The 1919 and 1935 Rice Crises in the Philippines: The Rice Market and Starvation in American Colonial Times

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The Rice Market and Starvation in American Colonial Times

This article analyzes starvation as a part of poverty in the Philippines under American control, particularly during the period of the 1920s to the 1930s. It looks into how the starvation was brought about by the rice crises that happened in 1919 and 1935. Rather than discussing poverty from standpoints such as the inequitable distribution of land and unemployment, this study focuses on the rice market as a space connecting various diversified phases such as trading, ownership of productive resources, labor, and policies as crucial to understanding starvation, while emphasizing merchants’ activities. It argues that the trading environment caused the starvation of lower classes.

Keywords: rice crisis • trading • chinese merchant • landlord • price policy
This is a study of starvation in the Philippines under American control. Who suffered from starvation? Naturally the poorer classes did: share tenants and agricultural laborers in rural districts and manual workers in cities. However, this article does not examine starvation itself; rather it discusses how starvation was brought about by the “rice crises” that happened in 1919 and 1935. The daily “shortage” of rice in the late 1930s was one of the reasons why food provisioning could not be managed. These episodes of crises led to social unrest.

Starvation, it must be noted, is a part of poverty. However, unlike famine, which is accompanied by a rise in mortality, starvation does not result in outright deaths and thus does not easily surface in history. Starvation results not only from an inadequacy of food supply, but also from the people’s inability to produce or acquire food. According to Amartya Sen (1981, 1), “starvation statements are about the relationship of persons to the commodity.” Sen emphasizes the importance of recognizing diversified phases such as trading, ownership of productive resources, labor, and policies as crucial to understanding why starvation happens. This study focuses on the rice market as a space connecting those different phases while stressing merchants’ activities that Sen did not include in his list of factors.

In the late nineteenth century, the Philippines exported agricultural products to Europe and the United States. After the passage of the Payne-Aldrich Tariff Act of 1909, the Philippines reinforced its free trade relations with the United States, exporting an array of tropical staples, including sugar, abaca, cigar, and coconut. The Philippines assumed a subordinate role in the free trade with the United States. Its vertical trade with the United States and Europe simultaneously promoted trade with other Asian countries, and this occurred since the late nineteenth century because the agricultural export sector stimulated rice imports (see fig. 1). The Philippines imported rice particularly from French Indochina. In addition, American free trade contributed to the development of rice-producing areas in the Philippines. Frontiers like Nueva Ecija provided rice to the Bicol region and the Visayas, which produced export crops, while also supplying the rice needs of Manila, which had become dependent on the cyclical export trade (Doeppeers 1984).

Given this context, a rice crisis can be analyzed theoretically from two sides. One side is the weakened ability of rice consumers to produce or purchase the commodity; the other side concerns rice prices. As this study shows, the rice crisis was prompted by reduced rice imports because of the political activities of some landlords who sought higher rice prices; at the same time, there was also crop failure. As regard the former, a few landlords increasingly owned a considerable part of the land and, eventually, the number of poor share tenants grew. However, from such standpoints as unequal land distribution and unemployment, scholars have already discussed poverty in the colonial Philippines. Thus this study focuses on the market and rice prices. It points out that the trading environment on a basic food item like rice caused the poverty of the lower classes, most of whom lived partially or totally in the subsistence sector (Kerkvliet 1993, 177–79). To date scholars have paid little attention to the rice market and its relation to the crises that occurred in 1919 and 1939. With regard to the 1919 rice crisis, Paul Kratoska (1990, 115–46) has dealt with government policies in the British colonies of Southeast Asia, but has left aside the Philippines. Wong (1999, 80–82) has touched on the 1919 rice crisis in his study of the Chinese economy in the Philippines, but his analysis is very limited.
In order to understand the rice crises of 1919 and of 1935, it is important first of all to grasp the relations of production and trading in rice-producing areas. The province of Nueva Ecija in the Central Luzon plain produced a large quantity of rice in the first half of the twentieth century. Many landlords owned big properties on a scale of more than 100 hectares, called haciendas, where rice production was carried out by poor share tenants. The owners of the large rice haciendas in Nueva Ecija insisted heavily on their own interests in marketing palay. They were determined to affect rice marketing and the rice pricing policy of the government. In addition, Chinese merchants played a vital role in rice trading. Hence, apart from the duration of a rice crisis, this article considers the intertwining of rice production and the marketing system as crucial to an understanding of starvation. Marshall S. McLennan (1973) already treated rice production in the context of economic development in colonial Nueva Ecija; for its part this study analyzes in detail the rice trading patterns of Chinese merchants.

Although there is no literature on the Philippine rice market in the interwar period, Norman G. Owen has analyzed Bicolano subsistence during the depression after the First World War in relation to rice consumption patterns. In the 1920s, Bicolano agricultural activities shifted from abaca (Manila hemp) to rice, maize, and camote. In the next decade secondary staples like the latter two crops were consumed instead of rice, which reflected poverty. The smallholders in particular suffered from this depression. The smallholders in particular suffered from this depression (Owen 1989, 95–114). In Mindanao and Cebu, daily meals tended to shift from rice to maize in the 1930s.

The socioeconomic policies of the colonial government also affected the rice market. Rice price policies, therefore, must be analyzed in terms of the overall rice market, together with the political and economic activities of both landlords and Chinese merchants. Those policies were crucial during the rice crises that took place in 1919 and 1935. Landlords insisted on high rice prices, which influenced the economic policies of the central government. This is not surprising because of the Philippines’s weak state but powerful political oligarchs (Anderson 1988, 10–13; Hutchcroft 1991, 420–24; McCoy 1994, 7–19). Nonetheless, with the establishment of the Commonwealth of the Philippines in the mid-1930s, it adopted social policies to assist agricultural production and ease the starvation of the poorer classes through the sale of relief rice and the establishment of the National Rice and Corn Corporation (NARIC). Leon A. Mears and colleagues (1974, 5–12) pointed out that, prior to the Japanese invasion, the NARIC did contribute to the stabilization of rice prices, particularly through the reduction of seasonal differentials in Manila’s retail rice prices. But, as this article shows, the NARIC did not adequately relieve the poor classes of daily starvation, especially in Cebu and Mindanao.

Rice Trading: Evidence from Nueva Ecija Province

Nueva Ecija was the province that became the most prominent rice producer in the first half of the twentieth century. By the end of the nineteenth century, the Nueva Ecija municipalities of San Isidro, Gapan, and Cabanatuan were already conducting trade with Manila. These towns were situated along the Pampanga River, one of the chief rivers in the Central Luzon plain (Rajal y Larre 1889, 292–311). In the late nineteenth century, regulations on both the residence and economic activities of ethnic Chinese were relaxed. The Chinese formed the biggest ethnic group among all merchants in Nueva Ecija and in other provinces (Cavada y Méndez de Vigo 1876, 1:71). They worked in the wholesale trade of imported goods (e.g., cotton textile) that were brought from Manila to the provinces, and they also managed retail shops (Rajal y Larre 1889, 292–311). Their rice mills were cargo-booking points in rice trading (Wickberg 1965, 103).

