

A Commodity History of Coconuts: Science, Philippine Political Economy, and Global Trade,  
1880 – 1986

By

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## ABSTRACT

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This dissertation analyzes the significant role of coconut production in recent global history, focusing on copra - the dried meat of the nut - as a key factor in its economic force. It focuses on how the Philippines became the world's foremost site of commercial exploitation, significantly impacting the social and political make-up of the modern Philippines.

Built around 6 chapters, this dissertation first traces how an indigenous technology, copra, transformed into a colonial commodity with a distinct infrastructure based on copra's extractive requirements. During this process of transformation, between 1900 - 1940, the copra-based infrastructure cut across regional boundaries to form the Coconut Zone, a manufactured environment for global vegetable oil production. While the built environment stretched across the Pacific Ocean, Southeast Asia, and South Asia, the Philippines became the worlds' leading producer of copra and coconut oil for global consumption producing approximately 70 percent of total global exports by the 1970s.

Building on commodity studies, this dissertation details how actors - farmers, agricultural workers, bureaucrats, traders, elite-planters, and urban consumers - interacted with this infrastructure, and how this infrastructure had real life impacts on local actors. Throughout the post-WWII years, elite coconut planters and government-corporations responsible for the industry's development, were conscious of the colonial impact and focused their efforts toward nationalizing the industry. These efforts to nationalize the industry were restricted by the

stratified commodity chain resulting in the class-bifurcated politics in Philippine society, particularly during the Marcos regime.

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**ACRONYMS**

<b>NACOCO</b>	<b>National Coconut Corporation</b>
<b>PHILCOA</b>	<b>Philippine Coconut Association</b>
<b>PCA</b>	<b>Philippine Coconut Authority</b>
<b>PCPF</b>	<b>Philippine Coconut Planters Federation</b>
<b>PCPA</b>	<b>Philippine Coconut Planters Association</b>
<b>COCOFED</b>	<b>Philippine Coconut Federation</b>



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## CHAPTER ONE

### A Commodity History of Coconuts - An Introduction

Although one of the most important tropical commodities, the coconut is arguably the least studied. While the tragic pairing of sugar with slavery and rubber with colonial brutality have long attracted voluminous scholarship, the character of coconut as a commodity has remained elusive and surprisingly unstudied.<sup>1</sup> Unlike these cruel binaries of exploitation, coconut has subtle expropriation and exploitation at each level of the commodity chain that carries it from tropical shore to supermarket shelf. Coconut trees are dispersed across a vast swath of the globe from the South Pacific to the Indian Ocean, but its commercial production has been concentrated in a more limited area in the Philippines and Indonesia. Although farmers use simple tools for its cultivation and field processing, industrial chemists have been central to extracting the elements that make it a major commodity in developed nations. If sugar has been carefully studied since the Late Medieval period, scientific study of the coconut dates back little more than a century.

From the late-nineteenth to the late-twentieth century, coconut oil was the premier vegetable oil material in world trade.<sup>2</sup> Before the emergence of palm, soy, or corn oil industries, copra, the dried meat of the coconut, provided the cheap alternative solution to replace expensive

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<sup>1</sup> Most recently, the Journal of Agricultural History published a roundtable discussion from the 2019 Agricultural History Conference discussing the need for greater historical inquiry into vegetable oils. The roundtable argued that the ubiquitous presence of vegetable oils in consumer beauty products and the complex scientific manipulation renders the colonial heritage of this industry largely hidden and inaccessible to academic communities, though a fundamental resource for understanding systemic forms of race inequality within capitalist production and science regimes. Juan Infante-Amate et al., “Fats of the Land: New Histories of Agricultural Oils,” *Agricultural History* 93, no. 3 (2019): 520–46.

<sup>2</sup> In 1924, coconut oil ranked second only to cottonseed oil as the world’s most traded and consumed vegetable oil for world supply. Katharine Snodgrass, *Copra and Coconut Oil*, Food Research Institute. Fats and Oils Studies (Stanford University, Calif.: Food Research Institute, 1928): 33.

animal fats for the production of candles, bath soaps, and margarine, the mixed vegetable-oil and animal-fat-spread made to mimic butter.<sup>3</sup> In the Philippines, small, undercapitalized farms produced copra throughout the Islands of Mindanao, the Visayas, and Luzon.

In the two historically prominent coconut producing regions in the Philippines, Laguna and Quezon, farmers utilized the porous volcanic soil and sandy coastal lowlands for coconut cultivation. Small landowners used a mixture of household and hired labor on small plots of land surrounding Mount Banahaw and southeast along the long coconut isthmus corridor connecting the Bicol peninsula to oil manufacturers based in Manila. In the Visayas and Mindanao too, small coconut farmers took advantage of similar geological and environmental conditions and transformed seemingly unproductive coastal soils into peripheries of production.

Inland, the volcanic soils beneath Mt. Banahaw and other similar zones in southern Luzon were hospitable to the coconut. Along the coastal strand of the many islands in Visayas and Mindanao, where the weak, sandy soil was unsuitable for crops such as rice and corn, the coconut also found a home. Unlike the palm oil projects in Kalimantan that devastated the forests in the 1970s and 1980s, the Philippine coconut represented a comparatively gentle ecological adjustment in many coastal areas that were not suitable for other crops. This was a crucial element in the industry's sustainability after the conclusion of US colonial rule.

Since the early 20th century, the manufacturing of copra has enmeshed small coconut farmers in an illusory web of independence from colonial extraction methods, as cultivators supplied coconuts with minimal labor or economic requirements.<sup>4</sup> On small farms, averaging 2.5

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<sup>3</sup> On local uses of coconuts and coconut oil, as well as, Western manufacturing of coconut oil for consumer based products, see, Hugh Harries, "Coconut," in *The Cambridge World History of Food*, vol. 1, 2 vols. (Cambridge: Cambridge University Press, 2000), 388–97.

<sup>4</sup> The illusion of independence from colonial extraction can be seen in early accounts of coconut cultivation. While some farmers in the Philippines actively engaged in coconut cultivation for copra

to 5 hectares, farmers collected ripe coconuts and cured them by sun or smoke method before selling them to local traders, a majority of whom were Chinese-Filipino. Local traders in turn collected the partially dried coconuts and sold them, yet again, to regional traders who stored the coconuts in copra warehouses until large quantities could be sold to major copra centers in Manila, Cebu, and later Zamboanga City. After traveling by road, rail, and waterway, the copra arrived at the internationally owned copra processing centers and cured a final time for local pressing into coconut oil.

Both coconut oil and copra traveled on international freighters headed for the great copra centers of the world in London, Amsterdam, Marseilles, Hamburg, and San Francisco. There, the oil was refined, bleached, and deodorized, and made into the cheap, highly adaptable vegetable oil for use by Procter and Gamble, Unilever, Mars Incorporated, Kellogg, General Mills, and other massive multinational corporations whose diverse consumer products circulated the globe and re-entered the Philippine coconut commodity chain for distribution as finished products in exchange for more copra.<sup>5</sup>

Copra emerged as a global commodity in the late 19th and early 20th century when Western colonialism gained greater administrative and economic control over Southeast Asian

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export, most families sold excess coconuts to local traders for eventual sale in the global market as copra. On Copra production bearing little resemblance or relation to domestic food supplies, see Snodgrass, *Copra and Coconut Oil*, 27. On colonial encouragement of coconut cultivation and proliferation of plantation methods, see John Ferguson, *Coconut Planter's Manual, or, All about "the Coconut Palm" (Cocos Nucifera,) Including Practical Instructions for Planting and Cultivation with Estimates Specially Prepared for Expenditure and Receipts. A Special Chapter on Desiccating Coconut and Other Suitable Information from a Variety of Sources; Referring to the Industry in Ceylon, South India, the Straits Settlements, Queensland and the West Indies*, 4th ed (Colombo, Ceylon: A.M. & J. Ferguson, 1907).

<sup>5</sup> On the coconut commodity chain in the Philippines, see Everett D. Gothwaite, *Trade in Philippine Copra and Coconut Oil*, Trade Promotion Series (Washington: Government Printing Office, 1925).

territories.<sup>6</sup> This period of formal colonialism secured a steady stream of coconut supplies for the rapidly growing soap and margarine industries in the West. At the beginning of the 19th century, the Swedish Chemist named Michel Eugene Chevreul treated soap with hydrochloric acid and produced stearic, palmitic and oleic fatty acids, leading to new fatty acid applications that revolutionized the candle, soap, and margarine industries. Chevreul's discovery opened the door for the 1840 manufacture of Price's Candles, a coconut derived candle that illuminated English households during Queen Victoria's wedding, and Hippolyte Mege-Mouries' 1860 invention of margarine after Napoleon III offered a prize for the production of a butter substitute, a competition that stemmed from France's experience with butter shortages.<sup>7</sup> Over the following decades, the two, now behemoth, multinational corporations, Procter and Gamble and Unilever, began production of "Sunlight soap" and Ivory soap, two vegetable oil soaps manufactured in England and Cincinnati, Ohio.<sup>8</sup>

The rise in soap production and Western colonial expansion in Southeast Asia not only secured cheap coconut supplies, but also fostered increased coconut cultivation for copra

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<sup>6</sup> On Western colonial expansion into Southeast Asia, see M. C. Ricklefs, *A New History of Southeast Asia* (Houndmills, Basingstoke, Hampshire: Palgrave Macmillan, 2010).

<sup>7</sup> On the historical and technological development of margarine, see Johannes Hermanus van Stuijvenberg, *Margarine: An Economic, Social and Scientific History, 1869-1969* (Liverpool: Liverpool U.P., 1969); M. K. Schwitzer, *Margarine and Other Food Fats: Their History, Production and Use* (London: Hill, 1956).

<sup>8</sup> On the history of Lever soap manufacturing in England, see Edmund Williams and George R. Robinson, *Port Sunlight: The First Hundred Years, 1888-1988 : The Short History of a Famous Factory* (Kingston upon Thames: Lever Brothers, 1988). On the industrial process and history of oil manufacturing, see Leebeert Lloyd Lamborn, *Modern Soaps, Candles and Glycerin; a Practical Manual of Modern Methods of Utilization of Fats and Oils in the Manufacture of Soap and Candles, and the Recovery of Glycerin*, 3d ed (New York: Van Nostrand, 1920). See also, Geoffrey Martin, *The Modern Soap and Detergent Industry, Including Glycerol Manufacture; a Complete Practical Treatise Including Analyses of Raw Materials, Modern Patents and Literature, Recent Machinery and Processes, Together with Numerous Practical Recipes and Lay-out of Modern Soap Factories* (London: C. Lockwood and Son, 1924).

production as industrial chemists found new applications to meet growing consumer needs in industrialized Western cities. European plantation methods were applied to copra, first in Sri Lanka during the 1840s and by 1860 roughly 250,000 acres were dedicated to the cultivation of copra.<sup>9</sup> By 1903, copra cultivation in Sri Lanka more than doubled to 650,000 acres and increased again to one million acres by 1926.

In the late 19th century, as global trade grew, Spain was the only major imperial power without the industrial chemical capacity to develop domestic applications for coconut oil. Despite the lucrative exports of tobacco and sugar, the Philippine coconut industry failed to establish significant trade until the United States' acquisition of the country, which enabled a mutually beneficial partnership between American industrial chemistry and Philippine ecology. This collaboration led to a rapid expansion of the industry and marked a significant turning point in the industry's growth.

In the Philippines, the acreage and number of trees dedicated to coconut cultivation nearly tripled to 1.16 million acres between 1910 and 1926, surpassing the area for corn and sugarcane cultivation in the islands.<sup>10</sup> Additionally, World War I brought about global fat shortages and Southeast Asia, particularly Indonesia and the Philippines, became major coconut production centers. During the first half of the 20th century, coconut was thus transformed from a little-traded product into a major imperial commodity.<sup>11</sup>

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<sup>9</sup> Snodgrass, *Copra and Coconut Oil*: 35.

<sup>10</sup> Snodgrass: 61.

<sup>11</sup> On the growth of coconut cultivation during World War I and small-holder production, see Peter J. Yearwood, *The Great War and the Triumph of King Copra 1914-21*, History Forum (University of the West Indies (Cave Hill, Barbados). Department of History), 2002: 22-35.

Copra production bound Philippine small-farm households to a static mode of production, while scientists in the metropolises of empire enhanced fatty-acid technologies for new cleaning products, cosmetics, insecticides, pharmaceuticals, lubricants and greases, plasticizers, and explosives—just a few in the exponentially larger list of industrial applications. During this period, scientific innovations for coconut growing were less focused on increased productivity than they were for commodities like sugar or cotton.<sup>12</sup> Instead, coconut innovations were concentrated toward the higher end of the commodity chain, where industrial chemistry reduced coconut oil to individual fatty acids such as lauric acid, whose unique lathering property became the standard that consumers grew to expect. Coconut farmers, on the other hand, incorporated plantation style methods, such as spacing trees for optimal growth. However, the majority of coconut production occurred on small farms (3-5 hectares), providing a stark contrast with the sprawling sugar plantations found domestically in the Philippines or globally. Instead, coconut cultivation was conducted by a majority small farmer population throughout coconut producing countries.

This dissertation examines the history of coconut production in the Philippines over the hundred years spanning the late-nineteenth century to the late-twentieth century, beginning with the emergence of copra as a global commodity. The industrialization, wartime experiences, and the importance of fats and oils for food, feed, and the raw material industry in the Western world all contributed to copra's rise as a necessary import in the global market. From 1935, coconut

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<sup>12</sup> On tropical agricultural methods of propagation and cultivation, as well as, unprofitability of copra, see William Scrugham Lyon, *The Cocoanut with Reference to Its Products and Cultivation in the Philippines*, Philippines (Manila: Bureau of Public Printing, 1903) : 8. On the methods, expenses, and profits of starting a coconut farm, see Dean C. Worcester, *Coconut Growing in the Philippine Islands. Cost of Production and Profits. Copra Making* (Place of publication not identified: War Dept., Bureau of insular affairs, 1911). Dean Worcester was the general manager of the Visayan Refining Company, later known as the Philippine Vegetable Oil Company, one of the largest coconut oil manufacturing facilities in the Philippines.



oils were used with greater frequency until competition from palm, soy, and other fats eclipsed the once dominant industry. The study concludes in the latter years of the Marcos dictatorship, when global coconut prices plummeted and coconut farmers protested coconut levies en masse, cutting down coconut trees and thereby signaling the beginning of the sunset industry.<sup>13</sup>

Internationally, copra's market was further constricted with the 'no tropical oil' health movement in the 1980s that forced U.S. snack food manufacturers to market their products with a "no tropical oils" label.

This hundred-year span covers the entire life cycle of the commodity, beginning with discovery and technological advancement, next competition and replacement, and finally commercial eclipse. By tracing the historical trajectory of coconut oil, this dissertation covers three distinct periods with respect to coconut production in the Philippines and worldwide. The period before World War I was an era of coconut speculation and optimism that saw European and later American agriculturalists define the region of Southeast Asia as an ideal zone for coconut production, creating formalized colonial agricultural institutions and coconut trade networks that reinforced their imaginings of the region as a coconut zone. The period following World War I brought about an abrupt shift in global coconut production, with Germany declining in relative importance as the empire's presence in the Pacific diminished after the war, creating a period of Philippine/US copra dominance. This period fostered increased Philippine dependence on US coconut consumption, resulting in a Philippine copra-centered commodity chain. Finally, the period after World War II began a long process of US economic disentanglement from the Philippines and greater economic competition between Filipino planters and millers, a process

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<sup>13</sup> "The Philippine Coconut Industry: Taking the Rural Economy on a Rollercoaster Ride" Memorandum of the Office of East Asian Analysis to the Chief, Islands Branch, Southeast Asia Division, Central Intelligence Agency. Washington, D.C. March 23, 1987: 5.

complicated by the country's post-war reconstruction. A consistent theme during the post-WWII period was Filipino coco-elite's continued efforts to maintain preferential trade with the United States, a decision that tied Philippine coconut producers to the US market and reinforced the post-colonial infrastructure centered on copra extraction.<sup>14</sup> Domestically in the Philippines, government attempts to consolidate the coconut commodity chain through rising copra drying and processing taxes led to increased regional competition for domestic control over copra supplies.

Further, by examining the long *durée* of coconut production in the Philippines and its global relationship to modern consumption of fats and oils, I demonstrate that copra production leads to, what I call the coconut paradox: i.e., an internationally profitable industry with pronounced mass poverty at the farm level. During the U.S. colonial period from 1898 to 1946, the Philippine coconut industry expanded exponentially many times over and became one of the country's primary industries, surpassing sugar as the country's largest net profit earner following World War II.<sup>15</sup> In the post-war years, despite cooperative efforts by government coconut corporations and international organizations on behalf of the Philippine coconut planters,

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<sup>14</sup> The term coco-elite refers to a distinct coconut planter class – owners of large coconut estates. This group is a landed elite; however, their political influence is limited when compared to elite sugar planters. Thus, a term is needed that differentiates between elite coconut planters and other planter groups, while simultaneously differentiating an elite coconut planter class from small coconut farmers. Given the size of their coconut plantations and agricultural production, coco-elites have greater influence on the nation's agricultural policies than small coconut farmers. Coco-elites formed agricultural associations that were responsible for promoting agricultural policies on the national level. Prior to World War II, many of the coco-elite were from the Tayabas region (modern day, Quezon province), however, coco-elites existed elsewhere in Luzon, the Visayas, and Mindanao. The definition is not meant to flatten or remove the complexity of the coconut producer.

<sup>15</sup> "Situation Report: Southern Areas". Department of State. Division of Research for Far East Office of Intelligence Research. Memorandum 3480.35, July 16, 1947. From National Archives II, RG 319. Stack 270. Entry: NM3 85A.Box/Item 2486. ID: 382206.

widespread poverty became endemic in all of the principal coconut producing regions of the Philippines -- Central and Southern Luzon, Samar, Leyte, and Mindanao.

Viewed internationally, the paradoxical global character of copra production defines the coconut zone, an area of intense coconut cultivation that extends from the Pacific Ocean, encompassing the Caroline and Marshall Islands, all the way to northern Papua, the Philippines, Indonesia, Malaysia, Sri Lanka, and Southern India. Nowhere is the paradoxical nature of the commodity chain more visible than the Philippines, whose booming production would, by the 1960s, make it the veritable Saudi Arabia of the coconut industry.<sup>16</sup> The politics of coconuts reveal a distinctive crop history and a contested development process surrounding the marketing of this valuable commodity.

The sum of these factors yields a multifaceted commodity history inside the Philippines, the world's largest exporter, as well as a fraught relationship with its chief buyer, the United States. By examining coconut production in the Philippines, it is evident that commercial growth, both domestic supply and international demand, along with elite consolidation of this crop led to an alienated coconut farmer population throughout the archipelago. The Philippines invites us to explore an entire global commodity chain to understand how the planting and processing of coconuts leads to marginal lives for farmers while sustaining a lucrative global fats and oils industry.

The coconut has played a significant role in recent global history, with copra production being a key factor in its economic force. While the coconut is often viewed as a subsistence crop, copra, the dried meat of the nut, is better understood as one-part indigenous technology and one-

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<sup>16</sup> George W. Kromer, *Coconut Oil Imports and Consumption Increasing in the United States*, ERS (Washington, D.C.: Economic and Statistical Analysis Division, Economic Research Service, 1964). See also, George W. Kromer, *The U.S. Coconut Oil Situation*, ERS (Washington, D.C.: Economic and Statistical Analysis Division, Economic Research Service, U.S. Dept. of Agriculture, 1968).

part colonial commodity. Coconuts were historically consumed fresh, however, copra could be stored and preserved for months and even years, making the crop suitable for sea exploration and later global trade.

At the turn of the 20<sup>th</sup> century, copra provided industrial nations with an economical, high-caloric, and adaptable vegetable oil for the manufacturing of various consumer products. Unlike its fresh counterpart, however, copra required a processing infrastructure that involved several steps, including cleaning, crushing, and extracting the oil through either a solvent or mechanical pressing. This infrastructure required the extracted coconut oil to undergo further refining such as bleaching and deodorizing to remove any impurities before human consumption.

This colonial infrastructure, based on an indigenous technology, created a commodity chain with unique characteristics marked by a paradoxical pairing of simple farmgate processing at the production level with sophisticated industrial chemistry used for the extraction of marketable consumer commodities. This paradox has led to complex politics between Western consumers at one end of the commodity chain to tropical coconut producers on the other, creating a distinct global character that defines the Coconut Zone – a manufactured environment for global vegetable oil production.

Additionally, unlike other traditional colonial cash crops, such as sugar, coconuts have a marked disparity in production. The coconut's on-farm husking and drying on either a bamboo mat or simple kiln, is paired with sophisticated industrial chemistry to extract marketable consumer commodities. The importance of copra to industrialization and industrial development is often misunderstood because the by-product, fatty acids, is not immediately recognizable, though the infrastructure of the commodity is built around its extraction. The relationship

between US coconut oil consumption and Philippine production is a unique process of commodity extraction that has significantly impacted both societies.

During the period of US colonial rule, the convergence of the American economy and the ecology of the Philippines gave rise to the coconut as a major colonial commodity. By the 1970s, the Philippines was responsible for producing approximately 70 percent of the world's total export of copra and coconut oil, employing nearly 20 percent of the country's workforce. Copra production has led to unequal wealth distribution, increased poverty at the farm level, and a distinct political environment at each level of production. This dissertation argues that copra production has created a stratified commodity chain and a class-bifurcated politics in Philippine society, made apparent during the Marcos regime (1972 – 1986).

The massive scale of the industry has made it challenging to study, resulting in limited attempts to comprehensively survey the history and evolution of the coconut industry. Despite the possibility of being corrected, it is argued that this study provides a complete and comprehensive examination of what has become the largest industry in the Philippines.

### **The Character of a Commodity**

Beginning in 1898 with the US occupation of the Philippines, the country's coconut farmers were linked to the U.S. market. Although Washington framed the occupation of the Philippines as an economic opportunity, coconut planters in Tayabas (modern day Quezon province) became subject to the internal politics of the US consumer market and placed in an unequal competitive arena against American farmers.<sup>17</sup> Like their global counterparts, coconut

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<sup>17</sup> Before the US occupation of the Philippines, Laguna province was the center of a growing coconut industry. Laguna competed successfully against American investors and manufacturers interested in the

farmers became enmeshed in a global market, and indigenous cultivation and consumption interacted with non-indigenous extraction methods, creating new relationships to coconut cultivation.

Beginning in the early 20th century, a global coconut boom emerged as urban populations rose worldwide and total fat consumption increased.<sup>18</sup> Philippine coconut planters responded by planting more coconut trees for global consumption, a process that occurred elsewhere in colonized Asia and Africa, as farmers dedicated increasingly more land for the production of global commodities for Western consumption. We see this occur elsewhere in the Philippines with Manila hemp, rubber production in British Malaya, sugar and coffee in the Dutch East Indies, and rice in Burma. Rural farmers throughout the global countryside became entangled during this period to metropolitan production centers.<sup>19</sup>

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local coconut industry. During the interwar period, Laguna housed locally owned modern oil mills and desiccated coconut factories. See, Lewis E. Gleeck, *Laguna in American Times: Coconuts and Revolucionarios*, Historical Conservation Society (Series) (Manila: Historical Conservation Society : Exclusive distributor, Casalinda Bookshop, 1981), 88.

<sup>18</sup> Kromer, *Coconut Oil Imports and Consumption Increasing in the United States*.

<sup>19</sup> Abaca, or manila hemp, is a species of banana native to the Philippines and grown commercially for its fiber. For abaca, also known as Manila hemp, in the Philippines, see Norman G. Owen, *Prosperity without Progress: Manila Hemp and Material Life in the Colonial Philippines* (Berkeley: University of California Press, 1984), 79. For Pineapple in Hawaii, see Gary Y. Okihiro, *Pineapple Culture: A History of the Tropical and Temperate Zones*, California World History Library (Berkeley: University of California Press, 2009). For Burmese rice Michael Adas, *The Burma Delta: Economic Development and Social Change on an Asian Rice Frontier, 1852-1941* (Madison: University of Wisconsin Press, 1974). For the United States' connection to industrial commodity extraction and the ecological impact to the tropical environment see Richard P. Tucker, *Insatiable Appetite: The United States and the Ecological Degradation of the Tropical World*, Concise rev. ed, Exploring World History (Lanham: Rowman & Littlefield Publishers, 2007). On the making and remaking of global capitalism, see Sven Beckert, *Empire of Cotton: A Global History*, First edition (New York: Alfred A. Knopf, 2014). On local interactions with global capitalism, see Tariq Omar Ali, *A Local History of Global Capital: Jute and Peasant Life in the Bengal Delta*, Histories of Economic Life (Princeton: Princeton University Press, 2018).

Historically, coconuts were grown as a subsistence crop and were prevalent throughout the Philippines for home use. Coconuts grow best in temperatures between 22 degrees Celsius and 30 Celsius (or 71.6 degrees Fahrenheit and 86 degrees Fahrenheit), up to elevations of about 1,500 feet. Although the plant can survive temporary drops in temperatures as low as 4.5 to 10 degrees C (40 to 50 degrees Fahrenheit), it cannot be grown commercially more than 20 degrees north or south of the equator.<sup>20</sup> While small, commercial coconut farms were present throughout the Philippines during the Spanish period, coconut production has historically been concentrated in Quezon province, Luzon, as well as the coastal regions in the Visayas. Coconut cultivation was an integral part of the Filipino diet, providing nourishment in the form of cooking oil, *gatas* or milk, alcohol, vinegar, water, and a general fat paired with fish or rice.<sup>21</sup> The dynamic use of coconuts in the Philippines is attributed to the long interaction between humans and coconuts throughout history. DNA evidence suggests two independent origins of cultivated coconuts in southern India as well as maritime Southeast Asia.

Human dispersal of coconuts occurred in three general phases – first, Pre-Colombian Austronesian seafarers, more than likely from the Philippines, brought the coconut eastward to Polynesia and the Pacific coasts of Latin America as early as 2,250 BCE.<sup>22</sup> Next, between 650 CE – 1200 CE, Austronesian expansion into Madagascar spread coconuts into the Indian Ocean.

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<sup>20</sup> Snodgrass, *Copra and Coconut Oil*, 12.

<sup>21</sup> Antonio Pigafetta, *The Voyage of Magellan; the Journal of Antonio Pigafetta*, trans. Paula Spurlin Paige (Englewood Cliffs, N.J.: Prentice-Hall, 1969), 101–3. Anthony Pigafetta's account details early use of coconuts and its incorporation into everyday life. Coconut oil is obtained from fresh coconuts and not dried. He states two coconut trees can support a family of ten. There is no inclusion of copra throughout his account as it would have been an unnecessary process for obtaining coconut oil.

<sup>22</sup> Luc Baudouin and Patricia Lebrun, "Coconut (*Cocos Nucifera* L.) DNA Studies Support the Hypothesis of an Ancient Austronesian Migration from Southeast Asia to America," *Genetic Resources and Crop Evolution* 56, no. 2 (March 1, 2009): 257–62.

Finally, European trade in India and Southeast Asia beginning in the early 17<sup>th</sup> century, introduced coconuts to the Atlantic Coasts of Africa and South America, as well as the Caribbean. It was not until 1884 when copra, the dried meat of the coconut, was traded in large scale to Europe for commercial use. Even then, exports remained insignificant at 13,686 tons of copra for use in candle production in London, England.<sup>23</sup>

At the turn of the 20th century, copra production and extraction increased throughout Southeast Asia. Copra production decreased the overall weight and space during long voyages to metropolitan centers. By 1905, in the Dutch East Indies, copra production in Java alone was 107,709 tons, while the British-controlled Strait Settlements expanded copra production to 58,915 tons, and the US-controlled Philippines produced 52,520 tons. By 1911, Java and the Strait Settlements both produced roughly 100,000 tons each, Java reporting 99,700 tons and the Strait Settlements 97,254 tons. The Philippine Islands produced 118,323 tons but that would rise sharply, just a year later, to 174,033 tons.<sup>24</sup> In 1924, the Dutch East Indies and the Philippine Islands accounted for nearly 62 percent of the world's total production of copra and coconut oil.<sup>25</sup> In 1939, an estimated 93 percent of the coconuts produced in the Philippines was required for copra manufacture; 6 percent for desiccated coconut, and 1 percent was consumed locally.<sup>26</sup>

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<sup>23</sup> G. S. Boulger, *The Uses of Plants: A Manual of Economic Botany with Special Reference to Vegetable Products Introduced during the Last Fifty Years : By G.S. Boulger* (London: Roper & Drowley, 1889), 143.

<sup>24</sup> Commerce and Communications Report Enclosed in Correspondence from Jorge Vargas to H.J. Senders. "The Coconut Oil Industry in the Philippine Islands". USNA II, Bureau of Insular Affairs, Record Group 350, Entry 5.

<sup>25</sup> Snodgrass, *Copra and Coconut Oil*, 12.

<sup>26</sup> Memorandum from Thomas E. Hibben to Executive Secretary. Economic Mission to the Philippines. Joint Philippine-American Finance Commission (April 2, 1947);1-6. From the US National Archives II. Record Group 59. Stack 250.



The island of Sulawesi would remain a major world producer of copra throughout the 1950s and early 1960s until the Philippines would take over the copra market almost entirely, producing 365,000 tons in 1963 and nearly 450,000 tons by 1967, the majority of which went to the United States, the world's largest importer and consumer of coconut oil and copra.<sup>27</sup>

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<sup>27</sup> Kromer, *Coconut Oil Imports and Consumption Increasing in the United States*; Kromer, *The U.S. Coconut Oil Situation*.

Countries	1905	1907	1909	1911	1912
Java	107,709	68,000	72,000	99,700	89,048
Strait Settlements	58,915	58,914	74,192	97,254	81,709
Philippine Islands	52,520	50,694	77,699	118,323	174,033
Tongan Islands	7,582	7,360	14,834	12,721	11,120 <sup>[21]</sup>
Madagascar	25,961	17,290	19,154	39,979	37,642
Sangar	19,514	---	---	---	---
Ceylon	17,739	19,216	39,226	33,637	29,942
Zanzibar	2,514	7,158	7,873	11,319	9,332
Mozambique	---	2,788	3,665	3,411	3,306
Federated Malay States	---	---	6,268	8,103	7,771
German New Guinea		---	8,653	9,553	11,130

**Fig. 1.1 Production of the Chief Copra Growing Island (In Tons).<sup>28</sup>**

The anthropologist Douglas L. Oliver has argued that the coconut is a dominant economic force in recent Oceanic history.<sup>29</sup> Oliver's assertion is primarily directed toward the production of copra, the dried meat of the coconut. This distinction, while seemingly small, has a profound impact on how we view coconuts -- whether as a subsistence crop, or a useful colonial commodity supplying industrial nations with a cheap, high-caloric, and highly adaptable vegetable oil for the production of margarine, bath soaps, and industrially processed foods.

<sup>28</sup> Snodgrass, *Copra and Coconut Oil*, 28.

<sup>29</sup> Douglas L. Oliver, *The Pacific Islands*, 3rd ed (Honolulu: University of Hawaii Press, 1989), 196–97.

Unfortunately, the modern consumer is still unable, even in the era of “fair trade,” to identify coconut products in the supermarket, making the politics of the coconut commodity chain another *terra incognita* for the countless millions who consume coconut products as bath soap and foodstuffs on a daily basis. The lack of scholarly work on coconuts and coconut producing countries in general is symptomatic of the growing alienation of modern-day consumers from the products they use.<sup>30</sup> Even if a consumer is able to identify a small fraction of products containing coconut, the colonial history of coconut production has been so white-washed that the consumer sees technological innovation and modernization instead of the uneven economic distribution embedded within the commodity chain.

While there have been scientific compendia dedicated to coconut cultivation, and while coconuts can be seen along the entire equator, occupying large swaths of land in coastal nations, very little work has been done to further our collective understanding of the relationship of coconut plants and the complex societies that use them. Historians often employ commodities as a unique lens to view the political and social developments across disparate global regions, unfortunately for coconuts they remain seemingly invisible within this otherwise burgeoning literature. The historical research into coconut cultivation is better compared to the consumption of tropical durian fruit - commonplace in its home region but ignored in the world beyond.

In one sense, the invisibility of coconuts is connected to the spectacular violence associated with other colonial commodities. For instance, sugar production is highly

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<sup>30</sup> Michael Pollan, *The Omnivore's Dilemma: A Natural History of Four Meals* (New York: Penguin Books, 2007). Michael Pollen argues that a landscape's biodiversity correlates to the environment's overall health. Conversely, the modern supermarket's biodiversity has an inverse relationship between environmental health and consumerism. If we were to take Pollen's modern consumer and place them in the average supermarket, they would be able to identify products containing sugar, rice, wheat, beef, pork, fruits, etc., whose properties and uses are relatively understood, however, fats and oils, in this case, coconut oil, as well as its derivatives, are largely invisible.

recognizable. Beginning in the 16th century, the Spanish and Portuguese wave of genocidal violence fostered sugar plantations that replaced indigenous populations. Both Spanish and Portuguese ships carried African slaves to South America and the Caribbean, beginning the long history of the Atlantic slave trade and plantation sugar production. For the next three centuries the Atlantic Ocean was the center of a triangular trade network fueled by African slaves brought to the Americas to produce sugar, cotton, and tobacco for export to Europe. Manufactured goods, in turn, were produced on the European continent and the profits were used to purchase more slave labor to sustain the highly volatile, repressive plantation economy.

Additionally, at the turn of the 20th century, the rubber booms were linked to the murderous globalization process that indiscriminately killed the Amerindians of Brazil. On the African continent, in the Congo Free State, better known as King Leopold's "heart of darkness," his colonial militia, the *Force Publique*, carried out unspeakable atrocities to increase colonial profits through rubber extraction that contributed to the deaths of ten million Africans. Other commodities had unfortunate histories, notably the displacement of Native Hawaiians on Dole pineapple plantations and economic exploitation by the United Fruit Company in Central America's "Banana Republics." It is no wonder then, in the midst of imperial spectacle that made violence and repressive economic systems the defining features of colonial commodities, that coconut production is largely ignored.

Unlike sugar that has a complex industrial infrastructure for farmgate processing, coconuts have a marked disparity of almost crude on-farm husking of the meat with an iron spike and its drying on a bamboo mat, married, paradoxically, with the very sophisticated industrial chemistry to extract marketable consumer commodities. Within this paradox lies the complex politics whose subtleties of exploitation and social conflict have eluded historians who focused

on the visibly tragic histories of colonial commodities such as sugar and rubber. This intimate connection between Western consumers and tropical producers has also created a linked chain of copra production that extends from the Pacific Ocean, encompassing the Caroline and Marshall Islands, all the way to northern Papua, the Philippines, Indonesia, Malaysia, Sri Lanka, and Southern India -- forming what I call the Coconut Zone.

Within this zone, we find an intimate connection between Western consumers at one end of the commodity chain to tropical coconut producers on the other. As Sydney Mintz argued in *Sweetness and Power: The Place of Sugar in Modern History*, production and consumption of commodities are so closely bound together that commodities are nothing less than the building blocks of modern civilization. He explained that the intensification of consumption places those in power at the apex of the commodity chain with the responsibility for the appearance of new products, altering both the product's meaning and the commodity's infrastructure.<sup>31</sup> Fundamental in the process of changing the meaning of a commodity are colonial sciences and plantation agricultural systems. Western traders and agriculturalists viewed copra solely in terms of the most efficient method to extract coconut oil for large quantities of valuable consumer goods. Copra in this sense symbolizes the intense consumption of a single agricultural good reinforcing the importance of the consumer, the final stage in the commodity chain.

In the case of sugar, cotton, and tea, three of the earliest and more valuable modern agricultural products, the process of commodification and ascribing meaning are entangled within the web of production and consumption. For non-European societies, sugar was not the white crystal staple in the home kitchens, but instead, a stalk chewed or pulverized for its sweet liquid. The act of refining raw sugar into white sugar was a process that not only changed its

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<sup>31</sup> Sidney W. Mintz, *Sweetness and Power: The Place of Sugar in Modern History* (New York, New York: Penguin Books, 1986), 153.

chemical structure, but changed the meaning of the product, reinforcing methods of extraction and commodification. Coconut cultivation is often compared with other colonial commodities during the early modern period such as sugar. However, copra's importance to industrialization and industrial development is misunderstood because the by-product, fatty acids, is not immediately recognizable, though the infrastructure of the commodity is built around its extraction.

The relationship between US coconut oil consumption and Philippine production is a process of commodity extraction unlike any other commodity, or traditional colonial cash crops such as sugar.<sup>32</sup> First, coconut cultivation requires minimal farm level investments. The location of coconut production occurs in areas with less intensive agriculture, making the coconut an ideal frontier crop primarily found in friable soft soils near sandy coastal lowlands or along the base of volcanic mountains allowing for ideal water drainage.<sup>33</sup>

Although irrigation is possible, it is not necessary for coconut palms to flourish, creating an ideal crop for minimal economic investment. If irrigation systems are built, more profitable crops are usually planted for the world capitalist market, as the root system of the palm tree cannot draw water from more than 2-1/2 feet beneath the surface, making deep water penetration unnecessary for coconut palms to flourish. Second, the value of coconut oil, or any fat for that matter, is in the breakdown of its fatty acid structure and its application for various uses. In 1912,

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<sup>32</sup> The relationship outlined and the process of coconut extraction is similar throughout the coconut zone, though each case or country will vary. On coconut, small holders' environmental impact on the peninsular wetlands of the Malaysian frontier, Geoffrey K Pakiam, *Waterlands: Coconut Smallholders, Commodity Frontiers and Environmental Transformation on the Malay Peninsula, c.1862-1972* (London: School of Oriental and African Studies, 2019), 1–33. For coconut and copra trade in Indonesia at the turn of the 20<sup>th</sup> century see, Christiaan Heersink, *Dependence on Green Gold: A Socio-Economic History of the Indonesian Coconut Island Selayar*, *Verhandelingen van Het Koninklijk Instituut Voor Taal-, Land- En Volkenkunde* (Leiden: KITLV Press, 1999).

<sup>33</sup> Snodgrass, *Copra and Coconut Oil*, 50.

no coconut oil was used in the making of American margarine. By 1926, coconut oil comprised over 40 percent of the total fat used in the production of margarine and became the principal vegetable oil used in the United States.<sup>34</sup>

With a consistency stiffer than lard and a lower burn temperature than butter, along with its relative sweetness, coconut oil pressed from copra became a versatile raw material for specialty products such as confectionery and bakery goods, as well as popcorn “butter.” Industrial chemists observed that coconut’s high lauric acid content mimicked butterfat and could be used as a principal ingredient in “butter” for movie theater popcorn.<sup>35</sup> Additionally, lauric acid became heavily used in detergents and soaps. In 1912, only 10 percent of the soap manufactured in the United States used coconut oil. By 1923, coconut oil use more than doubled to roughly 23 percent.<sup>36</sup> By the 1950s the majority of the 500,000 tons of Philippine coconut oil was used for American soap production, with its by-product, glycerin, used in explosives. This dramatic transformation resulted in an unequal commodity chain where the producers of the agricultural product are always at a disadvantage in their dealings with refiners further up the commodity chain.

Like all commodities, coconut production has an intrinsic characteristic that can influence the society in which it inhabits. In the eloquent work *Cuban Counterpoint: Tobacco and Sugar*, Fernando Ortiz argues that commodities have a determinative influence on the political economy and culture of the producing society. In defense of this proposition, Ortiz demonstrates that the

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<sup>34</sup> Snodgrass, 8.

<sup>35</sup> The Copra Dock at Islais Creek 1947 – 1974. The ILWU Oral History Project. 2, 1. Edited by Harvey Schwartz. From the Dispatcher, June 1998.

<sup>36</sup> Snodgrass, *Copra and Coconut Oil*, 35.

cultivation of tobacco and sugar, one indigenous and one foreign, are two sides of a coin, with tobacco passive and sugar active. The two commodities impacted each society differently based on the labor and processing needs.<sup>37</sup> Coconut cultivation did not undergo the same process of commodification as other products such as sugar, tobacco, and bananas, thus removing it from the imperial analytic gaze, especially by metropolitan consumers. For coconuts, the paradoxical pairing of crude farmgate processing at the production level with sophisticated industrial chemistry in the metropole lends the commodity trade its distinctly global character and defines the Coconut Zone.

Furthermore, the coconut zone is more than an imagined space, it is an integral economic sphere supplying Western markets with a highly desired vegetable oil. As noted in Oscar Moore's 1948 Economic Botany publication, "The Coconut Palm: Mankind's Greatest Provider in the Tropics", the principal commercial production of copra occurs within the stated Coconut Zone.<sup>38</sup> Thus, the conceptual framework of the Coconut Zone builds the foundation for comparative studies within regions of Asia and the Pacific as well as Western consuming nations.

By examining the coconut commodity chain, the uneven economic distribution is primarily directed toward the production of copra and the extraction of its fatty acids. Though copra production is largely responsible for the liberation of American women from the household economy by freeing the required labor of rendering fat and producing home cleaning products, copra production, as noted in 1903 by William S. Lyon, an American agriculturalist at

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<sup>37</sup> Fernando Ortiz, Bronislaw Malinowski, and Harriet de Onís, *Cuban Counterpoint: Tobacco and Sugar*, 4. print (Durham: Duke Univ. Press, 2003), 7–14.

