

# RICE IN COLONIAL AND POST COLONIAL SOUTHEAST ASIA: A FOOD REGIME ANALYSIS

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## ABSTRACT

*This paper traces the ways in which rice, as a global commodity, has been produced and sold in various regions in Southeast Asia from the colonial era to the present days. This paper employs a food regime analysis first introduced by Harriet Friedmann (1982) and later developed together with Philip McMichael (1989) to look at the global political economy of rice. In this paper, it will be shown how various colonial and post colonial states in Southeast Asia (including Thailand who was never formally colonized) through their policies have practically divided the region where Burma (now Myanmar), Thailand and Vietnam in the mainland have become major rice producer and exporter, while Indonesia, Malaya (now Malaysia), and the Philippines in the archipelagic Southeast Asia have become major rice importers although at the same time producers and exporters of other agro-commodities (coffee, sugar, rubber).*

*Keywords: rice history, food regime, Southeast Asia*

## ABSTRAK

*Artikel ini menelusuri cara di mana padi sebagai komoditas dunia diproduksi dan dijual di beberapa daerah di Asia Tenggara mulai zaman kolonial sampai sekarang. Artikel ini menggunakan analisis "food regime" yang pertama kali diperkenalkan oleh Harriet Friedman (1982) dan kemudian dikembangkan bersama oleh Philip (1989) untuk mengetahui politik ekonomi global dari padi. Dalam artikel ini, akan dilihat mengenai bagaimana negara kolonial dan pasca-kolonial yang berbeda di Asia Tenggara (termasuk Thailand yang tidak pernah dijajah sebelumnya) melalui kebijakannya, yang hampir membagi wilayahnya, di mana Burma (Myanmar), Thailand, dan Vietnam telah menjadi produsen dan eksportir utama terbesar, sedangkan Indonesia dan Malaya (Malaysia) dan Filipina di Asia Tenggara telah menjadi produsen dan eksportir komoditas pertanian lain (kopi, gula, karet) dalam waktu yang bersamaan.*

*Kata kunci: sejarah beras, food regime, Asia Tenggara.*

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## INTRODUCTION

Global agro-commodity, especially agro-food, production and trade are becoming extremely crucial issues in discussion regarding international trade and trade agreements. And indeed, the most contentious issue being debated in the historic and recently passed Bali Package of the WTO meeting on December 2013 was the issue of agricultural subsidies especially related to the food securities for communities in developing countries. Food regime ana-

lysis has been offered as a productive way to look at the close connections between the political economy of international relations and agriculture – agro-food in particular. It was the sociologist Harriet Friedmann (1982) who initially conceptualized what she called as the international food "order and disorder" by looking at its factors. Later, together with Philip McMichael, she wrote the seminal paper (1989) linking "state system, national economic organization and commercial agriculture." Building on these works, she suggested (1993)

that food-regime is a “rule-governed structure of production and consumption of food on a world scale.”

In a recent review paper, McMichael (2009) summarized the genealogy of the food-regime analysis and wrote that in the course of two centuries from mid-19th century to the present, we can identify 2 and perhaps 3 food regimes. The first food regime included the movement of “colonial tropical” and “basic grains and livestock” imports from the colonies to Europe. The second food regime re-routes the movement of agro-food and it is now originated from the US as the post-World War II superpower to its “strategic perimeters” as part of its cold-war campaign and creating a new international division of labor in agriculture. As the flows of agro-food have become more complex with more commodities involved incorporating animal protein, fresh fruits and vegetables, fish, not to mention cocoa, coffee, and palm oil. The conceptual question is then whether we are witnessing a third food regime or not yet. This paper is an initial attempt to locate ASEAN countries within the existing food regime, but due to the magnitude and complexity of the issue, understandably at this stage, this paper can only begin to map out the various actors who play critical role (and set the rule) in this food regime, without dealing with the larger issue of second or third food regimes.

