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AN ECONOMIC HISTORY OF THE FRUIT PROCESSING INDUSTRY IN ADAMS
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Abstract

This thesis examines the development of the fruit processing industry in Adams County, Pennsylvania, one of the nation's most concentrated areas of fruit cultivation in the United States. As the United States industrialized, improvements in transportation and changes in consumer tastes facilitated an increase in commercial fruit processing, especially in the Adams County Fruit Belt. The result was an agricultural market that became dominated by the canning operation of C.H. Musselman who established some of the region's largest processing facilities. Although Musselman built a highly successful business venture during his lifetime, his successors made a series of missteps that antagonized the fruit growers who were critical to the company's viability. In response to these paternalistic corporate practices, the growers revolted and formed a cooperative that they could directly control in order to best serve their needs. This cooperative would rapidly grow, eventually purchase the Musselman operation, and form Knouse Foods, one of the largest fruit processors in the world. Thus, the economic development of the fruit processing industry in south-central Pennsylvania can be seen as the success of a successful grower-owned, grower-focused cooperative over a paternalistic corporation.

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Prologue

When the first commercial orchard was planted in Adams County, Pennsylvania in 1878, it was not at all apparent that the area would become a fruit-growing center. Although many farms throughout the county contained small orchards, the fruit from these orchards was not used for commercial fruit processing in any large way. As Frederic Griest, an older resident of the county and member of a prominent fruit growing family described, "...in the early days [late 1800s], nearly every orchard or every farmer or every farm had a few apple trees, maybe there were just a dozen, maybe an acre or two."¹ Indeed, it was not until Noah Sheely planted 23 acres of orchards on his farm located between Cashtown and Arendtsville that commercial fruit production took hold in the area.²

While Sheely originally struggled to succeed in his new commercial endeavor, his breakthrough came in 1893 and set the stage for the rise of the Adams County fruit industry. In that year, Sheely traveled to Chicago for the Columbian Exhibition and negotiated the sale of 1,500 barrels of apples at a price of \$1.50 per barrel.³ Two years later, several merchants from Chicago traveled to Adams County to purchase Sheely's apples, and this transaction prompted the rapid planting of commercial orchards throughout the area.⁴ As fruit cultivation became increasingly important in the area, orchardists formed a county fruit growers' association in 1903

¹ Griest, Frederic. Interview by Frederic Tilberg. *Adams County Historical Society* [Gettysburg, Pennsylvania] October 7, 1969.

² Maholtz, Carol Steinberger. "The Apple Industry in Adams County, Pennsylvania: From Conception through World War II" (M.A. thesis, Pennsylvania State University, 1998), 22.

³ Bloom, Robert. A History of Adams Co., Pennsylvania 1700-1990. *Adams County Historical Society* [Gettysburg, Pennsylvania] 1992.

⁴ Bloom, Robert. A History of Adams Co., Pennsylvania 1700-1990. *Adams County Historical Society* [Gettysburg, Pennsylvania] 1992.

comprised of members with last names such as Bream, Garretson, Hoffman, Longsdorf, Gardner, Peters, Rice, and Tyson, many of which are still prominent in the fruit industry today.⁵

While Adams County was growing an increasingly large amount of apples, the county was yet not known for its fruit production, as apples were widely grown throughout Pennsylvania. However, this would soon change with the arrival of the San Jose Scale. This insect, accidentally introduced to the United States in 1870, slowly spread eastward towards Pennsylvania. By the 1890s and early 1900s, the insect was attacking fruit trees throughout the region with the result being a decrease in tree growth and productivity for all trees affected.⁶

Though it seems counterintuitive, the arrival of the pest actually strengthened Adams County's position in the fruit market. While orchards throughout the East were decimated, Adams County fruit growers largely relied on fruit trees for their income and thus had a strong incentive to undertake spraying and other preventative measures against the San Jose Scale. Those farmers with small orchards in other areas of Pennsylvania who were not dependent on income from fruit for their survival largely resigned themselves to the fact that their orchards were a loss and abandoned them.⁷ By 1910, four million apples trees in Pennsylvania had been taken out of production, while apple trees continued to be planted in Adams County. For example, farms in Menallen Township, one of the largest fruit growing townships in the county, contained an average of 123 bearing apple trees per farm in 1880, while the average Menallen Townships farm contained 391 bearing apple trees per farm by 1927.⁸ More broadly, twenty-

⁵ McMurry, Sally. Pennsylvania Historical and Museum Commission, "Adams County Fruit Belt, 1875-1960." Last modified January, 2009. Accessed March 18, 2012, 950.

⁶ "San Jose Scale," Tree Fruit IPM Insect Identification Sheet, New York State Integrated Pest Management Program. No. 12. Published 1980.

⁷ McMurry, Sally. Pennsylvania Historical and Museum Commission, "Adams County Fruit Belt, 1875-1960." Last modified January, 2009. Accessed March 18, 2012, 950.

⁸ McMurry, Sally. Pennsylvania Historical and Museum Commission, "Adams County Fruit Belt, 1875-1960." Last modified January, 2009. Accessed March 18, 2012, 950; Pennsylvania State Archives, Harrisburg; record Group 1,

five Pennsylvania counties had over 200,000 apple trees in 1900, while that number had been reduced to four only twenty years later, speaking to the effect of the San Jose Scale.⁹

As the number of apple trees increased in the area, the apple industry in Adams County became increasingly dominated by one variety: the York Imperial. Though exact figures are unavailable, one fruit grower surmised that at the turn of the century, three in four apples grown in the county were York Imperials.¹⁰ This was not entirely coincidental, as the York was developed in nearby York County and was lauded for its ability to withstand most conditions encountered in shipment. Although unknown at the time of its initial cultivation, the York Imperial was also an excellent apple for processing, which would prove vital to the growth of the fruit processing industry in Adams County just a few decades later.

Records of the Department of Agriculture; Division of Crop Reporting; Farm Census Returns, 1927, County viewed, Township viewed.

⁹ McMurry, Sally. Pennsylvania Historical and Museum Commission, "Adams County Fruit Belt, 1875-1960." Last modified January, 2009. Accessed March 18, 2012, 950.

¹⁰ McMurry, Sally. Pennsylvania Historical and Museum Commission, "Adams County Fruit Belt, 1875-1960." Last modified January, 2009. Accessed March 18, 2012, 952.

Chapter 1: The Rise of the C.H. Musselman Company (1907-1944)

From the years 1907 to 1944, Christian High Musselman constructed a fruit processing industry centered in Biglerville, Pennsylvania that would grow to become one of the nation's largest canneries by the time of his death. Although in many senses, Musselman's success was based on his good fortune of being positioned in a fruit growing center at a time of rapid change in fruit processing and consumer demands, this was not the key factor in his success. Rather, Musselman's use of corporate policies and practices that financially benefitted his business while also placating growers allowed him to expand his operation and position his company as a dominant fruit processor in the region.

In 1907, C.H. Musselman, his brother, and his father purchased the assets of the Biglerville Canning Company, a small canning operation that processed only 5,000 bushels of produce a year and served as an outlet for local fruits and vegetables that were not used for personal consumption or shipment out of the county.¹¹ The Biglerville Canning Company's primary crop however, was apples.¹² As Frederic Griest, an early Adams County orchardist, indicated when describing the processing industry in first decade of the 1900s, "We hardly knew what to do with the apples when we got them. We made cider and apple butter, and put bins full in the cellar for the winter, but a few were hauled into town [Biglerville.]"¹³ As Griest describes, few farmers took their apples off their farms for processing, choosing instead to pack the apples themselves, if at all. If these farmers chose to ship their apples, they packed them in the orchard

¹¹ "Adams County Canners Take Success Worldwide," December 12, 1999. Adams County Bicentennial Committee. <http://www.gettysburg.com/adams200/tidbits/dec.htm>. (accessed January 16, 2012.)

¹² "Adams County Canners Take Success Worldwide," December 12, 1999. Adams County Bicentennial Committee. <http://www.gettysburg.com/adams200/tidbits/dec.htm>. (accessed January 16, 2012.)

¹³ Griest, Frederic. Interview with Frederick Tilberg. Personal interview. Transcript. *Adams County Historical Association* [Gettysburg, Pennsylvania] October 7, 1969.

themselves in wooden barrels that would then be transported to a nearby town, such as Gettysburg, to be sold.¹⁴

While the canning operation in Biglerville had foundered since its establishment in 1905, the Musselmans were able to build a financially successful operation, partly because they operated the cannery personally and had few additional employees. These measures allowed the company to enjoy low costs.¹⁵ More important however, was C.H. Musselman's recognition that the cannery would be more successful if it specialized in one product, rather than canning corn and beans as well, as it had done in the past under the Biglerville Canning Company. Soon after the purchase of the cannery, Musselman decided to discontinue the canning of vegetables to focus exclusively on apples, at least for the time being.¹⁶ According to Musselman's grandson, Thomas Arnold, this allowed Musselman to improve the quality of his canned apples, since he was specializing in only one crop, rather than focusing on several products.¹⁷

While the family's cannery was becoming increasingly successful, a series of fortunate events allowed C.H. Musselman to consolidate his control over the operation. In 1910, C.H. Musselman's brother sold his share of the operation and decided to become a missionary abroad, while C.H. Musselman's father left the cannery the following year citing his desire to return to his native Lancaster County.¹⁸ While there is no evidence that C.H. Musselman encouraged his family members to exit the business, their decision to do so would allow him to be in full control of the business, which was now expanding rapidly.

¹⁴ Griest, Frederic. Interview with Frederick Tilberg. Personal interview. Transcript. *Adams County Historical Association* [Gettysburg, Pennsylvania] October 7, 1969.

¹⁵ Griest, Frederic. Interview with Frederick Tilberg. Personal interview. Transcript. *Adams County Historical Association* [Gettysburg, Pennsylvania] October 7, 1969.

¹⁶ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 2.

¹⁷ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

¹⁸ Horst, Donald. *140 Years of Fruit Growing History in Adams County*. Adams County Fruit Growers Association [Biglerville, Pennsylvania] 1999. 14.

Musselman's operation was able to prosper initially partly because there were an increasingly large number of apples being cultivated in Adams County, with the most common variety, York Imperial, being excellent for processing. Although Adams County growers had shipped York Imperials out for purchase on the fresh market, York Imperials were not as popular as were many varieties that were coming into the market from Western areas of the country beginning in this period. The result was a glut of apples in south-central Pennsylvania that could be sold on the fresh market, yet were at a disadvantage due to competition. Under these circumstances, there was a natural opening for a fruit processing industry to develop since canning had never been attempted on a large scale in the area before.



Fig. 1. The Musselman Plant, Biglerville, PA, 1907. (Photo courtesy of Musselman Library, Gettysburg College, Gettysburg, PA.)

Under these circumstances where the processed apple market was wide open, C.H. Musselman decided that he was not content for his canning operation to be contained only in

Biglerville and sought to expand. In 1912, he decided to construct an additional processing plant in the village of Gardners in order to process fruit from farmers in the northern end of the county who would not haul their produce to Biglerville due to geographic constraints.¹⁹ Musselman did not use conventional means to construct his new operation. Rather, he entered into a unique bargain with the community of Gardners with this bargain providing the first evidence of the way he viewed growers, employees, and community members. Musselman used prominent residents of the village as his liaisons and reached an agreement in which Musselman would construct his cannery in the hamlet and employ community members, while the community would pool their funds to buy the site and help build the cannery. If the community did not agree, Musselman would build his operation elsewhere.²⁰ While this endeavor was mutually beneficial to all parties, it demonstrates that C.H. Musselman was more than willing to use community members as leverage in order to suit his purposes, a pattern that would later repeat itself with growers.

¹⁹ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 3.

²⁰ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 3.



Fig. 2. The Processing Room, the Musselman Plant, Gardners, PA, 1914. (Photo courtesy of Musselman Library, Gettysburg College, Gettysburg, PA.)

Shortly after the Gardners plant opened, C.H. Musselman's good fortunes continued as the United States entered World War I. The country suddenly needed a massive supply of long-lasting food to ship to soldiers fighting in Europe, and C.H. Musselman was well-positioned to fill the void. In response to the increased demand for all canned food, C.H. Musselman began diversifying his operation and resumed production of vegetables at Biglerville.²¹ This allowed C.H. Musselman to increase his profits by operating the cannery during the summer season and expand beyond the fall-only operation that had existed in recent years when his business was solely based on canning apples. While a diversified operation that canned numerous products had failed in the early years of the company, Musselman now had a larger, more established business, a signature product in the form of apples, and a wartime market that allowed his operation to succeed. In addition, Musselman was able to hire women to fill the void left by the

²¹ Horst, Donald. *140 Years of Fruit Growing History in Adams County*. Adams County Fruit Growers Association [Biglerville, Pennsylvania] 1999. 36.

men who were off at war, which was the beginning of the predominantly female workforce that would come to define Musselman's in later years.²² One of the reasons that Musselman was able to retain these employees was because he made it extremely easy for them to come to his canneries to work. Since automobiles were still rare in rural Adams County, C.H. Musselman purchased several trucks and employed drivers who would travel throughout the county to pick up cannery workers who lived up to fifteen miles away in order for them to get to work during the labor shortage.²³

Following the end of World War I, Musselman began purchasing farms throughout Adams County. Between 1919 and 1920, he personally bought three farms totaling 590 acres, two of which were located near his two canneries. These farms were purchased by C.H. Musselman for multiple reasons. According to his grandson, Thomas Arnold, C.H. Musselman was interested in the cultivation, as well as processing, of fruit and viewed the farms as a way to be more in touch with all aspects of fruit production.²⁴ However, there is evidence that Musselman's purchase of these farms was for strategic reasons as well. According to a fruit grower, William Lott, Musselman would later use his ownership of these farmers to try to relate to the fruit growers who supplied his company by saying that he was dealing with the same issues and challenges as all other growers.²⁵ This statement was corroborated by another fruit grower, John Peters, who said, "Musselman saw that we fruit growers were making money by growing fruit and selling it to him and he wanted in on the game. It was far easier for him to earn profits if he was both buying the fruit for canning and selling it to himself."²⁶ Regardless of

²² Horst, Donald. *140 Years of Fruit Growing History in Adams County*. Adams County Fruit Growers Association [Biglerville, Pennsylvania] 1999. 36.

²³ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 5.

²⁴ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

²⁵ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

²⁶ Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

the initial reason, Musselman's purchase of these three farms was the beginning of what would later become enormous landholdings by his company.

More broadly, the years following World War I marked a major change in C.H. Musselman's canning operations and his attitudes towards fruit growers and his employees. In October 1919, when all the workers at both the Gardners and Biglerville canneries requested wage increases, Musselman initially denied the employees' requests. As employees continued to press for higher wages, Musselman sensed growing trouble and granted an increase in order "to ensure harmony and prevent a strike."²⁷ Though C.H. Musselman was able to present himself as being somewhat sympathetic to the demands of his employees through granting them their requested wage increase, Musselman only did so after his employees threatened to strike and shut down his operation, somewhat undercutting his public overtures of acting in the employees' best interest. In fact, Musselman's plant foreman was quoted as saying, "Some of the trouble disturbers here better not think that they can run this plant nor the one at Biglerville" indicating that while C.H. Musselman was content to portray himself as being a benevolent employer, the managers he hired to run the plant in his stead were not nearly as friendly to the workers as Musselman positioned himself as being.²⁸

Though Musselman may not have been the altruistic employee that he portrayed himself as being, the experience of his employees stands out in contrast to the experience of women employed in the California canning industry. In *Cannery Women, Cannery Lives*, Vicki Ruiz argues that many women employed in California canneries became unionists who pressured management for benefits such as maternity leave, paid vacations, and day-care for their

²⁷ *Walkout*. Gettysburg, PA: Adams County Bicentennial Committee, November 22, 1999.
<http://www.gettysburg.com/adams200/tidbits/nov.htm>. (accessed January 16, 2012.)

²⁸ "Strike Threat At County Plant." *The Gettysburg Times* [Gettysburg, Pennsylvania] October 11, 1919.

children.²⁹ However, the experience of Musselman cannery women was quite different for a number of reasons. First, many women employed in California canneries were Hispanic, while Musselman's employees were primarily whites who had lived in the area for many years. In addition, the rural, conservative nature of Adams County likely prevented unions from forming in the area. Finally, Adams County did not have a large industrial base as did Southern California, so there was likely less of a sense among Musselman cannery women that any sort of cannery culture existed.

At the same time that his employees within his two canneries were threatening to cause trouble, Musselman was taking steps to ensure that the growers who provided the backbone of his fruit supply remained loyal to him. In an attempt to keep growers on good terms, Musselman began sending letters to each fruit grower in Adams County every year that would wish them well and apologize for not visiting them personally, saying that it was impossible for him to visit each of the 700 growers who supplied his company.³⁰ In these letters, Musselman thanked the growers for their loyalty and encouraged them to travel to Biglerville to visit him to discuss issues that were concerning them, an invitation that growers seldom accepted.³¹

As the company expanded in the World War I era and began to become tremendously successful, Emma Musselman, C.H. Musselman's wife, took on a greater role in the canning operation and eventually became the manager of the Gardners plant for a brief period. In this capacity, she worked to maximize production, and thus profits whenever possible. During the flu epidemic of 1918, Emma Musselman refused to close the Gardners cannery which she oversaw, despite calls from the Gettysburg board of health for employers in Adams County to

²⁹ Ruiz, Vicki. "Cannery Women, Cannery Lives." University of New Mexico Press, (Albuquerque, New Mexico.) 1987.

