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Tobacco in the
Philippines

THE PHILIPPINE ISLANDS



TOBACCO

PANAMA PACIFIC
INTERNATIONAL EXPOSITION
SN. FRANCISCO CALIFORNIA



TOBACCO IN THE PHILIPPINES

By H. O. JACOBSON, *Chief, Division of Agronomy, Bureau of Agriculture*

MANILA cigars are perhaps more widely known than any other product of the Philippine Islands. Tobacco was introduced to these Islands during the last quarter of the sixteenth century by the Spanish missionaries coming here from Mexico, but the growing of tobacco did not assume the proportions of an industry until 1781, when Governor-General Vasco decreed that the Government should have control of the production, manufacture, and sale of this product.

By this decree a monopoly was created which remained in operation a hundred years. This monopoly strictly supervised the growing and grading of the leaf and had factories in Manila for the manufacture of cigars, cigarettes, and smoking tobacco. In the field the chief appraiser, styled "interventor," residing at the provincial capital, had a force of subordinates known as "alumnos aforadores." These were in charge of districts composed of municipalities and in each municipality there was a "caudillo" (head man) who was also the "gobernadorcillo" (little governor), who, by the aid of his "tenientes" (lieutenants or overseers), supervised the growing of tobacco, being remunerated for this service by a percentage of the crop produced.

The chief appraiser set the date when the first seed beds were to be sown and also determined the date of planting and number of subsequent seed beds. The program laid out by the chief appraiser went into considerable detail, even designating the number of plowings and when they should be done, as well as the number of plants to be set out in a unit of land.

Later on in the season supervision was exercised in the harvesting and curing of the leaf, and when the crop was ready for market the grading was painstakingly done by the government representatives. Severe penalties were inflicted upon growers who failed to deliver tobacco of sufficiently good quality. This penalty often consisted of the confiscation and burning of the crop, and the cancellation of the leasehold held by the "colonista," or tenant.

The tobacco monopoly, due to the strict enforcement of regulations, especially in the earlier period of its operation, secured for Philippine tobacco an enviable reputation for quality, but due to corrupt practices adopted by the subordinate officials later on, the unrest and dissatisfaction of the growers led to strife and riots, so that it was finally decided to dissolve the organization, despite the fact that even in its last year of operation it had yielded the Government \$1,500,000 of revenue.

The tobacco monopoly throughout its entire period of existence was the chief source of income for the local government and was a means of relieving the Government of Mexico of the burden which these Islands had been to it.

In 1808 the revenue derived from the monopoly amounted to 500,000 duros (Spanish gold dollars) and in 1866-67 the large amount of 8,418,939 Spanish gold dollars was turned into the local treasury. In fact, the local officials were enabled to send "home" large amounts to compensate in part the Spanish Government for previous expenditures and advances

It was believed at the time the Government tobacco monopoly was abolished, that when the growers were freed of the so-called oppressive supervision the quantity of tobacco would be largely increased and the quality raised, through the growers' efforts to profit thereby, actuated by self-interest. This theory was later found to be unsupported by fact.



