

AN INTRODUCTION
TO THE
POLITICAL ECONOMY OF BURMA

By

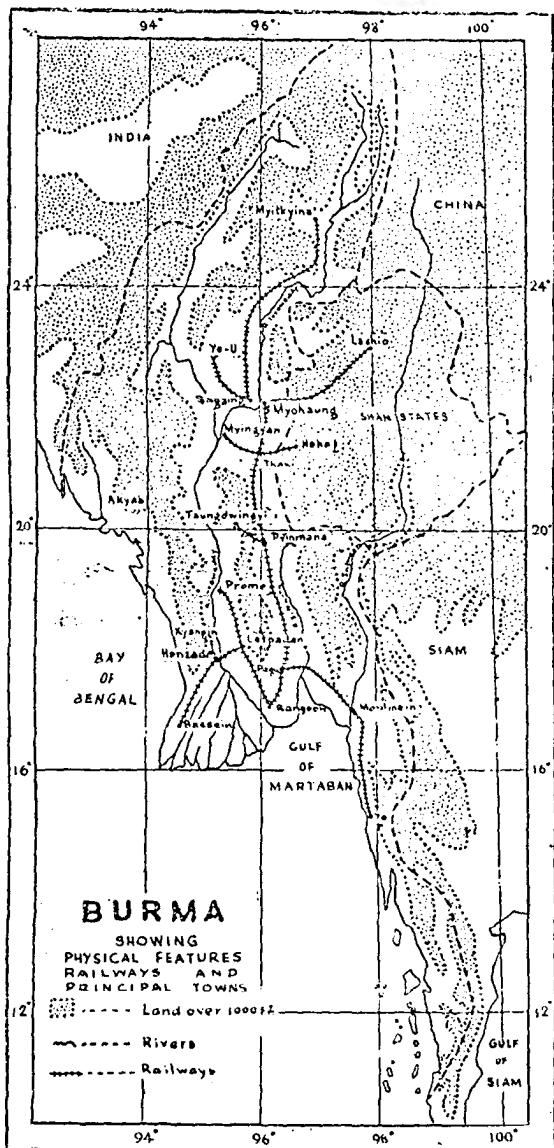
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(With a New Preface to the Third Edition)

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Map



BY THE SAME AUTHOR

THE FASHIONING OF LEVIATHAN
(Burma Research Society, Rangoon.)

PROGRESS AND WELFARE IN SOUTH-EAST ASIA
(Institute of Pacific Relations, New York.)

EDUCATIONAL PROGRESS IN SOUTH-EAST ASIA
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NETHERLANDS INDIA
(Cambridge University Press.)

COLONIAL POLICY AND PRACTICE
(Cambridge University Press.)

MAP OF BURMA
Showing Physical Features,
Railways and Principal Towns.

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PREFACE TO THE THIRD EDITION

It is now more than a quarter of a century since the first edition of this little *Introduction to the Political Economy of Burma* was published. Its primary object was to help Burmans towards a better knowledge of economic conditions in Burma and a clearer understanding of its economic problems. One lesson, standing out clearly from its pages, was that under foreign rule all social relations were dominated by the economic motive, the desire for material gain, continually pitting the individual against society, and that consequently the social order had disintegrated and Burma had been transformed from a human society into a business concern. As a business concern, Burma flourished. There was rapid economic progress and those who were making money, dazzled by the glitter, had no desire to look below the surface. In any form of social life economic considerations must have a place, a very important place; but not the first place. An attempt to construct human society on purely economic foundations is to build on sand, and any one who looked below the surface could see that the edifice, however imposing, was unstable. Nationalism in Burma was then taking shape as a natural human reaction towards restoring social order by re-building the nation. Only by co-operation in this endeavour could western interests in Burma be established on secure foundations. Accordingly the preface to the first edition made an appeal to Europeans, and especially to the British

Government, to accept the rebuilding of the nation as a worthy task, right in principle and therefore sound in economics.

The most formidable obstacle was the attitude of the leaders of big business, doing very well in Burma as a business concern, and narrowly intent to safeguard their supposed interests by opposing nationalism. Without their goodwill and active co-operation, no project of rebuilding Burma as a nation could attain fruition under British rule, and merely political reforms encouraged dangerous illusions. But the inevitable alternative, as I ventured to predict, was, sooner or later, the end of British rule in Burma, followed by a period of anarchy, more or less prolonged and eventually perhaps, the incorporation of Burma in China. Now, within a much shorter period than could then be foreseen, the prophecy has been partly fulfilled. Burma has regained its independence and it might seem that there is no longer any need for this account of the political economy of Burma under British rule. What is needed now, and badly needed, is an introduction to the political economy of independent Burma. But that is a task for a younger man. However the People's Literature Committee have asked for permission to reprint the book, and I have not unwillingly complied with a request so flattering to the vanity of an author.

Perhaps, however, the book may not be completely out of date. For the governing factors in the political economy of Burma to-day are the same as they have always been; they are inherent in its physical, political and economic geography. The situation of Burma, shut in between the mountains and the sea; the racial kinship between the indigenous peoples; and the complementary diversity of its natural products in different regions, with the delta providing rice in exchange for the oil-seeds, pulses and cotton of the dry zone, and with timber and

minerals in the frontier hills available for both, all point to the destiny of Burma as the common home of Burmans* in a united nation comprising Burmese, Chins, Kachins, Karens, Kayahs, Shans and all the other indigenous inhabitants together with those, partly or wholly of foreign origin, who elect to enroll themselves as citizens of Burma. But the achievement of national unity is only one aspect of national policy in Burma. The mountains and the sea which bring the people of Burma together within their confines serve also to seclude them from the outside world. Yet Burmans cannot lead a healthy national life in isolation from the outside world. It is a law of political as of natural evolution that organisms which keep themselves to themselves survive if at all only as freaks, museum pieces, until, on exposure to the stress and pressure of the outside world, they break down and disintegrate. Here then is the second objective of national policy in Burma, complementary, though in some manifestations, superficially regarded, contradictory. National policy should be directed towards consolidating national unity, but also towards enabling Burma as a national unit to discharge its responsibilities in the world community of nations; it should encourage Burmans to look outside the little world of Burma and to realize that, as citizens of Burma, they are citizens of a larger world, for this is a condition of the survival of Burma as a nation. Potential unity and actual isolation have been the lot of Burma in the past. It is against this background that the political economy of Burma has taken shape, and the problems in the political economy of Burma at the present day have their roots in the process of its social and economic evolution. If this little book helps to give Burmans a

* It is convenient to denote all Burma nationals comprehensively as Burmans, reserving the term Burmese for those who speak the Burmese language as their mother tongue.

clearer picture of the past, it may also help them towards a better understanding of the present. Perhaps this is all that need be said by way of preface to this new edition. Yet some readers may welcome an attempt to recapitulate the argument and to re-state the problems in closer relation to conditions at the present day.

From the earliest emergence of Burma within its natural confines as a nation 900 years ago under the king known to modern Burmans as Anawrahta up to the reign of King Mindon in the later nineteenth century, the rulers of Burma stood aloof from the outside world and looked for safety in seclusion. Under their rule Burmans created a distinctive civilisation with many pleasant features. Founded on Buddhism as interpreted by the genius of the people, its outstanding achievement, unparalleled at any time among any people, was the system of national education *on a voluntary basis* in the monastic schools where all the boys could learn, not merely their letters or how to make a living, but how to live as members of the national community. (It is instructive to note that when British educational officials first visited Mandalay, they found Moslem boys among the pupils in these monastic schools.) This system ensured widespread literacy, mitigated class distinctions by bringing rich and poor together, and opened even to the poorest prospects of advancement to the highest posts. Although its primary function was to perpetuate among successive generations the principles of Buddhism, it was one cause for the stability and permanence of Burmese civilisation, and it cemented national solidarity as widely as the influence of Buddhism extended. Other notable features of social life in Burma were the high legal and social status of the women, the general distribution of the land among peasant proprietors, and the harmonious relations between Church and State. No less important in the political economy was the strength of local autonomous institutions. But this was the reverse

aspect of the feebleness of the central government, which had practically no military force at its command and ruled the country indirectly through local chieftains whose personal authority was bounded by, as it was based on, custom. In many ways Burmese civilisation resembled that of mediaeval Europe before the force of custom had been challenged by the modern spirit of rational enquiry. But it was far narrower; for the policy of seclusion debarred Burmans from foreign trade and precluded the growth of a mercantile marine and of modern enterprise. In general, Burmans enjoyed a modest comfort, sufficient by oriental standards, but they failed to develop their forests, mines and oil fields, or even their fertile soil further than was necessary for domestic requirements. Consequently when strangers, able to make better use of their natural resources, demanded admission they were incapable of effective resistance. The policy of seclusion led inevitably to the forfeiture of independence.

The British power in India was the instrument of fate. The need for political security along the frontier and the drive to find, in Burma and through Burma in China, new markets for the mass products of the industrial revolution, took effect during the nineteenth century in the piecemeal absorption of Burma in the Indian Empire. The main object of British policy was the development of the material resources of Burma through trade and economic enterprise. But there seemed little to be made out of the remote and scantily populated tribal hills, and an elaborate system of administration would have been too costly. The easiest and cheapest way of ruling a conquered people is through their own chieftains, and it was this system of indirect rule that the British government adopted. It had the further advantage of separating the frontier peoples from one another and from the Burmans in the plains and thereby dividing the elements of potential opposition, and enabling the British

government to proceed in greater security with fostering commerce and industry in Burma proper.

Here Burmans had to suffer the consequences of their former self-sufficiency. Because they had never possessed a mercantile marine, all the shipping that entered the ports was owned and worked by foreigners. Because they had no experience of foreign trade, they did not know where or how to sell their products or where or how to buy goods in exchange for them, so that foreigners controlled all the foreign trade both in exports and imports. Commerce and industry had never been organized on modern lines in Burma and Burmans knew nothing of steam-power and machinery, so that the whole economic apparatus of the country took shape under foreign control. It was not merely controlled but was operated by foreigners, for Burma was conquered from India, and India could supply technicians and mechanics and an abundant supply of cheap and docile labour, accustomed to work with Europeans. Even if there had been no other obstacle, Burmans were shut off from the new economic system by the barrier of language. In all that was distinctively modern in the economic life of Burma, Burmans had no part. Shipping and foreign trade sprang up, the forests, mines and oil-fields were developed, but in all these developments Burmans made no greater progress than under their own kings. The material resources of Burma were developed, but not the human resources ; on the contrary, through the replacement of domestic products by imported goods, the economic activities of Burmans instead of expanding were restricted. Burma was thrown open to the world, but the world was not opened up to Burmans, and the faster that development proceeded the further Burmans lagged behind, for which a younger generation devised the catchword *auk-kya*, *nauk-kya*. Meanwhile, in rural areas among the great mass of the Burman population, life seemed to go on

in much the same way as before, but the towns were foreign enclaves.

This lop-sided method of development had profound reactions on the political economy of Burma. The influx of foreigners and their control over economic power served to counter balance the numerical superiority of Burmans. The government could look for their support against Burman disaffection and was therefore less dependent on armed force for the maintenance of order and need pay less regard to Burman interests and feelings which might have checked the pace of economic progress. A still more important consequence was the type of society that development created. There was a sharp cleavage between the Burman element, rural and agricultural, and the foreign element, urban and commercial or industrial. Moreover the foreign element was by no means homogeneous. There were three major groups; European, Indian and Chinese, and each major group comprised numerous sub-groups, each with its own special economic function like the different kinds and grades of labour in a factory. Each group had its own separate and characteristic way of social life in which the others had no share; Europeans would not mix with Eurasians or these with Indians; Hindus would not mix with Moslems and neither with the Chinese, and similarly the sub-groups, the Hindu castes and Moslem sects and Chinese clans kept themselves to themselves. Within each group and sub-group economic considerations held a secondary place; but they were the only considerations appealing to every one and therefore, among the groups and sub-groups taken collectively, they held the first place. The type of society which development created was a *plural society* consisting of several groups living side by side but separately, not united for the common welfare or for any common end but divided from one another by the common desire for individual profit. In such a society economic relations

predominate over all other aspects of life; it is inherently "unstable" and, unless held together by some master force, must founder in anarchy.

~~THE~~ A system of indirect rule sufficed to maintain order in the unprofitable frontier hills. But in the plains, for the promotion of trade, the exchange of British goods especially cotton piecegoods, for the produce, especially the rice, of Burman cultivators, in transactions regulated by western law, it was not enough to enforce order through the authority of local chieftains; order had to be reconciled with law. The maintenance of law and order required a system of direct rule with a new type of administration based on law, and this involved the transformation of the former social and economic structure.

Direct rule based on law created a demand for Burmans capable of applying western law and western methods of administration. This gave birth to a new type of school which specialized in meeting the demand; lads educated in these schools had better prospects of securing well-paid jobs. Formerly education in Burma had been a social asset equipping the pupils to lead a better life as Burman Buddhists; now it became an economic asset, a means to make a better living. It was generally agreed that the monastic schools were superior in training character, but this could not be tested by examinations or rewarded by standardized diplomas. The wealthier and brighter boys attended the new schools which would qualify them in less time for better jobs, while the monastic schools deteriorated, and education, formerly the strongest cement of social unity, became merely an instrument of economic progress. Another consequence was a change in the social structure by the emergence of a class division with a gap between the "intelligentsia" and the mass of the people whose horizon was limited by the vernacular. One difference between education as a social asset and as an economic asset is apparent in the

circumstance that formerly the more boys who went to school the better, whereas on the new system the more who went to school the greater difficulty they had in finding jobs, and the less they need be paid, and in course of time over-production of educated unemployables became a serious educational and social problem.

For some time, however, social life in the villages seemed to go on in much the same way as before. But this was an illusion. Formerly social life had been governed by custom, which protected social welfare against individual acquisitiveness, and especially it protected the cultivator in the profit of his labour, and the possession of his land. Such customs hindered economic progress. Western law on the contrary was an instrument of economic progress by favouring the assertion of individual rights without regard to their effect on social welfare, so that, with the introduction of western law, the cultivators lost the protective shield of custom and, as the land passed into the hands of merchants and money-lenders, the peasantry were converted into an impoverished landless proletariat. While the rule of custom prevailed, Burmans took their disputes before tribunals which endeavoured to settle the issues by a compromise so far as possible acceptable to both parties; but in western courts cases were settled according to the letter of the law, and law superseded justice. In early days Burmans were usually content to abide by the decision of the village elders; not unnaturally, however, foreign money-lenders and other strangers preferred the western courts where they could obtain satisfaction in the strict terms of their contracts, with the result that in this, as in other matters, local autonomy decayed. So far back as 1886 the disintegration of social life under British rule was one ground on which Crosthwaite justified the introduction of the village system of administration under a village headman appointed by the Deputy Com-

missioner; but the remedy aggravated the disease which it professed to cure, for it intensified centralisation by linking up the village with the central government and transforming it from a nucleus of social life into an instrument of administrative policy. The effect of "these changes" was manifested in the ominous and irrepressible growth of violent crime which showed that, despite the strength of government, anarchy was not far below the surface.

Economic progress did not merely sap the force of custom as the guardian of social welfare; with the increase of population and other changes it gave rise to new conditions outside the sphere of customary social life. Immigrants figured largely in the new population and among these the Europeans demanded a much higher standard of welfare than Burmans, while the preponderant mass of Indian coolies were content with a far lower standard. Public health required provision along western lines for conservancy, water supply and lighting, for hospitals and for protection against smallpox and other epidemics. Accordingly the Government created municipal committees which were designed on western lines. But few people, outside the European section appreciated the need for such amenities. They wanted wrist-watches and fountain pens, but they resented the social discipline required for better drains. In the West people *want more than they need*, but in Burma, as in other tropical lands which do not yet accept the social standards of the modern world, they *need more than they want*. In the West the function of local bodies is to give the people what they need and want; in Burma their function was to supply what they needed but did not want. There was no correspondence between form and function, and local government was, in practice, merely an extension of the central government, a further stage in the process of centralisation. Local institutions on western lines were based on the

absurd assumption that people of their own accord would do and pay for what they did not want. Despite numerous devices intended to ensure the adequate discharge of the responsibilities nominally imposed on them by the central government, the natural consequence of this anomaly was the corruption and inefficiency, exposed and condemned in a review of the former system by the Government of Burma in Simla during the Japanese occupation.

Another device for coping with the changes consequent on economic progress was the creation of special departments to cope with newly emerging needs. The educational machinery of Burma had been adjusted to supply the judges, magistrates, police and revenue officials required for the basic needs of general administration; but it did not train men for staffing the specialist departments. In most of these auxiliary services special training was more important than a knowledge of Burma, and for many reasons it was more convenient and less trouble to import a foreign staff than to train Burmans. The Indian connection made this possible and consequently these specialists, the doctors, engineers, and so on, were predominantly if not exclusively European or Indian. There was no demand for Burmans in these services and no opening for them, and consequently the educational machinery made little provision for training them and continued in its former narrow groove. Although from the earliest days of British rule the lack of Burman doctors and engineers was frequently deplored, the economic pressure to employ foreigners instead of training Burmans could not be resisted. Officials in the specialist departments knew their own jobs, but they did not know Burma or the work of other departments. The natural result was departmentalism, with the officials of each department doing their work in departmental blinkers and unable to take a wider view. For this the only remedy was co-

ordination. Much of their work required the co-operation of the people if it was to yield satisfactory results, but contact with the people was hindered by their insufficient acquaintance with the language. Also they could not easily make contact with the people except through the local sub-ordinates of the general administrative service, and over these they could exercise authority only through the Deputy Commissioner. Thus they were largely dependent on the goodwill of the Deputy Commissioner, and he was expected to keep in touch with them as the local agent of the central government. But he had no authority over them, and the effective co-ordination of departmental activities was not possible within the district. Departmental authority was vested in the Director at the headquarters of the government, and for most innovations he required the approval of the secretary to Government in charge of his department, while co-ordination between separate departments required the approval of all the secretaries concerned, including the secretary in charge of general administration. Thus the creation of new departments to discharge special functions resulted not only in departmentalism but in more intense centralisation. And at every stage traversed by any proposal for reform, it was liable to be rejected either on the ground that it conflicted with some precedent or that it was unprecedented. The mills of government ground slowly and uncertainly.

The final obstacle, however, to the success of projects for improving welfare was the difficulty of obtaining the co-operation of the people. They might accept, out of politeness if not out of conviction, the suggestion that better health depended on better sanitation, but when the sanitary inspector came to clean up their village, they would pay him a trifle to hold his nose and pass on to the next. The effective promotion of welfare involved the acceptance of new social discipline, and this required personal influen-

ce and the human touch. In the tradition of British Indian administration the district officer was supposed to meet this requirement as the "father and mother" of his district, and even at the end of the nineteenth century this conception of district work still inspired the romantic imagination of Kipling. But his fancy picture bore no relation to the facts. The exercise of personal influence was impossible under a system where every official was liable to frequent transfers at short intervals, and this had long been recognized as undesirable but also unavoidable. The alternative, as explicitly stated in the Administration Report for 1889-90 was to devise an administrative system that, so far as possible, would function mechanically without regard to changes in the personnel. (A few years later this doctrine of the mechanical interchangeability of parts was carried to the length of posting in two successive years newly recruited Indian members of the Civil Service to Burma, where they were not wanted and did want to serve). The efficacy of personal influence still survived as a popular superstition, but the ideal of mechanical efficiency was in line with current doctrines regarding the rule of law; though it implied the abandonment or frustration of projects to enhance welfare except so far as they were instruments of economic progress, and it left the guidance of the administrative machinery to the constant pressure of economic forces.

In the early years of British rule the policy of *laissez faire* was accepted without question as a sufficient guarantee of economic progress, and administrative activities were confined, so far as possible, to the maintenance of law and order and the collection of sufficient revenue to meet administrative charges, leaving non-officials, the merchants, cultivators and others, to develop the country and divide the profits in accordance with the economic principles of supply and demand. The course of economic progress demonstrated however that

development required the intervention of the government in the interest of efficiency. In both the early and later stages economic progress was regarded as a sufficient guarantee of general prosperity, and Burmans who did not share in the general progress merely illustrated the survival of the fittest and they got as much as they deserved. This comfortable doctrine however overlooked the fact that, under the rule of law, except so far as it is overruled by human will, the survival of the fittest means the survival of the cheapest, and those who preached it managed to close their eyes to facts which exposed it as a fallacy. For example, we are told in the comments on the condition of the people in the Annual Administration Report for 1906-07, that "the increasing wealth and prosperity of the country are undeniable, and are reflected in the material condition of the people"; yet the same paragraph, without noticing the apparent inconsistency, refers to "the slough of debt in which many of them are sunk".

Yet Burmans could learn much from British rule. It endowed Burma with the administrative machinery of a modern State, and taught Burmans how to work it. It provided Burmans for the first time with an example of a civil service organized on rational utilitarian lines for the purpose of giving effect to the policy of the government. The administrative civil service had three characteristic features. It was closely centralized, with each official deriving his authority through his immediate superior and so on through a chain of officials up to the head of the government; it covered the whole country in a territorial organisation with a civil servant as the agent and representative of the central government in each territorial subdivision; and—the most significant departure from the Burmese system,—the relations between officials and the people were no longer loosely regulated by indefinite custom, but every official was subjected to the

ordinary law in all his activities. British rule also introduced Burmans to the idea of law as a general command, to the device of a legislature as an organ for making laws, and to the conception of a judiciary, independent of the executive government, as an instrument for interpreting and administering the law. The administrative machinery was devised as a steel frame for the maintenance of law and order in the interest of economic progress, and the law which it administered functioned as an agent of economic forces; but both the law and the machinery were capable of adaptation to safeguard and promote national welfare, and must almost certainly survive in some form as valuable and permanent contributions to the national life of Burma. British rule also, though in a later stage, introduced the forms of representative institutions on the lines of western democracy as understood in England. They had little relation to the functions of government under British rule, and they undermined executive authority without providing any effective substitute. Economic power rested with the foreign minority and military power with the British government and, unless backed by economic and military power, votes have little value, so that the forms of democratic self-government encouraged a dangerous illusion. Under these conditions western forms of democratic self-government could not work satisfactorily, yet Burmans learned how to use them and also how to misuse them, and both these lessons should be of value in a government resting on more secure foundations.

One important part of the machinery of British rule has not yet been mentioned; this was the armed force on which in the last resort its security depended. As the elements of potential opposition were divided and the people were disarmed, no great force was necessary. But there was a garrison of British and Indian troops, supplemented by small detachments of the minor races from

the hills who could be used to suppress trouble in the plains. In the event of serious trouble this small garrison could be reinforced from India, as happened in 1886 and 1931, and behind it lay all the might of the British Empire. Ordinarily however, it sufficed for the maintenance of order without the use of force. The foreign garrison was necessary because the fabric which it held together was fundamentally unstable and could not stand without support. Stability might have been achieved by aiming to re-build Burma as a united nation capable of independence in the modern world, but a political structure erected on principles valid solely for a business concern must eventually collapse; the only questions were when and how, and what would follow.

It was the world war that provided the occasion, and the Japanese who struck the blow. The Burmese Government set up by the Japanese under Dr. Ba Maw promptly and with general approval wiped out the democratic facade that had decorated the later years of British rule, but the administrative machinery proved its value as the agent of the new government, and Burmans gained new experience in handling it because they took the place of the Europeans who had formerly held all the higher posts. More important however than changes in the form and machinery of government were the changes in the environment, by which it was conditioned. Practically all the capital assets of the economic system were destroyed by the military operations and by the scorched earth policy adopted by both sides; but the Europeans and Indians who had formerly managed and owned all the modern equipment had now gone away and the Chinese were lying low. This created a vacuum which was filled, even if tenuously, by Burmans, who now for the first time had a chance to show what they could do, and managed with more or less success to handle the remnants of the economic apparatus that had escaped destruction.

Also for the first time, they, had a chance to build an army which they could use against foreign rulers. Perhaps however the chief contribution of Japanese to the political economy of modern Burma was the reaction against it that brought the peoples of Burma together in a common national repudiation of all foreign rule. Dr. Ba Maw looked to national unity as the only means of effective resistance against the Japanese, but his premature attempt at unification by obliterating all local and racial distinctions showed that union must be achieved by other methods. Experience of dictatorship encouraged a preference for democracy, and the arbitrary methods of a police state taught the potential value of the rule of law; the key to unity was found in anti-fascism. Another consequence of Japanese rule was the growth and spread of communism. Shortly before the war some Burmans had begun to study communism as a means of liberation from capitalist imperialism, and a few called themselves communists. When the war reached Burma these took the side of Russia and headed the resistance against the Japanese, with increasing influence as the resistance movement gathered strength.

The end of the war brought back the British Government unchastened by experience. Belief in the unrealistic and immoral doctrine that economic progress, material development, is a sufficient guarantee of general prosperity still prevailed in influential quarters, though there was less confidence in its compatibility with political institutions on a western pattern. These views found expression in a foolish attempt to re-construct pre-war Burma as a business concern managed by foreign capital and enterprise, but without the pre-war quasi-democratic trappings. As could have been foretold, this policy consolidated and further inflamed national sentiment. If for no other reason it was bound to fail, as Indian troops were no longer available to man the garrison and British

troops, even if available, were far too costly. Yet, before it failed, it furnished Burmans with two instructive object lessons in political economy. In order to resume operations the pre-war firms had to find capital to replace the assets which had been destroyed. Formerly most of the capital had been set aside out of profits, but now it would have to be raised in the open market to finance ventures that, on political and economic grounds, were speculative. Some of the leading firms invoked the assistance of the government in raising the capital and in providing the facilities that would enable them in due course to resume operations profitably. The government accordingly participated in their enterprises and this seemed to justify Burmans in their belief in socialism and showed them how socialist theories could be applied in practice. The second object lesson was perhaps even more valuable. Aung San, the foremost Burman leader, was quite willing to co-operate with the government in the rehabilitation of Burma as an independent country, but when his offer was rejected, he proved that a government which would not accept his help could not govern effectively without it. The device which he adopted was the Marxian expedient of a general strike, and the prompt surrender of the government demonstrated its efficacy. But it was a weapon that might be used against any government. Aung San hoped to obtain independence by negotiation with Britain. There was a danger that the communists would use direct action to frustrate the negotiations or to control the government after the attainment of independence. Aung San was the most prominent figure in the Anti-fascist People's Freedom League (AFPFL), which had grown out of the resistance movement and included a communist element. The communists were intriguing for control over AFPFL but on a trial of strength they were expelled and the other leading members accepted the principles of democracy and socia-

lism. These were the principles to which the leaders of Burma were committed when it attained independence on 4 January, 1948.

This outline of the social and economic evolution of modern Burma may help to clarify the problems with which Burmans were confronted. Few people then appreciated, and many still do not appreciate, the appalling obstacles which had to be surmounted. There were innumerable urgent problems and, on a rational analysis, all the weightier and most urgent problems seemed insoluble. They may be grouped under five heads: political, economic, social, administrative and military. Let us glance briefly at some of the more important.

The political problems were both domestic and international. The basic problem was the consolidation of numerous groups with little in common except their dislike of foreign rule and, with the attainment of independence, this link between them was severed. Some features of the situation were not unfavourable. There was no cleavage between capital and labour, for there had been no Burman capitalists and, except in agriculture, no Burman labour. And there was no sharp opposition between rich and poor, because no one, by western standards, had been rich, and no one, by oriental standards, miserably poor. There was no class division in the usual sense for, except among the frontier tribes, quasi-feudal survivals had been obliterated under British rule, reducing all to one dead level, though a division somewhat along class lines had grown up between officials and non-officials, coinciding to some extent with division between those with an English education and those literate only in the vernacular. National unity was imperilled however by the still imperfect sympathy between racial groups whose primary allegiance was to their own ethnic and tribal unit rather than to Burma as a nation. Similar to this in some respects was the cleft along ideological lines between those who accepted and

those who repudiated communism. The danger from racial and group antipathy in general was aggravated by the general disintegration of society, relaxing all restraints on lawlessness except the firm hand of authority. Under British rule the impotence of law to check it had been demonstrated by the steady growth of crime. Disintegration had been carried further under the Japanese, but their summary method of dealing with the consequences seems to have been more effective than the rule of law; in the towns, at any rate, it was said that one could sleep with open windows. But crime had reached a new high level under the British restoration. One feature of the situation was that racial or communist leaders could easily degenerate into dacoit gangsters, and dacoit gangsters could find a respectable colour for their depredations. Also the old tradition of personal authority in social relations probably facilitated the formation of dacoit gangs. In a land where social ties had been dissolved and a foreign garrison had been the only safeguard of authority, an eruption of criminal gangs was the natural consequence of the withdrawal of the garrison. Domestic political problems were further complicated by the external situation, as the national leaders, with no experience of international affairs, except to a very limited extent in the different conditions of the Japanese occupation, had to pick their way delicately along the perilous border-line between the rival power blocs of East and West.

The economic problems, however, were far more difficult and complex. There was no key to their solution in the ordinary text-books, for economic textbooks are written for an ordered society in the industrialised environment of the modern western world. In Burma there was no stable social order and no industry, and the economic problems were peculiar to the social and economic conditions of Burma; they were problems in political economy rather than in economics: how, in the social

and economic conditions of Burma, to expand production; how to hold a due balance between production and consumption; how to devise machinery for the enhancement of social welfare, and how to induce the people to take advantage of their new opportunities of welfare. These were the main economic problems, of infinite complexity yet of urgent importance, for which workable solutions had somehow to be improvised. Closely linked up with these were the problems of adapting the administrative machinery to the performance of these new functions and making it strong enough to perform them.

Although the productive capacity of Burma had been so severely damaged by the war, the population had been growing; with more mouths to fill there was less food to fill them. There was an urgent need not only to restore but to increase the pre-war volume of production, and this would require a large expenditure of capital. To many people it seemed that lack of capital was the chief obstacle to the increase of production, as it would not be readily forthcoming. Normally production yields more wealth than it consumes. The surplus wealth can be wasted, or spent unproductively or hoarded, but it only becomes capital when it is employed for the further increase of production. Formerly cultivation had been almost the only directly productive activity of Burmans and, as little, if any, of the surplus produce remained with the cultivators after the payment of rent and other charges, they had no margin left for saving. Burmans who by any means accumulated wealth might use it to buy land, but the mere transfer of property did not increase production. The restoration to the cultivators of the lands which they had lost for debt might increase or might diminish the total volume of production, but the net effect in either direction was likely to be insignificant. During the past seventy years cultivators had brought millions of acres under cultivation with their own or borrowed capital and

one obvious method of restoring production was to reclaim the vast area of land that had relapsed into waste during the Japanese occupation, but this involved numerous technical difficulties. And the improvement of agricultural production otherwise than by extending the area under cultivation was even more difficult. In any case, agricultural production would need to be supplemented by industrial production, and many Burmans and also foreigners looked mainly to industrialisation as the best way to increase production.

Many people regarded the acquisition of the existing foreign enterprises as obviously the first step towards industrialisation. There was room for discussion whether compensation should be paid; how much, if anything, should be given, and how payment should be made. These discussions were rather academic, for the fact was that, even if taken over without paying compensation, Burmans could not manage them or operate them. The fundamental obstacle to industrial expansion was not the lack of capital but the lack of human resources—of manpower. Before the war, large scale enterprise and modern business had been in foreign hands; the direction and management, the technical staff and practically all the skilled and unskilled labour had been foreign; this was the natural consequence of allowing freedom to economic enterprise without regard to national interests. In the larger firms the European staff had been carefully selected from a wide choice of well-qualified candidates who had all grown up from boyhood in an environment of modern industry and commerce; through long service they gained experience which equipped the more competent to become departmental heads, from among whom, by the survival of the fittest, the general manager was chosen. Even the general manager received instructions and advice from the Board of Directors in England. The technical staff had their diplomas or degrees when first appointed, but

these only qualified them for junior posts and they had to learn their job under senior technicians before rising to the higher ranks. The labour, skilled and unskilled, predominantly if not wholly Indian, had long been inured to industrial routine and discipline. It was impossible for Burmans to replace them. The available labour supply in Burma was accustomed to the seasonal routine of agriculture and could not take readily to the daily drudgery of industry. There were few or no technicians qualified even for appointment to the lowest posts, and, because previously there had been no opening for scientists, few people had even received an elementary training in science, and there were few teachers in any branch of science. There was no one with managerial experience in modern business and, except for a handful of civil servants and lawyers, few Burmans had ever visited the West or, indeed, been outside Burma except possibly on pilgrimage to the Buddhist shrines in India. One could reasonably expect that in course of time Burmans could prove capable of managing and operating modern business efficiently, but one could not reasonably expect them to acquire the requisite experience and to build up an efficient business system in less than a full generation.

The situation in Burma was far worse than in Russia, China, India or even than in Indonesia and other countries of the Tropical Far East. In other lands there were at least a few people with some experience of the modern world, and foreign enterprises had not, as in Burma, found it profitable to employ foreign labour. Burma needed capital, but the amount of capital it needed was limited by the lack of man-power to use it profitably. Enterprises in Burma, unless adequately equipped with managerial experience, technical staff and industrial labour could not be so efficient as similar enterprises abroad and, except where Burma enjoyed outstanding natural advantages, were likely in the initial stages to be unprofitable and to

diminish rather than increase the net volume of production. But people outside Burma could not readily appreciate the limitations to the profitable use of capital in the lop-sided economy that Burma had inherited, and Burmans, deploring their industrial backwardness, were under a temptation to minimize the obstacles to rapid progress. The destruction of capital by the war was notorious, but the shortage of man-power was less readily apparent, and there was a natural tendency to over-emphasize the need for capital. But, however much capital Burma could save or borrow, there were limits to the amount which it could profitably absorb, and a surfeit of capital beyond the amount that Burma could digest would result in economic indigestion. For much the same reason there were limits to the profitable employment of foreign experts, and to the benefit which could accrue from the training of Burmans in foreign lands. Burmans sufficiently well-qualified to continue their studies abroad could obtain the degrees or diplomas that qualified them for advanced work, but there were not, as in the pre-war foreign enterprises, seniors to teach them how to utilize their training. The rapid expansion of industrial expansion in Burma was certainly desirable. But every item in the equipment for expansion had a scarcity value and attempts, whether by the injection of capital or otherwise, to force the pace of development beyond what was reasonably practical would aggravate the scarcity, enhance production cost, reduce the general level of efficiency and endanger the stability of the national economy.

The rate of industrial development was limited by other factors as well as by the shortage of man-power. Economic development does not ordinarily yield an immediate return. For example, most projects require preliminary expenditure on buildings. The labour employed on the buildings must be fed and clothed, but the buildings do not add to the quantity of food and clothing.

Consumption expands with no corresponding expansion of production and, with a smaller margin between production and consumption, the surplus available for capital formation is diminished. Also the labour on the buildings must be paid, and this brings more money into circulation for the same quantity of goods, with the result that prices rise. This trend may be checked by increasing the production or import of consumer goods, but the imports must be paid for out of current or future production. Some of the most useful and remunerative projects would yield no return for a long period, increasing the strain on the economy, which must be relieved by increasing the supply of consumption goods even if this retards the progress of industrial expansion. One problem therefore in the process of industrialisation is to hold the balance between long term-investment and the output of consumer goods.

One form of long term investment is expenditure on social welfare. Better health and better education ought to give returns in the increase of production, but ordinarily a generation must elapse before they yield their fruit, and even then it is difficult to trace the connection between particular reforms and their result. Whether successful or unsuccessful, however, welfare projects have a direct bearing on the rate of economic progress because they compete with economic projects in the demand for the scanty supply of man-power. Hospitals and factories alike need men with a training in natural science. Better sanitation creates a demand for sanitary inspectors as well as for sanitary engineers. Engineers and architects are needed to build factories, but they are needed also for hospitals and schools. If the human resources available for the promotion of national welfare are to be utilised to the best advantage there must be close correlation between the demand on them for economic progress and for social services. Economic planning is dangerous

unless it is conceived as one aspect of national planning, and in national planning one of the major problems is the adjustment of the competing claims of progress and welfare.

Yet unless the people take advantage of the new machinery for promoting welfare, the more costly and elaborate it is, the more money and labour will be wasted and even the stingiest allotment for welfare will be extravagant. In the last ten years before the separation of Burma from India there was great activity in providing vernacular schools and training teachers, but the great majority of the children still left the government vernacular schools, as they had always done, from Standard II or earlier; they acquired no more book-learning than in the monastic schools and in other respects the training was less comprehensive. There was an increase in the enrolments in infant classes and Standard I but, as noticed in the Campbell Report of 1936, this "represented a gross increase of waste of teaching energy and public funds". The system of vernacular education had been the brightest feature of Burmese rule; but in the latest years of British rule, according to the same report, it showed "a picture of almost unrelieved gloom. Formerly the people *wanted* to send their children to the monastic schools and maintained the schools at their own charge with no grants or aid from government. If there is to be any great increase and improvement in new Burma, it is not sufficient to supply schools and teachers; the problem is to cultivate a demand for them. The same problem exists in all aspects of the promotion of social welfare and it points to the need for a new type of local government, which shall not be merely an instrument for giving effect to the policy of the central government.

An active policy for the enhancement of welfare must certainly demand a considerable enlargement of the administrative machinery and so also will the measures required

in connection with international relations and economic progress. This imposes still narrower limits on the rate of economic development, for the inadequate supply of human resources must be stretched still further, and the supply available for industrial development proportionally contracted. And one factor in the new situation was that the machinery for the maintenance of law and order was seriously depleted. The extent of the depletion of the superior services can be illustrated by a comparison of the Quarterly Civil Lists for October, 1947, and April 1948. In the October list there were 99 members of the superior administrative Civil Service, the "steel frame" of British rule. By April 1948, 71 had retired or were on leave preparatory to retirement; out of the top 50, two-thirds had gone, and of the top 25 only 4 remained. In the Police Service, so essential for the maintenance of order and the prevention of crime, only 6 officers were left out of 37 holding the rank of District Superintendent or higher. In the Frontier Service, responsible for administration in the tribal hills, there was almost a clean sweep; out of 62 officials only 9 were left. An outside observer might well have thought that, with only this shattered remnant of the former machinery surviving, the whole administrative organisation would certainly collapse. But a reserve was available in the locally recruited officials of the Subordinate Services, who had been doing the same kind of work, though in smaller charges and with less extensive powers. These were called in to fill the gaps. Through defects of education and experience they required more help and closer supervision from senior officials, who were thereby hindered in their proper tasks, but the administration was carried on and the steel frame of British rule held firm as the main support of the new Burmese government. It is instructive to note that after the British government left Burma the officials were

screened and found loyal to the Japanese; after the war they were again screened and found loyal to their former British masters, and on the attainment of independence they, in general, loyally accepted service under the Burmese government. This rapid transfer of loyalty is not really surprising, for impartial compliance with the policy of the existing government is one of the conditions of sound administration and an early lesson in the training of a good official. The transition was not always smooth; officials inherited a mistrust of "meddlesome politicians" and politicians had long denounced them as the agents of foreign power. This however was only a minor problem, as the officials found a new inspiration in working for national welfare and politicians gradually learned to appreciate their loyal service. It was mainly the loyalty and goodwill of the civil service that held the country together during the time of troubles that inevitably followed the attainment of independence.

The consequences of depletion in the auxiliary services were far more serious, and notably in the engineering and medical services that were of chief importance for sound economic development and for the enhancement of social welfare. In the same October Civil List there were 23 permanent officers of or above the rank of Executive Engineer, but in April there remained only 5, and of these two were not Burmans. In the Civil Medical Service, out of 36 doctors with the rank of Civil Surgeon upwards, 18 remained, but only 8 of these were Burmans. The corresponding subordinate services had been so largely Eurasians or Indians who had now left Burma that it was impossible to find enough to fill the vacancies, while the wider range of activities in independent Burma called for a much larger staff than before. For the medical service the government had to recruit 200 doctors from India on short term contracts until Burmans could be trained to replace them. In the other auxiliary

services conditions were very similar. Apparently over 90 per cent of the Accounts Service, the final guardian of efficiency, had been Indians. The problem was complicated by the fact that it was in these auxiliary services that formerly there had been least contact between the government and the people, and machinery had to be improvised to achieve this object by mass education, the large scale production of medical assistants, and a rehabilitation brigade for replacing Indian contractors and coolies by the transformation of unemployed peasants into material for employment on public works. The depletion of the public services would have been serious even if no more had been needed than to re-establish them with the pre-war strength. But the government aimed to do so much more than had ever previously been attempted, and its various economic and welfare activities called for a great expansion of the auxiliary services.

All these various problems had one factor in common; they could not be solved without an adequate reserve of military force. And in this respect the situation was most desperate. For the pre-war garrison had not merely been depleted; it had been destroyed. Such of the British and Indian troops as survived the war were no longer available, and there was only the remnant of the small detachment recruited from among the hill tribes. During the Japanese occupation a defence force had been improvised and this had to serve the new government for an army. But only about half the units were Burmese and the loyalty of the other units depended on the maintenance of good relations with the states or peoples from which they were drawn. And, with the exception of the very small minority which had served in the pre-war British forces, their only military experience was as guerillas and did not impart the training required for the suppression of unrest under a civil government. As already noticed, the inability of the British government

to suppress the alarming growth of crime had shown that anarchy was not far below the surface and it had been kept under only by the force behind the law. Now, the younger generation, uprooted from their homes and villages, had learned to handle a gun instead of a plough and found dacoity more profitable than cultivation. Also, thanks to the war, guns were available for every one, and the dacoits were about as well armed as the soldiers. Even in the most propitious circumstances the armed forces at the disposal of the government were barely adequate as a reserve for the maintenance of order. In the event of serious trouble they were not strong enough to protect even the main lines of communication against guerilla raids. The most likely sources of trouble were the communists and, for various reasons, the Karens, and in both cases the loyalty of the army was uncertain. The communists had started and inspired the resistance movement and the army contained a strong element sympathetic to their former comrades. The Karens on the other hand, had originally been enrolled to suppress the Burmese rebellion of 1886, and the flames of racial discord still smouldered. The Government appointed as Commander-in-Chief of the army a Karen who, less than ten years before had as a Lieutenant been the most junior officer in the military police section of the British garrison. The head of the Air Force was also a Karen. The bold and magnanimous appointments to these key posts of men whose loyalty might have been questioned on racial grounds signified the intention of the Government to stand for national unity, and both these men proved loyal, but the event showed that they had not sufficient hold over their own people to restrain the more headstrong from rebellion.

The insufficiency of military strength was not the only factor common to all the problems. All of them, economic, social, administrative, and military also, were interdepen-

dent because they all had to draw on the meagre pool of human resources in the economy inherited from a system which gave precedence to the development of material resources. They were interdependent, too, because economic backwardness and social instability were contrary aspects of the same process, and no remedy for either could be effective unless it dealt with both. And the problems were linked together also not merely by their common demand for a much larger administrative personnel, but because a new type of administrative organisation was needed to deal with them successfully. The connection between social disintegration and the economic backwardness of Burmans was clearly apparent in the pre-war economy taken as a whole, but still more clearly in the rural economy which was predominantly Burman. Through the uncontrolled activity of economic forces under the impersonal rule of western law, most of the richest rice land had passed to absentee landlords, largely foreigners, and was cultivated by migratory rack-rented tenants. This was the chief barrier to economic progress through the improvement of agriculture, because the landowners cared only for their rent and profits and knew nothing of the land, while the tenants did not stay on any one holding long enough to cultivate it efficiently, let alone improve it. The same process was also the chief barrier to the enhancement of social welfare, because the impoverished cultivators were unable to help themselves and the instability of the social order frustrated attempts to help them on co-operative principles. These conditions had been recognized and deplored in official reports for over three-quarters of a century, but a succession of transitory officials had not had the opportunity for adequate study of them, and superficial projects of reforms had been blocked by the opposition of the merchants, money-lenders and bankers who, with western law behind them, controlled the administrative apparatus.

Agrarian reform, long overdue, was an urgent problem for the new government, and, even if the government had been reluctant to act promptly, its hands would have been forced by communist attempts to win over the peasantry with promises of land re-distribution. Little permanent benefit could accrue from land reform unless social life within the village could be re-vitalized, and this would call for the continued exercise of personal influence on a new system of administration.

Rough and ready methods of redistribution might have served well enough in the deltas where so much of the land had been held by aliens and the large Burman land-owners were so few and so scattered that they could not lead any effective opposition. The chief danger was that expropriation might lead to foreign intervention based on international law that, like western law in general, made no sense and had no moral basis in its application to under-developed countries, such as Burma, outside the sphere of its normal jurisdiction. But one feature of the situation was that few people realized the difference between conditions in the delta and conditions elsewhere.. Under British rule the land revenue system had been very imperfectly understood even by administrative officials apart from those who had specialized in this branch of the administration; the others were concerned merely with the collection of land revenue. In the tradition of land administration in India all land was the property of the State and, in accordance with this theory, the occupants of land in Lower Burma, despite the protests of local officials, were declared to be land-holders and not land-owners. In Upper Burma the fact of private ownership had to be admitted and an attempt was made to distinguish between State and non-State land, and to draw up a record of rights in the land. But the land was mostly family property and the circumstances of land tenure were so complicated that, even where the record showed

correctly the actual occupants at the time of compilation it speedily became out of date, and in the settlement report for Meiktila district the record of rights was styled a record of wrongs. The idea that all the land belonged to the State was congenial to the socialist theories prevalent when Burma attained independence, but the practical application of this principle by the redistribution of land was likely to have unforeseen consequences as regards both production and welfare even in the delta and to a greater extent elsewhere, especially in conditions of tenure so complicated as those of Upper Burma, while it would certainly require the employment of a very considerable administrative establishment. Yet the agrarian problem was of primary importance because the destruction of capital assets during the war had left Burma almost exclusively dependent on the export of rice to buy the imports requisite for the increase of production and indeed for many needs of daily life.

The insufficiency of the exports to pay for all the imported goods that Burma wanted, or in other words the shortage of foreign exchange, gave rise to some of the most complex economic problems which the government had to solve. The more that was spent on capital goods, the less remained for the import of consumption goods; more machinery implied less cotton piece goods, and the smaller the quantity of piece-goods available for sale in the market the higher was their price. The situation was complicated by the mistaken notion, generally current among Burmans, that everything had its "proper" price, dependent on the cost of production. But where the supply of any commodity is fixed, its price in the market has no relation to the cost of production but depends on the demand. The difference between the sale price and the import price is an unearned profit which is divided between importers and vendors according to their relative economic strength or, on socialist theory, should be

absorbed by the government. Manufacturers welcome restrictions on imported competing products, but for the same reason welcome the relaxation of restrictions on raw materials that they use in manufacture; weavers would raise the duty on piece-goods but allow yarn in free. Merchants are more interested in the import of piece-goods than in encouraging domestic manufacture; import duties provide an easy way of raising revenue for government; and the general public want more imports and lower prices, but resent the restriction of imports by licenses and the control of prices by rationing. In a country where industry and commerce had so long been the preserve of aliens, a government whose members had no practical experience of either industry or commerce had somehow to find hurried answers to questions which might have puzzled the wisest economists, and which had received little if any attention from professional economists in application to such conditions as existed in Burma on the attainment of independence.

The situation was further complicated by popular superstitions regarding capitalism and socialism. Since making contact with socialist theory Burmans had learned to attribute all their ills to capitalist imperialism but not many had a very clear conception of the meaning of either socialism or capitalism in their application to Burma. Under Burmese rule the surplus wealth arising from productive labour had been wasted or left barren; even so far as it accumulated it was mostly used for the purchase of land and not applied as capital to the production of more wealth. In a capitalist economy most of the surplus wealth resulting from production is utilized as capital for the greater increase of wealth, and one character of such an economy is that production is not governed by custom but is rationally directed to the production of more wealth. The increase of wealth is no less desirable in a socialist economy, for the surplus may be appro-

priated to the greater welfare of society. Where production is left to private enterprise economic activities are not directed to the best advantage of the community, but are directed, and often restricted, for the greater profit of the private individuals who direct them. Capital, if exempted from social control, tends to flow in the direction of the greatest return with no regard for non-economic considerations. Thus a capitalist *economy* tends to transform the social order within which it operates into a capitalist *society*. That is what happened in Burma, where social values were eliminated under the stress of economic competition and the social order based on custom was replaced by a business concern. In western lands, even in those such as England and America, which are regarded as typically capitalist, economic enterprise is restricted by the common social sense to a far greater extent than is generally recognized and, when the common social sense is in danger of proving insufficient, it is reinforced by law. But in the mixed community of Burma there was no common social sense to restrict the anti-social tendencies of private enterprise, for the plural society comprised so many different groups with no social interests in common, while western law favoured private enterprise to the detriment of social welfare; moreover for lack of any common social sense, even laws and regulations intended to keep private economic enterprise within safe bounds were largely ineffective. It is now coming to be recognized generally among students of comparative political economy that "under-developed countries", such as Burma under foreign rule, are far more typical of capitalism than the so-called "capitalist" West. In Burma these western economic activities permeated down to the peasantry, converting the inhabitants of the delta into a landless proletariat. The reaction against this process was the more acute and was active throughout the whole Burman section of the

community because there were no Burman capitalists, even if there were a few comparatively wealthy men. Naturally, on obtaining independence, Burmans failed to distinguish between a capitalist economy and a capitalist society. In repudiating the capitalist society into which the social order had been transformed, they were impelled also to repudiate the capitalist economy with which it was associated. They mistrusted not only foreign capital but capital in general, and even the accumulation of wealth that might be used as capital. They had not, it was said, got rid of plutocrats in European trousers or Indian dhotis merely to replace them by plutocrats in a Burman head-dress. Yet at the same time they had an almost superstitious belief in the power of capital.

In this reaction against capitalism, socialism appeared to be the obvious alternative. But the fundamental problem in the application of socialist principles to Burma attracted little attention. Socialism originated in lands where the State had grown out of the social environment in response to social needs as the political machinery by which such needs were satisfied, and it could be regarded as the agent of society. But the conception of the State as the agent of society presupposes the existence of a society on behalf of which the State can function. As this was not the case in Burma, the basic assumption of western socialist theory was invalid. The unstable symbiosis of foreigners and Burmans in pre-war Burma had perished in the upheaval of the war and the Japanese occupation: the foreigners, formerly the major partners in Burma as a business concern, had left, and Burmans did not want them to come back unless on very different terms; and even before the war the customary social order of Burmans had disintegrated under the pressure of economic forces. Before socialist principles as understood in western lands could be applied to the fulfilment of national aspirations, the re-integration of society on a

national basis had to be accomplished. Normally the social order is the parent of the State; in Burma this natural sequence was reversed, and the administrative machinery, designed under British rule for a very different purpose, or so much of it as still survived, had to be used as the implement for building up a new national society which could in due course fashion such new political machinery as its needs required. Socialism in Burma did not, as in Europe, imply the transformation of the State but the creation of a new society.

Even if socialism implied nothing more than the ownership and operation by the State of the apparatus of economic production, there was a striking difference between the situation in Burma and that in western lands. Of the few major enterprises in Burma before the war two were concerned with river transport and the oil industry. One firm dominated water transport, more important in Burma than the railway system; this had dangerous political and economic implications, the more so because it competed for passengers and traffic with the State railway. Similarly, one firm dominated the oil industry and was in a position to control the economic and social life of the country and to wreck any government by withholding, or raising the prices of, kerosine and petrol. Under a national government these firms could not possibly be allowed so much power. Socialist theory indicated that they should be taken over by the State. But nationalisation was a more complex problem than in Europe. In the West enterprises that the State proposes to take over are already national in the sense that they are owned and operated by nationals; nationalisation merely signifies that they are operated on behalf of the public, the nation, instead of on behalf of private individuals. In Burma, the enterprises established under foreign rule were owned and operated by foreigners. The acquisition of such enterprises by the State in accor-

dance with socialist principles involved two distinct processes: nationalisation proper, the replacement of foreign operatives by nationals, and socialisation, the transfer of ownership to the State. Socialisation, the transfer of ownership, without nationalisation, the replacement of foreign operatives, was futile. Except so far as nationals were available to carry on the enterprise with tolerable efficiency, acquisition seemed practically impossible. They could not safely be left in foreign hands, yet they could not be taken over without courting disaster. Orthodox socialism showed no way of escape from this dilemma.

The expropriation of foreign property, whether in business enterprises or in land, raised moreover delicate and weighty problems in regard to the assessment and payment of compensation. In the West, nationalisation implied the transfer of money from one pocket to another within the same country and could be regulated by domestic law. But in Burma the assessment of compensation involved questions that went to the roots of the theory of private property, its rights and obligations, and raised issues for which there was no close precedent in international law. Compensation could be paid only by the unrequited export of produce from a supply already insufficient for domestic requirements and would involve a further drain on the scanty remnant of capital in a country crippled by the war, which would hinder rehabilitation and impair the social and economic stability that were of international concern. Such questions opened up uncharted territory on the border lines of international relations which in 1948, when Burma attained independence, had been little studied by professional lawyers and economists. However the cases in which the problems arose have been settled by a process of give and take and it is necessary to discuss them further here. Now they are chiefly of interest as rein-

forcing the conclusion that, although socialism appears to offer the best or only practical solution of the problems of Burma, yet the social and economic circumstances of modern Burma demand the critical reconsideration of various socialist doctrines that find general acceptance in the West. Any such examination must include an enquiry into the validity and relevance of other political concepts such as "the rule of law" and "democracy", which have passed into current usage as popular catch-words. In the abstract discussion of such matters we may "find no end, in wandering mazes lost". Yet the issues that emerge are not mere academic speculations but have an immediate bearing on urgent problems in the political economy of Burma. Perhaps this may be most readily appreciated if we approach them through a parable.

Formerly in central Burma, where water is scarce, there was a village with a "tank" or pond, fed by the drainage from a catchment area of barren scrub. This tank supplied the village with its water and also irrigated a small patch where a few villagers had tiny plots of rice land, each plot severally owned by all the members of the family to which it belonged. The tank, maintained in repair by the common labour of the villagers, had no market value but great social value. The market value of the whole annual crop of rice was no more than a few rupees, and the small plots were chiefly prized for the prestige attaching to the ownership of rice land in a tract where millet was the usual food. Under Burmese rule these arrangements were sanctioned and conserved by social custom. On the annexation of Upper Burma the owners of the rice land could prove that they held it as ancestral private property, *bo-ba baing*, and it was recognized as non-State land; but the waste land of the catchment area became State land. At that time Indian coolies were already flocking into the rice mills of

Rangoon and there was a growing demand for gram to feed them. A newcomer to the village discovered that the catchment area would yield a crop of gram. In Burmese times he would not have ventured to encroach on the catchment area, or would have been promptly evicted by a tribunal of the village elders acting as the guardians of local custom. Now they had lost their authority to intervene. Custom was no longer sufficient to protect the drainage area, and when others followed the profitable example of encroaching on it, the water supply of the village and the security of the rice fields were endangered. The village headman, with contributions from the villagers towards his expenses, went to district headquarters to obtain the assistance of the Deputy Commissioner. But, under the rule of law, the Deputy Commissioner had no authority to settle civil disputes between private parties, and he referred them to the law courts. Their time and money had been wasted. There were plenty of lawyers with touts to nose out clients. Both sides managed to raise enough money to engage lawyers and the issues were tried according to the forms of law. In the event the judge held that there was no law to support claims by owners of State land to rights over non-State land, and decided in favour of the individual rights of the encroachers to the detriment of the common welfare of the village. Before the case was over, the cultivators had lost their rice land to money lenders for debts incurred in the process of litigation. The further result was that, with the extension of encroachments, the rice land was thrown out of cultivation and the village went short of water. Subsequently the shortage of water in the dry zone attracted the attention of government. Deputy Commissioners were directed to submit lists of villages so affected, and this village was included in the list. After the papers had been the round of the land records department, the public works department, the public

health department, the forestry department and so on, orders were passed that arrangements should be made for villages which were short of water to be provided with wells or tanks—when funds should be available to pay the Indian contractors and coolies who would be employed to do the work.

This composite picture of the course of events in the dry zone of central Burma would apply, with appropriate local colouring, to village life over the whole country. It is a parable because it has a deeper meaning and a moral, and it may serve to illuminate the practical working of the rule of law. As already recognized, the idea of law as a general command and the doctrines that authority should be exercised according to law and that all men should be equal before the law were among the most valuable of British contributions to the science and art of government in Burma. But "the rule of law" implies much more than this. The word "law" in such phrases as natural law, economic law, *dhamma* and the law of God conveys a suggestion of immutability, inevitability, which was congenial to the rationalist view of social relations that found increasing favour with the growth of individualism during the nineteenth century. The "rule of law" implies the ultimate validity of law and reverence for the sanctity of contract. This story suggests how the substitution of the rule of law for custom encouraged wasteful litigation, favoured private interest, defeated social justice, sapped the foundations of communal life within the village, and resulted in general impoverishment, although a few individuals made more money by the sale of gram.

