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A Retrospective

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A.P. Giannini: His Legacy to California Agriculture

Alex F. McCalla and Warren E. Johnston

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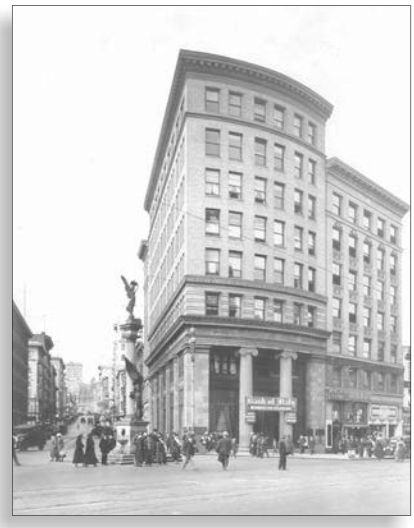
The Giannini Foundation of Agricultural Economics was established by a gift of $1.5 million by the Bank of Italy (Bancitaly Corporation) to the University of California in 1928. The gift resulted from the decision of the founder of the Bank of Italy, Amadeo Peter (A.P.) Giannini to have the bank give his 1928 remuneration away. The purpose of this paper is to provide the necessary background to set the stage for this day-long celebration of the beginning of the Foundation.

The first basic question we had to address: which date should we celebrate? Conception, which would be 1926 when the board of the Bank of Italy decided that the president, A.P. Giannini, should have some compensation in lieu of the salary he refused to take, or should it be 1927 when A.P. said he did not want it (he had a paranoia about becoming rich) and asked them to give it to the university. Or should we celebrate its "birth"—the board decision to give $1.5 million to the University of California (UC) in January 1928, its formal transmittal to the university dated February 10, 1928, and acceptance by UC on February 14, 1928? Or should we celebrate the early steps—such as appointment of the first director in late 1928? Or physical reality—completion of Giannini Hall, claimant of one-third of the gift, in September 1930? Or a new foundation, up and walking with establishment of the Giannini Foundation Library of Agricultural Economics, the hiring of early staff members, and the beginning of Foundation activities in the academic year 1930/31? It was decided that we should celebrate all of these but focus on the beginning of a functioning institution. Therefore, academic year 2005/06 is the appropriate time to have the 75TH ANNIVERSARY celebration. Many of you attended the seventy-fifth anniversary of the completion of Giannini Hall held on the Berkeley campus in September 2005. Today at Davis we celebrate the Foundation starting its work seventy-five years ago.

We have been surprised as we prepared for this event by how many people asked who A.P. Giannini was. We thought everybody knew that the Foundation was named in honor of Amadeo Peter Giannini, known by everybody as "A.P.," who in 1904 established the Bank of Italy in the North Beach district of San Francisco. The Bank of Italy grew and A.P. acquired other banks, including the Bank of America of California (and a Bank of America in New York), that were merged with Bank of Italy in September 1930 and became the Bank of America, NT and SA (National Trust and Savings Association) (BofA). By October 1945, just forty-one years after the single branch of the Bank of Italy opened, Bank of America surpassed Chase Bank as the

largest bank in the world with more than $5 billion in assets (James and James 1954, p. 447). When A.P. died June 3, 1949, Bank of America had 517 branches and in excess of $6 billion in assets (Nash 1992, p. 144). By the late 1940s the bank had "four million individual customers . . . [and] held the savings deposits of one out of every three Californians, or 40% of the state's total bank deposits" (Bonadio 1994, p. xix). By all accounts, A.P. Giannini was an incredible man who had an enormous influence on California. To quote Sir Harold Evans (2004, p. 259), he "was a visionary whose innovations in banking built the state of California and transformed the finances of the common person." But he had a special impact on California agriculture, the consequences of which persist today as California continues to lead all states in agricultural performance.

Bank of Italy on Market Street in San Francisco about 1920. Photo provided by the Bank of America Historical Collection.



Thus the remainder of our paper will focus on A.P. Giannini, his roots in agriculture and the commodity business, his commitment to serving the little man, including small farmers, and his vision, fought against by many, of how branch banking could help small communities and rural areas prosper. The next paper focuses on the origins and evolution of the Giannini Foundation, and the papers this afternoon evaluate the performance of the Foundation against the original objectives, spelled out in the transmittal letter dated February 10, 1928.

A.P. Giannini's Early Years and Career One—Produce Broker

There has been much written about A.P. Giannini, including that by distinguished historians in this audience, so our task is, to say the least, challenging. To protect ourselves, we have relied primarily on four published historical sources. We provide you a brief menu from which you might choose if you want to learn more. If you have a lot of time and want the most detailed account, there is the officially commissioned history of the Bank of America entitled *Biography of a Bank* by Marquis James and Bessie Rowland James, a 554-page tome first published in 1954. Despite the title, the authors admit at the end of the book that it reads like a biography of A.P. Giannini because "In truth, he was the Bank of America" (James and James 1954, p. 503). The second book is an independent history written by an academic historian. It is 400-plus pages (303 pages of text and an incredible 102 pages of notes) entitled *A.P. Giannini: Banker of America*. The author is former UC Santa Barbara historian Felice A. Bonadio. It is a twelve-year effort published in 1994. Third is a more compact, 150-page business history written by University of New Mexico historian Gerald D. Nash entitled *A.P. Giannini and the Bank of America* and published in 1992. Fourth, and most recent, is an excellent short version (eighteen pages), a chapter entitled "Amadeo Peter Giannini: The Big Man on the Side of the Little Man: The People's Banker" in Sir Harold Evans' recent book *They Made America* (2004, pp. 258–275). This last piece is a tantalizing appetizer to the full story of A.P. Giannini.

All authors agree that A.P. Giannini made multiple significant contributions to the development of California through the establishment, retention (when others tried to take it away), and, ultimately, completion of an all-encompassing branch banking

system blanketing California. He was a visionary, a self-confident analyst, a consummate promoter and salesman, an astute judge of character, a fierce and unrelenting competitor, and, above all, committed to the little man. For him, the payoff was in putting together a winning deal but despite the fact that he wanted them to be successful deals, he seemed disinterested in making money. He was, in fact, deathly afraid of becoming rich. He was a big man physically—broad-shouldered and handsome said the ladies—and also big intellectually, a man who dominated almost every enterprise in which he engaged. He helped the average person establish savings accounts and lent to them for personal needs; he financed small businesses and farmers; he bet on new industries—Hollywood, for example; he supported public projects (by, for example, purchasing bonds of irrigation districts) that included the Hetch Hetchy reservoir and the Golden Gate Bridge; he threw lifelines to industries in trouble, particularly those related to agriculture; he helped in a big way to finance war efforts during World War II; and, overall, he had an enormous impact on the economic development of California in the first half of the twentieth century.

But A.P. Giannini never intended to be a banker—it was his third career. He got into the business in a peak of anger in 1904: "I might never have gone into the banking business if I hadn't gotten so damn mad at those directors," he later recalled (Bonadio 1994, p. 26). But we are ahead of our story.

A.P. Giannini's roots were in agriculture and he learned his skills as a marketer, financier, strategist, and judge of character in the fresh produce business working with his stepfather, Lorenzo Scatena. So from here on let us focus on Giannini and his contribution to agriculture.

A.P. Giannini was the first son of Luigi and Virginia Giannini born on May 6, 1870 (one of the few dates all historians appear to agree on). A.P.'s father had spent several years in the 1860s in California prospecting for gold and learned of Virginia from letters she wrote to her brother in California, one of Luigi's friends. So, in 1869 Luigi went back to Italy, found Virginia, and courted her and they were married August 10, 1869. Sometime thereafter (stories differ), Luigi and his bride traveled by ship to New York and via the newly completed transcontinental railway from New York to Omaha to Sacramento, arriving in San Jose in late September 1869 (or later). Given his birth date, A.P. also made that journey on the newly finished Central Pacific Railroad. "Amadeo had the snuggest journey of all; he was ensconced in the womb of his plucky mother" (Evans 2004, p. 259). He was born in the "Swiss Hotel" in San Jose, which his parents had leased and were operating, serving mainly single Italian immigrants.

Luigi must have done alright in the hotel business because within two years he had bought forty acres in Alviso, a farming hamlet eight miles north of San Jose. Over the next couple of years, he prospered growing fruits and vegetables and selling them to commission firms in San Francisco. He was preparing to clear more land and plant more trees when tragedy struck. Luigi Giannini had a dispute with one of his workers over one or two dollars and the worker came back and shot Luigi "as the six year old son looked on in horror. Luigi died almost instantly" (Nash 1992, p. 8). The date was apparently August 13 or 14, 1876, although two of our four sources put the date as 1877. (There are many more of these conflicts on dates in this story but we will not

Events in the Life of A.P. Giannini

1870
Born May 6 in San Jose to Luigi and Virginia.

1876 or 1877
Luigi Giannini is killed by an employee of his produce operation.

1880
Virginia, who maintains the produce operation after Luigi's death, marries Lorenzo Scatena.

1883
Lorenzo Scatena opens L. Scatena and Company, a produce wholesale operation.

1884/85
A.P., fourteen years of age, meets the challenge presented by his stepfather to purchase a carload of oranges from a firm that was not a customer; he buys two carloads.

1885
A.P., fifteen, drops out of school to work full-time for L. Scatena and Company.

1889
A.P. becomes a one-third partner in the firm.

1891
A.P. becomes a one-half partner in L. Scatena and Company.

comment again.) So A.P.'s mother was left a widow at age twenty-one, with two young boys (Attilio had been born in 1874) and pregnant with a third child. She continued to work the farm and sell produce in San Francisco, occasionally taking A.P. with her on her periodic trips to the San Francisco waterfront to sell produce. While keeping the farm afloat, she met a teamster who drove wagons hauling produce for local farmers. His name was Lorenzo Scatena and they were married in 1880 and he came to work on the farm. In 1882, the family gave up the farm and moved briefly back to San Jose before moving to San Francisco in late 1882. There, Lorenzo went to work for a vegetable commission house. He worked hard and did well and was encouraged by Virginia to ask for a raise. When it was refused, she pushed him to start his own wholesale house and by the end of 1883, L. Scatena and Company was open for business.

A keen observer of this business was twelve-year-old A.P. While he did well in school, he was apparently more interested in his stepfather's business. "A.P. soon found himself riveted much more to his father's business dealings than to his schoolbooks" (Nash 1992, p. 10). He went most afternoons directly to L. Scatena and Company to keep track of what was going on. He befriended the company's bookkeeper, an elderly Irishman named Tim Delay, and learned the mysteries of books of accounts. When A.P. was twelve or thirteen, his stepfather began to receive offers from farmers in the area to have his firm sell their crops. Scatena was surprised because he had had no prior dealings with any of them. It turns out A.P., practicing his best penmanship, had sent out dozens of letters to potential new customers in a wide radius around San Francisco promising "honest prices on the barrelhead and great service." It was A.P.'s first successful business venture.

Before A.P. turned fifteen, in an effort to discourage him from quitting school and going into the commission business, Virginia persuaded Lorenzo to give A.P. a very difficult task in which he would likely fail. "Scatena offered him a gold watch for the first carload of oranges he could buy from a grower who was not a customer of the firm" (Nash 1992, p. 11). Scatena thought it was mission impossible, but three weeks later A.P. walked in "with a consignment order, not for one, but for two boxcars of oranges from the Santa Ana Fruit Company in Tustin" (Nash 1992, p. 12). A.P. recalled proudly as an adult that he still had "the gold watch Pop Scatena gave me . . . It reminds me that the only pleasure I had and the only pleasure ever wanted as a young boy was the reward and pleasure of a successful transaction" (Nash 1992, p. 12).

The attempt at dissuasion obviously backfired and, instead, further fueled A.P.'s desire to join the business. Thus, late in the spring of 1885, he dropped out of school to devote himself full time to work at L. Scatena and Co. To soften the blow to his

mother, he agreed to take a three-month course in accounting at Heald Business School in San Francisco. He accelerated his studies, completing his course in six weeks so he could get to work sooner.

At L. Scatena and Co., he threw himself into learning the business from all sides and soon was accompanying his stepfather on purchasing trips into the Sacramento Valley. He was a keen observer of what produce buyers bought and what their products sold for. For example, he observed that early peas commanded a better price. So he studied pea growing, learning that earlier planting dates, while risky, produced smaller, more tender peas that fetched a premium. He passed this information along to his growers, who rewarded him with more business. More generally, he was an astute observer of successful growing practices and willingly passed these along. He also recognized that ranchers sometimes had difficulty getting improvement funds, and A.P. persuaded Scatena that carefully evaluated credit advances were good for business. The house of Scatena prospered on the basis of the hard work of an already mature seventeen-year-old.

Business card of L. Scatena & Co. Image provided by the Bank of America Historical Collection.

In his first two years with the firm, he spent more and more time ranging in wider circles on horseback and on foot, looking for customers. He was a tireless worker with a real talent as a salesman; had the ability to, as he said, "size up men quickly;" possessed a willingness to gamble; and was truly turned on by the deal. These traits played out in the pear deal in 1887 when A.P. was seventeen. He was convinced, on the basis of his roaming about, that there was going to be a short crop of pears in the Sacramento Valley. He persuaded his stepfather to send him on a general buying trip. "Saying nothing about his intentions to his stepfather, he signed consignment orders with growers for all the pears he could find. The stakes were high, but just as he had anticipated, there was a shortage of pears and the price climbed to more than twice its expected value" (Bonadio 1994, p. 12). Giannini later remembered that "It was a big gamble, but I guessed right. I made $50,000 for the Scatena firm with the deal" (quoted in Bonadio 1994, p. 12).

As A.P. took more and more responsibility for the firm's field operations, he became not just a classic middleman (buyer and seller) but a knowledge broker and financial middleman as well. He worked very hard, knew his clients well, and "quickly established a remarkable reputation for personal integrity and honest business practices. Instead of keeping farmers in the dark about prices, he would bring along a list of prices for produce in San Francisco" (Bonadio 1994, p. 14).

At age nineteen (1889) he became a one-third partner in the firm and in 1891, at age twenty-one, a one-half partner. He exhibited an unbeatable set of abilities: aggressive and persistent talents as a salesman; willingness to work long hours; and, above all, his almost uncanny sense of being able to size up a deal and then go after it with a tenacity that became legendary. "I don't think he ever lost an account or a contest of any kind" one rival merchant would remember. "No one could bluff, intimidate,

or out-general him" (Bonadio 1994, p. 10). But as his salesmanship paid off in terms of the firm expanding and profits rising, A.P. repeatedly stated that "I don't want to be rich." He insisted in one of his many remarks, hammering on the same point, that "No man actually owns a fortune; it owns him" (Evans 2004, p. 261). "By the time he was twenty-one, A.P. had already developed many of the qualities that characterized him during his business career" (Nash 1992, p. 15). "A.P. and California were well matched. Both he and the state reflected enormous diversity, optimism, talent, and remarkable energy" (Nash 1992, p. 15).