³⁰ C.H. Musselman, C.H. Musselman Company, to Chester Tyson, Gardners, July 15, 1919,.Knouse Foods Company Archives, Knouse Foods Cooperative [Peach Glen, Pennsylvania]

³¹ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

temporarily close facilities where large numbers of people congregated together in close quarters.³² As the plant remained open at her insistence, Mrs. Musselman ordered that employees' throats and noses be sprayed with antiseptics each day while claiming that closure of the plants would have deleterious psychological effects on her employees.³³ While Mrs. Musselman claimed to have the best interest of her workers at heart, there is no doubt that the Musselmans would have lost money had the canning operation been closed, especially due to high wartime demand. This, coupled with C.H. Musselman's refusal to grant higher wages until a strike was threatened, calls into question whether the Musselmans were as benevolent to their employees as they often portrayed.

At the time that the Musselmans were enjoying a period of great financial success, C.H. Musselman thought it best if his operation expanded beyond Adams County to take advantage of the fruit industry in surrounding states. With this in mind, Musselman approached growers in the Inwood, West Virginia area about the possibility of expanding operations in the region. As he did when constructing the Gardners cannery, Musselman approached community members and discussed the advantages of constructing the cannery in their town and met with local growers to discuss the cost savings they would realize if they no longer had to ship their apples by rail to Biglerville.³⁴ After a study of all possible sites in the area, an agreement was reached in which growers and community members pooled their funds to purchase the 10-acre site where the cannery would be constructed, thus relieving Musselman of the cost of the property for construction.³⁵ As in Gardners, all parties benefitted as Musselman did not have to pay for the property, growers enjoyed lower shipping costs, and local residents received jobs. These

³² "General Closing Asked By Board." *The Gettysburg Times* [Gettysburg, Pennsylvania] October 4, 1918.

³³ "Mrs. C.H. Musselman, 85, Cofounder of Firm Which Bears Her Name, Expires." *The Gettysburg Times* [Gettysburg, Pennsylvania] February 1, 1966.

³⁴ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 6.

³⁵ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 6.

measures allowed Musselman to financially benefit while also giving him a good reputation in the community.

As his company continued to grow, C.H. Musselman decided to incorporate his holdings so that his company could continue beyond his lifetime.³⁶ As a result of incorporation of the business in 1922, a board of directors was elected that consisted of C.H. Musselman and other senior managers at the canneries who were trusted by Musselman and who were involved in the day-to-day operations. Although the sale of shares of company stock would theoretically open the company up to ownership by the general public, including company employees and local fruit growers, the shares of the new C.H. Musselman Company were purchased solely by members of the Musselman family. This purchase of the shares by the Musselmans allowed them to remain in control of the company despite its incorporation.³⁷ As Thomas Arnold described, “My grandparents wished to protect the years of hard work and effort that they had put into their company and saw incorporation as the best way to do so. They weren’t concerned about raising money through the sale of shares and wanted to maintain control of their company, so they kept all shares of stock within the family. They certainly viewed the operation as a family business.”³⁸

While the Musselmans may well have viewed their business as a family operation, they continued to expand their company at a rapid pace. At the heavy encouragement of C.H. Musselman, in the 1920s, Adams County fruit growers began planting Montmorency sour cherries for commercial use.³⁹ The production of canned cherries allowed Musselman to further expand his operation while also allowing farmers to diversify their operations. As one fruit

³⁶ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 6.

³⁷ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

³⁸ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

³⁹ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 7.

grower described, “I recall my father telling me that there was some resistance initially to planting cherries since it had never been done before in this area. But it certainly became successful over time and we’ve never really looked back.”⁴⁰ With the new plantings of cherry trees and the successful marketing of the crop, Adams County ranked third in Pennsylvania in cherry production by 1929, with the cherry crop traveling almost exclusively to the C.H. Musselman Company for processing.⁴¹ Again, Musselman was able to position himself in such a way that his company benefitted financially, while also improving growers’ finances and making them more loyal to him due to the benefits they reaped from the successful cherry crop that he had encouraged them to plant.

Certainly, C.H. Musselman and his company were in a good position in the 1920s – he headed an expanding canning operation in Adams County, which was rapidly becoming the largest fruit growing county in the region. In addition, Musselman was able to take advantage of changing dietary preferences among Americans. As Harvey Levenstein argues in *Revolution at the Table*, by the 1920s, middle class families were beginning to accept that women were busier than in the past and lowered their expectations for home-cooked meals which left an opening for canned foods, such as those that Musselman produced. As Levenstein argued, “To ‘eat and run’ became acceptable family behavior...housewives who wanted to get on with their own leisure activities could deal with this by using canned, processed, and prepared foods.”⁴²

To further cement his company’s financial success and increase grower and community loyalty to him, Musselman undertook a shrewd maneuver. In 1928, he constructed an apple butter plant in Biglerville that processed apples that weren’t deemed suitable for canning or

⁴⁰ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

⁴¹ United States. United States Census Bureau. *Census of Agriculture - Pennsylvania, 1930*. “Land in Orchard Fruits, Vineyards, and Planted Nut Trees, With Number.” County Table VIII. 374.

⁴² Levenstein, Harvey. “Revolution at the Table: The Transformation of the American Diet.” University of California Press, 2003: 162.

slicing. As Thomas Arnold described, “[C.H. Musselman] realized pretty quickly that it was easier for him to use all the apples that growers brought to the cannery, instead of rejecting many of the apples that growers brought to him because they had spots or bruises.”⁴³ Not only did this attempt to utilize as much of the apple crop as possible financially benefit Musselman, it also helped placate growers by reducing the amount of their crop that was rejected at the cannery, thus continuing Musselman’s pattern of undertaking decisions that benefited him as well as placated the growers who were the lifeblood of his business.

As the company continued its rapid expansion, Musselman began to consolidate all aspects of production within his hands. In 1934, Musselman constructed a large 120,000 bushel cold storage unit adjacent to his Biglerville cannery designed to store apples during the off-season, which allowed him to shift away from the seasonal employment structure that still largely defined his company.⁴⁴ While the construction of this storage facility and the subsequent incorporation of another element of fruit processing production into the Musselman holdings may appear to be an attempt at vertical integration since the company was controlling more phases of production, Musselman was simply expanding production by the only way that was practical, as there was no cold storage units in the area constructed at the time that the cannery could have used.⁴⁵ Thus, construction of his own cold storage unit was the only way for Musselman to store apples for processing after the fall harvest season had ended. Two years later, Musselman continued his expansion by constructing a 140,000 bushel cold storage unit at the Gardners cannery. In addition to using these new cold storage units to expand his businesses,

⁴³ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

⁴⁴ Horst, Donald. *140 Years of Fruit Growing History in Adams County*. Adams County Fruit Growers Association [Biglerville, Pennsylvania] 1999. 36.

⁴⁵ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 9.

Musselman also stacked apples outside the canneries when the cold storage units were full and covered the crop with corn fodder in an attempt to maximize production wherever possible.⁴⁶

As Musselman's operation diversified, it continued to expand. Beginning in 1936, C.H. Musselman began exploring the option of processing tomato juice in his cannery in order to expand his product line and make him less reliant on the apple crop.⁴⁷ After an outbreak of disease from tomato transplants that were shipped in from Georgia, Musselman decided that the company would grow its own crop and constructed greenhouses. The following season, the C.H. Musselman Company grew its own tomato plants from seed in the greenhouses before transplanting them to two hundred glass covered hot beds and cold frames.⁴⁸

It was around this time that Musselman's vision of the use of his farms began to change. According to Robert Burkhart, a Musselman manager who was employed at the company from 1938 to 1981, "After the success of the tomato plantings, Mr. Musselman got the idea that we could use these farms as a way to experiment with new endeavors, such as experimenting with new varieties for processing."⁴⁹ This change in Musselman's vision for his farms as less of a way to relate to fruit growers coincided with a rise in the sense by growers that the C.H. Musselman Company was increasingly out of touch with their needs. As one fruit grower described, "Musselman didn't seem overly interested in what we growers were going through. I don't know if he couldn't get his company organized and well-run, or if he didn't just care about us [fruit growers]."⁵⁰ The grower illustrated an example of the company's disorganization and its disinterest in fruit growers that he claims were increasing at the C.H. Musselman Company

⁴⁶ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 9.

⁴⁷ Horst, Donald. *140 Years of Fruit Growing History in Adams County*. Adams County Fruit Growers Association [Biglerville, Pennsylvania] 1999. 16.

⁴⁸ Horst, Donald. *140 Years of Fruit Growing History in Adams County*. Adams County Fruit Growers Association [Biglerville, Pennsylvania] 1999. 16.

⁴⁹ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

⁵⁰ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

during the late 1930s and early 1940s, by saying, “We would be told that Wednesday would be the day to take drop apples to Biglerville, so we’d spend all morning loading up our trucks full of drops only to get to there and be told that they didn’t need drops anymore and that we should come back next week. Well, by the time next week rolled around, those apples had spoiled and we had lost all that money we could have made.”⁵¹ According to the grower, there was little indication that Musselman or his company had any ill will toward growers; rather, Musselman’s managers failed to appreciate the work that growers did. When asked if Musselman ever visited his family’s orchard, as Musselman claimed to do in his annual letters that he sent to fruit growers, the grower indicated, “I remember my father getting that letter in the mail and laughing. He [Musselman] always said that he wanted to try and stop by our orchard to check in and see how we were doing, but he never did. It sounded nice on paper, but you figured out pretty quickly that if you wanted anything, you had to go to him despite what he said about coming to you.”⁵²

Furthermore, fruit growers had no means to influence the price that they received from the company for their crops. As Robert Burkhart described, the price that the C.H. Musselman company offered to growers was entirely non-negotiable upon delivery. According to the manager, “There was no reason for negotiation, the price that we offered the growers was what they would receive.”⁵³

During this period, C.H. Musselman also began instituting numerous changes within his canneries as well. A cafeteria was constructed in the Biglerville plant, supervised by Mrs. Musselman, that helped the company recruit year-round employees. According to Mabel Grove, a seasonal Musselman employee in the early 1940s, “Everybody who wanted a job at

⁵¹ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

⁵² Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

⁵³ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

Musselman's got one in the fall during apple season, but they had a lot less [sic] year-round employees. Musselman started changing things around in the plant to try and keep people there all year."⁵⁴

Musselman's changes at the canneries were not just limited to constructing cafeterias to make cannery work more appealing. In 1940, he instituted an incentive system where all employees received a daily bonus based on quality and productivity, and the following year, group insurance was introduced for all year-round employees.⁵⁵ Benefits such as these were relatively rare during this period, and helped the company recruit and retain employees, according to C.H. Musselman's grandson.⁵⁶



Fig. 3. Christian H. Musselman, 1880-1944 & Emma G. Musselman, 1880-1966 (Photo courtesy of Musselman Library, Gettysburg College, Gettysburg, PA.)

⁵⁴ Grove, Mabel. Interview by author. Personal interview. Transcript. York Springs, PA, November 26, 2011.

⁵⁵ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 11.

⁵⁶ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

In the broader historical context, the institution of these benefits seems to be an example of welfare capitalism, but one that began at a later date than was the case elsewhere throughout the country. While Musselman instituted the sort of benefits that Sanford Jacoby describes as an attempt to offer security to employees and to get them to identify with the company, it came many years after these practices were instituted by many other corporations.⁵⁷ According to C.H. Musselman's grandson, "These sorts of benefits were a way to reward employees for their loyal service to the company, nothing more, nothing less. Employees appreciated these benefits because my grandfather was letting them share in the prosperity of the company, which he felt was important."⁵⁸

There is no evidence that Musselman's employees demanded these sorts of benefits, and an employee from the era has no memory of any labor strife that would have prompted the institution of these benefits.⁵⁹ Likewise, Robert Burkhart also corroborated the evidence that C.H. Musselman instituted these benefits before they were demanded by employees.⁶⁰ Contrary to what Jacoby argues was typical for the era, C.H. Musselman did not probe the opinions of workers to determine what they wanted, but rather instituted these benefits before they were demanded at all.⁶¹ While the reasons for Musselman's actions are not totally certain, there is some evidence that he was concerned that his workforce might organize into a labor union similar to the United Cannery, Agricultural, Packing, and Allied Workers of America, which was causing labor strife in canneries in California. As Burkhart described, "As long as I worked

⁵⁷ Jacoby, Sanford. *Modern Manors*. Princeton, NJ: Princeton University Press, 1998. 25.

⁵⁸ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

⁵⁹ Grove, Mabel. Interview by author. Personal interview. Transcript. York Springs, PA, November 26, 2011.

⁶⁰ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

⁶¹ Jacoby, Sanford. *Modern Manors*. Princeton, NJ: Princeton University Press, 1998. 25.

there, we [Musselman management] didn't want a union, so we gave good benefits to keep one from starting. That was a headache that we didn't need."⁶²

As C.H. Musselman aged, his health began to decline and he began to delegate more oversight of the company to his trusted assistant, John Hauser. While Musselman was alive, Hauser made few changes to the company and continued to operate it according to Musselman's directives that had brought the company much success. Thus, when Musselman died on January 6, 1944, the company was well-positioned for success and was experiencing another boom due to increased demand for long-lasting food products due to World War II.⁶³ While the company was doing well, a series of changes would be made by Musselman's successors that would seriously weaken the company's standing.

From 1907 to 1944, the success that the C.H. Musselman Company enjoyed was due to a number of factors. Simply put, Musselman was fortunate to enter into a market that had tremendous potential for expansion due to an abundant supply of fruit in the immediate area. In addition, Musselman was able to expand his product line with great success using his personally owned farms for experimentation and his ability to persuade fruit growers to plant new crops including sour cherries. Finally, as one grower attested, Musselman enjoyed a near monopoly on fruit processing in the area which put him in a good position to control growers' cultivation of crops and dictate prices to them.⁶⁴ While the local fruit growers might not have felt that Musselman always had their best interest at heart, there was little alternative to taking their produce to his canneries for processing since their apples were not as competitive to their

⁶² Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

⁶³ "C.H. Musselman, One of Largest U.S. Canners, Succumbs." *The Gettysburg Times* [Gettysburg, Pennsylvania] January 7, 1944: 2.

⁶⁴ Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

western counterparts on the fresh produce market due to the varieties that were cultivated in Adams County.

By the time of C.H. Musselman's death, his company had expanded dramatically since its founding in 1907 and become one of the largest canning operations in the United States.⁶⁵ Although problems were beginning to appear on the horizon, namely increasing grower dissatisfaction with corporate practices and attitudes, C.H. Musselman was able to rein in the growers and keep his company in a strong position. Following his death, newly installed management would not respond to these problems as effectively, which would result in the formation of a grower-owned cooperative and force the C.H. Musselman Company to make dramatic changes.

⁶⁵ "C.H. Musselman, One of Largest U.S. Cannerymen, Succumbs." *The Gettysburg Times* [Gettysburg, Pennsylvania] January 7, 1944: 1.



Fig. 4, C.H. Musselman, circa 1942 (Photo courtesy of Knouse Foods, Peach Glen, PA.)

Chapter 2: The Growers Rebel: The Formation of Knouse Foods

As the fruit industry developed in Adams County throughout the first half of the twentieth century, the volume of fruit that was sent to canneries for processing increased. Although the C.H. Musselman Company had some local competitors, including a cannery owned by I.Z. Musselman in Orrtanna and an Aspers canning operation that would later become Mott's, C.H. Musselman was by far the largest processor in the area by all accounts. This arrangement allowed Musselman to employ certain corporate practices that often irritated growers with no negative result to him, since growers were relatively powerless and had few alternative canneries to process their fruit. This arrangement initially benefitted Musselman and his company during his lifetime; however, these antagonizing corporate practices later drove fruit growers to organize a cooperative in a venture that Musselman had sought to prevent.

Beginning in the early 1900s, fruit growers in Adams County became increasingly specialized and moved away from general agriculture. While field crops and livestock were still an important component of farmers' incomes, a 1922 Extension Agent report identified that county farms containing orchard acreage derived an average of 58% of their income from fruit, providing evidence that farms that had fruit trees were becoming increasingly dependent on fruit, rather than standard crops such as corn or wheat.⁶⁶ Since relatively few fruit growers sold their produce directly to the public through ventures such as roadside stands, a vast majority of the fruit they produced was either shipped fresh to markets outside of Adams County or was taken to local canneries for processing.⁶⁷ This increasing reliance on fruit processing was especially

⁶⁶ McMurry, Sally. Pennsylvania Historical and Museum Commission, "Adams County Fruit Belt, 1875-1960." Last modified January, 2009. Accessed February 13, 2012. 959.