<sup>38</sup> Oscar K. Moore, "The Coconut Palm: Mankind's Greatest Provider in the Tropics," *Economic Botany* 2, no. 2 (1948): 119–44.



the Philippine Bureau of Agriculture, “enriches the manufacturer and impoverishes the grower.”<sup>39</sup> Additionally, the importance of industrial chemistry of the fats and oils market created an ever-evolving, contradiction through dynamic technological change and a static development in farm production, creating the stratified commodity chain, as well as the crude and class-bifurcated politics of Philippine society, especially during the Marcos regime. Copra production led to unequal distribution of wealth and increased poverty at the farm level, as well as a distinct political environment at each level of production.

To interrogate the character of this iconic commodity and produce the first detailed analysis of its social and environmental history, we need to trace a century-long process of development from the 1880s to the 1980s. Moving from coconut’s contested cultivation in a tropical zone along the coasts of Luzon and Mindanao, to policy choices in Manila, this study follows the movement and machinations of commodity traders such as Philippine Manufacturing, Colgate-Palmolive, and Cargill. Finally, this study narrates this global product’s commodity chain from its Philippine beginnings to the supermarket shelves in Europe and the United States. This project, therefore, illuminates not only the dynamics of commodity politics in the Philippines, but it reveals, more importantly, and arguably for the first time, the central role coconuts played in making of the modern global economy.

To start this analysis, Chapter 2 on the global copra boom, from 1900 - 1940, examines the US infusion of colonial capital via a mixture of speculation and local Philippine agency that made the Philippines one of the largest world competitors in the oils market, outpacing previous coconut kings. This inquiry will show the Philippines had a thriving local coconut economy prior to World War I and immediately following the war. The chapter also examines US Tariff

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<sup>39</sup> Lyon, *The Coconut with Reference to Its Products and Cultivation in the Philippines*, 8.

legislation that shifted domestic oil production and favored US foreign manufacturers. During this period, domestic regional traders engaged in direct exportation to the US market. This speculative period trapped small farmers in an unprofitable cultivation practice, decreased planter agency within the commodity network, and stimulated small farm production in the Tayabas region and large scale plantations in Mindanao.

In Chapter 3, dealing with the industry's reconstruction and revival from 1946 – 1954, discusses the reconstruction period, arguing that coco-elites lacked the political influence at both the national and international levels to enact Nacoco's vision of a planter-based, independent Philippine coconut industry. This chapter explores three U.S. State Department programs between 1945 and 1954, to see how Nacoco operated during this period. By examining these programs, it becomes evident that Nacoco was unable to successfully compete domestically and incorporate broad planter support required to implement their policies. Nacoco's struggle to centralize the nation's coconut trade reinforces the idea that the production of a major commodity impacts not only the commodity-chain, but also political policies as well.

In Chapter 4, covering the commodity's boom times from 1954 – 1972, analyzes the industrialization efforts by the Philippine Coconut Association industrialization (Philcoa). This chapter argues that Philcoa, a newly organized Philippine government corporation, began the process of strengthening the national commodity-chain through the integration of coconut storage warehouses and scientific extension services directed toward the maintenance of small coconut farmers. Philcoa's efforts at industrialization were complicated by regional planter competition over infrastructural investments and policies. This period marks the beginning of coconut levies for the development of the coconut industry. The chapter concludes with the transformation of Philcoa into the Philippine Coconut Authority.

In Chapter 5 on cronyism and the industry's collapse from 1972 to 1986, the period is best described as the “Great Coconut Crisis” when coco-elites’ industrial consolidation accelerated unsustainably through intensive capital extractive policies, known as levies. To understand this volatile period in the industry’s history, we will briefly examine Cocofed, the newly formed government corporation, and the enactment of coconut levies. Looking more closely at this period, we can see the relationship between Cocofed and the Marcos regime was mutually beneficial. The regime supported levy efforts directed toward capturing a monopoly over the industry. Simultaneously, Cocofed endorsed Marcos and legitimized the regime in its national discourse, especially during periods of economic and political instability. During this period, small coconut farmer economic insecurity grew to such magnitude that farmer discontent became a politically important national issue, threatening the stability of the Marcos regime. Overall, the small coconut farmers’ growing economic instability during this period represents a pivotal shift and a tipping point in anti-Marcos opposition.



## CHAPTER TWO

### The Meat in The Coconut:

#### A Global Boom and The Rise of Philippine Coconut Dominance, 1900 – 1940

##### Introduction

In May 1913, the strongest typhoon since 1905 hit the Philippines from the Pacific. It first made contact in southern Samar then moved its way through the archipelago to Tablas and southern Mindoro, eventually hurling backward onto the northwestern portion of Luzon. For seven days the typhoon caused severe damage on land and also created dangerous conditions for ocean-going vessels.<sup>40</sup> In the wake of the damage 58 men were reported missing or deceased and a Swedish commercial freighter, the *Nippon*, with a cargo composed mainly of copra, the dried meat of the coconut, struck the Scarborough Reef and remained there until a salvage crew could remove the grounded vessel.<sup>41</sup>

Before recovery, the salvage crew went on board the vessel to extract the copra so the ship could be dragged from the shoal to deeper water. When the crewmen attempted to open the latches they were unable to enter. It was later found out that the decomposition of copra created such a “bacterial action” that the rancid copra produced poisonous hydrogen sulphide gas, causing the doors to be sealed tightly shut. Once the crewmen finally opened the latch, “noxious gases” permeated, killing one man and requiring others to be rescued. In an editorial piece by David Pratt, the director of the Philippine Bureau of Science, he described the horrific scene:

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<sup>40</sup> Faye Henderson, “Tropical Cyclone Disasters in the Philippines: A Listing of Major Typhoons by Month Through 1979.” *Office of U.S. Foreign Disaster Assistance Agency for International Development*, Washington, D.C. (1979). 5.

<sup>41</sup> David Pratt, “Copra Spoilage On a Large Scale.” *The Philippine Journal of Science* 8, section A (Bureau of Printing: Manila, 1903). 439.

This dangerous condition persisted even after the holds had been open several days, and ...Everyone who stayed below for a short time was affected with giddiness and marked palpitation of the heart, followed by unconsciousness unless immediate relief was sought in the open air. The eyes became seriously inflamed, and contact with water in the holds resulted in burns and sores.<sup>42</sup>

The shipwreck and its spoiled copra provided the Philippine Bureau of Science (originally founded as the Bureau of Government laboratories in 1901) an opportunity to investigate the *Nippon*'s cargo.<sup>43</sup> Immediately, the Bureau installed pumps to circulate the water from the ship and took samples of the copra as well as from the oily "bilge water". Besides bacterial destruction of copra tissue and its production of hydrogen sulfide, their findings revealed that the water contained high levels of sulphurous and sulphuric acids rendering the ship's bronze propeller shaft half its original diameter.

While the case of the *Nippon* and its poisonous copra fell on the extreme end of the spectrum, it allowed government scientist David Pratt to see an exaggerated example of copra deterioration. As noted by Pratt, sea captains often informed him of the general unhealthy conditions if a person stayed too long in a hold filled with copra. From his tests and observations, he concluded that the presence of moisture was the reason for the bacterial action and other hydrogen sulphide-producing agents.

Even on a small scale, the breakdown of copra could cause sailors to experience ill effects. However, the *Nippon* was an anomaly, and sailors could simply avoid long periods of time in copra holds. For the Bureau of Science, this was an opportunity to showcase the microbial impact that improper drying methods had on copra and commerce. The story of the

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<sup>42</sup> Pratt, "Copra Spoilage," 439.

<sup>43</sup> Alvin J. Cox, "The Philippine Bureau of Science." *The Government of the Philippine Islands. Department of Agriculture and Natural Sciences*. Bureau of Science Press Bulletin 81, no. 1 (Bureau of Printing: Manila, 1933): 2.

*Nippon* allowed people without a microscope to understand and comprehend moisture's deleterious effects on the commodity.

Apart from its scientific implications, this story of rancid copra is important because it shows the increased US attention toward a commodity that was, at least for its colonial bureaucracy, still in its infancy. Surprisingly, despite increased global demands for vegetable fats and oils, US trade in Philippine copra prior World War I was relatively insignificant. However, Philippine production during this period increased to meet growing global demands, while sustaining a domestic market for coconut oil. In 1906, 386 coconut oil mills were in operation in the provinces of Laguna and Tayabas, with sales during the fiscal year amounting roughly 168,500 pesos.<sup>44</sup> By 1940 however, three Philippine mills would make up the majority of oil exports, while Laguna and Tayabas coconut planters expressed concern for their industry's development. What explains this shift in production?

Overall, increased US demand for coconut oil combined with preferential tax legislation encouraged greater coconut production inside the Philippines. During this period, both the 1921 Tariff Act and the 1934 Revenue Act made Philippine copra exports cheaper. As a result, this period witnessed the growth of US coconut oil production based in the United States and increased coconut production in the Philippines as small farmers engaged in the burgeoning copra trade. Thus, the period between 1900 and 1940 represents a global vegetable oil boom that witnessed coconut oil production shift from the Philippines to the United States. Additionally, this period witnessed the codification of a copra-based infrastructure that would persist after the post-World War II decades.

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<sup>44</sup> United States, Bureau of Insular Affairs. "Report of the Executive Secretary" in *Report of the Philippine Commission to the President, 1906, Volume 7, Part 1* (Washington: Government Printing Office, 1906): 152

We can gain a fuller sense of key issues in this period by reviewing early US colonial observations of the coconut industry and the increased global demand for vegetable oils, before moving on to discuss their impact on the coconut trade network and coconut planters.

## **Global Coconut Boom**

Beginning in 1902, the First Philippine Commission passed Act No. 261 creating the Insular Bureau of Agriculture and the position of chief of the Bureau as well as experts in animal industry, botany, agrostology, agronomy, tropical agriculture, plant culture and breeding. Later, on 30 September more funds were appropriated to include an expert to conduct fiber investigations. The Bureau's fundamental tasks were to conduct investigations of agricultural techniques and disseminate that knowledge amongst Philippine agriculturalists, as well as look into the improvement and introduction of valuable products.<sup>45</sup>

For a US colonial regime new to commercial enterprises in the Pacific, the Insular Bureau of Agriculture was responsible for cataloging the new environment of the Philippine Islands. Through their botanical work in the Philippines, the Spanish had begun the task of cataloging the various flora and fauna but much of the documentation was destroyed during the US invasion (1899 – 1902). In compiling agricultural knowledge for commercial exploitation, the Insular Bureau of Agriculture replicated other colonial institutions in South and Southeast Asia that cataloged their colonial possessions for profitable agricultural development. Describing the institution as similar to other colonial scientific bodies such as the Imperial Institute in London, Alvin J. Cox, the director of the US Bureau of Science, said that: “The principal object

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<sup>45</sup> United States, Bureau of Insular Affairs. “Manuscript Report of the Chief of the Insular Bureau of Agriculture for the Year Ending August 30, 1902” in *Manuscript Report of the Philippine Commission to the Secretary of War, 1902. Part 3*. USNA. BIA, RG 350, Entry 91, A1375 – A1380: 502.



of the Institution is to promote the utilization of the commercial and industrial resources of the Empire...and the collection and the dissemination of scientific, technical, and commercial information relating to them.”<sup>46</sup> The Bureau in the Philippines had specialized officers in the fields of chemistry, botany, geology, mineralogy, and other branches of technology related to agriculture.

Moreover, as the Bureau’s botanist explained: “A thorough and scientific knowledge of the plants of the islands is the basis on which we must build our future economic work on timber, fiber plants, fruits, medicinal plants, food plants, and those that produce dyes, tans, gums, resins, gutta-percha, etc.”<sup>47</sup> Seeing parallels with their presence in the Philippine islands with other European colonies in the region, the Bureau looked to those institutions for a model to replicate:

In the colonial possessions of England and Holland the fact that an accurate knowledge of the flora of the country is the first essential for future successful agricultural and forestry work, was realized in the beginning and, consequently, we find in Java, Hongkong, Singapore, Penang, Ceylon and India long established botanical gardens, each with magnificent collections of growing plants, both native and foreign, large herbaria and complete botanical libraries. In all these institutions the primary object has been to study and classify the flora of the several colonies and, secondly, to inquire into the economic agricultural forestry problems. The primary work has been accomplished and now these institutions, thus thoroughly grounded, are working largely on economic questions pertaining to agricultural and timber industries.<sup>48</sup>

In the eyes of the Philippine Commission, the Philippine islands were “fundamentally” an agricultural country, so the establishment of a Bureau of Agriculture was considered critical.

Throughout the Bureau's investigations of the Islands and other countries in the region,

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<sup>46</sup> Cox, “The Philippine Bureau of Science,” 2.

<sup>47</sup> United States, Bureau of Insular Affairs. “Manuscript Report of the Chief of the Insular Bureau of Agriculture for the Year Ending August 30, 1902” in *Manuscript Report of the Philippine Commission to the Secretary of War, 1902. Part 3*. USNA. BIA, RG 350, Entry 91: A1375

<sup>48</sup> Ibid. A1375.

two things are immediately apparent: first, US colonial scientists were not very interested in coconut production and, second, they knew surprisingly little about the subject. As explained in the 1902 Manuscript Report of the Insular Bureau of Agriculture, Thomas Hanley, the Bureau of Science's Plant Culturalist, visited Ceylon in 1902 and documented the agriculture and the botanical gardens. While traveling from Colombo to Kandy, he noted his conversation with an "educated Singalese" and discussed the agricultural resources of the Islands. In this interaction with an individual who owned a plantation that specialized in coconuts, Hanley revealed his limited knowledge through his assumption that shorter palms must be better because they were less likely to topple over from strong winds.<sup>49</sup>

In the first 5 years of US colonial rule, the main crops of interest for the Philippine Commission were sugar, tobacco, and abaca. Much of the documentary evidence and reports of the Commission reveal that sugar was to be the primary crop; so much so that the commission instructed the new president of the agricultural school to link it to all major sugar areas.

The Philippine Commission directed the appointed president of the proposed school of agriculture, George D. Bill, to assess the productive attributes of land in the Philippines. One of his first observations was on the island of Negros where he noted the physical description of the island and properties of the soil. Much of the island was suitable for cane sugar as that was the primary interest of the investigation, detailing that the eastern portion of the island was considered to be some of the most profitable on the island and that the soil was abundant in nutrients. Throughout the initial manuscript reports, Bureau investigators paid minimal interest in coconut cultivation.

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<sup>49</sup> United States, Bureau of Insular Affairs, "Exhibit 'r', Notes on Agriculture in Ceylon and On the Botanical Garden at Peradeniya" *Manuscript Report of the Philippine Commission to the Secretary of War, 1902. Part 3*. USNA. BIA, RG 350, Entry 91: A1513.

On March 21, 1902, another agricultural investigator, Oswald A. Steven, traveled to Cebu and Negros with instruction from the Interior Department to examine the islands for selection of a suitable site for a model sugar estate, an experimental farm, with the intent to combine them into an industrial school. Steven's report shows, yet again, little knowledge about coconuts, stating that: "the manufacture of copra, to attain perfection, requires a strong briny air of the sea, and only grows to perfection near its shores. It is invariably attacked when planted inland, which either kills it or stops its production."<sup>50</sup> Steven's understanding that "briny air" and required proximity of coconuts to the shores was surprisingly common during this period.

During early encounters with coconut cultivation, Western observers often promoted unscientific ideas concerning coconut cultivation. Western Agriculturalists, in particular, viewed sandy soils as a necessity for the growth of coconut trees. In 1836, when coconut oil became a staple commodity for the manufacture of candles in Europe, British scientists began defining zones particularly suitable for cultivation. James Low, an officer turned captain in the English East India Company, who spent much of his career in Penang and later Singapore before retiring in 1850, published a dissertation outlining the potentials of tropical crop cultivation. He stated that the coconut: "is partial to a sandy soil in the vicinity of the sea" and that access to greater amounts of beach territory would provide an abundant source of coconuts as opposed to inland soils.<sup>51</sup>

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<sup>50</sup> United States, Bureau of Insular Affairs, "Exhibit 's': Report of Investigation In the Islands of Cebu and Negros With The View To The Selection of a 'Site for a Model Sugar Estate'" in *Manuscript Report of the Philippine Commission to the Secretary of War, 1902. Part 3*. USNA. BIA, RG 350, Entry 91: A1522.

<sup>51</sup> James Low. "A Dissertation on the Soil and Agriculture of the British Settlement of Penang or Prince of Wales Island, In the Straits of Malacca; Including Province Wellesley On the Malayan Peninsula with Brief References to the Settlements of Singapore and Malacca. (Singapore: Singapore Press Free Press Office, 1836). 43.

Based on Western observations, coconut trees grew best closest to the ocean, while other studies introduced spurious ideas that salt water and the ocean breeze were important for the tree's proliferation. These misconceptions reveal not only the limited reach of Western colonial powers in maritime Southeast Asia but also show the infancy of the industry and thinking at the time.

In the Philippines, coconut production was limited as well. During the transition from Spanish to American rule, the Philippine coconut industry's most prominent zone was located in Tayabas (present day Quezon province). Though copra production existed, the region was more known for its production of *tuba*, an alcohol beverage derived from the fermentation of the sap of the coconut flower bud.<sup>52</sup> The production of coconut wine was such an integral part to the local Tayabas economy that the Philippine methods of wine making had migrated to parts of Mexico during the Manila Galleon period. In the Bicol region as well, copra exports were relatively small compared to hemp production. Compared to the principal exports of Bicol, sugar and hemp, copra was relatively small.

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<sup>52</sup> Edwin Bingham Copeland. *Elements of Philippine Agriculture*. (New York: World Book Company, 1908). 126.

	1894	1895	1896
Hemp	12,750,000	13,317,000	11,160,000
Sugar	12,500,000	12,239,000	14,000,000
Tobacco Leaf	2,310,000	2,705,000	2,630,000
Cigars	1,500,000	1,786,200	1,990,000
Copra	2,500,000	2,898,000	2,630,000
Coffee	412,000	158,000	67,500
Sapan-wood	102,000	58,400	70,000
various	115,000	60,800	224,000
Total	32,279,000	33,225,200	32,271,5000

**Fig. 2.1 - Principal Exports, 1894-1896 (in US dollars)<sup>53</sup>**

In other parts of the Philippines as well, coconuts were grown, although local economies were diverse in agricultural products. In 1903, the provincial governor in Samar, Julio Llorente, reported to the governor general Samar's conditions after the war, noting continued insurgency, extension of postal service, the relative peace, as well as, notes on industry and agriculture.<sup>54</sup> Llorente was born in Cebu and was appointed governor by the Philippine Commission in 1903.<sup>55</sup>

<sup>53</sup> Max L. Tornow, "A Sketch of the Economic Condition of the Philippines," in U.S., 55<sup>th</sup> Congress, 3d Session, Sen. Doc. No. 62, Part 1, *A Treaty of Peace Between the United States and Spain* (1899), 620. The totals here are slightly higher than those in the Census of 1903.

<sup>54</sup> United States, Bureau of Insular Affairs, "Office of the Provincial Governor Province of Samar, 1903" in *Manuscript Report of the Philippine Commission to the Secretary of War, 1903. Volume 912* USNA. BIA, RG 350, Entry 91, Volume 15-89: B2122.

<sup>55</sup> Julio Llorente: had been earlier named Gov of Cebu as a Taft-friendly Federalistas but was in 1901 defeated in Cebu and later named Gov of Samar; he was from a family that owned large sugar lands in northern Cebu, all acquired by his Spanish father. He was a sugar baron, but their lands were increasingly sold off to other landowners.

During his governorship, he detailed the agricultural work in the area stating, abaca and coconut were the primary agricultural products. Additionally, Llorente stated that Samar exported copra and hemp with Samar being a primarily abaca producing region. We also see other local industries such as the manufacture of vino from nipa and family industries making mats, hats, baskets, etc. from buri palm.<sup>56</sup>

Additionally, during David Brill's investigation of Negros, he also noted coconut groves along both coasts of the island with the majority of production for subsistence purposes, producing coconut alcohol from the flower. The great majority of the coconuts were used for local oil consumption.<sup>57</sup> Total value of Philippine copra exports in 1902 was US \$1,001,656 and by 1903, exports increased to US \$4,472,697.<sup>58</sup> The minimal copra exports from the Philippines during this period can be attributed to the resistance campaigns by Philippine guerrilla forces in the coconut producing regions of Laguna and Tayabas, but more accurately, the small production numbers also represent a lack of a copra industry within the islands as well as the minimal interest in coconut products by the Americans.

Despite American ignorance concerning coconut cultivation, the *Philippine Journal of Science* did much to disband the myth surrounding the limitations of coconut cultivation. In 1906, its first year of publication, the journal had three articles by Paul Freer (the director of the

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<sup>56</sup> United States, Bureau of Insular Affairs, "Office of the Provincial Governor Province of Samar, 1903" in *Manuscript Report of the Philippine Commission to the Secretary of War, 1903. Volume 912* USNA. BIA, RG 350, Entry 91, Volume 15-89: B2135.

<sup>57</sup> United States, Bureau of Insular Affairs, *Manuscript Reports of the Second Report of the United States Philippine Commission on Affairs in the Philippine Islands. Vol. 2.* Entry 91, BIA, RG 350, USNA: 922, 340.

<sup>58</sup> United States, Bureau of Insular Affairs, "Report of the Civil Governor For the Period Ending December 23, 1903" in *Fourth Annual Report of the Philippine Commission.* Entry 91, USNA, BIA, RG 350, Box 5: B73.

Bureau of Science), Edwin Bingham Copeland (botanist and instructor at the newly established Agricultural University located in Los Banos, Laguna), and agriculturist Herbert Spencer Walker that established the fundamental knowledge that coconuts could be cultivated anywhere, even away from the ocean. Copeland's piece in particular emphasizes this point:

“As is true for every cultivated plant, it is possible to create for the coconut conditions altogether more favorable for its utmost thrift than are ever known to occur in nature. It naturally grows in a “poor” soil – that is in one in which its mineral and nitrogenous raw food is present in very dilute solution. We can improve its environment in this respect, and can profitably carry this improvement much further than is the general practice at present.”<sup>59</sup>

The *Philippine Journal of Science* did much to dispel the myth that oceans and salt water were important to coconut cultivation. In his publication “The coconut and Its relation to the Production of Coconut Oil,” Herbert S. Walker, chemist at the Bureau of Science, briefly made mention of the myth of coastal propagation by stating that the trees that grow closer to the seashore are “noticed” to be more productive than those that grow further away from the shore.<sup>60</sup> After studying the different soil samples and different areas of coconut trees, Walker determined that, “the superior growth of trees near the sea might well be accounted for theoretically by the physical characteristics of the soil alone.”<sup>61</sup> From the thirteen different soil samples that he assayed chemically, soils further inland actually proved to be “somewhat superior” resulting in greater production of the coconut flesh for copra.<sup>62</sup>

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<sup>59</sup> Edwin Bingham Copeland. “On the Water Relations of the Coconut Palm (*Cocos Nucifera*)” *The Philippine Journal of Science* 1 no. 1 (Bureau of Printing: Manila, 1906).

<sup>60</sup> Ibid: 53-54.

<sup>61</sup> Ibid: 53-54.

<sup>62</sup> Ibid: 53-54.

Between 1906 and 1926, a total of twenty-six papers on cultivating the coconut industry were published by the Bureau, with nine of those occurring within the first two years.<sup>63</sup> Besides geographic location for optimal coconut growing, the Bureau also investigated the storage qualities of copra and the causes of its rancidity. Improved methods for drying copra, and experimentations in oil extraction.

Between 1910 and 1925, the number of trees throughout the islands increased by 36 percent, while copra production increased by 345 percent. Domestic consumption of coconuts during this period decreased as farmers sold more copra for global consumption. Coconut producers in both the Laguna and Tayabas regions were major suppliers of the copra trade during this prewar period. However, growers in these regions were not dependent on the copra market, with many growers able to shift production between tuba and copra, depending on price.<sup>64</sup>

According to Norman Owen, “between 1901 to 1919, exports of all coconut products from the Philippines increased at an average annual rate of 9 percent in volume and 16.5 percent in value.” As noted by a Catanduanes official in 1915, “There were no buyers for the coconuts in 1905. One simply asked for them, and many coconut-tree owners left the nuts where they had fallen.” The advancement of the industry in Bicol and throughout the world was because of a growing market in copra. And the same official said: “At the beginning of 1905 the firm Smith, Bell & Co. Ltd. began to buy copra here and only then the agriculturalists of Catanduanes began to pay attention to the coconut.” The coconut production was so popular that agriculturalists “began to plant coconuts with such enthusiasm that at present nearly all the level land on the

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<sup>63</sup> Fabian Dayrit, “A Brief History of the Philippine Coconut Industry as Reflected in the *PJS*, 1906 to 2005” *The Philippine Journal of Science*. Centennial Ed. (Quezon City: Manila): 1-10.

<sup>64</sup> J. F. Boomer, “Improving the Copra Industry in Philippines.” *Daily Consular and Trade Reports* (23 Oct. 1914: 411.



island which is not public land is planted to coconut, including even land hitherto only used for the cultivation of rice.” Owen even states that the governors of Albay, Sorsogon, and Ambos Camarines, reported that abaca planters were switching to coconuts especially during the fall in abaca fiber prices between 1907 – 1911.<sup>65</sup> Officials explained that “Commercial coconut production in Kabikolan developed as an indigenous smallholder enterprise responding to price incentives passed down through customary marketing channels.”<sup>66</sup>

	<b>Trees (Number)</b>	<b>Nuts Consumed for Food</b>	<b>Copra Production (Kilos)</b>	<b>Oil Prod. (Liters)</b>	<b>Tuba Prod. (Liters)</b>
1910	32,838,544	311,609,148	125,140,822	6,993,513	174,483,484
1911	41,695,165	154,980,726	118,980,726	6,602,966	37,649,880
1912	46,136,349	96,262,490	174,035,835	4,868,101	39,842,911
1913	44,642,411	147,981,014	116,699,818	5,010,540	42,145,874
1914	49,190,368	63,057,700	107,382,931	3,595,332	54,048,393
1915	52,829,678	72,441,158	171,573,963	3,175,626	51,272,213
1916	52,153,047	63,818,406	141,764,193	2,688,305	53,938,612
1917	60,244,047	64,586,492	186,510,962	2,623,687	43,674,587
1918	67,120,399	91,612,157	346,656,535	4,555,330	83,922,803

<sup>65</sup> Norman Owen. *Prosperity Without Progress: Manila Hemp and Material Life in the Colonial Philippines* (Quezon City: Ateneo de Manila University Press, 1984): 177.

<sup>66</sup> Ibid: 177.

1919	----	----	----	----	----
1920	74,850,102	75,358,583	349,384,855	5,142,213	100,315,522
1921	83,591,896	83,556,120	374,622,476	2,706,723	103,854,736
1922	84,536,710	68,239,00	378,407,588	2,872,230	105,431,050
1923	86,707,380	57,556,000	368,130,812	2,578,770	121,802,580
1924	87,460,000	45,588,000	387,036,238	1,865,770	114,381,800
1925	89,637,770	111,678,000	362,220,100	1,993,450	57,252,230

**Fig. 2.2 - Philippine Coconut Production, (Trees Cultivated, Nuts Consumed, Copra, Oil, Tuba, Produced - 1910 - 1925).<sup>67</sup>**

European agriculturalists spawned greater interest outside the Philippines as well. In 1912, Sir William H. Lever, a store clerk turned manufacturer and founder of Lever Brothers wrote: “I know of no field of Tropical Agriculture that is so promising at the present moment as coco-nut planting, and I do not think in the whole world there is a promise of so lucrative an investment of time and money as in this industry.”<sup>68</sup> Published against the backdrop of declining prices in the Brazilian rubber trade, *Coco-nuts; The Consols of the East*, promised readers in Europe guaranteed financial returns. If rubber symbolized a volatile commodity to be sold in the stock market, coconuts symbolized a strategic and calculated investment, similar to a

<sup>67</sup> “Crop Statistics for the Philippine Islands, Coconuts” The Government of the Philippine Islands. Department of Public Instruction. Bureau Of Agriculture, Office of Statistics. From USNA. RG 350. Entry 5. Box 145. Folder- “838-86 and With misc. Inquiries Copra P.I., Part 2”

<sup>68</sup> H. Hamel Smith and F. Pape. *Coco-nuts; The Consols of the East*. (London; Tropical Life Publishing Dep., 1911): XI.

government-issued bond.<sup>69</sup> Land, as argued by the authors, could be transformed into an equity, as long as planters were able and willing to withstand the seven-year wait for trees to mature and fruit abound.

The discussion of coconuts in *Consols of the East* was similar to American colonial concepts of timber, which transformed trees into commodities and North American forests into sites of resource extraction through a process of transforming natural capital into liquid capital, rendering the natural environment a source for material wealth. The writings of H. Hamel Smith and F. Pape compare coconuts to a consol, short for consolidated annuity, or a perpetuated bond issued by the government with no maturity date, encouraging the idea of transforming natural environments into sites of coconut cultivation, later to be rendered as equity within the eyes of the planter. The concept of a bond also required a sense of faith between purchaser and issuer, so that the coupon disbursed could be redeemed at a later date for monetary value. In this case, Lever and other authors were arguing that coconuts could be transformed into a commodity of value in the world market.

The explosion of coconut cultivation was a result of the commodification of the coconut meat into copra for industrial use by European countries. The excitement of this new tropical industrial product can be seen in two important publications of the time that stated:

This volume, in a word, has been arranged so as to mainly deal in plain language with the practical side of the Coconut industry and to emphasize, in the first place, all information which should lead to an interest being taken in, and to the adoption of, an Industry which has played, and is destined to play in the near future, an important part in the successful development of some of our most promising Tropical Dependencies and Colonies.<sup>70</sup>

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<sup>69</sup> William Cronon. *Nature's Metropolis: Chicago and the Great West*. (New York: Norton and Company, 1991): 28 – 31.

<sup>70</sup> H. Hamel Smith and F. Pape. *Coco-nuts; The Consols of the East*. (London; Tropical Life Publishing Dep., 1911): XXI.

The points enumerated in this article, together with the fact that the world's production of edible animal fats is not growing in proportion to the increase in civilization and consequent higher state of living, are the causes, among others referred to later, for the awakened interest in the COPRA or Coco-nut industry, and the feverish anxiety which is displayed to control plantations of the Coco-nut tree.<sup>71</sup>

Though production increased outside the Philippines, coconut plantations were susceptible to increased plant disease such as bud-rot, limiting the geographic spread of coconut production. In Cuba, between 1907 and 1912, bud-rot virus had devastated the coconut landscape, killing half the trees in Baracoa and reducing oil factories that once operated day and night to only working two days a week. Exports from Baracoa dropped from 18 million to 6 million tons. The trees in Cuba were infected with the bud-rot virus for five years, crippling an industry so close to the US market.<sup>72</sup> Throughout Cuba, entire plantations were destroyed. In other producer nations, coconut beetles laid waste to crops for European export. In 1912, in the southern part of Siam, the coconut industry was severely damaged by these agricultural pests, with many plantations left completely abandoned. During the previous years, the coconut beetle devastated older coconut plantations. Even the newly established coconut groves near the cities were attacked and could not be reestablished as many of the villages were breeding places for the grubs of the coconut beetle.<sup>73</sup> In the Philippines, Bud rot appeared in two or three districts at the time with outbreaks occurring in Misamis and Mindanao, however, infection was not wide-spread.

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<sup>71</sup> *The Cult of the Coconut: A popular exposition of the coconut and oil palm industries.* (London: Curtis Gardner, 1912): 4.

<sup>72</sup> Bureau of Agriculture. Department of Public Instruction. *The Philippine Agricultural Review* (Manila: Government of the Philippines Islands, 1912): 97.

<sup>73</sup> *Ibid*: 97.

In this seminal period for the product, there was a limited market for vegetable fats in the United States. However, beginning in 1912, a processing facility established in Portland Oregon, began advertising domestic consumption of coconut products, using copra from the Philippines and other South Pacific archipelagos. The main product produced in the Portland plant was called Kaola, which was a vegetable butter that resembled “suet”, primarily used in cooking pastry as a substitute for animal lard. The Portland product did not have a yellow color to it unlike the European vegetable butters that used egg yolk for coloring. The uncolored or white coconut based vegetable oil limited the use of the product as a “table butter” for most Americans. The Kaola product was unique in the sense that it did not have any water content thus the coconut butter would not go rancid and did not have any offensive odor when cooking. The new coconut butter product cost less than half the price of dairy butter, which the *Philippine Agricultural Review* hoped would find favor with the cooks and housewives of America.<sup>74</sup> However, US consumption of copra remained relatively small with exports directed primarily to Europe.

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<sup>74</sup> Ibid: 96.

<b>Countries</b>	<b>1911</b>	<b>1912</b>	<b>1913</b>	<b>1914</b>	<b>1915</b>
U.S	14,969	20,858	9,879	17,894	20,882
U.K.	3,782	2,513	2,306	5,468	14,111
France	83,684	79,250	43,638	38,755	62,074
Germany	10,289	14,037	10,583	6,363	----
Spain	10,218	9,206	9,874	9,627	20,041
Italy	2,245	2,564	----	2,908	15,016
Netherlands	98	----	----	----	----
Japan	279	583	559	1,289	1,427
Other Countr.	14,337	11,523	4,081	3,661	3,344
<b>Total</b>	<b>139,901</b>	<b>140,534</b>	<b>80,920</b>	<b>85,965</b>	<b>136,895</b>

**Fig. 2.3 - Exports of Copra From the Philippine Islands, 1911 - 1915. (In Tons).<sup>75</sup>**

The common narrative is that copra gained popularity through its use for chemical-industrial products like soaps and margarine. World War I did indeed add to the coconut oil boom and fundamentally changed global coconut trade. The US Bureau of Foreign and Domestic Commerce's "Daily Consular and Trade Reports," provide insight into the war's impact on the fats and oils market. Copra shipments to both Germany and France were severely restricted during this period.<sup>76</sup> By 1914, copra shipments were halted by war. France being the major

<sup>75</sup> Philippine Islands. Bureau of Commerce and Industry, *Statistical Bulletin* 1 (1918). USNA II. Record Group 350. Entry 5. Box 148. Folder 838 - 98.

<sup>76</sup> R. P. Skinner, "Present Utilization of Copra" *Daily Consular and Trade Reports* (28 December 1914): 1334. USNA II. Record Group 350. Entry 5. Box 148. Folder 838 - 98.

consumer of Philippine coconut oil was no longer consuming copra. The Daily Consul and Trade Report reveals the perceived opportunity for American Merchants stating:

Cablegrams have been received from Manila by the Insular Bureau, War Department, Washington, stating a market is urgently needed for Philippine copra. The attention of American manufacturers of vegetable butter, soap, etc., is called to the fact that large quantities of copra are available at Manila, and that the Manila Merchants' Association will assist in making contracts.<sup>77</sup>

Western interest in Philippine copra production was so pronounced during this period, the US Consulate General of London, Robert Peet Skinner concluded that the Philippine copra market would be impacted for a considerable time. "In the meantime," Skinner opined, "American manufacturers should take advantage of an exceptional opportunity now confronting them to convert a raw material into merchantable products which is produced upon a larger scale in American dependencies than anywhere else in the world."<sup>78</sup> By 1 January 1914, *The Examiner*, a San Francisco newspaper, reported a new shipping line connecting Manila to San Francisco, facilitating the start of increased shipments of copra to the US<sup>79</sup> Additionally, copra scheduled for shipment to Germany's manufacturing facility in Hamburg, were directed to Marseille, France and Spain, with French factories running "day and night" according to one Daily Consular and Trade Report, with French labor needs being imported from Spain.<sup>80</sup>

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<sup>77</sup> J. F. Boomer, "Market Necessary for Philippine Coconuts." *Daily Consular and Trade Reports* (1 Oct. 1914): 14. USNA II. Record Group 350. Entry 5. Box 148. Folder 838 - 98.

<sup>78</sup> R. P. Skinner, "Present Utilization of Copra" *Daily Consular and Trade Reports* (28 December 1914): 1334. USNA II. Record Group 350. Entry 5. Box 148. Folder 838 - 98.

<sup>79</sup> "New Boat Line to Philippines: Manila Merchants Will Send Copra Here, Taking Back California Goods" *Examiner* (1 Jan. 1914). USNA II. Record Group 350. Entry 5. Box 148. Folder 838 - 98.

<sup>80</sup> J. F. Boomer, "Readjustment of Philippine Traffic" *Daily Consular and Trade Reports* (23 Nov. 1914): 869. USNA II. Record Group 350. Entry 5. Box 148. Folder 838 - 98.

Despite the presence of these new manufacturing facilities in the United States, oil manufacturing in the Philippines continued during this period. The two major oil manufacturers during this period were the Philippine Vegetable Oil Company and the Visayan Refining Company in Cebu.<sup>81</sup>

As the war entered its third year in 1917, the Philippine coconut oil industry continued to grow, as manifest in two main features, cash infusion from American bank speculation and money lending, which served to increase copra and oil exports. According to the Department of Agriculture and Natural Resources, From 1 January to 30 June 1916, the top two mills produced roughly 14.6 million liters of oil valued at US \$3 million.<sup>82</sup>

While large millers were responsible for the majority of oil production, copra and coconut oil continued to be manufactured between the interstices of capitalism as local production and local producers participated in the worldwide demand for increased fats and oils. In the year ending in June 30, 1916, small mills produced approximately 2.7 million liters for domestic consumption, valued at US \$355,000. While some mills used modern extraction technology, smaller mills were operated by individual farmers and their families, with the assistance of one or two helpers.<sup>83</sup>

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<sup>81</sup> "The Philippine Copra Industry" *The Sun, New York* (3 November 1917). USNA II. Record Group 350. Entry 5. Box 148. Folder 838 - 98.

<sup>82</sup> C. Atwood Gardiner, "Local Processes of Coconut – Oil Extraction in the Philippines" *The Philippine Agricultural Review* 10, 1 (First Quarter, 1917): 27

<sup>83</sup> Ibid: 27



Year	Quantity	Value
1910	6,993,513	1,448,564
1911	6,602,966	1,980,890
1912	4,868,101	1,460,430
1913	5,010,540	1,503,162
1914	3,595,332	1,225,413
1915	3,175,626	662,491
1916	2,688,305	713,288
1917	2,623,687	831,810
1918	4,555,330	1,351,192
1919	5,142,213	1,877,200
1920	2,879,452	1,711,322
1921	2,706,723	1,427,312
1922	2,872,230	1,087,630
1923	2,578,770	911,790

**Fig. 2.4 - Home Production for Local Production, Quantity (Liters) and Value (Pesos), 1910 - 1923.<sup>84</sup>**

The Philippine Bureau of Agriculture conducted observations throughout the Islands to document the small millers and their techniques and technologies. By and large, most such mills were small buildings, roughly 20 by 30 feet in size, described by the agricultural review as being a “lean-to”, a building or extension to an existing building, often the owner’s house, that extended out the side and leaned in a downward angle.<sup>85</sup>

<sup>84</sup> “Coconut Production for the Philippine Islands.” The Government of the Philippine Islands. Department of Agriculture and Natural Resources. Bureau of Agriculture. Division of Farm Statistics. From USNA. RG 350. Entry 5. Box 145. Folder- “838-86 and With misc. Inquiries Copra P.I., Part 2.”

<sup>85</sup> C. Atwood Gardiner, “Local Processes of Coconut – Oil Extraction in the Philippines” *The Philippine Agricultural Review* 10, 1 (First Quarter, 1917): 28.

The machinery inside the mills were first the *tapasan*, an instrument still used today even in large plantations on the island of Mindanao, that consist of a steel pole sharpened to form a pointed edge, fastened to a tripod or dug into the ground used to de-husk the coconut. While this instrument is the simplest in design, the work required to unhusk the coconuts is taxing as the worker strikes the coconut onto the metal rod, twisting the coconut and tearing the outside husk and repeating the motion until just the nut is left. Workers engaged in this task repeated the motion for 10 to 12 times per nut and could dehusk 1,000 to 1,500 nuts a day. After the nuts were de-husked, they were cut in half, with a *bolo*. Since the water was not an important commodity, it was often wasted, while other times it was saved for the cattle.<sup>86</sup>



**Graphic 2.1 – Worker using a *kabiawa* to de-husking coconut**

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<sup>86</sup> Ibid.: 28.

After the nut was husked and cut, the meat of the coconut was extracted with a *kabiawan* a self-operated machine that consisted of a steel brush or metal points attached to a horizontal shaft, that would spin either clockwise or counterclockwise by stepping on right and left pedals that were connected to the rod creating a motor-like shredding device. The ropes were wound around the shaft.<sup>87</sup> By pressing the half-cut opened coconuts, the worker would press the coconut onto the spinning shaft with the brush attached to the end and shave the interior coconut meat. Like the dehusker, the operator of this machinery could remove the meat from roughly 1,000 nuts per day. After being extracted, workers equipped with a *bithay*, a flat woven basket similar to a sieve, would allow small particles to pass through leaving only the larger particles for pressing.<sup>88</sup>

Workers operated these presses, or *ilohans*, constructed with a wooden roller plank weighted with rocks or stones tied around the center. The worker then used handles attached at each end of the plank, rolling it back and forth, adding more coconut meat as ground meat dropped to the floor. Other forms of presses existed which consisted of a round concrete roller.

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<sup>87</sup> Ibid.: 28.

<sup>88</sup> Ibid.: 29.