L. Scatena and Company thrived in the 1890s. "By 1899 L. Scatena and Company had become the largest wholesale firm in produce on the San Francisco waterfront and was prospering as never before" (Bonadio 1994, p. 18). This was in no small part due to A.P.'s expanding ability to attract new business. In 1892, A.P. married Clorinda Cuneo, daughter of a wealthy Italian-American real estate owner in San Francisco. The tall, broad-shouldered, dark and handsome toast of North Beach was now a married family man for life. Over the 1890s, A.P. spent some of his earnings investing in real estate. He dabbled in San Francisco politics in 1899 and in 1901 he suddenly sold his shares of L. Scatena and Company (judged to be worth between $100,000 and $200,000) to several coworkers and retired from the produce business. Some say he got restless and bored because his duties were becoming routine. He said his career had lost its excitement. In his own words, "Our firm had absorbed or driven out of business all the big commission houses. I suppose that is why I quit the produce business. There wasn't anyone around to fight me anymore" (quoted in Bonadio 1994, p. 22).

We have dwelled on this early period because we think these early experiences shaped how he approached building the Bank of Italy/America. A.P. was not enamored with farming per se: "I didn't care very much for farming, but it is sincere, honest work, which is the best recipe for happiness I know" (quoted in Bonadio 1994, p. 1). But he respected farmers and truly believed he could help them. In the produce business he learned about the new California agriculture that was just about to explode onto the scene. The four decades comprising 1890 through 1930 saw the incredible transformation of California agriculture from extensive dry land grain fields and livestock range operations to an agriculture that, by 1930, was 80% intensive cultivation (Olmstead and Rhode 1997, p. 5; Johnston and McCalla 2004, p. 9). Fruits and vegetables were the coming bonanza of California as irrigation spread rapidly. A.P.'s knowledge of markets, of the need for quick strategic decisions in the perishable produce business, of production agriculture methods, and of the essential role of credit served him well in the banking business he was about to enter. He knew, respected, and trusted small farmers and was prepared, even in the Scatena days, to lend or advance money on the basis of a look in the eye and a firm handshake. He also learned that it was the winning deal that gave him pleasure. The money that came with it seemed of less interest.

Career Two—Real Estate Dealer and Manager

So A.P. embarked at age thirty-one on his second career. He "decided to plunge into the precarious but potentially lucrative world of San Francisco real estate" (Bonadio 1994, p. 22). He rented desk space at a respected real estate firm and set out in

earnest to learn about the trade. But fate was again to change his course. In June 1902, Giannini's father-in-law, Joseph Cuneo, died, leaving a widow, eleven children, and no will. Rather than fight over division of the estate, the children placed the management of more than one hundred properties in the hands of their brother-in-law, A.P. Giannini. The agreement was for ten years and A.P. got to keep 25% of any increase in property values (Nash 1992, p. 21).

One of Cuneo's other business activities was to sit on the board of directors of a small North Beach bank that had been founded by John Fugazi in 1893, supposedly to serve the Italian-American community. A.P. assumed Cuneo's position on the board and from the first meeting onward he became increasingly agitated that the bank was not actively competing with a newer bank by aggressively seeking out customers, providing checking accounts, and actually lending money to ordinary hard-working folks. He saw enormous opportunities in North Beach, as he did in California, and was appalled that his fellow directors were not jumping at the chance. He started coming to meetings with a wide range of proposed policy changes. He pushed them to specifically target other ethnic groups in addition to Italian-Americans. While these people were poor, they were also thrifty, honest, hard-working folks who had small savings hidden somewhere in their houses. "A.P. recognized that in the twentieth century large profits could be made by catering to the masses—to millions of people with modest means" (Nash 1992, p. 23).

A.P. saw these proposed changes as not only sensible but obvious. But most of his fellow directors did not. Fugazi accused him of being "A young, ambitious hotshot . . . infatuated with big plans and crazy ideas" (Bonadio 1994, p. 26). It came to a head in the summer of 1904 when A.P. angrily announced his resignation from the board and stormed out. He went straight down the street to the office of James Fagan, vice president of American National Bank where L. Scatena banked, and burst through the door shouting, "Giacomo, I'm going to start a bank. Tell me how to do it" (Bonadio 1994, p. 26).

A.P. Giannini in 1904. Image provided by the Bank of America Historical Collection.

Suddenly, He's a Banker—Career Three

So in the fall of 1904, A.P. entered into his third career by opening the Bank of Italy on October 15, 1904, and the rest, as they say, is history. This is not the place to recount in any detail how the Bank of Italy was transformed into Bank of America and, by mid-century, the biggest bank in the world. But we can tell you it is a fascinating story: How A.P. actively sought to serve the ordinary man: "The 'little fellow' is the best customer that a bank can have. He starts with you and stays with you until the end," said A.P. (Nash 1992, p. 43). How he believed that banks should be a part of the community, open and accessible to all. Thus, for each local branch he established local advisory committees, encouraged local depositors to buy stock in the Bank of Italy, and hired local staff members. Bank officers, including A.P., sat out in the middle of the floor where people could walk in and talk to them. He did not want his employees sitting on elevated stools behind massive cages with bars. Or about how the bank grew in 1905 and how A.P., after the earthquake

of 1906, collected the bank's records and assets/deposits and spirited them away to San Mateo in the bottom of a produce wagon covered with crates of oranges. Or how he was one of the first, if not THE first, to reopen after the 1906 earthquake. How he foresaw a huge building boom and advanced money to ship captains, telling them to go to Washington and Oregon and buy lumber and bring it back. And how he rushed to help finance the rebuilding of San Francisco.

We should note that by 1908 he was thinking about how banking could be organized to overcome the constraints of small local banks with small resources and undiversified portfolios. He listened to a speech by L.J. Gage, who was Secretary of the Treasury under President McKinley, in which Gage expounded on the virtues of Canada's branch banking system. A few months later, he heard Woodrow Wilson, then president of Princeton University, advocating branch banking as "a means of preventing banking crises" (Nash 1992, p. 38). A.P. soon became an advocate of branch banking and set out to create a branch banking system of his own. His vision was first for California and then for the West, the United States, and why not the world (Nash 1992, p. 51)?

We now fast-forward to the period 1916–1918, when A.P. aggressively expanded his branch banking model to many agricultural communities in the Central Valley of California. A.P. had opened a second branch in San Francisco in 1907 and established his first branch in another city by acquiring a bank in San Jose that was in trouble in 1909. He bought two more in San Francisco in 1910 and another in San Mateo in 1912. After a brief flirtation with New York, A.P. moved south to Los Angeles, but he encountered multiple forms of resistance from local banking interests and state officials. However, by 1916 he had a southern beachhead and he turned his attention to the rich agricultural valleys of inland California where he believed that branch banking would have its greatest advantage. "Giannini viewed the state's vast sweep of heavily populated farm towns as a reservoir of untapped business" (Bonadio 1994, p. 30). A.P. saw that rapid development required big capital and big institutions that small local banks could not provide. Branch banking was, to quote A.P., "the only way that a small town can get the resources and the brain power and equipment of a billion dollar bank. And when they've got it, the town starts growing" (quoted in Nash 1992, p. 39).

Notable Events in the Early 1900s

1902
Father-in-law Joseph Cuneo dies and his widow and children turn control of his real estate businesses over to A.P., who also takes his seat on the board of a small North Beach bank.

1904
A.P. opens the Bank of Italy on October 15.

1906
The great San Francisco earthquake levels the Bank of Italy's building but fails to destroy the vault.

1916
Bank of Italy opens its first Central Valley branch in Merced.

1918
Bank of Italy has expanded to include twenty-four branches in eighteen cities.

A.P.'s Special Relationship with Agriculture

The Bank of Italy's foray into the Central Valley in 1916 occurred in a period when the stars were lined up in A.P.'s favor. Agricultural prices had strengthened because of the war and continued to press upwards. Better prices encouraged farmers to intensify the conversion from dry land to irrigated agriculture. This required capital to build irrigation systems, drill wells, buy machinery, and level land. It required intermediate credit to tide farmers over the establishment of orchards and it required operating

capital to plant, maintain, and harvest the new crops. This was an agriculture A.P. understood and was comfortable with.

The first branch in the Central Valley opened in Merced on June 7, 1916, and Bank of Italy made its bid for business by telling potential customers there was plenty of money available at 7%. This was a rate significantly below prevailing rates. Branches in Fresno, Modesto, Madera, and Stockton followed. In Fresno, the Bank of Italy actually lowered interest rates, including some that were as high as 12%, on existing loans, a practice never seen before. Other branches were established through purchases in Santa Clara, Gilroy, and Hollister. The bank also moved north of San Francisco, establishing branches in Napa and Santa Rosa (Sonoma County), and to the south coast, establishing a branch in Ventura. On December 15, 1915, there were seven branches in four cities with aggregate resources of $22 million. On December 31, 1918, there were twenty-four branches in eighteen cities with aggregate resources of more than $93 million (James and James 1954, pp. 81–82). "The branches retained the flavor of local institutions. In each of the . . . new localities were local stockholders of the Bank of Italy, a local advisory board and local employees" (James and James 1954, p. 73).

Bank of Italy's first branch bank, in Merced. Image provided by the Bank of America Historical Collection.

The Modesto Branch in 1917. Image provided by the Bank of America Historical Collection.

Giannini actively sought customers. "Farmers got to know his black Packard, racing along dirt roads on Sunday scouting missions with his family" (Evans 2004, p. 269). The valley, Giannini affirmed, "is a great undeveloped field . . . and that is the reason we are here. Fresno is as much our home as San Francisco, and we are going to do all possible in financial aid for the businessman and the farmer" (quoted in James and James 1954, p. 84). The Bank of Italy lent to all kinds of agriculture, including dairies, but its special focus was on the expanding horticultural industry. And the focus was also on small farmers. "We had a lot of little farmers who needed money," the manager at Merced later recalled. "The branch grew because A.P. insisted we take care of the little farmer" (James and James 1954, p. 87). In addition to farm lending, the Bank of Italy moved to meet the seasonal credit needs of canners and packers, which would have been beyond the capacity of local rural bankers.

As the Bank of Italy solidified its position in the Central Valley, its leaders recognized that, for California agriculture to succeed in marketing perishable crops in distant markets, the industry needed collective action. In 1919, sales through agricultural marketing cooperatives ($127 million) significantly exceeded those of the next largest state, Minnesota ($82 million). "By 1920, California's growers were operating approximately twenty-nine cooperative fruit-marketing agencies, twenty field-crop organizations, five poultry organizations, and ten dairy and livestock

organizations" (James and James 1954, p. 89). The Bank of Italy, on the motion of A.P. Giannini, granted $250,000 in credit to the newly formed California Prune and Apricot Growers' Association in 1918. Credits were also given to the California Growers' Association (canned goods) and the California Associated Raisin Company. At the end of the price boom in 1918, the Bank of Italy was a major player in financing California agriculture; by 1919, agriculture was the majority of Bank of Italy's lending. "More than half of the $74,737,000 that the Bank of Italy loaned in 1919 in the ordinary course of business went to farmers, packers and canners" (James and James 1954, p. 113).

But usually in agriculture, periods of low prices follow booms and 1919 was no exception. Some of the very cooperatives the Bank of Italy had helped were in difficulty. Following creation of the Federal Reserve system, bankers' acceptances were introduced. Bank of Italy reacted quickly and used acceptances to provide a $3 million line of credit to the Prune and Apricot Association. This provided a mechanism for growers to access cash without dumping product on the market. The 1919 crop of beans, both north and south, was large and prices plunged. The year-old California Bean Growers' Association had in its warehouse beans worth between $3 and $4 million at the panic prices prevailing but growers needed money immediately. So, to prevent further depression of prices, the Bank of Italy advanced the association $100,000 for emergency cash and set up a credit of $1.5 million to allow the association to hold product off the market. A similar action was taken for lima beans in the south. No small local bank could have helped in situations of this magnitude. The bean story reinforced A.P.'s view that only a statewide branch banking system could deal with these problems.

After the recession of 1919–1921, things improved in California agriculture. The Bank of Italy continued to expand its branch banking system but resistance from state regulators and politicians slowed progress. Nevertheless, over the decade of the 1920s, California's "new" agriculture continued to expand.

vineyard acreage	+94%
citrus fruits	+25%
subtropical fruits and nuts	+82%
temperate zone fruits	+61%

Farm land values increased, as did farm income, but so did real estate debt. The Bank of Italy consolidated its position as a leading lender to agriculture, moving "into first place as a banker of agriculture" (James and James 1954, p. 248).

It was during this period that the Bank of Italy started putting farmers on a budget, "a radical departure in that day" (James and James 1954, p. 251). The budget included the full gamut of farm costs:

- capital expenditures, such as team or tractor.
- materials and supplies, from gasoline to twine.
- operating costs for crop plowing, cultivating, irrigating, etc.
- estimates of monthly advances.
- crop forecasts.

"Behind every budget was a watchful Bank of Italy man—branch manager, field man or appraiser—to see that the borrower lived up to his contract, which incidentally carried with it object lessons in efficiency and farm management" (James and James 1954, pp. 251–252).

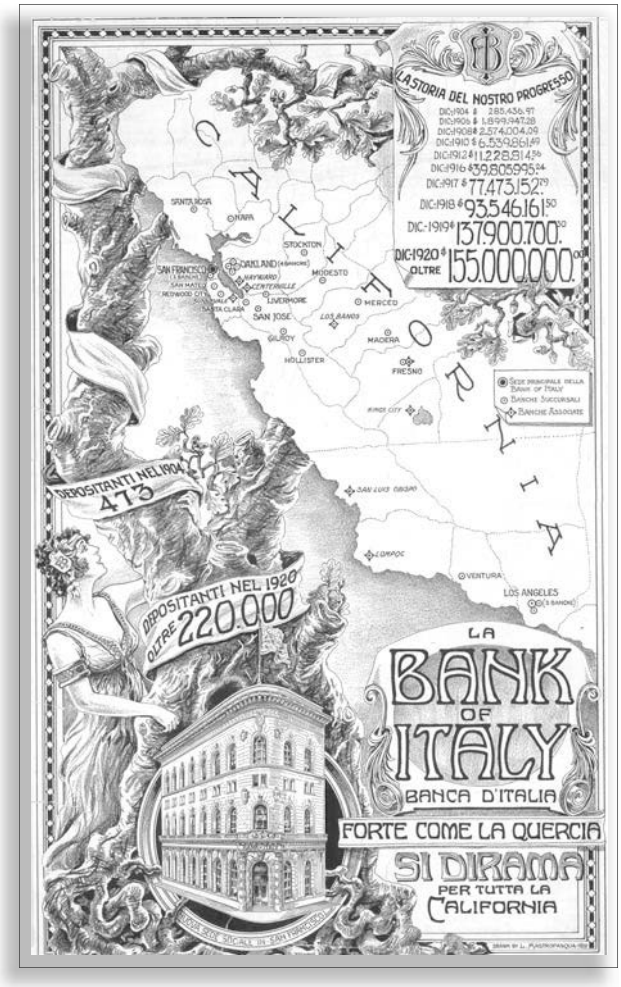
Farmers sometimes publicly resented being "managed by bankers" but at least one Yuba County peach farmer wrote to say that he believed in the system; if it made him more efficient in periods of low prices, he could make much more in periods of high prices.

By 1930, the Bank of Italy held mortgages on 12,147 farms totaling 1,681,577 acres and worth more than $70 million.