⁶⁷ McMurry, Sally. Pennsylvania Historical and Museum Commission, "Adams County Fruit Belt, 1875-1960." Last modified January, 2009. Accessed February 13, 2012. 959.

evident in the developing sour cherry industry, which had little viability on the fresh market resulting in over 80% of the crop being processed by the middle of the century.⁶⁸ In the apple industry statewide, nearly half the crop was used for processing by mid-century with Adams County likely having a higher proportion of its apples being processed.⁶⁹ These factors combined to ensure that fruit growers in the county were becoming increasingly reliant on fruit processing, and thus the C.H. Musselman Company, for their income.

Throughout the early decades of the 20th century, C.H. Musselman had been building a successful canning operation with his canneries in Biglerville and Gardners. To supply these canneries, Musselman received fruit from local growers, as well as some fruit from several farms that he personally owned. While growers had long taken their products to Musselman's to be processed, some growers felt that the company was increasingly out of touch with the reality that growers faced. As William Lott, a local fruit grower recalled, "The people up in Biglerville [Musselman managers] were always nice enough as far as I can remember. You just always got the sense that they didn't really know what was going on with us out in the field."⁷⁰ As Lott described, around the early 1940s, the C.H. Musselman Company began to undertake certain practices that irritated growers. While these actions never seemed intentional, they were nonetheless frustrating and antagonizing. For example, Lott described how growers would often collect dropped apples that had fallen off the tree and would then call to the cannery to see when these apples could be taken for processing. Growers would then be given a time and date to deliver the dropped apples. However, Lott says, when growers would arrive at the time that

⁶⁸ Coley, Basil. "Structure and Performance of the Pennsylvania Fruit and Vegetable Processing Industry." (M.S. Thesis, Pennsylvania State University, 1962), 97.

⁶⁹ Coley, Basil. "Structure and Performance of the Pennsylvania Fruit and Vegetable Processing Industry." (M.S. Thesis, Pennsylvania State University, 1962), 1; McMurry, Sally. Pennsylvania Historical and Museum Commission, "Adams County Fruit Belt, 1875-1960." Last modified January, 2009. Accessed February 13, 2012. 968.

⁷⁰ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

Musselman's had told them to, the company would inform the growers that the apples were not needed that day and that they should return the following week. In Lott's words, "They just didn't seem to know that by next week the [dropped] apples would be spoiled and no good. And they certainly didn't care that we had spent all morning loading up the trucks with those apples and wasted all that time for nothing."⁷¹

As Lott indicated, growers increasingly felt antagonized by the company and underappreciated due to low prices that they received for their crops. Although C.H. Musselman had stated that one of the reasons he owned 800 acres of orchards personally was to "learn the growers' problems by first-hand experience", growers were increasingly sensing that the company was out-of-touch with their realities and budgets.⁷² When describing the company's payments to growers, Lott indicated, "Musselman's always paid you, we never had any trouble with that. But my family and people we talked to always felt that we could be getting a whole lot more money than what we were."⁷³ When asked if growers ever sat down with company executives to discuss the payments they received, Lott said that growers did so on rare occasions. In his words, "We'd go up there and sit down with them [Musselman executives], but they really weren't too interested in hearing what we had to say. They'd agree to give us a little more money in the future and send us on our way...It definitely wasn't what you would call a welcoming environment."⁷⁴

It is unclear if growers' suspicions that the C.H. Musselman Company was underpaying have any merits. What is known is that the price offered to growers was not open to negotiation. According to Robert Burkhardt, a Musselman manager from the period, the price that growers

⁷¹ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

⁷² Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, October 1943.

⁷³ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

⁷⁴ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

received was based on the weight of the delivery and the price remained the same regardless of the variety of apple delivered or the apples' size, meaning that the elements of production that growers could control made no difference in the price they were paid. However, apples that were in poor condition due to circumstances, such as hail, that were beyond the growers' control, received a lower price.⁷⁵ The only control that growers had over the price was if they could delay delivery of their crop until after January 1, at which point the price growers would receive would increase since the company wished to spread its production out over a long period of time. As Burkhart described, "It was easier for us to have the growers deliver the apples after the new year since we didn't just need them [the apples] in the fall during harvest season. Granted, we could have taken them in the fall and held them in our cold storage, but it was cheaper for us to have the growers deal store them instead of storing them ourselves."⁷⁶

Although growers were feeling dissatisfied with their arrangement and payment system under the C.H. Musselman Company, C.H. Musselman himself was able to hold the company together during this period and kept the growers from revolting during his lifetime due to a number of factors. For example, the entry of the United States into World War II greatly increased the demand for canned food. Since Musselman was now in a position where his products were in high demand, he needed all the fruit that he could receive from growers which resulted in growers having increased leverage within the company.⁷⁷ According to John Peters, a local fruit grower whose family had significant orchard holdings, growers found that the company representatives were kinder and more receptive to grower concerns during the war era, although he could not recall specifically if prices paid to growers increased.⁷⁸

⁷⁵ Burkhart, Robert. Interview by author. Personal interview. Transcript. Biglerville, PA. March 18, 2012.

⁷⁶ Burkhart, Robert. Interview by author. Personal interview. Transcript. Biglerville, PA. March 18, 2012.

⁷⁷ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 11.

⁷⁸ Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

In addition to the increased power of growers due to World War II, growers and community members felt a level of personal respect toward C.H. Musselman that they did not necessarily feel toward his company. This allowed Musselman to remain somewhat respected by many growers, despite their complaints about some of his company's practices. As Mabel Grove, a local resident and seasonal Musselman employee in the 1940s described, "I don't ever recall anybody [in the community] having an issue with Musselman himself. The company, sure; but not with him personally."⁷⁹ Whether these feelings of respect are due to Musselman's personality or simply to deference to him as founder of the cannery is not clear.

What is clear is that the grower-company relationship deteriorated considerably in the years following 1944 when C.H. Musselman died. As the nation moved away from a wartime economy, inflation rose dramatically in all sectors of the economy, including the price of retail food products.⁸⁰ While these prices had largely been frozen during World War II, controls were lifted in July 1946 and inflation rates soon approached 20% where they lingered for several months.⁸¹ This dramatic rise in prices was felt by fruit growers as their expenses grew, yet the payments they received from the C.H. Musselman Company did not keep pace.⁸² This was the case throughout much of the farming sector as wholesale farm prices remained relatively flat or fell during this period as indicated in the Consumer Price Index which shows a 46.4% decrease in the real farm price of fruit during the period of June 1946 to March 1948.⁸³

⁷⁹ Grove, Mabel. Interview by author. Personal interview. Transcript. York Springs, PA, November 26, 2011.

⁸⁰ Craats, Rennay. *History of the 1940s*. Mankato, Minnesota: Weigl Publishers, 2002. 34.

⁸¹ United States Department of Labor, Bureau of Labor Statistics, "Consumer Price Index." Last modified February 17, 2012. <ftp://ftp.bls.gov/pub/special.requests/cpi/cpiiai.txt>. (accessed February 19, 2012.)

⁸² Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

⁸³ Wallace, D.H. *The Structure of Postwar Prices*, (UMI, 1948) <http://www.nber.org/chapters/c6680.pdf> (accessed February 19, 2012), 55.

According to William Lott, under these circumstances, the sentiment only grew among fruit growers that they were not receiving fair prices for their produce.⁸⁴ In response to these grumblings by fruit growers, management at Musselman's acknowledged that prices paid to farmers and wages paid to employees were not in line with what farmers and workers desired. In the September 1946 issue of *The Processor*, the Musselman company newsletter, management noted that the cost of living was rising dramatically, but urged readers to be grateful that they lived in an area with a low cost of living, saying that their income was actually better than most other workers and farmers in other areas of the country.⁸⁵ However, according to John Peters, growers remained unconvinced that the C.H. Musselman Company was acting in their best interest and when they continued to ask for higher payments for their produce, they were again rebuffed as in the past.⁸⁶

While fruit growers were dissatisfied with prices that they received from Musselman's, they were also aware that they would receive higher prices for apples that were sold on the fresh market. However, this was not a completely viable option in Adams County, even though approximately half of the local crop was sold fresh at local fruit stands or shipped out of the area. The primary competitor was Western apples, mainly from Washington, which posed an increasingly large threat to Adams County fruit growers. Western growers had planted varieties that were more visually appealing than Eastern apples, and due to consumer preferences and aggressive marketing, apples from the West had an advantage on the fresh market.⁸⁷ In addition, fruit growers in Adams County had planted varieties such as Stayman and York Imperial that

⁸⁴ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

⁸⁵ Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, September 1943.

⁸⁶ Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

⁸⁷ Magness, J.R. "Our Apple Industry, Present and Future," *Pennsylvania Fruit Growers' Society Annual Report* 25 (1948): 26.

were excellent for processing, but did not fare well on the fresh market.⁸⁸ Due to weather conditions, these apples were often not uniformly red and were streaked with green, which growers felt prohibited them from sale on the fresh market.⁸⁹ In addition, varieties such as Stayman and York Imperial were simply not as tasty as those varieties grown in the Western states.⁹⁰

With these considerations in mind, it is obvious that growers had relatively few options on how to deal with their dissatisfaction with the C.H. Musselman Company. While the company was dependent on the growers, there were so many growers supplying the company that each produced an insignificant portion of the total supply of the crop and no one grower could make a difference in the price that he was paid. This relationship was not uncommon throughout Pennsylvania with fruit and vegetable processors as growers were largely relegated to the status of “price takers” where they were forced to accept the price they were given since they individually had little influence.⁹¹

At the same time that grower dissatisfaction was increasing and influence was decreasing, an alternative to the C.H. Musselman Company became available. Beginning in 1917, a small cannery had been processing fruit in Peach Glen, just a short distance from Musselman’s Gardners cannery. While originally founded as a cooperative, the cannery had

⁸⁸ Magness, J.R. “Our Apple Industry, Present and Future,” *Pennsylvania Fruit Growers’ Society Annual Report* Volume 25 (1948): 26.

⁸⁹ Griest, Frederic. Interview with Frederick Tilberg. Personal interview. Transcript. Adams County Historical Association, October 7, 1969.

⁹⁰ McMurry, Sally. Pennsylvania Historical and Museum Commission, “Adams County Fruit Belt, 1875-1960.” Last modified January, 2009. Accessed February 13, 2012.

⁹¹ Coley, Basil. “Structure and Performance of the Pennsylvania Fruit and Vegetable Processing Industry.” (M.S. Thesis, Pennsylvania State University, 1962): 1.

been purchased by M.E. Knouse and Albert Fohl in 1925 and had grown increasingly large over the following decades, yet nowhere near the size of the C.H. Musselman canneries.⁹²

On July 1, 1946, Knouse and Fohl decided to sell their operation to the National Fruit Products Company, yet Knouse remained in control of operations of the plant as its manager.⁹³ As part of the large National Fruit Products Company, the Peach Glen plant underwent a period of significant expansion and expanded its production capacity from 2,250 bushels a day to 12,000 bushels per day. According to Robert Burkhart, this expansion allowed the Peach Glen plant to have a larger stake in the local fruit processing market, although its production capacity was still dwarfed by the C.H. Musselman Company.⁹⁴

As a result of the expansion of the Peach Glen plant, the National Fruit Products Company had spent significant funds on the facility, yet was not pleased with the result. While the company had expanded capacity, the facility was not generating enough profit to satisfy National Fruit Products executives (especially in light of lingering problems posed by postwar inflation) and the company decided to liquidate the facility in 1948.⁹⁵ During this time, M.E. Knouse, as manager of the Peach Glen cannery, approached the Adams County Fruit Growers Association and indicated that a grower-owned cooperative could purchase the facility if one would be organized. If growers were interested forming a cooperative based out of the Peach Glen facility, Knouse promised that he would stay on as plant manager if they wished him to do so.⁹⁶ Interestingly, Knouse's actions draw somewhat of a parallel to C.H. Musselman's earlier

⁹² "Like Mother Used to Make", Winchester, VA: National Fruit Products Co., Inc., 1947. Knouse Foods Company Archives, Knouse Foods Cooperative [Peach Glen, Pennsylvania]

⁹³ "Like Mother Used to Make", Winchester, VA: National Fruit Products Co., Inc., 1947. Knouse Foods Company Archives, Knouse Foods Cooperative [Peach Glen, Pennsylvania]

⁹⁴ Burkhart, Robert. Interview by author. Personal interview. Transcript. Biglerville, PA. March 18, 2012.

⁹⁵ Horst, Donald. "Down Memory Lane with Members of the ACFGA", Adams County Fruit Growers Association [Biglerville, Pennsylvania] January 2000, Volume III, 13.

⁹⁶ Peters, John B. Interview with Frederick Tilberg. Personal interview. Transcript. Adams County Historical Association, April 2, 1974.

endeavors to use local communities to finance and construct his canneries in Gardners and Inwood, West Virginia. Much as Musselman encouraged community members to aid in the construction of canneries so that residents would be employed and his company would prosper, Knouse utilized the situation in 1948 to ensure that both fruit growers would have an alternative processor to Musselman, while also protecting his own career.

Although growers had been dissatisfied with the C.H. Musselman Company for quite some time and were eager to do something about it, purchasing an alternative cannery was not an easy undertaking. However, the growers did have numerous advantages that allowed them to organize the purchase of the facility. Using the connections that they had with each other through the Adams County Fruit Growers Association, fruit growers in favor of purchasing the cannery contacted all other fruit growers in the county in order to gauge their interest in forming a cooperative. According to William Lott, whose family was involved in the organizing of the cooperative, not every one of the county's approximately 550 fruit growers was interested in forming the cooperative, but a significant number felt dissatisfied enough with the C.H. Musselman Company to make a break.⁹⁷

The basis for the formation of this specific agricultural cooperative is very much in line with the establishment of other agricultural cooperatives nationwide. As Christian Fischer argues in *Agri-Food Chain Relationships*, farmers have an incentive to create cooperatives in order to avoid potential "hold-up situations" arising from site and crop specificities.⁹⁸ Certainly, the local fruit growers in Adams County were being "held up" by the C.H. Musselman Company

⁹⁷ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012; United States. United States Census Bureau. *Census of Agriculture - Pennsylvania, 1954*. "Specific Crops Harvested: Censuses of 1954 and 1950." County Table XIV. 468.

⁹⁸ Fischer, Christian. *Agri-food Chain Relationships*. Wallingford, Oxfordshire, UK: CABI, 2010. 181.

during this period, since growers' income was increasingly dependent on fruit for their income and Musselman was the dominant cannery in the area.

In addition, the interest among Adams County fruit growers to establish a cooperative coincided with an increase in the specialization of agriculture in the area, as well as an increase in commercialization. These developments validate the findings of Marshall Danker in his study, *Factors Influencing the Use of Agricultural Cooperatives*. According to Danker, historically, the increasing specialization of farmers behind one crop increases the likelihood that they will seek to establish a cooperative. Similarly, Danker believes that increasing commercialization of agriculture increases farmers' incentives to establish a cooperative, and during the period of the late 1940s, the fruit industry was certainly taking on an increasingly commercial element, both in Adams County and beyond.⁹⁹

One of the reasons that the fruit grower cooperative achieved success was that it was not strictly confined to Adams County. While the purchase of a local cannery was the ultimate objective, growers took care to recruit members from throughout the Mid-Atlantic, rather than solely from local growers. Part of the reason for the recruitment of growers from well beyond Adams County was to make the cooperative more powerful through its size, as well as to raise sufficient funds to purchase the Peach Glen cannery.¹⁰⁰ With this goal in mind, fruit growers began reaching out to growers in Maryland, West Virginia, and Virginia recruiting them to join in the new cooperative. While it is unclear if growers from areas outside of Adams County joined the cooperative due to their dissatisfaction with the management of the C.H. Musselman Company or for some other reason, these growers were likely less beholden to the C.H. Musselman Company and would have less interest in creating an alternative processor to

⁹⁹ Danker, Marshall. "Factors Influencing the Use of Agricultural Cooperatives." *Illinois Agricultural Economics*. Oxford University Press, 1968: 25.

¹⁰⁰ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

Musselman. This validates the assertions by John Peters, that fruit growers' formation of the cooperative was not an attempt to destroy the C.H. Musselman Company.¹⁰¹

Interestingly, the experience of the establishment of this grower cooperative in response to Musselman corporate practices provides a contrast to Victoria Woeste's assertions in her work, *The Farmer's Benevolent Trust*. In her book, Woeste argues that farmers and growers embraced cooperatives to create monopolies and control prices themselves. However, in the case of Adams County fruit growers, it appears that growers formed a cooperative to get away from the C.H. Musselman Company's near monopoly and control over prices, rather than replicate those circumstances for themselves. Some of Woeste's assertions did occur in Adams County however, notably the desire on the part of growers to "dislodge the 'middlemen,'" in this case, the C.H. Musselman Company.¹⁰²

Despite their unwillingness to create a monopoly through a cooperative, growers were not opposed to making their cooperative venture as large as was practical. Thus, when even greater opportunities for growers to establish their own canning enterprise came into play, growers seized the opportunity. Upon further consideration, the National Fruit Products Company also decided that it was interested in selling its cannery located just to the west of Adams County in Chambersburg, Pennsylvania.¹⁰³ With little hesitation, the expanding grower cooperative indicated that they would be interested in purchasing this plant as well, which allowed the fruit growers to expand their holdings and provide a larger, more viable alternative to the C.H. Musselman Company.

