



5.70  
601

~~5026940~~

外文书库

~~000594~~

BUILDING A WELFARE STATE  
IN BURMA

1551

1948-1956

暨南大学  
东南亚研究所  
图书资料室

By FRANK N. TRAGER

中國科學院廣州哲  
社會科學研究所藏書

暨南大學  
圖書館藏書

INSTITUTE OF PACIFIC RELATIONS  
NEW YORK

1958

Copyright, 1957, by the  
Institute of Pacific Relations  
333 Sixth Avenue, New York 14

Printed in the United States  
American Book-Stratford Press, Inc., New York

BUILDING A WELFARE STATE IN BURMA  
1948-1956

TO HELEN

## THE INSTITUTE OF PACIFIC RELATIONS

The Institute of Pacific Relations is an unofficial and non-partisan organization, founded in 1925 to facilitate the scientific study of the peoples of the Pacific area. It is composed of autonomous National Councils in the principal countries having important interests in the Pacific area, together with an International Secretariat. It is privately financed by contributions from National Councils, corporations and foundations. It is governed by a Pacific Council composed of members appointed by each of the National Councils.

In addition to the independent activities of its National Councils, the Institute organizes private international conferences every two or three years. Such conferences have been held at Honolulu (1925 & 1927), Kyoto (1929), Shanghai (1931), Banff, Canada (1933), Yosemite Park, California (1936), Virginia Beach, Virginia (1939), Mont Tremblant, Quebec (1942), Hot Springs, Virginia (1945), Stratford, England (1947), Lucknow, India (1950) and Kyoto, Japan (1954). The Institute conducts an extensive program of research on the political, economic and social problems of the Pacific area and the Far East. It also publishes a quarterly journal, *Pacific Affairs*, and a large number of scholarly books embodying the results of its studies.

Neither the International Secretariat nor the National Councils of the Institute advocate policies or express opinions on national or international affairs. Responsibility for statements of fact or opinion in Institute publications rests solely with the authors.

### NATIONAL COUNCILS

American Institute of Pacific Relations, Inc.  
Australian Institute of International Affairs  
Burma Council of World Affairs  
Canadian Institute of International Affairs  
Comité d'Études des Problèmes du Pacifique  
Indian Council of World Affairs  
Indonesian Institute of World Affairs  
Japan Institute of Pacific Relations  
Netherlands Council for Pacific Affairs . .  
New Zealand Institute of International Affairs .  
Pakistan Institute of International Affairs  
Philippine Institute of World Affairs  
Royal Institute of International Affairs

### IPR INTERNATIONAL SECRETARIAT

333 SIXTH AVENUE, NEW YORK 14

## Preface

THE ORIGINAL DRAFT of this study was prepared for the 1954 Kyoto Conference of the Institute of Pacific Relations. Each year since then, its basic argument has been re-examined in the light of a growing body of data made available by various official and other agencies in Burma. Revised versions have subsequently been circulated in Burma and the United States with corrected and up-dated statistical information for the following years. When the original draft was issued some Burmese reviewers expressed surprise at the author's emphasis on the priority potentialities of agriculture and other raw materials production and on the difficulties of transforming a primary product economy into an industrialized one. Criticism of Burma's Eight-Year Plan (prepared with American technical assistance and adopted in September 1952) was at that time seldom expressed.

The year 1955 was, for reasons discussed in the text, a critical one in the economic life of Burma. At this time, Burma began to feel the effects of recession, particularly in the price of rice, her major export; the excessive optimism of earlier projections of economic growth based on rapid industrialization became all too evident. It led to acceptance in Burmese government circles of the need to revise thinking and planning for the future. In an extraordinarily frank statement to the Burmese Parliament, delivered June 8, 1957, Prime Minister U Nu detailed some of the sins of omission and commission of earlier planning: "Because of our intense enthusiasm to achieve [development] in the quickest possible time, we have committed several blunders. . . . Our greatest blunder [has been] . . . our diversion to economic and social welfare activities as soon

as law and order situation improved slightly, instead of concentrating all our energies on the complete restoration of law and order in the country. After this blunder, we committed another blunder. It was no other than the launching of our plans without first preparing the ground systematically. . . . There are several other similarly regrettable defects. Let me admit that I am mainly responsible for such hasty actions. . . ."