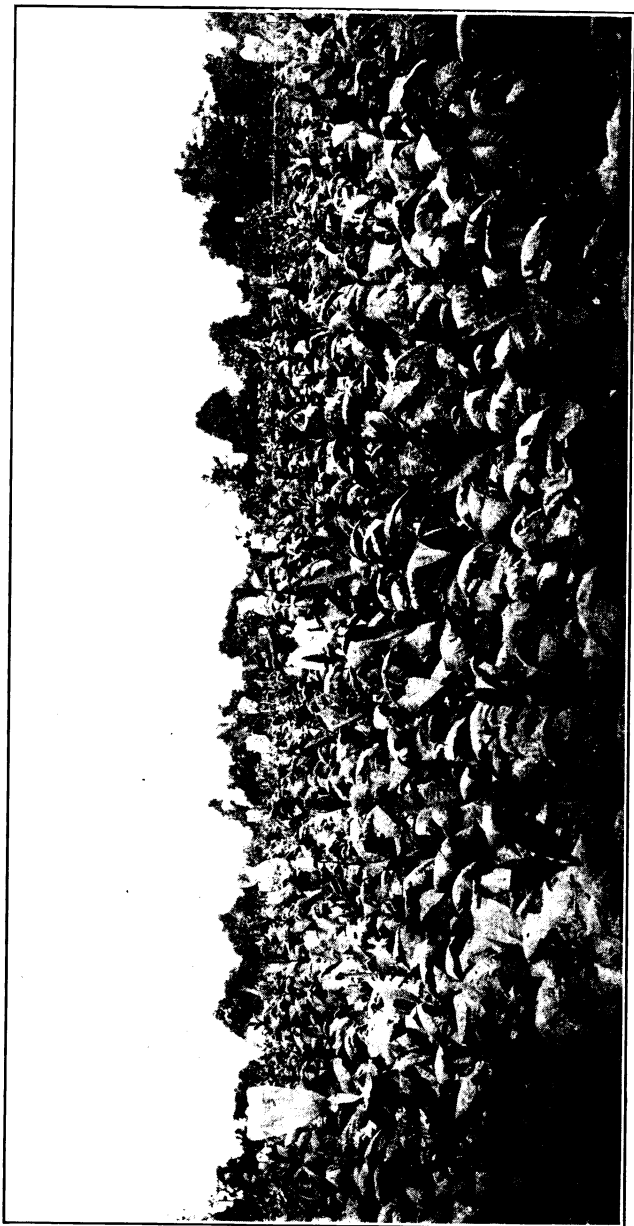
Growing tobacco on the Island of Luzon.

In 1883 a large commercial concern known as the Compañía General de Tabacos de Filipinas was organized with a capital of \$2,500,000. This concern built a large cigar and cigarette factory, named "La Flor de la Isabela," and by virtue of circumstances was enabled to purchase the greater part of the first crop of tobacco grown without Government supervision, virtually stepping into the position formerly occupied the Government monopoly. This company acquired huge tracts of tobacco lands and populated these lands by acting as immigration agents. Other companies have since entered the field, but the above-named concern still continues to be the largest operator in the tobacco industry in the Philippine Islands.

As would naturally occur, when tobacco was first introduced, the localities for producing the crop were selected in a haphazard manner, but eventually it was learned that the valley of the Cagayan River, a region lying between two mountain ranges situated in the northern part of the Islands of Luzon, was peculiarly adapted to the production of high-grade tobacco.

This valley contains a tobacco-land "belt" about 150 miles in length and varying in width up to 10 miles. The valley is inundated annually to a depth of from 5 to 40 feet, the consequent annual deposit of silt amounting to several inches in thickness. This section is known as first-class tobacco land. Back of these lower levels are the second-class lands which are inundated only under exceptional conditions whenever unusual rainfall occurs. The fame of the Cagayan Valley is so firmly established that the initiated person unconsciously couples that name with Philippine tobacco.

While tobacco is now grown in almost every province, the following rank highest in area devoted to the industry in the order named: Isabela, Cagayan, Pangasinan, Cebu, La Union. They contain 78 per

