

# FREEZEOUT *in the* SALAD BOWL



VICTOR VARELA

By Bob Johnson

**B**arely six months after Watsonville celebrated the end of the grueling 18-month strike at the Watsonville Canning & Frozen Food Company in March, the city harbored dreams of renewal, but dignitaries from the city and the frozen food industry gathered to announce that the J.J. Crosetti Frozen Foods plant will close down by the end of the year.

The facility on Salinas Road in Pajaro will be dismantled and put up for sale to the highest bidder. And the company will merge resources with Norcal Frozen Foods, the struggling remnant of the once-powerful

Watsonville Canning.

More than a year before the announcement that their plant would close down, workers at Crosetti's—and at six other Watsonville area frozen food plants—had reluctantly swallowed 17-percent pay cuts as the price for keeping their jobs.

Teamster leaders, frozen food industry executives, and the Watsonville daily newspaper all proclaimed the wage cuts necessary if the Watsonville plants were to remain competitive. But no pay cut would allow the more than 4,000 predominantly Mexican workers in the Watsonville frozen food industry to become competitive with the Mexicans paid

30 cents an hour for doing the same work in Central Mexico for U.S. corporations.

**T**he rich valley straddling the Pan American Highway from Mexico City to Guadalajara has been considered for centuries the finest growing land in all of Mexico. Until the 1960s this region, known as the Bajío, was the leading producer of grains eaten by the Mexican people.

Between 1959 and 1963, however, Del Monte, Gerber, Campbell's and Heinz all opened canneries on a 75-mile stretch of the highway that runs through the heart of the Bajío.

They have since been joined in the region by grain producers Ralston-Purina and Anderson-Clayton and by vegetable freezers General Foods-Birdseye and Pillsbury-Green Giant. The grain companies now remove 3 million tons of corn and 6 million tons of sorghum annually from the Bajío's main state, Guanajuato, and the fruit and vegetable exporters account for nearly a third of Guanajuato's entire farm product. After decades as a major grain exporter, Mexico has been forced to import increasing quantities of grain.

Broccoli was not even grown in the Bajío—it is not a prominent part of the Mexican diet—until General

Foods followed the canners to Guanajuato in 1967. But today six frozen vegetable plants dominate the Guanajuato landscape and two more are located a few miles beyond the state border.

The main inducement for the vegetable freezers to locate in Mexico—as for the canners before them—is the plentiful supply of cheap labor. Five years ago the minimum wage in Mexico was \$1.00 an hour but, despite adjustments every six months, staggering inflation had dropped the minimum wage to 30 cents an hour last year.

The Mexicans who are paid 30 cents an hour for working the fields



State Senator Henry Mello talks over the tough times with J.J. Crosetti Jr., whose family has decided to join with Norcal Frozen Foods rather than go it alone in the frozen broccoli business.

and processing plants of the Bajío are direct competition for the 4,000 workers who make Watsonville the "Frozen Food Capital of the World" and for the even larger number of workers who make the Salinas Valley the richest vegetable growing land on earth.

"The domestic Mexican market for frozen vegetables is practically negligible," says University of California at Berkeley agricultural economist Kirby Moulton, who recently concluded a study of the frozen vegetable industry in Mexico. "All of the frozen broccoli is coming up here."

More than a quarter of the frozen broccoli eaten in the U.S. last year, and nearly 40 percent of the frozen cauliflower, was grown and packed in Mexico. And the future looks even cloudier for the domestic industry—still dominated by Salinas Valley fields and Watsonville processing plants—as preliminary indications are that the plants located in Mexico will easily surpass this year the 140 million pounds of frozen broccoli and cauliflower shipped over the border last year.

No other land on earth is as generous in yielding the green leafy vegetables increasingly craved by a health-conscious public as the lush valley flatlands creased by Highway 101 from Salinas to King City. Last year the Salinas Valley produced nearly a billion pounds of broccoli and cauliflower—half the crop of the entire nation.

