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BY

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Since World War II Asian nations have been confronted with the problem of how to maintain independence in the context of the "great power struggle" in the area. Burma's problem has been made more difficult by the fact that it is contiguous to Communist China. Yet Burma successfully avoided being dominated by the West or absorbed into either the Chinese or Soviet blocs through a carefully conceived and rigidly applied policy of neutralism. This essay is concerned with the Burmese government's domestic policy as it directly relates to its foreign policy of neutralism.

Burma has deliberately sought to follow a domestic policy that would antagonize neither East or West, and could not be misinterpreted abroad. Western influence was dominant in Burma until 1962, but since then the government has followed a policy designed to reduce Western influence and presence to a point where it comes into an approximate balance with Burma's cultural and economic ties with the Communist world. The government apparently regards such a balance as essential to its efforts to avoid irritating Peking. Two other factors, however, were also instrumental in the formulation of this policy: (1) the xenophobia among the highly nationalistic members of the Burmese Revolutionary Council government who want to eliminate the vestiges of the old dominant foreign cultural and economic influences and to begin a process of Burmanization; and (2) a lingering antagonism toward the United States related to the suspicion that the US supported the Koumintang (KMT) troops in Burma.

After seizing power for the second time in March 1962, the military set up a Revolutionary Council with General Ne Win as its chairman. The Council then took steps to eliminate all existing and potential rivals. It arrested Prime Minister U Nu, the leaders of the major political parties

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¹ For the text of the treatise see William C. Johnstone, *Burma's Foreign Policy: A Study in Neutralism* (Cambridge: Harvard University Press, 1963), pp. 312-317.

In 1964 the government issued a long statement to counter charges that its program was communist. Burmese socialism and communism were said to be vastly different. It was stated that Burmese socialism was neither Marxist nor anti-Marxist, neither capitalist nor anti-capitalist, but was based on a middle way—i.e., the Burmese way. *The New York Times*, Sept. 20, 1964.

and secessionist movements, dissolved parliament, and set up a new court of last appeal. By April its power was supreme. It then issued an economic treatise entitled "The Burmese Way to Socialism,"¹ a blueprint for economic development and national independence. The Revolutionary Council also began to inaugurate policies which were clearly designed to reduce all foreign influence in Burma.

One of the first acts of the new government was to terminate the services of two American philanthropic organizations—the Ford and Asia foundations. All teachers and technicians associated with these foundations were ordered to leave Burma within six months. The government announced that in the future all foreign aid would be on a "government to government basis." Since then the government has steadily whittled away at Burma's once close cultural ties with Great Britain and the US. The Fulbright and British Council programs, which provided for an exchange of students and teachers, have been discontinued. The teaching of English has been limited to the middle and higher schools (English instruction formerly began in kindergarten). The services of the Peace Corps have been rejected and the activities of the British information libraries and the USIS have been suspended. In 1964 an \$84 million American-financed highway project was scrapped.

Restrictions have made it more difficult for Burmese to obtain visas to travel and study in the West, and travel by Burmese government-sponsored scholars to Western countries has been slowed to a trickle. Instead, students, scientists and technicians are being sent to the Soviet Union and Eastern Europe to receive training. Russians are now serving on the faculty of the Burmese Technical Institute which was built primarily with Soviet funds.

One would have expected these measures to have coincided with an active "anti-imperialist" (i.e. anti-western) foreign policy à la Cambodia, but this has not been the case. These were merely part of the Burmese effort to balance Western and Communist influence in Burma. One week after Burma had ordered the Asia and Ford foundations out of the country, Pathet Lao military victories in Laos resulted in the US sending troops near the Burma-Thailand border. But the Burmese government refused to allow protest demonstrations lest these be interpreted as an "unneutral" act which would jeopardize Burma's policy of nonalignment. Then in June 1962 the government announced that the contracts of 200 Chinese workers in a shoe factory were to be terminated immediately because Burmese workers were now capable of operating the factory.

The government has also acted forcefully to curb the propaganda and information activities of all foreign diplomatic missions. It has banned embassies from showing "propaganda films," and has forbidden the distribution of foreign language publications printed outside of Burma or articles and documents attacking and slandering other nations. A law now requires foreign embassies and consulates to send all news items to the

Burma Foreign Office before circulation to the press. Newspapers have been banned from printing "false propaganda news."

