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Dan Gunter oral history interview by William Mansfield, April 12, 2005

Dan L. Gunter (Interviewee)

Bill Mansfield (Interviewer)

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Bill Mansfield: I’ll get this started, and I always put a label on the disc by saying: “This is Bill Mansfield from the Globalization Research Center’s Citrus Oral History Project talking to Dr. Dan Gunter. (Is it Doctor Gunter?).

Dan Gunter: Yes.

Mansfield: Here in the Department of Florida Citrus offices in Lakeland, Florida, on April the 12th, 2005. And Dr. Gunter we always get people to start out by having them state their name and tell us when they were born and where they were born.

Gunter: Really? Okay. Well I am Dan Gunter. I was born in 1947, April 20 in McMinnville, Tennessee.

Mansfield: Okay. I’ve been to McMinnville.

Gunter: Have you really? Gosh!

Mansfield: I worked Tullahoma for awhile.

Gunter: Tullahoma, did you? Okay.
Mansfield: Tell me a little bit about your education.

Gunter: Education. Well I went to a small school there in middle Tennessee for an undergraduate degree. A major in agricultural economics and a minor in business and then went off to the United States Air Force for three years. While I was in the Air Force I managed to get a Master’s Degree in business management, at the University of Arkansas, in their European program. I was stationed in Turkey and they had an on-base program there with the University of Arkansas. So, I finished that and then came back and got a PhD at the University of Tennessee in agricultural economics.

Mansfield: Where did you do your undergraduate work?

Gunter: At Tennessee Tech.

Mansfield: Okay.

Gunter: In Cookville, Tennessee.

Mansfield: I know that place too.

Gunter: You probably know exactly where that is.

Mansfield: Okay, well how did you get into citrus?

Gunter: Into citrus. Well after I finished the PhD I interviewed for a job at the University of Florida, among other places. The University of Florida had a pretty exciting position for a young PhD and I came there and started working in research and teaching and [the] extension [service] at the University of Florida.

I was there for five years and I got tenured and promoted and resigned, just about on the same day, to take a job with the Florida Department of Citrus, continuing to work in Gainesville. In fact I just moved from one floor to another floor in McCardy Hall, and
doing a lot of work forecasting and evaluation of trade and tariff matters for the citrus industry. So that’s how I got involved in the citrus business, was doing research at the University of Florida in Gainesville.

**Mansfield:** Okay, and how would you describe your present occupation?

**Gunter:** My present occupation? [laughs] Well I have moved around a good bit in the business world. I continued to work from 1980 until 1992 for the Department of Citrus, in one capacity or another; in their market and economic [research] unit or as executive director of the Department. And then [I] moved to private industry in 1992.

I came back to the Department of Citrus in July of this past year, as Executive Director of the Department of Citrus, after spending several years in the private world. Either with a major juice company, running their international businesses or on my own, in a consulting capacity, working with troubled companies—let me describe them that way.

**Mansfield:** Okay. So you’re the Executive Director of the Department of Florida Citrus?

**Gunter:** Correct.

**Mansfield:** So tell me what you do.

**Gunter:** We have three main functions at the Department of Citrus, and we’re unique in the industry. We regulate the industry, we do research on products and on the market for products and we promote products. We’ve been in existence since 1935. We’re the first organization of this type, established. It goes back to growers, back in the twenties and thirties, were getting low prices for their fruit and they were looking for ways to help themselves. After trying various voluntary organizations to try and promote their fruit, they decided they needed the power of the state to help them with this and they asked the Florida State Legislature to give them the authority to perform these three functions. Do research and regulate the quality of the product going into the market and also regulate
those doing business in the industry, through a license program. So everybody that deals in citrus, to this day, has to have a license in order to buy and sell fruit. So that’s what we do here.

Most of the money that we raise, through a tax on each box of citrus that moves into commercial channels of trade goes for the marketing program. Three-fourths of it is used for marketing. Of the balance, the majority of that goes for research. We try to understand the attributes of our products—you know, what vitamins, minerals and antioxidants they might have. And what benefits these attributes have for consumers. Then we turn that over to our marketing staff who generates all kinds of public relations materials and advertising, television, internet, radio, print, to tell people about the benefits of consuming citrus.

**Mansfield:** Okay. And When I say citrus I generally referring to oranges and orange juice. But I know it includes grapefruits, lemons, limes, and what, kiwis?

**Gunter:** Not kiwis. They’re not citrus.

**Mansfield:** Okay.

**Gunter:** And our authority, at the Department of Citrus, only covers oranges, grapefruit and specialty fruit, like tangerines. We don’t have any authority for the promotion of lemons and limes. So they are excluded from our statutory authority.

**Mansfield:** Okay. There’s been a lot of talk about the free trade legislation. I know, starting back in the ‘90’s with NAFTA and now up with the Free Trade Area of the Americas [FTAA]. So [clears throat] what can you tell me about that?

**Gunter:** Well, actually the conversation about trade and tariffs really goes back to the early years of this industry. Tariffs were put in place on citrus products with the Tariff Act of the 1930’s. They were relatively high tariffs. They were specific rate tariffs and
over the course of the years, since the 1930’s—because of various negotiations these tariffs have all been reduced.

And then the tariffs are further eroded by the fact that some countries are given preferences, or some production areas are given preferences, on citrus. The big concern for the Florida citrus industry though, in recent years has been the tariff on orange juice, an import from Brazil.

It’s real important to understand why they singled out Brazil as the major concern. Because citrus is grown around the world, in probably a hundred different countries. There’s a number of varieties. A lot of it’s consumed fresh and not processed. But the Florida citrus industry, and its orange producers are oriented towards production of orange juice, oranges for orange juice. Let me say that. There’s two major production areas for these processed oranges and one of those is Florida and the other is Brazil.

Both production areas have certain advantages. The Florida citrus industry, not by luck but because of –well, maybe it is luck, but they made their luck. They built a market for orange juice in this country by establishment of this Department of Florida Citrus and they’ve grown the market, in the US, to the largest market in the world. Well, in doing that it attracted a lot interest from other production regions—primarily, Brazil.