U Nu's relatively novel and completely refreshing frankness in assessment and blame-taking confirmed a new turn in the economic and social development of Burma. His government had revised its plans during 1956, had taken a more realistic look at Burma's capacity for growth, and had revised its timetable for both the kinds and the amounts of investment for production and skills. The new Four-Year Plan calls for considerably greater emphasis on agriculture and other exportable primary products to balance a more modest capital investment in industry.

Burma is now doing what she needs to do: provide security and acquire administrative and managerial experience for industrial expansion, while she turns to what she knows from previous experience how to do best (agriculture and forestry, mining and processing some primary products). The fiscal year ending September 30, 1957, was the first of the new plan—and the results are beginning to show. The prospects are less exciting, perhaps, but they are also less extravagant and less wasteful than in earlier years. The outcome, given peace and the essential precondition of internal security, is surer. Burma will be a welfare state. But it takes time to attain this goal—a fact not always appreciated by people in a hurry.

Since present planning reflects, in this writer's opinion, a wiser, second stage in Burmese economic development and appears more than ever to justify the fundamental confidence in Burma's future expressed in the following pages, it seemed appropriate to close this account of Burma's effort at reconstruction and development with the year 1956. The study therefore represents a description and analysis of the problems of growth in an "under-developed" country for the first eight years of its independence. All data have been corrected for the period 1948–1956. The material herein concerns Burma but perhaps the argument concerning development may also apply to a number of other lands. A postscript briefly dealing with the changes and new trends envisaged in the Four-Year Plan has been added. Thus the book as a whole may be said to cover the first decade of Burma's post-colonial economic history, from the time that General Aung San and Thakin Nu negotiated the instru-

ments of independence with the British Labor Government in January and October 1947 until October 1957. A useful source on contemporary Burma is the *Annotated Bibliography of Burma* (prepared by Frank N. Trager and Associates, Human Relations Area Files, New Haven, 1956). Containing more than 1,000 entries, this bibliography is arranged alphabetically and topically with approximately 150 economic entries listed in sections 19-21, pp. 223-227.

I am indebted to Miss Patricia Wohlgemuth, formerly of the Burma Research Project at New York University, who has painstakingly reviewed the tables and checked the text for errors in this and an earlier version of the study. As always I wish to express my appreciation to many Burmese friends who shared their thinking with me. They are not here named because the list would be too long to print. Many members of the Government of the Union of Burma have throughout these years been unfailingly helpful both in anticipating the need for information and in being available for discussion. I am grateful also to Mr. William L. Holland and Miss Mary F. Healy of the International Secretariat of the Institute of Pacific Relations for their editorial help and for supervising the publication of the book. Although it is issued under the auspices of the Institute, I am solely responsible for the views expressed.

FRANK N. TRAGER

*Burma Research Project*  
*New York University*  
*November 1957*



# Contents

<i>Preface</i>	v
1. Introduction	1
2. Economic Planning for an Under-Developed Country	12
3. The Burmese Economy and the Plans	35
A. Agriculture	35
B. Forestry and Mining	52
C. Transport, Communications and Industry	57
D. Capital Formation, Investment and Fiscal Policy	65
E. The Labor Force	72
F. Investment in Social Capital	80
4. The Development Goals for 1960	89
<i>Postscript</i>	111

## Tables

1. Gross Domestic Product in 1947-48 Prices	27
2. Major Exports and Imports	28
3. Government Budget	30
4. Consumer's Price Index for Burmese Family of Three at Rangoon, 1947-56	31
5. Per Capita Output and Consumption	32
6. Domestic Capital Formation	33
7. Freight Traffic of Principal Carriers	34
8. Students Registered, Appearing for Exams and Passed in Selected Professional Courses	37
9A. Loans Issued by the State Agricultural Bank	38
9B. Government Loans to Agriculturalists	38
10. Progress of Land Nationalization	39
11. Sown Acreages, Prewar and Postwar	42
12. Agricultural Production, Prewar and Postwar	43
13. Production of Timber	54
14. Output of Minerals	56
15. Production of Petroleum	56
16. Government Capital Outlay, 1952-56	63
17. Comprehensive Budget of the Government Sector	68
18. Selected Goals and Comparisons	93
19. Government Capital Outlay, 1955-57	113

## CHAPTER 1

---

### Introduction

BURMA, the third nation to separate itself from the British Empire, became a federally organized, constitutional republic on January 4, 1948. She had lost what remained of her dynastic independence after the fourteen-day Third Anglo-Burmese War in 1885, after which all of Burma became a province of India. The period of British rule has already been well analyzed by J. S. Furnivall in his *Colonial Policy and Practice*. Here we need only note that, after annexation, the impact of the West upon Burma was accelerated and also disturbing to the Burmese. From 1890, the end of pacification, to 1923, when the Dyarchy system of parliamentary government was introduced, Burma was ruled and developed by that amazing bureaucracy, the Indian Civil Service. On the surface it appeared that all was well,<sup>1</sup> but appearances were deceptive.