¹⁰¹ Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

¹⁰² Woeste, Victoria. "The Farmer's Benevolent Trust: Law and Agricultural Cooperation in Industrial America, 1865-1945." University of North Carolina Press, 1998: 5.

¹⁰³ "Knouse Foods Company History", Knouse Foods Company Archives, Knouse Foods Cooperative [Peach Glen, Pennsylvania] undated.

While the C.H. Musselman Company would have likely wished to purchase the Peach Glen cannery for itself and continue its own expansion, there is evidence that the National Fruit Products Company may have been unwilling to sell to the C.H. Musselman Company due to tension that existed between the two companies for a variety of reasons. One potential reason involves a 1934 lawsuit argued in federal court. In this case, the National Fruit Products Company asserted that the C.H. Musselman Company was violating the law by using a patented technique for processing apples for which the C.H. Musselman Company did not hold a patent.¹⁰⁴ While the lawsuit had been decided in favor of the National Fruit Products Company and an injunction had been issued that ordered the C.H. Musselman Company to cease its manufacture of apples under such a technique, the National Fruit Products Company had been denied any of the damages that it sought in the case. It is possible that this lawsuit left National Fruit with a lingering distaste toward Musselman's and made National Fruit unwilling to sell its facility to the C.H. Musselman Company.

In addition to the lawsuit that National Fruit had filed against Musselman's, National Fruit was also likely hesitant to sell its facilities to a nearby competitor. While National Fruit was seeking to liquidate its entire Northern Division consisting of the Peach Glen and Chambersburg facilities, the company remained committed to operating its canneries in the Shenandoah Valley region of Virginia and West Virginia, located near the Musselman plant at Inwood.¹⁰⁵ With a competitor close to home, it appears that National Fruit was unwilling to strengthen the hand of Musselman in the Pennsylvania market that National Fruit was abandoning.

¹⁰⁴ National Fruit Products Co. vs. C.H. Musselman Co., 8 F.Supp. 994 (M.D. Pennsylvania 1934). http://www.leagle.com/xmlResult.aspx?xmlDoc=193410028FSupp994_1700.xml&docbase=CSLWAR1-1950-1985. (accessed March 12, 2012.)

¹⁰⁵ White House. "History." WhiteHouseFoods.com. <http://www.whitehousefoods.com/History.aspx> (Accessed February 5, 2012).

With the C.H. Musselman Company out of the running to purchase the two canneries that National Fruit Products Company had put up for sale, fruit growers who wished to develop a cooperative were relatively convinced that they could purchase the properties provided that they could raise enough capital to do so. In recognition that the grower cooperative was not solely comprised of Adams County residents, the cooperative was established under the name of the PenMarVa Packing Corporation, a short-lived designation signifying that its membership transcended state lines, while also erroneously indicating that the cooperative was engaged in the shipping of fresh apples, which it was not.¹⁰⁶

The main actor who orchestrated these details was none other than M.E. Knouse himself, who had long managed the Peach Glen cannery and who owned 2,200 acres of land in the county, making him the area's largest individual fruit grower. After negotiations, Knouse began discussions with National Fruit to gauge their interest in selling the operations to the growers and found National Fruit receptive to his overtures.

The fruit growers who desired to form a cooperative received another fortunate break when I.Z. Musselman, a cousin of C.H. Musselman, agreed to sell his cannery located in Orrtanna, a village also located in Adams County. According to Thomas Arnold, C.H. Musselman's grandson, I.Z. Musselman was willing to sell his operation to the grower cooperative primarily because he wished to retire from the day-to-day operations of the fruit processing industry, not because of any inherent support for the cooperative itself.¹⁰⁷ In this instance, Musselman was simply approached by M.E. Knouse about the possibility of selling his facility at a time that was mutually beneficial.¹⁰⁸

¹⁰⁶ Horst, Donald. "Down Memory Lane with Members of the ACFGA", Adams County Fruit Growers Association [Biglerville, Pennsylvania] January 2000, Volume III, 13.

¹⁰⁷ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

¹⁰⁸ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

After M.E. Knouse had negotiated an option to buy the canneries from its owners, the growers met for the first time on March 10, 1949 to proceed with their business. At the time of the meeting of cooperative members, growers were required to have purchased 10 shares of stock in PenMarVa at a cost of \$100 per share in order to vote in the cooperative's business meeting. With 281 growers from four different states having purchased the common stock, the cooperative had \$281,000 in common stock out of an authorized stock of \$500,000.¹⁰⁹ More important for financing the purchase, however, was the \$1,050,000 in preferred stock that the cooperative had sold.¹¹⁰ These preferred shares were open to the general public for purchase, and were not restricted to fruit growers only, as had been the common stock. While some of the preferred stock was purchased by fruit growers, a significant portion was also purchased by general community members. As William Lott indicated, cooperative members felt that the purchase of stock by those not directly involved in the fruit industry would help legitimize their cooperative and give the community a greater stake in their endeavor.¹¹¹

According to John Peters, whose father was one of the incorporators of the cooperative, M.E. Knouse was willing to manage the plant once the sale had been completed, just as he had orchestrated its purchase by the growers. However, since Knouse was not interested in dominating the cooperative, growers trusted him in ways that they could not trust Musselman's management. As Peters described, "Mr. Knouse was a very reliable individual who most certainly also looked out for the benefit of the cooperative and its finances, while also keeping in mind that the co-op wouldn't survive if its members weren't looked after."¹¹² Due partly to this

¹⁰⁹ "Fruit Growers of Cooperative to Meet Mar. 10." *The Gettysburg Times* [Gettysburg, Pennsylvania] March 5, 1949: 1.

¹¹⁰ "Fruit Growers of Cooperative to Meet Mar. 10." *The Gettysburg Times* [Gettysburg, Pennsylvania] March 5, 1949: 1.

¹¹¹ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

¹¹² Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

trust that growers placed in him, M.E. Knouse was elected the president of PenMarVa by a unanimous vote of 281-0.¹¹³

Certainly the presence of Knouse as president of the newly formed cooperative was critical in its success. Not only could Knouse continue to manage the operation at Peach Glen as he had done for years, growers also had elected a president who was widely respected by growers and who could finalize the purchase of the Orrtanna, Peach Glen, and Chambersburg canneries successfully. According to Peters, Knouse had already earned the trust of the local growers due to his being an Adams County native and fruit grower.¹¹⁴ This trust proved critical since Adams County growers comprised nearly half of the cooperative members.¹¹⁵ However, William Lott indicated that all cooperative members quickly became impressed by Knouse's knowledge of fruit processing and management style in raising the funds necessary to purchase the canneries.¹¹⁶ Certainly both these factors played a role in Knouse's unanimous election to be president of the cooperative.

Following the selection of M.E. Knouse to lead the newly formed cooperative, the members decided to elect a 17-member board of directors to oversee the venture.¹¹⁷ Six of the board members were Adams County residents, one being M.E. Knouse himself, and one being I.Z. Musselman who wished to remain involved in the fruit industry, despite his unwillingness to continue managing the Orrtanna cannery he had founded.¹¹⁸ The remaining directors were from

¹¹³ "\$3,000,000 Fruit Canning And Processing Co-op Organized; M.E. Knouse Elected President." *The Gettysburg Times* [Gettysburg, Pennsylvania] March 5, 1949: 1.

¹¹⁴ Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

¹¹⁵ "\$3,000,000 Fruit Canning And Processing Co-op Organized; M.E. Knouse Elected President." *The Gettysburg Times* [Gettysburg, Pennsylvania] March 11, 1949: 1.

¹¹⁶ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

¹¹⁷ "\$3,000,000 Fruit Canning And Processing Co-op Organized; M.E. Knouse Elected President." *The Gettysburg Times* [Gettysburg, Pennsylvania] March 11, 1949: 1.

¹¹⁸ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

locations throughout the Mid-Atlantic, with two being from Maryland and three from West Virginia.¹¹⁹

With a board of directors elected and sufficient capital raised, the growers then authorized the directors to take action to purchase the plants as soon as possible. Purchasing these operations was an expensive undertaking, as the sale price for National Fruit's two facilities in Peach Glen and Chambersburg was a combined \$1.5 million and I.Z. Musselman's Orrtanna facility was listed at \$500,000.¹²⁰ According to William Lott, whose family was involved in the establishment of the cooperative, while the growers could have possibly negotiated for a lower purchase price, many cooperative members believed that the plants should be purchased as soon as possible in order to prepare the facilities for canning of produce during that summer and fall season.¹²¹ The additional money that had been raised through the sale of cooperative shares was held in reserve to build inventory and make any alterations that were deemed necessary to the facilities.¹²²

In forming the cooperative however, growers needed to outline how to purchase, as well as operate, the canneries. While other cooperatives had been established in the area in the past, they had been unsuccessful and short-lived. Growers were determined to not have this occur, especially given the significant financial stake that they had in this enterprise. Part of their strategy to ensure that the plant remained financially successful was to retain growers in the operation by avoiding the kind of heavy-handed practices that the C.H. Musselman Company had employed.

¹¹⁹ "\$3,000,000 Fruit Canning And Processing Co-op Organized; M.E. Knouse Elected President." *The Gettysburg Times* [Gettysburg, Pennsylvania] March 11, 1949: 1.

¹²⁰ "\$3,000,000 Fruit Canning And Processing Co-op Organized; M.E. Knouse Elected President." *The Gettysburg Times* [Gettysburg, Pennsylvania] March 11, 1949: 1.

¹²¹ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

¹²² "\$3,000,000 Fruit Canning And Processing Co-op Organized; M.E. Knouse Elected President." *The Gettysburg Times* [Gettysburg, Pennsylvania] March 11, 1949: 1.

Under the agreement that grower-members signed to participate in the cooperative, all growers would be paid the going market price for any produce they delivered to the PenMarVa canneries. Any profits that the cooperative received would be periodically distributed to growers on the basis of the volume of fruit that each grower delivered. However, the biggest concession that the board of directors made to growers was a provision stating that members of the cooperative were not required to deliver all of their crops (or, in fact, any of their crops) to the cooperative's canneries.¹²³ While the C.H. Musselman Company also did not impose such a requirement upon growers, John Peters indicated that some potential members of the cooperative were initially hesitant to join the endeavor because they feared that doing so would result in a binding commitment.¹²⁴ The provision stating that cooperative members would have the freedom to sell their crops to any processor of their choice helped allay these fears and encouraged growers to join. According to Peters, "The cooperative gave potential members a chance to send their crops to an additional processor; the goal was not to lock other growers in permanently."¹²⁵ However, the \$1000 stock investment that members had contributed certainly gave member growers an incentive to take their crops to the cooperative, at least initially.

To help oversee the company's success, M.E. Knouse set ambitious production targets for the cooperative's first season. Knouse told growers that he estimated that 2.5 million bushels of apples could be processed at the company's facilities in the 1949 season, and, in fact, over 2 million bushels were in fact processed at a value of \$5 million in sales that year.¹²⁶ This figure

¹²³ "\$3,000,000 Fruit Canning And Processing Co-op Organized; M.E. Knouse Elected President." *The Gettysburg Times* [Gettysburg, Pennsylvania] March 11, 1949: 8.

¹²⁴ Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

¹²⁵ Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

¹²⁶ "Knouse Foods Was First Apple Grower Cooperative to Succeed." *The Gettysburg Times* [Gettysburg, Pennsylvania] September 4, 1970: 4.

indicates just how important the out-of-state growers were to the cooperative, since Adams County itself only grew 1.64 million bushels of apples that same year.¹²⁷

The cooperative was immediately successful and profitable for growers for a variety of reasons. First, the cooperative had taken on no debt whatsoever to purchase the canneries. As M.E. Knouse described at the time, “We are doing this the hard way, paying for it as we go, with our own money instead of relying primarily on borrowing.”¹²⁸ Due to this arrangement where the facilities had been purchased with cash up-front, all profits that the cooperative received from sales were either used for reinvestment in the cooperative’s canneries or were redistributed back to growers. This was beneficial because it not only allowed the cooperative to remain competitive by modernizing its facilities, but it also helped retain growers through financial incentives and thus maintained the supply of fruit that the company received.

Secondly, the fruit growers were fortunate to purchase existing canneries that had been expanded and modernized significantly in the years just prior to their purchase by the cooperative. Although the National Fruit Products Company had invested significant funds into their two Adams County facilities, they had sold the canneries shortly afterwards. While this likely raised the purchase price of the canneries at the time when the growers purchased them, the growers had no difficulty raising the necessary funds and were thus able to purchase a facility that was modern and competitive.

Another key reason for success was the selection of M.E. Knouse as president of the cooperative. In addition to easily earning growers’ trust, Knouse had years of experience operating the Peach Glen cannery and this experience reduced the learning curve required to run

¹²⁷ United States. United States Census Bureau. *Census of Agriculture - Pennsylvania, 1954*. “Specific Crops Harvested: Censuses of 1954 and 1950.” County Table XIV. 468.

¹²⁸ “\$3,000,000 Fruit Canning And Processing Co-op Organized; M.E. Knouse Elected President.” *The Gettysburg Times* [Gettysburg, Pennsylvania] March 11, 1949: 8.

the operation. Finally, according to a 1954 feature article in the local newspaper, Knouse identified three issues that he felt would be critical to the cooperative's success: obtaining enough capital, employing management that would be experienced in manufacturing, management, and marketing, and creating a line of high-quality products that could compete with established brands such as Musselman's.¹²⁹ Knouse then sought to manage the cooperative in a way that would address these issues and allow the venture to succeed.

There is conflicting information as to the reaction by Musselman executives to the formation of the grower cooperative. According to Robert Burkhart, the reaction at Musselman's was one of amusement rather than anger at the growers. Burkhart indicated that the C.H. Musselman Company initially dismissed the cooperative as a non-threat saying, "We didn't really view [the cooperative] as a threat in 1949 or those early years, we were far bigger."¹³⁰ This is corroborated by a Musselman employee who said that Musselman's initially ignored the cooperative and dismissed it as a non-threat. In the words of Shirley Heltibridle, an employee in the product testing laboratory from 1949 to 1984, "My bosses didn't really pay much attention. We were shipping our products nationwide and were so much bigger than [the cooperative] was."¹³¹ Indeed, there is no mention of the formation of the cooperative in editions of *The Processor* from the period, and C.H. Musselman's grandson, Thomas Arnold, indicated that his family and company executives always had a positive relationship with M.E. Knouse and felt no ill will towards him or the grower cooperative he oversaw.¹³² However, William Lott indicated that he sensed that Musselman executives were highly displeased with growers who

¹²⁹ Pyle, Michaela S. "Fifteen Years Of Careful Work Enable Cooperative To Advance Fruitmen's Place in U.S. Economy." *The Gettysburg Times* [Gettysburg, Pennsylvania] June 29, 1954: 3.

¹³⁰ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹³¹ Heltibridle, Shirley. Interview by author. Personal interview. Tape recording. East Berlin, PA. January 4, 2012.

¹³² Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

joined the cooperative, even though the C.H. Musselman Company could no longer hold sway over the growers who had rebelled and joined the cooperative.¹³³

In many ways, the C.H. Musselman Company was right to dismiss the grower cooperative as a non-threat in 1949, since the cooperative's goal was not to outmaneuver Musselman's and drive them out of business. However, the establishment of the cooperative shattered the notion that all was well between growers and the C.H. Musselman Company and over time, the cooperative would rapidly expand at a rate that surpassed Musselman's. While the establishment of the grower cooperative was not the reason for the decline of the C.H. Musselman Company, the rise of the cooperative coincided with the weakening of the C.H. Musselman Company. The growers had left Musselman's for greener pastures, and they would not be coming back.

¹³³ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

Chapter 3: New Management, Land Acquisitions, and Paternalism: Changes at the C.H.

Musselman Co. (1944-1981):

The death of C.H. Musselman in 1944 due to a heart attack was not completely unexpected, as he had been prevented from visiting his office for approximately a year due to heart disease.¹³⁴ Despite his lack of physical presence in the canneries, C.H. Musselman nonetheless kept the company firmly under his control through his subordinates and family members. At the time of his death, the company was remarkably stable and well-positioned in its dominant position in the Adams County fruit processing industry, and Musselman had prepared the company for a stable transition after his departure from the company.

As Musselman had desired, the board of directors of the C.H. Musselman Company installed John A. Hauser as Musselman's successor as president of the company.¹³⁵ According to C.H. Musselman's grandson, Thomas Arnold, the selection of Hauser was a logical choice, as he was well-respected by the Musselman family and had extensive experience within the company.¹³⁶ Indeed, Hauser had served in numerous capacities within the company beginning as a low-level manager in 1934 before becoming personnel director, production manager, and vice president of production.¹³⁷ Although C.H. Musselman had entrusted Hauser to lead his business, in time, Hauser would demonstrate his remarkably different vision of the company and set in place a chain of changes that would prove to be the company's undoing. These changes, including mass land acquisitions, paternalistic practices within the processing plants, and the

¹³⁴ "C.H. Musselman, One of Largest U.S. Canners, Succumbs." *The Gettysburg Times* [Gettysburg, Pennsylvania] January 7, 1944: 1.