**Graphic 2.2 – Ilohan in Tayabas used for grinding coconut meat**

After the coconut was husked, extracted, sifted and ground, the meat then went through a boiling process which involved a *kawa* or large metal bowls to boil the meat, using the husks and nuts for fuel. After the meat was boiled, it was then placed in bamboo baskets, called *andulan* in preparation for the first press. First, workers placed the meat inside a cheesecloth-like basket (*andulan*) and placed inside the press (*hapitan*), two large wooden planks loosely fastened horizontally. Next, the operator would fasten a screw to the planks, crushing the meat, and pressing the oil out into a *banka*, or wooden bowls found underneath the press.<sup>89</sup> After the first press the cake, or meat, would be reground in the *ilohan*, and put through the same process and

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<sup>89</sup> Ibid.: 30.

then thrown away. Finally, the oil was placed in coal-oil cans and transported either by pony or sold to local buyers who would barrel and ship the oil to Manila.<sup>90</sup>



**Graphic 2.3 – Tayabas *hapitan*, coconut oil press.**

While the output of the small mills compared to the larger mills was relatively small and the labor of transforming the coconut into a commodity was considerable, these small factories dotted the Tayabas region and the coconut-producing landscape. While production varied from factory to factory, it was estimated that with two presses, one grinder, and two meat extractors, as well as the acts of husking and opening the coconuts, three men were able to extract the oil from 2,000 nuts in a week. The method produced roughly 113 liters of oil per 1,000 nuts, or a

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<sup>90</sup> Daniel Doeppers, “Lighting a Fire Home Fuel in Manila, 1850 - 1945” *Philippine Studies*, 55, 4 (2007): 419-447.

weekly output of 226 liters per three men, which could be marketed in 1917 at 21 cents per liter or roughly 48 dollars each week.<sup>91</sup>

Province	Oil Made (Liters)	Value (Pesos)	Copra Made (Kilos)	Value (Pesos)
Quezon	346,354	56,175	106,946,450	3,913,798
Samar	99,331	15,893	38,709,502	1,384,159
Misamis Oriental	36,737	7,346	28,058,401	1,139,900
Leyte	77,351	16,419	24,870,929	980,814
Zamboanga	121,387	24,277	24,832,060	930,472
Sorsogon	226,514	36,214	23,136,220	966,070
Misamis Occ	50,217	8,035	22,097,592	874,642
Laguna	74,788	16,327	20,401,120	834,046
Albay	147,508	28,027	18,139,433	787,151
Surigao	36,261	6,526	16,923,779	599,756
<b>Philippines</b>	<b>3,268,204</b>	<b>623,493</b>	<b>504,391,986</b>	<b>19,620,157</b>

**Fig. 2.5 - Coconuts: Quantity of Homemade Oil and Copra Produced and Value, By Provinces, (1939).<sup>92</sup>**

Modern Mills also dotted the coconut landscape that could be purchased in bulk oil drums. Roughly 15 mills centered in Manila, Quezon Province, Cebu, Bohol, and Zamboanga produced oil for domestic consumption. Combined, with smaller manufacturers, these mills could produce over 1 million liters:

- Calamba Sugar Estate, 115 13<sup>th</sup> Port Area, Manila
- Jao Cui Pien, 809 Reina Regente, Binondo Manila.

<sup>91</sup>C. Atwood Gardiner, "Local Processes of Coconut – Oil Extraction in the Philippines" *The Philippine Agricultural Review* 10, 1 (First Quarter, 1917): 31.

<sup>92</sup> Republic of the Philippines. *Yearbook of the Philippine Statistics, 1946* (Manila: Bureau of Census and Statistics, 1947): 156

- Lee Ang Cheim, 808 Martires, Cebu City.
- Luzon Industrial Corporation, Uy Chaco Bldg., Dasmarinas, Binondo, Manila
- Madrigal Oil Factory, 8 Muelle del Banco National, Manila.
- Oriental Refining Co. (Lu Do & Lu Ym Co.), 203 Plaridel, Cebu City.
- Pangasinan Manufacturing Col., Inc., P.O. Box 11, Dagupan, Pangasinan
- Philippine Coconut Products, Inc. Nagcarlan, Laguna.
- Philippine Desiccated Coconut Corporation, Recodo, Zamboanga City.
- Philippine Manufacturing Co., 13<sup>th</sup> Street, Port Area, Manila
- Philippine Refining Co., Inc., 1035 Isaac Peral, Ermita, Manila.
- San Pablo Ice and Oil Factory, Inc., San Pablo, Laguna.
- Spencer. Kellogg & Sons, Inc., Tomas Claudio, Manila.
- Sun-Ripe Coconut Products Co., San Pablo, Laguna.
- Uy Ping Con & Co., Tagbilaran, Bohol.<sup>93</sup>

By 1917, however, US copra manufacturers (oil mills based in the United States) increased production during this period as well. In total, there were five copra crushers and oil manufacturers in the United States. On the Pacific coast, the El Dorado Oil Works, located in West Berkeley and the Pacific Coast and Lead Works of San Francisco worked to capacity and supplied a large percentage of US demand all the way to Chicago. On the East Coast, there were five crushing and oil manufacturers, most notably Franklin Baker Company in Philadelphia and New York. Smaller manufacturers however, such as the India Refining Company in Philadelphia and the Nucoa Butter Company, in Bayonne New Jersey, increased US copra-crushing

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<sup>93</sup> Francisco Agcaoili. Notes on Soapmaking. Commonwealth of the Philippines. Department of Agriculture and Commerce. Popular Bulletin 21 (1941): 21.



capabilities, manufacturing edible butter and selling surplus oil to soap industries. These manufacturers, according to the *New York Journal of Commerce and Commercial Bulletin*, consumed the bulk of copra traded from the Philippines to the United States.<sup>94</sup> By 1917, San Francisco was a major trading center for coconuts, with copra imports increasing from 23,000 tons in 1912, to 130.5 thousand tons by 1917.<sup>95</sup>

After 1922, US imports of coconut products shifted from larger quantities of coconut oil to copra. Increased competition of coconut oil in margarine products, as well as, new oil manufacturers in the United States drove most of this shift in production. Both industries were able to successfully lobby for a 2-cent duty applied to all coconut oil manufactured outside the United States. American lobby groups such as the National Dairy Union, argued dairy farmers needed protection against cheap alternative vegetable oils. The Union's representative, A.M. Loomis, focused specifically on the Philippine coconut industry, arguing American dairy producers could not compete against cheap foreign labor, adding Philippine coconut oil threatened American consumer health:

Even if these products made of vegetable oils were of equal food value with our own food fats, we would still urge you to protect our American industry. But they are not of equal food value. Scientific authority agrees that the vegetable oils are deficient in the vital food elements which produce growth, protect health, and prolong life.<sup>96</sup>

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<sup>94</sup> Edgar H. Laing, "Cocoanut Oil Industry in the United States: Virtually a Product of the War's Disturbance of Ordinary Sources of Supply - Plants on Both Atlantic and Pacific Coast; Also in the Philippines' *New York Journal of Commerce and Commercial Bulletin* (3 Feb. 1917).

<sup>95</sup> "Big Trade Started in Cocoanut Meat, Oil" *Examiner* (10 March 1917).

<sup>96</sup> U.S. Congress, Senate, Committee On Finance. Hearings Before the Committee On Finance United States Senate on the Proposed Tariff Act of 1921 (H.R. 7456). 67th Cong., 1st Sess., (Dec. 5, 1921 - September 22, 1922): 1174-1183.



Loomis' scientific claim about coconut oil is representative of dairy lobbyists attacks directed toward the Philippines coconut industry during this period. El Dorado Oil Works also lobbied the Congressional committee to tax Philippine coconut oil imports stating:

“We ask that, after the words ‘coconut oil’...the words ‘including coconut oil imported from the Philippines Islands’ be added. In other words, if this coconut-oil industry in this country, which has been successfully built up over a number of years, is to live, it has got to be protected against manufacturers or crushers in the Philippines Islands.”<sup>97</sup>

El Dorado Oil Work's representative, Barry Mohun, distorted the truth about the Philippine coconut industry by arguing El Dorado was a long established manufacturing facility, while the Philippine oil industry was a relative newcomer, stating:

The industry in this country is relatively old, but the industry in the Philippine Islands is very new. It results solely from war conditions. There was an embargo placed on the exportation from the Philippine Islands of copra. It was done by Governor General Harrison out there during the war, and the reason therefore was the shortage of bottoms, the need for ships, because copra occupies six or seven times as much space in the hold of a ship as the oil does. Perhaps I am not right in the ratio, but considerably more space in the hold of a ship than the oil in bulk. That embargo afforded just the opportunity which the local crusher needed. It prevented the exportation of copra, and he had then the raw material at his door and had freedom from the high income and excess-profits taxes which his competitor in the United States is subjected to, and the cheap labor.

These protectionist arguments did not, however, represent all US industries concerned with fats and oils. C. Rogers Brown, representing the Bureau of Raw Materials for American Vegetable Oils and Fats Industries, detailed US manufacturers' global competitive advantage arguing that they were on the “offensive” and did not need protection. Brown, on behalf of such firms as Procter & Gamble, laid a map of the world in front of the committee, with various countries colored differently, indicating what

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<sup>97</sup>Ibid.: 1177.

types of oil or fat was produced. Brown argued that each fat has a unique property that can be used for the manufacture and manipulation of various finished products. Brown, simply considered any vegetable fat a competition, instead a product to be manipulated into a new product for consumption throughout the global economy:

In our soap industry we export \$15,000,000 worth of soap. This card [indicating] contains all of our products that we export - a hundred and fifty million dollars' worth of animal lard, \$12,000,000 worth of vegetable oil, \$37,000,000 worth of refined cottonseed oil, a hundred and fifty million pounds of soap, or \$15,000,000 worth, 15,000,000 pounds of oleomargarine, \$25,000,000 worth of paint, and 47,000,000 pounds of soya-bean oil. We bring it in here, pass it through our industries, and ship out the refined product.<sup>98</sup>

Brown emphasized the American labor requirement for industrial oil refining and manufacture. This revelation to the committee more than likely had an impact on which items received import taxes. The 1921 Tariff act, placed a 2-cent import tax on Philippine coconut oil yet not on copra, meeting each major lobby interest group in the middle. Use of coconut oil in margarine production, however, did not decrease during this period. Instead, coconut oil saw increased manufacturing usage in the production of margarine. Copra exports, on the other hand, sharply increased from 70,900,000 tons in 1921 to 178,800,000 tons the following year.

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<sup>98</sup> Ibid.: 1177.

Year							Total Fats &	Production of
	Coconut Oil	%	Cotton Oil	%	Soy Oil	%	Oils Used	Oleo Margarine
1924	41,530	40	10,320	10	0	-	102,390	119,850
1925	39,725	43	10,483	11	0	-	92,750	107,702
1926	49,199	46	12,804	12	1	-	107,053	124,024
1926	98,782	49	11,686	11	17	-	110,301	128,579
1928	70,500	56	12,401	10	0	-	126,408	147,350
1929	85,706	59	14,087	10	0	-	144,358	166,561
1930	92,533	62	15,107	10	310	-	148,905	174,562
1931	77,977	67	11,019	9	1,131	1	117,183	138,887
1932	63,984	72	7,437	8	7	-	89,058	107,671
1933	67,215	75	8,016	9	4	-	89,378	109,522
1934	70,042	70	12,169	12	0	-	99,514	121,594
1935	74,885	53	48,162	34	271	-	142,582	176,911
1936	83,608	55	46,959	31	1,868	1	152,676	185,869
1937	50,688	32	68,509	43	13,421	8	160,361	194,632
1938	43,527	26	88,792	52	16,611	10	169,290	207,702
1939	35,380	26	54,612	41	26,991	20	134,825	166,487
1940	13,136	11	51,029	42	41,166	34	122,058	151,859
1949	410	-	210,916	61	120,639	35	345,943	414,360

**Fig. 2.6 - Use Of Coconut, Cottonseed and Soybean Oils in Margarine (Tons), 1924 - 1949.<sup>99</sup>**

<sup>99</sup> "Use of Coconut, Cottonseed and Soybean Oils in Margarine: Percentage of Total Oils Used and Production of Margarine (Fiscal Years 1924 - 1949, Inclusive). Annual Report of the Commissioner of Internal Revenue, except for 1949 - Bureau of Census. From USNA II. Record Group 59. Stack 250. Box 49. Folder- Coconut Oil.

Year	Coconut Oil - Exports		Copra - Exports	
	Quantity	Value	Quantity	Value
1910			115,284,851	18,307,902
1911			115,602,012	19,798,914
1912			169,342,476	33,029,498
1913	1,302,275	625,026	113,055,063	23,295,796
1914	8,478,369	3,993,296	71,522,281	16,594,858
1915	13,253,533	5,453,028	148,756,617	24,789,424
1916	13,598,432	5,976,322	79,341,823	13,066,530
1917	23,407,737	13,001,926	70,495,792	13,884,185
1918	72,115,696	37,104,497	105,555,007	19,054,482
1919	130,856,865	71,082,722	14,599,903	2,853.17
1920	127,286,630	73,583,234	23,059,036	8,304,285
1921	71,732,719	32,274,751	70,978,084	15,963,657
1922	103,640,469	32,875,863	178,802,722	29,866,256
1923	98,472,232	28,759,284	179,121,584	31,246,566

**Fig. 2.7 - Coconut Oil and Copra Exports - Quantity (Kilos) and Value (Pesos), 1910 - 1923.<sup>100</sup>**

By 1926, two characteristics that would impact the subsequent periods were already beginning to take shape. First, a copra-export oriented market grew markedly. Second, Philippine production was done by a dispersed coconut planter class, with small farms encompassing the entire islands, with a key exception in Mindanao, where there were large-scale corporate plantations. These developments can be seen in one interested American investor's inquiry to the Bureau of Commerce concerning coconut production with an interest in establishing a farm. In a letter dated May 29, 1926, A. H. Johnston, Jr., from Seattle Washington, inquired about lands in

<sup>100</sup> The Government of the Philippine Islands. Department of Agriculture and Natural Resources. Bureau of Agriculture. Division of Farm Statistics. "Coconut Production for the Philippine Islands." From USNA II. RG 350. Entry 5. Box 145. Folder- "838-86 and With misc. Inquiries Copra P.I., Part 2."

Mindanao and the general environment for coconut production. In response, the Assistant to Chief of the Bureau, John S. Sullivan provided more information, along with pamphlets—including the Public Land laws, P.I.; Report of Bur. Of Agri., P.I., 1924/ 1924 report of Gov. Gen.; Climate and Weather of the Philippines, 1903 – 1918.; Manila Carnival Bulletin, 1926; Manufacture of Copra in the Philippines, Cir. 149.; Coconut Culture, Cir. 38.; “Great Opportunity in Dessiccated Coconut Industry”; Report Phil. Health Service, 1923.; “Phil. Agr. Review – Mindanao; Some suggestions relative to Econ. Dev.”. Along with sending these pamphlets, Mr. Sullivan provided key insights into the copra trade based in Laguna and Tayabas:

In many parts of the copra producing regions in the Philippines are established agencies representing copra exporters, oil factories and big copra dealers or middlemen in Manila or Cebu. The producers in those places sell their copra to any of these agencies or to a rural middleman and seldom bring their produce to the trading centers. In places where none of these agencies exists, such rural middleman takes in most of the produce. In some instances, however, the big producers buy all the output of the small producers. Both the small middleman and these merchant producers, as the case may be, generally depend on the nearest trading center where they sell their produce to a provincial exporter, although it sometimes happens that a rural buyer ships his copra to a Manila broker to be sold in the city. The broker gets 5 centavos per picul for this service. The provincial exporter after having accumulated enough stock ships it on consignment to a Manila or Cebu commission merchant or broker, who finally disposes of it, either to a direct exporter or to a manufacturer. Sometimes a number of the producers, especially those that are well off, do not sell their crop to the rural buyers, but instead send it direct to their connections in Manila or Cebu, either by rail or by water transportation.<sup>101</sup>

These observations reflect the increasing competition for copra during the period, with middle-men acting on behalf of foreign millers to purchase copra throughout the region. In another letter dated June 22, 1926, Sullivan advised that if Johnston desired to cultivate coconuts

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<sup>101</sup> “Letter to A.H. Johnston, Jr. From Assistant to Chief of Bureau, John S. Sullivan, (29 May 1926) from USNA II. RG 350. Entry 5. Box 145. Folder- “838-86 and With misc. Inquiries Copra P.I., Part 3.”

he should consider the opinion of the Director of Agriculture regarding size. The directors sentiments are worth quoting in full:

It is the opinion of this office that in the Philippines is not practicable for Americans of limited means. Their living expenses are greater than those of the Filipinos, and they are handicapped so correspondingly. The income from a homestead would scarcely support an American family with ordinary standards of living. It is believed inadvisable for Americans to come to the Philippines with the intention of engaging in agriculture unless they have a minimum capital of 25,000 pesos. And are prepared to operate plantations not less than 200 hectares in extent.<sup>102</sup>

Sullivan directed Johnston to communicate with several coconut planters who could provide him with more information regarding required capital and land. The list of coconut planters is indicative of the disproportionate balance of large planters to small planters as well as their geographic concentration:

Mount Apo Plantation Co., Malita, Davao, P.I.  
Lais Trading Development Co., Malita, Davao, P.I.  
Kumasie Plantation Co., Malita, Davao, P.I.  
Strattan Commercial Plantation Co., Cagayan, Cagayan de Isabela, P.I.  
Basilan Development Co., Isabela de Basilan, Basilan, P.I.  
Buenavista Plantation Co., Zamboanga, Zamboanga, P.I.  
Philippine National Plantation, Malusu, Zamboanga, P.I.  
Mangal Development Co., Mangal, Zamboanga, P.I.  
Zamboanga Development Co. for Maloong Estate, Lamitan, Zamboanga, P.I.  
Yakan Plantation Co., Lamitan, Zamboanga, P.I.  
Kling Plantation Co., Kling, Cotabato, P.I.  
Celebes Plantation C., Saub, Cotabato, P.I.  
Palawan Industrial Co., Aborlan, Palawan, P.I.  
Polo Coconut Plantation Co., Tanjay Oriental Negros, P.I.  
Pamplona Coconut Plantation, Tanjay, Oriental Negros, P.I.  
John T. Clark, Puerto Princesa, Palawan, P.I.  
Henry Fleisher, Ayuguitan, Oriental Negros, P.I.<sup>103</sup>

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<sup>102</sup> Ibid.

<sup>103</sup> Ibid.

We can infer that these plantations were at least 200 hectares. Corporations could lease as much as 1,024 hectares during this period. It's unlikely any one corporation dedicated 1,024 hectares to coconuts, since coconut cultivation on Mindanao, particularly Zamboanga, as well as Negros, were different than cultivation in Luzon, particularly Tayabas.<sup>104</sup> Additionally, small planters located in the Tayabas region could still find a market for their copra, however, multiple steps along the commodity chain were added, minimizing planter profits, especially for small farmers.

Beginning in September 1927, Manila-based coconut mills requested the Acting Governor General Gilmore to close outports, that is smaller regional ports, to copra exporters, arguing that these outboard exports restricted access to local copra. For roughly 60 days, between September through November, domestic millers aired their arguments to the Governor General and the American Trade Commissioner to the Philippines. According to one article printed in the *Manila Bulletin* on September 20, domestic mills argued that shipping copra direct from outports limited Manila dealers' access to copra supplies and threatened domestic production of coconut oil.<sup>105</sup> R.G. Burgess, an exporter representative of US exporters during this period argued that exports from outports increased producer profits, especially in regions further away from Manila.<sup>106</sup>

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<sup>104</sup> Philippine Organic Act. Frank Golay, *Face of Empire: United States-Philippine Relations, 1898 - 1946* (Madison: University of Wisconsin-Madison Center for Southeast Asian Studies, 1998): 135.

<sup>105</sup> "Copra Dealers Challenge Claims of Coconut Oil Manufacturers: R.G. Burgess, Speaking for Himself and Others, Brands Protest Attempt to Strangle P.I. Export of Excess Copra." *Manila Bulletin* (20 September 1927).

<sup>106</sup> Ibid.

On 8 November, domestic oil millers responded with detailed counter arguments, showing that the unequal trade relationship that advantaged foreign mills, directly attacking El Dorado Oil Works and Smith & Bell Co (a British company). In making this argument, the article outlined how foreign mills purchase copra contracts through export international companies, Smith, Bell and Company. Ltd., Compania General de Tabacus de Filipinas, and W.F. Stevenson and Company:

It is by the opening of the outports and the agency agreement between Smith, Bell and Company, Ltd. and the El Dorado Oil Woks, permitting the former to make delivery of the copra on board export vessels without involving the sales tax, that now enables the El Dorado Oil Works to get their copra at less expense than formerly, because of the 1.5 percent sales tax and inter-island freight rates that are not now paid on copra.<sup>107</sup>

Millers argued that this new trading strategy could be seen in the increased number of individual exporters with contracts with Smith, Bell and Company. Ltd, who in-turn, had contracts with foreign mills. The increase of small domestic traders, exporting to foreign mills, were largely the Chinese-Filipino traders that planter organizations such as the Tayabas Coconut Planters, as well as, the National Coconut Industry, claimed were reducing producer earnings.<sup>108</sup> To stress this point further, a report by the Provincial Commercial Agent, Daniel Razo published in the *Coconut Journal* in 1941 titled, “The Coconut Farmer Situation in Tayabas stated:

The different foreign oil manufacturers and exports in Manila have trusted provincial buying representatives or agents in the different strategic places of Tayabas, who in turn have their own buying sub-agents in every municipality, barrio and sitio. It is the sub-agent who deal directly with the copra producers, usually the small-producers in the out-of-the way places. It should be noted that the copra producers in this province are disorganized while the buying agents or middle-men in copra trade have some sort of business organization among themselves. It is due mainly to this organization that the latter are in a better

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<sup>107</sup> “Gilmore’s Decision in Copra Question Question Expected At Close of Legislative: All Reports In, Mills Make Counter Petition to Have Outports Closes” *Manila Bulletin* (8 November 1927).

<sup>108</sup> Tayabas Coconut Planters. “Economic Problems of the Coconut Industry”. Submitted to the United States Economic Survey Mission. Manila, Philippines. USNA. RG 59. Stack 250. Entry A1 1378.



position to dictate terms to the former. It is also responsible for the present onerous business practices and arbitrary manipulation of prices in this province.<sup>109</sup>

By 1930, the Depression years had caused a contraction in the Philippine coconut industry, best seen in the dramatic fluctuation in prices. In 1929, coconuts sold for P16.66 per 100 kg, but five years later in 1934 sold for only P4.28. By 1937, prices had risen back to P13.03, but there was another fall in price in 1940 to P3.87. Norman Owen reports that the “terms of trade” for coconut declined during this period relative to the majority of other commodities.<sup>110</sup>

During this period, we can also see the limits of coco-elite’s political agency. Increased planting of coconut trees and greater government revenues led to debates on how to control harmful pests spreading throughout the Laguna, Tayabas, and Batangas monoculture regions. The debate came to a head when the Insular government formerly in charge of pest eradication met resistance from local planters when twelve men from the Bureau of Plant Industry were arrested in Pagsanjan after cutting leaves from coconut trees of Dr. Narciso Cordero, Sr. According to Eulogio Benitiz, the leaves were used as traps, which shows they were wantonly cut because non-infested leaves are used as traps. Furthermore, the case reveals larger themes,

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<sup>109</sup> Ibid., 5.

<sup>110</sup> Norman Owen. *Prosperity Without Progress: Manila Hemp and Material Life in the Colonial Philippines*. (Quezon City: Ateneo de Manila University Press, 1984): 176; Albert John Nyberg, “The Philippine Coconut Industry” (Ph.D. dissertation, Cornell University, 1968); “The Milk in the Coconut; The Money Too,” *American Chamber of Commerce Journal* 7 (Sept. 1927): 16-18; Charles O. Houston, Jr., “The Philippine Coconut industry: 1934 – 50” *University of Michigan Journal of East Asian Studies* 3 (JAN. 1954): 153-54; Robert Huke, *Shadows on the Land: An Economic Geography of the Philippines* (Cebu: Bookmark, 1963): 286 – 89.

mainly, the view that Jorge Vargas, a cabinet official, was commonly referred to as ‘Dictator’ Vargas and the eradication conducted by the Bureau of Plant industry was seen as a war.<sup>111</sup>

In 1930, coconut planters in Laguna objected to the Bureau of Plant Industry's role in eradicating leaf miner, a coconut pest. There were multiple instances of Bureau agents entering plantations and cutting coconut leaves without planter consent, causing tension between the Bureau and local planters. However, the leaf-miner situation in the provinces of Tayabas, Batangas, and Laguna improved considerably as planters said they would cooperate with government campaign as long as Bureau men were only to provide technical advice to coconut farmers who had damage, specifically in Pagsanjan.<sup>112</sup>

The Insular government removed roughly 300 laborers after an agreement was made between planters and the Bureau.<sup>113</sup> The Department of Agriculture and Natural Resources met with Governor Dizon of Laguna and Municipal President Soriano of Pagsanjan and agreed that Plant inspector workers would not enter Coconut plantations as long as local planters accepted financial responsibility and conduct leaf-miner erradiction.<sup>114</sup>

Despite these points of conflict between the government and planters, coconut planters continued to participate with the Department of Agriculture and promoted the idea of the coconut industry as beneficial for Filipinos as early as 1932. The Department of Agriculture was, of

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<sup>111</sup> Eulogio Benitez. “Department of Justice Scored For Meddling in the Affairs of Laguna.” *Tribune* (6 Sept. 1930).

<sup>112</sup> “Winning Leaf Miner Warfare: Vargas Reports Improved Situation in Provinces of Luzon.” *Philippine Bulletin* (15 Sept. 1930).

<sup>113</sup> “Three scientists Agree Las-Las Method Is Best Against Leaf Miner Pest” *The Philippine Herald* (12 Sept. 1930).

<sup>114</sup> “Alunan Willing to Withdraw Plant Inspectors If Pagsanjan Will Pay” *The Philippine Tribune* (6 Sept. 1930).

course, predominantly run by provincial or rural planters who influenced national politics as well. As the *Graphic* magazine argued in 1930, “provincianos” were the major actors in shaping national policies. Their article, “*Do Manilans Count?: You Will Be Surprised To Discover That Manilans Do Not Figure Conspicuously In the Affairs of The Nation*” argued that although one would expect to find Manilans ranking highest amongst government participation in the capital city, “provincianos took the lead while Manilans tread the beaten path.”<sup>115</sup>

Coconut planters participated in government efforts to promote agricultural industries, especially with economic independence from the United States in mind. One such event occurred on September 7, 1932 in a joint exhibit put on by the Bureau of Plant Industry and the Bureau of Commerce and Industry, which lasted a week with the purpose of giving “legislators, provincial governors, and Manila business men in general an idea of the government’s attempt to promote the diversification of crops throughout the Philippines Islands under the supervision of the district agronomists,’ and to give investors, bankers, and merchants whose interests in the economic welfare of the farmers was invaluable “ ample information regarding the great changes which farming, the basic industry of the nation, is undergoing.”<sup>116</sup> The Bureau of Plant Industry under the Department of Agriculture held similar functions as a US led Insular Bureau of Plant Industry, acting as facilitator for economic production.

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<sup>115</sup> “*Do Manilans Count?: You Will Be Surprised To Discover That Manilans Do Not Figure Conspicuously In the Affairs of The Nation*” *Graphic* (17 September 1930): 14-15. From Jorge Vargas Library, Department of Agriculture and Natural Resources. Office of the Secretary. Scrapbook. August – December, 1930.

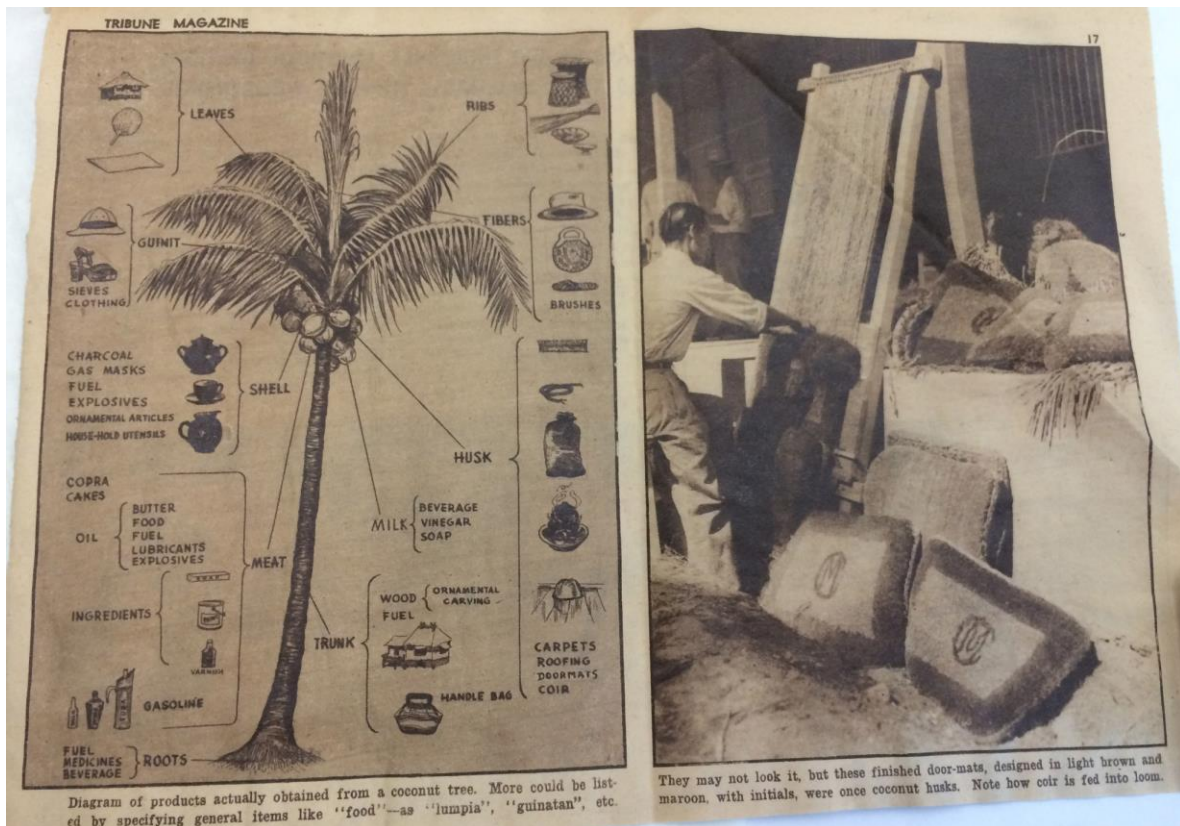
<sup>116</sup> “Plant Industry Bureau Opens Exhibit: Agricultural Products Displayed To Improve and Encourage Native Industries.” *Graphic* (7 September 1932):14, 54. From Jorge Vargas Library, Department of Agriculture and Natural Resources. Office of the Secretary. Scrapbook. Volume 8. June – December, 1932.

The Bureau also held events similar to World Fairs that acted as an emporium of empire and profit. Here the Bureau of Plant Industry promoted the economic potentials of the agricultural sector. As the article detailed, the agricultural and industrial show was not “a classroom study of half-baked theories, but a practical demonstration of field results and successful tests carried out at great expense and efforts.” More importantly the exposition was “a way to prove that the money invested in agricultural and industrial work has not ‘gone to the dogs,’ but has become the nucleus of a bright economic future of the Philippines.”<sup>117</sup> Each day of the week new groups of guests were invited to take a tour of the potential profits from agriculture waiting to be metaphorically plucked and converted into profitable products like, the Manuel L. Quezon wine given to press and provincial governors on the first day, or the Theodore Roosevelt II cigarettes given away.<sup>118</sup> During these events, coconut planters looked into the manufacturing coconut by-products displaying coconut fiber machines for the production of various products such as door mats.

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<sup>117</sup> Ibid.

<sup>118</sup> Ibid.



**Graphic 2.4 - Tribune Magazine showing coconut planter's by-product utilization.<sup>119</sup>**

Later in 1932, the Reorganization Act empowered the heads of the different departments to effect fusion of offices. Thus, the Department of Agriculture and Natural Resources changed to the Department of Agriculture and Commerce, with the Bureau of Science, which used to be under the Department of Commerce and Communication, incorporated as well, merging science, agriculture, and communication with commerce.<sup>120</sup> Similarly, the Bureau of Agriculture was split into two Bureaus, the Bureau of Plant Industry and the Bureau of Animal Industry.

<sup>119</sup> *Tribune Magazine*. From USNA II. RG 350. Entry 5. Box 145. Folder- "838-86 and With misc. Inquiries Copra P.I., Part 2".

<sup>120</sup> Juan N Samson. "The DANR Story" in Department of Agriculture and Natural Resources: Golden Jubilee 1917 – 1967. Jose Vargas Collection. Box 3. Catalog of Exhibits- Dept. of Agriculture and natural resources. Folder: Department of Agriculture & Natural Resources:14.

Beginning in 1933, a general overhaul of the Department of Natural Resources and Commerce took place, with the undersecretary stating:

We realize this (the reorganization of the department of agriculture and commerce) is all an experiment, and we shall assume entire responsibility for the results,' declared Under-Secretary Jorge B. Vargas.<sup>121</sup> In past years promotional work in the form of extensive economic and scientific enterprises were encouraged under official patronage, and an elaborate organization had to be rigged up to foster such activities. Then came the depression engulfing the government in a morass of financial difficulties. The government must dismantle the old structure of service and remold it to harmonize with the strict requirements of the present.

The global depression and the banks' mismanagement was one reason for the shift. There was, however, scrutiny of the reorganization act by the Philippine Legislature, which found that formation of the Department of Agriculture and Commerce on January 1, 1933, created an agency with a wide ambit of authority. Coconut planters organized the Coconut Board to lobby for the industry's interests, especially with the question of independence from the United States looming.<sup>122</sup> The Coconut Board was relatively successful in increasing planter representation from other regions during this period as well and sought prominent coconut planters through the Cabalag Coconut Association in Laguna.<sup>123</sup> However, coconut planters remained on the political margins during this period.

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<sup>121</sup> "Vargas Assumes Responsibility for Revamp Job: Offices Under Farm Department Almost Wholly Overhauled" *The Sunday Tribune* (28 May 1933): 2. In Jose Vargas. Department of Agriculture and Natural Resources. Office of the Secretary. Scrapbook Vol. 10. May – Nov. 1933.

<sup>122</sup> "Abaca Producer Sees Alunan On Status of Fiber Board" *Bulletin* (18 November 1932); "Alunan Plays Host to Sugar Experts. *Herald* (5 December 1932). In Department of Agriculture and Natural Resources. Office of the Secretary. Scrapbook. Volume 8. June – December, 1932.

<sup>123</sup> "Sugar Board Veto is Asked: Philippine Sugar Ass'n Trustees Decide to Recommend Disapproval to G.G." *Tribune* (11 Jan. 1930). In Department of Agriculture and Natural Resources. Office of the Secretary. Scrapbook. August – December, 1930.

Additionally, the Internal Revenue Act of 1934 enforced a 3-cent tax per pound on the first domestic processing of coconut oil imported from the Philippines, or pressed in the United States originating from the Philippines. By the end of June 1937, the proceeds from the excise tax amounted 95.5 million pesos.<sup>124</sup> These taxes, further limited coconut planter earnings. Moreover, the Revenue Act stipulated that although tax collections would be returned to the Philippines, the money could not be used for the coconut industry.

By 1938, Tayabas coconut planters viewed the period's development as lopsided, with planters at the bottom of an unequal exchange. A *Philippine Free Press* article titled, “4,000,000 Midases” by Leon Guerrero Jr. argued that the coconut planters were just like Midas, they could turn anything into gold, but it came at a price. Guerrero stated:

“There used to be a time when coconut a coconut planter was a real Midas. With no catches to it, and no paradox. Copra was selling for P45 per thousand nuts. Plantation workers wore silk shirts and woolen pants...Planters’ children can’t even go to school. They learn enough arithmetic at home, anyway, counting pennies for supper. Day after day families pull up stakes for Manila, leaving the coconut trees to the leaf mines, who don’t have to pay taxes....It was in coconut country, in Laguna, that the Sakdals lighted their 1935 bonfire. That was the first year under the excise taxes.”<sup>125</sup>

Guerrero argued that there were 4,000,000 Midases in the Philippines, but unlike sugar, tobacco, and abaca industries, “the coconut industry was not concentrated.”<sup>126</sup> Out of the 29.7 million hectares in the Philippines roughly 690,000 hectares, or, 16.5 million acres—an area the size of Massachusetts, Vermont, New Hampshire, and Delaware combined—made up the

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<sup>124</sup> Houston, Charles Orgville. “The Philippines: The Commonwealth to Republic: An Experiment in Applied Politics”. (PhD Dissertation, Columbia University, 1952).

<sup>125</sup> Leon Ma. Guerrero, Jr., “4,000,000 Midases” *Free Press* (16 July 1938).

<sup>126</sup> Leon Ma. Guerrero, Jr., “4,000,000 Midases” *Free Press* (16 July 1938).

farmable land. Of the total farm area, roughly half, or 3.9 million hectares, were cultivated, in which coconuts dominated the landscape. Coconut cultivation accounted for the second highest crop, second only to rice, and totaled one-fourth of all cultivated land in 1939, with a total area of 1,051,215 million hectares.<sup>127</sup>

Province	Area Planted (Hectares)	Trees (Number)	Trees (Bearing)	Total Nuts Gathered	Value (Pesos)
Quezon	149,241.76	25,272,854	18,539,135	482,342,362	4,519,050
Samar	75,926.68	10,200,372	5,738,841	150,246,576	1,507,777
Misamis Orient.	27,442.75	3,286,309	1,998,630	78,918,067	892,586
Misamis Occ.	38,068.28	4,754,151	3,079,633	113,472,236	1,161,532
Leyte	63,650.82	8,024,458	4,518,759	98,745,754	1,037,523
Zamboanga	51,242.03	5,825,484	2,682,867	107,652,815	1,114,620
Laguna	49,863.96	7,171,261	5,698,976	185,805,656	1,609,905
Camarines Sur	44,234.52	5,530,189	3,063,520	59,128,800	607,063
Sorsogon	43,490.57	5,391,409	2,286,354	97,354,467	1,086,219
Albay	40,001.96	4,701,277	2,742,777	80,099,177	910,847
Cebu	39,127.49	5,409,926	3,073,949	79,023,181	823,151
Davao	37,499.65	4,131,544	1,801,002	66,099,379	707,667
Philippines	1,051,214.83	139,209,002	84,064,473	2,303,077,909	23,002,920

**Fig. 2.8 - Coconuts: Area and Number of Trees Planted, Nut-Bearing Trees, As of January 1, 1939 (Census Day); Production and Value of Nuts<sup>128</sup>**

Between 1900 and 1940, the Philippine coconut industry experienced a shift in control over agricultural production that fused agriculture with commerce. The US infusion of colonial capital, via a mixture of speculation and local Philippine agency, helped increase total production

<sup>127</sup> Republic of the Philippines. *Yearbook of the Philippine Statistics, 1946* (Manila: Bureau of Census and Statistics, 1947):135, 141

<sup>128</sup> Ibid: 155



of coconut consumption worldwide and made the Philippines one of the largest world competitors in the oils market, outpacing previous coconut kings, Indonesia and Sri-Lanka. Overall, the Philippines had a thriving local coconut economy prior to World War I and immediately following the war. World War I, moreover increased global speculation and increased US consumption of copra. As a result, more local planting in the Philippines occurred during this period in response to increased inquiries on behalf of interested US manufacturers. Subsequently, however, US tariff legislation shifted domestic oil production and favored US manufacturers. During this period as well, domestic regional traders and exporters shipped directly to the US market. This speculative period trapped small farmers in unprofitable cultivation practices, decreased planter agency within the commodity network, and stimulated the growth of small farms in the Tayabas region and large scale plantations in Mindanao. In the next chapter, we will look at coco-elite responses to these uneven developments.

## CHAPTER THREE

### Reconstruction and Revival, 1946 - 1954

#### Introduction

On July 7, 1939, Maximo Kalaw, legislative representative and coconut planter, left Manila for the Dutch East Indies, beginning the first stage of his global investigation into coconut production. After his travel to the Dutch East Indies (present-day Indonesia), Ceylon, France, and the United States, Kalaw reported his findings to the Philippine National Assembly with recommendations for ensuring a viable future for the coconut industry after independence from the United States.<sup>129</sup>

During the trip abroad, Kalaw and his technical advisor investigated methods of cultivation, preservation, treatment, marketing, and manufacturing. They traveled to plantation sites in Java and Bali. They traveled to copra drying plants in Kuala Lumpur, Malaysia and coir factories in Colombo, Ceylon. Even with the outbreak of war in Europe, Kalaw and his advisor traveled to some of the world's largest soap and fiber manufacturing plants in Marseilles, France, despite American Embassy warnings.<sup>130</sup>

After his investigation, Maximo Kalaw compiled a report to the Agricultural Congressional Committee for recommendation to the Philippine Commonwealth for passage of a new coconut government-corporation. Kalaw's investigation across the breadth of the coconut

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<sup>129</sup> Maximo Kalaw, *The Coconut Industry. Report of Hon. Maximo M. Kalaw: On a Special Coconut Mission Abroad In Pursuance of Resolution No. 23 of the National Assembly* (Manila: Bureau of Printing, 1940): V - 1.

<sup>130</sup> *Ibid.*: 39

commodity chain was instrumental in the creation of the National Coconut Corporation (NACOCO), a government-corporation signed into law in 1940 under Commonwealth Act 518.