According to the Historical Data Papers, which provide information on rice trading up to the 1900s in Cabanatuan, one village called Talipapa flourished with commercial activities toward the end of the Spanish period (Historical Data Papers, Cabanatuan, 1952–1953). It had more than twelve warehouses, which drew many farmers from neighboring Aliaga and Talavera municipalities to sell their palay (unhusked rice) to the merchants and warehouse owners. Some native merchants from Bulacan and Manila also went to Talipapa by boat (casco) through the Pampanga River. They carried various goods, such as dried fish (tuyo), smoked fish (tinapa), and vinegar, and exchanged these for palay. These economic activities were interrupted during the Philippine Revolution and the Philippine-American War. Although those exchanges were resumed afterward, the railroad line that connected Manila to Cabanatuan, which became the center of Nueva Ecija, caused the trading activities in Talipapa to disappear in 1905.¹

In the early 1900s Chinese merchants had not yet established their rice mills in the middle part of Nueva Ecija. Rice mills or rice trading centers were scattered throughout the Central Luzon plain, although Malabon was
Table 1. Total cultivated areas and output of palay in the Philippines and Nueva Ecija province, 1910–1938 (annual average, except 1870; 1 cavan of palay = 44 kg.)

<table>
<thead>
<tr>
<th></th>
<th>THE PHILIPPINES</th>
<th>NUEVA ECIJA PROVINCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CULTIVATED AREA (1,000 HA.)</td>
<td>% OUTPUT (1,000 CAV.)</td>
</tr>
<tr>
<td>1870</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>1910–1914</td>
<td>1,140</td>
<td>100</td>
</tr>
<tr>
<td>1915–1919</td>
<td>1,249</td>
<td>110</td>
</tr>
<tr>
<td>1920–1924</td>
<td>1,647</td>
<td>140</td>
</tr>
<tr>
<td>1925–1929</td>
<td>1,770</td>
<td>155</td>
</tr>
<tr>
<td>1930–1934</td>
<td>1,849</td>
<td>162</td>
</tr>
<tr>
<td>1935–1938</td>
<td>1,842</td>
<td>162</td>
</tr>
</tbody>
</table>

* On Nueva Ecija province, data for the year 1926 are not included

* On Nueva Ecija province, data are based only on 1930 and 1932

* Except for the year 1937, both in the Philippines and Nueva Ecija province

Sources: Cavada y Méndez de Vigo 1876, 1:74; Rice Commission 1936, 60–63; Commission of the Census 1940, 21188–69, 1184–89; Galang 1935, 3:140–41; McLennan 1973, 403
How did Chinese merchants buy palay from landlords and peasants such that they could control rice trading? In 1924 the provincial governor of Nueva Ecija observed rice trading there and found that Chinese merchants bought palay in several ways, according to the social class of the palay seller. From peasants who lacked money for subsistence, Chinese merchants purchased palay at a lower price through middlemen. However, they paid a higher price to landlords who were in a stronger position to bargain for a higher selling price (Manuel Quezon Papers 1924). As to the economic relationship between big rice merchants or millers and rice landlords, another report in the mid-1930s on the palay trade in Nueva Ecija pointed out that “there can hardly be any competition among millers because the large mills usually have their own separate clientele among growers, built up in the course of many years of business relation” (Velmonte 1936, 390). Landlords who sold large quantities of palay, therefore, were the important clientele and formed the primary transactions.

Chinese rice millers also bought palay through their warehouses. On receipt of the palay stock, the seller was issued a warehouse certificate called quedan. Depositories could not only get a loan by putting up a quedan or the rice in storage as collateral, but they also did not have to pay the warehouse charges. If they sold palay to other millers, they had to pay P0.15 per cavan (palay) as warehouse charges (Le Clerk 1927, 58).

One report in the 1920s showed the various ways used by millers to buy palay and the predominance of Cabanatuan millers in Nueva Ecija (Asuncion 1932, 177–93). Most smallholders and landlords sold palay to millers through a system of cash payments rather than advances. In this province, a large amount of palay sold through such a system flowed directly to Cabanatuan millers, not through middlemen. In addition, Cabanatuan millers absorbed palay from a wide area within the province. Besides direct transaction with landlords, Chinese merchants in Nueva Ecija bought palay through various methods, such as indirect transaction with peasants through middlemen and purchase through warehousing. Centered in Cabanatuan, direct transaction with landlords was the prime trading practice in the 1920s and early 1930s. As a result, among Central Luzon provinces, Nueva Ecija sent the largest quantity of cleaned rice to Manila by railroad in the 1920s (Bureau of Commerce and Industry 1925, 99–100; 1930, 173). However, in the 1930s trucks also played a key role in transporting rice coming from Nueva Ecija (Corpu 1999, 84).

### The Rice Market of the Philippines


Eventually the abaca trade between the Bicol region and Manila developed, with ships transporting abaca to Manila and returning to Bicol with cargoes of rice, because of daily shortages of rice in the Bicol region. There Chinese retail shops bought abaca and, in exchange, sold rice and processed goods.

The Spanish colonial government in the late nineteenth century executed some measures to anticipate ordinary rice shortages. In 1855 rice export was permitted as long as local rice prices were pegged below the prescribed ceiling, as a preventive measure to protect consumers. In 1857 the import tariff on rice was finally prohibited (Legarda 1999, 147, 157).

As a result, the Philippines increased its rice imports up to the 1870s, and Chinese merchants of the Philippines imported rice from French Indochina.