¹³⁵ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

¹³⁶ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

¹³⁷ "John A. Hauser Honored On 25th Anniversary Of His Presidency of Musselman." *The Gettysburg Times* [Gettysburg, Pennsylvania] January 18, 1969: 1.

continuation of company policies that antagonized growers would spell major problems for the C.H. Musselman Company in a short period of time.

While the company remained relatively stable in the short term after C.H. Musselman's death in 1944, many changes were made to the company in the post-war period. Beginning just prior to C.H. Musselman's death, *The Processor*, a company newsletter, began publication. Although *The Processor* claimed to be published by the employees of the company and had the mission to "keep employees close-knit and...to improve community and compassion," it was actually edited by John Thomas, a manager who worked diligently to use the publication to promote only what management wanted employees to read.¹³⁸ Originally, *The Processor* contained articles on company history, gardening advice, employee transfers to other departments, and recipes. After Hauser became the company president, this sort of information continued to be published, but the newsletter began also publishing information that was noticeably more paternalistic and became an outlet for Hauser's own ideology, notably his anti-union sentiment. For example, within a few months of Hauser's selection as the head of the C.H. Musselman Company, *The Processor* began a series of articles explaining the harms caused to employees by labor unions, containing statements such as "The urban worker handles more money, but after union dues are deducted, his ultimate income is less than those of non-union workers."¹³⁹ In addition to writing on the dangers of unions, the newsletter also frequently attempted to persuade workers that they were fortunate to work for a company as benevolent as the C.H. Musselman Company saying, "Group insurance, old age benefits, incentive rewards and

¹³⁸ "C.H. Musselman," *The Gettysburg Hospital Quarterly*, Musselman Library, Gettysburg College, [Gettysburg, Pennsylvania] Fall 1985; Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, Spring 1971.

¹³⁹ Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, September 1946.

prizes for good attendance are factors not enjoyed by a majority of American workers. We should gladly appreciate these advantages for Musselman employees.”¹⁴⁰

According to Robert Burkhart, a Musselman manager from 1938 to 1981, these policies that *The Processor* extolled were indeed very popular with employees and were only some of many changes in company benefits during this period.¹⁴¹ In addition to prizes for good attendance, Hauser also approved the introduction of a snack wagon which would travel around the canneries’ floors in the late morning and would provide an opportunity for employees to have a quick snack before lunch. According to *The Processor*, the introduction of snacks was seen by management as a way to improve employee morale and performance.¹⁴² However, the company’s paternalistic attitude was once again present in a warning to employees: the snack wagon could, and would, be removed if management felt that employees were taking too long to eat their snacks instead of working.¹⁴³

Employees appreciated the institution of these benefits at the time, yet in reality, working conditions were constantly in flux. Though workers may have enjoyed the option to snack during working hours, the company was at work taking away benefits and adding new ones, often at the same time, suggesting that Hauser was attempting to determine what course he felt was best for the company in erratic fashion, often at employees’ expense. For example, Hauser cut bonuses for employees, deeming them unnecessary except for upper management. As Burkhart recalled, “When Mr. Musselman was alive, everyone got an annual bonus. But Jack Hauser came on the scene and only we managers got bonuses after that, which didn’t go over

¹⁴⁰ Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, September 1946.

¹⁴¹ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹⁴² Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, May/June 1945.

¹⁴³ Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, May/June 1945.

well with the employees.”¹⁴⁴ Indeed, Shirley Heltibridle, a Musselman employee who began working for the company in 1949, indicated, “I wasn’t too upset by those bonuses being taken away because I hadn’t worked there when they existed for most of us [general employees.] But, I remember people I worked with saying they were upset about it happening, especially when the company seemed to be doing fine financially.”¹⁴⁵

At the same time as employees’ annual bonuses were being taken away, the company instituted more generous fringe benefits than C.H. Musselman had granted to employees during his lifetime. Within three years after Musselman’s death, the company instituted group medical insurance, life insurance, and retirement pensions following three years of employment.¹⁴⁶ While the institution of these benefits appears to be benevolent actions by the company’s management, it appears that these decisions were made in an attempt to preempt the company’s employees from unionizing. Although C.H. Musselman had begun implementing welfare capitalism at his company, Hauser took union preemption through the implementation of generous employee benefits to a new high.

While the company was trying to keep its employees on its side, it was also attempting to placate the growers who provided the company with its supply of produce for canning and processing. As the company wrote, “The interests of the C.H. Musselman Co., its employees, and the many farmers and fruit growers have much in common. Any misunderstandings or labor troubles would be a grievous set back [sic] for all parties concerned. It is good to think that all future problems can be met and adjusted to a fair degree of satisfaction...”¹⁴⁷ However, during this same time, fruit growers became increasingly dissatisfied with the prices that the company

¹⁴⁴ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹⁴⁵ Heltibridle, Shirley. Interview by author. Personal interview. Tape recording. East Berlin, PA. January 4, 2012.

¹⁴⁶ “You and the C.H. Musselman Co.” Knouse Foods Company Archives, Knouse Foods Cooperative. [Peach Glen, Pennsylvania] 1947.

¹⁴⁷ Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, September 1946.

was paying them, as well as the dismissive attitude that Hauser and other executives had towards them.¹⁴⁸

During this time period, Hauser undertook a major change in company policy where he actively sought out properties to purchase and expand the C.H. Musselman Company's landholdings in Adams County. While C.H. Musselman had purchased several farms, he had owned them personally and used them as proving grounds, a place to relax after a day in the office, and for investment purposes.¹⁴⁹ The mission for the company's farms underwent a major transformation under Hauser's leadership. No longer were the farms used for proving grounds; the company now wished to consolidate its market and guarantee itself a supply of produce without having to depend as strongly on the growers who were becoming antagonized by Hauser's leadership.

Between 1946 and 1948, Hauser actively sought out properties throughout the county that the company then purchased. By the end of 1948, Hauser had purchased seventeen different farms totaling 2,899 acres.¹⁵⁰ These farms were managed under one superintendent who worked in the main Musselman cannery in Biglerville, while each farm was managed by a company employee who lived on the farm and reported directly to the farm superintendent.¹⁵¹

According to Robert Burkhart, who was familiar with the company's purchase of the properties via his position as production manager during this period, the sellers of these farms were typically fruit growers who wished to retire and had no family members interested in remaining on the farm.¹⁵² The company would then hire farm managers who would live on the farms as salaried employees. In Burkhart's words, "I don't ever recall a situation when we [the

¹⁴⁸ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

¹⁴⁹ Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, October 1943.

¹⁵⁰ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 22.

¹⁵¹ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹⁵² Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

C.H. Musselman Company] purchased a farm and then rehired the farmer to tend the orchards that had been his.”¹⁵³

While the C.H. Musselman Company never publicly stated an official reason for purchasing these farms, it is obvious that the farms were designed to stabilize the supply of fruit that the company required for its processing purposes. The farms were an indirect means to pressure private fruit growers in the county in a variety of ways. Since the company now owned an increasingly large share of the orchard land in Adams County and was itself producing an increasing amount of the county’s fruit supply, it had greater flexibility to set the prices that were paid to all growers. Though it is unlikely that all of the land that the C.H. Musselman Company owned was planted in orchards, it is nonetheless significant that the company owned 2,899 acres of land in 1948, when the 1950 Census of Agriculture indicates that 15,935 acres of land in Adams County was planted in orchards.¹⁵⁴ In addition, the company now had the ability to dictate to growers when to take their apples, cherries, and peaches to the plants for processing. For example, according to Robert Burkhart, when the Biglerville and Gardners plants were processing apples, growers were instructed that they had a window of opportunity for them to pick their apples and take them to for processing. This caused the growers to take their fruit for processing as early as possible since the prices paid by the company would be highest when other growers were not delivering.¹⁵⁵ These sort of practices benefitted the company by giving them the ability to play growers off of each other and allowed the company to indirectly pressure

¹⁵³ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹⁵⁴ United States. United States Census Bureau. *Census of Agriculture - Pennsylvania, 1954*. “Specific Crops Harvested: Censuses of 1954 and 1950.” County Table XIV. 468.

¹⁵⁵ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

growers to harvest their crops at times that the company preferred, rather than allowing growers to make these decisions for themselves.¹⁵⁶

While these actions undertaken by the company antagonized growers, the company's executives still attempted to convince the fruit growers that the company was on their side and had growers' best interest at heart. The company undertook a number of initiatives to try and keep fruit growers content, including hosting growers at the factory cafeteria in Biglerville numerous times for banquets.¹⁵⁷ At these banquets, company executives showered praise upon growers thanking them for the valuable services they provided to the C.H. Musselman Company. In addition, the company invited the county extension agent to be present at these banquets. The agent then encouraged growers to expand their acreage planted in fruit trees and discussed ways to increase fruit yields, a message that suited the company's interest, as well as that of fruit growers, continuing the C.H. Musselman Company's history of attempting to undertake initiatives that would benefit both the company and fruit growers.¹⁵⁸ In addition to these banquets, according to John Peters, a local fruit grower, Musselman executives increased their outreach to fruit growers during this era as they sensed that fruit growers were becoming discontent with the company.¹⁵⁹ In Peters's words, "After quite a few of us [fruit growers] began expressing our displeasure with the company, they began telling us how great we had it with them. I particularly remember them telling us that they were always willing to sit down with us and negotiate prices, but the discussions we never had too much avail with that."¹⁶⁰

At the same time that the company was attempting to wine and dine fruit growers into keeping on good terms, they also underwent a public relations campaign to convince the public

¹⁵⁶ Burkhardt, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹⁵⁷ Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, May/June 1948.

¹⁵⁸ Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, March/April 1949.

¹⁵⁹ Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

¹⁶⁰ Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

that fruit growers were on the company's side. Issues of *The Processor* from the late 1940s consistently contain mentions of how the company shared all scientific findings they received from the company farms with private growers. In a 1949 edition of *The Processor*, an article stated, "Musselman farm supervisors and managers work in close cooperation with state agencies to cope with parasites and improve yields. Any knowledge they gain from the experiments on Musselman acres is also available to the many other orchardmen and farmers who for so many years have been a part of the pleasant relationship enjoyed by growers and processors while striving for mutual benefits from agriculture."¹⁶¹ However, it is likely that any scientific findings would have been shared with all fruit growers in the county, with or without the C.H. Musselman Company. In fact, a fruit research laboratory funded by the Pennsylvania State University had existed in Adams County since 1918, prior to C.H. Musselman purchasing any farms for himself.¹⁶² In addition, the relationship between the C.H. Musselman Company and local fruit growers was not at all "pleasant" by 1949, as the growers were about to revolt and form a cooperative.

In response to the formation of the grower-owned cooperative in 1949, the C.H. Musselman Company was forced to react. The company had lost 260 growers throughout Adams County, as well as numerous growers in Virginia, Maryland, and West Virginia who supplied its Inwood, West Virginia operation.¹⁶³ While not every fruit grower who supplied the company had abandoned it in favor of the cooperative, the supply of fruit that the C.H. Musselman Company could draw from had been severely diminished. Jack Hauser's response

¹⁶¹ Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, January/February 1949.

¹⁶² "History." *Fruit Research & Extension Center (Penn State College of Ag Sciences)*. Pennsylvania State University College of Agriculture Sciences.. <<http://agsci.psu.edu/frec/about-us/history>>. (Accessed January 5, 2012)

¹⁶³ Horst, Donald. "Down Memory Lane with Members of the ACFGA", Adams County Fruit Growers Association [Biglerville, Pennsylvania] January 2000, Volume III, 13.

was to undertake many of the same actions that had prompted the growers to revolt in the first place by buying up more farms, and pursuing vertical integration where possible.

The need for new company-owned farms was becoming more and more apparent as private growers abandoned the company in favor of the cooperative. The C.H. Musselman Company was well-positioned to succeed in the short-term, however, as Hauser had purchased 1300 acres in 1948 before containing approximately 500 acres of orchards.¹⁶⁴ In addition, according to Robert Burkhardt, Hauser directed the company's farm superintendent to plant as much acreage in fruit trees as possible on the remaining acreage.¹⁶⁵ However, these recently planted acres would not produce fruit for several years.

Oddly enough, the saving grace for the C.H. Musselman Company came not from within the company, but from M.E. Knouse himself. In 1957, M.E. Knouse decided that he wished to focus all his efforts on the cooperative that he had been selected to lead and put the fruit farms that he personally owned on the market. The most interested buyer was the C.H. Musselman Company, hardly a surprise given the company's need to self-supply. The company was starved for land and found new purchases to be increasingly difficult, as fruit growers throughout the county were reluctant to sell their farms to the processor that they had revolted against. Indeed, the C.H. Musselman Company had only been able to purchase two small farms since the creation of Knouse Foods, one in 1952 and one in 1956.¹⁶⁶ Suddenly, the opportunity to purchase 2,200 acres of farmland, with 1,700 acres being planted in fruit trees was simply too good for the C.H. Musselman Company to pass up. On July 6, 1957 the property sale was made official in the

¹⁶⁴ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 15.

¹⁶⁵ Burkhardt, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹⁶⁶ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 23.

largest transfer of land in Adams County history up to that time.¹⁶⁷ Signifying its desperate need for acreage, the land was transferred immediately to the C.H. Musselman Company and the farms' cherries that were picked the same week of the sale went to the Biglerville plant for canning.¹⁶⁸



Fig 5. Musselman Plant in Biglerville, PA in 1957 (Photo courtesy of Musselman Library, Gettysburg College, Gettysburg, PA.)

Although it may seem odd for M.E. Knouse to sell his personal property to the primary competitor of the cooperative that he managed, it appears that Knouse had few qualms about doing so. In 1956, Adams County had experienced a very poor apple crop and Knouse was

¹⁶⁷ "Biglerville Plant History", Knouse Company Archives, Knouse Foods Cooperative [Peach Glen, Pennsylvania] undated.

¹⁶⁸ "8 M.E. Knouse Orchards And Farms Sold to C.H. Musselman Company In Biggest Land Deal." *The Gettysburg Times* [Gettysburg, Pennsylvania] July 8, 1957: 1.

undergoing a shortage of cash which presented him with difficulty paying the mortgages on his farms. In response, he wished to sell them quickly to the highest bidder to ensure his financial viability, and the C.H. Musselman Company simply made him the highest offer due to their desperation for new orchard land to fill their supply needs.¹⁶⁹ With this new acquisition, the C.H. Musselman Company was by far the largest landowner in Adams County, owning over 5,700 acres of land to supply their processing operations.¹⁷⁰ As was standard practice on their existing farms, the company operated these newly acquired properties under tenants who were salaried Musselman employees. The managers of the farms that were owned by M.E. Knouse were simply now employees of the C.H. Musselman Company and would report to the farm superintendent in Biglerville.¹⁷¹

As the company continued to expand its landholdings, Hauser was attempting to vertically integrate all aspects of operation for the company, even in fields where the company had little to no expertise or experience. In 1958, Hauser authorized the purchase of a farm repair and supply company in Biglerville in order that the company would no longer have to hire outside repairmen to fix breakdowns on the company's farms. While the company had employed repairmen to fix and maintain canning equipment within the company's plants at Biglerville and Gardners for years, this was a new venture for the company. Not only did the employees of the former Wolff Farm Supply now provide farm maintenance and equipment for the Musselman company farms, the C.H. Musselman Company continued to operate the company as a dealership for farm equipment which was sold to the general public as well. For the first time, fruit growers and farmers throughout the county were buying and leasing farm

¹⁶⁹ Horst, Donald. "Down Memory Lane with Members of the ACFGA", Adams County Fruit Growers Association [Biglerville, Pennsylvania] January 2000, Volume III, 13..

¹⁷⁰ *Pet Milk Magazine*. St. Louis, MO: Pet Milk Company, July/August 1961. Musselman Library, Gettysburg College [Gettysburg, Pennsylvania], 12.

¹⁷¹ Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, August/September 1947.

equipment and hardware from a company that had previously only been in the canning business.¹⁷²

Jack Hauser was not content with the C.H. Musselman Company being merely a fruit processor; he was intent on growing the company at any cost. These decisions often proved to be short-sighted as the company expanded its market share and achieved short-term benefits at the expense of long-term gain. Hauser expanded the product line and made costly upgrades and expansions to the company's plants to accommodate the new product line. By 1959, the C.H. Musselman Company was producing apple sauce, sliced apples, apple butter, apple, cherry, peach, and blueberry pie filling, a variety of jellies, canned cherries, apple cider vinegar, and tomato juice.¹⁷³ Yet Hauser was still not content with the company's standing, and he pressed on to expand the company beyond the capacity that it could handle. In 1959, he purchased the Dwan Home Canning Company and its processing plants in St. Joseph and Paw Paw, Michigan.¹⁷⁴ These two new plants were enlarged and modernized to can fruits, berries, and vegetables as well as to produce juices at significant cost to the company's financial standing.¹⁷⁵

By this point, the C.H. Musselman Company was operating five different processing plants in three different states and had grown far beyond its standing at the time of C.H. Musselman's death fifteen years earlier. Yet Hauser still pushed for expansion. He constructed an addition to the Gardners plant in 1960 to add the processing of spiced apple rings, canned peaches, ready-to-eat desserts, and apple-raspberry juice to the Musselman line. This required more money and more employees, at a time when the company had recently spent millions of dollars buying additional assets as well.