Some of Kalaw's observations during his trip were implemented immediately, helping the newly formed government-corporation survive even during the chaos and destruction of World War II. One such observation was France's use of woven coconut fiber sandbags for defense preparation and fortification. Upon seeing coconut fiber used as a wartime material, Kalaw submitted samples of coconut fiber, bagging, cloth, and netting to the US War Departments' Office of Chief Engineers in Washington, confirming coconut coir, the fibrous husk material, was a suitable substitute for jute.<sup>131</sup> Surprisingly, NACOCO survived the war and was re-established in 1946 with the signing of Republic Act 5, one of the first legislative acts passed by the independent Philippines.

Despite NACOCO's survival during World War II, the government-corporation was unable to successfully function during the reconstruction period from 1945 to 1954. How could the National Coconut Corporation succeed during a period of global conflict yet fail during reconstruction? Compared to violence of World War II which ruptured the global coconut commodity chain, the reconstruction period should have aided NACOCO's survival. Surprisingly, however, NACOCO's failure had little to do with wartime damages.

In fact, disruptions in the global vegetable oil supply chain benefited Philippine coconut producers. In 1947, copra accounted for more than 75 percent of all Philippine exports. Although it is likely that these numbers were increased by the damage to other export sectors such as sugar, the largest exporting sector prior to the war, coconut production emerged from the war relatively unscathed. Between 1945 and 1947, Philippine coconut exports and export prices

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<sup>131</sup> Ibid: 82.

reached all-time highs.<sup>132</sup> Additionally, continued conflict between Indonesia and the Netherlands restricted total global coconut supplies, further enhancing the Philippines as the major global exporter of coconuts. Furthermore, from 1945 to 1949, the Indonesian Revolution disrupted commercial trade for the Dutch-controlled Copra Foundation, primarily based in Sulawesi, Indonesia. Moreover, the subsequent formation of the Republic of Indonesia (1950) shifted its copra trade toward Java instead of Holland, limiting total global exports, especially to Amsterdam, a major coconut oil manufacturing center before the war.<sup>133</sup> If wartime damages were not the primary cause for NACOCO's failure, what then, is the reason?

The failure of NACOCO, a government corporation responsible for planning and enacting developments in the Philippine coconut industry, reveals the dispersed nature of political power among the coconut planter class, particularly the coco-elites with access to political levers based in Manila. Despite NACOCO's vision for a planter-based, independent Philippine coconut industry, the coco-elites lacked the necessary political influence to enact it. By examining three U.S. State Department programs between 1945 and 1954 we see that NACOCO was unable to successfully compete domestically and incorporate broad planter support required to implement their policies, weakening their influence on both the national and international levels. Despite NACOCO's inability to enact its vision, the major coconut planters were still able to successfully lobby the United States for continued preferential trade agreements to use the US market as a base for capturing the international market. Overall, this period

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<sup>132</sup> Department of State Division of Research for Far East Office of Intelligence Research. "Situation Report: Southern Areas. No. 3480.35 - July 16, 1947. Army Intelligence Document. ID File 1942 - 1955. From the US National Archives, II. RG 319. Stack 270. Box 2486. Row 12. Compartment 23. Shelf 6. ID: 382206.

<sup>133</sup> A letter from Boyd R. Compton to Mr. W.S. Rogers, Institute of Current World Affairs. "BRC - 44: The Fall of the Copra Foundation." June 16, 1956. Pages, 1 - 19.

reinforces the idea that the production of a major commodity impacts not only the commodity chain but also political policies.

First, however, let's look at the creation of NACOCO and their vision for an independent coconut industry, before discussing how NACOCO's plans were unsuccessful during a broad range of U.S. State Department programs – the U.S. Agricultural Mission (1946), Bell Mission (1949), and Mutual Security Agency (1949 – 1954).

### **Creation of The National Coconut Corporation - NACOCO**

Maximo Kalaw's trip along the global coconut commodity chain provides valuable insight into understanding NACOCO's objectives during the reconstruction period. Maximo Kalaw and his technical advisor, Hilarion G. Henares, of the Philippine National Development Company, traveled first to three coconut producing countries inside the Coconut Zone – the Dutch East Indies, British Malaya, and Ceylon – then went on to the major international copra markets centered in Europe and the United States.

When traveling across the Dutch East Indies, British Malaya, and Ceylon, Kalaw and Henares paid particular attention toward cultivation, but more importantly, each country's copra production methods and copra export infrastructures. The two began their trip in Makassar, in eastern Indonesia, and worked their way westward across the Indonesian Archipelago to Java. Kalaw and Henares identified three major salient points during the first leg in their journey. First, Indonesia's copra commodity chain was dispersed like that in the Philippines. Although far from

the copra drying centers in Java and Sumatra, Sulawesi was considered a primary coconut producing region, with 72 percent of its products being copra.<sup>134</sup>

Second, unlike the Philippines, the Dutch colonial scientific network was more advanced and reached production centers far away from the major copra drying facilities in Batavia, modern day Jakarta. According to Kalaw, the Indonesian colonial government did a better job compared to their own government in coconut specific research: “However, one thing that we should remember, as we shall show later in our report, is that the Dutch government has done more in the way of research work on coconut work than our Government. In Menado itself there is a small coconut research office.” Kalaw reiterated this point later in the report, highlighting the research office’s success in combating the spread of coconut pests and diseases throughout the archipelago. Kalaw even noted that the Dutch Government laboratory in Buitenzorg, present day Bogor, Java, had two men exclusively dedicated to coconut pests.<sup>135</sup>

Lastly, prior to WWII, Indonesia’s coconut industry was not solely export oriented, in fact, coconuts produced in Java were largely used for local consumption impacting cultivation density:

The same observations that were made regarding coconuts in Bali apply to Java proper, that is, trees are planted, except with few exceptions, all over the land in walls or dikes separating rice paddies. But what we most want to emphasize in this report, however, is the fact that the people of the Dutch East Indies consume a great deal more coconut as food than in our county.<sup>136</sup>

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<sup>134</sup> Maximo Kalaw, *The Coconut Industry. Report of Hon. Maximo M. Kalaw: On a Special Coconut Mission Abroad In Pursuance of Resolution No. 23 of the National Assembly* (Manila: Bureau of Printing, 1940): 1-9

<sup>135</sup> Ibid.: 1-9

<sup>136</sup> Ibid.: 8.

Thus, while Indonesia produced roughly 30 percent of the world's supplies of copra and coconut oil, the coconut tree, according to Kalaw was "more important as a food and general utility plant than is the exported product."<sup>137</sup> Kalaw incorporated these details in his report, noting that the Philippines could become a leading coconut exporter especially if more attention was put into building a centralized coconut research network that could support increased coconut cultivation in areas away from production centers. Additionally, coconuts and coconut trees could support local peoples, making reliance on an export economy less important.

After traveling across Indonesia, Kalaw and Henares moved on to Kuala Lumpur, Malaysia where they met with the English scientist, F.C. Cooke, to explore copra drying methods for adoption in the Philippines. According to Kalaw, Malaysia faced similar challenges as the Philippines, that is, poor copra quality. Because coconut farmers in both countries were widely dispersed from copra drying centers, coconut farmers sold copra to local or regional traders within their respective countries, using smoke dryers. Kalaw stated that "Some 15 years ago, British Malaya, found a problem similar to what we are finding in the Philippines, that is, the inferiority of smoked-dried copra."<sup>138</sup> Unlike the Philippines, however, the British Malayan government, according to Kalaw, took a leading role in establishing standardized copra dryers.<sup>139</sup> From Kalaw's perspective, the US colonial administration did not advance copra drying technologies nor its infrastructure. Thus, Kalaw viewed the nation's copra drying infrastructure as an area for improvement and growth.

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<sup>137</sup> Ibid.: 8.

<sup>138</sup> Ibid.: 9.

<sup>139</sup> Ibid.: 9.

Kalaw and Henares' tour of Cooke's copra drying facility was used in the report to show how the Philippines could establish similar methods. Kalaw stated, "We are interested in this experiment because Mr. Cooke's goal is to find a cheap way of drying copra faster and at the same time using inexpensive materials for his Kiln. He developed a process which could very well be tried in the small farms in the Philippines under the same conditions."<sup>140</sup> Indeed, NACOCO used their observations of Cooke's drying methods and copra kilns during the reconstruction period. Ultimately, Kalaw and Henares' major takeaway from their trip to Kuala Lumpur was that the government should be responsible for developing dryers for the improvement of copra quality standards.

Finally, Kalaw and Henares traveled to Ceylon, whose industry was their inspiration for their recommendation for the creation of NACOCO. According to Kalaw, Ceylon was the "model coconut country," with the highest copra quality and the best utilization of coconut by-products for the production of manufactured goods. Ceylon had the most centralized coconut administration called the Ceylon Coconut Board. In their report to the Philippine Commonwealth, Kalaw and Henares stated, "The power and duties of the Government board [in Ceylon] are very similar to those which we proposed to give the National Coconut Corporation as provided for the Bill No. 134."<sup>141</sup>

The powers and duties that Kalaw and Henares' wanted to incorporate into their own recommendations included the right to own property, both land and machinery, ability to promote and subsidize the coconut manufacturing facilities, raise funds through a tax levied on all coconut products, and engage in the buying and selling of copra.<sup>142</sup> According to Kalaw, the

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<sup>140</sup> Ibid.: 9.

<sup>141</sup> Ibid.: 15.

<sup>142</sup> Ibid.: 15 - 16.



most important power a Philippine coconut company needed was, the power to “establish, manage, supervise and support Sales Rooms and agencies for the sale of coconut products both within and outside the Island.”<sup>143</sup> Ultimately, Kalaw and Henares’ visit to Ceylon reinforced the idea that a centralized governmental body dedicated exclusively to the coconut industry needed a broad range of power, especially control over the movement of copra within the country.

Finally, Kalaw and Henares traveled to France and later the United States to investigate opportunities and challenges the Philippines faced in meeting manufacturing requirements in both copra markets. In France, Kalaw noted the primary obstacle in becoming a major copra exporter to Europe was the Philippines’ poor copra quality. According to Kalaw, Philippine copra received a markedly lower price compared with other copra exporting countries. During their visit with Europe’s largest copra dealers, Kalaw and Henares were reassured that if the Philippines improved their copra quality, Europe would be able to absorb coconut products from the Philippines.

After the two traveled first to France, the European gateway to the Far East, according to Kalaw, and one of the world’s greatest copra markets they went to the United States, a leading international consumer of fats and oils<sup>144</sup> In the United States the Philippines already commanded a large market for their copra. However, their biggest challenge in ensuring a stable coconut industry after independence was the removal of a 3-cent tax enforced on all coconut products entering the United States.<sup>145</sup> However, Kalaw was confident that the Philippines would continue to be a major exporter of coconut products to the United States. US oil consumption,

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<sup>143</sup> Ibid.: 17.

<sup>144</sup> Ibid.: 1.

<sup>145</sup> Ibid.: 59.

according to Kalaw, would continue and the Philippines should leverage its position as a major exporter of lauric oils in exchange for continued US access to the Philippine market.

After touring the coconut commodity chain beginning in the Coconut Zone, ending in both European and US copra markets, Kalaw recommended a six-point program that he believed would prepare the industry to withstand separation from the United States and make the industry the “chief agricultural export industry after independence.”<sup>146</sup> Kalaw and Henares were confident that the Philippines would continue to be a major exporter of coconut based products even after independence from the United States. He stated: “The export product of the Philippines that can best stand the shock of independence is the coconut product. It will be our greatest bet in the open markets of the world. We are sure to supplant sugar as our largest export product because it is admitted by all sugar people that without the tariff protection of the United States, our sugar can find no other worthwhile export market.”<sup>147</sup> His predictions were not wrong, and by 1954 the Philippines’ coconut exports would supplant the sugar industry as the country’s major dollar earner. However, to ensure the viability of the coconut industry, Kalaw believed the government needed to enact his recommendations and create a government-corporation, the National Coconut Corporation.

Based on his observations abroad, Kalaw’s recommendations were directly related to what he considered to be the Philippines’ major short-comings in the areas of industrialization, socialization and cooperation. These recommendations included:

1. The improvement of Philippine copra thru government standardization and the establishment of drying plants and coconut centrals.

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<sup>146</sup> Ibid.: 63.

<sup>147</sup>Maximo Kalaw, *The Coconut Industry. Report of Hon. Maximo M. Kalaw: On a Special Coconut Mission Abroad In Pursuance of Resolution No. 23 of the National Assembly* (Manila: Bureau of Printing, 1940): 98.

2. The industrialization of coconut by-products such as the utilization of the husks and shells.
3. The elimination, as much as possible, of the middleman through the establishment of coconut cooperatives throughout the country, and the improvement of credit facilities to coconut planters.
4. The establishment of regular freight and shipping service to foreign countries.
5. The establishment of a Coconut Institute on a government-owned plantation, wherein a research and experimental station shall be established exclusively dedicated to the coconut industry.
6. The fostering of a greater home consumption of coconut products.<sup>148</sup>

Kalaw believed these six-points were critical if the Philippines wanted to be a leading exporter and improve the coconut trade network inside the country.

After detailing his strategy for the promotion of the coconut industry, Kalaw argued that it should be run-by and organized for coconut planters. Kalaw based this idea from his observations of the local sugar industry. He argued that elite capture of sugar manufacturing centrals resulted in the detrimental class conflict between refiners and planters. Additionally, Kalaw argued, the consolidation of coconut lands by an elite group of planters would lead to increased violence between land-owners and tenants.

To counter the potential concentration of political and economic power, Kalaw argued that planters should work as a large cooperative and should own copra manufacturing centers. One reason why Kalaw viewed manufacturing centers as critical in the development of an independent coconut industry was because he feared that outside interests, similar to outsiders in the sugar industry, could take over these manufacturing centers, ultimately resulting in the marginalization of a coconut planter class. In particular, Kalaw and other coco-elites feared the

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<sup>148</sup> Ibid.: 63.

role of Chinese-Filipinos as intermediate traders. Controlling copra centers would, in essence, concentrate planter control over the supply of the raw material for manufacturing into oil.

To achieve the objectives outlined by Kalaw, the Philippine Commonwealth signed into law Commonwealth Act 518. This law was later re-established after World War II, under Republic Act 5. Both Commonwealth Act 518 and later Republic Act 5 envisioned a centralized governmental body responsible for connecting the country's vast network of coconut farmers to control the quality, transportation, and sales of copra. Kalaw believed these steps would result in higher incomes for farmers. Overall, Kalaw was quite optimistic that farmers throughout the country would actively participate in NACOCO's copra network.

Kalaw's optimism is best seen in his plan for establishing NACOCO dryers throughout the country stating, "I would go to a typical coconut region, call together the farmers and tell them that if they pledge to dry all their copra in this government entity so as to avoid the middleman, I would build this copra drier for them and they will be taught to use it." However, as will be shown in the next section, NACOCO's enactment of this plan was harder to achieve, ultimately hindering the government-corporation's success. Nonetheless, Kalaw's vision was instrumental in creating a general plan for consolidating the coconut industry, one that would persist throughout the reconstruction period and be revived later with the incorporation of PHILCOA, another government-corporation, created by coco-elites to take over the role of centralizing the coconut trade network that NACOCO failed to enact.

## **Reconstruction Period**

During the reconstruction period between 1945 – 1954, we are able to assess NACOCO's operations with the primary objective of consolidating the country's coconut trade

network. While the initial US State Department's agricultural missions did not necessarily contradict NACOCO's plans, each program placed precedence on food stability in coordination with the Philippine Department of Agriculture. The US State Department's assistance was directed toward the Philippines' Department of Agriculture, which meant scientific research was not coordinated through NACOCO. As a result, NACOCO focused primarily on copra trading, which ultimately led to NACOCO's diminished national and international role as the industry's coordinator.

Beginning first with the 1946 US Agricultural Mission to the Philippines, later known as the Call Mission, it is clear that NACOCO's vision of creating a coconut centered research institute clashed with larger reconstruction objectives during this period. The first U.S. Agricultural Mission to the Philippines established recommendations for US assistance to rebuild the nation's agricultural industry. The US Call Mission believed that agricultural industries and educational institutions should be given precedence to meet the immediate post-war economic needs and challenges of independence.

The Mission was led by three individuals whose backgrounds in agricultural research and employment in the United States' Agricultural Department played an important role in shaping the Mission's final recommendations. The three U.S. Officials that led the mission represented the U.S. philosophy for industrialized agriculture – land-grant colleges protected, innovated, and disseminated agricultural practices throughout the country's agricultural regions.<sup>149</sup>

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<sup>149</sup> Dr. Leland E. Call, Dean of the College of Agriculture, and the director of the Agricultural Experiment Stations at Kansas State College, Dr. J.H. Beaumont, the Director of Hawaii Agricultural Experiment Station at the University of Hawaii, and H.C. Sanders, the Director of the Agricultural Extension Service, at Louisiana State University and A. and M. College.

Dr. Leland E. Call, head of the mission, was born in Ohio and earned his B.S. and M.S. degrees from Ohio State University. He later joined the Department of Agronomy at Kansas State College as an Assistant in Agronomy in 1907. In 1922, Call also served as President of the American Society of Agronomy. Later, between 1925 to 1945, he was the Dean of Agriculture and Director of the Kansas Agricultural Experiment Station. After retiring, Call became Chief of Party for the US Agricultural Mission.<sup>150</sup>

The second member was J.H. Beaumont, director of Horticulture at the Hawaii Experiment station for 21 years until his death in 1957. In 1939, Beaumont served as the director of the Hawaii experiment station during a period that coincided with the liquidation and consolidation of large sugar plantations in Hawaii and the transition of large plantation style agriculture to small farms run by former plantation laborers. Beaumont's tenure as director contributed to the diversification of Hawaii's agricultural economy, as well as helping with the defense against the oriental fruit fly.<sup>151</sup>

The final member of the mission's leadership team was H.C. Sanders who worked as director of the agricultural extension service at the Louisiana State University and Agricultural and Mechanical College. In the latter part of his career, Sanders became the director of Agricultural Extension at the University of Florida. Sanders worked in collaboration with the

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<sup>150</sup> Report of the Philippine-United States Agricultural Mission. I.A.C. Series, No. 3. Office of Foreign Agricultural Relations (U.S.D.A.: Washington D.C.). After the US agricultural mission, Call was a Fullbright Scholar at Silliman University, and served with the U.S. Mission to direct the Cornell University/University of the Philippines Project, the first of many large overseas projects undertaken by U.S. universities during the 1950s and 1960s.

<sup>151</sup> On a brief history of J. H. Beaumont, see "A Bill Making Appropriations for the Department of Agriculture for the Fiscal Year Ending June 30, 1950, and For other Purposes" Subcommittee of the Committee on Appropriations, 81st Congress, 1st Session (Washington: United States Government Printing Office). First Session on H.R. 3997. See also, Beatrice H. Krauss. "A short History of the Hawaii Agricultural Experiment Station, 1901 – 1982.

United States Department of Agriculture and the land-grant colleges to appropriate funds for the dissemination of agricultural and farm practices to rural populations to increase the living standard of farms. He was a major proponent of what he called “the philosophy and technique” of decentralized education in agriculture and home economics. Sanders believed that the county agricultural agent was responsible for supplying farm people with information based on research of State and Federal agencies.<sup>152</sup>

Because of their background in developing the US agricultural system, the Call Mission recommended a program of reconstruction centered on food production supported by a centralized Department of Agriculture to lead research and extension services. These recommendations were based upon their 26 days of travel to all three major regions in the Philippines – Luzon, Visayas, and Mindanao. During their travels, they visited with representatives from the Department of Agriculture and Natural Resource and other prominent agricultural groups, institutions, and individuals.

In particular, the mission noted the wartime destruction of the University of the Philippines Los-Banos (UPLB) as a major impediment to reconstruction, stating:

“The Agricultural College at Los Banos, located as it was in the battle zone between the Japanese and the guerillas . . . suffered heavy losses. All its major buildings, its library, its pilot plants, its scientific and other equipment, and also its livestock (among which were breeds of livestock that had been produced through years of systematic breeding and that gave promise of developing adapted breeds for islands) were completely destroyed.”<sup>153</sup>

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<sup>152</sup> Department of Agriculture. Subcommittee on Agriculture Appropriations. “Appropriations for 1954. Hearings Before the Subcommittee of the Committee on Appropriations House of Representatives”, 83rd Congress, 1st Session, Part 4. (Washington:United States Government Printing Office, 1953).

<sup>153</sup> Report of the Philippine-United States Agricultural Mission. I.A.C. Series, No. 3. (Washington D.C.: Office of Foreign Agricultural Relations, U.S.D.A.): 5.

According to the report, funding for and reconstruction of UPLB was necessary to promote agricultural learning and train skilled individuals who would eventually support the nation's agricultural programs.

Overall, the Call Mission recommended that if the Philippines were to succeed as an independent nation, agricultural reconstruction should be pursued in two categories. First, government should facilitate the quick recovery of money generating agricultural sectors – sugar, coconut, abaca, and rice – and, then, strengthen the Department of Agriculture. The mission's logic was that helping agricultural export industries would increase cash reserves for a government in desperate need of funding. The report makes this clear by stating, "The solution of this problem may be divided into two parts:

1. Exports and foreign credits must be developed and strengthened above prewar levels if imports of consumer goods are to be maintained.
2. The Philippines must produce where economically practicable more of those things that were previously imported.<sup>154</sup>

Additionally, the Call Mission believed that through the support of a centralized Department of Agriculture and Natural Resources, the Philippines could achieve immediate food security and support continued agricultural development. In particular, the mission noted the importance of research stating, "Among the means which the Philippines could employ to prepare for a larger population, the following would appear to be the most effective; 1) More efficient use of the present agricultural lands through the increased knowledge resulting from agricultural research and extension."<sup>155</sup> Additionally, the Mission believed that a strong agricultural research facility would facilitate food production and continue to enhance the

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<sup>154</sup> Ibid.: 10.

<sup>155</sup> Ibid.: 10 - 11.



nation's agricultural industry by increasing production of exports and protecting the industries from pests and diseases.

The Call Mission also offered an assessment of the coconut industry. Unlike other badly damaged industries such as sugar, whose manufacturing facilities had been decimated, the coconut industry could be rapidly mobilized. The mission noted world dependence on fats and oils and recommended that the coconut industry take advantage of the global shortage. Additionally, the report suggested that efforts toward copra improvement and by-product utilization should be encouraged, as well as, research in coconut pests and diseases.

The report's recommendations for the coconut industry are best represented by its statement: "If the future problems of the industry are to be met successfully, a long-term program of research and extension should be instituted to provide the industry with the information needed to solve these problems. The program should embrace among others the following four lines of work: Disease and insect control; grove management; economy of production; copra-quality improvement and by-product utilization."<sup>156</sup> Although these recommendations aligned closely with NACOCO's recommendations, these responsibilities should, the Call Mission recommended, fall under the umbrella of a centralized Department of Agriculture. Ultimately, however, the Call mission was only a set of recommendations. They did not directly disagree with Kalaw's assessments and industry objectives, though they did impact subsequent State Department programs later on.

Nonetheless, NACOCO functioned during the immediate postwar period and made progress on some of their objectives. Between 1947 –1949, NACOCO exported copra and coconut products to US manufacturers, owned agricultural land and machinery, and developed

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<sup>156</sup> Ibid.: 15 - 16.

copra dryers for distribution throughout the country. According to NACOCO's balance sheet as of June 30, 1950, we see the government corporation owned properties and equipment in-line with NACOCO's objectives as stated at the outset of this chapter.

NACOCO owned 1.3 million pesos worth of fixed assets that included land, warehouses, copra driers, motor vehicles, industrial machinery, and buildings.<sup>157</sup> It's unclear what types of machinery NACOCO owned, but looking at the company's Profit and Loss Statement for the period July 1, 1949 – June 30, 1950, we are able to tell NACOCO sold roughly 62,000 pesos in soap; 21,500 pesos in coir (a natural fiber from the outer husk of the coconut) and coir products; and 25,000 pesos in Nata de coco, a fermented coconut jelly.<sup>158</sup> NACOCO also had extensive employment that cost a total of roughly 135,000 pesos, for the same fiscal year. Combined with other NACOCO documents, the accounting ledger shows sufficient evidence that the government corporation did build a copra infrastructure network for copra exportation and invested in machinery for the production of by-product utilization.<sup>159</sup>

Looking closely at one of NACOCO's copra development plans, we can see that the corporation began the process of implementing a program to increase copra quality through farmer-owned copra manufacturing centers. These copra manufacturing centers were coconut dryers called *tapahans*, also known as *coprahans* and were based on F.C. Cooke's copra dryer designs as well as research conducted by the Department of Agriculture and Commerce that

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<sup>157</sup> The National Coconut Corporation. "Balance Sheet as of: June 30, 1950". From the US National Archives, RG. 59. Stack 250. 49, 26, 04. Box 9 - F12 - Government Corporation 2 of 2. Folder Interviews - Letters.

<sup>158</sup> Ibid.

<sup>159</sup> Army Intelligence Document: ID file 1942-1955. USNA II, RG 319. Stack 270. Row 12. Compartment 28. Shelf 2. ID: 419970. And, The National Coconut Industry. "The Future of the Coconut Industry - Industrialization of Coconut Products" From USNA II. RG 59. Stack 250. Box 3 - Subject Files, Feb. - Oct. 1950.

began in the early 1930s. The construction of these *tapahans* solved two issues, the first being copra quality through the reduction of moisture content, and the second being, limited farmer access to large-scale copra for sale to manufacturing facilities. For the most part, however, unlike Kalaw's somewhat utopian vision for incorporating all coconut planters within the NACOCO cooperative, the designs and distribution of these *tapahans* were largely elite-centered.

Within NACOCO's plan, titled, "The NACOCO Dryers, Types 1 and II (Improved Tapanan)," we can see how the corporation envisioned construction, distribution, and implementation of copra dryers throughout the Philippines. The construction plans show two model dryers, one called NACOCO de Vapor I, and the other NACOCO de Vapor II. Both dryers were displayed and operated at NACOCO's Sariaya copra Central in Sariaya, Quezon. Both Dryers could be constructed with local materials.

Selection of De vapor I and De Vapor II generally depended on soil conditions, how deep or shallow the water table was, and whether or not workers were familiar with dehusking the coconut.<sup>160</sup> The usability of NACOCO's dryers in various soil environments was meant to encourage nationwide purchases, connecting coconut farmers into a streamlined NACOCO trade network. According to NACOCO's pamphlet of instructions, NACOCO had already erected several throughout coconut districts. However, it is unclear how extensive the network was according to available records.

Based on the NACOCO's plans, it is clear that the corporation envisioned the distribution of these dryers to large coconut planters with access to lots of coconuts and tenants. Both the De Vapor I and De Vapor II, were capable of drying 2,000 coconuts per day. Additionally,

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<sup>160</sup> National Coconut Corporation. "The Nacoco Dryers, Types I and II (Improved Tapanan)." USNA II. RG 59. Stack 250. Entry A1 1378.

according to NACOCO's plan, they could be "made into multiple units to suit big plantations. Overall, the daily average would require substantial access to fresh coconuts and workers to perform tasks such as de-husking, splitting, and operating the machinery.

In the report, we see this requirement for hired labor or tenants in the company's instruction to land-owners, stating: "The practice of separating the fresh meat from the shell without heating is not conducive to the production of good quality copra and must be discouraged. All planters are enjoined to teach their workers to dehusk nuts so that coconut shells may be used as fuel in the drying process."<sup>161</sup> Here we have a distinction between planters and workers with planters responsible for instructing their workers on proper drying methods.

From the records available, it is hard to determine how successful NACOCO was in implementing their copra dryer plans. Also, one cannot determine how extensive coconut planter participation was. Construction of the dryers, however, did require access to the company's Manila offices. Additionally, construction required proof of assets. Both factors suggest that national integration on the scale envisioned at the outset of the chapter was unlikely. On paper, at least according to NACOCO's balance sheet, the corporation was operational and had a surplus of 5.1 million pesos.<sup>162</sup>

Despite NACOCO's general success immediately following the war, documentation related to the second US State Department mission, the 1949 Bell Mission, reveals the corporation's struggles on both the international and national levels. Documentation related to the Bell Mission helps bring into picture NACOCO's operational troubles. The United States

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<sup>161</sup> Ibid.

<sup>162</sup> The National Coconut Corporation. "Balance Sheet as of: June 30, 1950". From USNA II. RG. 59. Stack 250. Box 9 - F12 - Government Corporation 2 of 2. Folder Interviews - Letters.

Economic Survey Mission, also known as the Bell Mission, surveyed the economic conditions in the Philippines to initiate an economic and technical assistance program.

Although the Bell Mission's survey encompassed much more than the coconut industry, its recommendations were used to direct future cooperative assistance and technical aid. First with the Economic Cooperative Administration (ECA), later changed to the Mutual Security Agency (MSA) from 1951 to 1953. Together, with Mutual Security Agency records and projects, these US State Department documents reveal that agricultural aid was directed toward the Philippines' Department of Agriculture. However, NACOCO's copra export operations were unsuccessful, ultimately leading to a poor reputation, internationally and nationally. Looking first at NACOCO's export operations, we see that the corporation was unable to meet copra orders to US manufacturers. Between 1947 – 1949, NACOCO exported copra and coconut products to US manufacturers, however, the government corporation was restricted during the immediate postwar years. One reason for NACOCO's inability to export copra in this period was because of the U.S.-Philippine agreement to supply coconuts to meet the global shortages of necessary fats. This system disadvantaged Philippine coconut producers and restricted NACOCO's engagement in the coconut trade.

Beginning in May 1945, exclusive procurement of copra for export was given to the Copra Export Management Company (CEMCO), an agent of the US Commercial Company (USCC).<sup>163</sup> By June 30, 1946, Cemco's exclusive copra procurement ended. Afterward, all surplus copra between August 8, 1946 and June 30, 1947 was shipped to the United States through private entities. The International Emergency Food Council (IEFC) was a post-war

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<sup>163</sup> Department of State, Division of Research for Far East, Office of Intelligence Research. "Situation Report: Southern Areas. No. 3480.35 – July 16, 1947. Army Intelligence Document: ID file 1942-1955. USNA II. RG 319. Stack 270. Row 12. Compartment 22. Shelf 6. (ID: 382206).

commodity exchange meant to circulate goods to war damaged countries.<sup>164</sup> US Army intelligence documents admit the comparative advantage of US manufacturers compared to Philippine coconut producers stating, “there is some truth to the argument of Philippine producers that the allocation system has operated to the disadvantages of the industry.”

The International Emergency Food Council (IEFC) agreement continued until November 1947. Beyond these international restrictions, it is clear that NACOCO had difficulty acquiring copra for exports when the company began export operations. As early as November 3, 1947, NACOCO was designated as an exclusive supplier of 7,500 metric tons of copra purchased by International Relief Organizations.<sup>165</sup>

Beyond this contract, however, it is clear that NACOCO struggled to integrate the nation’s coconut network as seen in the corporation's string of failed contracts with several US manufacturers as early as October 1947. In a letter from J. Bartlett Richards, the US Commercial Attache at Manila to the US Secretary of State, George C. Marshall, Richards detailed NACOCO’s defaults on nine contracts totaling P2.6 million.<sup>166</sup> NACOCO defaulted on contracts to Louis Dreyfus & Co., of New York; the Pacific Oil Corporation, of San Francisco; General Foods Corporation of New York; and Spencer Kellog & Sons.

NACOCO’s failed orders show that the company struggled to secure adequate copra supplies and compete against domestic traders. In Richards’ letter he writes. “The government

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<sup>164</sup> Ibid.

<sup>165</sup> Intelligence Report. “Export of Coconut Oil by Nacoco to International Relief Organizations.” Army Intelligence Document: ID file 1942-1955. USNA II. RG 319. Stack 270. Row 12. Compartment 22. Shelf 6 (ID: 419970).

<sup>166</sup> J. Bartlett Richards, United States Commercial Attache at Manila to US Secretary of State, George C. Marshall. “Subject: Defaults on Copra Contract.” Army Intelligence Document: ID file 1942-1955. RG 319. Stack 270. Row 12. Compartment 33. Shelf 5. (ID: 449091): 1.

Corporation Counsel, Marchial Lichauco, acting for NACOCO, has set up the defense as ‘force majeure’ contending that the company lost all of the copra in the November and December typhoons.”<sup>167</sup> Although it is plausible that typhoons might have caused NACOCO’s depleted copra supplies, Richards highlighted NACOCO’s speculative trade practices as the primary reason.

“It is freely admitted in conversation,” Richard wrote, “by officers of NACOCO and by Mr. Lichauco, that NACOCO was speculating in copra and guessed the market wrong.”<sup>168</sup>

Richards defended this position with an attached *Manila Times* article, “NACOCO Revamp Looms as Huge Loss is Bared: Capital Depleted - P2,600,000 Lost - Management Hit”, by Jose L. Guevara, summarizing the Philippine control committee’s report to president Roxas noting NACOCO’s trade practices that led to failed contracts. The control committee reported that NACOCO sold futures, or contracts to deliver, to companies without secure copra supplies.

While unclear why NACOCO was unable to fulfill the contracts, rising coconut prices clearly contributed to its difficulties. First, NACOCO secured copra contracts with US manufacturers at prices below subsequent price quotations. Although NACOCO paid roughly P302,500 in 1947 to company brokers, it’s likely that NACOCO’s buying agents were unable to compete, as local coconut prices increased past the original contract value. In total, NACOCO secured only 3,500 tons of copra, failing to deliver roughly 10,000 tons of copra

NACOCO’s inability to consolidate the trade network was detailed by Vicente Constantino, the Associate President of the Tayabas Coconut planters (TACOPLANT), located in Lucena, Quezon. In Constantino’s report titled, “Economic Problems of the Coconut Industry”

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<sup>167</sup> Ibid.

<sup>168</sup> Ibid.

submitted to the US Economic Mission, he mentions the lack of a cooperative or collective marketing for collection of copra. Constantino states:

“Foremost among the factors that is preventing the Philippine copra and oil from realizing what it is worth, are as follows: 1. Lack of a long range program for the future of the industry such as the COOPERATIVE OR COLLECTIVE MARKETING of copra, thereby placing the copra producers and laborers at the mercy of foreign middleman who dictate the price of corpax and monopolize export.”<sup>169</sup>

Constantino’s assessment provides one possible reason for NACOCO’s inability to access copra for international export. Constantino’s assessment showed the competitive nature of the local copra trade network. Constantino stated that Manila manufacturers had provincial buying agents more capable of collecting coconuts from provincial farmers due to the long established relationships cultivated during the American colonial period.<sup>170</sup> Ultimately, NACOCO struggled with their exporting operations and integrating their envisioned coconut trade network. As a result of these dealings, as well as embezzlement charges against NACOCO, the government corporation was later branded domestically as “*Nakawko*”, a pejorative innuendo marking NACOCO a thief.<sup>171</sup>

Turning now to the Bell Mission, NACOCO’s failed contracts and poor reputation impacted the Mission’s stance toward providing aid to government corporations. Though in line

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<sup>169</sup> Tayabas Coconut Planters. “Economic Problems of the Coconut Industry”. Submitted to the United States Economic Survey Mission. Manila: Philippines. From USNA II. RG 59. Stack 250. Entry A1 1378.

<sup>170</sup> Ibid.

<sup>171</sup> On Nacoco’s financial issues, see “Kalaw Sues Writer For Nacoco Story” *The Manila Times* (2 Oct., 1948); “Kalaw Fails To Make Refund of P49,119.91” *The Manila Times* (16 Nov, 1948); “Three Other NACOCO Chiefs Named in Case” *The Manila Times* (4 Feb., 1949); “NACOCO Safe Forced Open, Yields P12.39” *The Manila Times* (11 Feb., 1954); And, “Nacoco case to Palace: Probers urge charges against Barreto; other officials under fire” *The Manila Times* (13 Feb., 1954). From the Lopez Museum and Library, Folder - Nacoco.



with the Call Mission's recommendation, the Bell Mission recommended an increase in immediate food production and the strengthening of export production through a strong centralized Department of Agriculture and agricultural research institutions. In making these recommendations, Daniel W. Bell, the Chief of the United States Economic Survey Mission to the Philippines, met with coconut manufacturers and planters.

These sentiments were made clear by A.L. Strand's visit with various agricultural bodies throughout the country. During Strand's visit to the Philippines he was an outspoken critic of the opposing views held by elite Filipino agriculturalists. In a letter to Mr. Buenaventura C. Lopez of the Rice and Corn Production administration of the National Development Corporation, Strand was asked if he could supply Lopez with a transcript of his speech at the Manila Rotary club, an institution that was often used as a networking space for elite Filipinos and American businessmen. In response, Strand wrote: "There is no copy of what I said available, for I talked extemporaneously. Although I did not say it directly, I believe everyone understood my attitude toward government corporations that are concerned with agricultural production. I believe they should be in the hands of agricultural scientists."<sup>172</sup> As a representative of the Economic Mission to the Philippines, A.L. Strand wanted the development of the agricultural industry in the hands of the agricultural scientists affiliated through the University.

A.L. Strand's trip to the Philippines and his view of how development should be carried out are displayed in his letters, especially to the University of the Philippines' president, B.M. Gonzalez. While Strand often used terse language when addressing political officials and officials connected to the National Development Corporation, his language to University

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<sup>172</sup> Letter from August L. Strand to Buenaventura C. Lopez. September 2, 1950. From USNA II. RG 59. Stack 250. Folder Agriculture – General.

officials is warm and supportive. The difference in language used reveals Strands appreciation for the agricultural sciences and his desire to have the scientists as managers of the rehabilitation.

Strand looked upon the University of the Philippines and its agricultural scientists as crusaders for good. His feelings of appreciation toward the University of the Philippines were extended to the president of the University, B.M. Gonzalez when he wrote: “One of the very pleasant things about our visit in the Philippines has been the opportunity to meet you. I know some of the things about which you have high ambitions and I hope that the University of the Philippines will be given the support necessary for their realization.”<sup>173</sup> This support and warmth was extended to the acting chief of Agricultural Extension under the Bureau of Plant Industry, Francisco G. Galang as well.<sup>174</sup>

The Bell Mission ultimately outlined an agricultural development program for the Philippines, which was contested on many levels. It can be argued that the mission along with MSA objectives did not meet its stated goals, however, the mission’s objectives are insightful because they do show how later MSA projects would direct funding. According to the Bell Report, a five-year agricultural program was needed to increase all available means of production of food crop to meet domestic consumption and help with research for the major exporting sectors.

These recommendations were later reiterated by the Philippines National Economic Council’s own assessment of agricultural research and coordination. Their recommendations stated that: “All Agricultural research activities of the government will be coordinated. There shall be established only one national plan or program of separate research institutions principal

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<sup>173</sup> Ibid.

<sup>174</sup> Ibid.

of which are the Bureau of Plant Industry, the Bureau of Animal Industry and the College of Agriculture. All research work in agriculture now being undertaken by certain government corporations will be taken away from them and distributed to whichever of the three institutions herein mentioned such research activities correspond.”<sup>175</sup> Despite general agreement between US and Philippine agriculturalists that government corporations largely hindered development, government corporations continued to exist.

Nonetheless, the Bell Mission’s recommendations impacted future Mutual Security Agency projects. In cooperation with the Philippine’s Department of Agriculture and Bureau of Science, the Mutual Security Agency conducted two coconut centered projects. The first project was related to cadang-cadang, a coconut related virus that was spreading throughout the Philippines, especially in the Quezon region at the time. The second project focused on copra improvement and by-product utilization. Both projects were successful in establishing a functioning coconut research network.

The projects established five research stations along extension-work principles and were to be used later as extension sites for community outreach. One of the stations in Tiaong, Quezon operated by the Bureau of Plant Industries was a 50-hectare Lagalag Barrio coconut farm purchased from Don Tomas Umali, a wealthy coconut farmer from Quezon Province. Researchers looked at the oil and protein contents of different varieties and strains in connection with selection work for improvement. This farm was selected through the MSA program by Dr.

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<sup>175</sup> Technical Staff of the National Economic Council. June 12, 1950. “Agricultural Research. Agricultural Extension. Agricultural Organization.” From USNA II. RG 59, Stack 250. Box 9. Folder Agriculture.

Donald de Leon, the MSA entomologist working on the cadang-cadang initiative, as well as, the Governor of Quezon Province, Vincente Constantino.<sup>176</sup>

As pointed out in the *Daily Mirror*, in 1952 progress on the Coconut Research agenda was enhanced by the announcement of an eight-man technical research team. These men were appointed to the Coconut Research and Development Project of the Department of Agriculture and Natural Resources. It was headed by Pedro A. Rodrigo, Senior Horticulturist and Chief of the Horticulture Research Section to the Bureau of Plant Industry, the project staff composed: Emilio K Morada, Horticulturist-Superintendent of the Quezon Coconut Experiment Station; Doroteo F. Tinio, Junior Horticulturist; Rodolfo S. Sajonas, Plant Breeder; Gavino G. Mangabat; Rafael Bartolome, Horticulturist; Amado Paggao, Junior Horticulturist; and Jesus Belandres, Junior Horticulturist.<sup>177</sup>

Despite the failure of NACOCO, new debates about a new coconut-centered government corporation emerged again in 1952. In the national conversation, coco-elite planters remained consistent in their goals for the industry, albeit with greater emphasis on a government corporation responsible for leading scientific research. On March 14<sup>th</sup> and 15<sup>th</sup> of 1952, coconut planters hosted one of the nation's first conventions for coconut planters. The convention was an opportunity to close the ranks of those involved in the industry. In the keynote address, Vice-President Fernando Lopez called for the planters to make an organization that will last. Lopez noted that 30 percent of the industry was dependent on the planters. He said that "with a permanent, continuous powerful organization of coconut producers, under able and dependent

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<sup>176</sup> "Coconut Research Personnel Appointed" *Daily Mirror* (2 July 1952).