During the American colonial regime, both the U.S. and the Philippine government controlled rice import through tariffs, and they regulated the supply as well as the local price of rice until 1935 when the NARIC was established. In 1909 one tariff law, enacted by the U.S. Congress, raised the import tariff on rice in the Philippines from P2.00 to P2.40 per 100 kilograms. This law also permitted that, in case of emergency, the governor-general could restore the import tariff on rice to P2.00 per 100 kilos or to import rice duty-free (Philippine Legislature 1910, 367, 397–99). In addition, the experience of rice shortages during the early 1900s and in 1912 guided...
Table 3. Top ten provinces in terms of annual average rice import from Manila by ship, 1922–1929
(1 cavan of cleaned rice = 57 kg.)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>LEYTE</th>
<th>CEBU</th>
<th>SORSOGON</th>
<th>ALBAY</th>
<th>ILOILO</th>
<th>SAMAR</th>
<th>DINAGUERO</th>
<th>CAMARINES SUR</th>
<th>MAIBATE</th>
<th>PALAWAN</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>(% )</td>
<td>11.6</td>
<td>29.3</td>
<td>11.7</td>
<td>6.8</td>
<td>9.1</td>
<td>9.1</td>
<td>5.6</td>
<td>1.6</td>
<td>1.8</td>
<td>1.6</td>
<td>100.0</td>
</tr>
<tr>
<td>1923</td>
<td>783,720</td>
<td>364,881</td>
<td>307,713</td>
<td>190,873</td>
<td>114,597</td>
<td>277,982</td>
<td>99,976</td>
<td>82,358</td>
<td>102,567</td>
<td>49,033</td>
<td>2,647,843</td>
</tr>
<tr>
<td>(% )</td>
<td>29.6</td>
<td>13.8</td>
<td>11.6</td>
<td>7.2</td>
<td>4.3</td>
<td>10.5</td>
<td>3.8</td>
<td>3.1</td>
<td>3.9</td>
<td>1.9</td>
<td>100.0</td>
</tr>
<tr>
<td>1924</td>
<td>137,693</td>
<td>32,139</td>
<td>270,624</td>
<td>166,024</td>
<td>50,754</td>
<td>143,980</td>
<td>75,107</td>
<td>39,229</td>
<td>33,996</td>
<td>1,261,060</td>
<td></td>
</tr>
<tr>
<td>(% )</td>
<td>10.9</td>
<td>2.5</td>
<td>21.5</td>
<td>13.2</td>
<td>4.0</td>
<td>11.4</td>
<td>6.0</td>
<td>3.1</td>
<td>2.7</td>
<td>1.9</td>
<td>100.0</td>
</tr>
<tr>
<td>1925</td>
<td>123,211</td>
<td>132,806</td>
<td>256,535</td>
<td>284,418</td>
<td>315,459</td>
<td>158,844</td>
<td>104,045</td>
<td>73,217</td>
<td>23,227</td>
<td>34,561</td>
<td>1,747,980</td>
</tr>
<tr>
<td>(% )</td>
<td>7.0</td>
<td>7.4</td>
<td>16.7</td>
<td>16.3</td>
<td>18.0</td>
<td>7.8</td>
<td>6.0</td>
<td>4.2</td>
<td>1.3</td>
<td>2.1</td>
<td>100.0</td>
</tr>
<tr>
<td>1926</td>
<td>230,201</td>
<td>218,711</td>
<td>292,434</td>
<td>281,569</td>
<td>200,460</td>
<td>168,218</td>
<td>143,370</td>
<td>65,230</td>
<td>42,286</td>
<td>48,865</td>
<td>2,109,665</td>
</tr>
<tr>
<td>(% )</td>
<td>10.9</td>
<td>10.4</td>
<td>13.9</td>
<td>13.3</td>
<td>9.5</td>
<td>8.0</td>
<td>6.8</td>
<td>3.1</td>
<td>2.0</td>
<td>2.3</td>
<td>100.0</td>
</tr>
<tr>
<td>(% )</td>
<td>15.9</td>
<td>20.6</td>
<td>10.2</td>
<td>11.5</td>
<td>13.5</td>
<td>6.5</td>
<td>5.1</td>
<td>1.5</td>
<td>1.8</td>
<td>1.5</td>
<td>100.0</td>
</tr>
<tr>
<td>1928</td>
<td>295,823</td>
<td>552,081</td>
<td>298,642</td>
<td>308,530</td>
<td>315,459</td>
<td>209,516</td>
<td>250,089</td>
<td>44,295</td>
<td>91,739</td>
<td>41,792</td>
<td>2,639,255</td>
</tr>
<tr>
<td>(% )</td>
<td>11.2</td>
<td>20.9</td>
<td>11.3</td>
<td>11.7</td>
<td>6.9</td>
<td>7.9</td>
<td>8.5</td>
<td>4.2</td>
<td>3.5</td>
<td>1.6</td>
<td>100.0</td>
</tr>
<tr>
<td>1929</td>
<td>188,344</td>
<td>260,120</td>
<td>243,898</td>
<td>334,551</td>
<td>149,095</td>
<td>174,048</td>
<td>216,988</td>
<td>72,309</td>
<td>70,080</td>
<td>42,261</td>
<td>2,137,815</td>
</tr>
<tr>
<td>(% )</td>
<td>8.8</td>
<td>12.2</td>
<td>11.4</td>
<td>15.6</td>
<td>7.0</td>
<td>8.1</td>
<td>10.1</td>
<td>3.4</td>
<td>3.3</td>
<td>2.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Annual Average 283,805 278,790 250,124 241,997 180,885 165,197 128,582 53,222 52,819 37,716 1,971,819

Note: % refers to the ratio of the province’s rice import to the total amount of rice exported from Manila to all provinces by ship.
Sources: Bureau of Commerce and Industry 1923, 86–87; 1924, 96–97; 1925, 102–3; 1926, 104–5; 1927, 134–35; 1928, 156–57; 1929, 162–63; 1930, 174–75

However, the policy on the trade with countries other than the United States, subject to the consent of the U.S. president (United States Congress 1917, 54–56). The tariff on trade with countries other than the United States, subject to the consent of the U.S. president (United States Congress 1917, 54–56).
not only in Manila, but also flowed to the southern provinces. Nueva Ecija became the most prominent producer of rice, catering to an enlarged consuming market. Because Bicol and the Visayas tended to produce export commodities such as sugar and abaca instead of rice, the expansion of those export crops promoted rice importation from Nueva Ecija. Chinese merchants played the active role of connecting both areas.

The 1919 Rice Crisis

After 1914, during the outbreak of the First World War, wholesale rice prices in Manila went up in nominal value as shown in figure 2. In this context, the Philippine National Bank provided more loans to promote agricultural exports. Further, because of the drain on reserve deposits in the bank’s New York branch, the amount of money in circulation in the Philippines increased, causing inflation. For its part, the Philippines had imported a large quantity of rice from French Indochina up to the 1910s. However, the Philippines decreased rice importation after March 1919 due to the poor harvest in French Indochina. In July 1919, French Indochina prohibited rice exports and the Philippines suffered from an increase in rice prices (U.S. War Department 1920, 201–2). Rice shortages and jumps in rice prices also occurred in other Southeast Asian countries; British colonies, including Malaya and Burma, implemented various policies to stabilize the supply of rice (Kratoska 1990, 115–46).

Although Manila posted a growth in employment and a rise in the nominal wage rate in 1917–1918, many inhabitants of Manila suffered higher living costs because of soaring rice prices. In addition, in 1919–1920, the recession of the American economy reduced the demand for commodities exported by the Philippines. In the case of abaca, the average export price declined from P43.52 per picul to P28.03 per picul (1 picul = 63.25 kg) (Owen 1984, 262–63). As a result, inhabitants of the abaca-producing areas suffered a drastic reduction in purchasing power and could not buy rice like before. For example, Ciy Cong Bieng and Co. had problems in Bicol. This Chinese company was one of the largest rice dealers in the Philippines; it was engaged in rice wholesaling in Manila and rice milling in Cabanatuan, Nueva Ecija, and also conducted abaca dealing. It had branches in both Hong Kong and Bicol. Although the Bicol branch purchased abaca in exchange for rice, that exchange became impossible due to the steep decline of abaca prices and the short supply of rice during the 1919 rice crisis. The price gap between abaca and rice became too large, leading to the termination of this practice. Ciy Cong Bieng and Co. sold rice directly to residents only for consumption (Manuel Quezon Papers 1919c). Thus the shortage of rice supply and the American economy’s recession caused disorder in rice trading.

The problem regarding rice consumption was severe in other regions too. In 1919 the Philippine Constabulary was placed on alert in some provinces due to social unrest caused by the difficulty of obtaining rice. The constabulary learned of acts of arson that targeted the houses and warehouses of Chinese merchants, in addition to episodes of outrage against them (Manuel Quezon Papers 1919d).

How did the colonial government respond to the 1919 rice crisis? After July 1919, the government distributed rice at a low price in Manila and the provinces in order to restrain the soaring rice prices and ensure the supply of rice for ordinary residents. However, episodes of social unrest were prompted in part by the Philippine government. The Philippine legislature

![Fig. 2. Manila wholesale prices of cleaned rice, in pesos per cavan, 1913–1925 (1 cavan = 57 kg.). Source: Rice Commission 1936, 72](image-url)
enacted two laws on 21 July 1919. Act 2868 prohibited monopoly, storage, and speculation on the trading and sale of palay, cleaned rice, and maize during special circumstances such as rice shortages. It sought to regulate rice prices, and obliged merchants to report to the government the amount of both palay and cleaned rice in storage. Act 2869 placed an embargo on rice exports (U.S. War Department 1920, 202–4; Manila Times 1919a). This latter act was triggered by an incident in which a Chinese merchant exported rice to Hong Kong where rice prices were higher than in the Philippines (Manila Times 1919b, 1919d; Weekly Times 1919a, 1919b).

