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COLONIAL DEVELOPMENT AND THE CHETTYAR:  
A STUDY IN THE ECOLOGY OF MODERN BURMA, 1850-1941

A THESIS  
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By  
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## PREFACE

This is a study of the Chettyar moneylender and the Burmese agriculturalist, and of colonial policy in Burma as it affected their relationship in the emerging ecology of modern Burma. I have chosen the term "ecology" because it is especially appropriate as a designation of the symbiotic relationship of Chettyar and Burman and because it emphasizes the influence of the environment in the shaping of their interdependence. Accordingly, I have followed a general pattern of organization characteristic of ecological enquiry. Chapter I through IV describes the early formative influences in their relationship and especially the environment in which their interdependence took shape. Chapters V through VIII describe both the autecology, i.e., the ecology of the individual actors, and the synecology, i.e., the study of the more complex interrelations of the Chettyar and the Burmese into its penultimate form of hostile symbiosis in 1940. Specifically, Chapter I considers the early history of Indian-Burmese relations and attempts to articulate the fundamental cultural, political, and psychological patterns in this relationship. These same patterns, it is suggested, were often paradigmatic in the history of modern Burmese-Indian relations as colonial peoples yoked together in a uniform system of colonial administration. Chapters II and III describe the colonial framework set up by the British conquest of Burma, emphasizing especially the administrative modes and the ambience of British colonialism that prepared the ground for Chetty

advances. Chapter IV analyzes the most dramatic feature of colonial development in Burma: the emergence of commercial rice production in the delta of Lower Burma. It was this heroic feat, accomplished by the skilled rice cultivators of Upper Burma and with the capital of the Chettyar moneylender, that produced the symbiotic relationship that is the central core of this study. Thus, the first four chapters may be regarded as providing an arena marked "British Colonial Policy" into which two actors are to be placed: The Chettyar and the Burmese cultivator. Each was dependent on the other: a monologue on such a stage would have meant the economic failure of colonial policy, the failure to develop Burma's major industry, the probable continuance of Burma's age-long isolation as a remote backwater. But the symbiotic relationship of the two actors was part of a larger drama of colonial development which thrust the cultivator into contact with world markets and made inevitable the cycle of the cultivator's crushing debt within the steel commercial frame of British law and order.

Chapter V is a kind of curriculum vitae of the Chettyar, describing the organization and skills that made him such a formidable supplier of credit. The remaining three chapters analyze the effects of the full scale encounter of the Chettyar and the agriculturalist as part of the impersonal economic-colonial process which had dissolved or weakened the indigenous institutions of the Burmese cultivator and made Burma an ideal setting for Chettyar penetration. Chapter VI examines the failure of colonial policy



and private finance to provide any alternative or counterweight to Chettyar agricultural credit. It also outlines those Burmese traditions that are relevant to understanding the development of land alienation. This large-scale alteration in the ownership of land, analyzed in Chapter VII, was the final economic stage in the changing relationship between the Chettyar and the cultivator--a relationship that had proceeded from symbiosis to hostile symbiosis, a mutual dependency that was now colored with resentment. These changes had violent political consequences. Thus, a relationship which had been mutually supportive ended by giving rise first to economic, then political and intensified racial hostility. Chapter VIII considers the elements of this hostility--political agitation for separation from India, the growth of Burmese nationalism, the appearance of new forms of national political administration, and the pervasiveness of acute agricultural distress. In the course of this alteration from one form of symbiosis to another, the political and economic ecology of modern Burma was formed.

The research for this study was carried on primarily in three places: The Library of Congress, Widener Library at Harvard University, and the University of Minnesota Library, especially in the Ames Library of South Asia. I have also made liberal use of the Inter-Library loan facilities of the University of Minnesota to obtain materials from Cornell University, Yale University, and numerous other institutions.

I wish to thank the Graduate School of the University of

Minnesota, and especially Dean Theodore Blegen, for a Summer Research Award made in 1960 which allowed me to do necessary research.

In writing this study I have learned the meaning of the phrase encountered so often in prefaces: "my debts are too numerous to mention." The notes and bibliography record those debts that bear directly on the study of the Chettyar in Burma; my other intellectual debts are legion. I wish to acknowledge in a special way my gratitude to two people. The first is my adviser, Professor Werner Levi, whose guidance, forbearance, encouragement, and good nature were of immeasurable help. The second is my wife, Ellen Siegelman, who gave lavishly of all those forms of human generosity already mentioned and added to them a seemingly inexhaustible measure of intellectual rigor and devotion indispensable to my well-being as well as to the completion of this dissertation.

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## CHAPTER I

### DOMINANT MOTIFS IN BURMA'S EARLY RELATIONS WITH INDIA

One might speculate a priori, simply from observing the geographical proximity of Burma and India, that overpopulated India, with its maritime activity encouraged by a great coastline, would have made considerable contact with her smaller neighbor to the east. This is indeed the case, but one would have to know the history of Indian contacts with Burma in order to appreciate fully the degree to which, starting with the English conquests of Burma via India during the nineteenth century, Indian penetration took on great significance for the shaping of modern Burma. Earlier relations had left profound imprints on Burmese civilization as well. For centuries, indeed from ancient times, Indians had come to Burma primarily in pursuit of mercantile interests and sometimes as proselytizers. Indian culture and religion had exercised subtle and often bold shaping influences on Burma's spiritual and social development. It is with an analysis of these influences that have shaped the consciousness and habitual postures of the two peoples toward one another that we begin our study of the Indians of Burma. Our analysis will set forth the meaning of the "givens" that have for centuries been decisive in the relations between Indian and Burman.

The broad outlines of India's ancient relations with Burma are known, but the precise details of their earliest contacts are lost to history. It is not known, for example, exactly when the first Indians arrived in Burma, but the recurrence of Indian ideas, names, and the like is conspicuous in the earliest Burmese chronicles. These accounts presume to describe the origins of Burma but are, in fact, copies of Indian legends borrowed from Sanskrit or Pali sources. By the second and third centuries Indian overseas expansion, gaining considerable momentum throughout South-east Asia, had also touched Burma. This Indian influence was limited to the establishment of coastal settlements by seamen who brought with them the Indian religions--Brahmanism and Buddhism--and Sanskrit culture.<sup>1</sup> Also, beginning in this period, Indian peoples began a continuous filtering into the delta region of Arakan, where their interbreeding with the indigenous population

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<sup>1</sup>D. G. Hall, Burma (London: Hutchinson's University Library, 1950), p. 7. The inhabitants of India's Coromandel coast along the Bay of Bengal seem to have been more distinguished for maritime enterprise than were other populations of coastal Indians. See M. Elphinstone, History of India, p. 185, cited in Radhakumud Mookerji, Indian Shipping (London: Longmans, Green & Co., 1912), p. 142. Kondapi notes that Ptolemy's geography written in Alexandria in 140 A.D. (incorrectly dated 50 A.D. by Kondapi) already shows extensive Indian colonizing and trade in Burma and beyond. See C. Kondapi, Indians Overseas (New Delhi: Indian Council of World Affairs, 1951), p. 1.

has created a variant on the main Burmese stock.<sup>2</sup> Harvey suggests that numerous towns in Arakan may well have been dominated by Indian immigrants two or three centuries before the opening of the Christian era. These settlers quite naturally brought Hinduism with them and following the introduction of Buddhism into South India in 261 B.C., their Hinduism was thereafter intermixed with Buddhist elements. In Burma this intermixture often reveals epigraphic remains of Hinduized Buddhism: Buddha is portrayed as an incarnation of Vishnu. In other instances Brahmanism and Buddhism appear to have existed as comparatively self-contained sects.<sup>3</sup> Mercantile penetration in combination with cultural and religious penetration, immigration, and resettlement was to remain paradigmatic for the intermittent periods of Burmese and Indian intercourse during the next two millennia.<sup>4</sup>

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<sup>2</sup>E. H. G. Dobby, Southeast Asia (New York: John Wiley & Sons, 1951), p. 189.

<sup>3</sup>G. E. Harvey, History of Burma (London: Longmans, Green & Co., 1925), pp. 6-7.

<sup>4</sup>We might well have extended this generalization to include an even greater time span. Indeed, if we had directed our survey further back into the night of time, back to the presumed origins of the Burmese themselves, we would have seen that the Burmese, originally a Mongolian-Tibetan people, are alleged to have come southward from China and Tibet toward the mouth of the Irrawaddy, intermingling there with other migrants who may well have originated in India. (See R. Grant Brown, "The Origin of the Burmese," The Journal of the Burma Research Society, II (June, 1912), 1.). Thus the present Burmese stock is presumed to be



The precise degree to which Indian culture shaped Burma's civilization is still in doubt. Scholars differ in their accounts--and often widely--depending on their relative interests in stressing either the independence and originality of the Burmese tradition or the majesty, dynamism, and power of Hindu-Indian ideas.<sup>5</sup> It is clear, however, that Burma's Buddhism--in

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Indo-Chinese ethnically, i.e., a mixture of Mongoloid and Aryan racial elements. The legends of this era which refer back to a period four or more centuries before the birth of Christ all allude to Indian kings, and are cast in Indian motifs. See, for example, Joseph Dautremere, Burma Under British Rule (London: T. Fisher Unwin, 1913), p. 35. Also Harvey, History of Burma, pp. 3-7. Harvey points out that the oldest surviving traditions of the Burmese are Indian since their Mongolian heritage had disappeared presumably because "The only classes who could read and write and keep traditions alive were their ruling class, the Indian immigrants" (p. 6).

<sup>5</sup>See, for example, the account given by the contemporary Burmese nationalist educator and scholar, Maung Htin Aung, "Customary Law in Burma," in Phillip Thayer, ed., Southeast Asia in the Coming World (Baltimore: The Johns Hopkins Press, 1953), pp. 207-208. He stresses the weakness of Hindu ideas ("... of course by that time, Hindu power... [in the 11th century] was a spent force...") and the degree to which Burmese society and law retained its own values after it had made contact with Hindu and Buddhist literature. Thus for Htin Aung, the Burmese adoption of the Hindu Code of Manu was a mere convention adopted only for the prestige of Manu's authority; the content of the Code was rejected or transmuted by Burmese scholars of the eleventh century in accord with their 'democratic' antipathy to Manu's emphasis on caste; "Burmese society survived the two impacts of Hindu jurisprudence and Hindu legal literature." Even Burmese customary law was comparatively uninfluenced by Indian Buddhism according to this scholar; it was given "Buddhistic coloring" (p. 209), but this also constituted the stylized trappings of prestigious legends to enhance essentially Burmese values. The analysis of the Burmese scholar Maung Maung reflects this same interpretation. See Maung Maung, Burma in the Family of Nations (Amsterdam: Djambaton, Ltd., 1956), Chapter 1.

This kind of account contrasts with those of Indian scholars, who tend to stress the powerful influence of "Indianism"

its Hinayana as well as its Mahayana form (though the latter was to be eliminated early)--had Indian origins. Under the great unifier King Anorata (variant: Anawrahta) of Pagan (1044-1077), the Burmese marched four hundred miles to the delta, conquered the Mon Kingdom of Thaton (the Burmese called them Talaings) in Lower Burma, acquired their alphabet and Hinayana Buddhism of the Theravada school (sometimes called the Pali canon of the Southern School), and extended Burma's hegemony to the sea. According to most accounts, Thaton had been in contact with Hindu merchant

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in the formation of Burma's socio-political life, especially beginning in the eleventh century. See, for example, the study by Nihar-Ranjan Ray, Sanskrit Buddhism in Burma (Amsterdam: H. J. Paris, 1936), pp. 1, 2, 5, or by V. K. Venkataraman, India and Her Neighbors (Bombay: Vora & Co., Ltd., 1947), p. 64. The latter source even attributes to Hindu-Indian influence the codification of law by Wareru (1287-96), King of Pegu. Desai, another Indian scholar, supports this theory and flatly states that Wareru's law book (the Wareru Dhamathat) is "...based on customary laws brought into the country by Indian colonists." See W. S. Desai, India and Burma (Calcutta: Orient Longmans Ltd., 1954), p. 22. The same judgment is made by Sisir Chandra Lahiri, an Indian Advocate of the High Court in Rangoon: "Burmese Buddhist law is in no sense Buddhist law but is merely that modification of Hindu law which the Buddhists adopted when they seceded from Hinduism... Rules which are in accordance with the custom and usage of the Burman Buddhists are collected in a series of books entitled Dhammathats... Many passages in the Dhammathats are taken direct from the old Hindu law books and the Dhammathats recognize many Hindu customs. So the Dhammathats cannot deny their Indian Hindu origin." Principles of Modern Burmese Buddhist Law (Calcutta: Eastern Law House, Ltd., 1925), p. 2. The contrasts we will encounter later in this study between Indian and Burmese assessments of the contribution of Chettyars to Burma will be seen to reflect this same diversity of stress and judgment. Indeed, these attitudes toward India's relations with Burma reflect some of the "givens" that were destined to become polarized with the advent of British colonialism.

ships--many of whose seamen settled and intermarried with the people of Thaton--at least after the fifth century.<sup>6</sup> The "available evidence...tends to show that during the early centuries the current of Indian colonial enterprise in Lower Burma flowed mainly from the eastern coastal regions of South India..."<sup>7</sup> --a traditional pattern which was to have especially formidable significance after the British conquest of Burma in the nineteenth century. As part of the great Hindu overseas expansion in the fifth century,<sup>8</sup> missionaries following these same routes

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<sup>6</sup>Maung Htin Aung, in Thayer, Southeast Asia; Nibar-Ranjan Ray, Brahminical Gods in Burma (Calcutta: Calcutta University Press, 1932), Chapt. I.

<sup>7</sup>Ray, Sanskrit Buddhism in Burma, p. 5.

<sup>8</sup>Venkataraman, India and Her Neighbors, p. 64. See also G. H. Luce, "Burma's Debt to Pagan," Journal of the Burma Research Society, XXII (1932), 121, and G. E. Harvey, History of Burma, p. 28. The latter especially stresses the Hindu aspects of Thaton's Buddhism at the time of Anorata's conquest. Upper Burma was converted to Mahayana Buddhism (intermingled with Tantric cults) emanating from Northern India via Assam and Manipur presumably during the same approximate period. The Hinayana form displaced it in the eleventh century as a result of Anorata's conquest. See Nihar-Ranjan Ray, Brahminical Gods in Burma, p. 13.

converted the Talaing<sup>9</sup> Kingdom of Thaton to Hinayana Buddhism, though in a form intermingled with Hindu Brahmanic cults. These Buddhist missionaries and adventurous colonists came from Madras (especially from the great Hinayana center at Conjeveram), the same region which was to export economic "missionaries" in the form of Chettyar bankers and migratory laborers across the Bay of Bengal in the late nineteenth century. The epigraphic records of this early period often reveal an intermixture or overlay of Hindu and Buddhist religious elements. After Anorata's conquest of Thaton, the Burmese made a conscious effort to untangle the Buddhist elements and claim them as their own.<sup>10</sup> So powerful were the Indian Buddhist forms into which Burma's history was cast that the Burmese chronicles of this period claim descent from Buddha's clan, adopt Indian court terminology, and in all, create the impression that the Burmese themselves originated in India.<sup>11</sup> With the inauguration of Buddhism, one of the central

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<sup>9</sup>The name Talaing is presumed to have derived from Telingana (variant: Telugu), an area in Madras on the Bay of Bengal from which many of the Talaings originated. Their Hinduism began to be overlaid with Buddhism after Asoka brought Buddhism to South India following 261 B.C. See G. E. Harvey, History of Burma, pp. 6-7; Arthur P. Phayre, History of Burma, (London: Trubner & Co., 1883), pp. 28, 31; "The Origin of the Word Talaing," The Journal of the Burma Research Society, II (1912), 73; W. G. Cooper, "The Origin of the Talaings," The Journal of the Burma Research Society, III (June, 1913), I.

<sup>10</sup>G. E. Harvey, British Rule in Burma (London: Faber & Faber, 1946), p. 16.

<sup>11</sup>Ibid., p. 70 and also R. Grant Brown, Burma as I Saw It (London: Methuen & Co., Ltd., 1926), p. 64.

definitive facts of Burma's cultural and spiritual existence as a people was established. As Harvey states it: "...now at last they [the Burmese] could create a civilization of their own."<sup>12</sup>

But an important point beyond the mere recognition of the genesis of Burma's religion needs to be made. This deeply embedded and often overlooked point is that despite the obvious Burmese reliance on Indian civilization, the borrowers felt little respect for the people whose culture and imagination nourished them. A profound tension developed between Indian and Burman. Thus, while the Burmese accepted many aspects of the Indian imagination and spirit, they simultaneously rejected or transmuted Indian values and insisted on their own native superiority. Harvey, for example, points out that even in the time of King Anorata, the Burmese word for Indian was kala, the Sanskrit word for caste. The Burmese "regarded Indians as the people of caste, sex-subjugation, child marriage and customs which he found unintelligible if not repellant."<sup>13</sup> This tension--let us call it a

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<sup>12</sup>Harvey, British Rule in Burma, p. 16.

<sup>13</sup>Ibid., p. 70. See also Maung Htin Aung, in Thayer, Southeast Asia, p. 209; he uses the common variant kula, defining it as "caste people," a word which evidenced Burmese-Buddhist disapproval of rigid Hindu social stratification distasteful to the Burmese "democratic way of life." This interpretation of the etymology of kala/kula, though widely encountered in the literature, has been questioned by Desai, India and Burma, pp. 37-38. He explains that ku means "cross over" in Burmese and la means "to come." Kula therefore means a foreigner--someone who has crossed over. Of course it is perfectly plausible to suppose that all these speculations are correct to some degree and are not mutually exclu-

form of hostile symbiosis--we shall see revealed again in the attitude of nineteenth and twentieth century Burmans to the indispensable Indian migratory laborers who harvested rice in the paddies of Lower Burma and to the indispensable Chettyar money lenders who provided the capital with which the delta might be developed. In the modern world too, our study will show that the "borrower" repaid the "lender" with contempt.

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sive. The Burmese term for foreigner may thus have been a variant of the Sanskrit term *śōr* caste precisely because, for the Burmese, a foreigner was to all intents and purposes an Indian believer in caste. Or the term may have had variant meanings including those already given but subject to alteration according to context. This possibility is substantiated by the English translation of the Burmese text of the Treaty of Yandabo ending the First Anglo-Burmese War in 1826. The only Burmese word retained through the entire English translation is "Ku-la," used repeatedly in articles seven, eight, and eleven. In article seven "Ku-la" clearly means Indian: "And let the Burmese Governor, residing in the Ku-la country, and the Ku-la Governor residing in the Burmese country...build anew...a suitable house for their residence." (The English version of article seven simply uses the term "two governments"--meaning Burma and Britain.) In article eight, the meaning seems to shift: "...all the property left shall, according to the usages of white Ku-las be delivered to the English Government person..." Here the meaning might include the idea that the British are "white Indians" since they came from and resided in India. And finally in article eleven, reference is made to "all English, American, and other black and white Ku-la prisoners." See Anil Chandra Banerjee, The Eastern Frontier of British India, 1784-1826 (Calcutta: A. Mukherjee & Co., 1946) 2nd ed., Appendix B, pp. 540-541. The knowledgeable scholar and diplomat John Crawford in his account of his discussions with Burmese officials on the Treaty of Yandabo specifically translates the term Kula-net as used in article eleven to mean "black strangers," (See John Crawford, Journal of An Embassy from the Governor General of India to the Court of Ava (Dublin: Henry Culburn, 1834), 2nd ed., Vol. I, p. 490). It is perfectly plausible that the Burmese officials, humiliated by their defeat, could have insisted on the use of a term to designate foreigners which was useful as a means of recapturing lost prestige because it was widely understood to be pejorative. The attitude of the extremely

To return to the developments of the eleventh century, Anorata had been drawn into the conquest of the Mons essentially because of a desire to acquire the sacred scriptures of Hinayana Buddhism as part of the purification of his kingdom of Mahayanist practices.<sup>14</sup> But his drive to the sea may have sprung from another motive, a motive that may have expressed again the "dialectical" tension we have noted between Indian and Burmese elements: That is, Anorata seems also to have descended to Lower Burma because of the expansion and aggressiveness--real or imagined--of

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insular Burmese toward foreigners all during this period would suggest that any term used to designate foreigners would be patronizing and denigrating. Whatever the precise etymology and connotations, it is clear to all observers that kala or kula is widely regarded in contemporary Burma as a term with pejorative meaning. Desai, an Indian scholar, long resident in Burma, designates it "a term of reproach" which "should be banned" in Burma (p. 38). Cady's Glossary of Burmese Words defines kala as "color or caste; used opprobriously for Indians." (See John F. Cady, A History of Modern Burma (Ithaca: Cornell University Press, 1958), p. 646).

<sup>14</sup>It is interesting to note as further evidence in support of our thesis of hostile symbiosis that Burmese tradition, based in part on early Burmese chronicles, denies that the Mons-Talaings acquired their Buddhism from India. Instead, tradition urges (contrary to the evidence of modern research) that Thaton Buddhism came from Ceylon. This contrary-to-fact tradition had the effect of minimizing reliance on India and enhancing Burmese pride, since Anorata had been asked by a Buddhist King of Ceylon to help defend his Kingdom from Hindu attack. Among the consequences of this request was the sending of Burmese monks and scriptures from Pagan to aid Ceylon in its religious reconstruction and the gift of a miraculously produced tooth of the Buddha which Anorata enshrined in the Schwezigon Pagoda. See Harvey, History of Burma, pp. 32-33 and Hall, Burma, p. 18.

Indian or Indianized colonies in that region.<sup>15</sup> Having subdued these elements and taken Thaton into the Burmese empire, Anorata brought Pagan to its height, and, perhaps ironically, brought his people into direct contact with the powerful Indianizing influences from the south. Now, when Pagan's Buddhism flourished, Pagan provided a place of refuge for persecuted co-religionists from India who guided the construction of Burmese religious architecture and culture.<sup>16</sup> Thus Buddhism, always one of the most powerful elements in Burmese consciousness, was saturated from the beginning with Indian elements both as filtered through indigenous peoples like the Mons-Talaings and as spread by direct contacts resulting from conquest and fame.

One other pervasive and insufficiently recognized determinant of the pre-modern relations between India and Burma needs to be noted and explored. This is the role of Indian elements in Burmese political institutions. Cady has presented an unusually penetrating discussion of the crucial ways in which "Traditional governmental authority in Burma was sustained at the center by three important buttressing sanctions" all of which were rooted in Indian Hindu concepts and institutions.<sup>17</sup> The first was the direct adoption of the Indian concept of royalty set forth in, or surrounding, the imposing and powerful Hindu Code of Manu.

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<sup>15</sup>C. M. Enriques, A Burmese Wonderland (Calcutta: Thacker, Spink & Co., 1922), p. 20. Such accounts are regarded as "mere guesses" by Hall in Burma, p. 20.

<sup>16</sup>Hall, Burma, pp. 14-17.

<sup>17</sup>Cady, A History of Modern Burma, p. 4. This account is taken primarily from pp. 3-19.



"This placed considerable emphasis on the magical properties of the court regalia and on the perennial need for the ministrations of Brahman priests at the palace."<sup>18</sup> A second religious sanction even more holy to Hindu cosmology "attributed divine status to the king by virtue of his occupancy of the hallowed precincts of the capital itself."<sup>19</sup> And finally, Burmese royal authority was sanctioned by the people's reverence or respect for the king as the defender and patron of the Buddhist faith.<sup>20</sup>

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<sup>18</sup>Ibid., p. 4.

<sup>19</sup>Loc. cit.

<sup>20</sup>Predictably--that is, assuming our hypothesis of hostile symbiosis--an imposing study by a distinguished contemporary Burmese scholar interprets these Indian influences rather differently. Maung Maung describes these legal influences as follows: "No decisive religious element prevailed in the treatises (the Wagaru, the Damhnavilasa, etc.) though their authority was Manu, the Hindu law-giver." And somewhat later: "The great period of the development of Burmese customary laws therefore saw in process the final and successful struggle to shake themselves free of Hindu influence." See Maung Maung, Burma in the Family of Nations, pp. 14-15. See also our discussion of Maung Htin Aung in footnote 4 above. Compare these accounts with that of Cady, who, while taking due note of the degree to which treatises like the Damhnavilasa rejected aspects of the Code of Manu, also notes that Brahmanic-Hindu sacerdotal functions as they "related to the authentication of royal authority" are still retained from the older Hindu traditions and texts. See Cady, A History, p. 6. Cady, incidentally, cites Maung Maung's treatise on p. 5 but takes no note of these differences of interpretation and emphasis.

...as in our discussion of the Indian origins of Burmese Buddhism, one must go beyond the simple recognition of the Indian roots of Burma's political institutions<sup>21</sup> to make a theoretical observation that will provide an additional controlling perspective in our forthcoming analysis of the Indians of modern Burma. Cady, in introducing his analysis of the Indian origins of governmental authority, insightfully points the way to this controlling perspective.<sup>22</sup> He suggests that the difficulties of creating a stable government encountered by the newly independent Union of Burma starting in 1948 are linked to the destruction of the old institutions of the Kingdom of Burma. In part these difficulties have arisen as a result of the destruction of the old forms of authority by British conquests in the nineteenth century: the regalia of kingship and the traditional religious sanctions that once provided Burmese government with its authority and power are no longer present in the Union of Burma as unifying, stabilizing, and sanctioning forces. Of course since 1948, the administration of government has been largely derived from British models, but, in Cady's words, "...the spirit of the exercise of authority owes much to pre-British custom as popularly recognized."<sup>23</sup> And yet the debt to Indianized institutions and

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<sup>21</sup>This in itself is, of course, not an insignificant matter. Obviously the stamina, dynamism, and vigor of the political and religious traditions of a nation are crucial factors in determining its evolution and vitality.

<sup>22</sup>See Cady, A History, pp. 3-4.

<sup>23</sup>Ibid., p. 4.

modes remains largely unacknowledged by Burmese scholars and has its analogue in many aspects of the Burmese attitudes toward Indians. Stated crudely, it is as if Burma's success as a modern nation may well in part demand reconsideration, modernization, and revitalization of Indianized institutions which national pride--and numerous other factors as well--refuses to acknowledge.<sup>24</sup>

This tension is often reflected, as we shall see, in the modern Burmese literature on the Indians of Burma. It is reflected in the Burmese condemnation of the Indian moneylender and the Indian laborer as parasitical. It is reflected in the acts of those Burmese political leaders whose nationalist ardor in the 1920's, 1930's, and 1940's finally freed Burma from British colonialism, utilizing slogans and ideas often derived from Indian Congress party agitators struggling to free India.<sup>25</sup>

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<sup>24</sup>This activation of historic and traditional sources of religio-political sanctions has sometimes been partly accomplished (with mixed success) especially in matters relating to Buddhism. Pertinent illustrations would include organizations like the Buddha Sasana Noggaha (founded in 1897) to preserve Buddhism's vitality under British domination. Its modern high school produced many leaders of twentieth century Burmese nationalism. The Young Men's Buddhist Association, founded in 1906, became a significant force in twentieth century nationalist politics. In the Union of Burma, the convening of the Sixth Historic Buddhist Council sponsored by the government is perhaps the most conspicuous instance of a state supported attempt to endow the political and social life of Burma with some of the aura of religious authority. See Maung Maung, Burma's Constitution (The Hague: Martinus Nijhoff, 1959), pp. 7-14, 98. For a penetrating discussion of these matters in contemporary Burma, see John F. Cady, "Religion and Politics in Modern Burma," The Far Eastern Quarterly, XII (February, 1953) 149-162.

<sup>25</sup>See Usha Mahajani, The Role of Indian Minorities in Burma and Malaya (Bombay: Vora and Co., Publishers Private Ltd., 1960), an extensive study of the largely unacknowledged Indian contributions to the growth of modern Burmese and Malayan nationalism.

One of the over-riding "givens" that has thus far been implied in our consideration of the early interactions between India and Burma can be best expressed perhaps as two forms of countertension--one centrifugal, the other centripetal--that have continued to characterize Burma's evolution. These tensions often are so interlocked that each seems to generate its antithesis. Anorata in his drive to the sea illustrates this pattern: his desire to unite Burma with Pagan at its center--in other words, to make the rhythm of Burmese life centripetal--set into motion powerful centrifugal forces creating windows on the sea, through which entered forces like Buddhism. And since Buddhism and Hinduism, as we have seen, were to contribute crucially to unifying Burmese consciousness, they can be regarded as creating centripetal pulls in Burmese life. This same dialectical process is visible in the successive political disintegrations and re-integrations, marginal to our central topic and hence not considered in any detail here, that characterize Burma's history after the fall of Pagan in 1287. The pre-Pagan migrations of peoples from the north, part of the historic north to south movement from the hills to the plains, were replaced after 1287 by "centrifugal" incursions of Shans, followed in turn by the reconquest of the Shans and the re-establishment in 1486 of a Burmese dynasty, the Toungoo. With the decline of this dynasty, another centrifugal influence appeared in the middle of the eighteenth century in the efforts of the resurgent Mons to establish a new empire. These efforts

were almost successful until Alaungpaya, the founder of a new Burmese dynasty, the Konbaung, overthrew their capital at Pegu (1757) and re-established the centripetal dominance of the Burmese kingdom. The conquest of Burma by the British in the nineteenth century, and the ensuing administration of Burma from British India illustrates the same dialectical process. This British-sponsored centrifugal pattern, obviously foreign to the Burmese character and to the dominant inner momentum of Burma's national life, created a resurgence of the nationalist spirit of "Burma for the Burmans" (nurtured in part by Indians and consummated by independence in 1948), representing a new attempt to set centripetal forces into motion.

Although these recurrent statements and counterstatements of Burmese unity and foreign influence are obviously crucial for the general historical analysis of the Indians of Burma, we have presented this distinction to illuminate the immediate content of our study as well. For the Indians of Burma were themselves shaped by, as well as shapers of, these dialectical patterns. In modern times, they first came to Burma in large numbers, as we shall shortly see, as part of a chain of events set into motion by the collision between Burmese and British aggressiveness and imperialism in the area along the eastern borders of India. Once entrenched in Burma, they inevitably kept their sights focused on

their homes in India,<sup>26</sup> and thus their influence was inevitably centrifugal. At the same time, the gigantic contributions of the Chettyar and the Indian migratory laborer to the development of the economy of the lower delta was essential in establishing Burma's greatest industry, the production of rice. Only with Indian labor and capital could the Burmese produce surplus rice to be sold on the world markets. And as Indian moneylenders gathered up land and wealth and seemed to displace Burmese from their rightful place in their own country, they helped, often unwittingly, to create the forces in Burma striving for independence and dissolution of the bonds of foreign administration. With the achievement of independence came the centripetal reaction: Burmese sought to confiscate the Indian moneylender's holdings; force the Indian minority to submit to "Burmanization" as the price of remaining in Burma; halt the entrance of Indian migratory labor. The analogue with Burma's earlier borrowings from India, expressed once again in terms characteristic of the rhythm of Burma's national evolution is clear. Once again, we see verified the symbiotic hypothesis already outlined.

We turn now to a consideration of the first phase of the political history of modern Burma: the nineteenth century British conquests which opened Burma to large-scale Indian penetration.

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<sup>26</sup>In general, this minimal sense of loyalty to the land of temporary domicile seems to be characteristic of Chinese, Indian, and other Asian overseas populations. See W. G. East and O. H. K. Spate, The Changing Map of Asia (London: Methuen & Co., Ltd., 1950), pp. 206 and G. Hawkins, "Reactions to the Malayan Union," Pacific Affairs, XIX (September, 1946) 282.

## CHAPTER II

### THE FIRST STEPS TOWARD THE INDIANIZATION OF BURMA:

#### THE BRITISH CONQUEST OF TENASSERIM AND ARAKAN

Although Indian mercantile contacts with Burma remained more or less constant from the time of Anorata to the inauguration of the Alaungpaya (Konbaung) Dynasty in 1752, Indian influence and numbers were minimal in the centuries after the establishment of Indianized political and religious practices and institutions we have discussed above. It was not until large numbers of Indians arrived in Burma as part of the entourage of the British conquerors that Indian influences were once again strongly felt in Burma.<sup>1</sup> We must, therefore, briefly trace out the background of British administration for three reasons: 1) In the absence of British conquest, there would have been no problem of the Indian minority in Burma; 2) the attitude of the Burmese toward the Indians was inextricably tangled with their attitude toward the system of British administration; and 3) the peculiar characteristics of the Indian's role in Burma was often a direct function of British administrative policies--or sometimes, even more importantly, the lack of policies.

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<sup>1</sup>Some groups of Indians, like the seventeenth- and eighteenth-century Moslem traders of the Coromandel coast, and the Moslem volunteers who fought with the Burmese against Manipur in 1759, did settle in Burma in small groups prior to the British conquest. See B. R. Fearn, The Indian in Burma (Ledbury: Le Play House Press, 1946), p. 4.

With the descriptions of the earliest British-Burmese relations during the sixteenth and seventeenth centuries, we need not concern ourselves here.<sup>2</sup> They represent the distant preludes to the diplomatic and mercantile intercourse which was to generate discord by the late eighteenth century. After 1784, when her conquest of the Kingdom of Arakan brought Burma into contact with the British-administered district of Chittagong in Bengal, there were a recurrent series of border problems, some resolved by diplomatic negotiation, others worsening until the final outbreak of war in 1824.<sup>3</sup>

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<sup>2</sup>This period is exhaustively covered in D. G. E. Hall, Early English Intercourse With Burma (1587-1743) (London: Longmans Green & Co., 1928)

<sup>3</sup>The ruling monarch of Burma, Bagyidaw, betrayed extreme contempt for the British viceroy and his 'motley black Hindus.' In these respects, the insularity of Bagyidaw and his unrealistic appraisal of the impending conflict were reflected in popular Burmese opinion. Before the outbreak of the war, it was widely believed that the unconquerable Burmese would decimate the Indian armies of the British, capture Calcutta, and move on to establish the son of the king as viceroy of England. See G. E. Harvey, History of Burma, pp. 301-304. Such attitudes were profoundly revealing evidence of the centripetal impulses of a nation whose center of gravity from earliest times had been isolated inland away from the sea. It is no accident that Burma never had an ocean going ship in all of her history (Harvey, British Rule, p. 60). And it is equally revealing to note that it was not until King Mindon Min's rule that missions were despatched to Europe and young men were sent abroad to study. The shocks of defeat and conquest were all the more deeply felt because of such exaggerated Burmese ethnocentrism. The humiliation stemming from the necessity to cede Burmese territory helped to drive some kings into insanity--an extreme illustration of the corrosive effects of British rule on aspects of the Burmese national character.



The British absorption of Burma came about in three stages. The first was initiated in the early years of the nineteenth century by the imperialistic rivalry between the Burmese (who felt sufficiently powerful, defiant, and unbeatable to attempt an invasion of East Bengal) and the East India Company, the representative of the British Government in India. The consequences of this first encounter--the First Burmese War, 1824-1826--were: 1) the victory of the forces of the East India Company and 2) the annexation, in February, 1826, of Arakan, Tenasserim, and Assam.<sup>4</sup> The Second Burmese War in 1852 resulted in the British conquest of the provinces of Pegu and Martaban, which included the important towns of Bassein, Prome, Pegu, and Rangoon; with Lower Burma completely in British hands, the territory of the Kingdom of Burma no longer had direct access to the sea. And finally, in 1886, the rest of Burma was absorbed after the Third Burmese War; Burma was now part of India, and the Burmese, for purposes of administration, politics, and law were "Indians."

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<sup>4</sup>For a short period Assam was administered in the same manner as the other two provinces, but since it was never made a permanent part of Burma, we need not consider it here. Tenasserim (and the Irawaddy Lower Delta) was Talaing country which had only recently been reconquered by the Burmese from Siam in 1757. Arakan too was one of the late conquests of the Alaungpaya dynasty, having been vanquished in 1785. These provinces were absorbed as part of a great re-awakened expansionist impulse to re-establish the ancient Burmese empire, an impulse that seized the Burmese people beginning in the mid-eighteenth century and lasted until the outbreak of the first Anglo-Burmese war in 1824.

The early history of the British administration of Burma is a complex one, often marginal to this study. Our concern here will be only with those consequences of the British conquest that affected the activities of Indians in Burma. This entails consideration of two interrelated topics: 1) the movement of Indians into Burma beginning in 1824, and 2) those aspects of British rule that vitally contributed to opening Burma to Indian penetration.

The most obvious large-scale movement of Indians to Burma came via troops serving in the armies of the East India Company; these troops had been recruited from Madras after high-caste soldiers from Bengal had refused to leave India to fight in Burma. Little concrete evidence suggests that they made a direct significant impact <sup>5</sup> once hostilities were discontinued. More important,

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<sup>5</sup>Desai, India & Burma, p. 14, and Pearn, The Indian, p. 6. In certain areas, for example in Tenasserim, Indian and British troops were not immediately withdrawn after the Treaty of Yandabo ended the war in February, 1826. Troops were kept on to establish law and order and civil functions. See F. S. V. Donnison, Public Administration in Burma (London: Royal Institute of International Affairs, 1953), p. 21. It seems plausible that the widespread use of Indian troops in the three nineteenth-century Anglo-Burmese wars and the use of Indian sepoy to suppress Burmese rebellions after the British conquest must have created anti-Indian resentment on the part of the Burmese, who had always prided themselves on their military prowess and their superior courage vis a vis the Hindu soldier. So, for example, during the pacification of Upper Burma (and Lower Burma was throbbing with rebellion as well) starting in 1886, very sizable numbers of Indian police and sepoy were brought in to execute the harsh military laws that British generals and administrators felt were necessary to suppress rebellion. These harsh policies only roused the Burmese to even greater resistance and extreme rebellious turmoil. Large numbers

especially as it presaged later importations of labor, was the attempt on the part of the first British resident Civil Commissioner of Tenasserim, N. D. Maingy, to import docile and cheap Indian convict labor in order to build desperately needed road communications in Tenasserim.<sup>6</sup> Maingy himself, according to most accounts, was apparently an ingenious, imaginative, and sometimes naive man--a less distinguished representative of that school of early nineteenth-century British liberalism represented by such great colonial administrators as Raffles and Elphinstone. Like them, Maingy accepted the principles of freedom of the marketplace, and like his more famous compatriots, he did not hesitate to apply the principle of stewardship and intervention when he felt

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of Indian police were recruited from the Northwestern Provinces of India and the Punjab, areas with long-standing traditions of military service and ferocity. By the beginning of 1887 more than 40,000 Indian troops and police were active in the execution of rebels and the job of pacification. Since a good deal of evidence indicates that the Burmese were outraged by the pacification process, it is probable that much of their outrage was focused on the Indian agents of British colonialism. See John Nisbet, Burma Under British Rule--And Before (Westminster: Archibald Constable & Co., Ltd., 1901), I, 113-118, and sources cited in Cady, A History, pp. 126-141.

<sup>6</sup>This account is taken from Cady, A History, pp. 82-3; John Sydenham Furnivall, "The Fashioning of Leviathan," Journal of the Burma Research Society, XXIX, 1939; and Furnivall, Colonial Policy and Practice (New York: New York University Press, 1956), pp. 30-35, 42-49.

it necessary to act in behalf of what he presumed to be the general welfare.<sup>7</sup> The result was often a hodge-podge with practice usually overriding principles and theories, while on other occasions the ideology of liberalism took unfortunate precedence over the immediate social realities.

Maingy's road-building schemes were part of his attempt to administer Tenasserim by utilizing Burmese laws and customs--to the degree that they were accessible and comprehensible--within the general framework of British interest and British-Indian procedures. In this administrative pattern which has parallels with the indirect rule of the Dutch in Java, the conquerors held key positions while allowing a good deal of local administrative leeway to the Burmese. In general, these policies failed, not only in Tenasserim, but wherever they were attempted in Burma. They apparently failed not necessarily because of any inherent flaw in the policies, but rather because of their inconsistent application and because of gross or subtle ethnocentrism,<sup>8</sup>

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<sup>7</sup> See D. G. E. Hall, A History of South-East Asia (New York: St. Martin's Press, 1955), p. 533. We shall have occasion below to analyze in detail the effects of these British social and economic attitudes, since British endorsement of laissez faire has been widely regarded as a vital factor in the economic successes of the Chettyar.

<sup>8</sup> Harvey affords us a good illustration when he notes that in 1845, Captain Arthur Phayre serving in Arakan under the Commissioner, Captain Archibald Bogle, was the only officer who spoke Burmese. When Phayre urged the government to "prescribe Burmese, Bogle protested that Arakan should be assimilated to Bengal and that Burmese was the language of an enemy country, it was too

rigidity in preferring British-Indian modes in certain key areas of conflict, and ignorance about the real nature of Burmese institutions and values; sometimes these policies failed simply because to all intents and purposes they were abandoned in favor of gross self-interest.<sup>9</sup> Our analysis below, especially our examination of the early administration of Lower Burma, will show that the collapse of native institutions and sources of moral authority resulting from the failures of direct or indirect rule--or simply from disregard for the integrity of indigenous institutions--helped to create the ideal environment for Indian financial successes.