It is widely understood that various regions in Southeast Asia had for ages provided edible agricultural commodities—or in the words of the historian Anthony Reid (1992), “commercialized cash-cropping” –to global consumers. Cloves and nutmeg, grown only in the Maluku archipelago in eastern Indonesia, were found available in Europe for hundred of years, but it was not until the end of fourteenth century that the commodities appeared

more regularly in the market. In addition, it was pepper—grown on the islands of Java and Sumatra perhaps since the fourteenth century away from where they were earlier found in India—that in sixteenth and seventeenth centuries would later dominate Southeast Asian exports. Although involvement in the global trade of agro-food has been taking place for ages, nonetheless it was in the modern era, starting from the colonial period in the nineteenth century, a more industrialized agro food production truly began in the region.

Currently, Thailand and Vietnam are the two major exporters of rice, while Indonesia is one of the largest producers of coffee, cocoa and palmoil. Malaysia plays an important role in both the cocoa and palmoil industries. Aside from rice, Thailand has emerged for sometime now to become the main exporter of sugar and a host of other edible agro-commodities. While in the last 10 years, after its reform, Vietnam has become a major producer of rice, coffee and other commodities. This paper focuses mainly on trade among South East Asian countries (not between South East Asian countries and the “metropolises”), especially the rice trade.

## COLONIAL ERA ORIGIN

Mid-nineteenth century marks an important moment when colonial powers in Southeast Asia moved to transform their recently appropriated territories to become profitable possessions. Although rice has been produced and traded for ages, in the mid-nineteenth century three areas in mainland Southeast Asia were almost simultaneously transformed to become major rice producers and exporters.

In what is now Myanmar (or Burma as the country was referred to until

1989), the British acquisition of Arakan and Tenasserim in 1826 lifted restrictions to rice trade which was imposed by the Kingdom of Ava. Less than 2 decades after the acquisition, the port in Akyab (close to the present day Bangladesh) already exported substantial amount of rice (Cheng 1968). However, it was not until the vast deltaic and coastal areas in lower Burma fell to the British in 1852, and the transformation really begun. If in 1860s there were about 1,5 million acres of land under rice cultivation in lower Burma, but by the end of the century, more than 6 million acres were planted with rice and the area kept expanding until the crisis of 1930s halted the progress. One can only imagine the hardship and difficulties early migrants had to face to transform the landscape facing all sorts of natural and human challenges. Rice exports from the regions accordingly increased dramatically.

If in the 1860s only about 125 thousand tons of rice were exported from the regions, a decade later export grew to almost 400 thousand tons, and by 1900 more than 2 million tons were shipped. Immediately before the outbreak of the Second World War, Burma had become the biggest exporter of rice in the world sending out about 3 million tons of rice. Throughout the years not only the growth of export that was crucial, the directions to which rice were sent were as important to our discussion. If in the beginning most rice export was directed to Europe (mainly Britain), by the end of the nineteenth century, a significant proportion of rice was exported to neighboring British India. Then later between half to two-third or rice export from Burma ended up in India.

In the neighboring Siam, similar development at about the same time due to different factors and circum-

stance also took place. The conclusions of Burney Treaty (1826) and Bowring Treaty (1855) and several other factors – the opening of the Suez Canal in 1869 being one of them – triggered the growth of rice production and exports from Siam. Statistical numbers showing areas under rice cultivation in Siam prior to the twentieth century is hard to come by, but by early twentieth century, almost 1,5 million hectares of land were under rice cultivation, and before the outbreak of the second world war there were 3,4 million hectares of rice fields in Thailand.

It has been suggested that world demand of rice created the stimulus of rice production in Siam and elsewhere. Not surprisingly that significant proportion of the rice production was sent out as export commodities. In early 1870s more than 100 thousand tons of rice were exported from the port of Bangkok and by the end of the century, the number was up to more than half a million tons. At the end of 1930s, more than 1,5 million tons of rice were exported from Thailand. We do not have detailed information where the rice exports were sent to for all years in the nineteenth century, but for 1888 (based on Suehiro 1989) we know that almost half of the exports went to Hongkong, while almost a quarter to Europe and the rest to Singapore (which could ended up either in Europe or in the Dutch East Indies).