But all was not well. A quick story: There were very good raisin prices in 1920, $296 per ton compared to just $100 per ton just five years earlier. Raisin land prices soared, acreage expanded, and, with a lag, so did production. Unfortunately, this expansion coincided with European recovery and prices plunged to $73 per ton. The California Associated Raisin Company had overreached itself and was $8.5 million in debt, including a significant chunk owed to the Bank of Italy. Giannini, in counsel with two other banks, concluded that bankruptcy would "ruin every vineyardist in the San Joaquin Valley and carry with it a number of local banks" (James and James 1954, p. 255). They advanced money to restructure the industry under the new name Sun-Maid Raisin Growers. But production again started to rise and, again, a consortium of banks tried to get growers, through the California Vineyard Association, to reduce production by leaving some grapes on the vines. But only 60% of the growers signed up (the classic free-rider problem). Finally, under the Federal Farm Board of 1929, which contributed $6,669,000, three banks, including Bank of Italy, agreed to provide $4,500,000 in one more attempt to keep Sun-Maid afloat but only if 85% of the growers signed up. By 1930, enough growers were signed up to proceed. This is a case where Bank of Italy plus two or three other bigger banks helped salvage an industry over an extended period of time.

There are similar stories from the 1920s about Giannini and the Bank of Italy trying to help California agriculture—how efforts to reduce California's dependence on domestically imported dairy products led to the creation of the "Giannini Cow Bank," support for expansion of the cotton industry, and so on. However, by the end of the 1920s, agriculture was headed into a worse depression.

Bank of Italy poster. Image provided by the Bank of America Historical Collection.



The Late 1920s and 1930s: Turbulent Times for The Bank of Italy/America and California Agriculture

The profitability of the Bank of Italy in 1927, which led to establishment of the Giannini Foundation, soon was overshadowed by the Great Crash of 1929 and the following decade of economic depression. It is too complex a story to be told here but it makes for fascinating reading: How A.P. decided in 1928 to go national and buy the Bank of America (New York), which would be added to three other New York banks purchased earlier by Bancitaly Corporation, a related investment trust company. In the same period, he purchased more banks in Southern California and consolidated them under Bank of America of California. How he created the Transamerica Corporation as a holding company for Bank of Italy and Bancitaly Corporation stock in 1930 and how he decided he needed to slow down and bring in new leadership. This brought Elisha Walker on board as chief executive officer (CEO) of Transamerica—within two years Walker would try to wrestle the now Bank of America away from A.P. How this led to the great proxy fight of 1931/32 for control of the Transamerica Corporation, which A.P. won by a vote of 15,371,578 to 9,475,906. All those shares he had sold to local people paid off as he was able to rally California shareholders to beat back the attempt by the evil eastern Walker forces to take away "his/their bank."

It is also the period of his continuing battle with the Federal Reserve Board about expansion and with Henry Morgenthau, Secretary of the Treasury under President Roosevelt. These stories we also commend to you because they attest to the tenacity and ferocity with which A.P. fought for what he thought was the right thing to do.

Despite all these battles, A.P. remained committed to agriculture. Here are only the briefest highlights of the 1930s. If you want more, please read James and James (1954), chapter 27, "Recovery of the California Farmer." A.P. was very concerned about the financial plight of California farmers. The problem was reflected in a doubling of the number of farm foreclosures that California Lands, Inc. (a Transamerica Corporation subsidiary) was buying from the Bank of America. He worked directly with New Deal programs of the Farm Credit Administration (which operated the Emergency Farm Mortgage Act of 1933 that halted foreclosures) to design programs to help.

But credit was not the only problem California farmers faced. An equal challenge was declining demand, surplus production, and very low prices. While national "plow down" acreage reduction programs under the Agricultural Adjustment Act (AAA) may have been helpful in the Midwest, they did little for California specialty crop producers. For California, it would require a host of individual and special programs. "As a young partner in L. Scatena and Company, A.P. Giannini had studied the individual problems of farmers and had financed them. As a banker, he had gone

Notable Developments Leading Up to the Gift

1920
Events in 1918 and 1919 convinced Giannini that only a statewide branch banking system could address the problems plaguing California agriculture.

1928
A.P. decided to go national and buy the Bank of America, adding to three other New York banks purchased earlier. In the same period, he purchased more banks in Southern California and consolidated them under Bank of America of California.

1928
A.P. Giannini donates $1.5 million to the University of California, creating the Giannini Foundation of Agricultural Economics.

deeper into those questions than any other banker had done. In twenty years time, he had had more than any other banker to do with the intricate financial structure of agriculture in California" (James and James 1954, pp. 400–401). This incredible knowledge, coupled with Mario Giannini's studies of agricultural credit and the capacity available in Bank of America branches (some acquired with institutions A.P. had purchased), gave Bank of America an enormous capacity to work in agriculture. "The Bank of America was everywhere. It had the confidence of growers and processors. It had the experience to draw on to meet some very knotty situations. What it was able to do played a considerable part in the bank's rapid growth" (James and James 1954, p. 401).

A simple list of some major activities gives a flavor of the pervasiveness of Bank of America in agriculture's recovery in the 1930s.

PRUNES. Overplanting in the late 1920s led to large production in 1932 and to low prices and a huge carry-over. "Under the leadership of Burke Critchfield and of experts from the Giannini Agricultural Foundation of the University of California, packers and vineyardists set up the California Prune Pool, designed not only to divert oncoming surpluses into by-products, such as prune juice, but to enhance the fruit's reputation through a nationwide sales campaign" (James and James 1954, p. 401).

PEACHES. In 1938, Bank of America financed the emergency canning of 50,000 tons that were held off the market. The $3,228,925 Bank of America advance was paid off in 1940.

WINE GRAPES. Bank of America became the leading financer of a program to reduce a wine glut by financing a "brandy reserve program" that functioned for one year. When overproduction reoccurred in 1939, Bank of America led in creating and financing Central California Wineries, a cooperative of small growers that, in 1940, established a subsidiary, Central Winery Inc., to market the cooperative's production. It was a success but eventually the company was charged with price fixing and sold out to Schenley, making profits for all. Bank of America was estimated to be financing more than half of the wine storage capacity in California by the 1950s.

IRRIGATION DISTRICTS. Bank of America gave great assistance to many irrigation districts that were defaulting on their bonds in the 1930s. Bank of America "played the biggest part of any outside agency" in seeking solutions. "It contributed the largest amount of emergency funds, with the exception of the Reconstruction Finance Corporation. Its chief contribution was not in money, however, but in counsel and leadership in devising and putting through plans for refinancing. Finally, it should be noted that Bank of America was a major player in solving problems faced by the Imperial Irrigation District" (James and James 1954, p. 406).

SOME CLOSING COMMENTS

This story could go on forever. The story is of a remarkable man, driven to build his banking empire, come hell or high water. The industry that played a central role in the evolution of Bank of America and of California was agriculture. A.P. Giannini learned about agriculture as a boy on the farm and as a partner in the produce business. Put that knowledge together with his vision of making branch banking available

to everybody and you have the makings of a powerful cocktail for success. We benefit today from his vision, his drive, and his entrepreneurial spirit and, I suppose, also from his aversion to making too much money. I hope that the rest of this anniversary symposium proves that we have justified his faith in economists' abilities to help California agriculture.

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The Giannini Foundation of Agricultural Economics: Origins and Changing Focus over Time

Warren E. Johnston, Grace Dote, and Alex F. McCalla

Warren E. Johnston and Alex F. McCalla are professors emeritus of agricultural and resource economics, University of California, Davis, and emeritus members of the Giannini Foundation of Agricultural Economics.

Grace Dote is librarian emerita (1970–2001) of the Giannini Foundation Library at UC Berkeley.

The academic authors are indebted to Grace Dote for carefully documenting past and current Giannini Foundation members located on the Berkeley, Los Angeles, and Riverside campuses. Members on the Davis campus were documented with the valuable assistance of departmental staff. Complete rosters are included in the Archival Materials section of this book.

> As successful as Giannini was, nothing generated more public comment than his disregard for his own wealth. He saw no point in accumulating money or in surrounding himself with signs of material success. The home in which he lived until the end of his life was the one he had purchased when he was selling fruits and vegetables on the San Francisco waterfront. The wardrobe of the man whom *Fortune* would include in its Hall of Fame of America's ten greatest businessmen consisted of four off-the-rack suits, three pairs of shoes, and a handful of shirts and ties. "My hardest job," he said on one occasion, "was to keep from becoming a millionaire." When he died in 1949 at age seventy-nine, he left an estate valued at $489,278. Considering depreciation, that was less than he had been worth before he went into the banking business.
>
> – Bonadio (1994, p. xix)

On February 14, 1928, the Regents of the University of California accepted a gift of $1.5 million from the Bancitaly Corporation as a tribute to Mr. A.P. Giannini.[1] The beneficiaries were instructed that no more than one-third ($500,000) was to be used for the construction of Giannini Hall. The remainder of the total gift was to constitute the original endowment fund of The Giannini Foundation of Agricultural Economics.[a,b]

Total costs for the building, plus the cost of furnishings for the portion of the building used by the Foundation, came in nearly 10% under the allocation. The book value of the Giannini Foundation Endowment Fund was $1,041,870.60 when the fund was allocated to the Berkeley campus on October 13, 1933 (senior author communication with the Office of the President of the University of California on March 12, 1996).[b]

Origin of the Gift

A.P. Giannini was the president of San Francisco-based Bank of Italy, which he founded in 1904. His goal of establishing branch banking throughout the state was recurrently thwarted by state banking regulators and opposed by independent bankers and national financial institutions.

Bancitaly Corporation was another Giannini ownership entity. It was a New York holding company owning stock in several banks outside of

California. In 1924, his strategy to facilitate further expansion changed with the plan to use Bancitaly Corporation to become the prime instrument for the purchase of additional banks in California. He resigned as the president of the Bank of Italy, moved Bancitaly's corporate headquarters from New York to Los Angeles, and, within a year, bought two dozen California banks through Bancitaly Corporation (Nash 1992, p. 64).

A.P. Giannini had held the presidency of Bancitaly Corporation since 1919 without salary or other form of remuneration. In 1925 and 1926 he drew only business and personal expenses but no salary from Bancitaly (James and James 1954, p. 279). Giannini was not in attendance at the April 1926 meeting at which Bancitaly's directors voted to compensate him with 5% of the corporation's annual net profits with a guaranteed minimum of $100,000 "in lieu of salary . . . and in recognition of his extraordinary services" (Bonadio 1994, pp. 115–116). It would subsequently turn out that the expected net profits for 1927 were large—more than three times those for 1926. Two major reference sources differ in the exact amount of Bancitaly's net profit in 1927, but both report that Giannini ultimately was informed that he was entitled to receive approximately $1.5 million, net of business and personal expenses.[2] Giannini is reported to have been "visibly annoyed" when he learned of the board's action (Bonadio 1994, p. 116). At a later lunch in San Francisco, Giannini remarked that he would not take the money. At another lunch, when the bank's agricultural problems were discussed, Giannini said he was going to ask that Bancitaly divert some of his commissions to help California's farmers (James and James 1954, p. 279).

Giannini Hall in 1930. Image provided by the Bank of America Historical Collection.

The Bancitaly board responded to Giannini's request at a January 1928 meeting by voting to donate $1.5 million to the Berkeley campus at the University of California for the endowment and creation of The Giannini Foundation of Agricultural Economics. It was reportedly the country's first philanthropic endowment in the field of agricultural research (Bonadio 1994, p. 353).

Giannini himself remained silent about the donation. Pursued by the press, however, he told a reporter for the *San Francisco Examiner*, "I don't want any more money. If I had all the millions in the world, I couldn't live better than I do. I enjoy work. What is called high society doesn't mean anything to me. I've always said I would never be a millionaire. Maybe this will convince some of the skeptics that I mean what I say. (Bonadio 1994, p. 116)

Timetable of Events Establishing the Giannini Foundation of Agricultural Economics

Things moved quickly after the January 20 vote by Bancitaly's board of directors (Table 1). A letter was sent to the Regents of the University of California on February 10, 1928, along with a payment of $25,000. The regents accepted

the gift just four days later, on February 14. Giannini Hall was scheduled to be completed "within a year and a half, or in time for the opening of the fall semester of 1930."[c] The dedication of Giannini Hall did occur in the fall of 1930. A final payment of $200,000 on June 30, 1931, completed the donation.

Two interesting byplays appear in biographical and archival materials regarding the gift to the university:

• When the bank's accounts were closed for 1927, Giannini's "5 percent" fell short of the expected gift of $1.5 million for Giannini Hall and the Foundation endowment. Because plans were posited on an expected gift of $1.5 million and only $1.35 million was available for distribution, Giannini contributed "$150,000 out of his own funds to make up the required amount" (*San Francisco Call Bulletin* 1940). This is corroborated in a typed note in the Bank of America archives: "Mr. A.P. told us again about the gift to the University of California in 1928. He again said that though 'the boys' had given $1,500,000 for the endowment, that when it came time to settle up, there was not $1,500,000 to turn over to the university, and he had to make up the difference himself."[3,d]

• Giannini's recurrent difficulties with the East Coast banking establishment underlay a series of regulatory and legal confrontations in the late 1930s, often featuring Henry Morgenthau, Franklin Roosevelt's

JAN. 19, 1928	Internal letter describing possible use of a fund for California agriculture.
JAN. 20, 1928	Bancitaly Corporation's board of directors votes to donate $1.5 million for the creation of the Giannini Foundation of Agricultural Economics.
JAN. 23, 1928	Press announcements.
FEB. 10, 1928	Letter to the Regents of the University of California with conditions for the Giannini Foundation Fund: Payment of $25,000.
FEB. 14, 1928	Acceptance by Regents of the University of California.
SEP. 18, 1928	Payment of $350,000.
OCT. 1928	Claude B. Hutchison appointed director of the Giannini Foundation of Agricultural Economics and associate director for research in the Agricultural Experiment Station and the statewide College of Agriculture.
NOV. 14, 1928	Payment of $300,000.
JAN. 29, 1929	Payment of $325,000.
OCT. 11, 1929	Payment of $300,000.
OCT. 21, 1930	Giannini Hall dedication ceremonies completing the Agricultural Quadrangle on the Berkeley campus.
JUNE 1931	Howard R. Tolley named first agricultural economist director of the Giannini Foundation of Agricultural Economics.
JUNE 30, 1931	Final payment of $200,000.
OCT. 10, 1933	Regents allocate remaining Foundation funds to Berkeley.

Sources: Regents' minutes of February 14, 1928, and October 10, 1933, and an undated summary of information from the ledger of Bancitaly Corporation (Bank of America Historical Collection).

Secretary of the Treasury. Morgenthau was an establishment New York banker with a clear disdain for Giannini's expansionistic plans of a branch banking network out West. In one instance in May 1938, and despite previous assurances to the contrary, the Internal Revenue Service (IRS) informed Giannini that he owed $220,000 of back taxes on the $1.5 million of "compensation" he had persuaded Bancitaly's board of directors to donate to the University of California in 1928, ten years earlier (Bonadio 1994, p. 252). Giannini was incensed but ultimately was victorious in defending against the IRS claim. An August 26, 1940, editorial in the *San Francisco Call Bulletin* reported the Board of Tax Appeals opinion that Giannini was not liable for $260,000 of income taxes on $1,350,000 donated to the University of California, opining that "The board's decision is just. Public spirited citizens who unselfishly contribute to the general welfare should be encouraged in their generosity rather than penalized."