Buddhism (denied its full "clerical" role under British rule) inspired early forms of nationalist organization and rebelliousness. From the formation of the Young Men's

---

<sup>1</sup> For instance, Joseph Dautremere, French Consul in Rangoon between 1904 and 1908, believed that the English had created in Burma a "model colony." More precisely, in 1862, ten years after the Second Anglo-Burmese War, the three British provinces of Burma, Arakan, Tenasserim and Pegu, were combined into a single administrative unit under a chief commissioner. In that year the Secretariat was created. See U Tin Tut, "The Secretariat, 1924" *Burmese Review*, September 29, 1947.

Buddhist Association in 1906 to student strikes of 1920-21 and the rural uprising led by Saya San in 1931, Buddhism and its institutions in Burma were the fountainhead of anti-British, anti-colonial activities. But, it is doubtful whether this cultural matrix for anti-colonialism would have succeeded in hastening the growth of Burmese nationalism, had it not been for the additional influence of certain social factors long operative in Burmese history. Burma had escaped the Indian blight of caste: her people had enjoyed a wide measure of social mobility and had avoided the extremes of economic stratification. Though Burmese political structure rested on an hereditary monarchy, supported by feudal tribal chiefs, the overwhelming majority of its citizens lived in villages, ruled by a headman or headwoman and enjoyed a great measure of what Furnivall calls "popular self-government."

To this combination of Buddhism and socio-political tradition were added the frustrations of Burmese exposed for at least two generations to the impact of Western education and economic exploitation. This fairly typical colonial phenomenon produced a growing political consciousness among students and a "white collar class" of middle echelon Burmese. They had ample causes for complaint, notably the following:

- (1) Land Alienation—at the end of British rule in the 1940's, two-thirds of all rice lands were held by non-resident landlords.

- (2) The Indian Civil Service, or Civil Service Class I, was officered almost exclusively by the English up to Dyarchy in 1923; at the beginning of World War II approximately two-thirds were still English and non-Burman, as were three-fourths of the Police Service Class I officers.

- (3) Other aspects of government life, including the Army and the higher courts, showed similar maldistribution.

- (4) Though Burma was a relatively rich country and a profitable colony, the Burman "remained comparatively poor" and "now he knew it."

- (5) The social services of health and education left much

to be desired in quality and distribution throughout the country.<sup>2</sup>

The nationalist urge, initially inspired by Burmese Buddhism, was fed by Western impacts upon a rising urbanized elite. The members of this elite drawn from the countryside to the cities seldom, if ever, lost their rural roots. They retained or acquired a mass base responsive to nationalist agitation. From the middle 1930's onward, Marxist, anti-imperialist sloganeering also helped to rationalize, if not inspire, this movement. When the Thakin group, the *avant garde* of Burmese independence, joined the Japanese and fought against the British in the early years of the Second World War, they did so not in response to the Japanese "Asia for the Asians" appeal (though this racist issue is deeply imbedded in the Asian nationalist upsurge against the "white man's burden"), but because they were following in a crude way the politics of Marxist-Leninist anti-imperialism. In other words, the Thakins, resolving to be "masters in their own house," used the occasion of the international war to wage a war for national liberation. They dropped their Japanese allies and rejoined the British when, after 1943, they became convinced that the Japanese did not mean to advance the cause of genuine Burmese independence.<sup>3</sup>

It is debatable whether this nationalist, Westernized elite which led Burma to ultimate independence would have settled, as did India, Pakistan and Ceylon, for dominion status or

<sup>2</sup> G. E. Harvey, *British Rule in Burma, 1824-1942*, London, 1946. These five and other factors are cited by Harvey, who is not regarded by the Burmese as a friendly critic. Harvey believes that the plight of the Burman was probably "due to defects in his own character [but] the ludicrous overstatement of his case by nationalist demagogues does not alter the fact that he has a case." See p. 66, pp. 26-28, p. 31, pp. 44-48; also p. 59 for an awareness of the "imponderables" in the situation.