Clearly the government, as the guardian of public welfare, was interested in such cases, and finally it had to allot funds out of the public revenue to repair the damage. Even as the law then stood, if the government had been represented the result might have been different,

at any rate on appeal to higher judicial authorities competent to apply a wider interpretation of the law. But for lack of machinery of facilities to represent the public interest the case for the public did not even come before the courts and went by default. Socialism in Burma would seem to require the invention of special machinery for protecting social interests by the creation of village tribunals with members fully cognizant of all aspects of matters in dispute and basing their decision on justice and common sense rather than on the letter of the law, and by the appointment of counsel to represent the public against encroachments on social welfare. It may be suggested that the introduction of the rule of law in Burma corroded the fabric of social life because it was western law under foreign rule. This suggestion is plausible, but it does not meet the main objection to the principle of the rule of law. The defect of law is that it acts, or is expected to act, mechanically, and applies only to those particular circumstances which fall within the literal definition of its scope. Custom may have the force of law even though not precisely formulated, but the greater certainty of written law is at the expense of comprehensiveness. In England, after the accused has been found guilty in criminal prosecutions, the judge or magistrate when passing sentence may take account of extenuating circumstances. In civil matters the findings of a jury may mitigate the rigour of the law, and one mark of judicial greatness is the ability to interpret law in accordance with the dictates of justice and common sense; but no allowance for extenuating circumstances is permissible, the decision must be according to the law. Yet this is not the "rule of law", for behind and above the law is the authority of public opinion of which it purports to be the expression and from which its validity is derived. Formerly judicial proceedings in Burma did not attempt to formulate the strictly legal consequences of proved facts but to

arrive at a compromise reasonably compatible with the idea of justice, and this still seems to be the practice even in so "progressive" a country as modern Japan. English legal procedure serves well enough in the solidly established social order of England, but in the creation of a new society in Burma the government must often guide rather than follow public opinion, and some elasticity in the application of law would seem desirable. The experience of Burmans under the Japanese taught them to value the protection of the law against arbitrary rule, but this does not necessitate the uncritical acceptance of the supremacy of law in the sense indicated by a literal interpretation of "the rule of law", and the problem of reconciling rule according to law with the promotion of social welfare still awaits solution.

Experience under the Japanese also taught Burmans to prefer democracy rather than dictatorship. In common usage democracy implies that the government shall be periodically elected by the numerical majority of the people and shall give effect to their wishes. On the attainment of independence the belief in democracy was enthusiastic and unquestioned, and the constitution guaranteed the right of every adult citizen, unless specifically disqualified by law, to vote in parliamentary elections and to become a member of Parliament. Thus, for doing all that was necessary to deal with the numerous and weighty difficulties inherent in the situation, Burmans were committed to the type of constitution which makes it most difficult for any government to do anything; and in the circumstances of Burma it was more difficult than elsewhere. It was an experiment in democracy on an almost unprecedented scale, and such precedents as were available had not yet demonstrated that democratic institutions carried to such lengths will give satisfactory results. Some of the difficulties can be indicated by a slight modification of the parable related above.

The story showed how the rule of law was impotent to protect social welfare against private greed, and it suggested that local autonomy might be more effective. Suppose, however, that the decision had rested with an elective village council; what difference would this make? A few men wanting to cultivate within the catchment area would be active in securing the election of a favourable council, while many villagers with no great interest in such matters would be too apathetic to vote. In effect democratic procedure would give power to the minority and not to the majority. Democracy transforms the character of the franchise. Under foreign rule or an autocratic government, the exercise of the franchise is a privilege and people clamour for the right to vote. But under a democratic government the exercise of the franchise is a duty; if the people do not perform their duty the government ceases to be democratic in fact whatever may be written in the constitution. Let us however go a stage further and assume that an actual numerical majority want the catchment area thrown open in pursuance of their individual economic interests, although the village as a whole will suffer by the destruction of its water supply. The interest of the village community is sacrificed to the aggregate of private individual interests. The final result will be much the same as under the rule of law; the migration of the villagers to some place with a supply of water; the abandonment of the village site, and, quite possibly, the relapse of the catchment area into scrub jungle for lack of local labour to cultivate the gram which was originally responsible for the mischief. It is often regarded as a paradox that there should be any conflict between "the general will" and "the will of all". But this story illustrates the general principle that democracy favours the will of all, the immediate economic interest of the majority, against the general will, the permanent social interest of the community as a whole.

Socialism should, by definition, safeguard social interests against encroachment on social welfare by individual interests. In the West that is the object, if not always the result, of socialist legislation, but how far is socialism compatible with democracy in Burma? It may be easier to pass socialist enactments in Burma, but for the same reason it is more difficult to enforce them.

Thus in the application of democratic principles through a government dependent on support from representatives of the people elected by a majority of votes there are two fundamental difficulties. The initial difficulty is to ensure that the representatives do actually represent the majority of the people, and not merely a minority consisting of those sufficiently interested in the election to record their votes and those who can by some means be induced to record their votes without realizing their responsibilities. The second and far greater difficulty is to secure that majority rule gives adequate protection to the permanent interest of the community as a whole. It has been said that a national community is partnership between the dead, the living and those yet unborn and that, as future generations, although forming the great majority, are not represented, democracy, the principle of majority rule, is an illusion. Yet Burmans are conducting an experiment in democracy on an almost unprecedented scale under conditions that are exceptionally unfavourable, and they have constructed their political machinery on the British model which, of all forms of democracy, is probably the most difficult for other peoples to work, and in which the life of the government is directly dependent on the continuance of popular support. The further evolution of the system is matter for conjecture but, as it stands now, the future of Burma lies in the hands of the present generation. The successful handling of most of the problems that we have been considering requires the acceptance of unpleasant restric-

tions by those on whose support the government depends. Democracy is often regarded, not only by Burmans, as a form of government which enables people to assert and enforce their rights. But we have seen that democracy transforms the exercise of the franchise from a right into a duty. That principle is generally valid. Insistence upon rights never has been, and never can be, a secure basis for social relations; the only sound basis for stable national society is the recognition of social duties, and only by the acceptance of this principle can democracy be reconciled with socialism.

Unfortunately ten years ago too many Burmans regarded independence as a sufficient guarantee of welfare. This was well illustrated in a *zat-pwe* performed during the independence celebrations; the final scene depicted the people filling their pockets from a shower of gold and silver rain. They did not realize that independence was only a condition of independence and consequently some now feel disappointed and despondent. That is why, on being requested to contribute a Preface to the edition of this little book, I have taken the opportunity of attempting to clarify some of the major problems inherent in the situation of Burma at the dawn of independence. I am not concerned here to examine what the government has done or has not done, or to show what it could or should have done; that is a task for students of a younger generation. But they will have to begin from the beginning and may perhaps find this study helpful.

Ten years ago the chief assets of the leaders of the people were optimism and enthusiasm and general confidence in their good will; almost their only solid material support was the former administrative machinery, so far as this was still intact, headed by a small handful of officials of the senior branch among whom only three had more than ten years experience of administration under British rule.

It may not be inappropriate to quote my view of the situation at that time. "In a troubled world, though less acquainted with affairs than their old rulers, they face a situation far more difficult. In these circumstances it is impossible to contemplate the future without misgivings, and we may well regret that more was not done to equip the people and their leaders for the responsibilities of independence". But they have grasped the essential conditions of sound policy in Burma, which its former rulers, Burmese and British, had ignored: the two-fold task of consolidating national unity and enabling Burma as a nation to discharge its responsibilities to the outside world. Ten years ago many outside observers deplored "the disorderly stampede to independence which had landed Burma its difficulties", but now there seems to be among those who look on Burma from outside a growing recognition that it has done much better than could be expected. Confidence would still be premature, but it is no small achievement to have guided Burma through so many and so great dangers without catastrophe, and this is perhaps the best ground for hoping that, when this book comes to be rewritten, the stability and prosperity of Burma will be assured.

J. S. FURNIVALL.

Rangoon, 16th September, 1957.

TITLE PAGE OF THE FIRST EDITION

**AN INTRODUCTION
TO THE
POLITICAL ECONOMY OF BURMA,**

By

J. S. FURNIVALL, I.C.S. (RETD.)
*Late Commissioner of Settlements
and Land Records, Burma.*

With An Introduction By

PROFESSOR H. S. JEVONS.
Late Professor of

ECONOMICS, UNIVERSITY OF RANGOON.

မြေအုတ်များပြိုလေရာ၊ ကျောက်အုတ်ဖြင့် တည်ဆောက်အံ့။

**THE BRICKS ARE FALLEN DOWN, BUT WE WILL
BUILD WITH HEWN STONES.**

BURMA BOOK CLUB, LTD.
Post Box 1068, Rangoon.
1931.

INTRODUCTION

BY PROFESSOR H. S. JEVONS.

The systematic study of Economic Science did not exist in Burma until the Department of Economics was inaugurated seven years ago in the University of Rangoon. Perhaps this explains why no book has yet been published setting forth the elementary theory of the subject in relation to the economic conditions of the country. The need has been keenly felt for an elementary treatise which would be suitable for students reading economics for the Intermediate Examination of the University of Rangoon. Mr. Furnivall, in the various appointments he has held in the public service has acquired an intimate knowledge of the rural economy of Burma; and his work in settlement operations and the enquiry into the land revenue system has led him to investigate the economic history of Burma since the beginning of the nineteenth century. Since his retirement he has at times given courses of lectures on the economic conditions of Burma to classes in University and Judson Colleges; and the present book contains the subject matter of these, and the results of his investigations. It is written, however, in a simple manner, and adequately supplies the need above referred to for an elementary treatise on economics in relation to Burma.

At the same time it is by no means merely a text-book. As a reasoned statement of elementary economic principles, illustrated by the facts of Burma, it should appeal to a wider public; for there is a growing realisation of the importance of economic studies in relation to government and politics on the one hand, and to commerce and industry on the other hand. A particularly

valuable feature is the account of social life under the Burmese kings, of the organisation of the administration, and of the close dependence of the land tenure thereon. Mr. Furnivall has also included in this book an important study of the settlement of the Delta, and of the circumstances which initiated and guided the development of the present system of land tenure in Lower Burma. There is an account of Burma's great industry of growing paddy, and of the development of the rice export trade. The "industrialisation" of the operations of paddy growing and harvesting is clearly brought out: that is to say, the peculiar specialisation of occupations which leads to different groups of workers being employed for the successive stages of cultivation and reaping. The facts here given must be of interest to economists in other countries where nothing of the kind occurs. In conclusion I need only express my belief that this book, whilst suitable for students in Burma, will be read with much interest elsewhere, because it contains much information not easily obtainable otherwise, except perhaps in original sources difficult of access, and gives in conjunction with exposition of economic principles a concise account of the rural economy of Burma.

H. STANLEY JEVONS.

PREFACE

FOR EUROPEAN READERS

"I do not know any boundary of the British Empire where the Englishman may say with more confidence that here is a place where British enterprise and leadership have brought blessing to a land which needed such guidance and enterprise." Sir John Simon. At the Annual Burma Dinner in London, June, 1931.

PRIMARILY FOR BURMANS.

This study of economic conditions in Burma is intended primarily for Burman readers, reckoning among Burmans all those, of whatever race or religion, who are permanent residents of Burma and recognise a common national interest with Burmans.

When a Chair of Economics was established in 1923 in the recently constituted University of Rangoon, there had been no provision for the teaching of Economics in Burma, so that very few Burmans had any acquaintance either with the main outlines of economic theory or with the broad features of the economic life of Burma. The obvious expedient, therefore, was to man the staff with lecturers from India, although these knew nothing of Burma or of the life or language of Burmans. But the economic conditions of Burma differ almost equally from those of India and those of Europe, and appear in some respects to be unique. A student needs intelligence of an exceptionally high order to comprehend economic principles which are presented with little or no relation to facts within his own experience, and the students knew almost as little as their lecturers about the facts. Both lecturers and students were therefore at a disadvantage.

It happened that I had long been working on a simple text book of economics with reference to life in Burma and, when I showed it to Professor Jevons, the

distinguished economist who had come from Allahabad University to lay the foundations of economic study here, he suggested that a book on the life of Burma with reference to economic theory would be more helpful, and arranged that I should give a course of lectures along these lines in University College. These lectures, which were subsequently repeated in Judson College when a similar difficulty was experienced, form the substance of the present book. Thus it is not a text book of economics, but deals with the economic aspect of the social and political organisation of Burma; it is, as the title indicates, an introduction to the political economy of Burma and aims at presenting facts rather than theories. But in such a study it is necessary to refer to and explain certain general concepts of economic theory, so that the book may give Burman readers a knowledge of economics which should be useful in itself and also encourage them to pursue their studies with greater readiness and confidence. It may, too, help college students to realise that economics is not merely a subject to be 'mugged up' for a degree, but has an intimate bearing on their own lives and the welfare of their country.

POSSIBLY OF SOME GENERAL INTEREST,

But although the book is written primarily for Burman readers, economists and other students of social science outside Burma may find it worth attention if they should ever chance to notice it. For very little work has yet been done on the economic aspect of the indigenous social structure of Burma or, apparently, of other countries of Indo-China; nor does the effect of the economic forces newly impinging on these countries during the last two or three generations seem to have received much attention. This attempt to analyse and describe the social and economic structure of life in Burma should therefore possess some degree of general interest for the few who are interested in such matters, and the description of the industrialisation of agriculture in Lower Burma and

of other modern developments may perhaps have a somewhat wider appeal. And it is just possible that the discussion of Demand in Burma may have some value as a contribution to the economic theory of Demand, for it emphasises an aspect of the problem which has been generally neglected; and that this aspect deserves some attention seems probable because, so far back as 1910, when I was first clearing my ideas upon economic relations in Burma, a paper on similar lines which I submitted to the late Professor Edgeworth was published by him in the *Economic Journal*.

ESPECIALLY FOR EUROPEANS IN BURMA.

However, such European readers as the book may find are most likely to be European residents in Burma and it is to them that I address this Preface. For though the book is primarily a contribution towards a better knowledge of the economic conditions of the country and a fuller understanding of its economic problems, the facts carry their own implications and merely to state them is, in effect, an argument for the recognition of Nationalism in Burma as a policy not for the Government alone but for all Europeans in Burma, even if their interest in Burma be strictly economic.

It is unnecessary to discuss Nationalism as an abstract principle and there is much force in the contention that, in Europe, nationalist tendencies are predominantly evil; but in this, as in almost every matter, the same principles lead in Europe and Burma to policies that on the surface appear diametrically opposed. Circumstances alter cases and, even admitting that Nationalism may prejudice economic welfare in Europe, it may still promote economic welfare in Burma. And that is the implication of the facts here studied. For an enquiry into the political economy of Burma reveals that, strictly speaking, there is no political economy, no ordered household of the nation. The social order has been broken down and cannot be patched together by a

foreign government; all the King's horses and all the King's men cannot put it together again. Nationalism among Burmans is an instinctive recognition of this fact and a natural human reaction towards restoring social order by rebuilding the nation.

"Of all who are praised" says Machiavelli in his Discourses, "they are praised the most who are the authors and founders of religions. After whom come the founders of kingdoms and commonwealths.....And, conversely, all who contribute to the overthrow of religion, or to the ruin of kingdoms and commonwealths are held in infamy or detestation. No one, whether he be wise or foolish, bad or good, if asked to choose between these two kinds of men, will ever be found to withhold praise from what deserves praise, or blame from what is to be-blamed. And yet almost all, deceived by a false good and a false glory, allow themselves either ignorantly or wilfully to follow in the footsteps of such as deserve blame rather than praise and, having it in their power to their lasting renown to establish a kingdom or a commonwealth, turn aside to create a tyranny, without a thought how much they thereby lose in name, fame, security, tranquillity and peace of mind; and into how much infamy, scorn, danger and disquiet they run." That, in essence, is the argument for Nationalism in Burma, that the rebuilding of a nation is a worthy task; right in principle and therefore sound in economics.

PHILANTHROPY AND FIVE PER CENT.

"Right in principle, and therefore sound in economics": it is easy to jeer at philanthropists who look for five per cent, but philanthropy which does not pay at least five per cent, is muddle-headed sentiment. Unfortunately, philanthropy does not always pay five per cent to the philanthropist and may therefore be economically sound without being economically attractive. But in a well-ordered State there will be some rough coincidence between what pays and what is right. The State cannot

make people honest, but it can make honesty the best policy; it cannot make people sober but it can foster conditions favourable to sobriety; it cannot make people moral, but it can promote a free morality. And one condition of a free morality in Burma is the rebuilding of the nation. That is a worthy task, not for Burmans only but for the Government of Burma and for all who live in Burma; all can co-operate and it is essential that they shall co-operate, for if Nationalism in Burma be left to Burmans it will not rebuild the ordered household of the nation but destroy the machinery of order. The object of this Preface is therefore to suggest to Europeans in Burma that Nationalism in Burma is morally right, and economically sound and *may* be made economically attractive, and to show the more imaginative European man of business that "there may be money in this nationalist stunt."

BURMESE CIVILISATION.

It is commonly believed by Europeans in Burma that the social structure of Burma under its own kings was elementary. In what is now, for Europeans, the standard history of Burma, Mr. Harvey says that "the largest unit which the Burmans could systematize was the village community. Beyond this they failed to build." That view is quite wrong, and dates merely from 1886 when it was useful as war propaganda and to justify the annexation and the measures subsequently taken to subdue the country. In fact, the social structure, though unstable, was very complex and elaborate. Mr. Harvey himself, a few pages later in the same work, gives a very good description of it, amply documented, without, apparently, noticing that this description is inconsistent with his earlier statement, for which he neither quotes nor could quote any reputable authority. The social organisation was feudal rather than territorial and, so far as it had a territorial basis, the normal unit was the township or county, rather than the village

Citing the British Burma Gazetteer, which was written before the Burmese village system had been invented for administrative convenience by the English, he remarks that "when the English annexed Lower Burma they found authority vested not in the head of each village but in the head of each class...The head over the Karens of each Township, the head over the fishermen, the heads over its brokers, its palm juice drawers, its garden cultivators, its field cultivators, its elephants, its buffaloes, its horses. Early Deputy Commissioners found it hard to make *taikthugyis* realise that their jurisdiction was territorial and not personal." A similar organisation obtained in Upper Burma, where the people were "regimented as in feudal countries. The regimentation was complex and obstructive and governmental control was facilitated by the unusually high standard of literacy." And he quotes from Manucci, an Italian who visited Burma in 1700, "it is a country governed by the pen, for not a single person can go from one village to another without a paper or writing." The specimen official records given in Appendix I illustrate this observation and serve to indicate both the complexity of the social organisation and also, to an observant reader, its instability.

This civilisation which the people of Burma, despite frequent and prolonged civil and foreign wars, had built up through the centuries possessed many valuable features. One was the high standard of literacy just noticed. A hundred years ago the first English Commissioner reported that almost every one could read and write and, even if this report may have been touched with exaggeration, it is certain that the proportion of people who could read and write was then far higher in Burma than in England. This was a fruit of the religious organisation. In every village the monks, by common consent singularly free of scandal, imparted to all the boys the elements of letters and practical morality. The

monastic order, spread over the whole country, was influential but not oppressive and Church and State instead of, as usual, ruining the country by their rival claims, lent each other mutual support. Again by the common consent of all observers, the women of Burma enjoyed a position of freedom almost unparalleled in the East and, until recently, exceptional in Europe. Also, if one aim of the State be the organisation of happiness, not many States have been more successful, for, again by common consent, few peoples have been happier than the Burmans under their own kings, a happiness that the numerous and severe political catastrophes must have interrupted but did not dispel.

Burmans, not unnaturally, look at Burmese civilisation through the glamour of the past, and Europeans, also not unnaturally, look rather at the darker side, and both parties tend to confuse truth with propaganda.† For it is one unfortunate result of the political situation that both parties suffer from a strong delusion and prefer to believe a lie. Still, it may fairly be held that civilisation in Burma had been proceeding down a blind alley to a dead end. Built up in seclusion, it contained seeds of weakness, both moral and material, and could not stand against new forces, also both moral and material, impinging on it from the outer world. The first impulse of the Burmans was to shut themselves off from the outer world within the narrow boundaries of their own civilisation; but this attempt to shut the world out was an offence against social justice which carried its own penalty of defeat and annexation. Social justice in the world at large required that Burma should contribute its quota to the world and for this it was necessary that the civilisation and social structure of Burma should be reorganised in relation to the larger world. Failing reformation from within, reformation from outside was inevitable and it was the mere accident of propinquity which made England the instrument of social justice.

The annexation destroyed the Burmese social order and probably nothing less catastrophic would have cleared the way for reconstruction; but the destruction of a civilisation is in itself an offence against humanity. Needs be that offences come, but those who, as the instrument of social justice, destroy a civilisation, thereby assume new responsibilities which they can discharge only by building a new and more highly organised civilisation in its place, and if they fail in this must pay their reckoning with Nemesis. We can already trace her hand, in Burma as in India.

CIVILISATION UNDER THE MACHINE.

In the rebuilding of Burma the European man of business must play his part. Any attempt must fail without his aid. But he will not, and cannot afford to do so, unless it pays him. It may be possible, even within the brief limits of a Preface to show that, on a long view, it must pay him better to assist than to abstain, but I hope to suggest further that, even within the range of foresight permissible in ordinary business, he may find it not only expedient but profitable to co-operate with the nationalist movement in Burma. The full argument would require an essay in constructive political economy far beyond the limits of a Preface and out of place in such a book as this; a brief summary, the bare chapter headings of the argument, must suffice. Briefly, these appear to be some of the main considerations.

The annexation cut away the roots of Burmese civilisation in all its aspects, political, religious, cultural and economic. Then the administrative machine broke up the country into an unorganised collection of isolated villages and completed the destruction of social life in all its aspects on any scale higher than the village. Finally, the mere maintenance of law and order set free economic forces which dissolved the village into individuals.

A society governs itself by the law of its own being, but an incoherent mass of individuals must be governed by discipline and the British administrative machinery attempted to substitute penal discipline for social order. A striking increase in the population and in the production of material wealth were taken to indicate Efficiency, just as jail administration is efficient when the prisoners put on weight. Government could raise revenue and spend it on costly buildings and on the multiplication of departments and administrative subordinates. But it did not and could not achieve anything towards the rebuilding of society, and its inefficiency in this respect is indicated by the equally striking and continuous increase of crime. It failed because it was no more than a machine; no one inside the machine could move it and there was no outside will to move it other than in the British Parliament, which did not and could not exercise its power.

In these circumstances the controlling force and, finally, the only effective force was the economic motive, the desire for material gain, continually pitting the individual against society. The result was anarchy boxed in, a political and social system based on wants and not on activities, on rights and not on duties, which could be held together only by an outside force. The administrative machinery did not provide a steel frame for a social order but steel bars for an economic system. Religious forces and quasi-religious forces such as patriotism, which in a normal society tend to curb the economic motive, were dangerous because they could hardly build a new society without breaking down the machinery that counteracted the inherent instability of the system.

Living under such a system the wants of the Burman were enlarged and his activities restricted, he was better able to wear gorgeous clothes and less able to make, or even wash, his clothes. The Burman had

incurred a just penalty for trying to shut out the world, but as penalty he was shut in within still narrower walls. England opened up Burma to the world but did not open up the world to Burma, and the Burman in a larger world was condemned to live a smaller life. His religion and culture were degraded and he could no longer exercise the social, commercial and industrial functions that had formerly been open to him, limited as those had been. No single factor contributed so greatly to limiting the range of Burmese life as the influx of Indians who, with a lower standard of living and other advantages, came, by the normal working of the unregulated economic process, to displace the Burman from labour in general and also to function at intermediaries between Europeans and Burmans in all walks of life. Once these had entrenched themselves the ordinary Burman had no occupation open to him except cultivation and dacoity.

The narrowing of his life may be measured by the impoverishment of his language. Formerly it was a national language, co-extensive with the life of Burma, and a lad who could read and write Burmese was fully equipped to become a citizen of Burma with the whole of Burmese civilisation at his command. Now it is merely a language of the domestic circle and the cultivator, and Burmans who only know Burmese know less of their own world than their fathers and no more of the modern world. For example, the Burmese Government adapted the Morse Code to the Burmese language, but under the British Government there is no book in Burmese on telegraphy or on any other aspect of the modern world, except such text books as are required in the elementary schools, which tend more and more to oust the monastic schools. Burmans who know English are in little better case.

But that point is so important that it cannot be dismissed in a sentence even in this bare summary.

Boys of the wealthier classes were taught English in the anglo-vernacular schools and, until recently, English was the only medium of instruction. They were required to learn all their lessons in a language which they hardly understood and were taught geography, for example, from an English text book by a master who firmly believed that the world was flat. Such an education might train the memory but not the mind. Neither Burmese nor English history was taught lest, in different ways, they might inspire what the Japanese call 'dangerous thoughts.' Until recently the boys could not begin to study science in school, and this is still a privilege reserved for very few. Schools such as these were little better adapted than the monasteries to give the boys an introduction to the modern world and, except in the missionary schools, their inspiration was less humane, for in intention as in effect, they were nothing but factories for the mass production of cheap clerks.

The brighter lads passed on to one of the Colleges affiliated to the University of Calcutta, but even there the range of studies open to them was very limited and excluded those subjects most essential to an understanding of the modern world. After a hundred years of British rule and more than a hundred years after the birth of Darwin there were still no facilities for the study of Biology, and Ricardo had been dead a hundred years before Burmans had a chance to study economics. The course served well enough to enable Government to pick out the most capable for subordinate appointments; proficiency in Chocktaw would have been just as good a test, but as an education it was negligible. The students were no better able to take an interest in the modern world when they left College than when they entered, except so far as they had acquired a better knowledge of English. This was a key which might have opened for them the treasury of the world's literature and learning; but although

they were presented with the key they were not given access to the treasury. They had no chance to pursue their studies or cultivate their faculties or improve their minds. There was no Museum, no Art Gallery and, outside Rangoon, no Public Library. Even in Rangoon the one Public Library is still ill-housed, inadequately stocked and unprovided with a Librarian. As was well said in a recent annual Report of the Education Department, the graduates were allowed to lapse into illiteracy. Such were the bitter ashes of Efficiency in what is proverbially a rich country.

THE PROBLEM OF NEW BURMA,

It was no difficult matter for one people greatly superior in numbers, wealth, strength and knowledge to keep another in subjection, just as it is not difficult to keep a criminal in jail. It was the easier in proportion to their lack of organisation and their ignorance. And these things, which made it easier to keep them in subjection, make it more difficult to set them free. For now that the constitutional reforms have given Englishmen a chance to help in running the machine instead of being slaves to it, the problem is to convert an economic system into a social order and substitute moral welfare for material gain as the governing principle of the administrative mechanism and thus build up a new society with a new civilisation in place of that which has been broken down. The problem in Burma is essentially the same problem, far simpler though as yet unsolved, of enabling the convict to live as a free citizen, and the same problem, also far simpler, which confronted Lincoln when he liberated the negroes in America ; it is more difficult in some ways than the similar problem which has been faced with such heroism in Japan, and the problem in Burma, without the special Indian difficulties of illiteracy, caste, and rival strongly-organised communities, is yet, by the disorganisation of the people and the contracted outlook even of the educated, possibly more difficult

than in India. For Burmans preponderantly have in common national and religious feelings which have hitherto found their chief outlet in waste and destruction; in pwes and pongyibyans and futile insurrections. Now the political energy latent in such feelings is being organised and is expected to work constructively the machinery of order.

EUROPEAN BUSINESS IN NEW BURMA.

Lincoln's problem in America was less difficult because the negroes were a small minority among Americans. Here the Burmans are in a solid majority. Under the existing Constitution practically every male of eighteen years and upwards can exercise the franchise and, under skilful leadership, Burmans could already control the Government or compel it to suspend the Constitution. Under the impending reforms it is almost certain that Burmans will obtain fuller legal powers. What is going to happen then to business? Everywhere there is rivalry and some degree of conflict between Town and Country, Industry and Agriculture, Capital and Labour; but when rural interests are Burman and urban interests mainly European, with Burman Agriculture and European Industry, Burman Labour and European Capital the elements of conflict are so deep-seated and so explosive that even the best good will on both sides can hardly avert disaster. Roughly speaking, the Burman cultivator has the voting power and the European man of business the economic power. That, at least, is the balance of power on paper. But history teaches that, whatever may be the form of a Constitution, in its actual working economic power exercises a dominant influence on political affairs or else the Constitution does not work. Voting power does not in itself give political or economic power and, if the Constitution give the voting power to one set of people and economic power to another set, so much the worse for the Constitution, for the people and for business. Doubtless the world of business will

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endeavour to adjust the balance by political corruption and the abler members of the Legislative Council will hold well paid retainers for the Rangoon Mandalay Trading Corporation and other leading firms. But corruption is costly and uncertain. Possibly nothing can relieve the strain but force and as, ordinarily, one can only get sense into men's heads by breaking them, force is almost certain to be needed. But ultimately force can have only one issue and until the issue is determined there will not be much money in business in new Burma. Unless European men of business can do something to relieve the strain, the prosperity of business in Burma rests on very insecure foundations; as a class they will find it more profitable to assist than to resist the building of new Burma. But men of business are not in business as a class, even in England and still less in Burma; they are in business as individuals and except so far as restrained by civil or moral forces, they will, and must, look to their individual interest.

BURMA AND SIAM.

At present, then, the foundations of European business interests are far less secure in Burma than in Siam. Before the British occupation of Burma, social and political conditions were very similar in Burma and Siam. In Burma society has broken down, while in Siam the Shans, or Siamese, have gone far towards building up a modern State, although the Shans in Burma are even more backward, if, as yet, politically less disorganised than Burmans. It must be evident that a people composed of an incoherent mass of individuals as in Burma cannot suddenly be put into the position of Siam; nor can this be accomplished even gradually merely by constitutional reforms. Constitutional reform may help or hinder the process but far more is needed.

Parliamentary institutions such as the British Parliament, embody and express the national will, but in Burma it is first necessary to build up a nation with

a will capable of constructive action. One, the main, condition of success is that we shall in all sincerity aim at making the country capable of independence, able freely to choose whether to remain within the British political system or to leave it. At present there is no choice in the matter either for England or Burma, and there will be no choice until we have rebuilt in Burma a social order inherently stable through its own vitality and independent of outside support. In occupying Burma the British incurred a responsibility which they must discharge, by force if necessary, so long as they can exercise the necessary force. Not many Burmans do or can recognise that there is no choice and, not without reason, they are suspicious of our intentions. It was said of a certain Englishman that he was more Burman than the Burmese because he was more English; by reason of his heritage and position he was able to appreciate more justly than Burmans the privileges denied to them and, because he enjoyed these privileges, was better able to help Burmans to attain them. *If* Burmans can be made to feel that this is the determinant character of British rule, there is some hope for the continuance of British rule in Burma so long as it may be needed, and that Burma, when as capable of independence as Siam, will freely elect to remain within the British system.

REBUILDING SOCIETY : POLITICAL,

Constitutional forms may help. If, with cynical indifference, Burmans are flattered into acquiescing in a pseudo-democratic machinery as the latest thing in modern government, as under the existing constitution they were given manhood suffrage (at 18), those who frame the constitution will have the pleasure of saying "I told you so" when the disaster for which they are responsible occurs. Democratic forms of government are of all forms the most difficult to work and although it is possible by outside force to hold together any

constitution, it will require more than normal political ingenuity to devise any constitution for Burma which will hold together of itself. Possibly the framing of a constitution is so difficult that the form does not matter much, except as regards cost of working, a point that many political theorists overlook; but prudence suggests that the constitution should be as easy as possible to work. Also, which concerns us here more closely, the constitution should be devised with a view to building up the national will in all its aspects and should provide for the organisation of thought, knowledge and economic and military power; as for example by providing for a system of Boards or Committees which would make for continuity of policy, and on which Europeans, even without being members of the Legislature could, and in their own interest would, place their experience and knowledge of industrial, commercial military and marine affairs at the service of the country.

CULTURAL,

But much more can be done outside the Legislature and without regard to constitutional forms. It is impossible that a national will should be capable of action in the modern world when the people know as little of the world as Burmans. Education is essential, not the spending of crores on buildings of the latest "hygienic" pattern and on the multiplication of inefficient teachers, "qualified" or "unqualified", to produce results which often do not compare favourably with those of the monastic schools, but a direct attack on the barriers which shut off Burmans from the modern world. Many lines of advance are open: by the multiplication of books in Burmese dealing with the modern world; by the establishment over the whole country of libraries in Burmese and, where necessary, in English; by a free use of cinemas and broadcasting until every village and every school, monastic or lay, Buddhist, Christian, Hindu or Mahomedan is brought into intimate contact with the modern

world; and by the foundation of schools of science and technical institutes. Then, also, it would be useful to send delegates all over the Far East, who might study the secret of ordered progress in Siam, administrative hygiene under Dutch rule in Java, the value of scholarship and art in French Indo-China and, in the Philippines, learn at least how to go backwards with a bold front when faced with an unprofitable speculation. All this would cost money, although not necessarily very much; but now and for some years to come the country has no money. Sounder methods of taxation however would provide more funds and even without them a Minister of Education who knew his job and had sufficient driving power might carry such a programme through in five years and, possibly, at the same time effect a reduction in his budget.

ECONOMIC.

This frontal attack on ignorance would not directly benefit the European merchant, but trade with active and intelligent people should be more profitable than with the ignorant and idle. Activities multiply wants. Wants can be satiated but new activities stimulate new wants. Also, with a more intelligent population, firms could recruit better and more efficient workmen. But men of business, however warmly they may sympathise with such considerations, cannot allow them to have much influence upon their actions. They must take nearer, narrower, views.

Suppose however that firms in Burma could replace their European assistants by Burmans of the same order of efficiency. Burmans capable of the work of Europeans could do it better, just as in France Frenchmen can do business better than Englishmen because they know the language and the customs of the people. Burman assistants would cost less because they would not have to provide for families in Europe or for retirement at an early age; they could work longer instead of

leaving Burma just when the powers of a business man are beginning to mature and he has a sufficient fund of experience to guide him. *IF* it were possible to employ Burman assistants they would be more efficient and cost less.³⁰ Any firm which could learn the secret of training such assistants would be able to cut out its competitors in Burma and, what is more important, by the reduction of overhead charges would be better able to compete with Japanese and other foreigners. As things are, the Burman is not a man of business; if European firms should employ Burman assistants in responsible positions the business which has been built up by European enterprise would go bankrupt under Burman management. But the Burman is not a man of business because he has never had the chance to be one and it should not be impossible for a firm to select suitable Burmans and train them in their own business in England where they would gradually learn to discharge the responsibilities of European assistants in this country. This is where the imaginative man of business may see a chance for profit; in training Burmans to take the place of Europeans. Prospects of better trading conditions in the future can rarely influence his policy. But any one who can get something like European efficiency on something like Burman salaries stands to make a profit which should justify spending money at the risk of failure. Any one who succeeds in such an experiment will have a few years start of his competitors to repay his enterprise. Others will imitate him, and if Burmans see that within a generation they will hold a secure position in the trade and industry of Burma they will be less inclined to cripple business enterprise in Burma by capricious measures in the Legislative Council. It is true that such a policy, would displace European assistants, but the new activities of the new Burman in business should stimulate trade, so that even more Europeans than now might well be needed. But then Burmans and Europeans

would all work together on equal terms instead of being separated by a barrier of jealousy and ill will.

THE ORGANISATION OF THOUGHT.

Merely to state so many large problems so briefly may appear presumptuous, but considerations such as these, if they serve no other purpose, should illustrate the difficulty and complexity of the problems which confront Europeans and Burmans alike. Building needs forethought and a plan; one cannot build even a hut merely by placing one brick on another. In a modern country, universities, learned societies, books and periodicals provide an apparatus for the organisation of thought and knowledge, but in Burma there is practically nothing of the kind; the daily newspapers rarely make any notable contribution either to thought or knowledge, the University has had no time yet to touch the modern world in human life, and beyond these there is nothing. So long as the administrative machine was merely an instrument of the economic process, obstacles could be surmounted one by one as they appeared and there was little place or need for thought. But the plain logic of the present situation argues disaster and, even if we succeed in organising good will to take control of the machinery, the best of good will cannot avert disaster if uninformed and ill advised. "Somewhere, away from the hurly burly of practical responsibility and action, the social and political problems involved in these discords must be exposed. The 'great society' must and wants to understand itself— partly as a matter of sheer curiosity, partly because human beings are in a muddle and cannot get out unless they know more than they now know..... It is not the function of the university to *do* anything about any of them.....But neither can it hold itself aloof." These remarks of Dr. Flexner in his essay on "The Idea of a modern University" (*Universities: American, English, German. Oxford Press 1931*) apply with especial force in Burma. Boards and Committees

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advising the Legislative Council can do something to apply thought to practise, but behind all these we need an organisation of pure thought studying general principles and the facts of life in Burma in their mutual relations. In physical science the scientist in Burma is none the less a scientist because he advances his science by studying its phenomena in Burma, and the same is true in moral science. The organisation of thought in Burma in relation to the special problems of the country is perhaps the best service which the University can render, and almost unquestionably far more useful than turning loose hundreds of graduates, even graduates in commerce, who have studied their prescribed text books but know nothing about Burma.

The University is itself so new that it must surely come to react appropriately to new conditions, and the administrative machinery, if given time enough, will run smoothly in new grooves; educationists and administrators will require a touch of the creative impulse and an effort of sympathetic imagination to overcome the inhibitions of their personal and professional traditions, but the chief opposition to the rebuilding of civilisation in Burma may be looked for in the attempt of European men of business to safeguard their supposed interests. If, as is but too probable, the obstacles prove insurmountable, the end of British influence in Burma can be only a matter of time and, after a period of anarchy more or less prolonged, our descendants may find Burma a Province of China. China has a great civilisation and it is quite possible that the absorption of Burma by the Chinese will be the best destiny for Burmans. Then the European visitor looking at Burman lads playing Burmese and Association football will probably reflect that at least one valuable element of Burmese civilisation outlasted British rule and that there is one good thing we gave them. But this will be an inglorious, if not unfitting, memorial of British rule in Burma.

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AN INTRODUCTION
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CHAPTER I.

THE WEALTH OF BURMA.

1. *The Study of Economics.* Economics is the name given to the branch of learning which deals with the material well-being of man-kind; it treats of the production and use of wealth. The aim of economic science is to elucidate the principles governing the production and use of wealth and therefore Economics is sometimes defined as the Science of Wealth.

The study of economic facts and principles in relation to the wealth of individual nations or "polities" (a word of Greek origin meaning city, state or nation) may conveniently be termed Political Economy.

Thus, the Political Economy of Burma deals with the production and use of wealth in Burma.

In the past many countries have been ruined because their rulers did not understand, or did not practise, sound principles of political economy, and the downfall of Burma was partly, and perhaps largely, due to this cause. Countries are more likely to be well governed if their rulers understand and apply sound economic principles and these are easier to apply in proportion as they are generally understood among the people. The first step towards understanding the principles is to have some acquaintance with the facts. Every one therefore who aspires to play an active part in the government of his country should endeavour to gain some acquaintance with its political economy.

2. *Methods of Study.* Since economics deals with the production and use of wealth, it deals with men in

the ordinary business of life, and one can learn much that is of economic value from what one sees and hears every day. Almost everything has an economic aspect to the observer who looks at it from an economic standpoint and in this respect the student of economic science has an advantage over the student of natural science, for he does not need a laboratory and special apparatus for his experiments.

But although the student of economics can learn much from what he sees and hears, he can see and hear only a very small proportion of what is going on around him. The student of astronomy can learn a good deal about the stars with his naked eye but for further progress needs a telescope. Just as the telescope and microscope extend the range of the human vision in natural science, so do statistics extend the range of human vision in economic science. Statistics are records of observations summarised in a convenient form. Any one who watched for some time the loading or unloading of ships in the Port of Rangoon would be able to gain a general idea of the exports and imports of the country. But for an estimate of approximate accuracy it is necessary to have thousands of observations, and, to make these observations intelligible, it is necessary that they shall be conveniently summarised, either in a table, a diagram or graph, or on a map.

The student of economics must therefore accustom himself to the use of statistical tables, diagrams, graphs, and maps. But figures may be very misleading and it is of great importance in the study of economics that the student shall check statistics by what he can see and hear, and bring them to the test of personal observation and common sense.

3. *Material for Study.* Most of the statistics relating to economic conditions in Burma are to be found in appendices to various government reports. These reports are summarised annually in a Report on the General Administration of Burma. Caution is necessary

in accepting the statements made in this Report, but it contains one feature of great value to students of economics and of public affairs in general. This valuable feature is the table at the head of each chapter giving references to the particular reports which the chapter summarises, and thus serving as a handy guide to the student in search of information by indicating the place where it is most likely to be found. The Reports chiefly interesting to the student of economics are the Report on Maritime Trade, the Report on Transfrontier Trade, the Season and Crop Report, the Report on Mineral Production, the Report of the Salt Department and the Report on the Working of the Income Tax Department. In using these Reports it should always be remembered that the figures in the appendix are usually of greater value than the statements in the text, and that even the figures in the appendices are often misleading and require close scrutiny. The text should therefore always be checked with the figures given in the appendices, and the meaning of the figures should be ascertained, so far as possible, by reference to the instructions under which they were compiled. But, if the Reports are carefully handled, with due regard for these precautions, they provide a wealth of material for the economist.

In respect of agricultural economics a further, and still more valuable, store of detailed information is available in the annual maps and records of the Settlement and Land Records Department, which are fuller and of longer standing than in any province of India. In these records we have a mine of information on agricultural economics richer, probably than in any country in the world, although as yet it has been little worked.

4. *Statistics of the Wealth of Burma.* All wealth has its origin in the things that have been given man by nature, and man converts the gifts of nature into wealth by making them more useful to mankind. Thus, the wealth of Burma is derived, directly or

indirectly, from the natural resources of Burma, its forests, mines and agricultural land and the produce of its rivers. The common commodities of daily life in Burma are mostly produced in Burma and are derived directly from its natural resources. Other commodities which Burma does not yield, or does not yield in sufficient quantities to satisfy the wants of Burmans, are obtained indirectly from the produce of Burma by exchanging it for the produce of other countries. Thus the statistics of foreign trade present a general survey of the wealth of Burma showing what Burmans produce and use. The trans-frontier trade is negligible and we can get a sufficiently accurate picture of what Burma produces and consumes from the Annual Reports on Maritime Trade. The table on page five, shows the principal exports and imports for Rangoon during 1927-28.

5. *Wealth from Agriculture, and Industry.* These figures reveal certain facts of great interest and importance. They show that Burma imports large quantities of commodities, such as oils, grain, pulse, spices, tobacco, silk and fish which it can, and does, produce. They show the overwhelming preponderance of rice among the commodities produced, and must suggest to any one who thinks about the matter how risky it is to be so dependent on one kind of goods; to put, as the saying is, all one's eggs into one basket. But the fact of main importance which they demonstrate is that Burma is an agricultural country; the exports are raw products chiefly agricultural, and most of the imports are industrial products, chiefly manufactured.

Now there is a striking contrast between agriculture and industry in the production of wealth. We have noticed that in the production of wealth there is a partnership between man and nature. Man converts natural resources into wealth by his labour. But in agriculture the predominant partner is Nature whereas in industry the predominant partner is Man. Take, for example, the production of cotton. The farmer sows

TRADE OF RANGOON IN 1927-28
(From the Report on Maritime Trade.)

Imports.

Exports.

Commodities.	Value in lakhs imported from			Commodities.	Value in lakhs exported to		
	Foreign Countries	India	Total Rs. lakhs.		Foreign Countries	India	Total Rs. lakhs.
1. Cotton (Manufactures including twist, etc.)	5.59	2.34	7.93	1. Rice (including bran, etc.)	23.67	9.39	33.06
2. Metals	2.79	42		2. Oils (Mineral)	1	10.14	
Machinery	2.60	—	6.16	Wax and (Cand'es)	2.13	14	12.42
Railway plant	35	20		3. Wood and Timber	1.31	2.53	3.84
3. Provisions	1.72	77	2.49	4. Lead	2.14	—	2.14
4. Jute (Manufactured)	—	2.27	2.27	5. Cotton (raw)	1.16	—	1.16
5. Oils	64	1.18	1.82	6. Grain etc. (excluding rice)	49	63	1.12
6. Tobacco	53	1.03	1.56	7. All Other Articles	3.77	1.98	4.75
7. Coal	5	1.35	1.40				
8. Grain and pulse	—	1.37	1.37				
9. Sugar	95	—	95				
10. Wool (Manufactures)	90	—	90				
11. Spices	—	87	87				
12. Fruit and Vegetables	—	83	83				
13. Fish	31	49	80				
14. Hardware, etc.	80	—	80				
15. Liquors	62	—	62				
16. Silk	60	—	60				
17. Seeds	—	55	55				
18. All Other Articles	7.35	2.49	9.84				
Total Imports	25.80	15.96	41.76	Total Exports	34.68	24.81	58.49

THE WEALTH OF BURMA.

the cotton seed, tends the plant and gathers the crop, he ploughs the land and performs other agricultural operations; but the forces of nature, the soil and sun and rain, cause the plant to grow and yield its fibrous pod of cotton. Nature does more than man. Then the raw cotton is purchased by the broker and carted to the ginning factory. It is spun and woven into cloth, and then made by the tailor into clothing, which the shopkeeper buys for sale to the farmer who grew the crop. At every stage in this process the labour of man has been added to or mixed with the cotton that was at first a natural product, until the final result, the clothing, is largely the work of man. Each operation, by making the raw cotton more useful to man has made it more valuable and added to the wealth it represents. If these operations were conducted in Burma by the people of Burma they would add to the wealth of Burma. It is clear, then, that Burma would produce more wealth if industrial production were increased without a proportional reduction in the agricultural output, and it may safely be assumed that Burma would be wealthier if it were more industrial and less agricultural.

6. *Progress of Burma and of Burmans.* Statistics show that there has been a large increase in the production of wealth in Burma during the last sixty years. People are apt therefore to talk of, the progress of Burma, and to regard Burma as a rich country. But the progress has been very limited and lop-sided. The wealth of a country resides not only in its natural resources but in its people, and the people ought to be a far richer asset than the land. In Burma the land has been developed and the people have been neglected. There has been progress in Burma but the Burman has been left behind. This has found expression in the popular saying *auk-kya nauk-kya*. To ascertain the causes of this is one of the chief problems of the student of the political economy of Burma and it should be a chief care of statesmen and politicians to provide a remedy.

CHAPTER II.

CROPS AND CULTIVATION.

1. *Configuration and Climate.* Crops and methods of cultivation depend largely upon soil and climate. The greater part of Burma lies within the tropics and only those crops which are suited to a tropical climate can grow freely, but, as there is a wide range of soil and climate, there is a great variety of crops. The climate of a country depends partly on its physical configuration. To the North of Burma there is a tangled mass of mountains from which three ranges spread out towards the south: the Arakan Yoma on the west, cutting off Arakan from Burma proper, the Pegu Yoma, running almost due south between the Irrawaddy and the Sittang, and the Shan Hills on the East separating Burma from China and Siam. These hills govern the distribution of the rain. Most of the rain falls during the south west monsoon. The clouds which sweep up from the south are precipitated in the Irrawaddy Delta; those coming from the west break on the Arakan Hills, and there is rain in the hills on the north and east. Thus on all the borders of Burma there is ample rain, but most of it falls before the clouds can reach the centre of the country where there is a comparatively rainless region known generally as the Dry Zone.

In the Delta and the Hills the rainfall is so abundant and so certain that any crop can be grown without irrigation. Elsewhere the land must be irrigated or it will yield only those crops which need very little rain.

2. *Principal Crops.* (a) *Rice.* The chief agricultural product of Burma is rice. The following table shows the proportion of land cultivated with rice to the total occupied and cultivated areas in Upper and Lower Burma respectively during 1927-28.

RICE CULTIVATION IN 1927-28

(From the Season and Crop Report.)

Region.	Total Area Occupied.	Total Area Cultivated.	Total Area under Rice.
	<i>Acres.</i>	<i>Acres.</i>	<i>Acres.</i>
Upper Burma	9,081,226	5,676,020	2,078,356
Lower Burma	11,314,914	10,642,118	9,622,156
Total	20,396,140	16,318,138	11,700,512

Thus, of the cultivated land in Lower Burma, nine-tenths is sown with rice, but in Upper Burma only about one third. Figures in detail by districts show that rice occupies over two thirds of the cultivated area in every district of Burma except the following:—

(a) Mergui and Tavoy in Lower Burma; Mandalay Kyaukse, Minbu, Yamethin and Thayetmyo in Upper Burma. In these districts the area under rice although less than two thirds is over one third of the cultivated area:

Lower Chindwin, Sagaing, Meiktila, Pakokku and Magwe, where the area under rice is less than one quarter of the cultivated area, and Myingyan, the driest district in Burma, where the proportion under rice is less than one tenth.

The distribution of these districts is shown in the map on page 9.

In Mergui and Tavoy, the rainfall is abundant but the surface is hilly and more suitable for rubber and fruit trees. In Yamethin and Thayet-myo conditions approximate to those of the Dry Zone. Mandalay, Kyaukse and Minbu are in the Dry Zone but are irrigated from large Canals. The remaining districts are in the Dry Zone and contain very little irrigation.

(b) *Other Field Crops.* Rice and other annual crops are often collectively termed "field crops by way of distinction from alluvial crops and garden crops. Of the other field crops the following are the most important :—

Millet (Pyaung) with two varieties, White Millet (*san-pyaung*), used both for food and fodder, and Red Millet (*k'un-pyaung*) used mostly for fodder. These crops are not very clearly distinguished from one another or from some other cereals in the annual returns but the two varieties, together with Maize and Lu, cover normally about a million acres.

Sesamum (hnan) with two varieties, Early Sesamum (*hnan-yin*) and Late Sesamum (*hnan-gyi*), occupying normal by about a million acres.

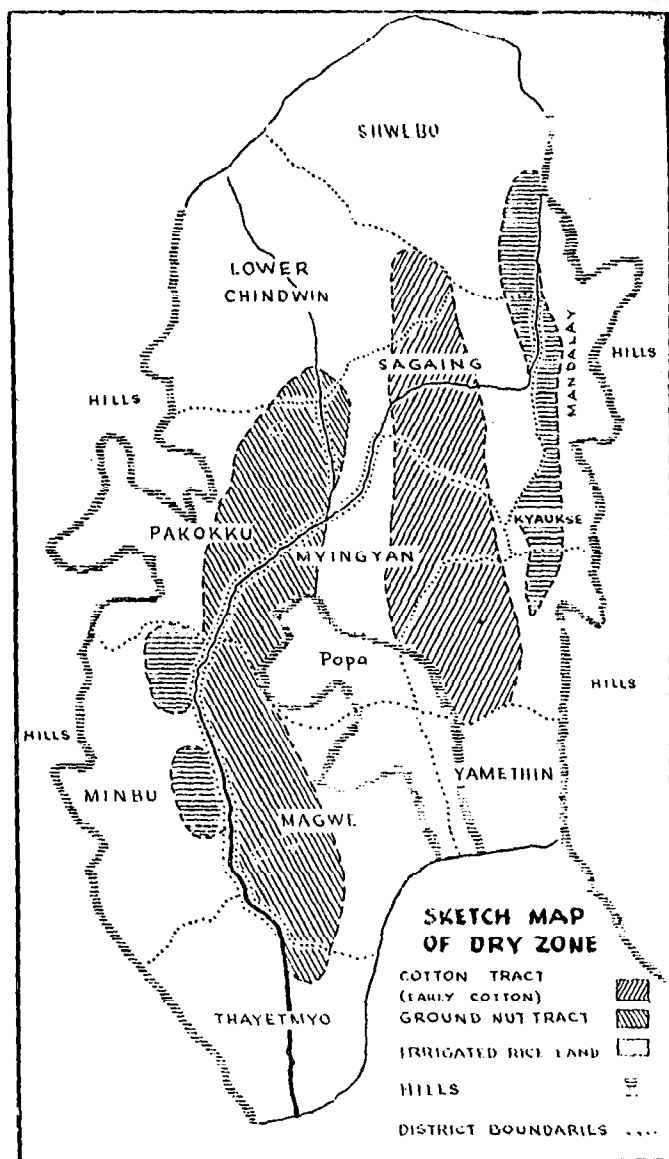
Pulses or Legumes (pe) with innumerable varieties and without reckoning Ground-nut, occupying about a million acres.

Ground-nut (Mye-be) occupying a quarter to half a million acres.

Cotton (wa) with two main varieties, Early Cotton (*wa-gale*) and Late Cotton (*wa-gyi*), occupying a quarter to half a million acres.

These crops are found chiefly in the Dry Zone and their distribution by districts is shown in the table on page 9.

Owing to the method of compiling these statistics, which are taken from the annual Season and Crop Report, the figures for pulses include some *lu* and probably some *k'un-pyaung*, which would more suitably be shown under the head of millet. The areas under various



crops differs greatly from year to year according to the season and the market, and in the year to which these figures relate the area under cotton was unusually low and the area under ground-nut exceptionally high. But, if the figures by townships be plotted on a map, it may be seen that there are two well defined tracts in the Dry Zone running parallel from north to south with cotton on the east and ground-nut on the west; however great the crop variations may be from year to year, cotton always predominates over ground-nut in the cotton tract and ground-nut over cotton in the ground-nut tract. Early sesamum is usually found with ground-nut and late sesamum with cotton. But early sesamum is found in Thayetmyo where the cotton is of the *wa-gyi* variety and also in Meiktila, while late sesamum is found in the ground-nut tract in Pakokku. The main cotton and ground-nut tracts are shown in the map on page 11.

(c) *Alluvial crops.* Alluvial cultivation may be found wherever a river overflows its banks during the rains and leaves islands and sand-banks exposed during the dry season. Some of this flooded land is very rich and yields good crops of rice, maize, ground-nut and the better kinds of pulse, *pe-byu*, *pe-gya*, *pe-gyi*, *sawdaw-pe*, etc. Much however is poor and yields nothing but inferior pulses, especially *pe-bizat* or, if a hard soil, *mat-pe*. The richer lands also yield onions and tobacco, but tobacco may be grown on what looks to be the poorest sand but is really silt covered by three to five feet of barren sand.

(d) *Garden Crops and Palms.* The cultivation of palm trees is one of the chief agricultural occupations in many parts of Burma. The main product is the juice which yields toddy and sugar, but the leaves also are used for roofing. Two kinds of palm are grown, the *dhani* palm, a dwarf palm fringing the creeks of the Delta, and the *t'anbin* or toddy palm, which is grown on higher land wherever there is sub-soil water and the land is not required for other crops. Although there is much

AREAS UNDER DRY CROPS IN 1927-28.

(From the Season and Crop Report.)

District	Cotton	Ground-nut	Sesamum		Pulses	Millet
			Early	Late		
Lower Chindwin	36,643	24,463	35,936	83,078	160,815	160,074
Sagaing	79,050	20,656	18,435	79,004	199,153	68,794
Meiktila	49,269	18,585	122,430	4,619	85,046	75,744
Myingyan	78,239	170,237	123,013	23,566	206,206	139,348
Pakokku	3,213	148,458	18,381	35,996	93,628	177,920
Magwe	8,497	123,291	225,541	1,045	134,066	154,433
Thayetmyo	45,514	5,752	68,052	...	6,326	22,621
Total Chief producing Districts	300,425	511,442	611,788	227,308	885,240	798,934
Total for Burma	311,144	540,071	734,895	286,430	1,348,342	946,615

toddy cultivation on the northern border of the wet zone in Prome and Toungoo, it is relatively of most importance in the Dry Zone, especially in Pakokku and Myingyan, where the number of climbed trees approaches or exceeds a million in each district. Here it is of peculiar value as an insurance against scarcity from drought; for, when all the crops are withering for want of rain, the palm trees are little affected untill the following seasons. Near the sea-coast there are a few coconut plantations. Rubber is grown in Lower Burma, especially in Mergui and Tavoy. Fruit trees are grown in orchards but are not often of commercial importance.

3. *Crop Yields.* The average outturn of paddy per acre is about 1500 lbs., or 30 baskets, rising on the best soil to about 2250 or 2500 lbs. per acre. During recent years the normal outturn for the whole country has been about 7 million tons, of which about half is consumed in Burma.

The cotton crop, when plucked, consists of lint or fibres attached to the cotton seed, and the lint is about one third of the total weight including the seeds. The average yield of raw cotton, including seed and lint, is about 330 lbs. per acre *matured*, the lint weighing about 110 lbs. The outturn of lint per acre *sown* is about 90 lbs. The *wa-gyi* cotton, grown in Thayetmyo, gives a larger proportion of lint, which weighs 38 per cent of the total weight of the raw cotton. The classification of cotton and its value depend largely on what is known as the "staple", i.e. the staple or average length of the fibres attached to the seed. With *wa-gyi* the staple may be as high as seven-eighths of an inch whereas with *wa-gale* the staple is barely three-quarters of an inch. The total provincial yield is about 12,000 tons of lint, of which all but about 2½ per cent is exported. The seed is pressed and yields oil and a cake that can be used as cattle food.