¹⁷² Heltibridle, Shirley. Interview by author. Personal interview. Tape recording. East Berlin, PA. January 4, 2012.

¹⁷³ Pennsylvania Packer Volume 25, *Pennsylvania Cannery Association* [York, Pennsylvania] (March 1959): 21.

¹⁷⁴ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 25.

¹⁷⁵ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 25.

While these product additions, land acquisitions, and plant upgrades made the company appear to be prospering and doing well, it came at a serious expense, ironically because the company now had nationwide name recognition. This expansion put the C.H. Musselman Company on the radar of the Pet Milk Company, which would result in the sale that put the C.H. Musselman Company on a long, downward spiral.

In the early 1960s, the Pet Milk Company of St. Louis, Missouri was undertaking a major diversification campaign. Its management had decided that it was no longer viable to remain fettered in the evaporated milk market where it had originated, and went about purchasing a variety of businesses that produced numerous types of food products including the R.E. Funsten Company, the nation's largest pecan producer, and the famous Whitman's Chocolates label.¹⁷⁶ It now turned its eye on the C.H. Musselman Company.

At the time that Pet Milk approached Jack Hauser, Pet Milk was considerably larger with annual sales of \$195 million compared to the C.H. Musselman Company with annual sales of \$25 million.¹⁷⁷ According to Robert Burkhart, the transaction was handled almost exclusively by Jack Hauser and the details of his negotiations were kept quiet.¹⁷⁸ This description of the secrecy of the negotiations was corroborated by C.H. Musselman's grandson, Thomas Arnold, who indicated that Hauser was entirely responsible for negotiating the terms of the deal.¹⁷⁹ When the transaction became effective on July 12, 1961, Hauser attempted to persuade the community and employees that the transaction was a merger. As Hauser wrote to company employees, "The decision to merge was made only after intensive study and thought which led to the conclusion

¹⁷⁶ "Pet Incorporated." Baker Library, Harvard University, http://www.library.hbs.edu/hc/lehman/chrono.html?company=pet_incorporated. (Accessed February 19, 2012.)

¹⁷⁷ "Pet Milk to Acquire Musselman Concern," *Milwaukee Journal* [Milwaukee, Wisconsin] June 1, 1961: 27.

¹⁷⁸ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹⁷⁹ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

that such an alliance would greatly increase our possibilities for growth and progress.”¹⁸⁰

However, if there was such a study undertaken, it was not made publicly available. In addition, there was debate as to whether the companies had truly merged, or if Musselman had simply been bought out. In the words of Shirley Heltibridle, a Musselman employee at the time, “Management tried to pass this off as a merger, but it was pretty obvious that we had been bought out.”¹⁸¹ When asked why employees got the sense that the company had been sold, Heltibridle indicated that Musselman employees knew that Pet Milk had been buying up companies across the country, not merging with them and suspected that the C.H. Musselman Company had been no different.¹⁸²

In reality, Jack Hauser had received a good deal for himself as he demanded that in the sales agreement that he would remain in control as the head of the former C.H. Musselman Company and that no major changes at the company occur until after his retirement.¹⁸³ Furthermore, Hauser became the president of the Musselman Division of Pet Milk and was named to the Pet Milk board of directors where he was given the position of vice-president.¹⁸⁴ Under the terms of the deal, the Musselman board of directors, which consisted of C.H. Musselman’s widow, Emma Musselman; his daughter, Luella Musselman Paul; Hauser, and two other executives of the Musselman company, was dissolved, and the five members were issued shares of Pet Milk stock in exchange for their capital stock in and ownership of the former C.H. Musselman Company.¹⁸⁵ Those on the board had reaped great benefits from the sales agreement, but the company did not benefit. As Robert Burkhardt described, “The worst thing that ever

¹⁸⁰ Thomas, John. *The Processor*. Biglerville, PA: The C.H. Musselman Company, April/May/June 1961.

¹⁸¹ Heltibridle, Shirley. Interview by author. Personal interview. Tape recording. East Berlin, PA. January 4, 2012.

¹⁸² Heltibridle, Shirley. Interview by author. Personal interview. Tape recording. East Berlin, PA. January 4, 2012.

¹⁸³ Burkhardt, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹⁸⁴ “John A. Hauser Honored On 25th Anniversary Of His Presidency of Musselman.” *The Gettysburg Times* [Gettysburg, Pennsylvania] January 18, 1969: 1.

¹⁸⁵ Pennsylvania Packer *Pennsylvania Cannery Association* [York, Pennsylvania] Volume 27 (July 1961): 22.

happened to the company during my 43 years there was when Jack Hauser got greedy and sold us so he could get that money for himself.”¹⁸⁶

After the transaction between Pet Milk and the C.H. Musselman Company, corporate offices were moved from Biglerville to St. Louis, Missouri while Jack Hauser remained in Biglerville as he had negotiated in the sales agreement.¹⁸⁷ More importantly, for the first time, the Musselman family no longer had a controlling interest in the company that C.H. Musselman had founded over 50 years earlier. While C.H. Musselman’s daughter had possessed the controlling interest in the company following her father’s death, the family had lost control of the company to Pet Milk and would never regain it, though it appears that Mrs. Paul was supportive of Hauser’s decision to sell the company. According to Shirley Heltibridle, Mrs. Paul no longer wished to be actively involved in her family’s company as she aged and felt comfortable backing away from her role in the company.¹⁸⁸ As Heltibridle described, “I always got the sense that Musselman’s daughter didn’t really want too much to do with the company after her father died.”¹⁸⁹ In her younger days, Mrs. Paul had served as the cafeteria manager for the company and had not been involved in major corporate decisions.¹⁹⁰ However, after the death of her father she became more involved and took her father’s position on the board of directors of the company and was named the company’s vice president, but soon wished to move on to focus on philanthropic, rather than corporate ventures.¹⁹¹ According to a Musselman family exhibit found at a college library that was constructed through donations by the Musselman family, following

¹⁸⁶ Burkhardt, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹⁸⁷ Burkhardt, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹⁸⁸ Heltibridle, Shirley. Interview by author. Personal interview. Tape recording. East Berlin, PA. January 4, 2012.

¹⁸⁹ Heltibridle, Shirley. Interview by author. Personal interview. Tape recording. East Berlin, PA. January 4, 2012.

¹⁹⁰ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

¹⁹¹ “Luella Musselman Paul.” Musselman Library, Special Collections: Gettysburg College [Gettysburg, PA.]

C.H. Musselman's death, Mrs. Paul focused almost exclusively on a charitable foundation that her mother had established, rather than devoting time to the company her father had built.¹⁹²

Although the sale to Pet Milk ostensibly had no immediate impact due to Hauser's insistence that no major personnel or policy changes occur until after his retirement, Hauser had sown the seeds for the company's long-term decline. After the purchase of the company by Pet Milk, few major changes were made at the Musselman canneries. With the Musselman family no longer involved in the day-to-day operations of the plants, the facilities entered a period of benign neglect by Pet Milk. No new products were introduced for several years, and no farms were acquired throughout Adams County during the entire decade.¹⁹³ It appears that while the Musselman family had been willing to sacrifice their own personal finances through their ownership of company stock to expand operations and create new products, C.H. Musselman's widow and daughter now focused their attention on philanthropic activities through generous donations to local school districts, Gettysburg College, the Adams County Historical Society, Gettysburg Hospital, and other entities.¹⁹⁴ The result was that the company lacked local control and the vision that the Musselman family had for the company they had built.

Hauser did continue his mission to vertically integrate the operations at Biglerville, even as he stopped his aggressive pursuit of purchasing farms and expanding the product line. In 1967, he purchased a three-story cold storage unit in Biglerville in order that the plant would no longer have to contract with outside entities for its needs, though it unclear if Hauser made this decision personally or if he was directed to purchase the facility by Pet Milk executives.¹⁹⁵ This action, however, proved to be the exception to the rule as Hauser was content to play the role of

¹⁹² "Luella Musselman Paul." Musselman Library, Special Collections: Gettysburg College [Gettysburg, PA.]

¹⁹³ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 31.

¹⁹⁴ Arnold, Thomas. Interview by author. Personal interview. Transcript. Gettysburg, PA, January 18, 2012.

¹⁹⁵ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 33.

caretaker of the Musselman Division following his negotiation of its sale to Pet Milk several years earlier.

Despite Hauser remaining in control of operations of the Musselman Division, his experience with the company did not translate into success following the 1961 sale, likely due to the fact that he truly was not truly in charge of the company anymore. As Shirley Heltibridle described, “After the sale, Pet Milk sent a lot of their people to Biglerville, but it was a mess. The management from Musselman’s who had been there forever didn’t like the Pet people because they [Pet Milk managers] didn’t know what they were doing most of this time.”¹⁹⁶ During this period, these conflicts and the removal of most elements of local control left Pet Milk content to undertake low-risk ventures at the Musselman Division.¹⁹⁷ The result was that the Musselman Division became stagnant and grew increasingly irrelevant as it was adrift without a real leader at the helm.

As a testament to the increasingly irrelevant position that Jack Hauser occupied, he was not replaced as head of the Musselman Division of Pet Milk following his retirement in 1972. In fact, the entire division was disbanded and folded into the Grocery Products Division of Pet Milk.¹⁹⁸ Now, the former Musselman properties were truly left without a leader as corporate decisions were made from St. Louis by those who had little knowledge of fruit processing. According to Robert Burkhardt, although Pet Milk made some minor changes to the company’s facilities, they were mostly limited to aesthetic changes and replacement of broken equipment.¹⁹⁹ The Gardners and Biglerville canneries were beginning to show wear and tear after nearly 70

¹⁹⁶ Heltibridle, Shirley. Interview by author. Personal interview. Tape recording. East Berlin, PA. January 4, 2012.

¹⁹⁷ Burkhardt, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

¹⁹⁸ “John A. Hauser Retires As President Of Musselman Division And From Pet Bd.” *The Gettysburg Times* [Gettysburg, Pennsylvania] October 4, 1972: 1.

¹⁹⁹ Burkhardt, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

years of operation, and Pet Milk did not see fit to invest the money necessary to update them to modern, efficient standards.

However, the decline of the Musselman operation was not due solely to internal factors, as broader nationwide trends played a role as well. During the 1950s and in ensuing decades, Americans increasingly consumed frozen foods, though they did not abandon canned products entirely. As Sherrie Inness writes, in *Dinner Roles: American Women and Culinary Culture*, “Convenience foods of all kinds, including the TV dinner, were an integral part of [the] image of modernity and progress.”²⁰⁰ As Inness argues, the advent of frozen foods and their association with convenience and modernity largely changed Americans dietary habits, while they supplanted canned foods that were now thought to be “useful, but need to be fancied up.”²⁰¹

The downhill spiral for the Musselman canneries continued throughout the 1970s when Pet Milk was the victim of a hostile takeover by I.C. Industries, a Chicago-based conglomerate that had its foundation in the railroad industry. Much as Pet Milk had purchased the C.H. Musselman Company to diversify its holdings, I.C. Industries had purchased Pet Milk to expand its operations beyond its tradition base.²⁰² As Harvey Levenstein writes in his book, *Revolution at the Table*, the food processing industry was subject to a series of takeovers and mergers in the 1970s, and the C.H. Musselman Company proved to be no exception.²⁰³ This only served to worsen the future of the former Musselman properties as the railroad conglomerate had little knowledge of how to manage a fruit processing outfit and had minimal interest in attempting to turn the operations around from their state of decline. As Burkhart said, “Once I.C. [Industries]

²⁰⁰ Inness, Sherrie. “Dinner Roles: American Women and Culinary Culture.” University of Iowa Press, 2001: 158.

²⁰¹ Inness, Sherrie. “Dinner Roles: American Women and Culinary Culture.” University of Iowa Press, 2001: 162.

²⁰² “Pet Milk Company History.” Knouse Foods Company Archives, Knouse Foods Cooperative [Peach Glen, Pennsylvania.] undated.

²⁰³ Levenstein, Harvey. “Revolution at the Table: The Transformation of the American Diet.” University of California Press, 2003: 201.

bought us, we were pretty much up for sale from day one.”²⁰⁴ However, I.C. Industries did make some changes to operations during the years of their ownership through the sale of the farm supply dealership in 1979. In addition, I.C. Industries made an ill-advised move to have the Biglerville plant begin packing taco sauce under the Old El Paso label, which required the retrofitting of part of the plant.²⁰⁵

After three years of failing to turn the operation around, I.C. Industries put the Musselman Division up for sale. While it was clear that the operation was in decline, a buyer was found in Mark T. Concannon, the person who would spell the end of the Musselman operation as it had been known for generations. According to a Musselman company history, when Concannon purchased the Musselman canneries, Musselman farms, and Musselman label for \$35 million in 1981, he was quoted as saying that the reason for the failure of Musselman was “due to the operation being controlled by a distant St. Louis management who didn’t understand the industry and failed to return money to keep updated equipment in the plants.”²⁰⁶ Although this may have been true, Concannon did nothing to save the operation and within years was forced to declare bankruptcy and sell the property to Knouse Foods.

Although the C.H. Musselman Company lived on for four decades after the death of its founder, and, in fact, expanded its holdings and product line, the company was never as strong as had it been prior to 1944. When Jack Hauser became president of the company, his focus on expansion at all costs was a high-risk maneuver that had little payoff for the company. For example, although his purchase of numerous fruit farms throughout the county made strategic sense to counterbalance the loss of fruit supply to Knouse Foods, it further antagonized growers and made the company more dependent on self-supplying its need for fruit. According to Robert

²⁰⁴ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

²⁰⁵ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 40.

²⁰⁶ Lawver, Kenneth. *Musselman Story (1907-1984)*. Biglerville, PA, 1990. 41.

Burkhart, “We [the C.H. Musselman Company] never completely depended on our farms for our supply of fruit, but it certainly trended that way more and more throughout the 1950s and 60s.”²⁰⁷ Similarly, when Hauser decided to expand operations into the Midwest through the purchase of two large facilities in Michigan, it came at considerable financial expense and drew the attention of a major corporation whose purchase of Musselman began its long decline.

Whereas C.H. Musselman had expanded his operations within the Mid-Atlantic region and then shipped his products from there, Hauser felt it best to expand the company’s operations into areas far beyond the company’s base in Adams County. Rather than expand the company’s existing canneries, Hauser decided instead to purchase additional facilities, which still required significant retooling. In addition, Hauser seemed intent on expanding the C.H. Musselman Company at all costs by purchasing a farm supply dealership and numerous farms throughout the county. While the purchase of these farms was in some ways necessitated due to the flight of fruit growers to Knouse Foods, it is worth noting that one of the main reasons that growers fled the C.H. Musselman Company was in part due to Hauser’s policies and unwillingness to accede to grower demands and concerns, rather than successfully placate the growers as C.H. Musselman had done.

Although Jack Hauser may have thought that the actions he was undertaking at the C.H. Musselman Company were for the company’s benefit, they undermined the company in the long-term while providing a veneer of success in the short-term. Through its numerous sales, lack of upgrades and renovations to its facilities, and its product line that was at first constantly changing, and then became stagnant, the C.H. Musselman Company became increasingly weaker and irrelevant by 1981, setting the stage for its 1984 purchase by the very growers who had rebelled against it.

²⁰⁷ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

Chapter 4: Triumph of Knouse Foods and Its Growers: 1949-1984

Following the establishment of PenMarVa in 1949, the dynamics of the fruit processing industry in Adams County changed. Now, growers had a viable alternative to the C.H. Musselman Company, as they owned and operated a cannery themselves rather than being forced to accept Musselman's terms and practices as they had for many years. However, grower cooperatives had been attempted in the area decades earlier and had been met with failure. Due to strong corporate leadership, the desire of growers to make their endeavor succeed, and an increase in the amount of fruit that was transported to Knouse Foods for processing, growers were able to make their cooperatively-owned cannery succeed and undergo rapid growth in the period following its establishment. In time, the growers succeeded in purchasing the processor that they had rebelled against and established their cooperative as the most successful fruit processor in the United States.

In addition to the grower cooperative benefiting from having a membership that was committed to its success, PenMarVa had the advantage of having a president who was familiar with all aspects of the fruit industry. Under the leadership of M.E. Knouse, the cooperative's processing volume rapidly expanded as growers' orchards became increasingly productive and the cooperative's marketing strategy yielded higher sales for its products.

M.E. Knouse played such a large role in the development of the cooperative that shortly after its formation, the growers decided to rename the operation in his honor. While part of the reason for doing so was out of deference to Knouse for his role in organizing the cooperative, it was also done for strategic reasons. As was described in a newspaper account of the name change, growers unanimously "voted to take advantage of the name of M.E. Knouse, who is well

known throughout the industry. Those suggesting the name change pointed out that Mr. Knouse in 1947 received national honor when he was cited by the National Apple Institute as the outstanding processor of the year."²⁰⁸

While changing the name of the cooperative may have played some role in its initial success and name recognition, the organizational structure of Knouse Foods played a far more significant role. According to the Articles of Association for Knouse Foods, the cooperative was charged with acting as an agent for its shareholders, while the articles of association also outlined that only member-shareholders could have a vote on official company business.²⁰⁹ The result of these directives was to prevent an outside investor from taking over the cooperative and gutting it for investment purposes. This determination by growers to keep control of the cooperative in their hands proved to be critical; in an analysis of Knouse Foods by cooperative law attorney David Putney, Putney argued that the principle of “mutual help” that was inherent throughout Knouse’s corporate structure was a key reason for Knouse’s success. In addition, Putney argued that the principle of each grower having one vote regardless of the volume of shares they held helped maintain equity between member-growers and prevented the cooperative from being dominated by a few growers who could then have manipulated the operation for their own benefit. In Putney’s words, “Every known legal principle has been employed to make this organization a truly modern farmers’ cooperative, acting solely as agent for its member producers.”²¹⁰

²⁰⁸ "Knouse Foods Cooperative, Inc. Is New Name For Three-State Fruit Processing Organization." *The Gettysburg Times* [Gettysburg, Pennsylvania] 1 Apr. 1949: 1.