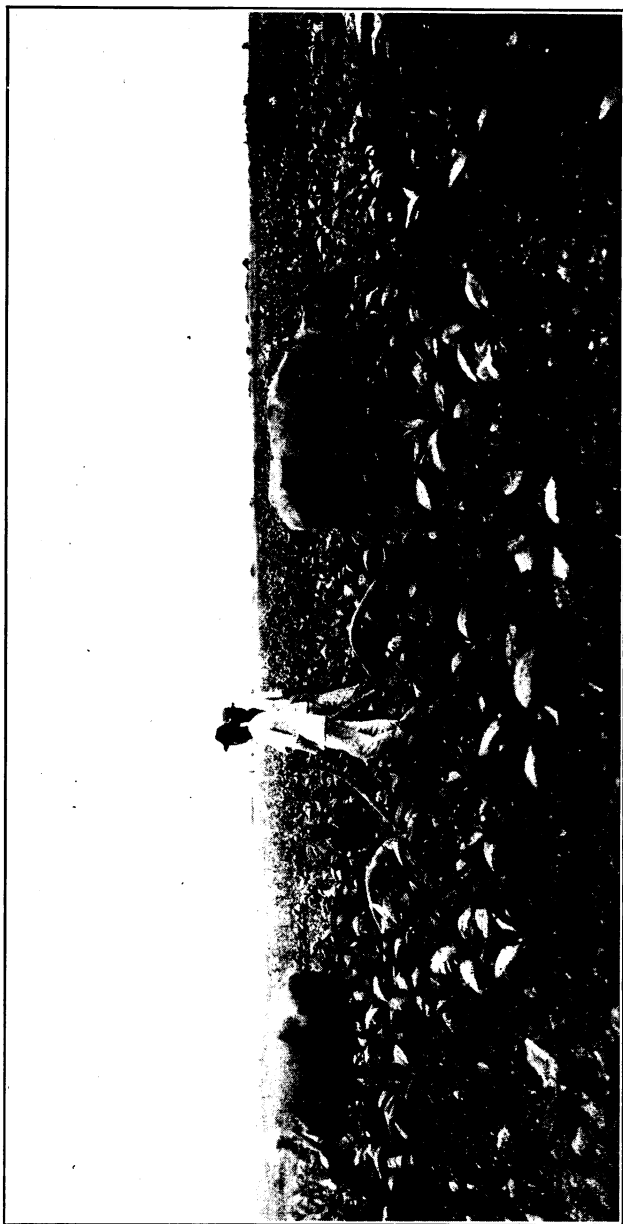


Tobacco seed selection, Ilagan, Isabela.

cent of the total area planted with tobacco and produce about 84 per cent of the total crop, while the Cagayan Valley alone contains about 42 per cent of the total area devoted to tobacco and produces half of the annual crop.

Culture.—The crop is grown by the aid of very primitive implements and elementary methods. In the Cagayan Valley, for instance, the seed beds are sown in October, November, and early December. Little protection is given the tender seedlings, it being purely a case of the survival of the fittest. As soon as the fields are sufficiently dry they are plowed twice—sometimes thrice—with small native plows and are then harrowed with bamboo harrows. The plants are set out at the average rate of 4,000 plants per acre. This work is done by hand, transplanting machinery being unknown. Weeding by hand is done twice, the weeds being laid between the rows; sometimes a plowing is given. Suckers are not removed and budding is done once. The leaves are picked one by one as they ripen and strung on bamboo sticks about a yard long and of the diameter of an ordinary lead pencil; the whole plant, with the leaves attached, is sometimes taken. The leaves are then dried in the sun, and when dry are piled in heaps under shelter and repiled whenever the heat generated becomes too great, usually at intervals of three or four days. The leaves are next removed from the bamboo sticks (palillos) and made up into hands (manojos), in which shape they are taken over by the buyer and are further fermented and then placed in warehouses.

Approximately 80 per cent of the crop in the Cagayan Valley is now produced by owners of small tracts of land held under questionable titles. These people did not obtain the expected relief when the Government monopoly was abolished because, lacking organization, they became dependent upon the



Cultivating tobacco, Ilagan, Isabela.

small independent dealers, mostly Chinese, who established themselves in the territory and became the money lenders and local financiers. To this day the small farmer obtains credit for food, etc., by agreeing to return to the local merchant a given unit of tobacco for an equivalent unit in rice or other food product, thereby establishing an arbitrary price for his product irrespective of its quality or intrinsic worth.

The economic condition of the tobacco producers as well as the other workers in the industry was taken up for consideration very early in the history of the American administration in the Philippine Islands, resulting in part in the passage in 1909 of the Payne Tariff Bill, which created a preferential market for not to exceed 150 million cigars annually.

The importance of this act was never fully realized by the cosmopolitan tobacco manufacturers of Manila and consequently no concerted action was taken by them to educate the American smoker in the United States with respect to the excellent qualities of the better grades of Philippine cigars. Representative of the large distributing agencies in the United States took steps to provide every reasonable means for popularizing the product and offering it to the trade there, but not knowing prevailing business methods in the Orient, they became involved in misunderstanding which later developed into a systematic campaign of opposition to the wider use of the Philippine product in the United States.

It is safe to say that had the Philippine manufacturers fully realized the necessity of meeting the United States demand on the basis on which the American buyer is accustomed to doing business and had they systematically organized the business of supplying the American demand from Manila, the Manila cigar and cigarette would to-day enjoy the reputation with the American smoker to which it is

justly entitled. As it is, the average American smoker does not know the true enjoyment obtainable from a better-grade Manila cigar.

To be charitable, let us say that the unfortunate result was due to mistakes and misunderstanding



Tobacco leaf in marketable form.

on all sides and let us hope that eventually the Philippine product will be known for its merit on an equitable basis for comparison.

