920	8538	11.63	.127	.194
1925	7381	6.39	.055	.070
1929	7315	7.08	.051	.064
1930	9199	7.14	.047	.061
1931	7903	5.94	.044	.056
1932	9070	5.26	.040	.050
1933	11030	5.13*	.043	.053
1934	7519	5.16	.044	.055
1935	7905	5.76	.049	.056
1936	9028	6.05	.048	.056
1937	8759	5.26	.047	.056
1938	11497	4.65	.045	.053
1939	10781	4.76	.046	.054
1940	12194	5.11	.044	.052

*prices do not include government payments under the Jones-Costigan Act or The Sugar Act of 1937

source: *Historical Statistics of the United States Colonial Times to 1970*, pages 208, 213, 516

Farm Marketings, by Price Support Status for Sugar Beets: 1930-1941
(in millions of dollars)

1930	63	1936	56
1931	51	1937	52
1932	48	1938	55
1933	58	1939	49
1934	40	1940	56
1935	43	1941	62

source: *Historical Statistics of the United States Colonial Times to 1970*, page 487

Woodland district. The company must have been cognizant of the fact that increased production prior to the passage of the bill would assure the company of good profits for the years to come. Production in the previous year, 1933, was 208,415,100 pounds. In 1934 it dropped back to 203,734,600 pounds, and in 1935, only 157,415,900 pounds, but by 1936 it was at 224,623,900 pounds of sugar. (see chart of cwt of sugar produced at Spreckels on page 136)

Like the Dingley Act of 1897, which gave the beet sugar industry its birth and helped Claus Spreckels to build his sugar empire, the Jones-Costigan Act gave Spreckels Sugar Company a rebirth which sustained it for another forty years. Spreckels set four world records for sugar production in 1934. In 1935, Spreckels announced pay increases totaling \$80,000 representing a 7 to 15 percent increase for its employees. The *San Jose Mercury News* covered the increase and reported:

“the good news is in line with similar wage boosts reported in many industrial centers of the country following the Supreme Court’s recent decision nullifying the NRA. Word of the increase here, [Salinas] spreading rapidly, brought jubilation among workers and the local business men who serve them. The increase will go into effect June 1, [1935] and workers’ hours, established under the NRA will be continued.”²⁷

The improved economic outlook for the company was primarily the result of the fortuitous New Deal legislation for the sugar industry. In 1936, this good fortune convinced Spreckels to begin construction of its third sugar factory. Growers in Woodland, California, had lobbied for a factory as early as 1896, and it was chosen as the

²⁷*San Jose Mercury News*, 1 June 1935.

site of the new factory. In August 1937, the factory opened for its first campaign. Spreckels had expanded its business during the depth of the Depression to include three factories, all working at full capacity to meet the needs of the expanding number of beet growers and to maintain its market allotment.

The California Beet Growers Association had been organized in February 1921, because, according to the *Pacific Rural Press*, the factories had the advantage over the growers.²⁸ The growers association began to flex its muscles now that New Deal legislation had made beet growing profitable once more. In an effort to protect the growers' interests with both the government and the beet processors, the association became the advocate for the growers. As a result, a new and third type of beet contract was agreed upon between the processors and the Beet Growers Association.

Under the new contract the growers were paid based upon the adjusted price that the producers received for sugar at the retail level. In reality, the farmers and the producers agreed to share profits and losses. Each year after financial adjustments based on selling expenses, shipping costs, packaging expenses, insurance, etc., the net selling price (NSP) was agreed upon between the growers and the sugar companies. The NSP became the key to how much profit any beet sugar company made in a given year. This agreement limited the factory from making a windfall profit, without the growers sharing

²⁸*Pacific Rural Press*, 6 February 1921.

in it, as the result of market fluctuations, which had happened 1920.²⁹ The risk for the farmers was that if the selling price fell, so did their profits, protecting the sugar company from unseen problems after the beet contracts were agreed on. The way for the company to maximize its profits was to increase its volume and its operational efficiency.