Somewhat later than the development in Lower Burma and in the Central Plain of the Chaophraya River, rice field expansion took place also in the Cochinchina in the Mekong River Delta. Under the so-called “Rule of the Admirals” (1861-1879), French colonial administration in what is now southern Vietnam, actively encouraged rice production (Murray 1980). The impact was immediate. If in 1880 there were half a million hectares of land under cultiva-

tion in Cochinchina, twenty years later, the number was 1,2 million hectares. By 1930 areas under cultivation already exceeded 2 million hectares.

Export from the region also grew if not as dramatic as the pace of area expansion. In 1880, Cochinchina exported almost 300 thousand tons of rice, and the number steadily grew to 760 thousand tons by the end of nineteenth century. In the twentieth century, it grew quite dramatically, perhaps responding to the expansion of plantation colonies in Malay Peninsula and eastern Sumatra. In 1910 1,1 million tons of rice left Cochinchina, and a decade later, in 1921 rice export reached its first peak to 1,5 million tons of rice. The numbers went down following the global crisis of 1930s, but remarkably already in 1936 export reached new peak of 1,7 million tons (Murray 1980).

In the archipelagic Southeast Asia, a different sort of agricultural expansion took place. When the vast Indonesian archipelago was transferred to the Dutch after a brief British interregnum (1811-1816), the Dutch administrators were tasked to find ways to pay for the running of the colony and made it profitable. This last issue was particularly important especially since Netherlands had just lost its more industrial and richer southern region through the Belgian-revolt. The solution was a cultivation-and delivery-system implemented since 1830 which in fact were some sorts of taxation scheme which ended up forcing Javanese peasants to plant various valuable cash-crops (coffee, sugar, indigo and others) which mostly will be exported to Europe

The creation and expansions of cash-crops and plantations were not confined to Java. Large tracts of land in eastern Sumatra were leased out to European (mostly but by all means not exclusively Dutch) since mid-nineteenth

century who in turn turned the lands to tobacco or coffee plantations. Areas in parts of Luzon and Panay Islands in the Philippines too were turned into sugar plantations. Later in Malay Peninsula and in various areas in Sumatra, some of those lands were once again transformed to rubber trees as the rubber boom kicked-in at the beginning of the twentieth century. This colonial era spatial "specialization" with mainland Southeast Asia became rice producers for archipelagic Southeast Asia who concentrated more on the production of other agro-commodities were slowly taking shape. Since many of these areas were scarcely populated prior to their development, many of the laborers had to be brought in from elsewhere and created plantation colonies with populations depended on food supplies from elsewhere.

The value of rice imports into the Dutch Indies steadily increased since 1870s started from around 7 million gulden in 1874 to more than 48 million gulden in 1880. The agricultural crisis in the 1880s in Java lowered demand for rice and allowed more time for the Javanese peasantry to allocate more time to their food production. In the 1880s, import to the archipelago dipped into the value of 8 million gulden of rice in 1886 when the crisis hit the hardest. However, from then on, rice imports steadily went up again reaching more than 200 million gulden in 1929 immediately before the global economic crisis created havoc to the plantation economy (Korthals Altes 1991).

The flow of rice from ports in the mainland into various plantation colonies (via Singapore and/ or Batavia) followed very much a free trade with supplies and market demands governed it. From mid-nineteenth century to the beginning of Japanese occupation of the Dutch East Indies, only occasional colo-

nial government drew policies to stem the flow of rice—such as during the 1930s crisis and even then only for a short time. Furthermore, although rice were mainly produced by the peasantry (as oppose in a plantation system), the actors who held keys in the rice supply chain from producers to consumers were rice-millers and traders. Indeed, as showed previously, the states, for Lower Burma and Cochinchina the colonial states, had important roles in the production expansion, but not in trade.