News and Comment about A.P. Giannini's Gift to the University of California

Agriculture was still California's dominant industry in the 1920s. The Bank of Italy and the name of its founder became known throughout the state in less than two decades. Giannini's gift to the university was heralded in towns and cities as a gift reflecting his early life experiences, from one who knew and understood agriculture.

California agriculture had weathered the postwar adjustment better than agriculture elsewhere, but still the decade of the 1920s was challenging to many of this state's farmers, ranchers, and agribusinesses (Johnston and McCalla 2004, pp. 10–11). Early in the decade, the bank acquired a number of failing banks in farming districts, assuring credit availability to serve local agricultural endeavors. The bank aggressively grew in the rapidly developing Central Valley, as well as in coastal valley regions.

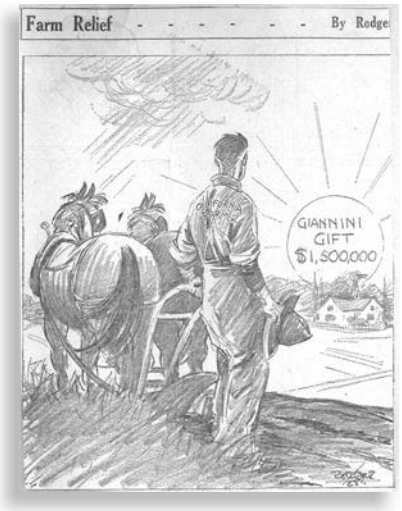
Growth and prosperity in rural California were served by farm-mortgage debt for land and irrigation, by operating credit to farmers and ranchers, and by loans to cooperatives marketing the products of the land. Branch banking made it possible to pool and to move loan funds among branches to meet the seasonal and spatial needs of California's rapidly growing agricultural industry. It is reported that, by the 1920s, fully half of all the funds loaned by the Bank of Italy were extended to meet the needs of agriculture (Nash 1992, p. 93). The Bank of Italy also became the number-one bank backing agriculture (James and James 1954, p. 248).

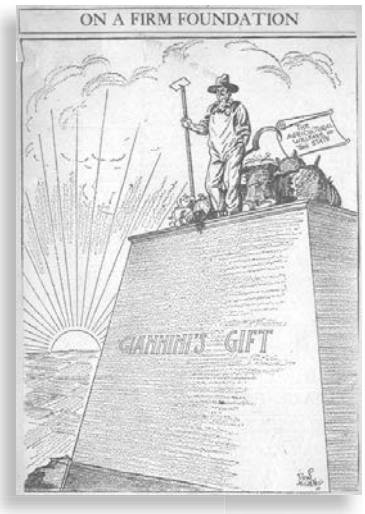
California agriculture "came to the beginning of the decade of the Great Depression with a vastly expanded and as yet unadjusted producing plant, with little experience in meeting depression conditions and with a comparatively heavy load of debt" (Benedict 1946, pp. 410–411). The demand for agricultural products had decreased after the end of World War I. The rapid decline in prices focused attention on economic problems. With significant exposure to agriculture, it is understandable that Bancitaly's directors might have indeed discussed agricultural problems at the board meeting in 1927 at which Giannini asked that the gift be made to help California's farmers.

The news of the intended gift spread rapidly, even before acceptance by the regents. The Bancitaly board voted on January 20, 1928. The gift was announced in newspapers on January 23.

The January 26, 1928, issue of the campus newspaper, *The Daily Californian*, contained an editorial cartoon bearing the caption "Dollars and Sense" with a caricature of the banker Giannini in a suit and tie planting a tree with a banner that read "Giannini's $1,500,000 Gift to Agriculture." That day's *Oakland Times* (1928) cartoon depicted a farmer in overalls standing atop a monument identified as "Giannini's Gift." The farmer stands among harvest bounty with the banner "The Agriculture Welfare of the State" atop the solid foundation. Another with the caption "Farm

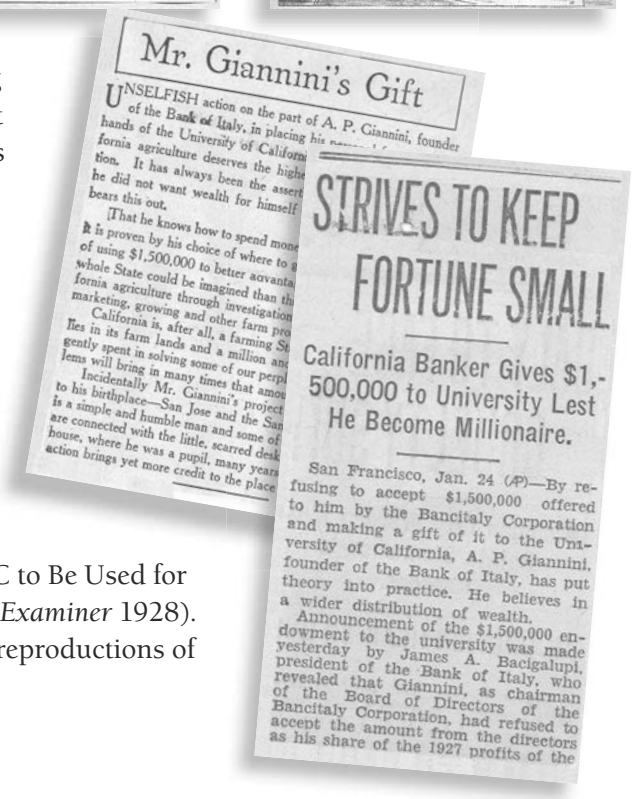
These historical clips were provided by the Bank of America Historical Collection.





Relief"[e] shows a California farmer in the field looking reverently at a bright rising sun labeled "Giannini Gift $1,500,000," very much in the style of Millet's famous 1853 painting "The Reapers."

Elsewhere, the gift was announced widely. Headlines heralded the benevolent gift: "Noted Banker Gives Million to School, Giannini Haunted by Fear of Being Millionaire;"[f] "Strives to Keep Fortune Small, California Banker Gives $1,500,000 to University Lest He Become Millionaire;"[g] "An Italian in America;"[h] "Mr. Giannini's Gift" (*San Jose News* 1928); "A Benefactor;"[i] "A Gift of an Italian-American has Thrilled the Nation;"[j] and "$1,500,000 is Given State by Giannini. Banker's Foundation at UC to Be Used for Agriculture Study and Aid to Farmers" (*San Francisco Examiner* 1928). (See the Archival Materials section of this volume for reproductions of these clips.)



Mr. Giannini's Gift

UNSELFISH action on the part of A. P. Giannini, founder of the Bank of Italy, in placing his

STRIVES TO KEEP FORTUNE SMALL

California Banker Gives $1,500,000 to University Lest He Become Millionaire.

San Francisco, Jan. 24 (AP)—By refusing to accept $1,500,000 offered to him by the Bancitaly Corporation and making a gift of it to the University of California, A. P. Giannini, founder of the Bank of Italy, has put theory into practice. He believes in a wider distribution of wealth.

Announcement of the $1,500,000 endowment to the university was made yesterday by James A. Bacigalupi, president of the Bank of Italy, who revealed that Giannini, as chairman of the Board of Directors of the Bancitaly Corporation, had refused to accept the amount from the directors as his share of the 1927 profits of the

One announcement identified the overriding intent of the endowment, expressing the unfavorable condition of much of the state's agriculture in the early years of the Great Depression:[k]

> The task of increasing, through scientific formulae, the size of the California farmer's bank account and reducing the number of mortgages, deeds of trust and promissory notes in his safe deposit box has been undertaken by the State of California through the construction on its campus of an experimental station in the tremendously vital field of agricultural economics. . . . Already an interesting program has been mapped out, which will concern itself chiefly with the proper selection of land by farmer and orchardist, and the most reasonable, profitable and expeditious handling of the crops produced. In addition, such items as the broken down or the ill-favored farm or orchard will be studied and the depressing question of farm debt will be given particular consideration. In short, the station will attempt to put California agriculture and horticulture as a whole on a business basis, with the grower himself getting all of the monetary return that this effort will produce.

Giannini responded to a message received from the editor of *New York American* (*Los Angeles Examiner* 1928):

> I thank you for your message of congratulation and praise. Your congratulations are highly appreciated, though the praise is not deserved. My father came from Italy. I, my family and those associated with me owe to this country and its institutions what we have. The State of California has given opportunity to millions, including many who, like myself, are of Italian ancestry. I consider it a privilege to devote to the progress of agriculture's foundation of real wealth a part of what this generous nation has given to me. The pleasant part of life is work. What a man needs for himself is enough to protect those dependent upon him and enable him to continue working. I hope that I shall always be content to accumulate results, and not become too much interested in mere accumulation of money.

Two years later, in 1930, A.P. Giannini was voted an honorary alumnus of the University of California by the California Alumni Association "as a mark of appreciation of his recent $1,500,000 gift to the university" (*San Francisco Chronicle* 1930).

Image provided by the Bank of America Historical Collection.

Agricultural Economics at the University

"Farm Management and Farm Policies" was the first course in the field of agricultural economics. It was developed in 1908/09 and taught in Agronomy in the College of Agriculture. Two additional courses, also in farm management, appeared in 1911/12. In 1915/16, two courses, one in cooperative marketing and the second in "Rural Credits and Land Settlement," were introduced in the new Division of Rural Institutions.[l] The major in rural social economics was

changed to rural economics in 1924. Rural economics included participation of four divisions: agricultural education, agricultural extension, farm management, and rural institutions. According to the curriculum statement, courses were to train those planning to farm after graduation or to enter fields of farm management, the marketing of agricultural products, agricultural cooperative organization, land settlement, commercial colonization enterprises, agricultural extension, and agricultural education in high schools and junior colleges (Erdman 1971, p. 108). Several of the divisions were effectively the territorial provinces of individual professors.

Claude B. Hutchison, the Foundation's first director, noted in his oral history that there had not been strong support in the state for agricultural economics at the time of the Giannini gift:

> Prior to World War I very little work had been done by colleges of agriculture in the field of agricultural economics because most of the problems of agriculture were to be found within the farmer's own farm fences. What he did was the controlling factor, and his problems were very largely those concerned with production. They involved soils, irrigation, plant diseases, plant pests, plant improvement, things of that sort, all directed at increasing production. The first elements of agricultural economics in colleges of agriculture took the form of farm management. . . . It took World War I and the world-wide depression which followed that to stimulate interest in what we now call agricultural economics. (Hutchison 1961, p. 107–108)

But 1925 would be a landmark year for new and increased activity in agricultural economics. The Division of Agricultural Economics was established and new faculty recruitment followed. In the same year, 1925, Congress passed the Purnell Act, the third of the Agricultural Experiment Station acts, which authorized funding for scientific research at State Agricultural Experiment Stations, including research in agricultural economics and rural sociology. These events, together with the 1928 gift for establishment in the university of the Giannini Foundation of Agricultural Economics, would catapult research to the forefront of the emerging agricultural economics profession and bring validity to additional areas of economic inquiry beyond the heretofore focus on farm management economics and rural institutions.

Defining Possible Activities of the Giannini Foundation

It would appear that a clear focus for the use of the Giannini Foundation fund did not exist when the Bancitaly board of directors voted to make the gift to the university on January 20, 1928. That it be used to exclusively support agricultural economic research was not an immediate given. There were proponents supporting other priorities. Suggestions were offered quickly.

On January 19, 1928, Bancitaly Vice President H.C. Carr began a letter to Bancitaly President James Bacigalupi with reference to a fund for California agriculture:[m]

> In conversation with Mr. Giannini yesterday this proposed foundation fund for California agriculture was discussed, and he suggested that I pass along to you any ideas I might have in connection with the establishment of this fund and its operation afterward.

Carr suggested nine areas of preferred activity that would include several disciplines—soils, irrigation, animal husbandry, farm management, and marketing. He proposed

that the endeavor be administered by the university with an industry advisory committee to "insure the integrity of the fund and its proper application to the idea A.P. has." His priorities, those of a banker, addressed specific issues affecting the poor economic performance of the industry.[4]

The university's director of Agricultural Extension, Bertram Crocheron, took a decidedly different tack. In a letter addressed to Mr. Carr dated January 23, 1928, Crocheron referred to a meeting with Carr the previous Saturday afternoon, presumably to discuss the activities for the proposed Foundation fund.

> Possibly the matter is all settled as to the purposes which shall be served by this great gift. If the concrete is set there is nothing more to be said on the matter. It may be, however, that the situation is still open and with this in view, I feel that I should give you my personal reaction as to the largest field which such a gift might occupy.
>
> It is possible that the needs of research in soils, crops, animals and even fundamental economics will be adequately cared for by appropriations from the state. These needs appeal to the money-making instinct and it may be supposed that from time to time appropriations for them will be increased. There is another great field, however, in human relationships which this state has never been able to touch. Most states term this the department of "Rural Sociology."[n]

Others spoke of the need for more marketing effort for the state's increasingly abundant production. The Giannini gift came before the economic crash of October 1929 but it was after the agricultural depression had already risen to be of significant concern elsewhere in the country. The Federal Farm Board had already purchased surplus products accumulated under World War I legislation to little or no avail. It was widely thought that orderly marketing procedures would hopefully restore economic prosperity.

One scenario is revealed in the oral histories of Professor Henry Erdman and of Frank T. Swett. Swett was a pear grower who was long convinced that expansion of production would lead to surpluses. Professor Erdman also wrote the introduction to Swett's oral history, reporting therein that Swett had been very critical of those planting fruit already in oversupply as early as 1912 and that Swett had suggested the need to establish a chair of agricultural and horticultural economics at the university. Swett was particularly critical of three groups that promoted increased production: the U.S. Reclamation Service, the California Land Settlement Division, and Professor Crocheron's agricultural extension division of the College of Agriculture (Swett 1968, p. vi–vii; Erdman 1971, p. 129). Clearly Swett was not a Crocheron supporter.

An article in the January 1928 issue of *California Pear Grower* commenting on the Giannini gift gave support to increased marketing efforts: "Up to the present time practically all the emphasis in this matter has been placed on increasing agricultural production. There is every reason to believe that more attention should be devoted to the side of finding a market for what is already being produced" (Erdman 1971, p. 129).[5]

A related set of events described in Swett's oral history relate directly to the creation of a foundation. Giannini's bank had needed economic studies to underpin acquisition of San Joaquin Valley banks. A.W. Hendrick of the Federal Land Bank had sought

the assistance of Crocheron to provide economic studies "but got absolutely no satisfaction" (Swett 1968, p. 59).