The Revolutionary Council has set up the News Agency of Burma whose *raison d'être* is to assure nonalignment with any "power bloc" in the distribution of world news within Burma. This agency has replaced all other foreign news agencies in the distribution of news. Its task has been to make sure that the way the news is reported does not conflict with the principles and practices of the Burmese foreign policy of neutralism.² By August 1963 the government had concluded agreements to distribute the news with all the foreign news agencies, the last of which was the New China News Agency (NCNA). At the NCNA office thousands of propaganda leaflets were found and confiscated.

In February 1963 the government passed the "Enterprise Nationalization Law" and in September 1963 nationalized two newspapers—*Vanguard* and *Guardian*—that had been blantly pro-Peking and anti-US in their editorial policies. Finally, in December 1965 the Revolutionary Council banned the publication of all privately owned newspapers. It has been claimed that this action was more than just another step on the road to socialism, but was specifically directed at four pro-Peking Chinese newspapers and four Indian newspapers which had violated the ban on the publication of "false propaganda news."³

Under the "Enterprise Nationalization Law" all major industries were nationalized on June 1, 1963, and private industrialists were forbidden to set up new factories. Private Western-owned businesses suffered severely from this measure which brought all the major trades (import-export, rice, etc.) and industrial concerns (banking, mining, teak, rubber, etc.) under government ownership. Most of these enterprises were owned by British and Indian nationals, and to a lesser extent by Chinese and Americans. Among the largest Western-owned concerns were Steel Brothers, East Asiatic Burma Oil, Oppenheimers, and Anglo-Burmese Tin. The largest American-owned company, the General Exploration Company, was not nationalized but was simply refused a license. The Burmese government set up the Burma Oil Company and General Ne Win announced that Burma would handle all oil matters itself. There had been 9 large jointly-owned companies in which the Burma government had a 51% share, but they were nationalized along with the others.

The nationalization of basic industries was followed in August 1963 by the nationalization of consumer industries such as department stores, warehouses, and wholesale shops. Control boards were formed to take over these private establishments and compensation boards were also set up to settle the claims of the former owners. There was no appeal once the Revolution-

² *Rangoon Domestic Service*, June 6, 1963.

³ See the letter from Professor Josef Silverstein in *The New York Times*, Jan. 9, 1966.

ary Council fixed the amount of compensation, and five years imprisonment was the penalty for obstructing the implementation of the law.

The nationalization laws impinged most directly upon Indian nationals, who had enjoyed a privileged status in Burma under the British. They were successful businessmen and dominated large sectors of Burmese business and agriculture. But the Indians were also notorious for charging allegedly usurious interest rates on loans to Burmese which led to increased animosity between the Indians and Burmese. After independence Indian control over the Burmese economy began to wane, but the Indians remained the most powerful and successful entrepreneurs in Burma. Louis Walinsky best described this situation:

Because the Indians and, to a lesser extent, the Chinese find it difficult to win acceptance and status in Burmese society, their motivation to achievement in the economic world is far stronger than that of the Burmese, and has spurred them to innovation and enterprise as well as hard work. These resident alien groups have made a contribution to Burma's economic development out of all proportion to their numbers (in 1960 there were 500,000 Indians and 300,000 Chinese in a population of 20,000,000) and they possess the potential for even greater contribution. This potential they have not been permitted to realize. Indians particularly, have been discriminated against, even harassed, at every turn, whether in citizenship, in government employment, in the application of regulations, in the issuance of licenses, in the extension of loans, in permission to make remittances abroad, and in the repatriation of capital assets.⁴

The discriminatory practices Walinsky refers to were first applied during the 1950's and were made even harsher under the Revolutionary Council's Burmanization program. An effort has been made to place what remains of private enterprises in the hands of Burmese citizens and to eliminate foreign economic control. Foreigners cannot own land and are forbidden to remit funds to their homelands as had long been the practice with Burma's large Indian and Chinese minorities. Foreign physicians, primarily Indians, cannot practice in Burma except at charity hospitals, and only Burmese citizens are eligible to hold licenses for a number of businesses such as bars, certain shops and trades, taxicabs, and even sidewalk stalls.