In the first decades, it was European merchants who owned and controlled rice-mills and exports, but as export market expanded where rice was also sent to Hongkong and China, the control of European merchants weakened and Chinese merchants played greater role in the chain. In Lower Burma, one of the earliest merchants operated in trading exporting was the Liverpool firm Joseph Heap and Sons. The European dominance in the market was slowly eroded when British India became more and more important as export destination and Indian merchants or miller-owners were slowly creating a niche for themselves (Cheng 1968). In such circumstances, where not only Indian but also Chinese merchants entered the industry. In 1936 European enterprises were dominated by only four firms, Steel Brothers, the Anglo-Burma Rice Company, Ellerman's Arakan Company and the Bulloch Brothers (Brown 2006). Merchant capital did not stay within a colony's boundary. The firms Steel Brothers and also Ellerman's Arakan Company who were already dominating in Burma also invested in the Thailand rice business even as early as the late nineteenth century for the case of the last mentioned firm. This cross-boundary capital movement was a practice not only conducted by European merchants. In Cochinchina, it was Chi-

nese merchants who dominated the millers and markets.

## **FROM THE SECOND WORLD WAR TO 1990S CRISIS**

Japanese occupation of Southeast Asia during the second world war, and in many places followed by prolonged wars of independent and decolonization—perhaps with the exception of Thailand—disrupted the upward trends in productions and exports of agro-commodities from Southeast Asia. The rise of nation-states and the emergence of food (and “starvation”) as an ideological issue which dictated each new country's food policy as well as other policies geared towards food self-sufficiency and rural development created new rules within which food—rice in particular—is traded among Southeast Asian countries.

Rice cultivation and production in Burma during the Japanese occupation was seriously damaged and by the end of the occupation Burma suffered rice-shortage. It took another seventeen years before level of rice production reached the level of pre-second world war (Takahashi 2007). In the mean time, India as the main market for rice export from Burma slowly narrowing its market as they also tried to promote self sufficiency in rice (Mizuno 2007). In 1962, the year rice production already bounced back to the pre-war level, the country experienced a regime change who immediately imposed new agricultural policy which directly and indirectly seriously limited rice domestic-distribution as well as export. Private traders in rice were expelled as the whole rice production and trade system fell under strict government control. Domestic distribution faced serious challenges as there were rice-shortages in

1967 and 1973 not due to poor harvest but to poor distribution. Nonetheless, despite of the reason behind the shortage, it encouraged the government to accept foreign aid to push its production up. Indeed, by 1980 for the first time, level of rice production reached a level higher than its pre-war level and leaving plenty of stock for export purposes.

Based on the data compiled by Akio Takahashi (2007) it can be seen that in the independent era, rice export from Burma slowly was creeping up in the early post-war years. In 1956-1957, rice export reached its post-war highest recorded level of 1,7 million tons—which was about 60% of the pre-war level when Burma was the most important rice exporter in world. Unfortunately, the number went down as years went by when Burma shipped out less than a million tons on annual average, and in some years the number dipped to less than 100 thousand tons (as in 1998-1999). Up until early 1970s, India, Ceylon (Srilanka), and Indonesia remained as the main export destination of rice from Burma, but things changed after that. Although Indonesia remained important, in 1980s, African countries increasingly became their export destination. Indonesia stopped importing when self-sufficiency program showed its results, but when drought hit hard in mid-1990s, Indonesia once again imported a large number of rice from Myanmar, as the country now called.

Vietnam was one the worst affected by wars in Southeast Asia. After the Japanese occupation, wars against the French and—most damaging—against the United States in the Vietnam War until 1975 really put the people and the countryside of southern Vietnam under enormous pressure and rice production understandably went down. As Tsujii (1977) showed, wars made it impossible for peasants and laborers to do well in

the field where agricultural inputs were hard to find and collecting and marketing systems also collapsed. In some areas where battles were more widespread, farmers planted and produced enough for their own needs and left nothing for the market. Moreover, when things got worse, they left their villages either to neighboring areas or to cities to become urban dwellers. The effects of these circumstances were the stagnation of areas under rice cultivation in the face of growing population in general.