This spirit of cooperation between the growers and producers did not carry-over to the field laborers. Shed workers and farm laborers struck for better wages and conflict erupted in the Salinas Valley between labor and the growers-shippers association. Union unrest in the Salinas Valley produced some of the biggest headlines in the state in 1936 and 1937. The "lettuce wars" of 1936-37 pitted three thousand Anglo members of the Vegetable Packers Union, supported by Filipino and Mexican field workers, against the militant growers and the shippers represented by the Associated Farmers. Salinas, in effect, was put under martial law by 2,500 armed deputies.³⁰ Although Spreckels Sugar Company was not directly involved in the lettuce strike they were members of the Associated Farmers, a statewide agricultural organization. Cletus Daniel, in his masters thesis about the 1936 Salinas lettuce packers's strike, reported the Associated Farmers in Monterey County were financed by the Citizens' Association of the Salinas Valley. The

²⁹Newhall, "Spreckels, The Man and The Company," 237-38; *The Beet Sugar Story*, 42.

³⁰Dunbar and Kravitz, *Hard Traveling: Migrant Farm Workers in America*, 43.

Citizen's Association proclaimed itself open to any person, business or group that professed to be interested in the general welfare of the Salinas Valley.³¹

Spreckels Sugar Company's representatives attended the organizational meeting in May 1936, in Salinas, and became members with Charles Pioda, serving on the executive committee. However, on August 10, 1936, Pioda announced that the:

Spreckels Company . . . after considerable consideration did not think it wise if the Company should become a member of this Association. Pioda explained that the Spreckels Company had wide spread [*sic*] interests in California and that thus far his company had been able to maintain open shop conditions, although in the Bay area they were especially vulnerable to attack by the Long-shoremen's [*sic*] Union, and it was Mr. Pioda's thought . . . that the Spreckels Company would be making a mistake openly to ally themselves to this Association at this time, and consequently risk the disapprobation of organized Labor elsewhere. Mr. Pioda said however, that the Association definitely could rely upon Spreckels Company for financial support proportionate to whatever else was done by employers in the Salinas Valley area.³²

Based on the La Follette Committee reports in 1939, which investigated the causes of the lettuce strikes, it was affirmed that Spreckels Sugar Company had "contribute to the organization commensurate with its position in the area's business community." True to its word Spreckels Sugar Company made contributions totaling \$8,100 or 18.5 percent of

³¹Cletus Daniel, "Organized Anti-Unionism in Triumph, The 1936 Lettuce Packers' Strike" (Master's Thesis, San Jose State University, 1969), 64-65.

³²Committee on Education and Labor, "Violations of Free Speech and Rights of Labor," Robert M. La Follette Chairman, Minutes of the Board of Directors Meeting of the Citizens' Association of Salinas, 10 August 1936, page 27136-37. (hereafter cited as La Follette Papers)

the association's entire income from 1936 to 1939, the first three years of its existence.³³

Was this an intentional effort by Spreckels to avert union organization, which was supported by New Deal legislation, while at the same time reaping the profits that were the result of government subsidies and quotas provided by the same New Deal? The answer to this question can best be addressed by reviewing important events in 1937.

Before addressing the labor issue at Spreckels in 1937, a review of the limited union activity at Spreckels between 1898 and 1937 will be helpful. As early as 1859, sugar refinery workers were employed in California, mostly in San Francisco. When the Comstock Lode enticed much of the labor supply to leave San Francisco, the sugar workers demanded and received wage increases.³⁴ That early "union" dissolved and by the time Spreckels opened in the Salinas Valley in 1898 there was no sugar workers union. Spreckels, however, was not totally isolated from any union activity in its early years. On September 20, 1913, it was reported that Martin Martumelli, an agitator for the Industrial Workers of the World (IWW), was arrested and jailed after attempting to organize some of the workers at the factory. The report concluded, "after his arrest the men whom he had influenced to go on strike returned to their work, and there has been no further trouble since." Martumelli was ordered to stay away from Spreckels or he would be

³³La Follette Papers, "Dues, gifts and assessments paid to the Citizens' Association", 27092-27093; McWilliams, *Factories in the Field*, 247.

³⁴Ira B. Cross, *A History of The Labor Movement in California* (Berkeley: University of California Press, 1935), 27.

rearrested and “sent out as a nuisance.”³⁵ No details of the workers’ complaints were presented in the report.

Following the attempted walkout at the factory, the Spreckels Hotel waiters and dish washers walked off their jobs a week later. According to the Spreckels *Courier-Enterprise* this walk out followed one that had happened less than a week earlier. This second walk out had been arraigned for the prior night, but in sympathy for the men who lived at the hotel, they delayed the strike until after they had served breakfast so the residents would not be forced to go to work without a hearty meal.³⁶ No details of the labor problems at Spreckels were carried in the Salinas or Monterey newspapers, and the short articles in the Spreckels *Courier-Enterprise* did not reveal what the issues were which were creating the obvious labor discord in Spreckels.