But we should not minimize the dilemma of the conquerors as we sketch out these negative consequences of their restructuring of Burmese life. As we shall see, a long-standing tradition among British colonial administrators--often more honored in the breach than in the observance--required maximum respect for indigenous customs. But in the face of insurrections, widespread disorders in

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difficult a language for English gentlemen, its literature contained nothing but puerile superstitions, he had served eighteen years without learning it and the people were entirely satisfied with his administration." See Harvey, "Burma," in H. H. Dodwell, ed., The Cambridge History of India (Cambridge: The Macmillan Company, 1929), V, 565. By 1849, Bogle was Colonel Sir Archibald Bogle, Commissioner of Tenasserim; he had previously served as Commissioner of Arakon from 1837 to 1849 with the rank of Captain in the Bengal Army. Bogle appears to have been an excellent prototype for that symbol of conservative British colonialism later called Colonel Blimp.

<sup>9</sup>These conclusions are supported by the analysis of Maingy's administration made by Furnivall in Colonial Policy, pp. 30-35, based on the correspondence of the Commissioner of Tenasserim from 1825-43.

Burmese administration, difficulties with the authorities of unconquered Burma, and pressures to make the new acquisitions profitable, the British were confronted by very difficult choices in a novel and often hostile environment. Often these formidable difficulties were compounded by the inadequacies of administrative personnel drawn from service in the Indian Army. Not surprisingly, therefore, the British turned to familiar Indian procedures and Indian personnel for assistance.<sup>10</sup> And when in Lower Burma the

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<sup>10</sup> But even familiar Indian procedures often were inadequate guides in the face of the complexities of administration and daily business. An illuminating insight into such difficulties, complicated by the arbitrary discriminatory judgment of Tenasserim's Commissioner, Colonel Sir Archibald Bogle, is available in D. G. Nicolson, Correspondence Regarding the Removal of Mr. Donald Grant Nicolson, From His Appointment as First Assistant Commissioner, Tenasserim and Martaban Provinces, Printed for the Author, London, 1862. Nicolson in 1856 had been unjustly removed from his post for insubordination on Bogle's orders and was later reinstated. The details of the controversy are tangential to our purposes, but the correspondence clearly reveals the great press of business most officials confronted and the tangles in the administrative chain of command that created controversy. It also reveals the degree to which dedicated skilled officials--Nicolson was fluent in Burmese and Hindustani, and appears to have worked night and day successfully resolving complex problems of maritime law and the like--could be undercut by men like Bogle (whose motives seem to have included the desire to advance his son-in-law, one Lieutenant M. Carthew, Second Assistant Commissioner, at the price of Nicolson's dismissal). It is not accidental that Nicolson--all of whose predecessors had been military officers--should have been removed by Bogle, a Colonel in the Bengal Army.

Indian moneylender brought with him not only long experience with British ways, but also badly needed investment capital, his passports to success were inevitably assured of British endorsement.

To return to Maingy, his reforms met with little success in newly-conquered Tenasserim, and his road-building ventures were given up because of lack of Burmese support.<sup>11</sup> His importation of Indian convicts created problems involving maintenance of the public peace--another anticipation of the profound social disorganization which was often to accompany British rule--and widened the gap between the Burmese and the demands of modernity. Furnivall shrewdly observes that the presence of Indian convict labor made it unnecessary for Europeans and Burmans to learn how to work together and also impeded the development of the Burmese people so that the development of human resources lagged behind the exploitation of natural resources.<sup>12</sup> Following unsuccessful attempts to lure European settlers with large grants of land and equally unsucces-

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<sup>11</sup>In order to appreciate the difficulties Maingy faced, we should note that as late as 1869--more than forty years after the conquest of Tenasserim and Arakan--not a single British built road had been completed anywhere in British Burma. See Furnivall, Colonial Policy, p. 48.

<sup>12</sup>Furnivall, Colonial Policy, p. 46.

ful attempts to import Malay and Chinese laborers, the British, starting in 1836, sought with greater success to bring in free contract labor from India, mostly from the area of Madras.<sup>13</sup>

(There were already large numbers of Madrasi troops in Moulmein; they had been followed, as was customary in such troop movement, by Indian tradesmen, artisans, and moneylenders, while the Burmese, unaccustomed to such activities, simply looked on.) Again, as in the case of convict labor, free Indian coolie labor also impeded the Burman's progress toward an understanding of the demands of modernity: British government officials, becoming even more accustomed to dealing with Indians, might more readily persuade themselves that they were serving in India and thus Burmans lost the opportunity to acquire training in modern skills. More and more as Indians were thrust between the Europeans and the Burmese, the Burman was threatened with the prospect of becoming a stranger in his own land.

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<sup>13</sup>Howard Malcom (in Travels in Southeastern Asia, Embracing Hindustan, Malaya, Siam, and China, and a Full Account of the Burman Empire (Boston, 1838) I, pp. 49, 66, cited in Cady, A History, p. 82) notes the presence of 500 Chinese and 2,000 Indians in Moulmein in 1835. Furnivall (Colonial Policy, p. 44) estimates that by 1852 there were more than 13,000 Indians in Moulmein (an estimate he later contradicts on p. 60). (It is interesting that almost all Indians in Tenasserim gravitated toward Moulmein, the seat of power of the provincial administration.) These attempts to import labor were in part motivated by a desire to increase the population, which was so small that the financial success of the conquest seemed threatened. Furnivall (loc. cit.) notes that a proposal was made--and never acted upon--to offer free passage and land to "the destitute and half-starving population of the coast of Coromandel."



Thus colonial practice brought together two colonial peoples, one of which was familiar with the West and had entree to the rulers, the other of which inhabited a geographical backwater and had no acquaintance with European economic and political practices. Predictably, the result of this symbiotic interaction was the triumph of Indian knowledge over Burmese ignorance. These were the general, subtle, often invisible consequences of Indian penetration. A more conspicuous development, in urban areas (and especially in Moulmein), was considerable social dislocation and lawlessness, which was due partly to the poor quality of the laborers and partly to the insufficiencies of the new British administrative apparatus.

Of course, Tenasserim presented especially difficult administrative problems because it was so far removed from other territories controlled by the East India Company. Its first system of administration did not follow the Indian model: The British administrators were recruited from Penang rather than from India and had weaker loyalties to the established procedures of the Indian system.<sup>14</sup> When their innovations proved unsucces-

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<sup>14</sup>Penang--or Prince of Wales Island--itself was under the control of the Governor-General of India, but its administrative system often did not exactly duplicate the Indian model. Apparently, distance bred administrative diversity, presumably because of the difficulties of communication and the necessity of finding policies suitable for local situations.

ful, and when gross financial irregularities were uncovered, Tenasserim was placed under the control of Bengal and the more tried-and-true system of Indian administration was adopted.<sup>15</sup> British fumbings and maladministration severely sapped any measure of vitality that might have existed in the indigenous population. Dacoity and murder were common even within the cities. A few facts cited by Harvey reveal the temper of the administration:

Until 1844 most (British) assistants never left their headquarters, revenue accounts for the whole year covered only a single sheet, and statistics of cultivation and population were rare. Criminal law was the Muhammadan law of Bengal, but no copy of it existed (!); civil law was Burmese, but until...translated in 1847, nobody knew what it was.<sup>16</sup>

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<sup>15</sup>Donnison, Public Administration in Burma, pp. 17-18.

<sup>16</sup>G. E. Harvey, "Burma," in Dodwell, Vol. V, pp. 568. See also pp. 567-69 for a further account of British mismanagement in Tenasserim. An equally distinguished scholar passes a somewhat different judgment on Maingy's and his successor Blundell's efforts. Hall in A History of South-East Asia, p. 533, concludes about the early administration of Tenasserim that "whatever may be said in criticism of the new administration, the fact remains that... official oppression and extortion became illegal, banditry was suppressed far more energetically than before, while security of life and property became established features of the governmental system." Hall's judgment does restore some perspective to our analysis, suggesting that any evaluation of the British role should, in part, be based on a comparison with the conditions it immediately supplanted and on an appreciation of the spectrum of plausible possibility. Nonetheless Hall (who makes no criticisms of the Tenasserim administration) apparently fails to appreciate fully the deleterious effects of British conquest on institutions prized by the Burmese. From their point of view many of the presumed advantages of defeat may have been bought at too great a price. It is clear that room exists here for considerable differences of evaluation, especially in regard to Maingy's work. Thus Cady, for example, treats Maingy

Under circumstances such as these, social disorganization was bound to become endemic.<sup>37</sup>

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as a man of genuine imagination (see especially pp. 80-83 of A History), citing Furnivall's "The Fashioning of Leviathan" as a principal source of the facts in his account. Cady makes no note of differences between himself and Furnivall (his judgment of "The Fashioning of Leviathan" is: "excellent and amusing"); he does not cite any other primary or secondary accounts in support of his analysis. Furnivall's examination of Maingy in Colonial Policy (1948) again relies heavily on the Selected Correspondence of the Commissioner of Tenasserim, 1825-26-1842-43, and his conclusions continue to place Maingy and the early efforts of the British administration in an extremely unfavorable light. He is sceptical of Maingy's intentions, critical of his decisions and competence, and in general appears to regard him as having been a naive and shallow blunderer. His excerpts from Maingy's correspondence reveal the irony for which he is justly famous (see, for example, Colonial Policy, pp. 31, 36, 42); Maingy emerges as a rather mangy fellow. (Furnivall does not fail to appreciate the kinds of improvements in the life of the ordinary villager which Hall alludes to--he notes them in Colonial Policy, pp. 51-59--but he gives a more rounded account and appears more aware of the problems that resulted from the British liberation from the evils of Burmese royal instability, inefficiency, and oppression.) Cady does not cite Furnivall's Colonial Policy in this connection, though he does use it throughout his study and describes it in his bibliography as "a good evaluation of colonialism" (p. 662). We can only conclude that his assessment of the evidence in this instance is at odds with Furnivall's. The latter, widely regarded as the senior contemporary English-speaking statesman of Burmese studies, with twenty years of important work as a member of the Indian Civil Service in Burma and a virtual lifetime of residence and scholarship in Burma, apparently is more critical of British colonialism--in this instance--than is Professor Cady of Ohio University, perhaps the leading American expert on Burma's history. Professor Hall of the University of London, once a member of University of Rangoon, and perhaps the leading English academic authority on Burmese history, seems, in general, to side with Cady, while Harvey clearly sides with Furnivall, his friend and long-time colleague in the Indian Civil Service. There appears to be no discernible division or special pleading along national lines, though the judgment of the academic scholars seems to differ from that of the equally competent nonacademic scholar-bureaucrats.

<sup>17</sup>Harvey's overall judgment of the Tenasserim administration is revealing and succinct: "Freedom from Calcutta...ended simply in an undeveloped copy of the non-regulation model." Harvey, "Burma," in Dodwell, Vol. V, p. 569.

Maingy was withdrawn in 1835, primarily as a result of the insistence of European commercial groups that Indian rather than Burmese legal procedures should be instituted in Tenasserim. This fact, among others, makes it clear that from the outset British administration and non-Burmese economic interests, operating within the framework of British-Indian procedures, exerted irresistible pressures to Indianize the newly acquired territories. Maingy's successor, Commissioner Blundell, and other Europeans were aware of the disintegrative effects the British-Indian administration was exerting on indigenous Burmese institutions and traditions. But the economic demands of Calcutta, and of British businessmen on the scene, designed to convert the newly acquired areas into assets rather than liabilities, took precedence. And, ironically, while the social cohesion of village and family life among the Burmese suffered, many of Tenasserim's merchants enjoyed periods of intermittent prosperity.<sup>18</sup> The ground was obviously

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<sup>18</sup> From 1835-1845, the population increased 50 per cent, followed by another 50 per cent increase in the period from 1845-1852. The figures for population and revenue are as follows: Total revenue in rupees: 1826: 240,131; 1835: 339,370; 1845: 517,034; 1852: 570,639. Population in 1826: 66,000 (?); 1835: 84,917; 1845: 127,455; 1852: 191,476. See Harvey, "Burma," in Dodwell, Vol. V, p. 567. There was also a marked--and lucrative--increase in the utilization of teak logs. See Cady, A History, p. 84. We can obtain a sense of the magnitude of British business operations in the major port of Moulmein from unofficial figures supplied by local British merchants in a petition addressed to the Minister for India requesting legally trained magistrates for their area. During 1856, 1857, 1858, approximately 440 ships arrived at Moulmein each year. During the same period imports averaged approximately £466,000 and exports approximately £516,000 per year totalling approximately £982,000 of business

being prepared for the forthcoming large-scale financial penetration by Indian entrepreneurs, drawn by the promise of financial success within a money economy and legal framework familiar to the Indian but strange to the newly conquered Burmese.<sup>19</sup>

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per year. See Correspondence Regarding the Removal of Mr. Donald Grant Nicolson, pp. xxii, xxiv. We should note, however, that Tenasserim's comparative economic prosperity did not emerge instantly. Indeed, in 1831, and even as late as 1840, the East India Company regarded the province as so unprofitable and underpopulated that it considered returning it to Burma. See W. S. Desai, History of the British Residency in Burma, 1828-40 (Rangoon: University of Rangoon, 1939), pp. 132-137 and George Scott's "Introduction" to Joseph Dautremere, Burma Under British Rule, p. 13. Furnivall judges that from the point of revenue "Tenasserim was an unprofitable possession to the British" probably until the early 1840's. See Furnivall, Colonial Policy, p. 47. It is interesting to note the judgment of G. E. Harvey that the prospect of increasing revenues for Tenasserim was poor "as it had no Chittagong whence to draw population," (See Harvey, "Burma," p. 566.) Harvey's meaning is clear: Tenasserim's distance from India made it more difficult for Indians to emigrate there and thus raise its revenues to a self-sustaining or profitable level. This motif of British-sponsored Indian immigration will be considered again when we assess more fully the British role in helping to create the symbiotic environment of Burmese-Indian relations.

<sup>19</sup>We shall analyze more fully below the consequences of British administration for Burma's indigenous social patterns and vitality since, as we have already noted, the ensuing transformations created the conditions for Indian enterprise and aggrandizement. It is relevant here to mention that when the British arrived, Burma's economic life was conducted at a virtually semi-feudal level. Barter exchanges were more common than money transactions; agricultural credit was a rarity; subsistence farming on small plots was general; trade, indeed any form of economic modernity, was very much the exception. See J. R. Andrus, "Three Economic Systems Clash in Burma," Review of Economic Studies (London, February, 1931), 140, and G. E. Harvey, British Rule in Burma, 1824-1942, p. 54.

In Arakan, the other major territory ceded to the British in 1826, because of the province's proximity to Bengal (Arakan is geographically an extension of the coastal strip of Chittagong), British administration even more closely hewed to the Indian pattern. It was also somewhat more efficient than that of Tenasserim because of the comparatively easy communication network linking it to headquarters in Calcutta.<sup>20</sup> British dissolution of the indigenous system of local administration (the myothugyis [headmen], pillars of local power, lost much of their moral authority) created such extreme discontent that in 1836 Indian sepoy troops had to be called to suppress a formidable rebellion aimed at expelling the British. Political and moral disorder was widespread.<sup>21</sup> As in Tenasserim, many Bengal Indians were present,

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<sup>20</sup> A post arrived daily from Calcutta, but lest this give a false view of administrative efficiency, we should note that this comparatively easy access to headquarters only tied the decision-making process more rigidly to India. Administrators were profoundly hindered by their inability to make quite trivial decisions (e.g., hiring a sweeper or awarding three rupees for killing a crocodile) independent of Calcutta. Needless to say then that in Arakan as in Tenasserim, the conquerors could not adequately fill the vacuum left by the withdrawal of traditional sources of Burmese authority. See Harvey, "Burma," in Dodwell, Vol. V., p. 563.

<sup>21</sup> Of course, much of this confusion was the direct result not simply of British bureaucratic rigidity or maladministration, but of difficult local conditions--the annual rainfall was 225 inches--compounded by the wretched Burmese system of administration which gave the conquerors little to build upon. The area had been virtually laid waste by forty years of domination; the climate severely damaged the health of the new officers; no records, or only inadequate ones, were left behind. When pencilled notes in Burmese were discovered giving the Akyab district's population as 248,604, it was found that they overestimated the population by almost 150,000--presumably because of mass emigrations to escape Burmese oppression, as well as bad bookkeeping. See Harvey, "Burma," p. 562.

though in even larger numbers because of the comparatively easy physical access.<sup>22</sup> Again, just as in Tenasserim, substantial and accelerated economic improvements were evident, however unevenly distributed. Thus by 1852 Akyab, the major port of Arakan, was exporting more rice than any other city in the world; Arakanese paddy acreage had increased four and one-half times during the period from 1832 to 1845.<sup>23</sup> The following figures reveal the acceleration of Arakan's economic activities:<sup>24</sup>

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<sup>22</sup>Some areas were so Indianized that by the 1830's in Akyab, for example, "Hindustani was the lingua franca for all inhabitants...including the Europeans." See Cady, A History, p. 85.

<sup>23</sup>Even prior to the British conquest, Arakan and the dry central zone of Burma were the major areas of rice production, though neither produced exportable surpluses because of the prohibitions of royal decrees. (Arakan had produced exportable rice surpluses--readily disposed of in India--in the seventeenth century, but after Burmese raids followed by conquest in 1785, this activity ceased.) See Desai, India and Burma, p. 26 and Hall, A History of South-East Asia, p. 534. These prohibitions were typical of the Burmese attempts to contain Burma's life within the dry central zone protected by buffer areas in isolation from her neighbors. They reflect those centripetal tendencies in Burmese consciousness discussed in Chapter I. As in the earlier period, foreign contacts set centrifugal forces into motion: the Burmese cultivator was soon to be drawn into the world-wide rice trade through his symbiotic relationship with the Indian entrepreneur under the auspices of British colonialism.

<sup>24</sup>Harvey, "Burma," p. 564.

TABLE I<sup>25</sup>

## ECONOMIC ACTIVITY OF ARAKAN, 1830-1852

Year	Cultivation in Acres	Total Revenues (in Rupees) from all sources	Population
1830	78,519	371,310	131,390
1840	204,069	629,572	226,542
1852	351,668	904,501	352,348*

\*This is Furnivall's figure (Colonial Policy, p. 59) based on The British Burma Gazetteer, Vols. I & II, 1879, 1880. Harvey's figure is 333,645 and is unsupported by any citations.

<sup>25</sup>Population figures are available for Akyab District--the most populous part of Arakan--showing a steady increase of about 8,000 each year from the late nineteenth century to 1910. By 1910 the population of Akyab district alone was 541,783; total area cultivated in Akyab district was 682,748 acres. See Burma Gazetteer, Akyab District, Vol. B. (Rangoon: Supt. Govt. Ptg., 1912), Tables III, IV.



Plentiful and cheap Indian labor and labor from the unconquered areas of Burma were a boon to such activities, as was the considerable coastal trade emanating from the neighboring Indian district of Chittagong.<sup>26</sup>

What has emerged, even in this condensed consideration of the beginnings of British administration, is another version of the pattern of symbiosis we have already encountered in our earlier discussion of the ancient relations between Burma and India. Upon the Indian element--heretofore essentially a religious, mercantile, and cultural force--was overlaid the complex of British colonial economic interests (geared to the production of exports for profit) and British sponsorship. Meantime the Burmese--now more passive than active--paradoxically experienced a decline in social vitality and a humiliation of spirit along with the beginnings of a special form of economic prosperity and advance. Although genuine improvements in human welfare did result from the presence of British might,<sup>27</sup> this prosperity was at first often shared only indirectly and marginally by the Burmese themselves.

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<sup>26</sup>The facts in this account are taken primarily from Cady, A History, pp. 84-86 and Desai, History of the British Residency, p. 57.

<sup>27</sup>See Furnivall, Colonial Policy, pp. 47-59.

In summary, we may characterize this first period of British administration before the outbreak of the second Anglo-Burmese war in 1852 by a disintegration of indigenous Burmese institutions, often accelerated by increased contact between Indian and Burman. This contact was fostered by the frequently careless administration of a British system "imposed ready made from above, not built up from below,"<sup>28</sup> which insisted on treating Burma quite arbitrarily as part of India. But Burma was not Indian, "nor was meant to be."

As we shall shortly see in our analysis of the conquest and administration of Lower Burma, the social dissolution already mentioned might be regarded as the first step in a process in some sense comparable to the farmer's furrowing of the ground before the planting of seed. In this case, the seeds in Lower Burma were soon to be sown in the form of the remarkable activities of the highly organized cadres of Chettyar moneylenders acting in accord with century-old traditions which made them accomplished practitioners in the art of cultivating money. Then, after providing the capital to plant the seed and sustain the cultivator, the Chettyar flourished on interest from their loans during fifty years of successful reaping of their financial investments, finally falling victim after independence to the nationalist desire of the Burmese to be masters of their own land.

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<sup>28</sup> Harvey, "Burma," p. 563. And this administrative apparatus, imposed by fiat, was used again in Pegu after the second Anglo-Burmese war in 1852.

### CHAPTER III

#### THE COMPLETION OF THE BRITISH CONQUEST OF BURMA:

#### PREPARING THE GROUND FOR CHETTYAR ADVANCES

It would be excessive for our purposes to describe in detail the history and politics of the total subjugation of all of Burma as a result of the second and third waves of British conquest in 1852-53 and in 1885. But certain aspects of the British absorption of Burma--especially the subjugation of the delta region of Lower Burma--are of immediate and intimate importance to our analysis of the Chettyars in Burma. Most of the Indians' key economic activity took place in Lower Burma, and, as we shall see, was manifestly a direct by-product of British rule. We must therefore evaluate further these last thrusts of the British conquest in order to understand the circumstances that surrounded the large-scale arrival of the Chettyar in the 1880's. In this chapter and the next we will analyze the colonial conditions which attracted the Indians at that time into what was soon to become one of the great arenas of financial aggrandizement in modern Asia. Chapter III will deal with the relevant general outlines of the administrative and commercial development of Lower and Upper Burma from the 1850's to the turn of the century--the point at which these matters reached their fullest and most typical expression. Chapter IV, which will lead directly into our consideration of the Chettyar, will consider in greater

detail those developments in the delta--ethnological, agricultural, commercial and monetary--which were most prominently involved in the success of the Chettyar.

To resume our discussion of the British conquest, the Second Anglo-Burmese War, triggered by the petty Burmese abuses of British traders and representatives, was won with great dispatch by the British under the command of Lord Dalhousie, the talented Governor-General of India.<sup>1</sup> Its major consequence was the annexation of Pegu province and Martaban, linking Tenasserim and Arakan. By proclamation in December, 1852 (Pagan Min, 1846-53, and his successor Mindon Min, 1853-78, refused to negotiate a peace with a mere Governor-General), the British declared themselves in possession of all of Lower Burma.<sup>2</sup> The establishment of actual control over Pegu was

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<sup>1</sup>The controversy over the morality and legitimacy of Dalhousie's conquest is dealt with at length by his biographer Sir William Lee-Warner, Life of the Marquis of Dalhousie (London: Macmillan and Co., Ltd., 1904); see especially Vol. I, chap. ii and Vol. II, chaps. i and ii. Sir William's defense stands at one end of the spectrum; at the other is Richard Cobden's famous 1853 attack "How Wars Are Got Up In India; The Origin of the Burmese War," in The Political Writings of Richard Cobden (London: T. Fisher Unwin, 1903), Vol. II. Harvey's rather Voltairean judgment of the latter's admittedly partisan account--"(it) makes excellent reading, but, like so much excellent reading, it bears no relation to reality"--seems to sacrifice at least some measure of truth in favor of a witty observation. See Harvey, British Rule, p. 20.

<sup>2</sup>Details of the postwar settlement and accounts of ensuing administrative problems are available in D. G. E. Hall, ed., The Dalhousie-Phayre Correspondence, 1852-56, (London: Oxford University Press, 1932).

another matter, however. Civil war among the minority peoples of the area, petty thievery and highly organized banditry, patriotic resistance (often a mere transparent mask for dacoity), and the withdrawal of all high Burmese government officials and many myothugyis (township headmen), contributed to the creation of conditions of almost total confusion.<sup>3</sup> The process of pacification was drawn out, requiring "more than three years...before a semblance of order was established..."<sup>4</sup> This delay, according to Furnivall, meant only that "serious military operations ceased, but disorder required firm handling."<sup>5</sup> <sup>6</sup>Furnivall states that it required eight years to complete the pacification of Pegu; another source estimates that it required ten years to establish order;<sup>7</sup> and Cady asserts that dacoity was not suppressed until after 1870.<sup>8</sup>

Administratively Pegu was at first put under the supervision of a separate Commissioner. Then, as part of the reforms following the dissolution of the East India Company in 1858 when India was

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<sup>3</sup>Cady, A History, pp. 88-91.

<sup>4</sup>Ibid., p. 89.

<sup>5</sup>Furnivall, Colonial Policy, p. 27.

<sup>6</sup>Loc. cit.

<sup>7</sup>Nisbet, Burma Under British Rule, p. 24. The pacification process was impeded by the necessity to withdraw large numbers of troops from Burma to help in suppressing the Indian Mutiny of 1857-59.

<sup>8</sup>Cady, A History, p. 90.

placed directly under the crown, the four provinces of Pegu, Martaban, Arakan, and Tenasserim became consolidated in 1862 as the Province of British Burma. The Province was directed by a Chief Commissioner in Rangoon (the gifted Major--later Colonel and Sir--Arthur Phayre) responsible to and appointed by the Governor-General of India. For all of Phayre's intimate knowledge of Burma--he had served there for twenty years and was an expert on its language and history--the administrative apparatus of the new Province under his direction was modeled on that of Tenasserim, possibly in part because so many of the British officers brought to Burma from Madras and Bengal had little knowledge of the new area.<sup>9</sup> Furnivall

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<sup>9</sup>Hall, The Dalhousie-Phayre Correspondence, p. lxii. Hall feels that these matters about which I have speculated "still await the investigator."

All of British Burma's top-ranking officials were appointed from the Indian Civil Service or the Madras or Bengal Army. At the next level, deputy commissioners were sometimes civilian members of the Uncovenanted Civil Service or junior army officers. The ability of these men varied considerably. Though often subject to criticism (see, for example, our brief discussion of Colonel Sir Archibald Bogle in Chapter II), some were extremely capable, conscientious, and profoundly overworked (for example, Donald Nicolson, discussed in Chapter II above), and in spite of it all managed to make real contributions to Burma. (See Sir Herbert T. White, A Civil Servant in Burma (London: Edward Arnold, 1913), p. 24.) But many others were severely limited by their backgrounds and training. A characteristic criticism in the form of an appeal to the Minister for India in London was voiced by the English merchants of Moulmein, Tenasserim, in 1859: "The occupants of the Bench are Military Officers, not usually distinguished by natural ability or special acquirements; and we feel, Sir, that you will at once perceive how great is the injustice and absurdity of compelling a mercantile community, embracing many firms, whose transactions...are on a large...scale, to submit to such Judges questions which constantly occur, involving nice points of Mercantile and Maritime Law." See Correspondence Regarding the Removal of Mr. Donald Grant Nicolson, p. xxii.

makes the observation that as a result of this administrative borrowing, advancement for these officers lay in "mechanical conformity with Indian routine" rather than in a "regard for the organic growth of local institutions."<sup>10</sup>

Despite this violence to indigenous institutions and the further Indianization of Burmese life, in Furnivall's judgment the efficiency and complexity of the Pegu administration increased within the boundaries of the rather parsimonious liberal outlook dominant in England--i.e., 'that government is best which governs least.' (And, as we shall see, at the level of the individual's life in the village, most things seemed to remain the same for a few decades.) It was, however, a reiterated complaint in the correspondence of the Chief Commissioner and many of his subordinates that too little was being accomplished by the government of British Burma beyond the mere night-watchman's function praised by liberal ideology. Moreover, since the authorities of British Burma could do little without the sanction of the Indian government, further devitalization and inefficiency plagued the top levels of administration.<sup>11</sup>

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<sup>10</sup>Furnivall, Colonial Policy, p. 40.

<sup>11</sup>Furnivall, Colonial Policy, pp. 41, 49. Cady seems not to agree, though this disagreement may be a question only of terminology. He states that after the establishment of British Burma in 1862, Burma enjoyed "a large measure of administrative autonomy." See Cady, A History, p. 93. Conceivably Cady might be referring here only to questions of technical administration; this, however, is not a very plausible interpretation, since we have already seen that Commissioner Phayre had adopted the orthodox Tenasserim-Bengal-Indian system of administration in its totality. Furnivall (p. 49), appar-

At the local level, as a result of the more "rational" and, in this case, artificial hierarchy of power brought about by British reforms, a deceptive uniformity was created by the re-shaping of the groups of villages and hamlets called circles or townships. This superficial uniformity apparently prevented the British from recognizing what the circle headman was coming to realize, i.e., that his authority and station had been severely emasculated.<sup>12</sup>

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ently quoting Phayre, describes the administrative relationship of Burma to India as one of "strict subordination," a phrase hardly reconcilable with "administrative autonomy."

<sup>12</sup>The circle headman was called the taikthugyi, a post which under the British in effect replaced the traditional myothugyi (township headman), whose role we have already discussed; the latter's functions were divided among other officials, and he virtually disappeared from Lower Burma. (These two terms were often used interchangeably in the literature because for a time the distinctions between them were blurred. See Donnison, Public Administration, p. 23. Often the term thugyi was used generically to describe the functions performed by these two officials.) The taikthugyis were part of a new hierarchy of authority dealing with matters vital to the concerns of an agrarian economy: collection of land taxes, maintenance of land surveys, records of land occupancy, and the like. The taikthugyi, now a mere revenue officer, came to be regarded as a foreigner's tool (English or Indian) and thus, the moral restraints and policing powers which the myothugyis once exercised as tribal leaders concerned with the general welfare were increasingly unavailable to guide the Burmese through a period of rapid change. Unlike his predecessor, who had served as the traditional liaison between the central government and those common people who acknowledged his authority, the taikthugyi became an impersonal functionary enforcing the demands of government in an artificial power structure created by foreigners. See H. T. White, Burma (Cambridge: Cambridge University Press, 1923), p. 96; Harvey, "The Conquest of Upper Burma," in H. H. Dodwell, ed., The Cambridge History of the British Empire (London: Cambridge University Press, 1932), Vol. V, p. 442; and F. Burton Leach, The Future of Burma (Rangoon: British Burma Press, 1936), p. 120. The authority of the circle headman was further diminished by the fact that many cultivators in the delta were rootless and hence uncommitted to the life of a particular circle or



Some evidence indicates that an upswing in crime and a decline in moral tone and social observances resulted from still another British alteration of Burmese social institutions--the transference of the policing function to a new official called the gaung, who commanded little respect<sup>13</sup>; the inefficiency of the police force was another

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township let alone a particular village. But having noted all this, we should also note that, in Furnivall's words, "there was no intentional departure from the Burmese model" implied by these reforms. "In practice local administration still centred round the circle headman..." Colonial Policy, p. 74.

<sup>13</sup>Cady, A History, p. 92. There appears to be some difference of opinion between Cady and Furnivall on the comparative prevalence of crime following the Second Anglo-Burmese war. Cady, pp. 90-93, analyzes the artificiality of the British innovations in local government and attributes to it a deterioration in the "policing situation," the spread of unruly conduct leading to criminality, an upswing in dacoity, etc. Furnivall also regards the new British-sponsored local government as artificial and goes on (Colonial Policy, p. 58) to liken the situation in Pegu to that in Arakan and Tenasserim after the first Burmese war: following a period of unrest, crime was negligible and was not usually committed by Burmans, whom he describes as "being conspicuously law-abiding" during this period of the 1870's. Cady's account is based on Fielding-Hall's The Soul of a People, 1902, a rather romanticized analysis of the Burmese character which F. N. Trager's Annotated Bibliography of Burma (New Haven: Human Relations Area Files, 1956) warns should "be used with caution" (p. 36). Another of Cady's sources of C. J. F. Smith-Forbes, British Burma and Its People, 1878, an account based on first-hand observation by a high-ranking member of the Civil Service. Smith-Forbes often seems to treat the Burmese rather patronizingly as quaint natives. Furnivall's analysis cites judgments and statistics found in official publications of the government of British Burma.

Resolving these differences is difficult in the absence of all the relevant Gazetteers. Fielding-Hall may well be describing the kind of impressionistic complaint the older generation chronically makes about the "falling off" which supposedly characterizes youth especially in a period of change; Furnivall may be referring exclusively to life in the villages. It is difficult to understand Furnivall's judgment that after 1860 "for nearly twenty years, there was little crime" (p. 58) when Harvey (British Rule in Burma, p. 40) cites the

factor contributing to crime.<sup>14</sup> But for all that, the devitalization of Burmese institutions was not immediately understood, nor

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following figures for the annual incidence per million of the crimes of dacoity and murder:

	dacoity	murder
1871-5	19.4	25.9 (Lower Burma only)
1876-80*	11.6	26.5 " " "
1881-5	20.6	35.4 " " "
1886-90	war & rebellion	
1891-5	29.2	30.1
1896-1900	9.5	24.8
1901-5	6.3	26.5
1906-10**	9.4	32.0
1911-15	14.6	39.0
1916-18	16.0	37.7

\*In 1879 there was a larger incidence of crime among Indians: 0.74% of the Hindu and 0.28% of the Moslem population was in jail, as contrasted with 0.12% of the Buddhist (i.e., Burmese) population (Furnivall, p. 58).

\*\*Figures from 1906-18 are from Harvey, "The Conquest of Upper Burma," in H. H. Dodwell, ed., The Cambridge History of the British Empire, V, 446.

Harvey (British Rule), p. 40, places these figures in perspective by noting that in England the annual incidence of murder declined from 5.7 per million in 1871 to 3.1 per million in 1946. See also Donnison, Public Administration, p. 35 for substantiation of Cady's point of view.

<sup>14</sup>In Harvey's judgment the high cost and inefficiency of the police were directly related to the decline of the institution of the myothugyi since this increased police responsibilities many times over. Further, the superintendents of police were often inadequate young officers from the Indian Army, ignorant of Burmese language and customs. They obviously widened the gulf between themselves and the Burmese people by their reliance on Indian personnel throughout all levels of the police service. This, then, was another of many instances in which Indians were thrust between the British and the Burmese because of the peculiar exigencies of colonial rule. See Harvey, "The Conquest of Upper Burma," p. 442. Commissioner Crosthwaite's discussion of the shortcomings of the Burmese police in Lower Burma--somewhat marred by

was it fully felt at the village level for some years.<sup>15</sup> This failure to apprehend what had happened was due to many things: the frequent inertia and passivity of British administration in keeping with the doctrinal requirements of liberal thought; the 'staying power' of Burmese traditions; the concentration of the population in villages, where the new administrative reforms were felt weakly if at all; the formidable communication barriers that effectively isolated most people from the district officer; and the inherent "resistance of the materials"--in this case the inability of the new, neat, artificial administrative units of local government to serve effectively the remnants of the rural tradition-bound society or the new settlements of migrants for which they had been created. At the very base of local Burmese social institutions, the circle headman, while now an appointee of the Deputy Commissioner, still continued to exercise many of his traditional powers usually on a de facto hereditary basis despite the far-reaching de jure decrees that had altered so much of the system. He was still the man whom most villages regarded--although with mounting misgivings--as the embodiment of authority.

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a condescending attitude toward the Burmese--and of the reasons for the large-scale employment of Indian police during the post-1885 period in general is consistent with Harvey's analysis. Crosthwaite, however, emphasizes that the Indians were recruited by officers who had no knowledge of Indian caste and customs, with the consequence that poor recruits were enlisted from among the local Indian population. See Sir Charles Crosthwaite, The Pacification of Burma (London: Edward Arnold, 1912), pp. 52-54.

<sup>15</sup>Furnivall, Colonial Policy, pp. 41-42, 74.

But eventually, given the great gulf between the top and bottom of the power hierarchy as well as the presence of disruptive social problems, the devitalization had to become apparent. By the time this erosion of Burmese institutions was felt, beginning especially in the early 1880's, the Indian moneylender was already on the scene; Burma had been drawn inexorably and decisively into the modern marketplace, and, the ordinary cultivator was no longer able to withstand the attractions of readily available Indian money and British consumer goods. By that time other changes that we shall analyze had taken place: the dynasty had crumpled; government was becoming a more active specialized force; rootless immigrants were entering the delta; the older generation of circle headmen was disappearing and their hereditary authority apparently could not in the minds of the people be transferred by means of a foreign appointive fiat. We are thus assembling here the dominant motifs of an ecological drama presenting on the one hand the great promise of financial expansion for the skilled entrepreneur and on the other great danger for the naive indigenous cultivators making their first entry into a new kind of marketplace stripped of the protective restraints of tradition. The symbiotic relationship between Indian entrepreneur and Burmese peasant would inevitably be converted to favor those who were knowledgeable in the workings of a monetary economy and willing to risk capital at high interest rates in the hands of naive borrowers. These borrowers, as we have seen, had been made especially vulnerable because of the disintegration of the traditional restraints of their community structure.

One other significant element in Pegu's commercial development should be noted: Pegu was to grow economically not merely by exploiting its extraordinary natural endowments for the cultivation of rice--we shall devote much attention to this below--but also by becoming a major entrepot for trade moving into the unconquered kingdom of Ava<sup>16</sup> in Upper Burma. On this score as well, British Burma was exerting a formidable centrifugal pull on the Kingdom of Ava: Now that the British controlled all of Burma's maritime provinces, Ava was dependent on foreigners for virtually all her trade.<sup>17</sup>

<sup>16</sup>The Kingdom of Burma was often known by the name of its capital. The capital was no longer at Ava--it had been moved by King Bodawpaya to Amarapura (where Scott in the 1860's noted the presence of many Indians who insisted on remaining after it had been abandoned: J. G. Scott, Burma [London: T. Fisher Unwin, Ltd., 1924], p. 294) and then by Mindon Min in 1857 to Mandalay. Nevertheless the name Ava was continuously used by many Europeans especially by the British, to designate all of unconquered Burma.

<sup>17</sup>The representatives of the Government of India fully realized this point and hoped to convert Ava's dependence to Pegu's advantage by encouraging trade between Upper and Lower Burma as an aid to making Pegu self-sustaining. The December, 1860, report of a two-man commission (cited by Banerjee) to inquire into these matters was an important predecessor to Phayre's successful negotiation of The Commercial Treaty of 1862. It revealed that in 1859 Pegu's annual income, in contrast to that of Tenasserim and Arakan, was less than its annual expenditures.

Annual Income and Expenditure in British Burma, 1859

	<u>Annual Income</u>	<u>Annual Expenditure</u>
Pegu	Rs. 50,00,000	Rs. 58,54,000*
Tenasserim	16,50,000	12,88,000**
Arakan	14,50,000	5,00,000

\*Harvey, unaccountably, and with no citation of evidence, seems to disagree: "1852: Pegu paid its way almost from the first." See British Rule, p. 64.

\*\*Again, Harvey seems to disagree: "...for two generations Tenasserim could not even cover the cost of its administration" (loc. cit.).

Burma Proper--the inner insular dry zone which was the traditional home of Burmese power and national identity--was being pulled by economic necessity from her self-imposed and geographically determined isolation into economic relations with the modern world. The long-standing, irritating (and from the British point of view economically stultifying) refusal of Burmese monarchs to negotiate reliable trade treaties was finally overcome in 1862. King Mindon Min, the comparatively enlightened monarch who had ascended the throne in 1853, realized the superior force of the Europeans and wisely determined to end within limits the traditional policies of seclusion. He entered into various trade and diplomatic arrangements with Commissioner Phayre (The Commercial Treaty of 1862),<sup>18</sup> and with Phayre's successor, Colonel Fytche (The Commercial Treaty of 1867).<sup>19</sup>

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The report also revealed that in Pegu, the stakes were very much higher: after only seven years the annual income was already more than four times that of Arakan, which had been conquered some thirty-six years before. The commission urged a typical liberal proposal designed to encourage commerce: abolition of custom and transit duties between the border of Ava and British Burma (despite the fact that the duties were lucrative forms of government income). That they understood the hold that Pegu had on Ava is clear from their report: "It (the British customs line on the Ava frontier) must more or less interfere with the commerce between the north and south of Burma and the traffic of the valley of the Irrawaddy, which commerce ....the Pegu authorities are so justly anxious to foster." They recognized Irrawaddy trade as "the life blood of Burma." See Anil Chandra Banerjee, Annexation of Burma (Calcutta: A. Mukherjee & Bros., 1944), pp. 170-173. As we shall see, the British desire to make Lower Burma a profitable venture was a key force in the emigrations of Indian laborers and money lenders.

<sup>18</sup> See B. R. Pearn, "The Commercial Treaty of 1862," Journal of the Burma Research Society, Vol. XXVII, 1937.

<sup>19</sup> British officials were interested not merely in trade with Ava but also in establishing a profitable connection via an overland

Such successful negotiations inevitably meant an increase of economic contacts between landlocked Ava and India via the urban commercial centers of British Burma; hence another important step in the financial penetration of Lower Burma by foreign capital.<sup>20</sup>

Thus once again the centripetal tensions within Burmese consciousness created by her ancient traditions and her geographical location were to become enmeshed with foreign centrifugal influences. This time, the Burmese were unable to overcome the centrifugal pull of the British Empire; the Government of India was not the Mons or the Karens, and by 1886 the entire kingdom was to be absorbed. The twentieth century Indian migrant laborers and moneylenders were not like the Hindu seamen who settled, intermarried, and were absorbed

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route (up the Irawaddy River to Mandalay, then through Upper Burma to Bhamo) into Yunnan in western China. As it turned out, the difficulties were formidable and the advantages greatly exaggerated; the numerous privileges sanctioned by the treaties of 1862 and 1867 looking toward the exploitation of a China trade consuming vast quantities of Manchester goods never produced profits on a level with expectations. See Banerjee, Annexation of Burma, chap. vi.