The average outturn of ground-nut per acre is about 1000 lbs. which would yield about 300 lbs. of oil and 700 lbs. of cake. During recent years the total outturn

of the country has been about 150,000 tons. The proportion of the oil exported probably depends largely on the yield of sesamum, as both sesamum and ground-nut oil are used in cooking and a good crop of sesamum sets free ground-nut oil for export.

For these three crops estimates of the total yield are framed by the Settlement Commissioner at every harvest. The yield of rice has been estimated for nearly fifty years and the estimates can be checked by actual exports, so that the figures for the yield are approximately correct. The estimates for cotton and ground-nut began at a much later date and can not be checked so conveniently by exports but may be taken as reasonably accurate. For the last few years the Settlement Commissioner has also framed similar estimates for the sesamum crop, but so much of this is consumed in Burma that the figures cannot be checked by exports and the average yield of sesamum is very doubtful. There are large exports of beans, and figures purporting to show the yield of these and other crops are published annually in the season and Crop Report; but these figures are prepared in District Offices and do not carry the same weight as harvest estimates made by the Settlement Commissioner.

4. *Methods of Cultivation.* There are five main kinds of cultivation in Burma :—

- (a) Shifting Cultivation ;
- (b) Dry Cultivation, usually on Unembanked Land (i.e. without *kazins*) ;
- (c) Wet Cultivation, always on Embanked Land;
- (d) Irrigated Cultivation ;
- (e) Alluvial Cultivation

(a) Shifting cultivation is cultivation which shifts from place to place, usually every year. This is the most primitive method of cultivation and is now dying out except among the hill tribes. The cultivator roughly clears a patch of jungle, ordinarily by setting fire to the trees and undergrowth on a hill side during the dry

weather. When the early rains have softened the soil, he sows his seed among the roots and stumps of trees. Three or four months later he gathers whatever the land yields, which is usually very little. The crop chiefly grown is rice. Formerly shifting cultivation predominated even in the Delta and it is still found in level open country in Myitkyina and Mergui and probably in other remote areas, but ordinarily this extravagant and inefficient method of cultivation is confined to sparsely peopled hills.

(b) Dry cultivation is cultivation which does not need standing water but depends on water held up in the soil. It is therefore unusual to surround the fields with the little embankments known as *kazins*, but, in some cases, where dry cultivation is practised in valleys, the fields are embanked. The crops raised by dry cultivation are those which have been mentioned as characteristic of the Dry Zone. Rice may be grown by dry cultivation on unembanked land but only under exceptional conditions and the yield as a rule is very poor.

The methods of dry cultivation differ greatly in detail according to the crop, the locality and the season. In general dry cultivation resembles wet cultivation but has four distinctive characters. One is the prevalence of double cropping; every year about one sixth of the total area under dry cultivation is sown with two crops in succession, whereas the proportion of rice-land which grows a second crop (except under irrigation) is insignificant. Another distinctive character is the prevalence of mixed cultivation, with a rotation of crops which keeps the cultivator busy almost throughout the year. A third is the necessity for periodical fallowing after two to five years of cultivation, whereas most land under wet condition is worked annually. The fourth distinctive feature of dry cultivation is that, whereas land under wet cultivation is ordinarily ploughed just before it is sown, land that is to be sown with dry crops is often ploughed at the end of autumn and then

left unsown until the early rains of the following year. This practise, known as *t'aye-e t'un-de* or *t'aya-bok t'un-de*, corresponds with the dry-farming that is found in the precarious tracts of America.

These four characters of dry cultivation are closely related to the scarcity and uncertainty of the water supply. A variety of crops ensures a better chance of one crop yielding well, as a season that is bad for one crop may suit another. For the same reason the cultivator prefers shortlived crops during the rains which allow him to put down a second crop that will ripen with the dews of the cold weather. Because the land receives little water it is not renewed by the silt that water carries and therefore needs fallow periods to soak up water and restore its fertility. By ploughing the land in autumn the cultivator gives it a better chance to gather water during the dry weather and can put his seed down with the first rain next year without wasting precious time on ploughing. Despite all these precautions, dry cultivation is always uncertain and even when successful is rarely so profitable as wet cultivation.

(c) Wet cultivation is the term used in Burma for the cultivation of rice on embanked land. (It should be noticed that in India proper the term 'wet cultivation' applies solely to cultivation by artificial irrigation; probably because there are so few areas outside Burma where a crop like rice can be grown without irrigation that wet cultivation and irrigation have become synonymous. Unless this is remembered, books on Indian agriculture are liable to mislead readers in Burma.) Rice is a water weed and for most of its life at least a few inches of the stem should be under water. The water would run away unless it were held up by embankments and these embankments, in Burma termed *kazins*, give rice fields their characteristic appearance. The *kazins* not only hold up the water but enable the cultivator to regulate its supply from field to field. In the Delta, where land is liable to inundation by the tide,

there is usually a large embankment, or bund, round each holding to keep out excessive water, especially salt water.

The cultivation of rice in the Delta, although one of the most laborious forms of agriculture, is one of the simplest. There is only one crop and the rain-fall is so certain that the farmer is spared many normal perplexities of a cultivator's life. But it is nothing like so simple as it sounds. It is much easier to know how to cultivate than to cultivate successfully and, as a Burman cultivator once remarked, "Any one can learn to read and write but you must be born and bred a farmer".

The first operation of the agricultural year is to set the kazins in order and repair any damage done to them. As they are made of mud scraped from the surface of the field they can easily be shifted and much of the skill in wet cultivation consists in so adjusting the kazins as to make the best use of the water supply. But this requires an intimate knowledge of the land and, where cultivators change so rapidly as in the Delta they do not, remain on their land long enough to ascertain the best positions for the kazins; this may be a reason why kazins in Burma seem to be much more permanent than in India. The next stage is the application of manure, or other fertilising agent, to enhance the yield. Plants get their food from the soil and whenever land is cultivated the soil loses some of its constituents; if these are not restored the soil becomes less fertile. In Lower Burma the land is flooded annually and the floods carry silt which is deposited on the land and helps to restore its fertility. But the silt is deposited unevenly. Lower Burma is cut up by branching creeks into little islands. Every year, when the waters rise, they flood these islands. But most of the silt is deposited at the edge of each island, which is thus gradually built up like a saucer with a high rim of fertile soil all round the edge and a depression of poor and waterlogged soil in the centre. Sometimes the cultivators dig channels for the silt-laden

water to reach the centre of the island. Sometimes, especially in Tavoy, they dig up silt during the dry weather and spread it over their land. But their usual method of restoring fertility is to spread cattle manure. Rich soil does not need manure as on such soil manure encourages the growth of the stalk and leaves rather than the swelling of the grain. This can be seen almost everywhere that rice lands border on a village and are therefore richly manured, for on such land there is a luxurious growth of stalk and leaves but the stem either bears little grain or leans over so that the ears hang in the water and rot. Neither does new soil need manure and it may even be damaged by too much manure. But every year as the soil loses its original fertility, manure becomes more necessary. In the Delta where new soil has been coming under cultivation the farmers have not yet learned how they may best conserve their manure, but they try to make it go as far as they can by mixing it with burnt chaff and spreading it just before the rains break. But the agricultural conditions have favoured the growth of large holdings. A yoke of cattle is reckoned to produce about $5\frac{1}{2}$ tons of manure annually yielding some 50 or 60 lbs. of nitrogen which barely suffices for two acres of land. The cultivators therefore usually apply their stock of manure to the fields in which the crops are sown, known in English as nurseries and in Burmese as *pyo-gin*. Until recently artificial fertilisers have been too costly by comparison with the price of paddy to justify their use, but the Agricultural Department claims to have discovered a fertiliser that can be profitably applied, and if so many of the exhausted soils of Lower Burma should regain their fertility.

Cultivation begins in May with the first rains. In exceptional circumstances it may begin in April while the surface is still baked hard by the sun, but this is rarely necessary. If the land is covered with tall kaing grass, this must be cut down and cleared, but the ordinary surface weeds are ploughed into the soil. Cultivation

comprises two stages: *ploughing* in which the soil is turned over in solid clods, and *harrowing* in which the clods are broken up. New land in the Delta does not need ploughing but can be cultivated with the harrow alone, so that until recently the only process of cultivation was harrowing, which in English was often loosely spoken of as ploughing. But the true plough (*t'e*) has always been used in Burma and, as the land in the Delta grows older, the use of the plough is becoming more general.

The ordinary plough (*t'e*) consists essentially of a curved wooden share, or tooth, with an iron point. This implement is driven round and round the fields in a spiral curve (*kayubat*) which digs a groove and turns the earth up to a depth of four or five inches. Then the ploughman goes over the surface with the harrow (*t'un*). This is a wooden pole to which four or five teeth are attached. He is expected to go over the soil eight times in different directions, but the number depends on the nature of the soil and on the water supply and on many other circumstances. A yoke of cattle should cover an area of forty fathom square in a morning's work and this area (*alan-le-se ta-kwet*) is a common unit of measurement in some parts of the Delta.

Meanwhile the farmer has been making up his mind how much of the land shall be sown broad-cast and how much shall be transplanted. Transplanting means extra labour and therefore extra expense, but it usually enhances the yield and it is very interesting to notice how closely cultivators balance the extra cost against the extra yield. But on many large holdings fields must be sown broad cast for lack of time to transplant and there are large areas of poor or flooded land where transplanting does not pay or is impossible.

In sowing grain the matter of chief importance is that the grain on one field shall all ripen at about the same time so that it can all be reaped together and various devices are adopted at harvest to select seed and ensure that it shall be sufficiently uniform. Before the

the seed is sown it is soaked for two or three days until it begins to sprout. It is then either sown broad cast (*kye-le*) in the same fields where it will grow, or else is sown very thickly in small fields known as nurseries (*pyo-gin*) for subsequent transplanting.

The seedlings are left in the nurseries for about a month, while the rest of the land is being made ready for planting. They are then up-rooted by men (*pyo-linok*) and taken down to the fields in bundles of 500 or 1000. (Sometimes, in Upper Burma, the seedlings are transported for many miles and people with an early supply of water grow seedlings for sale to cultivators where the water supply is later.) Formerly most of the planting (*kauk-saik*) was done by women but now more and more of the work is done by men. On the higher lands the seedlings are planted by hand but in deep water they are planted with a long fork. Usually two to four plants are set together although it is said that in other countries such as Japan seedlings are planted separately.

After transplanting his crop the cultivator has little work for a month or two and usually needs a rest. But he must patch up any places where the crop is washed away by flood and on the lower lands or in years of exceptionally heavy rainfall this patching of flooded areas may entail great labour and expense. He must also pay constant attention to adjusting the water level, but this is not arduous and, during the two months between planting and harvest, his chief occupation is to tend his cattle. Ordinarily there is no pasture left, as all the land is under rice or water, and grass must be cut along the *kazins*.

When the ear forms, bamboo stages are built on which the cultivators and their children keep watch to frighten off the birds. If the fields border on forest land special precautions are needed to keep off pig, deer and elephant.

Most of the reaping is done by men although women

also help. The sheaves are then taken to the threshing floor which is usually the highest piece of ground in the holding. The seed paddy is selected and set aside to be trodden out by the women and children. The rest of the grain is spread out on the threshing floor to be trodden out, by muzzled cattle. After threshing the grain is winnowed. Small quantities can be winnowed by hand, but usually a stage is erected to the height of twelve or fifteen feet and the grain, which is raised up to the stage in baskets attached to ropes over pulleys, is allowed to drop through the bamboo laths which form the floor. The grain is usually sold on the threshing floor and nothing remains but to tend the cattle until they are next wanted. By this time the fields are bare and dry and the cattle must therefore be sent to a grazing ground where there is fodder and water, which is usually at some distance, often many miles, from the cultivator's land and village.

(d) Irrigated cultivation resembles the ordinary wet cultivation, and the chief differences are that the holdings, as a rule, are much smaller and may be very minute, and that the arrangements necessary for maintaining the water courses and distributing the water demand much greater co-operation between the cultivators who derive water from the same system. Every one who receives water from the irrigation system is expected to contribute either in labour or money to the cost of irrigation. In India *well-irrigation* is very common and cultivators build durable wells of masonry, but in Burma there are few wells and these are merely earthen pits used during the dry weather for irrigating onions, betel vine or hot weather rice (*mayin*.) The simplest form of irrigation in general use for cultivating rice is the *tank* consisting of a bund built across a valley or other natural depression to hold up water from the adjacent catchment area. Often such a tank is the private property of one family and irrigates no more than a few acres, but some tanks are so large as to be artificial lakes, beneath which the cultivators of several villages

hold land. Often there is a whole series of tanks dependent on the same water course and the use or abuse of water on the upper tanks of the system affects the amount of water received by those cultivating under the lower tanks. Another very simple form of irrigation is the temporary diversion of water from a small stream, by a *bund* (se) to irrigate the land beside the bank. But the diversion of water at any one point may prejudice cultivators lower down the stream, so that stream irrigation is never quite so simple a matter as tank irrigation. If the irrigation is to feed a large area of land, the supply must be taken off from a fairly permanent stream and distributed by *canals*. Small irrigation systems can be managed by the cultivators themselves so long as they have common interests, but in a large system feeding hundreds of acres the number of people concerned may be so large and the conflict of their interests so acute that it is almost necessary for Government to intervene. Very large irrigation projects can only be undertaken and managed by Government. The most important canals in Burmese times were those in Kyaukse, Shwebo and Mandalay. The foundation of the Kyaukse Canals is traditionally ascribed to Anwarata (1044-87 A.D.) and the rice lands there have played an important part in the history of Burma, for the man who controlled the produce of these lands was master of the granary of Upper Burma and held the key to power. Under British rule these canals have been improved and new canals have been built under the Man and Mon rivers in the Minbu District. (*See the map on page 9*)

On the private irrigation systems various devices are adopted to ensure the best and fairest distribution of the water. Where the water supply is ample at all seasons of the year, every one can have as much water as he wants. But, if the supply is scanty, care will be taken to give all the cultivators as much as is needed for their nurseries and, for the rest of the year, they receive water in turn. Sometimes the water is let in from one side of the

system and the other side alternately in successive years, or occasionally even from the tail end of the system and the head alternately, so that the fields nearest the source and those farthest away benefit in alternate years.

Such elaborate arrangements demand close co-operation between the cultivators. In Burmese times they usually elected one or more of the older or more influential among them to manage the system and bound themselves by a contract to obey his orders subject to a penalty, usually so many lumps of palm sugar. Some arrangements of this kind have been recognised and given the force of law under the Canals Act. But the British on their arrival in Upper Burma were chary of recognising water rights; these were rarely placed on record at settlement and the ordinary district officer often regarded people who claimed water rights over uncultivated land as land grabbers trying to get hold of land as speculation. The custom of co-operation was therefore weakened. Soon it was discovered by some cultivators that onions or even sesamum paid them better than rice and there arose a conflict of interests which rendered it impossible to maintain the system. Thus many private irrigation systems of Burmese times have broken down. Where they still survive rice is almost the only crop cultivated.

(e) *Alluvial cultivation* resembles irrigated cultivation to some extent in the need for co-operation in conserving the supply of water, but co-operation is less essential as alluvial land will always yield a crop of some kind whereas much of the land under an irrigation system is probably only fit to grow rice and is thrown out of cultivation if the system breaks down. Every year the rivers as they fall, and especially the Irrawaddy, leave behind cultivable soil. Much of this land, although annually submerged, remains permanent from year to year; such land is termed *mye-yin*. These permanent formations may be little affected by the floods, or their surface may change its nature according as the annual

flood deposits silt or sand. Much of the land, however, is impermanent and changes from year to year, not only in respect of its surface but also in shape or size, or a large area may be wholly washed away and re-appear elsewhere; such impermanent land is termed *mye-nu*. (Some confusion has been caused in respect of *mye-yin* and *mye-nu* in revenue administration because the definitions of these terms in the Land Revenue Manual do not cover the facts.) Generally speaking private property has grown up in respect of all formations which remain sufficiently unchanged to be identified from year to year; other lands may be re-distributed annually by lot among the cultivators of the village, but new accretions to private property are usually regarded as belonging to the man whose property they adjoin (*ngok-lāk*).

On permanent land the usual crops are rice, maize, and red or white bean. Impermanent land is mostly sandy and therefore poor, so that only inferior varieties of beans can be grown. But sometimes a thick deposit of sand is laid down over a bed of rich silt and then it is possible to cultivate tobacco. Coming down the river by steamer, there may sometimes be seen tufts of dull green sprouting at carefully spaced intervals from a surface that looks like a desert of barren sand; these are tobacco plants each of which rests on a walking stick of soil maintaining a connection through three or four feet of sand with the silt below.

6. *Crop failures.* Every year the harvest depends on the weather, which in a country like Burma is a matter of the first importance. Burma is more fortunate than most countries because over a large part of the country the rain fall is adequate and constant. Nevertheless, the chief cause of crop failures in Burma is drought of flood.

In Arakan, Tenasserim and over the whole Delta so far north as Toungoo and Prome there is always water enough for rice cultivation. But in Toungoo and still more in Prome the cultivators cannot reckon on a

good crop and further north the rainfall becomes far more scanty and uncertain. It is as important that the rainfall should be constant as that it should be sufficient. Certain crops succeed with a steady rainfall of 15 inches a year and most crops can be cultivated with 30 inches a year. But, where the rainfall may be less than 10 inches in one year and over 30 inches in another year, and the bulk of it may fall in May one year and in September in another, cultivators can never know what crop to sow or when the crops may fail. In the centre of the Dry Zone, as at Sale, the variability of the rainfall is extreme, so that cultivation there is more precarious than in many parts of India with a smaller but more constant supply of water. All over the Dry Zone the rainfall varies greatly from year to year and in about one year in three, the rain is so deficient or so ill distributed as to cause wide spread failure; about once in ten years there is usually a succession of three or more bad harvests which, in Burmese times led to a local famine, more or less severe, and which still occasions serious distress and leaves a heavy burden of debt.

On the other hand there are often sudden floods in the Dry Zone which rush down the narrow valleys and wash away not only the crops but also much of the soil. But the distress which these occasions is local; the chief damage from floods is caused where the main rivers open out on to the plains. One of the earliest engineering achievements in Burma was to strengthen the banks of the Irrawaddy at the point of chief danger in the Henzada District, but there are still severe floods both in this and in the Maubin District to the south. The other locality most liable to damage from floods is in the Thaton and Amherst Districts. It is rarely that a year goes by without floods, either in the Henzada or the Thaton area, which cause a total loss of crops over some 30 to 40 thousand acres. Another area very liable to flooding lies in the Bassein District. Such areas of wide spread destruction appear in the annual crop

statistics, but all over the Delta cultivators are annually obliged to re-plant large areas where the seedlings have been washed away by flood. This adds to the expense of cultivation and diminishes the outturn because land which is replanted does not give as good a yield as land which is planted early.

Another cause of damage to the cultivator in the Dry Zone is the wind. High winds usually prevail at the time of sowing and, on the light soils characteristic of the Dry Zone, it happens not infrequently that the whole surface together with the seed on it may be blown on to a neighbour's holding.

Taking Burma as a whole the crops appear to suffer astonishingly little from pests and disease. Rats probably cause more loss than any other animal or insect. It has been estimated that, either in the fields or in the granaries, they eat a *hyi* for every basket of paddy grown in Burma; and some enquiries have suggested that the damage caused by them may even amount to ten per cent. of the crop. On the lower estimate of one *hyi* in every basket, one-sixteenth, rats consume altogether nearly 500,000 tons of paddy a year. If a hundred baskets of paddy are worth Rs. 160, the value of a ton of paddy is about Rs. 75, and the value of that eaten annually by rats is Rs. 375,00,000, or rather more than the annual land revenue taken by Government. Damage is also caused by pig, deer and elephants and in Lower Burma by crabs.

Cultivators in general do not recognise any parasite or insect as causing serious loss except the *p'win-byu* (*Striga lutea*), a weed with a small white flower belonging to the Natural Order *Scrophulaceae*. This parasite attacks millet and other cereal crops such as maize and *lu*, attaching itself to the roots and thus draining the sap and nourishment. Most cultivators believe that it was introduced about 1900, but probably it has long been established in Upper Burma, although it escaped notice until recently as it cannot do much damage

to a strongly growing plant. When an increasing pressure on the soil led to the repeated cultivation of millet on the same ground, the stock was gradually weakened and could no longer resist the parasite. By 1910 there were already many localities where millet could no longer be cultivated as a food crop. This led to an increased consumption of rice and other economic changes of importance that we shall study later.

Another plant that has injured cultivators is the *beda-bin* or Florida Hyacinth, which was first reported about 1910 as hindering traffic in the creeks. During the ensuing years it spread widely and rapidly and blocked many of the smaller streams, cutting off cultivators who depended on them from ready access to the markets and in this way lowering the price at which they could sell their crops.

CHAPTER III.

RURAL ECONOMY UNDER BURMESE RULE.

1. *Rural Economic.* The statistics that we have been examining give us some idea of agricultural production in Burma but tell us very little about the agriculturist. We must now turn to examine the rural economy; that is, the economic aspect of the social organization in rural areas. But we cannot understand present conditions and are still less able to anticipate future developments unless we know something of the past. Everywhere society has its roots in the past and we must dig into the past if we are to understand the present. For example, if we wish to relieve cultivators in Burma from the burden of indebtedness, we must find out how they got into debt. We shall discover that the causes of debt have been very different in Upper and in Lower Burma and measures which might help cultivators in one part of the country would probably harm them in the other. In respect of indebtedness and in almost all other respects there is a great difference between the agricultural conditions of Upper Burma and Lower Burma; one might almost say that if any statement is true of one, the contrary is true of the other. The reason for this contrast are partly physical, but they are also in large part social and historical and arise out of past history.

For many hundred years agriculture has been the main occupation of mankind and men have cultivated land mainly for subsistence, to provide themselves and their families with food and clothing. Cultivators cannot, as a rule, live far from their land and have therefore founded small villages and hamlets to cultivate the neighbouring land. They intermarry, they know one another in their homes, they help one another

in their fields, they see little of the outside world and in the course of generations a tradition of co-operation gradually develops and the village comes to resemble a large family. Co-operation, then, is a key note of agriculture as it has been known to and practised by immemorial generations. But the key-note of modern industrial production is competition rather than co-operation. We shall see that in Upper Burma social conditions are typical of agriculture with a tradition of co-operation and that in Lower Burma they resemble rather the competitive system of modern industry. However, both in Upper and in Lower Burma, most cultivators live in villages or hamlets and any enquiry into the economic aspect of the social organisation requires an investigation of village life in Burma.

This requires careful study because the structure of village life has changed so largely during recent years. At present rural areas in Burma are divided into Village Tracts, each under a Village Headman. The village is now the primary unit of administration and one is apt to imagine that it always has been. But that view is quite wrong. The people, being cultivators, have always lived in villages and hamlets, but it is a mistake to think that these villages have always been administrative units, and still further from the truth to confuse the village in Burma with the self-sufficing village that appears in descriptions of the Indian country-side.

The village system of Burma is a modern invention of the British devised in 1886, partly under the influence of Indian traditions, but chiefly for administrative convenience, to make the country easier to rule. Previously there had been no village system either in Lower or in Upper Burma. Until the annexation of Upper Burma in 1886 the normal and stable unit of administration both in Upper and Lower Burma was the *myo* or *taik*, consisting of a group or circle of villages, and hamlets. But, as we shall see below, the villages and hamlets in these groups were not necessarily contiguous.

and the system of administration was not, as at present, strictly territorial, but quasi-feudal, personal, and regimental or tribal.

2. *Social structure of Upper Burma.* Nowadays every resident in a village tract is legally subject to the authority of the village headman. But, under the Burmese Kings, many villages had no headman and even in villages which had a headman, some villagers would probably be exempt from his jurisdiction. Some villages are still known as *myin* (cavalry) villages or *thenat* (musketeer) villages and their headmen as *myin-gaung* or *ihwe-thauk*; in Burmese times such officials did not have authority over all the people in the village, but over those only who belonged to their own regiment. A few years back, one could still find old men with a tattoo mark indicating their regiment, and the census rolls compiled at the periodical Revenue Inquests of the Burmese Kings invariably contain a column to show the regiment or status of each person in the roll. Specimen extracts from these census-rolls, or *sittuns*, are given in Appendix I.

In Upper Burma, then, every one belonged, or was supposed to belong, either by birth or marriage, to a definite regiment or order, resembling in some respects an Indian caste, although the feudal system of mediæval Europe offers a closer parallel. These regiments or orders were termed *athin* or *usa*. There were two main divisions; the *ahmudan*, comprising all those classes of people who were liable to regular service in some public capacity, and the *athi*, comprising people who paid taxes but were not liable for regular service although they might be recruited on occasions of emergency for service in the army.

The *ahmudan* comprised two classes; those liable to military service and those liable to render personal service in some other form. The classes liable to military service were in general more highly esteemed than those which rendered other services. The military

ahmudan included those liable to service in the cavalry (*myin*), the musketeers (*thenat*), the artillery (*amyauk*), the spearsmen (*hlan-kaing*), and the engineers (*daing*). In these various branches there were many regiments such as the *Shwe-pyi-yan-aung*, the *Nat-su myin*, etc. The non-military *ahmudan* included the hereditary cultivators of Royal Lands (*lamaing*), hereditary Palace Cooks (*sa-daw chet*; *pwe-daw tan*) and the hereditary Palace Sweepers (*thunge-daw tan*). To most of these classes land was allotted for their residence (*ne-mye*), and for their personal subsistence (*sa-mye*) and they might also be allotted land for their residence (*lok-mye*), on which they paid rent or revenue to their captain or some other official. The captain also received certain fees in connection with the administration of justice and presents on the occasion of a marriage and, less frequently, and other occasions. Both men and women could pass from one class to another but for this they were expected to obtain permission from their captain and to pay a customary fee. If they removed to another place they did not necessarily break the personal connection which bound them to their chief, and were still regarded as liable to pay their customary dues, but in practice people who moved to a distance usually passed out of sight and escaped their obligations. So long, however, as they remained subject to the jurisdiction of their chief they were "his men" much as feudal tenants were the men of the feudal lords.

The *athi* class were regarded as inferior to both military and non-military *ahmudan*. This class was more homogeneous and consisted of cultivators who paid rent or revenue on their land (*taing-kye*) and were also liable for miscellaneous duties (*sehna-hmu-dan*) for which it seems that payment in kind was accepted. The various orders of *ahmudan* were distinguished by different customs in respect of inheritance and marriage but among the *athi* the customs, in theory at least, were uniform. Inheritance among the *athi* was supposed to

follow the custom of male and female doves (*gyo-bo gyo-ma t'on*). It was believed that when a brood of doves separates, the male young follow the father and the female young the mother; similarly the *athi* male inherited the property of the father and the females inherited the property of the mother. It is very doubtful whether this custom was ever followed regularly; but it is certain that some property regularly descended in the female line and, even after the annexation, some of the lesser headmanships passed from mother to daughter for a few years. Since the annexation, however, and probably for many years earlier, the general practice regarding inheritance has been an equal division between all the children, whether male or female. Although the *athi* were looked down on by the *ahmudari* they were continually being recruited from the *ahmudari* class; men who deserted their original class or order were known as *kappa* and those who married with an *athi* woman were known as *awin-ala*. Both *ahmudari* and *athi* might be found in the same village but there were certain areas known as *asu* where people of the *ahmudari* class, belonging to an *athin* or *asu* predominated, and others, known as *su lut* where *athi* predominated. Some of these customs were embodied in rhymes and proverbs that are still remembered, as in the following example:

စုလွတ်နယ်တွင်၊ ငြိတင်းဌာဝရ၊ နေလကမူ၊ အသင်ဟူ၏။
မတူနယ်လာ၊ စုလွတ်မှာကို၊ ကပ္ပါးဆို၏။
ထိုကပ္ပါးက၊ အသင်မနှံ့၊ ကျလျင်အလာ။

In the *su-lut* areas the local chief was termed the *myothugyi*. The *myothugyi* ruled over a group of villages and hamlets which were not separated by definite territorial boundaries; each of these subordinate villages was usually under a nominee of the *myothugyi* known in most places as a *k'aung*. In the *asu* area the title of the local chief varied with his class or regiment; in the cavalry area he was a *myin-gaung* or, if of lower rank,

a *myin-si*, (there were ordinarily two *myin-si* to each *myin-gaung*) in the *the-nat* area, the local chief was a *thwe-thauk* and elsewhere a *daing* or *ahun*. If his charge were extensive he might also be known as a *myo-thugyi*, but the residents within his charge were not subject to him as *myo-thugyi* unless they were members of his regiment; residents belonging to other regiments or orders were subject to their own captains, who might live many miles away, the *daing-tha* to the *daing-wun*, the *lamaing* to the *lamaing-wun*, and so on. It was their own captain whom they were expected to obey and to whom they paid revenue and resorted for the settlement of civil disputes. In criminal matters they might be and often were subject to the local *myo-thugyi* regardless of their class or order.

This complex, quasi-feudal organisation seems to have been decaying even towards the end of the Burmese rule, and was undermined when King Mindon introduced the *thathameda* tax, which seems always to have been levied on a territorial basis, but many traces of the old system still survived for a generation after the conquest of Upper Burma by the British.

3. *The Village in Upper Burma.* Although these different regiments or orders, known generally in Burmese as *asu*, held their land on condition of rendering certain customary services, yet they were primarily agriculturists. Detachments from each regiment and ordinarily from each village had to be in residence at the capital and were supported by contributions (*nauk tauk*) from the remainder, but these detachments were relieved every few months and in the ordinary way every one cultivated land for his subsistence. Like cultivators all over the world, they lived in villages. In any particular village most of the people would usually belong to the same *asu* but there might also be men of other *asu* living in the same village. It has been said that a man of the *myin asu* would not eat out of the same platter as a man of the *lamaing asu*, but a difference of *asu* does

not seem to have restricted social intercourse and village life in Upper Burma was typically agricultural with co-operation as its key note.

In most villages the whole group of houses was surrounded by a thick fence or hedge, ordinarily of cactus or some other thorny shrub. There were two or more gates and at each of them a watch tower, or *kin-dag*, where the villagers were expected to keep watch every night in twos and threes by turn. Within the fence, or just outside it in a separate enclosure, was a monastery, where all the boys of the village learned at least the alphabet and the elements of their religion and all of them, rich and poor alike, shared in the menial duties of the establishment. Near the monastery there were pagodas, with rest-houses which served for village meetings and for passing travellers, and close at hand there were the village wells in a small open space set round with shade trees, *magyi-bin*, *nyaung-bin*, or *thayet*, beneath which the village children played, their elders gossiped and strolling players gave their entertainments. Unless the village bordered on a stream, there would be tanks for watering the cattle, with their catchment area strictly reserved by village custom against any encroachment of cultivation. Round the village there was usually an open space, the *yua upaza*, set apart as a public convenience and also used for threshing floors. All these amenities of rural life had grown up gradually while many generations of agriculturists had been slowly learning how they might best live together in villages and all of them were enjoyed in common by the whole village. But there was no idea of common property in any of them. So long as the space set apart for threshing floors sufficed for all who wished to use it, all the cultivators of the village could thresh their crops there; but it did not belong to them in common. Usually the same people occupied the same corner year after year and if the pressure on the space increased each family was recognised as enjoying a prescriptive right over the plot that it had been

accustomed to occupy. Similarly, vacant land within the village would be available for any one to build on, but once he had occupied it, the site became his private property and still belonged to him even if, as often happened, the whole village was abandoned. On many revenue maps there are such little groups of tiny holdings which represent a former village site. If a village were abandoned on account of an epidemic or for some other cause, the people could found another village on cultivated land, and this custom is commemorated in a proverb with several variants on the same theme *kyaung-la-yua-sha* ; *yua-lok*, *ya sok* ; cultivation yields place to men and men yield place to monks. But this custom merely had a moral force and was only applied by mutual arrangement. In like manner, a landless man could settle on occupied but uncultivated land, provided that the owner made no objection and the land would then become the private property of the settler, (*thu-win-nga-t'wet*). Villagers, however, might object to a stranger settling on their land and it has been suggested in connection with the *athi* lands of the Magwe District that the people regarded the village lands as common property, but this view is undoubtedly mistaken.

It is the fact, however, that estates commonly remained undivided for several generations, during which a large number of people would come to own them as their joint property. Irrigated rice lands were usually the joint property of several families and in such cases various customs with regard to water-rights and the maintenance of water-ways were devised so as to equalise as far as possible the benefits and obligations of those sharing in the water. In many villages groves of palm trees were held as joint property among several families and, unless the supplies of fuel were unlimited, areas were set aside for their joint use as fuel reserves. In many small villages most of the occupants were related in various degrees through marriages in successive generations, but even where there was no tie of blood

the cultivators depended largely on mutual assistance in gathering the frequently recurring harvest that are found with mixed crops under dry cultivation, and all had common interests and common obligations in maintaining and protecting the wells and tanks and paths, in repairing the village fence, and in keeping watch by turns at the village gate, and in many other ways helping to make the village a pleasant place to live in. Thus a village in Upper Burma resembled a large family; social life was not organised as in a mill or factory where the object is to produce the largest outturn at the lowest cost, but it was directed to providing a comfortable life for all the people of the village.

Yet no village could be much more unlike the self-sufficing Indian village as this is usually described. In a typical Indian village there were village officers, the Headman, the Accountant, the Watchman, the Boundary Man and the Superintendent of Tanks and Water-courses; there was the Village Priest, the School-master, the Astrologer, the Washerman, Smith, Carpenter, Potter, Cow-keeper, Doctor, Dancing Girl, the Poet and Musicians, and there would probably be Stone-masons, Goldsmiths, and Coppersmiths. These village officers and servants rendered their services free to all the people of the village and were remunerated by a share in the village land or crops. Villages in India were "well-organised communities providing their own necessities within their own limits". It was quite otherwise in Burma. In great part each household supplied its own requirements; in almost every house there was a loom for weaving and much of the cloth was spun at home. But for their other household wants, instead of depending on village menials and servants, they drew their supplies from convenient centres over a radius of five to fifty miles. At one village a few blacksmiths would supply the whole neighbourhood with *dahs* and *taywin* and other implements for household or agricultural use;

in another village there would be a group of potters, in another village carpenters, in another workers in plaster, in another village some would make mats, in another carts and in another cart-wheels. Often good and inferior qualities of the same article were manufactured in different villages. These various commodities were taken round the adjacent country-side in carts or boats or, if portable, might be carried long distances by pedlars. Some of these pedlars still travel long distances and there are men from the Pakokku District who regularly tour round the Dry Zone during the rains, the season for early sesamum and ground-nut and cotton, and then during the dry weather after the paddy harvest in Lower Burma follow a beat in some district in the Delta. But most commodities from a distance were, and still are, purchased on market day in the nearest market town or at the annual Pagoda Festival of the locality. Even the markets were migratory and it was a custom (apparently of Shan origin) for the bazaar sellers to go round a five day circuit, the market in each place being held every fifth day. As we shall see later, the commercial system was very primitive and exchanges were mostly by barter, but the whole country was linked together by the threads of commerce and the village, although a residential and agricultural unit, was never an economic unit. We have seen already that the village was not a political or administrative unit and it is probable that the economic organisation was in some measure a result of the social and political organisation.

4. *Instability of social life.* According to tradition the complex social organisation of Upper Burma dated from the time of Anawrata (1044-1077 A.C.) this view, although inherently not improbable, is not supported by the Pagan inscriptions so far as they have been studied. There is evidence, however, that it had already taken shape before the whole administrative system was overhauled by King Tha-Lun-Min in his

Revenue Inquest of 999 B.E. (1637 A.C.) and we can see it depicted in great detail in the surviving records of the Revenue Inquest of 1145 and 1164 B.E. (1783 and 1802 A.C.) At the time of the first war with England in 1824 it was still functioning, but the administrative reform about 1850, by which King Mindon-min substituted a general and uniform tax, the *thathameda* tax, for the numerous customary dues that had previously been levied, did much to break down the traditional organisation, and most of the remnants were swept away by the Annexation of 1886.

But although the system remained unchanged so long, the conditions were always changing, and the social order never acquired stability. Over most of Upper Burma the rainfall is so uncertain that there was often local scarcity and sometimes wide-spread famine. After the lapse of a hundred years people still remembered the Great Famine or *Maha-thyinygyi* of 1812 when people would fight over jungle herbs and any one fortunate enough to find a seed or grass might have it snatched out of his mouth before having time to swallow it. In such times whole villages would be deserted and, when the people wandered over the country side in search of food, many would never return to the village of their fathers. Epidemics were not infrequent and would often wipe out whole villages; it was, in fact, the usual practice when a village was visited by cholera or small-pox or some virulent fever for the people to abandon it and build elsewhere. In addition to these natural causes of instability social life was made precarious by long-drawn out wars and frequent civil strife and the happenings during the comparatively recent Myingun rebellion, when many villages were laid waste, must have had many precedents during the troubled course of Burmese history.

These continual disturbances, natural and political, have exercised a profound influence on the development of the rural economy under British rule. Although

there was a highly complex social organisation based on custom, the continual disturbances never allowed custom to become a binding force, and there was nothing in the Burmese social order comparable in rigidity to caste in India. Thus, when an annexation of Upper Burma brought the people into economic relations with the outer world, they had no caste system to protect them from the evil effects of unregulated competition. On the other hand there was little to prevent them from taking advantage of their new environment so far as their knowledge and ability permitted.

6. *The Social order and Village Life in Lower Burma.* We know very little of the social and political organisation of Lower Burma prior to its conquest by Alaung Paya in 1754, but such information as we possess indicates that, at least in general outline, it closely resembled that of Upper Burma. This is the more probable because Lower Burma formed part of the Burmese Empire under the Pagan dynasty and, according to tradition, the princes of that dynasty laid the foundations of social order over the whole of modern Burma. In Lower Burma, as in Upper Burma, the social and administrative unit was the *myo* or *taik*, the group or circle of villages. According to the Chronicles these districts were founded by various early rulers and princes and were grouped by Razardirit (1385-1423 A.C.) into three provinces, Mottama, Hanthawaddy and Basscin, each with Thirty-two Myo. Many of these myo are described in the Revenue Inquests of 1145 and 1164 B.E. and survived as administrative units for some time after the annexation of the Delta in 1856. Another character in which the social organisation of Pegu resembled that of Upper Burma was the tribal or regimental organisation of the people. This was so deeply implanted in the general mind that, when the British took Pegu, they found it difficult to introduce the conception that *myo-thugyi* held territorial sway and was responsible for all the people in his *myo* regardless of their status or order or personal connections.

But from the economic standpoint there were two points of contrast between Lower and Upper Burma. The continual warfare between Pegu and Ava, terminating with the subjection of Pegu in 1754, laid waste vast areas over which the breakdown of the social order, always imminent in Upper Burma, actually took place. In the Revenue Inquests of 1145 and 1164 B.E. we read of whole *myo* which had lapsed into "tall jungle and high grass, where the elephant dwelt and the tiger held dominion". When the British arrived nearly a hundred years later much of the country still lay waste. Hence over the greater part of Lower Burma there was no village life, but a few scattered families cultivated paddy in small clearings in the jungle.

The other great point of contrast between Lower and Upper Burma is that in Lower Burma agriculture was not, as in Upper Burma, almost the sole occupation of the people. Fishing and, in certain areas, salt-boiling were in some respects of greater importance than agriculture. Land was so plentiful that people in general had a very loose conception of property in land, but rights over fisheries were jealously guarded and the hereditary owners of fisheries were among the wealthiest and most prominent inhabitants. Thus in Lower Burma, before the arrival of the British, there was a poor and scattered population, largely non-agricultural but occupying a wide extent of potentially fertile land.

CHAPTER IV.

THE MAIN FEATURES OF THE ECONOMIC
DEVELOPMENT OF MODERN BURMA.

1. *The Suez Canal.* The description given in the last chapter of Burma sixty years ago shows how different were economic conditions then and at the present day. The change is due to the opening of the Suez Canal in 1869, which revolutionised the economic relations between East and West and therefore also their political and social relations. The essential difference may be summed up in a single sentence : before the Suez Canal was opened surplus produce might not be worth reaping ; since the Suez Canal was opened surplus produce has usually been able to find a market.

2. *Domestic Agriculture.* So long as there was no certain market for any surplus produce cultivators were chiefly intent on obtaining what they wanted for their own household ; in other words they practised " subsistence farming." In Lower Burma land was so abundant that it was of little more value to the cultivator than the air he breathed. New land yields a small crop, sufficient for the cultivator's family, with very little labour and it is not even necessary to the cultivator to use cattle. But soil cultivated in this manner is soon exhausted and after a year or two weeds grow up and choke the crop. At that time people did not need to cultivate more intensively because, whenever land showed any signs of exhaustion, they could abandon it and take up fresh land. Thus the system of cultivation generally practised then closely resembled that now practised in *taungya* on the hill sides and the reports of the early British revenue authorities show that the readiness of the cultivators to abandon land was regarded as one of the chief problems of revenue administration. (The practice

of reducing the assessment on fallow land to a nominal figure, one of the distinctive features of revenue administration in Burma, originated as a device to induce cultivators not to abandon land which they had taken up.) Little labour was required and what was needed could be supplied by the cultivator's family. Little capital was required and, except after an epidemic of cattle disease, the amount required was fairly constant from year to year. The family land was cultivated by the members of the family to provide themselves with food; it was strictly "domestic agriculture." Thus, sixty years ago, domestic agriculture prevailed over the whole of Lower Burma and if in any year the land yielded more than the cultivators could use, the surplus was left rotting in the field for the rats to eat because it was not worth the trouble of reaping. †

In Upper Burma likewise, although agricultural conditions were more complex and any surplus crop could in general be disposed of, while cotton in particular was cultivated largely if not chiefly with a view to sale, yet in general it was only the surplus that was sold, or rather bartered, and domestic agriculture and subsistence farming predominated.

3. *Commercial Agriculture.* With the opening of the Suez Canal cultivators were no longer content to grow crops to feed themselves but also cultivated for sale; in other words domestic agriculture gave place to commercial agriculture. The construction of the Suez Canal, by opening up European markets, gave the cultivator a secure market for any surplus that his land might yield. If he could obtain a larger crop he could gain more money by selling it, and if he could obtain more land he could produce a larger crop. As soon as cultivators understood this they began to take up all the land they could. They wanted more land and therefore they wanted more capital to buy or clear land and to pay labourers for cultivating it. In Lower Burma there was a wide area of land available for occupation and this was

rapidly taken up. In Upper Burma most of the better land was already occupied but much of it was left uncultivated for long periods "until the plum trees (*zi-thi*) shed their thorns." Under the new conditions however any land still available was soon taken up, the land already occupied came under more regular cultivation, and crops such as cotton and ground-nut which were grown for the market became more important than inferior food crops such as millet and lu. People who had previously been content to grow millet or lu for their own subsistence now preferred to grow cotton or ground-nut for sale and buy rice with the proceeds.

This change from domestic agriculture to commercial agriculture has led to new relations between land-owners, cultivators, labourers and capitalists both in Upper and Lower Burma.

4. *Industrial Agriculture.* Over almost the whole of Burma, as over the greater part of the modern world, crops are now grown chiefly for the market and commercial agriculture predominates; but the conditions of Lower Burma have permitted a further development and in some parts agriculture has taken on industrial characters that differentiate it sharply from agriculture in Upper Burma. These characters in their extreme development are perhaps unparalleled in economic history. Industry is characterised by production on a large scale and by the division of labour. In Industry the amount of anything that a man can produce is limited only by his organising ability. In Agriculture the amount that a man can produce is ordinarily limited by the quantity of land available. One reason why production on a large scale is possible in Industry is that the processes of production can usually be standardised and simplified and each separate process allotted to a different man; there is division of labour. In Agriculture the uncertainty of the rainfall and the diversity of soil and crops usually prevent the division of labour by standardisation and simplification of the methods of production. But in

Lower Burma there has been an almost unlimited supply of land and the security of the rain-fall and the possibility of concentrating on a single crop have permitted a division of the labour by allotting each process to a different hand. Moreover large scale production in industry depends on the existence of an ample supply and reservoir of labour. In agriculture the demand for labour varies greatly with the season of the year which hinders the division of labour. But in Lower Burma with reservoirs of labour available in Upper Burma and India, large supplies of labour have been seasonally available. Industry is built up on borrowed capital, but the cultivator need borrow little more than will suffice him from one harvest to another. But the reclamation of Lower Burma has been financed with borrowed capital and land has taken on the character of stocks and shares.

In Lower Burma we have had
a vast area
of thick jungle
with a secure rain-fall
rapidly
brought under cultivation
by peasant cultivators
with seasonal labour
and a ready supply of capital
producing a single crop
for the export market.

It is doubtful whether the same combination of circumstances has ever existed anywhere else and for this reason the development of agriculture in Lower Burma presents economic features of intense interest. The result has been production on a large scale with a division of labour and financial arrangements which are typical of Industry rather than of Agriculture and therefore agriculture in Lower Burma is often described as Industrial Agriculture.

5. In the following chapters we examine first how this large area of land in Lower Burma has been

brought under cultivation.' We then consider the main characters of ownership, occupancy and labour in Lower and Upper Burma respectively, and then describe the arrangements for financing agriculture and enquire into some of the main problems regarding capital and debt.

CHAPTER V.

THE RECLAMATION OF THE DELTA.

1. We have seen that when the British first occupied Lower Burma the country was a waste of swamp and jungle. Now, there are upwards of ten million acres under cultivation in Lower Burma every year. In the present chapter we shall examine in outline the general features of the progress of reclamation.

Under the Burmese Kings there had been no attempt to survey the country and for many years the British remained content with rough annual measurements of the area under cultivation. It was not until 1879 that a professional survey was undertaken and the survey of the whole country lasted more than twenty years. As each area was newly brought under survey, it was invariably found that the previous measurements had been very inaccurate and it is necessary therefore to be cautious in accepting figures which purport to show the areas under cultivation during the early years of British rule. But it has been the practise since 1884 to prepare an annual forecast of the surplus of rice available for export and material exists in connection with this annual forecast which renders it possible to estimate the area under cultivation with rice in the chief rice-producing districts. These figures, which are given in the following table, are sufficiently accurate to show the rate at which cultivation has expanded. They show that for the first twenty years of the British occupation the rate of expansion was slow, but that, immediately after the opening of the Suez Canal in 1869, it increased rapidly, reaching a maximum about 1900 and then, when good land was no longer readily available, declined.

TABLE ILLUSTRATING THE RATE OF
EXPANSION OF CULTIVATION.

Year.	Cultivated Area, in acres.	Average Annual Increase in acres.
1852—53	600,000	...
1872—73	1,500,000	45,000
1882—83	2,860,000	136,000
1892—93	4,467,000	160,000
1902—03	6,649,000	218,000
1912—13	7,913,000	126,000
1922—23	8,936,000	102,000

Note. These figures relate to the area under rice in the 13 chief rice producing districts only. See also Appendix II.

2. *The Policy of Government.* The policy of the British Government regarding the occupation of land has passed through two stages. In the early days the main object of their policy was to encourage the expansion of cultivation, but when the opening of the Suez Canal resulted in the rapid expansion indicated in the above Table, no further encouragement was needed and the policy of Government was directed rather towards regulating the manner in which land should be taken up.

When the British first assumed responsibility for the administration of Lower Burma it was necessary, if

the revenue of the country were to pay for the cost of administration, that the waste of swamp and jungle should be reclaimed and brought under cultivation so that the cultivators should be able to pay revenue out of the produce of their land. With this object Government endeavoured to make it as easy as possible for people to take up land. But as the population at that time was so sparse that it would have needed several generations to reclaim the jungle, Government decided to encourage immigration. In the following paragraphs we shall examine the measures taken to encourage immigration and promote cultivation. For nearly twenty years the results were disappointing. But the situation was changed by the opening of the Suez Canal in 1869.

Already in 1867 two steam rice mills had been erected in Rangoon and by 1870 the number had risen to 17. In 1868 four small steamers began to ply between Rangoon and Yandoon, where as many as a thousand cargo boats would collect during the rains to carry rice to Upper Burma. In 1872 steamers began to take rice to Europe through the Canal. The price of paddy responded to the new demand. Between 1860 and 1870 apart from exceptional fluctuations during years of scarcity in India or China, it had remained almost stationary at Rs. 50 to Rs. 55 a hundred baskets, but by 1880 it rose to Rs. 85. Cultivators could obtain a good price for all the paddy that they grew and therefore wanted all the land they could acquire so as to grow as much paddy as possible. It was no longer necessary for Government to encourage the spread of cultivation and attention could be concentrated on prescribing suitable conditions for the occupation of land. Most people thought that cultivators would be more industrious and law-abiding if they owned the land they cultivated and the creation of a body of peasant proprietors became the main object of the agricultural policy of Government. But, as we shall see, this policy has met with a very small measure of success and over a great part of Lower

Burma (over practically the whole area brought under cultivation since 1880) much of the land is owned by traders, money-lenders and other non-agriculturists who own large estates which are cultivated by tenants.

§ 3. *Encouragement of Immigration.* When Government first attempted to attract immigrants, it looked chiefly to Upper Burma, then known as the Kingdom of Ava, as the source of immigration. Under the Burmese Kings a Poll-tax or Capitation Tax had been imposed on the Karens and other wild tribes. The British extended this Capitation Tax to the people of Lower Burma in general, so that Burmans paid the tax as well as the Karens. With a view, however, to attracting immigrants from Upper Burma, this Capitation Tax was remitted on new settlers for the first two years after their arrival, and it was made as easy as possible for them to take up land. There was a gradual increase in the population and a gradual increase in the area under cultivation, but people from Upper Burma did not come to settle in Lower Burma in such numbers as had been anticipated. It was decided therefore that attempts should be made to attract immigrants from India. These immigrants from India, however, found work as labourers and did not take up land, and we may therefore postpone dealing with Indian immigration until we discuss the labour supply in the next chapter.

§ 4. *Systems of Land-tenure.* Under the Burmese rule any person had been allowed to clear and cultivate any land to which no previous occupant laid claim. Such land, held by the right of having been the first to clear it, was known as *dama-u-gya*. Land thus held became the private property of the cultivator, which he could mortgage, sell or bequeath to his descendants. If he left the land uncultivated, it still remained his property, and for a period of ten or twelve years, he could eject any new comer. But land was so plentiful that a man who had cleared land often abandoned it after a year or two of cultivation and allowed any new comer to settle

on it. Land taken up in this way was termed *thu-win-nga-t'wet*, because the title of the former occupant did not determine until a new comer entered on the land without objection from the previous cultivator.

Under the British rule five different systems of occupying land have been recognised ;—

- (a) the Squatter System
- (b) the Patta System
- (c) the Lease System
- (d) the Grant System
- (e) the Colony System.

(a) *The Squatter System* of land tenure corresponds to the tenure by *dama-u-gya* of Burmese times. The British Government wished to encourage the growth of cultivation and therefore allowed people to settle freely on any vacant land, subject only to the condition of paying the revenue due on the area occupied. These who took up land in this way came to be termed *squatters*, because they had no formal permission from Government to occupy the land. Under Burmese rule such land became their private property, but under British rule they were allowed to hold the land only so long as they paid the annual revenue due on it and after any harvest they were liable to ejection without compensation because the land was regarded as the property of Government. Under the Land and Revenue Act of 1876, however, squatters who continued in occupation of the same land and paid the revenue on it for twelve successive years acquired a title to the land known as a Landholder's Right; they were then no longer liable to ejection by Government so long as the revenue due on the land was regularly paid and, subject to this condition, could treat the land as their private property and dispose of it at will.

(b) *The Patta System* was an innovation by the British Government. A *patta* is an Indian term signifying a grant of land, and in Burma implies a grant of a small area of land, usually 15 to 50 acres, made by

Government to a peasant cultivator. Provisions for the grant of *pattas* were included in the earliest Revenue Rules, but this system did not become important until after 1870, when the expansion of cultivation had come to need control, rather than encouragement. For some years it was thought that better control could be exercised over the occupation of land given out on *pattas* than over land taken up by squatters, because in making grants Government could select the people who should receive land and impose conditions on which they might be allowed to continue in possession.

(c) *The Lease System* was a device to facilitate the assessment of land and to encourage people to remain in occupation of land that they had taken up. The squatter system allowed the capricious abandonment of land and was therefore looked on with disfavour by the Government. The *patta* system tied the cultivator down to a certain area of land and was therefore looked on with disfavour by the cultivator, who preferred to "retain the cherished custom of throwing up his fields." "It is a custom", wrote the Deputy Commissioner of Rangoon in 1862, "which, if we desire to encourage, as we should, the idea of property and right in the soil, our efforts should be directed to gradually abolish". On the lease system cultivators were offered a lease (*i.e.* a settlement of the revenue on their land) for a period of five or ten years during which they might extend their cultivation indefinitely without having to pay additional revenue. Thus the object of this system was to encourage people to settle on their land without tying them too closely to a particular area. The lease system had two advantages: it encouraged people to take up land and obviated the necessity for calculating the assessment by annual measurements. So late as 1876 a settlement of the revenue by lease was the only form of settlement contemplated in the Land and Revenue Act of that year. But by this time the opening of the Suez Canal had made cultivation profitable. Cultivators no longer needed any special

inducement to take up land and trial surveys showed that they were taking up large areas which, under the provisions of their leases, were exempt from revenue. The Lease System was therefore abandoned and no leases were executed under the provisions of the Act of 1876 which for the first time had given them a legal definition.

(d) *The Grant System* was an attempt to attract capitalists to develop the country by offering them large areas of land on easy terms. When government found that immigrants were so few and cultivation expanded so slowly as to make the prospect of bringing Lower Burma under cultivation by peasant proprietors seem hopeless it was decided to enlist the help of capitalists. In 1861 therefore the Government of Burma published *Rules for the Grant of Waste Land*. Although these Rules were intended to attract people with plenty of capital, they contained penal clauses providing for the resumption of the land if it were not brought under cultivation within a stipulated period. Few capitalists were willing to accept this condition and only a few grants were made under these rules. At about the same time the possibility of developing backward areas with European capital had been under consideration by the Government of India. It was thought that there could "be no question of the substantial benefits both to India and England which must follow the establishment of settlers in districts hitherto unreclaimed.....(who would) direct such improvements as European capital, skill and enterprise can effect in the agriculture, communications and commerce of the surrounding country". The Waste Land Grant Rules of 1861 were therefore abrogated and in 1863 *Rules for the Sale of Waste Land* took their place. However, no one came forward to buy land and in 1865 there was a reversion to the Grant system. Under the new rules then published the grantee had to produce evidence that he possessed capital, but there was no clause imposing a penalty for failure to bring the land under cultivation. When large areas of land were offered

at low rates, without conditions it is not surprising that applicants were numerous; nor is it surprising that few, if any, did anything to extend or improve cultivation. After a few years it was found that many of the so-called capitalists were "mere speculators, government officials, law advocates, clerks, members of the police, etc." Some of the grantees, instead of clearing their estates, alienated small holdings to tenants without capital who were often attracted from government land in the vicinity, but in most cases they merely harassed neighbouring cultivators by making them pay for firewood and pasturage. It soon became clear that the Waste Land Grants hindered instead of promoting the development of the country and after a few years the experiment was abandoned. When the land came under survey from 1880 onwards, it was found that many of these estates were still lying waste although the surrounding country had long been brought under the plough by peasant cultivators.

(e) *The Colonisation System* belongs to a much later date than those which have just been described. For nearly forty years Government trusted mainly to the *patta* system for regulating the conditions under which land was taken up. As we shall see below, this system failed and for some years after its failure had been recognised events were left to take their course. But there still remained considerable areas of waste land in certain parts of the country and it was decided to treat some of these as *Government Estates*. Selected colonists have been settled in these Estates and the funds necessary for reclaiming the land have been provided by grouping the colonists in Co-operative Credit Societies. It is too early yet to say whether this experiment will lead to the establishment of peasant proprietors in these estates, but it would seem that the colonists have a better chance of becoming land-owners than cultivators in general have had over the greater part of Lower Burma.

5. *Chief Features of Development.* The general process of the development of Lower Burma may be

summarised as a scramble for land followed by a keen struggle for survival and leading up to a situation characterised by free trade in land.

The Scramble for Land. On the squatter system any one could take up land. Squatters were expected to cultivate the land they occupied but, when land became valuable, it was found that speculators were willing to pay revenue as squatters on large areas of land which they did not attempt to cultivate. Although, under the revenue law, they were liable to eviction after any harvest during the first twelve years of occupation, this provision of the law could not be systematically enforced. If they paid revenue on the land for twelve years they acquired a "land-holder's right" over it and could no longer be evicted. Those squatters who took up land with the intention of cultivating it were obliged in most cases to mortgage the land in order to pay taxes and meet the other expenses of reclamation and cultivation and much of their land passed to money-lenders and traders. It was difficult, therefore, for Government to exercise any control over land taken up by squatters and for many years this system of taking up land, although never prohibited, was regarded with disfavour.