Act 2868 was applied to all stages of the trading channels and all grades of quality as well, thus compromising sales profit (U.S. War Department 1920, 202–4; Philippine Bureau of Commerce and Industry 1923, 92–93; Manila Times 1919c). Rice of better quality disappeared from the market, a problem promoted by social friction between Chinese retailers and Filipino consumers (Manila Times 1919e, 1919f, 1919g, 1919h, 1919m; Sunday Times 1919). To ease the tension, Chinese merchants and the American colonial government negotiated a regulated price. Finally the regulated wholesale price of cleaned rice was to be pegged at P14.25 per cavan, which was to take effect from August 1919 to May 1920. However, the intentions of Chinese merchants were not adequately reflected in government policies, so it was difficult for them to comply with the regulation price (Manuel Quezon Papers 1919c). Government policies did not cause rice prices to go down because Chinese merchants refrained from selling enough rice.

What connection did the peasants, landlords, and merchants in the Central Luzon plain have with the soaring rice prices? The Manila Railroad Company investigated a case of rice speculation involving Chinese-owned mills that, it was suspected, were owned by rice wholesalers in Manila. With such a market structure, these rice millers controlled not only the purchase of local palay but also the shipment of palay stocks from their provincial warehouses to Manila, based on fluctuations in prices (ibid.).

The president of the Philippine National Bank, Samuel Ferguson, wrote to the governor-general concerning the level of rice prices on 2 April 1920. He made it clear that rice millers could not buy palay at a reasonable price and that rice prices rose higher by the day because of speculation in the rice-producing areas:

I find that there is speculation and that the mills are unable to buy palay at a reasonable cost and the production of Philippine rice is, therefore, restricted. I find also that the price of rice in Manila today is lower, proportionately, than the rice which can be milled from palay being purchased today in the provinces. Philippine rice yesterday reached the same price as Saigon No. 2, that is, 6.60 pesos a picul in Manila.

An unusual feature is that a considerable part of the rice is being held by the producers, that is, the farmers, who, instead of selling their palay outright to the mills, have deposited it, secured a small advance, and are holding and will continue to hold for higher prices. This is a consideration which has not prevailed heretofore to my knowledge and indicates a business awakening on the part of the farmers. (Ferguson 1920)

Ferguson also considered the increasing amount of money in circulation as one of the reasons why rice prices had gone up. However, because Act 2868 did not apply to the rice-producing areas, it could not regulate the speculation on stored palay by landlords and peasants.

In August 1919, the Manila Merchants’ Association, which was composed mostly of non-Chinese merchants, pointed out that landlords rather than Chinese merchants profited greatly from the rice crisis (Manila Times 1919j). Speculation enlarged opportunities for landlords to gain a hefty profit. For example, the Philippine Agricultural Congress played a role in asserting their interests. Until then, landlords who owned large sugar farms in the Visayas had controlled this congress and ensured cheap rice to restrain the rise in wages of agricultural laborers. In the fifth Philippine Agricultural Congress held in September 1920, however, the “rice growers” of Luzon forced the sugar landlords to support a protective tariff on rice and the immigration of Chinese coolies (U.S. War Department 1921a, 16). The sixth Philippine Agricultural Congress approved the proposal to the Philippine legislature that the import tariff on rice be raised from P2.40 to P5.00 per 100 kilos. It also decided to request the governor-general to restore the former import tariff of P2.40, from the earlier P2.00, as a temporary measure. The context of this resolution reflected the interests of rice landlords, particularly in Nueva Ecija, as that association had adopted Cabanatuan as a model to calculate the level of import tariff. That is, the rice landlords, through their
trade association, appealed to the government to take measures to raise the import tariff on rice (Manuel Quezon Papers 1920), which would be to their advantage.

Rice prices had been kept at a high level until the latter half of 1920 (Bureau of Commerce and Industry 1923, 92–93). Rice imports soon regained their 1918 level, and Manila wholesale rice prices started to go down. At the beginning of 1921, local rice production registered a good harvest and Manila wholesale rice prices fell rapidly from P14.00 per cavan in 1920 to P7.56 per cavan in 1921. However, when the rice prices returned to the level prior to that of the 1919 crisis, in the Philippine legislature this situation was singled out as a problem of protection for producers. In February 1921, the legislature passed a law to give the governor-general authority to prohibit rice importation for a specific term. In that same year, rice importation was actually prohibited twice (U.S. War Department 1921b, 248).

In regard to the import tariff on rice, the Philippine government proposed in 1920 to raise the tariff from P2.40 to P4.00 per 100 kilos in order to increase revenue (U.S. War Department 1921a, 9; Finance Commission 1920). Although this proposal was once rejected in the Philippine legislature, the import tariff on rice was finally revalued to be P3.00 per 100 kilos in 1922, from the standpoints of both government revenue and protection for producers (Philippine Legislature 1922, 240–41).

As soon as inflation ended in 1920, the raising of import tariff on rice was enforced. Such measure was intended to benefit producers rather than consumers. Actually, rice prices in Manila rose relatively higher than other goods throughout the 1920s (Doepers 1984, 40). However, because it was not necessary to import a remarkably large amount of rice, due to the development of Nueva Ecija as a rice producer, the effect of the rise in import tariff was not so severe in the local market.

In summary, one reason why the 1919 rice crisis took place was the decline in the purchasing power of rice consumers in the areas producing export crops for the U.S. market, particularly because of the U.S. business recession. Moreover, on the supply side, the quantity of imported rice decreased drastically at that time. Ethnic friction further complicated the food problem. Chinese merchants became the focus of social criticism as ringleaders of this crisis. Furthermore, in a negotiation with the Philippine government on the regulation of rice prices, their requests tended to be ignored. In the 1919 rice crisis, Chinese merchants were precluded from the process of government policy making; in contrast, Filipino rice landlords used the crisis as a leverage to strengthen their influence over rice policy.

The 1935 Rice Crisis

Philippine rice output expanded in the 1920s because of the extension of cultivated land on the frontier. As a result, the embargo on rice export was lifted in 1927.14 In addition, since the Great Depression broke out in 1929, the import tariff on rice was raised from P3.00 to P5.00 per 100 kilos by the Philippine legislature in 1931 in order to protect local producers who suffered from a fall in rice prices (United States War Department 1928, 208; Philippine Legislature 1932, 417; Tribune 1931).

In the early 1930s, unemployment expanded in Manila, and the number of share tenants and agricultural laborers increased in rural areas. That is, starvation became a more common state than before, with the peasant movement surging particularly in the two regions of Central Luzon and Southern Tagalog. In this context, another rice crisis took place in 1935. These events gave the Philippine government a chance to establish the NARIC and enforce new policies on rice trading.

During the 1935 rice crisis, Manila’s nominal rice prices soared in the latter half of that year, peaking at P7.61 per cavan in November 1935 (Rice Commission 1936, 71–72). Compared with the 1919 rice crisis, the rise in Manila’s nominal rice prices in 1935 was small. The impact of the 1935 rice crisis upon the people, however, should be considered, given the fall in price levels of other goods and a shift in the social structure. For example, in the Visayas and Bicol, the rise of rice prices was a serious social problem, in addition to the continued economic depression and unemployment. Some people urged the municipal governments to give out provisions freely (Tribune 1935g).15 In the Central Luzon plain, too, the people marched to demand reasonable rice prices and a stop to the social unrest that was brought about especially by incidents of robbery (Tribune 1935c, 1935d, 1935e, 1935g, 1935h, 1935l, 1935o).