No other labor discord was reported at Spreckels until 1934 when Filipino and Mexican beet toppers failed to report for work during a farm strike between the vegetable growers and lettuce pickers. There is some evidence that the beet toppers walked out in response to Spreckels Sugar Company providing financial support to the growers and shippers.³⁷ The sugar company heard the message, undoubtedly that message was recalled in 1936, when Spreckels dropped its public connection with the Citizens’ Association and

³⁵*Spreckels Courier-Enterprise*, 20 September 1913.

³⁶*Ibid.*, 27 September 1913.

³⁷*San Francisco Chronicle*, 1 September 1934.

acknowledged that it was trying to maintain a non-union company. However, in 1937, it became necessary for Spreckels to accept the fact that union organization was inevitable.

The production goals of 1937 reflected the increase in acres spawned by the Jones-Costigan Act of 1934. The opening of the Woodland factory and the reopening of the Manteca factory increased the amount of beet acreage contracted by the Spreckels Sugar Company. With marketing allotments on the line, and a record number of beet contracts, Spreckels Sugar Company was in no position to begin a battle with a resurgent labor movement in northern California.

To maintain its market allotment Spreckels aggressively contracted for a record number of acres in 1936 to support the 1937 campaign. Although the Spreckels district acreage was down slightly, the addition of the new Woodland factory, and the unknown production capabilities associated with a new facility, Factory One was prepared to slice as many beets as necessary.³⁸ To add to the nervousness of the company the Jones-Costigan Act was ruled unconstitutional. However, Congress acted quickly and passed the Sugar Act of 1937, which kept the basic principles of the Jones-Costigan Act in place, but was even more specific in its support of labor.

Under the Sugar Act, the Secretary of Agriculture was given the specific power to set quotas and establish standards for fertilization and crop rotation. On the farm labor side, the Secretary recommended hourly wages for farm workers. The act stipulated that

³⁸Pioda, "Chronological History," Year 1937; Records for 1937 indicated that 220,000 tons of Woodland beets were eventually sliced at Spreckels.

in order for farmers to receive benefit payments, they must not employ child labor, and *must pay fair and reasonable wages*. President Roosevelt made the administration's position on labor clear when he promoted the Sugar Act, stating "an industry which desires the protection afforded by a quota system or a tariff, should be expected to guarantee that it will be a good employer."³⁹ To Roosevelt, a good employer meant one who abided by the National Labor Relations Act.

The NLRA had offered industrial workers the right to collective bargaining and had helped spur major union organizing efforts. Still, Spreckels Sugar Company, an NRA member, maintained its anti-union position. New Deal legislation supported the rights of labor, and its sugar policy made beet farming and domestic sugar production profitable. The Spreckels Sugar Company was in a dilemma. Spreckels knew it was about to be targeted by labor, and for Spreckels to oppose labor outright would be contradictory to Roosevelt's New Deal policies, which had been instrumental in making Spreckels a very profitable company.⁴⁰ Record amounts of acreage were under contract for the company and with a new factory in its first year of operation, the Spreckels Sugar Company knew it could not afford a labor dispute at that time.⁴¹

³⁹Teamsters Pamphlet supporting the Sugar Act and minimum wage, n. p. n.d., Part of Pamphlets in American History Series.

⁴⁰*The Salinas Labor News*, 4 June 1937: The paper reported "profits for the beet sugar processors in 1936 increased 40 to 60 percent over 1935 according to the *Wall Street Journal*."

⁴¹*Pacific Rural Press*, 26 December 1936.

On March 5, 1937, *The Salinas Labor News* headlines stated, "Crockett and Tracy only plants so far organized, Beet Sugar workers have big job in Salinas, Stockton, Mantica [*sic*] and Spreckels." The article specifically pointed out "the Spreckles [*sic*] factory in Salinas largest of all is still to be organized."⁴² Spreckels must have felt the pressure, because on April 30, 1937, an American Federation of Labor federal charter was approved and the workers at Spreckels Factory One became members of Local 20616 of the Sugar Refinery Workers.⁴³

The company sponsored publication, *Sweet Nostalgia*, described the union organization as:

Labor was organized in April of 1937 and some improvements in the working conditions were made. Unlike many labor unions, the group chartered under the American Federation of Labor was not started due to an uprising among the workers, but rather it was started as a company organization. The first organizers and charter members of the group were Matthews Burns, W. Summers, A. J. Shadeck, F. Jordon, R. Boyd. The organization brought an end to hiring on a friendship basis, wages were increased and the work week was shortened to only six days a week with work days only ten hours long.⁴⁴

⁴²*The Salinas Labor News*, 5 March 1937.