<sup>20</sup>Trade between Upper and Lower Burma flowed in both directions attaining very considerable sums, as the following table adapted from Furnivall (Colonial Policy, p. 65) shows:

Trade With British Burma In Rupees

<u>Year</u>	<u>Exports to Ava</u>	<u>Imports from Ava</u>
1858-59	3,980,000	3,190,000
1865-66	8,340,000	7,250,000
1877-78	17,760,000	20,010,000
1884-85	20,010,000	19,600,000

by Thaton and overwhelmed by Anorata. Their roots remained in India, and their wealth altered the ancient center of gravity of the Kingdom of Burma, placing it in Rangoon--once regarded as a frontier post of the Empire--or across the Bay of Bengal in the Chetty banks of Madras rather than at Mandalay, Amarapura, Ava, or Pagan. Nor could the Burmese absorb, transmute, and Burmanize English law as they had Burmanized the Code of Manu and Indian Buddhism. Instead, Buddhism, one of the great unifying elements of Burmese consciousness, was severely crippled by the British conquest, and English law became a key factor in the land alienation process that displaced the Burmese peasants in large numbers. Indeed for a time, many observers from the 1880's on felt that the Burmese nation was in danger of being overwhelmed by its populous neighbor;<sup>21</sup> only the ubiquitous Indian seemed

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<sup>21</sup>There is an extremely large number of references in the literature to the inevitability of overpopulated India's inundation of underpopulated Burma. See for example, J. A. Bryce, "Burma, The Country and the People," Proceedings of the Royal Geographical Society and Monthly Record of Geography, no. VIII, August, 1886, p. 487, and Census of India, 1911, Vol. IX, part I (Rangoon: Supt. Govt. Ptg., 1912), pp. 74-75. The latter refers to "the prevailing tendency to assume that the Burmese as a race are doomed by the modern incursions of India..." in order to refute such a notion. Later, the Census describes as "unsupported by the census returns" the "fundamental article of belief with the majority of Europeans in Burma, that the Burmese race is doomed and is bound to be submerged in a comparatively short time by the hordes of immigrants who arrive by every steamer from India." (p. 245) With reference to this last conclusion, it is instructive to note G. Rutledge's lead article in The Journal of the Burma Research Society, Vol. II, part ii, December, 1912, entitled "Some Notes on the Burma Census." Rutledge describes the conclusion on page 245 quoted above as "the outstanding feature of the Census...." (p. 1). References to the displacement of the Burmese by Indians were equally numerous. See, for example, an unusually early one in G. Geary, Burma, After The Conquest, Viewed in Its Political, Social and Commercial Aspects, from Mandalay (London: S. Low Marston, Searle and Rivington, 1886), p. 25.



able to deal with the complexities of British jurisprudence and economics and find his way along the paths of preferment to posts of influence and economic power.

These are the broad outlines of the scene as it began to take shape before the turn of the century; we shall examine in the next chapter its key economic, ethnologic, and political characteristics, which were intermingled at every turn with the Chettyar's activities. The remainder of this chapter will continue our assessment of the British conquest--extended in 1885 to include Upper Burma--and especially its role in creating the colonial environment conducive to the success of the Indian moneylender.

Much of the general pattern preceding the British conquest of Ava seems like a more complex variation on old motifs. There were the same incidents of Burmese ethnocentrism and insularity (occasionally modified on isolated questions) creating breakdowns in diplomatic practice, the same intransigence on the part of the Burmese king, the same unyielding insistence on protocols which the Europeans found unacceptable, the same offenses against European traders, the same pressure by British interests to protect and extend trade by outright annexation. And there were additional complications, most notably France's apparent threat of dominating Upper Burma as an extension of conquests in French Indo-China.

On the death of Mindon Min in 1878, Thibaw, the last of the Alaungpaya dynasty, and one of its most incompetent and inexperienced representatives, ascended the throne amidst the usual intrigues

surrounding succession.<sup>22</sup> All throughout Thibaw's reign there were provocations which many officials and members of the European--and especially the British--business community of British Burma tried to convert into occasions for annexation. Thibaw's rule was characterized by a steady decline in the social stability of the realm: banditry was widespread, corruption among officials was rampant, parts of the country were controlled by insurgents, and real or imagined intrigues gave rise to repeated slaughters of possible rival claimants to Thibaw's throne.<sup>23</sup> In addition to all these difficulties and tensions, creating what Nisbet describes as anarchy, Thibaw's court was involved with French officials in discussions which were to prove to be one cause of Thibaw's destruction. This new excursion into foreign relations began during Mindon's reign in the late 1860's when Burma became enmeshed in the rival imperialistic ambitions of

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<sup>22</sup>Nisbet, Burma Under British Rule, pp. 39-49; Hall, A History, pp. 547-549; Scott, Burma, chap. xv. Thibaw has been characterized throughout the literature in terms like "a nasty little nonentity," "palsied," "corrupt and gin-soaked," and the like. He was dominated by intriguing women and other corrupt elements of his court.

<sup>23</sup>Nisbet, Burma Under British Rule, pp. 170-175. According to Nisbet (p. 65), Thibaw's misrule had created such terrible conditions that early in 1884 within a period of a few months, some 250,000 people had fled from Upper Burma to live under the law and order of British Burma. If this estimate is accurate, it is safe to assume that the strain on the already restless population of areas like the delta, as well as on the British administration of law and order, must have been considerably intensified.

France and England.<sup>24</sup> In the 1870's Mindon attempted to establish relations with European powers, most notably with France, as a possible counterweight against the total British domination of Burma. According to one account, the anxiety of the British about this French threat in an area they had come to regard as virtually their exclusive sphere of influence made them "desperately jealous".<sup>25</sup>

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<sup>24</sup>Maung Maung, Burma in the Family of Nations, pp. 53-54, 61-63; 158-164; Nisbet, pp. 54-56; John L. Christian, Burma and the Japanese Invader (Bombay: Thacker and Co., Ltd., 1945), chap. iv. An excellent analysis of the background of French ambitions up to the 1870's is J. F. Cady's The Roots of French Imperialism in Eastern Asia (Ithaca: Cornell University Press, 1954).

<sup>25</sup>Maung Maung, Burma in the Family of Nations, p. 63. Numerous observers had pointed out that in many ways the Government of India and the British Foreign Office prior to 1886 already treated the dependency of the Kingdom of Ava as a fait accompli. A good illustration is provided by Christian's quotation of a revealing account by the American Ambassador to London describing the visit there in 1872 of King Mindon's first European mission: "I think... they (the Burmese envoys) were intelligent enough to observe that, although coming accredited to this court in a diplomatic character, their presentation to Her Majesty, and the delivery of their credentials, were under the auspices not of the minister of foreign affairs, but accompanied by the secretary of state for India. There seemed a significance in this fact. It was as if the government here were willing to consider questions of relations with Burmah as belonging to the policy which controls in regard to the eastern possessions of Great Britain, and not to the treatment which is to be given to an independent power." See John Leroy Christian, "Burma and the American State Papers," Journal of the Burma Research Society, Vol. XXVI, Part II (quoting Foreign Relations of the United States, 1873, Part I, p. 318) quoted in Maung Maung, Burma in the Family of Nations, p. 52.

Such a situation--and it was complicated by intrigues on the parts of all parties--needed only a plausible provocation for Britain to justify annexation of Ava to protect established British interests. An appropriate occasion arose in the form of a complaint by the British-owned Bombay-Burma Corporation that a fine imposed on it by King Thibaw's government was exorbitant and unjust. This was followed by mounting anxiety that the timber concessions of the Corporation would be transferred into French hands. When negotiations failed to satisfy the Government of India that British interests would be protected, Ava was invaded in November, 1885, and within a month, Thibaw was deposed and exiled in Madras. With the Alaungpaya dynasty at an end, Burma's political future was placed in the hands of the Viceroy of India.<sup>26</sup>

The annexation of Upper Burma had by no means been hailed with equal enthusiasm by all members of the British establishment. Indeed, in Cady's judgment, most of the well-informed members of the civil service opposed annexation on the simple but compelling grounds that it would entail elaborate and prohibitively expensive administrative devices to provide a suitable political substitute for Thibaw

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<sup>26</sup> Maung Maung, *Burma in the Family of Nations*, pp. 64-68; White, *Burma*, pp. 104-106; Dautremer, *Burma Under British Rule*, pp. 69-70. Burma was officially made a British possession on January 1 and declared a province of India on February 26, 1886 (Crosthwaite, *The Pacification of Burma*, pp. 7-8).

in the new territory.<sup>27</sup> Some astute observers feared the consequences of destroying all semblance of traditional authority in favor of an administrative apparatus fashioned for the needs of Lower Burma, not Upper Burma. These judgments and fears turned out to be well founded. The inability of the new administrative officials in conquered Mandalay to utilize remnants of traditional Burmese institutions proved to be disastrous. They were unable to endow either the visible power structure or the obscure interstices of Burmese life with even a semblance of traditional authority and moral sanction. In Cady's words: "The net outcome was to destroy the authority of the older government at its very heart and to precipitate rapid transition from endemic disorder to outright rebellion."<sup>28</sup> Thibaw may have been a wretched king--a "nasty little nonentity"<sup>29</sup>--but he was a Burmese king symbolizing almost one thousand continuous years of

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<sup>27</sup>Cady, A History, p. 126. Some high-ranking civil servants, like Commissioner Charles Bernard, favored the establishment of a protectorate over Upper Burma; others, like Sir Charles Crosthwaite and J. E. Bridges, regretted the annexation. See Harvey, "The Conquest of Upper Burma," p. 439. Cady cites numerous volumes of Parliamentary Debates during 1886 containing statements by leading anti-imperialist leaders of Parliament who opposed annexation. Gladstone's Liberal government had come to power just a few weeks after the annexation had been made an accomplished fact by his Conservative predecessors. With skillful sophistry he supported the Viceroy of India's defense of annexation despite its violation of fundamental tenets of Liberal ideology. See Cady, pp. 130-132.

<sup>28</sup>Cady, A History, p. 127. Cady acknowledges his heavy reliance in these passages on Grattan Geary's Burma After the Conquest (London: S. Low, Marston, Searle, & Rivington, 1886).

<sup>29</sup>Harvey, British Rule, p. 21.

deep national self-consciousness, and surrounded by the powerful aura of Buddhism and the reassuring (if somewhat battered) moral and political regalia of the monarchy.

The country under Thibaw had already begun to suffer from extreme social disorganization, but the situation after Thibaw's removal became even more intensely anarchic and violent, resembling in many psychological respects the period of the Great Fear during the French Revolution of 1789. Patriotic resistance to the conquerors, often in the guise of dacoity, for a time found considerable support among the people of both Upper and Lower Burma.<sup>30</sup> The formidable process of pacification required the training of numerous troops from among the minority peoples of Burma and the presence of thousands of Indian troops for a period of five years.<sup>31</sup> Since the top levels of the administrative apparatus of Lower Burma remained--for the most part--reasonably intact, the rebellion did not take on as serious proportions there and was brought under control sooner with many less troops. In Lower Burma the years of British rule were an obvious aid in the pacification process, as was the participation of

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<sup>30</sup> Crosthwaite, The Pacification of Burma, p. 23; Harvey, "The Conquest of Upper Burma," p. 439.

<sup>31</sup> See Nisbet, Burma Under British Rule, pp. 108-140. For a complete account of the period from 1885 to 1890, see Crosthwaite, Pacification of Burma (pl 337), for telling evidence of the degree to which affairs were impeded during the pacification: In 1886 the revenue of Upper Burma was £222,000 as compared to £120,000 at the end of pacification in 1889-90. According to Cady, A History (p. 135) the total cost of pacification was approximately £3,000,000, more than ten times the original estimate.

the Karens, who were eager to help the British against their traditional enemies. Furthermore, as we have noted, many of the headmen who in Upper Burma had often formed the nucleus of resistance, had had their authority weakened by the British conquest. In Upper Burma, however, the suddenness of defeat left many armed soldiers in the field ignorant of Thibaw's fall, bewildered, and determined to resist, often under the leadership of members of the royal family and pretenders to the throne. Resistance there was drawn out and painful, and for long periods the countryside was ravaged by acts of violence.<sup>32</sup> Throughout Burma, the participation of Buddhist monks in the rebellion was an element of special importance whose significance we shall deal with shortly.

How did these developments create an environment that was to prove indispensable to the financial triumphs of the Chettyar? To answer this question we must examine a complex skein of inter-related social functions fundamental to the stability of Burmese society--a skein whose threads were abruptly rewoven or merely unraveled and abandoned according to the requirements of colonial theory and practice. While full analysis is impossible here, we shall examine the more significant of these disturbed social functions--especially the political and religious functions.

In general, one should note of Burmese politics that at the top levels of administration, the conquest of 1885 unalterably cast

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<sup>32</sup>See Crosthwaite, The Pacification, p. 131; Scott, Burma, pp. 334-353; Nisbet, Burma Under British Rule, pp. 135-141.

the form of Burmese government into the standardized Indian model; it thus tied Burma to the Indian empire, a commitment which Hall describes as "Britain's greatest mistake in dealing with Burma..."<sup>33</sup> With the fall of Thibaw and the disappearance of all vestiges of native authority and tradition once emanating from the center of the Empire, the "resistance of the materials" alluded to above began to dwindle; by the end of the pacification process it had virtually disintegrated. Following the conquest of Tenasserim in 1826 and of Pegu in 1852, the life of the villager in many fundamental ways had continued on a self-contained level which paralleled the standardized models of Indian administration. The design of the latter was presumably "a perfect form of rule imposed from the top;"<sup>34</sup> the pattern of the former often remained fundamentally un-

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<sup>33</sup>Hall, A History, p. 620. Hall is of course not without widespread support in this judgment. For example, Christian describes as "quite universal" the judgment of the distinguished Burmese expert Sir J. G. Scott that "Burma ought never to have been joined to the Indian Empire." See J. L. Christian, Burma and the Japanese Invader, pp. 58-59.

<sup>34</sup>These are the words of a distinguished Burmese member of the top level of the Indian Civil Service who spent years as a bureaucrat in Burma. See U Kyaw Min, The Burma We Love (Calcutta: Bharati Bhavan, 1945), p. 67. That the term "perfect" is used ironically and without approval is evident from the next sentence: "Being perfect, no other system in any other country could be more perfect, not even Hitler's administrative machinery."



disturbed. But the elaborate campaign of pacification--involving at its peak in 1887 more than 40,000 armed men--pressed the standard Indian administrative modes into place with the irresistible pressure of the world's most powerful imperialistic nation determined to establish its rule of law within its empire.<sup>35</sup> The construction of a more extensive communication network as an aid to the pacification process, and the existence of omnipresent police posts, penetrated the life of the villages and hence the roots of Burmese consciousness. This extension of centralization in Lower Burma where local authority had already been dealt crippling blows by the destruction of the myothugyi's functions, could only have painful consequences.

As part of pacification and as part of the centralization and proliferation of specialized agencies and personnel characteristic of the post-1886 period, the taikthugyi's powers were further diminished.<sup>36</sup> This additional unraveling of the fabric of social

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<sup>35</sup>The establishment of a rule of law and a considerable measure of political stability was one of the foremost results of British rule in Burma. Of course it was not Burmese law, and the Burmese were required to pay a heavy price in terms of the integrity and preservation of their own social order so that they might "enjoy" these British accomplishments. Many scholars hold that from the Burmese point of view the British legal system, and especially the operation of its courts, was perhaps the most confusing aspect of British rule. As we shall see, this Burmese confusion about the law became an important element in the Chetty's financial success.

<sup>36</sup>Of course considerable economic and some social gains were derived from the growth of the specialized agencies, even though the Burmese usually regarded such agencies with great suspicion. For the Burmese they represented a further departure from tradition in the direction of maximizing impersonal authority and fragmenting the social structure of everyday life. The predominance of Indian personnel in these agencies was, in Burmese opinion, an additional demerit. See Cady, A History, pp. 144-150.

relations at the village level resulted from the imprisonment, execution, and military suppression of the numerous taikthugyis who had led the resistance. It also expressed the successful determination of Chief Commissioner Sir Charles Crosthwaite (1887-1890) to impose an Indian scheme of village administration on Burma.<sup>37</sup> It was Crosthwaite's a priori theory, brought ready-made from his service in India,<sup>38</sup> that the thugyis' power, extending over a circle or township which included numbers of villages and hamlets, should be diminished in favor of "restoring" greater power to village headmen.<sup>39</sup> This theory had no roots in Burmese

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<sup>37</sup>Donnison, Public Administration, p. 31. The inability of the local administration--especially its police--to control the rebellion in Lower Burma apparently was taken as evidence that the standard administrative apparatus could not safely be transferred to newly conquered Upper Burma, as, for example, the administration of Tenasserim had been transferred to Pegu. See Cady, A History, p. 141.

<sup>38</sup>According to Crosthwaite's own account, the original notion had been planted during his earlier service as acting Commissioner in Burma during 1883-84. See The Pacification, p. 23. It is interesting to note Crosthwaite's disagreement with Fielding-Hall's The Soul of a People (1898) on the consequences of the Village System. After quoting Fielding-Hall's judgment "...the local (Burmese) government is passing away...It cannot exist with a strong Government such as ours," Crosthwaite replies: "This is a prophecy which I believe has not yet been fulfilled, and I hope never will." (p. 24). Later, we shall have something to say about the weak sense of consequence which seems often to have characterized even such dedicated and gifted high-level officials of the British administration during this crucial period.

<sup>39</sup>This breaking up of the circle-township unit and of the circle headman's functions was intended to serve as an aid in establishing law and order by making individual villages responsible for the preservation of the peace. See Crosthwaite, The Pacification, p. 23 and Hall, A History, pp. 621-622. According to the account

tradition. Thus, as myothugyis and taikthugyis throughout Burma were gradually eliminated, "the largest indigenous social and political unit [in Burma] was destroyed."<sup>40</sup>

Furnivall sums up the meaning of these reforms in the context of our discussion:

[They] abolished self-government over any unit larger than the village and, by converting the village from a social and residential unit into an administrative unit, cut at the roots of organic social life within the village.<sup>41</sup>

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of a long-time member of the Indian Civil Service in Burma, the attempts of Crosthwaite and his successors to abolish the Circle System were "opposed by the majority of their officials." See Brown, Burma As I Saw It, p. 202. Brown himself approved of the Crosthwaite reform though on historical grounds that seem to misrepresent the origins of the myothugyi system (pp. 201-204).

<sup>40</sup>Donnison, Public Administration, p. 32. Some of the new artificial ways of delimiting the village unit are described in Census of India, 1911 (Rangoon: Supt. Govt. Ptg., 1912), IX, I, 25. These manipulations are illustrated by a simple set of statistics drawn from page 26 of the Census: In 1891 the total number of villages in Burma was 28,709; in 1901 it was 44,955; and in 1911 it was 18,640! According to the text, these roller-coaster figures "represent technical changes rather than any change in the actual number of villages." Indeed, in 1911, despite a "decline" of 26,315 villages since 1901, the proportion of villages in relation to the total population had increased more than 8% over the figure for 1891 (loc. cit.). One can well imagine the cost in human confusion of these administrative manipulations.

<sup>41</sup>Furnivall, Colonial Policy, p. 74. The following discussion owes much to Furnivall, pp. 71-77. Furnivall's analysis carries an unusually authoritative weight in this instance since he witnessed and participated in the administration of the new Village System as a member of the Indian Civil Service in Burma. He has also made unique studies of the Sittans (legally attested records of revenue inquests) which survive in the form of several thousand primary documents that reveal the inner dynamics of the myothugyi-administered Circle System. See Hall, A History, p. 622.

And it was in these reform-weakened villages (where 92.5 per cent of the indigenous population lived)<sup>42</sup> that the moneylending activity of the Chettyar was to lead by the 1930's to modern Burma's greatest single economic problem, land-alienation.

After Crosthwaite's reforms, the next four decades saw a continual re-shuffling of artificially drawn power and territorial distinctions--all supposedly made in the interest of efficiency, none made with any serious regard for the organic ties of traditional community and circle affiliations.<sup>43</sup> Thus replacement of the Circle System by the Village System meant that the mechanical artificial administration which long characterized the central government now had its unfortunate parallel on the local level. The continually decreasing number of thugyis who survived had their moral and legal influence severely curtailed.<sup>44</sup> The decline of common social life permitted and sometimes even prompted a decline in social responsi-

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<sup>42</sup>"...92.5% of the Buddhist inhabitants of Burma proper reside in villages..." Census of India, 1911, IX, I, 24.

<sup>43</sup>Furnivall provides an apt illustration of the degree to which the village under the Village System was merely an entity for revenue collection and the maintenance of order when he notes that the annual Administration Reports devoted only a paragraph to village affairs under the heading of Police Administration (Colonial Policy, p. 75).

<sup>44</sup>The end of the myothugyi's powers in the field of customary law came in 1891 when a myothugyi's decision was overruled by an official court. See J. S. Furnivall, "Reconstruction in Burma," MS., 1943, quoted in Cady, A History, p. 145.

bility together with a psychological sense of displacement which encouraged rootlessness and self-seeking.

When we insert our central actor, the Chettyar moneylender, into this setting whose props had been constructed by the exigencies of colonialism, we will see for the first time the full dimensions of the ecological drama to which we have earlier referred. Here we may note that the large-scale land alienation which was to follow from the Chettyar's lending of money against agricultural mortgages would have been impossible under the circle system, presided over by the myothugyi: Social sanctions and concern for the common good would have held in check the rampant individualism and rootlessness which helped make the unwary agriculturalist the Chettyar's willing victim. Burman and Indian were now symbiotically entangled in a web which colonial necessity had created out of transplanted Indian administrative models and the remnants of Burmese tradition; whereas according to ancient Burmese tradition, land could not be alienated, under colonial rule with its elaborate institutions for the protection, indeed the sanctification, of legal contracts, the Chetty was free to encourage personal indulgence and wastefulness among his debtors. And the Chetty could always rely on the might of British justice to enforce his claims when the inevitable difficulties of agricultural life or the cultivator's new-found extravagance impeded the agriculturalist from payment of his debts. The cultivator's naivete about the workings of a monetary economy did not extend to his skill in converting the rice lands of

the delta to produce a cash crop sought after on the world market. In the paddies, the Burman was supreme; in the "banks" the Chettyar was unexcelled. It is our contention that this symbiotic relationship flowed in part from the nature of the complex demands made upon the Government of India and Burma. After 1885, the British, responding to changes in colonial attitudes at home, were intent on creating a neater, more centralized and efficient administration in Burma; this was partly reflected in a decline in the once-dominant laissez faire ideology.<sup>45</sup> They were also intent (though perhaps much less consciously) on simultaneously justifying the propriety, wisdom, and fairness of the annexation itself. Thus, although British officials were fully aware of the mounting problems of Burmese agriculturalists who fell victim to the Chettyar, they did little to remedy these problems. We may anticipate the reason in a crude syllogism: 1) Profit and efficiency were regarded as intrinsic goods, both of which must be maximized to vindicate annexation; 2) profit and revenue lay in the production of rice; 3) therefore, whatever means provided capital and credit for rice production had to be tolerated. Moreover, since there appeared to be no alternative to Chetty capital for developing the rice economy of the delta, the Chetty's skill in making money multiply was nicely geared into the requirements of colonialism. As a result of the accident of propinquity, Burma--scene of the Chetty's operations--had been conquered from India, the Chetty's

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<sup>45</sup> We shall take up this topic again in Chapter IV.

native country. The Chetty could come and go freely in Burma, since Burma was part of India. He could draw on his knowledge of British procedures and laws and his renown as a manipulator of money in an economic setting where the collateral was rich land and where rice was in demand by a continuously expanding market. How, under such optimal circumstances, could he fail?

We must now turn from political considerations to mention, however briefly, a development in the religious life of Burma--a development that in numerous subtle ways following the annexation of 1885 helped prepare the ground for Chettyar advances. We are referring to an alteration in the status of Buddhism which inevitably followed from certain policies and attitudes characteristic of British colonial rule.<sup>46</sup>

We have already encountered other instances of colonial reforms that invited Indian penetration such as the Crosthwaite-sponsored reform of the Circle System. In the post-1885 religious life of Burma a still more intricate complex of moral, social, and--in the ancient sense--political consequences followed from what a contemporary philosopher designates as deformation professionnelle--professional deformation.<sup>47</sup> We are referring here, of course, to the deformation professionnelle of the members of the Indian Civil Service

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<sup>46</sup> Our later discussion of population and land alienation will deal with the role of Buddhism as a factor in underpopulation among Burmese in their relations with Indian moneylenders.

<sup>47</sup> William Barrett, Irrational Man, A Study in Existentialist Philosophy (New York: Doubleday & Co., Inc., 1958), p. 4.

in Burma. When they were victimized by the biases and specializations rooted in prior Indian service--as, for example, in their "negative attitude" toward Buddhism<sup>48</sup>--the consequence was not merely gaucherie, but the shattering of profoundly important dimensions of the hereditary constitution of Burmese life.

As we have already noted, it was one of the significant geographical accidents of Burma's conquest not only that it was absorbed from India and administered by the Indian Civil Service<sup>49</sup> but that the conquerors--in 1826 and 1852--annexed the outer fringes of the Empire first.<sup>50</sup> The inner zone of the kingdom proper, the traditional homeland and source of Burmese national consciousness, resisted longest and was conquered last.

From this context, two significant implications emerge: 1) Arriving directly from service in an India that was caste-ridden,

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<sup>48</sup>This is Hall's phrase in A History, p. 623.

<sup>49</sup>Of fourteen lieutenant-governors of Burma from 1862 to 1922, eleven were appointed from India with no previous experience of any kind in Burma. See Harvey, "The Conquest of Upper Burma," p. 441. Hall (A History, p. 623) states his belief that most of these men hoped to return to India when promoted, never learned Burmese, and knew little about the country. For details on the administration and personnel operations of the Service in Burma, see Sir Edward Blunt, The I.C.S. (London: Faber and Faber Ltd., 1937), pp. 45, 72, 265-67. L. S. S. O'Malley, The Indian Civil Service 1601-1930 (London: John Murray, 1931), pp. 90-93 notes some of the difficulties involved in recruiting trained personnel for the administration of Upper Burma.

<sup>50</sup>The following discussion owes much to Harvey, "The Conquest of Upper Burma," pp. 439-441 and Harvey, British Rule, p. 25.



overpopulated, and rent with religious tension, the British formed a contrasting impression of Burma that was all the more deep and lasting.<sup>51</sup> Unfortunately, it was an impression based mainly on conditions in Lower Burma. What they found in Lower Burma was a wasteland of swamp and jungle with almost no towns and few villages. Except for the Circle System, Burma was a comparatively unstructured society. Virtually no aristocratic gradations in rank existed since nearly everyone lived the lives of simple farmers, salt-extractors, or fishermen. In contrast with India, this world seemed a relatively "open society", or perhaps a "flat society" of a simple sort.<sup>52</sup> As a result, the population that then grew up under British rule was a colonial melange, polyglot, rootless, and weak in traditions.

2) All these impressions of Lower Burma impelled the great majority of British officials in 1885 to assume that these same social conditions were characteristic of Upper Burma as well. Harvey sums up both these points with a generalization that refers to the attitude of nineteenth-century bureaucrats: "Hence Englishmen came to regard

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<sup>51</sup>For a succinct description of the contrasts between Burma and India as they might appear to a member of the Indian Civil Service see Philip Woodruff, The Men Who Ruled India, The Guardians, (London: Jonathan Cape, 1954)II, 117-118.

<sup>52</sup>Lower Burma was an area that had for several previous generations been devastated by Burmese invasions and local rebellions; in the 1820's it was sparsely inhabited; its traditional social structure had been leveled. In the 1850's, after the Second Anglo Burmese War, most of these circumstances still prevailed in Pegu Province and were perhaps even accentuated by the withdrawal of most men of authority along with the retreating Burmese Army. The significance of these conditions for Lower Burma's economic development is discussed in Chapter IV.

the Burmese as one dead level of peasants, without class distinctions or hereditary institutions, their government as unsystematized despotism, and Upper Burma as a tabula rasa whereon to erect an administration of the approved Anglo-Indian type."<sup>53</sup> Upper Burma was, of course, not a tabula rasa but a society of great complexity with elaborate sumptuary laws, social distinctions, and differentiations of rank, and a religious bureaucracy with national authority; it had served for centuries as the source of standards for the entire Empire. The sanctity of the intricate traditions that tied the authority of the Church to the King, and vice versa, was basic to the stability of the nation.<sup>54</sup> But the dominance of the attitudes and preconceptions Harvey described, intermingled with other colonial shibboleths and principles proved catastrophic for Buddhism as the British "made a clean sweep of the old system."<sup>55</sup>

The full meaning of this disaster can only be hinted at here: In Burma, Buddhism had been the state religion since Anoratha's reign

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<sup>53</sup>Harvey, "The Conquest of Upper Burma," p. 440. Donnison, Public Administration, p. 13, suggests that the British had "great difficulty in understanding" the social organization of Burma because it seemed so irregular and jumbled.

<sup>54</sup>In Cady's words: "Any attempt to bring Burma's problem into historical perspective must start with the fact that the political and social life of old Burma, from the palace down to the village, centered around the Buddhist religion. The Burmans considered Buddhist faith the very raison d'etre of their state." Cady, "Religion and Politics in Modern Burma," The Far Eastern Quarterly, February, 1953, V. XII, 150.

<sup>55</sup>Ibid., p. 153.

in the middle of the eleventh century. It had become a sacred and fundamental part of Burmese consciousness.<sup>56</sup> The destiny of the nation, the temper of moral life, the level of culture, the integrity of the law, the choice of a man's livelihood, all were tied to, regulated by, or in some way imbued with Buddhist values and observance.<sup>57</sup> Perhaps most significant in the context of our discussion was the inability of the British to understand or sufficiently appreciate two things: 1) the centrality of Buddhism as a guiding force in Burmese life; and 2) the degree to which respect for the monarchy was fundamental to the religious--and, of course, the secular--life of the nation.<sup>58</sup> Since the inception of the nation and

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<sup>56</sup> Much of this analysis is derived from Cady, A History, pp. 168-176; Furnivall, Colonial Policy, pp. 199-203; H. Fielding-Hall, A People At School (London: Macmillan and Co., Ltd., 1906), pp. 247-259.

<sup>57</sup> A recent sample survey by the agricultural authorities of the Pegu District provides a revealing insight into the influence of religion on the agriculturalists' choices in contemporary Burma. Of 48 farmers not keeping livestock but informed about the potential profits that such activity might produce, 35 gave interviewers religious reasons for refusing to raise animals to be slaughtered. See David E. Pfanner and Jasper Ingersoll, "Theravada Buddhism and Village Economic Behavior," Journal of Asian Studies, XXI (May, 1962) 344.

<sup>58</sup> No one ever seems to have commented on the peculiarity or irony of such an attitude being expressed by Englishmen sworn to serve the Queen as "Defender of the Faith." Of numerous examples that might serve to illustrate this British ethnocentrism it is instructive to note one from a famous work, whose author is generally regarded as romantically infatuated with Burmese life: "I do not see wherein the Burmese, in so far as they are Buddhists, have matter for complaint that we have conquered them. They had made their leading tenet that war was wrong. They believed or tried to believe that the world is very unhappy. They said there was nothing in it worth having."

of civilized practice, Burmese kings had watched over and encouraged Buddhism as well as the learning and art which it infused with its spirit.<sup>59</sup> Now that Thibaw was deposed the entire structure of the Buddhist Church was in crisis. Appeals to the conquerors from high-ranking members of the Buddhist hierarchy to support their authority over monks and monasteries were denied despite the arguments of a few experienced members of the British establishment.<sup>60</sup> The monks and monasteries on whom all education and religious-moral instruction had traditionally rested were cut off from direction, control, and sanctions emanating from the central establishment of the Church. What was at issue was not preservation of ritual or struggle over an orthodox Buddhist theology. The fundamental problem was the preservation

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All was illusion and despair...If then we have conquered them, what harm have we done? We have taken from them what they declared they despised. We have relieved them of the functions of government, and government, they said, was one of the great evils. We are developing the wealth of their country for both ourselves and them, but they say that wealth is evil. We interfere not at all with their faith. They may under our care cultivate it to its uttermost." H. Fielding-Hall, A People At School, pp. 250-251. These observations are all the more remarkable since 1) they come from a member of the Indian Civil Service in Burma who served at length during the period after 1885 when Buddhism was dealt its severest blows by British policies; 2) Fielding-Hall's account has for years been widely regarded--by Burmese as well as Westerners--as one of the most sympathetic "inside" accounts of Burmese culture and character.

<sup>59</sup> See Cady, "Religion and Politics in Modern Burma," pp. 150-153.

<sup>60</sup> See Hall, A History, p. 623; Harvey, British Rule, pp. 26-27; Cady, A History, p. 133. Most of the members of the Government of India were unwilling to confer what Harvey (British Rule, p. 27) designates as "discretionary power" to Buddhist ecclesiastics because as "citizens of the modern secular state, (they) never even saw the

of the substructure of communal order, the guardianship of the social contract of Burmese life itself. While it is true that the Buddhist Order "theoretically had nothing to do with politics or things of this world, [it] was really a political power, the only permanent power,"<sup>61</sup> and its impairment loosened the bonds of community and invited turmoil.

In Lower Burma, the decline in religious standards had been visible since the British conquest had cut off the area from Upper Burma. This severance of communication had the effect of breaking up the monasteries into self-contained units, just as the villages had been broken off from the Circles. Also, the polyglot nature

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point," and at any rate, they "shrank from conferring a power which... they themselves hardly exercised." (loc. cit.) When the primate of the Buddhist establishment acknowledged Thibaw's incompetence and requested the British to put on the throne a new prince who would protect religion, they refused to accede to his request, just as they had rejected the request to support the primate's authority over monks. Their refusal was based on their unwillingness to interfere with religion. See Grattan Geary, Burma After The Conquest, pp. 105-109, 114-115, quoted in Cady, A History, p. 133. Harvey ("The Conquest of Upper Burma," p. 441) describes Sir Edward Sladen (one of the few men who urged government recognition and support of Buddhism) as avowing that "the English non-possumus was not neutrality but interference in religion." Sladen was of course correct, but presumably his compatriots were simply unable to see, for example, that in deposing Thibaw, and denying the Buddhist establishment many of their traditional rights in the field of law, they were interfering with and crippling religion in the most decisive manner possible. In part the British action--or was it inaction?--was defended by invoking the Queen's Declaration of 1858 which specifically forbade interference with religion because of the events associated with the Indian Mutiny.

<sup>61</sup> Upper Burma Gazetteer (Rangoon: Supt. Govt. Ptg., 1900), II, 1, quoted in Furnivall, Colonial Policy, p. 200.

of the delta population had further contributed to reducing religious observance and support for monasteries. In many of the rapidly emerging new villages, the population shifted rapidly, and as a result, monks were never sustained by communal contributions and monasteries were never built. Land alienation accentuated these difficulties and thus further diminished the hold of Buddhism.

The refusal of the British to grant any measure of political support to the Buddhist primate proved to be the final crippling blow to the Buddhist establishment. By the time of the national revolt following the conquest of 1885, monks everywhere were actively preaching rebellion and plotting with dacoits and patriots; monasteries often became centers of worldly corruption and refuges for criminal elements rather than reservoirs of merit-building activities. Since the great majority of the common people continued to revere the priesthood, many criminal monks often were able to avoid censure or arrest through popular connivance to preserve their traditional immunities from secular persecution. Thus, where once there had been an integrative mediating power, now, increasingly under British rule the church and the priesthood became a cloak for political and psychological agitation.

Since our focus in the next chapter and in those that follow is on Lower Burma, we must consider the effects of these developments on the attitude of the Burman toward the Chettyar in that area. It is difficult to separate out cause and effect in the rapidly changing

colonial environment in which the symbiotic relationship of these two groups evolved. Certain facts are conspicuous: lawlessness, murder, and dishonesty increased alarmingly,<sup>62</sup> religious observance (and with it, education and the arts) sharply declined; the expansion of rice acreage by fostering the rapid introduction of a money economy, encouraged abandonment of the traditional prohibitions and sumptuary laws against showy expenditures. Along with this went the decline in social responsibility and violations of communal lands already mentioned and the frequent expression of personal rapaciousness and aggressive economic behavior, often at the expense of the community. While once such anti-social expressions could have been controlled by the myothugyi and tempered by religious observance and instruction, these checks were no longer present. There was only the secular and impersonal British law which was widely viewed with perplexity or antipathy. Amidst all this turmoil, as both contributory cause and effect paddy land was being cleared with feverish haste, and the rice production industry was emerging; Chettys were making their appearance in increasingly large numbers, their activities beginning to create the landless proletarians who were the chief victims of Burma's social deterioration.

This social disorganization reached its apogee in Lower Burma where in the new communities of the delta there were no monasteries

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<sup>62</sup>See Furnivall, Colonial Policy, pp. 131-141 for a full, documented discussion of the astonishing growth of crime in Burma starting in the late 1870's.

at all and where the hurly burly of speculative economic competition was a paramount characteristic. Whether this social disorganization was a symptom or a cause (or both) of religious decline need not concern us. We need only note that these developments were indispensable to Chettyar successes. Under the old order their loans would have been reprehensible to contemplate and impossible to negotiate. The careless expenditure of money lent by the Chettyar (which of course created further indebtedness) for extravagant purchases of cheap consumer goods would have been forbidden or rejected in the interest of merit-making contributions and the preservation of sumptuary decrees and traditions. The violations of communal land for purposes of profit, speculation, security for loans, and payment of indebtedness would have been unthinkable in the religious and social ambience of the Circle System. The entire Buddhist 'economic ethic' opposing the accumulation of wealth for its own sake, now was subject to subversion by the cash crop nexus and its dominant entrepreneurial agents like the Chettyar.<sup>63</sup>

These circumstances were produced by the colonial environment of the conquerors. Having destroyed the indigenous centripetal power

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<sup>63</sup>A recent study of the relationship between Buddhism and economic behavior in a delta village stresses the derivation of the agriculturalist's economic ethic from Buddhism. Insight into the financial obligations entailed in religious observance is provided by an estimate that between four and six per cent of the agriculturalist's net cash disposable income after production costs is expended on religious purposes. While at first this may seem only a modest obligation, it takes on added significance when we learn that the average



emanating from the nucleus of Burmese identity in the monarchy and the Buddhist establishment, they could substitute only an artificial centripetal coherence conspicuously colonial in its appurtenances and motives. It was an organizing force based in Rangoon, a delta city whose entire character was Indian, whose population was predominantly Indian, and whose government offices were crowded with kulas, both "black" and "white." These were hardly the elements that might be expected to infuse into national life the ritual, majesty, and unity that once emanated from Pagan and Ava.

The Chettyar's successes were a by-product and cause of this new colonial ecology. The pull which the Chettyar exerted was clearly centrifugal and often disintegrative, shifting the financial center of gravity away to Rangoon and Madras. They may, perhaps, serve as a symbol of the degree to which the Rangoon-based British-Indian alternative to Ava, while raising the level of economic activity from feudalism to modernity, failed to provide for the national needs and longings of the Burmese people.

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annual net cash disposable family income is about \$200.00. The obligation becomes even more impressive when compared to income saved or invested by families in countries more economically advanced. See D. E. Pfanner and J. Ingersoll, "Theravada Buddhism," p. 348.

## CHAPTER IV

### THE PROXIMATE CAUSES OF CHETTY PENETRATION: POPULATION GROWTH, AGRICULTURAL EXPANSION, AND DEVELOPMENT OF THE CASH NEXUS IN LOWER BURMA

Our focus in this study is on the activities of the Chettyar and on the symbiotic patterns that characterized his relationship with the Burmese peasant under colonial rule. But in the absence of some knowledge of the forces that were transforming the economic and social ecology of Burma starting in the 1870's, it will prove impossible to understand this evolving interdependence. Thus far we have established the basic underlying motifs within Burmese culture and history and those emanating from the imperialist thrusts of Britain that prepared the way for Chettyar advances in Burma. We propose now to set out the more immediate causes of Chettyar activities--those that would lead, by the turn of the century, to the emergence of Lower Burma as an area primed with Chetty capital. This will require analysis of three broad elements in Burma's agricultural expansion beginning especially in the 1870's: 1) the growth of population, 2) the expansion of rice cultivation, and 3) the consequent establishment of an economic system with a cash nexus. Each of these interrelated variables was a necessary condition for the other. Each sprang from the presuppositions and theories of colonialist logic and from the demands imposed on Burma by colonialist practice.

