TO

MY PARENTS
FOREWORD

The basic importance of the rice industry in the economic development of British Burma is, of course, not a new discovery. Lower Burma in particular was uniquely adaptable to expanding rice cultivation by reason of soil, climate, and seasonal rainfall. Evidence related to this significant aspect of Burma’s development can be found in the prolific reports prepared by highly literate officials of the Indian Civil Service. They contributed, especially after 1900, an enormous body of factual data bearing on the emerging situation. Annual reports of the departments directly involved with agriculture, labour, and trade were supplemented periodically by thoroughgoing reviews of important problems of agrarian development prepared by competent officials. The names of Baxter, Binns, Clayton, Couper, and Noel-Paton are representative of a score of such authors. Cheng Siok-Hwa has explored with meticulous care this enormous accumulation of information to produce a first rate account of the development of Burma’s rice industry. Under the category of Official Reports and Publications, the author has cited in her bibliography no fewer than seventy-six distinct archival series and individual items, in addition to related secondary works. Much that she uncovers is not startlingly new, but her picture is more detailed and a number of novel interpretations emerge. The account is fully annotated and supported by a wealth of statistical data illustrating many aspects of the situation, including distribution of land acreage and ownership, availability of credit and labour, plus methods of cultivation, marketing, and processing.

Among her many contributions is the evidence that shifting methods of cultivation were generally practised by Burmese peoples in pre-British times, not only among hillside (taungya) cultivators but also among valley dwellers as well. She explains
the brokerage system which expedited the purchase of paddy from the farmers and its delivery to the mills and various factors relating to changes in the location, ownership, and size of the mills. Traders, moneylenders, and shopkeepers usually doubled as brokers, while landlords functioned normally as both borrowers and moneylenders in financing the annual crops. The author also describes the chicanery which accompanied the customary use of paddy baskets of varying size in the absence of official regulation of weights and measures. Collusive buying methods of the larger English millers in pursuit of a standard low price for paddy were apparently ineffective much of the time. An exception was the Bullinger Pool project of the 1920's.

In a larger world context, the influence on South Asian trade of the opening of the Suez Canal in 1869 must be re-evaluated in the light of Dr. Cheng's evidence. The effects of the operation of the canal on Burma's rice industry were not immediately significant. Prior to 1869 and for a decade thereafter sailing vessels continued to transport most of Burma's 'cargo' rice (mainly unhusked) to the mills of England and Germany for final processing. Unmilled rice could not withstand the dampness of ships' holds for the duration of the long haul around Africa. The change came around 1880, when steamer transportation to Europe replaced the sailing ships. The eventual practice of shipping milled rice by steamer via the Suez Canal operated to shift the processing industry back to Burma, so that rice milling developed into an expanding enterprise. Prior to its absorption by India in 1886, the Burma Kingdom suffered a serious loss of cultivator population to British Lower Burma. Migration was stimulated by guaranteed freedom of passage, a twelve-year exemption from land tax obligations, and a five-year exemption from payment of capitation taxes. When this population movement began to subside in the late 1880's, the expanding labour needs for Lower Burma were supplied almost entirely by voluntary migration from India, stimulated by free passage and wage incentives. Direct competition between Burmese and Indian labourers developed after World War I, reaching its peak during the depression years. Racial tensions played an increasing role in the rising nationalist movement of the inter-war years among Lower Burma's peasantry. The same period also witnessed a substantial fall in real wages of Burmese labour, who could not
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compete with the maistry-operated Indian labour gangs, and also a sharp reduction after 1930 in the number of cultivator-owners of paddy land. Efficient Chettyar moneylender assistance to Burma's agricultural development was generously compensated, but it was far less predatory than competing indigenous and Chinese sources of credit. The generally recognized reasons for accumulating agricultural debt are here fully illustrated.

I first became interested in Dr. Cheng's research project in 1961 while both of us were working at the School of Oriental and African Studies of the University of London. The author submitted her findings as a Doctor's dissertation in 1963. Important among the research difficulties which now attend the study of post-war Burma is the absence of the wealth of source material data on which Dr. Cheng's study of the pre-war period draws so extensively. She has placed all students of Burma in her debt by this highly articulate and clarifying contribution to the country's economic history.