Brazil’s [citrus industry] is not a new industry but they’re new in terms of their size. And it’s because of growing world demand for orange juice and their ability to produce orange juice that they came on to the market and produced orange juice cheaply. They’ve invested in technology. They have huge tanker ships that can move product around from place to place. [They have] tank farms located in key markets in the world, even here in the US. And they really got a foothold in the US market, back in the ‘80’s. In the early ‘80’s Florida had a series of freezes, devastating freezes. Orange production was cut in half, by this series of freezes. About 50% of the US market was imported product from Brazil, as a consequence of that. That built the industry in Brazil, in large measure; and made them even stronger, because they then had access to the largest market in the world.

The fact of the matter is—how do I say it? The protective stance that the industry has taken is in large measure, is because these [Florida] growers built this market. They
grew it with their investment, with their blood, sweat and tears in these groves. And they want to nurture it and they want to protect it.

The Brazilian industry has labor costs advantages and that’s their primary advantage. Actually, acre for acre a Florida grower can out produce a Brazilian grower. They both grow good fruit. The quality of the fruit is excellent in both locations. But on an acre basis, on a pound solids bases the Florida grower has an advantage.

Where we’re disadvantaged in Florida, is with the harvesting of fruit. Almost every orange that’s harvested in the state of Florida is still done so by hand, still harvested by hand. We probably have six hundred thousand, plus acres of oranges in Florida and they harvest somewhere around twenty thousand acres mechanically. That leaves the balance of it to be hand harvested and that’s expensive. We think our harvesting [and hauling] costs, here in Florida, are three or four times what they are in Brazil.

And one of the people you might want with talk to about that is Ron Muraro [spells] M-U-R-A-R-O. He’s over at Lake Alfred at the University of Florida’s Citrus Research and Education Center. He’s an economist and he does annual cost reviews on Florida and Brazilian citrus production. [See Ron Muraro’s interview with Bill Mansfield, 6-10-05.]

Mansfield: I’ve read a few articles by him and Tom Spreen.

Gunter: Tom Spreen that’s another person [you should talk to]. Tom is at the University of Florida. He is very knowledgeable on these tariff and trade matters as well.

Mansfield: Okay, because Brazil can get their juice here cheaply and they are really—it’s a quality product, I suppose Florida people would say it’s not as good as Florida orange juice, but close.

Gunter: It’s close.

Mansfield: Close enough.
**Gunter:** It’s close.

**Mansfield:** Okay, so tell me about the efforts to remove the tariff. Who seems to be –

**Gunter:** Who seems to be pushing that? Well there is a general tendency in countries around the world, particularly in the US, to reduce barriers to trade. Okay? And I’m talking about all barriers to trade, not just tariffs, but all barriers.

Tariffs really are a preferred method of protecting umm—an industry or commodity group because they are transparent. You know they are there. You know what the cost of the tariff is to you. Often times these non-tariff barriers end up being more costly. We don’t rely on those in the US. But, the push to reduce tariffs across the board has been lead in large measure, by the US and other developed countries in the world.

Agriculture is a particular problem for countries around the world too. We have seen the major producing countries in the world want to protect agriculture. And with in agriculture there are certain divisions as well. Because you’ve got some commodities that are supported. You may know of some of those having done some research on tobacco. Through either price supports or quotas that protect the market price. And some are not [supported].

The citrus industry is a non-supported non-program commodity. There are no restrictions on acreage, or poundage as in some quota products. There are no price supports for citrus products. We are a specialty crop. And if you look at us in the whole scheme of things, here in Florida, we’re a small part of US agriculture. Now we’re an important part if, you think about it in terms of where consumers get their orange juice. ‘Cause we supply 85% to 90% of the orange juice consumed in this country; and we are consumer’s source of vitamin C. But, nonetheless the push to reduce tariffs is coming primarily from the US. And there are looking to get access to other countries.

It’s always a tit-for-tat. It’s a trade situation, they’re trying to get access on technology, or some other item important to the export of the US. In agriculture it’s wheat, corn and commodities like that would be pushing for additional market access in other countries around the world. And you will see countries in Europe working to protect their traditional agriculture as well.
Mansfield: I’ve heard a lot about the European Union working to keep their farms protected.

Gunter: Yes. And you know even countries like Japan, that have not been able to produce all the food they need, have protected commodity interest there. It’s not been that long ago that there was a quota on orange juice, in Japan, that limited the imports of orange juice to about half a glass of orange juice per year. You know, there is no way to develop a market when consumers can only a half a glass of product.

They [Japan] don’t produce orange juice, so you would have to say, “What are they protecting” in this case? And there are other examples like that. But if you look at the US tariffs, on the average, in agriculture are much, much lower than tariffs in the rest of the world.

The US has given up a lot of their tariff protection on agriculture. You are probably well aware the US is extremely efficient in production of food products and as a consequence of that we have favorable food prices here in this country, compared to some of the other developed countries in the world. So in the big picture, the US has been pushing, a leader, in terms of freeing world trade.

Mansfield: [So] if we can eliminate tariffs overseas, we can export [products]; to get those tariffs removed we have to remove tariffs here?

Gunter: You got it. That’s absolutely right. That’s absolutely right.

[chuckles] Now as you may know, free trade is a bit of a misnomer. I think, in my opinion, we would be better off in talking about fair trade. Because free trade implies –or a basic assumption of free trade– is free flow of all goods, services [and] resources. And, nobody– let’s say it this way, I think those people who have really thought about it understand that you can never have complete free flow of resources. That land resource is immobile, as an example.

And do you really want free flow of all the labor resources? I don’t think so because what happens with that is you end up with an average wage from market to
market and country to country. I think that would trouble consumers here in this country. They thought, because of free trade, the average wage in this country might drop to something less that what we have today. So that’s the problem with free trade, the concept of free trade, the theory of free trade.