Giannini is reported to have said to Hendrick:

> We need those economic studies, but not with that fellow. We'll organize a separate foundation . . . where there's [no] danger of that man muddling in. (Swett 1968, p. 59)

Swett then described the outcome of a meeting that led to establishment of the Giannini Foundation:

> Well, they argued, more or less, and finally one of the advisors said, "A separate foundation—you want something to endure. . . . The University of California will always be there. You have good attorneys. We'll tie up the funds. We'll give them a building, we'll tie up the operating funds so that that blankety-blank never can touch a penny." So that was the agreement. (Swett 1968, pp. 59–60)

One does not know what other interests may have vied for support of Giannini's announced gift during a short span of time, nor do we know who, within a couple of weeks, drafted the February 10, 1928, letter to the regents that identified activities of the Giannini Foundation of Agricultural Economics in very broad terms. Claude Hutchison, the Foundation's first director, commented in his oral history that "it could support most of anything the College of Agriculture is doing, not only in economics but even in other areas." Hutchison noted that other activities of the college were pretty well supported by public funds and that the economic side of agriculture, Mr. Giannini's interest, faced pressing problems. "These were the chief reasons that we decided to utilize this fund strictly in the broad field of agricultural economics" (Hutchison 1961, p. 110).

Getting Going: Giannini Foundation of Agricultural Economics

The February 10, 1928, letter from Bancitaly to the regents[a,b] identified the broad research mandate for the Foundation:

> It should be understood that the activities of the FOUNDATION are to be regarded as chiefly: (a) those of research, with the purpose to find the facts and conditions which will promise or threaten to affect the economic status of California agriculturalists; and (b) those of formulating ways and means of enabling the agriculturalists of California to profit from the existence of favorable facts and conditions, and to protect themselves as well as possible from adverse facts and conditions.

Teaching service was envisaged to fall within the sphere of the college, not specifically expected to be a primary Foundation-supported activity:

> Teaching activities will undoubtedly be called for, certainly to prepare promising students to assist in carrying on the work of this FOUNDATION, and also for service in wider spheres; but it is understood that said teaching service will be conducted largely and if practicable wholly upon the basis of funds made available to the College of Agriculture from other sources.

The letter[a] also gave examples of types of subjects then considered of importance. Note that these were drafted to include terms such as "economic consequences," "economic conditions," and "supply and demand conditions," giving clear direction that these were largely questions requiring research inquiry in the broad field of agricultural economics:

> The activities of the FOUNDATION shall be embraced by the great field of Agricultural Economics, and relate to such subjects as:
>
> a) The economic consequences of increased production which result from improved seed grains, improved nursery stock, improved livestock, improved machinery, and improved methods of farming;
>
> b) The economic consequences of overproduction arising from unusually favored seasons or unusually unfavorable seasons as to weather and other conditions in producing nations;
>
> c) The relations between conditions existing in the farming industry and the general economic conditions prevailing in the nation and internationally;
>
> d) The acquiring of such knowledge concerning soil qualities and climatic and other conditions in any or all parts of the State of California, and of such knowledge concerning existing or prospective supply and demand conditions for the various agricultural products of the state, as will enable the appropriate representatives of the FOUNDATION to advise the farmers of California as to wise plantings, sowings, breeding, etc., in relation to areas and kinds;
>
> e) The methods and problems of disposing of farm products on terms or conditions giving maximum degree of satisfaction to producers;
>
> f) Any economic questions which concern the individual farmer and the members of his family, and affect their living conditions, and so on."

Finding a Director and Implementing a Vision for the Foundation

Claude B. Hutchison, a plant geneticist, had administered the Davis campus programs of the College of Agriculture from 1922 to 1924. He left the university in 1924 to go with the International Education Board, the agricultural education program of the Rockefeller Foundation, as associate director and later as director for agricultural education in Europe. He heard about the Giannini Foundation of Agricultural Economics during his visit to Berkeley in April 1928 while on an annual trip around the United States visiting various institutions. Later, on a train between Los Angeles and Kansas City heading back to New York, Hutchison received a telegram asking that he meet UC President Campbell in Cedar Rapids. Hutchison's oral history reports the offer and acceptance of the directorship as follows:

> So I did [meet with President Campbell], and he made the proposal to me that I come home, as he said, and set up this new enterprise. He said, "We'll give you carte blanche to do with it as you will, to organize it on whatever pattern you think best." Well, I listened to him carefully and we talked about the possibilities, etc. Finally I said to him, "But Dr. Campbell, that sounds like a job for an economist, and you know I'm not an economist." "Well," he said, "you can get some, can't you?" So we talked on and finally the idea was

> developed that if I came home to do this I would "get some economists." In other words, I would assemble a staff to work on economic matters and I would then have time personally to act as a sort of director of research in the whole college and the Experiment Station, and that interested me greatly, because it was just what I had been inquiring into in Europe." (Hutchison 1961, pp. 101–102)

Hutchison was appointed director of the Giannini Foundation (and associate director for research in the College of Agriculture and Agricultural Experiment Station) in October 1928. He continued as director of the Foundation for an additional year after being named dean of the universitywide College of Agriculture in 1930.[6] While he only served as director of the Foundation through June 1931, a relatively short period, he made critical appointments and developed an organizational structure and philosophy that would endure seventy-five years.

Image provided by the Bank of America Historical Collection.

California's Contribution To Farm Relief

GIANNINI HALL, UNIVERSITY OF CALIFORNIA

THE task of increasing, through scientific formulae, the size of the California farmer's bank account and reducing the number of mortgages, deeds of trust and promissory notes in his safe deposit box, has been undertaken by the State of California through the construction on its university campus at Berkeley of an experimental station in the tremendously vital field of agricultural economics. This new station, an imposing unit in the already dominant agricultural group at the University, will cost $500,000 and will be known as Giannini Hall. It will have an additional $1,000,000 as a working fund. Both amounts were donated by A. P. Giannini, prominent San Francisco and New York banker. All of the work of the station will be directed by the newly organized Giannini Foundation of Agricultural Economics, formed for the purpose of administering the fund.

Real Relief in Sight

Already an interesting program has been mapped out, which will concern itself chiefly with the proper selection of land by the farmer and orchardist, and the most reasonable, profitable and expeditious handling of the crops produced. In addition, such items as the broken down or the ill-favored farm or orchard will be studied and the depressing question of farm debt will be given particular consideration. In short, the station will attempt to put California agriculture and horticulture as a whole on a business basis.

Giannini Hall will be noted for its beauty as well as its great utility. It will be both a monumental structure in the modern architectural sense, and a structure that will conform closely to its natural environment of grassy undulations, mosaics of wild and formal blossoms and massive, moss festooned oaks. Its architecture and atmosphere will suggest its duties in every respect, from the carved figurations of farm activities and energies that will adorn its exterior and its entrances, to the quiet calm of its secluded studies and library rooms.

In general dimensions the building will be 280 feet over all, 64 feet through the center and 58 feet high. Each of the wings will be 63 feet wide. There will be a ground, main, second and third floor.

The building will make up the completement of the imposing agricultural square from which Agriculture Hall, the main building, looks out toward the West. It will resemble Hilgard Hall, another unit, but only in so far as it is necessary to make the units of the square conform generally. In every other sense it will be an individual and distinctive structure. Two noteworthy features will be conventionalized graven figures symbolic of the energies of agricultural economics, placed along the eastern facades, and a two story recessed portico, set off by decorative piers, on the west front.

The structure will house many diverse activities, all of them relating to the present pressing farm burdens. On the first or main floor will be the offices of the Foundation Director and the Dean of the College of Agriculture. This floor will also contain class rooms and experimental rooms of the State Division of Forestry. The second floor will be given over to the general offices of the Foundation, a department of forestry administration and a department of farm management. The third floor will contain offices of the National Park Service, the California Farm Bureau Federation, a department of irrigation investigation, a forestry experimental station and a unit of the Department of Entomology. The ground floor will contain archives and storage space.

All Agriculture Helped

Through a decided change in the formal arrangement of corridors the building will achieve a new maximum of roominess and light. This change allows for a tier of small rooms, ideally suited for offices and on the opposite side, a tier of larger rooms for class and experimentation purposes.

The campus of the University of California is one of the most beautiful and distinctive in the world and Giannini Hall will face its greatest beauties. The landscape, broken by the great oaks that abound here, is perennially green. As a matter of pure convenience and utility the Hall is ideally situated, facing the main arteries of the student movement and being directly in the center of university life.

Giannini Hall is to be completed within a year and a half, or in time for the opening of the Fall semester of 1930.

With the completion of its agricultural square at the University of California, the state will be in a position to take care of every phase of agriculture from the moment that the farmer or grower starts in search of a suitable piece of land until his crops are placed on the tables of the ultimate consumers throughout the world.

ORGANIZATION. President Campbell gave Hutchison carte blanche authority to organize the Foundation as he thought best. Foundation income would amount to only $60,000 a year from the million dollar endowment, providing only a small budget for something as important as that which Hutchison envisaged for this undertaking. The College of Agriculture was expending twice that amount in the field of agricultural economics from public, state, and federal funds. Noting also that there was considerable work going on in the Division of Agricultural Economics, that the Agricultural Extension Service had organized a group dealing with agricultural economic issues with farmers across the state, and that there was economic work also in forestry and even some connected with

irrigation, he judged it unwise to set up another small group of people working independently in agricultural economics.

> The wise thing it seemed to me to do would be to capitalize on this name, Giannini, for public interest and public support, and develop our organization that I have characterized as an umbrella, the umbrella being the Giannini Foundation of Agricultural Economics, and with appropriate academic titles given to all of the people in the Division of Agricultural Economics and the title of associate to some people in forestry, in irrigation, and the group in Agricultural Extension. So ultimately that came to be our Giannini Foundation of Agricultural Economics. (Hutchison 1961, pp. 106–107)

While there may have been some earlier action initiated to staff the Foundation, the first reported staffing list appears in a revised plan of organization dated May 20, 1929. Academic titles as members or associate members of the Giannini Foundation were identified for fourteen professors and specialists in the Division of Agricultural Economics, the College of Agriculture, and the Agricultural Extension Service (see Table 2). This Foundation, a stalwart group with diverse backgrounds and training, was brought together under the Giannini umbrella to engage in the economics of agriculture—and under the leadership of a plant geneticist!

Here's a bit about a few of the founding members:

- Bertram H. Crocheron organized Agricultural Extension in California from its start in 1919, serving as its director from appointment to his death in 1948.
- Harry R. Wellman, upon completion of his Ph.D. dissertation in 1925, was offered the choice of two positions to stay at the university—either a teaching position at Davis or an Extension position at Berkeley to assemble statistics and make economic analyses of California crops; he chose the latter, noting that his wife did not like hot summers (Wellman 1976, p. 33).[7]
- Henry E. Erdman focused on marketing and agricultural cooperatives in the Division of Rural Institutions.
- Richard L. Adams, an agronomist, was director of Spreckles Sugar's sugar beet experiment station and assistant general manager for the Miller & Lux holdings before appointment as an assistant professor of agronomy at Berkeley.
- Walter Mulford would become the first dean of the School of Forestry.[8]
- Edwin C. Voorhies, who was trained in animal husbandry, became interested in agricultural cooperatives while on leave in Denmark.
- David Weeks, trained as an agricultural and civil engineer, later earned a Ph.D. in agricultural economics; his work in land economics and resource development fostered the beginning of natural resource economics at Berkeley.
- The group was expanded with the appointment of Ellis A. Stokdyk in 1929, but within a few years he would leave to become president of the Bank of Cooperatives. Hutchison also quickly appointed Orpha E. Cummings as head librarian of the Giannini Foundation Library. She, during her long tenure from 1930 through 1958, would set up and establish one of the world's finest specialized collections in agricultural economics with the primary objective of supporting the diverse research and teaching needs of an expanding agricultural economics faculty on all campuses
of the university.

RECRUITMENT AND LEADERSHIP. Hutchison's next step was to round up more people to grow and develop the Foundation. *In Memoriam*, an online compendium of biographies of UC faculty and administrators, speaks to Hutchison's philosophy of faculty recruitment, a philosophy made evident in the earliest of Foundation recruitment efforts. He recognized that general economics and statistics were not well-established departments at Berkeley. Consequently he searched nationwide for economists for new faculty positions, demanding that faculty members be highly trained "in the sciences pertinent to its work."[9] With new hires he added considerable quantitative and analytical skills to the diverse skill set of the umbrella group assembled in 1929, quickly giving national recognition to the university's program in agricultural economics.

His first step was to identify the most outstanding agricultural economists in the country. In his view, they were Dr. Joe Davis of the Food Research Institute at Stanford; Dr. Edwin G. Nourse, president of the Brookings Institution; and Professor John D. Black of Harvard. He had met Black at the University of Minnesota just before Black moved to Harvard. His offer of a position to Black was to no avail.[10] However, Black did help Hutchison select the early

At the initial stages of its development it is recommended that the following individuals be made members of the staff of the Foundation, with the titles indicated:

HUTCHISON, C.B.	Director of the Giannini Foundation, Professor of Agriculture and Associate Director of Research in the Experiment Station
CROCHERON, B.H.	Director of Agricultural Extension, Professor of Agricultural Extension and Agricultural Economist on the Giannini Foundation
FLUHARTY, L.W.	Specialist in Agricultural Extension and Associate on the Giannini Foundation
WELLMAN, H.R.	Specialist in Agricultural Extension and Associate on the Giannini Foundation
ERDMAN, H.E.	Professor of Agricultural Economics and Agricultural Economist in the Experiment Station and on the Giannini Foundation
ADAMS, F.	Professor of Irrigation Investigations and Practice, and Irrigation Economist in the Experiment Station and on the Giannini Foundation
ADAMS, R.L.	Professor of Farm Management and Agricultural Economist in the Experiment Station and on the Giannini Foundation
MULFORD, W.	Professor of Forestry and Forest Economist on the Giannini Foundation
VOORHIES, E.C.	Associate Professor of Agricultural Economics and Associate Agricultural Economist in the Experiment Station and on the Giannini Foundation
WEEKS, D.	Associate Professor of Agricultural Economics and Associate Agricultural Economist in the Experiment Station and on the Giannini Foundation
BRAUN, E.W.	Specialist in Agricultural Extension and Associate on the Giannini Foundation
SHEAR, S.W.	Assistant Agricultural Economist in the Experiment Station and on the Giannini Foundation
WEST, C.H.	Assistant Agricultural Economist in the Experiment Station and on the Giannini Foundation
WILCOX, F.R.	Specialist in Agricultural Extension and Associate on the Giannini Foundation

Source: The Giannini Foundation for Agricultural Economics, "Revised Plan of Organization," 10 May 1929.

appointments—George Peterson, James Tinley, and Murray Benedict, all of whom studied under Black, and Howard Tolley. Peterson and Tolley joined the faculty in 1930, Benedict and Tinley in 1931.

Erdman (1971, p. 111) notes that Tolley and Peterson were at the core in facilitating a major change in making agricultural economics research by the application of statistical procedures for data analysis.[11]

Howard Tolley was the most senior of the group. He was trained as a mathematician and was hired from the U.S. Department of Agriculture (USDA), where he had developed work in quantitative and analytical aspects of farm management, including multiple correlation and input-output studies; shaped research programs to provide data and techniques of analysis; and initiated outlook work in the USDA Bureau of Agricultural Economics. Tolley's appointment quickly induced change toward more scientific research approaches involving quantitative analysis.

George Peterson would begin teaching production economics at Berkeley using Black's newly acclaimed book and he, together with Tolley, introduced additional mathematical training for the statistical analysis of data.