In order to see the population and economic growth of Lower Burma in proper perspective, we should note first of all that for more than eighty years before the British conquest, conditions in the delta (and especially of Pegu Province, the area that concerns us most) were extremely depressed. Michael Symes, who had been sent by the Government of India on two embassies to Bodawpaya's court (in 1795 and again in 1802) noted the conspicuous desolation in Pegu and the delta region--and this was thirty-eight to forty-five years after Alaungpaya's destruction of Pegu in 1757.<sup>1</sup> These conditions represented the direct result of local rebellions and Burmese military campaigns, beginning in the 1750's, against the Mon and Karen peoples of the area: the local population had been killed in large numbers or carried off into slavery, or had fled into Siam or remote areas; the Mons were forbidden to speak their language, and a systematic attempt was made to destroy their written literature.<sup>2</sup> Despite Bodawpaya's conciliatory policy

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<sup>1</sup>Michael Symes, An Account of an Embassy to the Kingdom of Ava in 1795, (London: W. Bulmer and Co., 1800), pp. 201-203. Harvey gives the following description: "When we arrived in 1852 the delta was 'tall jungle and high grass, where the elephant dwelt and the tiger held domain.'" British Rule, p. 49. Earlier, in 1599 and 1600, the Siamese and Arakanese raids and wars in the delta had had devastating consequences. See Hall, A History, p. 315.

<sup>2</sup>This was one of the last stages in the ancient rivalry between the Burmans of Upper Burma and the minority peoples of Lower Burma, discussed in Chapter I. The ferociousness of the Burmese invaders was notorious and is attested to by various personal accounts. See for example John Crawford, Journal of An Embassy from the Governor General of India to the Court of Ava, Vol. I, pp. 422-423; Symes, An Account of An Embassy, p. 110; Harvey, History of Burma, p. 267; "Minutes of the Annual General Meeting," Journal of the Burma Research Society, II, I, (June, 1912), p. 136.

toward the Mons following these rebellions and campaigns--and there is evidence that his conciliation helped "Burmanize" the people of Pegu<sup>3</sup>--during the next three decades many villages disappeared and entire districts reverted to jungle and swamp. Even these extreme conditions worsened following the Mon and Karen uprisings before, during, and immediately after the First Anglo-Burmese War.<sup>4</sup> During

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<sup>3</sup>English observers with first-hand experience in Pegu during the first two decades of the nineteenth century reported that "the Peguans no longer exist as a nation," that the Mons were reconciled to their Burmanization, that the Mon language only survived in Tenasserim, etc. See Robertson, Political Incidents of the First Burmese War, 1853, cited in Banerjee, The Eastern Frontier of British India, 1784-1826, p. 465. These reports may have been somewhat exaggerated and perhaps presented a misleading picture of the sentiments of the Peguans. It does appear that the Mons as a cohesive nation were destroyed by enforced Burmanization, suppression, elimination of their leaders, and the like. But as late as 1827, ten thousand of them were sufficiently disturbed by the depredations they were suffering at the hands of the Burmese to flee into British-held Tenasserim for refuge. See Henry Gouger, Personal Narrative of Two Years' Imprisonment in Burmah, pp. 310-316, cited in Cady, A History, p. 75.

<sup>4</sup>Although the British had conquered Pegu along with Arakan and Tenasserim in the first Anglo-Burmese War, they returned it for a number of reasons: they felt it could not be adequately defended against Burmese attack; they were unable to find any Mons of distinction or rank who might re-create an independent Mon kingdom (a commentary on the efficiency of the Burmese executioners); and King Bagyidaw (like Mindon Min at the cessation of the Second Burmese War) adamantly refused to cede Pegu. See Banerjee, The Eastern Frontier, pp. 467-469. The British abandonment of Mon hopes for protection or independence in 1826 became an important element in the occupation of Pegu in 1852. At that time all the highest-ranking leaders in Peguan society, having suffered at the hands of the Burmese for their earlier collaboration with the British in 1826, abandoned the province taking many of their people along on the retreat to Upper Burma. See Harvey, "The Conquest of Upper Burma", p. 445. The 1826 collapse of Peguan hopes may have made them so suspicious of English willingness to aid them that observers like Robertson may have been deliberately deceived about the real nature of Peguan sentiments.

1826-27, famine was widespread, tigers marauded in Rangoon, and mass emigrations increased.<sup>5</sup> Bagyidaw's determination to reassert his authority over the area and to punish those responsible for complicity with the British occupation personnel seems to have pushed all factions to new extremes.<sup>6</sup>

In short, the social structure of Pegu, the most important delta area, had suffered severe blows because of Burmese policies, unrest among the minority peoples of the area, Burmese military encounters with Siam, and the like. In all Lower Burma, only parts of Tenasserim and Pegu provinces had significant centers of population; during the 1820's, 1830's, and 1840's much of the remainder of Lower Burma resembled a frontier area with intermittent settlements surrounded by swamp and jungle. Communications were primitive and restricted in almost all cases only to waterways.<sup>7</sup> Farming was

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<sup>5</sup>The extreme economic hardships were increased by Bagyidaw's attempt to exact from the peoples of Lower Burma the indemnity of one crore of rupees which the Treaty of Yandabo (Article 5) required to be paid to the British. See Denai, History of the British Residency in Burma, 1826-40, cited in Cady, A History, p. 75. The full English and Burmese texts of the Treaty of Yandabo are given in Banerjee, The Eastern Frontier, Appendix B.

<sup>6</sup>Article 6 of the Treaty of Yandabo specifically provided that "No person whatever, whether native or foreign, is hereafter to be molested by either on account of the party which he may have taken . . . in the present war." But Bagyidaw (1819-1838) ignored this and numerous other provisions.

<sup>7</sup>This applies primarily to the delta. Banerjee notes the presence of a "superb road" (begun by King Bodawpaya's orders in 1816) over the An pass linking Arakan and Burma. Banerjee cites a Government Gazette, May 22, 1826, to demonstrate that considerable commerce was carried on between Arakan and Burma before 1824. No other available account substantiates this assertion; the 1826

conducted at the subsistence level on small plots and was almost equaled as an occupation by salt-extraction and fishing.<sup>8</sup> Economic relationships rarely involved money; credit and indebtedness were virtually unknown, partly because in a predominantly barter system there was little to tempt the farmer to cash expenditure.<sup>9</sup> At any rate, prohibitions against the accumulation of large debts were enforced through custom and the authority of the headmen.<sup>10</sup> By western standards, there was no organized civil service, police, or impersonal administrative framework. Royal authority was absolute, though bound intermittently by custom, religious prescriptions, and the advice of the royal council; it seemed to

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Gazette is not further identified, making verification difficult. See Banerjee, The Eastern Frontier, pp. 45-46. It was not until the mid-1870's that a metre gauge railroad was finally constructed from Rangoon to Prome. See Royal Commission of Agriculture in India, Burma (Rangoon: Supt. Govt. Ptg.), 1928, XII, xlix.

<sup>8</sup> Most of the agriculturalists of the delta practiced a form of agriculture widely encountered in hilly regions of Southeast Asia, and often called "slash and burn." It was especially suited to the area because there was no shortage of land: when a farmer wanted to move on after a few years he hacked away the jungle by burning it and tearing out the roots of trees and undergrowth. Tropical fruits were available in abundance, as was salt (obtainable by evaporation of sea water) and fish. There was little hindrance to free movement on the land, and it could be abandoned at will.

<sup>9</sup> Andrus, "Three Economic Systems Clash in Burma," p. 140. It was Mindaon Min who coined the first Burmese currency with little success. Before this, gold and silver bullion instead of coins were used as a medium of exchange. (Tenasserim and Arakan were exceptions: coins were used there on a limited basis prior to the nineteenth century.)

<sup>10</sup> Harvey, British Rule, p. 54.

diminish proportionately with the distance from the capital.<sup>11</sup>

This, in broad outline, was the scene encountered by the creators of British Burma. What concerns us here is the way this region was to be converted into a gigantic plain of ricefields (stretching by the 1930's over more than ten million acres) in which the largest exportable rice crop in the world was produced by the utilization of capital from the Chetty banks of Madras. In focusing on the ecological consequences of colonially induced symbiosis, we must concentrate on two interrelated matters. The first is the series of British attempts to fill the wastelands of Lower Burma with population; it was this population and the immigrants from Upper Burma that provided the clientele for the Chetty's early economic ministrations.<sup>12</sup> The second is the expansion of cultivated area in Lower Burma; it was in this conversion of millions of acres from jungle to paddy fields that Chetty capital played such an indispensable role. Our first index of this phenomenal conversion will be population growth (see Table II).

Clearly evident from Table II is the steady rise of the total population of Lower Burma, as well as of the Indian population. In the cases of Tenasserim and Arakan, Furnivall has asserted that immigration from other areas--either India or Ava--

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<sup>11</sup>Donnison, Public Administration, p. 14.

<sup>12</sup>The Chettyar achieved his great successes by loans to Burmese agriculturalists but on a very much smaller scale he was equally successful in making loans and renting land to the small number of Indian agriculturalists.

TABLE II  
POPULATION GROWTH IN PEGU, TENASSERIM, AND ARAKAN<sup>a</sup>

	Pegu	Tenasserim	Arakan	Total	Per cent of total represented by Indians
1852	Burmese & all others except Indians	890,000 <sup>b</sup> (*)	352,348 <sup>c</sup>	1,433,824	
	Indians	--	--	--	
	Total	890,000	352,348	1,433,824	
1861	Burmese & all others except Indians	1,132,282	349,405	1,824,418	
	Indians	17,907	26,841	73,479 <sup>e</sup>	3.8
	Total	1,150,189	376,306	1,897,897	
1872	Burmese & all others except Indians	-- <sup>h</sup>	--	2,979,000	
	Indians	--	--	--	
	Total	--	--	131,000	4.2
1881	Burmese & all others except Indians	--	--	3,110,000 <sup>i</sup>	
	Indians	*--	--	3,493,648	
	Total	--	--	243,123	6.5
		--	--	3,736,771 <sup>j</sup>	

<sup>a</sup>Compiled from figures in the appropriate volumes of Burma Gazetteer, (Rangoon: Supt. Govt. Ptg.); Annual Report on the Administration of Burma, (Rangoon: Supt. Govt. Ptg.); James Baxter, Report on Indian Immigration, (Rangoon: Supt. Govt. Ptg. 1941), p. 5.; and Furnivall,



TABLE II (continued)

Colonial Policy, pp. 52-59. The reliability of census figures prior to 1872--the year of the first regular decennial census in British Burma--is in doubt. One Indian population expert asserts that "figures may be considered fairly accurate only from the census of 1891." See S. Chandrasekhar, India's Population, (2nd ed.; Chidambaram: Indian Institute for Population Studies, 1950), p. 153. Blank spaces indicate that data are unavailable; bracketed asterisk (\*) means that figures are approximations. There appears to be widespread disagreement about the precision of all population data, especially prior to the twentieth century. For example, Cady asserts (A History, p. 94) that "Lower Burma's population doubled from 1852 to 1861," but he does not cite any sources for such statements.

<sup>b</sup>Includes Martaban. I have accepted Furnivall's revisions of the official figures given in Colonial Policy, p. 59. Harvey ("The Conquest of Upper Burma", p. 446) accepts the official figure of approximately 700,000.

<sup>c</sup>In 1826 the population was approximately 100,000, having declined approximately 150,000 in the previous twenty-five years due to Burmese oppression.

<sup>d</sup>In all cases, the Indian population appears to be primarily urban.

<sup>e</sup>Furnivall (Colonial Policy, p. 60) asserts that "the only immigrants were Indians, and these remained in Moulmein where in 1852 there were about 25,000." But on page 44, Furnivall contradicts this statement: "By 1852 the inhabitants of Moulmein numbered about 40,000 of whom perhaps one-third were natives of India." This would place the Indian population at approximately 13,000, a figure which seems more consistent with other estimates.

<sup>f</sup>Official returns set the population at the outset of British rule (1826) at 70,000. Some of the increase evident by 1852 seems to have been due in part to immigration from the Kingdom of Ava, though the details are in doubt. See Furnivall, Colonial Policy, pp. 59-60. Furnivall's estimate of the 1826 population is apparently about 120,000; his reasoning in this case does not seem decisive.

TABLE II (continued)

<sup>g</sup>The only other large non-Burmese minority group was the Chinese, and the Indians exceeded them in number by about sevenfold. (The Chinese population was largest in Tenasserim--the area closest to China--and smallest in Arakan, the area farthest from China.)

<sup>h</sup>No breakdown by "race" exists in the 1871 Census.

<sup>i</sup>Burma Handbook, (Simla, Government of Burma: 1943), p. 10, gives this figure as 2,590,332. Statistical data of this sort dependent on elaborate records are perhaps not as reliable when drawn up during the emergency conditions of war and exile. Baxter, Report, gives this figure as 2,747,148, and the Indian population in 1872 as 136,504.

<sup>j</sup>One source gives this figure as 5,345,967 in 1901. See G. Patterson, A Geography of India, Physical, Political, and Commercial (London: The Christian Literature Society for India, 1909), p. 153.

probably did not contribute significantly to the rise of population from 1826 to 1862; he attributes the increase instead to natural causes.<sup>13</sup> In the case of Pegu, however, the population increases after 1852 clearly were due in largest part to the influx of numbers of migrants who violated Mindon's prohibitions against leaving the Kingdom of Ava; the historic trend of population movement down from the north to the plain had begun again. According to Harvey, the 1881 census indicated that 8.4 per cent of the population of British Burma had been born in Upper Burma. Travelers repeatedly pointed out the pronounced contrast between the rather depressed condition of Upper Burma and the comparative prosperity of British Burma. For in British Burma the relative stability of British rule and the possibilities of profitable and stable agri-

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<sup>13</sup>Furnivall, Colonial Policy, pp. 59-61. A government-sponsored survey concluded that it was impossible to arrive at any accurate figures of the movement of Indians to Tenasserim during the 1820's and 1830's. See Parliamentary Papers 1874, xlvi (314) Geoghegan Report on Emigration from India, p. 1. All sources agree that prior to 1852 the number of Indian immigrants was small. Pearn notes the presence of only 19 Indians in Rangoon in 1838. By 1881 approximately 65,000 Indians were in Rangoon. See Pearn, The Indian in Burma, pp. 5-6.

The underpopulation of Burma, especially as compared with its Asian neighbors, has been noted by numerous analysts. An often quoted essay by J. Stuart, "Why Burma is Sparsely Peopled," Journal of the Burma Research Society, IV (April, 1914), pp. 1-6, attributes the cause to aspects of Buddhism such as the indifference of its law-givers to the sacerdotal view of marriage. It may be that the decline in the status of Buddhism under the British during the middle of the nineteenth century did contribute to a rise in population. But it must also be stated that the more settled conditions of British rule, the opening of the frontier areas of Lower Burma to settlement, and the hope of better opportunities for livelihood must have played a prominent role in encouraging population increase.

cultural pursuits had encouraged the return of numerous refugees who had earlier fled the confusion of rebellions and Burmese invasions.<sup>14</sup>

Along with these returned refugees came at first small numbers of Indians mostly involved in urban pursuits. Thus, the 1850's, 1860's, and 1870's saw the beginnings of a rather polyglot community lacking the elaborate social structure as well as the stability of traditional and hereditary institutions of Upper Burma.<sup>15</sup> For this community, whose population was now subject to a steady rise in numbers as well as in variety, the British created the artificial local system we have discussed in Chapter III. The consequence: the structure of the village community<sup>16</sup> in Lower Burma was being irreparably destroyed both by forces from within (the movement of large numbers of "free-wheeling," rootless migrant agriculturalists) and by forces from without (in the form of British colonial administration). When population growth began to be spurred by the expansion of rice cultivation in the agricultural boom of the 1870's, new distintegrative factors were brought into play, creating and in turn being created by the accelerated movement of Indian capital and labor into the delta.

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<sup>14</sup>Harvey, "The Conquest of Burma," p. 433.

<sup>15</sup>Harvey, "The Conquest of Burma," p. 440.

<sup>16</sup>For the phrase "village community" we might well substitute a term like "Burmese society exclusive of Rangoon." Only Rangoon was a real metropolis; outside of a few towns like Akyab, Bassein, and Moulmein, all life in Lower Burma was concentrated in villages.

But in the first few decades after the British conquest, the population growth and economic expansion of the delta were not spectacular. Indeed, as we have seen, Pegu operated at a loss for at least a decade: lack of population and sparse settlement meant little revenue. The early governmental attempts to alleviate these conditions by attracting immigrants from Upper Burma who might become peasant proprietors ended in failure. Presumably for this reason the Government turned to India as a possible source of peasant proprietors and laborers. An attempt was made to settle Indian agriculturalists on the land by a program of land grants begun in 1874. But this program was short-lived, both because of the ancient and deeply rooted Indian unwillingness to emigrate and because of the difficulty of engaging in agriculture under the unfamiliar conditions of a foreign country.<sup>17</sup> Although between

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<sup>17</sup>The extreme immobility of the population of India has been noted by numerous analysts. The Indian villager's unwillingness to respond to appeals to emigrate to Burma in large numbers is a reflection of ancient and powerful attitudes that bind the peasant to the soil. In each census taken in India in modern times, at least 90 per cent of the Indians are living in the district where they were born; from 5 per cent to 7 per cent are enumerated in districts immediately adjoining their place of birth. This immobility is attributable to a multitude of factors: rural indebtedness, fear of the uncertainties of urban life, dedication to agriculture as a way of life, caste restrictions, inadequate communication facilities, language barriers, and the like. See for example, S. Chandrasekhar, *India's Population*, p. 55; Sir Edward Blunt, "The Environment and Distribution of the Indian People," in Blunt, ed., *Social Service in India*, (London: His Majesty's Stationery Office, 1938), p. 39. Of course these generalizations exclude the 1951 census, made after partition in 1947. At that time India was seized by a paroxysm of violence and mass migration assuming the proportions of a tornado of social mobility probably unknown in history. Conservative ethnographers estimate that at least

1876 and 1878 more than fifteen thousand Indians came to the delta in Burma to claim government land as free cultivators, these efforts were generally regarded as unsuccessful.<sup>18</sup> Most of the Indian laborers brought by the British as potential settlers in the rural areas entered instead the metropolitan labor markets to compete there with Burmese labor.<sup>19</sup>

In 1888 a Government of India Commission instituted the next major official attempt to increase immigration, urging that private investors be given the responsibility for encouraging settlers and utilizing Indian labor in Burma.<sup>20</sup> To this end, the Government made two large grants to Indian capitalists--one in Pegu (27,506 acres), and the other in Toungoo (15,000 acres)--both guaranteeing

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15,000,000 were uprooted from their homes as a result of partition. For a full discussion see Kingsley Davis, The Population of India and Pakistan, (Princeton: Princeton University Press, 1951) and Joseph B. Schechtman, "The Hindu-Moslem Exchange of Population," in Population Transfers in Asia, (New York: Hallsby Press, 1949).

<sup>18</sup>C. Kondapi, Indians Overseas, pp. 47-48.

<sup>19</sup>Furnivall, An Introduction to the Political Economy of Burma (Rangoon: Burma Book Club, 1931), pp. 58-59. Agricultural immigrants who came from Chittagong and settled in Arakan constituted an exception to this generalization. They came to Burma with the intention of becoming peasant proprietors, following in the footsteps of the indigenous Moslem Arakanese cultivators.

<sup>20</sup>C. Morgan Webb, The Census of India, 1911 (Rangoon: Supt. Govt. Ptg., 1912), p. 75. The problem of government-supported migration was considered by the Famine Commissioners of the Government of India. Their report (Circular of the Government of India in the Revenue Department, No. 96F-6-59, October 19, 1888) was the basis of the rules published in the Revenue Department Notification of the Government of India, No. 521R, July 24, 1889, which authorized the two land grants in Burma.

reduced rentals and long-term leases to the proprietors. Very little came of this attempt: only 4,415 Indians were brought to Pegu and only 5,065 to Toungoo.<sup>21</sup> The experiment was thus regarded as a failure.<sup>22</sup>

British motives behind these activities were plain: to provide a measure of relief for overpopulated, famine-ridden areas in India, to encourage the settlement of revenue-paying inhabitants in the delta, to stimulate the use of new agricultural techniques.<sup>23</sup> But when, by the turn of the century, it became apparent that the immigrants flowing south from Upper Burma could be counted on to populate the empty delta areas, governmental attempts to attract peasant proprietors ceased.<sup>24</sup>

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<sup>21</sup>This is one of the few instances in which women migrated in nearly equal proportions to men; of the total of 9,480 Indians, some 42 per cent were women (Webb: 1911 Census, p. 76). In general, the disproportionately heavy ratio of men to women among Indian migrants consistently undermined the stability of the Indian labor force.

<sup>22</sup>Loc. cit. An official inquiry in 1908 revealed that the land-grant scheme was even more unsuccessful than had been realized. The Indian investors who had been granted the concessions had stopped recruiting in the congested districts, they were employing Madrasi laborers who had been brought to Burma for public works projects, living conditions were bad, and so on.

<sup>23</sup>Webb: 1911 Census, pp. 75-76. These government-sponsored schemes of immigration, though often impelled by laudable motives, created wide-spread fears among the Burmese that Indians would inundate their underpopulated country. Ironically, either the success or the failure of such plans could readily be interpreted as a threat in the minds of the Burmese. These fears gave special force to the traditional mistrust and hatred of the kula.

<sup>24</sup>James Baxter, Report on Indian Immigration, p. 44. Webb, 1911 Census, pp. 75-76.

At the same time that the Government had tried to lure agricultural proprietors to Burma it also systematically attempted to fill Burma's need for laborers by means of Indian coolies. The demand for cheap coolie labor was accentuated during the 1870's with the rapid increase in the number of steam rice mills; coolies were needed during the milling season--January to May--and native labor was in short supply.<sup>25</sup> For a time, starting in 1876, the British encouraged coolie immigration from India by the payment to shipowners of a fee for each passenger brought from India.<sup>26</sup> Since governmental attempts to import coolie labor proved as unsuccessful as schemes to import Indian agriculturalists, this

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<sup>25</sup>Furnivall, Colonial Policy, p. 89.

<sup>26</sup>This policy was discontinued in 1884 according to Harvey ("The Conquest of Upper Burma," p. 447), but the wretched conditions it engendered persisted under private auspices. (According to Furnivall, the subsidization was discontinued because by 1883-84, coolie laborers were arriving in sufficiently large numbers to satisfy the demands of the market. See Furnivall, Colonial Policy, p. 89). It had led to numerous abuses examined by the Native Passenger Ship Commission of 1890 and the All-India Deck Passengers Committee in 1912. Agents of the British India Steam Navigation Company and the Scindia Steam Navigation Company, operating on commissions for each ticket sold, misrepresented employment opportunities in Burma, jammed the vessels to bursting, and bribed the police and immigration officials to countenance such profiteering ventures. See Kondapi, Indians Overseas, p. 47. (Kondapi describes the government's program of labor recruitment as a "strenuous effort," but the evidence does not seem to support such a characterization.) Labor recruitment was carried on by an agent in Madras operating under the terms of the Burma Labour Act of 1876. This method of recruitment was abandoned in favor of the maistry or contract system of recruitment which provided utterly inadequate safeguards against extreme exploitation and virtual wage-slavery. See Kondapi, pp. 47-49. The Indian coolies' notorious docility in accepting such conditions only increased Burmese contempt for them and further magnified Burmese fears that cheap Indian labor would displace them in their own country.



venture and all others that followed were managed by private enterprise supported by government subsidies. Coolie laborers were recruited to work primarily in the processing of rice and on the docks, or in occupations related in some way to shipping--pursuits which for the most part the Burmese increasingly came to disdain. In all matters relating to the importation of coolie labor precise figures are difficult to verify, but it seems generally acknowledged that in 1880 about 40,000 Indians and in 1883-84 about 83,000 Indians arrived in Burma (mostly in the delta) as a direct result of the Burma Labour Act of 1876.<sup>27</sup> Just as, earlier in the century, Burma-based Mandrasi troops and Indian laborers in Tenasserim had provided an inducement for Madrasi tradesmen and moneylenders to follow them to Burma, so again, the presence of Madrasi laborers--

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<sup>27</sup> That there were Indian laborers present--in indeterminate numbers--even before this is clear from the provisions of the Workmen's Breach of Contract Act of 1869, which was designed to prevent Indian contract laborers in the steam mills from reneging on their contracts and abandoning their jobs before the agreed-upon date of termination. See Kondapi, Indians Overseas, pp. 47-48. In an earlier work, Furnivall, apparently in disregard of this evidence, seems to imply that with the sharp rise in the price of rice after 1869, further immigration was no longer encouraged by the government. See J. S. Furnivall, An Introduction, p. 58. (Furnivall's Colonial Policy, published some seventeen years later, takes these governmental activities into account on page 89). Harvey, too, seems to ignore the evidence of government-induced importation of coolie labor: "The only time we deliberately imported them was two generations ago, when wishing to bring the delta under cultivation . . . we imported a few thousand and settled them on the land." See British Rule, pp. 14-15.

The rise in the numbers of immigrants in the late 1870's and early 1880's was in part due to "fierce price cutting competition among the various shipping companies for the transport of immigrants." N. Gangulee, Indians in the Empire Overseas, (London: The New India Publishing House, Ltd., 1947), p. 133.

virtually all indebted to the maistry--must have brought Chettys to Burma at this time.

By the turn of the century, as Table III shows, this movement of Indian coolies (and a few agriculturalists) into Lower Burma was beginning to overshadow the number of indigenous peoples who were migrating into the delta from other parts of Burma.

TABLE III

## NON-INDIGENOUS POPULATION OF LOWER BURMA\*

	Total Non-Indigenous	Indians	Upper Burmans, Shans, etc.
1891	643,176	270,759	372,417
1901	764,683	398,711	365,972

\*Adapted from C. C. Lewis, Census of India, 1901 (Rangoon: Supt. Govt. Ptg., 1902), XII, I, 21. "Non-indigenous" here means those who indicated they were not born in Lower Burma.

In 1891, migrants from Upper Burma and the Shan States still outnumbered Indian immigrants. But by 1901, a decade later, migration to Lower Burma from within Burma had fallen off by 6,445, and Indian population had increased by 127,952. Of course these last figures are in themselves somewhat deceptive: the immigrants from Upper Burma were, for the most part, cultivators who had taken up permanent residence on the soil, while most Indians were migrants with only temporary domiciles in Lower Burma.<sup>28</sup> This general trend

<sup>28</sup>The pattern of Indian immigration and emigration through Rangoon, the major port of Burma, is revealed for a five year period

characterized Indian immigration during the twentieth century.

Thus, the 1911 Census revealed that only 3.3 per cent of the total number of agriculturalists in all of Burma were Moslems and Hindus, i.e., Indians, and approximately two-thirds of this total were

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by the following figures drawn from B. R. Pearn, A History of Rangoon (Rangoon: American Baptist Mission Press, 1939), p. 257:

Migration Through Rangoon, 1885-1889

<u>Year</u>	<u>Immigrants</u>	<u>Emigrants</u>	<u>Surplus</u>
1885	51,871	48,316	3,555
1886	74,280	50,966	23,314
1887	87,441	49,858	37,583
1888	81,648	61,902	19,746
1889	87,786	65,586	22,000

The Census of 1901 showed that in the decade from March 1891 to February 1901, Rangoon reported a total of 1,092,762 immigrants and 813,554 emigrants, virtually all of whom were Indians. See Lewis, Census, 1901, p. 21. (During the following decade, the great bulk of this migratory activity continued to take place between Madras and Rangoon.) Webb, Census, 1911, (p. 77) from which the following figures are taken, shows a rise in the total number of migrants as well as in the average annual surplus (about 30,000 per year). Only the worldwide depression of 1907, resulting in a sharp decline in the price of rice, created a significant alteration in the migratory ebb and flow.

Migration Through Rangoon, 1901-1911

<u>Year</u>	<u>Immigration</u>	<u>Emigration</u>	<u>Surplus</u>
1901-02	145,217	97,320	47,897
1902-03	149,384	105,280	44,104
1903-04	165,555	115,770	49,785
1904-05	167,102	98,221	68,881
1905-06	213,230	165,191	48,039
1906-07	248,756	200,085	48,671
1907-08	249,521	201,915	47,606
1908-09	230,750	235,007	- 4,257
1909-10	259,462	253,349	6,113
1910-11	269,217	247,627	21,590

probably indigenous and immigrant Moslem residents of Arakan who never entered the area of the delta.<sup>29</sup>

Although the government had discontinued its sponsorship of immigration, Indians in large numbers (see Table IV) continued to make their way to Burma under private auspices. They came individually or under the arrangements of the maistry system, often spurred on by the avaricious promotional schemes of the shipping companies which reaped large profits from the seasonal transportation of migrants to and from Burma. These Indian migrants provided the labor that was necessary to make the rice monoculture of the delta an efficient large-scale enterprise: their fellow countrymen, the Chettyar, provided the capital.

Burma's population when the British came in 1824 was about four million; by the beginning of World War II, it was about sixteen

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That this pattern continued generally is shown by the following figures from W. S. Desai, India and Burma, p. 28.

Indians Entering At All Ports

<u>Year</u>	<u>Excess of Incoming over Outgoing</u>	<u>Average Annual Excess</u>
1901-10	304,000	30,000
1911-20	467,000	46,700
1921-30	481,000	48,000
1931-38	198,000	24,750

For a full analysis of the status of Indian laborers in Burma, see the work of the one-time Assistant Protector of Immigrants and Emigrants at Rangoon, E. J. L. Andrew, Indian Labour in Rangoon (No place of publication: Oxford University Press, 1933). The other indispensable source consulted throughout is Baxter, Report on Indian Immigration.

<sup>29</sup>Webb, Census of India, 1911, pp. 76-77. Unfortunately, figures are not available for Lower Burma alone.

TABLE IV  
POPULATION GROWTH IN BURMA<sup>a</sup>

	Total Population	Indian Population	Per cent of Total Represented by Indian Pop.
1872	2,747,148	136,504	4.9
1881	3,736,771	243,123	6.5
1891	8,098,014	420,830	5.2 <sup>b</sup>
1901	10,490,624	566,493 <sup>b</sup>	5.4
1911	12,115,217	743,288	6.1
1921	13,212,194	887,077	6.7
1931	14,667,146	1,017,825 <sup>c</sup>	6.9

<sup>a</sup>Drawn from Baxter, Report, p. 5, and Desai, India and Burma, p. 28, and appropriate years of the Census of India. Because of the difficulty of getting accurate figures on emigration and immigration, statistics on the Indian population often vary. For example, N. V. Sovani, Economic Relations of India with Southeast Asia and the Far East (New Delhi: Oxford University Press, 1949), p. 140, Table 17, gives the following figures for the Indian population: 1901: 633,000 (5.84 per cent); 1911: 839,000 (6.15 per cent); 1921: 881,000 (6.69 per cent); 1931: 1,018,000 (6.95 per cent). Disagreements exist, but they are neither great nor decisive in the context of our discussion.

<sup>b</sup>This figure has been corrected.

<sup>c</sup>Approximately 62 per cent of these Indians were born in India. Baxter, Report, p. 15.

million, a fourfold increase in slightly more than a hundred years. The transformation of the land where in 1824 "there was tall jungle and high grass where the . . . tiger held domain" to an area producing the largest rice crop in the world has been even more spectacular. By the 1950's Burma, with less than three-fourths of one per cent of the world's population, was producing 35 to 38 per cent of the world's rice exports.<sup>30</sup> In order to provide perspective for the nineteenth-century explosion in rice acreage which converted the deltaic plain of Lower Burma into a highly specialized rice-producing "factory without chimneys,"<sup>31</sup> we will begin our examination of this phenomenal growth with a brief inquiry into the background of rice cultivation and export during the pre-British period.

Virtually all the earliest accounts of contacts between Europeans and Burma make some mention of Burmese rice production. Hall cites the accounts of various sixteenth-century European travelers, most of whom were searching for products to be imported into Europe. Caesar Frederick, a Venetian trading prospector who visited Pegu in 1569, mentions rice as a local product available for export,<sup>32</sup> and the Portuguese explorer Duarte Barbosa's A Description of the Coasts of East Africa and Malabar noted Pegu's export of

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<sup>30</sup>Robert E. Huke, Rice in Burma (Unpublished Ph.D. dissertation, Syracuse University, 1953), p. 357.

<sup>31</sup>Furnivall, Colonial Policy, p. 91.

<sup>32</sup>Hall, Burma, p. 52.

rice to Malacca and Sumatra.<sup>33</sup> But these early accounts give no indication of the magnitude of commercial and export relations involved. In the mid-seventeenth century, the Dutch sought to establish trade relations with the King of Burma at Pegu, largely because of their desire to secure rice supplies needed on a large scale in their colony at Batavia.<sup>34</sup> When the Dutch at that time attempted to buy large quantities of rice in Arakan, the King of Burma, Thiri-thudhamma, made rice export a royal monopoly in order to exact large profits from it.<sup>35</sup> This monopoly was to continue until late in the nineteenth century, even though during the intervening two hundred years trade and political relations were reduced to a minimum. The royal monopoly is noted by Captain Hiram Cox, the English resident at Rangoon, at the end of the eighteenth century and by all subsequent visitors to Burma.<sup>36</sup> For virtually the remainder of the history of Burma as a kingdom, royal prohibitions forbade the export of rice except in quantities necessary for filling a ship's need for provisions.

With the decline of Pegu in the seventeenth century and the establishment of the Burmese capital at Ava (a city two months traveling time from the sea), commercial contacts between Burma

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<sup>33</sup>Hall, Europe and Burma, (London: Oxford University Press, 1945), p. 13.

<sup>34</sup>Ibid., p. 29.

<sup>35</sup>Ibid., pp. 42-43.

<sup>36</sup>Ibid., p. 83.

and Western powers were radically diminished. Presumably it was easier and more plausible to preserve Burma's traditional diplomatic and economic insularity from the Center of the Universe (as the King's house at Ava was called) than from Pegu, a few miles from the sea. Thus, although rice could almost certainly have been made available for export, Burmese insularity and royal fears that exports might deprive Upper Burma of its source of food supply kept rice exports at an extremely low level. Indeed, external trade relations on any sizable scale seem virtually to have disappeared. The only rice export trade seems to have been carried on between Lower Burma and Arakan, and through Chittagong in India to Assam in Upper Burma.<sup>37</sup>

An account of Burmese rice cultivation was written by Howard Malcom, an American missionary, in the 1830's after the coastal provinces of Tenasserim and Arakan had been ceded to the British. Malcom noted that rice might be obtained in "unlimited quantities" (presumably only for purposes of domestic consumption) in Akyab, the major city of Arakan.<sup>38</sup> At Rangoon (the only port other than Bassein then within the Burmese Empire) Malcom commented critically on the policy of restricting exports, noted the low prices of rice as compared with those in India, and concluded with an orthodox laissez faire observation that might well have described the guiding

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<sup>37</sup>Burma Rice, Burma Pamphlets No. 4, (Calcutta: Longman's, Green & Co., Ltd., 1944), p. 2.

<sup>38</sup>Howard Malcom, Travels in the Burman Empire, (Edinburgh: William and Robert Chambers, 1840), p. 82.



principles of British Burma during the next fifty years: "How strange that governments must always be doing damage, by dabbling in matters which, if left to themselves, would prosper."<sup>39</sup> He was referring to the practices of royal monopolies, price-fixing, and prohibition of exports, which even to his noncommercial eye acted as restraints on the tremendous productive powers of the Burmese agriculturalist. Malcom also observed that the wages of the coolie in Burma were two or three times as high as those of his counterpart in India. Malcom rightly concluded that this disparity "indicated a scanty population."<sup>40</sup> Even in the event of the removal of royal restrictions on rice exports, it would have been unlikely that Burma could have produced large quantities of exportable rice at this time: the population in the rich delta area was simply not large enough.

Presumably this brief survey admits of at least three plausible conclusions: 1) Rice had once played a substantial role in Burma's external relations; 2) Burma's long-standing isolationist dispositions prevented the expansion of rice cultivation; and 3) Burma at the beginning of the nineteenth century probably had under cultivation enough rice to feed her own people but not enough for purposes of large-scale export. The role of rice exports in Burma's pre-modern history reflects the centripetal impulses deeply lodged within Burmese consciousness; they were to be disrupted

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<sup>39</sup>Ibid., p. 23.

<sup>40</sup>Ibid., p. 52.

within a few decades by a combination of colonial aggrandizement and developments on the world market which Burma was powerless to resist.

After the 1830's, paddy acreage in Lower Burma, and especially in the delta,<sup>41</sup> began to increase in a never-diminishing upward movement until the worldwide depression of 1930. And once the British had conquered Pegu (1852) and established control over the deltaic plains of the Irrawaddy, paddy acreage began to expand

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<sup>41</sup>All subsequent references to the delta denote specifically the rich, low, alluvial plain of approximately 10,000 square miles which includes the valleys of the Irrawaddy and the Sittang in the southern part of the great Central Basin of Burma. The area occasionally rises to heights of about 50 feet, but it is virtually flat throughout. In the twentieth century, it has been Burma's most heavily populated area, with about one and six-tenths acres under cultivation for each of the approximately 5,000,000 inhabitants. It is an ideal area for the cultivation of paddy; the climate is excellent, the soil is good, and, in general, there are no problems of cultivation. Crop failures are virtually unknown, though there are some difficulties encountered occasionally with early monsoons, damaged embankments causing floods, delay of the late rains, etc. See, for example, Report on the Administration of Burma, 1923-24 (Rangoon: Supt. Govt. Ptg., 1925), pp. 52-53 for an account of such characteristic difficulties. The delta produces all of Burma's surplus rice crop except for perhaps 4 or 5 per cent. See L. Dudley Stamp, A New Geography of India, Burma, and Ceylon (Bombay: Longmans Green and Co. Ltd., 1939), Chapter xliv. For a full discussion of the human and physical geography of the area, see R. E. Huke, Rice in Burma; L. Dudley Stamp, "Burma, An Under-developed Monsoon Country," Geographical Review, XXX (January, 1930) 86-109; Oskar H. K. Spate, "The Burmese Village," Geographical Review, XXXIV (October, 1945) 523-543; and Hellmut de Terra, "Component Geographic Factors of the Natural Regions of Burma," Annals of the Association of American Geographers, XXXIV (June, 1944) 67-96.

The delta was not always the center of rice production. In pre-modern Burma, the center of rice production was in the irrigated districts of Kyaukse, Shwebo, and Mandalay in Upper Burma. H. Tinker, The Union of Burma (London: Oxford University Press, 1957), p. 223.

even more rapidly, as Table V shows.<sup>42</sup> Rice prices, predictably, were reflected in the increase in acreage--though not in a one-to-one correlation--and even more significantly in the acceleration of Burma's exports, as shown below and by comparisons of relevant

<sup>42</sup>Andrus, Burmese Economic Life, p. 43, also provides figures for Upper Burma starting after the British conquest in 1886. With few exceptions the growth of paddy acreage there is steady but not as dramatic as in the delta. Not until the fall of Thibaw in 1885 did the rice industry of Upper Burma begin to develop. It was aided by the return of many families who had emigrated to Lower Burma to escape the anarchy of Thibaw's regime. This in turn meant that in certain areas more Indian laborers were needed in the delta. See B. R. Pearn, A History of Rangoon, p. 257.

Growth of Acreage Under Rice in Upper Burma

<u>Year</u>	<u>Number of Acres</u>	<u>Increase</u>
1890	1,357,000	--
1895	1,500,000	143,000
1900	1,972,000	472,000
1905	2,057,000	85,000
1910	2,142,000	85,000
1915	2,119,000	- 23,000
1920	1,751,000	- 368,000
1925	2,240,000	489,000
1930	2,459,000	219,000
1935	2,307,346	- 152,000

Furnivall provides figures for expansion of rice acreage in Lower Burma which he describes as rough estimates. The following figures are adapted from An Introduction to the Political Economy of Burma, pp. 56-57.

<u>Year</u>	<u>Number of Acres</u>	<u>Increase</u>
1852-53	600,000	--
1872-73	1,871,542	63,577
1882-83	3,446,439	157,490
1892-93	5,086,853	164,041
1902-03	6,712,799	162,595
1912-13	8,081,677	136,888
1922-23	8,870,342	78,867
1932-33	9,711,396	84,105

TABLE V  
GROWTH OF ACREAGE UNDER RICE IN LOWER BURMA<sup>a</sup>

Year	Number of Acres	Increase
1830	66,000	--
1835	235,000	169,000
1845	354,000	119,000
1855	993,000	639,000
1860	1,333,000	340,000
1865	1,437,000	124,000
1870	1,735,000	298,000
1875	2,379,000	644,000
1880	3,102,000	723,000
1885	3,700,000	598,000
1890	4,398,000	698,000
1895	5,007,000	609,000
1900	6,578,000	1,571,000
1905	7,222,000	644,000
1910	7,808,000	586,000
1915	8,285,000	477,000
1920	8,588,000	303,000
1925	9,318,000	730,000
1930	9,911,000	593,000 <sup>b</sup>
1935	9,702,317	- 209,000
1936-37 <sup>c</sup>	9,855,258	152,941

<sup>a</sup>Adapted, with some additions, from Burma Handbook, 1943, p. 23, as given in J. Russell Andrus, Burmese Economic Life, (Stanford: Stanford University Press, 1948), p. 43. Andrus has corrected the figures for 1905, 1920, and 1935. Except for the Tenasserim peninsula, all of Lower Burma south of Toungoo and Thayetmyo (with only insignificant exceptions) is planted in paddy.

<sup>b</sup>After 1930, three main factors combined to halt the expansion of paddy acreage: (1) The worldwide depression of 1930; (2) Chettyar foreclosures and cessation of agricultural loans; (3) The comparative scarcity of land without expensive reclamation costs. As one indication of the effects of the worldwide depression, rice prices in London dropped from an average of 20.7 shillings per one hundred twelve pounds during the five year period from 1915 to 1919 to an average of 8.1 shillings for the same quantity during the five year period from 1930 to 1934. Prices in Rangoon from 1925 to 1929 (earlier figures are not available) averaged 509 rupees per 7,500 pounds, dropping to 262 rupees for the same quantity in the post-depression period from 1930 to 1934. See V. D. Wickizer and M. K. Bennett, The Rice Economy of Monsoon Asia, (Stanford: Stanford University Press, 1941), p. 332.