In theory it works really well. If you look at this idea on a chalkboard, or on an overhead [projector] in a classroom setting, it sounds very good. But as a practical matter, that one assumption, about the free flow of goods, that’s the one, that in the end, causes you to have to be concerned about maintaining some protection for industry and for our resources, our own producers here in this country. Not just for citrus. It goes way beyond citrus real quick and policy makers in Washington and other places around the world, in trading discussions are keenly aware of these issues.

But from a very localized perspective citrus is zeroed in on their competition. They understand, very clearly, the production cost advantage that the Brazilians have. They are working hard for a remedy, because they can see the handwriting on the wall. If you look at the history of these tariff changes, if the Florida citrus industry is going to remain competitive they need to be looking for ways to offset the advantage that the other major producers have. And they are so so concerned in this case because it’s one producing area of the world that has this tremendous capability and this tremendous advantage.

There is no other producing country that has the infrastructure that Brazil has to move orange juice around the world. They are a very efficient producer of fruit, a very efficient processor of fruit. They are very efficient at storing and moving huge volumes of orange concentrate. And it’s because of this consolidation of power [in Brazil] that the Florida grower feels threatened.

But they are not just throwing up their hands and saying, “We can’t survive in this environment.” They are still major producers; still got a huge market. They’ve got a lot of advantages; produce a fine quality product, a top quality product. It’s known in markets around the world. So, they’ve [Florida growers] got some advantages too.

But they are troubled by the harvesting cost, in the situation they face with Brazil. So they’ve been investing in research on mechanical harvesting. If that proves itself to be
efficient, it is going to be, a least a part of, the answer to the trade challenge that they face with this one producing country in the world.

Most of the other producing areas of the world aren’t the competitive power that Brazil is. That’s why you see all of the focus on Brazil. That’s why you see all the concern raised about them. Not the Caribbean Basin countries and not the Spanish or…

**Mansfield:** I read that there was a concern that Mexican citrus would threaten Florida’s citrus industry with NAFTA, but because Mexico isn’t an efficient producer and that they suffered some freezes there, that threat has not materialized.

**Gunter:** Yes.

**Mansfield:** But Brazil is [a threat]. Somebody told me the other Caribbean countries that produce citrus are concerned that if Brazil takes over the American market, that is going to push them out of the market too.

**Gunter:** Well absolutely. They’re concerned about it. Like the Florida producers, they’re disadvantaged by the same things that the Florida producers are and probably even more so. In some cases they probably can’t compete in the groves. In other words, their production costs and production per acre probably aren’t competitive with Florida. And in some cases they are very efficient producers.

Mexico has duty free access, to some extent, on citrus exported to the US, as a part of NAFTA. And Mexico has traditionally been a large producer of citrus. The thing about Mexico is they also have a large fresh market in country. So a lot of their production gets consumed locally. Going locally gives the growers there a better return. So that’s why that production area has not been a major concern [to Florida growers]. Plus, (you’re absolutely right, your sources are good) the Mexican producers are not the giant [that] Brazil is. They don’t have the infrastructure that Brazil does, so they are less of a competitive threat to the Florida citrus industry than Brazil. Which, you know, thousands of miles away.
**Mansfield:** Right. You said that the Florida growers are not throwing up their hands to the inevitability of Brazilian dominance [of the citrus industry]. And you said that they [Florida citrus growers] are developing mechanical harvesters. But what else are they doing to maintain the protection, to hold on to their competitive edge?

**Gunter:** Well that’s a political educational effort. The industry is vigilant. They’re watching. They’re involved with policy makers. The industry’s done a great job at the maintaining the tariff, through the efforts of a lot of people involved at Florida Citrus Mutual. They’ve been the – that organization, if you’ve not talked to them, Andy LaVine would be the person to talk with.

**Mansfield:** I’m hoping to have a chance to talk with him. [See Andy LaVinge’s interview with Bill Mansfield, 5-13-05.]

**Gunter:** Yes, he can be very helpful to you in understanding the political process that they are involved with, with the US trade representative and with our Florida congressional delegation. They work quietly, and have kept their eye on defending the tariff whenever and wherever necessary.

**Mansfield:** Okay. You said that the growers have been involved in a political education and working with the policy makers, could you expand on that for me?

**Gunter:** Yes. They are in constant contact with the US trade representative, he’s referred to as the USTR. And because that spot turns over a good bit, they remind him [of Florida’s interests]. And Washington turns over a good bit and that’s where you have to spend your time and effort. It’s a constant educational push to have people understand who the Florida citrus people [are].

I mean we’re a little—in the scheme of things, just think about it. We’re a little industry located in central—southwest Florida. [We’re] a group of seven thousand growers that—we don’t generally share a voice in matters. But [over the years] these guys have been effective in continuing to work with the administration that’s in place and
our own congressional delegation and the leadership in Congress, no matter where they may be from. [They continue] to influence [Congress’s] understanding of why a protective tariff is needed and what happens when those tariffs are breached in one way or the other.

In addition to the lobbying and the efforts to influence policy on trade, they are constantly watching the importation of products, to understand [in regard to the tariffs] if the laws of the land are being followed. As a consequence of concerns about that, you’ve seen “dumping actions that have been filed—IE selling below costs or selling below what they are selling to other major markets.

Mansfield: I know that that legal action is still in process, or at least it was the last time I read anything about it.

Gunter: Yes. So you’ve got several things going on, on that front. The industry has to watch if you will, what is going on in the world of trade, to insure that the laws [aren’t breached.] If the laws aren’t being followed then the tariffs aren’t going to be effective.

Mansfield: Well, I’d just like to know, when you say, “They work to educate the government officials about who the Florida growers are and the effects of trade legislation on them,” what do they say?

Gunter: How would they approach it? Okay. There are all levels of understanding of commodity production, marketing and trade. So with an individual person, or group of people, they start with the basics. [They say] “Why don’t you take a look at who we are and what we do. Take a visit.” They’d bring key staff down to tour groves, so they’ll understand exactly how oranges are produced. [They will] tour processing plants. I mean it’s at that level that they work to get people down here to get a first hand look at what goes on in Florida and the size of the industry.