Tinley, a South African, would serve as an advisor and consultant on legislation to deal with milk marketing problems and would later concentrate on management problems of cooperatives. He, Erdman, and Stokdyk[12] were the core of the Foundation's early effort in marketing and cooperatives.

Benedict's work centered on agricultural finance and policy and on the administration of government programs.

Hutchison kept the director's title even as he became more and more involved with systemwide college and Experiment Station appointments.[13] He remained director while still continuing efforts to induce Black, Nourse, or Davis to come to Berkeley, but to no avail. Although Tolley was nominally the Foundation's director from 1930 to 1936 (officially named director in 1931), he was under almost constant pressure to return to Washington to assist in the new agricultural programs of the first Roosevelt administration.[14] Consequently, for much of the period 1931–1936, the Foundation was under acting directors (Ed Voorhies and Murray Benedict) before Hutchison again sought to put a new director in place.

His choice in 1937 was Carl Alsberg, one of the three co-directors of the Food Research Institute at Stanford. Alsberg was a biochemist with late career interest in the methods of social science and the relationship of progress in the natural sciences to human welfare.[15] While Alsberg's interests would appear to be mostly in commodity economics, he made critical appointments to expand the depth and breadth of expertise of the division and Foundation.

The 1938 appointment of Siegfried von Ciriacy-Wantrup, a German-trained economist with early interest in land utilization and conservation, strengthened activity in natural resource economics within the context of environmental problems and values.

Two 1939 additions, Sidney Hoos and George Kuznets, expanded the emphasis on quantitative analysis. Hoos' primary interests were in commodity economics and

price analysis. Kuznets, while trained with a Ph.D. in psychology (psychometrics), transitioned into econometrics and statistical analysis of economic phenomena.

Alsberg died suddenly in 1940, just three years and one month after appointment. Murray Benedict would again assume acting directorship of the Foundation through the next calendar year.

Harry Wellman assumed the role of administrator of the university's programs in agricultural economics in 1942, a little more than four months after Pearl Harbor. Wellman would serve in that capacity[16] for the next ten years. In his oral history, Wellman noted that student enrollment dropped sharply during the war years, as did requests for Foundation-departmental assistance by the agricultural interests of the state.

> Our policy, under the circumstances, was to encourage every faculty member to do whatever he thought best. . . . each faculty member should decide for himself whether he should enlist in the armed forces, accept war-related employment, or remain at the University. . . . Mehren[17] and Tinley enlisted in the armed forces; Benedict and Hoos were in war-related departments of the federal government; Voorhies served as dean of students on the Berkeley campus. . . . I made quite a few trips to Washington, D.C., at the request of the War Food Administration and the Office of Price Administration in connection with price ceilings on agricultural products—especially on fruits and vegetables. (Wellman 1976, p. 54)

The 1940s ended with a resurgence of students, as well as programmatic changes in research and extension programs now geared to postwar readjustments and sectoral change. The Foundation grew rapidly. By 1950, it was a much larger unit with the return of Tinley, Benedict, Hoos, Kuznets, and Voorhies to the department, along with new faculty hires on three campuses:

- BERKELEY: George Mehren (marketing, 1946), Ivan Lee (econometrics, 1947), Raymond G. Bressler, Jr. (marketing, 1948), Varden Fuller (labor and policy, 1948), Henry J. Vaux (forestry, 1948), and John A. Zivnuska (forestry, 1948).
- DAVIS: Trimble R. Hedges (farm management, 1947) and Jerry Foytik (marketing, 1949). Jim Tinley and Ed Voorhies also volunteered to transfer to Davis to meet the needs of the increasingly large teaching program that developed following the postwar reopening of the Davis campus.[18]
- LOS ANGELES: Roy Smith (marketing, 1939) and Kenneth Nadden (marketing, 1948).

THE FIRST TWENTY YEARS: TO 1950

The very first issue of the Giannini Foundation librarian's report, *Economic Research of Interest to Agriculture* (*ERIA*), was released on the eighty-first birthday of A.P. Giannini. It reflected on the Foundation's accomplishments during the period 1928–1950. In the foreword, University of California President Robert G. Sproul commented:

> A little more than twenty years ago the Regents of the University of California received a gift of one million five hundred thousand dollars through the instrumentality of the late Mr. Amadeo Peter Giannini, to study and make better known the economic facts and conditions upon which the continued

> solvency and prosperity of California's agricultural industry must of necessity rest. . . . It seems appropriate, therefore, that the University of California should give some accounting at this time of the trust placed upon it, and in so doing, pay tribute to Mr. Giannini. For there is no more striking proof of the service which he has rendered to his native state, and one might add, to the nation, than the acceleration of research in agricultural economics during the past two decades, and the results which have as a consequence been achieved. (*Economic Research of Interest to Agriculture* 1951)

The report was prepared as part of the celebration on May 6, 1951, of the eighty-first anniversary of the birth of Mr. Giannini. The occasion also included the presentation of a portrait of Mr. Giannini painted a few years prior to his appointment as a regent of the university in 1949. Presented by his son, Lawrence Mario Giannini, the portrait continues to be displayed in the foyer of Giannini Hall.

Changes in the membership of the Foundation occurred over the first twenty years, years that effectively spanned both the Great Depression and World War II. Some of the changes were in response to changes in needs of agriculturalists, some to changes in societal imperatives, and some in response to changing expertise of faculty additions.

The Foundation broadened the research activity of a small cadre of Berkeley agricultural economists and Extension specialists with predominant expertise in farm management and organization and in agricultural marketing and cooperatives. By 1950 the Foundation included thirteen faculty members, four Extension specialists[19] in agricultural economics, and two forest economists in the School of Forestry, all at Berkeley, plus four faculty members and one Extension specialist[20] in agricultural economics at Davis—a total of twenty-four members and associate members. It had almost doubled in size.

The general area of marketing and marketing efficiency maintained its importance at Berkeley, though the focus of marketing research became quite different. Emphasis increased in the areas of statistics and quantitative analysis and of natural resource economics, both of which would become comparative strengths of the Berkeley unit in future years. Agricultural labor also became an area of interest. Permanent staffing of the departmental branch at Davis for undergraduate instruction shifted much of the remainder of cooperative marketing, as well as farm management and organization interests, to the northern branch.

Economic Research of Interest to Agriculture, 1929–1950. Table 3 reveals shifts in emphasis of Foundation activity over the period 1929–1950, during which there were 667 accessions of member activities to the Giannini Foundation Library. The table summarizes the output of the Foundation for the entire period, 1929–1950 (column 1); by the first four years, 1929–1932, which include the early years of the Great Depression (column 2); and by the last four years, 1947–1950, which reflect post-World-War-II readjustment activity (column 3). Citations noted in this and subsequent issues of *ERIA* include all cataloged materials contained in the Giannini Foundation Library, whether Experiment Station publications, Giannini Foundation reports, reports to agencies, expert testimony, or articles published in professional journals. *ERIA* was compiled by the Giannini Librarian every three years through its last issue in 1988. Table 3 reveals some of the changes in the nature and scope of reported activity.

Commodity Economics and Agricultural Situation (line 1) almost doubled in relative importance over the period (from 13% in 1929–1932 to 23% in 1947–1950). The major difference is that the earlier period's activity is concentrated on field crops and livestock whereas postwar

activity is dominated by outlook and situation reports for fruit and vegetable commodities, reflecting the changing composition of the output of postwar California agriculture.

Farm Management and Tenancy (line 2) involves mostly farm enterprise efficiency reports for regions and crops or livestock types. Some work relates to specific organizational and management issues, including, for example, a detailed analysis of farm incomes, expenses, and tax-paying abilities in the Merced Irrigation District by Benedict. The postwar (1947–1950) citation count does not include an additional fifty-three cost studies for field, vegetable, fruit and nut crop, and livestock enterprises.

Agricultural Marketing – International Trade (line 3) was clearly the early priority program of the Foundation, accounting for 26% of all citations noted for 1928–1933. Immediately after the Foundation was organized, Crocheron headed a study team hoping to expand the sales of California dried fruit to eastern Asia. Other reports dealt with new federal legislation—the Agricultural Marketing Act; activities of the Federal Farm Board with respect to potatoes, grapes, and wool; transportation rates, shipside refrigeration, and tariff issues; public regulation of milk marketing; and marketing studies for fruits, vegetables,[21] and milk. In contrast, postwar studies focused more on marketing efficiency rather than market development, on marketing control programs, and on international trade, including a series of market studies in western European countries, again for dried fruit, by Wellman.

	Percent of Citations by Economic Classification		
	Total Period 1929–1950	**First Four Years 1929–1932**	**Last Four Years 1947–1950**
Number of Citations	667	132	229
Economic Classification			
1. Commodity Economics – Agricultural Situation	16%	13%	23%
2. Farm Management and Tenancy	14%	11%	14%
3. Agricultural Marketing – International Trade	24%	26%	25%
4. Statistical Analysis of Prices	3%	3%	5%
5. Agricultural Cooperation	5%	11%	3%
6. Agricultural Finance and Credit	2%	5%	<1%
7. Land and Water Economics	9%	7%	7%
8. Agricultural Labor – Social Security	5%	1%	1%
9. Agricultural Policies and Programs	5%	6%	7%
10. Statistics: Compilations	8%	8%	8%
11. Miscellaneous[a]	9%	9%	7%

Source: The Giannini Foundation of Agricultural Economics and the Division of Agricultural Economics, University of California, *Economic Research of Interest to Agriculture*, 1951.
[a] Includes population, aspects of economic theory, statistics, discussions, and miscellaneous.

Statistical Analysis of Prices (line 4) increased during this period due almost entirely to the productivity of Sid Hoos, who either authored or coauthored statistical analyses for oranges, head lettuce, emperor grapes, dried figs, canned clingstone and freestone peaches, canned asparagus, canned apricots, canned Bartlett pears, and almonds in the 1947–1950 period.

Agricultural Cooperation (line 5) reveals the ramped-up effort and interest in the earliest period for achieving orderly marketing and increased grower returns but substantially less activity in the 1947–1950 period. The earlier period includes work by Erdman, Tinley, Benedict, and Stokdyk regarding cooperative marketing agencies and barter associations for a number of groups or associations, e.g., for vegetable, regional poultry, avocado, dairy, and fruit growers or groups. They appear to be more prescriptive than those of the latter period, which includes pieces on the history of cooperative efforts, trends, strengths and weaknesses, and management issues but deals specifically with a single commodity group, the Challenge Cream and Butter Association, in the 1947–1950 period.

The Next Twenty Years: 1950–1970

Agricultural programs continued to be administered from one central organization in the immediate postwar period. The College of Agriculture at Berkeley had statewide responsibility for the administration of all teaching, research, and Extension programs in agriculture, including those at Davis, Los Angeles, and Riverside.

Rapid postwar growth in student enrollment was a driving force for institutional change and for the development of additional campuses of the university. The university, however, changed substantially with more students, three new campuses, and programmatic changes in agricultural economics, including an independent department at one of the new campuses—Davis. These dynamics very much changed the organization of work in agricultural economics and that change is obvious in the relationship of the Foundation to university programs.

In the prewar period, the agricultural economics curriculum of the College of Agriculture at Berkeley permitted degree students to complete the freshman year and part of the junior or senior year at Davis. Instruction in a limited offering of degree courses was by Berkeley faculty[22] who commuted on the Southern Pacific railroad from Berkeley and by various assistants, instructors, and lecturers who also taught in a two-year nondegree program[23] in agricultural economics. This was the general template for agricultural economics instruction at Davis through the end of the fall term in 1943, when the campus was closed for the duration of the war. Undergraduate instruction resumed in 1945/46.

Early in the postwar period, Dean Hutchison formally proposed that the headquarters for all agricultural instruction, research, and Extension work be transferred to Davis but the proposed restructuring did not take place (Scheuring 2001, p. 80). Several agricultural programs did move from the Berkeley campus to Davis but others remained at Berkeley. The Foundation and the department were among those remaining in Giannini Hall.

By 1950 there was a small resident core faculty (Voorhies, Tinley, Hedges, and Foytik) at Davis supporting a full set of courses for the bachelor of science degree

in agricultural economics. In this setting, the chairman of the single Department of Agricultural Economics was at Berkeley and a vice chairman was in residence on the Davis campus. In 1958, Stanley Freeborn was appointed the first chancellor of the Davis campus. The following year, 1959, saw the completion of the northern campus' postwar transition from Berkeley's "university farm" to an independent general campus of the university, UC Davis (Scheuring 2001, pp. 300–301). However, while all undergraduate education operated under Davis governance, all graduate training remained at Berkeley until, first, a master of science degree in agricultural business management for the Davis department was approved in 1958, followed by a doctoral degree program for the Davis department in 1964. Independent departmental status for a UC Davis Department of Agricultural Economics was achieved in early 1966.

Wellman was the last Foundation director with roots deep in the paradigm of Hutchison's organizing umbrella over the university's programs in agricultural economics. In the Foundation's earliest years, the director was also the nominal chairman of the division or department of agricultural economics. The problems, challenges, issues, and promises of the state's agriculture were seemingly central to the department, coinciding with the Foundation's mandate and very much dominating demands of more limited, campus-based teaching responsibilities.

The strong, growing position of "department" in the university structure and rising enrollments may very well have fragmented the long-standing orientation of the agricultural economics unit. Eventually, the chair of the department at Berkeley became the de facto director of the Foundation, locking the directorship into rounds of successive chair appointments occurring every five years. The successor chairmen, Ray Bressler (1952–1957), George Mehren (1957–1963), Loy Sammet (1963–1967), and Dave Clarke (1967–1974) had familiarity and continuity with earlier Foundation roles, but by the end of the 1960s, it became apparent that once-existent links between the Foundation and programmatic efforts of the campus-based, now independent Berkeley and Davis departments had progressively weakened. In addition, Foundation resources were intertwined with those of the Berkeley department.

By 1970, two decades of retirements, recruitments, and tenure retentions had redistributed the agricultural economics discipline toward the growing group of faculty members at Davis. There were fourteen Giannini Foundation members in agricultural economics at Berkeley and seventeen at Davis. Some members of the rapidly growing Davis department, now independent from Berkeley, expressed displeasure that the allocation of Giannini resources remained unchanged. There was little, if any, apparent commensurate expansion of Foundation activity made available to the Davis unit in acknowledgement of its growing numbers in the Foundation's membership. The slow growth in the economic yield of the endowment's portfolio essentially restricted use of Foundation resources to the primary uses of support for the library and for the cost of member publications and little more. Both activities were centered at Berkeley.

The academic plan for the department at Berkeley acknowledged "decreasing attention to the problems of the individual farm and more emphasis on the problems of an aggregative nature as those pertaining to industry groups; geographic regions; the spatial aspects of product pricing and the location of production; the integration of production, processing, and distribution activities; market structure and controls; and

broad issues concerning the relations between the agricultural and nonagricultural sector."[0] There were twenty faculty appointments to the Berkeley department between 1951 and 1969 but only eight would serve for a period of more than six years, which is the normal period for attaining tenure. Among those with longer tenure were David Clarke (dairy marketing, 1951), James Boles (quantitative methods, 1954), Norman Collins (market structure and industrial organization, 1956), Loy Sammet (engineering economics, 1958), Irving Hoch (quantitative methods, 1959), Davis McEntire (rural sociology, 1962), Alain de Janvry (development, 1966), and Andy Schmitz (international trade, 1968). There were two forest economists added in the School of Forestry, Dennis Teeguarden (1963) and William McKillop (1964).