<sup>3</sup> Most illuminating on this point is a passage in U Nu, *Burma Under the Japanese*, New York, 1954, p. 7. Nu, one of the Thakins, was a political prisoner in the Mandalay jail. Early in 1942, General Wang, a friend, visited him and offered him freedom in return for aiding China and the Allies. The exchange between them (worth reading in full) indicates that if Wang could get the British to "proclaim our independence now or promise it as soon as the war is over, . . . we will help you . . . [otherwise] . . . we will worry you . . . we [will] do all we can to injure the English."

membership in the Commonwealth. At the end of the war the British Government attempted to reimpose on Burma a type of control which, in fact, was less advanced than that which had existed in Burma after the Act of India went into effect in 1937 (the White Paper of May 1945, Cmd. 6635). When, in 1947, the Burmese were offered an option by the Attlee Government, it was, or appeared to be, too late for considering membership in the Commonwealth. The Burmese, led by the Thakin element within the wartime coalition party (known as the Anti-Fascist People's Freedom League), chose independence. By officially accepting the Attlee policy ("we do not desire to retain within the Commonwealth and Empire any unwilling peoples . . . it is for the people of Burma to decide their own future"),<sup>4</sup> Britain regained much good will in Burma.

An independent Burma re-entered the comity of nations in January 1948 and joined the United Nations in April of the same year. She had already, in September 1947, adopted a Western type of constitution, parliamentary in form, liberal democratic in political orientation, welfare-statist in economic outlook and federal in structure.<sup>5</sup> The Constitution does not include any reference to Burma as a "socialist" state, but several provisions in Chapters II, III and IV indicate that the founding fathers of Burma held various socialist convictions. Provision is made for national economic planning; state ownership of public utilities, national transport and communications; state or cooperative exploitation of natural resources; state aid to economic organizations "not working for private property." Private property and private initiative are

---

<sup>4</sup> Quoted by S. D. Bailey, "The Transfer of Power," *The Guardian* (Rangoon) Vol. I, No. 12, October 1954, p. 53. Burma after 1886 did not have the satisfaction of retaining her identity even as a colony. She became a province of British India, ruled by British and Indian civil servants, in effect a step-child within the colonial family.

<sup>5</sup> It is a 78-page document divided into a preamble, fourteen chapters and four schedules. For a brief and friendly interpretation of Burma's Constitution and Supreme Court, see Winslow Christian, in *Tulane Law Review*, Vol. XXVI, No. 1, December 1951, pp. 47 ff.; also Trager et al., *Burma's Role in the United Nations, 1948-1955*, Institute of Pacific Relations, New York, 1956.

guaranteed, but the state may expropriate with compensation. Land (which, as in the days of the Burmese Kings, is "ultimately" owned by the state) reform and distribution receive major attention. Essentially, the state "shall regard the raising of the standard of living of its peoples" as a primary duty.<sup>6</sup>

In short, the Constitution provided the legal sanction for the social and political philosophy of its originators. The sources of their philosophy are easy to find. These men, most of whom are still in active leadership today, regarded themselves then and now as radicals inspired by Burmese patriotism—symbolized by General Bandoolla, who fought nobly against the British in the First Anglo-Burmese War (1824–1826)<sup>4</sup>—by the republican and revolutionary traditions of the 18th century<sup>7</sup> and by the Marxist revolutions of the 19th and 20th centuries. They acquired the knowledge of such traditions as part of their English-language schooling in Burma. They shared, particularly after the depression of the early 1930's, the "peoples' front" orientation of several European Socialist and Communist parties. They appear to have ignored the significance of the Nazi-Soviet Pact, as they did the implication of the Japanese imperialist incursion in Manchuria and China in the early 1930's. China under both Chiang and Mao was and is a feared big neighbor. Socialist and Communist parties were not formed in Burma until well into World War II days, though there were individual avowed Socialists and Communists who worked together from the student strikes of 1936 to the Communist insurrection in 1948. One gets the impression in reviewing this period of Burmese history that the leaders were largely, to use an American analogy, "homespun democrats like Sam Adams,"<sup>8</sup> rather than "political thinkers like . . . John Adams."<sup>9</sup>

<sup>6</sup> See sections 23, 36, 41, 42, 44.

