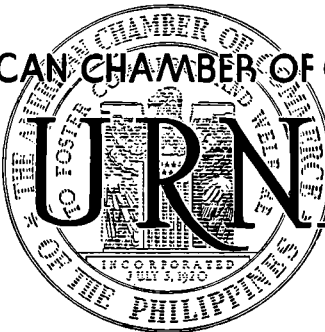


# THE AMERICAN CHAMBER OF COMMERCE

# JOURNAL



## Editorials

“... to promote the general welfare”

Our thinking on economic questions (in the United States as well as in the Philippines) has become so vitiated by the long years of governmental interference with economic processes, the imposition of bureaucratic controls, the creation of government corporations with monopolistic powers, etc., that for anyone to propose *the easy solution to the Philippines' rice problem* of simply ending government interference with the production, distribution, and sale of rice, and leaving these functions to the rice growers, the importers, the dealers, and the consumers themselves, as is normal under a free enterprise economy, may come as something of a shock.

Early in 1936, President Quezon, worried by the rising price of rice, created by executive order the Rice Commission “for the purpose of studying and making recommendations on ways and means to solve the present crisis and to insure a permanent supply of rice at reasonable prices”. The price of rice had gone up from around ₱4.00 a cavan in 1934 to around ₱7.00. The price had risen mainly because of unseasonable droughts and floods, pests, rural unrest, etc., but the Commission recommended, toward arriving at a solution, the organization of a national rice and corn corporation as a subsidiary of the National Development Company. The corporation was duly organized in April, 1936.

Since that time, the difficulties and troubles of the rice industry have never ceased. Changes in the organization of the NARIC have been made a number of times. During the Japanese occupation, it passed through several transformations and was used by the invaders to rob the people of their rice. After the Liberation, in 1945, it was reactivated; in 1947 it was made an independent government corporation; in 1950, it was merged with the PRISCO (Price Stabilization Corporation); in 1951, it was reactivated as an independent government corporation; and in 1954 it was reorganized by President Magsaysay.

The NARIC as first established was designed to aid in the rehabilitation and stabilization of the rice and corn industry—

“through the maintenance of stable prices.... the prevention of speculation in the marketing thereof and the exploitation of the consumers, the financing of the producers of the raw product as well as of other activities of the industry needing such assistance, and the study and

execution of such measures as may be necessary and convenient to protect the interests of both producers and consumers.”

However, as Mr. C. H. Houston stated in his column on “Rice” in this *Journal* (August issue), the NARIC activities—

“have been largely confined to importing foreign stocks and it apparently believes that this method is the only way of attaining its objectives and fulfilling its purposes.”

From the first, the history of this organization has been marked by inefficiency, wastage, corruption, scandal, and huge losses. And rice prices have continued to rise. Today the price stands at around ₱20.00-₱22.00 a cavan.

Through his reorganization of the NARIC and through other measures, President Magsaysay is making heroic efforts to bring down the price of rice to the consumers, and he has recently ordered the Corporation to import rice to that end,—through private importers, but, still, for the Government's account, with Government money. The President is also attempting to assist the rice producers through the Agricultural Credit and Cooperative Financing Administration (ACCF) and many other governmental agencies.

But, as Mr. Houston stated in the July issue of this *Journal*:

“It would seem necessary to bring some order out of the rather chaotic picture presented by the multiplicity of agencies charged with attention to this and other economic problems. This observer would suggest six steps:

“(1) Amalgamation of all entities charged with attention to the rice industry in one body;

“(2) Necessarily, the abolition of the NARIC, and the assumption of its duties by the ACCFA, which would then be incorporated within the body provided in (1);

“(3) The establishment of, say, 10 regional distributing centers,—N.E. Luzon, N.W. Luzon, Central Luzon, Manila, Bicol region, E. Visayas, W. Visayas, and one each in Zamboanga (or Lanao), Cotabato, and Misamis (these latter to be broken down as need arises);

“(4) The creation of a division within the Bureau of Commerce whose purpose would be the gathering of as accurate statistics as possible about the rice industry which would enable it to evaluate and ultimately predict futures, with full legal authority to collect such statistics;

“(5) The creation of standards of pricing for basic regions or areas within the country;

“(6) The implementation of the recommendations of the Bureau of Plant Industry for the development of the rice industry.”

In the last month's *Journal*, Mr. Houston added one other recommendation:

“(7) The acceleration even beyond the goals already established of the pump irrigation program of PHILCUSA.”