What impact would it have on communities if, in fact the tariff was traded away? There would be little towns in Florida that would basically close! [Towns] where citrus is the major industry there, like Arcadia and Walchula and maybe even towns like Lake
Wales, which are big citrus producing towns. Sebring, or places like that, where citrus is a major crop.

So it [education] starts at kind of the basic, you know, “Here’s how we produce them, here’s some [inaudible]. And then they can show them why they [the Florida grower] is disadvantaged with the Brazilian industry. Showing them the hand harvesting of fruit and the costs that goes along with that and the cost that goes along with that function in Brazil.

They’re hand harvesting too, but with their labor rates being what they are, here’s what it costs to move that box of fruit from a Brazilian grove to and here [is what it costs] in Florida. And they can show them the production rate here in Florida, per acre, the production in Brazil per acre and the relative cost of these things. So they lay out the story.

We understand exactly what it is, the problem. So they will lay out the factual circumstances based on reports from the US Department of Agriculture, the University of Florida—you know, facts that you can substantiate by going back to [third party reports]. And then they point out how the tariff has served to allow imports in, but it has also served to keep the market price up, where growers in Florida have been able to earn a return on their investment. The industry realizes that the tariff is such that, quite frankly, it’s effective. It doesn’t stop imports. It allows imports to come in when Florida’s production goes down. It serves to keep the market price growers can, in most years, earn some kind of return on their investment in their groves.

So that’s the story they lay out in very simple terms. Obviously it takes a lot of work, organization, background [research]. There’s a lot of people working to keep tabs on these fact, the trade, the volume of imports. You know, we track that ourselves, here at the Department of Citrus, so we understand who gets the benefit of our advertising programs.

Mansfield: Well, I appreciate you explaining that. Perhaps it’s cynical, but this day and time, when people talk about trying to influence legislation you just think about contributions to election campaigns.
**Gunter:** [laughs] Well, let me tell you, that happens too. The fact of the matter is, everybody has a favorite candidate, or a set of candidates, that they want to support, because [those candidates] subscribe to their way of thinking and working. For sure this industry invests in supporting candidate for their choice. That happens with out a doubt. The industry has PACs [Political Action Committees], which they contribute to, to support those people in congress that have listened to their story and been helpful to them. So without a doubt [campaign money is involved].

**Mansfield:** But the educational part of it seems—

**Gunter:** Well you notice that was my focus. The PAC thing, I won’t tell you it's an afterthought but it’s kind of an afterthought, because the basic story, in and of itself, has so much appeal. It’s a case where we’ve got a relatively large tariff in place on a product that seems to be working.

The fact of the matter is, it [the tariff] lets imports come in. The fact of the matter is growers aren’t getting wealthy because of this tariff. Consumers aren’t being gouged because of this tariff. We’ve got the largest orange juice market in the world and we have a tariff in place. Has it benefited the Florida grower? Yes it has. It’s allowed them to continue to exist.

Think about what would happen, should the Florida industry face a situation where there is not tariff. It [the Florida industry] would decline quickly and then the US would be looking to import products to satisfy orange juice demand. It would leave us in a situation where you’d have one major producer of a commodity in the world that could, in fact leverage that in the market place.

**Mansfield:** One man [I interviewed] was joking about the “Orange Juice Cartel” referring to the oil cartel.

**Gunter:** Yes, that’s exactly right.
Mansfield: You said that—the Florida Department of Citrus—how are you all influencing policy? I mean it’s part of government.

Gunter: Yeah, how do we do that? You know we tend to divide up our responsibilities in this industry very effectively. The Department of Citrus is not involved, directly in the educational efforts on the tariff. We’re not involved in any political process. We don’t have any involvement in tariff and trade committees. We are knowledgeable of the tariff and trade situation because we are from, time to time, tapped to assist the grower organizations who have taken the lead (Citrus Mutual, in particular) with the understanding of particular market phenomenon.

We do, in fact, manage the research effort on mechanical harvesting. Which is, you know, part of the answer to the imbalance that we have with Brazilian production costs. It’s not that we’re not involved. We are involved. We’re involved behind the scenes on lot of the analysis. And we are involved, directly, in helping to find a solution to make the Florida growers competitive, because that’s a research function. And the grower’s organizations don’t have a research capability and we have that. That’s our involvement.

Mansfield: So lobbying, that falls—

Gunter: We don’t lobby that. Our efforts, on a lobbying front—we are involved in Washington. We are involved in Tallahassee. We’re an agency of state government, first off, so most of the things we deal with would be on things like [the] Food and Drug Administration labeling of orange juice products, or competitive products to orange juice. We do, do some lobbying there. We interact with Food and Drug Administration on a regular basis.

We are also involved with Tallahassee, just in terms of our own operations down here. You know, our budget is approved by the legislature. Tax rates are established by the legislature, and they have to understand our program too. So we are up there constantly when they are in session talking with them about our various needs down here.
Then we also participate in Washington in various programs to encourage exports. We receive from the [United States] Department of Agriculture support for grapefruit and grapefruit juice and orange juice marketing in Canada, to the tune of about four or five million dollars. So it’s not insignificant.

Mansfield: [chuckles] That’s a nice piece of change.

Gunter: It’s a nice piece of change and we’ve been participating in that program since 1986. We’ve been successful in growing our market for fresh grapefruit in Japan [and] grapefruit juice in Japan. Orange juice in Canada and exports of fresh citrus and grapefruit juice into Europe.

Now, notice I didn’t talk about orange juice in Europe and Japan. It’s because we have a difficult time, even though we export some, but we have a difficult time competing with the Brazilians in those two big markets for juice. So we focus where we have a competitive advantage and that’s with grapefruit and grapefruit juice, in those markets.

Mansfield: It didn’t occur to me that the Brazilians would be exporting to Japan and Canada as well.

Gunter: Exactly

Mansfield: So you’re really, correct me if I’m wrong, but the efforts are to protect the home market.

Gunter: You got it.

Mansfield: Okay.