<sup>177</sup> Ibid.

business leaders, there is no reason why the Philippine coconut industry cannot maintain its primacy in the world market”.<sup>178</sup>

The planters will, in effect, supply the source of goods to an industrial machine. Moreover, Judge del Rosario, acting president of the Philippine Coconut Planters Association, announced the need for unified action, better marketing methods, improved process of manufacture, utilization of by-products, and above all, the elimination of middlemen. These were all steps taken in the official plans for PHILCOA which was yet to be developed.<sup>179</sup> Wider representation of areas producing regions by appointment of members from different provinces. Additionally, the convention claimed that a group was needed to prevent “victimization of planters by alien middle-men.”<sup>180</sup>

Even the defunct National Coconut Corporation director added to the conversation. Maximo Kalaw addressed coconut planters in a *Daily Mirror* essay entitled, “The Sorry Plight of the Coconut Industry.” Kalaw stated his general frustrations with an unorganized planter class stating: “Coconut planters must radically change his mental attitude, his plans and his activities. He must forget his selfish individualism and learn to work with the coconut community. He must help organize that community for collective action.” Kalaw reiterated that he believed coconut planters and the government should work hand in hand in the improvement of copra. Additionally, He stated that the government should go one step further by subsidizing the copra export industry. The government must be ready to subsidize copra export.

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<sup>178</sup> “Lopez Assures Full State Backing Of Coco Industry: Keynotes Planters 2 Day Convention; Group Amends By-Laws To Further Tighten Ranks; Judge Del Rosario Sounds Plea For Vigilance” *Daily Mirror* (15 March 1952).

<sup>179</sup> Ibid.

<sup>180</sup> “Lopez rallies coconut planters” *The Manila Times* (16 March 1952).

Kalaw continued, stating that the government:

must see to it, with the help of the planter, that every fruit no[t] used for local consumption is utilized for exportation. When the price becomes so low as to make it prohibitive for the planter to gather and prepare copra, the government must go to the extent of subsidizing the copra export. This may be revolutionary to some but have we not the coconut planters in the past been virtually subsidizing the government through millions collected from us as excise tax and returned to the government? The government must help the farmer in eliminating as much as possible the middlemen in the marketing of copra, both in the domestic and foreign trade.<sup>181</sup>

In 1954, the Philippine Coconut Administration was organized under Act No. 1145. The board of directors included Benjamin Salvosa, former secretary-treasurer of NACOCO, Leon G. Guinto Sr., Juan Alano, Santiago Gancayco and J. Reyes. The news surrounding the formation of PHILCOA, another coconut government corporation, is telling of NACOCO's failures, particularly its forays into speculation and the inadequacies of its scientific inquiry. In a press release issued by Leon Guinto Sr. a life-long politician from the Tayabas coconut province, Guinto makes reference to the political drama over the past four years of NACOCO technically stealing money from the Philippine government, stating: "PHILCOA will take the place of the defunct NACOCO (called in another name Nakawko)" a shorthand slang for thief.

Here, Guinto, representing the new government-run coconut corporation created distance from the old corporation, saying:

'As long as I am in the PHILCOA I will do my best for the protection and promotion of the coconut industry in the Philippines'. 'I will do my best to fight leaf-miner, kadang-kadang and rat or pest and diseases.' He said further that: 'I will not allow the failure of the Philoca for my long experience in the government service and my love to my countrymen is a guaranty of good administration of the PHILCOA.'<sup>182</sup>

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<sup>181</sup> Maximo M. Kalaw, "Sorry Plight Of Coconut Industry." *The Daily Mirror* (31 March 1952).

<sup>182</sup> "Press release" *The Manila Times*. File Leon Guinto Sr. From the Lopez Museum and Library Lopez Library.

In other words, Ex-Secretary Guinto became the organizer and moving spirit of the PHILCOA. The rest of the press release highlighted Guinto's service to the country, mainly highlighting his connection to coconut planters and his entanglement in the upward political trajectory of President Quezon. Quinto Sr. served as Quezon's private secretary in the Philippine Senate, was elected on the provincial board of Tayabas in 1922, elected two terms, six years, as representative in the second district of Tayabas.<sup>183</sup>

The reconstruction of the post-war Philippines was an attempt by Filipino political elites to rebuild their institutional power bases. Coco-elites viewed the rebuilding of the economy, previously centered on colonial export commodities of coconut, sugar, abaca, as a way not only to replicate the existing economic structures prior to the war but also monopolize the coconut industry and become an international supplier for vegetable oils.<sup>184</sup> To meet the growing world demand for vegetable oils, coco-elites repositioned the industry to produce sufficient supplies for the US market as a base for capturing the international market – in effect, catapulting beyond US bilateral relations to become the major international producer.

A major obstacle for coco-elites in meeting international vegetable oil demands was the maintenance and growth of copra production. The leading barriers to achieving increased copra production were the elimination of low-quality copra caused by improper drying methods and plant diseases such as *cadang-cadang*, a viral disease that brought about severe damage to the major coconut producing regions of Southern Luzon and Bicol provinces. To combat these

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<sup>183</sup> Ibid.

<sup>184</sup> Prior to World War II, roughly 95 percent of coconut exports went to the United States.

issues, coco-elites built a coconut infrastructure network that could promote drying techniques to small farmers and created a centralized body responsible for preserving the coconut economy.

As we saw in this chapter, beginning in 1946, the Philippine Republic signed Republic Act 5 and created the National Coconut Corporation (NACOCO), a government corporation responsible for the marketing of copra to the international market. By 1949, NACOCO, and the representative association for Philippine coconut farmers, the Philippine Coconut Producers Association (PCPA), lobbied the U.S. State Department to assist with scientific research into *cadang-cadang*. These initiatives ultimately aided the foundations for an elite-centered coconut infrastructure sustained through scientific innovations.

Yet, by examining these programs, it becomes evident that NACOCO was unable to successfully compete within the highly competitive, dispersed, domestic coconut market. NACOCO's struggle to centralize the nation's coconut trade and incorporate broad planter support limited its overall success. In the next chapter, we will examine PHILCOA's pivot away from a copra-centric agenda to promote coconut by-product utilization and build a domestic market for coconut consumption.



## CHAPTER FOUR

### The Tree of Life:

#### The Industrialization of Coconut By-Products and Copra Production, 1954-1972

##### Introduction

On March 15, 1957, Ramon Magsaysay addressed the Philippine Coconut Producers Federation (PCPF) at their fifth annual convention in Malacanang Park, Manila. Over 3,000 coconut planter delegates from all over the Philippines listened as the president gave a speech that both coconut planters and PHILCOA administrators regarded as a new dawn for the coconut industry. National media outlets covered the event closely, declaring matter-of-factly to their readership that sugar, the country's largest dollar earner before World War II, had officially been dethroned by the coconut. Many observers, especially the leading coconut planters, understood the coconut industry which now accounted for roughly 40 percent of the government's annual dollar reserve, had finally entered a new period of economic independence from the United States.<sup>185</sup> In this new era, the coconut was supposed to be king.

Despite these hopeful forecasts however, coconut supremacy in Philippine politics and the economy never truly came to fruition. Instead, the subsequent Marcos period brought punitive levies and devastation to small farmers throughout the countryside. The Marcos period left the industry similar to a typhoon-devastated coconut plantation, stunting both the industry's growth and our understanding of the period.

Generally, the Marcos period continues to cloud our understanding of the coconut industry during the PHILCOA period (1954 – 1971). A pronounced aspect of this martial law

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<sup>185</sup> "RM pledges aid to coco industry" *The Manila Times*. (16 March 1957).

malaise after 1972 is the reduction of the PHILCOA period to a coconut jeremiad, or a litany of woes by coconut planters in an attempt to understand the economic devastation that befell them during and after the Marcos coconut levies.<sup>186</sup> Additionally, historical writing has been hyper-focused on the copra export economy and neo-liberal economic policies.<sup>187</sup> As a result, US imperialism and crony-capitalism are the usual suspects and primary actors of the historical narrative, quite obviously because they are the most visible signs still standing after the Marcos wreckage.

Two major works that shape our understanding of the period are Rigoberto Tiglao's *The Philippine Coconut Industry* and Gary Hawes' *The Philippine State and the Marcos Regime: The Politics of Export*.<sup>188</sup> According to Tiglao, the Philippine's dependence on an export-oriented economy during the Marcos period stemmed from US colonization and the post-colonial relationship:

Under U.S. colonialism more than 80 percent of Philippine coconut exports were for the U.S. market. In the postwar period, while the bulk of coconut oil exports were still to the U.S., about 60 percent of copra exports went to the Western European countries . . . "Since the pre-war period up to the early 1970s, about 61 percent of [coconut] exports were in the form of the unprocessed copra; coconut oil and desiccated coconut accounted about 29 percent and 10

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<sup>186</sup> The general coconut narrative since roughly 1930 has followed the same theme and identified similar unfortunate events that planters have had to face in order to claim the industry as their own. For one such example see, Jose R. Eleazar, Jr., Leonardo Ignacio, Jr., Araceli Nael, and Yvonne Agustin. *The Coconut Story, One and Two*. (Mandaluyong, The United Coconut Association of the Philippines, Inc., 1980). In this account, PHILCOA is portrayed as an ineffective administration.

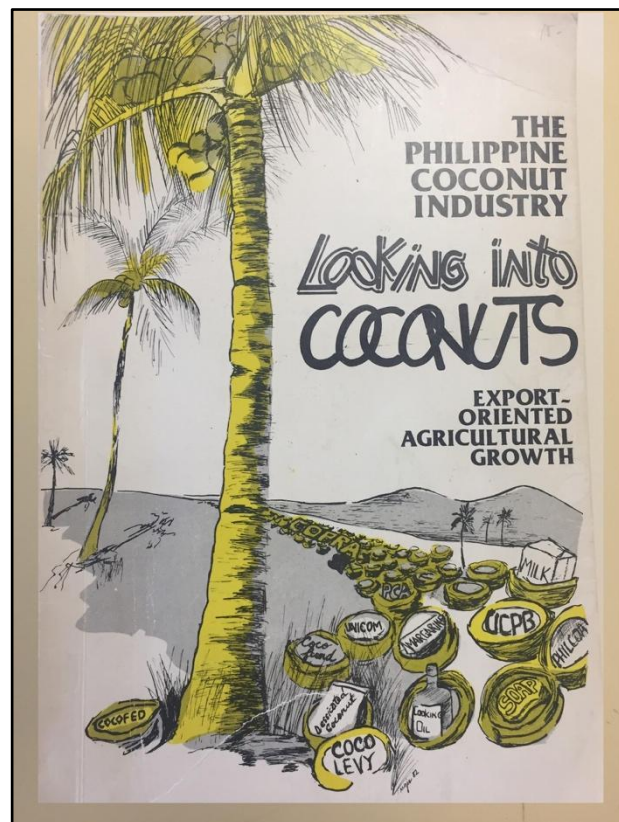
<sup>187</sup> George L Hicks, *The Philippine Coconut Industry: Growth and Change, 1900-1965* (Washington: Center for Development Planning, National Planning Association, 1967). Albert Nyberg, "The Philippine Coconut Industry" (PhD Dissertation, Cornell University, 1968). 10.

<sup>188</sup> Rigoberto Tiglao, *The Philippine Coconut Industry : Looking into Coconuts : Export-Oriented Agricultural Growth* (ARC, 1981): V; See also, Tiglao Rigoberto, "The Political Economy of the Philippine Coconut industry" in Third World Studies Program, *Political Economy of Philippine Commodities* (Quezon City: Third World Studies Center, Diliman: 1983): 182; Gay Hawes, *The Philippine State and the Marcos Regime: The Politics of Export* (Ithaca : Cornell University Press, 1987), 62.

percent, respectively, of the value of coconut exports. By 1979, coconut oil accounted for 77 percent of the total value; copra, 13 percent; and desiccated coconut, 10 percent. . .<sup>189</sup>

Tiglao's argument is anchored in a dependency theory, arguing that the Philippine coconut industry was established as a peripheral outpost for US economic development. He first published this argument in 1981 and went into greater detail in 1983 for the University of the Philippines' Third World Studies' Program.<sup>190</sup> However, *Looking into Coconuts* is his first attempt to contextualize and historicize the growing economic crisis during the Marcos period. The artwork on the cover of *Looking Into Coconuts* expresses the sharpened focus on the copra industry. Through this work, it is evident the industry's colonial heritage and dependence on the export of raw, unprocessed copra led to economic disparities and more importantly shaped both the nation's underdevelopment and mass poverty at the farm level.

Similarly, Gary Hawes points to similar processes for explaining the industry's growth as the world's largest



<sup>189</sup>Rigoberto Tiglao, *The Philippine Coconut Industry : Looking into Coconuts : Export-Oriented Agricultural Growth* (ARC, 1981): V; See also, Tiglao Rigoberto, "The Political Economy of the Philippine Coconut industry" in Third World Studies Program, *Political Economy of Philippine Commodities* (Quezon City: Third World Studies Center, Diliman: 1983): 182.

<sup>190</sup> It should be noted that dependency theory, coming out of Marxism and World Systems Theory was popular during this period. Additionally, the University of the Philippines and the TWSC has a long and recorded history of, what would now be termed, social justice, criticizing crony-capitalism during the martial law period.

producer of coconuts and copra. In *The Philippine State and the Marcos Regime*, Hawes explains that: “In the late 1950s the pioneers in the oil-milling industry (Philippine Refining Company and Procter and Gamble) began to concentrate on further processing of coconut oil, mainly into soaps and detergents. This development almost certainly resulted from the import-substitution industrialization policies of the 1950s.” Like Tiglao, Hawes begins his historical inquiry into the Marcos period and constructs a teleological, top-down argument in order to explain the Marcos consolidation of individual export sectors through crony capitalism.<sup>191</sup>

There is no question that US imperialism and post-war neoliberal policies impacted Philippine coconut development before and after independence. Hawes shows the effectiveness of Marcos and his cronies, Danding Cojuangco and Juan Ponce Enrile, in consolidating the industry through levies directed toward low-income, small coconut farmers. Additionally, Cojuangco’s strategy of vertically monopolizing the coconut commodity chain is made apparent through the aggressive maneuvers to push out domestic and international oil mill competition. By 1978, Cojuangco fully controlled the entire coconut commodity chain after his purchase of Cargill’s California refinery.<sup>192</sup> Small farmers, however, were largely marginalized.

Rigoberto Tiglao and Gary Hawes make significant contributions to our understanding of the coconut industry, especially during the Marcos period. Saying otherwise would be foolish. Yet, Filipinos, if they are not crony-capitalists, are portrayed as passive actors in the development of the industry. Yes, the Philippines already supplied roughly 60 percent of the world’s requirements of copra and 30 percent of the world’s supply of coconut oil, prior to the

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<sup>191</sup>Gay Hawes, *The Philippine State and the Marcos Regime: The Politics of Export* (Ithaca : Cornell University Press, 1987), 62.

<sup>192</sup>Jose R. Eleazar, Jr., Leonardo Ignacio, Jr., Araceli Nael, and Yvonne Agustin. *The Coconut Story, One and Two*. (Mandaluyong: The United Coconut Association of the Philippines, Inc., 1980): 124 - 127.

1955 Laurel-Langley trade agreement. However, as shown in the previous chapter, Filipino coco-elites aggressively lobbied the United States for renegotiation and looked not only to the West, but outward toward other coconut producing countries within South and Southeast Asia for the development of the country's post-war industry. As noted earlier in the dissertation, copra quality prior to 1955 was considered subpar by international standards. However, it is during the PHILCOA period that copra quality improves, and serious attention is given to solving that problem. PHILCOA's focus on improving copra quality is seen in their reprinting of a 1948 Manila Chronicle article for PHILCOA's publication, *A Forward Look into the Coconut*, that stated "[the Philippines was] the world's greatest producer of the worst copra." Significant coordination was required if the Philippines wanted to take advantage of the preferential access to the US market and remain competitive against other coconut producing countries, not to mention other fats and oils.

These histories miss the significant impact the coconut industry played in the lives of both rural and city residents. By moving away from a copra centric, neo-liberal critique we see a parallel history that includes much more than a US Philippine binary, allowing us to view the coconut industry's larger impact on Philippine society, and include storied detail such as movie-goers in Manila captivated by Manuel Conde's 1955 film, *Ikaw Kasi*, a film focused around the life and problem of families living in coconut plantations. The film received critical acclaim and was recognized as one of the best musicals of Philippine cinema ever made. City-dwellers watched and connected with the film as Nenita Vidal and Manding Claro enjoyed fresh buko from Villa Escudero's sprawling coconut plantation in Tiaong, Quezon. Surprisingly, PHILCOA was instrumental in the film's production, providing technical direction for accuracy and authenticity. Though the film is still considered one of the best musicals of Philippine cinema

ever made, it is considered lost or destroyed, poetically apropos to our understanding of the PHILCOA period.

By shifting away from a narrow focus on copra and breaking free from a dependency theory framework, we can gain a more comprehensive understanding of the significant role that the coconut industry played in the development of a middle class in the Philippines. This period was marked by the creation of an extensive infrastructure that supported the cultivation, processing, and marketing of coconut products. This infrastructure engaged a wide range of stakeholders, including farmers, scientists, and urbanites, and it was reinforced by extensive extension services and marketing campaigns that permeated all aspects of Filipino life. By adopting a more nuanced perspective that recognizes the multifaceted nature of this infrastructure, we can gain insight into the complex dynamics that drove the nation's industrialization efforts and the creation of a middle-class citizenry.

To capture this nuanced perspective, we only need to turn our attention toward a common phrase still widely used when referencing the coconut, *ang puno ng buhay*, or the tree of life. By examining *ang puno ng buhay*, we see PHILCOA's industrialization plan was multifaceted. The program also reveals efforts to diversify the coconut industry away from copra dependence and diversify the industrialization plan through byproduct utilization. Of course, copra production for oil exports remained a significant focus throughout the period. However, PHILCOA viewed copra production as one part of a larger economic recovery plan. The creation of a local market for coconut-based goods was a joint effort that supported two seemingly complementary projects for the new nation. The promotion of economic nationalism during the Import Substitution Industries (ISI) period, along with the implementation of the Retail Trade Nationalization Act, made the establishment of a domestic market for coconut products a

patriotic pursuit in line with the prevailing ideals of the time. Additionally, the expansion of the Philippine middle class was a significant national endeavor, as it laid the groundwork for a self-reliant republic by fostering a citizenry capable of sustaining economic growth.

A closer examination of the PHILCOA period provides a more comprehensive view of the administration's engagement with Philippine society during this period--perhaps best understood by exploring the historical context that led to the marketing of *ang puno ng buhay*.

### **International and Domestic Environment**

During the long PHILCOA decade between 1955 and 1971, Western economic advantages in copra exportation and manufacturing persisted. So too did coco-elite pressures. Coco-elites who had a vested interest in a copra-centric industrialization plan argued "since Philoca was financed by coconut planters and producers" PHILCOA should work on behalf of planters' interests.<sup>193</sup>

Though coconut producers remained critical of, and oftentimes confrontational with PHILCOA, the government-corporation led the nation's coconut industrialization plan.<sup>194</sup> Compared to sugar producers who had managed to effectively consolidate their economic and political control during the early years of US colonial occupation, coconut producers had remained at the political and economic periphery, allowing PHILCOA more agency in their industrialization efforts. As a result, PHILCOA's program looked to strengthen the nation's

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<sup>193</sup> "Coco Confab Aims Defined" *The Daily Mirror* (25 February 1956).

<sup>194</sup> During the 1956-57 period PCPF clashed with PHILCOA on how funds should be invested and allocated throughout the country.

copra manufacturing capability while also engaging farmers in education campaigns that advocated for increased attention to cultivation and promoted the idea that coconut trees could offer a better livelihood.

According to PHILCOA, a major obstacle for national development was Western dominance in coconut oil production. Foreign manufacturers and distributors in the Philippines, such as the Philippine Manufacturing Company (a subsidiary of Procter and Gamble), continued to maintain their prewar privileged position atop the economic hierarchy. Jose Eleazar Jr., a prominent coconut planter and vice president of the PCPF's Mindanao chapter, offered a sober assessment in 1972 of the international fats and oils market, stating: "Of course it is clear that Westerners have set up a system for their oil business which is almost impossible to break."<sup>195</sup> In the face of the relative economic hegemony by Western oil producing countries, PHILCOA concentrated much of the organization's efforts toward nationalizing the industry's copra infrastructure and encouraged cooperation with coconut planters.

Overall, the beginning of PHILCOA's tenure represented larger national hopes for post-colonial economic independence from the United States, with the coconut industry leading the charge. During the rehabilitation period (1946 - 1954), coco-elites argued that Filipino producers were placed in an economically disadvantaged position compared to Western corporations which resulted in depressed prices for their product.<sup>196</sup> PHILCOA's efforts at regaining economic and political control of the distribution of coconut products was seen as a national problem, requiring a national solution, involving everyone within the nation. That was the situation in 1953 when Republic Act 1145 established the PHILCOA to "revitalize the industry" and bring "social

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<sup>195</sup> "Innocents Abroad, Or Mr. Eleazar Goes U.S." *The Cocofed Report*. I, 5 (June 1972): 9-11

<sup>196</sup> Benjamin Salvosa, "New expectations in cocoland" *The Manila Times* (24 August 1955).



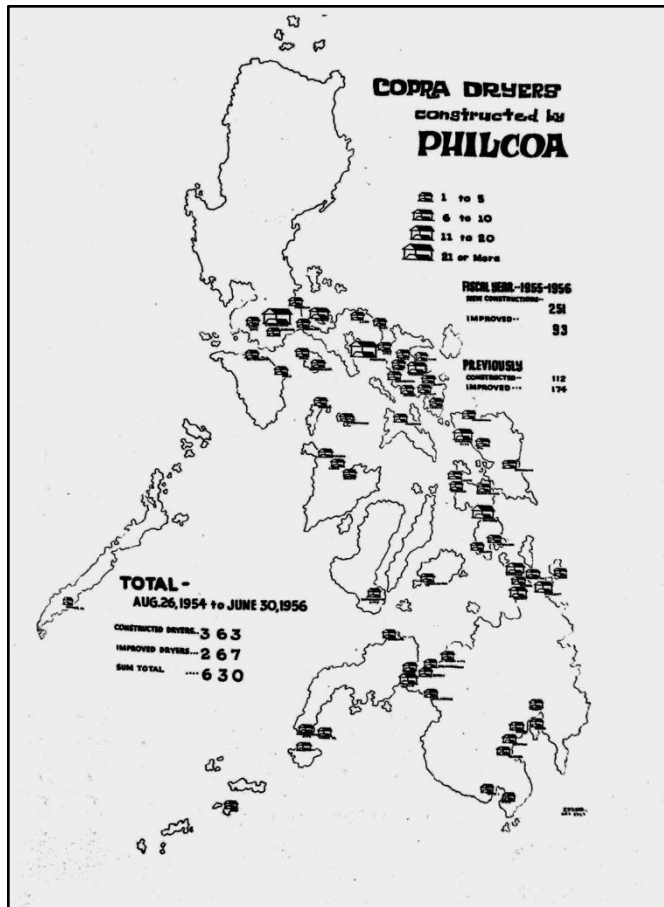
justice to coconut farmers and copra producers”.<sup>197</sup> After this, the administration under Magsaysay gave PHILCOA more power through Republic Act No. 1365 which decreed the use of a moisture meter for the elimination of fraudulent classifications of copra, as well as Republic Act. No. 1369 which issued p30 million in bonds.

A sense of nationalism or national pride in re-building an autonomous coconut industry was a common theme throughout this period. As early as 1954, Benjamin Salvosa, the first PHILCOA president, discussed the rising morale of cities ushered in by the prosperity of the coconut industry.<sup>198</sup> He attributed this rise in morale from the “sense of revolt” against Western enterprise that comprised no more than one percent of the businesses, though it controlled the majority of coconut oil production. His comments in a *Manila Times* editorial ran parallel to arguments raised by coco-elite planters, many of whom were PCPF members, and the congressmen representing coconut areas. It is evident that throughout the PHILCOA period, the copra-derived export economy was a major focus of the government organization, however it was viewed within the context of regaining control over an internationally lucrative industry for the benefit of the country. Accordingly, PHILCOA considered small planter engagement and cooperation with major foreign manufacturers crucial for maintaining the nation’s competitive advantage in the nation’s long-term industrialization plan.

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<sup>197</sup> Ibid.

<sup>198</sup> The U.S. collected excise taxes were returned to the Philippines and helped construct Quezon City.



Between 1957 and 1965, the trajectory of copra production paralleled larger national policies. Beginning in 1957, President Carlos P. Garcia initiated Filipino first economic policies that looked to grow national industrial ownership away from Western corporations. These policies were also applied to nationalizing the copra infrastructure of the Philippines with the intended goal of wresting control over supplies from alien producers.<sup>199</sup> Garcia's policies were in-line with larger Third-World economic initiatives of import-

substitution. Aside from building the copra infrastructure, PHILCOA implemented moisture meter laws that were strictly enforced, requiring moisture measurements to be conducted for all exported copra to ensure purity standards. Additionally, PHILCOA focused a large percentage of their efforts in building an industrial infrastructure for coconut by-product utilization through increased investment and importation of industrial machinery for use at pilot plants throughout the Philippines. These machines were put on display for eventual purchase at PHILCOA pilot plants. Some machinery included dryers and oil extractors, but others focused on non-oil products such as the defibering machines purchased from Germany in 1955 and the construction

<sup>199</sup> During this period, PHILCOA looked to maneuver against middle-men, the majority Chinese-Filipino and western producing corporations, to regain larger control over the copra trade.

of two Japanese defibering machines, as well as the Martiniano Floro machine which was capable of manufacturing wallboards from coconut husks.<sup>200</sup>

Overall, the PHILCOA period saw greater political mobilization, with the industry gaining more financial assistance from the national government in industrial plans. PHILCOA increased its administrative control and became the major architect for the industry's infrastructure development and industrialization projects. In this effort, its main levers for achieving these goals were through levies, a politically contested taxation on the first purchase of every 100 kgs of copra, and later through levies obtained from moisture meter use.

Within the first year of operation, from August 26, 1954 to June 30, 1955, PHILCOA turned a modest profit from fees levied from copra, coconut oil, and desiccated coconut. Its total annual revenues from levies were 770,224 pesos, which were used by the administration to sustain industrial programs, research and experiments, travel expenses and marketing campaigns, leaving PHILCOA with a total net income of 352,765 pesos for the period.<sup>201</sup> The PHILCOA levies were ultimately successful in sustaining the organization's industrialization efforts and provided economic means for the administration's extension services geared toward improving coconut cultivation on small plantations.

Aside from PHILCOA's early national initiatives, the Revised Philippine Trade Act of 1955, which ensured a profitable economic landscape for coconut producers and increased production of domestic coconut oil, contributed toward the nation's optimism for the coconut

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<sup>200</sup> PHILCOA Reports: 1955 – 1956 (Quezon City: PHILCOA, 1956): 182. From the University of the Philippines Institute of Economic Development and Research Library.

<sup>201</sup> Ibid.

industry. The following quote from PHILCOA's first annual report shows the administration's strategic analysis regarding the Bell Trade Agreement and Laurel Langley Agreement:

The Bell Trade Agreement, which define Philippine United States Trade in coconut products . . . provides that the Philippine Government may allocate only to prewar producers of coconut oil – a stipulation that handed virtually the entire trade to foreigners.

The Laurel-Langley Agreement, which replaces the Bell Trade Agreement as the basis of Philippine-American Trade, contains no such clause and thus gives the Philippine government the opportunity to shift the trade to Filipino exporters in a totally new system of quota allocations. But it envisions substantially the same manner of abolishing the duty-free quote.”

In addition, a graduated schedule of tariffs places the hope of the Philippine coconut industry squarely on copra which under the new agreement, may enter the United States market as in the past in unlimited quantity and virtually without paying customs fees.

The schedule of decreased oil quotas, however, apparently will not present immediate difficulties. . . Philippine coconut oil remains the favored oil of its kind in the United States market. Coconut oil of non-Philippine origin is taxed a total of five cents per pound. Oil coming from the Philippines is taxed only three, thus giving it a two-cent advantage.<sup>202</sup>

Comparing the duty rates in the 1946 Philippine Trade Act to those in the Revised 1955 Trade Agreement indicates that the new trade terms prolonged the incremental increases of duty imposed on coconut oil exports to the United States. The new duty rates provided a longer period of duty free entry for coconut oil, increasing the economic benefit for domestic coconut oil production.

Briefly, the original 1946 Philippine Trade Act imposed a 15 percent import duty on coconut oil beginning in 1956 with 5 percent rate increases annually. By contrast, the renegotiated trade agreement required only 20 percent of coconut oil imports to be subject to taxes for the periods between 1962 and 1964 and 40 percent between 1965 and 1968. The new trade agreement incentivized increased copra production and was successful as coconut oil

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<sup>202</sup> Ibid.

production during this period increased annually. Prior to 1960, coconut oil exports did not experience any growth. Between 1960 to 1966, by contrast, the export tonnage of coconut oil increased at the annual rate of 31.7 percent.<sup>203</sup>

Furthermore, the new trade terms changed the absolute quota on coconut oil to duty-free quotas, eliminating the cap on total coconut oil exports to the United States--a remarkable change in trade policies given the fact that US dairy, cottonseed, and soy industries had, since 1934, been successful in protectionist policies that restricted coconut imports into the United States through absolute quotas. By 1966, coconut oil exportation to the United States exceeded the duty-free quota of 200,000 tons and, by 1972, coconut oil exports to the US exceeded the quota by nearly 75 percent at 348,373 tons.<sup>204</sup>

The revised trade agreement also impacted production and export of copra meal, the residual protein left from the expelled oil. During the PHILCOA period, copra meal exports grew at an annual rate of 19.4 percent, a large percentage of which went to Europe for animal feed industries. Dollar earnings also increased at annual rates of 30 percent for coconut oil and 24 percent for copra meal.<sup>205</sup> During the previous period, export values of coconut oil and copra meal were relatively constant at 13 percent and two percent respectively. By 1966, coconut oil exports contributed to 25 percent of the export value of coconut products while copra meal contributed to 5 percent. Conversely, copra exports declined from 75 percent to 60 percent

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<sup>203</sup> Almario Ch. Javier. "Philippine Coconut Oil Industry Rationalization Plan: A Study of Benefits and Costs" (M.A. thesis, Australian National University, 1975): 36 - 38.

<sup>204</sup> Center for Strategic and International Studies. *U.S. Philippines: Economic Relations: Special Report Series Number 12* (Georgetown University: Washington, D.C.):105. See also, Almario Ch. Javier. "Philippine Coconut Oil Industry Rationalization Plan: A Study of Benefits and Costs" (M.A. thesis, Australian National University, 1975): 36 - 38.

<sup>205</sup> Albert John Nyberg, "The Philippine Coconut Industry" (Ph.D. diss., Cornell University, 1968): 31.

during the same period, though greater quantities of copra were exported to Europe, thus maintaining raw exports of copra while simultaneously increasing oil exports.<sup>206</sup>

Moreover, the Philippines continued to press the United States during this period for prolonged suspensions on the coconut oil excise, a 3-cent tax imposed on the first domestic processing of coconut oil from the Philippines. The suspension of the tax provided Philippine producers a 5-cent competitive advantage in the U.S. market over non-Philippine coconut producers. The tariff exemptions lasted through 1966 when the tax was permanently abolished, at which point US oil refiners found it more economical to import Philippine-produced coconut oil because it contained a lower free fatty acid content. Both the Revised Trade Act and the tax suspensions incentivised increased copra production in the short term and encouraged the transition to increased domestic manufacturing of coconut oil.<sup>207</sup>

Though the PHILCOA period witnessed increased copra and coconut oil exportation, the threat of alternative oils increased during this period as well. In 1960, coconut oil represented 15 percent of total world production of all vegetable oils. By 1961, soybean oil replaced coconut oil as the world's most traded vegetable oil. Coconuts remained the second largest of all the fats and oils in world trade. In 1962, however, the United Nations' Food and Agricultural Organization's research division warned of the potential of oil replacements in the coconut sector, driven by technological developments.<sup>208</sup> Synthetic detergents, increased soy production in the United

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<sup>206</sup> Almario Ch. Javier, "Philippine Coconut Oil Industry Rationalization Plan: A Study of Benefits and Costs" (M.A. thesis, Australian National University, 1975): 36 - 38.

<sup>207</sup> Albert John Nyberg, "The Philippine Coconut Industry" (Ph.D. diss., Cornell University, 1968): 156 - 166. See also, "Big coco year seen in 1958: Copra exports expected to go over 1-M tons" *The Manila Times* (12 December 1957); "Salvosa Lauds U.S. Action; JS Felix Back" *Coconews*, III, 16 (5 September 1957).

<sup>208</sup> "Uses of Coconut Oil". *Coconews*, VII, No. 2 (1 Oct. 1962): 6.

States, and rapid palm production in Malaysia all contributed to the shrinking market share for the Philippine coconut industry.<sup>209</sup>

During PHILCOA's tenure, the administration focused on increased planting and small farmer engagement to sustain their competitive advantage against international oil suppliers. According to PHILCOA's first annual report, the "conditions in the Philippines favor expansion of land cultivation, and great development is certain to be achieved once the marketing and other problems are solved."<sup>210</sup> PHILCOA's assessments were accurate, indeed. The PHILCOA period witnessed the expansion of roughly 1 million additional hectares of land dedicated toward coconut cultivation.<sup>211</sup> Though the rise in coconut production was in part due to expanded planting in Mindanao as more land was cleared for plantation agriculture, Philippine output was still dominated by small coconut farmers, an astounding feat when one considers that competing fats and oils -- palm, corn, and soy -- were primarily cultivated in large plantation style monocultures.

At the broadest level, moreover, the PHILCOA decade witnessed the crest of what we have called the gutta-percha cycle -- that is, the period in a commodity's life-cycle when cheaper synthetics brought intimations of the commodity's obsolescence. In the United States, for example, corn and soy farmers continued to expand cultivated areas, a process accelerated by new farm technologies. Moreover, the third agricultural revolution, also known as the Green

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<sup>209</sup> T.A. Hieronymus, "Soybeans: End of An Era" *Illinois Agricultural Economics* 9, 2 (July 1969): 1-18. See also, T.E. Elam and E. Uko, "Palm Oil and the World Fats and Oils Economy" *Illinois Agricultural Economics* 17, 2 (July, 1977): 17-21.

<sup>210</sup> PHILCOA Reports: 1954 – 1955 (Quezon City: Philippine Coconut Administration): 24. From University of the Philippines Institute of Economic Development and Research Library.

<sup>211</sup> Rigoberto Tiglao, *The Philippine Coconut Industry : Looking into Coconuts : Export-Oriented Agricultural Growth* (ARC, 1981): 24.

Revolution, fostered technological initiatives for increased production of necessary foodstuffs to meet the growing worldwide consumption needs of the post-WWII population boom -- fats and oils included. In West Africa, Malaysia, and Indonesia greater tracts of land were being planted to palm oils, a tropical plant with similar fatty-acid composition as coconuts that also produced more fat per hectare.

Despite increased international competition between 1955 and 1971, the Philippines successfully competed against the rising-stream of alternative vegetable oil supplies that entered the world market. In the face of this increased competition, how did the Philippines sustain small-farmer production and compete internationally? The answer to this question rests in PHILCOA's ability to mobilize the national industry through an industrial campaign that focused on education, increased small-farmer engagement, by-product utilization, and increased domestic consumption.

Looking first at PHILCOA's early industrial initiatives, we see how the administration sought to capture the imagination of Filipinos and redefine their relationship with coconut production. Next, we turn to PHILCOA's efforts at by-product utilization and efforts toward increasing domestic consumption. Central throughout this period and even into the next period, is the phrase *ang puno ng buhay*, whose meaning moved beyond the tree of life and became a central theme in PHILCOA's promotional efforts emphasizing the need for Filipinos to use more coconuts and participation in the industry. To gain a deeper understanding of PHILCOA's approach to industrialization during this period, it is important to examine, first, the meaning of *puno ng buhay*, and then see how PHILCOA used the phrase to encourage greater cultivation and participation in the national industry. To understand how PHILCOA used *ang puno ng buhay* in



promoting the coconut industry, we need to first examine PHILCOA's marketing efforts and its philosophy of changing people's perception toward coconut cultivation.

### **PHILCOA Marketing Campaign**

The PHILCOA period shows a significant shift in perspective with greater emphasis on internal promotion and increased engagement with small coconut farmers. In 1955, Benjamin Salvosa, the first PHILCOA president, argued that "it is plainly time to reorient our attitude toward the coconut, which stands today as the mainstay of our national economy."<sup>212</sup> PHILCOA's shift in perspective toward the small cultivator is captured in Salvosa's edited volume, *Forward Look for the Coconut*, a collection of marketing and published advertisements during the early education period. In the forward to the collection, he writes:

"We feel [PHILCOA] that the coconut industry has now reached a stage when it has to be reconstituted on more permanent and stronger foundations. *Principally*, the old thinking that coconuts do not need much tending must give way to a more enterprising and understanding outlook which takes into account the realities of present-day competition and the legitimate desires of the mass of coconut growers for a more comfortable level of living."<sup>213</sup>

Within this passage, we see that PHILCOA wanted to change how Philippine society viewed coconut cultivation arguing, in effect, that success rested on a continued focus of outside competition, greater attention toward coconut innovation on the farm, and finally, greater recognition of small coconut farmers and their desire to obtain a comfortable living standard. This last shift in outlook, one that recognized the small farmers' desire for a comfortable living

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<sup>212</sup> Benjamin Salvosa. *A forward Look for the Coconut*. (Tanduay Manila: Philippine Coconut Administration, 1957): 2. Originally published in, "The Tree of Life: The Potential of the Coconut." *Coconews* (28 March 1955): II.

<sup>213</sup> Ibid.

standard, was a central focus for PHILCOA throughout the period. Moreover, PHILCOA actively sought to change public perception of coconut cultivation through continuous information and education campaigns.

At the center of PHILCOA's effort to reorient the industry and provide a better life for small farmers was their public relations and education campaigns. According to PHILCOA's 1955-1956 annual report:

The people engaged in the industry had to be informed of the causes of the problems. They had to be instructed on how these problems could be solved, with government assistance, but more important, with their own efforts and cooperation.<sup>214</sup>

PHILCOA produced a groundswell of information through press, radio, and film aimed at educating Filipinos about the growing problems of the coconut industry and how PHILCOA was working on solving them.<sup>215</sup> PHILCOA's engagement with Philippine society during this period should not be underestimated. In the administration's 1955-56 report stated: "PHILCOA approached its job with a deep awareness of the importance of the psychological factors involved" detailing a more nuanced and sophisticated approach to producing interest in the industry.<sup>216</sup>

PHILCOA made use of all forms of mass communication, printing and circulating 260,000 regular newspapers (*Coconews*) in 1955 and roughly 5,000 education pamphlets translated in Tagalog, Ilongo, Bicol, and Cebuano. During the first year, pamphlets were aimed

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<sup>214</sup> PHILCOA Reports: 1955 – 1956 (Quezon City: Philippine Coconut Administration): 202. From University of the Philippines Institute of Economic Development and Research Library.

<sup>215</sup> PHILCOA Reports: 1955 – 1956 (Quezon City: Philippine Coconut Administration): 201. From University of the Philippines Institute of Economic Development and Research Library.

<sup>216</sup> PHILCOA Reports: 1955 – 1956 (Quezon City: Philippine Coconut Administration): 202. From University of the Philippines Institute of Economic Development and Research Library.

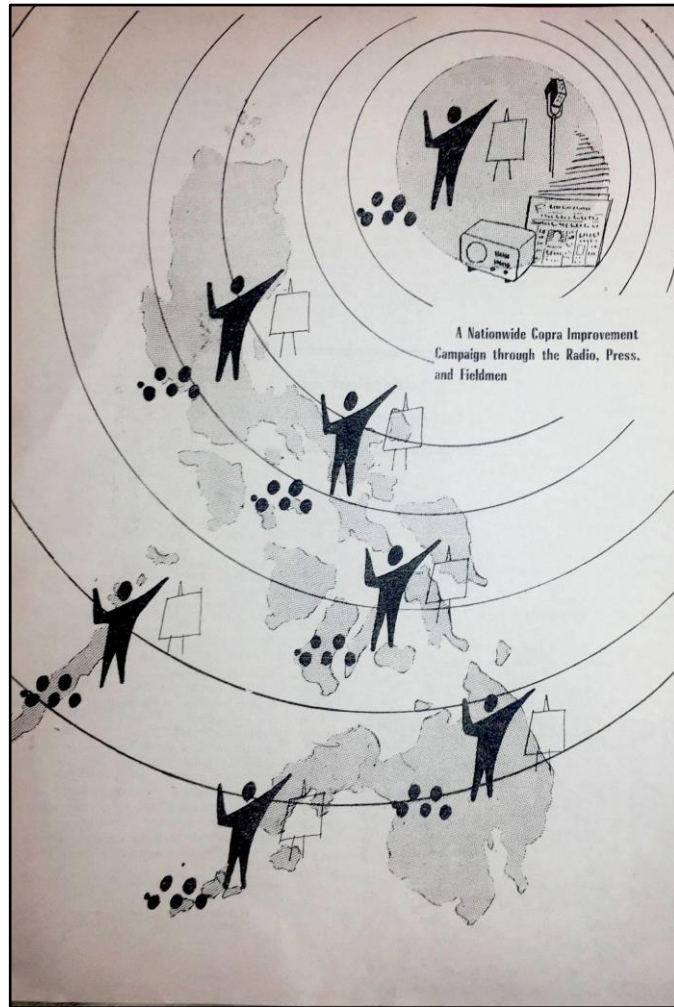
at educating farmers on improved copra production methods with PHILCOA's improved dryers. Additionally, PHILCOA fieldmen, similar to agricultural extension services, carried illustrated booklets to coconut producing provinces. These illustrated materials continued to be a prominent feature throughout the entire PHILCOA period, even into the subsequent Marcos era, as an accessible form of education regardless of literacy or language spoken. An excerpt from PHILCOA's 1955 report shows just how extensive their network was:

In this campaign the corporation had the generous cooperation of the United States Information Service which has four major branches in the Southern Islands, the Public Affairs Office of the Armed Forces of the Philippines, local PTAs and other civic organizations like the Rotary Clubs, Lions and Jaycees, as well as the provincial and town and city officials aside from the personnel of other government offices such as the Bureau of Agricultural Extension and the Office of Agriculture Information of the Department of Agriculture and Natural Resources. Educational materials were partly distributed thru these agencies. The corporation also made use of the facilities of the National Media Production Center.<sup>217</sup>

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<sup>217</sup> Ibid.