<sup>c</sup>Interim Report of the Rice Inquiry Committee, (Rangoon: Supt. Govt. Ptg., 1938), p. 16.

years between Tables VI and VII.<sup>43</sup>

In 1840 the price of rice in Rangoon was approximately eight rupees per 100 baskets (each basket weighed 46 pounds);<sup>44</sup> ten years later the price had risen to 12 rupees; at the time of the British conquest of Pegu (1852), it was 45 rupees. By 1855, just a few years after the conquest, 100 baskets of rice at Rangoon sold for 45 rupees; by 1856 prices rose still further to fifty-three rupees per 100 baskets: these were all comparatively modest advances.<sup>45</sup> The rise in the price of rice, even under the more stable conditions of British administration, was momentarily halted between 1856 and 1872. Thereafter it continued upward quite sharply

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<sup>43</sup>See Wickizer and Bennett, The Rice Economy of Monsoon Asia, Tables VIII and XI, pp. 330-333 for further data on rice prices.

Furnivall cites the British Burma Gazetteer, Vol. II, p. 588 to demonstrate that rice prices from 1856 to 1872 remained constant and extension of new acreage under rice increased modestly, both, in effect, not keeping pace with the rise in population. Prices and acreage began to increase sharply only with easier access to foreign markets. See Colonial Policy, p. 50.

<sup>44</sup>Standardized measures in the rice trade are inadequate. A "basket" (slightly larger than a bushel) usually contained 46 pounds of paddy. Rice purchased directly from the farmer was usually sold in slightly larger baskets containing fifty pounds. One hundred pounds of milled paddy produces seventy-four pounds of white rice. See John L. Christian, Modern Burma (Berkeley and Los Angeles: University of California Press, 1942), p. 107. In Asia the term "rice" is generally used for the husked cleaned grain. "Paddy" is a term reserved for the unhusked grain and for the plant itself. See C. J. F. S. Forbes, British Burma and Its People (London: John Murray, 1878), p. 103. Unfortunately, this nomenclature has not generally been adopted by western scholars.

<sup>45</sup>J. G. Scott, Burma: A Handbook of Practical Information (3rd ed.; London: Alexander Moring Ltd., 1921), pp. 288-289, and B. R. Pearn, A History of Rangoon, p. 207, in general substantiate these data.

TABLE VI  
EXPORTS OF RICE FROM LOWER BURMA (IN METRIC TONS)  
1878-1886<sup>a</sup> AND 1889-1899<sup>b</sup>

Year	To Europe and USA	To India, China and Singapore	To Upper Burma	Total
1878	552,898	236,566	53,323	842,787
1879	609,233	193,056	41,837	844,126
1880	684,070	165,771	5,677	855,518
1881	754,467	164,714	5,243	924,424
1882	801,639	238,227	39,764	1,079,630
1883	754,414	156,390	37,840	948,544
1884	632,835	130,966	87,127	850,928
1885	694,018	234,820	96,363	1,025,201
1886	662,000 <sup>c</sup>	292,000	73,000	1,027,000
1887	--	--	--	--
1888	--	--	--	--
1889	708,930	245,129	58,504	1,012,563
1890	749,564	430,079	53,838	1,233,481
1891	852,799	303,423	77,840	1,234,062
1892	824,151	242,367	152,804	1,219,322
1893	778,223	523,453	116,678	1,418,354
1894	729,965	594,504	36,531	1,361,000
1895	801,450	450,999	25,447	1,277,896
1896	768,242	435,199	102,974	1,306,415
1897	698,273	837,499	not recorded	1,535,772
1898	843,037	975,904	" "	1,818,941
1899	867,415	684,016	" "	1,551,431
	708,804	1,197,934	" "	1,906,738

<sup>a</sup>From Report on the Administration of Lower Burma During 1885-86 and on the Administration of Upper Burma During 1886 (Rangoon: Supt. Govt. Ptg., 1887), p. 27.

<sup>b</sup>From Nisbet, Burma Under British Rule, p. 431.

<sup>c</sup>Actual figures available for only eleven months; one month estimated.

until 1880 when it reached a twenty-year wavering equilibrium averaging out at slightly less than one hundred rupees per 100 baskets.<sup>46</sup> As long as rice continued to be produced primarily for domestic consumption or for sale within the unpredictable Asian market, prices for exports were not radically improved. Upward changes in the price of rice exports awaited easier access to and direct involvement in European and other foreign markets.<sup>47</sup>

While exact figures on Burmese rice exports in the early years of the nineteenth century are not accessible, some of the available estimates are informative. In the years before the British conquest, rice exports on a small scale were sent to Arakan. By 1845 annual exports totaled only 74,000 tons, increasing slowly to 160,000 tons by 1861.<sup>48</sup> In 1864-65 exports amounted to 470,000 tons, declining to approximately 400,000 tons in 1865-66

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<sup>46</sup>Variations during this period reflected such crises within Asia as the Indian famine of 1877, which brought the price of rice to 195 rupees per 100 baskets. These figures are from J. W. Grant, The Rice Crop in Burma: Its History, Cultivation, Marketing, and Improvement, Agricultural Survey No. 17 (Rangoon: Supt. Govt. Ptg., 1932), p. 3, cited in R. E. Huke, Rice in Burma, p. 65, and from Nisbet, Burma Under British Rule, p. 43. A first-hand account written in the late 1870's gives the current price of paddy as 50 to 80 rupees per 100 bushels. This would substantiate the prices for milled rice noted above. See Forbes, British Burma, p. 92.

<sup>47</sup>Furnivall, Colonial Policy, p. 50. Another element in the determination of rice prices--the price-fixing activities of British millers--will be discussed below.

<sup>48</sup>See F. B. Leach, "The Rice Industry of Burma," Journal of the Burma Research Society, XXVII (April, 1937), pp. 61-73.

TABLE VII  
EXPORTS OF RICE FROM BURMA TO EAST ASIATIC COUNTRIES  
AND OTHER COUNTRIES, 1911-1914 AND 1917-1937<sup>a</sup>

April-March <sup>b</sup>	To East Asia <sup>c</sup>	To Other Countries
1911-14	1,188 <sup>d</sup>	1,201 <sup>d</sup>
1917-18	1,176	894
1918-19	1,702	798
1919-20	2,216	120
1920-21	1,635	374
1921-22	1,648	578
1922-23	1,653	804
1923-24	1,515	800
1924-25	1,507	972
1925-26	2,296	1,025
1926-27	1,624	862
1927-28	1,998	945
1928-29	2,026	715
1929-30	2,269	836
1930-31	2,277	678

<sup>a</sup>Adapted, with additions, from Wickizer and Bennett, The Rice Economy of Monsoon Asia, p. 326.

<sup>b</sup>The main Burmese rice crop is planted in June and harvested in December and January. A second crop of spring rice is sometimes planted in January and harvested in May. The period between February and March represents the high point of exports. The crop year (April 1 to March 31) corresponds with the fiscal year used to report export and production statistics. See Wickizer and Bennett, pp. 88-89, 336.

<sup>c</sup>Most of these exports are usually sent to India. Ibid., chapt. v.

<sup>d</sup>All figures are in thousand metric tons of cleaned rice.



and falling still further to 248,000 tons in 1866-67. The average export tonnage for the three year period from 1867 to 1870 was 340,000, i.e., 50,000 tons less than the average during the three year period from 1863 to 1866.<sup>49</sup> Here again, as with rice prices, the exports of rice appeared to advance only modestly if at all until 1872-73, when they rose rapidly to 720,000 tons. After that, figures are much higher; Table VII for the decade from 1889 to 1899 shows an annual average tonnage of about 1,370,000. About one decade later, during the five years from 1911 to 1914, exports had multiplied almost sixfold.

This phenomenal acceleration of land utilization, together with the previously described spurt in population growth, resulted from many factors--all of which were the essential prerequisites of Chettyar activity and success. Within Burma and India these factors included: the disappearance of the barter economy and the presence of new consumers' goods purchasable only with currency; the ease with which farmers could earn money during the first few decades of British rule (due to the availability of land and the high prices for rice); the large-scale immigration of people from Upper Burma looking for land in the delta; the new freedom of movement--physical and social--which accompanied the decline of local political-religious sanctions and traditions; the removal of the ancient royal restrictions on the export of rice; the presence

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<sup>49</sup>British Burma Gazetteer, 1880, Vol. II, p. 588, cited in Furnivall, Colonial Policy, p. 50; and Andrus, Burmese Economic Life, p. 14.

of Indian laborers; the desire of Britain to encourage a rice mono-culture; and the Indian Mutiny of 1857.<sup>50</sup>

To these internal forces and events were added a group of factors external to Burma and India, ranging from the consequences of the great engineering achievements (such as the construction of the Suez Canal) to the "export"--however cynical and inconsistent--of political and economic philosophies from Edinburgh and London. Most often the acceleration of land use and the growth of population were due to the chance collisions between colonial administration and economic growth; at other times they resulted from a deliberate posture of political-administrative spectatorship (i.e., a laissez faire attitude) in the presence of lawful economic insurgency. In every case these material and ideological factors were to become major elements in the twentieth-century Burmese struggle for the achievement of national aspirations and independence.

In our explication of Burma's demographic and economic growth, we must note the changing interests of Britain--and indeed of all European colonial powers--in East Asia during the nineteenth century.<sup>51</sup> Starting roughly in the middle of that century, the colonial powers shifted from a desire to trade with East Asian nations as potential consumers of European goods and suppliers of exotic exports to a desire to utilize them as sources for raw

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<sup>50</sup>The Indian Mutiny (1857-1859) created new demands on Burmese rice for the Indian market, and this in turn drew more migrants from Upper Burma into the delta.

<sup>51</sup>This discussion owes much to Furnivall, Colonial Policy, pp. 3-10.

materials and foodstuffs needed in the industrial centers and markets of the West.<sup>52</sup> That is, the exploitation of natural resources and agricultural production now became the primary focus; creating purchasing power capable of buying European manufactures was, at least momentarily, a desirable but secondary by-product.

Reflecting this change, British interests in Burma began to concentrate on capital investing, developing communication facilities, and exploiting Burma's agricultural potential by the extension of agricultural acreage and the construction of rice-processing mills. These investment possibilities were enhanced by a multitude of factors: the large number of markets eager to purchase rice and accessible to British vessels and traders; the worldwide expansion of British overseas trade; the beginnings of the widespread use of steam vessels; the accumulation in England of large sums of capital available for overseas investment;<sup>53</sup> the acceleration of the tempo

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<sup>52</sup>For statements of the view of colonies as markets for manufactured goods, see Klaus E. Knorr, British Colonial Theories, 1570-1850 (Toronto: The University of Toronto Press, 1944), p. 233, and George D. Bearce, British Attitudes Towards India 1784-1858 (London: Oxford University Press, 1961), pp. 51-60.

<sup>53</sup>The presence of such excess capital was an early nineteenth-century phenomenon unknown, for example, to an economist like Adam Smith. Henry Brougham (Inquiry Into the Colonial Policy of the European Empire, Edinburgh, 1803) appears to have been the first theoretician to propose the use of excess capital in the colonies of the mother country (mentioned in Knorr, p. 233). The significant use of excess capital for entrepreneurial purposes awaited liberation by legislation like the Acts of Parliament of 1852 and 1862 legalizing the Limited Liability Company. See D. C. Somervell, English Thought in the Nineteenth Century (London: Methuen and Co. Ltd., 1929) pp. 86-87; L. C. A. Knowles, The Industrial and Commercial Revolutions in Great Britain During the Nineteenth Century (4th ed.; London: George Routledge and Sons, Ltd., 1926), pp. 112-118.

of the Industrial Revolution creating the need for more sources of raw materials.<sup>54</sup>

Burma at this point in her history was a promising field in which these vectors might concentrate, a well-protected area for the activities of European, and especially English, business. Proximity to India guaranteed a plentiful supply of labor to be utilized in exploiting extensive untouched natural resources. Under such conditions, brought about by technological and economic changes, the requirements, operation, and logic of colonialism began to change. Not surprisingly, the monopoly trading companies like the East India Company failed to meet the more modern demands of a free competitive market: power, says Furnivall, was being transferred "from the aristocracy to the manufacturers of Manchester."<sup>55</sup> Colonialism was drawing Burma into the vortex of economic activities which her society was ill-suited to master.

Of all the new developments external to Burma, the opening of the Suez Canal in 1869 gave population and land utilization its greatest boost, and economic growth its greatest impetus toward

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<sup>54</sup> See L. C. A. Knowles, The Industrial and Commercial Revolutions in Great Britain During the Nineteenth Century, pp. 315, 320-325. Note especially Section 3, pp. 322-325, "The Creation of New Colonial Values by the Development of Mechanical Transport."

<sup>55</sup> Furnivall, Colonial Policy, P. 60. It was another Manchester 'product'--Manchester laissez faire economics--transplanted to the context of the paddy fields of Burma which was to play a vital part in the transformation of Burmese society as well as in Chettyar success. We shall consider relevant aspects of the role of laissez faire in Burma.

the establishment of a cash nexus.<sup>56</sup> This is evident whether the measure be population growth in Lower Burma (Table IV), growth of acreage under rice (Table V), amount of rice exported (Tables VII and VIII) or prices of rice. The Canal brought Burma into contact with world markets and converted Rangoon into a great modern port through which the world's largest rice exports began to flow.

Only after the opening of the Canal did the large British shipping and milling firms begin to open offices in Rangoon.<sup>57</sup> Table IX clearly shows the relationship between the multiplication of rice mills and the increase in rice acreage and export.

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<sup>56</sup> Direct communication via the Suez Canal between Europe and Rangoon by steam vessels began in 1871. The next year cargo vessels established a regular route to Europe. It was not until 1900 that virtually all Burma's export and import trade passed through the Canal. *Ibid.*, p. 79. The role of the Canal in the expansion of Burma's economic life was crucial. Compared to their level in 1870, imports rose four times by 1900, ten times by 1914, and fifteen times by 1926-27. *Ibid.*, p. 79, and Appendix I, pp. 552-553. A few years before the opening of the Canal, supplies of rice from the Carolinas were cut off from the European and the English market by the American Civil War. At that time British merchants had already begun to consider Burmese rice as a possible alternative. The opening of the Canal, by cutting the length of the journey to Europe, proved to be the decisive factor in establishing this new connection. See *Burma Rice*, p. 4. The Canal caused numerous economic chain reactions which influenced Burma. For example, India increased her trade with Europe and thus could afford to purchase more rice from Burma. This, of course, in turn increased Burma's ability to purchase more goods imported via the Canal.

<sup>57</sup> Harvey, *British Rule*, pp. 14, 64. Among the leading firms were W. Steel and Co., the Anglo-Siam Company, and the Borneo Company. See Christian, *Modern Burma*, p. 110. It is interesting to note that the first steam mill in Rangoon opened in 1861. Apparently before the opening of the Canal there was so little European commercial interest in milling that no other mills were built for almost a decade. See Pearn, *History of Rangoon*, p. 210.

TABLE VIII  
BURMA'S SEABORNE RICE EXPORTS  
IN MILLIONS OF RUPEES<sup>a</sup>

Year	Value
1868-69	20.55
1872-73	29.40
1903-04 <sup>b</sup>	144.74
1913-14	258.21
1926-27	381.71
1936-37	209.17

<sup>a</sup>Adapted from Farnivall, Colonial Policy, Appendix I, p. 551.

<sup>b</sup>Ireland provides figures for rice exports from Burma in the coasting trade which went mostly to India: 1901--73,448,422 rupees; 1905--20,514,655 rupees. See Alleyne Ireland, The Province of Burma (Boston and New York: Houghton, Mifflin and Company, 1907), II, 821.

TABLE IX  
GROWTH OF RICE MILLS IN RELATION TO  
RICE PRODUCTION AND EXPORT<sup>a</sup>

Year	Number of Mills	Acreage Under Rice <sup>b</sup>	Export of Rice and Paddy <sup>c</sup>
1890	52	5,755	1,110
1895	70	6,507	--
1900	83	8,550	1,846
1905	128	9,281	1,997
1910	165	9,950	2,339
1915	281	10,404	1,617
1920	353	10,309	2,070
1925	543	11,558	3,093
1930	613	12,370	2,965
1940	673	12,519	3,101

<sup>a</sup>Compiled by U Tun Wai, Burma's Currency & Credit (Calcutta: Orient, Longmans Ltd., 1953), p. 7, from: J. W. Grant, The Rice Crop in Burma (Rangoon: Supt. Govt. Ptg., 1933), pp. 44, 48-52; Annual Report of the Factories Act in Burma, 1945-46 (Rangoon: Supt. Govt. Ptg.).

<sup>b</sup>Acreage in thousands of acres. There will be some variation in these figures and those that appear in other tables above since Tun Wai has included all of Burma in his calculations.

<sup>c</sup>Export in thousands of tons. Variations in these figures reflect the fact that Tun Wai has calculated tonnage for rice and paddy combined.

The use of the canal fitted nicely with the shift in colonial policy we have discussed above. In the case of Burma, it made her rice products more rapidly available in European markets without the long, expensive, and potentially damaging trip around the Cape of Good Hope. Thus the Canal helped to create the conditions of an open competitive market which eventually drove the cultivator into the hands of the Chettyar through the following chain of events: 1) The combination of shipping via Suez, use of steam vessels, and improvements in milling techniques gave the millers in Burma (mostly British and based in Rangoon) an economic advantage--they could now ship cleaned rice rather than paddy to London quickly and without concern for the hazards of the journey.<sup>58</sup> 2) This meant that the London miller who had once processed rice on arrival could now be eliminated to the advantage of his Burma-based counterpart. 3) Further, steam driven vessels made seaborne trade possible for twelve months a year, regardless of monsoon conditions;<sup>59</sup> therefore, instead of millers being dependent on shipowners, this situation was reversed: where once cargo space had been at a premium, now the miller had the upper hand.<sup>60</sup> 4) Such advantages meant that the millers could readily control prices on the local markets

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<sup>58</sup>Nisbet, Burma Under British Rule, p. 430.

<sup>59</sup>For figures on the number and tonnage of steam vessels versus sailing vessels entering Burmese ports, see Ireland, The Province of Burma, II, 965, Table XII.

<sup>60</sup>See Nisbet, Burma Under British Rule, p. 432-433.



because of their superior position with reference to foreign markets and shipping. This was a new development, for until about a decade after the opening of the Canal, millers and shippers had competed on relatively equal terms; the cultivator, still comparatively debt-free, had been able to choose to sell or not to sell his product.<sup>61</sup> 5) Then, beginning about 1880, another major actor--the Chettyar--entered the economic theater of rice production and export, adding to the agriculturalist's mounting burdens a further crippling pressure beyond that imposed by the miller's manipulations of prices. The Chettyar began to send into the countryside agents who would make loans to cultivators eager to clear land and grow more rice in what seemed a seller's market. Once the agriculturalist began borrowing Chetty capital his indebtedness forced him to dispose of his crops at the miller's prices in order to meet his obligations. Added to this squeeze, the price-fixing activities of millers who formed combines to cut off the agriculturalists from alternate outlets for his crop, contributed greatly to the hardships the farmer often suffered

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<sup>61</sup>Indeed, in some particular instances, the cultivator had an advantage--which he was too untutored to exploit--i.e., he could refuse to sell his excess rice for export. Since the miller had already incurred financial commitments by reserving space on cargo vessels, and since these commitments could not be postponed without incurring further costs, the cultivator, at least theoretically, could pressure the miller by holding out for higher prices for his product.

and to his consequent indebtedness to the Chettyar.<sup>62</sup> These harsh consequences of a rapacious free (sic) competitive market were not tempered by the colonial administration. Instead the administration ironically invoked the principles of classical economics and liberal orthodoxy, proposing that supply and demand would iron out irregularities or that the Burmese had only to build their own mills to defeat the combines.<sup>63</sup> We will have more

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<sup>62</sup>Nisbet, Burma Under British Rule, pp. 437-438. Since the humid weather made the storage of rice very difficult for the agriculturalist, he was forced to submit to the miller's manipulations after harvest. Nisbet notes that during 1893 some millers were making profits of £1,333 per day by the successful workings of price-fixing techniques. The cultivators meantime "suffered a very serious loss of income" (*loc. cit.*). In such a situation the Chetty held one of the winning hands, since low prices for paddy guaranteed the continuing indebtedness of his clients. When indebtedness mounted, the Chetty, to the chagrin of the miller, was able to enter the rice export market by obtaining payment in the form of paddy which he could then proceed to sell in India.

<sup>63</sup>See Report of Maritime Trade and Customs, 1881-82, (Rangoon: Supt. Govt. Ptg., 1882) p. 38. Strange advice on a number of grounds: a) The Burmese did not understand the workings of a system of such complexity, entailing knowledge of shipping channels and disposition of cargoes in distant ports; b) "Even up to 1880 there were few Burmans outside the large ports who could raise £ 500 (Rs. 5,000) at a fortnight's notice" (Annual Report of the Administration of Burma, 1880-81, Introduction, p. 3, cited in Furnivall, Colonial Policy, p. 86); c) The millers' combines were violating the rules of the very laissez faire system which the Government was enjoining the Burmese to adopt in order to make things come right. The official attitude here is reminiscent of what D. C. Somervell in discussing liberal orthodoxy has called "The Divine Injunction--'Be Ye Perfect,' done into British." This injunction is in the form of a single sentence spoken every morning to a poor working son by his mother and repeated by him years later, when, from the pinnacle of success and boasting a title, he was addressing a gathering of workmen: "Ever remember, my dear . . . that you should look forward someday to being manager

to say, in a later chapter, about the crucial role of colonialist economic theories and attitudes in the growth of land alienation and indebtedness.

Here we may note the degree to which this establishment of an economy with a cash nexus created the symbiotic relationship between the Chettyar and the agriculturalists. These agriculturalists (unfamiliar with contracts, calculation of interest rates with reference to potential crop yields, a money economy, British law, and all the other economic aspects of industrial rice production) were ready borrowers of Chetty funds. Even for a provident cultivator the clearing of the land and the construction of drainage embankments created indebtedness, since his only means of sustaining himself before the crop was produced was Chettyar

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of that concern." The Burmese agriculturalist had even less chance of managing the milling firm than did the worker in a factory in Manchester. See D. C. Somervell, English Thought, p. 89. For a detailed discussion of laissez faire in British colonial policy (not dealing in any direct way with Burma) see Hugh E. Egerton, A Short History of British Colonial Policy 1606-1909 (London: Methuen & Co. Ltd., revised edition by A. P. Newton, 1950), Book IV, "The Period of the Zenith and Decline of Laissez-Aller Principles." Later we will develop the argument that in Burma, and specifically with reference to the problem of the Chettyar, the British administration exhibited a severe case of cultural lag when it rationalized its activities by laissez faire shibboleths.

We should note one exception to the generalization in (b) above: Collis notes the presence of a small upper class in Arakan, especially in Akyab, "rich and intermarried, which had no parallel in Burma. It consisted of landed families who were also bankers . . . Their banking business was agricultural; loans were made, not only to their own tenants, but to all farmers in the district." Revenues from loans and the sale of paddy from their own lands apparently provided two assured sources of good incomes. See M. Collis, Into Hidden Burma (London: Faber and Faber, 1953), pp. 132-133.

loans. What had once been a simple, self-sufficient economy now became geared to the complex demands of worldwide markets accessible via Suez. Now the cultivator produced a crop not for subsistence but for export. Now he lived no longer under the guardianship of headmen and traditional restraints but under a system of codified law, impersonally administered and deciphered not by him but rather by the ubiquitous Indian. Andrus sums up the plight of the Burmese cultivator with a quotation from an unidentified "profound student of the problem" (probably J. S. Furnivall) who described Burma at this time as "a country which had lost its traditional social system and in the swirling tide of economic forces and an unfamiliar system of law found it impossible to find its feet for sufficiently long to devise another."<sup>64</sup>

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<sup>64</sup>Andrus, Burmese Economic Life, p. 15. We should not lose sight of the fact that in the beginning of the delta's development, many cultivators despite their debts lived at a standard much higher than that of most Asian peasants. See Furnivall, An Introduction, p. 148.

## CHAPTER V

### THE CHETTYAR: A CONTEXTUAL ANALYSIS OF THEIR CODES, ORGANIZATION, AND NUMBERS

Chettyar activity in Burma had its antecedents, of course, in Indian practices and customs stretching back some hundreds of years. This fact, together with the importance of the Chettyar in the economy of Burma and South India, makes it all the more surprising that so little research has been done on their methods of operation.<sup>1</sup> The Chettyar, renowned throughout India for their thrift and business acumen, are widely regarded as among the chief trading and banking castes of Madras.<sup>2</sup> In the scanty references to their activities in the literature dealing with Hindu caste,

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<sup>1</sup>The analysis of the Chettyar in India presented in this chapter is based mainly on sources published between 50 and 60 years ago. Contemporary Chetty practices and customs at all levels have undergone some alteration since that time. For example, beginning in the 1920's, women were allowed to leave India and travel abroad. More significantly, certain of the Nattukottai firms after World War II began to diversify their holdings into areas other than banking and moneylending. A recent study of 86 per cent of all medium-scale engineering and manufacturing enterprises in Madras State shows that eight of the fifty-two firms were founded and directed by Chettys, some of whom had had engineering training. See James J. Berna, S. J., Entrepreneurship in Madras State, India, Unpublished Ph.D. dissertation, Columbia University, 1958, pp. 75-81, 88, 112, 119-120.

<sup>2</sup>According to W. Francis, Census of India, 1901, Vol. XV, Madras (Madras: Supt. Govt. Press, 1902), Part I, p. 149, the name Chetti is used as an occupational and titular term as well as a loose designation for caste purposes. Some Madrasis simply add the term to their names to indicate that their occupation is trade. This practice inevitably contaminates some of the population statistics. However, according to Francis, "strictly employed," Chetty is "the name of a true caste."

their name appears in various forms: Chitti, Chetti, Shetty, Setti, Chetty, Chety, Saiti are the major variants; Chettyar (often spelled Chettiar), the term we shall employ most often, is the honorific plural of Chetti or Chetty.

The medieval ancestors of the Chettyar according to most accounts were members of the Vaishya caste, which was responsible for banking and merchant activities.<sup>3</sup> In modern times the Chettyar are regarded as a subcaste of the major banking caste, the Vaishya.<sup>4</sup> Indeed, the very name Chetti is presumed to be etymologically allied to the Sanskrit term Sreshti, whose literal

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<sup>3</sup>A. Appadorai, Economic Conditions of South India, 1000-1500 (Madras: The University of Madras, 1936), I, p. 379.

<sup>4</sup>A common variant for Vaishya is Vaisya. This caste also includes occupations dealing with agriculture and pastoral pursuits. See G. S. Ghurye, Caste and Class in India (Bombay: The Popular Book Depot, 1950), p. 84. All the major castes (Brahmin, Sudra, Kshatriya, and Vaishya) are active in some form of banking or moneylending, but the Vaishya is the only caste which engages in these activities as its major occupation. It might be useful to note at the outset that though the Chettyar prefer to be known as bankers (see Andrus, Burmese Economic Life, p. 305), often little distinction is made in India between bankers and moneylenders. (Andrus suggests that the Chettys are often classified as moneylenders rather than bankers because their deposit accounts are relatively small and because they provide most of their own capital.) In general, the working definition of these terms suggests that moneylenders with sizable accumulations of capital are called bankers. The Indian moneylender, according to Jain, generally may be distinguished from the modern banker in two ways: he does not maintain regular business hours, and he combines other businesses (dealing in grain, gold, and the like) with financial transactions. See L. C. Jain, Indigenous Banking in India (London: Macmillan and Co., Ltd., 1929), pp. 1, 43-45, and Jain, The Monetary Problems of India (London: Macmillan and Co., Ltd., 1933), p. 63. Some commentators occasionally assert that the Nattukottai ought properly to be called "financiers," though this almost certainly is an unnecessary insistence on an honorific term which does not convey the full sense of their activities.

meaning is "banker" or "big merchant."<sup>5</sup> During the past few centuries the Chettyar have been bankers and moneylenders; before that they were noted primarily as maritime traders. The homes of the most important clans of the caste are in the districts of Ramnad, Madura (especially in the Devakottai, Pudukkottai and Tiruppattur divisions), and Chettinad (literally: Chetti land) in the state of Madras in South India.<sup>6</sup> The total Chettyar population near the turn of the nineteenth century is given by one source as approximately 700,000: 693,552 in Madras, 5,723 in Burma, and 2,702 in Mysore.<sup>7</sup> But this figure is almost certainly misleading, since it apparently includes many who are not true Chettys according to strict caste rules. The 1901 census of India sets the Chetty population as 289,457--undoubtedly a more accurate figure.<sup>8</sup> The social importance of the Chettyar, however, far exceeds their number.<sup>9</sup>

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<sup>5</sup>J. N. Bhattacharya, Hindu Castes and Sects (Calcutta: Thacker, Spink and Co., 1896), p. 219. Francis, Census, 1901, p. 149, asserts that the word Chetti means "trader."

<sup>6</sup>According to M. A. Sherring in Hindu Tribes and Castes (Calcutta: Thacker, Spink and Co., 1881), III, 107, there are three classes of Chettys in Madura: "a) the Nattukottai; b) the Ariyur; c) the Eriyur."

<sup>7</sup>Bhattacharya, Hindu Castes and Sects, p. 220.

<sup>8</sup>Francis, Census, 1901, p. 149. We shall discuss Chetty population statistics again below.

<sup>9</sup>J. H. Hutton, Caste in India; Its Nature, Function and Origin (2nd ed., Oxford: Oxford University Press, 1951), p. 12. This notion is substantiated by numerous other authorities. For example, M. W. M. Teatts, Census of India, 1931, Vol. XIV, Madras,

A short description of the Chettyar methods of operation and a brief analysis of some of the relevant codes of their clan will illuminate our understanding of their astounding success in Burma. The Chettyar are divided into about twenty clans<sup>10</sup> (inter-marriage between the clans seems to be discouraged), the most successful and dynamic of which is the clan that sent numerous representatives to Burma. It is with this clan, the Nattukottai Chettys, that we shall be concerned primarily:<sup>11</sup> in Burma, the terms "Chetty" and "Nattukottai" are virtually synonymous. Their wealth and frugality is attested to by legends as well as by some occasional bits of economic evidence. Jain notes that the Madura District Gazetteer attributes the unusually high income tax returns in the Madura district inhabited by the Nattukottai as evidence of their financial affluence.<sup>12</sup>

The instruction of the Chetty in the arts of banking and moneylending begins very early in life and is clearly a reflection

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Part I (Calcutta: Govt. of India Central Publication Branch, 1932), p. 410, asserts that though moneylenders "form one-fortieth of the male population of the Pudukkottai/State, they are the most influential community, as they include the Nattukottai Chettis, who control an extensive system of banking extending over India and Burma, Ceylon and the Straits Settlements . . . "

<sup>10</sup>These clans may be regarded as subdivisions of the Chetty caste. They usually each appear to bear the name of the town of their origin.

<sup>11</sup>The Madura Manual notes that other Chetty clans "affect to despise" the Nattukottai, but no other evidence seems to substantiate this. See Edgar Thurston, Castes and Tribes of Southern India (Madras: Government Press, 1909), V, 252.

<sup>12</sup>L. C. Jain, Indigenous Banking, p. 31.



of the social structure and ethos of the caste members.<sup>13</sup> For example, such stress is placed on inculcating the habits of self-reliance and financial independence that, despite the fact that families customarily live within single large compounds, or sometimes in the same house, even the married members of a family are required to purchase, cook, and eat their food separately.<sup>14</sup>

Visiting relatives are given only their first meal free, with all subsequent meals debited against their account.<sup>15</sup> Jain briefly compares these practices with those of other banking castes whose married members live under communal arrangements. He concludes that such Nattukottai practices--and others which stress the independence of members of the clan once they have married--produce in the Chettyar an unusually strong sense of independence.<sup>16</sup>

Children are raised in an atmosphere of thrift. Males are usually

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<sup>13</sup>This observation extends also to their religious attitudes and practices. Slater, for example, notes that the Nattukottai practice tithing to Siva rather than Vishnu because the latter presumably bestows his blessing on his devotees "only by making them virtuous," while "Siva gives pecuniary and material prosperity." See G. Slater, Southern India (London: George Allen & Unwin Ltd., 1936), p. 109. Francis in the Census, 1901, p. 150, describes the Nattukottai as "devout" and notes the large sums they have expended on temple reconstruction and maintenance in the Madras area.

<sup>14</sup>This practice is alleged to include even widowed mothers.

<sup>15</sup>P. R. Sundara Aiyar, Malabar Quarterly Review, 1905, cited in Thurston, Castes and Tribes, V, p. 253.

<sup>16</sup>See Jain, Indigenous Banking, p. 32. We shall see, however, that this independence does not interfere with the willingness of Chettyar firms to extend financial support to their compatriots in time of need. In short, considerable familial and clan solidarity is evidenced by eagerness to protect the good financial standing

presented at birth with a small sum of money which is allowed to earn interest until it is needed for education or investment.<sup>17</sup> Even women are encouraged to invest money and are required to practice thrift. Often they undertake some home handicraft in order to enlarge the family income.<sup>18</sup> Children are apprenticed at the age of ten or twelve to their fathers or to other members of the clan so that they can begin to learn banking, bookkeeping, and business procedures. This form of training (and indeed, all subsequent forms of employment) is restricted to service within the Chettyar community and seems even to be required of the sons of successful members of the clan. Formal education is discouraged as impractical and theoretical. By the turn of the nineteenth century, only a very small number of Chettys had received any formal English or foreign education.

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of all members of the caste lest the failure of one member reflect on all the others. Along with this attitude, considerable stress is placed on personal independence and initiative. See Slater, Southern India, p. 111. M. S. M. Gubby, Indigenous Indian Banking (Bombay: D. B. Taraporevala Sons & Co., 1928), p. 11, notes that in the Chetty community in Madras "there approaches something /like/ a joint responsibility of the community as a whole for the liabilities of individual members of the community."

<sup>17</sup>Among Chettys, it is commonly stated that a rupee given to a child at birth earning 12 per cent compound interest annually will be worth a lakh of rupees (i.e., 100,000 rupees) by the time he has reached 100 years of age. Aiyar, cited in Thurston, Castes and Tribes, V, p. 253.

<sup>18</sup>Thurston, Castes and Tribes, p. 250. Thurston (p. 270) further notes that "the wives of even wealthy men wear a cheap body cloth and do menial housework, such as cleaning the kitchen utensils. They plait baskets, and, in some houses, wheels for spinning cotton may be seen."

At the age of eighteen, or when deemed ready by their elders, the young men are often sent away from home, perhaps in India, or to Burma, Ceylon, Malaya, Indo-China, South Africa, or even London.<sup>19</sup> Such a tour of overseas duty entails working under the supervision of older members of the clan, customarily for about three years. Often the young Chetty will be entrusted on his first assignment with sums as high as 100,000 rupees (approximately \$22,000). So powerful is the sense of caste obligation that sums of this amount are assigned with no security other than "an unstamped acknowledgment scratched on a palmyra leaf."<sup>20</sup> Frugality and responsibility in this and all future assignments are rewarded, since each employee normally is allowed a percentage on the profits of whatever successful venture he undertakes. He is encouraged to save such allowances and to use them, together with his salary, for further investments. On his second tour--undertaken only after lengthy home leave and further apprenticeship--the young man is given increased responsibility and can act as independently, loaning money on his own initiative. Success in these operations,

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<sup>19</sup>The Chettyar has only rarely established offices in countries to the west of India. See Appadorai, Economic Conditions in South India, II, p. 574.

<sup>20</sup>Francis, Census, 1901, XV, p. 149. Additional indirect evidence of Chetty honesty is revealed by the standard practice of auditing accounts only once every three years. Because of the difficulties of getting to remote stations, annual audits are regarded as troublesome and unnecessary. See Gazetteer of the Madura District cited in Thurston, V, p. 256.

i.e., returning home with a sizable profit, means that on the third tour, the initiate will be even more independent and that he will be given still larger sums to supervise. The code of the caste punishes failure by requiring inept youths to remain in their present "grades" or perhaps even to be demoted.<sup>21</sup> We can assume that this kind of rebuke is not often given to young men who as children, "lisp in numbers and accounts, inheriting a tradition of business acumen which enabled them to dominate indigenous finance and actually secure control of about one-third of the ricelands in Lower Burma."<sup>22</sup>

As we have noted, each tour of service abroad usually lasts for three years; salaries are based on a scale that varies according to the distance from the home district. According to one estimate, a young Chetty employed in the head office at Madura would earn 100 rupees per mensem (a month); similarly

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<sup>21</sup>Slater, Southern India, p. 110. Other sanctions imposed by the community elders for shortcomings of all sorts include excommunication and withholding of permission to marry. See Hayavadana Rao, Indian Review, VIII, 1907, cited in Thurston, Castes and Tribes, V, p. 264.

<sup>22</sup>O. H. K. Spate, India and Pakistan (London: Methuen and Co., Ltd., 1954), p. 184. The Chettys would probably constitute interesting subjects for study by linguistic anthropologists. They have a trade language of their own, which differs according to community and clan. In Madras, the Nattukottai use three tables (for annas, rupees, and tens of rupees) each of which is formed out of the syllables of the names of a god or a goddess. Each syllable stands for a sum ranging from half an anna to 12 annas, from 10 rupees to 100 rupees, or from 1 to 11 rupees. See Thurston, Castes and Tribes, V, pp. 270-271. The use of other recent trade languages among Chetty groups is discussed in Thurston, Castes and Tribes, II, 95-97.

employed in Burma, he would receive 300 rupees; and in Natal, South Africa, he would earn 500 rupees per mensem.<sup>23</sup> But as already indicated, initiative and industry would, in most instances, earn an overseas agent (see note 53) additional income based on the profits he was able to show. After two and one-half years at his post, the employee is expected to initiate his replacement, working jointly with him for the remaining six months, instructing him in local problems, and the like. Once relieved of his post, he returns to the head offices of the firm in the Madras area, audits his records, and then is allowed a period of leave in his own village or community. An employee who has accepted some share of the profits accrued at his previous station is obliged to seek his next tour of duty with the same firm. Only if he is rejected by the firm or if he has not shared in the profits of his previous station may he seek to establish a connection with a different Chetty house.<sup>24</sup>

Chettys rarely serve employers outside their own communities.<sup>25</sup> If they are unable to enter moneylending or banking occupations as independent operators, they serve as agents or employees of other Chettyar firms. Employees are usually paid on the basis

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<sup>23</sup>H. Rao, Indian Review, VIII, 8, 1907, cited in Thurston, Castes and Tribes, p. 257.

<sup>24</sup>Loc. cit.

<sup>25</sup>The following account is drawn mainly from Thurston, Castes and Tribes, V, pp. 255-256.

of an arrangement lasting for a three-year cycle, part of their salary being advanced after a short service presumably to encourage its investment in the firm or in a subsidiary. Since such salaried arrangements early in the career of a young Chetty are regarded as forms of apprenticeship, most of the employee's personal expenses are met by the employer; often some profit-sharing arrangement is made to maximize allegiance to the firm.

Usually a young apprentice's personal life is tied to his career, since his marriage often follows his first successful three-year tour of employment. When a young male Chetty undertakes his own domestic arrangements he follows the same principles of early gradual training in his own family, taking care to build in safeguards against excesses and financial irresponsibility. Indeed, since it is usual for a young married man to set up his own independent domestic arrangements inside the family courtyard, all of his family activity remains dominated by his paternal family, which maintains considerable financial control over his assets. Slater describes such marital arrangements as follows: "When a young man marries, which is generally early, a modest house is built for him in the compound of the paternal mansion; from it he goes, when he is sent abroad; to it he returns.<sup>26</sup> As his wealth

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<sup>26</sup>Young married men are entitled to allowances from the paternal estate, but careful accounts of expenditures are kept and debits are entered against extravagance or excessive expenditures. (See P. R. Sundara Aiyar, Malabar Quarterly, cited in Thurston, Castes and Tribes, V, p. 253). When the head of the family dies and the paternal estate is to be settled, such accounts are audited, and appropriate deductions with interest are made from the male's inheritance. See Thurston, p. 258.

and family increase, he enlarges and beautifies it . . ."<sup>27</sup>

An analysis of the tight organization of the Nattukottai Chettyar will provide a basis for understanding the solidarity which has characterized the clan's activities in the financial markets of Burma. The example we have chosen also reveals another of the Chettyar's proclivities--their interest in charity and religious works. Aiyar describes them as "the most charitable class in Southern India," whose charitable activities are financed by strictly self-imposed levies on the profits of individuals and firms. Clan discipline is so comprehensive that these self-imposed levies are made even when the Chettyar is serving away from his home district. Wherever he practices his moneylending activities, exactions are imposed for charitable purposes or for the construction or restoration of temples.<sup>28</sup> The Gazetteer of the South Arcot District describes an ingenious method used by the Nattukottai to raise funds for specific religious projects: they established a fund supported by a "fee of four annas per cent levied from their clients on all sums borrowed . . ." The capital from this fund was invested, and the interest it brought was used for temple restoration.<sup>29</sup> Apparently attempts to subvert the clan's discipline in such matters are virtually unknown. But in case any disagreement

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<sup>27</sup>Slater, Southern India, p. 111.