An addition to the peculiarly pleasing bouquet or aroma of the better Philippine tobacco is its char-

acteristic of not cloying the appetite of the smoker, as it does not produce that heavy feeling of satiation so marked after smoking the Havana tobacco.

The Filipinos are large consumers of tobacco mostly in the form of cigarettes, which are smoked by both sexes of all ages.

In this connection it should be stated that the cigarettes made and consumed here are composed of pure tobacco, without any adulteration whatever, and the rice paper is free from deleterious residue, due to bleaching processes. It is a commonly conceded fact that the cigarettes locally consumed have no such harmful effect as is popularly attributed to cigarettes in the United States.

The present annual consumption of cigarettes in the Archipelago exceeds four and half billion, on which the consumers pay to the Government approximately \$2,250,000 as internal-revenue tax. The local consumption of cigars is indicated in the first column of the table given below. These figures are taken from the Ninth Annual Report of the Collector of Internal Revenue for the Philippine Islands:

Cigars manufactured during the fiscal years 1906 to 1913, inclusive

Fiscal year ended June 30—	Consumed in the Philippine Islands.	Exported to foreign countries.	Shipped to United States.	Total.
1906.....	74, 184, 537	94, 110, 336	231, 206	168, 526, 079
1907.....	79, 476, 459	117, 684, 485	82, 175	197, 243, 119
1908.....	82, 986, 278	115, 738, 939	29, 570	198, 754, 787
1909.....	86, 800, 520	116, 981, 434	867, 947	204, 649, 901
1910.....	89, 272, 890	109, 006, 765	87, 281, 673	285, 561, 328
1911.....	96, 115, 525	104, 604, 170	27, 531, 596	228, 251, 291
1912.....	109, 924, 014	104, 476, 781	70, 518, 050	284, 918, 845
1913.....	96, 193, 811	106, 563, 541	102, 894, 077	305, 651, 429

It should be noted that the total production of cigars has nearly doubled in seven years.

As was confidently expected, the Payne Tariff Bill

has increased the volume of trade between the Philippine Islands and the United States. The following table, showing the distribution of exported cigars, also shows the increased number taken by the American market:

Distribution of cigars exported from the Philippines during the fiscal years 1911 to 1913, inclusive

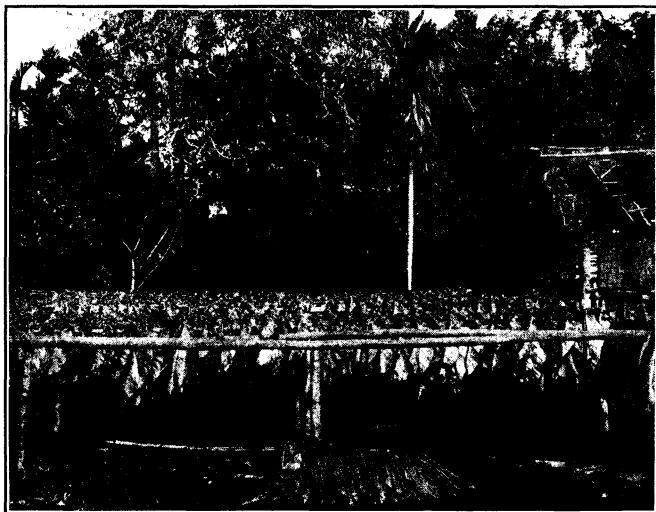
Country to which exported.	Total exports during the fiscal year—		
	1911	1912	1913
United States	27,531,596	70,518,050	102,894,077
China	38,664,018	38,300,939	37,051,134
Straits Settlements	15,136,940	17,626,011	18,830,027
Australia	13,366,884	12,036,937	13,546,320
England	8,791,063	8,651,075	8,203,132
Spain	7,834,900	9,484,019	7,850,400
India	3,076,746	3,174,101	3,702,630
France	2,377,320	1,004,600	3,302,000
Java	1,801,885	1,904,840	2,399,230
Germany	2,367,800	1,991,487	1,941,192
For consumption on high seas	1,899,957	1,829,285	1,412,460
New Zealand	628,946	685,250	781,409
Belgium	612,475	828,991	739,275
Holland	950,575	737,625	715,745
Japan	359,886	1,124,075	697,250
Scotland	828,800	498,692	667,275
Canada	575,184	478,525	574,000
South Africa	1,541,000	1,241,000	550,536
Indo-China	435,050	498,375	523,305
South America	185,300	136,400	464,625
Gibraltar	1,025,000	640,000	427,500
Italy	533,500	430,000	382,250
Siam	328,200	312,650	313,761
Canary Islands	220,000	130,000	278,000
Korea	152,850	194,055	262,460
Egypt	169,607	107,400	234,300
Denmark	182,000	90,000	215,000
All others	558,284	340,449	498,325
Total	132,135,766	174,994,831	209,457,618