⁴³American Federation of Labor Records Part I: Strike and Agreement File 1898-1953: reel page 36, Archives of the American Federation of Labor and Congress of Industrial Organizations, George Meany Memorial Archives, Silver Spring, Maryland. (hereafter cited as American Federation of Labor Records); A federal charter covers all the workers in one plant affiliated directly to the A. F. of L.

⁴⁴*Sweet Nostalgia*, 45.

On August 10, 1937, the *Salinas-Index-Journal* promulgated the opening of the Spreckels factory. The article documented how many tons of beets were scheduled to be sliced; how much the payroll was expected to be for both the factory workers and the growers; how many days the plant was to be operated; and how many men would be hired. Nowhere did it mention that to work at Spreckels required membership in the local union.⁴⁵

The evidence available about how the union was organized indicates that it was not a local decision, but an industry-wide decision which was reached by all the sugar producers in California at the same time. A search of the Federal Charter files at the George Meany Archives revealed that not only were Spreckels' three factories organized in the spring of 1937, but so were the beet factories at Tracy, Hamilton City, Alvarado, and Oxnard. All the factories were chartered within one month of each other, and all were organized by Rowland Watson.⁴⁶ The newest factory at Woodland was chartered first, on April 29, 1937, and the Oxnard factory last, on May 21. Each location joined its respective locals. Woodland and Manteca were part of the Beet Sugar Operators, while Spreckels was associated with the Sugar Refinery Workers.⁴⁷

⁴⁵*Salinas Index-Journal*, 10 August 1937.

⁴⁶American Federation of Labor Records, reel 54, 36-37.

⁴⁷*Ibid.*

The newspaper of the San Francisco Labor Council, was the *Labor Clarion*. It reported that in April 1937, the A. F. of L. had recommended issuance of a charter to the Sugar Refinery Workers on behalf of the Western Sugar Refinery only to have the labor council reject the application on the grounds that it was an attempt to form a company union.⁴⁸ According to the *Union Gazette*, (the organ of the Santa Clara and San Benito County Labor Council) a group of Western Sugar employees appeared before the council in opposition to the Longshoremen and Warehousemen, who were already conducting an organizational drive. The article stated, "to forestall the organizational drive, the company hit upon the idea of a Federal Union Charter, intending of course to control said union through company stooges." The article concluded by documenting that the A.F.of L. organizer who was insisting on a Federal Union Charter was Rowland Watson.⁴⁹ Western Sugar was part of the Spreckels Sugar Company which had received federal charters for three of its factories less than one month earlier.

On May 7, 1937, the *Salinas Labor News* which covered labor issues of the Salinas Valley, in conjunction with the Salinas Labor Council, was surprised to hear of labor organizers at the Spreckels factory. It reported:

Mysterious Organizers at Spreckles [*sic*] Refinery: The presence of union organizers at the Spreckles [*sic*] Refinery was reported to the Central Labor Union Friday night. The organizers claimed, it was said, to be organizing for the American Federation of Labor. Their activities became a

⁴⁸*Labor Clarion*, 16 April 1937.

⁴⁹*The Union Gazette*, 7 May 1937.

subject of inquiry when reports were circulated that the plant foremen and other company officials were giving full support to the organizing campaign.

The Central Union will communicate with the proper A. F. of L. officers requesting full information.

The Central Labor Council of San Francisco recently declined to request a charter for a sugar refinery union in that city on grounds that the group requesting the charter was dominated by company officials.⁵⁰

A review of the local newspapers, the *Salinas Index-Journal* and the *Monterey Herald*, published on that date, or any other date that week, failed to uncover any reports associated with the 1,300 man factory being organized.

The first local notice of the new union appeared in the *Monterey Labor News* when it reported on the factory opening for the 1937 campaign. The last paragraph in an article about the start up of the factory added, "More than 1300 are employed at the Spreckels Plant. An A. F. of L. federal charter union was established here two months ago. It is not however connected with the Central Labor Union of Monterey County."⁵¹ Stories referring to the union at Spreckels did not appear in the *Salinas* newspapers until the fall of 1937.