<sup>28</sup>P. R. Sundara Aiyar, Malabar Quarterly, cited in Thurston, V, p. 254.

<sup>29</sup>Gazetteer, South Arcot District, cited in Thurston, p. 255.

should arise within the community, group solidarity is assured by the arbitral decisions of the powerful panchayats (councils) of elders.<sup>30</sup> Such deepseated and trained dispositions to regard the solidarity and standing of the clan as paramount and to avoid schismatic activities are reflected in many of the clan's financial activities. We shall encounter it, for example, in the ability of the Chettyar community of Burma to establish nationwide rates of interests with the certainty that members of the community will refrain from competitive measures which might impair the common financial good.

These comparatively strict methods of operation have not hindered Chettyar firms from adapting to the exigencies of different economic situations. For example, in Malaya, besides their traditional activities in the field of rural credit, they have developed considerable expertise in the management of rubber plantations, coconut plantations, and small tin mines.<sup>31</sup> Estimates place their post-World War II holdings in Malaya at about 20 crores of rupees, i.e., about 200,000,000 rupees or about \$44,000,000.<sup>32</sup> The president of the All-Malaya Chettiars Chamber of Commerce estimated the total Chettyar assets in Malaya before the outbreak of World War II

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<sup>30</sup>P. R. Sundara Aiyar, cited in Thurston, pp. 263-264. In resolving financial disputes, the panchayat acts by conciliation whenever possible. After reducing the disagreement to a minimum, the council obtains the signatures of the disputants to a blank award, together with their consent to accept the sum that the council decrees.

<sup>31</sup>Mahajani, The Role of Indian Minorities, p. 99.

<sup>32</sup>Kondapi, Indians Overseas, p. 301.



as 270,000,000 Malayan dollars.<sup>33</sup> In Burma, however, the Chettyar community has from the outset concentrated on moneylending, banking, and above all, the extending of agricultural loans.<sup>34</sup> The earliest Chettys in Burma probably arrived in the 1850's to provide moneylending services to the Madrasi troops quartered in Tenasserim.<sup>35</sup> Other Chettys undoubtedly made their way to Burma in the 1860's and 1870's as part of the entourage indirectly serving Indian laborers and migrant coolies recruited from the Madras area,<sup>36</sup> all of whom

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<sup>33</sup> Estimate made in an interview with Mr. S. P. M. N. Veerappa Chettiar by Mahajani, The Role of Indian Minorities, p. 100.

<sup>34</sup> Late nineteenth- and twentieth-century Burma seemed to provide an ideal site for Chetty operations. Their activities in Burma exceeded those in all other countries (Malaya, Ceylon, etc.) combined. In 1929, Burma had approximately four times as many Chetty establishments as had all other areas taken together. See Report of the Burma Provincial Banking Enquiry Committee, 1929-30, Vol. I, Banking and Credit in Burma (Rangoon: Supt. Govt. Ptg., 1930), p. 63, and Harvey, British Rule, p. 55. Most of the major Chettyar firms seem to have established branches in Burma. See, for example, the list of Chetty firms in Somerset Playne, Southern India: Its History, People, Commerce, and Industrial Resources (London: The Foreign and Colonial Compiling and Publishing Co., 1914-15) chap. xi.

<sup>35</sup> It is generally assumed that the first Chettyar offices were opened in Moulmein in 1850, or in Rangoon in 1852. See Furnivall, An Introduction, p. 14. They "began to attract widespread comment about 1880." (Andrus, Burmese Economic Life, p. 66). By 1881 they had firms throughout Lower Burma; in 1890 they were operating in Mandalay, in 1891 in Myingyan, in 1892 in Meiktila, and in 1894 in Shwebo. See Mahajani, The Role of Indian Minorities, p. 17.

<sup>36</sup> Since, as we shall see, Chettys insist on excellent security for loans, it is unlikely that they were very active among migrant laborers. They did, however, make loans to the maistries. The latter needed to pay the coolies' transportation costs and to advance them money for the care of their families as inducements to recruitment. Since maistry profits on such investments were assured, they were regarded as acceptable risks from the point of view of the Chettyar.

spoke Tamil.<sup>37</sup> Even after this period, some Chettys invested money in and undertook the management of businesses unconnected with agriculture, such as the sale of wholesale oil or the operation of saw mills.<sup>38</sup> But again, we should stress that the overwhelming number of Chettys in Burma from the late 1870's on had been active in the industrial agriculture of the delta, predominantly as agricultural landlords, as moneylenders to agriculturalists, or--a much smaller number--as owners of rice mills.

The growth of Chettyar activities in Burma is tied inextricably to the emergence of the industrial rice monoculture of the delta. According to the Report of The Burma Provincial Enquiry Committee, 1929-30, the single most informative official inquiry into Chettyar activities, the Chettys were attracted to Burma because of the increase in the market price of rice, the large-scale export of rice, and the rise of land values and cultivable acreage in the delta. Since we have established the pattern of these activities in our previous chapter, we need not rehearse them here. But before we discuss Chettyar practices, we should briefly consider the actual social and economic conditions that

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<sup>37</sup>Tamil is the native tongue of the Nattukottai. Since all Chetty records are kept in Tamil (and since all firms have private methods of bookkeeping), employment of non-Chettys in responsible posts within a firm is unknown. See Mahajani, The Role of Indian Minorities, p. 99.

<sup>38</sup>Some Chettys established offices in Rangoon during the 1850's, 1860's, and 1870's investing in the rising import-export business carried on between India and Burma. See J. R. Andrus, "Three Economic Systems Clash in Burma," p. 140. Their capital,

characterized life in the delta. We need to examine not simply the abstract rise of statistics of rice export and expansion of paddy acreage, but also at least one example of the particular sequence of immediate events and frontier-like conditions that brought the Chettyar into the delta.

It was a period, according to Furnivall, characterized by a "scramble for land, followed by a keen struggle for survival and leading up to free trade in land."<sup>39</sup> This struggle for survival in the development of the delta was real and, for the cultivator, inescapable. On the one hand the government of Burma was creating the transport facilities and irrigation-food controls thus establishing the necessity base for economic development. On the other hand, once the cultivators entered the delta and began to raise their cash rice crops, they were left unprotected from agricultural crises, economic connivance, and the activities of unscrupulous land speculators and moneylenders.

We have selected for brief discussion the Lower Burma Land and Revenue Act of 1876, an early focal point of this agriculturalists' dilemma, which reveals the colonially enforced symbiotic relationship of Chetty and Burmese. Its consequence was to contribute to large-scale land alienation--a topic we must consider in detail in Chapters VI and VII. We examine it here merely as one

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their knowledge of trade and of South Indian markets, and their familiarity with British law and business procedures obviously were great assets in such ventures.

<sup>39</sup> Furnivall, An Introduction, p. 64.

indication of the economic ambience during the decade in which the Chetty gained his foothold. The act conditionally allowed the settler to claim as his own any piece of land he had reclaimed from the jungle and swamp.<sup>40</sup> The only set of conditions that attached to outright ownership was the requirement that the settler improve the land and pay revenues on it for a continuous period of twelve years. Since it was obvious very early that settlers needed some funds to sustain them through the early period of land clearance,<sup>41</sup> the Land and Revenue Act provided that loans could be made against occupancy rights. Thus the payment of a small revenue for one year entitled the settler to regard himself as an occupant whose occupancy right could serve as collateral for loans covering land clearance, the purchase of seed and water buffalo, and all the other prerequisites for cultivating paddy beyond a mere subsistence level.<sup>42</sup> Native sources of capital,

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<sup>40</sup>Report of the Land and Agricultural Committee, Part II: Land Alienation, (Rangoon: Supt. Govt. Ptg., 1939), pp. 40-42. See also The Lower Burma Land Revenue Manual (Rangoon: Supt. Govt. Ptg., 1938), The Lower Burma Land and Revenue Act of 1876, pp. 1-2.

<sup>41</sup>There was great pressure to stake out large claims to the better land in the delta since the influx of emigrants from Upper Burma was making land increasingly scarce. Often this meant that the emigrant needed to hire labor to clear the jungle when he and his family were not adequate to the task. Since his only source of cash was his forthcoming rice crop, he found it necessary to turn to the Chettyar for financial support, presumably hoping to pay his debts after the sale of his crop. See Furnivall, Colonial Policy, p. 86.

<sup>42</sup>Leach estimates that it required "two or three years" before a new arrival could hope to get much profit from his land. See Leach, The Future of Burma, p. 82. Cady, A History, p. 159, proposes that seven to ten years of continuous cultivation were usually necessary before a farmer could hope to earn a reasonable income from his crops.

except for relatively small sums, were almost nonexistent.<sup>43</sup>

Therefore, the settler had to turn for his loans to Chettyar agents or to shopkeepers or traders plying small moneylending operations in the villages.<sup>44</sup>

Given the new opportunities for indulgence of the Burmese agriculturalist (especially now that he was freed of the restraints of tradition), the vagaries of agriculture (e.g., the prevalent livestock diseases such as anthrax, rinderpest, hoof-and-mouth disease<sup>45</sup>), the price-fixing squeeze engineered by the urban miller and trader, the prevalence of human disease, the depredations of floods, and the like--given all these factors, it was a rare settler who could pay his taxes and his debt to the moneylender and remain on the land for the twelve year period required to

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<sup>43</sup>See footnote 63 in Chapter IV above. Even as late as 1912 "there were very few large individual fortunes among the Burmese;" they owned only "one or two small companies" and had no knowledge of the advantages of limited liability companies. See C. D., "A Hand-Book of Indian Companies Acts," The Journal of the Burma Research Society, II (1912), p. 122. This is a review (probably written by Charles Duroiselle) of a book by Maung Pu, a Burmese author who translated the Indian Companies Acts into Burmese in order to aid the growth of entrepreneurship among his countrymen. The reviewer applauds his efforts.

<sup>44</sup>Since the Chettyar was very conservative in his lending policies, usually refusing to make loans except on good cleared land, the agriculturalists' first loans--at very high rates of interest--were often from the Chinese petty merchants and shopkeepers. At least at the outset of the period of rapid development, Chetty loans were more common in the following year after the land had been cleared and there was already pressure to pay existing debts. Once delta land began to be developed on a large scale and loans could be made to agriculturalists on settled land, Chettys began to participate in the land alienation process from its very beginning.

<sup>45</sup>Christian, Modern Burma, p. 114.

establish ownership. Most commonly, the settler would turn over his occupancy right to his creditor as repayment for his loans; then he would push on to a new area of the frontier where the pattern would be repeated with the same consequences. This relinquishing of occupancy, of course, placed the land in the hands of the non-agriculturalist who was free to use it for profit in any way he saw fit. Furnivall cites the report of a financial commissioner who observed as early as 1895 that land in Lower Burma changed hands as readily as shares on the London Stock Exchange.<sup>46</sup> But we should note that this pattern of indebtedness and land alienation provides more than an explanation of the initial Chetty foothold and the process of Chetty enrichment. It also illustrates the way in which colonial development in the form of expanded paddy acreage, the key to Burma's economy, was spurred by the expansion of debts and land alienation. As we shall see in a later chapter, these were precisely the evils which eventually fanned Burmese nationalism and worked to destroy Burma's status of colonial dependency.

Before we examine the Chettyar's methods of operation, we must mention two other elements of the economic scene, one conspicuous by its presence, the other by its absence. We have partially dealt with the first at the outset of Chapter III: the underdeveloped character of the delta even in the decades prior to

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<sup>46</sup> Agriculture in Burma, Papers for the Royal Commission on Agriculture, 1926-29 (Rangoon: Supt. Govt. Ptg., 1927), p. 21, quoted in Furnivall, Colonial Policy, pp. 86-87.

the opening of the Suez Canal. Jacoby makes the point that colonialism in the delta was not imposed on a traditional economic system but rather was imposed on a pioneer society whose economic monoculture came to reflect the demands of British capitalism.<sup>47</sup> One consequence of the ensuing collision between the "three economic systems"<sup>48</sup> (Burmese, Indian, British) was the further deterioration of Burmese society. The rush for land settlement in the delta, the struggle for the establishment of occupancy rights, the harsh competition among squatters for possession of land, the inflation of land values, the collusive practices and land-purchasing schemes of millers, all contributed to the increase of lawlessness. The loss of agricultural land to nonagriculturalists created the evils of tenancy, leading to the neglect of the land and the maximization of rootlessness.<sup>49</sup> These conditions stemmed from Chetty loans and foreclosures protected by British law; they simultaneously made further loans and foreclosures inevitable. This brings us to the second relevant element of the economic scene (already noted briefly and dealt with at length in our next chapter): the absence not only of indigenous Burmese economic alternatives to the Chettyar but also of viable alternatives provided by the colonial administra-

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<sup>47</sup>Erich Jacoby, Agrarian Unrest in Southeast Asia (New York: Columbia University Press, 1949), p. 79.

<sup>48</sup>This is part of the title of an excellent study by J. R. Andrus.

<sup>49</sup>Cady, (A History, pp. 158-162) supports these observations with evidence from contemporary documents like the Settlement Reports written by district officers on the scene.

tion. Thus the agriculturalist--the participant least able to enter the struggle in the delta on equal terms--was inexorably made the victim of this altered ecology.

These conditions in the delta, while ominous for the agriculturalist, were auspicious for the Chetty. To these conditions he applied organizational and operating techniques which assured his success. His operations in Burma apparently followed the general pattern of the caste's overseas operations described earlier in this chapter.<sup>50</sup> Agents usually remained at their posts in the larger villages for a three year period at the end of which they were required to settle outstanding accounts.<sup>51</sup> Harvey,

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<sup>50</sup>At least one other Chettyar clan in addition to the Nattukottai was active in pre-war Burma. The Therkuvattagai Chettys from an area south of Chettinad operated about 120 firms in Rangoon exclusively devoted to agricultural loans. Our emphasis, however, will be solely on the Nattukottai. There appears to be no fundamental difference either in the organization, operations, or consequences of the activities of other Chetty clans. Other Indian moneylenders active in Burma, (but very much less prominent than the Chettyar) each with its own special area of operation include the Marwaris, the Gujaratis, and the Multanis. See Report of the Burma Provincial Banking Enquiry Committee, 1929-30, Vol. I, pp. 186-187, and also Fiscal and Economic Annual of Burma (Rangoon: Bureau of State Printing Presses, 1943), p. 223. The latter source is in many respects obviously unreliable, having been published during the Japanese occupation of Burma. It contains glowing references to the "Nipponese Brothers," "The Greater East Asia Co-Prosperity Sphere," etc. But some sections are factual and accurate. It apparently was prepared under the auspices of the Minister of Finance Thein Maung.

<sup>51</sup>Starting in about the 1920's, attempts were made to settle accounts annually in order to make compliance with the Income Tax laws more convenient. See Andrus, Burmese Economic Life, p. 76. The account of Chetty operations that follows is, in general, valid for the sixty years prior to the outbreak of World War II. Wherever there were significant alterations in procedure, they will be noted separately.



in a passage whose authenticity is supported by the frequency of its reproduction in the literature, notes that in many remote tiny villages, the Chetty lived alone, at considerable distance from his employer in Rangoon or Moulmein. Despite his tiny salary (Harvey estimates it at about L100 per year and omits any reference to the Chetty's general practice of profit-sharing) and his continuous handling of large sums of money each day, he was "honesty itself;" he "never defaulted on a penny, bound as he was by the unwritten law of the caste."<sup>52</sup> Other Chetty offices, presumably more typical of slightly larger delta communities, usually numbered three to six members, but five-member offices appear to have been most common. The key personnel were the cashier, accountant, and agent.<sup>53</sup> An employee's standing in a firm, his salary, "rank", and the like, were based on ability,

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<sup>52</sup>Harvey, British Rule, p. 55. Fielding-Hall (A People At School, p. 271) whose pro-Burmese attitude we have noted, describes the Chettyar as "honest and capable." According to the Banking Enquiry Committee, honesty is a prime characteristic of the Chettyar; dishonesty was normally punished by excommunication from the caste and repayment of defaulted funds. Such ethical codes not only make the internal operations of Chetty firms more efficient but they also enhance their dealings with other banking organizations.

<sup>53</sup>Andrus, Burmese Economic Life, p. 76. Some confusion seems to have arisen in the literature because the term "agent" has often been used generically, when it is actually a term of rank. Thus, according to Allene Masters ("The Chettiars in Burma: An Economic Survey of a Migrant Community," Population Review, I, /1957/, p. 26) a Chetty did not become an "agent" until about his fifteenth year of employment, after having passed during his successive three-year stints through the ranks of accountant, assistant, cashier, and probably sub-agent. The agent had complete responsibility for the firm's operation in his territory, shared in a percentage of the profits, and made a three-year salary that ran

promise, and performance, never on family connection and influence. The agent, according to Harvey's characterization, used traditional techniques "so swift and simple that no bank could compete with him."<sup>54</sup> Among his most effective recommendations was the Chetty's accessibility to agriculturalists at any time of the day or night.<sup>55</sup> His eagerness to make loans, the absence of red tape, and the minimal waiting period required for negotiating loans provided additional explanations of his successful operations among Burmese agriculturalists in need of cash.

Nattukottai firms in Burma were mostly owned by individual families, usually by two or more persons in partnership, with the bulk of the capital being provided from within the family;<sup>56</sup> funds were sometimes borrowed from Chettyar banks (and, more rarely, from

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between Rs. 6,000 and 15,000. The beginning employee, on the other hand, could expect a three year salary of between Rs. 1,000 and 2,000, with a possible bonus of Rs. 500. This would mean a maximum yearly salary of Rs. 800, or about £ 60--which is considerably less than the figure given by Harvey (see preceding page).

<sup>54</sup>Harvey, British Rule, p. 55.

<sup>55</sup>L. C. Jain, The Monetary Problems of India, p. 63, notes this fact as a major way of distinguishing between moneylenders and modern bankers.

<sup>56</sup>Jain notes that Chetty firms were tied together by the bonds of communal brotherhood or blood relationships. Firms in Burma were owned by partnerships of closely related persons, and each was managed by an agent chosen from the family group in India. The senior partners often lived in or maintained their residence in the home district in Madras. In their absence firms could be directed by agents who might, if capable, be brought into the firm in the event of death. Usually, partners in the firms were indirectly related through their wives; overlapping partnerships were common. People who were directly related to one another were

foreign-owned banks) when necessary.<sup>57</sup> Profits from the firm came mainly from moneylending activities and from the renting of land; subsidiary activities like money exchange, check cashing, the storage of valuables, and the like provided additional income.<sup>58</sup> The firms were invariably housed in modest quarters belying the enormous sums of money they handled. The firm was created by adopting the initials of the first names of the owners, sometimes following it by the name of the senior partner or managing agent and usually ending with "Chettyar." All firms maintained contact with the "clearing house" of Chetty activity in Burma, the community temple on Mogul Street in Rangoon--a building, like all its other counterparts throughout the country, distinguished only by its drabness.

Estimates on the number of Chettys and of Chetty firms in Burma are invariably subject to a great deal of variation, the major difficulties resulting from: 1) inadequate definitions of what constitutes a "firm"; 2) estimates having sometimes been

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more likely to establish separate business organizations. Report of the Burma Provincial Banking Enquiry Committee, paragraph 458, cited in Jain, The Monetary Problems of India, p. 59.

<sup>57</sup>Firms "always come to the rescue of a sister firm in difficulty," loc. cit.

<sup>58</sup>Jain, (The Monetary Problems, p. 61) describes the Chettyar system of recording bank deposits: customers were given passbooks initialed by the Chetty agent at the time of the transaction; normally, interest rates of 6 per cent were paid on deposits. Chetty banks by the 1930's had established a system for handling checks drawn against their client's deposits and to this end utilized the clearing facilities of the Bank of India. Jain notes this as an instance of their modernity; for him "they seem to be the most advanced of all bankers in the country."

restricted to the Nattukottai firms alone; 3) inconsistencies and other difficulties encountered in the collection of population statistics.<sup>59</sup> An illustration of the last difficulty is revealed by the Chetty population figures given in the Burma Censuses of 1901 and 1911. The 1901 Census gives the total number of Chettys in Burma as 6,508,<sup>60</sup> and the 1911 Census gives it as 14,366.<sup>61</sup> But the 1911 Census explains that the increase of 7,858 during the preceding decade is more imaginary than real; it is the result of a confusion in the enumeration of Chattris (also a Hindu Caste) and Chettys. Further, according to this same source, it is impossible to discover whether or not this confusion was more marked in 1901 than in 1911.<sup>62</sup> In this particular case, additional evidence presented in Table X strongly supports the 1901 figure.<sup>63</sup> But given the irregularities of the data and the extreme scarcity of primary materials, such validation is not always possible.

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<sup>59</sup>Many of the same difficulties are encountered in attempting to gauge the Chettyar population in India. The following figures are taken from various volumes of the Indian census: 1881: 235,303 (see Memorandum on the Census of British India of 1871-1872, p. 292); 1891: 702,141 (J. A. Baines, Census of India, 1891, Vol. I, p. 201); 1901: 287,457 (W. Francis, Census of India, 1901, Vol. XV, Part I, p. 149). Obviously the figure for 1891 is the result of confusion in the enumeration of the census.

<sup>60</sup>Lewis, Census of India, 1901, Vol. XII, Burma, Part I, p. 110.

<sup>61</sup>Webb, Census of India, 1911, Vol. IX, Burma, Part I, p. 243.

<sup>62</sup>Loc. cit.

<sup>63</sup>The District Gazetteers from which Table X was drawn were prepared under the supervision of district officers who would--in this particular case at least--be less likely to make errors like confusing Chattris with Chettys.

As Table X indicates, the largest concentration of Chettys is in the delta provinces of Pegu and Irrawaddy, a total of 2,795. But this figure must be increased, since, in the absence of Gazetteers and data for Rangoon and Insein, (both districts with extremely large Chetty populations) Table X is misleading. A rough conservative estimate of the total Chetty population of Rangoon and Insein would be approximately 1,500, bringing the 1911 delta population up to 4,295. Again using this estimate for Rangoon and Insein, the total Chetty population would be 7,144 for all of Lower Burma, as contrasted with 1,168 for all of Upper Burma; the 1911 Chetty population in all of Burma would be 10,312.<sup>64</sup> In themselves these figures are only rough indicators of Chetty activity since they do not reveal the number of Chettyar firms operating in the separate districts.<sup>65</sup> While in general, the number of Chettys correlates with paddy acreage (especially in Pegu and Irrawaddy provinces and the districts of Toungoo, Thaton, and Amherst), there is by no means a consistently high correlation throughout on these items. For example, Hanthawaddy district has almost six times the number of Chettys as Bassein (630 versus 131) but only a little more than twice the number of acres of paddy under cultivation (1,131,728 acres versus 598,371 acres). Some-

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<sup>64</sup>These calculations would restore to the Chatri population in Burma the losses they suffered when they were inadvertently mixed into the tabulations of the Chettys. See Webb, Census, 1911, Burma, p. 243.

<sup>65</sup>Of course we have not been meaning to imply that Chetty influence was omnipresent because of their sheer weight of numbers. On the contrary, their numbers were insignificant compared to their financial powers.

TABLE X

TOTALS OF CHETTYS, INDIANS, AND INDIGENOUS BURMESE POPULATION  
IN 1911, ENUMERATED BY DISTRICTS<sup>a</sup>

District	Division	Number of Burmese	Number of Indians	Number of Chettys	Paddy Acreage 1910-11
1. Akyab	Arakan	335,699	193,101 <sup>b</sup>	157	638,861
2. Hill Dist.	"	21,616	611	--	9,482
3. Kyaukpyu	"	180,681	4,151	3	176,558
4. Sandoway	"	98,035	4,637	--	67,675
5. Hanthawaddy	Pegu	455,915	63,248	630	1,131,728
6. Tharawaddy	"	419,604	11,290	439	439,546
7. Pegu	"	380,945	41,951	532	840,924
8. Prome	"	368,435	8,710	406	293,128
9. Bassein	Irrawaddy	417,514	19,936	131	598,371
10. Henzada	"	518,869	11,134	432	469,444
11. Myaungmya	"	317,864	13,229	377	571,585
12. Ma-ubin	"	292,480	7,132	302	369,853
13. Pyapon	"	235,341	15,499	546	589,572
14. Toungoo	Tenasserim	326,966	20,562	226	382,124
15. Salween	"	45,481	682	--	20,915
16. Thaton	"	384,919	26,049	307	614,729
17. Amherst	"	313,299	46,545	971	425,194
18. Tavoy	"	131,332	2,357	6	97,466
19. Mergui	"	94,431	13,206	179	77,508

<sup>a</sup>Compiled from Burma Gazetteer, Vol. B, 36 Districts [Nos. 1-4, 6-38 7  
(Rangoon: Supt. Govt. Ptg., 1912 and 1913).

<sup>b</sup>178,000 of these Indians are Moslems, many from neighboring Chittagong.

<sup>c</sup>Records for Rangoon and Insein district are not available.

TABLE X (continued)

District	Division	Number of Burmese	Number of Indians	Number of Chettys	Paddy Acreage 1910-11
20. Thayetmyo	Magwe	311,653	4,350	56	67,229
21. Pakokku	"	407,630	1,559	28	85,635
22. Minbu	"	259,294	3,676	34	89,779
23. Magwe	"	311,653	4,242	61	123,327
24. Mandalay	Mandalay	294,049	39,275	307	112,937
25. Bhamo	"	95,648	4,034	21	24,210
26. Myitkyina	"	70,674	8,089	56	21,088
27. Katha	"	194,997	2,356	21	181,171
28. Ruby Mines	"	92,722	3,548	112	7,936
29. Shwebo	Sagaing	346,586	8,630	160	515,006
30. Sagaing	"	307,190	4,607	79	104,511
31. Lower Chindwin	"	314,006	1,544	17	108,992
32. Upper Chindwin	"	166,345	2,954	--	27,942
33. Kyaikse	Meiktila	135,516	5,653	20	109,657
34. Meiktila	"	271,661	6,927	82	169,458
35. Yamethin	"	291,036	14,634	77	255,735
36. Myingyan	"	438,078	3,149	37	68,964

times these presumed disproportions are explainable on special grounds, as is almost certainly true in the case of Amherst (691 Chettys and 425,194 acres under paddy). Amherst's largest urban center is Moulmein, which as early as 1838 had 2,000 Indians; by 1852 it had an Indian population of 13,000 and had become the first Burmese center for Indian moneylending activities.<sup>66</sup> It apparently continued to serve as a headquarters for Chetty firms all throughout the twentieth century; hence the large number of Chettys recorded in Table X in 1911.<sup>67</sup>

Undoubtedly the other most prominent factors determining the number of Chettys in each district were: 1) the size of the land holdings, 2) the length of time the district had been developed, and 3) the number of Indians present. We may substantiate these observations by way of another, more inclusive generalization: in some of the wealthiest areas with the largest acreage under paddy (Hanthawaddy with 1,131,728 acres, 455,915 Burmese, and 63,248 Indians; and Pegu with 840,924 acres, 380,945

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<sup>66</sup>See Chapter II, footnote 13. The degrees to which Moulmein was an Indianized city (like Rangoon) is revealed by its population statistics for this early period. The earliest tally dates from 1839: 17,022 total population. In 1857 the population had mounted to 23,683. In general, about half the population of Moulmein was Indian, because between 1826 and 1852 it had served as the military seat of British forces in Burma. The Madrasi troops quartered there brought Madrasi traders and moneylenders in their wake. See Scott, Burma, A Handbook of Information, p. 24.

<sup>67</sup>An Additional reason for the large number of Chettys in Amherst was the presence of numbers of "wholly Indian villages" in the immediate vicinity of Moulmein. Furnivall, Colonial Policy, p. 102.



Burmese, and 41,951 Indians are good examples; see Table X) the populations were not as large proportionately as in a district like Henzada (469,444 acres, 518,869 Burmese and 11,134 Indians). More precisely, Hanthawaddy with about two and one-half times the acreage under paddy of Henzada had 62,954 fewer Burmese in its population; Pegu with more than one and three-fourths times the acreage under paddy of Henzada had 137,924 fewer Burmese in its population than Henzada. The economic ecology here is undoubtedly complex.<sup>68</sup> We may reiterate, however, that during this period the delta was undergoing rapid changes in physical usage and economic exploitation. These changes established the industrial rice economy, a major aspect of which was the large-scale production of surplus rice for purposes of export; in Furnivall's phrase, quoted earlier, the delta in effect became "a factory without chimneys."<sup>69</sup> This phrase, like so many of Furnivall's formulations, penetrates and synthesizes several classes of data. To begin with, under these factory-like circumstances, the more the district produced surpluses for export, the fewer people proportionately had to work the land all year round and the fewer people had to reside on the land. This paradox is explainable on the grounds that a large part of the population in such districts

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<sup>68</sup>The following analysis is indebted to Report on the Revision Settlement Operations in the Tharawaddy District, Season 1901-02 (Rangoon: British Burma Press, 1903); Report on the Third Revision Settlement of the Hanthawaddy District, 1930-33 (Rangoon: Supt. Govt. Ptg., 1934); and Furnivall, Colonial Policy, pp. 84-94.

<sup>69</sup>Furnivall, Colonial Policy, p. 90.

consisted of the indispensable migrant Indians who were not supported on the land except during the periods of planting and harvest. Further, as in the confines of a factory, work on the land was made more efficient, regular, and simple because of the monolithic nature of the deltaic economy. Since paddy fields stretching for millions of acres were everywhere the same, the division of labor could be employed even among unskilled migratory workers. Such improvements meant larger surpluses and profits. Thus the rice monoculture of the delta flourished on uniformity and on plentiful labor which was available at the appropriate seasons and capable of being set to tasks suited to the mass production of a "factory" product.

Still another feature of this scene was the mounting land alienation--the topic of our next two chapters--one consequence of which is relevant in this context. As a result of land alienation, the small landed proprietor was replaced by tenants or debtors working on the larger consolidated holdings accumulated by the moneylenders and other entrepreneurs. The larger the holdings, the more efficient the enterprise, and the more dependent it became on the division of labor using migrant workers.<sup>70</sup> This fact also

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<sup>70</sup>In some districts like Pegu and Hanthawaddy, holdings were often larger initially. This resulted in part from the fact that large grants had been made to cultivators and capitalists since the mid-nineteenth century in order to encourage settlement and reclamation of waste land. See Report on the Administration of Lower Burma During 1885-1886, p. 8. In some instances holdings were larger because the original settlers had tried to extend their holdings in the interest of establishing ownership of the best lands. This

helps to explain the seeming disparities in the number of Chettys in some districts with approximately the same amounts of area under paddy.<sup>71</sup> In districts that were established longer, land alienation was more extensive (see Chapter VII), holdings of landlords were larger, and fewer Chettys were needed to make loans to small peasant proprietors.

It remains to establish a few facts about the relationship between the size of the Indian population and the size of the Chetty population as given in Table X before we return to our discussion of the economic-political ecology of the Chetty in Burma. The number of Chettys in a particular district correlates quite consistently (but not perfectly) with the number of Indians present in that district. Without recapitulating what we have already established about the plausibility of such a high correlation between the presence of migratory laborers and moneylending activities, we may note further: 1) that Chettys often preferred to rent foreclosed land to Indian tenants and 2) that Burmese proprietors often rented their land to Indians for cash rents because of their docility as tenants and because such rentals offered a means of raising money

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trend is revealed even in early figures: from 1872 to 1882 the size of average farms in the district of Hanthawaddy doubled. See Report on the Settlement Operations in the Hanthawaddy District, Season 1881-82 (Rangoon: Supt. Govt. Ptg., 1882), p. 2.

<sup>71</sup>Bassein district (settled early) and Pyapon district (settled later) are good illustrations of this principle. See Table X for the precise figures.

to pay off their indebtedness to the Chettyar.<sup>72</sup> In short, the presence of large numbers of Indians and Chettys in any long-settled district is explicable partly on the grounds of Indian tenancy as well as migrant labor. Further, from their first appearance in Burma, Chettys had been active among temporary Indian residents, whether these were troops or maistry-recruited laborers. Both such groups--but especially the laborers, whose personal indebtedness was always high--relied on their Indian compatriots, the Chettys, for loans, as did the maistries who supervised their work.

When we turn from the statistics on individual Chettys to the statistics on the numbers of Chetty firms operating in Burma, precise figures, at least from 1923 on, are somewhat easier to establish, thanks to the work of the Burma Provincial Banking Enquiry Committee.<sup>73</sup> In 1923, the Nattukottai Chettyar Association was formed with a membership of 1,498 firms.<sup>74</sup> The official Banking Enquiry Committee listed the total number of Chetty firms in

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<sup>72</sup>See Season and Crop Report (Rangoon: Supt. Govt. Ptg., 1914), p. 8.

<sup>73</sup>This already cited Report of the Burma Provincial Banking Enquiry Committee, 1929-30, Vol. 1, is the most authoritative official source on the activities of the Chettyar. See especially chap. xiii, B, pp. 188-240, from which much of the following has been drawn.

<sup>74</sup>Tun Wai, Burma's Currency, p. 43, asserts that all Chettyar firms in Burma were members of the Nattukottai Chettyar Association (only firms are members, not individuals). It is not clear, however, whether or not the Therkuvattagai Chettyar (also specializing in agricultural loans) were in fact members of the Nattukottai Association.

1929 as 1,655, of which 337 were located in Rangoon.<sup>75</sup> In addition to this official report, another authoritative study was made by U Tun Wai for a five year period beginning in 1935. Table XI indicates Tun Wai's estimate, based on information obtained from the Secretary of the Nattukottai Chettyars Association.<sup>76</sup>

Among the more obvious inferences to be drawn from Table XI is that it probably represents only rough estimates of Chettyar firms, all the figures being given in round numbers.<sup>77</sup> Further, no estimate is given for Rangoon, the city in which the greatest number of Chetty firms had their headquarters. The total number of "district firms" (presumably this means firms outside Rangoon) during this same period is given by Tun Wai as 1,100 for all of Burma;<sup>78</sup> the number of all firms (i.e., the total number of offices and branches) in the whole of Burma as indicated in Table XII

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<sup>75</sup>Ibid., pp. 201-202. Harvey (British Rule, p. 55) estimates 1,650 firms in the 1930's. Since by the usual estimate there were about five Chettys to a firm, the total number of Chettys in Burma during that period would have been about 8,250.

<sup>76</sup>U Tun Wai, Burma's Currency and Credit. Tun Wai's book was originally prepared as a doctoral dissertation in economics at Yale University in 1949. In later years, while serving as an economist for the United Nations Economic Commission for Asia and the Far East, he revised and enlarged his study. His knowledge of banking in Burma is enhanced by his family background; in addition to being a descendant of a leading Arakanese banking family (see Chapter IV, footnote 63) his father, Sir Htoon Aung Gyaw, had been Finance Minister of Burma in the mid-1940's before independence. These biographical facts are taken from a review of Tun Wai's book by Frank Trager in Pacific Affairs, XXVII (December, 1954), pp. 385-386.

<sup>77</sup>These figures may not include the Therkuvattagai Chettyar.

<sup>78</sup>Tun Wai, Burma's Currency, p. 51.

TABLE XI  
DISTRIBUTION OF CHETTIAR DISTRICT FIRMS IN THE THIRTEEN  
MAIN RICE-GROWING DISTRICTS OF BURMA, 1935-42<sup>a</sup>

District	Division	Number of firms
Pegu	Pegu	125
Tharrawaddy	Pegu	110
Hanthawaddy	Pegu	45
Insein	Pegu	40
Prome	Pegu	55
Toungoo	Pegu	70
Bassein	Irrawaddy	100 <sup>b</sup>
Henzada	Irrawaddy	70
Myaungmya	Irrawaddy	110
Maubin	Irrawaddy	55
Pyapon	Irrawaddy	100
Thaton	Tenasserim	30
Amherst	Tenasserim	30
Total		950

<sup>a</sup>From U Tun Wai, Burma's Currency and Credit, p.51.

<sup>b</sup>The town of Bassein had 33 firms according to the author's note.

TABLE XII  
CHETTIAR FIRMS IN BURMA, 1935-42<sup>a</sup>

Number of Firms	Number of Offices in Burma per Firm	Total
Rangoon Firms		
1	41	41
15- 20	7-8	144
60- 80	2-3	210
75-100	1	88
		483
District Firms		
900-1000	1	950
100- 200	2-3	450
		1400
Grand Total		1883 offices

<sup>a</sup>From Tun Wai, Burma's Currency, p. 44.

is 1,883.<sup>79</sup>

We can see from the figures in Tables X and XI that approximately seven-eighths of Chettyar activity took place in the delta, where Harvey asserts that there was one Chetty office for every 5,000 people.<sup>80</sup> The Report of the Provincial Banking Enquiry Committee establishes the same sense of the Chettyar's ubiquity with its estimate that in nearly every well-populated area of Lower Burma, there was a Chettyar within one day's journey of every cultivator.<sup>81</sup>

Estimates of Chettyar business balance sheets are difficult to verify. Tables XIII and XIV present two of the most authoritative overall estimates, though we shall have to deal with this matter again in the context of our discussion of agricultural loans and indebtedness. Unfortunately, neither table offers any breakdown on liabilities and assets which might specifically illuminate the problem of land alienation. The most conspicuous items to be noted are 1) the preponderance of proprietors' and relatives' capital; 2) the disparity between the estimates of deposits in Madras; 3) the decline in advances from banks; and 4) the tremendous conversion

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<sup>79</sup>This figure may be somewhat suspect, since after the 1930 depression, the Chettyar firms attempted to reduce their operations in Burma. The logical expectation therefore would be for the total number of offices and branches to decline from the 1929 figure of 1,655. Tun Wai himself (p. 55) estimates that about 10 per cent of the Chettyar firms had "to wind up their business in Burma" after 1930. Of course it is also possible that the earlier estimate was misleading.

<sup>80</sup>Harvey, British Rule, p. 55.

<sup>81</sup>Report of Provincial Banking Enquiry, 1929-30, I, p. 203.



TABLE XIII  
CONSOLIDATED BALANCE SHEET,  
IN LAKHS OF RUPEES, OF CHETTIARS IN BURMA 1929<sup>a</sup>

Liabilities		Assets	
Proprietors' and Relatives' Capital	55,00	Cash in Hand, hundies <sup>b</sup>	
Deposits in Madras	20	discounted	
Deposits in Burma	5,70	and	
Advances from Madras Banks	1,30	advances	
Advances from Burma Banks	3,00	made	65,20
Total	65,20 <sup>c</sup>	Total	65,20

<sup>a</sup>Adapted from the Report of the Provincial Banking Enquiry Committee by Tun Wai, Burma's Currency, p. 45.

<sup>b</sup>"Hundies" are defined by the Banking Enquiry Committee, p. 150, as follows: "In the sense which excludes promissory-notes a hundi may be defined as a document in any language signed by its maker and containing an order directing a certain person to pay a sum of money either a) to the bearer of the document or b) to a certain person named in the document or to his order . . . a hundi differs from a bill of exchange . . . in that the order is not necessarily unconditional . . . " The simple definition of the term as given by Anstey is an "indigenous bill of exchange" (V. Anstey, The Economic Development of India [London: Longmans, Green and Co., 1929], p. 96).

<sup>c</sup>Given in lakhs of rupees. A lakh equals 100,000 rupees. To convert these figures to rupees, simply ignore the commas and multiply by 100,000.

TABLE XIV  
 CONSOLIDATED BALANCE SHEET,  
 IN LAKHS OF RUPEES, OF CHETTIARS IN BURMA 1935-42<sup>a</sup>

Liabilities		Assets	
Proprietors' and Relatives'			
Capital <sup>b</sup>	45,00	Cash in hand, hundies	
Deposits in Madras	22,50	discounted and	
Deposits in Burma	7,00	advances made	10,00
Advances from Madras		Land and Houses	65,00
and Burma Banks	50		

<sup>a</sup>Estimate made by the Secretary of the Nattukottai Chettyar's Association for Tun Wai, Burma's Currency, p. 45.

<sup>b</sup>In Chetty banking terminology this capital is called mudal panam.

of assets into land and houses. According to the Secretary of the Nattukottai Association, the disparity noted in item (2) reflects an underestimate made by the Banking Enquiry Committee.<sup>82</sup> As we have already noted, item (1) accurately reflects the family ownership pattern of Nattukottai activities. Items (3) and (4) are among numerous indicators that reveal a diminution and alteration of Chettyar activities after the depression and riots of 1930. Assets in liquid form were disappearing; by the mid-1930's the bulk of them had been converted into solid form.

We shall analyze Chettyar rates of interest on agricultural loans in Chapter VII. Here as part of our attempt to establish a picture of internal Chetty operations, we must consider rates of interest on capital supplied to and deposited with Chettyar firms. These rates in turn were vital factors in the rates the Chettyar charged for agricultural loans, since loans made with this capital had to carry sufficiently high interest rates to produce profits. In two of the major categories of such funds, "call deposits"<sup>83</sup> and "fixed deposits,"<sup>84</sup> we may readily discover the workings of the organizational discipline that makes the Chettys such formidable manipulators of money. Call deposits, are in effect, loans made

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<sup>82</sup>Tun Wai, Burma's Currency, p. 45. In the following analysis I am indebted to Tun Wai, pp. 45-52.