On the patta system Government made a grant of land to an approved cultivator with exemption from revenue for a period of years during which the grant-holder was debarred from mortgaging the land. Applicants for pattas were expected to show that they were *bona fide* cultivators and were possessed of sufficient means, in seed, cattle and money, to bring the land under cultivation without having recourse to money-lenders. The patta system was attractive also to cultivators. For if two squatters settled in the same neighbourhood there might not be land enough for both of them and any one who held a patta expected that he would be able to prevent outsiders from encroaching over it.

But in practice the patta system disappointed both

Government and the cultivators. The Table on page 48 shows how rapidly cultivation expanded. But the expansion did not take place over the whole country simultaneously; it spread from district to district and, within each district, from one area to another. Thus at any one time there would be hundreds or even thousands of applications for pattas in areas bordering on land already brought under cultivation, and in the more remote tracts, there would be no applications at all. The applications by genuine cultivators were presented by immigrant labourers who had come in search of work and land. These immigrant labourers could apply for land only in the neighbourhood where they could find work. What usually happened was that two or three peasants would come down from Upper Burma to work as hired labourers. These would file applications and stake out claims on behalf of themselves and other people from their village. In the great rush for land it was impossible to attend promptly to their applications and very often two or three years or even more would elapse before their land could be surveyed. The applicants would return to Upper Burma and their demarcation posts would disappear. Meanwhile people from other villages would file applications and stake out claims over the same land, while others would probably settle on the land and pay revenue on it as squatters. Thus revenue surveyors on small pay, and often temporarily employed, had the chief say in allotting land and in many cases it was allotted not to a cultivator but to the man who could afford to pay the largest fee. Genuine cultivators found as a rule that, unless they could afford to bribe the revenue subordinates, their best chance of acquiring land was to settle on it as squatters. On the other hand, Government found it impossible either to select suitable applicants or to prevent those who obtained land from mortgaging or selling it. Cultivators could not clear their land without spending a good deal more money on it than was realised. They either had to

borrow the money or risk losing their land for failure to bring it under cultivation. Money-lenders found it reasonably safe to lend money on the security of patta land, so that cultivators had little difficulty in borrowing money, and the provisions intended to protect them merely had the effect of raising the rate of interest so as to cover the money-lender against the risk that the land might be resumed for breach of the conditions of the grant. By 1900 it was becoming clear that the patta system had failed to build up a body of peasant proprietors and encouraged the transfer of land from cultivators to wealthy land-lords and money-lenders. This view gained ground year by year and before 1910 the patta system was abandoned. Thus, both under the squatter system and the patta system there has been an unregulated scramble for land by people most of whom have come down as moneyless immigrants from Upper Burma.

The Struggle for Survival. Among these immigrants pouring down from Upper Burma there has been a fierce struggle for survival. The new-comer often had little or no previous acquaintance with conditions similar to those obtaining in the Delta and, although he gained some experience of them while working for a year or two as a hired labourer, when he built his small hut in the swamps and virgin jungle and started to clear his own land he still had almost everything to learn. In the early days his chief enemies were cattle disease and fever. Epidemics among the cattle broke out almost every year, and malaria and other jungle fevers killed off whole families and left many of the survivors with impaired physique. During the reclamation of the land the crops were always liable to be destroyed by floods and at harvest the fields were ravaged by pig, deer and rats. But the struggle against nature was probably less fierce than the struggle against his fellow cultivators and less constant than the pressure of the money-lender. With every one scrambling for land it usually happened

that two or three men would start cultivating in the same neighbourhood. As their boundaries extended encroachments led to disputes which they could only settle with their *dahs* or in the law-courts. In either case it was probable that all the parties concerned would lose their land. Again, cultivators soon found that their sayings as field labourers were insufficient to enable them to bring their holdings under cultivation. Money was readily available not only to clear their land but also for reckless extravagance and gambling, and the money lenders did not care how the money was spent so long as the security was good. Thus, by the time that the land had been brought under cultivation, the money lender took possession of it or sold it to repay the loans and accumulated interest. Either through boundary disputes or through the inability of cultivators to pay their debts most of the land in Lower Burma has passed through the Law Courts or the hands of money lenders, and the result of the struggle for survival has been that the land has been acquired by men of business rather than by cultivators.

Free Trade in Land. With land always passing through the law courts or being sold for debt there has always been land in the market and it was said long ago that land in Lower Burma changes hands almost as frequently as securities on the Stock Exchange. The readiness of land-holders to dispose of their land is sometimes regarded as a peculiar feature of the Burman character. But one does not find the same readiness to dispose of land in Upper Burma and the true explanation must be looked for in economic conditions rather than in the national character. A large number of people have been compelled every year to dispose of land for debt. People who take over land for debt will usually sell it if they can get their price. At the same time there have been many people wanting to buy land, as people have had no other form of investment. Traders who wish to raise capital for their business must have land to

furnish as security. Rice millers often want to control land so that they can be certain of enough paddy to keep their mills at work. Thus there have always been people wanting to sell land and others wanting to buy it and land in Lower Burma has therefore changed hands at a rate that can have few parallels in other countries. There has, in fact, been free trade in land.

This free trade in land has exercised an important influence on the agricultural development of Lower Burma. As has already been mentioned it has led to the financing of agriculture on industrial lines and has thus contributed to the growth of industrial agriculture. Also, as holdings have continually been bought and sold each parcel of land has tended to approximate to the size which gives the maximum yield in relation to the cost of cultivation. A very small area will suffice to feed a cultivator's family and where domestic agriculture prevails holdings are small. But the maximum yield in relation to the cost is given where holdings are large: in some parts of Lower Burma production is most efficient where one farmer cultivates with two or three yoke of cattle, in others the yield is largest in proportion to the cost where five or six yoke are used. Thus the normal size of the agricultural holding has risen from the small patch of a few acres such as is needed by the peasant cultivating for the subsistence of his family to large holdings of 30 to 60 acres or more, of such a size as will give the maximum yield in proportion to the cost. These agricultural holdings or separate parcels of land are grouped together in discontinuous estates of much larger area. For the man who wants land with a view to obtaining rent may acquire several holdings; there are no limits to the size of his estate except his ability to manage it on business lines, and many people now own estates of 500 to 1000 acres. It is only because land has always been in the market that (a) agricultural holdings have tended to assume the size which gives the largest yield in proportion to the cost of cultivation and (b) that capable business men have

been able to accumulate large estates. Thus both these important features of agriculture in Lower Burma are due to the prevalence of free trade in land.

CHAPTER VI.

LAND-OWNERS, CULTIVATORS AND LABOURERS
IN LOWER BURMA.

1. *General Summary.* So long as domestic agriculture prevailed, the cultivators were peasant proprietors working their own land with the labour of their family. There was no distinction between landlord, cultivator and labourer, because the same man was all three at the same time. When land is very plentiful no one will pay much rent to a landlord, because he can take up land for himself without paying any rent at all. But, when most of the land had passed under cultivation, new comers who wanted land had to work as tenants because they no longer had the alternative of taking up new land. The accumulation of several agricultural holdings into large estates created a class of land-owners who would let their land to tenants. At the same time the gradual increase in the size of holdings made it necessary for cultivators to employ hired labour. Thus in Lower Burma the past sixty years has seen the gradual differentiation of agriculturists into the three classes of landlord, cultivators and labourers.

2. *Land-owners.* The statistics compiled by the Land Records Department show that at the present time about 40 per cent of the land in the Delta is held by large land-owners and in some districts nearly 60 per cent. Some of these land-owners cultivate land themselves, but one quarter of the land is held by non-agriculturists and in some districts nearly one-half. Much of the land registered as held by agriculturists is owned by wealthy men, residing at a distance from their land, whose only claim to be considered agriculturists is that they employ a bailiff to manage part of their estate

instead of letting the whole area to tenants. Again, much of the land registered as held by agriculturists is cultivated by men who are heavily indebted to the money-lender from whom they have bought the land and to whom they will soon have to surrender it. The effective owner of such land is the money-lender, and the nominal owner differs little from a tenant, except that he pays interest on his loan instead of rent. Thus the area of land held by non-agriculturists is much larger than the statistics indicate. It is clear then that, despite the Government policy of creating peasant proprietors, a very large proportion of the land in Lower Burma is held by absentee land-lords who are not agriculturists.

W²⁰ This is not necessarily a bad thing. People who own a large area of land or, as is often said, have a stake in the country, usually have a peculiar interest in the maintenance of law and order and in the stability of national life and institutions. Also they have the leisure and the means to devote themselves to politics, art and science, and in the past many countries have made their greatest advance in civilisation under the leadership of a landed aristocracy. Yet, where a large proportion of the land is owned by absentee land-lords who are not cultivators, the results are often prejudicial to the political and economic welfare of a country. As a rule the absentee land-lord knows very little about his land, or about the people who cultivate it, or even about agriculture. He is satisfied if the land pays him his rent. Where conditions are stable and land remains in the same family for several generations, it is to the interest of the owner to see that the land is well cultivated and that the cultivators receive a due reward for their labour. A good land-owner in Lower Burma could render much useful service to the country by choosing skilful tenants, by fixing a rent that would allow them to cultivate the land to the best advantage, and by encouraging them to make the most of the land by improved seed selection, more efficient implements and the use of artificial fertilisers.

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But the absentee land-lord cannot discharge these functions satisfactorily and where, as in Lower Burma, the land is continually changing hands, the land-owner has no interest in his land except to screw as much rent out of it as possible while it remains in his possession.

Many of these absentee landlords are Indians. The evils of absentee landownership arise chiefly from the fact that the landlord knows and cares little about his land so long as it yields as high a rent as possible. Clearly this evil must be aggravated when the absentee landlord is a foreigner who will leave the country as soon as he has saved enough money. The Burman land-owner, though he does not often realise it, has an interest in the preservation of law and order and in maintaining the fertility of the soil. The conditions of land owning which now prevail tend to impoverish the land and to impoverish the cultivators, and it might be possible therefore to induce Burman land-owners to accept remedial measures even if these should conflict with their immediate interest; but such arguments will carry little weight with people who intend to leave Burma and return to India in a few years. Unfortunately it is difficult to estimate the extent to which land has passed into Indian hands. Recent enquiries in the course of the Settlement of Pyapon District show that at least near Rangoon the area held by Indians is very large and continues to increase.

In many ways the Indian has had an advantage over the Burman in acquiring land. Probably the chief advantage was that during the early years of British rule Indians were already accustomed to British methods in official and commercial business and thus came to act as intermediaries between European officials and business firms and the people of the country. Most of the money lenders are Indians, until quite recently most of the lawyers were Indians and, in Lower Burma, almost all the hangers-on and menials of Government offices are Indians. Almost all the land in Lower Burma has passed

through the Courts or through the hands of money lenders during the past two generations and whenever this has happened there has been a chance for Indians to pick up land on favourable terms. They have also had a much better chance than Burmans to acquire land by using, and by abusing, the machinery of law. Again, most of them have come to Burma with the object of saving money to return to India and land has been the only secure method for them to invest their savings. The lapse of time has diminished these advantages. Although so large an area of land near Rangoon has passed to Indian owners, it does not follow that this will happen over the Delta as a whole, or that the same tendency will continue indefinitely. Indians who leave Burma often sell their land and in the long run most of it should revert to permanent residents. Indian land-owners who settle in Burma may learn in time to identify themselves with the national interests. But they rarely do so at present and it is much to be desired that further information should be made available regarding the proportion of land in the ownership of people whose interests differ so widely from those of the country as a whole.

These conditions of land-holding do not exist over the whole of Lower Burma. Even in Hanthawaddy, where the ordinary agricultural holding is large, even for Lower Burma, and agriculture is most industrialised, there are a few colonies of peasant proprietors who still cultivate small holdings that their ancestors brought under cultivation before the agricultural revolution occasioned by the opening of the Suez Canal; that these colonies should have remained unaffected by the changes going on all round them suggests how difficult it may be to modify economic conditions that are once securely established. In the north of the Delta, in Prome and to a less extent Henzada and Tharrawaddy, which came under cultivation at an earlier date than the Delta proper, most of the land is still held by small owners. That is the case also in the Tenasserim and Arakan Divisions

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which were taken over by the British in 1826 and which were brought under cultivation by two generations of peasants before the Suez Canal led to production on the large scale for the export market. In these older districts, most of the holdings were taken up chiefly with a view to providing subsistence for the family and have since been subdivided by inheritance, so that in some parts, but especially in parts of Kyaukpyu, such as Ramri, the holdings are excessively minute and often measure less than an acre.

3. *Tenants.* As we have seen, a large proportion of the land in the Delta is cultivated by tenants. It is almost invariably the practise for the rent to be fixed in baskets of paddy. Sometimes the tenant agrees to pay so many baskets for the entire holding, sometimes to pay so many baskets of paddy an acre. The agreement between landlord and tenant may be verbal but is usually recorded in a document. Not infrequently the tenant signs what is known as a *coolie-sagyok* by which he admits that he is the labourer of the landlord and that all the produce of the land must be appropriated in the first instance to pay whatever may be due to the landlord on account of rent or loans. The period of the agreement is, almost without exception, a single year. In many countries where annual tenancies prevail the same land is let to the same tenant year after year. But that is not the case in Lower Burma, where the tenants almost invariably leave their holding or are evicted from it after one or two years or at most three. During the actual working season they live in huts erected on the land which they dismantle when returning to their own village after harvest. They can thus live at some distance from the land they cultivate and have a wide choice of holdings without changing their residence. But they have little to bind them even to the village where they reside and readily migrate from one village to another.

The temporary occupants of mortgaged land should also be regarded as tenants. Most of these have bought their land from money lenders, leaving the greater part of the purchase money on mortgage. They pay interest to the money lender instead of paying rent to the landlord. But even the occupants of this class rarely hold their land for very long, as they cannot make the proceeds of cultivation pay the interest on the purchase price and it is a common saying among cultivators that at the end of harvest nothing but the winnowing tray and fan are left.

Good cultivation is impossible in such circumstances. However skilful a tenant may be, he cannot make the most of land unless he knows it well, but tenants in the Delta can rarely learn to know their land before they are compelled to leave it. A man who cultivates the same land over a long period learns gradually how much manure is needed by each field, what variety of grain is best suited to the various qualities of soil in different places and where he should build his *kazins* so as best to regulate the supply of water. But a tenant in the Delta has no chance to study his land with such minute attention and has no incentive to improve land which he may have to leave next year. Fertilisers, for example, never yield their full effect during the season in which they are applied and a cultivator is naturally reluctant and, indeed, if highly rented and heavily in debt, cannot afford to incur expenditure for the benefit of his successor; or, rather, for the benefit of the landlord who will be able to demand a higher rent from his successor. Moreover, a cultivator who is taking land about which he knows little more than a few hurried enquiries can teach him, is not in a position to make a fair bargain for the rent and is almost compelled to give as much rent as the landlord demands.

The conditions of tenancy are prejudicial also to social order. Public opinion is one of the chief safeguards against crime. A man who lives in a village where he knows and is known to every one is more or less bound to behave himself as a decent member of society;

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if he is a bully or a thief he soon becomes unpopular. But where there is no society there is no decency, and this is the general character of Lower Burma. Cultivators and labourers who are continually shifting from one village to another are continually shaking off their past and the ordinary restraints of social life cease to be effective. In most hamlets many of the residents are new arrivals who know very little of their neighbours and in a few years many will have shifted to another neighbourhood. The amount of crime in rural Burma is notorious and although the disease has now spread over the whole country it seems to have originated in those districts where agricultural development was most rapid and where the tendency to the industrialisation of agriculture was strongest.

Many of the tenants are Indians and the proportion of Indians seems to be increasing. On land owned by Indians, Indian tenants are preferred, but it is not the case that Burman tenants find a preference on land owned by Burmans. Indian cultivators can offer a higher rent for land than Burmans. Their chief advantage in this respect is their lower standard of living. If Punusami can cultivate ten acres of land yielding 400 baskets of paddy and live on 180 baskets of paddy a year, he can offer 220 baskets of paddy as rent, whereas Maung Gyi who needs 260 baskets of paddy a year to live on can offer no more than 200 baskets as rent. Punusami will be likely therefore to be preferred as tenant. But Indians have a further advantage. Under the village Act, which was introduced in 1886 as a measure of martial law to restore order during the disturbance consequent on the annexation of Upper Burma, cultivators are expected to leave their land during the dry weather and reside within a village. Legally this Act applies both to Indians and Burmans, but in practise Indians have generally been allowed to disregard the orders requiring them to live in a village and have remained in permanent occupation of their land throughout

the year ; this enables them to pay more attention to the dry weather occupations of strengthening embankments, and repairing kazins, and also gives them better facilities for conserving and applying their cattle manure. In this way Punusami might get 410 baskets from land which would yield no more than 400 baskets to a Burman. If a Burman tenant wants to do as much work on his land during the dry weather as Punusamy, he must get it done quickly, with hired labour and therefore at greater cost.

Hitherto the Burman has had some protection against his Indian competitor because, under the conditions of the Delta, he has usually been the better cultivator, and therefore been able to get a higher yield from the same land. Thus, if Maung Gyi can get 450 baskets of paddy from land that only yields 400 to Punusami, Maung Gyi can offer a higher rent than Punusamy even though his annual expenditure is 200 baskets of paddy against 180 consumed by Punusamy. But as Indians become better acquainted with conditions of agriculture in the Delta, the superiority of Burman cultivators is likely to disappear. Already there is reason to believe that Indian cultivators preponderate on the poor soils and the assertion, often made, that Indian tenants are ousting Burmans over large parts of Lower Burma deserves very carefully enquiry.

But the transfer of large areas of land from Burman to Indian cultivators is a less urgent problem than the effect of Indian competition on the pitch of rents. The term *rent* has two meanings. If a tenant who occupies land yielding 400 baskets agrees to pay 100 baskets for the right to cultivate the land, this amount is termed his rent. But if he can cultivate the land and maintain himself, and his family, on 200 baskets a year, it would be possible for him to pay 200 baskets as rent. The surplus of the yield over the cost of cultivation is termed the *economic rent* and the amount which a tenant actually agrees to pay is termed the *contract rent*. Sixty years ago, when land was abundant, any cultivator could obtain

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land by clearing a patch of jungle. It was less trouble to cultivate land that had already been cleared and some cultivators preferred therefore to pay two or three baskets an acre for cleared land rather than clear new land for themselves. Ten acres might yield 400 baskets and the *economic* rent, then as now, would be about 200 baskets, but the *contract* rent would be no more than 20 or 30 baskets. Gradually, as the land was taken up, it became more and more difficult to obtain new land. Tenants began to compete with one another to obtain land and the pitch of rents rose gradually until now the contract rent over the greater part of the delta has come to differ little from the economic rent.

A contract rent which equals or exceeds the economic rent is usually termed a *rack-rent* and much of the land in the delta is now so heavily rack-rented that the contract rent encroaches on the standard of living. It is in such circumstances that Indian competition is most dangerous for, although a landlord who wants to get more than 200 baskets from Mg. Gyi may not be able to frighten him with the threat of renting the land to Mg. Gale whose standard of living is much the same as that of Mg. Gyi, he may be able to induce Mg. Gyi to pay a higher rent by threatening to rent the land to Punusamy. Thus Indian competition may be effective in raising the pitch of rents even although little land is let to Indians, and there is little doubt that the competition of Indian cultivators for land has been one of the chief factors in the rapid rise of rents.

This continual raising of the rent is largely responsible for the migration of tenants from one holding to another. This migration in itself is prejudicial to good cultivation, as we have already seen; and rack-renting also is prejudicial to good cultivation. For a tenant who is rack-rented has not enough money left to buy good cattle or to pay the wages demanded by good labourers and he must stint expenditure on seed, manure and

other necessities of cultivation. It is impossible therefore for him to make the best out of his land. More over, a bad cultivator, who could not earn high wages as a labourer, will often offer a high rent that a good cultivator, who would get more out of the land, will not pay. Thus, where rents are high, good cultivators cannot apply their skill to the best advantage and are liable to be replaced by inferior cultivators. That is the position over much of the delta at the present day and it seems that many tenants are less well paid for their work than the labourers whom they employ.

4. *Labour.* So long as subsistence agriculture prevailed, the peasants cultivated their land with the assistance of their family and one still hears the saying *taung-thu-gyi, tha-thami*, which means that a cultivator should have a large family of children. With their help he could do all that he had to do, but when the development of commercial agriculture encouraged cultivators to take up more land than they could cultivate with their own family, however large, there arose a demand for hired labour. All over the world similar conditions have given rise to a similar demand. A demand for additional labour can be met in one of three ways, by slavery, by the importation of labour or by the invention of labour-saving machinery. In Burma, the British Government would not recognise slavery and it was necessary to adopt one of the two other alternatives. The demand for labour might have led to the adoption of machinery and this would have contributed greatly to the general economic development of the country. But circumstances made it much easier to import labour. There was a large supply of labour available in Upper Burma and another large supply of labour available in India. So long as cheap labour is available, people rarely take the trouble to devise and introduce machinery and it therefore became the practise to recruit labour in Upper Burma and India.

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In the early days of development it was customary to hire labour for the year. Labourers from Upper Burma came to the Delta and found employment as general farm hands. But the demand for labour in cultivation varies greatly at different seasons. One ploughman can plough several acres, but a large number of people are required for transplanting the crop. Then there is an interval of a couple of months with little or no work until the harvest again calls for an even larger number of people to reap the crop. On a farm where one or two extra labourers are employed throughout the year, much of the work must be done slowly, and for part of the time the labourers are receiving wages and food while they remain almost idle. The work can be done much more quickly and cheaply if labourers can be engaged just when they are wanted and then discharged. The conditions in Lower Burma have made this possible and one of the conditions making it possible has been the supply of Indian labour.

Indian immigration. The discovery of India as a potential source of agricultural labour in Burma was partly accidental. The policy of Government, as has been explained, was to create a body of peasant proprietors. At the same time the Government wished to bring the country under cultivation as rapidly as possible. Immigration from Upper Burma was not so rapid as Government desired and an attempt was made therefore in 1874 to attract immigrants from Bengal, not as labourers but as cultivators. Rather more than 7000 were imported at a net cost of over one lakh and, although these did not settle down as cultivators, the results were held to justify further experiments. Under a Labour Act passed in 1876 a recruiting agent was appointed in Coconada and Indians imported from Madras under this Act began to arrive towards the end of the next year. By this time a considerable demand for labour had arisen in the new rice mills, which were rapidly increasing in

number. The managers of the rice mills had arranged with private contractors for the importation of coolies who were easier to manage than coolies imported by Government under the protection of special provisions in the Labour Act. It was difficult therefore to provide the Government coolies with employment in the rice mills and, as they were coolies and not cultivators, they did not attempt to settle on the land nor had they the necessary capital to take up farming. The project of importing Indians under a special Labour Act was therefore abandoned when less than a thousand had been brought over at a net cost of about Rs. 30,000. Subsequent attempts in 1882 and 1883 to attract cultivators from Behar and Darjeeling were equally unremunerative as they cost nearly half a lakh with no results.

But in 1876, the year when the Labour Act came into force, upwards of 15,000 Indians came over as free immigrants. During the next few years immigrants to about the same number came over annually. Hitherto the British India Steam Navigation Company had enjoyed a "monopoly" of the traffic. In 1880 the establishment of the Asiatic Steam Navigation Company led to competition and a reduction of fares, with the result that in the cold weather of 1880-81 the number of immigrants rose to over 40,000 of whom only 18,000 returned to India. This showed that there was a plentiful supply of labour available in India provided that the fares were reduced to a figure which the coolies could afford to pay. The idea of importing Indians as cultivators had been abandoned, but it was decided to encourage the immigration of Indians as labourers and Government offered a subsidy to the shipping companies according to the number of immigrants they carried. By 1883-84 the number had risen to 83,000 of whom 43,000 remained in Burma. During 1882-83 the subsidy cost nearly three lakhs. The large and rapid increase of immigrants suggested that enough labour could be obtained without a subsidy, and although

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the first effect of withdrawing it was a decline in the number of immigrants to about 50,000. This decline proved to be temporary. Within three years the number rose again to 87,000 and since then there has been a steady increase. For some years past the annual number of immigrants into Burma has exceeded 300,000, of whom more than 200,000 have remained and in 1927 the total number of immigrants was over 400,000 of whom 350,000 remained in Burma.

One important feature of this immigration is that the coolies come to Burma just in time for harvest. Immediately on their arrival they can find work as reapers. After harvest there is a large demand for labour in the rice mills and then, as the demand in the rice mills slackens, they can find employment as coolies in repairing bunds and building embankments and on other earth work in the fields. At the end of the dry weather a large proportion returns to India. Thus, there has been available annually a large supply of cheap labour just at the season when it was most urgently required for agriculture. This has been one of the conditions favouring the development of industrial agriculture.

Division of Labour. One characteristic of industry as distinct from agriculture is the division of labour. Attention was drawn to this by Adam Smith in his great work on 'The Wealth of Nations'. In the making of clothes the spinner makes raw cotton into thread, the weaver converts the thread into cloth and the tailor makes the cloth into garments. Each man can carry on the same kind of work throughout the year and the labour is divided between all three of them. But the ploughman cannot plough all the year around, nor can the sower sow all the year round, so that in agriculture the same man is ordinarily employed throughout the succession of agricultural operations and there is little or no division of labour or specialisation of function. The peasant engaged in domestic

agriculture needs little help outside his family. Commercial agriculture has usually led to the employment of slaves or to the introduction of machinery ; in either case the same people have, for the most part, been employed throughout the year. But in Lower Burma two factors have contributed to bring about a system of agriculture which in the division of labour and in other ways resembles industry.

The first factor is that over a large area there is a single crop grown under uniform conditions. Over the whole Delta the same kind of labour is wanted and at very much the same time.

It has therefore been possible to break up the process of cultivation into a succession of operations some of which are very simple and can be performed by unskilled labour. This has led to a large demand for unskilled labour at recurring intervals.

The second factor is that, owing to Indian immigration, there has been a large supply of unskilled labour available just at the time when it was most wanted.

The result has been that the division of labour has proceeded as far as is possible in agriculture and resembles the division of labour found in industrial organisation.

The first operation of the year is the construction and repair of the bunds surrounding the holding and dividing it into separate plots. This work is usually performed by Indian coolies on piece-work, i.e. paid according to the quantity of work performed. Then comes ploughing, for which ploughmen are hired for a period of three or four months. The seed is sown by the ploughmen in nurseries (*pyo-gin*) but the seedlings are dug up by one set of labourers paid by piece-work, and are then planted out by another set of labourers, also paid by piece-work but in a different way. After transplanting there is not much work in the fields, but the country is under water and some one must be hired

to feed and tend the cattle ; usually one man is employed for each yoke of cattle and paid a lump sum for the whole period. As the country dries the crop ripens and all the children of the neighbourhood are employed to scare the birds. Then the grain is reaped by gangs of coolies, often Indians, engaged on piece-work and threshed by labourers, usually Burmans, hired by the month. The crop is then removed from the threshing floor by cartmen or boatmen employed by the purchaser. Field work is then over but the cattle still need care. During the dry weather fodder and water are scarce and the cattle are usually driven off in large herds to the nearest high land by herdsmen who are paid so much per head of cattle. Every agricultural operation forms a separate contract. It is rare for any one labourer to be employed on more than two kinds of work, and even the skilled labourers who find regular employment in ploughing and threshing are often employed by different owners for these two different operations. This extreme division of labour is by no means universal throughout the Delta, but it is the type to which agricultural organisation generally conforms, and is one of the chief reasons, though not the only reason, for describing the system of cultivation in the Delta as industrial agriculture.

Wages. From this description of agricultural labour it may be imagined that the competition of labourers for employment is very keen. The labourers have no organisation such as a Trade Union to protect their interests and the usual effect of keen competition between unorganised labourers is to reduce wages. It has sometimes been said that wages are regulated by an 'Iron Law of Wages' which keeps them down to the minimum necessary for subsistence. Yet it is commonly held that in Burma the labourers are better off than tenants, and it was true until recently and may still be true that the ordinary labourer on the ordinary rate of wages was able to save money. It is clear therefore

that wages have hitherto been well above the margin of subsistence. But there are no statistics to which we can look for trustworthy information as to whether wages are rising or falling.

In the early days labourers, as we have seen, were ordinarily engaged for the whole agricultural period of about ten months. At that time a labourer who could save or borrow enough money to live on for a year was able to clear a patch of jungle and raise his own crop. He was therefore in a position to bargain for his wages. On the other hand cultivators were anxious to obtain labour. Thus the labourer was in a position to demand the most that a cultivator could afford to pay. Wages differed from one district to another and even from one village to another, but in general labourers could earn 100 to 140 baskets of paddy a year and receive free board and lodging for ten months.

After a few years the practise of annual hiring began to die out, and it became the custom to engage labourers separately for the ploughing season of four months and the harvest season of three months. The labourer no longer received free board and lodging for ten months but for seven. When the harvest season was broken into the separate operations of reaping and threshing, the labourer no longer received free board and lodging for three months at harvest but for two. Thus at present the best agricultural labourers, who are employed both on ploughing and threshing, receive free board and lodging for six months only instead of for ten as formerly. If we estimate the cost of board and lodging at no more than Rs. 5 a month, wages have dropped by Rs. 20 a year. At the same time the labourer is exposed to the competitions of Indians who can afford to work at lower rates of pay.

The problem is complicated however by the fact that for many agricultural operations wages are fixed in paddy and that during the last sixty years the price of paddy

has risen from about Rs. 50 per hundred baskets to Rs. 150 per 100 baskets. On the other hand the cost of living has also risen, and there has been a tendency to pay wages in money rather than in paddy. From scattered remarks in Settlement Reports it appears probable there has been some fall in wages and the general considerations that we have noticed lend support to this belief. On the whole it is, perhaps, not improbable that during the last sixty years agricultural wages have fallen by about 20 per cent. Although, when the employment of agricultural labour became general, the wages were fixed at a very high level, the fall in wages has reduced the margin between what a labourer can earn and what he saves. It is more difficult for the labourer to save money than it used to be. Until recently any thrifty labourer was able within two or three years to put by enough money to buy a yoke of cattle and set up as a tenant and the class of tenants was continually recruited from labourers. Any tenant had a chance to become a land owner and gradually acquire considerable wealth. The result of the fall of wages is that this has become more difficult, and there is much to support the popular opinion that the great increase of crime during the last twenty years is largely due to the growing poverty of the labourer.

5. *Industrial Agriculture.* We have now studied the broad outlines of the agricultural development of Lower Burma. In the course of doing so we have referred more than once to the industrialisation of agriculture. This was explained in general terms in Chapter IV, but we are now in a position to examine more closely what it means.

(a) Normally, agriculture differs from industry in respect of the amount of capital required. In the production of wealth three factors of production are generally recognised: Land, Labour and Capital. Capital is required to make the land and labour more productive.

The amount of capital that a man can borrow is limited by his ability to use it productively ; if he borrows more capital than he can use productively he will go bankrupt. His power of using capital productively depends on his ability to organise land and labour for the production of wealth. In industrial production land is a comparatively negligible factor, and the power of a man to borrow capital is limited only by his ability to organise labour. But in agriculture, however capable he may be of organising production, his power to use capital productively depends on the amount of land available. Normally, in agriculture the supply of land is limited. But in the Delta, owing, in the first instance, to the large area of waste land, and, secondly, to the prevalence of free trade in land, the power of a man to use capital productively has been limited, not by the quantity of land available but, as in industrial production, it has been limited only by his organising ability. It has always been possible for a man to obtain more land and therefore it has always been possible for him to obtain more capital. That, as we shall see, is the chief cause of the volume of debt in Lower Burma.

(b) A second difference is that industry is characterised by the localisation of production in special areas, whereas in agriculture the nature of the soil and the configuration of the surface usually compel the cultivator to raise many different crops within a small area. But over the whole of Lower Burma there is practically only one crop, so that cultivators can benefit by the advantages attaching to the localisation of production which are usually confined to industry.

(c) A third difference between industry and agriculture is that, in industry, production on a large scale tends to predominate, because in this way labour and capital can be organised more effectively and the produce can be marketed on more favourable terms. But the conditions in Lower Burma have rendered it possible to organise

labour and capital and to market the produce more effectively when working on a large scale so that this characteristic of industry also, may be found in agriculture.

(d) The fourth difference between industry and agriculture is the division of labour, which we have just seen to be carried to the extreme limits possible in agriculture.

(e) These characteristics of agriculture in Lower Burma are the direct result of the conditions under which the country has been reclaimed. A vast area of thick jungle has been rapidly brought under cultivation. There has therefore been a demand for capital and, at the same time, a secure rain-fall with the corollary of certain harvests has encouraged capitalists to provide funds. On the one side there has been land to sell and on the other money to purchase it. The people who have reclaimed the land were peasant cultivators without sufficient knowledge or education to employ machinery, and the seasonal supply of labour has enabled them to cultivate on a large scale without mechanical implements. The suitability of the whole area for a single crop has favoured large scale production and this circumstance combined with the seasonal character of the labour supply has permitted the division of labour. But all these characteristics are merely the outward expression of a more fundamental difference between village life in Lower Burma and village life in general.

Agriculture originated in cultivation for subsistence and cultivators settled in villages for social amenities. For many hundreds of years the typical agricultural village has been a little centre of social co-operation and by a long tradition agriculture inherits a co-operative character. It is characteristic of agriculture that cultivators should "owe a hand in harvest", that they should give mutual assistance or, in the Burmese expression, *let-sa-alok*. Cultivators may compete in

marketing their crops but they are neighbours in the village and although the village is the unit of agricultural production, production is not the purpose of the village. Normally villagers are associated as human beings and neighbours; they are linked to one another as consumers. Industry, however, and especially modern industry, is essentially competitive. The key-note of industry is competition and not co-operation. In industry the unit of production is the mill or factory and people are linked to one another as producers. The workmen in mills or factories are collected with the object of producing a certain commodity or commodities at the lowest competitive price; they move from one factory to another to find work. Normally the purpose of the agricultural village is to secure for the inhabitants a wholesome life. But over large parts of Lower Burma there are villages but no village life; the village is a unit of production rather than a social unit and people move from village to village much as they move from one mill or factory to another. Over Lower Burma as a whole people are linked together as producers and not, as under normal agricultural conditions, as consumers.

6. *General Results of Development.* In Lower Burma, then, a system of agriculture has developed in which the land is gradually being gathered into large estates, with an increasing proportion of absentee and alien landlords who recognise no duty to their land or to their tenants, but treat their estates merely as business assets, to be realised when a suitable occasion offers and until then to be managed so as to yield the largest possible income; the cultivators are very largely tenants, increasingly rack-rented, who do not hold their land long enough to cultivate it properly and lack the means for proper cultivation; the labourers, although, it seems, still comparatively well off, have lost the prospect of advancement. Lands change hands freely both among

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landlords and cultivators, and both tenants and labourers are migratory. Society is organised for production rather than for decent living and for acquisition rather than production.

In such condition it is not surprising that the population is notoriously criminal. The conditions are unhealthy and crime is a symptom of a diseased condition of society. Similar conditions are found to some extent in all new countries during a period of development; they closely resemble the conditions found on newly discovered gold fields and may be paralleled in some respects in the agricultural development of the United States. The reclamation of so large an area in Lower Burma in so short a time is a great achievement which speaks well for the people who have reclaimed the country and the system of administration which has rendered it possible for them to do so. But that is no argument for allowing the undesirable features of the process to continue longer than is necessary. It would be out of place in such a book as this to discuss the measures that might suitably be taken, and in any case it would be premature to do so. Before we attempt remedial measures we should know more about the facts than we do now. We need much more accurate information than we now have regarding the extent to which land has passed and is passing into the hands of absentees and aliens and the conditions of the tenants and labourers. Much of this information is already available in the registers of the Land Records Department, but would have to be dug out of them patiently and this is unlikely to be done except as part of a careful enquiry into the present conditions of agricultural economy in the Delta.

CHAPTER VII.

LAND-OWNERS, CULTIVATORS & LABOURERS IN UPPER BURMA.

1. *Contrast between Upper & Lower Burma.* In Upper Burma, as in Lower Burma, cultivators formerly practised domestic agriculture to provide subsistence for their families. In other respects agricultural conditions differed greatly.

In early days in Lower Burma salt boiling and fishing were probably of equal importance with agriculture, but in Upper Burma the vast majority of the people derived their living from the land. There were statesmen, judges, rulers, governors, soldiers and pongyis and these, as in other countries, were more highly esteemed than cultivators, but they did not contribute directly to the production of wealth, and agriculture was not only the chief but almost the sole productive occupation.

Moreover, whereas Lower Burma was sparsely peopled, the Dry Zone and the irrigated tracts of Upper Burma had long been thickly populated. Most of the lands in these areas was occupied and the conditions of occupancy had become very complex, reflecting the complexity of the social organisation which has already been described. Long before the Annexation the agricultural classes had been differentiated into landowner, cultivator and labour and an intricate body of custom had grown up to regulate their mutual relations. Thus the economic forces which have led to the development of industrial agriculture over large part of Lower Burma were checked in Upper Burma by the restraining influence of established custom.

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In any case it is improbable that agriculture would have developed along industrial lines in Upper Burma. For this there must be large areas of waste land suitable for the production of a single crop in conditions of security. But in Upper Burma the scanty and precarious rainfall and the broken or undulating surface of the land demand a large variety of crops and preclude the specialisation of function and division of labour characteristic of industry.

2. *Tenures.* The tenures of Upper Burma, or, in other words, the arrangements regarding the ownership and occupation of land, were very complicated. Their complexity was due partly to economic causes and partly to the intricacy of the quasi-feudal social organisation which has been described in Chapter III. The tenures are the more difficult to understand because they were regulated by custom rather than by positive law. In every country with a long and unbroken civilisation the social organisation seems to develop naturally and written laws are less important than custom and tradition. In Burma nowadays there is a tendency to overlook rights and duties which are not embodied in some Act or Regulation, but that is quite a new idea. In England the Common Law, the law of custom, still holds where it has not been superseded by an Act of Parliament. Just as it is more difficult to understand the working of a horse than of a motor car, so it is more difficult to analyse and comprehend a social order that has grown, than one that has been deliberately constructed by legislative machinery. The social organisation of Burma before the Annexation was such a natural growth that the laws by which it was regulated can only be deduced by patient examination of the facts. It would have been less difficult to ascertain the customary law if the same customs had been observed all over the country and had continued in force for several generations, but they differed greatly from place to place and, owing to political revolutions

and the precarious climate, conditions were continually changing and customs tending to break down. It is therefore very difficult to make any statements regarding tenures which can be applied to the country as a whole, but the following account of them, based chiefly on conditions in the Myingyan District, may be regarded as typical.

There were three main classes of land, Royal Land, Official Land and Private Land. Royal Land paid rent to the King and was administered on his behalf as if it were his private property. Official Land and Private Land used formerly to pay revenue, but about 1851 King Mindon introduced the *thathameda* tax, a tax on property which took the place of land revenue and other customary taxes.

Royal lands comprised the private property of the King, which he had inherited from his ancestors or acquired by marriage. Under this head may also be included certain lands from which the King drew rent as the head of the State. The most important of such lands were island lands, alluvial formations which could not easily become private property as they disappeared beneath the surface of the river every year, and on re-appearing could not easily be identified. The right of collecting rent from such land was usually sold to an official, the *ayadaw-ok*, who was allowed to dispose of them as he thought most profitable. Land confiscated for rebellion (*thein-mye*) and land which relapsed to the Crown because the owners left no heirs (*amwe-son-mye*) might be similarly treated if of sufficient value.

Official lands comprised land which had been bestowed as an appanage of office or as trust to be administered. Usually such lands originated in a grant to the head of a regiment or order (*asu*) to be given out among his men for residence, subsistence and cultivation (*ne-mye, sa-mye, lok-mye*). In the *asu* area such grants might be scattered over several villages. In the *su-lut*

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or *athi* area all the lands of the *myo* which had not become private property would be administered by the *myo-thugyi*.

But official land, and, for that matter, royal land, might always become and generally tended to become private property. Any one who was allowed to settle in a village was allowed to take up land which had not yet been occupied. Prior to the introduction of *thathameda* he had to pay the customary land tax of the locality, which might be a certain proportion of the produce, usually one tenth, or a fixed amount of produce for the holding of per yoke of cattle. After the introduction of *thathameda* he held the land free of other revenue so long as he paid the amount assessed on him as *thathameda* and any other taxes that might be levied. In an official village he would usually have to pay a contribution towards the cost of those members of the regiment who were on duty at the Court or elsewhere; this tax was known as *nauk-tauk-kye*. In non-official villages, he might have to pay a tax known as *taing-kye* or *se-lua-mu-dan* as well as *thathameda*, but those taxes seem often to have been included in the *thathameda*. At present, if a man does not pay his land revenue, he forfeits his land. But under the Burmese rule the relation between rulers and ruled was personal. A man did not live in a village because he owned land there, but he owned land because he lived in the village. If he did not pay what was due from him he was not allowed to live in the village. Every one in certain *myin* regiment would be subject to the local *myin-gaung*, and every one who lived in a *myo* would be subject to the *myo-thugyi*; whether the man cultivated land or not was a matter of indifference to the *myin-gaung* or *myo-thugyi*.

The fore-going description shows how the system worked in theory. But, in practice, official land always tended to become the private land of the official to whom it had been granted. This was equally true both of the

estate as a whole and of each individual holding. The *myin-gaung* would be supposed to produce so many men when required. On this understanding he would be granted an estate over which he enjoyed, not only certain rents from the land but also judicial and other fees. Similarly the men of his regiment would also be expected to render certain services and pay certain fees. But it frequently happened that the *myin-gaung* would mortgage part or the whole of his estate, including very often his right to the judicial and other fees. Whenever this happened the estate would tend to become the private property of the mortgagee, who would often escape compliance with the conditions on which the estate had been granted. Similarly the men of the regiment or class would alienate their land and the man to whom the land was alienated would tend to escape compliance with the conditions which had bound the original owner. In the *athi* area there were usually no conditions except the payment of certain dues, and in such areas there were therefore less difficulties about alienating land than in official areas. It has been suggested that some of these lands were communal lands, that is to say, were regarded as the property of the whole community. This view, however, is mistaken. In most villages no outsider would be allowed to cultivate land, and no one would be allowed to settle in a village who was objectionable to the local chieftain, whether *myin-gaung* or *myo-thugyi*. But the influence or *awza* and the income of the local chieftain, increased with the number of his dependants and he would usually take care that settlers were made welcome. Thus, although strangers might not be allowed to take up land without settling in the village, they would be allowed to settle there and take up land as residents. In many cases, however, the villages were rather like large families and almost all the families more or less closely related (*myo-sat yua-sat*). It was

often the custom to leave estates undivided for several generations. In Myingyan District, and probably elsewhere, it is not uncommon to find a hundred or more collaterals, down to the fifth generation, recognised as co-heirs. This is best seen with palm trees of which the produce can be divided up in lumps of palm sugar among innumerable heirs, and the right to receive a few lumps of palm sugar is regarded as a test of kin-ship. Where all the lands of a village were regarded as the private property of one family, strangers could not easily obtain land except by marrying into the family.

Thus the tenure of land depended very largely on the quasi-feudal character of the social organisation. But it depended also on economic conditions. Good land soon became private property and was soon subdivided among the heirs. Poor land was left fallow "until the wild plum-trees shed their thorns" and would long remain subject to the custom of *thu-win-nga-twet* and available for occupation by any new comer unless the previous occupant objected. Civil strife or a series of bad harvests might lead to the desertion of a whole township by most of its inhabitants. The *myo-thugyi*s and other local chieftains usually lived in the most defensible villages with the best facilities for water and the richest and most secure land. When the country side was deserted, all the land over which rights of private property had accrued would relapse to the family of the *myo-thugyi*. In such cases the *myo-thugyi* would own a large estate. If, for a succession of generations, there were many co-heirs in a *myo-thugyi*'s family, the estate would be parcelled out among his descendants and, if divided, would become their private property. If on the other hand, the family of the *myo-thugyi* died out, or if he were negligent in protecting his interests, the lands of the *myo* would become the private property of individual families of

cultivators. The distribution of land also depended on the local customs regarding inheritance. These varied with the different orders and in the *athi* area many of the estates, and in some cases the thugyi-ship itself, descended in the female line. Although fertile land was usually subdivided at an early stage it remained undivided if the land were irrigated. On irrigated land all the parties who derive benefit from the water supply must co-operate, and co-operation was best secured by leaving estates undivided. When the heirs to any plot of land became so numerous that they could no longer divide the land in separate plots they would work it in turns. Thus one may find a single field of half an acre divided between the grandchildren of two brothers; the two descendants of one brother working half the field every other year and the four descendants of the other brother working the remaining half once in four years. And within a few hundred yards one may find a stretch of land so poor that no one cares very much who works it and the nominal owners will readily relinquish their rather shadowy rights over it to new comers.

Such were the general conditions of land tenure in Upper Burma at the Annexation. This complex economic structure was immediately subverted by the hurried introduction of a Revenue Regulation. Many years of patient enquiry would have been necessary to ascertain the facts. But at that time the rapid extension of cultivation in the Delta had already begun to attract the attention of the British Government. The difference between conditions in Lower and Upper Burma was not understood, and it was expected that there would be a similar rapid extension of cultivation in Upper Burma. It was known that privately held land in Upper Burma paid no land revenue and Government wished to derive revenue from the extensions that were anticipated. It was known also that on certain lands cultivators had paid rent to the king in

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addition to thathameda and Government feared that any delay in declaring their land policy might lead to a loss of rent. At that time the general policy of the Indian Government was to deal with individual cultivators on the ryotwari system rather than with landlords or with groups of cultivators on the zemindari system. Thus in the new Revenue Regulation the rules defining tenures bore very little relation to the actual conditions. One characteristic of State Land as then defined was that the cultivator of such land paid rent to Government in addition to thathameda. This tempted zealous officers to declare as much land as possible to be State Land, and encouraged the occupants of land to conceal so far as possible the customs relating to tenures, lest any information might be used against them as an argument for demanding rent. One result was that information regarding tenures in Upper Burma only came to light gradually after the customary tenures had for the most part disappeared. One factor in their disappearance has been the general tendency of Government officers to record the actual cultivator of land as its owner regardless of the conditions on which he was cultivating it.

All waste land was declared to be State Land. Government, when introducing the Regulation, explained that the policy of declaring all waste land to be State Land was one that the Kings of Burma would probably not have adopted and certainly could not have enforced. But the British Government also found it impossible to enforce this policy in the sense that was originally intended. For some years the Regulation discouraged the extension and improvement of cultivation because any one who extended or improved his land might find himself liable to pay rent on it as State Land, and, as most new land was comparatively poor land, another result of the Regulation was that poor land paid high revenue. Gradually, however, the provisions regarding

State Land have in general become obsolete. The distinction between State land and Non-State land has tended to disappear, and at present the tenure of land in Upper Burma is almost as simple and uniform as in Lower Burma.

3. *Landowners.* In Upper Burma, then, at the present time, the proportion of landowners who are also cultivators is much larger than in the Delta. Large estates are few as compared with Lower Burma, partly because many of the cultivators, both on official and non-official lands, acquired private or *bobabaing* rights over their land during Burmese times, and partly by reason of the policy of the British Government in recognising actual cultivators rather than local chieftains as the owners of the land. But large estates where they exist differ from those of Lower Burma. In Lower Burma the large estates have been built up by the acquisition of holdings scattered over a wide area, but in Upper Burma the whole, or the greater part of any large estate is probably continuous and may comprise one or more entire *kwins* (a survey unit corresponding roughly to a village in India and measuring about a square mile). In Lower Burma the typical owner of a large estate is a man of business, a money-lender, mill-owner or trader, residing in a town which may be at some distance from his land; in Upper Burma the landlord usually lives on his estate and is descended from a family which has had for many generations a tradition of wealth and official service, he is often the local headman or at least of kin to the hereditary chieftain of the locality if the hereditary line of local officials has not been broken. The tenants on an estate in Lower Burma are migratory cultivators, but in Upper Burma they may have cultivated the land for many generations, often for as long as their landlord's family has held it, or even longer. Thus in Upper Burma the land-lord occupies much the same position as a squire in an English village.

These large estates are often the joint property of a large family, and even small estates or individual holdings are often held as joint property. But as a rule most of the family property is, at least tentatively, divided in each generation. One or more fields may be deliberately left undivided as *bon-mye* or joint property to keep alive the sense of kinship, but most of the land is divided up for convenience in cultivation. If experience shows that the division is satisfactory it will gradually be recognised as permanent, but, if found unsatisfactory, a re-arrangement may be made even after the lapse of many years. In the next generation a similar distribution is made between the next set of heirs. Much care is taken to make the division equitable. For example, if U Chantha has lands comprising rice land, millet land and sesamum land, and also has three sons, Mg. Cyi, Mg. Lat and Mg. Nge, each of the sons will take a portion of the sesamum land, thus dividing the original holding into nine smaller holdings. If the land, as is usually the case with rice land in Upper Burma, contains good and poor land, each son will have a portion of the good and a portion of the poor land. Thus is the course of two or three generations the land of a village becomes minutely subdivided. Hitherto, however, some of the children have been able to migrate and take up land in Lower Burma. To some extent they still migrate to the less populous parts of Upper Burma and could doubtless be encouraged to bring such lands under cultivation as effectively as they have reclaimed the Delta. When some of the family migrate the others work the land as tenants of the joint family either paying rent for it in produce or taking it over on mortgage. This prevents or at least delays the inconvenience of excessive subdivision. In this respect also the conditions of land-holding differ in Upper Burma and the Delta, as in the Delta land is often, and perhaps usually, sold before it is inherited.

Because the land in Upper Burma is divided into smaller holdings and has remained so long in the same family, the cultivators know it much better than in Lower Burma and each little field has its own name, *le-gauk*, *le-waing*, *magyi-bin-le* and so on. They are therefore much better able to get the most out of the land than the temporary occupant of a large holding in the Delta, and the land-lords are not under the same temptation as those of Lower Burma to let their land to the highest bidder regardless of his skill in cultivation.

Many of these circumstances of land-ownership in Upper Burma are obscured in the registers of the Land Records Department because of the carelessness with which they were recorded during settlement operations. One function of a Settlement Officer is to record all the incidents of landownership. But the traditions of settlement operations in Burma were built up in the Delta where the conditions of occupancy were simple, and it could be taken for granted that the cultivator of the land was the sole owner. The record of the conditions of ownership came to be regarded as a mere formality, and in Upper Burma also the occupant was usually taken as the owner, although probably in a large majority of cases the family property had not yet been finally divided and the occupant was cultivating as the tenant or mortgagee of the family as a whole. One result was that the settlement records became grossly inaccurate, even as a record of occupancy, within a year or two of their preparation; a large proportion of the demands for taxes were made out in the wrong names and only the local headman, if any one, knew for whom they were intended. The Record of Rights became, as has been said, a Record of Wrongs. Thus the ordinary registers of the Land Records Department give a very misleading idea of the conditions of occupancy in Upper Burma. In actual fact, the distribution of land in a typical Upper Burma village closely resembles that in an estate or village in

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the Punjab, and live or six families, probably more or less connected by marriage, are the joint-owners of the greater part of the village lands.

This description applies over the greater part of Upper Burma. But there are also considerable areas recently brought under irrigation and in these the conditions of occupancy resemble more closely those obtaining in Lower Burma.

4. *Cultivators.* Most of the land-owners in Upper Burma, as has just been explained, are cultivators. But many of them do not cultivate their own land. In course of time, each estate is minutely subdivided by inheritance. But it is waste of time and labour for a cultivator to cultivate scattered fields and, ordinarily, where there are three sons, Maung Gyi, will cultivate part of his own land and parts of the land belonging to Mg. Lat and Mg. Nge, and similarly with the other two, each of them paying rent to the others for the land worked as tenant. Sometimes a cultivator with insufficient land will rent land from land-owners outside his family. On the large estate there are families of hereditary tenants. But it is rarely the case that the energetic and thrifty labourer can work his way up the social scale by saving enough capital to take land as a tenant.

Forms of tenancy. The gradual development of rental customs over a long period through most of which domestic agriculture has prevailed has given rise to a far greater variety of forms of tenancy than one finds in Lower Burma. The following are the chief varieties.

(i) *Partnership tenancies* are usual on the better lands, especially on rice lands. On the partnership system the landlord contributes the land and usually seed and part of the expenses of cultivation, ordinarily half the cost of transplanting, while the tenant contributes cattle, his own labour and the remaining expenses of cultivation. With partnership tenancies the produce is almost invariably divided equally between the

landlord and tenant, and an arrangement by which the land-lord receives half the produce is sometimes called a partnership even although the land-lord makes no contribution to the cost of cultivation.

(ii) *Share Produce Tenancies* prevail in dry cultivation and on the poorer rice lands. On this system the landlord contributes nothing but the land, and the tenant bears the whole cost of cultivation. On poor lands in lightly populated areas the landlord may take no more than one tenth of the produce, but the land-lord's share increases as the land improves or as the demand for land grows and on the best dry land in a populous area the landlord usually takes one third and sometimes even one half of the produce.

(iii) *Fixed Produce Tenancies*, in which the landlord takes either a definite amount of the whole produce or a definite amount per acre (or other local unit of area), although prevalent in Lower Burma, are infrequent in Upper Burma; possibly because, owing to the precarious rainfall, the amount which a tenant can afford to pay as rent varies greatly with the season.

(iv) *Fixed Cash Tenancies* in which the tenant agrees to pay rent in money are often found especially on the poorest land. On this system the tenant agrees to pay a stipulated sum of money or, more often, a stipulated amount per acre or other local unit. The tenant is sometimes required to pay the money before entering on the land.

(v) *Mortgage Tenancies* are tenancies in which the landowner mortgages his land to the tenant. These are noteworthy for several reasons. Ordinarily one thinks of the mortgagee, the man who lends money, as a wealthy man, and the mortgagor, the man who borrows money, as a poor man. But in a mortgage tenancy the man who lends money is usually the poorer and the wealthy man is usually the man who borrows it, the landlord. Another noteworthy character of this mode of

tenancy is that it lends itself to the exploitation of the tenant by rack-renting and is exceptionally difficult to regulate by law. If Mg. Gale agrees to pay U Chantha 200 baskets as his rent for one year, he will probably object to pay 210 baskets in the following year. But if he lends Rs. 100 to U Chantha one year, it seems a comparatively small matter to lend him another Rs. 5 next year. Thus, as land values gradually rise the landlord can easily exact the whole of the increment, while if land values should fall the tenant might not be able to recover the whole of the mortgage money from his landlord. Before the introduction of co-operative credit into Upper Burma money was very scarce and land worth little. The formation of a co-operative credit society in a village brought money into the village, the value of land rose and it became possible for landlords to demand much larger sums of money from people who wished to cultivate land on mortgage. Thus, in some villages where this mode of tenancy prevailed, the sole effect of establishing a co-operative credit society was to hand over large sums of money to the landowners; the cultivators remained as badly off as ever. Still the system of mortgage tenancies has certain advantages, chiefly in discouraging the subdivision of holdings, as it is easier to divide up money raised by the mortgage of an inheritance than to divide up the estate.

Period of tenancy. In the Delta, contracts of tenancy are almost invariably for a single year, and tenants rarely continue in occupation of the same land for more than two or three years. In Upper Burma, also, the contracts in respect of rice land are usually for a single year, but the same tenant may continue in occupation year after year. In respect of dry lands it is usually agreed that the tenant shall remain in occupation for the whole period of three or four years covered by the rotation of crops. A similar stipulation is also found in mortgage tenancies, where the landlord may be debarred

from redeeming the land for a period of three years (*thon-hnit-thon-thi*) but it is sometimes stipulated that the land is redeemable on demand (*ngwe-pe-mye-baw*). On rich but insecure lands a lump sum may be paid in cash to cover a period of years. Thus, some lands are cultivable with tobacco if flooded by a stream, which may happen only once in three years. Such land may be let for a period of four years. If the stream comes down once, the tenant recovers his rent and cost of cultivation. If it should happen to come down twice, he makes a handsome profit.

Pitch of rents. In Lower Burma, as we have seen, most of the rents are economic; that is, the landlord takes the whole surplus above the amount required by the tenant to cover his cost of living and cost of cultivation. In Upper Burma, on most land the contract rent still leaves a margin to the tenant. Where Mg. Gyi, Mg. Lat and Mg. Gale all cultivate one another's land, none of them need strike a hard bargain. On large estates there is a tradition of low rents. In Burmese times the owner of a large estate did not require a large store of grain, but he wanted to have a large number of people dependent on him. He did not usually take more than one tenth of the produce, which may in the first instance have represented the revenue due to the Crown. Under British rule rents have been rising; even the poorest land usually pays one fifth or one sixth of the produce and the better land almost invariably pays at least one third of the produce. Some rice lands are let at their full economic rent and, with mortgage tenancies, the interest on the amount lent to the landlord may exceed the economic rent. In general, however, the problem of rack renting is not yet urgent in Upper Burma as it has been, for some years now, in Lower Burma.