In response the government delivered the supply of relief rice to Nueva Ecija and other provinces in Central Luzon (Tribune 1935h, 1935l, 1935m). But some share tenants could not even afford the relief rice. Instead of rice, guava and the like were taken as food in many municipalities of Nueva Ecija (Tribune 1935l, 1935o). Accordingly one characteristic of the 1935 rice crisis was that social unrest spread across the Central Luzon plain in a setting...
where residents bought greater amounts of rice than before, while producing it themselves. The increase in the number of share tenants and agricultural laborers also continued throughout the 1930s. In addition, landlords frequently rejected requests to advance food and cash to share tenants at that time, leading to the loss of one source of social security.

Following the 1935 rice crisis, the Philippine government established the Rice Commission to study the fluctuation in rice prices and suggest a policy plan. The commission reported the availability of 48 million cavans of palay, which consisted of 45 million cavans produced in 1935 and 3 million cavans carried over from the previous year, which almost equaled the estimated amount required to meet consumption in 1935. The rice shortage occurred because of the imbalance in rice distribution. Speculative rice trading and a decrease in the rice harvest caused by flooding at the end of 1935 made the situation worse.

The Rice Commission, however, did not mention anything about rice importation as one of the causes of soaring rice prices. Table 1 shows that rice output in the entire Philippines and in Nueva Ecija province expanded in the 1920s, with the provincial output accounting for 16 to 19 percent of the national total annually. The ratio of domestic rice output to the quantity imported by the Philippines also increased during the 1920s. However, until the 1930s the expansion of both rice land and rice output stagnated. As seen in table 4, the increase in rice consumption in the entire Philippines was not unforeseen due to the rise in population up to the 1930s. If the rice output had not increased to meet its demand, rice consumption must have been met through increasing imports.

Table 4. Selected data on population and rice consumption, 1918, 1925, 1929, 1938 (1 cavan of cleaned rice = 57 kg.)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>POPULATION</th>
<th>GROWTH RATE (%)</th>
<th>CONSUMPTION PER CAPITA (CAVAN)</th>
<th>SUPPLY PER CAPITA (CAVAN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1918</td>
<td>10,314,310</td>
<td>1.94</td>
<td>3.78</td>
<td></td>
</tr>
<tr>
<td>1925</td>
<td>11,868,300</td>
<td>2.0</td>
<td>4.00</td>
<td></td>
</tr>
<tr>
<td>1929</td>
<td>12,859,300</td>
<td>2.0</td>
<td>4.02</td>
<td></td>
</tr>
<tr>
<td>1938</td>
<td>16,000,303</td>
<td>2.4</td>
<td>2.60</td>
<td></td>
</tr>
</tbody>
</table>

*Supply comprises both domestic production and imported rice
Sources: Miller 1932, 565; Rice Commission 1936, 60, 64; Wernstedt and Spencer 1967, 631–32

In East Asia in the 1930s there was an oversupply of rice. It was particularly striking in French Indochina whence the Philippines chiefly imported rice. Actually the export prices of rice in French Indochina in 1934 dropped to less than half the price in 1930, due also to the Great Depression (Wickizer and Bennett 1941, 92–97, 322–23, 330–31). Although the Philippines’s annual average import of rice was recorded at 1,168,182 cavans in 1925–1929, in 1930–1934 it amounted to 222, 200 cavans only; its import finally decreased to 127,544 cavans in 1935. In the early 1930s, the lowered importation of rice was coupled with import prices (inclusive of tariffs) becoming higher than Manila wholesale prices, in spite of the fall in export prices in French Indochina (see table 5). There were several reasons for this unusual development. First, the import tariff rate on rice was raised by the Philippine legislature in 1931. Second, in 1934 the Philippine currency linked to the U.S. dollar dropped 40 percent in value against gold, that is, the French Indochina currency of gold standard (Nagano 2003, 98–101). These factors prompted a decrease of rice imports from French Indochina. However, the quantitative expansion of rice import was necessary in the 1930s precisely because it had become difficult to increase local rice production. The effect of increased import rice prices, due to a new tariff rate and a change in the exchange rate, was to reduce the rice supply in the domestic market. Actually both the consumption and supply of rice had not increased up to the mid-1930s, and the domestic stock of rice recorded a reduced quantity only in 1936.

With regard to this rice crisis, the Philippine government called a conference of “producers” and Chinese merchants in August 1935. The producers were definitely opposed to the plan that rice be imported from French Indochina with its tariff cut down. Chinese merchants, however, made their attitudes obscure. As to the retail prices, both the producers and Chinese merchants were not against a level of P5.00 per cavan, and so the government judged that both parties could take a profit at this retail price. But the government did not take up the issue of protecting producers for the reason that both the producers and Chinese merchants held a large amount of rice stock (Tribune 1935b). In addition, the Department of Agriculture and Commerce pursued a temporary reduction in import tariff on rice from P5.00 to P3.00 per 100 kilos, to which the governor-general also agreed. But in the end this plan was not put into operation, because it was recognized that these measures would put the producers at a disadvantage in the local rice market (Tribune 1935d).
To relieve starvation, on 23 September 1935 the Philippine government issued Act 4198 to sell the imported relief rice duty-free (Manuel Quezon Papers 1935a, 1936; Tribune 1935a). However, rice landlords, mainly through the Landowners League of Nueva Ecija, opposed the selling of relief rice (Tribune 1935f; Rice Commission 1936, 25). The Bureau of Commerce directly imported rice for relief purposes in cooperation with the U.S. consul in Hong Kong. The bureau also indirectly bought rice from Chinese merchants in the Philippines, such as the Yek Hua Trading Co., Tan Sio and Co., Ciy Cong Bieng and Co., and others.

Table 5 Import prices, wholesale prices of rice (Manila) and purchase prices (Cabanatuan, Nueva Ecija), 1926–1940 (Pesos per Cavan: Cleaned Rice)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>IMPORT PRICES</th>
<th>MANILA WHOLESALE PRICES(a)</th>
<th>PURCHASE PRICES(b)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>C. I. F. DUTY INCLUDED</td>
<td>(3) — (2)</td>
<td>(3) — (5)</td>
</tr>
<tr>
<td>1926</td>
<td>7.34 9.05</td>
<td>9.32 0.27</td>
<td>8.6 0.7</td>
</tr>
<tr>
<td>1927</td>
<td>10.07 11.78</td>
<td>7.56 –4.22</td>
<td>6.7 0.9</td>
</tr>
<tr>
<td>1928</td>
<td>6.36 8.07</td>
<td>7.86 –0.21</td>
<td>6.9 1.0</td>
</tr>
<tr>
<td>1929</td>
<td>6.29 8.00</td>
<td>8.90 0.90</td>
<td>7.8 1.1</td>
</tr>
<tr>
<td>1930</td>
<td>7.84 9.55</td>
<td>6.49 –3.06</td>
<td>5.5 1.0</td>
</tr>
<tr>
<td>1931</td>
<td>5.46 7.17</td>
<td>4.81 –2.36</td>
<td>3.9 0.9</td>
</tr>
<tr>
<td>1932</td>
<td>4.31 7.16</td>
<td>4.19 –2.97</td>
<td>3.7 0.5</td>
</tr>
<tr>
<td>1933</td>
<td>3.32 6.17</td>
<td>4.80 –1.37</td>
<td>4.3 0.5</td>
</tr>
<tr>
<td>1934</td>
<td>4.38 7.23</td>
<td>4.29 –2.94</td>
<td>3.5 0.8</td>
</tr>
<tr>
<td>1935</td>
<td>4.36 7.21</td>
<td>5.59 –1.62</td>
<td>4.7 0.9</td>
</tr>
<tr>
<td>1936</td>
<td>3.65 6.50</td>
<td>6.46 –0.04</td>
<td>6.1 0.4</td>
</tr>
<tr>
<td>1937</td>
<td>3.74 6.59</td>
<td>5.48 –1.11</td>
<td>5.1 0.4</td>
</tr>
<tr>
<td>1938</td>
<td>6.07 9.92</td>
<td>6.52 –3.40</td>
<td>6.1 0.4</td>
</tr>
<tr>
<td>1939</td>
<td>4.58 7.43</td>
<td>6.41 –1.02</td>
<td>5.9 0.5</td>
</tr>
<tr>
<td>1940</td>
<td>3.35 6.20</td>
<td>5.80 –0.40</td>
<td>n.a. n.a.</td>
</tr>
</tbody>
</table>