The department at Davis added faculty to engage in analysis of agricultural production and marketing, applying emerging operations research, and other quantitative approaches. It would also begin first efforts to expand areas commensurate with student interests in agricultural business management, later referred to as managerial economics, and in consumer economics. In contrast to Berkeley's outcomes, of the eighteen appointments to the Davis department between 1951 and 1969, all but two became tenured. Davis added strength to its programs with appointments in production economics of Chester McCorkle (1952), J. Edwin Faris (1955), Gerald Dean (1957), and Harold Carter (1958) and, in marketing, of Gordon King and Stephen Sosnick (1957), D. Barton DeLoach (transfer from UCLA, 1958), Ben French (1959), Sam Logan (1962), and Hoy Carman (1967). Additional faculty were added in other areas: J. Herbert Snyder (land and water economics, 1953), Oscar Burt (quantitative methods, 1960), Warren Johnston (resources and agriculture, 1963), Alex McCalla (international trade and policy, 1966), Sylvia Lane (consumer economics, 1969), and Quirino Paris (quantitative methods, 1969).

In total, there were forty-five members of the Giannini Foundation of Agricultural Economics in 1970. This included faculty and Cooperative Extension specialists—seven at Berkeley, three at Davis, two at Riverside, and one at the Kearney Field Station.[24]

Economic Research of Interest to Agriculture: 1951–1969. Table 4 shows aggregated information about the distribution of Giannini activity over the two-decade postwar period. Marketing continued to be the major program of the university's agricultural economists, involving both Berkeley (Hoos, Bressler, Sammet, Clark, and Collins) and Davis (Sosnick, French, King, Logan, and Carman) faculty and accounted for one-third of *ERIA* citations from 1951 to 1969. The "California" approach included the comprehensive examination of the chain of economic activity that moved farm products from primary producers to ultimate consumers. New paradigms of economic engineering and spatial economics were often additions to a number of studies involving packing houses and processing facilities. Wellman had earlier described the Foundation's marketing inquiries as involving one or more of the following four points: "(1) whether any particular operation or process could be performed at a lower cost without sacrificing standards of quality and service; (2) whether the market operates smoothly, quickly, and effectively in equating supplies of and demand for farm products both in the short run and in the long run; (3) to what extent new techniques affect established marketing practices and the supply and demand for particular products; and (4) how specific types of governmental

activities affect the efficiency of marketing operations and procedures" (Wellman 1951, p. xi–xii).

Two areas, Commodity Economics – Agricultural Situation and Farm Management – Production Economics, together made up another one-third of Foundation citations. Enterprise cost studies expanded with more diversity into specialty production in new regions of the state as agriculture was pushed out of coastal valley population centers into the Central Valley. Economy-of-size studies examined the relationship between cost of production and farm size. Land and water economics activity continued to increase, comprising about one-sixth of citations over the period, reflecting concerns about ground water overdrafting, the expansion of surface water supplies, and urbanization of agricultural lands. Two important policy initiatives furthered by Foundation economists were to assist with removing the stricture of the 160-acre limitation and providing expertise for the California Land Conservation Act of 1965, the "Williamson Act."

Toward the Twenty-First Century: 1970–2000

The last three decades of the 1900s witnessed frequent attempts to regain the centrality of Foundation activities in the midst of rapid institutional growth and change. The establishment of a College of Agriculture at both campuses was followed by decentralized control of Agricultural Experiment Station resources to the campuses and by termination of the statewide Cooperative Extension program in agricultural

	Percent of Citations by Economic Classification	
	1929–1950	1951–1969
Number of Citations	667	2,056
Economic Classification		
I. Commodity Economics – Agricultural Situation	16%	22%
II. Farm Management and Tenancy	14%	10%
III. Agricultural Marketing – International Trade – Prices and Supplies – Cooperation	32%	33%
IV. Agricultural Finance and Credit	2%	1%
V. Land and Water Economics – Development and Conservation	9%	16%
VI. Agricultural Labor – Social Security – Labor and Wages	5%	5%
VII. Agricultural Policies and Programs	5%	3%
VIII. Miscellaneous	17%	10%

Source: The Giannini Foundation of Agricultural Economics and the Division of Agricultural Economics, University of California, *Economic Research of Interest to Agriculture*, 1951, and triennial reports 1951–1953 through 1967–1969.

Note: The economic classification of citations in this table differs from those used in Table 3 because new categories were used in reporting citations by 1969. The senior author assembled this table to reflect changes from 1951 to 1967–1969 by reclassifying citations reported in 1951 to correspond to the 1967–1969 classification. Percent of citations by economic classification should be consistent over both time periods. Columns may not total to exactly 100% due to rounding.

economics. Extension specialists were assigned to academic departments on each campus. Full integration of specialist and faculty programs has yet to be attained.

Directors of the Foundation became more passive during the 1960s and early 1970s, with the consequence that unexpended balances rose despite only modest gains from the Giannini Foundation endowment. The Foundation supported little activity beyond caretaker costs of the library and publications, including page charges for members' papers in refereed journals. The stream of Giannini Foundation publications would decline to a trickle by the end of the 1970s (Giannini Foundation of Agricultural Economics 1951–1999).

Part of the drying up of activity was due to university faculty review processes that increasingly (or entirely) focused on publication of research in refereed professional journals. Additional efforts to publish in other outlets more accessible to the industry or to actively engage in public outreach received less recognition. Giannini publications, though exposed to faculty and external review, were viewed in campus merit and promotion reviews as less prestigious "in house" publications. Pressure also grew for transparency of budget allocations. Junior faculty were ill-advised to pursue applied research and public service activities prior to tenure because much of that type of faculty activity was/is not given much weight in faculty merit and retention reviews in general. With the increased complexity of university departmental administration, chairpersons lacked the time and capacity to give more attention to such activities. Some working links to industry were lessened over time as a result of the loss of senior faculty and Extension specialists with industry contacts. Various suggestions were offered to revitalize the Foundation, including thoughts about establishing a cadre of nonacademic staff researchers within the Foundation, thoughts of publishing a Giannini journal of agricultural economics, and expressions of the need to reevaluate the growing commitment of Foundation support to the Giannini library at the expense of other possible initiatives. All would prove to be stillborn, unable to attract much discussion, let alone action.

Finally, in 1975, the university's Office of the President announced a new policy that would organize the Foundation as an organized research unit in the office of the vice president of agricultural sciences. The new policy provided that an appointed Giannini Foundation Coordinating Board would include "chairpersons of the Department of Agricultural Economics at the Berkeley and Davis campuses and the statewide coordinator of Cooperative Extension agricultural economists as *ex officio* members. . . . The director shall not be chairperson of the Department of Agricultural Economics at the Berkeley or Davis campuses."[p.25] In 1976, following a nationwide recruitment effort, B. Delworth Gardner, a well-regarded natural resource economist from Utah State University, was appointed director of the Giannini Foundation, officed in Berkeley, with a half-time academic appointment at Davis.

The well-intentioned appointment of a director who had been neither a member nor chair of either constituent department and without historical understanding of the complexity of the issues facing Foundation governance placed Professor Gardner in the unenviable position of admiral of the armada without command authority of any ships in the fleet. He was unable to gain departmental and faculty support to revitalize Foundation activities beyond the continuation of the long-standing operation

of the Giannini library and attention to publication activities of its members. University Vice President J.B. Kendrick, Jr., commented on the 1975 reorganization and its failure:

> We arranged for him to be appointed to the Davis Department of Agricultural Economics, but indicated that the headquarters of the Giannini Foundation would continue to exist at Berkeley, due to the fact that the library was there. . . . He wasn't able to obtain the commitment of the broad array of the agricultural economists, who existed in the two departments, in the program.
>
> The Foundation doesn't have any leverage because it doesn't have very much money for programs of research. If I were to characterize leverage as far as my own responsibility for the total program was concerned, I would say my leverage was money and persuasion. And I found money was the biggest persuader that I had. . . . the lack of leverage was due to the lack of flexible money to allocate to people to conduct particular programs of timely importance." (Kendrick 1989, pp. 231–232)

A second reorganization followed shortly, in 1982. It eliminated the office of the director. The governance of the Foundation was shifted to an appointed Giannini Foundation Executive Committee (GFEX) consisting of the director of the Agricultural Experiment Station, the two department chairs, and the statewide Cooperative Extension program leader. The driving motivation for the organizational change was to free up "approximately $100,000 annually," leaving "more funds available for research, and generally make the Foundation more responsive to the needs of California Agriculture."[q,26] The GFEX chair, administratively responsible for two years, would be rotated among the two department chairs and the program leader.

This reorganization would remain in place until late in the 1990s. While the value of the endowment increased substantially during that period, there was little effort made to markedly expand new Foundation activities supportable by additional endowment revenue. Internal allocations to support traditional departmental activity (mini-grants, graduate student support) grew. It was again apparent that programmatic leadership by chairpersons[27] was again passive, lacking capacity to evaluate and, especially, to initiate programmatic opportunities. A review committee[28] noted, among its many recommendations, that there needed to be a new leadership configuration to design and expand the programmatic options of the Foundation:[r]

> A new management structure is required to fulfill the visions of expanded activity and visibility. The two departmental chairs are challenged with the management problems at the departmental and campus level. They cannot responsibly be expected to manage the umbrella unit, the Foundation, while dealing with departmental challenges, some of which may conflict with GF programs and allocations. . . . GFEX currently involves the two chairs and the VP-DANR, but allocation decisions and the management of GF activities are shared by the chairs on a rotating basis. The former expectation of two-year chair assignments seems to have been replaced by an annual rotation which makes difficult continuity in the management of GF activity through the annual cycle. . . . We recommend that GFEX be expanded possibly with a position that might function as an executive director responsible for overseeing GF activity, carrying out GFEX initiatives, developing GF program elements, and other assignments. We think the position might require a quarter time

> commitment . . . Some care must be given to the consequences of alternatives that might include someone called a director, an executive director, or a coordinator.

Departmental programs also changed emphasis during this relatively long three-decade period, a period that roughly corresponds to the number of years of active service for academics and specialists. Both departments had made substantial changes in choices about new and replacement faculty members. Appointments did not mirror the interests of retiring cadres.

Berkeley merged the College of Agricultural Sciences and the School of Forestry and Conservation into a new College of Natural Resources. The undergraduate major in agricultural economics was terminated in favor of several interdisciplinary majors. New faculty positions were allocated to fill vacancies and, with retirements that occurred early in the period, the agricultural economics faculty was organized to meet primary fields of interest in natural resources and environmental economics, economic development, markets and trade, and agricultural and food policy.

Change at Davis responded to demands for increasing levels of undergraduate instruction in agricultural economics, consumer economics, and managerial economics as the campus enrollment experienced rapid growth. Undergraduate majors approached 1,000 students, necessitating enrollment restrictions for courses that were attracting students, mainly to those in the managerial economics option, a sort of pre-business, pre-law school magnet. As a result, there was wider divergence between fields of expertise servicing the growing undergraduate teaching demand and those needed for superior applied research and graduate education. While graduate instruction and research interests continued in production, resources, marketing, trade, and policy, the newer fields of development, industrial organization, and environmental economics and policy became more prominent. The Davis department was particularly impacted by the early retirement of a large cadre of senior faculty members responding to the university's incentive programs during the financially challenging years of the early 1990s. The university's voluntary, financially attractive retirement incentives induced eleven members (nearly one-third) of the departmental faculty to retire between 1991 and 1995.

At the century's end, there were nineteen faculty members in the Berkeley department, twenty-three at Davis, and three applied economists in the Riverside program (Environmental and Natural Resource Economics). With seven Cooperative Extension specialists at Berkeley and Davis,[29] there was a total of fifty-two members of the Giannini Foundation of Agricultural Economics at the University of California in 2000.

Economic Research of Interest to Agriculture: 1970–1999. A very rough description of the activity of the new generation of Giannini Foundation agricultural economists is partially revealed in Table 5, which summarizes the distribution of citations for the period 1970–1999. When compared with citations for 1951–1969, there are relatively fewer citations within Commodity Economics – Agricultural Situation (line I) (17% versus 22%) and significantly fewer contributions to the aggregated marketing classification (line III), which has fallen from 33% to 13%. The resource and environmental economics category (line V) maintains its relative importance in the portfolio, though one suspects that the balance between resource and environment is tilted towards the latter in the most recent period. Labor and policy citations (lines VI and VII) both double in their import for the distribution of citations by economic classification. And, lastly, the citations in quantitative analysis and

models, in technology and biotechnology, and in international development mark classifications of growing importance in Foundation activity at the end of the twentieth century.

Going Forward – The New Millennium and Beyond

Much has happened in the last seventy-five years. California has now grown to be the nation's most populous state. California's agriculture, which ranks number one in terms of the value of U.S. production, now exceeds the sum of the second and third ranked states, Texas and Iowa. Still, the economic and policy importance of California agriculture is diminished in a relative sense to those of a growing urbanized population.

The Central Valley is no longer "the great undeveloped field" described by Giannini in the 1920s. The agricultural issues of that early decade are not those of today. Today's issues pertain to how to adjust, adapt, survive, and prosper in an industrialized, urbanizing state in which the population will nearly double again by mid-century. Many issues now relate to competing demands for resources and quality of life. Globalization affects every aspect of life and economy. Information is everywhere.

	Percent of Citations by Economic Classification		
	1929–1950	1951–1969	1970–1999
Number of Citations	667	2,056	6,510
Economic Classification			
I. Commodity Economics – Agricultural Situation	16%	22%	17%
II. Farm Management and Tenancy	14%	10%	4%
III. Agricultural Marketing – International Trade – Prices and Supplies – Cooperation	32%	33%	13%
IV. Agricultural Finance and Credit	2%	1%	3%
V. Land and Water Economics – Development and Conservation	9%	16%	15%
VI. Agricultural Labor – Social Security – Labor and Wages	5%	5%	8%
VII. Agricultural Policies and Programs	5%	3%	6%
Aspects of Economic Theory			4%
Consumer Economics			3%
Econometric and Statistical Analysis and Models			5%
Technology – Biotechnology			3%
Development: International			6%
Miscellaneous	17%	10%	13%

Source: The Giannini Foundation of Agricultural Economics and the Division of Agricultural Economics, University of California, *Economic Research of Interest to Agriculture*, 1951, and triennial reports 1951–1953 through 1996–1999.

Note: The 1929–1950 and 1951–1969 citations were reorganized to correspond to revised economic classifications used in the latter period. Percent of citations by economic classification should be consistent over all time periods.

The Giannini Foundation, too, has endured many changes since its inception. Claude Hutchison's original fourteen members represented the university's assembled expertise in farm management, marketing, cooperative organization, and land economics as it existed in 1928. The expertise of the Foundation's membership has shifted over time under the influence of events such as the Great Depression, post-World-War-II adjustments, and the momentum of continued intensification, concentration, and globalization in the sector and the general economy.