Not all the employees at the Spreckels Factory were satisfied with the new union. Some sought an agreement with the Congress of Industrial Organizations (CIO). In one of the first reports to appear in a local daily newspapers to acknowledge that there was a union at Spreckels, the *Salinas Index-Journal* reported:

⁵⁰*The Salinas Labor News*, 7 May 1937.

⁵¹*The Monterey Labor News*, 20 August 1937.

Plans to seek negotiations with the Spreckels Sugar Company here for the purpose of drawing up a working contract for labor were made in a meeting of a group of sugar workers at the Moose hall Wednesday afternoon.

It was announced that the group had passed a resolution at the public meeting to affiliate with the C. I. O. and elected a negotiation committee to confer with the employers on a working proposal.

The action was taken despite the sugar company's present working agreement with the American Federation of Labor of the 1,100 workers at the plant 60 or 70 attended the C. I. O. meeting

The chief aim in negotiations . . . is to seek wage increases for employes [*sic*] of the factory. . . . The wage scale desired it was indicated was one approximating that paid by the Western Sugar plant in San Francisco which has a contract with the C. I. O.⁵²

Nothing ever came of the foray by the C. I. O. In October 1937, A. F. of L. union dues books were distributed and within the first year the Sugar Refinery Workers Local 20616 obtained 100 percent membership and Spreckels became a closed shop.⁵³

The first agreement signed with the local union can not be considered exceptional, especially when viewed in the context of the Sugar Act, the NRA and the Wagner Act. The union made some inroads for labor, but management mitigated any potential labor unrest by helping create a union which was receptive to the company's dominance. Pioda in his *Chronological History* used only two sentences to cover the issue. He wrote, "A. F. L. Union formed among factory workmen and agreement entered into for a period of one

⁵²*Salinas Index-Journal*, 7 October 1937.

⁵³*The Salinas Labor News*, 17 June 1938; American Federation of Labor Membership Book and Working Card, Spreckels Refinery Workers Local 20616, dated 4 October 1937, In author's possession.

year, covering wages, hours, working conditions etc. Personnel Department established by General Office with Mr. O. H. Dersheimer in charge.”⁵⁴

In that initial year, the Sugar Workers Union remained outside the local labor community of the Salinas Valley, choosing not to participate in the local union council. In October 1937, *The Salinas Labor News* reported that a committee from the “newly formed sugar workers union at the giant Spreckels plant” had been appointed to study the possibility of joining the Salinas Central Labor Council, but wanted first to “understand the situation thoroughly before taking definite action.” It was not until June 1938, that the Sugar Workers became part of the Labor Council.⁵⁵

The local labor newspapers were the main sources reporting about union activity at the Spreckels factory. In June 1938, the *Salinas Labor News* announced the election of new officers for the Spreckels Sugar and Refinery Workers. In August of that year it reported that after extended negotiations the 1937 agreement was renewed the month before.⁵⁶

In addition to announcing the election of the new officers, the union activities in the first year were summarized by the new officers as improving wages and working conditions. The *Salinas Labor News* reported that the union “has contributed materially

⁵⁴Pioda, “Chronological History,” Year 1937.

⁵⁵*The Salinas Labor News*, 19 July 1938.

⁵⁶*Ibid.*, 8 October 1937; 17 June 1938; 12 August 1938.

to the general welfare and social life of the sugar workers. The union activities include education and entertainment. Benefits have been paid to members in time of sickness in urgent cases, and plans for a sick and death benefit department are being considered.”⁵⁷ Without impugning the agreement reached in 1938, one might question why the agreement was extended without some form of sick or death benefits included.

It seems obvious that the decision to allow union organization at Spreckels was part of a company-wide scheme. What that scheme was is not obvious, unless looked at in the context of thirty years of paternalism and welfare capitalism which was practiced by the company. The company had kept the union at bay, and now they seemed to embrace the idea of a closed shop. The federal charter limited membership to only one local within each factory. It kept other more militant unions out of the factory. By having only one union represented at the factory, Spreckels had eliminated multiple locals from representing the different crafts working at the factory. Electricians, mechanics, machinists, warehousemen, pipefitters, truck drivers, and equipment operators were all covered under one charter. It is doubtful that the union was actually a company union, which was in violation of the Wagner Act. However, there was little doubt that the Spreckels local was company dominated.

How much domination the company exerted over the union is problematic, but the evidence indicates that the union was an extension of the welfare capitalism which

⁵⁷Ibid., 12 August 1938.