(a) Based on the first grade of Macan brand after 1936
(b) Purchase prices in Cabanatuan municipality, Nueva Ecija province are calculated in the amount of palay for 1 cavan of cleaned rice, considering the percentage of recovery in the 1930s

Sources: Rice Commission 1936, 71–72; Bureau of Census and Statistics 1941, 99–100; Wickizer and Bennett 1941, 332–33

However, the bureau was forced to buy imported rice from Chinese merchants at high prices because of their exclusive hold on rice imports. For example, Ciy Cong Bieng and Co. handed over 4,000 cavans at P38,177 to the Bureau of Commerce on 5 October 1935, after receiving an order on 26 September. The price of rice on this transaction was P9.50 per cavan, which was very high compared with wholesale prices at that time. There were also some cases of Chinese merchants delivering rice to the bureau, although no orders had been made (Department of Justice 1936). The Philippine government was put at a disadvantage in buying the imported rice from Chinese merchants.

Finally, the Bureau of Commerce imported 196,601 cavans from 30 September to 9 December 1935 and sold it as relief rice through the municipal governments at a retail price of P5.00 per cavan. In some localities, however, relief rice was sold at prices higher than that of domestic rice (Tribune 1935i; Rice Commission 1936, 25–27). Actually the selling price in Manila continued to increase even after the delivery of relief rice. The Manila wholesale price had been kept at the level of P7.00 per cavan until November 1935, and it started to decline in December of the same year after the new harvest of rice (Rice Commission 1936, 72).

The distribution of relief rice was geographically biased. The provinces that received the relief rice were as follows: Manila City and Rizal, 42.8 percent; Bulacan, 12.2 percent; Laguna, 6.5 percent; and Pampanga, 6.5 percent (Manuel Quezon Papers 1935h, 1935c). The ratio to total amount of the Bicol and the Visayas regions, which had always imported rice, was low and the Central Luzon plain conversely received a larger quantity of relief rice. It was also noted that some government officials sold relief rice illegally or through nepotism (Tribune 1935ti, 1935p).

In conclusion, during the 1935 rice crisis, the Philippine government proposed a temporary reduction in the import tariff on rice, but rice landlords were strongly opposed to the enforcement of this policy. Although as an alternative measure relief rice was locally distributed, the Philippine government must have depended on Chinese merchants in regard to importing it from abroad. Further relief rice was used for the poor share tenants and agricultural laborers in the Central Luzon plain rather than in Bicol and the Visayas, which traditionally imported rice in large quantities. It seemed that the Philippine government used relief rice to pacify the peasant movement in Central Luzon and the Southern Tagalog regions.
The Establishment and Activity of the NARIC

The rising peasant movement and the 1935 rice crisis were prominent issues in the formation of the NARIC, which was established as part of the National Development Company. The NARIC’s activities covered the buying, milling, and selling of domestic rice, besides obtaining imported rice, in order to regulate both levels of the buying price of palay and the selling price of cleaned rice (Rice Commission 1936, 3–4; NARIC 1937). Those operations meant a social policy to improve life among the poor. The Philippine Commonwealth government, which started in 1935, became more autonomous from American control and enforced the NARIC’s functions. In examining the business of the NARIC, this section considers the structure of the Philippine rice market in the late 1930s. At the same time, the NARIC’s performance is evaluated from the standpoint of social policy for the poor.

The NARIC started operations in 1936, with its primary role then being the purchase of imported rice. The 475,000 bags imported from French Indochina were bought through a public tender. Among four accepted companies, the Cheng Siong Lam and Co. of Manila, in particular, was contracted to import 250,000 bags (NARIC 1937, 25). In 1937 the NARIC started buying palay locally. Ninety-five percent of the total amount purchased by the NARIC was bought at P2.50 per cavan. Of the palay bought locally, 1,223,458 cavans were bought from Nueva Ecija, which accounted for 72.7 percent of the total amount purchased. This quantity represented 39 percent of rice exported from Nueva Ecija to Manila conveyed by truck and railroad, which was annually estimated at 3,133,568 cavans at that time.

The NARIC usually bought palay from January to March, immediately after the harvest, in order to protect the interests of smallholders and share tenants. For example, it bought 1,500,000 cavans from January to March, of which the total 1,683,457 cavans bought for the entire year of 1937 (NARIC 1938, 25–26). The NARIC’s Board of Directors, however, had criticized the rice landlords for engaging in speculation through the seasonal fluctuation of rice prices and for not selling palay to the NARIC. According to the government corporation, the palay stock in Nueva Ecija, except for one held by the NARIC, amounted to 717, 803 cavans on 21 April 1938; 1,856,972 cavans on 25 April 1939; and 2,340,425 cavans on 15 May 1940. The NARIC’s palay stock in the same province amounted to 642,071 cavans; 0 cavans; and 539,000 cavans, respectively. Although the NARIC hardly purchased palay in 1939, it raised the buying price of palay from P2.50 to P2.75 per cavan in 1940, and increased the purchasing amount of palay to 733,400 cavans. Until 1940 such activities could not decrease the palay stock, except that of the NARIC. A manager of the government corporation pointed out on 17 May 1940 that “any producer which up to this time has not sold to us his palay at 2.75 pesos is no longer a producer but a speculator” (Manuel Roxas Papers 1939c, 1940a).

The NARIC’s warehouse prices were P6.65 more than the P5.48 per cavan average wholesale price in Manila, which made it difficult for the government corporation to sell the cleaned rice at a reasonable price. However, the average wholesale price in Manila rose to P6.52 in 1938 and, as a result, the cleaned rice and palay that the NARIC sold from 1 January to 25 August 1938 increased to 1,422,511 cavans estimated in terms of palay (Manuel Roxas Papers 1938). Although the total amount sold by the NARIC from 1 January to 30 November 1939 was 1,530,196 cavans (cleaned rice), the rice imported from French Indochina and Thailand occupied 92.6 percent of all sales, because of the inability to sell the domestic rice. The selling price of imported rice was a little lower than the average wholesale price of Manila in 1939 (Manuel Roxas Papers 1939b, 1939d).