<sup>83</sup>The technical name for such deposits is nadappu kanakku.

<sup>84</sup>The form of fixed deposit we shall discuss is called thavanai kanakku.

from one Chettyar firm to another; the term is never employed to designate loans made to or by non-Chetty firms.<sup>85</sup> The rate of interests on such deposits is called the "current rate,"<sup>86</sup> and it is established according to a revealing procedure described in the Banking Enquiry Report:

It [the current rate] is fixed in the evening of the 16th of every Tamil month at a meeting held at 9 p.m. in the Chettiar temple at Rangoon, and it holds good for all the current Chettiar month including the sixteen days already passed . . . The meeting discusses the general financial situation, and fixes the current rate for the current month in accordance with this, taking into account the current pitch and tendency of the thavanai rate, the rates current amongst the Marwaris, Multanis, and Gujeratis and the rates for advances by the joint-stock banks to Chettiars. As every firm has both income and expenses determined largely by this rate, great care is taken to fix the rate according to the needs of the situation. But for the first sixteen days of the month, before the rate is fixed, there is a general consensus of opinion as to the rate that will be fixed, the weekly adjustment of thavanai rate and the discussions incidental to that adjustment being sufficient guide.<sup>87</sup>

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<sup>85</sup>Such deposits were restricted to the activities of firms in large cities such as Rangoon, Mandalay, Bassein, Moulmein, and Promé. They usually could be obtained from one Chettyar firm by another for sums ranging up to about one-half the worth of the borrowing firm.

<sup>86</sup>The technical Chettyar banking nomenclature for such rates is nadappu vatti.

<sup>87</sup>Banking Enquiry Report, I, p. 225. Tun Wai explains that his informant, the Secretary of the Nattukottai Association, denied that the rate is always fixed at 9 p.m. It may be fixed at a different hour if other business matters interfere. According to Tun Wai, "The 16th of the Tamil month coincides with one of the first days of the English month, and therefore the current rate is valid from about 15th to 15th of the English month." Burma's Currency, p. 47.

The thavanai rate--obviously of very great importance--on "fixed deposits" (thavanai kanakku)<sup>88</sup> is established by a similar procedure; it is paid on deposits that are also restricted within the Chettyar community. Unlike call deposits, which (as we have seen) are forms of loans, fixed deposits are funds actually held on deposit by one Chetty firm for another; the interest rate paid on these funds is called the thavanai rate and is determined by the following procedure:

. . . since 1920,<sup>89</sup> it [the thavanai rate] has been fixed in a systematic way every Sunday evening at 9 o'clock by a meeting in the Rangoon temple, subject to modification during the week in case that is generally desired by the community . . . It is not fixed according to the current rate; in fact the relationship is the other way about, the course of the thavanai rate being a consideration when fixing the current rate.<sup>90</sup>

Detailed examination of these procedures from the technical point of view of banking methods is obviously irrelevant for our purposes. We should, however, note the degree to which the most vital financial arrangements within the Chettyar community were

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<sup>88</sup> Another type of fixed deposit is called veyan vatti. It is restricted to deposits held by Chettyar firms in large towns for firms in the districts. This rate and the thavanai rate is subject to frequent alterations, and interest payments are constantly altered to keep pace with such fluctuations. (Loc. cit.)

<sup>89</sup> Prior to 1920 the thavanai rate had sometimes been manipulated by speculators, presumably within the Chetty community itself. After 1920 such practices were apparently eliminated under the arrangements described above. Banking Enquiry Report, I, p. 227.

<sup>90</sup> Loc. cit. According to Tun Wai, fixed deposits are sometimes called "two-monthly deposits" because a depositor may, if he wishes, withdraw his account when interest payments are compounded every two months. In actual practice, however, accounts remain with firms "for decades." Burma's Currency, pp. 48-49.

self-regulated to assure ready accessibility of funds, profitable compensation for money loaned, and flexible and profitable procedures for money held on deposit by large firms for smaller ones operating outside the urban centers. There appears to be no question about the efficiency and workability of these arrangements conducted on a national scale in virtually every part of Burma, even including the remote Excluded Areas.<sup>91</sup> The system of regulation described in the quotations from the Banking Enquiry Committee permitted the adjustment of key categories of investment by a form of consensus which takes equitable account of the requirements of firms in far-removed areas.<sup>92</sup> Add to these organizational advantages the following external advantages: 1) the Chettys were

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<sup>91</sup>Harvey estimates that a dozen Chettyar offices were maintained in the Excluded Areas. See British Rule, p. 55.

<sup>92</sup>Undoubtedly the comparatively uniform agricultural and climatological conditions of the rice monoculture of the delta constituted a considerable advantage in arriving at mutually satisfactory agreements. In actuality, however, the district gazetteers and annual publications like the Season and Crop Reports and the Report on Administration reveal considerable variation in local conditions in matters that bear directly on the demands for credit which the Chettyar accommodated. For example, the gazetteers used in Table X sometimes reveal a 50 per cent variation in wages to agricultural laborers and coolies even within the same division. The Season and Crop Reports and the annual Report on the Administration of Burma show that floods, early or late rains, drought, animal disease, and the like, often created a patchwork of conditions throughout Lower Burma and even more often, marked contrasts with Upper Burma. As a few typical examples see Report on the Administration of Burma for the Year 1926-1927 (Rangoon: Supt. Govt. Ptg., 1928), pp. 53-54; Report . . . for . . . 1920-1921 (Rangoon: Supt. Govt. Ptg., 1922), pp. 16-17. In view of such considerations, Chettyar co-ordination of credit requirements of districts and divisions far removed from one another and subject to different conditions is all the more remarkable.

operating in an environment where significant alternative sources of agricultural credit were absent; and 2) they were dealing with individual agriculturalists whose community structure no longer afforded them protection and guidance. Indeed, compared to the Chettyar the Burmese were extremely vulnerable and disorganized. Under such circumstances, Chetty domination of the agricultural ecology of Burma was assured.

## CHAPTER VI

### THE ROOTS OF LAND ALIENATION:

#### COLONIAL POLICY, PRIVATE FINANCE AND BURMESE TRADITION

By general agreement, large scale land alienation (i.e., the transference of the ownership of land into the hands of non-agriculturalists) was the most dramatic culmination of the activities of the Chettyar in Burma. It was obviously only one step in an explosive complex of interrelated economic events, psychological attitudes, social dislocations, and colonial policies. This most far-reaching alteration of Burma's centripetal national tendencies began with a colonially induced relationship between Burmese and Indian; it ended by altering the social and economic ecology of Burma, with the large-scale Chetty foreclosures and cessation of credit that we have already described as "hostile symbiosis." Some aspects of this course of events were essentially economic. Among these we may include fluctuations in the price of rice, in the value of land, and in the agriculturalist's cost of living, as well as the high Chettyar rates of interest and the peculiar nature of their loan procedures. Others reflected certain Burmese attitudes toward money, debt, and land which had their roots in social and religious tradition as well as in attitudes toward social responsibility. Still others were politically induced--the product of colonial policies in local administration, land settlement, and the supply of credit. It is with an examination of the colonial policies of land development that we shall begin our inquiry into the back-



ground of land alienation.

The declared policy of the Government of Burma was to keep the land in the hands of peasant proprietors;<sup>1</sup> toward this end it enacted various systems of land tenure and settlement. The ready availability of land in the delta made the squatter system a convenient means of bringing the land under cultivation. It simply provided that land would become the squatter's private property and heritable if he undertook to cultivate and pay revenue for it for twelve successive years. This arrangement was formalized by the Lower Burma Land and Revenue Act II of 1876 which we discussed in Chapter V.<sup>2</sup> But after the opening of the Suez Canal and the attendant rise in the price of rice and the value of land, this legislation proved inadequate. Attempts were made by specula-

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<sup>1</sup>Report on the Administration of Burma for the Year 1921-22 (Rangoon: Supt. Govt. Ptg., 1923), p. 22. See also Report of the Land and Agriculture Committee, Pt. I, Tenancy (Rangoon: Supt. Govt. Ptg., 1938), pp. 1-7.

<sup>2</sup>Before the British conquest, the squatter system prevailed in Lower Burma, though ownership required more than just residence and payment of taxes. Since so much land was available, this requirement was a mere formality. It remained for the Act of 1876 to confer ownership which was permanently heritable and transferable. This legislation was officially described as giving "the force of law to the customary modes of acquisition found current when the province came under British rule." Reports on The Revenue Administration of British Burma for the Year 1882-83 (Rangoon: Government Press, 1883), p. 4. The parts of the 1876 Act we have referred to may be found in The Lower Burma Land Revenue Manual, 1938 (Rangoon: Supt. Govt. Ptg., 1938), p. 4. This volume also contains the entire (Lower) Burma Land and Revenue Act of 1876, including the rules, acts, and orders supplementary to it. For further discussion of title to land in Lower Burma, see B. H. Baden-Powell, A Short Account of the Land Revenue and its Administration in British India; With a Sketch of the Land Tenures (Oxford: Clarendon Press, 1913), pp. 224-226.

tors, for example, to acquire large tracts for investment simply by paying taxes on it, without bringing it under cultivation. Partly out of a desire to cope with such inadequacies of the squatter system, the government inaugurated the patta system, hoping thereby to encourage peasant proprietorship and land development. Under the patta system, cultivators could acquire occupancy title to fifteen to fifty acres of tax-exempt land for the period of land clearance, provided, among other things, that they did not allow it to be alienated. Under these two arrangements--the squatter system and the patta system--most of the land of Lower Burma was developed.<sup>3</sup> The patta system quickly came to be regarded as inadequate, and the squatter system became dominant for a number of reasons: 1) the homesteading-type arrangements which the patta system provided seemed to the agriculturalist unduly complicated and formal in comparison with the provisions of the squatter system; 2) there were delays in its administration, notably in the surveying of property boundaries; 3) under the Land and Revenue Act, it was very much easier (as we have seen in Chapter V) for agriculturalists to borrow money using their occupancy rights as security; 4) under the patta system, the wealthy rather than the needy agriculturalist seemed to benefit. The

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<sup>3</sup>Two other systems may be given passing reference. One provided leasing arrangements in developing the land; this was abandoned soon after the turn of the century (Report on Administration of Burma 1921-22, p. 22). The other, an earlier system of grants made under the "old Arakan, 1839, and Pegu, 1865 rules" was never used extensively. See Reports on the Revenue Administration of Burma for the Year 1882-83, pp. 10-11.

inadequacies of the patta system, evident by the turn of the century, caused it to be dropped in 1907.<sup>4</sup>

One aspect of the patta system's inadequacy interestingly reveals the degree to which colonial policies of local government and the re-ordering of the thugyi system began to shape the patterns of land settlement and debt. Under the Revenue rules we have been discussing, the thugyis had powers of granting land, and in the words of an official account, their "apathy" was often "very obstructive in the matter of grants of land."<sup>5</sup> This apathy not only resulted from a lack of direct involvement in the affairs of the people whom they presumably served, but it also reflected the conversion of the thugyi's function into that of a mere revenue officer. Making these grants was troublesome, and moreover the grants provided for an exemption period during which revenue payments were not required; therefore, the thugyi, whose income was mainly derived from commissions on revenue collected, did not encourage settlement under the patta system--even though alternative arrangements failed to foster the permanent occupancy of peasant proprietors. Thus, at the bedrock of local government, at the actual point of contact between the agriculturalist willing to become a proprietor and the land itself, the reforms of colonial

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<sup>4</sup>Cady, A History, p. 164. (Prof. Cady cites the Report on the Administration of Burma for the Year 1921-22, pp. 22-24, to substantiate these dates, but the Report does not appear to contain such data.)

<sup>5</sup>Reports on the Revenue Administration of British Burma for the Year 1882-1883, p. 11.

administration were working against the announced policy of maximizing peasant proprietorship. The reforms invited the moneylender not only by weakening Burmese social institutions but also by encouraging conditions which bred tenancy and free trade in land.<sup>6</sup>

After the patta system collapsed, the government's next systematic attempt to develop the land by controlled tenancy came in 1915-1916 with the creation of government estates on territories formerly set aside for fuel reserves. Landless agriculturalists were provided with reclamation and development funds dispensed by the government through cooperative credit societies. In effect they became government tenants operating under the supervision of a colonization officer whose task was to maintain a proper balance between loans and the development of the land.<sup>7</sup> Although this arrangement had enough built-in safeguards to assure some measure of success, it was never used on a large scale,<sup>8</sup> perhaps because of the complexity of administering it.

Numerous other legislative attempts--all abortive--were made to create a system of land holding in keeping with the principle of peasant proprietorship; most of these concentrated on the

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<sup>6</sup>Loc. cit. See also Chapter III above.

<sup>7</sup>Report of the Land and Agriculture Committee: Part II: Land Alienation (Rangoon: Supt. Govt. Ptg., 1938), pp. 39-42.

<sup>8</sup>Judging from a poorly constructed chart in Andrus, Burmese Economic Life, p. 83, the State Colonies Dept., which directly administered these government estates, managed only 318,987 acres as of June 30, 1939. According to Andrus, the Department "collected a very high percentage of rent and revenue due;" he regards their activities as a "successful experiment."

problem of tenancy rather than land alienation. All these bills (drafted in 1892, 1893, and 1901) would have granted the tenant-cultivator some degree of government protection in order to assure his continued occupancy, impede land transference because of debt, and establish plausible rents for land.<sup>9</sup> But each was struck down by arguments that Burma's vast untouched areas offered attractive settlement opportunities to any cultivator who had lost his property and wished to start anew. Presumably such criticisms reflected attitudes of laissez faire individualism; and they seemed, in each instance, to carry the day. Thus opposition to one of the most concerted reform efforts, the Burma Tenancy Bill of 1908 (first drafted in 1906 and finally rejected in 1914) reflected such attitudes. This bill aimed at creating a body of tenants protected by revenue officers from excessive rentals; it provided that although their land could be passed on to succeeding generations, it was to be protected from transfer to nonagriculturalists. The measure was considered, debated, and revised for six years before finally being abandoned.<sup>10</sup> Cady notes that it was opposed

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<sup>9</sup>Report of the Land and Agriculture Committee: Part I: Tenancy (Rangoon: Supt. Govt. Ptg., 1939), pp. 3-4. Cady, A History, p. 165, notes that these reform proposals all "reflected the pattern of the British Parliament's experiments in dealing with land legislation for Ireland during the 1880's and 1890's."

<sup>10</sup>Ibid., p. 5. Furnivall notes (Colonial Policy, p. 112) that the bill was based on Indian experience with tenancy problems and conspicuously reflected ignorance of local conditions by restricting protection only to tenants with records of continuous cultivation. In Lower Burma, of course, tenants moved about a good deal, often as much as once each year.

in "influential circles such as landlords, Chettyars, and the European mercantile community."<sup>11</sup> Obviously these were all groups with strong vested interests in maximum conditions of free trade in land. It was equally obvious that the colonial administration was more responsive to their views than to the needs of the cultivator.<sup>12</sup>

On certain occasions such special pleading seems to have had less to do with the failure of reform proposals than did other factors, such as impending changes in Burma's status within the Empire. So, for example, in 1896 when the Relief Bill of 1891, designed to give relief to tenants, was finally recommended to the Government of India, it was ignored because Burma was due to achieve a measure of legislative independence in the following year.<sup>13</sup> On other occasions reform proposals collapsed because of the lack of interest of a few key officials. Under still other circumstances, following the depression of 1907, proposed reform measures to halt land-alienation were opposed on the grounds that

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<sup>11</sup>Cady, A History, p. 165

<sup>12</sup>Actually the careers of many civil servants, especially at the district level, contradict such an observation. G. E. Harvey, himself an example of such an officer, sums up this point: "It was always our declared policy to foster peasant proprietorship, and for a century, generation after generation of our officers spent their lives--some gave their lives--in the belief that they were fulfilling that policy. Yet at the end of our rule, in the advanced parts of the country, two-thirds of all the rice land was held by non-resident landlords (many of them Indian moneylenders) and the agrarian problem was acute." (British Rule, pp. 48-49).

<sup>13</sup>The following is based on Report of the Land and Agriculture Committee, Part II, pp. 43-50.

they would harm the money market, dry up sources for agricultural credit, and discourage trading in rice. Sometimes reforms failed to be enacted even though they had support from important quarters. This was the case, for example, when Lieutenant-Governor Sir Herbert T. White supported proposals to make land subject solely to usufructuary mortgages (i.e., proposals which provided that land might be used as security but could not be subject to foreclosure). But White was succeeded by Sir Harvey Adamson before the recommendations could be enacted; Adamson successfully opposed the reforms for many reasons (not the least of which was that Chettyar sources of agricultural credit would disappear if land were declared inalienable). In brief, despite the proposals made, very little reform was accomplished until after the riots and unrest of the 1930's revealed the degree to which tension in Burma stemmed from agricultural distress, land alienation, and Burmese hostility to the alien Indian.<sup>14</sup>

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<sup>14</sup>We have not attempted here to give a full history of the numerous abortive legislative attempts to control land alienation. But we should at least mention the Agrarian Bill of 1927 drafted by Thomas Couper, since it was the last proposal before agrarian discontent expressed itself with such violence in the 1930's. In essence, Couper's Bill provided the tenant on the small farm with special rights to renew his lease for a period of as much as seven years if the landlord charged fair rents. It also attempted to correct a longstanding inequity by requiring a dispossessed tenant to be paid by the landlord for any improvements on the land made during the tenant's tenure. (This latter point was an attempt to offset the neglect of the land which was a commonly encountered effect of tenancy.) The circulation of the draft version of the bill created widespread agitation and opposition from influential quarters including the Nattukottai Chettyar Association, and discussion of it was dropped. See Report of the Land and Agricultural Committee, Part I, Tenancy, p. 6, and Part II, Land Alienation,

This brief survey of colonial failure to provide for the orderly and organic growth of Burmese agriculture need never have been written. It had been clear very early in the settlement of Lower Burma that the rapid expansion of the delta was creating a tenant class and that land was moving into the hands of moneylenders. Furnivall and Morrison note that as early as 1872 in Insein District, one of the most important centers of rice production, it was "first noticed" that agricultural indebtedness was prevalent; within ten years such indebtedness had become widespread.<sup>15</sup> The Reports on the Revenue Administration 1882-83, for example, notes that "a large tenant class has been growing up of late years . . . As cultivation becomes closer and the area of available land becomes more contracted tenants will increase in number and it is not unlikely that legislation may be required to protect them."<sup>16</sup> In order to dramatize the urgency of this problem, the same report cites a Deputy Commissioner's observation that "moneylenders from Rangoon" already owned large areas of land which were being rented to villagers. The author of the report of 1882-83 himself saw clearly that

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pp. 50-51. See also the "Speech Delivered by the Honorable Thakin Nu, Prime Minister, in Support of the Land Nationalization Act," 1948 (Rangoon: Supt. Govt. Ptg., Ministry of Agriculture and Forests, 1950), pp. 13-14, for a convenient summary of colonial failures to provide adequate legislative protection for the cultivator.

<sup>15</sup> Furnivall and Morrison, Burma Gazetteer, Insein District, Vol. A (Rangoon: Supt. Govt. Ptg., 1914), p. 72.

<sup>16</sup> Reports on the Revenue...1882-1883, p. 5.



. . . in the circles nearest Rangoon land has acquired a value which makes it worth the while of moneylenders to buy up the land as an investment; and as moneylenders in Burma are not less rapacious than elsewhere there can be little doubt they will take advantage of the increasing scarcity of good land to enhance their demands as soon as they can see their opportunity.<sup>17</sup>

Harvey asserts that from 1875 on, dozens of inquiries and bills were drawn up dealing with these matters--so many, in fact, that officials became tired of considering the problem and weighing its pros and cons. In Harvey's words: "It was not for lack of information that nothing was done; we always had plenty of officers who were specialists in land revenue with enough information at their fingertips to settle the matter three times over. It was lack of will."<sup>18</sup>

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<sup>17</sup>Ibid., p. 82. He even goes on to make a recommendation whose content he knows to be startling: "It is heresy to say so, but the best thing that could happen to the Burman peasant would be by legislation to render his land unsaleable in execution of decree." (Loc. cit.). Such observations by colonial bureaucrats seem to be encountered more often in revenue reports, though they were by no means universal; if they had been, some decisive action would probably have been taken. Other official publications often contained statements like: "The figures given by most districts do not warrant at present fears of the immediate domination of the non-resident landlord." Report on the Land Revenue Administration of Burma During the Year Ended the 30th June 1914 (Rangoon: Supt. Govt. Ptg., 1915), p. 18. Even as late as 1928, the Government of Burma seems to have evaded its responsibilities in this area, as witness its response to certain recommendations made by a Royal Commission of Agriculture. These recommendations had included items like "Enactment of legislation in regard to redemption of mortgages other than [in] the Punjab"--to which the Government of Burma responded in its progress report: "The problem of land alienation has been under consideration of Government for many years. No special enquiry is required." First Annual Report on the Progress Made in Giving Effect to Those Recommendations of the Royal Commission of Agriculture in India, 1928, Which Concern Burma (Rangoon: Supt. Govt. Ptg., no date), p. 12. Other indications of similar attitudes are present on the same page as well as in later Reports on . . . Progress.

<sup>18</sup>And, Harvey adds. (British Rule, p. 51), "the accident of personnel."

Harvey did not intend by this statement to accuse the British of complicity with the moneylender. On the contrary, he wrote:

It is not that officers in Burma were tender to vested interests; English interests were not involved, there were no English landlords, and we were almost sentimentally silly on behalf of the peasant cultivator. But we were dominated by the dogmas of laissez faire: it was the unspoken major premise of our minds that men are best left to manage their own affairs.<sup>19</sup>

Harvey's statement reveals a tangle of difficulties whose unraveling would take too much space for this study.<sup>20</sup> But we must subject it to some analysis because it stands as one of the most

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<sup>19</sup>Ibid., p. 52. It is difficult to know exactly whom Harvey means by the pronoun "we," but he is almost certainly referring to members of the Indian Civil Service like himself and Furnivall, R. Grant Brown, and numerous other district officers whose names grace the pages and masthead of The Journal of the Burma Research Society. They were a class of men who mastered the Burmese language and its culture, loved their work and the Burmese people, and, despite the fact that they served a colonial power, they were not regarded by the Burmese as masters. They championed the Burmese cause and wrote the numerous reports that warned of the dangers of agrarian distress. (See for example, an especially famous instance in J. S. Furnivall, Report on the First Regular Settlement Operations in the Myingyan District, Season 1909-1911, Burma Settlement Dept. /Rangoon: Supt. Govt. Ptg., 1912 /, in which Furnivall urged low-cost government loans and tax reductions in times of stress in order to alleviate the cultivator's difficulties.) Their recommendations went unheeded, presumably at least in part because at higher levels of the government there must have been, in Furnivall's words, "many officials /who / contemplated with equanimity the complete suppression of natives by Indians, even in agriculture." Furnivall, Progress and Welfare in Southeast Asia (New York: Institute of Pacific Relations, 1941), p. 47. Probably a detailed study of the upper and lower levels of the Indian Civil Service of Burma would reveal that the "we" in Harvey's quotation is very much less homogeneous than it first appears. Further, Harvey probably exaggerates the degree to which his colleagues were enamored of laissez faire.

<sup>20</sup>Harvey, we may suppose, knowingly or not, finds the laissez faire formula convenient in accounting for land alienation because it explains the paradox of how so many dedicated bureaucrats could have

important attempts to appraise the causes of land alienation against the background of colonial policy.<sup>21</sup> It is true that laissez faire principles were dominant aspects of British colonialist

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brought about conditions which were the reverse of their stated aims. He is saying in effect, "How could one ask of such civil servants abroad to do what was foreign to their nature--something they could not even do at home?" But we may insert here a crude distinction that needs refinement--the distinction between: 1) the feelings of self-sufficiency, integrity, independence, and personal freedom of an English gentleman cum civil servant, and 2) the policies of a government. The government's stated aim of peasant proprietorship was a cynical one which it was unwilling to enforce. The feelings of self-sufficiency of an English gentleman had nothing to do with the cynical use of laissez faire formulas which created the harsh agricultural conditions of the 1930's. Or rather, his feelings related to government policy only in so far as it was necessary for him to rationalize his own participation in the creation of difficulties precisely for those people about whom he felt "almost sentimentally silly."

<sup>21</sup>It is interesting (and instructive, especially with reference to our forthcoming discussion of the political consequences of Chetty practice) to note Prime Minister U Nu's explanation of the British failure to check land alienation and the evils of absentee landlordism. After discussing British attempts to establish a system of land settlement and agricultural credit that would protect the agriculturalist, U Nu acknowledges that the colonial government was opposed to "landlordism;" he also avows that the responsible authorities failed to prevent it. His explanation for this failure helps to reveal the anti-Indian and anti-British basis of Burmese socialism: "It is not the interests of the cultivators that motivated this [British] opposition [to landlordism] but the interests of the English mercantile community . . . It will be in the interests of the British mercantile community if they could establish a monopoly. It will be to their advantage if they were the sole buyers of rice in Burma and if the sellers were small competing units not organized into a similar monopoly. Only then could the internal price of rice be beaten down at will. If all the land in Burma were in the possession of fifteen or twenty land owners these exporters would face an organization of sellers which could bargain for price. This of course was not desired. Further, the interest of British capitalists demanded internal peace. Landlordism would create a class of landless peasants and that such a condition was fruitful of agitation and disturbances the authorities foresaw." The Land Nationalization Act, 1948, p. 15. An extended analysis could be made of these remarks exploring the possible Marxist-Leninist attitudes of Burmese socialism vis a vis the nature of imperialism as the last stage of monopoly capitalism.

ideology, especially from the First Anglo-Burmese War to the opening of Suez. But even during this period many clear violations of laissez faire orthodoxy occurred. Such violations included: government measures like the attempts to preserve the teak forests of Tenasserim from destruction by unrestrained free enterprise,<sup>22</sup> legislation to control agricultural debt in various parts of India like the Punjab,<sup>23</sup> importation of labor in Burma under government subsidy, government manipulations of the land tax in Arakan designed to encourage expanded cultivation, the use of forced labor by Commissioner Maingy,<sup>24</sup> and so on. Even business groups during the development of Tenasserim requested the government to fix wages for labor--an obvious violation of the principles of a free market. The point need not be labored here. But it should be stressed that even during the period of the maximum strength of Liberalism at home and abroad, laissez faire was a leaven unevenly applied to the economic dough. Equally important, Harvey's generalization--echoed many times throughout the literature--<sup>25</sup> appears to ignore one well-

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<sup>22</sup>Harvey, "The Conquest of Upper Burma," in Dodwell, The Cambridge History of India, 1858-1918, VI, p. 444, and John F. Cady, "Burma," in The New World of Southeast Asia, ed. Lemnox Mills (Minneapolis: University of Minnesota Press, 1949), p. 133.

<sup>23</sup>Baden-Powell, A Short Account of the Land Revenue and Its Administration in British India (Oxford: Clarendon Press, 1913), p. 142. For a full account see Malcolm L. Darling, The Punjab Peasant in Prosperity and Debt (London: Oxford University Press, 1925).

<sup>24</sup>See Chapter II above.

<sup>25</sup>Of course Harvey did not coin this formulation. It was invoked before and after Harvey by a great many widely removed commentators. Harvey serves throughout as an example of a widely held point of view.

established fact: beginning in the 1870's (precisely when the Chettyar's activities began to be noticed), and much more conspicuously by the late 1890's, laissez faire was progressively abandoned with the emergence of a more efficient governmental apparatus, extended government-sponsored transportation, and the establishment of specialized central agencies designed to meet the demands of an expanding economy.<sup>26</sup>

But laissez faire was not abandoned as a "policy" or an attitude or a presupposition with reference to the development of Burma's greatest industry--rice. We are forced to conclude that in this area, the government acceded to free trade in land (which led to land alienation, the domination of the moneylender under the auspices of British law, and the agricultural crises of the 1930's) because it raised revenue and settled and developed the delta. It was used opportunistically, because of a weak sense of consequence,

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<sup>26</sup>Furnivall (Colonial Policy, chap. ii) brilliantly discusses the earlier period of laissez faire dominance from 1826 to 1870 and in chapter iii traces out the abandonment of the doctrine. See also Furnivall, Progress and Welfare in Southeast Asia, pp. 9-28, for a discussion of this development in Southeast Asia generally and in Burma specifically. Furnivall attributes this shift away from Liberalism (and its humanitarian counterpart as expressed in the philosophy of Rousseau and the French Revolution) to the emergence of new technological achievements. But technology too had its counterpart in a social philosophy which, according to Furnivall, fitted neatly with the requirements of an age increasingly geared to efficiency. This new social philosophy was Darwinism--as diffuse and omnipresent as its predecessor, Liberalism. We may be permitted some slight scepticism about the cogency of Furnivall's argument on this score. Darwinism's emphasis on the survival of the fittest could be--and was--more readily seized as a justification of laissez faire than as a counter to it. It was widely viewed as vindicating the free struggle of the economic market-place by showing that the best forms in nature survived and flourished under just such analogous circumstances.

or because of easy recourse to outmoded shibboleths.<sup>27</sup> It was an ad hoc policy, and often the mere rationalization of a policy, frequently violated by the feeble attempts to develop the land via more controlled, orderly, and humane means; in many, if not most, other quarters of government it had already been abandoned. In summary, we may say that the role of laissez faire in land alienation is by no means clear-cut, primarily because the doctrine was not consistently espoused; as an explanatory formula it leaves too many elements of government policy unaccounted for. Indeed, the meaning of the term laissez faire is itself too ambiguous to entrust it with so heavy an explanatory burden.

More generally, it is apparent that the British efforts to provide a framework within which Burmese agriculturalists might develop the land under a system of peasant proprietorships must be judged a total failure. The many agriculturalists did not stand to gain by colonial policies; only the small number of millers and exporters and Chettyar moneylenders reaped the benefits of free trade in land. True, the delta was cleared and converted into a giant paddy field. But this conversion simultaneously transformed the cultivator into a debtor or a tenant victimized by rack renting. Most often the cultivator was victimized because he could find no alternative to the Chettyar as a source of credit. We must therefore extend our examination of the roots of land alienation by reviewing governmental attempts to provide credit facilities for

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<sup>27</sup>See footnote 17 below.

the cultivator. Here again we shall see the pattern observed in our analysis of the systems of land settlement. The government and the cultivators could not adjust their mutual needs satisfactorily. Here, too, it will emerge that only the Chettyar was able to adapt the talents of his caste to the rules of colonialism and to the requirements of the moment in order to assure his domination of the ecological swarm.

The first serious attempt to provide loans to needy cultivators reflected the government's decision that shortages of both labor and money were impeding the development of the delta. The labor shortage was to be overcome by government grants of money to increase immigration--a project whose dismal consequences we have discussed in Chapter IV. The shortage of money for agriculturalists was to be remedied through the Land Improvements Loans Act of 1883 and the Agricultural Loans Act of 1884.<sup>28</sup> Only the Agricultural Loans Act was used with any frequency;<sup>29</sup> it gave bona fide cultivators the opportunity to borrow money on long-term

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<sup>28</sup>We have chosen to ignore insignificant legislation which had little practical consequence, like the Debt Conciliation Act of 1905.

<sup>29</sup>The Land Improvements Act continued to be used on a very small scale until the late 1930's. The Report on the Land Revenue Administration of Burma During the Year Ended the 30th June, 1934 (Rangoon: Supt. Govt. Ptg., 1935) p. 23, shows only 2,200 rupees disbursed during the year, as opposed to 1,500 rupees the preceding year. The Report . . . During the Year Ended the 30th June, 1935, p. 21, shows only 1,249 rupees disbursed under this act and the Report . . . 1936, p. 18, shows 5,315 rupees disbursed under its provisions. Given the total picture of agricultural need, these sums are so insignificant as to be virtually invisible. See also Birns, Agricultural Economy in Burma (Rangoon: Supt. Govt. Ptg., 1948), p. 37.

arrangements in order to buy land and develop it.<sup>30</sup> Under later amendments the act provided the right to make short-term loans for more immediate purposes, as well as for the redress of damages due to natural disasters. One of the problems in administering the act was that loans might be obtained only after a good deal of negotiation and difficulty, including douceurs (illegal commissions) exacted from the borrower by officials.<sup>31</sup> As Table XV shows, both by absolute and relative standards, the financing provided by the two acts proved very inadequate. For example, in the twenty year period from 1919 to 1929 an average of only about 2,000,000 rupees per year was loaned under the two acts, or more exactly, under the Agricultural Loan Act of 1884.<sup>32</sup> The early 1930's saw a decline from 1,000,000 rupees loaned in 1930-1931 to less than 400,000 rupees loaned in 1934-35.<sup>33</sup> When such figures

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<sup>30</sup>There were always difficulties in defining "agriculturalists." Another problem was the dishonesty of some officials responsible for certifying the bona fide cultivators.

<sup>31</sup>Annual Report on the Administration of Burma for the Year 1906-1907 (Rangoon: Supt. Govt. Ptg., 1907), p. 34; and Leach, The Future of Burma, p. 85. Halting such official dishonesty was complicated by the traditional Burmese antipathy to cooperation with apprehending authorities, as well as by the difficulty of supervising the activities of the numerous officials empowered to make loans. Even a Township Officer could make grants up to 150 rupees; a Commissioner could make grants up to 5,000 rupees.

<sup>32</sup>In particular years for which detailed district records are available, there is almost no record of disbursements under the 1883 Act. See for example the tables on agricultural loans in the 36 volumes of the Burma Gazetteer utilized in the construction of Table X in Chapter V above.

<sup>33</sup>Report of Land and Agricultural Committee; Pt. III: Agricultural Finance (Rangoon: Supt. Govt. Ptg., 1938), p. 79.



TABLE XV  
LOANS MADE UNDER THE AGRICULTURAL LOANS ACT  
OF 1884<sup>a</sup>

Year	Amount of Loans <sup>b</sup>
1900-01	111
1905-06	676
1910-11	918
1915-16-1919-20	1,190
1920-21-1924-25	2,237
1930-31-1933-34	1,999
1934-35-1937-38	408
1938-39-1941-42	833

<sup>a</sup>Adapted from Report of the Land and Agriculture Committee. Pt. III, p. 81.

<sup>b</sup>In thousands of rupees.

are compared to the approximately 500,000,000 rupees which represented Chettyar agricultural investments during this period, we can get some sense of the degree to which government loan facilities were ignored. When loans were made under the Act of 1884, they were usually for small amounts; remissions and interest payments were equally modest. Cultivators seem to have turned to the government for help only when the money market was tight or when the season had produced a bad crop.<sup>34</sup> In general, the difficulty was that cultivators were reluctant to enter into negotiations and involvements with government officials; it was very much easier to rely on the moneylender for funds, even though interest rates on government loans never exceeded 10 per cent per annum, i.e., much lower than those of the Chettyar.<sup>35</sup> In the words of an official report:

There was no improvement in the popularity of advances from Government where other facilities for obtaining credit were adequate. The moneylender appears to be always more accessible than the Government office, and arrangements for repayment and for extensions of time are more readily concluded with the former.<sup>36</sup>

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<sup>34</sup>Report on the Administration of Burma for the Year 1923-1924 (Rangoon: Supt. Govt. Ptg., 1925), p. 51. This same report notes that loans under the 1884 Act were "useful and popular, except in districts . . . where agricultural credit is well organized and the requirements too large to be met by Government loans, which are intended for poor cultivators." (Loc. cit.) But it does not attempt to explain why a useful and popular device should be ignored by poor cultivators.

<sup>35</sup>During 1935-42 rates were set at  $6\frac{1}{4}$  per cent per annum. Penalty rates for late installments were  $1\frac{1}{2}$  per cent per month.

<sup>36</sup>Report on the Administration of Burma for the Year 1921-1922 (Rangoon: Supt. Govt. Ptg., 1923), p. 103. See also Furnivall, An Introduction, p. 126.

Furthermore, the government never had the sums of money or the administrative apparatus necessary first to undertake so vast an enterprise as financing the development of the delta or second to affect in any salutary way the widespread problem of indebtedness.<sup>37</sup>

We move now to a consideration of the major government-sponsored attempt to establish a source of agricultural financing that might serve as a suitable alternative to the Chettyar. This new effort stemmed from the 1901 report of the Indian Famine Commission, whose recommendations had created the Indian Cooperative Societies Act of 1904.<sup>38</sup> In Burma the Department of Agriculture undertook the task of promoting and inspecting a program of agricultural credit cooperatives presided over by a Registrar of Cooperative Societies with a sizable staff. This staff traveled throughout the villages of Burma organizing local societies, setting up management committees, and prematurely granting loans to new local cooperatives before they had even begun to master the intricacies of cooperative finance. It was hoped that the cooperatives would finance themselves through a system of shares and deposits usually held in Cooperative Banks such as the Burma Provincial Cooperative Bank of Mandalay or the Upper Burma Central Union Cooperative Bank;<sup>39</sup> cooperatives within each district would draw

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<sup>37</sup>Leach, The Future of Burma, pp. 84-85.

<sup>38</sup>The following, except where otherwise noted, relies on Report of Land and Agriculture Committee, Pt. III, pp. 84-95.

<sup>39</sup>No attempt has been made here to discuss the technical structure or the inner operation of the Agricultural Credit Societies or the Cooperative Credit Central Banks. Full details are available

on the credit facilities of its district bank. The number of banks and societies grew rapidly during the first decade after the plan was initiated in 1905, raising hopes for the project's success. Detailed figures are not available for each year, but Table XVI shows the general trend in the organization of the cooperatives. By 1925 their membership exceeded 90,000; their working capital was 17,800,000 rupees, their share capital

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in the Report on the Committee on Cooperation in Burma, 1928-29 (Rangoon: Supt. Govt. Ptg., 1929), usually referred to as the Calvert Report; Report of the Land and Agriculture Committee, Pt. III, Agricultural Finance; Annual Report on the Working of the Cooperative Credit Societies Act in Burma (Rangoon: Supt. Govt. Ptg., published annually); and Binns, Agricultural Economy in Burma.

<sup>40</sup>It should be noted, however, that even during the period when these societies were expanding and there seemed to be reason for hopefulness about their future, official reports contained traces of scepticism about their quality: "Agricultural Credit Societies showed a large increase in numbers: whether quality has advanced pari passu with quantity is not so certain . . ." Report on the Administration of Burma for the Year 1919-20 (Rangoon: Supt. Govt. Ptg., 1922), p. xi. Even at the penultimate period of cooperative development such difficulties were apparent in official quarters. One report, after describing the initial hope that societies would establish themselves on a sound basis with local capital, concluded that "this Utopia has not been realized and the position of Societies in some districts in which cooperation was first introduced is probably no better than it was twenty years ago." Report on the Working of the Cooperative Societies in Burma, 1923-24 (Rangoon: Supt. Govt. Ptg., 1924), p. 1.

Other official quarters were more sanguine, as witness one of the poorer guesses about the future of the cooperative credit movement made at the period of its seemingly greatest success by the Lieutenant-Governor of Burma: " . . . notwithstanding this lack of taste for business, the Burman has behind him a remarkable amount of common sense, and it is noteworthy that co-operative credit appears to have struck a firmer root in Burma than in India." Sir Reginald H. Craddock, "India and Burma: Some Contrasts," The Asiatic Review, XXI (January 1925), 61.

3,500,000 rupees.<sup>41</sup>

TABLE XVI  
COOPERATIVE CREDIT SOCIETIES, 1915-1939<sup>a</sup>

Year	Number of Societies	Membership
1915	1,252	--
1920	3,319	--
1925	4,057	92,005
1930	2,191	50,074
1935	1,371	29,712
1938	600	--
1939	930	--
1940	1,514	--

<sup>a</sup>Compiled from Report of the Land and Agriculture Committee, pp. 85-86 and Report on the Development of Small-Scale and Cottage Industries in Burma (New York: United Nations Technical Assistance Administration, 1952), p. 126.

The credit societies were most successful and most numerous in Upper Burma, though even there they made only a small contribution to resolving the credit problems of agriculturalists. In Lower Burma, where land alienation and debt were most acute, the societies' success was thwarted by the social circumstances of delta life. It was precisely in the delta (where cooperative credit was most needed) that social life was most unstable and and lacking in communal homogeneity.<sup>42</sup> Agriculturalists moved

<sup>41</sup>Andrus, Burmese Economic Life, p. 90.

<sup>42</sup>These comments are substantiated by H. Fielding-Hall, who was assigned, as a member of the Indian Civil Service, to help promote cooperatives in Burma. See A People at School, pp. 192-193.

frequently from one village to the next; migratory laborers and tenants worked only temporarily on large holdings (see Tables XX and XXI on Stability of Tenancies), never establishing the social, political, and psychological bonds that must support successful cooperative self-management.<sup>43</sup> Even in Upper Burma, where a considerable degree of village cohesiveness still prevailed, the cooperative societies often did not have salutary effects. Since there was no effective education in the principles of cooperative credit, the societies were often used by villagers merely as a means of obtaining easy credit for activities that could not be considered economically sound. This difficulty was complicated by precisely the situation the societies were designed to overcome. In an area consisting predominantly of needy agriculturalists, the government had to advance most of the funds required to get the societies functioning; membership and terms for loans had to be made attractive to members. But all this created exactly the attitude toward the societies that caused their misuse. In the absence of any understanding of their true nature, they were regarded largely as organizations from which money could be borrowed for nonagricultural--and even frivolous--expenses without the red-tape involved in negotiating a loan under the Agricultural Loans Act at the Township Court.<sup>44</sup> To these deep-seated difficulties, many of which stemmed from the influences of colonial administration on Burmese society, must be added other impediments:

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<sup>43</sup>Furnivall, An Introduction, p. 158.