As a result, if until 1963, southern Vietnam could still export a modest amount of rice, then since 1965 they faced rice-shortages and they had to receive rice imports, mainly through the US food aid program. They had to wait long after the war was over and after the economic reform of 1988 where they once again could become a rice exporting country reaching their past prominence. This occurred since the unification of Vietnam in 1975 trade and exports were in the hands of state enterprises. There were dozens of these enterprises and each received rice-exporting quota from the government which would give them the right to export.

Thailand's experience was really different than its neighbors' and Thai peasantry escaped the hardship of wars as what, say, the Vietnamese peasantry had to go through. Even before the Second World War broke out, Thailand was already ruled by a regime who adopted a nationalistic tone and was sympathetic to the Japanese. When the war broke out, the Thai regime declared friendship with Japan, and many companies who shortly before the war were nationalized and given monopolies, now developed trading activities with Japanese companies as in the case of those who were in the Thai rubber industry. After the war, unlike its neigh-

bors who played smaller and smaller role in the rice global market, Thailand continued to export large amount of rice with only the US competing as rice exporter in the region (Latham 1998). A series of government policies and also irrigation expansion helped the growth. In the mid-1960s and mid-1970s, Thailand exported around 1,3 million tons of rice annually. Then, when demands increased from its neighbors in the 1970s during the first oil crisis, Thailand was in the comfortable seat to become the largest rice exporter with export reaching almost 8 million tons annually in 2000s.

Before the Second World War Thai merchants of Chinese descent dominated the rice trade and exports from Thailand. In his detailed research Suehiro Akira (1989) has described and analyzed the rise and fall of what he called “rice business groups” (referring to the multiple companies, at times not only dealt with rice, controlled by a family but with core business in rice trade). In the 1920s, the trade was dominated by the “Big Five” referring to 5 families who owned millers and played the role as exporters and according to Suehiro controlled 44% market share. However, since 1938, the military regime, especially under Phibun, adopted a policy where state or state-controlled companies to play greater role in the economy including the rice trade. And indeed by early 1950s Taharn Cooperation Company Ltd. (TCC) controlled by the military, dominated the rice trade and even branched out to other business. (Suehiro 1989, 146-7). But when Phibun government collapsed in 1957, rice trade fell back to private merchants, especially those of Chinese descent with good connections to banking groups and state officials.

In the archipelagic Southeast Asia, Indonesia had to go through prolonged-

wars of decolonization following its Declaration of Independence in 1945. Recognition of Indonesian sovereignty in late 1949 did not bring favorable circumstance for significantly improving the agricultural sector. The modest growth of rice production until early 1970s (Simatupang and Timmer 2008) could not keep pace with rapid population growth especially in the urban areas. It was not until the oil boom (‘oil crisis’ for oil-importing countries) in 1974 that Indonesia finally had enough funds to spend on rice production efforts including building large irrigation networks, mass-supervision for farmers and improvement of agricultural inputs (parts of the ‘green revolution’). And at the time rice self-sufficiency through rural development became an ideological issue which could (and did) mobilize rural populations in general. Indeed, self-sufficiency was reached for the first time in 1984.

Indonesian rice imports declined significantly in the years where productions could keep up with demands although drought in late 1990s forced Indonesia again to import more than 2 million tons.

Indonesia was not alone in the archipelagic Southeast Asia who became rice importers. In fact, both Malaysia and the Philippines continued to be major rice-importers in the post-Second World War Era. Malaysia imported between 250 thousand and 625 thousand tons of rice annually in the last half of the twentieth century, while imports into the Philippines fluctuated greatly from less than 50 thousand tons in late 1970s to more than a million tons in late 1990s (Kano 2007).