Despite PHILCOA's relative infancy, the administration tapped into already established information networks like the United States' Information Service, national agricultural agencies, and community lead organizations such as the Jaycees, Lions and Rotary Clubs.<sup>218</sup> The administration's various information networks created diverse streams that connected not just coconut people in rural provinces, though especially in the early years was a major priority, but connected and informed Filipinos living in cities throughout the vast archipelago.



In addition to more established or traditional forms of communication, PHILCOA transmitted their policies and informational messages during radio programs in Manila, Dumaguete, Cebu, and Davao. According to PHILCOA, radio speeches and programs were meant to “drum up interest in rebuilding the industry” and win the confidence of farmers after

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<sup>218</sup> Ibid.

the mismanagement and corruption of NACOCO.<sup>219</sup> One radio speech delivered on November 22, 1954 stated:

If you are a coconut planter or plantation hand, you certainly would want to know how you could make more money out of the resources that you have. After all, this is the era of the small man-and you are a small man in need of an opportunity. Let me sum up the situation. The government is providing the stimulus for progress in rural communities...Doing that is a tremendous problem. The physical and psychological factors barring a solution are numerous. But it is a problem that can be licked. I think the Philippine Coconut Administration and the coconut worker are on the way to licking it. We are doing it through education and coordination of effort...Some way obviously must be found to give the minds of the people new direction, new orientation. So we of PHILCOA have started organizing coconut planters' associations as a medium for collective action in coconut areas...Our slogan is: "Let us stop losing money and denying ourselves of the opportunities that are ours. Let us stop cheating ourselves or allowing ourselves to be cheated."<sup>220</sup>

PHILCOA's radio speeches were directed at small farmers around the country, projecting PHILCOA as a well-intentioned organization, capable of providing small farmers with opportunity and a better life. Additionally, PHILCOA projected the administration as a trustworthy organization as a remedy against NACOCO's negative publicity a few years prior. PHILCOA encouraged farmer participation through coconut planter associations and promoted a new era for planters to access greater resources and financial gains than ever before.

Finally, other radio programs were used to create a sense of national cooperation informing farmers of national issues that impacted the industry. One program for example answered questions such as:

How much of the Philippine economy is dependent on the coconut industry?;  
What is the effect of the Laurel-Langley agreement on our overseas markets?;

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<sup>219</sup>Ibid.: 201 - 204.

<sup>220</sup> "Nationwide Organization of Producers" in *A forward Look for the Coconut* (Tanduay Manila, Philippine Coconut Administration, 1957): 27. Delivered on November 22, 1954.

Please tell us something about the Philippine Coconut Administration?; What measures does your office take in promoting the coconut industry?; and, “How are you helping the small coconut planter in the Philippines?”<sup>221</sup>

These programs situated coconut growers and tenants in the larger context of a national economy. In response to the question regarding dependence on the coconut industry, the PHILCOA administrator responded:

It is estimated that almost 8 million Filipinos are dependent on the coconut industry in one way or another. This number includes the plantation owners, the planters and tenants, the makers of copra, and the laborers and employees of the various manufacturing establishments, and their families [sic].<sup>222</sup>

These sound bites were easily digestible forms of linking rural farmers and plantation hands to the nation. Moreover, PHILCOA’s talking points situated continued Philippine success in the international arena as a national issue, requiring active participation by everyone involved in the industry.

The long lasting effectiveness of PHILCOA’s radio programs reaching their intended audience of coconut farmers is captured in a 1972 Philippine Coconut Federation Report which described how farmers in Cotabato “developed the habit of listening to the program at 6:30 every morning for 15 years.” These programs ran for 5 minutes a day and cost PHILCOA 2 pesos per day paid to the local radio station. Despite Philoca not having paid the radio station for over one year by August of 1972, the Oblate priests who ran the radio station, did not want to

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<sup>221</sup> “Education and Coordination of Effort” in *A forward Look for the Coconut* (Tanduay Manila, Philippine Coconut Administration, 1957): 31. *Transcript from a radio interview made on January 25, 1956.*

<sup>222</sup> Ibid.

remove the program because of its daily consumption as the program transmitted messages to farmers in remote coastal towns as well.<sup>223</sup>

Even in the context of international competition, PHILCOA viewed the small farmer as crucial for national success, throughout the entire period. The administration consistently argued, if the Philippines wanted to maintain its position as the world's largest supplier of copra and eventually coconut oil, the small-farmer must be placed at the center of their initiatives.

One radio speech in particular delivered in the early days of PHILCOA's organization captures the effective marketing campaigns and helps understand PHILCOA's approach to industrialization. On December 4, 1954 a speech entitled "The Stress on Human Values" was delivered across PHILCOA's expansive radio network. The speech begins stating, "People often ask us this question: 'what is the objective of the Philippine Coconut Administration?' and I tell them: 'To help farmers in coconut producing areas make more money!'" The speech and PHILCOA, more broadly as an organization, were directed toward the average small farmer and the introduction and speech communicate this message. Continuing, the speech discusses the administration's "new orientation" differentiating itself from NACOCO whose "emphasis was on the industry instead of the people." The speech continues stating, "The PHILCOA Board of Administrators put a stop to that. It put a new orientation to the task of stabilizing the Philippine economy. It placed greater stress on the human values involved in the industry – greater emphasis, in fact, than on the industry itself." It was believed by PHILCOA's early administration that their approach of focusing on small farmers and individuals "produced great

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<sup>223</sup> "Priests Complain Too" *The Cocofed Report* 1, 7 (February 1972): 8-9.

psychological dividends” for the nation’s coconut industrialization efforts and facilitated in “the economic betterment of 8 million people.”<sup>224</sup>

PHILCOA’s collected volume of research, marketing, and advertisement material detail the administration’s emphasis on ensuring a Philippine advantage beyond trade relations with the United States by focusing on small-farmers and the improvement of their livelihood. PHILCOA maintained their advocacy for small-farmers as a critical initiative for the nation’s industrialization efforts arguing the Philippines was capable of producing the best quality copra in the world, however, copra quality hinged on small-farmers. “People know now that they have to raise the quality of copra they produce if they are to enjoy the benefits of higher prices”, the PHILCOA administration announced. “They [farmers] know that they have to industrialize-in other words, utilize by-products -if they are to get extra income from their production. They know they have to practice diversified farming if they are to keep their lands fertile.”<sup>225</sup>

In the context of international trade, Salvosa frequently made explicit reference toward greater emphasis on educating and engaging small farmers to maintain competitive advantage over other coconut-producing countries and competing sources of fats and oils. One focus of these efforts was the issue of copra quality. PHILCOA and Salvosa noted that one major obstacle for continued Philippine success was the “dubious reputation” of the Philippines due to the country’s production of “inferior copra...by the hundreds of thousands of tons.” PHILCOA’s

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<sup>224</sup> “The New Orientation: The Stress on Human Values.” Radio speech delivered December 4, 1954. Reprinted in *A forward Look for the Coconut* (Tanduy Manila, Philippine Coconut Administration, 1957): 26.

<sup>225</sup> Ibid.



education campaign for improved copra quality addressed this issue and lead to international recognition of improved copra exports as early as 1957.<sup>226</sup>

Moreover, Salvosa and PHILCOA argued that the country's poor production methods and flawed distribution infrastructure was symptomatic of the country's deeply rooted colonial history and unequal socio-economic development, which could only be addressed if the industry engaged small producers. Salvosa argued:

To change this system, therefor, is our main problem. And the process requires a long and tremendous effort which calls for no less than a reform movement concerned not so much with techniques and material props as with people and the ideas that animate their expectations of the abundant life.<sup>227</sup>

Salvosa's statement suggests that PHILCOA's reform movement and industrialization initiative would not focus on mechanized farm production, which many of the coco-elite advocated during the United States Bell Trade Mission to the Philippines a few years prior. Instead, Salvosa and PHILCOA view argued for increased engagement with small farmers as the solution to continued success and maintenance of the nation's competitive advantage against other coconut producing countries.

According to PHILCOA, the organization's education campaign would facilitate the continuation of the nation's competitive advantage by boosting the quality of copra through the advancement of drying techniques conducted by small farmers. "Teams of PHILCOA demonstrators are now in strategic coconut-producing centers, showing people how to produce better copra with resources at their disposal." PHILCOA believed their education efforts directed

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<sup>226</sup> Benjamin Salvosa, *A forward Look for the Coconut* (Tanduay Manila, Philippine Coconut Administration, 1957): 11-12.

<sup>227</sup> Ibid.

towards small farmers would be especially successful, because the Philippines enjoyed the highest literacy rate compared with its neighbors, allowing access through other mediums, which allowed “for wider distribution of newspapers in coconut-producing areas as part of our plan to introduce modern practices in coconut plantations.”<sup>228</sup> Moreover, PHILCOA’s reform movement aimed to bring life to, or “animate people’s expectations of the abundant life.”<sup>229</sup> PHILCOA consistently argued that coconut production could lead to a better quality of life for farmers and the nation as long as PHILCOA’s vision was adopted.

### **Ang Puno Ng Buhay**

The phrase, *ang puno ng buhay* has more than one meaning or translation. *Puno* can either be understood as, tree, *or* full; filled. One translation is, the tree of life. The other meaning is filled with life or full of life. Thus, the tree can fill one's life through nourishment and furnishment.<sup>230</sup> There is no definitive origin of *ang puno ng buhay*, however, documentary evidence suggests the phrase became highly popularized during the PHILCOA period as part of a marketing campaign to increase domestic attention toward coconut production and consumption. In the context of PHILCOA, the administration sought to show Filipinos that the tree could bring abundance to one’s life.

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<sup>228</sup> “The New Orientation: The Stress on Human Values.” Radio speech delivered December 4, 1954. Reprinted in *A forward Look for the Coconut* (Tanduay Manila, Philippine Coconut Administration, 1957): 26.

<sup>229</sup> Benjamin Salvosa, *A forward Look for the Coconut*. (Tanduay Manila: Philippine Coconut Administration, 1957): 2. Originally published in, “The Tree of Life: The Potential of the Coconut.” *Coconews* (28 March 1955): Forward.

<sup>230</sup> Both translations are used and understood today. Translation for *puno* comes from, Leo English, *Tagalog to English Dictionary*. (Mandaluyong City: Cacho Hermanos, Inc., 2009): 1089.

Between 1955 and 1971, PHILCOA mounted aggressive education and marketing campaigns throughout the country in an effort to increase domestic consumption and promote industrialization through coconut by-product utilization. The phrase was not exclusive to the Philippines, however. The tree of life phrase is present throughout various coconut producing countries within the coconut zone. Common amongst the iterations of *ang puno ng buhay*, is the overall diversity of products that can be made from the tree. Additionally however, the tree of life phrase and its lineage can be traced to early Western colonialism and the use of botanical taxonomy for economic purposes, a feature co-opted by PHILCOA.

Briefly, early Western observers noticed the coconut's adaptability and diverse use throughout the coconut zone. William Marsden, the English Orientalist and author of the 1784 *History of Sumatra*, noted "the coconut-tree, *Kalapa, noir* (*cocos nucifera*), may be esteemed the next important object of cultivation from the uses to which its produce is applied; although by the natives of Sumatra it is not converted to such a variety of purposes as in the Maldives and those countries where nature has been less bountiful in other gifts."<sup>231</sup> Though Marsden discussed the wide-ranging use of coconut meat such as the procurement of oil for hair, cookery and burning lamps, his observations point to geographic and heterogenous use depending upon geography and society.<sup>232</sup>

Tayabas (present day Quezon), the historically prominent coconut producing province, was particularly known for its production of *tuba*.<sup>233</sup> The production of coconut wine was so

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<sup>231</sup> William Marsden. *The History of Sumatra: An Account of the Government, Laws, Customs, and Manners of the Native Inhabitants*. (London, Thomas Payne and Son, 1811): 72.

<sup>232</sup> Daniel Zizumbo-Villarreal, "History of coconut (*Cocos nucifera* L.) in Mexico: 139–1810" *Genetic resources and Crop Evolution* 42 (December 1996): 505 - 511.

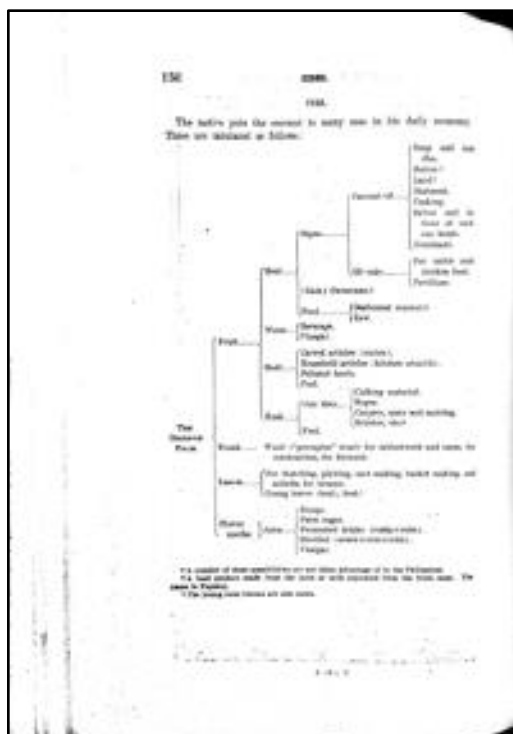
<sup>233</sup> Edwin Bingham Copeland. *Elements of Philippine Agriculture*. (New York: World Book Company, 1908): 126.

popular and so integral part to the local Tayabas economy that the Philippine methods of wine making migrated to parts of Mexico during the era of the Manila Galleon.<sup>234</sup> Needless to say, the diversity and use of the tree is dependent on historical, cultural, and societal interactions. Thus, while there are many iterations of *Ang puno ng buhay* throughout the coconut zone, the Philippines has its own iteration or meaning, one that is historically unique to PHILCOA.

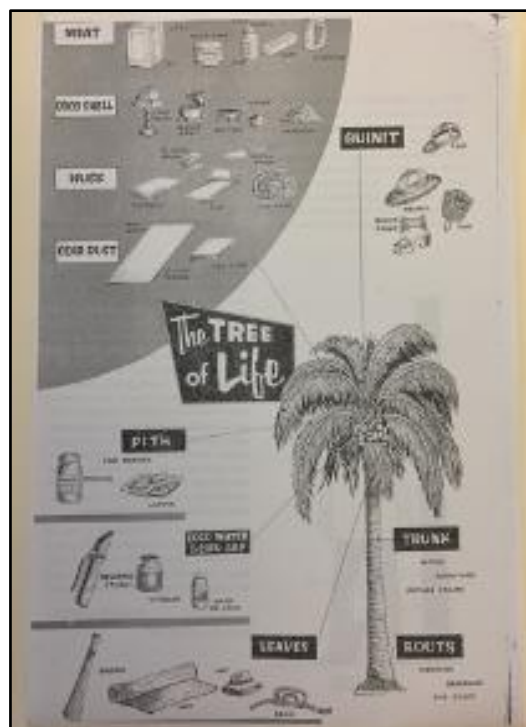
Comparing the early US Bureau of Science economic taxonomy of coconut products with later versions produced by PHILCOA, certain elements are consistent such as the identification of what products can be produced from its constituent parts. The Bureau of Science's version addresses a Western audience, primarily potential entrepreneurs with access to the Bureau's periodicals. PHILCOA's version however, restructures the diagram to emphasize the abundance of items obtained from the single tree. The coconut tree's role as provider of common, everyday items is emphasized. Aesthetically, PHILCOA's illustrated version translates the rigid colonial taxonomic structure into a visually accessible educational tool capable of disseminating the economic potential rapidly for local use. Unfortunately for PHILCOA however, local perceptions of coconuts production and consumption remained an obstacle that the administration needed to address in promoting continued growth of the industry.

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<sup>234</sup> Daniel Zizumbo-Villarreal, "History of coconut (*Cocos nucifera* L.) in Mexico: 139–1810" *Genetic Resources and Crop Evolution* 42 (December 1996): 505 - 511.



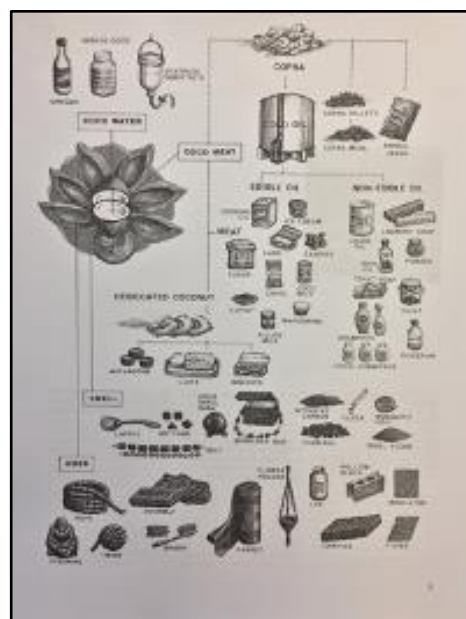
US Bureau of Science Coconut Taxonomy



PHILCOA Depiction of Economic Uses of Coconut Tree



Philippine Coconut Authority Depiction of Economic Uses of Coconut Tree



Philippine Coconut Authority: Depiction of Economic Uses of Coconut Tree, Continued

Photo Description Clockwise: Various Uses of Coconut Tree – 1911, 1955, 1982, 1982.<sup>235</sup>

<sup>235</sup> H.D. Gibbs. "The Alcohol Industry of the Philippine Islands, 1" *The Philippine Journal of Science*. VI, 3 (June 1911):150; Benjamin Salvosa, *A Forward Look for the Coconut*. (Quezon City, Philippine

One of the first articles that discussed the concept of *ang puno ng buhay* in detail and the coconut tree's deeper relationship to Philippine society was Benjamin Salvosa's article, "The Tree of Life." In the article, he addressed the persistent symbiotic relationship between Filipinos and the coconut tree, concluding that "the coconut has been man's servant for such a long time that he has taken it completely for granted, and simply has not bothered about it."<sup>236</sup> Throughout the article Salvosa expressed optimism for the coconut industry and provided a sweeping look at how people have and could incorporate coconuts into their daily life for economic betterment.

Moreover, Salvosa argued that the tree had become a staple in all forms and contributed to all levels of society from the poor to the wealthy, young and old. However, Filipino society also grew to believe that coconuts were a "lazy man's crop" and became blinded to the tree's untapped economic potential.<sup>237</sup> Surprisingly, coconut consumption was viewed societally in a somewhat negative light as well. The following quotes from PHILCOA's first annual report details the common perception of coconut consumption:

The coconut showed off its versatility and usefulness during the Japanese Occupation. In prewar years, people did not take kindly to President Quezon's view that coconuts were good enough for anybody to eat – they regarded it as a lowly food, fit only for animals. Then the war came and attitudes had to be revised. Since there was hardly anything else to eat, the people took to eating the coconut and, much to their surprise, liked it."<sup>238</sup>

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Coconut Administration, 1957): 3; Philippine Coconut Authority, *Spectrum of Coconut Products* (Quezon City: Public Information Office, 1982): 4-5.

<sup>236</sup> Benjamin Salvosa. *A forward Look for the Coconut*. (Tanduay Manila: Philippine Coconut Administration, 1957): 2.

<sup>237</sup> Ibid.

<sup>238</sup> PHILCOA Reports: 1954 – 1955 (Quezon City: Philippine Coconut Administration): 41-42. From University of the Philippines Institute of Economic Development and Research Library.

Castaniog, the chesnut of the Occupation, was exceedingly in great demand. So was 'cocomilk'. Thrifty housewives mixed rice with coconut 'sapal' to make that ganta no further...

For some reason, these psychological gains were considered insignificant - too small to be made permanent - when the Commonwealth was restored and the nation applied itself to the task of rebuilding its shattered economy. 'Castaniog, 'cocomilk', cocobrittle and a host of items popular during the Occupation were pushed out of the public mind by imported stuff. The result was that, willy nilly, there was a backslide to prewar attitudes: coconut foods were not served to visitors even in coconut regions.<sup>239</sup>

To counter this negative perspective, PHILCOA argued for a two-fold solution. First, a marketing system needed to translate the idea that coconut production inherently meant greater purchasing power, and second, coconuts were not for lower classes. Filipinos could recognize that cultivation of coconuts inherently meant greater purchasing power for farmers and production meant greater access to dietary sustenance for everyone.<sup>240</sup>

PHILCOA's marketing system produced daily coconut quotations through the press and radio, announcements that filled the airwaves in an effort to educate the producers on the day-to-day market shifts. In 1956, nearly half-a-million copies of *Coconews* were distributed.<sup>241</sup> Coconut recipes directed toward middle-class Filipino families were circulated. Though the recipes were a general novelty, they encouraged increased coconut consumption for the Filipino diet. The publication of these recipes ranged from desserts, to coconut currys, and non-edibles like pomade or hair brushes. Coconut clubs, social organizations for coconut planters thrived in Laguna. Throughout the provinces, PHILCOA pilot-industrial plants were erected in San Pablo

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<sup>239</sup> Ibid.: 41-42.

<sup>240</sup> "The PHILCOA and its Work: New Buoyancy in Coconut Areas" *A forward Look for the Coconut*. (Tanduay Manila: Philippine Coconut Administration, 1957): 35.

<sup>241</sup> PHILCOA Reports: 1956 – 1957 (Quezon City: Philippine Coconut Administration): 41-42. From University of the Philippines Institute of Economic Development and Research Library.

City, Gumaca, Alaminos, and Medina for interested observers to tour the industrialization of the country's most prevalent commodity.<sup>242</sup>

PHILCOA, like its predecessors, identified eight major problems facing the industry – copra quality; a marketing system; improved tenancy; by-product utilization; increased domestic coconut consumption; research into new products and coconut utilization; research on pests; common knowledge publications; and legislation of excise tax.<sup>243</sup> Since PHILCOA was not a planter organization, though it addressed planter concerns, it implemented policies that advocated for a holistic approach to the nation's industrialization efforts. PHILCOA viewed the coconut industry in its totality, not simply copra. This meant by-product utilization and parts of industry that were not copra related.

Early documentation reveals that PHILCOA understood that realistically, all coconuts could not be absorbed by the copra industry. Additionally, every coconut farmer could not possibly be integrated into the copra commodity network immediately. There were limitations to the infrastructure to capture copra production. Realistically, not all Filipinos were coconut farmers. So, PHILCOA needed a multi-faceted approach.

Of these eight problems, domestic coconut consumption campaigns, new product research, and common knowledge publications were discussed in PHILCOA's *Coconews*. Broadly, these articles and animated pictures discussed ways individuals could utilize coconuts and better manage their home or coconut farm.

For many Filipinos, luxury and imported items were not easily accessible nor affordable. Imported cooking oils and other products could, however, be produced inside the home from the

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<sup>242</sup> "What has PHILCOA accomplished". *Coconews* III, 5 (14 March 1957): 4.

<sup>243</sup> Benjamin Salvosa, "The coconut Industry" *The Manila Times* (6 February 1955).



single product – coconut. Here, we see examples of the reverse engineering projects required during the post-war years for building an industrialized coconut industry in the Philippines. Moreover, though Western nations used vegetable oils as interchangeable ingredients for industrial products, PHILCOA adapted the coconut to meet different industrial purposes.

In a working household economy, the kitchen acts as the primary source for transforming outside products into surplus value for home consumption. In the spirit of the industrial revolution's transformation of traditional home practices into mechanized modes of production, it would make sense to look at the average everyday household economy during PHILCOA's coconut industrialization plan. Women, of course, were traditionally responsible for the economic center that drove the traditional Philippine household economy. Thus, their interactions with the industrial program reveal new insights into the pervasiveness of coconut industrialization and the everyday transformations on the household economy.

From 1955 to 1967, a series of articles ranged from "Coconuts in the Home" to "Home Front in Cocolandia" as well as "In the Kitchen" and "For Women Only." Many of these articles were written by PHILCOA women staff members and were usually written for women audiences, with the assumption that women were in charge of household-affairs. Broadly, these articles encouraged greater coconut consumption to meet the growing nutritional needs of the country. Additionally, they discussed methods and processes for transforming the common coconut into a useful household product. These articles represent the growing prevalence of coconuts in the local household economy and metropolitan markets. As household managers, women played a significant role in transforming outside products into surplus value for home consumption. In a sense, the kitchen and household were small-scale versions and visions of

national industrial pursuits by PHILCOA and the nation during the PHILCOA years, as well as a window into the socioeconomic diversity throughout the country.

One major point-of-focus in these issues was the need for affordable and accessible nutrition. Early articles focused on the coconut as a source of energy through calories. In 1954, one article discussed the health concerns of the nation stating: “The biggest cause of deaths in the Philippines is malnutrition.”<sup>244</sup> The author proposed a simple solution to the country’s malnutrition problems: increase local coconut consumption, citing a doctor’s recommendation to consume “1/4 ounce of coconut oil and 1/3 coconut meat daily” or roughly 150 coconuts in all forms annually. Cherie Palileo’s proposed diet would mean that out of the country’s 3.7 billion nuts produced annually, roughly 3 billion would go toward local consumption. Though the proposal was an unlikely reality given the country’s focus on the copra export economy, the article nonetheless highlighted PHILCOA’s argument that increased coconut cultivation would not only benefit the nation industrially but would also lead to greater access to calories for everyday Filipinos.<sup>245</sup>

The campaign’s promotion for local coconut consumption and increased coconut production was an ongoing effort that lasted throughout the corporation’s lifetime. As noted by many scholars of this period, government-corporations were entrenched in an atmosphere of crony-capitalism and rent-seeking. However, PHILCOA was generally concerned with the rehabilitation of the Philippine economy. The first general manager and Chairman of the PHILCOA, Benjamin Salvosa, viewed the coconut industrialization strategy as *simpatico* with larger national goals. The Quezon province native was in charge of PHILCOA’s industrialization

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<sup>244</sup> Cherie Palileo, “For the Women Only”. *Coconews*. 1, 6. (20 December, 1954): 2.

<sup>245</sup> Ibid.

roll-out and one of the main architects of it for the coconut industry. In presenting PHILCOA's plan through radio broadcasts and press interviews, he spoke about how PHILCOA would guide the nation's industrialization efforts to help Filipinos during the hard economic times. Salvosa often added that one of the central objectives of PHILCOA was to place the coconut industry in a position of maximum effectiveness. Surprisingly for Salvosa, the first step in that end meant assisting and aiding the country to alleviate national unemployment. "With every increase in our population," Salvosa stated, "comes a corresponding increase in the number of our jobless labor force.

During 1955, it was estimated that there were half a million unemployed. Thus, PHILCOA was to work in coordination with President Magsaysay to have agriculture and industry create jobs and open opportunities of employment. Salvosa envisioned a nationwide coconut industrial machine, extracting from points scattered throughout the Philippines, extending to the various plantations throughout the islands. These were the "wheels" so to speak of the industrialization process with the coconut central being the hub connecting to plantations within an effective working radius of the central. He envisioned a string of coconut centrals to be set up initially in 30 of the nation's major coconut producing provinces.<sup>246</sup>

Realistically, if the Philippines wanted to compete globally against other fats and oils and protect the coconut industry, PHILCOA needed to ensure increased food security and extension services directed toward small producers. Indeed, Benjamin Salvosa presented PHILCOA's plan through radio broadcasts and press interviews. He spoke often about PHILCOA's role in assisting the country during a period of economic hardship, stating the central objective was maximum effectiveness for the industry. Surprisingly for Salvosa, the first step to this end meant

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<sup>246</sup> Benjamin Salvosa, "The coconut Industry" *The Manila Times* (6 February, 1955).

assisting the country to alleviate national unemployment. “With every increase in our population,” Salvosa stated, “comes a corresponding increase in the number of our jobless labor force. Increasing populations posed the largest threat to sustainable national growth however, PHILCOA looked to extension services, product utilization, and access to food.

Though a large percentage of PHILCOA’s work and attention was directed toward the cultivation of coconuts and farming methods, the larger sustainability of the industry lay in the ability of local Filipinos to incorporate coconut products into their daily life, adding substance to the phrase, “ang puno ng buhay” or the “Tree of life.” This period of coconut export growth coincided with a larger national consciousness of coconut consumption and the coconut industry as inherently Filipino. More coconut cultivation meant a greater presence of coconuts in the market for purchase. PHILCOA argued, “The coconut has to be glamorized!” More humorously, the administration added: “Nations which do not produce coconuts advertise the presence of coconut, no matter how small it may be, in their coconut products and give selling pull to them. Beautiful girls were posed against coconut trees to humanize institutional advertising of coconut goods. The Philippines certainly can do no less than this.”<sup>247</sup> One such way PHILCOA promoted local coconut consumption was through the publication of coconut recipes that drew from regional cuisines.

“Coconuts in the Home” by Lucy and Cholly help us view the common experience of many Filipina women preparing and purchasing food from the market.<sup>248</sup> In their 1962 article, the authors note a relatively new feature found throughout the Philippines: mechanized coconut graters, which brought the boon of fresh coconut meat to shoppers. The authors note, the “boon

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<sup>247</sup> PHILCOA Reports: 1954 – 1955 (Quezon City: Philippine Coconut Administration): 42. From University of the Philippines Institute of Economic Development and Research Library.

<sup>248</sup> “Coconuts in the Home” Coconews VII, III (1 November 1962): 2.

to everybody is the grated coconut meat that one can get in the market from graters run by a motor.” This new technology would have been a welcome change for women who previously had to grate the coconut by hand as many Filipino dishes using milk, desiccated coconut, or coconut oil are derived from the fresh coconut. Additionally, coconut milk and oil for home use are easier and more efficient processes when extracted from fresh grated coconut. Access to coconuts and various products increased for everyday Filipinos during the PHILCOA years.

Coconuts in the home should be viewed together with PHILCOA’s industrial programs to get a more accurate picture of the industry’s impact on local communities. Lucy and Choy’s segments were short, but they detailed everyday interactions between people and coconuts. Within the same segment that discussed coconut graters in the market, they also discussed the problem faced by people living in the coir processing areas – coco-dust from the coir industry.

Coir production grew in the Laguna provinces as a result of PHILCOA’s industrialization initiatives during and after Salvosa’s tenure as PHILCOA chairman. Coir production rose considerably in the Laguna area after the 1962 capitalization of Laguna Coco By-Products, Inc. In 1961, no coir was exported, however, by 1963, the company and the Philippines began exporting 255 tons of coir to Europe and Japan from the Philippines.<sup>249</sup> These manufacturing centers were producing coir for coconut wallboard for building material in the domestic market and woven fiber products for export. The early production of coir often entailed grinding the fibrous coconut husk or another masticating process, which produced coir dust. “Coconuts in the Home” offers a novel solution to excess coir dust: use it as a soil supplement. Coir dust for the home garden offered a way to lighten heavy clay and loam soils found throughout the Philippines. The authors note that, “even coconut planters and tenants can... use a vegetable

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<sup>249</sup> “Laguna Coco Hikes Coir Shipments in ’63” *Coconews* IX, 2 (1 February, 1964): 8.

garden.”<sup>250</sup> Whether coir was used as a soil amendment by planters and tenants is beside the point. Coconuts and their by-products in all forms were prevalent and marketed as a multi-use product for a cost effective, higher living standard.

Many of the articles discussed cost-saving coconut uses particularly for an imagined coconut consumer. For example, many of the early recipes published were dessert related, such as the 1955 recipe for “Coconut Dreams” by Rosalita Nepomuceno. The recipe calls for ingredients like dark corn syrup, vanilla, all-purpose flour, brown sugar, and walnuts. The ingredients alone indicate a certain level of wealth or a middle-class lifestyle. Taking the entire recipe into account, such as the space, time, and money required to assemble the recipe, the individuals engaged in this baking activity would almost certainly be characterized as middle-class. Additionally, the dessert’s oven requirement makes the recipe less accessible to every-day Filipino families who had access to one or two burners.<sup>251</sup> In the March 1964 issue, Choly Tañada-Daleon discusses the “current fad among housewives,” planters and vases made from coconuts. Another fad discussed was the growing popularity amongst young teenagers to individualize their fashion with buckles, buttons and pins made from varnished coconut shell.<sup>252</sup>

The recipes were one part of a larger educational campaign that simply wanted to increase local coconut consumption. However, the recipe campaigns fit into the PHILCOA’s larger marketing drive of depicting the coconut tree as a provider of abundance. Even in 1966, PHILCOA depicts themes of abundance prominently in the administration’s messaging and marketing material. In the 1966 December issue, PHILCOA depicts scenes of people involved in

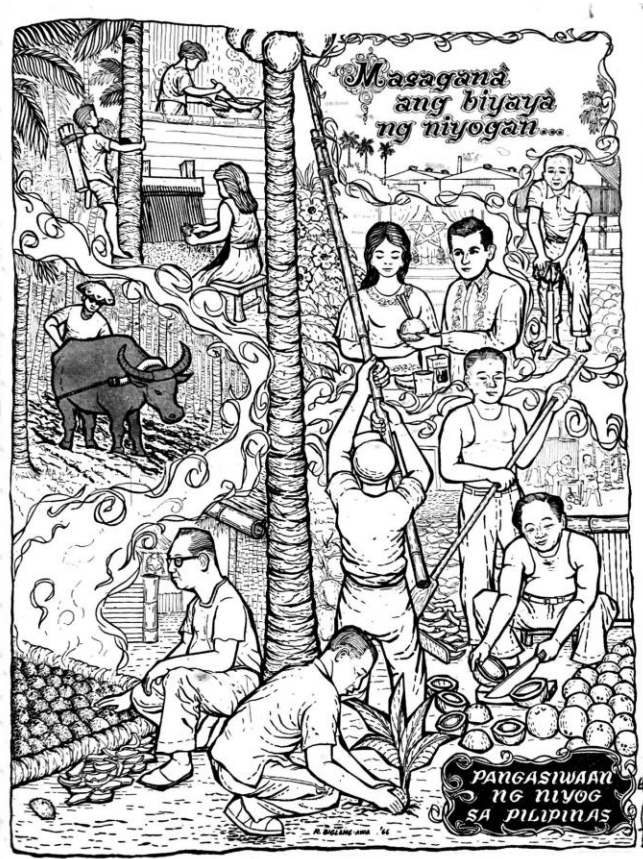
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<sup>250</sup> “Coconuts in the Home” *Coconews* VII, III (1 November 1962): 2.

<sup>251</sup> Rosalita Nepomuceno. “The Coconut Kitchen” *Coconews* III, 5 (15 March 1957): 3.

<sup>252</sup> Choly Tanada-Daleon, “Coconuts in the home: Planters lead shell item” *Coconews* IX, 4 (1 March 1964). 2

the coconut industry, with the coconut tree positioned at the center. In the upper right of the picture the poster says, “Masagana ang biyaya ng niyogan...” translated roughly as, the grace of the coconut is abundant.



**“Pangasiwaan ng niyog sa Pilipinas” *Coconews XI*, 12 (December 1966):7.**

The picture and messaging is quite beautiful and easily digestible, as common scenes of coconut management from picking, to planting, to de-husking, to splitting, drying, weaving, and cooking. An industrial plant sits in the background and a young couple, the man dressed in a

Barong Tagalog, shares fresh coconut water with his wife in front of their nativity scene set-out for the long Christmas celebration.<sup>253</sup>

What is surprising about many of the food recipes and science projects, as well as the creation of pomades and other grooming aides, is that they use fresh coconut. Its use is suggestive that even in the 1960s, when the Philippines is transitioning from the world's largest copra exporter to an eventual oil producer, local women still used fresh coconuts in their daily life and diet. While planters were arguing that copra is "a time honored tradition," local use was not, in fact, copra-centric. Such claims were, moreover, antithetical to copra-export production as young and fresh coconuts were more accessible forms of coconuts for everyday Filipinos than copra.

In the same issue of *Coconews*, PHILCOA manager, Domingo C. Abadilla is quoted as opposing the upcoming US-imposed duty quotas that will negatively impact President Macapagal's decontrol of foreign exchange on January 22, 1962. The lifting of controls by 80 percent, according to the article, revived the coconut industrial effort by making copra over shipment less profitable and reducing the price of copra for local oil processors. Coconut oil production increased by 90 percent from January to September 1962, compared to the same period just a year prior (91,461 long tons compared to 48,061.62 tons).<sup>254</sup>

## Conclusion

While the coconut did not replace sugar as the king of the national economy during the PHILCOA decade, the government-corporation, more than any other entity, placed coconuts at the center of Filipino daily life and national consciousness. *Ang puno ng buhay* played a critical

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<sup>253</sup> "Masagana ang Biyaya ng niyogan" *Coconews*. Vol. XI No. 12

<sup>254</sup> "Repeal of duty-free quota urged to expand oil trade" *Coconews* VII, III. (1 November 1962): 2.



role in PHILCOA's efforts to increase domestic consumption and promote industrialization through coconut by-products utilization. The years between 1955 and 1971 constituted a coconut era when the crop entered the cultural consciousness of Filipinos. In a sustained attempt at cultural transformation, PHILCOA mounted an aggressive education and marketing campaign throughout the country to increase domestic consumption and promote industrialization through coconut by-products utilization.

## CHAPTER FIVE

### Cronyism and Collapse, 1972 - 1986

On May 20, 1982, a Philippine Airlines' jetliner departed Bacolod City, Negros for Mactan Island, Cebu. The short inter-island flight, scheduled to take roughly half-an-hour, was suddenly thrown into chaos when a single coconut farmer armed with an explosive device threatened to take down the plane along with its 99 passengers unless his single demand was met -- increase the coconut levy collected from small farmers. According to the United Press story, which circulated to other national media outlets, the Philippine Airlines' spokesman described the incident and the farmer's demand as 'weird.'<sup>255</sup> From a historical perspective, the coconut farmer's demand that the government raise the coconut levy was indeed extraordinary as the government imposed taxes on coconut producers had exacerbated the economic insecurity of small-scale farmers.<sup>256</sup> Moreover, the airline spokesman's bewilderment over the incident reveals the persistent invisibility of coconut farmers during a period of crisis.

The period from 1972 to 1983 is best described as the "Great Coconut Crisis" when coco-elites' industrial consolidation accelerated unsustainably through intensive capital extractive policies, known as levies. Between 1980 and 1983, the economic insecurity of small coconut farmers grew to such magnitudes that farmer discontent became a politically important national issue, threatening the stability of the Marcos regime. Overall, the small coconut farmers'

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<sup>255</sup> "Man With a Grenade Seizes 109 on Jetliner in Philippines" *New York Times* (21 May 1982): A3.

<sup>256</sup> R.L. Clarete and J.A. Roumasset, "An Analysis of the Economic Policies Affecting the Philippine Coconut Industry" *Philippine Institute for Development Studies: Working Paper 83-08* (Metro Manila: Philippine Institute for Development Studies, 1983). Sylvia H. Guerrero. "A Review of Welfare Issues In the Coconut Industry." *Philippine Institute for Development Studies, Working Paper 85-01*. (Metro Manila: Philippine Institute for Development Studies, 1985).

growing economic instability during this period represents a pivotal shift and a tipping point in anti-Marcos opposition.

The first levy, known as the Cocofund, began in January 1972 and averaged roughly P 1 million each month, totaling P131 million in less than ten years.<sup>257</sup> The second levy, initially called the Coconut Consumer Stabilization Fund (CCSF), began in August 1973 in response to global fat shortages and increased production costs. By June 1978, the consumer levy extracted roughly P4 billion from small-farmers.<sup>258</sup> These funds were used for the vertical integration of the coconut commodity chain, allowing producers seed capital for the formation of the United Coconut Oil Mills' (Unicom) monopoly control over the industry by 1979.

During the period between 1972 and 1983, the Philippine Coconut Federation (COCOFED) and the Marcos regime collaborated in promoting the coconut levy as beneficial to small coconut farmers. The levy was marketed as a means towards nationalizing the coconut industry and freeing it from foreign control. COCOFED communicated to coconut farmers that collective sacrifice was necessary to achieve this goal. Both COCOFED and the government claimed that levies would bring increased income for small farmers. These messages were appealing to coconut farmers as they aligned with the larger historical memory of the coconut industry, which had been dominated and exploited by Western businesses. This marketing strategy, however, was ultimately a ploy by COCOFED and the Marcos regime to gain control over the industry and legitimize the dictatorship in national discourse. The levy, which was presented as a means of improving the livelihoods of small farmers, actually exacerbated their

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<sup>257</sup> "Our P131 Million" *The Cocofed Report*. I,1 (1972 January): 3- 4. *The Cocofed Report*, VI, 9 (April-May 1981): 1.