Gunter: It’s the market that most of our juice goes to, the domestic market. Canada is easy for us to get to as well. A lot of the per capita consumption in Canada, there’s been
some spillover because most of the population is in eastern Canada and close to the US. They’ve been influenced by a lot of what we do down here, with regard to citrus. And they love orange juice. They are passionate about orange juice, even more than we are in the US.

**Mansfield:** That’s surprising.

**Gunter:** That’s a good thing.

**Mansfield:** Okay. Tell me some more about — Florida’s Citrus Mutual is the big organization of growers and producers and packers, I suppose, tell me what they’ve been doing to influence trade legislation. I mean, education, you mentioned that.

**Gunter:** Well, first off, Florida Citrus Mutual is a grower based organization. Andy LaVigne will fill in the blanks for you. They’ve existed for—gosh, forever. They’ve had great leadership there over the years and they lookout, very selfishly, for the growers of the state of Florida. That’s their clientele. That’s who makes up their board of directors. They’ve got a big board of directors that represents big, small, medium sized growers, so all segments of the industry are represented.

Now there are some other regional grower organizations that are multi-county or one county. For example, the Indian River Citrus League. There is a Gulf Growers Group, down in the LaBelle area, that production region. There’s a Highlands County Group and a Peace River Valley Citrus Group. So there’s a number of smaller [groups]. And they tend to focus on the local issues, with county commissions and things like that, as well as some of the bigger industry issues. [They] support of the tariff maintenance and things like that.

But those all tend to work together. Mutual tends to be the leader on the tariff issue because they represent the industry in total. And Mutual lobbies all matters dealing with production of citrus, from land use and water use to tariff and trade issues. They’ve got a full agenda over there, with their efforts. We tend to focus on growing the market for our products and they tend to focus on production issues. They tend to be involved in
lobbying for research on production matters—disease, pests and those kinds of issues. [They are] involved heavily with USDA in terms pest disease that are of issue or concerns to our industry.

When you think about Mutual, I know the first thing to that comes to mind is probably that tariff and trade matter, because there is so much discussion about that. But they’ve really got a much broader responsibility. And I think some of these other issues tend to get lost—

[End Tape 1, Side A. Begin Tape 1, Side B.]

**Gunter:** — because they quietly handle those. But canker is one of the issues that they have worked with. You know, it’s not their responsibility to cut and burn trees that are infected with this disease but they’ve lobbied for a policy that will, number one, continue to maintain the efforts to eradicate the disease from Florida, first and foremost. And secondly, to insure that people who have their property taken, are compensated for that. So that’s been a huge push and a big push.

**Mansfield:** I’ve read about back yard growers who are close to groves and they don’t want their trees cut down because there is canker in the grove, within ten-thousand yards, or what ever the distance is, of their [orange trees].

**Gunter:** Yes, nineteen hundred feet. But they do a lot of lobbying on the tariff. That’s first and foremost in every thing that they do over there.

**Mansfield:** Well some of the reading I’ve done has suggested that these regional citrus grower groups have come up because they feel that Florida Citrus Mutual is not speaking to their needs and concerns. How would you—

**Gunter:** Well, you know, one of the things I would say about that it’s very difficult sometimes for a large organization to reach down and address local needs. Now, from
county to county there are similar sets of needs. But in a local county sometimes it’s better to have local people dealing with local regulations.

A county commission in Highlands County can perhaps be better educated to understand the issues of production agriculture from local people. So that’s one of the reasons those groups sprang up. And I know there were some things suggested early on that suggested Mutual wasn’t attending to our needs here, locally and therefore we’re going to start our own group.

But, I don’t know if it’s reasonable to expect a state level organization to deal with every little need. One of the things you kind a got to do in an organization, whether it’s industry or whether it’s government is keep it focused on why you’re there. It would be real easy for us, at the Department of Citrus, to get off track and get involved in lots of these other things. But since we’re the only ones that are supposed to be growing demand, we have to focus our limited attention and resources on that.

Now some of these issues are real interesting and some of these issues could be the Achilles Heel of this industry, but we’re trusting other groups to take leadership on those things. So these layers of local and then state level organizations I think tend to be effective; [but] I’ve heard some suggest that maybe they need a little more coordination from time to time. Communication is difficult in any commodity, in any organization, in any industry. And that’s often time the issues we’re dealing with here. It’s a matter of communication and understanding.

**Mansfield:** It seems somewhat of a contradiction, in that the individual growers are in competition with one another, but they have to work together and—

**Gunter:** [laughs] You’re right.

**Mansfield:** —trying to find that common ground—

**Gunter:** You’re right. And there are some issues that this industry just simply will not agree on. It hurts us when that happens. We need to have the common ground. My sense is this industry is real strong. Over the years, politically, it’s built a great relationship with
Washington and Tallahassee. If this industry decides something is important, it can effect the outcome. I think it can! It’s got tremendous political influence.

So if it’s a policy, if they decide they all want to pull together—as spread out as this industry is in this state (we’ve got great contact with our congressional delegation and with our state house)—we can affect policy. Not to do bad but to do good for the industry.

**Mansfield:** You’ve mentioned, just in passing, some of the turmoil, disagreements, whatever, that [came between] local growers and the regional growers and that’s why these local groups sprang up. Could you tell me a little bit more about those?

**Gunter:** The local disagreements? Disagreements is probably not the right word. It’s probably more of an unmet need that existed there and these growers, individually, were less effective in influencing, you know, some decisions being made in the community or in the county, [in] Sebring or Arcadia, or something like that.

By working together, all together, they can go to the local officials and say, “Look, Tax Assessor, let us explain a problem we’ve got in the citrus industry here. Let us explain what canker has done to us. Let us explain—” so that they can get some consideration, whatever consideration that might be, or to local people making decisions about water use and the requirements there.