In the summer of 1963 the departure of foreigners began as a trickle, but one year later it was reported that 2500 foreigners were quitting Burma weekly. Most of these were Indians, but a good number were Chinese and Pakistanis. Special Indian ships began to arrive in Rangoon to aid in the repatriation of Indian nationals. Many other Indians walked across the difficult Indian-Burmese border, and had to be fed and clothed by the Indian government. By the spring of 1964 the trickle had become a massive

⁴ Louis Walinsky, *Economic Development in Burma, 1951-1960* (New York: The Twentieth Century Fund, 1962), pp. 393-394.

exodus. After May 1964, approximately 3,000 Indians left monthly on the daily flights from Rangoon to Calcutta according to Burmese travel officials, and airlines were booked for weeks in advance.

Only a handful of the Indians who left Burma had been deported while the vast majority were simply "squeezed out" economically. In July 1964, for instance, the Indian government sent three ships to repatriate 25,000 Indians who had been displaced by the nationalization of various trades in Burma. Several of the impoverished Indian merchants and traders who returned to India aboard these ships told a *New York Times* correspondent that they had once been prosperous businessmen but had been put out of work by the nationalization of their trades and shops. They had to leave their bank accounts, family jewelry, and even their wife's saris and cooking utensils before being allowed to board the ships and return to India.⁵

By September 1964 approximately 100,000 destitute Indian nationals had been repatriated by air and sea. Then on September 1, 1964 Indian Foreign Minister Swaran Singh arrived in Rangoon. After talks with General Ne Win a joint communique was issued in which it was agreed to exchange views and coordinate their efforts in the cause of peace and to adhere to the "Five Principles of Peaceful Co-existence." General Ne Win maintained that his government was pursuing domestic goals based on a socialism that was not discriminatory against foreigners, but applied equally to all. The communique stated that foreigners desiring to stay in Burma "must merge themselves with the common people in building a socialist economy." It was also agreed that further study should be made on the departure of Indian nationals from Burma.⁶ Foreign Minister Singh's visit did not, however, halt the exodus of Indian nationals from Burma. Indeed, this exodus was greater in the month after his visit than in any previous month.

Soon after his return to New Delhi, Foreign Minister Singh was asked during a parliamentary debate why the exodus of Chinese had not reached the same proportion as that of Indians if Burmese nationalization policy was non-discriminatory. He replied that this was because most of the Chinese in Burma refused to be repatriated to Communist China (CPR), but instead wanted to go to Nationalist China. The Burmese government, he stated, was unable to arrange this because it had no diplomatic relations with the Nationalist Chinese regime, and General Chang Kai-shek refused to take these Chinese traders.

While from the above discussion it would appear that the process of Burmanization has been one-sided and has adversely affected only Indian and Western interests, this has not been the case. Among the foreign-owned banks that were nationalized were two branches of the CPR state-owned bank—the Bank of China and the Bank of Communications. The

⁵ *The New York Times*, July 24, 1964.

⁶ For the text of the joint communique see Information Service of India, *India News*, Sept. 6, 1964.

activities of these two banks among the 300,000 overseas Chinese in Burma had been important politically and economically.⁷ Their nationalization meant that pro-CPR Chinese in Burma can no longer depend on loans from these banks. These loans had formerly been channeled into expanding CPR influence among the overseas Chinese community and in the Burmese economy.

This situation presented the Chinese Communists with a dilemma: either they could make known their dissatisfaction with this action because it would result in a reduction of Peking's influence in Burma, or they could remain silent because Western influence was also being reduced. The Chinese opted for the latter course of action probably because the alternative ran the risk of alienating the Burmese government. The CPR Ambassador to Burma, Li I-mang, informed the Burmese government that China had decided not to exercise its privilege to withdraw its assets from the two banks, but instead would present these as a gift to the Burmese people.⁸ The Burmese government thanked the CPR for its magnanimous gesture, but there was no political pay-off forthcoming from Burma in the form of either support for Chinese foreign policy on various international issues or a relaxation of efforts to reduce Chinese influence in Burma. For example, along with the government decree which forbade the teaching of English below the middle and higher schools was another decree which forbade pro-CPR Chinese-run schools to offer indoctrination courses in Marxism-Leninism or the teachings of Mao Tse-tung. These schools were ordered to follow a rigid curriculum set down by Burmese education officials.