Cigarettes do not as yet enter so largely into the export trade. The number and their distribution is shown in the following table supplied by the Bureau of Internal Revenue:

*Exports of Philippine cigarettes, fiscal years 1911 to 1913,
inclusive*

Country to which exported.	Total exports during the fiscal year—		
	1911	1912	1913
China	22,035,765	26,901,575	29,141,939
United States	8,387,900	3,061,900	14,246,250
For consumption on high seas	2,170,750	3,094,760	3,709,050
Straits Settlements	1,453,250	1,198,500	1,466,500
Japan	220,220	511,870	663,288
India	350,650	399,340	451,881
Guam	285,000	150,000	345,200
Caroline Islands		223,350	203,500
All others	522,330	235,465	1,204,230
Total	35,425,865	35,776,760	51,431,838

During the fiscal year ending June 30, 1913, the total amount of leaf tobacco sent to the United States amounted to 92,500 pounds, in round numbers.



Tobacco-curing racks.

Upon the approval of the Payne Bill, August 10, 1909, in order to protect the anticipated trade and

to guarantee the quality of the goods to the American importer and consumer, the Philippine Government provided regulations for the grading and labeling to be done under the direction of the Bureau of Internal Revenue.

To cigars and cigarettes the accompanying label was attached:



87770-42

PHILIPPINE ISLANDS.

OFFICIAL CIGAR EXPORT STAMP.

Manufactured, Graded and Packed Under Government Supervision.

QUALITY

STANDARD

FOR THIS BRAND

Made by cleanly operatives in a Sanitary Factory under control of the Bureau of Health, from sound Philippine Tobacco grown in the Cagayan Valley.

BUREAU OF INTERNAL REVENUE.

Facsimile of internal-revenue stamps for Philippine cigars and cigarettes. The words "selected" and "below standard" are substituted for the word "standard" where the stamp is affixed to these grades.

The rules defined the grades, and for cigars of "standard" grade the following was required: "To be made of good, sound, and clean tobacco, exclusively from the Provinces of Isabela and Cagayan, well made, with suitable wrappers, and neatly and properly packed."

During 1907, in order to encourage the planters to increase the production of tobacco and to improve the quality thereof, the Philippine Commission passed an act providing for bounties to be paid to tobacco growers. This act was amended two years later, increasing the amount of the annual appropriation. Prizes were offered to the farmers to be

awarded on a competitive basis. These acts were subsequently made inoperative, being found nonproductive of the much-to-be desired results.

It is said that in 1910 there were some 300 cigar and cigarette factories—most of these being small concerns—in operation in the Philippine Islands. In 1913 the Collector of Internal Revenue reports but 81 factories.

The lesser number is probably due to the enlargement of some factories and the organization of several new large concerns, these naturally tending to eliminate numbers of smaller factories. Other factors, such as the operation of internal-revenue laws and sanitary inspection, may also have had an influence in the matter.

There are approximately 40,000 operators engaged in the business of making cigars and cigarettes in Manila, a majority of whom are women. The cigar-makers are very skillful and dexterous and turn out a very superior article.

The annual production of tobacco and its value is given below in a table compiled by the division of statistics of the Bureau of Agriculture:

Tobacco production in the Philippines, fiscal years 1910 to 1913, inclusive

Fiscal years.	Area cultivated.	Quantity produced.	Average production per acre.	Average value of production per acre.	Total value.
	<i>Acres.</i>	<i>Pounds.</i>	<i>Pounds.</i>	<i>Dollars.</i>	<i>Dollars.</i>
1910	132,510	61,744,303	466	28.53	3,780,915
1911	170,539	56,257,784	330	20.20	3,444,948
1912	140,948	65,219,646	463	28.33	3,993,728
1913	170,477	101,545,657	596	36.47	6,218,153

The history of the product as an export is most graphically shown in the following tables, taken

from the annual report of the Insular Collector of Customs:

Exports of cigars, cigarettes, and other tobacco, fiscal years 1899 to 1913, inclusive

CIGARS

[Values given in U. S. currency.]