²⁰⁹ Putney, David. "Knouse Cooperative Governed By State Assembly Enactment As Economic Tool For Growers." *The Gettysburg Times* [Gettysburg, Pennsylvania] 29 June 1954: 2.

²¹⁰ Putney, David. "Knouse Cooperative Governed By State Assembly Enactment As Economic Tool For Growers." *The Gettysburg Times* [Gettysburg, Pennsylvania] 29 June 1954: 2.

Another critical reason for the success of Knouse Foods in the early years was their successful use of commercial advertising. Although extensive marketing of fruit products had been taking place since 1907 under other cooperatives such as Sunkist, Knouse Foods began its own aggressive advertising campaign partly as response to growers' perceptions that the C.H. Musselman Company had inadequately marketed its products.²¹¹ In numerous publications printed by Knouse Foods many years after its establishment, growers cited their desire to have improved marketing of their produce as a key reason why Knouse Foods was organized. Historically, growers had not needed to truly market or advertise their fruit because the majority of their produce was shipped out of the area as fresh fruit to urban regions or Europe.²¹² However, beginning in the 1930s with the collapse of world trade due to the Great Depression, an increasingly large amount of apples stayed in the United States, which necessitated the creation of promotional advertising, especially for processed fruit products.²¹³ Certainly Knouse Foods was not the only fruit processor to engage in advertising during this period, yet they benefitted from increased public overall awareness of both fresh and processed fruit products. As M.E. Knouse described, "The consumer has made good use of the product once she has found out about it."²¹⁴

Certainly marketing of processed apple products was critical in Adams County, given that a far higher percentage of the area's apple crop was processed than was the case elsewhere across the country, and even within Pennsylvania. In 1953, only a few years after Knouse Food's establishment, no less than 90% of the county's apple output was sent to processing

²¹¹ Cruikshank, Jeffrey L., and Arthur W. Schultz. *The Man Who Sold America: The Amazing (but True!) Story of Albert D. Lasker and the Creation of the Advertising Century*. Boston, MA: Harvard Business Review, 2010. 114.

²¹² McMurry, Sally. Pennsylvania Historical and Museum Commission, "Adams County Fruit Belt, 1875-1960." Last modified January, 2009. Accessed February 13, 2012.

²¹³ Pyle, Michaela S. "Fifteen Years Of Careful Work Enable Cooperative To Advance Fruitmen's Place in U.S. Economy." *The Gettysburg Times* 29 June 1954: 3.

²¹⁴ Pennsylvania Packer Volume 20. *Pennsylvania Cannery Association* [York, Pennsylvania] (August 1953): 6.

facilities. This figure far exceeded the statewide percentage of 50-60% of the crop that was processed and dwarfed the national figure of 28-30%.²¹⁵ In many ways, this placed Knouse Foods (and local fruit growers in general) ahead of the game, as consumers were now purchasing processed fruit products at ever higher rates while the volume of raw apples consumed declined.²¹⁶

In addition to processing apples, Knouse Foods also benefitted from its acquisition of I.Z. Musselman's cannery in Orrtanna. While the Orrtanna cannery had processed apples for many years, its signature product was canned sour cherries. Not only did this allow the cooperative to lay claim to being the nation's largest grower-owned processor and manufacturer of fruit products; it also provided an additional product line for Knouse Foods.²¹⁷

Knouse Foods had a unique advantage in its product line that should not be underestimated: Knouse could use products that were being processed by the C.H. Musselman Company as a template for their own products. While consumer preferences were rapidly changing, Knouse Foods benefitted from having the C.H. Musselman Company be its test market for products. If a Musselman product was deemed to be a success, Knouse Foods could then take the product and modify it slightly. For example, the C.H. Musselman had been manufacturing pie filling since 1943 with great success.²¹⁸ Immediately upon its establishment in 1949, Knouse Foods went about creating its own product through recipe experimentation and released its version of apple, cherry, and peach pie filling in 1952.²¹⁹ Knouse Foods's decision

²¹⁵ Grimes, Virginia L., Pennsylvania Packer Volume 20 *Pennsylvania Cannery Association* [York, Pennsylvania] (1953): 7.

²¹⁶ Anthony, R. D. "A Brief Survey of the Apple Industry in Pennsylvania." *Pennsylvania Fruit Growers' Society Annual Report*, 1949.

²¹⁷ Pyle, Michaela S. "Fifteen Years Of Careful Work Enable Cooperative To Advance Fruitmen's Place in U.S. Economy." *The Gettysburg Times* [Gettysburg, Pennsylvania] June 29, 1954: 3.

²¹⁸ Lawver, Kenneth. *Musselman Story (1907-1984)*. 1990: 12.

²¹⁹ "Patent Sought on Lucky Leaf Pie Fillings." *The Gettysburg Times* [Gettysburg, Pennsylvania] June 29, 1954: 5.

to enter the pie filling market was also encouraged by its advertising agency of N.W. Ayer & Son, whom Knouse Foods selected as its marketer. The agency made the observation that the biggest issue facing Knouse Foods in its early years was public unawareness of its brand name, Lucky Leaf. In order to increase profits off the sale of new products such as pie filling, the advertising agency encouraged the cooperative to continue its expansion of its product line, which would generate higher profits than more basic products such as apple juice or applesauce.²²⁰ This endeavor paid off, as Knouse's creation and subversion of Musselman products greatly improved the company's finances and sales. With the subsequent success of its version of pie filling, Knouse Foods then filed for a patent for both the process and products used in the manufacture of its product in order to protect its property and prevent another company from copying the recipe.²²¹

There is little doubt that consumer tastes and preferences were undergoing a period of rapid change in the late 1940s and 1950s as consumers demanded more varieties of fruit for their consumption. While the consumption of fresh fruit increased during this period, it was primarily driven by increased consumption of exotic fruits such as bananas and citrus fruits. However, the consumption of apples did not decrease; consumer preferences merely pivoted to certain new processed products. In 1942, only 20% of the nation's apple crop was used for processing and half of the apples that were processed were used for apple vinegar.²²² In that same year, only 3% of the nation's apples were canned and only 2% was used for applesauce, while apple juice was

²²⁰ Myers, Marston. "N.W. Ayer, Knouse Ad Agency, Has Highly Select Clientele." *The Gettysburg Times* [Gettysburg, Pennsylvania] June 29, 1954: 13.

²²¹ "Patent Sought on Lucky Leaf Pie Fillings." *The Gettysburg Times* [Gettysburg, Pennsylvania] June 29, 1954: 5.

²²² "What Apples Growers Should Know about Grades and Varieties of Apples" *Proceedings of the State Horticultural Association of Pennsylvania* XIX.1 (1942): 28.

too new to have any statistics documented.²²³ However, by 1954, applesauce consumption had more than doubled at great benefit to fruit processors such as Knouse Foods.²²⁴ The manufacture of these products had dual benefits for Knouse Foods and its growers: their sales improved the cooperative's bottom line while also allowing the cooperative to accept more varieties of apples that fruit growers brought to the cannery for processing. As one speaker to a meeting of the Pennsylvania Fruit Growers Society mentioned, "More and more the processor is taking the whole crop from the orchard and is interested in the specific varieties that are most satisfactory for his need."²²⁵ This was true at Knouse Foods as well, as M.E. Knouse noted in remarks to the Pennsylvania Fruit Growers Society that he believed that these new products such as apple butter, apple brandy, and applesauce were of the best quality when they were comprised of blended varieties of apples, rather than containing only one variety.²²⁶

In addition to growers benefitting from having the cooperative accept all varieties of apples, these new products could be comprised of apples that were not visually appealing or were slightly damaged, though Knouse Foods was simply keeping pace with other processors in using lower grade apples for products where the quality of the apple was less important. For example, apples that were bruised or slightly defected were not viable on the fresh market and, had it not been for processing, would have been discarded. As Carroll Miller, an apple industry analyst noted, only the most visually appealing, best marketed apples could succeed on the fresh market, especially with the rise of supermarkets. As Miller wrote, "...the Customer waits on herself. No

²²³ "What Apples Growers Should Know about Grades and Varieties of Apples" *Proceedings of the State Horticultural Association of Pennsylvania* XIX.1 (1942): 28.

²²⁴ "Lively Industry Competition Bring Product Face-Lifting With Lab Playing Major Role." *The Gettysburg Times* [Gettysburg, Pennsylvania] June 29, 1954: 7.

²²⁵ Magness, J. R. "Our Apple Industry, Present and Future." *Proceedings of the State Horticultural Association of Pennsylvania* XXV.1 (1948): 12.

²²⁶ "What Apples Growers Should Know about Grades and Varieties of Apples" *Proceedings of the State Horticultural Association of Pennsylvania* XIX.1 (1942): 28.

clerks to slip the half-rotten apple into her package; or to call her attention to apples. Your apples simply sit there, surrounded by other apples and by from 40 to 80 other fresh fruits and vegetables, most of them beautifully trimmed and packed and laid out for eye appeal.”²²⁷

The analyst made an important point - apples were being challenged by a host of more exotic fruits that had previously been a non-threat. As one analyst noted, between 1910 and 1949, the total amount of fresh fruit consumed by Americans per capita was unchanged. However, an increasingly large percentage of fresh fruit consumption was in the form of citrus fruits and bananas.²²⁸ Even more concerning to the apple industry was the fact that citrus fruits were selling for less than half the price per pound than apples were on the fresh market.²²⁹ With this reality, Adams County growers had less incentive to attempt and market their products on the fresh market, and instead increasingly transported their apples to Knouse Foods for processing.

In recognition of the fact that the cooperative could not survive without a loyal group of growers, Knouse Foods executives took care to ensure that growers remained on good terms with the management of the Knouse canneries. To achieve this goal, Knouse Foods established a “Field Department” that was designed to be in constant contact with growers to keep them informed of diseases that may have posed a threat to the fruit crop, and to simply act as a liaison between cooperative headquarters and members.²³⁰ According to William Lott, a local fruit grower, members of the field department would frequently be in correspondence with Knouse

²²⁷ McMurry, Sally. Pennsylvania Historical and Museum Commission, "Adams County Fruit Belt, 1875-1960." Last modified January, 2009. Accessed February 13, 2012: 966.

²²⁸ Anthony, R. D. "A Brief Survey of the Apple Industry of Pennsylvania." *Proceedings of the State Horticultural Association of Pennsylvania* XXVI.1 (1949): 25.

²²⁹ Magness, J. R. "Our Apple Industry, Present and Future." *Proceedings of the State Horticultural Association of Pennsylvania* XXV.1 (1948): 12.

²³⁰ "Fieldmen Play Liaison Roles At Knouse Foods." *The Gettysburg Times* [Gettysburg, Pennsylvania] June 29, 1954: 11.

member-growers and would occasionally visit growers to see how their crops were progressing.²³¹ During these visits, the field department would also make estimates of that year's total crop which would then be reported back to Knouse headquarters in order to prepare for that crop's production.²³² This stands in contrast to growers' experiences with the C.H. Musselman Company. While the C.H. Musselman Company would often invite scientists from the local agricultural experimentation station to speak to growers at company functions, representatives from the company would seldom visit growers at their homes personally.²³³

In many ways, these sorts of ventures by the cooperative helped it achieve staying power and established a pattern of success. Since growers were pleased with the initial success of the cooperative, they continued to transport their fruit to Knouse Foods. With a loyal network of growers, the field department was able to encourage growers to increase their production and planted acreage without employing the heavy-handed practices and paternalistic tone that the C.H. Musselman Company had used. As the cooperative was seen as successful, more growers joined, the amount of planted acreage that was supplying the cooperative increased, and crop yields increased from 103 bushels of apples per acre of orchards in 1950 to 208 bushels per acre of apples in 1959.²³⁴ While this increase in orchard productivity also aided the C.H. Musselman Company, the increased output from county orchards likely proved critical in supplying Knouse Foods with a sufficient supply base to remain viable in its early years.

As the cooperative approached the five-year anniversary of its establishment, its profits continued to increase. In the 1954 fiscal year, Knouse Foods realized net earnings of \$971,000,

²³¹ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

²³² "Fieldmen Play Liaison Roles At Knouse Foods." *The Gettysburg Times* [Gettysburg, Pennsylvania] June 29, 1954: 11.

²³³ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

²³⁴ United States. United States Census Bureau. *Census of Agriculture - Pennsylvania, 1954*. "Specific Crops Harvested: Censuses of 1954 and 1950." County Table XIV. 468; United States. United States Census Bureau. *Census of Agriculture - Pennsylvania, 1959*. "Farms Reporting Acreage and Quality." County Table XI. 210.

the highest returns in company history.²³⁵ With over 30,000 acres of members' orchards to draw upon, the cooperative had doubled sales since its establishment in 1949.²³⁶ This acreage was quite significant, as Pennsylvania itself contained just over 46,000 acres of apples, although some of Knouse's members resided in nearby Mid-Atlantic states other than Pennsylvania.²³⁷

As Knouse Foods continued to expand, the competition between the C.H. Musselman Company and Knouse Foods increased. As Shirley Heltibridle, a former Musselman test laboratory employee described, "Initially, Knouse was so small that we [the C.H. Musselman Company] really didn't pay too much attention. Later on, they became more of a competitor."²³⁸ According to Heltibridle, as Knouse Foods began manufacturing products that directly competed with Musselman's, Musselman's began to respond by doing product comparisons. As Heltibridle described, when salespersons from restaurants and supermarkets would come to Biglerville to see if they were interested in purchasing Musselman products, she would do product comparisons between Musselman and Knouse products. In Heltibridle's words, "I would bake pies or cobblers or that sort of thing, then line them up next to Knouse's and try to tell the salesmen that Musselman's was much better...It was the same with applesauce or anything else, I would set some of ours [Musselman's] out and compare it to Knouse's and point out that Musselman's had a much better taste and color and consistency."²³⁹

Evidence indicates that management at the C.H. Musselman Company initially had a dismissive attitude toward the grower cooperative as well. As Robert Burkhart, a Musselman manager indicated, "We didn't even view Knouse Foods as a competitor in 1949; C.H.

²³⁵ Pennsylvania Packer Volume 22 *Pennsylvania Cannery Association* [York, Pennsylvania] (September 1955): 12.

²³⁶ "Sales Policies Double Volume At Knouse Foods." *The Gettysburg Times* [Gettysburg, Pennsylvania] 29 June 1954: 13.

²³⁷ Grimes, Virginia L., Pennsylvania Packer Volume 20 *Pennsylvania Cannery Association* [York, Pennsylvania] (September 1953): 25.

²³⁸ Heltibridle, Shirley. Interview by author. Personal interview. Tape recording. East Berlin, PA. January 4, 2012.

²³⁹ Heltibridle, Shirley. Interview by author. Personal interview. Tape recording. East Berlin, PA. January 4, 2012.

Musselman was far bigger.”²⁴⁰ However, it appears that Knouse Foods expanded quickly throughout the 1950s and soon posed a far bigger threat than many at the C.H. Musselman Company knew or were willing to admit. For example, in the 1961 season the C.H. Musselman Company handled 3.5 million bushels of apples.²⁴¹ Only a few years later, in the 1965 season, Knouse Foods processed 4.25 million bushels of apples.²⁴² While the C.H. Musselman Company manufactured many more food products than did Knouse Foods, the fact that Knouse Foods had achieved relative parity with Musselman’s in the signature crop of apples speaks to the growing threat that Knouse Foods posed.

While Knouse Foods had prospered under its founder, M.E. Knouse, the organization had staying power upon Knouse’s retirement and the transition of power to his successor, Dean Carey. As a testament to the success of the cooperative under M.E. Knouse, sales rose dramatically from \$4.5 million in 1949 to \$18 million in 1966 when Knouse retired.²⁴³ According to John Peters, a fruit grower whose family had been instrumental in the founding of Knouse Foods and who later served as one of its directors, the transition between M.E. Knouse and Dean Carey was very smooth as Carey had long worked under Knouse and was familiar with the operation.²⁴⁴ In fact, Carey had been employed at Knouse Foods since its establishment in 1949 and had served in a variety of positions before becoming general manager in 1963.²⁴⁵ It was under Carey’s leadership that Knouse Foods underwent its most rapid period of expansion and truly established itself as a formidable presence in the fruit processing industry.

²⁴⁰ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

²⁴¹ Lawver, Kenneth. *Musselman Story (1907-1984)*. 1990. Company History: 27.