The competition with Chinese merchants affected the sales of the NARIC. In 1937 the NARIC’s warehouse prices were P6.65 more than the P5.48 per cavan average wholesale price in Manila, which made it difficult for the rice landlords to sell the cleaned rice at a reasonable price. However, the average wholesale price in Manila rose to P6.52 in 1938 and, as a result, the cleaned rice and palay that the NARIC sold from 1 January to 25 August 1938 increased to 1,422,511 cavans estimated in terms of palay (Manuel Roxas Papers 1938). Although the total amount sold by the NARIC from 1 January to 30 November 1939 was 1,530,196 cavans (cleaned rice), the rice imported from French Indochina and Thailand occupied 92.6 percent of all sales, because of the inability to sell the domestic rice. The selling price of imported rice was a little lower than the average wholesale price of Manila in 1939 (Manuel Roxas Papers 1939b, 1939d).

Generally speaking, the selling of the NARIC’s rice had depended on market prices that could not be controlled. The NARIC was not able to adequately achieve its purpose of helping poor consumers purchase rice. However, the NARIC became a major actor in the rice trade, in addition to Chinese merchants, and even raised buying prices in Cabanatuan. The NARIC must have tried to benefit the rice producers in order to suppress the
peasant movement, but its effect is suspect because the landlords and smallholders would have had more advantage over the share tenants who did not have enough palay to sell.

**Chinese vis-à-vis Filipino Rice Traders**

By using two kinds of historical materials, we consider the number of Chinese merchants and their degree of impact on the rice market of the Philippines compared with that of Filipino merchants. First, according to the East Asiatic Economic Investigation Bureau (Tokyo), South Manchuria Railways Co., Filipino merchants increased in number from the 1910s up to 1930 and outnumbered the Chinese in both retail and wholesale trade (Retail: Chinese 9,500, Filipino 88,040; Wholesale: Chinese 3,100, Filipino 3,450). On the quantity of all commercial dealings, however, the Chinese share was 40 percent, compared with the Filipino’s 30 percent, even in 1934 (Mantetsu Touakeizai-chousa-kyoku 1986/1939, 84–91).

Second, an investigation of the Philippines’s National Economic Council (NEC) focused on the small sari-sari or convenience store, which many local people patronized. In 1935 Chinese owned 1,090 sari-sari stores; Filipinos, 492. The former had an 87 percent share of sales, the latter a mere 9 percent (NEC 1938, 6–9). As a result, the NEC pointed out that Chinese controlled both retail and wholesale trade, especially in rice and groceries.

Filipinos who try to start as rice wholesalers find themselves seriously handicapped by the lack of retail outlets, the Chinese retail distributors preferring to do business with the Chinese rice millers and wholesalers. . . .

In short, the small, individual Filipino retailers are unable to buy their store supplies on the same terms as their foreign competitors. The latter receive preferential treatment from the importers and wholesale distributors and can impose on them because of their long standing and their big and organized buying power. (ibid., 9, 15–16)

This statement made it clear that Chinese predominance in commerce was strong even in the 1930s because of their ethnic networks, despite the fact that the number of Filipino merchants had increased during that period.

Chinese wholesalers also had a great power in importing rice, as in the case of relief rice in the 1935 rice crisis, despite the decreased amount of rice imported by the Philippines up to the early 1930s. The Philippines had imported rice to a large degree from French Indochina (Bureau of Customs 1941, 140). One observer in the late 1920s stated that Chinese merchants of Manila imported rice directly from French Indochina through personal ties with Chinese merchants in Saigon, and they transported rice on their own or by chartered ships (Le Clerk 1927, 60–61). The NARIC (1938, 54–55) tried to import rice in cooperation with Hong Kong merchants in the mid-1930s, but actually found it difficult to get rice from abroad.

Most Manila wholesalers sold rice on credit to provincial middlemen, who in turn sold it for cash or credit to retail merchants, even in the 1930s (Miller 1932, 533–45). The market structure of rice, however, had changed in the period leading to the Second World War. First, the total rice market of the Philippines shrank in the 1930s because of the stagnation in imports as well as in production. Second, the NARIC became one of the major actors in rice trading. Third, the gap between the wholesale rice prices in Manila and the buying prices by merchants in Cabanatuan, Nueva Ecija, diminished, in spite of a rise in the prices of other goods in the mid-1930s (see table 5). The Manila wholesale prices did not recover enough, as compared with those of the period prior to the Great Depression, and the participation of the NARIC in rice trading seemed to raise its buying prices in Cabanatuan. These changes created disadvantages for Chinese merchants in rice trading and, consequently, some of them lent a warehouse and a milling facility to the NARIC (1938, 30–31).

In addition, some Filipinos made their antipathy toward Chinese merchants obvious. The Nueva Ecija Rice Growers Association, which was composed of rice landlords, blamed Chinese merchants for their domination of rice trading, and in 1935 proposed to the president of the Philippine Commonwealth, Manuel Quezon, a plan to rationalize the rice industry (Nueva Ecija Rice Growers Association 1935; Kerkvliet 1977, 55). This association stated that “the foreign middlemen dominate and control 95% of the trade, leaving only 5% for the Filipinos. The vexing problem which confronts the rice producers as well as the consumers is the elimination of the profiteers, the foreign middlemen (mostly Chinese)” (Nueva Ecija Rice Growers Association 1935).

Since the rice market of the 1930s was characteristically in constant short supply, the Philippines had to increase the amount of rice imports. However,
because of constraints on importation, rice consumers were burdened not only with a decline in purchasing power but also with a nationwide rice shortage. Especially in the islands of Cebu, Negros, Bohol, Leyte, and Mindanao, the burden of rice prices promoted the consumption of maize instead of rice (Manuel Roxas Papers 1940b; Owen 1984, 129–45; 1989, 95–106; Miller 1932, 211–19); it especially distressed the poor people. Although the NARIC was likely to improve the buying price of palay for landlords and peasants, it could not protect the interest of poor consumers.

**Conclusion**

Until the 1920s Philippine rice imports from mainland Southeast Asia tended to shrink due to the growth of local rice production. The two rice crises that took place between the two world wars, however, indicated a dependency of the Philippines on rice imports. In comparing the two rice crises, it can be observed that the 1935 rice crisis was more complicated than the one of 1919. In 1935 a high tariff rate decreased rice imports. Furthermore, in the Central Luzon plain, which yielded surplus rice, not a few share tenants and agricultural laborers got poorer and were under the condition of having to purchase rice for their consumption.

Nueva Ecija played a major role in local rice production. Rice landlords had sold a large amount of palay to the millers or merchants up to the 1920s. As a result, rice landlords had deepened their relationship with the rice market. Rice poured into the trading center of Manila, particularly through direct transactions of those landlords with Chinese merchants.

Rice landlords also engaged in political activity with regard to rice prices. It began with the 1920 Philippine Agricultural Congress, which some rice landlords of Nueva Ecija joined. The congress requested the Philippine legislature for a reduction of the import tariff on rice. Other associations, which were composed of rice landlords in Nueva Ecija, made political claims on prices and the trading of rice up to the mid-1930s. Although the response of the Philippine government to the 1935 rice crisis did not directly reflect the claim of rice landlords, the result of the rice policy was shown to be advantageous to rice landlords and smallholders rather than to Filipino consumers and Chinese merchants.