While the government was busily reducing foreign cultural influence and eliminating foreign economic control, it continued to face a long-standing problem that was directly related to Sino-Burmese relations—that of the communist insurrection in Burma. In April 1963 the government announced an amnesty program for all rebels who surrendered before July 1963 in order to “speed socialist construction and solidarity of the country.” The amnesty offer brought an outcry from officers of the Anti-Fascist People's Freedom League (AFPFL) who questioned a policy which gave amnesty to those who had fought all governments of Burma since independence while keeping in jail those who had devoted their lives to building and defending

⁷ Martin Wilbur has written an excellent analysis of how the CPR applied pressure on overseas Chinese businessmen through these banks which passed into CPR control when Burma recognized the Peking government in 1949. The Chinese embassy applied an “economic squeeze” on Chinese merchants by lending on easy terms to supporters of the CPR while withholding loans from non-supporters. Three pre-conditions had to be met to secure a loan from these banks: a promise to (1) send their children to pro-CPR schools and a pledge of loyalty to the CPR; (2) to fly the CPR flag on specified holidays; and (3) to employ only pro-CPR employees. Martin Wilbur, “Southeast Asia Between India and China,” *Journal of International Affairs*, X:1 (Oct. 1956), 95.

⁸ *Rangoon Domestic Service*, June 17, 1963.

the democratic and constitutional process.⁹ The Revolutionary Council reacted to this criticism by arresting the top AFPFL officials on the grounds that they constituted a danger to internal peace by attempting to sabotage the government's peace negotiations with the rebels. The government persisted in its amnesty program and in June 1963 announced that the rebels would be guaranteed safe conduct if they came in for talks.

The "hard core" of the rebel insurgency were the communists—the Burmese Communist Party (BCP)—who had been carrying on guerrilla warfare since 1948. But they were split into two factions, the "White Flag" and the "Red Flag." And neither faction could count on support from the CPR which made the giving of assistance conditional on their settling their differences and uniting. Peking made this clear as early as 1953, and with the inauguration of its "Bandung strategy" in 1955 the CPR renounced all ties with the BCP. Between 1954 and 1963 there were few reports of contact between the CPR and the BCP. But with Ne Win's offer of amnesty talks, China's contacts with the BCP once again came out into the open. Apparently the CPR supported these talks; in any case, it arranged for 30 exiled "White Flag" leaders, who were residing in Peking, to be sent to Rangoon to take part in the negotiations.¹⁰ After the talks had failed, the government, angry with the results, arrested four Presidium members and more than 400 other members of the legal pro-Peking communist party, the National United Front. But the leaders of both the "Red Flag" and "White Flag" wings of the BCP escaped to the countryside and resumed guerrilla warfare. Of the 30 "White Flag" leaders who returned to Burma from Peking, 28 were reported to have remained in the jungles of Burma while 2 others returned to Peking.

The Burmese government is well aware of the close ties between the CPR and the BCP, but it has not publicly voiced dissatisfaction with this state of affairs. Presumably this is due to the fact that BCP activity is a minor irritant and does not pose an immediate threat to the government. There was one instance in 1964, however, when a rift in relations between Burma and China was reported in the Burmese government controlled press. The conflict arose over a BCP message of congratulation to Peking on the occasion of the celebration of the fifteenth anniversary of the Chinese Communist Party's accession to power. The message was laudatory of CPR industrialization, which was described as a model for other underdeveloped countries to follow. It hailed China as the leader of the world-wide "revolutionary movement" and thus sided with Peking in its

⁹ In the Fall of 1966, former Prime Minister U Nu was released from prison for reasons of poor health. Thus, this was a humanitarian gesture which did not portend either a relaxation of restriction on the activities of civilian politicians or an interest on the part of General Ne Win to turn the reins of government over to U Nu as he had in 1960.

¹⁰ See Brian Crozier, "The Communist Struggle for Power in Burma," *The World Today*, XX:3 (March 1964), 105-106.

dispute with the Soviet Party. The message praised the CPR for opposing "revisionism," struggling for unity in the international communist movement, and for its peaceful and friendly relations with Burma and all Asian nations. But the Burmese officials were probably most disturbed by a section of the message that referred to the BCP's struggle against the Burmese government. This message, which was broadcast in both English and Burmese by Peking radio, asserted in the final paragraph:

We shall continue to support, as we have always done in the past, the government's [Burma's] foreign policy of peace and neutrality. . . . *Furthermore the Communist Party of Burma . . . will strive for the establishment of a new Burma of real independence. . . .*¹¹