Improving agricultural, especially rice, productions was not the only policy being pursued by the Indonesian governments since Indonesia’s independent. An other critically important

thing was the establishment of *Bulog* (abbreviation of "Institution for Logistical Affairs"). This state-institution was used by the military regime in 1978 to successfully maintain stable supplies of rice and other major food stuffs by providing payment in kind (i.e. rice) to government officials and soldiers and by maintaining a stable food market through market interventions, stable prices, and eliminating sharp seasonal price-differences (Yonekura 2008). Chaired by retired generals closed to Soeharto, it became a super body with direct access both to the rural peasantry through its systematic collection-schemes and direct access to the president himself. In effect, the body became the super rice-trader in Indonesia until the 1990s crisis hit hard.

Remarkably, post-colonial pattern of trade flow remained the same as the colonial one with Thailand, and later Vietnam, and also to a much limited extent Burma/ Myanmar as producers and exporters, while Indonesia, Malaysia, and the Philippines remained the major importers despite of decades-long self sufficiency efforts. Nonetheless, it has to be acknowledged that the trade was unstable (or as one expert calls it "chaos" Latham 2000) due to in the one hand the efforts by many independent states to achieve self-sufficiency and, on the other hand, the various factors that would cause harvest failures, such as drought and political instability which resulted to sudden imports. The crucial difference is the increasing role of the governments in this trade either directly or through para-state institutions, such as Vinafood and Bulog at the expense of private merchants.

## CONTEMPORARY STATE

There were at least two crises

which deeply affected the ways rice and other agro-commodities from countries in Southeast Asia were traded. The first of the crises was the economic crisis in late 1990s that swept most economies in the region and really gave a serious challenge not only to the governing powers in each country but also the state's control over the economy. The second one was the sharp rise of food-prices, including rice-price, in the global market in 2007-2008, which led to a global food crisis. Both these crises really generated changes in the policies that regulate rice exports or imports which basically forced each government to find balance between state-control and market forces.

Vietnam (re-)entered the global rice trade in a dramatic fashion, following its economic reform since 1986. From a low base of rice exports of about 100 thousands tons in 1988, a year later Vietnam already exported more than a million tons, mainly from the government's stocks. After that, the number went up and made the country a major rice exporter, second only to Thailand. Exports, however, were done mostly through state enterprises; the Vinafood I in northern Vietnam and Vinafood II in the south and a host of provincial enterprises. These companies obtained the export quotas given by the government. Prior to the Asian crisis, there were reports in 1995 that the government was to reorganize the export sector by creating Southern Food Corporation based on Vinafood II to deal with rice exports from the country. However in early January of 1997, the country decided to allow more companies to export rice (Latham 1998). At first, it was the provincial state enterprises (as oppose to the national level Vinafood II—or the Southern Food Company as it is referred to now)—who gained the benefit of this new decision. Later, private companies

too were allowed to export, if only a small share of the total export from Vietnam (Nielsen 2002).

As a major rice exporter, Vietnam was the side to be benefitted from the soaring of rice price in late 2007-early 2008. Yet, in a country where the state and state-agencies maintain tight control over the rice industry in general and rice export in particular, the response of these state-actors tended to be slow. As a result of this slow response, even the domestic rice market was at one point soared too, due to hoarding and other speculative actions by would-be traders anticipating higher export demands. For several months in 2008 the signing of new rice export contract was halted to stem the rising domestic rice price (Pham 2010). Similarly, although with completely different reasons, their neighbor and rival in the rice market, Thailand too did not exploit the rice-price hike for their own benefits.

By the time the food-crisis erupted, Thailand has been a major rice producer for more than a century. It had a long experience in the global rice market and one would expect them to be able to predict the coming crisis and to respond appropriately when the opportunity presented themselves. Meanwhile, the slow increase of global rice price in late 2007 and the more sudden spike of the price in early and mid-2008 took place at the same time when Thailand was in the midst of its political turmoil. Successive governments took turn in power between mid-2007 to late 2008 when the food crisis somewhat subsided. Thus, perhaps the responses of the government (or governments) tended to be haphazard and, it is suspected, they tried to appease a certain part of the political constituents (Poapongsakorn 2010) instead of tried to conceive a concerted effort to best respond to the crisis.