However, that the Philippine government tried to relieve the poor classes of starvation through the distribution of relief rice and the establishment of the NARIC was significant. The NARIC was established immediately after the 1935 rice crisis, partly to protect the interests of small rice producers. Although the NARIC was an actor over the buying of palay, it occupied a subordinate position to Chinese merchants, whose control on price it could not break. Nevertheless, the price policies of the NARIC became more advantageous to the landlords and smallholders than to the share tenants, as the latter did not have enough palay to sell. The NARIC also failed to provide poor consumers cheap rice, due to the speculation of rice landlords and Chinese networks on trading. However, the NARIC’s activity surely made it more difficult for Chinese merchants to profit from the rice business. Under the Japanese occupation, the NARIC was first used to secure rice for its military administration, and many Filipinos suffered from an even more severe food problem than under American rule (Jose 1996).

**Abbreviations Used**

- **NARIC** National Rice and Corn Corporation
- **NEC** National Economic Council
- **FD-PNL** Filipiniana Division, Philippine National Library, Manila

**Notes**

The research for this article was done mainly in the Philippines, about fourteen years ago. Many Filipinos supported and encouraged me in my research, for which I am very grateful. I also thank the editor-in-chief, Filomeno V. Aguilar Jr., and the manuscript editor, Angelli F. Tugado, for their assistance in finalizing this article for publication.

1 Until the latter 1910s, the Philippines had imported rice within the British trading zone, mainly via Hong Kong. Afterward rice came to be imported directly from French Indochina and Thailand. See Nagano 2001, 273–95.
2 It was rice that the government imported duty-free and tried to sell at a low price.
3 During the Philippine Revolution and the Philippine-American War, trading was interrupted and many people in Luzon were reduced to near famine. The segregation policy by the American army destroyed the existing trading channels and, in addition, the revolutionary government levied a 5 percent tax on sales to foreigners and on interprovincial trade. See Guerrero 1977, 111.
4 On the geographical distribution of rice mills in Nueva Ecija of the late 1920s, see also Asuncion 1932, 177–93.
5 Chinese rice mills were situated as follows: Asuncion Tan Senguan and Co., Co Oco, Sy Nang Co in Baliwag, Bulacan; Co Oco in Quингua, Bulacan; Co Oco in San Ildefonso, Bulacan; Cheng Liao Co in San Miguel, Bulacan; Chusa Chiaco in Angeles, Pampanga; Chusa Chiaco in Magalang, Pampanga; Antonio Tampoco in Tarlac, Tarlac; Lee Kee Co in Mincada, Tarlac; Cheng Liao Co, Ong Oco in San Isidro, Nueva Ecija; Co Lecco in Santa Rosa, Nueva Ecija; Gonzalo Co Toco, Ciy Cong Bieng and Co., Uy Eng Juy, J. M. Sy Hagan in Cabanatuan, Nueva Ecija; Yu Biao Sontua Hermanos in Bautista, Pangasinan; and Ty Camco Sobrino in Rosales, Pangasinan.
6 The Philippines had already suffered from soaring rice prices in 1911 because of reduction in rice importation coupled with poor local rice production. As a result, W. Cameron Forbes, then the governor-general, enforced an emergency importation of rice from Saigon and Rangoon. See Gleek 1981, 79–80.

7 On the inflation due to credit loan at that time, see Nagano 2003, 92–96.

8 Such small-scale character and monoculture of the Philippine economy made it easier to be affected by the cyclical influence of the U.S. economy. Manila had an impact on employment opportunities and wage levels of industries depending on agricultural exports to the U.S. See Doeppers 1984, 30, 36–50, 74–79.

9 The founder of the Siy Cong Bieng and Co. migrated from China to Manila in the late nineteenth century and then engaged in the sale of rice and the purchase of abaca in the Bicol region up to the beginning of the twentieth century. After the 1910s, this company diversified its business, with rice milling in Cabanatuan municipality, Nueva Ecija, and tree felling and sawing in Tayabas province. See Wang 1999, 43–44.

10 It was reported in the nine provinces of Albay, Camarines Sur, Iloilo, Bohol, Leyte, Negros Occidental, Samar, Tayabas, and Zambales.

11 According to this investigation, the flood that occurred in August of the same year put the rice transport by rail into a complete standstill. It worsened the rice shortage.

12 The Philippine Agricultural Congress was organized nationwide in 1914, under the administrative guidance of the Bureau of Agriculture. The members of the congress had received the monthly

13 In the sixth Philippine Agricultural Congress, four persons from Nueva Ecija participated as follows: two hacienoa owners, Manuel Tinio and Simplicio Ocampa; the superintendent of Central Luzon State University, Klimer Moe; and the American landowner, Percy Hill. See Gleek 1981, 88–89. Also in the Philippines, an import tariff on rice had been P2.40 per 100 kilos until 1918. But F. B. Harrison, the governor-general of the Philippines, lowered the import tariff on rice to P2.00 per 100 kilos in 1918 because he judged that an increase in rice prices imposed hardships on the life of laborers. See Manuel Quezon Papers 1918, 1920.

14 In 1927 “rice producers” requested the governor-general to lift the embargo on rice export, in order to raise rice prices. It was executed per the approval of the governor-general, although in the Philippine legislature only one senator supported it. These facts showed that the governor-general had broad authority to pass a new law, but his power strongly depended on local elites. However, this removal of the embargo on rice export did not increase rice prices. See Miller 1932, 208; United States War Department 1928, 15.

15 In October 1935, the daily newspaper, The Tribune, listed seven provinces as having the smallest stock of rice: Antique, Cavite, Cebu, Davao, Iloilo, Negros Occidental, and Sorsogon. See Tribune 1935i.

16 Benedict Kerkvliet (1977, 1–60) stresses that such change in the relationship between landlords and share tenants had taken place all over the Central Luzon plain since the 1920s. For similar cases in Bulacan and Tarlac provinces, for example, see Tribune 1935j, 1935k.

17 The amount of palay output was 45,825,100 cavans in 1935 and 41,117,200 cavans in 1936, compared with the annual average of 49,874,120 cavans in 1930–1934. See Rice Commission 1936, 23–27. On the causes of soaring rice prices, Gov.-Gen. Frank Murphy took the same standpoint. See Manuel Quezon Papers 1935a.

18 Such importation was also carried out for stores of provisions. See Manuel Roxas Papers 1936.

19 On the seasonal cycle of palay prices, for example, in Cabanatuan, Nueva Ecija, the year 1933 recorded the lowest price of P1.51 per cavan in March and the highest price of P2.55 in July. See Rice Commission 1936, 71.

20 During the Board of Directors meeting of the NARIC held in July 1939, it was reported that in Tarlac Province there were only 500 cavans (palay) held by share-tenants against 14,000 cavans by landowners. See Manuel Roxas Papers 1939a.

21 Another investigation showed that in 1925 Chinese occupied 58.1 percent of the total number of sari-sari stores in Manila. See Mantetsu Toukeizai-chousa-kyoku 1939/1986, 102–3.

22 In the early 1920s, the percentage of transit trade via Hong Kong to total rice imports of the Philippines was 73.8 percent in 1920, 45.9 percent in 1921, 34.7 percent in 1922, 18.6 percent in 1923, and 25.9 percent in 1925. See Le Clerk 1927, 28.

23 The Manila rice wholesalers could borrow money from the China Banking Corporation established in 1921. For example, Alfonso SyCip, the representative of Ciy Cong Bieng and Co., had powerful connections with directors of the China Banking Corporation. See Mantetsu Toukeizai-chousa-kyoku 1939/1986, 98–102, 107–16.

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