<sup>258</sup> Rigoberto Tiglao, *The Philippine Coconut Industry : Looking into Coconuts : Export-Oriented Agricultural Growth* ( Davao: ARC, 1981): 87

economic insecurity and became a source of political opposition to the Marcos regime.

Therefore, the promotion of the coconut levy by COCOFED and the Marcos regime needs to be understood in the context of the larger political and economic strategies of the dictatorship during the Great Coconut Crisis.<sup>259</sup>

Looking more closely at this period, we can see the relationship between COCOFED and the Marcos regime was mutually beneficial. The regime supported levy efforts directed toward capturing a monopoly over the industry. Simultaneously, COCOFED endorsed Marcos and legitimized the regime in national discourse, especially during periods of economic and political instability. To understand the volatile period in the industry's history, we will briefly examine COCOFED and the enactment of the first coconut levy, the Cocofund.

### **COCOFED and the Levy**

Beginning in 1971, the Coconut Federation (COCOFED), previously known as the Philippine Coconut Producers Federation (PCPF), had become the nation's representative body for all coconut farmers. In effect, COCOFED was an agricultural lobbying group meant to streamline communication between coconut producers and the government. Prior to becoming nationally recognized as the representative body for coconut planters, the federation described its role in the *Daily Mirror* as, "the national organization of the coconut planters. Its prime reason for existence was the need for a unified and organized planter's segment within the industry for the promotion and the protection of the sector's interests."<sup>260</sup> COCOFED's lobbying efforts during this period were fundamental in passing the coco fund bill through Congress.

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<sup>259</sup> Gay Hawes, *The Philippine State and the Marcos Regime: The Politics of Export* (Ithaca : Cornell University Press, 1987), 15.

<sup>260</sup> "Coconut Planter's Story Told" *Saturday Mirror* (30 March 1963). From the Lopez Museum and Library, Clippings - Coconut.

Cocofund was viewed by many as a remedy to the growing international competition and fate of the Philippine coconut industry. During this period, the coconut industry faced major threats of eclipse brought on by growing fat production internationally. In a feature article written by COCOFED executive director Jose Eleazar, we see how Philippine coconut producers viewed American soy producers as a growing threat to local coconut production. For one month, Eleazar traveled throughout the United States, mainly the Midwestern agricultural states, examining the country's established agricultural industrial practices and infrastructure.

Eleazar's article, "Innocents Abroad, or Mr. Eleazar Goes U.S.," presents an almost science-fiction portrayal of U.S. agriculture, similar to the society depicted in the novel, *A Brave New World*. "Throughout the middle states," Eleazar writes, "farms are fully mechanized. Livestock are fed automatically. Temperatures in 'pig pens' are controlled thermostatically so that the heater turns on when temperatures are low and the air conditioner turns on when temperatures are high. Tractors are equipped with covered cabs with air conditioners, heater and radio. One 800-hectare farm has one hired help!" Eleazar continues stating that the technological and production gap between the United States and Philippine farmers is "depressing." Eleazar's article represents larger planter discourse during this period that argued for increased government attention and funding for the coconut industry to stay internationally competitive with other vegetable oil producers.

Besides the threat of Coconut producers falling behind international competition, coconut farmers feared diminishing profits due to decreased coconut prices. During this period of legislative debates on how to help coconut farmers, Congressional representatives connected to the coconut industry made other attempts to revitalize and strengthen the industry. In a privilege speech, Representative Moises Escueta of Quezon, expressed concern over the future of the

industry and worried that increased coconut production would lead to falling coconut prices. He was also concerned that the competitive prices of external fats and oils, such as soy and palm, affecting local coconut farmers. The Liberal Party congressman proposed an amendment to the newly implemented Export Tax Law (RA 6125) for the purpose of setting aside the sum equivalent to 4 percent of the total collections of 130 million from the coconut industry so that it could be made available for PHILCOA for use in supervising the agro-industrial coconut cooperatives and conducting intensified extension services.<sup>261</sup>

However, the amendment for setting aside funds for the coconut industry did not pass, and during this period COCOFED routinely portrayed the government as ineffective. COCOFED's frustrations were primarily directed toward government inaction and bureaucratic inefficiencies that it regarded as impediments for the industry's survival. "Our government is peculiar," one COCOFED report noted. "We have here a case of government finally acting with impressive sincerity and decisiveness, succeeding only in nearly destroying an industry."<sup>262</sup> The COCOFED Reports highlight the growing frustration as their description of government action, or inaction, as essentially cynical:

Like a game of musical chairs, the Federation proposal to open new coconut markets to remove the supply glut in America and Europe and thus raise domestic prices, have been discussed from one government meeting to another, referred from one government office to another, published in one newspaper to another, - without any tangible results.

As far back as November, the Federation predicted that too much coconut exports are going to the United States and Europe which would drastically depress

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<sup>261</sup> "Coco Crisis real; solon airs remedy" *Daily Mirror* (27 March 1972).

<sup>262</sup> "Central Bank," *The Cocofed Report*. I, 2. (February 1972). 8-9.

domestic prices. Government was alerted to immediately avert the fast developing crisis. To no avail.<sup>263</sup>

Between November (when COCOFED submitted their “Proposal for a Programed Coconut Products Flow”) and February (when officials discussed in detail the long-drawn-out process of government bureaucracy), COCOFED’s communication to coconut planters framed their organization and levy legislation as an opportunity to take industry matters away from inept government officials.

These articles represent an argument commonly presented to planters, during the early period before passage of Cocofund, that the widening gap between agricultural technology, coupled with unconcerned government officials would result in industry collapse. COCOFED frequently reminded planters that coconuts only accounted for a small fraction (6 percent) of the total international fats and oils market. Moreover, Eleazar reminded planters of the growing success of palm kernel oil, in penetrating the American market, creating a competition that was fought in the “cafeterias and restaurants where menus and food signboards carry labels like ‘oleo margarin: used for cooking’ or, ‘creamer: non-dairy’ or ‘non-dairy cream for coffee.’”<sup>264</sup> Here we see COCOFED’s concern regarding the growing competitive environment in US markets, with palm making inroads into an increasingly shrinking American market. COCOFED made it clear to its readership that the future for coconut farmers was being threatened on multiple fronts, and action was needed in order to bring security to coconut farmers.

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<sup>263</sup> “Collapsing Copra Prices and Third Markets.” *The Cocofed Report. The Cocofed Report*. I, 2. (February 1972). 8-9.

<sup>264</sup> “Innocents Abroad, Or Mr. Eleazar Goes U.S.” *The Cocofed Report*. I, 5 (June 1972): 9-11.

Placed within a larger national discourse of maintaining the coconut industry's international competitiveness, the Cocofund had supporters in Congress and eventually passed in 1972, some six months before Marcos's declaration of martial rule. Ferdinand Marcos signed Republic act 6260, or the Cocofund collection into law on June 19, 1971, creating a corporation known as the Coconut Investment Company (CIC), which would administer the 100 million pesos collected from levies to maximize coconut production, accelerate growth, improve the marketing system, and ensure stable incomes for coconut farmers. The initial capital stock was first subscribed by the Philippine Government, later to be paid by coconut farmers through a levy of .55 pesos on the first domestic sale of every 100 kilos of copra or its equivalent in terms of other coconut products.<sup>265</sup>

The distribution of authority in collecting the funds from the levy still weighed heavily on PHILCOA, which was responsible by law for collecting the levy funds and was also responsible for putting up the funds for the Coconut Investment Company. Out of the 0.55 centavos collected by PHILCOA, 50 centavos were used for the Cocofund, three centavos were set aside for PHILCOA's administrative expenses, and two for the Coconut Federation, COCOFED.<sup>266</sup> The collection of the levy would be imposed until one hundred million pesos was collected for the authorization of capital stock in the Coconut Investment Company, but collection, according to the law, was not to last longer than ten years.<sup>267</sup>

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<sup>265</sup> "Gains From New Coco Investment Fund Seen." *Daily Mirror* (14 August 1971).

<sup>266</sup> Eddie B. Monteclaro, "Congress and The Economy: PHILCOA and Coconut Investment Company" *The Manilla Times* (30 August, 1971).

<sup>267</sup> Republic of the Philippines. Republic Act No. 6260: An Act Instituting a Coconut Investment Fund and Creating a Coconut Investment Company for the Administration Thereof. June, 19, 1971. <https://www.chanrobles.com/republicacts/republicactno6260.html>



Supporters of the bill were optimistic about the potential positive impact of the Cocofund levy. The bill was sponsored in the Senate by Dominador Aytona and in the lower house by Congressman Moises Escueta of Quezon. COCOFED promoted the levy collection in their organization's reports as an opportunity for all coconut farmers stating: "Everyone can participate in Cocofund."<sup>268</sup>

### **COCOFED and Martial Law**

The Cocofund levy was the first ever government bill that promised and delivered continuous financial assistance to the coconut industry, a point that should be emphasized after years of broken promises by government officials. During this period, COCOFED linked the successful passage of the coconut levy to the politics of Martial Law. COCOFED presented their organization and the Cocofund as a break from government neglect and Martial Law as a departure from the political norm.

In their December 1972 report, the organization discussed its implementation of the Cocofund, recounting its successes in forming new chapters and increasing membership. They also reinforced to their members the need to maintain faith in the levy collection and national planter organization. "As we near the final stages of our elections," the COCOFED report read, "it is prudent to pause and think back on our original intentions when the Cocofund challenge was hurled at the coconut farmers." The report continued to reflect the planter organization's major critiques of the period and provide a justification for a leading role for the coconut planter organization in national policy: "We were then frustrated by government indifference to our industry and angered by misapprehension and misrepresentation of our industry by incompetent

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<sup>268</sup> "We're On!" *The Cocofed Report* I, 2 (February 1972): 2.

or false coconut leaders. We railed against politicians. We resented acclaimed coconut leaders that did not come from our ranks. We protested the status quo.”

The report's language is charged, portraying government officials as ineffective, even masquerading as industry benefactors. More importantly, however, the report hailed the Cocofund's formation and the recognition of COCOFED as the nation's planter organization as a new period: “The status quo is broken – by Cocofund and the Martial Law.” The rhetoric in this article is similar to other martial law propaganda pieces about the “New Society” that portrayed authoritarian rule as an opportunity to remove old oligarchs from government, effectively transferring power to the people.

Within the context of Martial Law, COCOFED represented the planter-organization and the Cocofund levy as a Herculean effort to capture control over an industry that was mismanaged by non-coconut industry Filipinos. Reflecting this rhetoric, the report continues:

We daringly decided to tax ourselves and develop our own industry according to an orientation that suits our situation and aspirations. We dared take on the challenge of aggressively participating in industry decision-making and program implementation, fully aware that we must initially hurdle the handicaps of disunity and general ignorance about industry affairs – for one reason only: we believed in ourselves. We wanted to be given the chance to determine our future...To lose our perspective now is fatal....Shall we repeat the past?<sup>269</sup>

In the case of COCOFED, the organization self-identified as the representative body of coconut farmers and, more importantly for our understanding of this period, a disenfranchised people. Though COCOFED used inclusive language describing the Cocofund collection as “every coconut farmer's investment in the future,” the collection and the organization were designed to advocate on behalf of their members.

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<sup>269</sup> “Cocofund Goings-On” *The Cocofed Report* I, 11 (December 1972): 2.

Representation within COCOFED required official affiliation through provincial chapters. Disbursement of funds required membership in COCOFED and this facet was used by the organization in their recruitment efforts. COCOFED promoted their organization throughout the country by detailing the potential financial benefits to COCOFED farmers. COCOFED emphasized the need to “organize your town associations.” Moreover, the construction of rural banks or other financial institutions needed counterpart funding in order for the Coconut Investment Company (CIC) to allocate funds from the levy. The required counterpart funds, ranging between 50,000 to 100,000 pesos, would come from COCOFED town associations, creating incentives for joining as well as directing collection funds to recognized chapter organizations. Thus, the cocofund collection was meant to streamline investments and government attention toward one group of coconut planters instead of PHILCOA’s previous approach, which looked to help all farmers. Though PHILCOA should be viewed as successful in sustaining coconut production and competing internationally against other fats and oils producers, their tenure was overshadowed by government ineffectiveness.

Similar to PHILCOA, COCOFED used intense marketing initiatives to encourage farmers to participate and open new chapters. One such effort was the Barrio-to-Barrio Program, which utilized both PHILCOA and the planter organization to communicate and promote increased participation. According to reports, the Coco Fund Barrio-to-Barrio Visit program was a grapevine strategy to “test projects operating on the principle that word-of-mouth is faster than any other form of effective communication.” The COCOFED reporting of the strategy shows how the organization recruited and the detail involved:

Two teams of four composed of Diomeng Quinay and Elmo Estacion of PHILCOA as team leaders and Rey Banzon and Dick Buno of COCOFED as members, will cover the barrios of Laguna, Batangas and Cavite. They carry pamphlets, manuals and data sheets. They will talk to four people: the barrio

captain, barrio school head teacher, an informal opinion leader in the community (“kinikilala”), and the coconut buyer. The idea is to let the community members themselves do the info work in terms they best understand, a barrio version of the communication process: Transmission-reception-encoding-decoding-translation-transmission.

Pamphlets are distributed through schoolchildren as bases for barrio discussions. Data sheets are accomplished to identify leadership structures, trading channels, production volumes, local problems, etc. If successful the project will be simulated in Bicol, the Visayas and Mindanao.

Initial reports are interesting: barrio folk uniformly reacted with initial skepticism, growing interest, inquisitiveness, and final conversion to the Cocofund idea. The teams slept in barrios where night found them, walked where public transports were non-existent; used barrio roads for impromptu diagrams for disputative inspectors, APC agriculturalists, PACD teams (barrios, small as they are, are unbelievably swarming with people such as our barrio visitors). Indifference was met but enthusiasm was the more common response. With end-users adequately briefed, and with PHILCOA and PCPF chapters hitting the cities and towns, the COCOFED will concentrate on the farmers in the barrios through strategic contacts with barrio leaders.<sup>270</sup>

Early reporting of grapevine strategy indicated that the barrio-to barrio visits were successful at the test site of Laguna, reaching, within 30 days, 21 towns and 79 barrios. With the philosophy that the grapevine strategy was most effective if local opinion leaders were able to spread information, the COCOFED campaign spoke with 72 local officials, 37 barrio teachers, and 1,471 coconut producers. According to the COCOFED report, the grapevine strategy implemented within the first week produced encouraging results, stating: “Towards the end of the project, barrios already heard of and read about Cocofund by the time the barrio teams reached them. Where Cocofund receipts were not filtering down when the project started, they were being demanded and received by most farmers by the end of the project.”<sup>271</sup>

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<sup>270</sup> “Barrio-to-Barrio Visit” *The Cocofed Report I*, 3 (March 1972): 7-8.

<sup>271</sup> *Ibid.*: 8.

COCOFED's information campaigns were one part informative, spreading word to coconut farmers about ways to obtain Cocofund receipts, and one part recruitment, promoting membership in the organization as a means to obtain greater benefits from the nation-wide collection. Together with PHILCOA, The Federation planned to conduct provincial seminars in Bohol and Negros Oriental following the successful Laguna test. The information drives were initially delayed, however, due to unfinished printings of Cocofund Manuals in Cebuano, Waray, Ilongo, and Bicolano versions. Additional material that relayed the initial information campaigns were Cocofund posters which were to be posted in every coconut buying station, as well as flip charts that were to be used to explain Cocofund at the provincial seminars. On its own capacity, COCOFED printed Cebuano, Ilongo, Waray, Bicolano, and Tagalog versions of their brochure, "So The Coconut People May Know " as supplemental material to PHILCOA's work.<sup>272</sup>

Additionally, the federation tapped into the local *kinikilala* or opinion leaders to participate and even host events to circulate material and information. Local *kinikilala* included the provincial officials, municipal mayors, barrio captains, as well as prominent coconut producers and buyers. Other meetings were held in Pagsanjan, Laguna, Marinduque, and Silang, Cavite, where Cocofund posters were distributed detailing COCOFED's role as the nationally recognized coconut producer's organization and its role in the Cocofund.<sup>273</sup>

Along with active recruitment and a coco levy program that incentivized COCOFED participation, the organization's rhetoric during this period reinforced a competitive global outlook that argued vertical integration was needed for the Philippine industry to compete internationally. COCOFED's solution to growing competition and international industrialization

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<sup>272</sup> "Information Drive" *The Cocofed Report I*, 5 (June 1972): 5.

<sup>273</sup> Ibid.: 5.

of agricultural techniques was to consolidate the nation's small coconut land-holdings into a government operated "cooperative" owned by COCOFED members, utilizing coco-levys for field workers and technical operations.

Looking closely at COCOFED's "Integrated Model Farm" project, it is apparent that the planter organization's philosophical approach toward coconut farming advocated consolidation of small farms into a large cooperative conglomerate, managed by COCOFED and operated by farm hands. In December 1972, the association published its first report on the proposed integrated model farm, which discussed the project as a "land reform program."<sup>274</sup> According to COCOFED's report, the planter organization, along with PHILCOA-conducted land surveys in Quezon, Mindoro and Palawan, would implement a 500 hectare integrated model farm incorporating all the owners so that farm work could be scheduled by trained live-in managers and technicians. The farm would serve as the model for a nation-wide program.

Within the Integrated Model Farm proposal, we can see the development of absentee landlordism that defined COCOFED during the later stages of the martial law period. More importantly, we see how COCOFED defined "farmers" and differentiated between workers and laborers as an occupation outside the coconut farmer framework. The report stated:

Meanwhile the farmers are mainly involved in harvesting during 6-10 harvest cycles which take 6-10 days each, thus leaving more than 200 days free for other activities. Farmers are, therefore, also entrepreneurs and/or employees in other offices. Coconut workers are in the main only contractors, guardians, or work 'specialists' 'tapaseros', 'sunkiteros', etc.). The farmers rely on off-farm activities to meet basic needs while the farm income is regarded as insurance or 'pension'. The workers rely on other income sources too or are busy contracting harvesting chores in other coconut farms. Both farmers and workers cannot invest on coconut lands to increase productivity since this is sacrificed for short-term returns.

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<sup>274</sup> "Tayabas Survey" *The Cocofed Report I*, 11 (December 1972): 9.

In essence, COCOFED envisioned using the Coco Levy to create a state-run monopoly, financed by the government through levies collected from all farmers, for the benefit of COCOFED planter members:

Each 100 ha. Lot would be run as a managed model farm that will be: given fertilizers; cleaned; harrowed and weeded; have scheduled farm operations; contain intercrops – all at the expense of government...The model farm would be managed and run by 5 sets of live-in government employees. 1 farm manager, 1 cooperative specialist, 2 farm technicians would handle every 100 has. Their salaries would be shouldered by the government to which they are attached.<sup>275</sup>

The rationale behind the Integrated Farm Project was two-fold. First, growing competition from international vegetable oil producers made increased productivity a major target for the planter organization. Additionally, the planter organization sought to alter the characteristic of land holding patterns characteristic of coconut producing countries – small-holder crop. According to COCOFED publications, the organization argued that because coconut farms were small, they were uneconomic. Moreover, the organization argued that investing in farm inputs to increase yield, such as fertilizers, or maintain tractors and other farm operations on a two-hectare farm created more expenditures than possible income. Thus, COCOFED envisioned their integrated model as a “program that would shift and reverse the trend toward consolidation.” The COCOFED reports also supply additional information regarding the organization of farmers throughout the country and how membership in COCOFED determined which coconut farmers were beneficiaries of the levy. These reports detail the industry’s continued attention to the international market for fats and oils, what actions they took, and how international competitors behave in a highly competitive international market.

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<sup>275</sup> “Integrated Model Farm” *The Cocofed Report* II, 1, (January 1973): 9 - 11.

Despite COCOFED's supposed advocacy for coconut farmers, their lobbying efforts and supplemental material offered readers insight into the organization's position on efforts to agrarian land reform. In COCOFED's 1973 report, Jose Valmores, a coconut producer and executive member of COCOFED, discussed the relationships on coconut lands in connection to recent government land reforms that ended tenancy in corn and rice farms, assuring his readership that similar land reform would not be applied to the coconut industry. He described COCOFED's stance on the agrarian debate, citing the organization's lobbying efforts as early as 1968, taking a position that any land reform applied to the coconut industry would result in the uneconomic fragmentation of farms. "If we apply PD 27 to coconut lands," Valmores stated, "we will be further subdividing the already uneconomic farm sizes." He concluded that: "This was the philosophy behind the exclusion, among others, of coconut lands from the coverage of the Code of Agrarian Reforms."<sup>276</sup> At the most fundamental level, COCOFED argued that any transfer of coconut land from land-owners to tenants was economically disadvantageous, not just for farmers, but the nation as a whole.

Moreover, Valmores assured members that even if the organization's philosophy was not adopted, coconut land owners were still protected under the law from transferring land as many of the "coconut farmer-workers" did not fall under the legal definition of tenant. Valmores explains:

Do our coconut farmer-workers fall under the definition [of tenant]? Perhaps some do, especially those who entered into contract with landowners before coconut trees were planted, and who did the planting and subsequent harvesting personally...But these people constitute a minority in our coconut farm-worker population. Majority consists of overseers, agricultural employees, and contractual workers like 'sungkiteros' and the 'tapaseros.' Certainly these people are not tenants under R.A.1199 or R.A. 3844 as amended by R.A. 6389, for they

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<sup>276</sup> "'Tenancy' in Coconut Lands" *The Cocofed Report* III, 1 (January 1974): 6-9.



do not cultivate the land themselves. They merely do particular jobs in the whole process of cultivation. Thus, they are not ‘tenants’ within the definition of the law.<sup>277</sup>

Valmores enumerated various reasons why coconut workers should not be considered lessees or tenants. His explanation is more than opinion, but instead reflects COCOFED’s position on this complex legal matter. Additionally, Valmores’ admission that, “many of our ‘tenants’ are not really tenants” points to the exculpatory rhetoric during the period that misapplied legal terms to agricultural workers connected with the coconut industry. Thus, many coconut laborers during this period were not depicted as tenants, though many lived on the land and operated within a traditional owner-tenant relationship.

COCOFED’s inclusive language such as “our” and “we” masks COCOFED’s exclusionary policies that differentiated between owner-farms and the rest of the coconut industry. The organization used “coconut farmers” and “planters” interchangeably along with statistics in promotional material stating that “12 million people are dependent on the coconut industry for their livelihood,” ultimately misrepresenting who COCOFED lobbied for.<sup>278</sup>

During the Cocofund levy, active recruitment and information drives resulted in unprecedented expansion and growth for the COCOFED. As of February 1972, COCOFED had a total of 85 chapters with 5,568 members, an insignificant number when considering the federation was recognized as the nation’s official representative body for all coconut planters. However, COCOFED’s recruitment and numbers expanded and within the first few months the federation doubled chapter affiliations to 161 chapters by March 1972.<sup>279</sup> By March 31, 1972,

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<sup>277</sup> Ibid.: 6-9.

<sup>278</sup> Ibid.: 6-9.

<sup>279</sup> “Directors’ Regional Reports” *The Cocofed Report* I, 3 (March 1972): 6

just one month into the Cocofund collection, the newly imposed levy amounted to roughly P 1.2 million.<sup>280</sup> With collection of the levies averaging roughly P 1 million each month, by August 1972 Cocofund collections had totaled P5 million.<sup>281</sup> By December 31, 1973 collections totaled nearly P18 million, an insignificant sum when compared to the Coconut Consumer Levy Fund, the second levy.<sup>282</sup>

### **The Coconut Consume Stabilization Fund Levy (CCSF)**

From 1972-1974, record breaking droughts and erratic global climatic conditions decreased vegetable oil production in the United States, West Africa, India, Soviet Union, and China.<sup>283</sup> Along with the drought and drop in global vegetable oil production, the OPEC oil crisis in 1973 artificially inflated oil prices. Two major vegetable oil shortages occurred under the Marcos regime, first in 1973 and the second, in 1979. As a result of these events, the period saw dramatic decreases in agricultural global production and skyrocketing prices for commodity

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<sup>280</sup> “Our First Million!” *The Cocofed Report* I, 3 (March 1972): 1.

<sup>281</sup> “Our 5th Million” *The Cocofed Report* I, 7 (August 1972): 1.

<sup>282</sup> “Our 17th Million” *The Cocofed Report*. II, 11-12 (November – December 1973): 1.

<sup>283</sup> Vibhuti Agarwal, “India’s Drought is Worst Since 1972” *WallStreet Journal* (1 October 2009): <https://www.wsj.com/articles/SB125435762124654633> (Accessed on 4 September 2021); Olga Kazan, “Coal-Burning in the U.S. and Europe Caused a Massive African Drought.” *The Atlantic* (10 June 2013): <https://www.theatlantic.com/international/archive/2013/06/coal-burning-in-the-us-and-europe-caused-a-massive-african-drought/276702/> (Accessed on 4 September 2021); Nthomas B. McKee, Nolan J. Doesken, John Leist “A History of Drought in Colorado: Lessons Learned and What Lies Ahead” *Colorado Climate Center, Atmospheric Science Department. No. 9 – Second Edition* (February 2000): <https://climate.colostate.edu/pdfs/ahistoryofdrought.pdf> (Accessed on 4 September 2021); Jonathan Derrick. “The Great West African Drought, 1972-1974.” *African Affairs* 76, 305 (1977): 537-586.

based consumer products. Not only was the vegetable oil industry impacted – including, coconut, soy, corn, and palm—but so too sugar.<sup>284</sup>

In the Philippines, inflationary prices threatened the stability of the entire economy throughout Marcos' rule. Import-substitution industrialization (ISI) policies, which began a decade prior, were now threatened by increased commodity prices and coconut producers selling copra to international manufacturers for increased profits. Philippine coconut oil manufacturers responded to rising global copra prices by increasing domestic prices for coconut oil, which was used by Filipino consumers for cooking oils, processed foods, filled milk, and soaps.<sup>285</sup> According to Juan Ponce Enrile, the Defense Minister, “Hardly anything was left in the country to produce coconut-based consumer products...The scarcity of coconut-based consumer products in the country alarmed the people and also President Marcos who threatened to ban the export of Philippine copra.”<sup>286</sup> Increased global and domestic prices threatened to weaken the perceived stability of martial law.

By August 16, 1973, Ferdinand Marcos issued the Letter of Instruction 115 to solve the crisis developing as a result of rising global copra prices. LOI 115 directed cabinet members from the Defense, Agricultural, Trade, and Coconut sectors to solve the growing domestic crisis. The stated goals of LOI 115 were:

“1) To establish and implement a systematic and efficient distribution of cooking oil and other essential coconut by-products to relieve the pressure of demand for these prime commodities.

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<sup>284</sup> Alvarez, Jose. “Sweetening the U.S. Legislature: The Remarkable Success of the U.S. Sugar Lobby.” *Political Quarterly* 76, (2005) 92-99.

<sup>285</sup> “Our 17th Million!” *The Cocofed Report* II, 11-12 (November-December 1973): 1.

<sup>286</sup> Juan Ponce Enrile, *Juan Ponce Enrile: A Memoir*, edited by, Nelson A. Navarro (Quezon City: ABS-CBN Publishing Inc., 2012): 412.

- 2) To require the cooking oil industry to speed up deliveries of cooking oil to all outlets in order to normalize supply and demand to the level prior to the present shortage.
- 3) To restore order in the coconut industry which is racked with internal conflict between the producers and planters, on the other hand, and the refiners and copra and coconut oil exporters, on the other.
- 4) To institute other measures essential to the successful prosecution of Government and Private Sector efforts to contain, solve and end the present crisis in the coconut industry.”<sup>287</sup>

Marcos’ LOI laid out the objectives to combat inflationary consumer prices, but also established the goal of consolidating the coconut industry. As the economic historian Jonathan Levy has stated: “To end inflation, an authority must arbitrate discord, adjudicate distributional conflicts between economic sectors and groups, and rechart a viable long-term economic path.”<sup>288</sup> Point three in the LOI addresses the objective to arbitrate discord and adjudicate distributional conflicts, however the proposed solution was a second levy, the Coconut Consumer Stabilization Fund Levy, dwarfing previous collections, intensifying capital extraction, and leading to a weakened rural economy.

The Coconut Consumer Subsidy Fund was initially declared law on August 20<sup>th</sup> 1973. In COCOFED’s communication to organization members, they discussed the consumer subsidy as the best option available, and more importantly temporary:

“A question might be asked: Why do we have to subsidize the price of cooking oil and laundry soap? Well, we are the only ones who can do that. Who else? The fisherman? The rice farmer who is already subsidizing our rice in the form of lower process for their produce? The sugar farmer? Most other industries are also reeling from the impact of rising raw material prices which cause the rise of prices

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<sup>287</sup> Juan Ponce Enrile, *Juan Ponce Enrile: A Memoir*, edited by, Nelson A. Navarro (Quezon City: ABS-CBN Publishing Inc., 2012): 412-414.

<sup>288</sup> Jonathan Levy, *Ages of American Capitalism: Freaks of Fortune* (New York: Random House, 2021): 546-550.

of commodities. We are the only ones benefited by this fantastic rise of copra prices. We should not refuse to share in the effort to lower the prices of basic commodities required buy our consumers. The sugar industry which refused to do this was taken over by the military. The inexorable fact is that government must keep the prices of prime commodities at price levels that ordinary Filipino families can afford...Anyway this is only temporary.”<sup>289</sup>

Although COCOFED framed the new levy as a voluntary, temporary sacrifice on behalf of coconut farmers, inflation continued throughout the decade. Between 1972 to 1974, the price for processed goods increased roughly 75 percent, and chemicals, including animal and vegetable oils, doubled during the same period.<sup>290</sup> Inflation increased costs for consumer products, but they also diminished worker income. Blacksmiths, carpenters, drivers, masons, mechanics, painters, plumbers, saw real wages decrease nearly 35 percent by 1974. By December 1978, real wages decreased more than 50 percent, netting the average Filipino with less than half their earnings.<sup>291</sup>

The industry plan of vertical integration, which relied on prolonged extractive levies from small-farmer populations, began to show signs of structural decay as commodity prices fell and inflation continued unabated. Between 1979 and 1982, coconut prices plummeted precipitously to record lows not seen since World War II, decreasing farmer incomes from coconuts by half.<sup>292</sup>

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<sup>289</sup> “The New Year - Retrospects and Prospects” *The Cocofed Report* II, 11-12 (November-December, 1973): 8-10.

<sup>290</sup> Department of Economic Research “Wholesale Price Index of Locally Produced Commodities For Home Consumption *Statistical Bulletin: Statistical Appendix to the Thirtieth Annual Report* Metro-Manila, 1972-1978, Vol.XXX, (Manila: Central Bank of the Philippines, 1978): 364 - 365.

<sup>291</sup> Department of Economic Research “Money and Real Wage Rates of Laborers in Industrial Establishments in Manila and Suburbs, by Occupation, 1951 - 1978 (Pesos)” *Statistical Bulletin: Statistical Appendix to the Thirtieth Annual Report, 1978*. Vol.XXX, (Manila: Central Bank of the Philippines, 1978): 381 - 384.

<sup>292</sup> “The Philippine Rural Economy: A Crop of Problems: Coconut Industry” Paper prepared by the Office of East Asian Analysis (Washington, D.C.; Central Intelligence Agency, 1 July 1985): 5. <https://www.cia.gov/readingroom/document/cia-rdp04t00447r000200820001-2> : “Let Us Not Destroy, A

For small coconut farmers, whose average annual income was roughly P5,520, barely half the minimum subsistence requirement for a rural family of six, levies represented a severe economic burden.<sup>293</sup>

Nonetheless, membership and chapter affiliation continued to expand and participation with COCOFED was predicated upon the belief that affiliation translated to benefits and equity in the Coconut Investment Company and even the United Coconut Planters Bank. As seen in a 1976 report, farmers urgently requested affiliation with COCOFED due to increased concern regarding the deadline for the registration of Cocofund receipts. As a result of growing farmer concern, a COCOFED announcement read: “We would like to clarify the belief of many coconut farmers that March 31, 1976 was the deadline for the registration of cocofund receipts. No, it was not the deadline!”<sup>294</sup> The Federation assured chapter affiliates to continue registering Cocofund receipts, but clarified that the March 31, 1976 deadline qualified equity participation in the United Coconut Planters Bank. Chapter affiliation and registration of receipts thus purported to grant access to the Cocofund, while simultaneously excluding a large number of coconut farmers, “guardians”, incumbents, and wage laborers - *tapaseros and sungkiteros*.

The bifurcated access to COCOFED funds remained a consistent theme throughout this period, with coconut marketing associations (CMAs), or cooperatives, which were then the idealized form of coconut farm development, totaled a lackluster thirty throughout all coconut

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Speech Given by Maria Clara Lobregot at the 19th Cocofed National Convention” *The Cocofed Report* VI, 9 (9 May 1981):14.

<sup>293</sup> Rigoberto Tiglao, *The Philippine Coconut Industry : Looking into Coconuts : Export-Oriented Agricultural Growth* (Davao: ARC, 1981): 37. Tiglo adjusted statistics for 1979 from Edita Tan, *Patterns of Consumption in the Philippines Discussion Paper No. 79-9* (Quezon City: Institute of Economic Development and Research, University of the Philippines, 1976).

<sup>294</sup> “Chapter Affairs” *The Cocofed Report* IV, 5 (March-April 1976): 6.

provinces by 1978. The CMAs combined a total of roughly 3500 members, a far cry from COCOFED's idealized form of total integration.<sup>295</sup>

David Virgilio's "20 Million Coconut Farmers are Victims of a Levy Racket," published during the Marcos period, details the disparity of bifurcated access to coco levy funds during this period, and also points to a very important, yet, under-studied topic during this period--the deliberate use of "coconut farmer" as a misleading term to represent the landed elite affiliated with the COCOFED organization rather than the small holders who represented the bulk of the industry.

In 1974, the second year of Marcos's martial-law rule, Fidel Ramos, the Assistant Military Advisor of the Coconut industry and Chief of the Constabulary, instructed Virgilio to conduct research on the industry.<sup>296</sup> Virgilio used the study as the basis for his 1977 thesis, providing an intimate portrait of the coconut industry during the period that was promoted and publicized by opposition leaders such as Emmanuel Pelaez. Virgilio's thesis surgically dissects the social make-up of coconut farmers and elaborates on what he calls obscurantism, or the purposeful obscuring of facts, by elite coconut farmers. In so doing, he quotes from *The Coconut Story*, written by Jose R. Eleazar, a prominent coconut farmer and head of COCOFED, to highlight the common tropes that romanticized the poverty of coconut farmers, describing houses surrounded by coconut trees as "'no-cost' houses."<sup>297</sup> Virgilio also cites Benjamin Salvosa, the

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<sup>295</sup> M.B. Hamilton, *A Further Report to the Government of the Philippines on Potential Co-operative Development in the Philippine Coconut Industry* (Foreign Agricultural Organization, United Nations, 1980).

<sup>296</sup> David Virgilio, "The Barriers in the development of the Philippine Coconut Industry" (MA Thesis, Ateneo De Manila University, 1977): 13 -14.

<sup>297</sup> Ibid.: 33. Additionally see Jose R. Eleazar, Jr., Leonardo Ignacio, Jr., Araceli Nael, and Yvonne Agustin. *The Coconut Story, One and Two*. (Mandaluyong: The United Coconut Association of the Philippines, Inc., 1980): 6

first President of the Philippine Coconut Association (PHILCOA), describing the abject poverty of coconut farmers in the barrios circa 1957. The dramatic rendering of coconut poverty was made more impactful by Virgilio's inclusion of photographs of what he calls typical coconut farmer "dwellings" in barrios during the martial law period.

Virgilio's four photos, showing the sharp contrast between two small farmers and two coco-elite households, depict the divided socio-economic status within the coconut industry. Typical coconut farmers, who made up more than half of all coconut producers, lived in a *bahay kubo*, the traditional Philippine stilted rural house crafted from organic material, often bamboo, with nipa and/or coconut fronds for thatching. In stark contrast to the *bahay kubo* are photos of elite landlord houses. One house is a modern contemporary design suited for a sprawling 1970s American suburb while the other coco-elite house is elegant, with modern updates to the traditional *Bahay na Bato* Spanish-style house. Virgilio's contrasting photos of typical coco-elite and small farmer households during the martial law period is a sharp rebuke of COCOFED's bucolic distortion of everyday poverty.<sup>298</sup>

Despite Virgilio's demonstration that the elite planters used interchangeable terms for coconut planter, coconut producer, and coconut farmer to obfuscate industry motivations, surprisingly little work has been done to further explore the topic. In a working paper for the Philippine Institute for Development Studies titled, "A Review of Welfare Issues in the Coconut Industry," Sylvia H. Guerrero concludes that a major gap in research related to the coconut industry – the lack of a cohesive definition of the coconut farmer -- remained a major issue for

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<sup>298</sup> David Virgilio, "The Barriers in the development of the Philippine Coconut Industry" (MA Thesis, Ateneo De Manila University, 1977): 34-36.



developing policy to protect and promote the interests of small coconut farmers.<sup>299</sup> The levy period witnessed the calcification of the “Coconut Story” as an idealized bucolic representation of elite coconut planters as protectors of the poor against imperialism and national elites.

COCOFED’s self-identification as representatives of “coconut farmers” and the organization’s appropriation of the identity of small coconut farmers in both their lobbying efforts and communications to farmers persisted throughout the period, becoming a political flashpoint. By 1980, political opposition and small farmer discontent grew in the wake of declining coconut prices. Opposition to the levy grew into a central issue in Philippine politics and coverage generally fell into two camps. The first, comprising the Marcos regime, COCOFED, the Philippine Coconut Authority, and United Coconut Oil Mills (Unicom), argued that falling prices were the result of international supplies of fats and oils. The second camp, largely from small coconut-farmer organizations and representatives such as Emanuel Pelaez, argued that farmer discontent was caused by levies, regardless of world price.<sup>300</sup>

The three major daily Martial Law newspapers –The *Manila Bulletin*, the *Daily Express*, and *Business Day*–covered coconut industry developments closely, if a bit cautiously, during this period. As regime organs, *The Manila Bulletin* and *Daily Express* often published articles favorable to COCOFED and the Marcos government, often portraying coconut policy in nationalist terms. Despite their support for the regime, farmer discontent entered into their political coverage of the industry during high inflection points throughout the period. Both the *Manila Bulletin* and *Daily Express* published articles that minimized conflict by diminishing the

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<sup>299</sup> Sylvia H. Guerrero. “A Review of Welfare Issues In the Coconut Industry.” *Philippine Institute for Development Studies, Working Paper 85-01*. (Metro Manila: Philippine Institute for Development Studies, 1985): 72.

<sup>300</sup> “First Sugar, Now Coconut: Price downswings hit exports” *Manila Bulletin Today* (30 May 1980): 26.

severity of economic insecurity, openly defending coconut policy and criticizing political opposition. *Business Day*, on the other hand, frequently published articles that detailed events more accurately, briefly covering even pointed political opposition to regime policies.

By the end of April 1980, coconut prices had reached a four-year low, with copra prices dropping 60 percent since the previous January. Mill-gate prices for copra were roughly 60 centavos per kilogram while farm-gate prices hovered closer to 30 centavos per kilogram. Unicom responded to declining coconut prices by urging farmers to sell directly to them, thus cutting out the middlemen and their share of the price. Douglas Lu Ym, Unicom's vice president of marketing, advised farmers that selling to Unicom would result in higher prices during a global decline in coconut prices by eliminating "cutthroat" competition brought on by middle buyers. In effect, Lu Ym attributed the growing economic insecurity to cutthroat competition. The *Manila Bulletin* story is significant as it presented Unicom as an oil conglomerate "owned by the country's coconut farmers."<sup>301</sup> In effect, the paper portrayed Unicom as a mill owned by coconut farmers for the benefit of coconut farmers despite continued levy extraction.<sup>302</sup>

The Martial Law press discussed global causes for price declines more frequently than the levy itself. Despite the Philippines producing roughly 80 percent of global output of coconut oil, the prices of fats and oils still moved in tandem with global market trends. Thus, coconut prices were not immune to surplus production and excess supplies of vegetable oils. *The Manila Bulletin* often discussed the United States' soy and corn production, highlighting American producers' role in price declines. Moreover, the paper's business section often discussed the

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<sup>301</sup> Ibid.: 15.

<sup>302</sup> Ibid.: 15.

increased corn and soy production, as well as the role of the US grain embargo on Russia and its impact on increased international supply of soy and corn.

The major takeaway from the majority of press stories during this period is that the Philippine coconut industry was operating in a global context where the Philippine coconut industry was operating as a marginal player, representing only 6 percent of the fats and oils industry and thus susceptible to international competitors and market forces.<sup>303</sup> Stories such as “Glut Depresses Coco Exports, Earnings”<sup>304</sup> focused on global recessionary impacts to the coconut industry, while other stories lionized Unicom’s role in slowing down global price drops.<sup>305</sup> Philippine Coconut Authority President, Rolando Del Cuesta, remarked that contrary to growing public and political opinion, Unicom mitigated continued price drops.<sup>306</sup> Del Cuesta reinforced notions that Unicom was owned by coconut farmers and was doing everything it could to help worsening conditions.

Despite the general narrative that portrayed the Philippines as a developing nation at the mercy of international supply and demand, the Philippines was in fact a leading international supplier of coconut oil, while Unicom was the country’s dominant oil producer. It is clear that Unicom flourished and consolidated its dominant international and domestic position during the period of economic instability. Global prices declined, however, and Unicom maintained production through non-traditional markets. On April 30, 1980, the *Bulletin Today* reported Unicom’s recent supply contracts with three non-traditional buyers, Russia, Mexico, and China.