The best management practices on fertilization, and things like that, those are often times local issues that need to be dealt with locally as well as a state level. Those organizations should be working together. Often times you’ll find, in these organizations that you’ve got people involved in the county organization, or in the regional organization that are, in fact, members of Florida Citrus Mutual and members of our Florida Citrus Commission; that have the big picture perspective as well as the local perspective. Now those are strong individuals, that understand the local country production issues and then understand the marketing trade and the global, Brazilian challenge. This people are wonderful to work with. They have both of those perspectives.

**Mansfield:** They understand local and global [issues]?
**Gunter:** Global and local. You know, you think that little guy out there in his grove is just concerned with how to make oranges grow on those trees and then you get to chatting with him [and discover that] and he understands the Brazilian growing situation. He understands the disease issues, the pest issues and the water issues. There are some smart people in this industry.

**Mansfield:** Okay, so we’ve talked about people who are working to maintain the protective tariff; who are the people working to see it eliminated?

**Gunter:** [chuckles] You know there’s a probably an interest in Brazil that would like to see the US tariff reduced. Probably.

**Mansfield:** I would suspect in Brazil, but what about here at home, in the United States and in Florida?

**Gunter:** There are probably people, not in the Florida citrus industry, [but] in other agricultural commodity production, in the US, that would just as soon see the Florida, or the US, tariff on orange juice eliminated, if it means they have more access to other markets outside the US. They would trade the US orange juice tariff for whatever it is they are trying to export.

**Mansfield:** Could you tell me about who those groups would be?

**Gunter:** Oh, well, it would be the big exporters of agricultural products, the wheat and soybean people. And I’m speculating. I don’t know of any incident where they’ve actually suggested trading away they tariff. And there is just a general tendency in the US to move toward freer trade. So you’re fighting that battle as well.

Why should we maintain a relatively large ad valorem tariff on orange juice in light of the fact that tariff rates in the US are, running at a much lower ad valorem rate?
Why? Justify that to me. So there is a tendency for the industry to be on the defensive from the get-go.

**Mansfield:** I’ve also heard of people, how shall I put this? Not actively working against protective tariffs but sort of passively working to see them eliminated, by not saying anything.

**Gunter:** I think the biggest single issue is that general interest in reducing tariffs at a policy level in the US, it sounds good to say to consumers, “I’m for free trade,” because that translates to most consumers as better product pricing. Often times they don’t think that on through to say that it also means exporting jobs. So that’s the other part of the story that doesn’t often get told. But that tends to be the cast of characters.

The Brazilians are in an interesting situation, because, while the growers might think a reduction in the Florida tariff would in fact improve their market situation as well as their returns. There are large Brazilian interests who invested here in Florida.

**Mansfield:** The Cutrales?

**Gunter:** Yes, there’s an example. Citrosuco [is another]. Cargill was at one time a Brazilian processor; they’ve recently sold off their assets down there I understand. But Dryfuss is another one. So you’ve got those three rather large interests here in Florida, with investments here in Florida.

**Mansfield:** But aren’t those groups primarily processors?

**Gunter:** Ah! That’s the difference, they’re not growers.

**Mansfield:** And wouldn’t it be to their advantage to have access to less expensive — if the tariff was gone and Brazil could sell their citrus product here for less?
**Gunter:** Well I don’t know. I’ll think about it a minute. I don’t know the economics on this. But if you’re a Citrosuco or Cutrale, or a Dryfuss and you have invested in a processing plant here, that is designed to take fruit in and make juice out of it, would you necessarily do something that causes the production of fruit in the state of Florida to go down? A reduction in tariff is going to shrink this industry and they’ve got millions of dollars invested in this processing capacity here, why would they favor a reduction in the tariff?

They’re selling Brazilian produced products into the US already, with the tariff. They’re selling Brazilian produced products into Europe. They have a huge market there and they have an investment here that supplies the US market. There is more than one way for the processor to get into the US market. They bought in. They bought production capacity.

The growers in Brazil would probably favor a reduction in tariffs. But I’m not entirely sure that handful of big business interests would necessarily favor a tariff [reduction]. It would be interesting for you to talk to them.

**Mansfield:** Well, I’m hoping to. I’ve joked about them paying my way down to Brazil to do some interviews, but I don’t think that’s going to happen.

But on a serious note, I’ve also read that the real estate industry, the developers, would just as soon see orange groves [become] housing tracts [and] shopping malls— What can you tell me about that?

**Gunter:** It’s happening everyday. And I don’t know that they’re lobbying [against] the tariff, but the fact of the matter is, there’s a real estate boom that we’ve got going on [and it’s] taking land away from citrus; particularly in the more developed areas. If you look over on the east coast of Florida, around Vero and Stuart and those areas, there is a lot of tracts being gobbled up by developers.

In the heart of the citrus producing area you see some of that, but it’s not as widespread as in the larger metropolitan, more developed-closer to south Florida kinds of areas. It’s going to be awhile before we have to worry a lot about that in Arcadia. Even though there is some pressure from developers in that area as well.
Mansfield: I read an article, in the newspaper, that talked about how land prices have just sky rocketed in place five miles from a metropolitan area. And as they develop the land “next door” becomes “five miles from a metropolitan area.” So one thing I read said it would be to the advantage of the developers to have the tariff removed, so that it was no longer profitable to grow citrus and that would open up land for them [developers].

Gunter: Yeah. I suspect their analysis is correct. If it’s not economical to grow citrus there is not a ton of uses for [that land]. There maybe people that would be prone to sell their land cheaper as a consequence of that.

But [sighs] from a taxpayer in the state of Florida, if we think that through we need in this state, the value add businesses. We need things here in our economic mix beyond tourist. So when you think about value add industries, one of the largest value add industries is the citrus industry. Because, unlike some fruits and vegetables or live stock—Take cows as an example, the end product of a cow/calf operation is a four to five hundred pound steer that’s sent on to a feed lot out west, some place (near corn) to be grown out and then further processed for consumption. The value add steps take place outside Florida.

With the Florida citrus industry you’ve got all that value add. Such a small part of our crop goes to a packinghouse, that’s some value add. But [when] the orange goes to a processing plant, it’s stored locally here in Florida until it’s ready for packaging. It’s packaged here in Florida. That creates jobs. That creates huge economic impacts on this state. So from a policy perspective and those people thinking above “how can I buy cheaper land?,” I think their orientation and their conclusion would be that we need to maintain our Florida citrus industry.