Spreckels had practiced since 1898. The first organizers and charter members of the union (see page 146)were long time employees who all lived in the town of Spreckels. Three of the members were second generation employees. At least four of the six officers worked in the maintenance department as skilled labors. All were classified year round, and most became salaried supervisors within the three years following their tenure as union officers.

The second group of officers, identified by *The Salinas Labor News*, followed the same fiducial image as the first group of officers.⁵⁸ It is hard to ascertain how much organizing the local officials did. With the charter issued in San Francisco and the local labor council unaware of the charter being issued for two months after the fact, it appears local officials had very little input into the first union. However, what can be safely deduced is that the new officers were once more long time Spreckels employees and town residents who had been with Spreckels through the lean years.

From 1926 through 1933, according to Newhall, the company posted losing years while production and sales were poor. The Spreckels Factory sold 8.5 million dollars worth of sugar in 1933, but reported a loss of \$624,000. After the passage of the Jones-Costigan Act and NRA, compliance over production and prices went into effect and profits for 1934 increased remarkably by \$624,000. In 1935 profits were over

⁵⁸*The Salinas Labor News*, 17 June 1938; The officers elected in 1938 were C. S. Maloney, President; C. H. Pontious, Vice-President; E. M. Jones, Secretary-Treasurer; Gladys Nielsen, Recording-Secretary; R. S. MacRossie, L. S. Hutchings, S. H. Nash, A. C. Spelger and M. W. Elliott, Trustees.

\$2.5 million, offsetting the total losses between 1926 and 1933.⁵⁹ The \$2.5 million was worth more than it appeared on the surface. During the depression, deflation was still the norm, making a dollar worth more each day. Land, materials, and labor were underpriced, making the dollar go farther than it had in the past. It was not until 1935 that employees of the factory realized their first wage increase in eight years.

Some benefits were reported for the residents of Spreckels after 1934. Houses were painted and re-roofed, and “seven old employees were retired on pensions.”⁶⁰ Those people living in Spreckels, and the seven old employees who received the pensions, were recipients of the company’s paternalism and they were sharing in the company profits.

Mike Gutierrez lived in Spreckels at that time and started to work for the sugar company in 1936, prior to the formation of the union and during the depression. Gutierrez remembered the depression and when the union was being organized at Spreckels. He recalled, “the Depression, my god, you talk about hard times . . . at that time nobody thought about the union or things like that. All you were thinking about was surviving . . . right here in Spreckels was hard times. My dad used to go out into the fields because campaigns only lasted a couple of months. He would go the fields for 10 cents an hour.” When asked if he thought the Depression was the reason for the union

⁵⁹Newhall, “Spreckels The Man and The Company,” 241-42.

⁶⁰Pioda, “Chronological History,” Year 1935.

being organized in 1937, Gutierrez responded, “ No, by then the worst of the Depression was over.”⁶¹

One of the issues paramount to the union was maintaining the three eight-hour shifts which was part of the NRA code. Gutierrez, recalled, “ they [the union] stuck to the rule. Let’s have an eight hour shift, let’s enforce overtime, let’s try and get some benefits, which were at that time very little, but they were doing something to better the working conditions, and the income!” The first union officers, he added, were Spreckels residents and his neighbors. And, as far as living in a company town while the union was organized, Gutierrez concluded, “At that time they [the company] didn’t object to it, the fellows organizing, they were cooperative.”⁶²

Although the rest of the country struggled economically in the second half of the 1930s, the Spreckels Sugar Company enjoyed some of its best years. In 1940 the rebound continued and Spreckels set records in acreage planted and harvested, and it had its greatest gross yield per acre, which led to the longest campaign to date. The factory received beets from the Union Sugar Company and Holly Sugar Company to supplement its production, but in the town the signs of permanent change were evident.

No longer was the town a priority for the sugar company. Possibly the mobility associated with the automobile and the nearness of Salinas had eliminated the need for

⁶¹Mike Gutierrez interview, 7 April 1998.