Indonesia did reach its goal for

rice self-sufficiency in mid-1980s and since then rice imports were reduced significantly and in a way withdrew Indonesia from the global rice trade. Within the country the state agency *Bulog*, backed by strong political support from the president and equipped by financial backing to implement its policies, could monitor rice availability and could intervene in the market to reduce seasonal rice price fluctuation. The Asian crisis of 1997, however, could not come in the worst moment. For several years prior to the crisis, Indonesian harvests had been suffering from drought and since 1994 major imports had to be done. *Bulog* played an important role in trying to control the domestic rice price and, among others, imported heavily amidst the economic crisis. In 1998, Indonesia was forced to liberalize the rice market as part of the IMF-led “structural adjustment” and as parts of this *Bulog’s* authority in maintaining the rice market had to be drastically reduced. The agency’s close association with the president and compounded by various mishandling of funds within the agency did not help *Bulog’s* case. With the removal of *Bulog’s* monopoly of rice imports, many private companies imported frantically and between 1998 and 2004 Indonesia saw a surge in rice imports with an average of more than a million tons annually and pushing rice price down and removing any incentives for paddy productions (Saifullah 2010).

To improve rice (or paddy) price at the farm gate, after 2004, rice imports were restricted and *Bulog* was again given the authority as the sole medium-rice importer. At the same time, Indonesian government pushed hard to improve rice production. Rice production increased as farmers responded favorably to increase domestic rice price as the government announced that once again rice self-sufficiency was reached in 2004

(Bourgeois and Dian Kusumaningrum 2009). The sharp increase in global rice price in 2008 took place during the harvest season in Indonesia and in a way reduced the direct effects to volatile rice price at least domestically.

Since the Asian crisis of 1996-1997, it can be witnessed that many governments and economies in Southeast Asia tried to respond to the volatility of the rice trade and tried to find the balance between allowing market forces to work, on the one hand, and demanding some state-intervention to ensure sufficient supply for domestic markets. Immediately after the Asian crises there were pressures to dismantle state control over rice production and trade, including export and import. Indeed in the next several years following the crisis, rice trade was liberalized. Yet after several years, in the face of market and, in some countries, voters' pressures, various governments re-entered the market. As a recent volume (Dawe 2010) on the 2008 rice crisis shows, many of the authors agree that some state interventions were necessary to ensure rice was available and rice price was stable in each country.

## CONCLUSION

Since mid-nineteenth century, various regions in Southeast Asia went through dramatic transformation where million hectares of land were transformed to become profitable colonial possessions producing agro-commodities which were in high demand in the world market. In this process of transformation there were some sorts of "specialization." On the one hand, Lower Burma, the Central Plain of the Chaophraya river, and the Mekong delta only in a matter of decades were transformed to become vast rice-fields.

Areas in the archipelagic Southeast Asia, on the other hand, became plantations which produced coffee, sugar, tobacco, and a host of other commodities, but not enough rice and other food crops to feed themselves.

Throughout the early decades of this rice trade, it was a flow of rice regulated by the supply made available by harvests in areas in the Lower Burma, the Central Plain of Thailand, and the Mekong delta, and demands expressed by the needs of plantation laborers in East Sumatra or in parts of Java, as in urban areas in the archipelagic Southeast Asia. Some control would be put in place later in 1930s as the economic crisis hit and colonial governments putting up measures to ensure stable rice price and market. In this trade, it was private merchants of all ethnic backgrounds who held key roles in governing the market.

At the beginning of the colonial agricultural expansion, it was the European merchants who were dominating the rice trade. They set up rice mills and they exported the products to destinations in Europe or in other parts of the colonies. It was not long before rice was exported to neighboring areas, such as to British India, Hong Kong, and mainland China. In these markets merchants of Indian or Chinese descents had the upper hand. Perhaps, familiarity to the region and the local ruling elites, as well as access to credits all contributed the rise and decline of merchant groups of a particular ethnic background. It should be noted that merchants seldom operated in more than region, basing themselves in Rangoon and opened a rice mill in Bangkok, held their headquarters in Batavia and yet actively purchasing rice in Saigon.