5. *Labourers.* The conditions of labour in Upper Burma differ widely from those in Lower Burma. In Burmese times, and so long as domestic agriculture

continued, little labour was required outside the cultivator's family and additional labour was supplied by neighbours on a system of mutual help (*let-sa-alok*). Most of those who worked in the fields were themselves cultivators and there was not, as in Lower Burma now, a distinct labouring class. It was rarely necessary to hire labourers by the year, although most well-to-do households would usually contain a few dependents more or less distantly connected with the family. So far as outside labour had to be engaged, it was hired when necessary and, at least since the annexation, has usually been paid in money and not, as in Lower Burma, in kind. But labour employed on the cultivation of food crops, such as rice, may be paid in kind.

Rate of wages. So long as neighbours mutually exchanged help, the wages they paid one another did not matter much. Rate of wages were, and still are, largely regulated by custom. But the customs regarding wages had their basis in economic conditions. When groundnut was introduced into Upper Burma about 1906 there was a sudden demand for labour of a new kind at unaccustomed seasons. No one could tell what the labour was worth and, within quite a small area, three or four different methods of remunerating the labourers might be found. Some were paid so much a day, some were paid according to the area over which they worked, some according to the work done and some according to the outturn. In every case the amount paid was a rough guess fixed largely with reference to the current rate of wages for similar labour on other crops. But, after a few years, each village had worked out a suitable system of remuneration and a suitable scale of payment and cultivators could only explain the rate by saying that it had been fixed "by custom".

The constant migration of labourers to Lower Burma might have been expected to cause a rise of wages in Upper Burma, especially as the prices of crops

were rising, and cultivators could afford to pay higher wages. But the evidence suggests that, prior to the introduction of groundnut, there had been no rise in cash wages for many years. Thus, as prices had been rising, there had been a fall in real wages. The introduction of groundnut disturbed the general balance. When the wages for labour on groundnut cultivation settled down, labourers found that it paid them better to be employed on cultivating groundnut than on cultivating sesamum. This led to a rise in the wages demanded for labour on sesamum and this to a general, though not very large, rise in the rate of wages for work on other crops.

6. *Crops.* The chief crops of Upper Burma have been described in Chapter II. The great diversity of crops is due to the great variety of climatic and physical conditions, and has always been typical of Upper Burma. Many of the crops, rice, red millet, sesamum, cotton and some varieties of beans have been cultivated for centuries. But others, such as white millet, red and white beans, dhal (*pe-sein-gon*), sugar cane, ground-nuts, some varieties of onions and perhaps gram and chillies have either been introduced within the last two or three generations or have recently spread to areas where they were formerly unknown. This ready assimilation of new crops and new methods of cultivation shows that cultivators in Upper Burma are comparatively free from the reproach of undue conservatism which is so often levelled at farmers. The most conspicuous example is the introduction of groundnut which, about 1906, without any Agricultural Department to push it, rapidly spread over most of the suitable soil in Upper Burma and over much that was unsuitable. Cultivators can not often afford to risk their capital or land on experiments, but the introduction of groundnut and of other new crops shows that they will hasten to profit by any improvement in cultivation which they have

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sufficient reason to believe will repay them if it is applicable with the means at their disposal. As a rule, however, the cultivator can not afford to experiment with new crops on land which would be productive under one of the established crops and he rarely has extra land to spare. It is possible that one reason why cultivators were so ready to experiment with groundnut is that it can be grown on poor sandy soil on which other crops will not grow.

7. *Commercial agriculture.* It should be evident from the above description that agricultural conditions in Upper Burma have changed greatly since the Annexation. The general cause of these changes is that domestic agriculture has given place to commercial agriculture: the farmers and peasants cultivate the land with a view to selling their produce rather than to provide a subsistence for their families. But, although much has changed, the general agricultural economy is still dominated by the traditions which grew up under many generations of domestic agriculture. Holdings received their boundaries under the conditions of domestic agriculture and the size of holdings, apart from subdivision on inheritance, varies from place to place according to the area of land that is sufficient to support a family, and does not tend to conform to the size which gives the largest yield in relation to the cost of cultivation. People hold on to their land from one generation to another. It has been questioned whether there was ever an absolute sale of land in Burmese times; people who alienated or "sold" land were always regarded as having a right of redemption for an indefinite period. This custom has been disregarded in the law courts and absolute sales of land are now the rule, but land has not constantly been coming into the market and would-be purchasers have not been able to buy land whenever they wished to do so. Land, however, and especially dry land has risen greatly in value, although some rice land is

probably of less value than formerly. Before people could obtain rice so easily from Lower Burma, and when they had less money with which to buy rice every scrap of water was impounded for rice cultivation, and dry lands were chiefly valued according to their suitability for food crops such as millet and lu. As other crops, such as cotton and groundnut, became more valuable they extended over land which might otherwise have been sown with millet. Millet was therefore cultivated at more frequent intervals on the same soil and this, by weakening the stock, was probably the reason for the spread of *pwin-byu*. Between 1900 and 1910 this little parasite spread all over the dry zone damaging the millet crop so seriously that many cultivators were forced to give up cultivating it as a food plant, though they continued to grow inferior crops for fodder. The failure of millet made them more dependent upon rice, and to buy rice they became more dependent upon crops grown for the market. They had to look more and more to the sale of the crops and became more and more dependent on traders and money-lenders. In the ground-nut area, for example, it is a common practice for the cultivators to sell their crop of ground-nut before it is ripe in order to obtain food to live on while they are cultivating. Still, on the whole, they are materially wealthier for the introduction of this crop and many parts of the dry zone which a generation back were miserably poor are now rich in gilded pagodas, well found monasteries, brick houses, gay clothing, a varied diet and other signs of wealth.

Another feature of agriculture during recent years in certain parts of Upper Burma has been the improvement and extension of irrigation. The old irrigation works in Kyaukse, Mandalay and Shwebo have been re-modelled and important new works have been constructed under the Man and Mon streams in the Minbu District. (*See the map on page 11*). Although a good deal of rice and

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paddy is still sent from Lower Burma to Upper Burma, the quantity of paddy produced in Upper Burma in a year of good rainfall is now so large that a surplus is available for export. In these irrigated areas the general conditions of agriculture tend to approximate to those of Lower Burma, but even in these it seems unlikely that anything in the nature of industrial agriculture will develop, and although, both in the irrigated tracts and the dry zone, there has been a tendency to substitute contract for custom and for competition to replace co-operation, the agricultural economy of Upper Burma is far more typical of agriculture as it is usually found where peasants grow produce for a world market than is the agricultural economy of Lower Burma.

CHAPTER VIII.

CAPITAL AND DEBT.

1. *The Nature of Capital.* If an agricultural labourer wishes to grow rice, he must have land on which he can employ his labour. But even if he has land, he still needs cattle and seed and agricultural implements and all these things together are said to form his "capital." Land, Labour and Capital are all necessary to the production of wealth and are commonly termed the three factors of production. In the earlier chapters we have discussed land and labour, both in Upper and Lower Burma, and we must now turn to consider capital. First, let us try to make clear the nature of capital. When a cultivator grows rice, there is usually a surplus beyond his immediate requirements with which he can do what he likes. He can use it for gambling on the race course or in a gambling waing, and then, in a few days, he will probably have nothing to show for it. Or he can sell it and spend the money on diamonds for his wife. These diamonds are part of their joint wealth, but are not regarded as capital because they cannot be used for the production of wealth. But, if he stores all his wealth in the form of diamonds, he will find it necessary in the following rainy season to raise money by selling or pawning the diamonds so as to obtain the capital for cultivation. As a rule, he will store part of his produce as seed, and sell the rest; his capital will consist of his seed, together with his cattle etc., and so much of the money obtained by the sale of his produce as he devotes to the production of next years crop, or otherwise employs productively.

We are now in a position to understand the nature of capital. In the production of wealth there is usually a surplus or balance over the cost of production. This surplus may be wasted or stored. Ordinarily it is stored in the form of money obtained by selling the produce. The produce or money stored is wealth and when the produce or money stored as wealth is used to produce more wealth it is termed capital. Capital, then, is surplus produce or money, stored and used productively.

2. *The Need for Capital.* In agriculture a certain amount of capital is necessary. A cultivator must always have seed, and, practically always, cattle and agricultural implements, etc. A cart is almost essential or else, in Lower Burma, a boat; and most cultivators in Lower Burma require also a field-hut which they can occupy during the season of cultivation, and money with which to pay their labourers. They need additional capital if they wish to buy land, or to clear waste land or to improve land that is already under cultivation.

We have noted that, before the opening of the Suez Canal, when there was no market for surplus produce, people were content to cultivate sufficient land for their own requirements, and were under no incentive to extend their holdings, or to improve their methods of cultivation. Thus, at that time, they had no great need for capital and the amount of capital that they required was more or less constant from year to year. But, after the opening of the Canal, cultivators could be fairly sure of selling all their surplus produce, and the larger their surplus the richer they became. Most cultivators wanted therefore to raise as much produce as they could and there was a great demand for capital so that people could extend their holdings, or improve their land, or grow more profitable crops.

3. *Capital and Debt.* Capital, as we have seen, originates as surplus produce. But a cultivator who wants capital need not wait to save it out of his own surplus

produce as, instead of doing so, he can borrow it. Sometimes a man in need of capital can not afford to wait until he has saved it. For example, a man may see a way to make a profit of Rs. 100, if only he can find a capital of Rs. 100 immediately. If he wait until he can save the money, the opportunity to make a profit will have passed. In such a case it will pay him to borrow the money and he can not afford to wait until he has saved it. Cultivators in the Delta have been in this position. The demand for capital has not only been great but urgent, and cultivators could not afford to wait until they had saved the necessary capital out of their produce; it would have been false economy for them to keep out of debt. No one can hope to understand the agricultural economy of the Delta who does not appreciate the necessity for borrowing, and we will therefore try to make the matter clear by a few illustrations.

Let us suppose, then, that when the Suez Canal was opened, a man, Maung Gyi, was cultivating five acres of land. This yielded him sufficient for his requirements and he had been under no temptation to extend his holding. But after the opening of the Canal, he finds that he can sell as much produce as he can grow. With his yoke of buffalo he could cultivate fifteen acres. There is waste land near his holding but he has not money enough laid by to clear the jungle and make bunds and kazins. Within four or five years he would be able to save enough money, and during this time he could gradually be extending his holding by an acre or two each year. But he could do this only if, in the meanwhile, no one else stepped in and took possession of the land. It was necessary for him to take up the land without delay to prevent someone else forestalling him; and it was necessary, therefore, for him to borrow the necessary capital. As a prudent man, he could not afford to keep out of debt.

He might, of course, be an unambitious man, who had no wish to become richer and was quite contented with what he had. What would happen then? Let us suppose that his five acres yield 150 baskets of paddy. At practically the same expense, with no extra cattle and no additional labour, he might have cultivated fifteen acres yielding 450 baskets. His method of cultivation would therefore be unnecessarily expensive in proportion to the yield. But, as we have seen, under competitive conditions, people who employ costly methods of production tend to be ousted by those whose cost of production is lower in proportion to the yield, and the unambitious man, who was content to cultivate five acres would in course of time be ousted from the land by some one who could cultivate it more cheaply by working on a larger scale. Thus, people found it necessary to take up land, and were obliged to borrow, merely in self defence, under the penalty of losing what little land they had.

Again, land in Lower Burma is always liable to damage by the irruption of salt water and it is necessary to keep the salt water out with bunds. At any time any one with any land at all may find it necessary to spend a large amount of money on repairing bunds and, since people do not ordinarily keep a large amount of money by them, any sudden occasion for large expenditure makes it necessary to borrow money. It would be waste of money not to borrow it because the salt water pouring in through the bund might spoil all the land that they had brought under cultivation during previous years.

Other examples might be given, but these should suffice to show that in Lower Burma, since the opening of the Suez Canal, it has often been necessary for cultivators to obtain capital without waiting until they could save it, and that it has therefore been necessary for them to obtain the capital by borrowing. And, for the

reclamation of the whole delta, a large amount of capital has been urgently required and therefore cultivators have had to incur a large volume of debt.

It was estimated by the Banking Enquiry Committee of 1929-30 that the total amount lent out by Indian money lenders of the Chettyar community over the whole of Burma amounts to Rs. 750 millions, of which about two thirds, Rs. 500 million is applied to financing agriculture. The whole of this, except about Rs. 10 million goes to Lower Burma. If we assume, as is not improbable, that the agriculturists of Burma obtain about Rs. 50 million from other sources, it may be taken as certain that agricultural debt in Lower Burma exceeds Rs. 500 million. According to a trustworthy but unpublished estimate the volume of indebtedness in each of the three typical deltaic districts, Bassein, Myaungmya and Pyapon is Rs. 60 million, a total of Rs. 180 million for these three districts, of which presumably at least two thirds is agricultural debt, and the total volume of agricultural debt in the Delta alone may reach or even exceed Rs. 400 million.

4. (a) *Debt and Thriftlessness.* For a long time the volume of indebtedness in the Delta was misunderstood and it was ascribed to "the thriftlessness of the Burman." Whenever any circumstance is explained as being due to "custom" or to "the nature of the Burman," it is well to be suspicious of the explanation, which, in any case does not explain anything except that the person who puts it forward is too lazy or too unintelligent to look for the true cause. Still, it must be admitted that, although almost all cultivators were compelled to borrow, many borrowed recklessly. This thriftlessness was not due to anything in the Burman character but to the circumstances in which cultivators found themselves. Until within the last sixty years the wants of Burman had been regulated by their means. They could not borrow because few people had money

to lend and those who had money would not lend it. Suddenly their land and crops became extremely valuable and people found themselves able to borrow in one transaction more money than they had expected to pass through their hands in a whole life time; sums that must have seemed inexhaustible until they found how easy it was to spend them. Not in Burma only, but everywhere, circumstances that encourage gambling produce gamblers, and circumstances that encourage waste produce spendthrifts. As the English proverb says, "Lightly come, lightly go." Cultivators in the Delta found it necessary to borrow a certain amount of capital and easy to borrow a great deal more than they required. It is not surprising that many took advantage of their opportunities and borrowed all that they could raise: then, having wasted it on gambling or spent it to gratify passing whims, they found themselves in difficulties. But even in the earliest days, the volume of debt was only in part due to extravagance; and borrowing, even very large amounts, is no longer, in general, a sign of thriftlessness.

(b) *Debt as a Sign of Wealth.* For, as we have seen, debt is chiefly incurred for productive purposes, and it has long been recognised that the huge volume of debt in the Delta is a sign of wealth and that a man who owes large sums of money is probably richer than one who owes little or nothing. The cultivator with five acres borrows money so that he can grow richer by taking up fifteen acres. When he has brought fifteen acres under cultivation he will expect to make more money by borrowing the capital to take up forty acres, and any one with 400 acres will want to cultivate 450 acres. So it goes on, and the richer a man is, the more money he wants to borrow and the more he is able to borrow. A cultivator with a hundred acres who owes Rs. 10,000 is richer than a peasant who cultivates five acres and owes Rs. 50, just as a Company with a capital

of ten crores of rupees is richer than a bazaar seller with a capital of a few hundred rupees. We have already seen that agricultural organisation in the delta has much in common with industry, and it should now be clear that, in respect of finance also, agriculture in the Delta has an industrial character.

(c) *Debt as a Sign of Poverty.* The circumstances of agriculture in the Delta are, however, unusual. Ordinarily, in all parts of the modern world, peasant cultivators are in debt and their debts are rightly regarded as a sign of poverty. Although Lower Burma is an exception to this general rule, it holds in Upper Burma. Over most of Upper Burma, when the annexation brought it for the first time into effective communication with the world markets for agricultural produce, there was little or no virgin land which would yield a rich crop when brought under cultivation, and therefore little inducement for cultivators to borrow money in order to take up new land. If they wanted good land, they had to buy it. But the land owners were cultivators who had held their land for generations and had no wish to sell it. Thus, in Upper Burma the conditions which had led to the growth of debt in Lower Burma were absent.

But the insecurity of the crops in Upper Burma often leaves the cultivator without sufficient to live on until the next harvest ripens. In parts of Upper Burma it was the custom until quite recently for cultivators to provide against scarcity by keeping in their granaries at least two years' supply of grain. Now that rice can be so much more easily imported from other parts of Burma and the cultivation of rice in Upper Burma is chiefly confined to the more secure lands while non food crops are grown on other lands, there is less advantage to the cultivator in storing his produce and the custom appears to be dying out. Thus, when his crops fail, he is compelled to borrow money to provide

himself with food and clothes until his cultivation is more fortunate. In Upper Burma, then, indebtedness is, in general, a sign of poverty. It is important to notice this difference between Upper Burma and Lower Burma, because the huge burden of debt in Lower Burma is borne so easily that one is tempted to regard the much smaller volume of debt in Upper Burma as insignificant. It should always be remembered, therefore, that the small debts of the cultivators of Upper Burma are far more burdensome than the much larger debts of cultivators in Lower Burma.¹

5. *Capital and Interest.* Since capital may be a substitute for labour, any one who wishes to employ capital must pay for it just as he has to pay for labour. The consideration paid for the use of capital is termed interest, which may be regarded as the price of capital just as wages may be regarded as the price of labour. When there is a strong demand for any commodity and there is only a small supply of it, the price is higher than when there is a large supply and a small demand. This general law holds good of capital, and the price, or rate of interest, is high when capital is scarce and much wanted, and low when it is plentiful and not in great demand.

But the rate of interest charged depends also on the risk attaching to the loan. For example, if a man lends Rs. 100 to each of five people who agree to repay the capital together with Rs. 10 as interest, he will expect to receive Rs. 550. But, if one of his debtors runs away without paying either capital or interest, he will receive no more than Rs. 440. If there is any chance of the debtors running away he will probably charge a higher rate of interest, and instead of ten per cent, as in the above illustration, he may charge thirty per cent. Then, even if one of the debtors runs away, he will still recover Rs. 520 from the other four.

We shall have to return later to consider the rate of interest in Burma, but these preliminary remarks are necessary before attempting to explain the usual methods of borrowing money.

6. *Methods of Borrowing.* When a man borrows money he may or may not give security for the repayment of the debt: if he gives security he will expect to be charged less as interest than where he does not give security. Sometimes the security may be personal, as where people other than the debtor guarantee that payment will be made, but very often certain property is pledged as a security for debt. If the property pledged as security for loan consists of land or buildings, the transaction is termed a mortgage; in other cases, where gold or silver or jewellery or some article of daily use is pledged, the property is said to be pawned. In a mortgage transaction the man who gives the pledge and borrows money on it, is said to be the mortgagor, because he gives the property on mortgage; and the man who lends the money and receives the property on mortgage is termed the mortgagee. Sometimes the property is made over to the mortgagor, and the transaction is then termed an *Usufructuary Mortgage*, because the mortgagee can use or enjoy the fruits of the property until the loan is repaid. Sometimes the property remains in possession of the borrower and the lender does not use or enjoy the fruits of the property but is entitled to take it over or sell it if the loan is not duly repaid. Such a transaction is termed a *Non-usufructuary Mortgage*, or English mortgage (*Hmanbya*).

In Burma, as elsewhere, small amounts are usually lent on Promissory Notes; sometimes with no security beyond the signature of the borrower, and perhaps witnesses, and some times with definite security. In many cases it is agreed that both principal and interest shall be repaid in money. But it is often arranged that the principal and interest shall be repaid in produce such

loans are termed *sababe*, or *wa-be*, or *hnan-be* or *pyau-tge* according as the produce in question is paddy, cotton, sesamum or millet. Almost all loans to agricultural labourers in the Delta are *saba-be* transactions, and so also are many of the smaller loans to tenants and land-owners, especially where the money lender is a paddy trader. In another type of loan the agreement is to repay the principal in money and the interest in produce : where the interest is to be paid in paddy loans of this type are termed *saba-nyun*, but with other crops such transactions are rare.

Where a loan covers a large amount or is expected to be outstanding for a long time, the man who lends the money usually requires that land shall be mortgaged to him as security for the loan. In non-usufructuary mortgages the land mortgaged is usually that for the purchase or improvement of which the money is wanted. In usufructuary mortgages, especially on dry land where the rotation of crops is practised, a definite time may be fixed within which the mortgagor is not allowed to redeem the land ; the usual period for such loans is three years (*thon-hnit*, *thon-thi*) covering the full period of the rotation. In other cases the mortgagor is entitled to regain possession of the land at any time on repayment of the loan and interest (*ngwe-be*, *mye-baw*). With non-usufructuary mortgages, where the possession of the land does not pass to the mortgagee, it is unnecessary to make any agreement about returning the land since the payment of the debt is in itself sufficient to cancel the right conferred on the mortgagee in the contract of mortgage.

Usufructuary mortgages, in which the man who lends the money obtains possession of the land, are generally found in Upper Burma but are very rare in Lower Burma. In Upper Burma in fact, a mortgage is regarded as a form of sale and, prior to the Annexation, outright sales were little known and of

doubtful legality. Where the mortgagee cultivates the land, the mortgagor is not required to pay any interest on the loan because, in place of interest, the mortgagee uses the fruits, or enjoys the produce of the land. But it may happen that a land owner wants to borrow money on the mortgage of his land and still remain in occupation of the land. In such a case he may mortgage the land and then work it as the tenant of the mortgagee. Then the rent which he pays the mortgagee serves as interest on the money lent. A transaction of this kind closely resembles a non-usufructuary mortgage.

The non-usufructuary mortgage, on the other hand, is general in Lower Burma, but very rare in Upper Burma. However, it often happens in Lower Burma that a transaction which both parties regard as a non-usufructuary mortgage is registered as a sale. In this way the mortgagee enjoys greater security, because the land is entered in the revenue records as his property and the mortgagor is registered as his tenant; the rent paid in such cases is usually the amount that has been agreed upon as interest. But the objection to such an agreement is that it leaves the man who has borrowed the money insecure. Often the amount borrowed is far below the sale value of the land, but, having admitted that the transaction was a sale, he may be, and often has been, put to great difficulty in proving the true nature of the agreement.

It may seem that there is very little difference between those usufructuary mortgages in Upper Burma in which the mortgagor works as tenant of the mortgagee, and those non-usufructuary mortgages in Lower Burma which are registered as sales. In both cases the mortgagor borrows money and pays interest in the form of rent. To a Burman cultivator, especially in Upper Burma, the distinction is even less apparent. For, as has been mentioned, in Burmese times outright sales

were practically unknown and to this day the word "*yaungde*" ordinarily translated in English as "to sell" does not necessarily imply an outright sale unless qualified as "*apaing yaungde*"; without this qualification, it may, and often does mean "*apaning yaungde*" a mortgage. In Lower Burma there is less confusion between sales and mortgages, but the lack of a clear distinction between the two has doubtless contributed to the willingness of cultivators to agree to the registration of mortgages as sales. In most cases, however, the cultivator has had no option in the matter. He has wanted the money and the money lender has refused to lend it except on condition that the transaction should be registered as a sale. It is only when the cultivator wants to redeem the land that he finds his mistake because very often the Courts have debarred him from proving the verbal agreement. In this manner much of the land in Lower Burma has passed from cultivators to money lenders at a rate much lower than the true sale value.

7. *Capital and Banks.* We have seen that most cultivators find it necessary at some time or another to obtain capital by borrowing money. Most of the money that they borrow, although not many of them realise it, comes from a Bank. The student of the political economy of Burma must therefore know something about banks, bankers and banking.

People who lend money earn interest on the money that they lend. But the money that they lend need not be their own money. If they can borrow money at 10 per cent and lend it at 15 per cent they earn Rs. 5 on every hundred rupees they lend. Thus, when Maung Gyi borrows money for cultivation from U Thale, or from S.K.D.L. Sokalingam Chetty, or from a Co-operative Credit Society, the odds are that the money lent to Maung Gyi has been borrowed from a Bank.

Where, then, do the banks get their money from? To that question the only answer is Everywhere:

everywhere, at least, where there is any spare money and people have acquired the habit of placing their spare money in a bank. A bank is a place where people store spare money; i.e. money for which they have no immediate use.

One reason for storing money in a bank rather than in the ground is that, if the banker is honest and careful, the money is safer in a bank than in the ground. Modern banking had its origin in the desire of wealthy people to place their valuables in safe custody. If they kept their valuables themselves they had to take special and costly measures to protect them. But money lenders had to make special arrangements to protect their own wealth and could also look after the valuables of other people with little extra cost or trouble. Wealthy people found therefore that it was less costly and troublesome to allow money lenders to look after their valuables than to do so themselves.

Money lenders who undertook this business of looking after the valuables of other people came to be called bankers. At first the bankers used to make a charge for looking after valuables. But gradually it became the practice for the bankers to lend out money that was left with them for safe custody. The money thus lent out earned them interest. They therefore became able and willing to pay the people who deposited valuables with them instead of making a charge for the convenience. When people found that banks would not only keep their money safely for them but would even pay them for the privilege of doing so, it became the general practice for every one who had any spare money to place it in a bank until he needed it. Thus the business of a banker is to store up the money of people who have more money than they want to use, and to lend it to people who want to use more money than they have.

A simple illustration will show what the banker does. Suppose that at harvest, U Chantha, after paying

all the expenses of cultivation, is left with 10,000 baskets of paddy. He may store this in a granary. But the granary will cost money to build and keep in good repair and the paddy stored in it will be liable to destruction by fire or damage from rats. He may prefer therefore to sell the paddy for, say, Rs. 15,000. Probably he will not need to spend very much money until the next cultivation season begins and, if he likes, he can place it in a bank. Just about that time, Ko Pwezi, a broker, will want all the money that he can raise to buy paddy for re-sale to the mills. Probably he does not know U Chantha and would therefore be unable to borrow money from him. But he can borrow it from the bank to buy paddy from cultivators, and repay the loan after he has sold the paddy to the mills. When the paddy reaches the mills, the millers will require money to pay for it and also to pay the cost of milling the paddy. They can borrow this money from the bank and repay it when their rice is shipped to India or China or Europe. By this time U Chantha will probably want some of his money back to begin cultivating the new crop. But he will not want all of it at once, and he need draw out from the bank only so much as he requires. The balance will be available for loans to traders enabling them to buy clothing that they will sell to U Chantha's labourers.

This illustration shows how the bank enables U Chantha to turn his wealth into capital. His surplus produce has been stored and used productively throughout the whole of the dry weather although cultivation was at a standstill. The bank has been earning interest on it by lending it out to brokers and millers and traders, and can therefore afford to pay interest to U Chantha for placing his money in the bank. Now, in Europe, but especially in England, almost every one with any spare money deposits it in the first instance in a bank : so that all the spare money that there is, is always being

used productively. But in Burma, where the banking habit is only now beginning to be adopted by the more progressive people, the wealth employed productively is but a small proportion of the total annually produced. That is one reason why Burma is poorer than most European countries, despite its abundant natural resources.

The flow of wealth is very like the flow of water. Everywhere during dry weather there is water rising from land and sea in an invisible vapour which gradually collects into clouds. At certain times the clouds pour down rain, which provides water for cultivation. Some of it runs into puddles and small tanks, but the rain falling on mountains and hills runs into brooks and streams which join up with one another to form large rivers that are never dry. A cultivator whose land is irrigated from a large river can always get as much water as he wants, but a cultivator dependent on a small tank will rarely have as much water as he wants just when he wants it, and is always liable to find the tank run dry. Similarly, wealth is continually being produced over the whole world. In countries where the banking habit is developed, all the surplus wealth continually flows into the banks, which are like irrigation systems tapping the main current of the production of the world's wealth. A man who has access to a bank is like a cultivator whose land is irrigated by a large river with an inexhaustible supply of water. But a man who is dependent for his capital on his own savings or on the savings of his friends and acquaintances is like a cultivator whose land is irrigated from a small tank which may run dry at any time.

8. *Capital and Money.* We have defined capital as surplus produce or money, stored and used productively. But surplus produce of whatever kind can most conveniently be stored as money and when capital is mentioned one usually thinks of money. Nowadays.

people are so used to money that it is difficult to imagine how they ever managed to get on without it. It is important, however, to remember that there was no system of coinage in Burma until the reign of King Mindon and that coined money did not come into general use until the arrival of the English. Even within the last few years, there were many villages in the cotton growing area of Upper Burma where cotton very largely took the place of money as a medium of exchange, and cultivators would exchange cotton for ngapi or salt instead of first selling their cotton for money and then spending the money on their requirements. Similarly, traders from Upper Burma, touring through the Delta, would take payment for their goods in paddy.

The prevalence of this practice of exchange or barter needs mention at this point because it has had a great influence on the subsequent development of the country. Where there was no money, there could be no money-lenders, and, as will appear below, one of the handicaps against which Burmans have had to contend in developing their country has been the absence of any money lending organisation among Burmans.

9. *The Main Problem of Agricultural Finance.* We have seen that cultivators need capital and that it is often necessary for them to borrow capital. But often, especially in Lower Burma, they find it possible to borrow more capital than they require; and often, especially in Upper Burma, they find it impossible to borrow as much as they require. Traders and men of business may be in a similar position; some may be able to raise more capital than they need, and others need more capital than they can raise. But the cultivator is at a disadvantage as compared with the trader. The trader, living in a town, can choose his money lender and can take care to borrow from the money lender who will let him have money on the easiest terms; whereas the cultivator, by the nature of his occupation, lives in

a village, and, being unknown beyond the village, can borrow money only in the village where he is known. He must therefore accept without much bargaining whatever terms the local money lender offers him, and often has to pay a higher rate of interest than his financial position warrants. Again, a trader who is constantly buying and selling, must have a pretty good idea of the use and value of money. But the ordinary cultivator goes to market with his produce only once a year, and he can be a very good cultivator without knowing very much about business. Also, whereas the trader is constantly acquiring practice in handling little sums, the cultivator has to handle large sums at long intervals.

The central problem of agricultural finance is, therefore, to furnish cultivators with capital ;—

(a) as much as they require and no more than they require ;

(b) at the lowest profitable rate.

If cultivators are to get money at the lowest profitable rate they must go as directly as possible to the main store of spare money in the banks. But banks are necessarily confined to large towns. They will not lend money to villagers whom they do not know ; and even if they were willing to lend money they would not know how much to lend. Bankers in large towns can not have any local knowledge of conditions in villages and any one who tries to lend cultivators just as much as they need, and no more, needs intimate local knowledge. In the following paragraphs we shall examine how far this problem has been solved in Burma.

10. *The Sources of Capital.* (a) *Local Savings.* In Upper Burma before the Annexation, most of the people were cultivators. As a rule they satisfied their requirements from the produce of their fields and when their crops were short would borrow from their friends. Ordinarily they would not borrow money but the rice or whatever else they needed. Any one man might

be short of food because he had been too ill to cultivate his land, or because his crops had been destroyed by pigs, or deer or birds. But the usual cause of failure was lack of rain and then, usually, the whole village suffered. Probably there would be one or two wealthy men in the neighbourhood with enough grain stored up to lend their neighbours and these could demand as high a rate of interest as public opinion allowed. But if the shortage were severe and general, the available local stores of grain would soon be exhausted, and then the people would have to starve or emigrate. They had no bank to borrow from; there were not even any professional money lenders, and if there had been money lenders there was no grain to buy. The people in such a village were like cultivators with land under a small tank which had run dry.

In Lower Burma people were less likely to lose their crops, although even here there were floods and wild animals to reckon with. But sixty years ago the number of wealthy men in the villages was probably smaller than in Upper Burma. Thus, when the Suez Canal was opened and cultivation spread rapidly over the Delta, the cultivators were very much in the position of cultivators in Upper Burma in a year of security. Every one wanted to borrow money at once and there was no one in the neighbourhood to lend money. In a hamlet of ten houses (a large village for Lower Burma in those times) all the cultivators would know exactly what each man needed and could be trusted with, but their local knowledge of one another was of no avail if none of them could raise money. For the rapid development of Lower Burma it was essential for the cultivators to get into touch with the main current of the world's capital through some bank.

(b). *Chettiars*. At this juncture the Chettiars came to the rescue. The chettiars, formerly called chetties.

are a caste of hereditary money lenders in the south of India.¹ They had been in the money lending business before the English came. They had been in touch with the English during the early development of modern banking and had become intimately acquainted with the English banking system and with English bankers in India. All over the world spare money is being poured into the banks and the banks lend it out wherever they expect to realise the largest profit. The chettiars, by offering a sufficient rate of interest, could raise as much money as they wanted. For many years there had been chettiars in Burma. Immediately after the annexation of Tenasserim in 1826, the English had encouraged the immigration of coolies from Madras in order to obtain a cheap labour supply for developing the country. Moreover some of the regiments employed by the English had been Madrasis. Owing to these connections with South India chettiars had long been established in the chief towns of Lower Burma and these could obtain from the banks all the money that the cultivators required. Wherever land was coming under cultivation people were ready and willing to pay a high rate of interest and the chettiars saw an opportunity to make large profits. As cultivation extended they gradually spread over the Delta and are now the principal money lenders over almost the whole of Burma.

Even up to the present time they have had little competition to face and in the early days they had practically a clear field. As we have seen, there were very few wealthy Burmans. As cultivation extended some of the cultivators acquired wealth which they employed in making loans to other cultivators. But the chettiars had the advantages of their organisation and of their long standing connection with European banks. The bankers knew the chettiars and understood their methods of business. Any chettiar who could obtain recognition from the chettiar community could obtain credit from the

banks, whereas a Burman, equally trustworthy and even wealthier, stood alone and could not raise money from a bank. Unless, as was rare at that time, the Burman spoke English or Hindustani, he could not discuss business with a European banker, few of whom had, or have, a working knowledge of Burmese. Thus, as matters stood, it was almost impossible for Burmans to play any large part in financing the agriculture of their country, and the obstacles to the employment of Burmese capital must have tended to discourage Burmans from accumulating capital. Similar obstacles, as we shall see, have faced Burmans in all branches of practical life : in commerce, industry and the professions.

The manner in which these chettiar money lenders work is usually as follows. In Rangoon there are large firms of two or three partners who may or may not have their headquarters in Madras. Each firm has, of course, a considerable amount of private capital that it has gradually accumulated in its business. But, besides their own capital, chettiars lend out money which they borrow from the banks at 10 or 12 per cent a year. Each firm has clients or agents in the larger towns to whom it advances substantial sums at 12 or 14 per cent ; and these lend money to sub-agents in the districts who make loans to cultivators at 15 or 20 per cent or more. Thus, on this system, there is a combination of local knowledge with access to European banks. The sub-agents in the districts have a fairly intimate acquaintance with their clients and can form a pretty shrewd estimate of the amount which it is safe to lend them ; at the same time, their connection with the larger firms in Rangoon enables them to raise as much money as they require.

It might appear that the combination of local knowledge with access to banks which is provided by the chettiar organisation should solve the problem of agricultural finance in Burma. But there are strong reasons against regarding this solution as satisfactory. In the

first place, there are obvious political objections to placing the financial organisation of a country in alien hands, but we may leave that aspect of the question until we come to discuss foreign capital, and will consider the matter solely from the economic standpoint.

The chief weakness of the chettiar organisation regarded as a system of financing agriculture is their custom of changing their agents every three years. These periodical changes may be in the interest of the firm because they tend to subordinate the agent to the firm, ensure that at least once in three years the accounts are strictly scrutinised, and introduce new life into the business. But they are prejudicial to agriculture, especially in an area like the Delta. It often happens that a cultivator requires to borrow a considerable sum of money which he can only afford to re-pay over a long period. Such cases are especially frequent where new land is being brought under cultivation, as in the Delta, the cultivator must incur heavy initial expenditure which he can not hope to recoup for many years. But an agent who knows that he will be in charge of a business for only three years is naturally reluctant to grant loans extending over, perhaps, twenty years, and a cultivator who expects to take twenty years over developing his property will be reluctant to borrow money that is liable to be recalled in three years. Thus the custom of effecting a change of agents every three years introduces an element of uncertainty into agricultural finance that it would be well, if possible, to avoid.

Again, within a period of three years, the agent for the time being can not acquire so intimate a knowledge of his clients as a banker should possess. Because the chettians do not know their clients as well as a banker should, there is an element of risk in their transactions. Every money lender protects himself against the risk of loss by charging a higher rate of interest to cover the risk. If we estimate this addition to the rate of interest

at no more than 1 per cent, then in such a district as Myaungmya, where the chettians lend over Rs. 500 lakhs a year, the district is paying annually Rs. 5 lakhs, roughly one fifth of the annual land revenue, as additional interest to insure the chettians against the results of their defective banking methods. Over the country as a whole the chettians, as we have seen, lend out Rs. 750 million and Burma is therefore paying them Rs. 7.5 million annually (again, roughly one fifth of the annual land revenue) which might be saved by the adoption of a sounder banking system.

Another serious defect of the chettiar as an agricultural money-lender is that he is a money lender and not an agriculturist. It happens not infrequently that a cultivator spends a great deal of money on developing his land, clearing trees, raising embankments and draining it of salt water, but finds his credit exhausted just as the land is about to repay the initial expenditure that he has incurred. The chettiar is primarily interested in the security of his money and, when he has lent as much as he expects to recover by the sale of the land, will call in his loan just when further expenditure would bring the task of the cultivator to fruition and greatly enhance the value of the land. Such land is often sold to a speculator who can not or does not spend the additional money that it needs and, for lack of adequate protection, it passes out of cultivation and becomes once more a swamp. There are thousands of acres of land in the delta which have relapsed to swamp after valiant attempts had been made to bring them under cultivation, and with better financial arrangements much of this land would now be yielding heavy crops.

But the harm which chettians do by lending too little money is insignificant in comparison with the harm they do by lending too much. The chettiar is a professional money-lender. His business is to make money by lending money. So long as the money that

he lends, is secure, and is bringing in good interest, he is indifferent how it is used and would rather have a few large accounts, than many small ones. As a money lender, it is his interest to encourage his clients to borrow as much as they are likely to repay, and to let their accounts run on as long as he can trust them. Where people are restrained by habit or custom from borrowing more than they need, they are immune against easy credit, and where they can only raise with difficulty so much as is necessary to meet their more urgent wants, it may be desirable to make credit easier. But in the Delta, with new land rapidly coming under cultivation and appreciating in value, and among a people unused to handling large sums of money, easy credit was a snare and the easy credit offered by the chettiers was a temptation to thriftlessness. As we have remarked, one criterion of a sound financial system is that people shall borrow no more than they require, and judged by this criterion the chettier system has been a signal failure.

(c) *Government.* The need of cultivators for capital was so urgent and the difficulties of placing it at their disposal were so great that, with a view to developing the resources of the country, Government established machinery for financing agriculture and took the necessary legal powers in two Acts: the Land Improvements Loans Act of 1883 and the Agricultural Loans Act of 1884.

The Land Improvements Loans Act was intended to help people to undertake improvements, such as the reclamation of flooded areas, on a considerable scale. But cultivators who are sufficiently well off to undertake works of that kind on a large scale are usually in a position to finance the undertaking, so that the facilities afforded by that Act are little used and the amount of money that has been advanced under it is inconsiderable.

Under the Agricultural Loans Acts, however, large amounts have been and still are advanced annually in

small sums to a large number of cultivators at a very moderate rate of interest, varying with the current market rate for money, but always far below the rate at which they could obtain money from other sources. Every year each Deputy Commissioner, probably after consultation with his subdivisional and township officers and land records staff, estimates the amount of money that he expects to be able to advance to cultivators in the following year. These estimates, after consideration by the Settlement Commissioner, are laid before the Finance Department of the Local Government, which places an allotment at the disposal of the Settlement Commissioner to distribute among the districts. Before the cultivation season begins, each Township Officer calls for applications for loans and, after making the prescribed enquiries about the security offered, either refuses or grants the loans or, if the amount exceeds his powers of sanction, submits his recommendations to his superior officers. Ordinarily the security taken consists of a joint bond from all the applicants who live in the same village. The loan is usually repayable with interest in two or more instalments and, as these fall due, the Township Officer has to collect the money. The purpose of the system is to supply cultivators with as much capital as they require, and no more than they require, at a very moderate of interest. This would seem then to solve the problem of agricultural finance. But although, in most cases, the loans are useful as far as they go, they do not go far enough and also, in practice, they are much less useful than they seem.

District Officers can not possibly have any personal knowledge of all the cultivators to whom they advance money. But it is risky to lend money to strangers and therefore Government has to protect itself against the risk of loss by minutely detailed rules. These precautions often entail great delay in making the advances and unnecessary stringency in enforcing

repayments. Thus, despite many injunctions that loans should be made and recovered with as little inconvenience to the cultivator as possible, it often happens that people who borrow money may have to make several long journeys in connection with their loans. They sometimes travel long distances to borrow money from a chettiar, but they can go to the chettiar at any time, whereas they must attend before the Township Officer on a date fixed by him, which may not suit them. Often they do not find him and by the time that a man has made two or three long journeys for a small loan he discovers that it would have been cheaper to borrow from a chettiar at a much higher rate of interest.

Again, the rate at which Government lends money under the Agricultural Loans Act is far below the rate that a private money lender would have to charge. Taking into consideration all the overhead charges for establishment etc., Government loses money over the transaction, and the deficiency has to be made good by the general taxpayer. It is necessary, therefore to place a strict limit on the amount available for making advances under the Agricultural Loans Act. In the ten years from 1919 to 1929 the total amount loaned by Government under both the Land Improvement Loans Act and the Agricultural Loans Act together averaged less than Rs. 2 million a year; whereas the average agricultural debt to chettiahs alone was Rs. 500 million. Merely on financial grounds, therefore, it is impossible to look to the Agricultural Loans Act for a complete solution of the problem of agricultural finance.

In another way also loans by Government are unsatisfactory. As we have seen, the chettiar fails as an agricultural money lender because he understands money lending but not agriculture. But the Township Officer understands neither money lending nor cultivating. And, whereas chettiahs do not get to know their clients well enough because they stay no longer than three years in

any one station, the Township Officer often stays for no longer than a few months. Clearly then the Township Officer can not compete on equal terms with the chettiar in the money lending business. Moreover he is a busy man, usually with more work both as a magistrate and in general administration than he can find time for, but nevertheless may be held personally responsible that all the advances which he makes are duly recovered. Merely for his own protection then his chief object must be to lend out the money on satisfactory security with as little trouble as possible, and he often grants loans to people who do not need them and refuses loans to people whom the Act was intended to help.

These are the chief reasons why the Agricultural Loans Act has not been so useful as might have been expected. But on certain occasions it may be and has often been of great use. In years of scarcity the amount of capital locally available may be quite inadequate to meet the demand for loans. At such times local money lenders are apt take advantage of the position of cultivators by charging exorbitant interest, and many cultivators may be quite unable to borrow money at all. In such a contingency it is necessary to take a long view of the situation from a political rather than from an economic standpoint and the Agricultural Loans Act enables Government to come to the rescue of the cultivators by lending money freely. Even in normal circumstances the fact that it may be possible to borrow money from Government enables the cultivators to bargain with the money lender on less unequal terms, so that the advantages accruing from the Act can not justly be measured by the amount of money actually advanced by Government under its provisions. It is doubtful if much more could be done under the Act than is done at present. There is a good deal to be said in favour of Government exercising a close control over industry and commerce, but this is barely possible

until people have learned to exercise a close control over Government.¹ Until they can do so it seems undesirable for Government to lend money on a large scale. Cheap money may help cultivators, but Government cannot afford to supply cheap money. In the problem of agricultural finance, as in most social and economic problems, the direct and obvious solution is unpractical and it is necessary to look for an indirect solution. Government can not lend money on any large scale but can do much to make money lending easy and profitable both to lender and borrower.

(d) *Co-operative Societies.* By encouraging the Co-operative Movement, Government has attempted to provide such an indirect solution. This movement originated in the inspiration of Raffeisen, a German philanthropist of the early 19th century. He saw that German peasants needed capital but were being charged exorbitant interest for the capital they needed. The high rates charged by money lenders were largely due to their being in a stronger position in bargaining; at the same time the risk that they would lose their money was some justification for the high rates they charged. It occurred to Raffeisen that if the peasants would co-operate and pledge their joint credit, they could offer better security than any single one of them and would be in a stronger position for bargaining. This is the fundamental idea of Co-operative Credit. An Agricultural Co-operative Credit Society is,—

an association of cultivators,
who pledge their joint credit,
to borrow money on account of the Society as
a whole.

to be lent by the Society to individual members.

Practical results soon demonstrated the soundness of his conception and the idea of co-operative credit spread rapidly in many countries. It was taken up in India by Sir Frederic Nicholson, a retired Civilian in

Madras, who induced the Government of India to make experiments in encouraging the organisation of credit along co-operative lines. In due course experiments were made in Burma and despite gloomy prognostications, it gave astonishing results and for a time made rapid progress.

In Burma three different types of co-operative credit society have been tried. In the first instance experiments were made with the Schultz-Delitsch plan, on which the individual members each subscribe a considerable amount of capital in large sums. In Burma each share was usually Rs. 100 and each member might have one to ten shares or more. On the strength of the capital thus subscribed, the society could borrow capital from the banks or from the outside public. The money thus raised was available in making loans to members at a moderate rate of interest and the interest derived from these loans formed the profits of the Society which were annually divided among members. The liability of the members for the debts of the society might be limited to the amount of their shares; in that case, even if the Society went bankrupt, a member who held only one share of Rs. 100 could not lose more than that amount. Or the liability of the members might be unlimited, in which case all the members were liable for any debt of the society to the full extent of all their property. Almost all the societies formed on the Schultz-Delitsch model adopted the principle of limited liability.

A society of the Schultz-Delitsch type closely resembled an ordinary Joint Stock Company, in which a company of people join their stock or capital for carrying on the business of the company. It differed chiefly from a Joint Stock Bank in restricting its loans to the members of the Society. It was expected that in a society of this type it would be possible to combine both traders and agriculturists, as these two classes want money at different seasons of the year. But this

expectation was not realised. Moreover the need for an initial subscription of capital barred out most of the cultivators whom co-operative credit was intended to relieve. It was decided therefore to make experiments on new lines.

These new societies were established on a plan invented by Raffeisen. On this plan each member subscribes a small sum, say, Re. 1, annually, which is negligible as a fund for loans and is chiefly intended as a sign of membership. Although the individual members of such a society may be very poor, it is very improbable that all of them will fail or abscond. Therefore, if they all agree to accept unlimited liability for all loans made to the Society, they are able to borrow considerable sums of money. Moreover, since they are all responsible for one another's debts, they should be very reluctant to admit as a member any one whom they consider untrustworthy. Societies formed on these lines were much more suitable for agricultural conditions in Burma, especially in Upper Burma, where the cultivators are poor and all the people of a village know one another. On the joint credit of the members the societies could borrow what they wanted from the Banks and the movement made great progress. But the scheme had one drawback, that it did not allow members any profit on the money which they paid for shares.

A third type of society was therefore tried. This was modelled on societies formed in Italy by a man named Luzatti, but the Luzatti societies of Burma differ from those of Italy in certain respects which it is not necessary to mention. In the Luzatti Societies of Burma cultivators buy shares by subscribing a rupee annually as in the Raffeisen Societies. But when, by these annual subscriptions they have purchased a whole share, usually costing Rs. 10, they become entitled to part of the profit earned by the society. Thus a Luzatti Society starts rather like a Raffeisen Society

and gradually becomes more like a Schultz-Deltsch Society. The distribution of profits made these societies so attractive that most societies in Burma adopted the Luzatti plan.

Co-operative Credit Societies do not, as many people think, obtain money from the Government. They obtain it from the general public through the ordinary banks which make a business of borrowing and lending money. It is not necessary for a Co-operative Society to have any connection with Government at all. But a Society which has no clearly defined standing does not find it easy to borrow from a bank. Government has therefore taken measures in the Co-operative Credit Societies Act to register approved societies. Societies which are registered under the Act agree to observe certain rules and to submit to regular inspection. This encourages bankers to expect that such societies will be reasonably well managed and they are therefore willing to lend money to registered societies. In practice, the European banks lend money to various Central Co-operative Banks and these, in turn, advance it to the Co-operative Credit Societies all over the country in towns and villages. The amount which the Central Bank lends to a Co-operative Society should depend upon the need of the Society for money and its reputation for the punctual re-payment of capital and interest. The Central Bank ought to know the financial position of each society and fix its loan accordingly. On this plan, each Society will have only just enough to meet the requirements of its lenders and should take care that none of them borrow more than is actually necessary. Also, since each society has to make good the default of any single member it might be expected not to lend any one more than he was certain to repay, and also to insist on punctual repayments. The Co-operative movement would seem, then, to solve the central problem of agricultural finance; namely to advance to cultivators as

much money as they need and no more than they need and to lend the money on the lowest possible terms.

To a certain extent this expectation has been realised. And there are also further indirect advantages in the co-operative movement. The Co-operative Banks not only borrow money from the Joint Stock Banks, but also from private individuals, both Burman and European. All the capital which they raise is applied directly to agricultural production in Burma and if it were not for the Co-operative Banks much of this money would have lain idle or have found employment elsewhere. This has had some effect on the rate of interest at which cultivators can borrow. The rate of interest depends partly on the supply of capital and demand for capital; the greater the supply and less the demand, the lower the rate of interest tends to fall. Thus the additional supply of capital which the co-operative movement has made available to agriculturists in Burma has tended to reduce the rate of interest paid by cultivators in general. It would have had that effect even if Co-operative Societies had charged the highest possible rate of interest on their loans to cultivators. But, on the contrary, they have tried to charge the lowest possible rate, and the effect of the co-operative movement on the general rate of interest must therefore have been greater than would have followed merely on the introduction of so much new capital. A still further advantage of the movement has been that it has done something to organise for production Burmese capital which had previously been left idle and buried in the ground, and it has familiarised both rich and poor with the procedure of banking.

Nevertheless, the movement has been less successful than might have been expected, and some would boldly assert that it has failed. Many societies are in liquidation; that is, they are being dissolved and their affairs wound up because they have not been

punctual in repaying money lent to them. In 1929 the Chief Central Bank was found to have been working at a loss for several years and is now being wound up at a cost of 35 lakhs to Government. Moreover in large parts of the Delta where debt is heaviest the movement has never made much headway among the cultivators. It is necessary therefore to examine the causes of this ill success.

If we recall the economic conditions of the Delta we shall have little cause to wonder that the co-operative movement has failed to attract the cultivators of this area. The essential feature of co-operative credit is that those who jointly pledge their credit shall be intimately acquainted with one another. But over large parts of the Delta, the labourers and tenants and even many of the land owners are migratory, so that people know little or nothing of one another's business. Again, where people pledge their joint credit, it is desirable that a large number should join together, as this distributes the risk of loss and reduces each one's liability. That is a matter to be considered even where the loans are small and is still more important where the loans are large. But in the Delta, cultivators need to borrow large amounts to cultivate their large holdings and because the holdings are large the cultivators are widely scattered, and are not well known to one another. Moreover many of the cultivators are tenants who cannot offer land as a security for loans. There is still another difficulty in starting co-operative credit in the Delta. The members of co-operative societies have not much experience of financial matters and before they can conduct difficult operations need training in those that are more simple. The easiest loans to regulate are loans required to meet the expenses of cultivation which are repayable at harvest. The regulations under the Co-operative Credit Act have therefore been framed chiefly with a view to enable cultivators to manage this easier type of loan. But in

the Delta money is chiefly wanted in large sums to buy land or redeem a mortgage and such large sums can only be repaid over a long period of years. Thus the ordinary machinery of Co-operative Credit has been devised with reference to small loans for short periods but in the Delta cultivators want large loans for long periods.

These considerations explain why co-operation has made little progress in the Delta but they do not explain why so many societies in Upper Burma should have failed. Partly this was due to a failure to confine the loans to proper amounts and uses, partly to a preference for mortgage security rather than co-operative security, and partly to an insufficient connection between the co-operative movement and commercial banks. But the chief reason was that Societies have not been sufficiently strict in insisting on the punctual repayment of loans, and the Auditors and Inspectors of the Co-operative Department have failed to keep them up to the mark in this respect. A money lender will let a loan run on as long as his security is good, but if he allows it to run longer he risks losing his money. But the members of the Committee of a Co-operative Society have less at stake than an individual money lender and are more apt to allow credit to run longer than is prudent. Very often the Committee members themselves owe money that they do not want to pay and this makes them reluctant to press others for punctual repayments. In such cases the officials of the Co-operative Department should insist on the Committee doing its duty. But they also are too ready to take the pleasanter course of allowing debts to run on until the position is irretrievable and the Society must be wound up. The number of liquidations during recent years has certainly been disquieting. But it was probably inevitable that a set-back should occur. The cultivators must learn co-operation by experience and, as the main principles of co-operation

are unquestionably sound, there is good reason to hope that in time cultivators will develop the co-operative spirit which alone can make the movement a success.

(c). *Land Mortgage Banks*. We have seen that the Co-operative Movement is ill suited to dealing with loans for a long period. In many countries Land Mortgage Banks managed on ordinary commercial lines supply long term credit to substantial farmers, but nowhere have they succeeded in financing peasant proprietors. It has been suggested however that a Land Mortgage Bank working on co-operative principles might be successful in supplying long term credit to small owners. The functions of such a co-operative Land Mortgage Bank would be to finance cultivators through co-operative societies specially constituted so as to deal with long period loans. The capital would in the first instance be provided by Government and vested as a Trust in the Committee or Board of Directors of the Bank. Suppose then, that a cultivator should wish to raise a loan of Rs. 5,000 to buy land and undertake to re-pay the loan with interest over a period of twenty years, his first step would be to join the local Land Mortgage Co-operative Society and obtain its approval of the project. If the Committee considered that Rs. 5,000 could safely be lent on the security offered, they would submit a recommendation to the Board of Directors of the Central Land Mortgage Bank that the loan should be granted. The land would then be mortgaged to the Central Bank and this, in turn, could raise money on the security of the land mortgaged. They might raise this money by issuing five bonds for Rs. 1,000 each, carrying interest at, say, 9 per cent. Any one with money to invest could then buy these bonds and the money realised by the sale of the bonds would be available for granting further loans on other mortgages. Thus the original capital of the Bank would remain untouched, but would always remain as a security for the bonds

issued in the event of the mortgaged land selling for less than the amount lent on it.

One attractive feature of this scheme is that it might help to "mobilise" capital in Burma; but that matter need not be examined until we come to the question of foreign capital.

(f). *Joint Stock Banks.* Another method of financing agriculture would be to establish Joint Stock Banks specialising in loans to agriculturists. A Joint Stock Bank, as has already been explained, is an association of people who join their stock or capital for the purpose of carrying on banking. Ordinarily they furnish the capital by taking one or more shares or, say, Rs. 100 each in a Limited Company. Thus a Joint Stock Bank with a fully subscribed capital of Rs. 1,00,000 in shares of Rs. 100 each is an association of people who between them have taken 1,000 shares. On the security of the money subscribed the Bank can borrow money at a low rate of interest and lend it out at a higher of interest. But although there are many Joint Stock banks in India few have attempted to specialise in loans to agriculturists. Few bankers know enough either of agriculture or of agriculturists to enable them to lend money profitable to the cultivating classes, and the only successful attempt throughout the whole of India has been Dawsons Bank Ltd. which was established in 1914 in Pyapon. Probably one reason for the success of this bank is that in the Delta agriculture is much simpler than in areas where the crops are various and the harvests insecure. This, as we have seen, has led to agricultural operations in the Delta being conducted on a large scale and on industrial lines. It is therefore less surprising that in this area the arrangements for financing agriculture should be of a type normally connected with industrial production.

15. *Foreign Capital.* One of the most controversial questions in the political economy of Burma

relates to the use and abuse of foreign capital. On the one side it is alleged that foreign capital is an instrument for reducing the people of the country to slavery; on the other side, the advocates of capital hold that it is useful and necessary and that there is no reason to distinguish between foreign capital and capital in general. Both sides are right and both are wrong. But in any such controversy, the first step towards arriving at the merits of the case is to define the terms in issue; a matter which controversialists often overlook. Let us, then, define foreign capital as capital which is owned by people other than permanently domiciled inhabitants. On this definition, by far the greater part of the capital employed in the production of wealth in Burma is foreign capital and even in agriculture, the occupation in which most Burman capital is invested, the proportion of Burman capital to foreign capital is insignificant.

