

**THE RICE INDUSTRY**  
By **PERCY A. HILL**

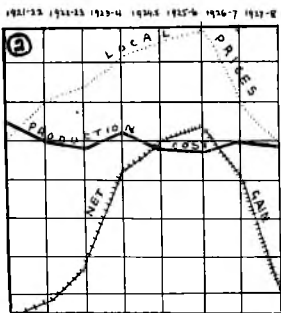
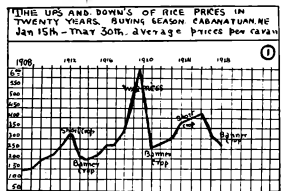
of Nueva Ecija,  
Director, Rice Producers' Association.



Prices for both palay and rice took a decided slump during March and the offerings were the lowest since the year of deflation. The reasons for this slump were purely local, in spite of the fact that there is a good deal less palay than at this time last year. The slump was due to the following domestic factors.

The carry-over and deposits, as well as the unseen stocks held by the producers of last year's crop, 1926-1927, were, as predicted, thrown upon the market at peak supply, causing a glut; the abnormal shipments of over a half million sacks of rice during the first sixty days of the year caused congestion in the Manila bodegas and buyers practically got their own price; the lack of circulating medium called for by local buyers and sellers was restricted by sheer inability to mobilize the ready cash; and the crop was placed upon the market some weeks earlier this year, due to the universal use of the motorized separator, producers shipping their palay at once instead of holding it as they did last year. While terminal offerings in Cabanatuan were P2.80, and in Tarlac P2.70, local offerings were not above P2.50 per cavan—spelling a loss to the industry this year of many millions.

Below are two charts, No. 1 showing the fluctuation of the price of palay for the last twenty years, or the period 1909-1928. Banner crops have a tendency to reduce price irrespective of what the production cost may have been and the chart shows we are little removed from the



prices offered two decades ago. There is perhaps no industry which shows such violent fluctuation. In chart No. 2 is shown production costs and annual prices and gains, over a seven year period, 1921-1928. This data accurately tabulated was taken under the best conditions and shows the high average yield for the entire period of 53.5 cavans per hectare, considering that the average Philippine yields for the period 1920-1925 were only 24.51 per hectare. It is also seen that production costs are fairly constant over this period while the net gain follows prices offered very closely.

To show this year's production cost over a larger area and volume the data from 6 rice producing units are hereby attached. These show a cross-section of the industry producing nearly 200,000 cavans, and using the usual equal share system under which the cereal is grown.

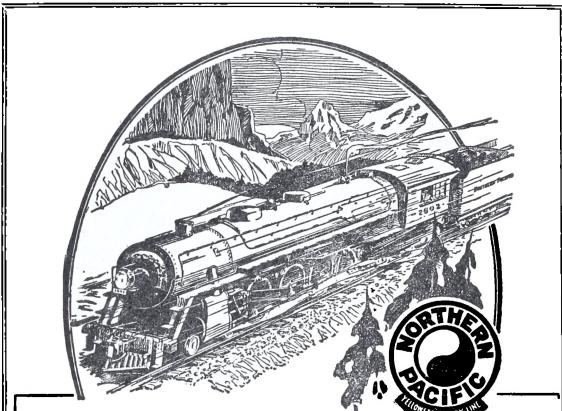
Unit	Crop	Hectare	Cost	Net	Loss
		Cavans	Cavans	Gain	
1	4980	52.6	1.94	P0.55	9
2	848	53.0	2.06	1.43	9
3	135200	50.4	2.22	0.28	

4	2019	54.0	1.70	0.80	
5	28026	42.9	3.04	8	P0.54
6	7030	28.8	3.97	1	47

This cross section of the industry shows the profits and losses of a total of 178,123 cavans produced under the most favorable circumstances, the lands being all irrigated, and unit 6 used some P4,500 of mineral fertilizer in addition. The high yields of the others speak for themselves over such a large area, some of the units being in Nueva Ecija and some in Tarlac.

Only in a few cases were profits equal to the normal rate of legal interest on capital investment. This loss to the industry at present prices is not less than P70,000,000 below that of the crops of 1925 and 1926.

This amount approximates ten per cent of national earnings and is about equal to the total revenues. As a consequence the effect of this restriction of spending power to the producer will have some effect on business.



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