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PREFACE

This study of the rice industry of Burma deals only with the pre-war British period of occupation. The Japanese Occupation and the post-war years saw many changes, some far-reaching and cataclysmic, in the economy of Burma as a whole and in particular, in the rice industry which still is the most important industry both in terms of export earnings and proportion of total population working in the industry. Private enterprise during the pre-war period has given way to varying degrees of state control. Instead of large import-export firms buying rice through middlemen from the cultivators and milling and selling the rice to overseas buyers, the Government, starting with the British Military Administration and continued and expanded by the independent Burmese Government, buys paddy from the cultivators at fixed prices, assembles, stores, mills and sells rice to governments abroad, often on barter deals. Foreigners who played such important roles during the pre-war period in assembling, milling, marketing, moneylending and land-letting processes have mostly left the country. Instead, these functions are taken over by the Burmese, some in their private capacity, many as government servants and members of semi-autonomous bodies. Other changes are the nationalization of land, the greater role of cooperatives of every type and the improvement of tenants' position with regard to security of tenure and fair rents.

Many of these changes can be traced to the difficulties, problems and frustrations experienced by the Burmese during the pre-war period. Positive steps were taken to loosen the grip of the landlords, moneylenders and shopkeepers. Indian labourers are no longer found in large numbers due to strict immigration controls imposed by the Government and marked discriminatory treatment against them. The substantial profits of the rice trade
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are no longer remitted overseas but now accrue to the Government and to the Burmese themselves. Other changes were brought about by the events of the Second World War and the subsequent civil war.

Yet despite drastic changes many features of the old structure still remain. Rice cultivation is carried on with basically the same centuries-old labour-intensive methods. It remains the most important export commodity and is the main source of livelihood for the bulk of the population, in spite of Government attempts at agricultural diversification and efforts at industrialization. Attempts to improve rice cultivation follow lines laid down in the pre-war period: the encouragement of the use of better seeds by means of experimental and multiplication farms and the widespread dissemination of information; the awarding of prizes for crops and working cattle at agricultural shows; and the constant improvement and extension of irrigation and drainage channels. The 1948 and the 1952 Land Nationalization Acts, in practice, did little more than confirm sitting tenants on their farms. Many areas were exempted from the Acts and of the rest many holdings of sitting tenants were merely re-adjusted and only a minute proportion of the land was redistributed to field labourers and villagers who were not agriculturists. In so far as present cultivators are concerned the new factors which influence them most are the fixing of paddy prices, which are far below world prices; the lack of easily available credit sources comparable with the services supplied by the Chettys and other moneylenders of the pre-war era; the very few obligations in the way of rents and taxes since landlordism has been eliminated without entailing compensation on the part of cultivators (in fact no serious attempt was ever made by the Government to compensate the landlords); the very few kinds of taxes that are levied on cultivators; the difficulty of getting imported consumer goods which, together with the low paddy prices offered by the Government, act as disincentives; and last but not least, the generally unstable political climate which mitigates against rapid recovery and expansion.

For source materials the writer has depended heavily on government publications—annual reports of various Government Departments, Reports of Commissions of Enquiry and publications by Government servants. Unfortunately almost nothing can
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be found from commercial sources. The big British import-export firms have either wound up or have diverted their attention to other countries. For example, Steel Brothers, one of the biggest British firms in pre-war days now have few dealings with Burma and their very thin file on the Burmese rice industry is not of much help. Almost all their records which might be of use have been destroyed. The newspapers and the Annual Reports of the Chamber of Commerce are the only important non-government sources available to the writer.

This book is an amended version of a thesis submitted for the degree of Ph.D. to the University of London in 1963. The sources listed in the bibliography are found in the India Office Library, the British Museum State Paper Room and Reading Room, the Library of the London School of Economics and Political Science, the Royal Commonwealth Society Library, the Library of the Indian High Commission and the School of Oriental and African Studies Library. I am much indebted to the officials and staff of these libraries for their unfailing courtesy and willingness to help. I should like to thank Dr. J.A.M. Caldwell and Professor Hugh Tinker for their advice and assistance. Professor Ungku Abdul Aziz for his interest in this project, Professor John F. Cady for useful advice and for writing the foreword to this book, and Professor C.D. Cowan for his valuable suggestions, helpful criticisms and general supervision. It remains for me to mention my husband, Dr. Saw Swee-Hock, without whose encouragement, assistance and forbearance this book could never have been written.  

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