If we look at capital merely as an agent of production there is no difference between the productive power of Burman capital and foreign capital. In driving a motor car petrol that comes from America or Persia is neither more nor less effective than equally good petrol from the wells of Burma, and the car will go just as far and just as fast whether the petrol belongs to an Englishman, American, Chinaman, Indian or Burman so long as they are equally competent drivers. For the production of wealth, Land, Labour and Capital are needed and, within limits, the larger is the proportion of capital to labour the greater is the amount of wealth produced in any given time. By using capital the production of wealth becomes more efficient; that is, the quantity of goods produced increases in proportion to the cost, and, as the goods cost less to produce, they can be sold more cheaply. Without capital the development of the Delta during the last sixty years could not have proceeded so rapidly. Capital has been required to bring the swamps of the Delta under cultivation with rice and it has been

needed also to obtain timber from the forests and to work the mines and oil fields of the country and to provide the means of communication which have made the development of the country possible. Now Capital is surplus produce that is stored and applied to the production of more wealth. Sixty years ago, Burmans had little surplus produce to store, they stored very little of it and of the wealth they stored only an insignificant proportion was applied to the production of more wealth. For developing the natural resources of the country capital was necessary and, as no Burman capital was available, development depended on foreign capital. The cultivator who wanted to clear jungle needed capital; the capital that he borrowed was just as useful whether he borrowed it from a Burman or an Indian, in either case it did exactly the same work and his sole concern was to borrow it at as low a rate of interest as possible. Thus, regarded solely from the standpoint of production or, one may say, from the economic standpoint, there is no distinction between local capital and foreign capital and both are equally useful.

But in political economy matters can not be regarded solely from the standpoint of production. That is one distinction between the science of economics and the art of political economy. The student of economics endeavours to find out the abstract conditions regulating the production of wealth; but neither individuals nor peoples are machines for the production of wealth and in political economy the production of wealth is regarded from its social and political or national standpoint. The exploitation of the natural resources of a country does not necessarily benefit the people of that country any more than production of wealth in a factory or any more than a good harvest benefits the coolies hired for ploughing. Take, for example, as an extreme case, an oil field owned by an European company which imports American and Indian labour to extract the oil. While

the company is working the oil field the American and Indian labourers draw their wages and the shareholders in the company draw their profits. The exports from Burma increase and people who take increasing exports as a sign of wealth say that Burma is growing wealthier. But, when the oil is exhausted, the Americans and Indian labourers go home with their savings, and the Company probably opens up other oil fields in other countries, leaving the people of Burma no richer and the country poorer by the amount of oil that has been extracted. That is an extreme case, because in practice some Burmans would always profit in some degree from the operations of such a company, but the picture does not greatly exaggerate much that has occurred during the recent development of Burma. It is unlikely that Burmans will feel enthusiastic about the development of their country in this manner. That is no reason for straight way condemning it as unjustifiable. The promoters of the company will argue with good sense that in the modern world, oil and petrol are needed everywhere. There are oil fields in Burma and, if the people of Burma are unable or unwilling to extract the oil, they cannot reasonably complain if other people undertake the task. In any case, Burmans can gain little by complaining; for if they do not develop their own country, outsiders with the necessary capital will develop it instead of them. Outside capitalists *will* do it, because their capital gives them the power to do it. It may be thought that with political autonomy, Home Rule or Independence, such activities might be forbidden. But those who have capital have economic power and those who have economic power can always find a way to exercise political power, either peacefully or by military force. Foreign capital, then, although economically useful is politically dangerous.

There are other reasons, more strictly economic, for regarding capital, and especially foreign capital, as

dangerous. To some extent the interest of people who own capital is the interest of the country as a whole, and in some way the owners of capital are more closely interested in the welfare of the country than are those who own no capital. Take, for example, a man who owns a thousand acres of land worth, say, a couple of lakhs. He will want to preserve that estate and hand it on undiminished to his sons and his sons' sons. Thus, in political affairs he will wish to look ahead over a period of years or generations because, as used to be said in England, he has a stake in the country; so far as he has any say in political affairs, he will tend to act with a greater sense of responsibility for the future welfare of the country than does the field labourer, who does not care very much about to-morrow so long as he can get a meal of rice to-day. Similarly, the large companies, which own oil-fields, and still more those which work timber or mill paddy will feel a sense of responsibility towards the future. The oil companies will prospect for new fields before they have exhausted those which are producing oil, the timber firms must take into account the slow growth of the trees that they are felling, and the rice millers look to a long succession of harvests to recoup them for the capital that has been sunk in machinery and buildings. Such large companies are bound, in their own interest, to act with greater foresight than a coolie. Thus the interests of capital, even of foreign capital, are closely allied with the permanent welfare of the country.

At the same time the interests of owners of capital, as such, is by no means identical with the interests of the country as a whole. For example, a Burman who saves money and invests his capital in buying land is very sensible of any change in the scale of rents or in the rate of wages. As a land-owner it will be to his interest that the rent of land shall rise and the rate of wages fall. Indians, because they live more cheaply

than Burmans, may be able to pay higher rents and can work for lower wages. If a Burman land-owner can make more money by letting his land to Indian tenants or by employing Indian labour, he will be under a great temptation to do so. If, as is probably the case, much of his land is mortgaged, he has to pay the interest on the mortgage loan, and economic pressure may make it necessary that he shall employ the cheapest labour. If other cultivators can afford to pay 15 per cent interest on borrowed money because they employ cheap Indian labour, he also will have to pay 15 per cent interest and may therefore be compelled to employ cheap Indian labour in order to be able to pay that rate of interest. He may prefer to employ Burman labour but, if economic conditions forbid this, he is helpless. Capital is no respecter of persons and tends to flow in the direction of the largest immediate profits with little reference to ulterior results or to considerations that are not strictly economic. The example that we have just examined could be paralleled any day in any district of the Delta. The result is that a tendency exists for foreign labourers to become more numerous and for the land to pass into the hands of foreigners. Thus, even with native capital, the interests of the owners of capital are not identical with those of the country as a whole.

With foreign capital the divergence between the interest of the owners of capital and the interest of the country as a whole is naturally far wider. In the long run it is in the interests of timber firms to look ahead, but close and constant supervision is required to prevent them laying waste the forests. In the long run the interests of millers and cultivators are closely bound together, but the mill owners are continually endeavouring to profit at the expense of the cultivators. The owners of foreign capital invested in Burma may expect their business to be carried on indefinitely and this would encourage them to promote the welfare of Burma. But many

of them know nothing about Burma and can not possibly know what is good or bad for the country. Moreover the managers and the heads of the firms at any given time look forward to making as much money as possible and to leaving Burma as soon as possible. It can not be expected therefore that they should be greatly interested in the permanent welfare of the country. Thus although the benefits of capital are just the same whether it is native or foreign capital, the detrimental effects of capital are more serious with foreign capital than with native capital.

In still another way the influence of capital may be prejudicial and is more likely to be prejudicial where it is foreign capital. It is a good thing that the owners of capital should take a long view of political affairs and be keenly interested in the future welfare of the country. This tends to make them critical of ill-considered changes, but it also tends to make them critical of any change at all. The owners of capital as a rule are fairly satisfied with the condition of affairs which has given them capital and power, and they tend therefore to be unduly conservative and to resist changes which are desirable. It would, for example, be to the interest of the world in general that all the production of wealth in Burma should be in the hands of the people of the country; provided, that is, that Burmans were at least as efficient as those who now manage the various industries. It must necessarily cost more to import Europeans than to employ Burmans, who could afford to accept lower wages and would not want to retire from business so early. But the replacement of Europeans by Burmans without any loss of efficiency requires that a large number of Burmans shall gradually be trained to take the places of the Europeans. During the early stages this training would be unprofitable and the owners of foreign capital will not easily be persuaded to initiate changes in that direction.

Capital knows no country and is no respecter of persons. It is governed solely by economic forces. But a country is not merely a business concern to be administered on commercial lines in accordance with economic laws. The unregulated working of economic forces will soon ruin any country and national considerations should take precedence of economic tendencies. Although the interests of owners of capital in every country are closely bound up with the permanent welfare of the country it has been found necessary in every civilised country to regulate the activities of capital, and regulation is particularly necessary where the capital is largely foreign capital. But the regulation of capital is a very difficult matter. It can be regulated only by law or custom. Foreign capital is little susceptible of control by custom and those who would control it must therefore fall back on law. But the power of capital enables those who own it to have a large say in the making of new laws and enables them to employ the most skilful advocates in interpreting the law to their own advantage. That is one reason why people in Burma should study economics, as otherwise, when they endeavour to regulate the influence of capital, they are likely to do more harm than good.

But although some regulation of capital, and especially of foreign capital, is desirable in the general interests of the country, greater advantages may accrue from the development and organisation of local capital. Capital as we have said, knows no country. But the owner of capital knows only a few countries and prefers as a rule to invest his capital in a country that he knows. If any one in Burma wants to invest capital in the rubber industry he will probably be able to learn something about the rubber estates in Burma. He will know less about the rubber estates in Malaya, still less about the Dutch East Indies and probably nothing at all about tropical America. If he can be sure of 10 per cent in

Burma he will probably prefer that to a possibility of 25 per cent in tropical America, because he will feel that there is less risk of losing his money. On the other hand an American might prefer 10 per cent in America to a prospect of 25 per cent in Burma. Thus local capital tends to have advantage over foreign capital. That is one reason why people who deposit their savings in Co-operative Banks can obtain higher interest than people who deposit their savings in European Banks, although Co-operative Banks lend money to cultivators at lower rates than Chettiars who obtain money from the European banks. Clearly, then, if local capital can be "mobilised," that is, can be accumulated and organised on any considerable scale, the activities of foreign capital will become less dangerous and there will be less need for imposing restrictions on foreign capital. On the other hand, until the country has made sufficient economic progress to accumulate a large amount of local capital, attempts to exercise direct control over the activities of foreign capital are likely to be ineffective or even harmful.

CHAPTER IX.

TRADE AND INDUSTRY.

I. Free Trade and National Economy. One outstanding feature in the economic structure of the modern world is the division of labour and the localisation of industry. Under primitive conditions, as still in the more remote parts of Burma, a man was a Jack-of-all-trades; he built his own house, made his own furniture, provided his own food and wore clothes made in his own home. But the Jack-of-all-trades is master of none, and the division of various kinds of labour among different people is one of the signs and also one of the causes of economic progress. One man becomes a builder, another a carpenter, another a cultivator, another a fisherman and so on; and, where there are all these different occupations, there must also be traders who will buy goods from one man and sell them to another. Gradually the different occupations become localised; one village specialises in making knives, another in making carts and in course of time some villages become towns where there are different quarters for the weavers and goldsmiths and various classes of traders. Burma was in that stage of economic progress when the British occupation took place. Further economic progress leads to the further localisation of trade and industry, and some parts of a country may become mainly industrial or commercial while others remain agricultural. All this division and localisation of labour makes for economy in production, and many people, especially in England, have advocated that each country should specialise in those branches of production for which it has the greatest comparative advantage and that all countries should exchange their produce freely. That is the ideal of Free Trade.

But the workman who specialises in a certain occupation does not exercise all his faculties as does a Jack-of-all-trades in a primitive community. He may produce more wealth and yet at the same time be less mentally alert and less physically fit, less able to fend for himself. Similarly a country which specialises in certain occupations may produce more wealth than a country with many different occupations, but the activities of its people will be cramped and they will have a narrower outlook. Moreover the Great War clearly demonstrated that industries essential to national defence and national well-being may remain undeveloped under Free Trade; and the conditions which give certain places or certain people an advantage in respect of certain occupations are partly the result of chance. For these and other reasons, many people now reject or qualify the doctrine of Free Trade and advocate a *system of National Economy* which aims at fostering and protecting certain industries and occupations in the social interest of the people as a whole.

Burma has advantages in certain forms of agricultural production and *disadvantages* in respect of industrial production. Since the British occupation the government has favoured a policy of free trade which has encouraged agricultural production and hindered industrial production. But in every country the agricultural classes tend to be behind the times. They have little intercourse with people outside their own neighbourhood and do not come into close contact with the new movements and new ideas that circulate in towns, nor can they learn much about machinery and modern science which are the usual instruments of power and progress. On these grounds alone it is probable that Burmans would benefit by the fostering of industry and most people who wish to promote their welfare advocate a system of National Economy for Burma. Also, industrial development does usually add to the wealth of a

country and one may expect that the fostering of industries in Burma should increase its productive capacity and wealth, and thus, in the long run, should be to the advantage of all who trade with Burma and promote the economic welfare of the world at large.

2. *Retail Trade in Burmese times.* Industry depends on commerce and a policy which aims at promoting Burman industry must aim also at promoting Burman commerce. The cultivator can live and clothe himself with the produce of his fields, but the potter and the weaver must sell their handiwork to buy food. Despite the complexity of the Burmese social organisation, the people had few material wants, there were few productive occupations other than agriculture, there was no distinct trading class, little wholesale trade and even the retail trade was very simple. Money was little used and most transactions were conducted by the exchange of goods, a system generally known as barter. Most of the trade was carried on at the Fairs held in connection with annual Pagoda Festivals, when cultivators would bring in their produce and exchange it for their year's supply of *ngapi* and salt and such other goods as their land did not yield. Money, so far as it was used, consisted of *tickals*, lumps of uncoined metal containing a mixture of silver with alloy in various proportions which only an expert could assess. In a few large trading centres with markets there were brokers (*puca*), grain-measurers (*te*), and weighmen (*yazu-kang*, scale-holders) whose function it was to witness commercial transactions and to assess and check the measurements of the produce and the value of the money paid for it. In some, and perhaps in all recognized markets the brokers and other intermediaries in trade obtained their position by inheritance and had partly an official character.

But in most transactions the parties themselves could usually make a fairly close estimate of the value of

the goods and might hope to get the better of one another by skilful bargaining, or haggling. When economic relations become more complicated the advantage in bargaining must always rest with the vendor. If a jacket imported from Europe, India or Japan is sold in a country bazaar, the buyer cannot possibly know how much it cost to make; he only knows how much he wants it. Probably the seller does not know any more than the buyer about the cost of production, but he does know the price he paid for it and the price at which he can afford to sell. In such conditions the parties are no longer bargaining on equal terms and the seller is like a man betting on a certainty. Bargaining is merely a waste of time and money.

Thus in the course of economic progress there is a tendency towards the development of a distinct trading class and also, in retail trade, towards the introduction of fixed prices, fixed measures and fixed qualities.

Growth of a Trading Class. The demand for paddy after the opening of the Suez Canal and its rise in price brought the Delta cultivator more money than he knew how to spend. In other parts of Burma high prices for other agricultural produce have had a similar result. The rise of prices gave a stimulus to trade. And during the last sixty years there has grown up a distinct trading class. It is true that even in developed areas barter is still common. The present writer, reporting on conditions in Myingyan District just before the War noted that "two viss of cotton are exchanged for a viss of ngapi, or two viss of salt, a viss of onions or a byi of rice. Probably one tenth of the cotton crop is disposed of in this manner". But nowadays in most towns and in some villages there is a Bazaar. Usually these bazaars are under the management of a Municipal Committee or other public body. At one time, the establishment of public bazaars was discouraged as infringing the principles of free trade, so that in some of the older towns the bazaars

became private property, but it has long been the general practice for municipal authorities to provide a building and let out the stalls to vendors on a yearly lease. In parts of Upper Burma it is the custom, apparently of Shan origin, for the bazaar to be held only once in five days. This custom has the advantage of facilitating the interchange of goods over the whole area within which it is adopted. Thus, suppose that there are bazaars at six villages A, B, C, D, E, F; sellers who frequent the bazaar at C will probably go round the villages, A, B, C, D, E, and sellers who frequent the bazaar at D will probably go round the villages B, C, D, E, F. It is possible that a certain kind of jacket or a particular quality of mat may be sold in the bazaar at A by people who can not travel so far as the bazaar at F; still their jackets and mats will be bought by people from the villages B, C, D and E, for re-sale in the bazaar at F. If it were not for these five-day bazaars, the sale of certain articles of local produce might be greatly restricted, and the custom tends to favour the survival of village industries. In Lower Burma, however, the bazaar is open every day.

Stalls in a public bazaar are almost invariably disposed of by auction. There are two methods of disposing of them. Sometimes it is the practice for would-be occupants to bid against one another in terms of the monthly rent; sometimes the bidders offer a premium for the right to hold the stall at a fixed rent. On the former system the auction may result in a certain cloth stall being knocked down to a man who promises to pay Rs. 22 a month; on the latter system the highest bidder might offer a premium of Rs. 70 for the right to hold the stall for a year at Rs. 10 a month. On the former system the stall would bring in Rs. 264 a year and on the latter no more than Rs. 190. When the bids are in the terms of the monthly rent, the bidders can afford to pay more because they will be paying their rent gradually

out of the proceeds of their sales. But it is always possible that they will find the monthly rent too high and surrender the stall. Then it must be re-auctioned and may bring in less than if it had been disposed of in the first instance for a premium together with a lower monthly rent. The best plan is to fix the rent for each stall at a figure very near its proper value and then auction the right to hold it at this fixed rent. But this plan demands a closer attention to the fixation of rents than is ordinarily given.

Although these public bazaars have encouraged the growth of a distinct trading class, many of the traders are Indians, even in up-country bazaars. But the bazaars are divided into various sections and it is note-worthy that Burmans predominate in those sections which deal with Burmese produce; as we shall see, this is a fact of great significance. In the larger towns there may be one or two general stores under European management, the local branches of the big Department Stores in Rangoon; and in most towns of any size there is a trading quarter with rows of shops in private buildings that command a high rent. In many villages, also, there is a small general store at which the people of the neighbourhood may buy anything that is either useful or likely to take their fancy; such as glaxo, pocket knives, drugs, spelling books, mirrors and ornaments. The village store is usually owned by a Chinaman, who is popularly believed to add to the profits of legitimate trade by selling opium or alcoholic liquor and by providing facilities for gambling.

Standardisation of Prices, etc. Although the increasing complexity of economic relations ordinarily leads to the introduction of fixed prices in retail trade there has been little progress in this direction outside the European stores. Bargaining is profitable to sellers, except for the waste of time that it involves, and the habit of bargaining is so ingrained in buyers that it is unlikely

to disappear except by the slow growth of a new tradition in business affairs.

Attempts have long been made to standardise weights and measures. The Chronicles tell of various kings, from Alaung-sithu onwards, who promulgated laws to this effect. Since the establishment of Municipal Bazaars most local authorities have adopted by-laws prescribing standard weights and measures. But for many years the by-laws in the form approved by Government were unintelligible and could not be enforced, and little or nothing was done to give effect to them. Even with intelligible by-laws enforcement would have been difficult, as traders are not easily persuaded to adopt fixed standards. Any one who tries to buy a set of old *hintha* weights from a woman at a wayside stall will probably be asked far more than their intrinsic value; not because they are old and therefore rare, but because they are old and therefore worn. Every time she uses her own weights to sell a viss of rice she gains a few tolas and as no one else knows exactly how far the weight is short, she can drive a good bargain.

But rice and similar goods are sold by measure rather than by weight. The usual measures in retail transactions used to be the *byi* and the *zale*, representing respectively one fourth and one sixteenth of the standard village *tin* or basket. These measures varied greatly in their contents and during the last twenty years a new measure of capacity has been introduced, the *no-si-bu* or condensed milk tin. These tins are uniform in size and have gradually been adopted as a standard over the whole Delta and also in other parts of Burma, though in some places the *li-chi* tin is used. The standardisation of the village basket or law is now contemplated; whether the legislation will be effective remains to be seen.

The standardisation of qualities is probably more important and still more difficult. Formerly people knew what they were buying. Now many articles in common

use come from abroad and even home made produce can be more easily adulterated. Standardisation is most needed in respect of drugs. Pharmacies, which are found only in the large towns, and Government Dispensaries do not make up indigenous prescriptions and practitioners of native medicine can never be sure that their patients receive what they prescribe, although this may sometimes be all the better for the patient. In Rangoon, the Corporation recently decided to introduce a system of inspecting and testing food oils to prevent adulteration with the less nutritious white oil. But beyond that little or nothing has been done to standardise qualities.

3. *Wholesale Trade: In Burmese times.* Wholesale trade grows out of retail trade and represents a further stage of economic progress. In wholesale trade as in retail trade there is a tendency towards the standardisation of measures and qualities, but there is not the same tendency towards fixed prices. Ordinarily, in wholesale trade, both buyer and seller have an intimate acquaintance with the conditions of their business and can therefore bargain on equal terms, so that wholesale prices are continually fluctuating in accordance with variations in supply and demand.

In Burmese times, when there was so little retail trade, wholesale trade was correspondingly insignificant and such trade as there was seems to have been largely in the hands of government officers. There are casual references to royal buyers (*awedaw*) and, as mentioned above, many if not all the brokers and others concerned in trade were hereditary officials. But in Burmese times, the bulk of the wholesale trade dealt with exports and imports. That is still the case, and it is astonishing how little is known about the course of trade in commodities which are both produced and consumed in Burma. An investigation of the conditions of internal trade should be of great interest and considerable practical importance.

The kings of Burma attempted to exercise a close supervision over foreign trade and adopted a policy resembling the Mercantile System favoured by European statesmen from the 16th to the 19th century. They prohibited the export of gold and silver lest the country should be impoverished. But they also prohibited, or discouraged by various restrictions, the export of many staple products of Burma, such as rubies, rice and teak, and they hindered the import of foreign goods by close inspection and vexatious impositions in their Customs Houses. The kings dwelt in Upper Burma and knew little of the outside world; the Burmans themselves lived inland and the maritime districts were inhabited by Talaings and Arakanese, subject peoples whom the Burmans did not wish to grow too powerful. Thus the foreign trade, except so far as it was conducted by government officials on the king's behalf, was mostly in the hands of aliens.

Exports. As we have already learned, the exports of Burma consist chiefly of agricultural produce. There are also large exports of mineral oil and timber but the market for these products is controlled by the oil companies and timber firms and in this book it will suffice to examine the wholesale market for agricultural produce.

By far the most important wholesale market is the rice market. Rice in the husk, or paddy, is sold by the hundred baskets. The basket, or *tin*, is a measure of capacity, which varies to some extent from village to village. Government has found it necessary to prescribe a standard basket for calculating the amount due as revenue from cultivators. This holds 9 gallons of paddy and is thus rather larger than the English bushel of 8 gallons. Mill-owners, however, find it more convenient to buy paddy by weight, and reckon 46 lbs to the standard basket, except in Arakan where 23 lbs. is taken as the standard. Cultivators usually sell their produce on the threshing floor. Here it is taken over by local

traders, small brokers or other middlemen acting on behalf of millers or speculators. The middlemen are allowed a commission of Rs. 1 or Rs. 2 per hundred baskets on all the paddy that they can buy at a rate fixed by their principals and may pocket the difference if they can get paddy at a lower rate. When the paddy is measured the local standard basket is used, but the contents of a local basket usually weigh 49 or 50 lbs. and the weight may be as low as 44 lbs. or as high as 54 lbs., according to the size of the basket and the quality of the paddy. An allowance for weight is therefore made in fixing the price to the cultivator. All the paddy finally reaches a rice mill where it is bought by weight at the standard of 46 lbs. to the basket.

In the Delta, the cultivator's threshing floor is almost always situated on a creek. If the stream is wide enough, the paddy is loaded directly on to a cargo boat, where it is shipped in bulk. On smaller streams the paddy must be collected in sampans or dug-outs. The boatmen are paid by the purchaser who deducts this charge from his payment to the cultivator. The cargo boats, propelled by sail and oar, take the paddy direct to the mill for which it has been bought. The steamers of the Irrawaddy Flotilla Company carry a large aggregate quantity but their share is small compared with that carried by the cargo boats, as the difference of a few hours on the journey does not necessarily affect the price and steam transport is more costly. From places near Rangoon, however, paddy is often rushed in by steam launch or motor boat to catch the top of the market during a sudden rise.

Outside the Delta most of the paddy reaches the ports by rail. From the threshing floor to the local station the paddy is carried in bulk in ordinary carts lined with matting; a cart, as a rule, holds 25 baskets. The cartage is paid by the purchaser and, of course, the price received by the cultivator depends largely on the

distance which the paddy must be carted. On the Delta branch of the Railway paddy is usually carried in bulk in wagons which have drop doors and special arrangements to prevent leakage. But on the main line to Mandalay the rice is bagged for transport as the railway authorities find it easier to handle bagged paddy.

During the last few years numerous paddy mills have been built in all the large rice producing areas. These mill paddy for local consumption, but much of their produce is sent to other parts of Burma. The relative cost of transport for rice and paddy by rail may therefore have an appreciable effect on the competition between the large mills in the ports, which are mostly owned by Europeans, and the small mills up country, which are owned by Burmans, Indians or Chinamen. Whenever the freight for rice is raised more paddy goes to Rangoon and when it falls more paddy is milled up country.

It was formerly the custom for practically the whole crop to be exported within three or four months from harvest. Paddy mills in Rangoon continued working until the end of October but those in the other ports, Bassein, Moulmein and Akyab, closed down in April. Of recent years exports have been distributed more evenly but as a rule most paddy reaches the mill during the first half of the year. This re-acts unfavourably on the price paid for paddy. The demand for paddy in Europe is practically constant throughout the year and the price falls when large supplies are thrown on the market. Suggestions have therefore been put forward from time to time that grain should be stored in special *elevators*. An elevator is merely a go-down designed to store grain for a long period. At present paddy stored in go-downs is liable to be eaten by rats, and to be damaged by fire and damp and insects; as already mentioned it has been estimated that rats eat a *hyi* in every basket of the rice produced in Burma. Elevators would save time in handling, and

reduce the cost, while affording better protection to the grain and what is perhaps their chief advantage—would facilitate grading and sorting. Moreover they would help the cultivator to hold on to his crop and thus benefit by price fluctuations. It is much to be desired therefore that the Railway, or the Agricultural Department, or, preferably, some Local Body such as a Municipality or District Council, should experiment in the erection of good modern elevators or go-downs at a moderate cost, and it is probable that the income derived from them in fees and rents would make the expenditure on these as profitable as the expenditure on municipal bazaars.

Something of this kind is badly needed for grading and sorting paddy. At present cultivators take a good deal of care in selecting their seed to secure a good crop, and choose different varieties of paddy for different qualities of land. But they do not, and cannot, select seed with a view to obtaining the best price for their crops. Millers exporting rice to Europe want a certain quality of paddy, which Burmans themselves do not regard as the best quality for home consumption. When paddy is milled there is great wastage unless the paddy is uniform. Millers can therefore afford to pay higher price for a uniform supply of the quality of paddy that they need, provided that they can obtain a large enough supply to pass through the mill without being mixed with other qualities. But the amount needed for a single milling is much larger than any single cultivator can supply. If cultivators are to reap the benefit of higher prices for uniform quality they must combine to sow the same quality of seed and combine in making arrangements to dispose of it. It is almost impossible to arrange for combination on this scale, especially in the present conditions of agriculture in the Delta. Also, it is very difficult to prevent adulteration. But elevators should make it possible to collect separately different qualities of grain so that, without organizing combination among

individual cultivators scattered over a wide area, there should be a sufficient quantity of each variety of grain to justify the millers in offering a higher price. Also, the authorities in charge of the elevator would be in a position to demand the full value of the paddy and could pass the benefit of the higher prices on to the cultivators. The markets for cotton and groundnut, the other chief export crops, are very similar and need not be described in detail. In respect of cotton, however, it deserves notice that formerly the crop was carefully selected. For many years, and probably for many generations Chinese merchants have bought cotton in Myingyan and have refused any quality except the best. The best cotton is still known locally as *Bamaw-tin* or *Yu-cheik* "Bhamo" or "Selected"; then comes the second grade, or ordinary cotton, and thirdly comes the *akyan-cheik* or *ani*, the red cotton used for pyin-ni-jackets. After the erection of ginning factories, the same price was given for ordinary cotton as for *Bamaw-tin* and cultivators no longer took the trouble to separate these varieties. But they still select their seed. When cotton is sent to the ginning factories the lint is stripped from the seed and the seed is sold back to the cultivators. This seed has been damaged in ginning and much of it fails to sprout. Many cultivators therefore select their seed for next year's crop by having a certain proportion of the best ginned in a small factory, or even by hand, so that they can be sure of getting their best seed back without damage. This suggests that they would take at least as much trouble to sell unmixed produce if they could be sure that it would be worth their while.

Groundnut is sold by the basket and, as with paddy, the size of the measuring basket varies considerably from village to village and, there are great variations from village to village and time to time, in the method of measuring the contents of the basket. When groundnut is scarce or the price high a small basket will be used

and the contents measured level with its top; when groundnut is plentiful or the price low, a much larger basket will be used and the contents piled as high as they can be loaded (*thit-thi lein-kya*). The market for groundnut, and also for other leguminous crops, is chiefly in the hands of Chinamen.

In respect of all crops the local purchasers and even the cultivators take care to keep as closely as possible in touch with the fluctuations of price in the main market. In all the large market towns and villages there are people in telegraphic communication with Rangoon regarding the probable trend of prices and most buyers have a friend or two in one or more of the mills and factories to whom they look for confidential information about the market. During harvest, brokers and their agents hurry all over the country in motor boats or on ponies to try and pick up bargains before the news of a rise in prices can spread abroad and it is astonishing how well cultivators are able to take advantage of fluctuations in their favour. Rumours of course are, put abroad with an intention of depressing the market, but most cultivators discount them shrewdly and manage to hold out for a higher price, except so far as they are compelled to realise their crops early to pay their rent or debts or land revenue.

One notable feature of the export trade in agricultural produce is that the middlemen between the cultivators and the actual exporters are mostly Burmans. The timber business is also very largely in Burmese hands from the forests until the timber reaches the large timber firms. So that Burmans play a not inconsiderable part in the handling of exports from Burma.

Imports. In respect of imports the position is very different; the Burman share is negligible. The exports of a country pay for its imports. As is shown in the Table on page 5, the chief imports into Burma are manufactured cotton goods and machinery. Most of the

machinery is imported for the the Railway and for large firms such as the Irrawaddy Flotilla Steamship Company, and the companies which work the mines and oil wells and forests. But the cotton goods find their way all over Burma.

Importers of goods from foreign countries must know something of market conditions in the countries from which they import goods, and it has therefore come about that the import trade of Burma is controlled by Europeans, Indians, Japanese and Chinese. One might expect, however, to find Burmans engaged in the distribution of these goods. But the English were in India long before they were in Burma and this gave Indians an advantage in the distribution of goods imported by Europeans. When the English came to Burma there was at the same time an influx of Indians who understood English business customs and could make themselves understood by Englishmen in conversation. With this advantage they have been able to control the distribution of imports from the importing firms to the consumers and, as already mentioned, even in the bazaars in small towns in the interior most of the cloth stalls are held by Indians. A few Burmans in Rangoon are beginning to make a position in the sale of cloth and clothing, but even these find it difficult to obtain material except from European or Indian or Japanese importers and they are also handicapped as regards finance.

5. *The Burman in Commerce.* This outline sketch of trade in Burma suggests how small is the share of Burmans in the commerce of their country and how much of it is in the hands of Europeans and Indians. That is a position in which Burmans are reluctant to acquiesce and which is inconsistent with a policy of national economy. One reason for it is that intimate commercial relations existed between India and Europe during the 18th century, before industry and commerce had assumed their modern character. To some extent

modern India and modern Europe grew up together and, when Burma was brought into contact with the outside world, the principles of modern business had already permeated India. But the economic organisation of Burma was mediaeval and agricultural. Under British rule cultivation still appeared to offer Burmans the most remunerative employment and they had little incentive to take up commerce. Even those Burmans who had been traders lost their business because the goods in which they dealt could not compete with the cheap machine-made products, imported from Europe and elsewhere, which had the advantages both of cheapness and novelty. Cultivators had more money to spend than formerly but they preferred to spend it on the tempting novelties imported by foreign merchants and sold by Indian traders. Indian traders had a double advantage over any Burmans who wished to enter trade. They knew the European market and knew how to buy, and they knew the money market and how to borrow. In business even a small advantage makes a great difference over a long period and the Indians were soon able to entrench themselves behind barriers which it has been almost impossible for Burmans to surmount. In Europe, lads who enter business have a chance in the course of their ordinary work in shop or office to pick up all that they need learn to start a business of their own, and any one who is enterprising and capable has little difficulty in raising the necessary capital. Indian lads in Burma have similar opportunities. But it is far more difficult for a Burman lad to find an opening in business and, as the money lenders and bankers are Indians or Europeans he is at a disadvantage in raising capital. Still, where Burmans have had an advantage over Indians, as in the retail trade in Burmese produce and also as middlemen in the export of Burmese produce, they have more or less held their own, and it should not be impossible to devise means for enabling them to play a larger part in the trade of Burma. Before considering this matter

further it is convenient to examine the progress of industrial development.

6. *Industrial development.* Although Burman industries had made little progress under Burmese rule they have gone backwards under the British government. The salt and fishing industries of the Delta were formerly of about equal importance with agriculture but, while cultivation has expanded, the fishing industry stands very much where it did and the salt industry has been weakened by the competition of imported salt and deliberately damaged by taxation. Spinning and weaving used to be carried on in almost every village but imported cloth has killed the product of the village loom. The smelting of iron has practically ceased and the village blacksmith cannot easily make tools as cheap and efficient as those which are imported and sold in all the Bazaars. Ship-building was at one time an important business in Rangoon and Moulmein, and many villages along the Irrawaddy were famous for their large sailing boats. But ships are no longer built of timber and the ugly but commodious barges (*tonkin, pyat-naing*) built with Chinese labour are ousting the elaborately carved sailing boat which formerly added to the charm of life in Burma.

Thus Burmese industry has decayed and the industrial development of modern Burma is chiefly due to European capital and Indian labour. Many factors have combined to give the Indian a preference over Burmans in the Burma labour market. The original cause was that Indian labour was cheap and abundant. We have seen in Chapter VI that for some years Indian labour was subsidised. But this soon became unnecessary and, with abundant supply of low-grade Indian labour, the low standard of living among Indian coolies drove the Burman out of the market for unskilled labour wherever the Indian competed with him. The Burman never had a chance to learn industrial processes and

methods by starting at the bottom of the ladder. And it was equally difficult for him to cut into the labour market at a higher grade. For it was not only cheaper but simpler, much less trouble, to employ Indians than Burmans. Burmans needed training in the ways of modern industry; Indians had already had their training. The steam age reached India before Europeans came to Burma, and when Europeans brought the steam age to Burma Scotch engineers with a smattering of Hindustani found it more trouble to train Burmans than to employ Indians who were already used to modern industry and understood something of machinery. Thus the Indian, quite apart from his lower standard of living and willingness to accept lower wages, had a further advantage over the Burman through being acquainted with European methods of industrial organisation.

Indians swamped the labour market not only in industry but also in communications and in every line of life. Except for a few clerks no Burmans could find employment either with the inland shipping firms or on the railways. Burmans had no better chance in public works; buildings, roads and bridges were built with Indian labour working under Indian contractors. Even the postmen were Indians who could not read the addresses on the letters that they carried. Similarly in the Hospitals there were Indian assistants, Indian dressers and dispensers and Indian menials. Even in the Courts and other public offices no Burman could approach a European except through serried ranks of Indians. In this manner Indians obtained a strangle hold on industrial development in Lower Burma and a Burman could only get a job by wearing trousers and pretending to be a Eurasian. For many years the clerks in public offices were Indians. But the demand for clerks was greater than the supply of Indians and Burmans became clerks and the clerks in due course were promoted to be magistrates and judges. But it still seems to be the prevalent opinion among

Europeans that a Burman is unfit to be any thing more useful than a High Court Judge.

However the annexation of Upper Burma in 1886 gave the Burman his first chance. There was a sudden expansion in the demand for labour which Indians were not immediately available to meet. Money was scarce in Upper Burma and prices and wages were low, so that Burman labour was about as cheap as Indian labour. And by this time Burmans knew more about Europeans and European ways and more Europeans knew the Burmese language. Burmans therefore found employment in the Public Works and Railways. In Mandalay the tramways were fully staffed with Burmans at a time when it was thought quite impossible to employ Burmans on the tramways in Rangoon. But what may prove to have been a turning point in the industrial development of Burma, regarded from a political stand point, came with the introduction of the gas-engine. The Indian still possessed the advantage of his established connection with the engineering business and European managers still found it easier to explain themselves to Indians than to Burmans; it would usually happen therefore that the Indian engineers and deck hands on steamboats would be kept on when steam was replaced by oil. But the Burmans managed to find employment on motor cars, in motor boats and in motor work-shops and when some of the ocean going steamers used oil fuel Burmans were engaged as stokers. Another notable feature of recent years has been the application of motor power to agriculture, not only in chopping millet and pressing oil, but also in ploughing and in other agricultural processes. Thus, although Indians had the better start and Burmans probably still demand higher wages for work of the same kind, the Burman has achieved a place in the industrial organisation of his country which he seems gradually to be enlarging.

Burmans have also found a place in another new

kind of employment, the moving picture business. There is a demand for moving pictures of Burmese life and therefore for Burman film artists and producers. In this business Burmans had a monopoly. There was a demand which they alone could satisfy, but that they could satisfy the demand indicates that they could have played their part in other occupations also if they had the chance. The printing trade furnishes another argument to the same effect. When printing was introduced a hundred years ago the Europeans who started printing had a choice between training Burman printers or instructing Indian printers in the Burmese alphabet. But at the time, thanks to the monastic educational system, almost every Burman could read and write, and it was therefore just a little easier to teach Burmans how to set up type than to teach the Burmese alphabet to Indian compositors. This small advantage gave the Burman a start in the printing trade and, although probably most of the printing in Burma is in English and the master printers in the leading presses are Europeans with a preference for Indian workmen, yet Burman printers have managed to hold their own against the competition of cheaper Indian labour.

7. Nationalism and the Economic Process. It appears, then, that in industry as in commerce, the Burman, given a fair chance, can hold his own. But he does so on sufferance, on the condition that he can compete successfully against labour with a lower standard of living. The economic process continually tends to substitute cheaper for more costly methods of production and, within limits, production is ordinarily more efficient if the process be left unregulated except by the free play of competition. But it is generally recognised now that there are limits to the application of this principle; and that free competition, by promoting the maximum of profit rather than of wealth, may prejudice social interests and social organisation and thus, in the long run, prejudice economic

progress and material prosperity. It is a fact that competition always has been hedged round by custom and that, where it has broken through customary restraints, legislation has been necessary. Before the modern industrial era competition was closely limited by custom, reinforced sometimes by religion. In proportion as custom has grown weak it has been found necessary to make laws for keeping competition within such bounds as social and national interests prescribe. But custom still plays a larger part in European business than is generally recognised and it is a common complaint of European traders that commercial ethics are not appreciated in countries such as Japan where industrial development is a recent feature not yet regulated by custom.

In modern Burma, however, the competitive forces of the economic process have been set free with no restraining influence. Europeans, Indians, Chinese, Japanese and Burmans have no criterion in common except cheapness. All of them have in common the economic motive, the desire of gain, and in their mutual competition all other motives hamper them. We cannot look to anything but nationalism to restrain the economic motive, the desire of gain, and to regulate the economic process, the principle of cheapness. If Burma be recognised as a social unit capable of political and economic independence then we have some test of policies and measures other than the test of cheapness. For example, free competition might substitute Indian for Burman cultivators over the greater part of Burma. If that should give a greater yield of paddy and a reduction in the cost of cultivation, the substitution might be justifiable on purely economic considerations. Free competition has, in fact, favoured the substitution of Indian for Burman cultivators and has hindered and does still hinder Burmans from taking part in the commercial and industrial development of Burma. But if regard be had to the social interests which find expression

in the principle of nationalism and which justify a policy of national economy, then it is merely common sense to hold that, even at the cost of retarding material progress, the land and industries of a country should be mainly in the hands of those who have an abiding interest in its welfare.

Still, it is mistaken to suppose that a policy of national economy in Burma would necessarily conflict with material development. Free competition tends to yield results which are immediately profitable, but these may not be, and probably are not, the most profitable in the long run. In every country there is a cleavage of interest between labour and capital, agriculture and industry, country-side and town. But in Burma this cleavage of interest is complicated by racial issues. The agricultural and rural interest is Burman whereas the industrial and urban interests are alien; in the main, and almost the only occupation, agriculture, there is Burman labour and foreign capital. Such conditions cannot endure for long without political disaster leading to an economic breakdown. They could not have lasted so long except under a foreign government maintained in power by foreign troops, and even so have found expression in crime on a scale that challenges comparison with Chicago. Conditions such as these are quite incompatible with "responsible government". It is essential, then, in the interests of all parties, that the people of Burma should obtain a substantial share in the industry and commerce of the country, and some control over the capital which is necessary to develop it.

If that can be achieved and Burmans come to play a larger part in developing the industrial resources of the country, then the output of wealth in Burma should be enhanced and the cost of producing it reduced. At present the executive and administrative positions in all branches of industry and commerce are held by temporary residents who spend a few years in Burma so as to make enough money to live at home in comfort.

Permanent inhabitants would be more efficient in respect of knowing the people and the language, they could afford to do the same work for less pay, because they would be incurring less expense, and they would remain at work as long as possible instead of retiring as young as possible.

In the long run, then, merely on economic grounds a system of national economy is preferable to one of free competition and it is the interest, as it might well be thought the duty, of Europeans in Burma, whether employed in government service or in business, to promote the economic advancement of the people of the country instead of being content merely to exploit its natural resources.

8. *Prospects of National Economy.* How then, is it possible to introduce a system of national economy? One cannot just substitute Burmans for Europeans in industry or commerce; Burmans have had no chance to acquire experience of business and the replacement of Europeans by Burmans would only cause firms built up by European enterprise to go bankrupt under Burman management. Clearly the process must be gradual. Let us attempt then to analyse the essential conditions of success.

In England and in Europe generally, until quite recent times, the successful man of business started life as an industrious apprentice; similarly, in the early days of industrial development, the captain of industry learned his business as a boy. Wise parents still train their heirs by giving them a practical experience in all branches of their business, starting from the beginning. Similarly in Burma, the chettiar is brought up from boyhood as a money lender, and in cultivation and in the few surviving non-agricultural occupations in Burma, such as lacquer work and silver work, the children learn their trade in play. All these examples illustrate the normal method by which men

learn their business; they gradually come to understand its environment and the general principles which govern it while they are learning their practical application by experience. That is the normal method of learning a business, but a lad in Burma does not have a chance to practise it. He cannot start life as an office boy because the office menials are Indians. He cannot pick up an industry as a labourer because all the labourers are Indian coolies. He can only enter business as a clerk and has no chance to rise higher than a clerk.

Instead of picking up a general knowledge of commercial principles through their practical application, he can obtain only a theoretical knowledge of them so far as they are taught in the course in Economics at the University. He must then find out somehow the manner in which these general principles apply to the particular business that he wants to enter. He must also get into touch with conditions in the foreign markets. After spending many years and much money in learning how to manage a business he must begin his practical training as a shop assistant or workman. Then, with all this training in theory and practice, if he can raise sufficient capital, he can start business with some prospects of success. The conditions of success in industry are still more unfavourable because there is more to learn and one needs large capital. It is not surprising that most lads are unable to find any career except in government service or as lawyers.

20 A preliminary step towards the development of industry in Burma would be to extend the teaching of natural science in the schools. All modern professions and technical callings need as their basis an elementary acquaintance with modern science. But with very few exceptions no boys or girls in Burma learn any thing of science unless they go to the University. With such a foundation of natural science taught in school there would be some prospect of developing polytechnic

institutes, which would help Burmans to make better use of the opportunity that the gas engine has given them.

It should also be possible to encourage the development of Burman industries by a well organised movement for the use of Burmese products such as that which led a few years ago to a considerable but temporary expansion in the demand for Burmese cloth ; a movement which was then treated by most government officers as seditious.

A still more promising method of training Burmans in industry and commerce would seem to be the system of apprenticeship. Annually for some years past a few lads have been sent to England on State Scholarships for the study of various industries and professions. But their aptitude for the work chosen cannot very well be tested before they leave Burma and, even if they turn out well, they often experience a difficulty in finding employment on their return. Recently, however, arrangements have been made for firms engaged in industry or commerce to nominate candidates for such scholarships on condition of contributing towards the cost. These arrangements give Burmans an opportunity to enter business as apprentices and enable the firms to recruit as assistants natives of the country who should be of the same order of efficiency as their present European assistants ; in some respects they should be better qualified for business in this country by their superior knowledge of the people and the language, but they could be employed on appreciably lower salaries. Any firm which without prejudicing its efficiency could solve the problem of employing Burmans in the higher branches of its business would compete on favourable terms not only with rival European firms in Burma but also with the competition from India and Japan which threatens all European business here. If European firms can be induced by this means to train Burman apprentices merely because it pays them, then the whole superstructure

of industry and commerce might acquire a dominantly national character within a couple of generations, and this might well give such a stimulus to economic progress that the demand for Europeans in business in this country would be even greater than at present.

But it is perhaps unlikely that many European merchants will have the imagination to grasp this opportunity or to envisage the result of leaving present conditions to mature until the cleavage between racial and economic interests entails actual disaster. Also it is probable that under responsible government Burmans will wish to hasten the process of developing Burman industry and commerce. One method of hastening it, and perhaps the best, would be to require foreign firms to take out an annual license to carry on business in Burma and as a condition of the renewal of the license to call for a report on the steps taken to extend the employment of natives of the country.

There are, of course, openings for Burmans in lines of business where they would not compete with established European interests. Most of these may be found in the supply of Burmese produce to the Burmese public, as for example in organising the fishing industry and the supply of fish paste, and salt fish; or in connection with hides and tanneries, or in the manufacture of Burmese cloth. There is a fortune waiting for any one who can organise the retail trade in the Delta with travelling bazaars on barges. At present such occupations are carried on by uneducated people who know nothing of modern business, and Burmans with a business training might organise them on more efficient lines. Some of them, if efficiently organised, might serve as the foundation for an export trade. The Chinese already carry on an export trade in prawn-dust, but this is only a fraction of the business that might be carried on in the produce of Burmese fisheries. This suggests that Burman interests in commerce might usefully be furthered by the

appointment of representatives and correspondents in various parts of the Far East and elsewhere who would perform the commercial functions of a consular service for Burma.

9. *Economics and Politics.* The foregoing suggestion will serve at least to show that a system of national economy will require careful thought and persevering application. Hitherto the accepted policy of government has been one of laissez faire, of leaving the economic process unregulated. So long as government consistently abstains from interfering with the economic process the study of economics can be left to men of business. But if the government aim at promoting national industry and commerce or protecting its people against the effects of competition then it immediately becomes important that all who are in any way responsible for the policy of government should have an acquaintance with the principles of economics. Moreover, industries selected for protection are certain to need financial help from government, either by relief from taxation or otherwise. Everywhere the protection of industries has offered temptations to corruption which many politicians have been unable to resist and there is little reason to believe that Burman politicians would be especially immune against such weakness. Unless a high standard of political intelligence be widely diffused, offences of this kind are likely to escape detection and punishment, and it is therefore a matter of urgent and practical importance to raise the normal level of political education among the general public.

CHAPTER X.

WHAT BURMA WANTS.

1. *Classification of Wants.* Economics deals with the production and consumption of wealth or, in other words, with making goods and using them. For, in production, we do not create things but add to their utility and, in consumption, we do not destroy things but diminish their utility. Hitherto we have been dealing mainly with the production of wealth in Burma and by Burmans, but the object of production is consumption : goods are produced to satisfy wants. Let us turn now to examine what Burmans want and what Burma wants. These are two very different matters, as a classification of various kinds of want will show us, and the same classification will also serve to bring out some of the principles governing the satisfaction of wants.

The first thing that people want is food. For every one it is a most urgent necessity that he shall have sufficient food to eat. Then, almost on the same level of necessity, there is the want for clothing. We also want houses for protection from the sun and rain ; we must have shelter of some kind. In cold climates, as in England, people want fires to keep them warm, but we rarely have much difficulty in keeping warm in Burma and a fire may be regarded as a luxury. All these urgent necessities, these things that people chiefly want, food, clothing, shelter, warmth, have one character in common. They are all needed to support life and this gives us our first class of wants, animal wants, our wants for things necessary to support life.

But people want many things which are not necessary to support life. Most Burmans want to go to

a *pwe* or bioscope every now and then. Most young people want to play tennis and lads want to play *chin-lon* or foot-ball. A man who plays tennis or *chin-lon* stretches his limbs, extends himself; and the man who goes to a bioscope or reads a book, stretches his mind and extends his experience. At a *pwe*, when people are touched by the *lun-gyin* of the *minthami* or moved to laughter by the clown, they are stretching their minds and being taken out of the ordinary routine of life; they are extending their experience. Any one who uses scent or wears jewellery is trying to appear more attractive than when unperfumed or unadorned; he is extending his personality. Here, then, we have a second class of wants, comprising wants to adorn or extend life, human wants, that we have as human beings.

We can distinguish also a third class of wants: wants that are not felt so generally but are sometimes felt very urgently. Why was it that a few years ago so many people subscribed towards the foundation of National Schools? Not because they expected to get anything. Why do people serve on Municipal Committees and in the Legislative Council or take part in other public activities? Partly, of course, for the honour and glory of the thing, because they want to feel important. Partly, in some cases, because they want to make something out of it; it is commonly said of certain people that they are not "in politics" for their health. Still, in the main, people enter on such public activities because they want to achieve something; they want to give rather than to get. They experience a creative impulse similar to that which often leads an artist to waste his time, his fortune and his health on doing something that no one will value but himself. Their want is not merely to support life, nor to extend their personality, but to use their life in doing something.

Here then are three classes of wants: the want to support life, the want to extend life, and the want to use

life. Wants can be classified on other principles but this classification helps to bring out the difference between the things that Burmans want and the things that Burma wants, and should help to suggest how these competing wants may be adjusted.

2. *The Organisation of Demand.* These different classes of wants differ in the degree of organisation that is necessary for their satisfaction. Certain simple wants a man can satisfy as an individual, but others he can not satisfy except as a member of society; if such wants are to be satisfied there must be a co-operation of demand among many people and the demand must be so organised as to become effective. The hand and the food need nourishment, but they can be nourished only when they are in organic relation with the body; similarly, there are many wants which individuals can satisfy only if they are in organic relation with some larger social unit.

Take for example, the demand for food. Under primitive economic conditions, when domestic agriculture prevails and people cultivate for the subsistence of their family, every one produces the food for his own family, and also the clothing and shelter. He is little or not at all dependent on his neighbours. Even where economic conditions are more complex, he can still, within limits, satisfy these simple wants without considering what other people want. Anywhere in Lower Burma, any one who has money and is content with the ordinary rice grown in the locality, can buy rice without the co-operation of other purchasers. Cultivators produce more rice than they require and any one may buy the surplus. But, even in respect of such a commodity as rice, it may not be easy to obtain exactly the quality one wants unless other people want the same. For example, any one in the interior of Myingyan District who wants rice from Lower Burma can obtain it only because all over Burma there is a demand for goods of all kinds and for

transport, so that a transport system by rail and road and river has come into existence which enables Burmans in general to gratify their various wants. If it were not for this general but unconscious co-operation of demand over the whole country, any one who wanted a special variety of rice in Myingyan District would have to induce a large number of people to join him in making special arrangements to import it. Similarly in respect of clothing and shelter; formerly each family used to weave its own clothes and almost any cultivator can still, with very little time or trouble, build a hut of palm leaves and bamboo that will serve him quite well for a dwelling. Thus the wants which a man can satisfy as an individual are, as a rule, wants of the first class, wants to support life, and even as regards wants of this class some degree of co-operation is essential unless the man who feels the want will take anything that he can get so long as it will serve his purpose.

When we turn to the next class of wants, wants for things that will extend life, it is generally true, even of the simplest, that the demand to satisfy them must be organised. Any one in Burma can buy a motor car, but if there were no motor cars in Burma, it would be more difficult to buy a car and keep it in running order. Even now, the purchaser of a new car will do well to buy one of a type that many people own or there will be difficulty in the replacement of spare parts. But one characteristic of many wants of this class is that they must be enjoyed collectively. For a game of tennis there must be two or four players, for a game of football more than twenty; the *pwe* and the bioscope need a large audience willing to pay four annas to two or three rupees for a seat and there will not be a theatre in any town which is not large enough to provide a regular audience. At the present day there are many people in Rangoon who would like regular opportunities to hear good European music, but the demand can not be organised so they

must do without it. People scattered all over Burma would appreciate facilities for listening in to broadcasting, but the demand has not been organised and remains ineffective. But perhaps the best example of wants of this class is the want for education. Obviously a cultivator can not send his children to school in his own village unless some of his neighbours join in helping to maintain a school and teacher, so that, in many villages in the Delta where there is no school of any kind, there may be one or two houses crowded with almirahs and bent-wood chairs and pier-glasses. The owner does not want these much, and probably the chairs and almirahs are never used, or not used for their intended purpose; he would rather have spent the money on schooling for his children, but he cannot bring the school into existence unless his neighbours co-operate, whereas he can buy furniture whenever he comes in to Rangoon. The second class of wants, then, differs from the first in the greater degree of organisation involved in satisfying them.

But it is just as necessary and far more difficult to organise a demand for wants of the third class. Often the man who wants to achieve a certain thing must himself organise the demand for it. Every original painter must organise the demand for his own pictures, every writer for his own books and every statesman for his own policy. A painter may create a new standard in art and paint his pictures for his own pleasure, unless he can induce other people to accept his standard and approve his pictures, he can not sell them; even if he has private means he still wants other people to recognise the value of his work. A statesman with new ideas on education in Burma must induce the people or government to adopt them or his ideas are fruitless. It is a comparatively simple task for a villager to bring about the foundation of a village school because most people in the village will agree that a school is wanted and he need only persuade

them to provide the funds, whereas any one who devotes himself to propogating a new idea must first of all accustom people to the idea before he can bring them to spend money on it. He must first of all teach people what they want.

A consideration of this third class of wants helps to bring out one general character of wants that must be organised in order to be effective. It is clear that the painter who makes people want pictures of a new kind is not actuated by economic motives ; nor is the statesman who formulates a new policy. People who set out to teach others what they want can not expect or hope to make money by doing so ; if the painter merely wanted to make money he would paint the kind of picture that people like. The statesman who wishes to court popularity prophesies smooth things. The same principle holds generally in respect of the organisation of demand. The man who persuades a village to found a village school does not expect that it will pay him. Sometimes Europeans in up country stations, tiring of beef and chicken, found what is called a Mutton Club ; they club together and import a sheep to be divided among the members of the club. There is usually something of the club idea in the organisation of demand, and wants that must be organised in order to become effective are not only wants for something that a lot of people want a little and can enjoy collectively, but they have this further character that purely economic forces will tend to leave them unsatisfied.

3. *Higher and Lower Wants.* The classification of wants that we have just attempted serves a further useful purpose in furnishing a scale which justifies us in regarding some wants as of a higher order than others. Most people would feel that the want for music is of a higher order than the want for motor-cars, but it is not very easy to justify the feeling. An English philosopher Bentham, who exercised a great influence on many early

writers on economic science, remarked that "Pleasure for pleasure, push-pin is as good as poetry". But to compare two animals and say that the more highly organised animal is higher than the other in respect of organisation is to say the same thing in two different ways. Similarly, one pleasure may be regarded as higher than another if it is derived from the satisfaction of a want that is ineffective unless highly organised, and it seems true in general that what we regard as higher wants are those that need a high degree of organisation. Here in Burma, Hindu and Mahommedan, Parsee, Punjabi and Bengali, Tamil and Telugu, Englishmen, Scotchmen, Germans, Chinese, Japanese and Burman all meet on the lower planes of life; they all have in common the passions that they share with animals, but their higher wants are peculiar to each class. All of them are about equally capable of judging a motor car, in this respect their wants are very much of the same order, but they all want different kinds of music. Wants of a lower order are common to a larger number of people and, in the absence of an organised demand of the higher wants, those of a lower order may be glutted while those of a higher order are starved, as with those people in the Delta who want schooling for their children and are fobbed off with bent-wood chairs.

4. *Advertisements.* Similarly, when Burmans wish to provide better hygienic conditions for their children, the practical difficulty of organising village institutions on the lines of the Infantile Mortality Society hinders them and they are fobbed off with Glaxo and Swiss Milk. The tendency for lower wants to be glutted while higher wants are starved is aggravated by the organised production of standardised products to meet wants that can be standardised. At first it may seem that manufacturers who advertise Glaxo or Swiss Milk or Beehive Brandy, are organising demand. But the hoarding advertise the things that Burmans want as individuals

and not the things that Burma wants collectively. They tend to stimulate demand but do not organise it; they are an extension of production by which the manufacturer endeavours to capture a market for his goods to the prejudice of rival manufacturers, who may produce better goods but, for lack of money or some other cause, are less efficient in advertising their products. Thus advertisements do not represent the organisation of demand but symbolise the conditions that we shall study when dealing with the disintegration of demand.

5. *Civilisation and Demand.* We have seen that a man cannot find satisfaction for his higher wants except as a member of society, and through the normal units of social organisation such as the family, the village, the city and the state, or else, less often, as a member of some special society or club. We have already noticed that a village in Upper Burma used to resemble a large family. The members of a family learn gradually by a process of give and take to adjust their mutual requirements and live comfortably together and, in an agricultural village which develops in the normal manner as a group of families cultivating for their own subsistence, the villagers through successive generations learn how to adjust their wants so as to make the best of village life. A similar process operates in the larger social units, the city and the state, and gradually a whole body of custom grows up and is handed down from one generation to the next, modified and moulded by each generation as the tradition develops. It is in this manner that a state builds up a distinctive civilisation. Civilisation is, in fact, the organisation of demand; it is the process by which men become habituated to common life in groups and it is only as members of such groups that they can satisfy their higher wants.