Even if it is costly to do that and take a lot of effort to do that and to the benefit if the growers, it’s also to the benefit of all of us that live here in the state of Florida.

Mansfield: Yes. Unfortunately not everyone has the broad perspective.

Gunter: Exactly!
Mansfield: They look at the bottom line, right there in front of them.

Gunter: And that’s apart of the educational effort is to try to help people understand how they may get a short-term gain out of this. But, long-term we all suffer the consequences; if the jobs that are created in the citrus industry go away. Or, the recharge area that groves give us for water are reduced.

It’s a bit of a stretch, but if we black-top everything in Florida where will that leave us?

Mansfield: [facetiously] With lots more parking space.

Gunter: [laughs] More roads to drive on.

Mansfield: Well, this disc is used up. Have you got time to talk to talk to me for a few more minutes?

Gunter: Yes.

Mansfield: This is disc number two of Bill Mansfield’s interview with Dan Gunter, on April 12, 2005.

And we’ve been talking about the importance of Florida’s citrus industry to the state and to the people of the state. But one of the things I have read about lately is—I guess some of the growers are suing the Department of Citrus over the “Box Tax.” So what can you tell me about that?

Gunter: Ah, okay. I’ll be happy to tell you about that.

Mansfield: Okay.
Gunter: First off the suit was filed by six growers, and this law suit challenges the use of the tax money that they pay into the Department of Citrus on a First Amendment basis. In other words they are objecting to the use of their tax money for advertising and promotion of citrus. This is not an uncommon situation. There have been lots of challenges to commodity promotion programs across the country, over the last several years.

These cases have risen all the way to the US Supreme Court. The US Supreme Court has heard two such challenges. And in one case they held for the plaintiffs, i.e., the challenge they brought and the charge that the program was unconstitutional was upheld. And in another case they held that the plaintiffs were wrong. The program was constitutional. So the highest court in our land has found in favor of and against plaintiffs in similar kinds of cases. So the law is evolving here. It’s unclear. There is currently a case before the US Supreme Court again, asking the Court for clarification on the Constitutionality of a livestock promotional program.

Now our case is moving through the courts here in Florida and is now before the Florida Supreme Court. We are expecting—briefs are in the process of being filed. The Department’s brief was filed at the end of March in this case. At issue here in this particular case, and as well in the livestock case, is government speech. The lower courts held that, in the case of the Department of Citrus, that we are not government. They found the tax unconstitutional. The Appeal Court upheld that ruling of the lower court.

It’s an interesting case in that we’re an executive agency of state government. We comply with the rules and regulations that control spending. In everything that we do we are subject to the sunshine laws of the State of Florida. The legislature sets our tax rates. They establish the annual budget for the Department of Citrus. Our employees are employees of the State of Florida. They participate in the benefits programs, the retirement programs of the State of Florida. So, we’re having a hard time with the lower court’s ruling that we are not government. Because we talk like government, we walk like government [chuckles] and we act like government in every way. So it’s going to be real interesting to see what the Florida Supreme Court does in this particular case.

I am not, personally going to take any wagers on this one. I think predicting the outcome of this case is very, very, very difficult, when you’ve got evolving law. But
clearly there needs to be some clarification when the US Supreme Court has taken two cases and decided on both sides of the issue. The lower courts are subject to making rulings that are counter to what the Court intended; because the Court has come down on two different sides. So, let me put it this way, we’re in an evolving area of the law.

We, here at the Department, are focused on why we are here and letting the matter of this lawsuit evolve as it will. If the courts tell us that we’re unconstitutional and point to what in our statutes are in fact unconstitutional my suspicion is that the industry will want to have the legislature take a look at those areas. Because there are a lot of people who recognize that we’ve got the largest [orange juice] market in the world because of the investment that growers have made here in growing the market. They know that there are new challenges that they have to face everyday; from competitive products and from-- Let’s see, how do I want to say this? From people who are otherwise misguided about the benefits of orange juice.

One of the things that really hurt this industry was this low-carb diet. Orange juice consumption was declining about 3% per year, from the beginning of that low-carb fad, until just recently. A lot of what we do, with the Department of Citrus is, obviously we’re trying to grow the market, but sometimes, we also have to defend the market. We see suggestions that orange juice is not good for you! I mean, something that everybody has always thought was packed with nutrients and a good source of vitamin C, and people are being told, “Don’t drink orange juice.”? There is something wrong with a diet like that. [There are] other suggestions that “juice makes babies fat.”

So a lot of what we do is help the industry deal with competition. We work hand-in-hand with the brands. We work with the retailers. We work with food service companies— let’s say food service operations—to get our products promoted. Based one economic study that has been done, demand [for orange juice would] decline 7% to 10 % if the Department went away. There is a group of growers out there, that would be extremely concerned about finding a remedy to this problem, should the, in fact, the court rule with the plaintiffs in this matter.

It’s one of those issues we have to deal with. I wish we didn’t have to use our resources to deal with the matter. But it is something we will continue to fight. The
Commission has said we want to carry this all the way to its logical conclusion. If we find we’ve got a problem with our statutes we will certainly see if we can’t correct it.

   Everybody is dealing with it in a very business like manor. There is probably some interest out there that would say, “Well, we don’t need the Department of Citrus advertising. Our groves are going to be gobbled up by development. So we’d just as soon not pay the tax.” You can think of all kinds of reasons that people would oppose investing in growing the market. The plaintiffs have said, openly that “We think advertising works, but we don’t think we’re getting the benefits of it.”

**Mansfield:** The generic advertising for orange juice helps the Brazilian grower as much as it helps the Florida growers.

**Gunter:** Yes, that’s another complaint too. But that’s not entirely true. There have been several economic studies done on that issue and the last report that we saw said that growers get $2 to $4 back for every $1 they invest in advertising. They’ve said that the Florida grower gets 75% to 80% of the benefit from the expanding orange market. That means that 20% to 25% of the benefit goes to somebody else and that’s the free riders, the Brazilians.