⁶²Ibid.

businesses in Spreckels. The town became secondary to the factory. It was company housing more than a true town. Despite the company's profits, Spreckels was not encouraging bringing business back to town. Only the emporium remained open. The buildings remained empty of businesses, and in 1940 the Spreckels Hotel and its main annex was demolished.⁶³

The war in Europe attracted speculators to the sugar futures on Wall Street where they bought record amounts of sugar stocks in anticipation of a sugar shortage in the United States. Under the Sugar Act, factories were allowed to produce as much sugar as they wanted, but could only market their allotment. As a result, there was a surplus of sugar, which the speculators controlled in hopes of making windfall profits once the war created a sugar shortage in the United States. In response to the speculators, President Roosevelt suspended the marketing quotas, increased the tariff on Cuban sugar and allowed the beet companies to sell their surplus. The result was a dip in the price of sugar.⁶⁴ While farmers and manufacturers argued over extending the upcoming Sugar Act and the low net selling price, the whole picture changed one Sunday morning in December 1941. When Japanese bombs fell on Pearl Harbor, a new era for the domestic sugar industry began.

⁶³Pioda, *Chronological History*, Year 1940.

⁶⁴Newhall, "Spreckels The Man and The Company," 244-45.

Conclusion

A New Era

The Second World War ushered in a new era for the Spreckels Sugar Company and the town which had developed there. The severe manpower shortage during the Second World War was followed by technological breakthroughs in automation. Automation reduced the need for so many employees in the fields and at the factory. The company continually sold off its land holdings and minimized its farming operations, turning more to contracting for its beets. Competition from more lucrative crops such as lettuce, broccoli, and artichokes, as well as other row crops, once more took the best agricultural acres away from sugar beets and forced the company to transport the beets from farther and farther away.

Corporate changes occurred which resulted in Spreckels Sugar Company merging with the American Sugar Refinery Company of New York in 1963, and within a few years the company's name was changed to the Amstar Corporation. Finally in 1982, the factory ceased to produce sugar in the Salinas Valley. Spreckels the town survived, fostered by a paternalism that most residents accepted as being benign if not benevolent. The old timers fondly remember the picnics, baseball games, dances and other leisure activities which the company provided. Some even remembered the long working hours and low pay.

The company town of Spreckels was created by Claus Spreckels to house his workers. Community spirit and company loyalty were manifested through the leisure

activities and social settings. By providing housing and a wide range of leisure activities the company, either intentionally or unintentionally, exerted its influence over the workers. Company and community activities fostered by the company made it possible to camouflage the fact that prior to the Sugar Act wages remained low, in comparison to other beet companies. It also made it virtually impossible for unions to establish a foothold.

One aspect of community spirit touched on by James Allen was the closeness and long lasting community spirit which developed in many of the company towns. Daniel Cornford, in his study of lumber workers in northern California, concluded that this closeness and community spirit developed through “the web of relationships . . . reinforced outside the workplace by such institutions as the churches, schools, charitable institutions and the plethora of fraternal orders.”¹ Spreckels residents, especially the second and third generations, can be grouped into the fraternity that existed among those who grew up together in the small town. However, most of Spreckels’ employees were seasonal, therefore they were not part of the fraternity and did not get to enjoy the fraternal paternal benefits of cheap housing, sponsored leisure activities and year round work. But this latter class of workers was at least able to struggle for and build a union movement.

¹Daniel A. Cornford, *Workers and Dissent in the Redwood Empire* (Philadelphia: Temple University Press, 1987), 104-5.

Irving Bernstein, when writing a history of the American worker between 1920 and 1933, argued “welfare capitalism, stripped of the verbiage of industrial democracy, was precisely what its critics called it: paternalism. At best it could be no more than an unstable system for both employer and employee.”² Later historians, including Lizabeth Cohen and David Brody, disagreed with that statement and supported the opinion that the ideas of welfare capitalism were transferred to state welfare and labor unions. Sanford Jacoby takes the concept of welfare capitalism even farther and makes a strong argument that welfare capitalism did not die with the New Deal, but is alive and prospering today.³

Welfare capitalism and paternalism never died at Spreckels. It continued through the 1930s and 1940s and into the 1980s. When Factory One ceased operations in the 1980s, the Company still maintained the sewer system, water company, fire system, and many of the buildings. When Spreckels wanted to sell or liquidate its utilities holdings, local residents, specifically those who were retirees or long time residents, protested vigorously the company’s decision to end its involvement with the town. When Mike Gutierrez was asked about how the Spreckels Sugar Company managed the town, he affirmed, “They furnished our water, our garbage [pick up], our sewer, everything, they

²Irving Bernstein, *The Lean Years: A History of the American Worker 1920-1933* (Baltimore: Penguin Books, 1960), 186.