It is true that in the past only a comparatively small number of the members of such groups have been able to express their higher wants and that those who have

been able to lead a fuller life than the ordinary citizen have belonged to special classes, the aristocracy or the religious order. The development of such classes is in itself evidence of the higher organisation of the community and one of their main functions is to preserve and develop the traditions of its civilisation. Mr. Trevelyan in his 'History of England' has paid a tribute to the services rendered by the aristocracy of the 18th century in advancing English civilisation. It is the court and aristocracy and clergy who foster the traditions of religion and literature and art in which a people expresses its peculiar civilisation. It is to please their fancy that poets sing and to please their palates that cooking becomes an art. It is not necessary that they should have good taste; a king is not gifted with good taste by right divine, he may have very bad taste. In England it has long been customary for the king to appoint a Poet Laureate and the man appointed has rarely been among the best and often among the worst of the poets of his generation. But the appointment of a Poet Laureate is a tribute paid by men of affairs to things of the imagination; such a custom is the instrument by which a people organises its demand for poetry. In Burma, as elsewhere, social wants in general were formerly organised through the existence of the sovereign and his court and through the hereditary squirearchy of *myo-thugyis* distributed over the country. The most eminent pongyis, the best Pali scholars, the best poets, the best musicians, the best carvers and silver workers and painters found their way to Court because this was the centre and focus of the national life where the organised demand for scholarship and art found its natural expression. To this day a special distinction of culture attaches to people and things from Mandalay. During many centuries the Burmese people built up a very definite and distinctive civilisation, limited in many directions and eccentric, because, for so long they were so distant from the centre of the

world's progress, but it was their distinctive civilisation which represented the national organisation of their wants, the wants of Burma as distinct from the wants of Burmans.

6. *The Character of Demand.* These considerations help us to appreciate some of the essential distinctions between the nature of consumption and the nature of production, or, rather, between the nature of demand and the nature of supply. We shall see that there are three main distinctions.

Desire is infinite; when a man has all he wants of one thing he wants something else and it has been said, and it is generally true, that the satisfaction of a lower want leads to the manifestation of a higher want. A man wants everything, and still more. A poor man must be content with rice and one or two simple curries, but as soon as he can afford it he increases the variety of his food. A cultivator in the hills may make a single garment last a lifetime, but people in town change their clothes two or three times a day and continually want new clothes. A hut gives sufficient protection from the sun and rain, but there is hardly any limit to the amount that can be spent on building and decorating a house. Then there is the demand for books and pictures and music, ever insistent on new books, new pictures and new music. What is true of individuals is true also of groups. Villages and towns want water, roads, lighting, schools, sanitary improvements, and the satisfaction of these elementary wants gives place for higher wants which indicate a higher stage of civilisation and involve a more elaborate co-operation of demand. Here then is one element of contrast between demand and supply, consumption and production. For, as the wants of a man become more various, his activities in supplying them tend to become more uniform. In production a man ordinarily produces some one thing or, more frequently under modern conditions, he plays no more than a minor part in the

production of some one thing. In primitive conditions each family may supply all its wants with its own labour, but as wants become more varied, they can be satisfied only by a division of labour. A family may grow its own rice and build its own hut and weave its own clothes ; but no family can make its own motor car. In the making of a motor car, miners provide the metal for the machinery, foresters provide the timber for the body, cultivators provide cloth for the upholstery, and all these are worked up in various mills and factories, each with a large establishment of engineers and clerks and menials. In the making of a single motor car thousands of men are employed over the whole world and each performs his special function. There is a minute division of the labour required to make a motor car and it is a general rule that the division of labour becomes more detailed in proportion as people grow more civilised and habituated to live and work in groups. The progress of civilisation involves a division of labour just as it involves a co-operation of demand, and one essential distinction between demand and supply is that as the wants of a man grow wider his work grows narrower.

This suggests the nature of a second difference between production and consumption. A man wants everything, and still more ; but roughly speaking, he wants to do as little as necessary, and still less. He wants things to please himself, but he works to please other people. As a rule, all those who take part in the production of wealth expect payment for their work and their efficiency can be tested by the value of their work as measured in money. This is a simple test which every one can understand. Efficiency in production can be regarded from two different stand-points. If one man can produce 400 baskets of paddy from a certain plot of land and another can produce only 350 baskets, the former may be regarded as the more efficient by 50 baskets of paddy, or by their value in money. But if the former consumes 200

baskets while producing 400 and the latter consumes no more than 100 baskets while producing 350, the latter may be regarded as the more efficient by the value of 50 baskets, because the surplus of the yield over the cost is larger by this amount. But which ever of these stand-points be adopted the same test can be applied and the difference in efficiency can be measured in terms of money. Goods are produced in the expectation that they will meet a want, and production is efficient in proportion as it satisfies demand. Money is the common denominator of demand and thus furnishes a test of efficiency in production. But no simple test can be applied to gauge efficiency in consumption, the satisfaction of wants. If one man prefers costly food and another prefers books or music, in which case is consumption more efficient? When poverty or crime abounds in a country with ample natural resources, there is some reason for holding that it spends its wealth unwisely, but it is impossible to say whether it is more or less efficient in spending its wealth than a country with less poverty or less crime. Demand can be measured in money but there is no common measure to test efficiency in consumption. The opium eater will spend money on his drug that most people would say he ought rather to spend on food. If a man buys one thing rather than another, or if he will pay ten rupees for one hing rather than five rupees for something else, we have a measure of his actual demand in his existing circumstances, but it might have been "better for him" to pay the lower price for the other thing. It is quite possible that he would have preferred the second thing if circumstances had allowed him to obtain it. We have already had an example of this in the villagers who spend money on almirahs and bent-wood chairs which they would prefer to spend on the education of their children. Here then is a second difference between production and consumption; efficiency in production can be recognised and measured by a simple test that every one can

understand, whereas it is impossible to measure efficiency in consumption, impossible even for any two people to agree exactly as to what they should start measuring. Demand being infinite and infinitely varied can not be measured, but production, which is directed towards the satisfaction of demand, can be measured by a common standard whatever be the nature of the demand that it is intended to satisfy.

The third difference between supply and demand is one that we have already touched on. We have seen that the villager who persuades his neighbours to found a village school does not expect to profit by it and that, as a rule, it is not a profitable speculation to attempt to organise demand. We are now in a position to understand this more clearly. The man who attempts to organise production knows what he is aiming at and there is a simple test by which he can measure the result. A certain commodity is already in demand, the organiser believes that he can meet the demand by supplying the commodity more cheaply or, if not more cheaply, at a price that will leave a profit for him. The measure of his success is given in the price he charges and the profit that he makes. If a man make two blades of grass grow where only one grew previously, every one can see the extra blade of grass, and the additional supply of fodder finds expression in a reduction of the price. But the man who makes his fellows feel more intensely the value of a primrose by a river bank and organises a demand for public parks has rendered a service that has an economic value but which it is difficult to express in terms of money. A manufacturer who produces and pushes a new baby food may make a fortune, but any one who organises a demand for infant welfare must face the fact that virtue is its own reward. Whether his efforts succeed or fail is a matter that cannot be measured within a generation; if the results at which he aims ensue, it is still questionable how far they resulted

from his propoganda, for the possible causes of social improvements are innumerable ; and, even if they can be ascribed with some degree of certainty to his efforts, it may be questioned whether they are beneficial. Every one agrees that the man who makes two blades of grass grow where only one grew previously is a public benefactor, but many would deny this title to the man who doubles the population. Production is essentially competitive and improvements in production result from competition between people who expect to make a profit, but consumption is essentially co-operative and the progress of civilisation which results from improvements in the co-operation of demand cannot be measured, nor can those who have contributed towards the advance of civilisation be rewarded, on any certain principles. That is one reason for the progress of civilisation under aristocracies, for civilisation is the fruit of leisure. It is difficult even to assess the progress or decline of civilisation. Where, as in Burma, a definite civilisation has definitely broken down, one has some ground for holding that, in certain respects, that civilisation was inadequate ; but even that test is not final and no other test can be applied. Still less is it possible to estimate the contribution made by any one man and reward him appropriately. Here then, is the third essential difference between production and consumption ; that the man who organises supply expects to find it profitable while the man who organises demand can have no such expectation.

7. Disintegration of Demand. Since the usual instruments for the organisation of demand are the family, the village, the city and the state it is clear that the economic aspect of such organisations needs careful attention when investigating the political economy of a country. But many text books on economics say little or nothing about the organisation of demand ; one reason is that the foundations of modern economic science were laid by men who took the organised life of

the community for granted and were chiefly occupied with problems relating to the production of wealth. The agricultural village, as we have seen, has ordinarily grown up under the conditions of subsistence agriculture when men in general prized social ease rather than individual profit. Similarly most nations and countries have grown up under the social traditions of subsistence agriculture, and the people, even when servile, have been regarded as human beings and not merely, as in a factory, just labourers, instruments of production. Individual freedom was limited by regulations or customs which had been devised or adopted in the interests of the community as a whole. Many of these regulations and customs hindered the production of wealth and the early economists held that production would be more efficient if people enjoyed greater freedom to follow their own interests. They tended therefore to look at economic problems from the stand-point of the individual and became known as individualists. They also advocated a policy of leaving individuals free to do whatever paid them best and this policy became known as the principle of *laissez faire*, two French words meaning "Let them do". While economists were preaching this doctrine manufacturers were applying it and the first result of free competition was a marvellous increase in the amount of wealth produced. The organisation of production on an individualist basis was a new thing born at the same time as economic science. Every text book on economics emphasises therefore the importance of the organisation of production and, as we go about the modern world, the organisation of production is forced on our notice by the smoke from factory chimneys.

But it has escaped notice for some time that the organisation of supply was accompanied by the disintegration of demand. Gradually, however, it became apparent that the old units of social organisation were breaking down. Women and children who had formerly helped

in the common labours of the family found employment as individual units in mills and factories and offices, and family life was undermined. When peasants who had cultivated for subsistence migrated to work for wages in the towns, the villages were deserted: at the same time towns ceased to be dwelling places and became cosmopolitan workshops: gradually industry and finance threatened to obliterate the frontiers of nations. This breakdown of social units has accompanied and aggravated a general decay of custom. All over the world during the last hundred years the customary restraints on individual action have been relaxed and it is now no longer possible, as it was for the earlier economists, to take the organised life of the community for granted. Almost everywhere, in fact, it has been found necessary to reinforce custom by law and to re-build the life of the community on new lines with new institutions. One feature of the reaction against regarding nations as merely aggregates of individual producers has been the growth of Socialism with its emphasis on the claims of society as a whole. The early economists, taking the organised life of the community for granted, insisted, quite rightly, that man could produce more wealth if the swathing bands of social custom were relaxed, but the event has proved that the production of wealth may also be hindered by free competition and it has become necessary to counter the principle of individualism by the principle of socialism and to insist on the importance of the conservation of society. One form of this reaction is Nationalism emphasising the nation as a social unit with a wider purpose than merely to produce wealth.

8. *Disintegration of Demand in Burma.* In Burma, and in other countries similarly situated, the customary organisation of demand, or in other words, the national civilisation, has broken down even more completely than in Europe. In Burma, as in the West, the national civilisation found its typical expression in the

court and aristocracy and the religious order ; in the West, courts and aristocracies and religious dignitaries have lost many of their privileges, but in Burma the court has been abolished, the aristocracy degraded and the religious order has been deprived of one of its main functions, the care of youth ; the whole manispring of national life has been thrown out of gear. In the West, national life, has become cosmopolitan, but most leaders of the community are natural born citizens. The United States of America and other newly developed countries are more cosmopolitan than European countries, but for that reason they find it necessary to teach patriotism in the schools and to impose restrictions on immigration with a view to conserving national standards of demand. In Burma, however, the national standards have been attacked at both ends of the social scale. Almost all the wealthiest people and leaders of industry are aliens, while at the other extreme immigrants from India and China, with standards of civilisation very different from those of Burmans, have been admitted freely and permitted and even encouraged to retain their separate languages and customs. In England public opinion represents in the main the opinions of Englishmen, whereas in Burma, so far as it is vocal, it is the opinion not of Burmans, only, but also, and even more, of Europeans. In England people are born into a social order so long established that a code of manners has been worked out which enjoins on all persons the sort of behaviour which has been found most conducive to general harmony. Demand in general has been organised. The people of the United States, with their lessons in patriotism in schools and their immigration laws, are consciously endeavouring to organise national standards of demand such as have been worked out through long generations in Europe. But in Burma there are no standards of living common to all the various races which are represented here, no organisation of demand, no common civilisation.

Burmans feel this and their sense of it finds expression in Nationalism. Probably one reason why the lack of common standards is not more generally felt is that most of those who come to Burma look on it merely as a workshop. Many Europeans regard it as a sufficient justification of their presence in the country that they take part in developing its natural resources. When Europeans talk of Burma as a rich country and of its progress under British rule, they are thinking of the rice and oil and timber that it produces, and they take the same kind of pride in Burma that a man does in working on good pay in a well-appointed and efficiently run factory, but this is very different from the feeling of satisfaction that comes from living in a well-ordered home or city. The various people who come from England as soldiers or administrators, from America as missionaries or oil-drillers, or as merchants from over the whole of Asia from China and Japan to Armenia and Palestine, as money lenders from India and as coolies from many provinces of India and China, all apply a common standard in measuring the production of wealth, but their opinion as to what is right or wrong, desirable or undesirable, varies as widely as their origin. The very fact that they do not feel the lack of any common standards goes far to explain why nationalism, which is a reaction against the disintegration of demand, is exceptionally acute in Burma and in countries similarly situated.

Let us consider some examples of the disorganisation of demand in Burma. The genius of a country finds its best expression in its religion and in its art and literature, and it is in these aspects of the national life that disorganisation is likely to be most evident. Under the Burmese Kings religion, art and literature centred round the court. A court is the natural centre and focus of national life and a people without the steadying influence of a civilised tradition is like a man deprived of the controlling faculty of reason, more beast than man. In

modern Burma some functions of the Burmese court are carried on with at least equal efficiency by the English government. Generally, it may be said that the English government is more efficient in administration than the Burmese government, possibly it is more efficient in suppressing crime and certainly far more efficient in developing the natural resources of the country. But an English Governor can never take the place of a Burmese king as an instrument for the organisation of demand. However much he tries (and he is not likely to try very hard) he can never do what the Burmese kings accomplished without trying. Merely as a Buddhist sovereign the King of Burma was a defender of the Buddhist faith and a supporter of the Buddhist hierarchy. Now this has broken down and the members of the religious order have inevitably become centres of disaffection and disorder. Under the Burmese rule the best scholars and artists and craftsmen in the country thronged the court, but one does not find them competing eagerly for the patronage of an English Governor in Government House. Thus there is no longer, as in Burmese times, a living tradition which maintains a standard of good craftsmanship. The silver-smith or wood carver finds that the casual European will pay as readily, and perhaps as much, for bad work as for good, because he cannot distinguish bad from good, so that there is no longer an incentive for the craftsmen to produce good work. That is typical of all the arts. The European is no better able to judge Burmese music than the Burman to judge European music. In painting, carving, music and literature, the Hindu and Mohammedan, Parsee, Punjabi and Bengali, Tamil and Telugu, Chinaman, Englishman, Scotchman and Burman all want something different; they have only one standard that they can apply in common, the standard of cheapness and this is a standard of supply and not a standard of demand, a standard applicable in production but not a standard applicable to consumption.

The decay of Burmese literature is a common subject of complaint. But it is not merely in literature that a disorganisation of demand is evident; the language itself, the common speech in which people make known their wants, has broken down. In Burmese times Burmese was the national language, and it has now become merely a domestic language. Formerly all that Burmans knew of medicine and engineering found expression in Burmese; there was a national army and all the terms of military art were Burmese, the only language of the law courts was Burmese and in the Council of State, the Hlutdaw, everything that concerned the life of the country was debated in Burmese; the Burmese language was co-extensive with the national life of Burma, it was a national language. Now all this is changed. The defence of the country is entrusted to Indian troops, in the hospitals diseases are diagnosed and described in English, in the public works, the ports and railways, English and Hindustani are more useful than Burmese, the laws are drafted in English and all the more subtle points of law are argued and decided in English; in the Legislative Council, English is the common medium of debate. Burmese is no longer a national language and has degenerated into a mere domestic language. Inevitably such conditions react on education. People who look for any kind of employment must learn English and there is therefore an effective demand for the teaching of English in the schools. But Burmese, beyond the barest rudiments, is a luxury. Many people would like to see higher instruction given in Burmese, but the demand for this remains unorganised and is therefore ineffective, and those people who only know Burmese are cut off from contact with the modern world and from all opportunities of mental improvement and material progress.

It is not merely that there is a demand both for European music and for Burmese music, for the English language and the Burmese language, but the demand for

each of them is separate and, in respect of language, they are wanted for different purposes. The people who are interested in Burmese music are not the people who are interested in European music ; the Burmese language is wanted for use in the home whereas the English language is wanted as a means to earn a living. Similarly there is a demand on the part of Burmans for Burmese doctors who practise the traditional system of Burmese medicine and there is a demand, chiefly European, for doctors trained in western medicine. It is a common complaint in Burma, as in India, that there are too many lawyers and not enough doctors and engineers. But that is very largely because every one wants the same kind of lawyer while different people want different doctors and engineers. The supply of doctors, and engineers depends very largely on the demand and that so small a proportion of the lads who have received a western education take up the professions of medicine or engineering must be ascribed in great part to the lack of an effective demand for members of these professions. The profession of law is over crowded, but it is much easier for a lad to make a living as a lawyer than as an engineer or doctor. It often happens that youths are sent to England for an expensive training and find on their return that, badly as the country may need their special knowledge, there is no demand for their services. The organisation of production is comparatively an easy matter, but it is far more difficult to organise demand, and the superfluity of lawyers and the lack of doctors and engineers is merely one further illustration of the disorganisation of demand.

But the disorganisation of demand may perhaps be seen most clearly in the break-down of village life. In Upper Burma through long generations village life was organised in relation to demand, and it became a custom to set aside certain areas for grazing to the common benefit of all owners of cattle. But in Lower Burma, as we have

seen, agricultural society has been organised in relation to production and the whole Delta is in effect one large factory without chimneys. For upwards of fifty years the government has been trying to provide facilities for grazing and has directed that certain areas shall be set aside as grazing grounds. But it has been found almost impossible to reserve for grazing any land that could be used for cultivation. A grazing ground may be worth five rupees a year to every family in the village, but any one who can encroach over a few acres will profit by much more than fifty rupees a year. In the absence of any customary restriction on encroachment, the restrictions which the government has endeavoured to provide by legislation have proved ineffective. In this simple matter, as in the more difficult task of fostering local art, the English Government, despite its efforts has done less than the Burmese kings accomplished without trying. In Upper Burma under the Burmese rule, these common amenities were preserved but now, in Upper Burma also, common rights that were respected for generations are disappearing. Individual villagers desiring to make more money encroach over the space set aside as village precincts and over the land hitherto reserved as the catchment areas of tanks. As each encroachment takes place the villagers as a whole suffer a loss that at the time they hardly noticed and, even so far as there is any machinery for the protection of common rights, no one finds it worth his while to set the machinery in motion, so the village as a whole loses something that may be worth no more than a few annas to each villager while the man who encroaches on the common land can reckon his profit in rupees. The other villagers find it more profitable to imitate him than to quarrel with him, and the common rights which expressed the organised demand of their community gradually disappear. The cultivators may produce more grain because more land is brought under cultivation; the increase in the production

of wealth can be measured, but no one can measure the injury that is thus inflicted on the village as a whole. To such an extent has the disorganisation of village life proceeded that even the tradition of village games has disappeared and recently an officer was appointed to teach people how to play. All over the world the organisation of supply has led to the disintegration of demand, but this has proceeded so far in countries such as Burma that, as we have remarked, they have come to be looked on as factories for the production of wealth rather than as social units organised for the common welfare of the members. Burma has become a workshop rather than a state, and the people and the land of Burma are regarded, like the workers and the machinery in a factory, as means for the production of wealth rather than as the end for which wealth produced.

§ 9. *The Re-integration of Demand.* In this chapter we have been examining the more conspicuous results of the breakdown of Burmese civilisation. It was a distinctive civilisation with many attractive features and that it should have passed away is a matter which Burmans, and others also, may regret. But it contained elements of weakness, moral and material, which rendered it unable to hold firm against new influences from the outer world, and its passing has left us with the task of building in its place a new civilisation on more secure foundations, the task of re-building Burma which, as a problem in political economy, may be regarded as the re-integration of demand.

§ 10. In any progressive civilisation the customs and habits of life are always gradually changing but, as a rule, the changes are so gradual that they are hardly noticeable except over long periods of time. During the last two hundred years, however, even in Europe the civilisation which had been built up over many generations has undergone such large and rapid changes that it has often seemed on the verge of breaking down. But in Europe

the changes have been brought about by forces acting within the civilisation which they changed. Industrialism, which has changed European civilisation during the last two hundred years, was itself a product of European civilisation. The case of Burma differs from that of Europe in two ways; firstly, the changes have been greater and more rapid, and secondly, they are the results of forces acting from outside Burmese civilisation. It is very unlikely that industrialism would ever have developed in Burma if the country had never come into contact with the West. In Europe, because the changes have proceeded from within and have been comparatively slow, it has been possible for the community as a whole to re-adjust itself to the new conditions which the changes have introduced. Two methods have been adopted for re-organising demand in relation to the newly released forces of supply. In England the units of social life, the village, the town and the nation as a whole, have been enabled to give expression to organised demand by new machinery in the shape of various Boards and Councils and Committees and by a reform of the whole Parliamentary system. The other expedient for protecting the social life of the community has been legislation to impose various restraints on individual liberty. In America, as we have seen, further steps have been taken to protect social interests by inculcating civic and national patriotism in the schools and by restricting immigration. In Burma the re-integration of demand presents problems of far greater difficulty, but the first step in this direction is to recognise both the importance and difficulty of the problem and also the necessity for re-inforcing the social ties of the family, the village, the town and the nation by measures, legislative and otherwise, consciously directed to that end. Viewed in this light the nationalism that has been so prominent in Burma during recent years is the expression of a sound instinct working for the economic welfare of the

people. In the newly constituted Rural and Urban Councils and the newly constituted Legislative Council we have an instrument for the organisation of demand, and it is now possible for the first time since the British occupation to put the economic development of Burma on a sound footing.

During the British occupation there has been a remarkable development of the natural resources of the country. The opening of new markets, the removal of all social and customary restrictions on free competition, and the maintenance of law and order have brought millions of acres of waste land under cultivation and have rendered the mines and forests productive. There has been progress in Burma, but the Burman has been left behind. During the same period the Shans in Siam under their own king have been building up a modern state, but the Shans in Burma are even more backward than the Burmans. Before the recent constitutional reforms this one-sided emphasis on material development was unavoidable. The machinery of government was in fairly good working order but there was no one to work it except the Governor, and he himself was part of the machine. Even if he had any special interest, before he could find out what to do and how to do it his brief term of office had expired. It was the same throughout all ranks of the administration. A District Officer with an interest in public health might be succeeded by one with an interest in education and he, in turn, give place to one whose interest lay in agriculture, and they would all pass, leaving behind them nothing but a succession of abortive schemes. The only constant factor was the economic process, the individual desire for gain, but finally ineffective because unrestrained by any social will. The new Councils provide a medium for the expression of social will and an instrument for the organisation of demand. The former political structure allowed for the satisfaction of individual wants, leading ultimately to

stagnation and idleness, but the constitutional reforms, by providing a machinery for the expression of social wants should stimulate new activities, and it is not impossible that they may herald an era of material development in Burma even more remarkable than that of the past sixty years. Whether they will do so is uncertain, for the same machinery serves to organise and give expression to ill-will as well as good-will. And even if good-will prevail the application of good will to constructive purposes needs thought, which at present remains almost entirely unorganised in Burma.

But if good will is to prevail and to serve constructive purposes, the measures to be adopted must of necessity have an economic aspect, it is for this reason if for no other, that a country, like its individual citizens, must pay for what it wants. For example, it would be sound from the economic standpoint to cultivate the Burmese language so that it should once again become a national language in which the people of Burma could find expression for all the ideas that have come into the country with western civilisation; the consequent advance in general education would unquestionably result in a greater net production of wealth. But the cultivation of the Burmese language has a more readily apparent economic bearing, for it would cost money which would have to be provided out of the revenue of the country. It is through the national revenue that Burmans can provide what Burma wants and we may now turn to consider the revenue of Burma.

CHAPTER XI.

THE REVENUE OF BURMA.

1. *The Revenue of Burma.* In England, before the regular numbering of roads and houses was introduced, it was the custom that shops should bear names and hang out sign-boards which served as an advertisement and an address. In country places, hotels and taverns for the sale of food and drink, still have names and sign-boards. One name, formerly not uncommon, was 'The Five Alls' with a sign-board representing the King, saying 'I govern all', a Bishop, saying 'I pray for all', a Judge, saying 'I Judge all,' a Soldier, saying 'I fight for all, and a burly Farmer, saying 'I pay for all'. In every country it is necessary to raise revenue to pay for what the country wants. Some of the revenue is derived from Public property, and in Burma the Forests, the Mines and, to some extent the Land are regarded as Public property. Some of the revenue is derived from payments made to the State in return for services rendered, as when people pay judicial fees or buy stamps to pay for the carriage of their letters or when cultivators pay for the irrigation of their land. But most of the revenue of a State is ordinarily derived from taxation, by charges levied on the private incomes of the people to meet the general expenditure of the State and, if land revenue be regarded as a tax, that is the chief source of the public revenue of Burma.

The Government of Burma is a Local Government and, as part of the cost of governing the country is met by the Central Government, the Government of India,

some of the proceeds of taxation are paid to the Government of India. The chief sources of taxation are the Income Tax, Customs Duty, Land Revenue and Excise. The revenue from Income Tax and Customs are paid to the Government of India : the proceeds of Land Revenue and Excise go to the Government of Burma. The Government of Burma also receives the revenue from Forests and part of the revenue from Stamps.

The total revenue of the Government of Burma is rather more than 1000 lakhs of rupees. (Rs. 100 million.) Over half of this is derived from Land Revenue, rather more than 150 lakhs from Forest Revenue, rather less than 150 lakhs from Excise Revenue and about 50 to 75 lakhs from Stamps; the balance, about 100 lakhs or ten per cent of the whole, is derived from various minor sources. Most of the Land Revenue is paid by land holders out of the produce of their land, but the total revenue under this head includes thathameda, capitation tax and land rate in lieu of capitation tax, which together yield nearly 100 lakhs, the revenue from petroleum and minerals which also yield nearly 50 lakhs. Thus the Ordinary Land Revenue, that is, the revenue paid by landholders out of the produce of their land, yields about 350 lakhs, or about one third of the total revenue at the disposal of the Government of Burma. Regarding the revenue paid to the Government of India it is worth bearing in mind that the Customs Revenue approaches 500 lakhs and the Income Tax is about 100 lakhs.

2. *Miscellaneous Sources of Revenue.* In Burma the farmer has always provided most of the income of the Local Government and the student of the political economy of Burma should be well acquainted with the Land Revenue System. But a few remarks on the other sources of revenue may not be out of place. The forests of Burma are regarded as the property of Government. If the extraction of timber is duly regulated,

a forest should be a never-failing source of wealth because young trees continually spring up to replace those that are extracted. All the chief forests are reserved and for each of them the Forest Department draws up a working-plan to regulate the extraction of the timber. The right to extract timber may be leased to a timber firm or private individual, or the timber may be extracted by the Forest Department. Most of the forest revenue comes from these Reserved Forests, but license fees and tolls on the collection of minor forest produce also bring in five or ten laks of rupees.

The Excise Revenue chiefly comes from fees paid by people who are licensed to keep shops for the sale of opium and alcoholic liquors. For an opium shop the licensee is charged a fixed fee, varying with the locality of the shop, and he is allowed to sell Government opium, which he buys and sells at prices fixed by Government. The licenses for liquor shops are auctioned annually and disposed of, as a rule, to the highest bidder, who is required to comply with certain regulations regarding the sale of liquor.

Stamps, other than postage stamps, are of two classes; Judicial and non-Judial. These are sold to the public by licensed vendors. Judicial stamps are the stamps required in suits at law; thus every plaint or application to a Civil Court for relief, must be written on paper bearing an impressed stamp which varies in value with the value of the suit. Non-Judicial stamps are those required on receipts, promissory notes and mortgage deeds, etc.

Thathameda is the name given to a tax imposed in Upper Burma. Prior to the time of King Mindon the revenue system of Upper Burma was very complicated. He endeavoured to simplify it by substituting for many different kinds of revenue a tax called thathameda. After a few years this tax assumed the following form. The number of households or families in a village was

reckoned and then multiplied by ten. This number, expressed in rupees, gave the total revenue due from the village. Assessors, known as *thamadis*, then distributed the total revenue over the village according to the amount of property which each household possessed. Thus, a man with a good house and several cattle, a large holding and a large and well-filled granary would be highly assessed, whereas a family of labourers living in a small hut and with no cattle would escape lightly.

The same name is now given to a tax of a very different kind. In most villages under King Mindon and his son Thibaw, *thathameda* was the only tax and there was no land revenue. But the Government of India has always regarded itself as the owner of all land in India and has looked to land revenue for the main source of public income. On the annexation of Upper Burma the government decided to collect land revenue in the usual way. In each district therefore, as occasion arose, an endeavour was made to calculate, village by village, the annual income of the village from land and from other sources. The revenue previously raised as *thathameda* was divided proportionally. The income derived from land paid taxation as land revenue, and the income derived from this sources was assessed to an income tax which was called *thathameda*. Suppose that the income of a village from the land and all other sources was Rs. 1000 and the revenue derived as *thathameda* before the introduction of land revenue was Rs. 100; suppose further that Rs. 500, half the total income, came from land, and the other half from other sources, such as a village industry, petty trade or manual labour. The *thathameda* tax was divided proportionally and it was assumed that Rs. 50 should be paid by the village out of their non-agricultural resources irrespective of their land revenue. The land revenue was fixed in accordance with the usual procedure and might be, and usually was, more than the Rs. 50 previously paid out of agricultural income but, in addition

to the land revenue the village still had to pay Rs. 50 as thathameda. The tax was calculated at a rate per household so that if there were 20 households, each had to pay Rs. 2-8, and in subsequent years the total amount due as thathameda varied with the number of households in the village.

But on the new method of assessment, thathameda, which was formerly a tax on property, has now become a tax on income derived, whether by cultivators or non-cultivators, from non-agricultural sources. The tax is still assessed by thamadis but is supposed to be distributed over households according to their non-agricultural income. This is a very different thing from a tax on property. Everyone in a village knows whether a man has a good house and a large holding, but no one can possibly know very much about his neighbour's income without invidious enquiries, that are bound to cause resentment. Partly as a result of this difficulty in making enquiries and the natural reluctance of villagers to incur the resentment of their neighbours, there has been a tendency for the tax to be levied at a fixed rate per household. The thathameda tax, as now assessed, is open to other objections. The crops of Upper Burma vary greatly with the season; in a poor year cultivators supplement their income from land by non-agricultural employment. Thus an enquiry into the proportion of income derived from agricultural and non-agricultural sources respectively must vary greatly according to the yield of land in the year when the enquiry is held. Again, villages with poor land have a larger proportion of non-agricultural income than villages with rich land and, under the arrangement just described, may be required to pay a higher rate of thathameda than richer villages. Similarly if thathameda is assessed in accordance with the rules, coolies and petty traders may be required to pay at a higher rate than wealthy land owners. Still the combination of land

revenue and the present form of thathameda has an advantage over the old form of thathameda by making it possible to collect a much larger amount of revenue and to place a larger share of the burden of taxation on the wealthy. When thathameda was assessed as a tax on property the richer villages and the richer people used to pay less than they now pay as land revenue and in most villages the poorer people used to pay at least as much when thathameda was a tax on property as they do now that it has been converted into a tax on income.

Capitation Tax is a tax imposed over the whole of Lower Burma, outside a few towns, on all people, who do not pay income tax except pongyis and a few others. The ordinary rate is Rs. 5 on married couples and Rs. 2-8 on unmarried adult males. Formerly it fell due in August, at a time when money is scarcest, but within recent years the date for collection has been postponed till harvest. In a few towns a rate on land is assessed in lieu of Capitation Tax.

Minerals, including mineral oils such as petroleum, are regarded as the property of the State, and Companies and individuals who obtain concessions to work minerals pay a royalty on the yield.

Fisheries were regarded as private property in Burmese times. The British Government has always treated them as the property of the State. Most fisheries consist of small streams which can be closed by fixed obstructions to which traps are attached. These fisheries are disposed of by auction, and the highest bidder obtains a lease of the fishery for a period of years during which he may take the fish subject to compliance with certain regulations. In large rivers and other stretches of water which cannot conveniently be leased as fisheries, revenue is raised from fishermen by granting them licenses to catch fish with certain implements for which a fee is fixed varying with the nature of the implement.

3. *The Land Revenue System.* As we have seen, over half the revenue of the Government of Burma is Land Revenue and most of this is paid by land holders out of the produce of their land. To understand the revenue paying capacity of Burma we must therefore examine the Land Revenue system in greater detail. The units of land revenue administration are the *Kwin*, or survey-block, a unit peculiar to Burma formed chiefly for convenience of survey; the *Village Tract*, comprising one or more kwins or parts of kwins; the *Township*, the *Subdivision* and the *District*. Each Village Tract, which may comprise several villages and hamlets, is under a Village Headman who collects the revenue. As already explained, the Village Tract, over the whole of Lower Burma and over large parts of Upper Burma, was a device invented by the British Government in 1886 with a view to bringing the country under control. Formerly the smallest unit for the collection of revenue in Lower Burma was *taik* or Circle under a *taikthugyi* or Circle Headman, who collect the revenue from a 'Circle' or group of villages. In Upper Burma the corresponding official was the *Myo-thugyi*, the local chieftain of a *myo* comprising a group of village tracts. The *taik thugyis* of Lower Burma have now died out, and in Upper Burma, although there are still a few *myo-thugyis*, the revenue is usually collected by the village headmen appointed to the village tracts included in the *myo*. A Township comprises fifty to a hundred or more Village Tracts, and is administered by a Township Officer, who usually belongs to the Subordinate Civil Service. A Subdivision comprises two or three Townships and is administered by a Subdivisional Officer, usually a member of the Provincial Civil Service. A District comprises two or three Subdivisions and is administered by a Deputy Commissioner who, in his capacity as a revenue officer, is termed the Collector. There are about forty Districts in Burma and these are grouped into eight

Divisions each under a Divisional Commissioner, but the highest separate unit of land revenue administration is the District.

The main object of land revenue administration is to determine and collect the land revenue. Land revenue administration has three aspects; the settlement of the rates of revenue, which is the main function of the Settlement Department; the assessment of the demand, which is the main function of the Land Records Department; and the collection of the revenue, which is the task of the Village Headmen under the supervision and control of the Deputy Commissioners and his assistants in his various Subdivisions and Townships.

4. *Settlement.* The primary object of settlement operations is to determine for a period of years how much land revenue shall be demanded from the area covered by the operations and who shall be liable to pay it. In the early days of British rule in Burma there was a settlement of the demand with individuals as is still the usual practice in India. The final upshot of settlement operations then was an agreement between the Government and each land-owner or person liable for land revenue, by which the land revenue due from him was settled or fixed at a certain amount for a certain period of years. In Burma, however, the ordinary practice has been, and still is, for the Settlement Officer to settle the rates at which land revenue shall be assessable on various kinds and qualities of land; there is no individual agreement or settlement with each cultivator.

The essential operations of settlement are (a) survey, defining the area of each holding separately assessable to land revenue; (b) the compilation of a record of the land-owners and others liable to assessment in respect of each holding; and (c) the determination of the rates at which the land is to be assessed.

The basis of all scientific survey in India and Burma

is the Great Trigonometrical Survey which fixes with minute accuracy the definite geographical situation of a series of points known as Great Trigonometrical Stations. Any subsequent survey which is accurately connected up with the Great Trigonometrical Survey is mathematically and geographically correct. The revenue survey of Burma is based on this trigonometrical survey, and therefore the position of any detail accurately recorded on a revenue maps is definitely fixed for ever. A survey for the settlement of land revenue comprises three stages: in the first stage, the *traverse survey*, the area for survey is divided up by a series of intersecting lines, the traverse lines, which bear no reference to physical details but are linked up with the Great Trigonometrical survey and provide a frame work or basis for the accurate survey of details; in the second stage, the *cadastral survey*, the physical details are plotted on the map; in the third stage, the *revenue survey* proper, the boundaries of holdings and other particulars of rights over land are entered on the map, and the land is classified into various kinds and qualities which are recorded on the map. The map as thus prepared is known as the *Settlement Map*.

In Burma, traverse and cadastral operations were conducted by officers of the Survey of India. In the actual survey work the usual high standard of accuracy was maintained, but most of the surveyors, and in early days all of them, were Indians who knew little or no Burmese. This led to frequent mistakes in recording the names of villages, streams and other features and to much confusion in the plotting of boundaries.

Survey operations were, and still are, conducted under the Boundaries Act, No. V of 1880. Each area as it was brought under survey was divided into main circuits of about 50 square miles linked up with all the Great Trigonometrical Stations within easy reach. For revenue purposes it was necessary to break up these main

circuits into smaller units bearing some relation to the jurisdiction of village headmen. Over most of the country village boundaries were very ill defined and in Lower Burma when it was first brought under survey there were large stretches of swamp and jungle enclosing more or less considerable patches of cultivation. The larger patches of cultivation were called kwins and this name was adopted for the units into which the main circuits were divided. Village boundaries, where known, might be adopted as the boundaries of kwins, but in most cases they were either undetermined or could not be ascertained by the Indian surveyors and so kwin boundaries were determined by convenience of survey, following some natural feature, usually, in Lower Burma, a stream or creek. These kwins varied greatly in size, from a couple of hundred acres or less to four or five square miles or more, but, in general, averaged about a square mile. Minor traverse lines were run along the boundaries and permanent survey marks were laid down at convenient intervals. These permanent survey marks were clay cylinders buried in the ground and their position was shown on the map by a little triangle. As the survey is mathematically correct it is possible to identify the position of any one of these survey marks, and to recover it even if it has been overgrown by jungle for many years, or to lay down another mark in the same place if the original mark should be destroyed. The kwin boundaries with the permanent survey marks were plotted on separate maps on the scale of 16 inches to the mile.

These maps, showing only the kwin boundaries and survey marks, were then ready for the next process, the cadastral survey. The object of a cadastral survey is to place on record all physical and agricultural details as are needed. Sub-traverse lines were drawn where necessary, dividing the kwin map into little squares, and the details of each square were then filled in by measurement with a chain and off-set rod. The measurements

were not recorded in measurement books, as is usual in India, but plotted directly on a map stretched out on a plane table. Thus the cadastral survey produced a blank *kwin* map, 'showing the boundaries of the *kwin*, the permanent survey marks, and such other features as were either self-evident or had been demarcated for survey. The cadastral surveyor has no concern with rights, his function is to survey what has no concern with rights, his function is to survey what he actually sees. Houses, monasteries, pagodas, tanks, wells, roads, and well defined paths could be shown on the maps by appropriate conventional signs, but the boundaries of village lands, religious lands, grazing grounds, cattle paths, rights of way, rights over water, fisheries, and salt lands and of individual holdings could only be brought on to the map if they had been demarcated. But one feature of the cadastral survey was peculiar to Burma. On rice lands, one obvious feature is the *kazin*, the little bund round each plot or field. In most surveys in India such bunds were indicated by conventional signs, but in Burma they were surveyed and each plot shown in detail on the map as a separate unit. Thus, in Burma, the cadastral surveyors showed separately each field separately treated for agricultural purposes, and the term 'field' corresponds closely with what is regarded as a field in England; in India the term field usually signifies what in Burma is termed a holding, it is the smallest unit of possession and not the smallest agricultural unit. The Burma method was a great convenience in assessment so long as field boundaries remained unaltered, or changed slowly, as is general over large parts of Lower Burma, but where, as on most dry lands in Upper Burma, fields have no permanent boundaries, or where their boundaries change rapidly, as on new rice land in Lower Burma, the practice of showing field boundaries in the cadastral survey increased the difficulty of maintaining the survey and has led to many errors in the annual assessment of land revenue by the Land Records

Department. On dry land in Upper Burma the holding with a hedge as its boundary would have been a more convenient unit and would probably have been adopted if it had not been for the tradition of showing field boundaries which had grown up under the simpler conditions of Lower Burma; and it is possible also that even in Lower Burma that practice of showing each agricultural unit has done more harm than good. Each unit separately surveyed was given a number and the area of each numbered plot determined. The sum of these areas was then calculated and the total area of the kwin as arrived at by summation was tested by comparison with area as calculated during the traverse survey.

The blank kwin maps prepared by the Survey Department were then ready for the third stage of the operations, the record of possession, and the classification of land. As has already been explained the tenure of agricultural land in Lower Burma is very simple. The ownership of land is regarded as vested in the State except when, by continuous possession for twelve years and regular payment of land revenue, the occupant has acquired the status of a "landholder", or when he has acquired proprietary rights by grant. The only other tenures upon which land can be held direct from the State are occupation under lease and temporary occupation. When the Settlement Officer arranged to commence operations in any kwin he caused a public notice to be served requiring the attendance of all people interested in the land. The kwin map was then made over to a settlement field clerk to call on every one claiming to be in possession of land to walk round the boundaries of the land that he claimed to possess in company with the claimants to adjacent holdings. The field clerk was instructed to go round with them and enter on the blank kwin map the line accepted by the claimants as their common boundary. Boundary disputes were noted and reserved for decision by a superior officer. At the end

of this process the kwin map had been divided into holdings numbered serially, and for each holding showed the person in possession.

The next stage was the compilation of the record. The essential purpose of this operation was to prepare a register showing against each holding number the names of all people liable to be assessed to revenue thereon. The Settlement Directions required that any one claiming an interest in any holding should be called on to explain the nature of his interest, whether as owner, mortgagor, mortgagee or tenant. Those who claimed to be in possession of land as owners had to explain the origin of their title, whether by inheritance, purchase or by having cleared the jungle and whether they held the land by grant, or by a land-holders right, or by temporary occupation. In Upper Burma they had to state whether their land was State land or Non State land. People who admitted being in occupation as usufructuary mortgagees or as tenants were required to indicate the person from whom they held the land and the person so indicated was registered as the person in possession. Thus for each holding the Settlement Officer decided summarily the person whom he found in actual possession. In the event of a dispute he recognised one of the parties as being in possession and referred the other parties to a civil court. Finally, the register prepared by the settlement officer purported to show for each holding the person or persons actually in possession and the tenure on which it was held; in Lower Burma, whether it was held under a grant or lease, or by a land-holder's right, or by temporary occupation, and in Upper Burma, whether it was held as State or Non-State land.

In Lower Burma, during the early revenue surveys, practically all the cultivated land was occupied by cultivators who had themselves cleared it and brought it under cultivation, and who held the land solely by the right of having cleared it and paid revenue on it. The only people

who could possibly have an interest in the land were the cultivator and his wife, and there had been no time for the development of complicated interests by mortgage, sale or inheritance. In practice the Settlement Officer has no difficulty in recognising who was in possession of land and the only question to be decided was the period during which the land had been occupied ; if it had been occupied for twelve years a land-holder's right had accrued and if twelve years had not expired from the time of clearing the land was held by temporary occupation. The question was not of great importance and was usually decided according to the statement of the cultivator. Thus it became a tradition that the person in occupation was the person in possession and little further enquiry was made. This tradition survived when settlement operations were extended to Upper Burma where conditions were very much more complex, estates remained long undivided, outright sales of land were rare and it was the exception rather than the rule for the person in occupation of land to be the sole person interested in it. These conditions however were very largely disregarded and settlement officers paid more attention to deciding whether land should be classified as State Land or Non State land under a definition which had little relation to the facts. Thus a procedure which gave a reasonably accurate record of possession in Lower Burma gave a very inaccurate record in Upper Burma.

Settlement Officers were also expected to compile a record of rights of user and a record of public rights. It had been intended that the boundaries of village lands, religious lands, grazing grounds, cattle paths, rights of way, water rights and so forth should be demarcated under the Boundaries Act and brought on to the kwin maps during the cadastral survey, and the Directions to Settlement Officers were framed on the assumption that all common lands had been demarcated and would require little or no attention. After the instruction for holding

marking they proceed "The uncultivated area will come last and is not likely to offer much difficulty as, except in a few cases, the Government is already in possession". But, as has already been explained, the employment of Indian surveyors unacquainted with Burmese had nullified the provisions for the demarcation and survey of such lands and there had, in fact, been very little common land in Lower Burma to demarcate and survey. Even the scattered hamlets had no definite boundaries and there was little else to place on record. Although in the earliest settlement, before the Boundaries Act became law, a few village sites were permanently demarcated, no effective measures were ever taken for the record or preservation of public or common rights or of any rights other than the private right to occupy land for cultivation. This tradition survived when Upper Burma came under settlement and many details such as village precincts, the catchment areas of tanks, rights over drainage for irrigation systems, and other such matters were omitted from the settlement record to the prejudice of the public or of parties with private interests in such rights. The neglect of public and common rights during settlement operations has contributed materially to the breakdown of village life and the dislocation of social ties and disintegration of demand which we notice in the last chapter.

Thus, both in Upper and Lower Burma, the compilation of the record resulted in a register which did little more than show for each holding the cultivator in actual occupation. But in Lower Burma the cultivator in occupation was almost invariably the person in possession of the holding and a record of occupation was therefore a record of possession. Although the immediate purpose of the enquiry was to place on record the people responsible for the payment of land revenue, it was obvious that such a record compiled after a public enquiry should be of great value in the law courts. In most provinces of India a similar record is prepared and,

although it purports to record possession and not title, is termed a Record of Rights; where any person is registered as in possession of a holding there is a legal presumption that the entry is correct though his right to be in possession may still be challenged in a civil court. Similarly when the Directions to Settlement Officers in Lower Burma were first issued, it was contemplated that their record would "stand virtually as the title deed both of the state and cultivator". In respect of land over which a "landholder's right" had accrued, it was expected that the record would prove binding on the civil courts under section 17 of the Land and Revenue Act, and in respect of land held on other tenures, by grant or lease or temporary occupation, it was thought that in view of the publicity attaching to the settlement enquiry the courts would attaching great weight to the entries in the record. But in 1885 the Government Advocate formally expressed an opinion that the Directions conferred no jurisdiction on the settlement officer to declare any occupant of land to have a land-holder's right in respect of it except on application or on a reference by a civil court. As regards other tenures, such as grants etc., the Government Advocate held that the settlement officer had no legal power to decide upon rights in such land and that the settlement record therefore had no legal effect. Since then the settlement record in Lower Burma has ceased to be regarded as a record of rights with a legal presumption of correctness.

In Upper Burma the earliest regulations provided for the compilation of a Record of Rights but, as already explained, under the influence of tradition formed in Lower Burma, the compilation of the record was perfunctory. From the outset it was described merely as a "Register of Holdings and Tenures" and it has been decided by the civil courts that even in Upper Burma no legal presumption of validity attaches to the settlement record. But a register of ownership and occupation so

elaborate must be and is, despite all disclaimers, treated as a record of rights and in practice, the courts often attach more weight to entries in the settlement and land records registers than they deserve. Although the record is now regarded officially as merely a fiscal register, it is treated by the public, and in general by the law courts, as a record of rights, and, if measures were taken to give entries in the record a legal presumption of correctness, the security of rights over land and therefore the value of land would be appreciably enhanced.

Thus the value of the Settlement Record is primarily fiscal and secondarily judicial; but it has still a further value as a record of economic conditions. During the settlement enquiries tenants are required to state the particulars regarding their tenancy, and mortgagors and mortgagees are required to furnish information regarding their lien over land. Such an enquiry, if carefully conducted, should yield a rich harvest of information regarding the economic condition of agriculture and the agricultural classes. Similar details are recorded annually when the Land Records Department prepares the registers for assessing the annual demand for land revenue and we have thus in the Land Records Offices a store of economic information which has yet been little worked. Unfortunately however sale and rental values have been treated as factors of minor importance in the assessment of land and therefore insufficient attention has been paid to making the statistics accurate and intelligible.

The last stage of settlement operations is the determination of the demand. The basis and standard of assessment have differed from time to time. When the British first occupied Tenasserim in 1826, they found reason to believe that it had been the practice of the Burmese government to take *one tenth* of the *gross produce* of all land as their annual revenue. For a year or two the British Government also took one tenth of the gross produce. But, under the Burmese rule, the

people had been liable to compulsory unpaid labour when required. The British Government decided to abolish this practice and announced that in lieu thereof they would take *one fifth* of the gross produce as land revenue. A tax on the gross produce is open to the objection that it may penalise the industrious cultivator whose industry increases the produce of his land. With an assessment based on the gross produce, cultivators who improve their land by spreading silt or manure over it, or who go to the expense of transplanting the crop may find themselves liable to be more heavily assessed than cultivators who expend less labour or money. It was decided therefore, when regular settlement operations were initiated, to base the assessment on the *net profits* of cultivation. The net profits of cultivation were defined as *the balance of the value of the gross produce of cultivation after deducting the cost of cultivation and the cost of living*. It will be noticed that the net profits of cultivations, as thus defined, correspond with the economic rent. The orders on the subject laid down that the net profits of cultivation were "the only legitimate fund from which the land revenue should be drawn"; the net profits were taken as the basis of assessment and *one half the net profits* was prescribed as the standard of assessment.

When settlement operations were extended to Upper Burma a new standard was introduced. It was decided that the assessment should be based on the *net produce* of cultivation, which was defined as *the value of the average gross produce of cultivation after deducting only the actual expenditure on cultivation*. No allowance was made for the cost of living of the cultivator, nor the home labour of the cultivator and his family. *One half of the net produce* as thus defined was prescribed as the standard of assessment. Most cultivators in Upper Burma incurred practically no expenditure in cultivating nor any cost except the labour of themselves and their family; thus, the net produce on the standard

now introduced differed very little from the gross produce, and on many lands the standard of assessment was in practice nearly half the gross produce instead of, as had formerly been the rule in Lower Burma, one fifth or, as in Burmese times, one sixth. For some time two standards of assessment were in force; half the net produce in Upper Burma and half the net profits in Lower Burma. This anomaly was rectified by assimilating the basis of assessment in Lower Burma to that of Upper Burma, so that for many years the standard of assessment over the whole of Burma was one half the net produce. But it is almost impossible for any government to take so large a share of the proceeds of cultivation as revenue. In practice the assessments in Lower Burma had rarely approached even one half of the net profits and it was decided therefore that for the time being the standard of assessment in Lower Burma should, in practice be one quarter of the net produce. Thus, for the first quarter of the present century, settlement officers were expected to frame proposals for taking one half of the net produce in Upper Burma and one quarter of the net produce in Lower Burma. But even in Lower Burma the prescribed standard has rarely been consciously approached.

The net produce basis is open to other objections besides that of giving a standard of assessment which is impracticably high. One great defect is that it bears heavily on areas where peasant cultivators do most of their own work and lightly on areas where wealthy landlords cultivate large estates through bailiffs. The wealthy landowner pays for all the labour on his land and the net produce differs little from the net profits or economic rent. The peasant cultivator does all his work himself and the net produce differs little from the gross produce. Thus in areas where wealthy landowners predominate the net produce is small and where peasant cultivators predominate the net produce is large with the result that, so far as the assessment was based

on the net produce, the poorer cultivators were the more heavily assessed. Another objection, even more serious, is that the net produce standard is an abstraction which not even the revenue authorities themselves have ever succeeded in making intelligible to one another and which, being still more unintelligible to the general public, has been chiefly useful to protect revenue assessments from effective criticism; so long as the public could only pay and look pleasant, uninstructed criticism could be disregarded, but the case is altered now that the public is expected to exercise some control over finance. For these and other reasons the Committee which enquired into the revenue system of Burma in 1922 recommended that the assessment should be based on the rental produce, the amount which a prudent tenant could afford to pay in rent.

Ultimately, however, other views prevailed and the most recent instructions, published in 1929, still prescribe that the net produce shall be taken as the basis of assessment. But in these instructions the old term has been given a new meaning. As formerly defined the net produce was the balance left after deducting only the actual out of pocket expenditure on cultivation. As now defined *the net produce is the balance left after deducting "the cost (so far as it can be ascertained or estimated with reasonable accuracy) reckoned at normal local rates for immediate payment, which would be incurred for all labour and materials and for the upkeep and replacement of all capital necessary for the cultivation of a normal holding in the manner usual in the locality by a cultivator of average skill paying for all charges except his own supervision"*.

The net produce as thus defined should correspond approximately with the net profits or rental produce, "the amount which a prudent tenant could afford to pay in rent" but the definition is both ambiguous and misleading. It does not correspond with anything within

the experience of cultivators, who are therefore unable to understand it, and other passages in the same instructions show that even the authorities who framed the definition were misled by it. Also it is unfortunate that an old term should have been given a new meaning, as this cannot fail to multiply confusion and add unnecessary mystery to discussions about land revenue. Moreover the perpetuation of this arbitrary basis for the assessment of land revenue must tend in future, as it has done in the past, to discourage careful enquiry into the value of land for sale or mortgage, the pitch of rents, and the general conditions of land holding and tenancy; matters which, if accurately recorded, would give a permanent value to the operations of the settlement and land records departments. Another point deserving of notice in these instructions of 1929 is that they omit to indicate any standard of assessment. Hitherto it has been the ordinary, if not the invariable practice, all over India as in Burma, for Government to lay down some limit which the demand shall not exceed: in these Instructions no limit is prescribed.*

In practice, variations in the basis and standard of assessment, although they bulk largely in settlement literature, have only a very remote bearing on the determination of rates. The matter of chief practical importance in proposals for a new assessment is the existing demand. The Settlement Officer examines the improvement or deterioration in crops and communications, the rise or fall of prices, and of land values and rents, and the current demand in adjacent districts, and in the light of these considerations distributes the assessment over the various kinds and qualities of land with the

* For a fuller consideration of the Net Produce Standard see Appendix III.

of framing proposals for assessment that are likely to be accepted as suitable by government. For this purpose he classifies the cultivation of land into as many kinds and qualities as seem necessary. Ordinarily at least two Main Kinds of cultivation are reorganised, namely Embanked land or rice land and Unembanked land. The rice land may further be subdivided into Irrigated Land and Rain-fed land and the Irrigated land still further subdivided according to the kind of irrigation, by canals or tanks, and so forth, and the Unembanked land may be subdivided into Garden Land, Dry land and Alluvial land, etc. The land in each Main Kind is then distributed into classes, the number of classes recognised for each Main Kind depending chiefly on the range of fertility. The classification is conducted with the assistance of and, very largely by, the cultivators. The relative value of the land in each class in each Main Kind is estimated by experiments in crop measurement, and by enquiries into sale, mortgage and rental values. The classification adopted by the settlement officer is shown on the Settlement Map and is also entered in the Register of Holdings, which are both retained in the Land Records Office as a permanent record of the operations. As the classification has to be used in the subsequent annual assessments by the Land Records Department, it should be simplified as far as possible and any refinements which may be unnecessary for assessment purposes removed before it is finally confirmed. But this precaution is often overlooked, with the result that Land Records work is unnecessarily cumbrous and costly.

As the outcome of these operations the settlement officer frames proposals for the assessment of land, and in due course Government passes orders prescribing the rates of assessment on various kinds and classes of land

5. Annual assessment by Land Records Officers.

The maps and registers prepared at settlement are made over to the District Office where they are kept in the Land Records Department. In each district there is a Superintendent of Land Records with a staff of Circle Inspectors and Revenue Surveyors. The functions of this staff are to maintain the maps and records of settlement by making annual copies which bring them up to date and, on the basis of these annual records, to prepare assessment lists for all the kwins in the district. But repeated copying is costly and tends to accumulate errors and it has now been recognised that over large parts of Burma, the maps and registers may be maintained annually but that permanent registers need not be recopied more accurately by inserting corrections as required. The land records staff is also expected to make an annual record of mortgages and tenancy similar to that prepared at settlement, and to maintain an annual record of produce prices.

6. *Annual Collection of Revenue.* The assessment lists compiled at each assessment season by the land records staff are sent in to the District Office, where tax tickets are written out under the supervision of the Akunwun, who is the head Revenue Assistant of the Deputy Commissioner. The tax tickets are then sent out to the headmen for collection of the revenue. The headmen presents a demand notice to each person assessed to land revenue and in due course collects the revenue and takes it in to the Township Treasury. In the event of default he applies to the Township Officer for assistance. A notice is issued from the Township Office requiring prompt payment of the revenue and, if this is disregarded, the land is attached and, if necessary, sold by auction for recovery of the amount due.