"The advantage we have is we have a long season," says Chualar grower Bob Johnson. "It's a combination of the soil and the mild weather from the coast—we can get two crops a year." Johnson's family has farmed in the area since his grandfather settled south of Salinas in the 1870s. And Johnson himself began growing broccoli in the mid-1950s, long before it was a major Salinas Valley crop. He witnessed the growth of the market for broccoli and cauliflower as the public became more aware of the importance of vegetable fiber in preventing cancer and heart disease. And he has also witnessed the effects of the sudden emergence of competition for that market from the fields of Mexico.

"We're harvesting cauliflower now and the harvesters' freezers aren't taking it," Johnson says. "Production is increasing and the freezers are taking less. We've had some tough years and everybody's just hanging in." Salinas Valley growers, finding the processors more reluctant to buy,

have been forced to dump their cauliflower and broccoli on the fresh market. The result has been a glut and falling prices: In 1983 the average price to a Monterey County farmer was 30.5 cents for a pound of fresh broccoli but last year the price fell to 21.5 cents a pound.

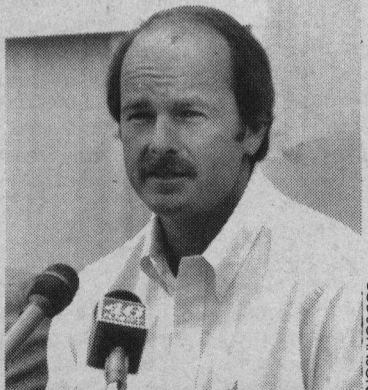
Despite the submission of workers to 17-percent pay cuts—from \$7.06 an hour to \$5.85 an hour—at Watsonville frozen food plants last year, the production of broccoli and cauliflower has continued to slide this year.

Dick Shaw's plant on Watsonville's Harvest Drive became the largest

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broccoli processing facility in the country by default when the former leader, Watsonville Canning, stubbornly tried to drive wages even lower than \$5.85 an hour and crumbled when the workers held out on strike for 18 months. But even Shaw has become cautious in setting production goals. "We pack what our customers want," he says. "We've cut back somewhat."

The cutback has been more severe, however, at the other two major broccoli processors in Watsonville.



King City harvester David Gill has learned even more about the frozen broccoli crisis since turning in \$5 million in IOUs for ownership of strike-battered Watsonville Canning.

The remains of Watsonville Canning have never approached the production figures of the early 1980s since King City harvester David Gill picked the plant up at rock-bottom price by cashing in \$5 million of nearly worthless IOUs for broccoli delivered during the strike. Although the decline has been less dramatic, Crosetti's also scaled down production before deciding in September to put the plant up for sale and join forces with Gill.

No one even used the word "closure"—the terms of choice were "consolidation" and "merger"—when company officials announced that the Crosetti plant on Salinas Road would close down by the end of the year and the Crosettis would buy into Gill's operation, which is now called Crosetti/Norcal Frozen Foods.

"This move means we have a real solid chance at surviving; it feels absolutely necessary," said J.J. Crosetti Jr. at the press conference announcing the transaction. This move to survive means that the Crosettis—the best known and among the most powerful farm families in Santa Cruz County—will not have their own independent farming or food-processing facility for the first time in many decades.

State Senator Henry Mello, an old friend to generations of Crosettis, dropped by the announcement ceremony to congratulate the companies for their good sense in slowing the Pajaro Valley job drain. But, Mello cautioned, "The problem will not go away because we are not allowed to ship our goods on the same terms as other countries export theirs to the United States. And the state of Texas [with the fastest growing domestic frozen broccoli industry] is like a foreign country because they don't enforce wage and labor laws."

While Crosetti workers were preparing to turn down a pay cut from \$7.06 an hour to \$5.85 an hour in early July, 1986—they would accept the cut in a second vote after three weeks without work—news reached Watsonville of an event that keeps the frozen food strike alive to this day in Salinas and Modesto, in Fairmont, Minnesota, and at the corporate headquarters of United Foods in Bells, Tennessee.