The first two directors of this century, Richard Sexton (Davis, 2000–2003) and David Zilberman (Berkeley, 2003–2007), reinvigorated and sharply expanded Foundation activity in response to growing endowment resources. The present director, Colin Carter (Davis), provides leadership for guiding programs during a period of tumultuous economic and policy challenges.

Proposals for mini-grants for small projects and for seed money for grant applications to larger funding entities are solicited annually from the membership with changes in process to include formal review and annual progress reports. Increased emphasis has been given to promoting outreach activities and providing information about the Foundation to professional and public interests. There has been modest success in that regard. A current website makes available information, publications, and events. *The Giannini Reporter,*[30] published biennially, continues to report on Foundation activity, member publications, and graduate student dissertations. *ARE Update*, the Foundation's bimonthly magazine, provides wide dissemination of research results and expert opinion. The Foundation eagerly helps sponsor or cosponsor workshops and conferences of interest to professional and lay people interested in agricultural, resource, environmental, and development economics. The Foundation's actively managed website, http://giannini.ucop.edu, contains a wealth of information about Foundation activities, Giannini libraries, and UC campuses. It is an outstanding reference to economic matters pertinent to California's agriculture, environment, and natural resources.

We have learned that the Giannini Foundation of Agricultural Economics must continually strive to find its niche amidst both competing demands and constantly changing economic and policy opportunities and challenges. The history of the Foundation has been marked by leadership issues and organizational challenges that have required periodic review and evaluation, as well as occasional structural change. The history of the Foundation also suggests that it best responds to active leadership, member commitment, and complementary programs within the university while respecting the consequence of continued change in external environments.

The Giannini Foundation of Agricultural Economics contributes most by providing effective, scholarly examination and analysis of important economic and policy issues that challenge California agriculture and the welfare of all Californians.

A.P. Giannini's great gift to this university endures.

Postscripts

1. "'Money itch is a bad thing,' [Giannini] once said. 'I never had that trouble.'" (*Time Magazine* 2008).
2. "The truth is that the paradox that the man whose life was money had no interest in it. He turned down frequent salary increases. He never took the frequent bonus increases voted by the board. He refused all gifts. No Bank of America employee could make an overdraft against his deposit account, borrow money from a client or buy securities on inside knowledge: Giannini preceded the Securities and Exchange Commission in banning insider trading. Shortly after leaving the chairmanship in 1945, when he found himself "in danger" of becoming a millionaire, he set up the Bank of America – Giannini Foundation and gave it half his personal fortune. . . . If he was an autocrat in administration, he was democratic in his capitalism. On his death, no less than 40 percent of the bank stock was owned by his employees" (Evans 2004, p. 294).
3. "Last year [1945] Banker Giannini decided that his personal fortune was too big. He hurriedly put $500,000 of it into a fund for bank training and medical research. His explanation: "Hell, why should a man pile up a lot of goddamned money for somebody else to spend after he's gone?" (*Time Magazine* 2008).

Notes

1. The value of the total gift exceeded $14 million in real 2005 dollars.
2. One biography reports "the corporation's net profits for 1927 were expected to be around $30 million" (Bonadio 1994, p. 116). The Bank-of-America-funded *Biography of a Bank* indicates that 1927 profits were actually $35,295,103. Five percent was $1,764,755, leaving about $1.5 million after deduction of about $246,000 in draws on Giannini's own account in 1927 (James and James 1954, p. 279).
3. The shortfall in funding might explain the twenty-month period (October 1929 to June 1931) before the final payment to the regents.
4. Carr's ideas for agricultural research deserving of Giannini's gift included (1) study of the soils of California for development and reclamation of lands that had been "misplanted or wrongfully developed;" (2) study of irrigation schemes with reference to construction and distribution of water, as well as "the administration of the business affairs of the districts;" (3) study of proposed abandonment of lands misplanted and conversion to "suitable crops;" (4) study of the stock industry to balance feed supply and stock supply; (5) study of further development of the dairy industry by "the installation of additional herds on lands that would be converted from fruit lands to alfalfa land, and the importation . . . of people who like dairying, who have made a success of it in localities outside the state;" (6) survey of soil fertilization needs; (7) study of the needs for the production of fewer products of better quality and comparing "profits between such a scheme and one of over-production of inferior products;" (8) study of "economic values of lands not only to assist in finding a price for the purpose of sale but also as a basis for real estate mortgage loans that would be in harmony with conservative appraisals made by responsible organizations. The public's mind simply must be changed as to the value of farming lands in California, and this education must come from an impartial and authoritative source;" and (9) a complete and exhaustive study of the marketing problem—"The harmonizing of the various marketing organizations, both co-operative and independent . . . and a conclusion as to the products that could be handled exclusively by co-operative organizations, if such a thing is practical."[m]
5. Swett became the head of the California Pear Growers' Association in 1918 and was an important spokesperson for agricultural marketing cooperatives. He pointed out that land development was the wrong policy "when California already had enough fruit trees and vines planted to glut all markets once these plantings came into bearing." Swett was reported to be "increasingly critical of Professor Crocheron "for putting all the emphasis on improved production, or practically all of it" (Swett 1968, p. v–viii; Erdman 1971, p. 129).

6. His service as dean of the universitywide College of Agriculture (1930–1952) involved resident instruction on three campuses (Berkeley, Davis, and Los Angeles), research on four campuses (Berkeley, Davis, Los Angeles, and Riverside) and at nine field stations, and an Agricultural Extension Service with county offices throughout the state. In 1945, Hutchison was given the additional title of vice president of the university.
7. Harry Wellman was appointed to the Division of Agricultural Economics in 1935 and was director of the Foundation (1942–1952). This was followed by statewide service as vice president of agricultural sciences, as vice president of the university, and as acting president of the University of California during his last year of active service in 1967.
8. Forest economists have been associate members of the Giannini Foundation from its inception.
9. "Hutchison believed firmly that the application of science was essential for the solution of agricultural problems. He, therefore, wanted a faculty that was highly trained in the sciences pertinent to its work, and he took the necessary steps to obtain such a faculty. He established the policy that all new faculty appointees, even at the instructorship level, had to have a background in thoroughgoing graduate study. At the time he became dean, relatively few faculty members in the College of Agriculture had a Ph.D. degree; by the time he retired, a large majority did" (http://sunsite.berkeley.edu/uchistory/archives_exhibits/in_memoriam/index3.html).
10. "He considered it seriously, and ultimately confessed to me that if the invitation had come to him while he was at Minnesota he would have accepted it" (Hutchison 1961, p. 111).
11. "The character of graduate work changed decidedly when Tolley came in and immediately offered a course in research methods and made the required text Ezekial's new statistical analysis textbook (Mordecai Ezekial, *Methods of Correlation Analysis*, 1930). . . . Tolley's method started with qualitative analysis, meaning you'd think the problem through first in terms of the broader economic aspects to get the setting for the problem, and then decide how to set up the statistical procedures for answering the questions. What statistical data can you get, and how do you combine them to get the answers?" (Erdman 1971, p. 123).
12. Stokdyk left the university in 1933 to be president of the Berkeley Bank for Cooperatives when it was established as a unit of the Farm Credit Administration.
13. Shortly after Tolley's arrival, "we appointed him assistant director of the Foundation because by that time we were beginning to get the staff going and I was getting a little deeper into the other things, you know. I was already visualizing Tolley as ultimately succeeding me as director of the Foundation because I was expecting my responsibilities as associate director of the Experiment Station would command more and more of my time, energy, and interest. Then I became dean of the College of Agriculture on January 1, 1930, and director of the Agricultural Experiment Station at the same time" (Hutchison 1961, p. 111–112).
14. Tolley returned to Washington, D.C. in 1936, serving first as administrator of the Agricultural Adjustment Administration and then as head of the Bureau of Agricultural Economics. Later he would be the chief economist of the United Nations' Food and Agricultural Organization and in charge of the Washington office of the Ford Foundation.
15. "The rarest thing about him to my mind was his knowledge of many different fields of learning. He was the most broadly educated person I have ever known" (Wellman 1976, p. 51).
16. The appointment was as chairman of the Division of Agricultural Economics and director of the Giannini Foundation of Agricultural Economics. In 1946, the Division of Agricultural Economics officially became the Department of Agricultural Economics with Wellman continuing as chairman of the department (L. Sammet, "Agricultural Economics in the University of California at Berkeley," a written report prepared for the seventy-fifth anniversary of the American Agricultural Economics Association, March 1985, page 5).
17. George Mehren appears to have been a graduate student assistant (not a faculty member). He completed the Ph.D. in 1942. He did return from the service to a faculty appointment in 1946.

18. "At the close of the fall term in February 1943 the Regents of the University of California suspended for the duration of the war all undergraduate teaching in agriculture and home economics on the Davis campus. This was done to make immediately available to the United States Army Signal Corp the instructional, housing, and recreational facilities of the University Farm which were being less utilized as the regular students began withdrawing to join the armed forces or enter into other war-emergency activities" ("1943/44 Prospectus of the College of Agriculture, Berkeley").

19. Lee Benson (production economics), Burt Burlingame (farm management), Robert Rock (marketing), and Arthur Sullivan (farm management).

20. Doyle Reed (farm management).

21. In Hutchison's oral history, he was asked: "Did Mr. Giannini have any ideas to offer as to what he thought you ought to go into?"

    Hutchison's response: "No. He watched it with a great deal of interest . . . Wait a minute, he did. He, or maybe one of his associates, asked us to make one study, and that is all. They wanted a study made of the economic and marketing status of the artichoke industry. Why? Some of his Italian friends were engaged in it and he as a produce man was familiar with it. But I think that is absolutely the only request made of us, and I'm not certain that he made even that one. . . . At the time, we were making a series of marketing studies of California fruit and vegetable industries. Artichokes being nominal in total value was pretty well down the list. We moved it up and gave it a little higher priority. To the best of my knowledge that's the only request that either he or any of his associates in the Bank of America ever made to us. But he was interested, always interested" (Hutchison 1961, p. 104–105).

22. Professor Voorhies taught 100 – Comparative Agriculture and 104 – Agricultural Economics beginning in 1930/31; R.L. Adams taught two courses in farm management, 119 – Administration (1930/31) and 118 – Business Organization (1931/32); Erdman began 101A – Principles of Marketing Agricultural Products in 1934/35. Roy Smith was the only tenure-ladder faculty appointee at Davis in the prewar years. Appointed in 1938, he transferred to UCLA in 1940 to teach service courses in farm management and agricultural marketing to students majoring in subtropical and ornamental horticulture and in floriculture. When the UCLA department was closed in 1959, he transferred to Riverside to work on citrus packing and marketing.

23. Nondegree courses included 01 – Farm Economics, 02 – Marketing of Farm Products, 03 – Rural Social Problems, 04 – Farm Bookkeeping, and 05 – Farm Management.

24. At Berkeley – Charles Goldman (regional economics); Kenneth Farrell, Kirby Moulton, and Gordon Rowe (marketing); John Mamer (labor); Eric Thor (agribusiness); and Tim Wallace (policy). At Davis – Leon Garoyan (marketing) and Doyle Reed and Phil Parsons (farm management). At Riverside – Robert Rock (marketing) and William Wood (public policy). At the Kearney Field Station – Ed Yeary (farm management).

25. The Office of the President's policy statement also spoke to preservation of the Giannini library. "The Giannini Foundation Library shall continue to be supported by the Foundation within the limits of funds available, consistent with the total program objectives of the Foundation. This Library is a priceless asset of the university. It will be the board's and director's responsibility to develop policy and budget to assure the continuation of a first-class agricultural economics library" (University of California, Office of the President, "Policy Governing Operation of the Giannini Foundation of Agricultural Economics," 5 February 1975).

26. Cost savings were attributed to the elimination of the director's office and stipend; a change in publication production costs, eliminating the cost of typesetting equipment; transfer of a library assistant at both Berkeley and Davis to permanent Agricultural Experiment Station funding; and a reduction in support to the library (Giannini Foundation Executive Committee, 21 January 1983).

27. The position of statewide Cooperative Extension program leader was eliminated when Cooperative Extension specialists were made part of the academic units in the late 1980s and early 1990s.
28. Warren Johnston (Davis) and David Zilberman (Berkeley) as co-chairs, Jeffrey Williams (Davis), and Brian Wright (Berkeley).
29. At Berkeley – Howard Rosenberg (agricultural labor management), Jerry Siebert (agribusiness), and Charles Goldman (regional economics); at Davis – Steve Blank (financial management), Leslie Butler (dairy industry), Roberta Cook (produce marketing and distribution), and Karen Klonsky (farm management).
30. *The Giannini Reporter* was published annually from 1978 through 1990 and has since been published biennially. The most recent edition was published in 2009.

Archival Documents from the Bank of America Historical Collection

The following documents are holdings from Bank of America's collection of Giannini Foundation papers, a part of the bank's Historical Collection, which is located in San Francisco, California. Many of these documents are reproduced in the Archival Materials section of this volume.

a. Regents of the University of California, "Regents' Minutes," 14 February 1928; copy of a letter dated February 10, 1928, from Bancitaly to the regents.

b. Regents of the University of California, "Regents' Minutes," 13 October 1933; copy of memo describing the terms and organization of the Giannini Foundation of Agricultural Economics, 10 October 1933.

c. "California's Contribution to Farm Relief," ca. 1928.

d. Bessie R. James, note of conversation with A.P. Giannini, 6 April 1949.

e. Editorial newspaper cartoon, "Farm Relief," by Rodger, undated.

f. "Noted Banker Gives Million to School, Giannini Haunted by Fear of Being Millionaire," 27 January 1928.

g. "Strives to Keep Fortune Small, California Banker Gives $1,500,000 to University Lest He Become Millionaire," 27 January 1928.

h. "An Italian in America," undated.

i. *The New Age* (A&A Scottish Rite of Freemasonry Council 330), "A Benefactor," March 1928.

j. "A Gift of an Italian-American Has Thrilled the Nation," undated.

k. "California's Contribution to Farm Relief," ca. 1928.

l. L. Sammet, "Agricultural Economics in the University of California at Berkeley," a written report prepared for the seventy-fifth anniversary of the American Agricultural Economics Association, March 1985, page 3.

m. Letter from H.C. Carr, vice president, Bank of Italy, to James A. Bacigalupi, president, Bank of Italy, 19 January 1928.

n. Letter from B.H. Crocheron, University of California Director of Agricultural Extension, to Harry A. Carr, Bank of Italy, 23 January 1928.

o. L. Sammet, "Agricultural Economics in the University of California at Berkeley," a written report prepared for the seventy-fifth anniversary of the American Agricultural Economics Association, March 1985, pages 10–11.

p. University of California, Office of the President, "Policy Governing Operation of the Giannini Foundation of Agricultural Economics," 5 February 1975.

q. University of California, Office of the Vice President, Agriculture and Natural Resources, "Proposed Reorganization of the Giannini Foundation," 14 November 1983.

r. Giannini Foundation Review Committee report to Berkeley and Davis departmental chairs, 24 October 1999.

s. Giannini Foundation for Agricultural Economics, "Revised Plan of Organization," 10 May 1929.

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