We can only speculate upon Chinese motivations in broadcasting this message. Perhaps it was an indirect expression of Peking's dissatisfaction with Burma's failure to follow an "active anti-imperialist" policy. In any case, it was a subtle way to apply pressure upon General Ne Win to move Burma away from its policy of strict neutralism by reminding him that China still possessed a potentially powerful instrument in Burma by the continued presence of the BCP as well as certain ethnic rebel groups. Peking was also undoubtedly concerned over reports that Burma was secretly receiving US and West German military assistance. By once again making public its ties with the BCP, and consequently implying that it might provide massive aid to these insurgents, China may have hoped to dissuade Burma from accepting further Western military aid.

Whatever China's motivations may have been, the Burmese reaction was angry. One government controlled newspaper declared:

The Red Chinese broadcast of a message sent from the illegal organization in Burma is most unjustified. A matter of this kind, which could bring about a situation calling for termination of diplomatic relations between two countries, should not be taken with complacency. It is therefore desirable that Red China give up its dirty game of fire in one hand and water in the other.¹²

Though obviously irritated by the revelation of a close link between the BCP and Peking, the Burmese government did not officially take notice of the broadcast. Peking, too, has remained silent subsequently, and has given no further indication as to why the broadcast had been permitted in the first instance.

The continued existence of the BCP and ethnic rebels provides China with instruments that could prove of great importance in its future policy toward Burma. The possibility that China may someday provide massive aid to these guerrillas is a serious threat to the Burmese government. Burma has an army of 100,000 of which 80,000 are in company sized units for

¹¹ For the text of the message, see *New China News Agency*, Sept. 30, 1964.

¹² Quoted from *Mogyo* by *The New York Times*, No. 1, 1965.

police actions against the rebels. If China began to provide massive aid to the insurgents, whose total estimated strength is between 10,000 and 20,000, a Vietnam-type situation could develop which would be difficult for the Burmese government to handle from its own resources. There is no indication as yet, however, that the CPR has made good its promise to provide massive aid to the BCP now that the two wings have reunited. Peking has instead preferred to maintain ties to the BCP quietly while encouraging "pro-Peking neutralism" (à la Cambodia) of the Burmese government. In effect, China's present strategy allows the Burmese government a free hand in its campaign to clean up the insurgents.¹³ Nevertheless, the threat of massive Chinese intervention in support of various rebel groups is Burma's determined effort to curtail contacts with the West and India and to maintain a strict non-alignment policy in "great power" conflict.

At the same time, however, Burma continues to maintain good economic relations with the West and participates in many international organizations which China considers to be controlled by the "imperialists" (GATT, IMF, etc.). Burma also receives foreign aid from Western as well as Communist nations. But while Burma maintains friendly relations with the West, it has been careful to respect Chinese strategic interests, and it is highly unlikely that Rangoon would permit any kind of use of Burmese territory that could possibly be conceived as a threat to China.

Communist Chinese influence—relative to the West—has increased since the signing of the Sino-Burmese Boundary Treaty and the aid and trade agreements of 1960. There has also been a phenomenal increase in contacts between China and Burma at the political-diplomatic as well as the "people's diplomacy" levels. But as a further factor in its complex balancing act, Burma has cultivated relations with the Soviet Union which is involved in a bitter dispute with China. The Burmese-Soviet trade and aid agreement, which was signed in 1955, has been extended on a yearly basis. And in the last two years there has been a steady rise in the number of Soviet-Burmese cultural contacts as well as an increase in the number of important state level visits by Burmese and Soviet officials.

Burma provides an excellent example of how a small nation can adroitly manipulate its domestic and foreign policies in a way that has enabled it to maintain its independence in a world dominated by two rival "power blocs." The Revolutionary Council has balanced Eastern and Western influence in Burma while keeping both at a minimum. Burma has jealously acted to safeguard its policy of non-alignment and refuses to become closely identified with East or West. So far General Ne Win's policy has paid political dividends for Burma in terms of Communist and Western friendship and economic aid. And more important, it has enabled Burma to avoid the

¹³ On this point, see David Mozingo, "China's Relations with Her Asian Neighbors," *Current History*, XLVII:277 (Sept. 1964), 156-157.

agony of a Vietnam type "war of national liberation." Whether this policy will continue to be successful in the future is, of course, beyond the power of the Burmese government to determine.