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<sup>303</sup>Ibid.: 15.

<sup>304</sup> “Glut depresses coco exports, earnings” *The Daily Express* (9 April 1980): 11.

<sup>305</sup> “Unicom slows down coco oil price decline” *The Daily Express* (7 April 1980): 10.

<sup>306</sup> Ibid., 10.

Out of the total 127,000 metric ton contracts reported, Russia purchased 95,000 metric tons, approximately 75 percent of the new oil contracts secured by Unicom.<sup>307</sup> Overall, the Philippines benefited from the U.S. grain embargo as the world's largest producer of coconut oil. By the end of April, Unicom controlled 80 percent of the domestic copra trade and was a dominant international oil producer. Despite predictions that domestic copra prices would continue to decline, Unicom maintained a pricing policy “based on the supply-demand equation” and, according to Douglas Lu Ym, had no intention “to maintain an artificial pricing scheme.”<sup>308</sup> Instead, the levy policies continued subsidizing Unicom’s market dominance, further exacerbating small-farmer economic insecurity.

The economic reality for small coconut farmers sometimes rose to the surface in national news, though it was often framed within the same global price decline narrative without mentioning the exacerbating effect of levies. By May 1980, the *Manila Bulletin Today* discussed the rising crime rate in Quezon province where roughly 90 percent of residents were impacted by the economic difficulties caused by drops in copra prices. As a result of lowered prices, the paper reported that crime rates increased in Quezon, Batangas, Marinduque and Mindoro’ two provinces. The Constabulary reports on crime in coconut areas indicated an unprecedented increase. Along with this rising crime, coconut farmers in Quezon had responded to lower earnings by cutting coconut trees for sale to local sawmills. The cutting of trees was so prevalent that Marcos banned the practice, ordering increased Constabulary presence in coconut regions, and requiring them to “maintain” “peace and order” in a highly combustible coconut region.<sup>309</sup>

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<sup>307</sup> “3 countries buy \$86-M coco oil” *Manila Bulletin Today* (30 April 1980): 24.

<sup>308</sup> “Domestic copra prices down to four-year low” *Manila Bulletin Today* (1980): 24.

<sup>309</sup> “Note hike in criminality in coco-growing provinces” *Bulletin Today* (29 May 1980): 8.

Farmer insecurity grew to such magnitude that *The Manila Bulletin* briefly commented on the “grim reality,” stating that small farmer discontent could be heard against the levies and in national discourse as well. On May 29, Pelaez called for an investigation into the suspension of the coconut levy, bringing to light the growing public concern for small coconut farmers. *The Manila Bulletin* acknowledged farmers were levied 60 pesos for every 100 kilos of copra produced and that their recent earnings had decreased by half from the previous 1979 period.<sup>310</sup> Press coverage, however, quickly changed course, highlighting official statements by Unicom President, Eduardo Cojuangco, who charged that any inquiry into the levy was politically disastrous for the Philippines.

In response to the Batasan’s inquiry into declining coconut prices, Eduardo Cojuangco, the president of Unicom, accused the legislature of creating confusion amongst coconut planters. Cojuangco confirmed that the oil conglomerate was a private company, arguing, however, that the company was “majority owned by the coconut farmers.”<sup>311</sup> Cojuangco played on public fears by arguing that the international market was highly susceptible to domestic criticism and that continued investigations only created confusion and division amongst coconut farmers.<sup>312</sup> Additionally, Cojuangco minimized the role of Unicom in affecting coconut prices, stating that the company only supplied roughly 16 mills out of 71 in the country, representing roughly 36 percent of the nation's crushing capacity. In the next day’s paper, however, a correction detailed Unicom’s crushing capacity at roughly 50 percent of domestic capacity.<sup>313</sup>

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<sup>310</sup> “First Sugar, Now Coconut: Price downswings hit exports” *Manila Bulletin Today* (30 May 1980): 26.

<sup>311</sup> “Cojuangco urges unity during coconut crisis” *Manila Bulletin Today* (May 29, 1980): 24.

<sup>312</sup> “Cojuangco urges unity during coconut crisis” *Manila Bulletin Today* (May 29, 1980): 24.

<sup>313</sup> “First Sugar, Now Coconut: Price downswings hit exports” *Manila Bulletin Today* (30 May 1980): 26.

The Philippine government considered repaying levies to coconut farmers. But the chief of the Philippine Coconut Authority stated the plan would be too difficult to implement given the large number of small farmers throughout the country.<sup>314</sup> Marcos met the rise in farmer discontent by ordering a temporary halt in levy collections. To maximize the political impact of this small concession, First Lady Imelda Marcos announced the president's suspension of the levy at an inauguration of a new Timex plant in Cebu. The story appeared on the front page of the *Bulletin Today*, declaring that the suspension would aid coconut farmers. The suspension, of course, was only ceremonial, since the levy was to be paid by exporters. In their research, Ricardo Manapat and Rigoberto Tiglao have both shown that the levies continued to be passed onto small farmers. Additionally, the levy would be enacted 45 days from the proclamation or until PCA could implement it. Nonetheless, Imelda's speech highlighted the severity of the erosion of coconut farmer's income and the urgency with which the government needed to respond to placate growing farmer discontent. Imelda's speech reassured the country's farmers that farmgate prices would not decrease any more due to levies imposed on them.<sup>315</sup>

The *Bulletin Today* often ran articles that questioned economic policies, citing technocrats as the cause for the country's poor condition. One of the opinion writers for the *Bulletin Today*, Nick T. Enciso, argued that the president's economic plan was undermined by "inept-technocrats."<sup>316</sup> These "egg-heads" according to Enciso, were responsible for supposedly depressed industries, coconuts being one. Stories that condemned liberal economists were paired

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<sup>314</sup> Ibid.: 26.

<sup>315</sup> "Marcos suspends coconut levy to aid coco farmers" *Manila Bulletin Today* (31 May 1980). 1, 3.

<sup>316</sup> "Are eggheads corruptible?" *Manila Bulletin Today* (13 October 1979): 7.

with those about COCOFED oil mill purchases. Beginning in 1977, COCOFED purchased its first oil mills.<sup>317</sup> Purchasing and consolidation continued with the release of Public Decree 1468 in June 1978, which laid out the vertical integration rationale that accelerated oil mill monopolization through preferential treatment and tax exemption for COCOFED owned mills under the corporate umbrella of Unicom.<sup>318</sup> Thus, Unicom's purchases were promoted as a way to correct technocratic inefficiencies.<sup>319</sup>

The Marcos government consistently framed monopolization of the coconut industry as the New Society's solution to the obsolete government policies. But, in reality, the regime was concerned that coco production was critical for maintaining its legitimacy. One example is Defense Minister Juan Ponce Enrile response to critics' concern over the mill takeovers, arguing the coconut industry was, in fact, a key component in maintaining government legitimacy.<sup>320</sup> The overall importance of the coconut industry during this period moved from being a major contributor to the national economy to serving as a significant political actor, whose "allegiance", according to Enrile, secured the continuation of Marcos' government programs. Furthermore, Enrile viewed coco-elite support as insurance against "dissidents and secessionists."<sup>321</sup> With coco-elite support, opposition, according to Enrile, "[would] never

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<sup>317</sup> Jose R. Eleazar, Jr., Leonardo Ignacio, Jr., Araceli Nael, and Yvonne Agustin. *The Coconut Story, One and Two*. (Mandaluyong: The United Coconut Association of the Philippines, Inc., 1980): 122-129.

<sup>318</sup> Jose R. Eleazar, Jr., Leonardo Ignacio, Jr., Araceli Nael, and Yvonne Agustin. *The Coconut Story, One and Two*. (Mandaluyong: The United Coconut Association of the Philippines, Inc., 1980): 122-129.

<sup>319</sup> "Pelaez wounded in ambush" *Manila Bulletin Today* (22 July 1982): 1, 8.

<sup>320</sup> "Enrile lashes critics of coconut industry" *Manila Bulletin Today* (13 October 1979): 14.

<sup>321</sup> *Ibid.*: 14.

succeed.<sup>322</sup> The Marcos regime thus used coco-elite support in public discourse to project wide-national support.

COCOFED actively participated within the national discourse offering legitimacy to the Marcos regime. COCOFED's purchase of a full-page endorsement on Marcos' birthday, just days after growing criticism, represents the symbiotic relationship between coco-elites and the Marcos regime. As the nationally recognized representatives of the coconut farmers, COCOFED portrayed coco-elite support as small-farmer support. Moreover, COCOFED attributed the fictional goal of making coconut farmers the owners of the industry to Marcos.<sup>323</sup> Despite these dubious claims, the delicate relationship between


industry and regime rested on economic concessions to benefit coco-elite rent-seekers. Although Enrile believed coco-elite support translated into regime security, the relationship rested on wealth-extractive levies, creating an undercurrent of discontented small-farmers, slowly eroding the regime's political legitimacy.

COCOFED made other attempts to distort public perception through pro-levy demonstrations. According to the Economic Emancipation Association of the Philippines

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DECEMBER TWENTY, SYRACUSE, SEPTE. 11, 1980

# HAPPY BIRTHDAY MR. PRESIDENT



Coconut farmers all over the country wish to extend to you, Mr. President, their heartfelt congratulations on your birthday, and thank you for what you have made possible in the coconut industry in the past eight years. The recent poll shows that what you have done for coconut farmers in only eight years cannot be matched by what all others have done since the birth of the coconut industry during the Spanish times. Today, the industry is proud of the following achievements which you, Mr. President, made possible:

## COCOFED

- Nearly a million farmers are now registered in 962 municipal and 16 provincial chapters managed by nearly 5,000 volunteer chapter officials.
- The chapters operate farmer-oriented projects: 550 in animal dispersal; 270 in college, high school and vocational scholarships; 150 farm productivity projects; 30 in credit unions and financing; and 50 in general merchandising and marketing.
- Municipal chapters are about to engage in cooperative coconuts marketing ventures and coconut shell charcoal production for activated carbon plants.
- The provincial chapters operate 12 business corporations in Laguna, Visayas and Mindanao owned by all coconut farmers of the province: savings and loans association in Quezon; agricultural development corporation in Cebu; transport facilities and farm machineries financing in Legazpi; wholesale merchandising in Iloilo; beach development and bank building businesses in three other provinces; coconuts trading in Zamboanga; and, rice and corn milling in Surigao del Norte. Other provincial businesses shall be financed from a P30M.

## UNITED COCONUT PLANTERS BANK


- Extension of credit to farmers at preferential rates through its 43 branches nationwide in progress; COCOBANK has lent P25M to the coconut industry as of June 30, 1980.
- P25M in cash and stock dividends have been distributed to nearly 400,000 farmer-stockholders since 1975.
- An insurance company which insures about 400,000 coconut farmers at P10,000.00 had been established. P25M has been paid to farmers on death/disability claims since 1975.

## PHILIPPINE COCONUT AUTHORITY


- Implementation of a national hybrid planting/repatriating program has started this year in cooperation with COCOFED and the COCOBANK. This starts at 4,000 hectares to peak at 30,000 hectares per year. Farmers will be provided free saplings as well as technical and financial assistance. 150 pilot hybrid farms have been established throughout the country.
- Extensive research on pest and diseases control, breeding and genetics are being conducted in 2 research centers.
- Successful utilization of coconut timber in housing, furniture, implements and construction materials have been made in a specific research center.
- Experimental utilization of coconut oil as fuel, animal feeds and construction material has been established.

- The National Office extracts numerous assistance to educational institutions, and funds special projects for cultural enrichment, teachers' courses and seminars in the coconut rural areas.
- The National Office in coordination with educational institutions run training programs for coconut farmers and workers where 15,000 have already completed training.
- The National Office administers the Just Price Order - COCOFED Day School and Vocational Scholarship Program where 15,000 farmers, workers and dependents are presently enjoying grants.
- The National Office administers the President Ferdinand E. Marcos - COCOFED College Scholarship Program where 6,541 students are presently enrolled in 46 colleges and universities nationwide, and where 353 have already graduated since the start of the program in 1975.
- The industry has reached a level of organizational strength to cope with problem situations like low prices through emergency measures like educational soft loan programs.


The achievements in the past eight years have been overwhelming. And we believe are setting an example for other coconut farmers the owners of the industry. For this dream that is true taking shape in realities, we thank you, Mr. President. A Happy Birthday to you, sir, and may many more be celebrated by us with you.



PHILIPPINE COCONUT PRODUCERS FEDERATION



UNITED COCONUT PLANTERS BANK



PHILIPPINE COCONUT AUTHORITY

<sup>322</sup> Ibid.: 14.

<sup>323</sup> "Happy Birthday Mr. President" *Manila Bulletin Today* (11 September 1980): 46.



(EEAP), a non-government organization and one of the many groups fighting for small farmers during the economic crisis from 1974 to 1986, pro-levy messages received wide national coverage in press, radio, and television. On October 2, 1981, the Philippine Coconut Producers Federation (COCOFED), led a demonstration at Malacanang Palace to protest the recent levy suspension. According to the EEAP the demonstration was conducted by a pro-Eduardo Cojuangco bloc meant to sway public opinion toward the re-establishment of coconut levies. According to an official COCOFED report, the organization described the demonstration as a success, stating “coconut farmers, chapter officials, and industry scholars from all corners of the country strongly manifested a position against the levy suspension.”<sup>324</sup> As a result of the demonstration and COCOFED pressure, President Ferdinand Marcos ordered the resumption of collections and branded the new levy the Coconut Industry Stabilization Fund (CISF).<sup>325</sup> Despite COCOFED’s optimistic claim that the levy restoration secured “industry programs for the benefit of the coconut farmers, their families and dependents,” economic hardship continued.

The removal of the coconut levy would come from a final Coconut Industry Stabilization Fund (CIC) that remained in place until the assassination attempt on Emmanuel Pelaez. On July 21, 1982, in the midst of this debate over the coconut industry, opposition leader Pelaez was shot in a bungled ambush. *Business Day* first reported on the incident two days later, summarizing Marcos’ statement that the military and police would exhaust all leads, suggesting individuals connected to the Moro National Liberation Front were primary suspects. Marcos suggested that the MNLF conducted the ambush in an attempt to attract attention for an Islamic Conference in

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<sup>324</sup> “Unity Must Be Maintained: A House United Shall Prevail” *Cocofed Report*, 6, 11 (1981): 2.

<sup>325</sup> *Ibid.*: 2.

Algiers.<sup>326</sup> *Business Day*'s reporting of the ambush was minimal and lacked any detail, leaving the ambush unconnected to the coconut levy even though, they were intimately related.

Reports from the *Manila Bulletin*, tell a more detailed story of Pelaez' escape from death, describing him as "a leading critic of the coconut levy."<sup>327</sup> Palaez' driver, Arsenio Rojero, sustaining ten gunshot wounds and was killed. Palaez, shot three times in the back, but managed to crawl to a nearby house, where he was brought to the closest hospital.<sup>328</sup> According to the press account, "Mr. Marcos said that one of the terrorists sent to Manila had a change of mind and told authorities of the plot to commit terroristic acts in Manila. The terrorist, who had training abroad, decided to desert his organization after seeing the Mindanao development programs benefitting Filipino Muslims."<sup>329</sup> In Pelaez's memoir, however, he writes that the ambush was connected to his active political opposition to the coconut levy during the period.<sup>330</sup>

Political and business opposition to the coconut levies rallied around growing discontent in coconut-producing provinces. According to a study conducted by the Center for Research and Communication, an economic think-tank established in 1967 by Harvard trained economists Bernardo M. Villegas and Jesus P. Estanislao, coconut levies were the direct cause of increased rebellion and instability in coconut producing regions. Villegas argued for the complete abolition of the levy. Freeing small farmers from the levy, would provide more economic benefits than

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<sup>326</sup> "Roundup: Pelaez slay try" *Business Day* (23 July 1982): 1.

<sup>327</sup> "Pelaez wounded in ambush" *Manila Bulletin Today* (22 July 1982): 1, 8.

<sup>328</sup> Ibid.: 1, 8.

<sup>329</sup> Ibid.: 1, 8.

<sup>330</sup> Nelson Navarro, *What's Happening to Our Country?: The Life and Times of Emmanuel Pelaez* (Metro Manila: Emmanuel Pelaez Foundation, Inc., 2008). 291-300.

continuing it for domestic protection of the coconut oil industrial sector from a competitive international fats and oils market.<sup>331</sup> The coconut problem, in other words, had become such a widespread political and economic threat that removal of the levy outweighed arguments for continued industry protection.

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<sup>331</sup> “Economists urge coco levy lifting” *Business Day* (23 July 1982): 2.

## Conclusion

Prolonged levies led to loss of legitimacy for the Marcos regime and COCOFED, in the eyes of coconut planters, workers, and farmers. Gary Hawes summarizes this point quite succinctly, stating:

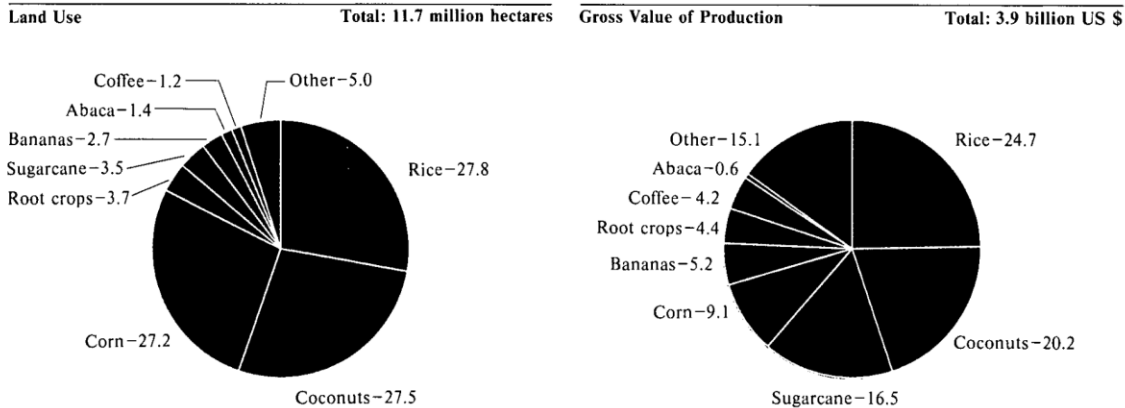
“The losers were the landlord politicians. Ultimately their defeat was to prove important, because in the countryside these were the people who provided leadership in the elite opposition movement that developed after the assassination of Senator Benigno Aquino in 1983. More important, the small farmers and tenants who were supposed to be the true owners of the UCPB and UNICOM were also losers. They have yet to receive any dividends from their alleged investments. Many of these farmers and tenants joined the opposition, either working and voting for Corazon Aquino during the 1986 election or, in numerous cases, offering their support to the underground New People’s Army. Indeed, it was in the coconut growing regions of the Philippines that NPA achieved some of its most spectacular successes in the 1980s.”<sup>332</sup>

As Marcos’ political infrastructure collapsed, the urban dweller, a primary beneficiary of coconut levies, moved forward, relegating the now hollowed out coconut countryside to relative obscurity. Even in the midst of the Great Coconut Crisis, the coconut farmer was again becoming invisible. The 1970s, of the *Dekada Sintenta*, was more than a political crisis. It was a prolonged economic crisis that persisted throughout the Martial Law period, leaving a lasting imprint on Philippine society.

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<sup>332</sup> Gay Hawes, *The Philippine State and the Marcos Regime: The Politics of Export* (Ithaca : Cornell University Press, 1987), 80 – 82.

**Figure 2**  
**The Philippines: Agricultural Crop Production, 1983**

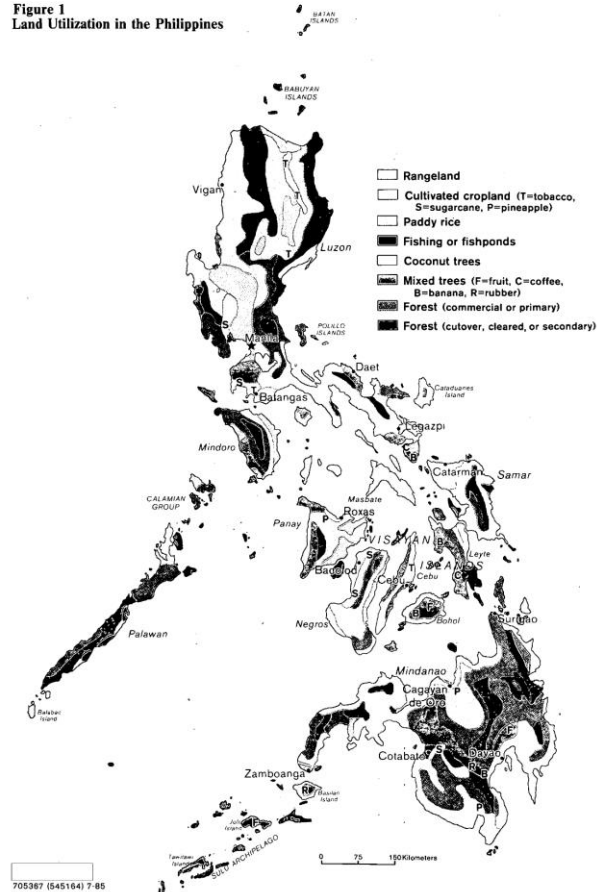


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**Office of East Asian Analysis. CIA. "The Philippine Economy: A Crop of Problems." Directorate of Intelligence. Washington, D.C.**

Nowhere is the decade of crisis more visible than in the gritty 1975 drama, *Manila In the Claws of Light*, an internationally acclaimed film directed by Lino Brocka. The film follows Julio Madiago, a provincial fisherman who journeys through Manila's nefarious underworld in search for his lost love, Ligaya. The film depicts a period of disenchanting realism as Julio navigates the urban city-scape, whose teeming lights and haunting hideouts express the economic disparity and social inequality experienced by Manila's working class. The martial law politics looms heavily, yet silently, in the background, providing a moving rendering of the working class' worldview marked by economic insecurity that was often overshadowed by political drama at the apex of society. It is no wonder why a city-dweller, whether in Metro-Manila or elsewhere, would be unable to recognize the crises affecting small coconut farmers during this period.

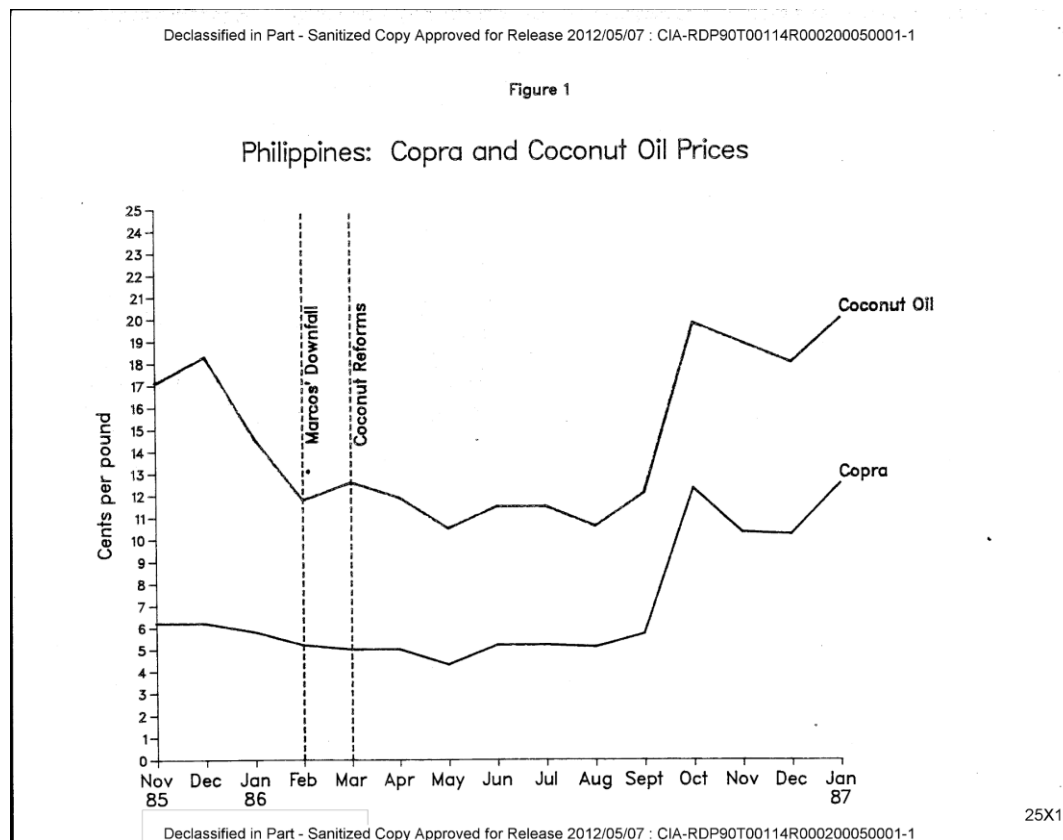
Figure 1  
Land Utilization in the Philippines



Office of East Asian Analysis. CIA. "The Philippine Economy: A Crop of Problems." Directorate of Intelligence. Washington, D.C.

There is no question that the intense price fluctuations during the great coconut crisis, combined with the levies appropriated from small farmers, contributed to larger political discontent during this period. By 1985, Cojuangco and his associates controlled roughly 95 percent of the country's oil manufacturing and copra crushing infrastructure. Additionally, the monopoly extended to coco-chemical consumer production as well. Coconut production accounted for roughly 27 percent of all cultivated land in the country, with nearly a quarter of the

population dependent on the industry for their livelihood. Significant price drops continued unabated through 1986, lasting past Marcos' downfall.<sup>333</sup>



Office of East Asian Analysis. CIA. "The Philippine Economy: A Crop of Problems." Directorate of Intelligence. Washington, D.C.

Money collected from the levies were sequestered by the Philippine Government under the succeeding Aquino administration as Presidential Commission on Good Government (PCGG), sequestered nearly 10 billion pesos in levy funds. Small coconut producers, contractors, guardians, work specialists, *tapaseros*, and *sunkiteros*, although contributors to the levy fund, remained marginalized as a result of consolidation during the period. The politics behind the levy, the distribution of funds, and the rightful beneficiaries remained unanswered throughout the

<sup>333</sup> "The Philippine Rural Economy: A Crop of Problems: Coconut Industry" Paper prepared by the Office of East Asian Analysis (Washington, D.C.: Central Intelligence Agency, 1 July 1985). <https://www.cia.gov/readingroom/docs/CIA-RDP04T00447R000200820001-2.pdf>

decades of the 1980s, 1990s, and beyond. The marginalization of poor producers in the levy distribution is undoubtedly connected to the politics of the coconut commodity chain and the paradoxical characteristics of crude farm methods, connected to the sophisticated industrialized extraction that transforms a simple farm product into necessary consumer goods, spanning the breadth of the supply chain.



## **CHAPTER SIX**

### **Conclusion: The Politics of a Commodity**

The introduction chapter of this study presented the theory that the politics of copra in the Philippines have far-reaching implications that affect every level of the commodity chain, from local coco-districts to international politics of export and customs duties. At each level, there is simultaneous self-containment and interconnectedness that results in subtle exploitation for enhanced economic benefit.

In the production zones, located in the early coconut districts of Southern Luzon and later Mindanao, farmers were linked to local and regional millers in Cebu and Manila. The regional coconut millers were connected to global distributors like Proctor and Gamble, Unilever, and Colgate Palmolive, which in turn, were subject to the international politics of export and customs duties. Western consumer nations, in this case, the United States, were placed at the apex of the fats and oils hierarchy with the dependent Philippines at the bottom.

Looking from the top of the commodity chain downward, we saw subtle exploitation for enhanced economic benefit. At the international level, the export and customs duties advantaged American farmers—particularly U.S. dairy, cotton, and soy producers—over Filipino farmers, but also gave preference to Philippine coconut farmers over other coconut producing countries, ensuring continued Philippine production. US Revenue acts were the main mechanism for ensuring an American competitive advantage over a growing Philippine coconut industry. For example, the Revenue act of 1934 placed a 3-cent processing tax on all coconut products originating from the Philippines and a 5-cent processing tax on all coconut products from non-Philippine origin. The impact of the 1934 preferential processing tax expanded Philippine

coconut production and contributed to the Philippines position as the world's largest producer of copra, with roughly 70 percent of global copra production by 1972.

Additionally, however, import duties were also used as a measure to maintain American economic advantage, especially during periods of economic stagnation. In 1934, a major global depression resulted in the U.S. Congress enacting greater measures to protect American farmers - especially cotton seed and milk farmers, two industries in direct competition with the Philippine coconut industry. The Revenue Act of 1935 made Philippine fatty acids, vegetable lard, soap and other products derived from coconut oil subject to the excise tax imposed on coconut oil.<sup>334</sup>

The revenue act impacted the US manufacturing of coconut oil in its production of margarine, with preference given to non-taxed domestic oils. From 1924 until 1936, coconut oil saw a steady increase in US margarine production reaching as high as 75 percent of total oil used, but then falling off almost entirely after 1936, and replaced by cotton and soy oils. The revenue acts secured American domestic oils' access for use in margarine production and ensured Philippine access to US manufacture of soap, the result of which, stunted copra curing processes as non-edible oils did not require high-quality graded copra. Coconut's high lauric fatty acid content secured its position as a key ingredient in the US manufacture of soap, despite the Philippines diminished copra quality relative to other competitive countries. Additionally, the 1936 Revenue Act created further economic disadvantages for the Philippine coconut industry. Though all tax collected by the United States during this period was to be returned to the Philippines following independence, the revenue acts provided that no money could be used for

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<sup>334</sup> *Joint Preparatory Committee on Philippine Affairs. Report of May 20, 1938*, Department of State Publication (Washington: Government printing Office, 1938), 63–64.

the rebuilding or re-investment in the Philippine coconut industry, a sure way to maintain an economically competitive advantage for American vegetable oil producers.<sup>335</sup>

At the Philippine national level, political actors or coco-elites, a majority of whom were planters with access to the levers of political power in Manila, fueled class bifurcation through government spending and infrastructural development. Throughout the major coconut producing region—Quezon, Samar, Bohol, Cebu, Davao, Zamboanga, and to a certain extent Basilan—coco-elites, which included the provincial governors, advocated for the cooperation of coconut planters through grower associations to foster greater political mobilization. During the early years of coconut development, coco-elites had primary access to agricultural extension networks, incorporating their plantations more readily into a colonial commodity extraction network. The coconut political elite used their connections with the colonial agricultural apparatus to secure plantations directly connected to major oil mills located in Manila and Cebu, an economic advantage not afforded to small planters. During periods of coconut pest infestations, some so devastating as to completely eradicate coconut production in such places like Cuba and Puerto Rico, coco-elite were able to mobilize the full force of the Department of Agriculture to conduct testing and eradication on their plantations.

During the post-World War II years, the main concern of coco-elites was the protection of the industry by securing trade with the United States. The postwar years also saw increased political control over the spending and taxation on local coconut production, as new government corporations formed under the names of the National Coconut Corporation and the Philippine Coconut Association. Taxation, at first, was meant to nationalize the coconut industry for

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<sup>335</sup> Tayabas Coconut Planters, “Economic Problems of the Coconut Industry”, Submitted to the United States Economic Survey Mission. Manila, Philippines. USNA II. RG 59. Stack 250. Entry A1 1378.

Filipino planters, however, as shown in the martial law chapter, those most vulnerable, small coconut planters, were pressed financially the most.

Additionally, the nature of coconut production became inherently insurgent. During times of economic pressures in the form of coconut levies, the low-intensive labor along with the minimal infrastructure required to turn coconuts into copra, provided farmers a certain amount of agency to seek alternative markets. Despite European and later American pacification of smuggling networks during the colonial period leading up to World War II, these networks reemerged within the Sulu and Celebes Sea, connecting copra traders from Northern Sulawesi and Mindanao to trading ports in Tawau and Sandakan in Borneo.

Since copra cultivation is low-intensive labor, the average annual labor requirement for small-coconut farmers is roughly 700 hours compared to the 2,500 annual hours for coffee and rice farmers on similar sized plots. With more free time for non-agricultural activity, coconut zones are conducive to various forms of anti-state resistance, from smuggling to insurgency.<sup>336</sup> As witnessed in the 1980s, coconut provinces have historically acted as sanctuaries for insurgent groups such as the New People's Army in Southern Luzon. These insurgent groups were not isolated in the northernmost island of the Philippines, however. Instead, rich coconut lands were conducive to insurgent activity throughout Mindanao and Sulawesi linking the historical “Sulu zone” discussed by James Warren, to modern-day smuggling networks.<sup>337</sup>

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<sup>336</sup> Yancey Orr, “Coconuts and the Emergence of Violence in Sulu: Beyond Resource Competition Paradigms,” *Bijdragen Tot de Taal-, Land- En Volkenkunde / Journal of the Humanities and Social Sciences of Southeast Asia* 168, no. 2–3 (2012): 254–73.

<sup>337</sup> James Francis Warren, *The Global Economy and the Sulu Zone: Connections, Commodities, and Culture*, [Philippine ed.] (Quezon City, Philippines: New Day Publishers, 2000), 49; James Francis Warren, *Iranun and Balangingi: Globalization, Maritime Raiding, and the Birth of Ethnicity* (Singapore: Singapore University Press, National University of Singapore, 2002); Thomas M. McKenna, “The Defiant Periphery: Routes of Iranun Resistance in the Philippines,” *Social Analysis: The International Journal of Social and Cultural Practice*, no. 35 (1994): 13.

Beginning in 1955, copra smuggling increased in Northern Sulawesi and eventually turned to outright rebellion in 1957 when Sulawesi guerillas formed the *Permesta* group and declared separation from the Indonesian government, citing President Sukarno's economic policies that centralized Indonesia's coconut industry.<sup>338</sup> For five years, *Permesta* guerillas, encouraged by the United States through the CIA, smuggled copra in exchange for guns and ammunition. On the other side of the copra zone, Iranun Muslim entrepreneurs situated in Mindanao took advantage of illicit, Philippine-wide, trade of American cigarettes whereby copra was used as the major bartered commodity.<sup>339</sup> By 1968, Muslim resistance formed in opposition to the Philippine government and eventually turned to armed conflict in response to President Ferdinand Marcos' economic and social policies that alienated local populations, many of whom were directly connected to the coconut industry.<sup>340</sup> During times of economic pressures in the form of coconut levies, investments in fertilizers, and the implementation of new technologies, impoverished farmers become marginalized through decreased profits and government investments that carry minimal social benefit for the small farmer.<sup>341</sup>

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<sup>338</sup> Kenneth J. Conboy and James Morrison, *Feet to the Fire: CIA Covert Operations in Indonesia, 1957-1958*, First Naval Institute Press paperback edition, Naval Institute Special Warfare Series (Annapolis, MD: Naval Institute Press, 2018), 10. See also, Barbara Sillars Harvey, *Permesta: Half a Rebellion*, Monograph Series (Cornell University. Modern Indonesia Project) (Ithaca, N.Y.: Cornell Modern Indonesia Project, Southeast Asia Program, Cornell University, 1977), 1-7; Amelia Joan Liwe, *From Crisis to Footnote: The Ambiguous Permesta Revolt in Post-Colonial Indonesia*, 2010.

<sup>339</sup> Republic of the Philippines. Office of the Gazette. Official Week in Review: February 9 – February 22, 1967; and, "Tawau faces its Big Test" *The Straits Times* (2 October 1963): 10.

<sup>340</sup> Thomas McKenna, *Muslim Rulers and Rebels: Everyday Politics and Armed Separatism in the Southern Philippines* (Berkely: University of California Press, 1998): 114.

<sup>341</sup> Abdul Rasyid Asba, "Makassar Copra as a Trigger of Struggling for Power Between Central and Local Government: A Historical Study of Regional Political Economy in Indonesia." *Tawarikh: International Journal for Historical Studies*, 6,2 (April, 2015): 197 - 212.

Overall, copra production has historically produced unequal land distribution. Just one year before the Philippine president Ferdinand Marcos declared martial law in 1972, coconuts covered nearly 50 percent (49.9 percent) of the total farm area throughout the 25 major coconut-producing provinces. Based on the National Census of Agriculture from the same year, 1971, 90 percent of copra farms were under 10 hectares or 24.7 acres, which accounted for only 58 percent of the total coconut area. Conversely, the 10 percent of farms that were classified as medium sized farms (10 to 50 hectares) and plantations (over 50 hectares) accounted for 42 percent of the total hectarage.<sup>342</sup>

The efforts by coco-elite to impose heavy institutionalized taxation on the country's small farmers integrated the coconut trade network domestically, more so than any other period. On September 21, 1972, Marcos declared martial law, starting a fourteen-year period (1972 – 1986) that Philippine scholars have identified as the height of crony-capitalism and rent-seeking by the government of the Philippines. Among the major economic sectors that Marcos and his cronies attempted to monopolize, the coconut industry was the primary foreign currency earner, with an extraordinary twenty-five percent of the country's 1985 population dependent on it for their livelihood.<sup>343</sup> Several Philippine scholars have already discussed the Marcos regime's consolidation of the industry through coconut levies, a taxation on all coconut sales that exacerbated farmer poverty and consolidated one crony's coconut monopoly.<sup>344</sup> Though all coco-

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<sup>342</sup> Rigoberto Tiglao, *The Political Economy of the Philippine Coconut Industry*, Commodity Studies (Quezon City: Third World Studies, College of Arts and Sciences, University of the Philippines, 1980), 2–6.

<sup>343</sup> National Economic and Development Authority. *Economic and Social Indicators* (Manila Statistical Coordination Office, 1987): Pg. 73-77

<sup>344</sup> Gary Hawes, *The Philippine State and the Marcos Regime: The Politics of Export*, Cornell Studies in Political Economy (Ithaca: Cornell University Press, 1987), 55.

levy acquired assets were sequestered through the Presidential Commission on Good Government (PCGG) in 1986, wide-spread poverty in coconut producing regions remained a fundamental problem for the copra-centric coconut industry.

A major argument by the Marcos' regime for enacting such levies on small farmers was that vertical integration of the coconut commodity chain was an act against imperial, hegemonic international competitors. Marcos and his cronies argued that the removal of these international corporations through aggressive takeovers would lead to more profits for small farmers. Though Marcos weaponized this argument to enact oppressive taxes for personal enrichment, the observation that inequality existed within the international fats and oils market was, and still is, accurate.

The culprit for this economic disparity is the colonial conditioning of an imperial commodity extraction infrastructure based on copra. Though more than 90 percent of coconut land was owned by Filipinos in 1935, nearly half of the US \$11,895,000 in capital invested in coconut oil mills, or US \$5,545,000, was American and the balance chiefly British. Throughout the post-WWII period, the two largest coconut oil producers were the Manila based Philippine Manufacturing Company, a subsidiary of the U.S. firm Proctor and Gamble, and the Cebu-based Philippine Refining Company, a subsidiary of Unilever. International millers were able to maintain an economic advantage over copra supplies through networks of Chinese-Filipino buying agents who were discriminated against domestically from owning land and received cash advances from the large oil mills. These Chinese buying agents who travelled throughout the entire coconut country from Luzon to Mindanao were the primary purchasers of the farmers' dried copra. Chinese-Filipino agents often negotiated lower farmgate prices for increased profit and then either arranged for the export of the copra or it to coconut mills. This method of

coconut purchasing advantaged large oil mills as they had more accessible liquid cash and their agents were able to build relationships with small coconut farmers.

Even at the height of crony-capitalism during the Marcos period when Eduardo “Danding” Cojuangco and other political associates gained a monopoly over the Philippine coconut industry, international millers and corporations were able to maintain their economic advantage in the fats and oils market. This advantage was threatened during the Marcos-era coco levy scams which extracted large sums of money from small coconut farmers and distributed the funds directly to Marcos cronies like Cojuangco and Juan Ponce Enrile for the purchase and consolidation of copra supplies. US imports of Philippine coconut oil as a percentage of American imports of world vegetable oils remained roughly 40 percent or higher during the years between 1980 and 1984. Starting in 1985, however, US consumption dropped dramatically to only 27.9 percent of total world imports.<sup>345</sup>

The reduced US consumption of coconut oil was the result of two factors—growing soy and palm competition in the fats and oils market, as well as a growing US domestic movement away from tropical oils altogether. Beginning in the 1960s, the US led the ‘no -tropical oil’ campaign that claimed tropical oils were the leading contributor to American heart disease. Such criticism became widespread in the mid-1980s and was the subject of many newspaper stories, magazine articles, and health literature. The campaign in the United States was connected to American corn and soy lobbying groups that competed against coconut oil. Though the Philippines maintained a near monopoly over global coconut production, the anti-coco campaign

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<sup>345</sup> “The Philippine Coconut Industry: Taking the Rural Economy on a Rollercoaster Ride” Memorandum of the Office of East Asian Analysis to the Chief, Islands Branch, Southeast Asia Division, Central Intelligence Agency. Washington, D.C. March 23, 1987: 5.



was inseparable from the decline of the Philippine coconut industry in the 1980s, especially as international corporations were able to easily replace coconut oil with other domestic oils.

Putting an end point in this narrative of a classical colonial commodity, we see a Western shift in coconut consumption due to industrial changes, marking the eclipse of coconut's dominance as an oleo fat commodity. The impact of coconut production for colonial consumption, however, continues to haunt the Philippine coconut industry. Today, the Philippine coconut industry continues to revolve around the production of copra for coconut oil extraction, a process that continues to disadvantage small coconut farmers.

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