7. *Reduction and Remission of Revenue.* One characteristic feature of the land revenue system of Burma is that there is a fluctuating assessment. In some Provinces of India, notably in Bombay, the land

revenue demand as fixed at settlement ordinarily remains unchanged, and suspensions or remissions are regarded as exceptional, but in Burma the theory of assessment has always been that the demand should vary with the matured area. The annual assessment is calculated by the Land Record Departments according to the rates approved at settlement. The rules for assessment differ in Upper and Lower Burma and in neither are they uniform.

In Lower Burma the general rule is that the revenue surveyor assesses all occupied land whether cultivated or fallow. In certain areas where the crop is insecure fallow land held by cultivating owners is assessed at a "fallow rate" of two annas an acre. Outside these areas cultivating owners are entitled to the two anna fallow rate on application to the Township Officer. Non-cultivating owners are also entitled to the fallow rate under certain conditions. In Upper Burma the general rule is that land left uncultivated is not assessed.

If the crops are completely destroyed by flood in Lower Burma the surveyor omits them from assessment, without special orders in precarious areas and under instructions from the Township Officer in other areas. In Upper Burma the revenue surveyor exempts from assessment lands on which the crop is totally destroyed and, in specially precarious areas, omits from assessment land on which the crops fail to yield one quarter of the normal outturn. Both in Upper and Lower Burma remission for crop failures which are not covered by the rules for exemption from assessment may be granted on application. To entitle a cultivator to remission the damage must exceed one third of the normal full crop and the remission granted is proportioned to the loss of crop. As a rule no remission is permissible if the crop has been removed before inspection by the Township officer or some officer empowered to grant remissions.

Thus, according to the rules, the cultivator is assessed on the occupied, the cultivated or the matured area

according to the degree of insecurity in the area where his land is situated and in the most precarious tracts he is assessed only if the crop yield one quarter of the normal. But whatever standard be fixed as rendering his land liable to assessment he can still obtain partial or total remission after assessment if his crop falls one third below the normal yield. In the matter of exemption from assessment great power is given to the revenue surveyors and with lax supervision they may exempt crops which should have been assessed, but in precarious areas the assessment is usually low, there is little profit in corruption and the surveyor keeps on the safe side against charges of corruption by assessing crops unnecessarily rather than exempting them unduly. Where the assessment is high and undue exemption would be profitable, much depends on the degree of supervision exercised by the Inspectors and Superintendent.

8. The Future of Land Revenue. Thus hitherto, the greater part of the revenue of the country has been collected in the form of land revenue settled for a long period. This has certain advantages both for government and the cultivator. During the currency of a settlement government can be reasonably certain of the revenue that will come in and the cultivator knows, more or less, how much he has to pay. Also, the demand for revenue is made shortly after harvest when the cultivator can best afford to pay his taxes. But objections to the system are gaining force as time goes on.

(a) One criticism is that agriculturists bear an undue proportion of the burden of revenue. So long as agriculture was almost the only kind of occupation and was for subsistence rather than for profit this criticism carried little weight. But the number of people engaged in commerce and industry is increasing, as are the profits derived there from, and cultivators not unreasonably resent having to pay a large proportion of their income as land

revenue while people engaged in other occupations pay a comparatively light income tax.

(b) Again, the practice of fixing the revenue demand for a period of years is open to objection on the ground that the annual revenue of a country should be proportioned to its needs. If the revenue be fixed without reference to requirements for expenditure, it will be excessive in some years and inadequate in others. In practice the result has been alternating periods of plenty and penury; during the years of plenty doles have been given in support of various projects which have failed for lack of funds when the periodical recurrence of financial stringency has necessitated retrenchment. Also, settlements made during a period of plenty are lenient and those in a time of stringency are severe; but the settlements last while the circumstances change.

(c) A further objection is that at each re-settlement the new demand must be considered with reference to the current demand under the expiring settlement, and it is therefore impossible to enhance the revenue of the country proportionally to its increase in wealth and assessable capacity.

(d) The foreign criticisms apply to the system of land revenue throughout India, but, in Burma, the assessment of land revenue is open to the further and more serious objection that, as has already been explained, since the abolition of the practice of basing assessments on the gross produce it has been impossible even for the most intelligent landholder to understand the basis of his assessment. Although a procedure has recently been devised by which a landholder may appeal against his assessment he can only appeal for mercy and not of right, because the assumptions on which the assessment is framed cannot be checked and there are no established and intelligible standards or principles of assessment to which he can appeal.

So long as, under a bureaucratic government, a landholder had no option but to pay the revenue or lose his

land considerations such as these were counter balanced by the practical convenience of a system which yielded so much revenue with so little trouble. But with the advent of responsible government the system of land revenue must undergo great changes. The electorate is predominantly agricultural, and cultivators who feel and can show that they are making a disproportionate contribution to the revenue of the country will expect and will be in a position to demand relief. Also the whole theory of responsible government rests on popular control over finance, and the present system of settling the land revenue for long periods deprives the people of control. Moreover the alternation of surplus and stringency leading to an alternation of doles and retrenchments, which has hitherto been merely inconvenient, will become positively dangerous by encouraging and facilitating political corruption. And, whereas, under the present system, assessments tend to vary from district to district with accidental circumstances, such as the financial position of government at the time of settlement, under responsible government one might expect a tendency for the burden of taxation to be distributed as fairly as possible over the whole country. Finally, and chiefly, under responsible government it is essential that taxation shall be assessed and levied in accordance with fixed and intelligible principles.

These are all good and sufficient reasons for changes in the system of land revenue. But in the event it is unlikely that theoretical considerations will receive much attention. Land revenue is unpopular, partly because it is heavy and partly because it is incomprehensible. As government comes under popular control, a movement for the abolition of land revenue or, at least, for a permanent settlement at the existing rates, is certain to gather force. If this should happen, land revenue will become less and less important in the financial system and some alternative method of taxing landlords and cultivators will have to be devised; as, for example, by

assessing agricultural profits to income tax. It is unlikely that any alternative method of taxing the profits of cultivation would yield more or cost less than an improved system of assessing land revenue. Also the introduction of a permanent settlement would break down the present machinery of settlement and land records, which could with little difficulty be adapted to furnish a satisfactory record of title and to provide accurate statistics regarding economic conditions such as become increasingly necessary with economic progress.

It may be hoped however that longer views will prevail and an attempt be made to preserve what is valuable in the present land revenue system and to remodel it on the basis of popular control. This would not be difficult.

At present the settlement officer attempts to estimate the net produce, a figment which no one understands, but which approximates to the economic rent, a thing which every one can understand, and which means the same thing all over the world. If the settlement officer instead of proposing rates purporting to be based on the nett produce were to draw up a scale of valuation based on the economic rent, then the land tax could be settled annually at a rate of so much in the rupee according to the settlement valuation and could be varied from year to year according to the need for revenue just like the income tax. This change in settlement procedure would greatly reduce the cost and complexity of settlement operations and, by making it the primary function of the settlement officer to analyse economic conditions, would conduce to the production of more useful and accurate statistics. An improvement in agricultural statistics would be valuable, as accurate statistics are essential to the introduction of any policy for rural betterment. But the chief advantage would be that the country would then be able to adjust its revenue to its requirements and could have what ever it wanted if it would consent to raise sufficient revenue.

APPENDIX I

SOME BURMESE REVENUE RECORDS.

These Records, which are typical of those still remaining, now comparatively few, from the vast number of Burmese official records, serve to illustrate the complexity of the Burmese political and social organisation, its feudal character, and the importance of the Myo, or Township, as the unit of administration.

APPENDIX I-A.

THE RECORD OF LETMAWUN DAING, 1165 E.E. (1803 A.D.)

On 5 waxing, Wa-khaung, *thekkarit* 1165, Nga-Shwe Eik, born Wednesday, age 26, Khaung of Letmawun Daing, one of the 7 Tat-daing in the Myaungghla Myo-ne, being examined, deposes :-

Nga Pyo San was Khaung of Letmawun Daing-su : on his death, his son, Nga Tha U, was Khaung : on his death, his son, Nga Myat Thu, was Khaung. Nga Myat Thu having left the charge, the Daing-wun and Daing-saye appointed me, Nga Shwe Eik, one of the Daing-tha, and I am now in charge of the Daing-su as Khaung.

Our Letmawun Daing-su was constituted in the reign of Mo-nyin-sa-lon of In-wa (Ava) with men brought from the 4 Myo of Kale, Tein-nyin, Maingse and Nyaung-ywe (and consisted of) 1 Khaung, 2 Awun and 17 Privates (*nge*), a total of 20.

The land allotted to us for cultivation was one plot of 30 pe of land irrigated from Kyun-hla Se in the Duparon-3-taung Monastery Land, one plot of 10 pe of land under the same Se with boundaries as follows.....and one plot of 10 pe of land with boundaries as follows..... The main revenue on 1 pe of land is 1 (viss of) copper, with 25 tolas as the writer's fee. It has to be measured and paid at the Duparon-3-taung Monastery Thein. Also in Myaung-hla myo, in Taung-bet-Khayaing, 12.2 pe of land irrigated from the Nga-pyaung Se, with boundaries as follows.....and another plot of 5 pe irrigated from the same Se, with boundaries as follows.....And another plot of 15 pe, irrigated from the Se with boundaries as follows.....And another plot of 2.2 pe, irrigated from the same Se, with boundaries as follows... On these lands, for every pe cultivated, the cultivator pays 1 (viss of) copper, and as writer's fee 25 tolas, to the Myosa of Myaung-hla Myo.

For residence, we occupy 2 pe of land which was allotted to us in Taung-myin village.

If the asu-tha dispute over land, the Daing-khaung rebukes them (i.e. the Daing-khaung tries civil cases); half the judicial fees and the fees on trespassing and stray cattle are paid to Government.

When the King gives audience (*lit.* goes forth), the men on duty are doubled and the Daing-khaung must be present in person.

If an asu-tha marry into a different asu he must give wedding presents: to the Daing-wun, 1 roll of cloth, 1 cluster of coconut and 1 bamboo of pickled tea (*letsan chaung*); to the Daing-saye, $\frac{1}{2}$ roll of cloth, 1 coconut and $\frac{1}{2}$ bamboo of pickled tea; and to the Dain-khaung, $\frac{1}{2}$ roll of cloth, 1 coconut and $\frac{1}{2}$ bamboo of pickled tea.

When a Dain-khaung dies His Majesty presents the muslin fillets (for the mourners), the people present a bamboo of pickled tea (for the funeral meal) and cloth.

On the cover and sides of the bier there is a yellow border and it has an ornamental stand. If a brother or son succeeds he has to give the Daing-wun a roll of cloth, the Daing-saye $\frac{1}{2}$ roll and the clerk's fee is 25 totals (of copper).

The List and Record submitted after the examination of Nge Shwe Eik.

Notes. A *letsan-chaung* was a thick bamboo, over a foot in circumference and 5 cubits long, packed tight with pickled tea. Every year certain officials had to pay 50 of these, packed with the best tea, to the King, 10 to each Wun and 5 to each Wundauk.

A roll of cloth (*pyin-ta-son*) was 50 cubits.

Aku-daw, a royal help or gift. The mourning fillets were of four qualities, *kha-tha*, white muslin, was the poorest.

The bier for official funerals was also provided by the State in a different Department, the Kathaung-myaung Taik. It consisted of a case, rather like a match-box, into which the coffin fitted. The top and sides had a border differently coloured according to the rank of the deceased, the order of precedence being Gold, Red Yellow; the common people without title or official rank were not allowed any colour on the coffin and the border had to be left plain both on top and sides. For a few people of the highest rank, Princes and others of like standing, the bier was decorated with golden flowers (*hmaw-bwin*) within the border. The bier rested on a stand; the *khon-gyin-bu* was the top of the stand and at the sides were two *sa-myin-daing*.

(For these Notes and for help in the translations I am indebted to my old friend and *saya*, the Pagan Wundauk, U Tin, K.S.M.)

လက်မဝန်ခိုင်။ ၁၁၆၅ ခု စစ်တမ်း။

(မူအတိုင်းမြစ်၍ ယခုသုံးသတ်ပုံသတ်ညွှန်းနှင့်မတူ။)

သက္ကရာဇ် ၁၁၆၅ ခု ဝါခေါင်လဆန်း ၅ ရက်နေ့ မြောင်လှမြို့ နယ်တပ်ခိုင် ၇ စိုအဝင်လက်မဝန်ခိုင်ခေါင် ငရွှေအိပ်၊ နံငါ၊ အသက် ၂၆ သူကိုမေးသော်၊ ဆိုသည်၊ လက်မဝန်ခိုင်စုကို ငပြီခေါင်သည်၊ မရှိလျှင်သာ၊ သောဥခေါင်သည်၊ မရှိလျှင်၊ သာငမြတ် သူခေါင် သည် ငမြတ်သူတိမ်းရှောင်နေ၍ ကျွန်တော်အဝန်သာ ငရွှေအိပ်ကို၊ ခေါင်ကြီး ဆောင်ရွက်ရမည်၊ ခိုင်ဝန်ခိုင်စာရေးတို့ကခန်အာ၍ ခေါင် ကြီးဆောင်ရွက်ပါရသည်၊

ကျွန်တော်တို့ လက်မဝန်ခိုင်စုကို၊ အင်းဝ မိုးညှင်း စလုံ လွှတ် ကလေးတိမ်ညင်၊ မိုင်ဆည် ညောင်ရွှေ ၄ မြို့ပါလူတို့ကိုခေါင် ၁ အ ပန် ၂၊ ငယ် ၁၇၊ လူပေါင်း ၂၀ ကို လက်မဝန်ခိုင်စု ဘွဲ့တော်မူ သည်၊

ပေချသနားတော်မူရင်းလုပ် မြေမှာ ခူပါရုံ ၃ တောင် ကျောင်မ မြေကျွန်လှဆည်ရေသေ ၃၀၊ တရပ်၊ ၎င်းမြေ၎င်းဆည်ရေသေ ၁၀ နဲ့သည်၊ အရှေ့ကိုလွဲဆိပ်ခိုင်မြေထိ၊ တောင်ကိုရေပြစ်မြှောင်ထိ၊ အ နောက်ကိုအချေမထောက်ခိုင်မြေထိ၊ မြေခံကိုရေချိန်မြှောင်ထိ၊ ၎င်းတ ရပ်၊ ၎င်းမြေ ၀၀၊ နယ်သည် အရှေ့ကိုလွဲဆိပ်ခိုင်မြေထိ၊ တောင်ကိုရေ ပြစ်မြှောင်ထိ၊ အနောက်ကိုဖိတောအချေမထောက်ခိုင်မြေထိ၊ မြေခံ ကိုသင်ပန်မြှောင်ထိ၊ မြေခွန်မြေဆီမှာ လယ် ၀ လျှင်အခွန်မကြေ ၁၊ ရေစာ ၂ စို၊ ခူပါရုံ ၃ တောင်ကျောင်မဝတ်သိမ်တို့ကို ပေချိန်ရသည်၊ ၎င်းတရပ်တောင်ဘက်၅ ချိုင်မြှောင်လှမြို့နယ်တွင်၊ ငပြောင်ဆည်ရေ သောက် ၁၂၂ နယ်သည်အရှေ့ကို အင်ရွာမြေစပ်၊ တောင်ကိုအရေ မရှုခိုင်မြေစပ်၊ အနောက်ကို၎င်းမြေစပ်၊ မြေခံကို မိုင်ကိုင်မြေစပ်၊ ၎င်း တရပ်၊ ၎င်းဆည်ရေသေ ၅ နယ်သည်အရှေ့ကိုမိုင်ကိုင်မြေထိ၊ တောင် ကိုသကြည်မြှောင်ထိ၊ အနောက်ကို ကျွန်တော်ဘိုးနေ မြေရွာကုထိ၊

မြေကိုရန်လုံစင်မြေထိ၊ ၎င်းတရပ် ၎င်းဆည်ရည်သေလယ်၁၅ နယ်
သည်၊ အရှေ့ကိုဟံထံရွာမြေထိ။ တောင်ကိုပိုင်ကိုင်ရွာမြေထိ၊ အနောက်
ကိုစလုပ်ကြိထိ၊ မြေကိုရန်ထိပ်ခွဲမြေထိ၊ ၎င်းတရပ်။ ၎င်းဆည်ရေ
သေလယ် ၂၂။ နယ်သည်အရှေ့ကိုဟံထံရွာမြေထိ၊ တောင်ကိုပိုင်ကိုင်
ရွာမြေထိ၊ အနောက်ကိုရန်ထိပ်ခွဲမြေထိ၊ မြောက်ကို ၅ ခရိုင်မြစ်ထိ၊ ၎င်း
လယ်မြေရပ်များကိုလုပ်စားရလျှင်၊ လယ် ၁၁ အခွန်မကြေ ၁၊ ရေစာ
၂၅၊ မြောင်လှမြို့စာ၊ သနားတော်မူလျှင် ပေချိန်ရပါသည်။

နေမြေမှာတောင်မြင်ရွာတွင် ၂ ပေချ၍ နေတိုင်ရသည်။ ၎င်းမြေ
ဘက်တွင်အစုသီချင်တရာစကားကို ခိုင်ခေါင်တိုဆုမ၍ရသည့်ကွမ်း
ဘိုးနှင့်ကျွဲဝင်နွားဝင် ၃ နှစ်လည်၍အရှင်မပေါ်ရှိလျှင်၊ အရာတော်တ
ဝက်ကိုဆိုင်ရာပေဆက်ရသည်။ ထွက်တော်မူကြ၊ ထွက်တော်မူလျှင်၊
စောင်နေမြေတိုင်၊ အိပ်ဘက်တဘက်ရှိ၊ ခိုင်ခေါင်တိုကိုယ် ကြပ်မစောင်
နေရသည် အစုသာ၊ တို့နှင့် စုမြဲ၊ တိုသွင်နေလျှင်၊ အိပ်သင် လက်
ဆောင်ခိုင်ဝန်မှာ ဖျင်တစုံ၊ အံ့တတွဲလွှံ ချောင်၁၊ ခိုင်စာရေးမှာဖျင်
တဘက်၊ အံ့တလုံလွှံ ၅၀၊ ခိုင်ခေါင်ဖျင်တဘက်၊ အံ့တလုံလွှံ ၅၀၊
ပေရသည်၊ ခိုင်ခေါင်တိုသေလျှင်၊ ဆိုင်ရာအစီရင်ခံ၍၊ အကူတော်ခါ
သာ၊ လူလွှံ ချောင်နှင့် ဖျင်အပုံကပတ်ဝါခုံကျင်ပုလုပ်၍ သပြေဟ်ရ
သည်၊ သာဠီတို အရာဆက်ခံလျှင် ခိုင်ဝန်မှာ ဖျင်တစုံ၊ ခိုင်စာရေး
မှာ ဖျင်တဘက်၊ ရေစာ ၂၅ ပေရပါသည်၊ ငရွှေအိပ်အစစ်ခံ၍ တင်
ဆက်သည်စစ်တစ်စာရင်၊

Note. Pages 232 to 235 give the beginning of the Detailed Register and the Abstract or Summary, as in the original Record. For lack of space the Detailed Register cannot be given in full.

စာမျက်နှာ ၂၃၂ - ၂၃၅ မှာအကျယ်စာရင်းတိုင်းနှင့်အချုပ်စာ
ရင်းအပြည့်ရှိသည်။ နေရာမရှိ၍အကျယ်စာရင်းအကုန်မထည့်နိုင်။

လက်မဝန်ခိုင်စာရင်းအကျယ်။

အမည်	နံ	အသက်		ပစ္စည်း	ပစ္စည်း	ပစ္စည်း	ပစ္စည်း	ပစ္စည်း	အရ	အကြောင်းအရာ
		၄၅-၄၆-၄၇	၄၈-၄၉							
မြတ်သူ	၃	၄၆	၆၆	၁					?	၃၁-မို့ပြောင်
မယာမိန့်သာ	၁	၄၀	၆၀							
သမိုမိရ	၄	၁၅	၃၅						၄၆	၄၆
လင်လေ	၆		၄၀	၁					စုံမသိ	
သာလယ်	၃		၁၀		၁					
ဦးသောနေ	၃	၁၁	၃၀	၁						
မယာမိဝင်	၅		၂၀							
သမိုလယ်	၁		၂			၁				
ဘဏ္ဍာသောနေ	၀	၇	၂၇	၁					၄၆	
အရိုမိလှ	၁		၃၆		၁					
လင်အောင်လှ	၃		၄၂	၁						

သမီးမင်းသာ	၆	၁၉	၁	ပွါ	ပုင်	သိက္ခာနေ
လင်၊ သာတင်	၀	၂၃	၁			
သမီးငယ်နို့ဖို	၁	၁	၁			
မိတ္ထေ၊ မင်းပြု	၅	၁၇	၁	ပုင်		
ပေါင်၊ ၇						
လွန်ညို	၂	၆၅	၁	အိမ်ရင်		
မယား၊ မြိုင်လှ	၆	၅၅	၁			
သမီးမိတ္ထေ	၆	၁၉	၁	ခွဲ		
လင်ငယ်လှ	၁	၄၁	၁	ပွါ	ရ-ပိုင်ညွှတ်သောက် ပုင်	ပုင်
သား၊ အောင်ကျော်	၄	၁၆	၁			
မယားမိ	၀	၁၇	၁			
မိတ္ထေ၊ မိအောင်	၆	၁၇	၁	ခွဲ	ဝင်ကောင်ဟန်	ပုင်နေ စာရင်ထပ်
လင်၊ ဇော်တား	၂	၁၀	၁			
သမီးမိမြအောင်	၅	၂၀	၁			ပုင်နေ စာရင်ထပ်

လက်မဝန်နှင့်စာရင်းအကျယ်။

အမည်	နံ	အသက် ၄၅-ခု၊ ၆၄-ခု၊ ၇၅-ခု	ပိုမိုထည့်သွင်း	၅၀ နှစ်	မူလ နေရင်း	အရ	အကြောင်းအရာ။
လင်ရွှေထွန်	၂	၂၅	၁		ပွါ		
သာယာလှိုင်	၀	၂		၁			
ဦးစည်ပင်	၆	၃၀	၁		ပွါ	ဝင်ကောင်ဟန်	သံရွာနေ
ညိုလွန်း	၄	၂၆	၁		၎င်း	၎င်း	၎င်း
ယောမိုး		၁					
ပေါင်း	၇						
အောင်	၆	၅၀			အိမ်ရှင်	၎င်း	မကွရနယ်ရွာနှင့်ပြောင်
ယောမိုး	၂	၆၀					
နောက်ယောမိုး	၀		၁				
သမီးရာ	၅	၅၅		၁			
လင်ကောင်	၅	၃၆	၁		ပွါ	စုံမယ်	မကွရနယ်ရွာနှင့်ပြောင်

အချုပ်။

လွန်မဝန်နှင့်	၄၅၃	ကြာကြီ	မကြီ	ဂျာဇ	မဇ	၄၈	၄၅၃	ခွဲတိုဋ္ဌါတို	၃၃	စုံသေရဟန်	၂၃	တွဲ	ကျန်	တရွာရှိ	ရွာရှိ
မြေတံသု	၁	၁	၁	၂	၁	၅	၁	၃	၃	၇			၇	၇	
လွှဲညို	၁	၁	၁		၂	၄	၁	၂	၄	၇	၁	၁	၆	၆	
အောင်	၁	၁	၁			၂	၁		၆	၇	၁	၁	၆	၆	
သံ	၁	၁	၁	၁		၃	၁	၁	၅	၇	၁	၁	၆	၆	
မြေတံထွန်	၁	၁	၁	၁		၃	၁	၁	၅	၇	၁	၁	၆	၆	၁
လွှဲ	၁	၁	၁			၂	၁		၇	၈	၁	၁	၇	၇	
သံ	၁	၁	၁	၁		၃	၁	၁	၆	၈	၁	၁	၇	၄	၃
လွှဲ	၁	၁	၁			၂	၁		၅	၆	၁	၁	၅	၆	
သောကောင်	၁	၁	၁	၁		၃	၁	၁	၉	၁၁	၁	၁	၁၀	၇	၅
မိကြယ်သာ	၁		၁		၁	၂	၁	၁	၄	၆	၁	၁	၅	၇	
အိတ်	၁	၁	၁	၂		၄	၁	၂	၃	၆			၅	၇	၁
သောထွေ	၁	၁	၁			၂	၁		၄	၅			၅	၇	
လွှဲဗွေ	၁	၁	၁	၁		၃	၁	၁	၆	၈	၁	၁	၅	၂	၄
	၁၂	၁၃	၉	၄	၃၈	၁၃	၁၃	၆၇	၉၃	၁၀	၁	၁၁	၈၂	၆၈	၁၄

APPENDIX I b.

THE RECORD OF KYAUKMAW MYO, 1145 B.E. (1783 A.D.)

On 13 waxing, Kason, *thekkarit* 1146, the Kyauk-hmaw Myothugyi, Nga Su Taung, Born on the First Day (of the week), aged 28, being examined, deposes.—

These are the boundaries of Kyaukmaw Myo.....

Within these 8 boundaries the cultivators pay 10 basket of paddy as the revenue per yoke of buffalo, for damage by rats 1....., for the Revenue Officer 1 basket, for the Warden of the Granary 1 basket, for the Granary Clerk 2 (tickals?) for the Thugyi 1 basket.

Those who work Fisheries pay as main revenue 2 tickals of pure silver a head; those who fish with drag nets pay a fixed annual revenue of 5 tickals (of copper?) on each net; those who use hand nets pay 1 tickal a head.

The wood oil revenue is 1 tickal for those who tap near the top, and 2 tickals for those who tap near the bottom. Temporary clearings for vegetable cultivation (*kaing-ya*) pay 2 mat per axe. The *thityin* revenue is 1 bundle in 10.

For every 10 tickals of main revenue the Warden of the Granary (receives) 1 tickal, and the Granary Clerk 2 mat.

The revenue paid at the toll stations round the boundaries of the Myo are as follows. The vendors of betel-nut, ivory, wax,.....pay 2 tickals of pure silver as the main revenue on every 100 viss by weight, and 1 *mu* to the toll station clerk. On salt and ngapi 6 *mu* is paid on every bamboo load and 1 *mu* to the toll-station clerk.

Karens who work temporary clearings on the hill-side (*taung-ya*) pay 5 baskets of paddy on each compartment of their household.

From the reign of Sinbyushin Paya up to the present reign, the revenue was not paid in paddy. 5 basket of apddy was priced at 1 tickal of pure silver. For every 10 tickal in main revenue there was 1 tickal for the Warden of the Granary and 2 mat for the Writers.

If there is a Myosa the renvenue is paid to the Myosa; if there is no Myosa it must be paid into the Treasury at Toungoo.

The Karens who pay revenue in betel-nut pay 370 viss of betel-nut a year; the Warden of the Granary receives 37, the Watchmen receive 37, the Clerk 18.50, the Treasurer 18.50 and the Door-keepers 2.

According to custom the Myosa collects the revenue and pays it to the proper authority. If there is no Myosa the Revenue Officer and Revenue Clerks collect and present it. Of the proceeds from stray cattle and judicial fees half is presented to government. The List is submitted with the deposition of the Kyaukmaw Myothugyi Nga Su Taung.

THE RECORD OF KYAUKMAW MYO, 1164 B.E. (1802 A.D.)

On 15 waning, Waso, *thekkarit* 1164, the Kyaukkyi-Kyaukmaw Myothugyi, Nga Su Taung, born on the First Day (of the week), aged 46, being examined, deposes.—

My great-grandfather, Nga Thaw Ta U ruled Kyaukkyi-Kyaukmaw Myo; on his death, his son, Nga Chit Thwe ruled; on his death his son Nga Kyaw U ruled; on his death his son Nga Che O ruled. Because Nga Che O was old and unable to perform his duties the charge was handed over and I, his son, submitted the Official Rolls for the year '45 and succeeded as ruler.

In '45, Because Pyanchi Kyawswa, the Thanseik

Ywathugyi when submitting his village list, pretended that it was for Kyaukmaw Myo, there was a second hereditary line with a Seal and Appointment Order as Kyaukmaw Myothugyi. When Pyanchi Kyawswa died the son who succeeded him, Nga Yue, made over the office of Kyaukmaw Myothugyi with the Seal and Appointment Order to me and having been appointed Kyaukmaw Myothugyi I possess the Royal Seal and Appointment Order and rule the Myo. Nga Tha Yue, the son of Pyanchi Kyawswa has been appointed Than-seik Ywathugyi.

These are the boundaries of Kyaukkyi-Kyaukmaw Myo.....

Within these 8 Boundaries cultivators pay 10 baskets of paddy as the revenue per yoke of buffalo, for the Warden of the Granary 1 basket, for the Revenue Officer 1 basket, for the Clerk 2 tickals, for the Collector (*hsaw*) 1 tickal. Those who cultivate temporary clearings with vegetables (*kaing-ya*) pay 2 mat of silver for each axe. Fishery workers pay 1 tickal of silver each, workers with drag nets pay 2 tickal of silver on each net, workers with hand nets pay 1 tickal of silver for each net. The *thityin* revenue collected from carts and boats is one load in 10. It is the custom that for every 10 tickals of revenue the Warden of the Granary has 1 tickal, the Revenue Officer 1 tickal, the Clerk 2 *mat* and the Collector 1 *mat*.

The revenue paid at the toll stations round the boundaries of the Myo are as follows. For every 100 viss of goods, whether ivory, wax, lead or betel-nut it is the custom to pay 2 tickals; the toll keeper receives 2 *mu* and the toll-clerk receives 1 *mu*. On miscellaneous goods it is the custom to collect 2 *mat* of silver as revenue on every bamboo load.

The fixed revenue on betel-nut is 1600; the land revenue of the Karens is 350, on every viss of revenue it is the custom to collect (also) 10 tickals for the

Warden of the Granary, 5 tickals for the Granary Clerk, and 2 tickal and 2 *mat* for the Collector.

Regarding Military duties, Judicial receipts, Treasury dues, lost elephants and horses, stray buffaloes and oxen I have to make enquiry as Myothugyi and submit half the proceeds to the Myosa, the other half is my perquisite. If there is no Myosa half the judicial fees military dues, cash revenue and betel-nut must be presented to the Royal Treasury.

This is the deposition of the Kyaukkyi-Kyaukmaw Myothugyi Nga Su Taung.

ကျောက်မော်မြို့ ၄၅ ခု၊ စစ်တမ်း။

သက္ကရာဇ် ၁၁၄၆ ခု။ ကဆုန်လဆန်း ၁၃ ရက်နေ့။ ကျောက်
မော်မြို့သူကြီး ငဆုတောင်။ နံ ၁။ အသက် ၂၈ သူကို မေးသော်။
ဆိုသည် ကျောက်မော်မြို့နယ်သည်။ အရှေ့ကို တသောင်းခန့်ကွာ။
သတိုင်မြစ်ထိ။ တဘက်ဇင်းမယ်မြေနှင့် ကြောခိုင်း။ အရှေ့တောင်ကို
၅ တိုင်ကွာ ကျောက်ချမ်းတောင်ပိန်ပင်ခဲစောင်ထိ။ တဘက်ရှေ့ကျင်
မြေနှင့်ကြောခိုင်း။ တောင်ကို ၈ တိုင်ခန့်တိုင်။ ဘုရားသုံးဆူ ရုံတိုင်
အင်ဆွဲသလွဲတောင်ထိ။ တဘက်ရှေ့ကျင်မြေနှင့်ကြောခိုင်း။ အနောက်
တောင်ကို တသောင်းခန့်ကွာ။ ညောင်ပင်သာ သရက်တိုင်ကျီ သဲ
ဖြူချောင်းအုတ်နွယ် မင်းလမ်းထိ။ တဘက်တံခွန်မြေနှင့်ကြောခိုင်း။
အနောက်ကိုတသောင်းခန့်ကွာ။ ကျွဲမကူကျောက်လုံးကြီး။ သေပလ
အင်ပင်ထိ။ တဘက်ဇေဝတီမြေနှင့်ကြောခိုင်း။ ။ အနောက်မြောက်
ကို အင်ဥပင် ရေလဲချောင်း အသစ်ထိ။ တဘက် ကပ်ကျေပြောင်ပြာ
မြေနှင့်ကြောခိုင်း။ ။ မြောက်ကိုတသောင်းကွာ။ ရေတခွန်မိုင်သယ်
ထိ။ တဘက် ကြောက်ကြီးကပ်ကျေးမြေထိ။ အရှေ့မြောက်ကို တ
သောင်းကျော်ကွာ။ လိုမတီကျောက်တောင်ထိ။ တဘက် ဇင်းမယ်
မြေနှင့်ကြောခိုင်း။ နယ် ၈ ရပ်အတွင်းလုပ်သားတို့မှာ။ ကျွဲတရှည်လျှင်
ခွန်စပါး ၁၆။ ကြက် ၁၀ နှစ်စား ၆။ ကျီပိုး ၆။ ကျီရေ ၂။ သူကြီးစား ၆။
အင်းသည်လုပ်သားသူတို့မှာ။ တကိုယ်လျှင်ခွန်မရွက်နီငွေ ၂။ ပိုက်လုပ်
သူတို့မှာ။ ခွန်သေတနှစ်လျှင် ပိုက်တဘောင်၅။ ကုန်လုပ်သူတကိုယ်၅။
သစ္စေးခွန်အထက်ထိုး ၅။ အောက်ထိုး ၂။ ကိုင်းရာခွန် ထားမထ
စင်းလျှင် ၂။ သစ်ရင်ခွန်လည်း ၁၀ စီလျှင် တစီ။ ခွန်မ ၁၀ လျှင်။
ဝန်းစာ ၅။ ရေးစာ ၂။ နယ်တွင်းမြို့ပါ ပိုင်ကင်းမှာ။ ကွမ်းသီး ဆင်
စွယ်ဘရောင်းစို ရောင်းဝယ်သည်များကို။ အချိန်တရာလျှင် ခွန်မ
ရွက်နီ ၂။ ကင်းကိုင်းရေ ၁။ ဆားငါးပိမှာ။ ထိုးဝါးတလုံးလျှင် ၆။
ကင်းကိုင်းကင်းရေ ၁။ ဆိပ်သောင်ခွန်ဆေးငွေ ရွက်နီ ၄၀။ တောင်

ရာလုပ်ကရင်တို့မှာ။ တခမ်းလျှင် စပါး ၅ ထမ်း။ ဆင်ဖြူရှင်ဘုရား
လက်ထက်တော်ကသည်။ လက်ထက်တော်တိုင်း စပါး မဆက်ရ
စပါး ၅ အဘိုးငွေရွက်နီဝိ ခွန်မ ၁၀ လျှင်ဝန်စားဝိ။ ရေစား ၂ ။ အခွန်
ကို မြို့စား၌လျှင် မြို့စားဆက်ရိုး။ မြို့စားမရှိလျှင် တောင်ငူတိုက်တော်
မှာ ဆက်သွင်းရသည်။ ကွမ်းသီးခွန်ထမ်း ကရင်တို့မှာ တနှစ်လျှင်အ
ခွန်တော်ကွမ်းသီး ၃၇၀။ ဝန်စား ၃၇။ အဆောင် ၃၇ ရေးစား
၁၀၅၀။ တိုက်စိုး ၁၀၅၀။ တံခါးနီ ၂။ အခွန်တော်ကိုမြို့စားသိမ်း
ခံ၍ ဆိုင်ရာဆက်သွင်းရိုး။ မြို့စားမရှိလျှင်။ တောင်ငူအခွန်ဝန်အခွန်
စာရေးတို့ကသိမ်းခံဆက်သည်။ ကျွတ်ဝင်ခွားဝင် တရားကွမ်းသီးစီရင်
ရသည်များကို အရာတော်တဝက် ဆက်သွင်းရသည်။ ကျောက်မော်
မြို့သူကြီး ငဆုတောင်ထွက်ဆိုချက်နှင့် တင်ဆက်သည့်စာရင်း။ ။

ကျောက်မော်မြို့ ၆၄ ခု၊ စစ်တမ်း။

သက္ကရာဇ် ၁၁၆၄ ခု။ ဝါဆိုလပြည့်ကျော် ၁၅ ရက်နေ့။
ကျောက်ကြီး ကျောက်မော်မြို့သူကြီးငဆုတောင်။ နံ ၁။ အသက်
၄၆ သူကိုမေးသော်ဆိုသည်။ ကျောက်ကြီး ကျောက်မော်မြို့ကိုကျွန်
တော်ဘေးငသော်တာဦး ကြီးစိုးသည်။ မရှိလျှင် သားငချစ်သွေ
ကြီးစိုးသည်။ မရှိလျှင် သားငကျော်ဦးကြီးစိုးသည်။ မရှိလျှင် သား
ငချေအို ကြီးစိုးသည်။ ငချေအို။ အိုမစွမ်း မဆောင်ရွက်နိုင်၍ လွှဲ
အပ်လျှင် သားကျွန်တော် ၄၅ ခုနှစ် စာရင်းတော် ဆက်သွင်းဆက်
ခံကြီးစိုးသည်။ ၄၅ ခုနှစ် သံဆိပ်ရွာသူကြီး ပျံချီကျော်စွာက။ ရွာ
ကိုကျောက်မော်မြို့ပြု၍ စာရင်းဆက်ပေးသောကြောင့်။ ကျောက်မော်
မြို့ သူကြီးအရာ တံဆိပ်စာချွန်နှင့် တရိုးတဝှိုရသည်ကိုး ပျံချီကျော်
စွာသေလွန်လျှင်။ အရာခံသား၊ သားငရွှေကျွန်တော်ကို ကျောက်မော်
မြို့သူကြီးအရာ တံဆိပ်စာချွန်ဝါ လွှဲအပ်ချက်နှင့် ကျောက်မော်မြို့သူ
ကြီးခန့်တော်မူ၍၊ တံဆိပ်စာချွန်တော်နှင့် ကြီးစိုးစီရင်သည်။ ပျံချီ
ကျော်စွာသားငသါရွှေကိုလည်း သံဆိပ်ရွာသူကြီးခန့်တော်မူပါသည်။

ကျောက်ကြီးကျောက်မော်မြို့နယ်။ အရှေ့အလားတာ ၅၀၀၀၀ ကွာ
သံလွင်အခြားတဘက် ဇင်းမယ်မြေအစပ်။ အရှေ့တောင် အလား
၃၀၀၀၀ ကွာ။ ထားသွေးကျောက် ကျောက်ချမ်းတောင်။ ဘိန်ပင်မဲ
စောင်ချောင်းအချား။ တဘက်ယွန် စလင်းမြို့မြေအစပ်။ အနောက်
တောင် အလားတာ ၁၀၀၀၀ ကွာ။ ဘုရား ၃ ဆူရုံးတိုင်အင်း။
အင်းဘလွဲအချား။ တဘက်တုံစရစ်မြို့ ရွှေကျင်မြေအစပ်။ အနောက်
တောင် အလားတာ ၁၀၀၀၀ ကွာ။ မထောက် ချောင်း အင်းဝ
ချောင်း ပြန်တဆာ ရဲ့နဲ့ချောင်း ညောင်ပင်သာ တချားတဘက်။
ကောလိယမြို့မြေအစပ်။ အနောက်အလားတာ ၁၅၀၀၀၀ ကွာ။ ကျွဲ
မကူအင်း ကျောက်လုံးကြီး ဇဟာဘန်လောင်းချောင်း အခြားတ
ဘက် တောင်ငူမြို့နယ် အစပ်။ မြောက်အလားတာ ၀၀၀၀၀ ကွာ။
ကြက်တိုက် ညောင်ပင် ကုလားသေ။ ယောက်သဝချောင်းကောက်
ကောက် စင်းစင်းတဘက်။ တောင်ငူမြို့နယ်အစပ်။ အရှေ့မြောက်
အလားတာ ၁၀၀၀၅ တိုင်ကွာ ယောက်သဝချောင်းဖြား မဲခွါ
ချောင်းဆုံး။ ကျောက်လုံးကြီး သရေထိုတောင်ကြီး။ နှင်ပေါလော
တောင်ကြီးအချား။ တဘက် တောင်ငူမြို့မြေအစပ်။ ။ နယ် ၈ ရပ်
အတွင်း လုပ်စားသည့် ကျွဲရှည်သားတို့မှာ ကျွဲတရှည်လျှင် အခွန် ၁၆။
ကြီးစာ ၆၊ ဝန်စာ ၆၊ ရေ ၂၊ ဆော် ၁၊ ကိုင်းရာလုပ်သူတို့မှာ။
ထားမ တစင်လျှင် ငွေ ၂ ၊ အင်းဆည်လုပ်သူတို့မှာ လူ ၁ လျှင် ငွေ ၂၊
ပိုက်လုပ်သူတို့မှာ ပိုက်တဘောင်လျှင် ငွေ ၂၊ ကွန်လုပ်သူတို့မှာ ကွန်
၁ လျှင် အခွန် ငွေ ၈၊ သစ်ရင်ခွန် လှည်းလှေမှာ ၁၀ ရလျှင် တစီ။
အခွန်ငွေ ၁၀ ကိုကြီးစား ၁၀၊ ဝန်စား ၁၀၊ ရေ ၂ ၊ ဆော် ၁ ၊
ကောက်ခံရိုး၊ မြို့ပိုင်ကင်းမျှာ ဆင်စွယ်ဖယောင်းခဲချိန်၊ ကွမ်းသီး
ကုန်အချိန် ၁၀၀ လျှင် အခွန်ငွေ ၂၊ တိုင်စား ၂ ။ ရေ ၁ ။ တိုက်
ကုန်ချိန်ကုန်ထိုးဝါးတလုံးလျှင် အခွန်ငွေ ၂ ၊ ကောက်ခံရိုး ကွမ်းသီး
အခွန်သေး ၁၆၀၀၊ ကရင်မြေခွန် ၃၅၀၊ အခွန် ၁ လျှင် ကြီးစား

၁၀။ ရေ ဖြူ ဆော် ၂၂ ။ ကောက်ခံရိုး၊ စစ်ဝတ်လွှဲသိုး၊ ချွေ
 အရာ ဆင်သေမြင်းဝါ ကျွတ်နှားဝင်များမှာ၊ ကျွန်တော်မြို့သူကြီးက
 စစ်ကြောစီရင်၍၊ တဝက်ဟိုမြို့စား၊ တဝက်ဟို ကျွန်တော်မြို့သူကြီးဟို
 က စားယူရိုး၊ မြို့စားမရှိလျှင် တဝက်ကွမ်းဘိုး စစ်ဝတ်များနှင့်။ အ
 ခွန်တော်ငွေ ကွမ်းသီးများကို တိုက်တောင်မှာ ဆက် သွင်း ရပါသည်။
 ကျောက်ကြီး ကျောက်မော်မြို့သူကြီး နေရာတောင် ထွက်ဆိုသည်။

APPENDIX II.

MISCELLANEOUS STATISTICS.

For these figures I am indebted to Dr. B. N. Kaul, Ph. D. Lond. and lately Lecturer on Economics in the University of Rangoon. They were compiled by him in connection with the thesis for his Doctorate and have never yet been published.

I. GROWTH OF AREA UNDER CULTIVATION IN LOWER BURMA.

Compiled from Revenue Returns.

(Acres : 000 omitted.)

Year.	Arakan.	Martaban & Tenasserim.	Pegu.	Total.
1830	79			
1835	126			
1839	205			
1845	226			
1850	251			
1856	362	248	663	1,273
1860	393	300	908	1,601
1866	377	273	1,105	1,755
1870	393	354	1,289	2,036
1869-70	395	1,569		1,964
1870-71	396	1,689		2,085
1880-81	527	2,918		3,445
1890-91	717	4,151		4,868
1900-01	834	6,332		7,166
1910-11	966	7,591		8,557
1920-21	991	8,652		9,643

II. GROWTH OF POPULATION: 1830 TO 1921.

(000 omitted.)

(a) Lower Burma.

Year.	Arakan.	Tenas- serim.	Marta- ban.	Pegu.	Total.
1830	181				
1835	210	84			
1839	227	95			
1845	310	127			
1850	337	149			
1856	368	214	89	790	1,461
1860	374	223	110	1,041	1,748
1865	428	444		1,338	2,210
1870	453	493		1,546	2,492
1871	461			2,101	2,562
1872	485			2,262	2,747
1801	589			3,148	3,737
1891	673			3,932	4,605
1901	762			4,831	5,593
1911	840			5,569	6,409
1921	909			6,149	7,058

(b) Whole Province.

Year.	Census Area, 1891	Census Area, 1901	Census Area, 1911	Census Area, 1921
1891	7,722			
1901	9,231	10,491		
1911	10,547	12,062	12,115	
1921	11,490	13,088	13,149	13,212

Up to 1871 the material is based on Revenue Returns, and from 1872 onwards Census Returns.

NOTES: (1) In the original the total for 1860 is given as 1758.

III. EXPORTS OF RICE AND PADDY.

(1,000 maunds.)

NOTES: Rice is Cargo Rice containing one-fifth paddy.

(a) Arakan.

Destination.	1846-47		1850-51		1861-62		1865-66		1871-72
	Pad- dy	Rice	Pad- dy	Rice	Pad- dy	Rice	Pad- dy	Rice	
Coromandel ...	826	173	307	68	197	13	238	179	141
Straits ...	4	215	10	1,179	—	19	—	39	
United Kingdom	2	30	1	195	—	2,626	24	2,670	2,707
Other European									
Countries ...	33	151	5	330	—	179	—	93	
Elsewhere ...	—	112	19	198	—	22	15	4	
Total ...	865	681	342	1,970	197	2,859	277	2,985	2,849

NOTES: (1) The exports for 1827 are given as 13,000 maunds of paddy and 20.00 of rice; and for 1828 as 103,000 maunds of paddy and 24,000 of rice.

(b) Exports from Tenasserim.

Destination	1856-57		1861-62		1865-66		1871-72
	Pad- dy	Rice	Pad- dy	Rice	Pad- dy	Rice	
Coromandel ...	—	—	176	133	276	7	118
Straits ...	540	—	—	82	2	135	1,496
U. K. ...	—	—	1	411	—	185	
Elsewhere ...	—	—	7	24	7	26	
Total ...	540	—	183	650	285	353	1,517

(c) Exports from Pegu.

Destination	1856-57		1861-62		1865-66		1871-72
	Pad- dy	Rice	Pad- dy	Rice	Pad- dy	Rice	
Coromandel	—	—	30	3	135	24	365
Straits ...	3,420	—	12	520	14	2,256	7,094
U. K. ...	—	—	2	1,572	13	3,821	
Elsewhere...	—	—	3	239	102	1,951	
Total ...	3,420	—	47	2,334	264	8,052	7,459

NOTE: The exports of paddy from Pegu in earlier years are given as
 1853-54; 467,000 maunds,
 1854-55; 2,168,000 maunds,
 1855-56; 3,421,000 maunds.

(d) Exports from Burma.

In thousand tons of paddy.

Year.	Quantity	Year	Quantity
1885-86	1,363	1905-06	2,899
1886-87	1,432	1906-07	3,137
1887-88	1,248	1907-08	3,090
1888-89	1,343	1908-09	3,338
1889-90	1,706	1909-00	3,353
1890-91	1,649	1910-11	3,101
1891-92	1,639	1911-12	3,145
1892-93	1,825	1912-13	3,764
1893-94	1,782	1913-14	3,482
1894-95	1,700	1914-15	3,110
1895-96	1,748	1915-16	3,131
1896-97	2,135	1916-17	2,703
1897-98	2,311	1917-18	3,303
1898-99	2,025	1918-19	3,347
1899-00	2,548	1919-20	2,666
1900-01	2,501	1920-21	3,161
1901-02	2,843	1921-22	3,465
1902-03	2,540	1922-23	
1903-04	2,940	1923-24	
1904-05	2,805	1924-25	

NOTE: The Figures are taken from Statistical Bulletin No. 2: The Rice Forecast. (Govt. Press, Rangoon, 1923.) and represent the paddy equivalent of all rice and paddy exported.

IV. PRICES OF PADDY AND RICE.

One basket of Paddy 46 lbs! of Rice 75 lbs.

(a) Arakan.

	Paddy	Rice
1825	Rs. 4 per 100 Mugh Arrees <i>i.e.</i> Rs. 8 per 100 baskets.	Rs. 10 per 100 Mugh Arrees, <i>i.e.</i> Rs. 35 per 100 baskets.
1840		Rs. 50 per 100 baskets

(b) Rangoon. Price per 100 baskets.

	Paddy		Rice	
Year	Poor	Good	Poor	Good
1848	10	20		45
1850	10	20	37.8	62.8
1860	40	50	200	350
1870	45	65	200	300

V. NUMBER OF STEAM RICE MILLS.

Year	Arakan	Pegu	Tenasserim	Total
1860-61	—	1	—	1
1867	—	2	1	3
1868	1	6	1	8
1869	1	11	1	13
1870	1	17	2	20
1871	1	17	3	21
1872	1	18	6	24

APPENDIX III.

NOTES ON THE ASSESSMENT OF LAND REVENUE.

1. Under responsible government it is of fundamental importance that the principles and methods of taxation shall be generally understood. At present, as briefly indicated in Chapter X, the principles and methods of assessing land revenue in Burma are unintelligible; it is impossible for the general public to understand them, almost every officer responsible for the framing of assessments understands them differently and the revenue authorities themselves sometimes misunderstand them, as is apparent even in the Instructions where they are formulated.

2. Under the latest instructions (of 1929), land revenue is calculated on the basis of the nett produce of the land at a pitch determined by general considerations. The nett produce is defined as *the balance which remains after the normal cost of cultivation is deducted from the value of the normal gross produce at the normal price*. At a first glance the nett produce, as thus defined, might be regarded as identical with the economic rent, the surplus of the yield over the cost of cultivation. But that is not what the rule means. The nett produce as calculated for assessment is larger, and may be very much larger, than the economic rent, so that an assessment purporting to represent, say, half the nett produce might be as much as three quarters of the economic rent, or even more. The difference between the economic rent and the nett produce as defined for assessment is chiefly due to the manner in which the cost of cultivation is calculated.

Until recently the cost of cultivation was reckoned to include only *the actual expenditure* on cultivation which may be little more than the cost of seed. Under the latest instructions it is calculated more ambiguously and, perhaps, more liberally, as "*the cost (so far as it can be ascertained or estimated with reasonable accuracy) reckoned at normal local rates for immediate payment, which would be incurred for all labour and materials and for the upkeep and replacement of all capital necessary for the cultivation of a normal holding in the manner usual in the locality by a cultivator of average skill paying for all charges except his own supervision*".

This definition is obscure but, leaving its ambiguity for subsequent consideration, let us compare the nett produce arrived at on this basis with the economic rent. Suppose that, as is normal over large parts of the Delta, a cultivator works a holding with three yoke of cattle and obtains 1000 baskets of paddy. On such a holding the cultivator would do little beyond supervision, but the wages of supervision would have to provide for the maintenance of himself and his family. Apart from the wages of supervision the cost of cultivation might amount to 400 baskets of paddy leaving 600 baskets as the nett produce. But if he were occupying the holding as a tenant he would need at least 100 baskets for himself and his family and could not afford to pay more than 500 as rent. In this example, which is very typical of the delta, the nett produce as calculated is 100 baskets more than the economic rent.

Imagine, however, that he works the holding with two ploughmen and takes one plough himself. The Instructions go on to explain that "*allowance should be made for all ascertainable expenditure whether of money or produce or of the labour of the cultivator or his family*". It might be thought therefore that apart from the wages of supervision the cost of cultivation would still be

400 baskets of paddy. But, according to a further explanation, it "is ordinarily inadvisable" to value the labour of the cultivator and his family "in terms of the cost of seasonal labourers" so that the cost of cultivation would be further reduced by some figure which can only be a guess, say 50 baskets, making the cost of cultivation 350 baskets and the nett produce 650 baskets.

This example shows how, although the nominal policy of government has always been to favour peasant cultivators and discourage the growth of large estates, the rules for the assessment of land revenue have always favoured the large owners and penalised the peasant.

Another arbitrary element is introduced in reckoning the cost of cultivation "at normal local rates for immediate payment". In the Delta wages of labourers are usually reckoned in produce at harvest. 350 baskets paddy at harvest are the equivalent of 300 or less paid down at the time of ploughing or transplanting, which reduces the cost of cultivation to 300 and raises the nett produce to 700 baskets as against an economic rent of 500 baskets. Thus in the above example an assessment purporting to represent half the nett produce would amount to 70 per cent of the economic rent.

There are numerous other refinements. If, as is usually the case, cultivators use their cattle for carting when they are not employed in cultivation, "the part to be included in cost of cultivation will be reckoned *on some suitable basis*." Where cultivators grow several different crops a "differentiation of cost according to assessment class is obtained by *weighing the part of the cost which can be reckoned separately for each crop by the percentage of the cropped area in each assessment class on which that crop is normally grown*."

As the Instructions admit "the ascertainment of the normal cost of cultivation is probably the most difficult operation of settlement." But that is an understatement. On the lines laid down in the Instructions

any "calculation" of the cost of cultivation is impossible; the figures which on these calculations purport to represent the cost of cultivation are worthless and, in fact, the nett produce calculated in this manner is *not* used for assessment except to provide a smoke-screen which may protect assessments against rational criticism by the public.

3. The ambiguity of the definition of nett produce is further apparent from other passages in the same Instructions. For example, the settlement officer is expected to "calculate the normal cost of cultivation (so far as it can be ascertained or estimated with reasonable accuracy" and then, under a subsequent instruction, to consider "the degree to which the normal cost of cultivation which it has been possible to ascertain or estimate represents the full normal cost"; in other words he must compare his figures representing his ascertained or estimated cost of cultivation with something which it is impossible to ascertain or estimate.

Again it is stated that "local assessors classify land on the basis of its *nett productive capacity* over a long period, which is *exactly the basis* which should be adopted at settlement". But local assessors certainly do *not* value land with reference to its nett produce *as defined in these instructions and calculated as explained above*. They value land according to the profit which it yields "and the best evidence of the profit is the rent which can be obtained for it". Also it is *not* the case that the nett profit over a long period is the basis on which, under the rules for assessment, land should be classified. Cultivators rightly prefer land which yields a profit of Rs. 10 annually for six years to land which yields a profit of Rs. 15 a year for three years and must be left fallow three years. But the latter will escape assessment in the three years when it is left fallow and, if both plots are assessed at the same rate, the latter will be under-assessed by comparison with the

former, and still more under assessed of, in accordance with the opinion of the cultivators, the former be assessed at a higher rate than the latter. It is apparent that in this passage the term "nett productive capacity" has inadvertently been taken as identical with "economic rent" and that the authorities responsible for the definition of nett produce have themselves been misled by the ambiguity of the term.

4. *Nett Produce and Economic Rent.* The definition of Nett Produce suggests that it is the same as the Economic Rent and, although the further explanations show that this was not intended, the Instructions lay down that the most important consideration in determining the *pitch* of assessment "is the actual profit yielded by the land to its owners, and the best evidence of the profit is the rent which can be obtained for the land." The rent to be taken into consideration is termed "*the true competitive normal rent.*" The "true competitive normal rent" is not defined but may, it seems, be either more or less than the economic rent. The settlement officer is then warned that "the pitch (of assessment as determined by the true competitive normal rent) must not be so high as to make the cultivation of land by its owners an unprofitable enterprise, notwithstanding the fact that a great proportion of the land is rented." Literally interpreted, this is an admonition to the settlement officer that over a given area the assessment must not absorb the *whole* economic rent even although much of the land is rack-rented; the sentence means either that or nothing, but such an admonition might have been thought superfluous. Further on, the settlement officer is warned that high rents may be paid out of the profits of non-agricultural occupations (in other words the tenants may be cultivating at a loss) and that in other cases there may be low contract rents and high yields. It is pointed out also that the rent cannot be used to determine the nett produce, because

the rent allows for all items in the cost of cultivation and the nett produce does not. These considerations lead up to the instruction that even the true, competitive normal rent "is by no means conclusive evidence of profit from land; and the degree to which it can be assumed to represent profit (i.e. the economic rent) should be gauged before it is used in determining the pitch of the rate."

Thus by elaborate and doubtful calculations the settlement officer arrives at a meaningless abstraction, the nett produce. He then analyses rents with a view to arriving at an indefinite "true competitive normal rent" and compares this with the profit or economic rent, which, according to the Instructions, is the most important consideration in determining the pitch of the assessment. *After arriving at the assessment in this manner on the basis of the economic rent* he calculates it as a fraction of the figures which he has assumed to represent the nett produce. In effect, the settlement officer is instructed to base his assessment on the economic rent, but to pretend that it is an arbitrary fraction of a meaningless abstraction. It is difficult to understand why he should be expected to take such pains to prevent his assessments from being understood, for the assessments are never as heavy as the rules seem to prescribe, and the numerous and prolonged investigations which detailed enquiries into the cost of cultivation involve are largely responsible for settlement operations being burdensome to the cultivator and costly to the State.