²⁴² "Dean L. Carey Succeeds M.E. Knouse As President Of Knouse Foods Firms." *The Gettysburg Times* [Gettysburg, Pennsylvania] July 1, 1966: 1.

²⁴³ "Dean L. Carey Succeeds M.E. Knouse As President Of Knouse Foods Firms." *The Gettysburg Times* [Gettysburg, Pennsylvania] July 1, 1966: 1.

²⁴⁴ Peters, John B. Interview by Frederic Tilberg. *Adams County Historical Society* [Gettysburg, Pennsylvania] 2 Apr. 1974.

²⁴⁵ "Dean Carey’s Work As Head Of Knouse Foods Cooperative Is Told In State Publication." *The Gettysburg Times* [Gettysburg, Pennsylvania] May 19, 1969: 15.

Prior to the arrival of Dean Carey as head of Knouse Foods, the cooperative had already been prospering and expanding its footprint. With an increase in the productivity of its grower-members and amount of acreage that Knouse Foods could draw upon, the cooperative had become the nation's fourth largest apple processor by the mid-1950s.²⁴⁶ As had been the case since its establishment, the cooperative's success seems to have been self-perpetuating. By the 1960s however, consolidation of landholdings was taking place in the area as growers who exited the fruit industry sold their land to existing fruit owners.²⁴⁷ This gave an advantage to the growers who remained in the industry as a part of the Knouse Foods cooperative. Not only were growers receiving higher payments for their additional crops; the remaining growers were also receiving higher patronage reimbursements from the cooperative since fewer growers participated in the cooperative while the amount of acreage tapped by Knouse Foods remained constant.

As growth in profits of Knouse Foods continued, the cooperative's board of directors continued to reinvest its revenues into expansion of its facilities. While the cooperative had listed total assets of \$2 million in 1949, its assets were valued at over \$25 million by 1970 and the company sold over \$25 million in products, a 38% increase in the five years since M.E. Knouse had retired.²⁴⁸ In addition, the cooperative's production capacity had grown remarkably as well with over 5 million bushels of apples being processed, along with 5,000 tons of cherries, and 1,000 tons of peaches.²⁴⁹

²⁴⁶ "Hard Work, Wide Experience, High Quality Help Co-op To Build Formula for Good Future." *The Gettysburg Times* [Gettysburg, Pennsylvania] June 29, 1954: 3.

²⁴⁷ McMurry, Sally. Pennsylvania Historical and Museum Commission, "Adams County Fruit Belt, 1875-1960." Last modified January, 2009. Accessed February 13, 2012.

²⁴⁸ "Knouse Foods Was First Apple Grower Cooperative to Succeed; Now Produces \$25,000,000 Worth of Products A Year." *The Gettysburg Times* [Gettysburg, Pennsylvania] September 4, 1970: 1.

²⁴⁹ "Knouse Foods Was First Apple Grower Cooperative to Succeed; Now Produces \$25,000,000 Worth of Products A Year." *The Gettysburg Times* [Gettysburg, Pennsylvania] September 4, 1970: 1.

These achievements were not due solely to good fortune; Carey's leadership played a critical role as well. As William Lott described, "Obviously we owed a great deal to Mr. Knouse for what he did in getting the co-op off the ground. But the transition to Dean Carey seemed to happen at just the right time, especially since he was so much younger and was willing to try some new things that we hadn't done before."²⁵⁰ According to Lott, one of the changes that Carey implemented was the use of large bulk bins to handle fruit that was taken for processing, which was coming into general usage around this time. As is evidenced in accounts from the period, Knouse Foods purchased over 100,000-25 bushel bulk bins for use by its members.²⁵¹ Rather than use the traditional wooden bushel crate to harvest apples and peaches, growers could now use these larger bins to transport their fruit in a manner that was easier and more efficient for the cooperative, which in turn favored growers, though not necessarily the workers handling the larger bins.

This is not to say that Knouse Foods never faced adversity during this period. For instance, 1971 proved to be a challenging year for the cooperative, despite Knouse Foods enjoying its 11th consecutive increase in sales.²⁵² By this period, the American industry in general was faced with increased international competition as an increasingly large number of apples were imported into the United States, with over 95 million pounds of apples imported into the country that year.²⁵³ Knouse Foods was not immune to this new international competition; as the vice-president for procurement of raw fruits, John Peters, described, growers had planted orchards for many years under the assumption that a large portion of their crops would be needed

²⁵⁰ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

²⁵¹ "Knouse Foods Was First Apple Grower Cooperative to Succeed; Now Produces \$25,000,000 Worth of Products A Year." *The Gettysburg Times* [Gettysburg, Pennsylvania] September 4, 1970: 1.

²⁵² "Knouse Foods Sales At New High Of \$25,895,682, Carey Says In Report To Members." *The Gettysburg Times* [Gettysburg, Pennsylvania] September 24, 1971: 1.

²⁵³ Pollock, Susan and Agnes Perez. United States Department of Agriculture: Economic Research Service., "Fruit and Tree Nut Outlook." Last modified March 31, 2005. Accessed February 25, 2012. 27.

for the export market. However, Peters explained, over 7 million bushels of apple concentrate had been imported in 1971 alone, which meant that "...growers suffered a one-two punch, losing both the export market and the concentrate market."²⁵⁴

To face the changing reality of the fruit processing industry, Carey outlined what he considered to be the way forward saying, "the...only logical choice is for growers themselves to maintain control of production and exercise more influence in the marketing and distribution of the product. The real question is whether growers can unite nationally and effectively discipline themselves to accomplish supply management."²⁵⁵

Certainly the apple industry was changing nationwide, and this change put pressure on all processors. Since the Knouse Foods cooperative was dependent on grower loyalty however, it was critical to the cooperative's success that growers not abandon the operation. As such, Knouse executives took care to remind growers of the benefits of being in the cooperative. For example, in 1971, when growers faced small patronage reimbursements due to increased imports flooding the market, Knouse executives reminded growers that they were paid \$370,435 more for their apples and \$70,017 more for their cherries than they would have received under the competitors' [C.H. Musselman Company's] pricing schedule.²⁵⁶ In addition, Carey took care to make comparisons with the C.H. Musselman Company, saying, "Growers must face the reality of supply and demand. In short crop years the problem of supply is the processor's problem. You can all remember when they [Musselman's] were your best friend, begged you for a load, and reminded you that you would need them in a big year. When the big year came, all of a

²⁵⁴ "Knouse Foods Sales At New High Of \$25,895,682, Carey Says In Report To Members." *The Gettysburg Times* [Gettysburg, Pennsylvania] September 24, 1971: 1.

²⁵⁵ "Knouse Foods Sales At New High Of \$25,895,682, Carey Says In Report To Members." *The Gettysburg Times* [Gettysburg, Pennsylvania] September 24, 1971: 1.

²⁵⁶ "Knouse Foods Sales At New High Of \$25,895,682, Carey Says In Report To Members." *The Gettysburg Times* [Gettysburg, Pennsylvania] September 24, 1971: 1.

sudden the problem of supply was the grower's problem."²⁵⁷ While John Peters, a cooperative member, indicated that he could not recall that any growers were seriously considering abandoning the grower-owned cooperative, comparisons such as these likely dissuaded growers from considering leaving Knouse Foods.²⁵⁸

Again, Carey's leadership and vision were critical in allowing the cooperative to remain viable. In light of the flood of apple imports onto the market, Carey took a unique approach. Rather than concentrating on the American market, Knouse Foods decided to expand its markets elsewhere. In 1972, the year following the import crisis, Knouse Foods developed an export program where Knouse products were shipped to countries throughout the world. By 1976, Knouse Foods was exporting to twenty different countries and the sales of the cooperative's exports had grown by 400 percent since its establishment four years earlier.²⁵⁹ According to Carey, Knouse Foods found success in utilizing the same practices that it employed in the United States. Knouse would conduct market research under brokers who had experience in foreign markets, and would then introduce its products into areas where studies indicated that they would be successful.²⁶⁰

Knouse Foods found some assistance in its foreign expansion from the Pennsylvania Department of Agriculture. Under the Pennsylvania Commodity Marketing Act of 1968, the Department of Agriculture had established the Pennsylvania Apple Marketing Program with the goal of promoting the sale and consumption of Pennsylvania's fresh and processed apple

²⁵⁷ "Knouse Foods Sales At New High Of \$25,895,682, Carey Says In Report To Members." *The Gettysburg Times* [Gettysburg, Pennsylvania] September 24, 1971: 1.

²⁵⁸ Peters, John R. Interview by author. Personal interview. Transcript. Gardners, PA, March 22, 2012.

²⁵⁹ "Knouse Foods Cooperative, Inc., Given Award For Achievement In Export Sales." *The Gettysburg Times* [Gettysburg, Pennsylvania] May 27, 1976: 3.

²⁶⁰ "Knouse Foods Cooperative, Inc., Given Award For Achievement In Export Sales." *The Gettysburg Times* [Gettysburg, Pennsylvania] May 27, 1976: 3.

products.²⁶¹ With the need for increased markets becoming increasingly apparent to Knouse executives, they found a willing partner in the state Department of Agriculture.²⁶²

Thanks to this export program undertaken in coordination with the Pennsylvania Apple Marketing Program, Knouse Foods found great success in markets abroad. According to George Nash, head of export sales for Knouse Foods, the cooperative was able to sell large volumes of its pie filling in countries even where pie was not commonly consumed. Similarly, the cooperative found success in selling apple juice in Muslim countries due to market research.²⁶³ Through efforts such as these, Knouse Foods was able to remain financially secure despite the changing fruit industry.

By the early 1980s, Knouse Foods was prosperous and financially secure with sales approaching \$100 million annually. Meanwhile, its primary rival, the former C.H. Musselman Company (now known as Musselman MFP-Enterprises) was foundering. After the sale of the Musselman canneries and farms to Mark Concannon in 1981, the Musselman division became increasingly weak. According to Shirley Heltibridle, a Musselman employee at the time, numerous management changes were occurring frequently and employees were being laid off while benefits were being cut.²⁶⁴ A Musselman company history from the period indicates that Concannon felt that the only way to salvage the company was to increase its production through

²⁶¹ "Who We Are." Pennsylvania Apple Marketing Program: Pennsylvania Department of Agriculture. [Harrisburg, Pennsylvania]
<http://www.pennsylvaniaapples.org/AboutthePennsylvaniaAppleMarketingProgram/WhoWeAre.aspx>. (accessed February 26, 2012.)

²⁶² "Knouse Foods Cooperative, Inc., Given Award For Achievement In Export Sales." *The Gettysburg Times* [Gettysburg, Pennsylvania] May 27, 1976: 3.

²⁶³ "Knouse Foods Cooperative, Inc., Given Award For Achievement In Export Sales." *The Gettysburg Times* [Gettysburg, Pennsylvania] May 27, 1976: 3.

²⁶⁴ Heltibridle, Shirley. Interview by author. Personal interview. Tape recording. East Berlin, PA. January 4, 2012.

technological improvements, which came at significant expense and failed to save the faltering cannery.²⁶⁵

By 1984, the situation had deteriorated further. As Robert Burkhart explained, “Concannon had been looking for a way to sell the plant because we were losing money under his watch. As I recall, Knouse’s stepped in, which was the best thing that could have happened to us [Musselman’s.]”²⁶⁶ The decision by Knouse Foods to purchase the Musselman facility was seen as being an easy one to make for strategic reasons. Not only was the cooperative buying out its primary competitor in the area, it would gain their name brand as well. As William Lott indicated, “We [Knouse’s] really wanted Musselman’s for the label which was well-respected throughout the country. You could sell Musselman products out West and [ours] just didn’t sell nearly as well out there.”²⁶⁷

Due to years of decline, the former C.H. Musselman Company, which had once dismissed the grower cooperative as being a non-threat, was now in fact smaller than the cooperative. In the year prior to its sale, Musselman’s had sold \$59 million of its products and was operating at a loss, while Knouse Foods had sold over \$94 million of products and was profitable.²⁶⁸ Under these circumstances, the board of directors of Knouse Foods made an offer to purchase the assets of Musselman MFP-Enterprises at a cost of \$8 million, a fraction of the \$35 million that Mark Concannon had paid for the facility only three years earlier.²⁶⁹

Perhaps one of the most ironic elements of the sale of the assets of the Musselman cannery was how the sale was financed. While Knouse Foods was a profitable business, the

²⁶⁵ Lawver, Kenneth. *Musselman Story (1907-1984)*. 1990: 41.

²⁶⁶ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

²⁶⁷ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

²⁶⁸ "Knouse Foods Purchases Assets of Musselman-MFP." *Pennsylvania Fruit News*, State Horticultural Association of Pennsylvania, Volume 63 (1984): 40.

²⁶⁹ Lawver, Kenneth. *Musselman Story (1907-1984)*. 1990: 41; "Pet Agrees to Sell Musselman Unit." *The New York Times* [New York, New York] June 2, 1981. Web. Accessed February 27, 2012.

board of directors recognized that the purchase of Musselman's could be paid for using the Musselman farms and the equipment they contained.²⁷⁰ In the sales agreement drafted by Knouse Foods, a stipulation was added saying that only Knouse Foods growers could purchase the Musselman farms which would be sold at auction shortly after the sale was completed.²⁷¹ At the auction held on March 2, 1984, 26 of the 28 total Musselman farms were sold to Knouse Foods growers at a profit of \$5.83 million.²⁷² The farms that the C.H. Musselman Company had bought in order to secure a stable supply of fruit had now been purchased by Knouse Foods and then sold to many of the same growers who had rebelled against the C.H. Musselman Company.

In addition to the nearly \$6 million raised through the sale of the Musselman farms, Knouse Foods was able to raise additional funds to finance the sale through auctioning off farm equipment used at the Musselman farms. At a public sale on March 7 and 8, 1984, Knouse Foods sold dozens of farm trucks, tractors, sprayers, mowers, and other farm equipment in order to finance its purchase of the Musselman cannery.²⁷³ While the profit from this sale is unknown, it is believed that the profit from the equipment sale combined with the sale of the 26 Musselman farms was nearly equal to the cost of the purchase of the canneries.²⁷⁴

Though forming a cooperative and rebelling against the primary processor in the area was a risky endeavor for fruit growers in 1949, their risk paid off handsomely. Thanks to the guidance of M.E. Knouse, growers were able to build a successful cooperative in the early years that reached its full potential under Dean Carey. This leadership, coupled with agricultural improvements that increased yields, allowed Knouse Foods to grow and adapt to a changing

²⁷⁰ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

²⁷¹ Burkhart, Robert. Interview by author. Personal interview. Tape recording. Biglerville, PA. November 26, 2011.

²⁷² "MFP Farm Sale." Knouse Foods Company Archives, Knouse Foods Cooperative [Peach Glen, Pennsylvania] undated.

²⁷³ "Liquidation Sale - Orchard and Farm Equipment." *Winchester Star* [Winchester, Virginia] March 3, 1984: 28.

²⁷⁴ Lott, William. Interview by author. Personal interview. Tape recording. Gardners, PA, January 3, 2012.

market and supplant its primary competitor, the C.H. Musselman Company, whose practices had caused the growers to rebel 35 years earlier.

Conclusion

While researching the development of the fruit processing industry in Adams County, Pennsylvania, I discovered that the only true constant has been change. The commercial fruit industry, especially the apple industry, has long been prominent in Adams County since its establishment in the late 1800s. However, as part of the broader historical trend of agricultural specialization, Adams County fruit growers became increasingly dependent on fruit for their income. With the area dominated by apple varieties that were less viable on the fresh market than apples from the Western part of the country, it was logical that fruit processing would develop in the area.

In many ways, the experience of the fruit processing industry in Adams County can be seen as an example of broader trends within agriculture in the 20th century. For example, Adams County was not immune to the effects of changing consumer preferences and the subsequent increase in demand for processed foods. These changing demands allowed for the growth of processors such as the C.H. Musselman Company in the early part of the 20th century, while companies such as Knouse Foods that responded effectively to changing economic circumstances such as the growth of food imports in the late 20th century survived. Those who did not update their product line and business model, such as the C.H. Musselman Company, foundered.

However, it is worth noting that Knouse Foods's long-term success and survivability was not solely due to their success at navigating a changing market. Stable corporate management and the emphasis by Knouse Foods executives on maintaining grower loyalty allowed the company to focus its efforts on expanding its production and entering new markets without being distracted by the upheaval that the C.H. Musselman Company routinely faced. Following C.H.

Musselman's death, it is clear that management at the C.H. Musselman Company made a series of poor business decisions that provided a veneer of success and brought benefit to the company in the short-term, while undermining its long-term success.

Thanks to a loyal base of growers, strategic expansion into export markets, and the determination on the part of management to succeed, Knouse Foods was able to prosper as an effective grower-owned cooperative throughout its history. While the C.H. Musselman Company was sold numerous times and fell victim to a distant corporate management who had little stake in the company, Knouse Foods was able to supplant the C.H. Musselman Company as the largest and most successful food processor in the area using its proven model of success. The purchase of the C.H. Musselman Company by Knouse Foods can thus be seen as the triumph of a grower-owned, community based cooperative over a paternalistic corporation.

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