United Foods seized the opportunity—the Teamsters had their hands more than full with strikes and negotiations at Watsonville plants—to unilaterally drop wages at plants in Modesto and Minnesota from \$7.06 an hour to \$5.05 an hour. After living with the cut for a year, nearly 300 of the Modesto workers went on strike this July and they were joined in August by 400 workers at the United plant on Sanborn Road in Salinas. The union began a boycott of United products this month and scored an early victory when Nob Hill Foods agreed to pull United's Pictsweet brand from the shelves of eight stores in six Central Coast cities.

After hearing the footsteps of approaching Teamster pickets, the Gilroy-based market chain agreed to remove United's major house brand from stores in Watsonville, Salinas, Greenfield, Hollister, Gilroy and San Jose. "This is one of those unfortunate situations where the grocer is in the middle," said Nob Hill vice president Jim Trelut, who made the decision to stop selling the brand.

"We don't want any pickets in front of our stores—the customer suffers for it."

United officials in Salinas and Modesto referred a reporter's questions to company headquarters in Bells, Tennessee. Senior vice president Bill Ennis was unavailable for comment and a secretary at the Tennessee office said, "He is our spokesperson for the company on matters like that—he is the only one."

While United is proposing wages even lower than the standard set by last year's concession—the company offer is \$5.70 an hour, and \$5.55 an hour for new employees—the deepest proposed cut is in benefits. "They want to go with their own pension plan which is worth one-third of the

Teamster pension plan," said Franklin Gallegos, president of Salinas-based Teamsters Local 890. "And their health insurance plan would reduce benefits by one-third." The two sides remain far apart, there have been no talks in nearly two months, and, Gallegos said, "At this point our main strategy is the boycott."

Lucky's supermarkets have also stopped buying frozen vegetables from United, according to Local 890 organizer Shiree Teng, and the boycott will now focus on persuading Albertson's to do the same. The boycott includes all United house brands—Pictsweet, Delaney, Winter Garden and Tennessee—as well as Janet Lee and Lady Lee frozen vegetables from United facilities.

## California Food Biz: Where's It Going?



KAREN BUTLER

No food processor was better prepared for expansion to fields around the globe than the San Francisco-based Del Monte Corporation. Del Monte's impressive arsenal of plantations and canneries includes operations in South Africa, Kenya, Greece, England, Canada, Venezuela, Guatemala, Costa Rica, Texas, Hawaii, Japan, California and the Mexican Bajío. The company holdings were expanded recently to include a modest farm on the Yangtze River Delta that supplies tomatoes, asparagus and sweet peas to the Del Monte cannery in the People's Republic of China.

While most Del Monte products for American customers are still grown and processed in this country, the company's exports have dropped considerably as Del Monte's foreign operation has expanded. "There used to be products exported to Europe," says longtime Del Monte spokesperson Hank Sandbach. "They were important markets. But the tariff schedules in Europe did not leave much choice but to work from within those countries."

While Del Monte continued to expand its overseas operations, it was closing plants in the 1980s in Oakland, Sacramento, Fullerton, San Jose and Yuba City.

Even before those closures, Del Monte had abandoned its once-extensive California farming operation and chosen the safe course of buying from growers. "Del

Monte used to do most of its own growing in California," Sandbach says. "But that turned in the 1960s." The process was completed with the 1978 sale of the world's largest peach orchard, the Fancher Ranch outside Merced.

The declining market and plant closures have been a disaster for California farmers—who grew more than 90 percent of the nation's canned peaches, pears and apricots, nearly 90 percent of the canned tomatoes, and 80 percent of the frozen broccoli and cauliflower. While the national farm trade debate focuses on the devastation brought to the heartland by the loss of overseas grain markets, "foreign" competition in canned and frozen fruits and vegetables is bringing rust to the fields and processing plants of the Golden State. After entering this decade with a \$600-million trade surplus in fruits, vegetables and citrus concentrates, according to the International Trade Commission, the U.S. had a \$1.7 billion trade deficit in those products by 1985.

Just a few miles down Highway 101 from the land where Silicon Valley was built on the graves of orchards that once supplied produce for canneries employing up to 50,000 workers in San Jose, those in the farming industry of the Salinas Valley and the processing industry of Watsonville anxiously wonder how much longer they can survive in the broccoli and cauliflower business.

—Bob Johnson