These cross-border trade and investment activities were practiced by Chinese, Indian and European mer-

chants alike. But by the end of the nineteenth century European merchants only held a minority share in the rice trade in Southeast Asia while Indian merchants did most of the Burma-India trade and Chinese merchants the rest, at least until the global economic crisis hit in 1930s. Actually, during and after the crisis there was already a growing tendency where various states—colonial or not—increasingly tried to have some measures in place to control the rice flow. In the Dutch East Indies colonial administrator restricted import and export of rice to stabilize the rice-market and rice-prices as the plantation economy took a dive. In late 1930s, Thai government set up a company to enter the rice trade and tried to control it. In addition, when the Japanese Imperial Army occupied much of Southeast Asia during the Second World War the control was even tighter, if rice-production went down dramatically due to the war.

After the war, the newly-independent countries in the region put larger attention on rice as the main staple food for much of their populations, and ensuring a stable supply and stable price were more than a practical matter—it was the promise of a free country to its citizens. Yet, after a steady return to the pre-war level of rice production took place, things went back ward as the new regime in Burma emphasized greater control of the rice production and industry in the expense of high productivity, while continuing wars in Vietnam turned the country once a major rice exporter to be a rice importer depended on food-aid. In Indonesia, benefitting from the oil money, the government decided to take a firm control of rice industry from the farms to the market armed with subsidies to ensure stable rice market. Only in Thailand, private producers and merchants had greater role in the market. In post-

colonial era, the balance that was resulted from tensions between state and private interests that created the conditions within which policies that govern rice trade both within each country and their export-import were drawn. Indeed there were varieties in the balance with one country, which tended to have more state-control in place while in others it was the private merchants who held the upper hands.

The balance was disrupted twice, first after the Asian crisis of 1996-1997 and, second, following the food crisis of 2007-2008. After the Asian crisis, not only governments fell but also the ability of the states to manage and to intervene the market were challenged and put in doubt. The IMF pushed for policies which in many ways liberalized the agro commodity production and trade. As the IMF recipe had mixed-success, governments once again re-introduced some state-control over production and trade. Indeed, some of these cast measures were the ones who helped many countries in Southeast Asia weather the food crisis in 2007-2008.

If there was one thing that many rice consuming countries learned after the 2007-2008 food crisis, it would have been that they need to keep pushing for food self sufficiency—at least rice self sufficiently—domestically. There is a growing belief that each government needs to work as hard as possible to maintain a sufficient rice supply from within the country and hence to reduce over-reliance on the world rice market. The unfortunate thing of course is that many countries did try to reach some level of rice self sufficiency, but for various reasons (drought, wars, increasing fertilizer price, and others) only a few countries reached that goal for some times but not always. Indonesia perhaps is a case in point. The country achieved rice self-sufficiency for some years, but

it needed major imports several years later. In the mean time, at least for a foreseeable future, the decades old trade pattern with countries in mainland Southeast Asia supply rice for countries in the archipelago will remain. The question is how this trade could be less volatile considering all the unpredictable "external" factors?

Is there an alternative to a free market? Can international bodies such ASEAN play a greater role? As Timmer in his recent speech (2010) suggests, theoretically at least, the answer to the later question is no. Historically and theoretically it is impossible to stabilize the price of commodities, including agro-commodity, although various attempts have been made (with cocoa, coffee, or even oil). However, still he raises the question in a more "modest" way. Can international bodies like ASEAN hold International Rice Stocks, both by ASEAN themselves, or with their partners (China, Japan, South Korea, Pakistan, US, and others)? Indeed, ASEAN countries have been intensely integrated in the food regime for some time, from the colonial period. ASEAN themselves are already the biggest rice importers and exporters. Incorporating other non-ASEAN countries to the arrangement would mean incorporating 90% of the world production and consumption. Therefore as the ASEAN Economic Community is fast approaching in 2015, it would be a challenge for the community to secure the availability of food (i.e. rice) for the population and at the same time to protect the interests of rice farmers of the member countries.

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