   If that’s the problem, the answer is not to do away with the advertising. The answer is somewhere else. Let’s fix the free rider problem. Of the complaints that I have heard from people in the industry, the one that is valid, in my mind is that free rider issue. People are getting benefits that aren’t paying. That’s not an uncommon thing. It happens in other areas as well. But the answer is not [to] destroy the program because somebody else is getting a benefit. The answer is to go and get everybody to pay. If we survive the box tax challenge, that’s one of the steps I would hope to help this industry make; to get everybody to pay.

   I find it very interesting too that just recently there was a new [to secretary: I’m going to have to call him right back.] There was a new generic advertising program just introduced for sugar. The reason that it was introduced is because they are facing a couple of key problems that are affecting their sales. (Sales of sugar are declining, obviously.) One [problem] is the new competitive products that are in the market place.
And the other is the negative press about sugar. The answer to this problem was, let’s put a marketing program in place to educate consumers about our product and where it fits in their diet.

So people think maybe that generic advertising has fallen out of favor, but when we’re pressed with these competitive situations, as in the case of sugar, what do we turn to? — generic advertising program. Now I understand not all sugar producing companies, or areas are stepping up to fund this. So they will be facing one of the next problems, free riders.

**Mansfield:** What’s your sense of the—there are six growers who have this law suit, what’s your sense of the rest of the growers? How does it play out?

**Gunter:** In a recent hearing in Tallahassee there was two regional growing groups that stood up and said, very clearly, “We want the Department of Citrus to continue to have the ability to promote our citrus products.” The Highlands County Growers stood up and said that and the Peace River— excuse me, they didn’t get to speak. But they filed their testimony in writing, that said the same thing. My sense is, and Florida Citrus Mutual is on record as supporting the marketing program of the Department of Citrus.

[sighs] I don’t know that I can tell you the percentage [of support] out there, but the Department seems to have a lot of support for continuation of its marketing efforts. When the market was declining 3% a year, people were concerned about whether or not we could be effective anymore. And that came along about the period the box tax challenge was filed. So, you know all of these things tended to work against the department.

We were collecting a lot of money, the market’s declining. But fortunately for us we implemented a new campaign about May of this last year and we’re seeing sales start to turn around. This season, so far, six reporting periods into our year—about half way through—we’re 1% behind a year ago on volume. Last year, at the same time we were 3.2% behind, so our goal this year was to stop the decline. And in the last four weeks we saw sales 4% a year ago. So [with] a few more of these strong periods of reporting we will reach our goal of stopping the decline this year.
So it take focus. Your job is to grow the market for orange juice! That’s why everybody in this building is here. If you walk down the hall and ask “Why are you here? What’s your job?” They’ll tell you, “Grow the market for orange juice. Grow the market for citrus.”

Mansfield: Okay. I’ve got a couple of more questions, then I’ll let you go.

Gunter: Sure!

Mansfield: What do you foresee happening if this lawsuit is successful and the box tax is eliminated?

Gunter: Well I think there is a long way to go before that would happen. First off the Court has to rule that we’re not government, we don’t meet the test of being government. Or [chuckles] government can’t speak. And we know they are not going to say government can’t speak. That’s generally agreed. So they are going to have to find that we’re not government, or something like that. So it’s very difficult to envision a situation were that could happen. Secondly, I think—hopefully what wold happen is that (and I’m not speculating) but hopefully the court, in this particular case, would give the legislature time to address this issue. If they find something that is questionable in or statutes, hopefully the legislature—we’re a creature of the legislature. We were created by the legislature it’s really a challenge to the laws that the legislature but in place. So hopefully they will give the legislature time to address whatever constitutional questions exist.

Should the Department be shut down by this case I think you will see play out exactly what Ron Ward, of the University of Florida speculated what would happen if you stop generic advertising. I think you’ll see demand [for orange juice] erode by about 10% a year. Then, I think [in a few years] you’ll see people scrambling to and saying “What can we do? What can we do?!”

Mansfield: What do you see in the future, for Florida’s citrus industry?
**Gunter:** I see it continuing to be challenged for land by competitive pressures for development, here in Florida. I see us becoming more efficient producers. There is going to be fewer and fewer smaller growers, as a consequence of development. The industry is going to have a place in the market for a long time, though. If you look around the state of Florida there are lots of places where we can produce citrus. One of the things we’ve got to do is get some long-term stability in this industry so growers confidently go about doing what they do best; and that’s producing pounds solids. That’s what they do. That’s in their blood and I don’t think they are going to give-up so easily.

I think these guys will continue to push, continue to fight, particularly in some of these small communities—where it’s their life-blood. It’s what supports the schools. It’s what supports the grocery store. It’s what supports the county government, city government. I don’t think these guys are going to want to up-root their families and move. I think they’re committed growing oranges in Florida.

In some of the marginal areas I think you’ll see development take some of the land out of production. But Florida will continue to be a major factor in the market, assuming that we are successful in keeping the tariff—which I think we will be, and assuming we find solutions to some of the competitive products that we have—which we are [doing].

Over the course of the next five years I think you’ll find that we find a solution to that harvesting issue that we’ve got. And when groves are planted they will be planted in such a way that efficiently harvested mechanically. I think you’ll find consumption of orange juice continuing to inch up in the country as well.

It’s not going to be easy, but I think we’ll be here twenty years from now, twenty–five years from now.

**Mansfield:** Well that sounds like a good place to stop. Is there any question you want to answer that I haven’t asked?

**Gunter:** I am good. I am talked out.
Mansfield: Okay. Well let me say thank you so much for taking this time to talk with me and remind you again that the information you’ve shared with me will be deposited at the University of South Florida’s Special Collections Library. And I need to get you to sign a release form for this.

Gunter: Okay. I’ll be happy to do it.

Mansfield: I’ll turn this off and unplug [the recorder].

[End of interview]