Fiscal years.	To all countries.			Percent- age of total exports.
	Quantity.	Value.	Average value per thousand.	
	<i>Thousand.</i>			
1899.....	167,991	\$1,294,653	\$7.71	9.7
1900.....	219,098	1,189,942	5.43	5.4
1901.....	149,496	1,250,175	8.36	4.7
1902.....	225,420	1,666,822	7.39	6.0
1903.....	119,721	947,246	7.91	2.4
1904.....	104,803	968,869	9.24	2.6
1905.....	106,571	968,022	9.08	2.9
1906.....	93,136	904,250	9.71	2.6
1907.....	116,719	1,051,621	9.01	3.0
1908.....	117,564	1,084,078	9.22	3.3
1909.....	116,278	1,083,702	9.32	3.4
1910.....	196,192	2,973,630	15.16	7.4
1911.....	132,217	1,700,712	12.86	4.2
1912.....	175,320	2,660,061	15.17	5.2
1913.....	207,396	3,356,748	16.18	6.3

CIGARETTES

1899.....		\$525	
1900.....		1,898	
1901.....	7,844	11,092	\$1.41
1902.....	7,189	9,995	1.39
1903.....	20,503	20,699	1.01
1904.....	11,804	12,566	1.06
1905.....	18,275	16,404	.90
1906.....	18,892	16,801	.89
1907.....	152,777	104,268	.68
1908.....	60,904	38,345	.63
1909.....	53,614	34,518	.64
1910.....	30,886	34,045	1.10
1911.....	33,662	36,132	1.07
1912.....	34,955	32,488	.93
1913.....	52,040	57,582	1.10

Exports of cigars, cigarettes, and other tobacco, etc.—Contd.

ALL OTHER TOBACCO

Fiscal years.	Quantity.	Value.	Average value per ton.	Percentage of total exports.
	<i>Tons.</i>			
1899.....	6,679	\$917,536	\$137.38	6.7
1900.....	9,167	989,439	107.93	4.5
1901.....	8,968	956,451	106.65	3.6
1902.....	10,924	824,650	75.49	3.0
1903.....	10,374	913,815	88.09	2.3
1904.....	9,571	1,031,832	107.81	2.8
1905.....	8,673	1,011,612	116.64	3.1
1906.....	10,735	1,468,839	136.83	4.4
1907.....	15,066	1,973,305	130.98	5.7
1908.....	11,633	1,592,123	136.86	4.8
1909.....	11,827	1,674,033	141.54	5.4
1910.....	10,935	1,629,820	149.05	4.1
1911.....	13,765	1,868,723	135.76	4.6
1912.....	13,832	1,902,644	137.55	3.7
1913.....	14,671	2,039,726	139.03	3.8

Prospects.—There are still large areas of undeveloped tobacco lands in the Cagayan Valley and the land now in cultivation can be made to produce both larger and better crops than at present.

In the course of time, if other means of transportation become available, there is likely to be a decided movement of population into this valley, which is now largely prevented by the very expensive and slow methods of reaching this part of the Islands. Practically all cargo, and travelers as well, now enter from the north, arriving there by ocean-going vessels, then proceed up the river in shallow-draft boats, the progress of which is frequently impeded by sand bars.

It is believed by some that a system of agricultural credit must be put into operation in order to enable the small farmer to improve his economic condition so that he in turn can devote more time and energy to the improvement of his product. Coupled with

this idea is that of having the grades determined by representatives of the Government, these officials to exercise a general supervision and to act as referees between the buyer and seller and, in addition, to assist in a general educational campaign.



Full-grown tobacco plant.

The tobacco grown in the Philippines can, of course, be considerably improved by seed selection, better cultivation, more careful harvesting, and by the adoption of improved methods of curing and fermenting.

Since the present product is so good in spite of present practices and the obstacles presented, it appears that when these are removed, the Philippine product will easily make a position for itself from which it can with difficulty be dislodged.

Further information on this subject may be obtained from the director-general of the Philippine Exposition Board, Panama-Pacific Exposition, or by application to the Director of Agriculture, Manila, P. I.

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