³Sanford M. Jacoby, *Modern Manors: Welfare Capitalism Since the New Deal* (Princeton: Princeton University Press, 1997), 261-62.

took care of us. I remember Spreckels came and picked up our garbage. . . although they didn't try to improve the town much.”⁴

The rest of the people in the Valley remembered the jobs and economic contributions of the sugar company. If they forgot, Spreckels reminded them, as in 1947, when it published an economic recap of its previous ten years in the Valley. The recap showed payments to growers for the ten-year period as \$49,295,902, wages totaling \$10,248,512, and taxes paid in excess of \$991,000. The advertisement also reminded the community that those sums represented only a fraction of what the Spreckels factory had contributed in its first forty-nine years.⁵ At various other times the Spreckels Sugar Company ran ads in the local newspapers, ostensibly to thank the people of the Valley for their support, but it usually included a message on an important issue such as the Farm Bill or extension of the Sugar Act.

Claus Spreckels was the Sugar King. He, more than anyone else, was responsible for creating the domestic sugar industry in California. At his death in 1908, Claus Spreckels had amassed a fortune which rivaled the Huntington's, Hopkins', and Stanford's. In October 1998, Claus Spreckels was ranked fortieth on the list of the wealthiest Americans of all time. His wealth was reported to be \$50 million, or in today's

⁴Mike Gutierrez interview, 7 April 1998.

⁵*Salinas Californian*, 20 September 1947.

value \$15.1 billion.⁶ The Spreckels family prospered, but the family endowments and charitable contributions went to San Francisco and San Diego, not into the community which produced much of their enormous wealth. The personal fortunes of Claus Spreckels and his sons are indicative of how much money was made in the sugar industry. Yet the workers' wages continued to be low and benefits almost non-existent until after unionization in 1937. Prosperity for the Sugar Company almost always was the result of federal legislation that favored the sugar industry. The Dingley Bill of 1898 was credited with starting the beet sugar industry in the United States. The Jones-Costigan Act of 1934 fostered the Sugar Act of 1937 which established the sugar policy that the United States pursued for the following four decades. It established quotas that protected American producers against severe competition from abroad and gave farmers a price-support subsidy.⁷

Spreckels Sugar Company was the first large scale agribusiness in the Salinas Valley. Its contributions to agriculture are legendary throughout the state. Spreckels was the first to use large scale irrigation as opposed to dry land farming in the Salinas Valley. Beet farming was labor intense and necessitated the need for cheap plentiful labor to cultivate and harvest the beets. Immigrant workers were used by the Sugar Company beginning with its opening in 1898. The color of one's skin relegated the Chinese,

⁶Michael Klepper and Robert Gunther "The American Heritage 40," *American Heritage* October 1998, 63.

⁷*New York Times*, 14 January 1979.

Japanese, Hindu, Mexican and Filipino to the difficult work of hoeing, toppings and digging the beets. European immigrants found work both as skilled and unskilled laborers inside the factory. For those who worked in the factory operations, wages were better, working conditions were somewhat better, and living conditions were much better. Mexican workers found work at the factory as unskilled laborers and helped break the ethnic barrier as early as World War I, but the need for laborers was minimal while the sugar company struggled with the sugar beet blight between 1925 and 1930.

Spreckels did not escape the taint of racism that is associated with American history. The interviews with the Gutierrez family identified the subtleness of racism in the work place, and the not so subtleness of it in the town of Spreckels. They were very aware of life in a segregated part of town. However, they rose above it, to build their own home on the "right side of the track." Both Mike and Trine felt they suffered wage losses and benefits because of unequal treatment at work.⁸ Trine, because she was a woman, had to wait twenty-five years before being placed on the year round-status. She suffered the apprehension of keeping her job because of her ethnicity. Mike saw promotions go to others whom he considered less qualified employees, and realized his drawback was his race. Yet they have both remained in Spreckels and exhort the values of the community. That loyalty supports Allen and Cornford's arguments that fraternity and the closeness of town life developed a long-lasting community spirit.

⁸Mike and Trine Gutierrez interview, 7 April 1998.

Historians can analyze the relationship of employees to the company and see the glaring manipulations that the Company perpetrated to control the work force. Historians can report the disparity between the wealthy owners and the struggling workers. But historians cannot measure the pride and enjoyment which Spreckels residents have developed in "their" community.

Today the Spreckels Sugar Company is gone, but the town remains because the residents have taken ownership of more than just the property; they have taken ownership of something bigger, and that is the spirit of the community.

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