<sup>7</sup> Note U Nu's references to the American Founding Fathers in his speech before the Overseas Press Club, New York, July 6, 1955, and President Sukarno's speech in similar vein at the opening of the Bandung Conference in April 1955. See also Chester Bowles, *The New Dimensions of Peace*, New York, 1955, Sections V and VI.

<sup>8</sup> V. L. Parrington, *Main Currents In American Thought* (3 vols.), New York, 1927, Vol. II, p. 380.

<sup>9</sup> *Ibid.*, p. 393.

As indicated, the present system of government in Burma is a balance between the ideals of social justice and the economic purpose on which the present leaders had been nurtured throughout their struggle for independence. It is democratic in that in all its actions the government is responsible to popular will as expressed through freely elected representatives. In a sense it is even more significant that, between elections, all organs of government function on the principle of public accountability. A diligent and free press, for the most part privately owned, symbolizes this element of accountability.

The administrative system has been carried forward on prewar foundations, despite criticism, into the present. The additions to this structure are many, varied and not always in harmony. There is a major resolve to move away from the colonial survival of bureaucratic control toward a more democratic organization of society at both the national and local levels. This "devolution of power" is still in its early stages, but a start has been made. Essentially the Burmese are still feeling their way toward a harmonious blend of socialist economic direction of society with recognized forms of parliamentary democracy. Hence the insistence in Burmese political expression that Socialism must develop in harmony with, and must be adapted to, the Burmese environment.<sup>10</sup>

A principal aim of the government is to reconstruct the entire economic system of Burma. The aim, as expressed in a government publication in 1954, is "to create a new foundation for our new society, an economy capable of dynamic growth for the indefinite future."<sup>11</sup> The task is stupendous, for not only was the damage caused by war and insurrection thorough and extensive, but Burma does not yet possess the technical, administrative and financial resources necessary for

---

<sup>10</sup> See U Ba Swe, *The Burmese Revolution*, Rangoon, 1952, for a statement of this view.

<sup>11</sup> Pyidawtha, *The New Burma*, Rangoon, 1954, p. 12. "The New Burma sees no conflict between religious values and economic health. Spiritual health and material well-being are not enemies. They are natural allies" (p. 8). "We can blend successfully the religious and spiritual values of our heritage with the benefits of modern technology" (p. 10).



building a modern economic society. The equipment with which her people worked before the war was primitive. The few modern facilities she had (in oil refining and transportation) were managed and operated by foreigners, most of whom left the country after the war. Fortunately, the pressure of population in Burma is not heavy; the Burmese adapt themselves readily to using modern tools and machinery; her reconstruction, however much it has had to be slowed down, is being planned in terms of modern technology and science.

Two series of bombings, first by the initially successful Japanese, then by the ultimately victorious Allies; the costly occupation by Japan which treated Burma as an exploitable colony, draining her of surplus production and inflating and virtually destroying her currency; and the "denial" and scorched-earth policy practiced by both the Allies and the Japanese—all these caused Burma to suffer more than most countries during World War II. No adequate estimate of the total war damage has been made, but in the February-March 1954 session of the Burmese Parliament Finance Minister U Tin, a conservative figure in Burmese political life, estimated 829 million Kyats (about \$175 million) to be the cost "of the scorched-earth policy adopted by the British Government," and this only *at the commencement* of the war.

Burma's postwar recovery, despite the most dire predictions, was quick and encouraging. Her national income (estimated gross domestic product in 1947-48 prices) climbed from 61 percent of the prewar level (1938-39 = 100) in 1946-47 to 72 percent in 1947-48.<sup>12</sup> For the same years, total acreage sown climbed almost two million and agricultural production—the single most important factor in the overall economy—went from 56 to 77 percent of the prewar average.<sup>13</sup> J. R. Andrus, a former professor of economics at the University of Rangoon, writing just before the assassination of General Aung San, in July 1947, seems to have been justified in con-

---

<sup>12</sup> *Economic Survey of Burma, 1953*, Rangoon, 1953, p. 1. The government's financial year in 1938-39 was April-March. After the war it was changed to October-September.

<sup>13</sup> *Ibid.*, pp. 12-13.