<sup>44</sup>Leach, The Future of Burma, p. 85.

occasional dishonesty of officials; expense and complexity of the administrative structure; excessive reliance by the local societies on the major banks (the Central Burma Provincial Cooperative Bank and the Mandalay Provincial Cooperative Bank) because of inadequate deposits; laxity of supervision by the office of the Registrar; lack of understanding and liaison between the upper and lower levels of the system; rashness of loan policies (granting loans in excess of funds and granting loans to poor risks).<sup>45</sup> Finally, following the agricultural collapse of 1927 and the depression of 1930, the entire structure of cooperative credit was discovered to be unsound. The major banks were declared insolvent; the Government of Burma underwrote the loss of the Burma Provincial Cooperative Bank to the extent of 3,500,000 rupees.<sup>46</sup> Table XVI does not reveal fully the degree of the system's collapse. Table XVII in some of its categories and Table XVIII indicate it with somewhat greater clarity; they also reveal (in figures like that for outstanding loans) some of the difficulties in managing the societies, and the new growth they had begun to show under the leadership of a new Registrar.

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<sup>45</sup>Although interest rates were 15 per cent per annum (comparatively low by Burmese standards), most borrowers never repaid their loans. Furnivall estimates that by 1935, out of a total of £ 450,000 borrowed, £ 400,000 had not been repaid. See Colonial Policy, p. 114.

<sup>46</sup>The Burma Provincial Bank was liquidated in 1932. The Promé and Pegu central banks survived the collapse of the cooperative system and participated in its more successful revival, especially after World War II.

TABLE XVII  
 AGRICULTURAL CREDIT SOCIETIES  
 1923-25 vs 1938-1940<sup>a</sup>

	1923-25	1938-40
Number existing	4,064	1,514
Share capital paid up	3,260 <sup>b</sup>	800 <sup>b</sup>
Deposits by members	227	137
Loans received from Provincial and Central Banks	10,352	1,674
Loans made during the year to individuals	6,583	800
to Banks and Societies	71	18
Loans outstanding at year end:		
Individuals	15,997	4,203

<sup>a</sup>Adapted with some omissions from Tun Wai, Burma's Currency, p. 71. Tun Wai's sources are Banking Enquiry Report, Vol. II and Annual Reports on Cooperative Societies, 1938-40.

<sup>b</sup>All subsequent figures are in thousands of rupees.



The experience of the agricultural cooperative movement, according to some evaluations, may not have been totally negative. There has been an intimation, though the evidence is inconclusive, that their activities may have helped bring about slight reductions in the prevailing exorbitant interest rates for agricultural loans.<sup>47</sup> The failures we have analyzed did provide the experience from which new and more successful cooperative societies--largely consumer cooperatives rather than agricultural credit cooperatives--were born immediately before World War II and in the period of independence. But the immediate effects of the cooperative societies and banks were of little help to the cultivator as he struggled to free himself from debt. The statistics of land alienation show that the movement of land into the hands of non-agriculturalists did not slow down during the active period of the cooperative movement. Indeed, Chettyar holdings and capital continued to rise with astounding regularity. Surely one conclusion we may draw about Burmese colonial development is that the cooperative movement was another of the numerous foreign growths imported from India to be transplanted in Burma without any regard for the organic peculiarities of the soil of Burmese life. Like so many of its administrative predecessors, starting with the Bengal administration that accompanied the first conquerors, it ran afoul not only of Burmese traditional intransigence, unconcern, and unpreparedness, but also of the circumstances created by other colonial

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<sup>47</sup>Royal Commission of Agriculture in India, Vol. XII: Burma (Rangoon: Supt. Govt. Ptg., 1928), p. 73.

TABLE XVIII  
COOPERATIVE CREDIT CENTRAL BANKS  
1923-25 VS 1938-41<sup>a</sup>

	1923-25	1938-40 <sup>b</sup>
Number existing	19	10
Share capital	919 <sup>c</sup>	580 <sup>c</sup>
Deposits at end of the year	3,685	1,652
Reserve and other funds	215	415
Total working capital <sup>d</sup>	4,820	2,647
Loans made during the year:		
to individuals	7	0
to Banks and Societies	4,436	936
Loans outstanding at year end:		
Individuals	--	--
Banks and Societies	4,656	1,706
Profit	+96	-400

<sup>a</sup>Prepared by Tun Wai, Burma's Currency, p. 72 from Banking Enquiry Report, Vol. II and Annual Reports on Cooperative Societies, 1938-1940.

<sup>b</sup>Average year ending 30th June.

<sup>c</sup>All subsequent figures are in thousands of rupees.

<sup>d</sup>Total of share capital, deposits received, and reserve and all other funds.

policies. This was true especially in Lower Burma, where the re-ordering of village administration, the impact of economic development, the establishment of a cash nexus under British law, and the unleashing of individualist, antisocial impulses<sup>48</sup> all contrived to create precisely the environment which proved inimical to a sound system of cooperative credit. It simultaneously proved to be an environment that, in the ecology of modern Burma, was maximally advantageous to the Chettyar. His interstitial position--between world markets and the cultivator, and between the demands of colonialism and the economic needs of the cultivator--was guaranteed by colonial policy. Indeed, we may go even further and anticipate a notion to be explored in a later chapter: the role vouchsafed to the Chettyar under British rule created a kind of colonialism within colonialism, subjecting the Burmese to an unusual double form of exploitation--psychological-political and economic--whose influence is clearly manifest in Burma's twentieth-century nationalism.

We must now examine the alternatives to the Chettyar represented by other avenues than legislation and the cooperative movement. These two (along with the Burmese bankers of Arakan) constituted the major indigenous alternatives to Chettyar credit. Among nonindigenous sources of agricultural credit there were the Indian bankers-moneylenders including, of course, the Chettys, and

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<sup>48</sup>See Harvey, "The Conquest of Upper Burma," p. 446.

also the Marwaris, Gujaratis, and Multanis.<sup>49</sup> Though none of these groups dealt directly with agricultural loans, the Multanis were indirectly allied with the Chettys since they utilized Chetty banks for depositing their surplus cash.<sup>50</sup> The Marwari bankers were active mainly in Akhyab and to a lesser degree in Moulmein, where their money financed rice export and other activities less directly related to agriculture. None of these--or any other--Indian financial groups achieved even remotely the degree of influence or financial success of the Chettyar, and none were involved directly in the process of land alienation.<sup>51</sup> Together with these Indian money-lenders, three other distinct groups lent money to agriculturalists on a competitive basis with the Chettyar: the Burmese moneylenders, the Chinese moneylenders, and Dawson's Bank.

Dawson's Bank was the only private banking institution that

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<sup>49</sup> Report of the Burma Provincial Banking Enquiry Committee, 1929-30, Vol. I: Banking and Credit, pp. 186-188.

<sup>50</sup> The Multanis were attracted to Burma around 1900 precisely because of the high rates of interest ( $7\frac{1}{2}$  to 9 per cent per annum) offered by the Chettys to their current account depositors. See Tun Wai, Burma's Currency, pp. 57-59, for a concise description of Multani activities. Tun Wai estimates that Multani loans and advances against the promissory notes of successful merchants amounted to 2,500,000 to 3,000,000 rupees during the 1920's. The comparative insignificance of such loan figures is clear when compared with Chettyar loans, which exceeded them by approximately twenty times during the same period.

<sup>51</sup> The argument might be made, however, that these and other foreign banking communities contributed to land alienation in the sense that their presence discouraged the creation of alternative indigenous or governmental banking and credit facilities. Of course, it is entirely problematical whether such alternatives would have eased the problem of land alienation.

specialized in agricultural loans.<sup>52</sup> It was founded sometime between 1905 and 1910<sup>53</sup> for the purpose (according to its owner) of utilizing modern banking methods to help the Burmese cultivators regain their lands from Indian moneylenders.<sup>54</sup> Dawson's head office was in Pyapon, with secretarial offices in Rangoon; the top personnel seems to have worked mostly out of the Rangoon office.<sup>55</sup> From the outset, Dawson's established a sound reputation for efficient management and fair business practices. In its early years the Bank concentrated on providing money for agriculturalists for the purposes of redeeming their Chettyar-held mortgages.<sup>56</sup>

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<sup>52</sup>Christian, Modern Burma, p. 120. The larger banking firms in Rangoon, excepting of course, the Chettys, seldom extended rural credit. Their activities were on the whole restricted to rice and mineral exporting and commercial banking operations.

<sup>53</sup>Andrus (Burmese Economic Life, p. 307) says "about 1910;" Tun Wai (Burma's Currency, p. 78) says "1905." Other sources show similar disagreement. Dawson's went through a number of organizational changes: in 1914 it was incorporated as a private company called Dawson's Agricultural Loan Company, Ltd., as a means of increasing its capital. In 1921 it became a public company under the name Dawson's Bank, Ltd. Most of its funds came from investors in England.

<sup>54</sup>Unless otherwise noted, the following account is drawn from Tun Wai (Burma's Currency, pp. 78-82), who based his analysis on a "note prepared by Mr. Lawrence Dawson," the founder of Dawson's Bank.

<sup>55</sup>Andrus, Burmese Economic Life, p. 307. Other branches in 1929 were in Bassein, Bogale, Dedaye, Kyaiklat, Maubin and Moulmeingun.

<sup>56</sup>Transactions of this kind are called pakon pyoungde, which literally means "changing shoulders" or, in effect, transferring the burden of a mortgage from one party to another. Dawson's major initial emphasis was on long-term credit, defined by Binns as loans made for periods of more than four years in order to redeem mortgaged land or make substantial improvements on the land. See Binns, Agricultural Economy in Burma, pp. 27-35.

But in the early 1920's it began to make short-term "cultivating advances" to agriculturalists for immediate needs like seed and food. This means of aiding their clients became necessary because the Burmese mortgagee, driven by want, was turning to the Chettyar for short-term credit--a form of moneylending the Chetty avoided unless the security was good and the interest rate extremely high. As the figures in Table XIX show, all the activities of Dawson's increased rapidly once it began to offer short-term credit.

TABLE XIX  
EXPANSION OF DAWSON'S BANK, 1919-1941<sup>a</sup>

	<u>1919</u> Rs.	<u>1924</u> Rs.	<u>1929</u> Rs.	<u>1933</u> Rs.	<u>1941</u> Rs.
Capital	400,000	550,000	750,000	1,754,100	1,818,000
Reserves	85,000	250,000	750,000	--	185,000
Deposits	784,438	2,784,227	8,925,428	229,980	499,466
Investments	291,294	820,472	2,865,055	--	--
Liquid Assets	457,886	1,028,910	3,475,007	--	--
Advances	869,307	2,624,967	7,095,183	--	--
Dividends Paid	32,528	61,750	106,000	--	--
Net Profits	60,516	117,554	208,116	2,490	233,938
Dividend Return on Ordinary Shares	10%	12½%	16%	--	5%

<sup>a</sup>Adapted from Tun Wai, Burma's Currency, pp. 79, 81.

Dawson's (like agricultural banks the world over) was hit very hard by the agricultural crisis of 1930. When the price of paddy declined by 75 per cent and the value of land declined equally sharply, the Bank's main security and the main source of income of its creditors were severely shaken. Mortgagees could not

sell their produce at a price sufficient to pay government revenues, bank loans, or Chetty loans. Although its cultivator-borrowers could not meet their mortgage payments, the Bank nonetheless paid the cultivators' land revenues to the government in order to maintain its mortgage liens on the land and thus protect its interests. Its reserves proved adequate even for such an expensive and risky task, and as Table XIX demonstrates, it had begun to make a good recovery by the outbreak of World War II.

Because Dawson's was the one alternative to Chettyar credit that was at all successful (though again, on a much smaller scale than the Chettys' 750,000,000 rupees total estimated 1930 investment), we should examine Lawrence Dawson's own reasons for this success. They reveal the direction in which the government's agricultural experts and revenue officers should perhaps have looked in order to prevent the alienation of land to the Chettyar and in order to foster a national program of peasant proprietorship. The success of Dawson's operations depended on four factors: loaning money only on the best security and to reliable cultivators; maintaining offices in close proximity to the borrower; keeping interest rates comparatively low ( $14\frac{1}{2}$  per cent on both short- and long-term loans); and supervising borrowers through the activities of an efficient field staff.<sup>57</sup> Maintaining agencies close to the cultivator (part of the Chettyar formula for success) was important in

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<sup>57</sup>Royal Commission of Agriculture in India, Vol. XII, Burma, pp. 255-260.

an operation like Dawson's--moreso in fact than for its Chettyar competitor, since Dawson's avowed purpose was to assist the agriculturalist in his attempt to get free of the moneylender.<sup>58</sup>

Being close to the cultivator's village meant that the field staff could observe the agriculturalist and evaluate him as a potential risk; the money he borrowed locally was reasonably sure to be used for productive purposes. Easy access to Dawson's agents also kept the cultivator out of the city, where he might well have been tempted to squander what little money he had. Aside from their accessibility, Dawson's personnel resembled the Chettyar's in that both received systematic training in the intricacies of their work. Dawson's field agents were chosen for their knowledge of people, they were trained through courses in agriculture and finance, and they were encouraged to befriend--and if necessary in his own interest to chastise--the cultivator.<sup>59</sup> The experience of Dawson's Bank suggests that even under the hazards of an agricultural monoculture, Burma had no built-in, insurmountable impediments to the

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<sup>58</sup>The relative altruism of this aim has never received adequate comment in literature. Dawson himself and the operations of his bank seem to invite full-scale study, both because of their unique rationale and because of the importance of their operations in Burma.

<sup>59</sup>In the midst of a vast literature on moneylenders and their rapaciousness, Tun Wai's exact words (based on Lawrence Dawson's own memorandum) describing the Dawson agent stand out rather boldly: "... the employee ... chosen for his knowledge of people ... [was] given courses in agriculture so that he could be guide, philosopher and friend to the agriculturists." Burma's Currency, p. 82.



successful operation of financial institutions in the field of agricultural credit.

We turn now to a brief consideration of moneylending and other economic activities of the Chinese in Burma, a subject which has never been given full-length systematic scrutiny. This is in part because in twentieth-century Burma, unlike most other countries of Southeast Asia, institutionalized Chinese finance played a comparatively minor part. To be sure, in many areas of Burma--especially in its newer towns--the Chinese (and Indians) were among the wealthiest people.<sup>60</sup> On certain occasions, wealthy Chinese traders and merchants (the largest group of Chinese in Burma) had come into prominence in attempts to corner the purchase of paddy or to work as middlemen between the cultivator and the miller or exporter.<sup>61</sup> But while all these activities indirectly influenced the cultivator's loss of his land by determining the price of rice or in some way interfering with his economic well-

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<sup>60</sup>Furnivall, Colonial Policy, p. 103. The Chinese Overseas Bank, the Bank of China, and Chinese shipping, mercantile, and insurance firms all have had offices in Rangoon, where there has also been an active Chinese Chamber of Commerce. (Prior to World War II the Chamber elected a member to the Burmese Legislature.) A few Chinese businessmen have had considerable financial success in Burma; a few others have achieved high political office, one rising to be Minister of Forests under Governors Sir Harcourt Butler and Sir Charles Innes. See Christian, Burma Under the Japanese Invader, p. 282.

<sup>61</sup>Annual Report of Maritime Trade and Customs, 1886-87, pp. 17, 21, cited by Furnivall (Colonial Policy, p. 97). Furthermore, certain areas of commerce, such as pawnbroking, retail liquor selling and opium peddling, were largely dominated by the Chinese. Ibid., p. 118, and R. Talbot Kelly, Burma, The Land and The People (Boston and Tokyo: J. B. Millet Company, 1910), p. 160.

being, their total impact on land alienation was inconsequential when compared to that of the Chettyar; in all, Chinese participation in Burma's formal commercial and banking economy was relatively small.<sup>62</sup> Thus, Callis states that Chinese business holdings in Burma prior to the war "hardly exceeded two or three million pounds";<sup>63</sup> this figure, however, is conservative and relatively misleading, because Chinese agricultural moneylending in Burma took place at levels difficult to apprehend by any standard official records such as those available to Callis. It was usually negotiated rather informally between the cultivator and the Chinese shopkeeper for the necessities of life and farming.<sup>64</sup> Such widespread activity in the delta was at certain times especially significant in the chain reaction of rural indebtedness, which led to large-scale land alienation, but it is difficult to evaluate.<sup>65</sup>

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<sup>62</sup>This judgment is in part reflected in the Chinese population statistics. For example, in 1931 there were 39,262 Chinese in large towns and 32,871 in small towns. (Comparable figures are unavailable in any other census since this was the first time that figures for town dwellers were broken down by race.) See Bennison, Census of India, 1931, Vol. XI, Burma (Rangoon: Supt. Govt. Ptg., 1933), p. 50. The total Chinese population in 1931 was 193,594, an increase of approximately 30 per cent over the previous decade (*ibid.*, pp. 198-200), but still less than one-tenth of the Indian population. Much of this increase was in the delta (about one-half of the Chinese live within one hundred miles of Rangoon) where the Chinese population went from 64,276 in 1921 to 86,144 in 1931 (*ibid.*, p. 65).

<sup>63</sup>Helmut G. Callis, Foreign Capital in Southeast Asia (New York: Institute of Pacific Relations, 1942), p. 96.

<sup>64</sup>Loans made by shopkeepers were sometimes called "bazaar loans." See "The Speech Delivered by the Hon'ble Thakin Nu," Oct., 1948, in the Land Nationalization Act, 1948, p. 18.

<sup>65</sup>Despite the absence of any data one reliable scholar places the Chinese together with the Chettys as the major beneficiaries of Burmese indebtedness. See Jacoby, Agrarian Unrest in Southeast Asia, pp. 82-83.

When the delta was being cleared, the agriculturalist often had only the Chinese shopkeeper to turn to for sa-ba-bi loans (short-term loans at high interest) to sustain him through the period before his first crop. The Chetty was, as a general rule, too conservative to loan money at this early stage of development.<sup>66</sup> But once the land was cleared, the self-reinforcing cycle of debt drove the cultivator into the hands of the Chetty in order to meet his exorbitant obligations to the shopkeeper.<sup>67</sup> This dilemma was faced over and over at the beginning of each season when the cultivator was confronted with the necessity of buying seed and food; shortly after plowing and transplanting, he needed additional cash to pay the laborers who could not wait until harvest time. It took on special significance when Chettyar credit was not readily available as, for example, during the depression years of the 1930's, when the Chettys stopped making loans except to their own tenants.<sup>68</sup> Then it was the village shopkeeper, generally Chinese or Indian (or the landowner or miller), who advanced food or money for the rudiments of life to the cultivator, usually in return for payments in paddy immediately at harvest. Rates on

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<sup>66</sup>Cady, A History, p. 159.

<sup>67</sup>This pattern of sa-ba-bi (variants: sabape or saba-pe) loans continued on into post-independence Burma. See Huke, Rice in Burma, p. 158; "Speech Delivered by Thakin Nu," Oct., 1948, p. 17; and U Kyaw Min, The Burma We Love, p. 47. We shall discuss the interest rates and the harsh consequences of the sa-ba-bi loans in the next chapter.

<sup>68</sup>Harvey, British Rule, p. 52.

these sa-ba-bi loans of two to six months duration were often as high as 250 per cent or more per annum--extremely high by comparison with Chettyar credit.<sup>69</sup>

The most unsavory aspects of moneylending practices emerged in activities connected with these loans. Most accounts agree that it was the Chinese (or the Burmese) moneylender and not the Chettyar who engaged in dishonest or vicious practices such as encouraging the debtor to indulge in excessive drinking and opium-taking in order to bring about further indebtedness, near-enslavement, and eventual ruin.<sup>70</sup> Such practices, however, were often popularly attributed to the Chettyar, along with accusations that his interest rates were exorbitant. Although Chetty interest rates were consistently lower than those of their Burmese or Chinese competitors, antipathy and hatred for the Indian was powerful and deep, while, as Christian notes, the Chinese were widely regarded as pauk paw (next of kin); "everywhere there is greater comity between Burmese and Chinese than between Burmese and Indian."<sup>71</sup>

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<sup>69</sup> Andrus, Burmese Economic Life, p. 80.

<sup>70</sup> Hugh Tinker, The Union of Burma (London: Oxford University Press, 1957), p. 188. Andrus notes that there is "no evidence that Chettyars violated the law in dealing with Burmese peasants," Burmese Economic Life, p. 67. Burmese sources, however, often disagree and frequently accuse the Chettyar of dishonest practices. See for example Kyaw Min, The Burma We Love, p. 45 and "The Speech Delivered by the . . . Prime Minister in Support of the Land Nationalization Bill . . . ," pp. 18-19.

<sup>71</sup> Christian, Burma and the Japanese Invader, p. 280. We shall re-examine the basis of the Burmese hostility toward the Indian in Chapter VIII.

This brings us to a consideration of Burmese moneylending and landlordism--a topic apparently never examined in any systematic empirical way despite its obvious importance to the polity and agricultural economy of Burma. Though there are no detailed descriptions of the activities of Burmese moneylenders, they clearly constituted an extremely important element in the process of indebtedness and land alienation. Harvey estimates that there were 15,000 Burmese moneylenders and that they dominated the moneylending business numerically but not actually, since only a few were professionals.<sup>72</sup> Part of the difficulty of assessing the role of the Burmese lies in the fact that in Burma "money-lending is not a special business because everybody practices it."<sup>73</sup> According to Tun Wai, the "moneylending habit" in Burma is a continuation of a practice which has existed "since time immemorial" and is carried on in modern Burma by "every other well-to-do Burmese woman."<sup>74</sup> Especially in the development of the delta, the Burmese petit bourgeoisie, the landowners, and the professional class were active in loaning money and renting land, though this activity was by no

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<sup>72</sup> Harvey, British Rule, p. 54.

<sup>73</sup> Max and Bertha Ferrars, Burma (2nd ed.; London: Sampson, Low, Marston and Company, Ltd., 1901), p. 132. See also C. J. F. S. Forbes, British Burma and Its People, p. 92.

<sup>74</sup> Tun Wai, Burma's Currency, p. 60. Tun Wai points out that despite its omnipresence, this kind of moneylending is "petty" in scope.

means restricted to such comparatively moneyed Burmese elements.<sup>75</sup>

Even tenants or very small proprietors loaned money to fellow agriculturalists and rented their land or parts of it (auctioning it to the highest bidder), in order to increase their income by investments. Andrus' summation is succinct:

Burmese moneylenders were of considerable importance, and their interest rates were higher than those of the Chettyars . . . No estimate is available as to their investments, but such investments were certainly much smaller, in aggregate, than loans by the Chettyars.<sup>76</sup>

We shall have more to say of these activities when we present the figures for the alienation of land into the hands of resident non-agriculturalists in our next chapter.

In the remainder of this examination of the roots of land alienation, we will analyze an aspect of the Burmese scene which underlay all the others. We refer to those traditional Burmese

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<sup>75</sup> Leach, The Future of Burma, p. 84. According to Harvey (British Rule, p. 54) in most villages there was one family whose thrift allowed it to accumulate enough money to help its neighbors with loans. Among Burmese lenders, in Upper Burma it was usually the landowners and in Lower Burma the rice traders who loaned money to cultivators against the security of standing crops. Harvey states that these groups "could be very grasping, but if they often charged more than the Indian and Chinese shopkeepers who went in for moneylending as a sideline, they could sometimes charge less because they knew the people better and could keep an eye on the borrower to see he was not wasting the money." Ibid., pp. 54-55. Mi Mi Khaing notes that pensioners in Burma often "got a fat income from moneylending although they would not have liked to admit it." See Mi Mi Khaing, Burmese Family (Calcutta: Longmans, Green & Co., 1946), p. 70. No other authors support this notion that there is something unacceptable about the loaning of money in Burmese society, but see the further discussion of this point at the end of this chapter.

<sup>76</sup> Andrus, Burmese Economic Life, p. 77.

beliefs and practices that were directly involved in the vulnerability of the Burmese to indebtedness. These range from elusive aspects of the presumed Burmese national character to ancient traditions regarding the nonalienability of land and limitations on loans. Our discussion of these matters will illuminate the background of land alienation while simultaneously revealing another sphere in which colonial policy subdued Burmese habit at a profit to the Chettyar.

In the Kingdom of Burma, as under the British, most of the Burmese had been agriculturalists. Before the British came, they farmed land which was royal or state property under limited leases, or they worked their own land which had been reclaimed by them or their forebears from the jungle or swamp (see Chapter V). Such reclaimed land belonged to the owner (as a member of a village) after a traditional ten year period of residence on it; he could sell the land--though apparently this was rare--<sup>77</sup> under arrangements which gave his family special priority rights to re-purchase it if they chose to do so.<sup>78</sup> Under traditional Burmese practice, mortgages on privately owned land were alleged to be exclusively

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<sup>77</sup> Harvey, British Rule, p. 50. Harvey says that "the sale of land was unknown" in traditional Burma. According to Fielding-Hall (A People At School, p. 231), cleared land "remained ancestral property . . . Estates were often undivided for a hundred years or more . . . land was not saleable. It had hardly any money value." See also Furnivall, An Introduction, p. 43.

<sup>78</sup> See Josef Silverstein, "Burma," in G. McT. Kahin, ed., Governments and Politics of Southeast Asia (Ithaca: Cornell University Press, 1959), p. 78, and Furnivall, An Introduction, pp. 41-42.

usufructuary;<sup>79</sup> perhaps this fact, together with the ready availability of land, conspired to make land transfer very rare.<sup>80</sup>

Furthermore, Burmese native law upheld the tradition that interest on large debts must never be allowed to exceed the principal,<sup>81</sup> thereby presumably forbidding the kind of uncontrollable indebtedness and semi-bondage, with its consequent land transfer, that became so prevalent in modern Burma.

This idea that land could not be alienated was challenged, according to the usual interpretation, by British insistence on the sanctity of contracts under a rule of law; presumably, during the British administration, the Indian creditor could always be assured of court support for his claims against the Burmese culti-

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<sup>79</sup>Harvey, British Rule, p. 24.

<sup>80</sup>Ibid., p. 50. Indeed, according to Harvey, even in modern Burma "to many Burmans in the quieter parts of the country, the idea that you can sell land is simply unintelligible." Cady puts this somewhat differently: "... in old Burma, a cultivator's ancestral lands were not subject to alienation to an outsider." Cady, "Burma," in Mills, ed., The New World of Southeast Asia, p. 134. "Outsider" here may mean a non-member of the family, or it may mean, in this context, that non-usufructuary mortgages might only be proper within one's own village or circle. Jacoby (Agrarian Unrest in Southeast Asia, p. 79) throws doubt on this latter possibility with his blunt statement that a mortgage was "an instrument unknown to native custom," while Harvey supports it: "... the idea that a villager could sell his land outright to a non-resident was simply inconceivable" (British Rule, p. 24). Harvey implies that sale to a resident might be acceptable. Furnivall (Colonial Policy, p. 134) simply asserts: "Under Burmese rule the outright sale of land was unknown."

<sup>81</sup>Harvey, British Rule, p. 54 and Symes, An Account of An Embassy, 1795, pp. 287-288.



vator.<sup>82</sup> It follows, then, that the Burmese cultivator was the victim of this British displacement of Burmese tradition. He had been thrust from a subsistence-barter economy into one permitting usury, requiring cash expenditures, and demanding respect for contractual obligations--an economy in which land was viewed as a non-usufructuary commodity.<sup>83</sup> The indebtedness which overtook the agriculturalist was in largest part a measure of his bewilderment in the face of these demands of modernity.<sup>84</sup> And since the collision

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<sup>82</sup> For some typical illustrations of this theory see Cady, "Burma," Editor's note, p. 134; Jacoby, Agrarian Unrest, p. 79; Andrus, Burmese Economic Life, p. 65; Furnivall, Colonial Policy, pp. 105, 134.

<sup>83</sup> See Labour Policy in General Including the Enforcement of Labour Measures, Preparatory Asiatic Regional Conference of the International Labour Organization (New Delhi: International Labour Office, 1947), Report II, p. 30.

<sup>84</sup> According to Andrus it was "The introduction of British law and order [that] was precisely the factor in inducing Burmans to migrate to British-held Lower Burma between 1853 and 1885." For him this migration is "rather convincing evidence that the new system was not very objectionable from the standpoint of the indigenous people." (See Burmese Economic Life, pp. 65-66). Since Andrus makes this comment in the course of describing the conflict between traditional Burmese concepts of ownership and the British system of private non-usufructuary ownership, this seems rather a forced conclusion. Surely cultivators migrated from Upper Burma with comparatively little thought of the legal niceties of land tenure. They knew that land was plentiful and prices for paddy were rising. They knew that Upper Burma--especially under Thibaw--was in turmoil and that Lower Burma was comparatively stable. Equally importantly, foreclosures had not begun to take place on a really significant scale during the years Andrus mentions (see Furnivall, Colonial Policy, p. 86), so one could hardly cite the evidence of migration as a kind of implicit Burmese sanction of the British system of private ownership. It would appear that Andrus has confused the attractions offered by British law as a stabilizing force controlling crime with British law as a bewildering impersonal force colliding with traditional beliefs about land tenure and debt.

between British law and Burmese tradition took place within the "steel frame"<sup>85</sup> of laissez faire principles, colonialism rendered itself powerless to assist the cultivator in escaping from the consummation of his mounting indebtedness, i.e., land alienation.

An attempt to verify this hypothesis could well constitute an entire study; we cannot deal with it fully here. But we must examine this hypothesis critically, at least in brief, since it is among the most important theories advanced in the attempt to understand the role of colonial development and policy in the process of land alienation. It is immediately relevant also to our discussion of the relationship that Burmese belief and practice regarding land tenure had to the problem of land alienation under the British. Unquestionably a great deal of validity inheres in this interpretation of the presumed collision between Burmese tradition and British-Indian law as we have briefly outlined it. But it, too, like the laissez faire formula of which it is a part, needs refinement; its very persuasiveness and the frequency of its repetition make it susceptible to reductionism or over-extension.<sup>86</sup>

Thus, for example, usufructuary mortgages appear to have been more provisional than is suggested by the authors cited above. Cady informs us that mortgage loans on land (and houses) under Burmese law were really "conditional sales" redeemable by the first owner

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<sup>85</sup>This is Furnivall's term in The Governance of Modern Burma (New York: Institute of Pacific Relations, 1958), p. 7.

<sup>86</sup>Nor, as usually put forth, does it adequately take into account the time-sequence of basic events.

for a three year period.<sup>87</sup> In short, land could be alienated, but not by an outright act of total and immediate possession by the lender.

In the case of interest payments, law and custom in pre-British Burma, as we have noted, did place certain limits on the size of debt and the rate of interest. But here again these regulations could be (and were) circumvented by the creditor through the simple device of requiring new notes to be drawn up every few months.<sup>88</sup> Interest rates were by no means modest in Ava. Indeed, they were usurious--ranging, according to one account, from 25 per cent per annum to 50 per cent per annum.<sup>89</sup> Even as late as 1878 no general change had occurred in such practices: Forbes states

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<sup>87</sup> Cady, A History, p. 48. Cady obviously means this statement to apply to cleared land because he asserts (in agreement with Harvey and others) that "Undeveloped land especially in Lower Burma was so plentiful that it was worthless" (p. 49). Furnivall (Colonial Policy, p. 134) notes the conditional nature of any sale of land: "if a man 'sold' his land, it was always understood that he or any member of the family might at any time redeem it." Scott (Burma: A Handbook of Practical Information, p. 268), in an extremely reliable account disagrees with part of Cady's assertion and supports another part of it; "There was . . . almost invariably a clause inserted in every mortgage bond, that the land should not be redeemed for three years . . . Mortgages were practically always usufructuary."

<sup>88</sup> Malcom, Travels in Southeastern Asia, 1835, cited in Cady, A History, p. 48.

<sup>89</sup> John Crawford, Journal of An Embassy (1834), II, p. 189. (We might note here that the Chetty interest rate was usually about 15 to 33 per cent per annum.) Crawford implies that there was a distinction between de jure and de facto interest rates when he observes that "in the courts of justice . . . no interest can be recovered on a loan for any period exceeding ten months." But presumably, as we have already noted, extra-legal transactions were common.

that interest rates on cash loans made by Burmese were 60 per cent per annum for small loans (and for loans in general) and as low as 36 per cent for loans protected by tangible securities such as gold or cattle.<sup>90</sup> Surely interest on loans made under such contracts must often have exceeded the principal; though there may have been some difficulty in getting the legal authorities to enforce one's contracts, there were, as we have seen, ways of circumventing the law if one chose to do so.

In the matter of contracts too we may suggest some modification of the simple notion that Burmese ignorance of the nature of contractual obligations made them especially vulnerable to the moneylender's malpractices. Htin Aung, a distinguished authority on Burmese law, has observed that

. . . with regard to the English law of contract and tort that was introduced into the country after the British annexation, the Burmese did not find the new law strange and mysterious, for the fundamental principles of Burmese law of contract and tort had certain similarities with the fundamental principles of English law.<sup>91</sup>

While Htin Aung does not specify any forms of contract relevant to our discussion, it is clear at any rate that the nature of contracts was not totally mysterious to the Burmese. Indeed, texts dealing

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<sup>90</sup> C. J. F. S. Forbes, British Burma and Its People, p. 92. (This is still more than the rates of the cautious Chettyar, though a good deal less than the one hundred to two hundred and fifty per cent charged by the shopkeeper and the landlord in twentieth-century Burma.) Forbes notes that the profits money returns when it is used in trade are very large.

<sup>91</sup> Htin Aung, "Customary Law in Burma," in Thayer, ed., Southeast Asia in the Coming World, p. 210.

with Burmese Buddhist law indicate that agreements between various parties were common aspects of familial, personal, and property considerations in Burma.<sup>92</sup> We may add to this the fact that literacy, at least in a simple form, was widespread in Burma (72 per cent of the men could read and write simple material<sup>93</sup>), a fact which further qualifies the presumably exotic nature of contractual commitments.

Even with regard to the indebtedness and semi-bondage which in modern Burma often resulted from land alienation, we can readily discover in pre-British Burma precedents for Burmese awareness of the harsh consequences of debt. Tun Wai observes that slavery existed in pre-British Burma only in so far as a person could not repay his debts.<sup>94</sup> Such slavery might be spent in the service of the creditor or in the service of the state: arrangements were specified by numerous regulations, intimating that they were

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<sup>92</sup> See, for example, S. C. Lahiri, Principles of Modern Burmese Law (5th ed.; Calcutta: Eastern Law House, 1951), chap. xxii. There are numerous difficulties, not relevant to our context, about referring to "Burmese Buddhist law." The Burmese point of view on this matter is succinctly put by Maung Maung (Burma in the Family of Nations, p. 17): "The term 'Burmese Buddhist law' as the British gave to the customary laws of the Burmese peoples is a misnomer, for the laws are the personal laws of the people free of any Buddhist influence. The British, when they first came to rule . . . were misled by the Buddhist colouring that Burmese jurists and scholars had given to the dhammathats . . . Accustomed to the Hindu legal system in which religious influence was real, the British were ready to acknowledge Buddhist influence in the personal laws of the Burmese also."

<sup>93</sup> Harvey, British Rule, pp. 45-46.

<sup>94</sup> Tun Wai, Burma's Currency, p. 60.

probably used more than a little.<sup>95</sup> Here too the personal consequences of indebtedness in Ava probably far exceeded the economic bondage of the delta cultivator in Lower Burma caught in the toils of the moneylenders, just as pre-British Burmese usury exceeded Chetty usury. But two qualifying facts must be added to so simple a set of contrasting equivalences: 1) when the Chetty loaned money in Lower Burma he did so in an expanding economy with land growing increasingly scarce and valuable, prices rising, and population growing. In short, the social consequences of Chetty usury were obviously very much more far-reaching. 2) Delta society, polyglot and non-traditional, had already departed in numerous ways from the Burmese pattern; the social and political foundations of the community had been altered by the requirements of colonial development.<sup>96</sup> It would seem logically fallacious to argue that land alienation resulted from the cultivator's bewilderment at the destruction of his traditions, when settlement in the delta ipso facto often required abandoning these traditions.

We may raise one further qualification of the theory we have been examining: If cultivators continued to lose their land

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<sup>95</sup> A. R. Colquhoun, Amongst the Shans (London: Field & Tuer, 1885), pp. 180-185. Colquhoun's comments here refer to the entirety of Burma. According to Harvey (British Rule, p. 24) such servitude, in which a man might surrender himself--or his family--to his creditor, could take place, "but the one thing he could not surrender was the land."

<sup>96</sup> See Chapter III above and Furnivall, Colonial Policy, pp. 103, 105.

to their Indian creditors because they did not understand that under British law creditors could foreclose when payments were not forthcoming,<sup>97</sup> they must have been obtuse to a degree unsubstantiated by most known examinations of the Burmese character. One might accept such an explanation to account for the fate of the first generation of settlers in the delta, or at any rate, the fate of those who came from Upper Burma during the late nineteenth century. But surely by the turn of the century the upholding of the right of foreclosure had become a prominent and established feature of the delta's agricultural polity. It is difficult to suppose that ignorance of British law could have continued to contribute to this degree to the mounting alienation of land throughout the first four decades of the twentieth century.<sup>98</sup>

Much more probable is the view that immediate circumstance, together with certain Burmese attitudes toward law and authority and other habitual practices originating from Buddhism, determined the cultivator's attitude toward debt. Furnivall notes the great growth of litigation beginning in the 1880's, most of it involving land tenure and monetary problems which would once have been settled by myothugyis. The important point to be made here in terms of future land alienation is not that new principles of contract were being enforced by Burmese courts, but rather that

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<sup>97</sup> See Cady, "Burma," Editor's Note, p. 134.

<sup>98</sup> (Colonial Policy, p. 136).

an earlier form of conciliation had been displaced by a formidable procedure which intimidated the peasant and which he felt could not redress his grievances. For example, although Burmese law had its foundations in the Code of Manu, this codified legal system was only indirectly manifest, i.e., in the Burmese dhammathats--a collection of precedents and rules that constituted a moral law rather than a codified system.<sup>99</sup> The dhammathats allowed a tremendous range of interpretation and conciliatory practice by elders or headmen, who were accessible to the people in ways that British courts never could be. Thus in Burma, "no formal system of courts and no class of legalists developed to serve society:"<sup>100</sup> under the British-Indian system the legal profession--composed for many years mostly of Indians--and litigation itself proliferated wildly. But obviously arbitration by headmen would not suffice in the competitive financial arrangements of delta agriculture after the penetration of Chettyar moneylending and its consequent wholesale foreclosures. Chetty lawyers demanded--and were awarded--the fulfillment of contractual obligations. Conciliation was an unacceptable alternative; in an economy characterized by a cash nexus, the stakes were too high.<sup>101</sup>

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<sup>99</sup>Furnivall, Colonial Policy, p. 132. See pp. 131-137 for Furnivall's penetrating discussion of British misunderstandings and mismanagement of the dhammathats.

<sup>100</sup>Silverstein, "Burma," p. 78.

<sup>101</sup>Furnivall, Colonial Policy, p. 136.



If the twentieth-century cultivator was victimized by this alteration in the nature of law it was not because of the presumed novelty of contractual arrangements or non-usufructuary mortgages. He was victimized rather because of his inability to afford representation in legal proceedings and because of what one excellent observer has called "the hereditary and intuitive knowledge [of the peasant] of the enormous difficulty of proving a negative."<sup>102</sup> The mere registration of bonds of agreement (even false and extortionate ones) was regarded by the peasant as meaning that the usurers had "received the formal sanction of government, so that they cannot be disputed or cancelled."<sup>103</sup> Or the agriculturalists might "refuse to apply to the civil courts for redress" because of ready money . . . loss of credit, and . . . the inconvenience of leaving their homes at harvest-time."<sup>104</sup>

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<sup>102</sup>Nisbet, Burma Under British Rule, p. 298.

<sup>103</sup>Ibid., pp. 297-298. The pre-British method of recording title-deeds and mortgage reveals part of the reason for this attitude: "The whole system [of recording mortgages] was of the most easy-going kind, quite characteristic of the Burman. The method of recording title-deeds, with a soap-stone pencil on the blackened surface of a parabaik, and this in a single copy only, retained by the mortgagee, is in keeping with the rest of the procedure. This record is of the most perishable kind, in writing which is no more permanent than the mark of a slate pencil. Nothing exists beyond this except the ex-parte statement of the contracting parties, which cannot be of much value regarding a transaction more than five or ten years old." Scott, Burma: A Handbook of Practical Information, pp. 268-269. Fielding-Hall (A People At School, pp. 242-246) attributes such practices to the truth and honesty of Burmese in their relations with one another. "They will trade together for years and have no bonds and no agreements . . . the whole volume of petty trade and credit in the country is done by word alone" (pp. 244-245).

<sup>104</sup>Nisbet, p. 297.

It would be profoundly misleading to conclude that these objections and caveats have disposed of--or were intended to dispose of--the thesis we initially outlined. Our intention rather was to suggest modifications in the conventionally depicted substructure of some of the Burmese attitudes, beliefs, and atavisms that were inextricably linked to land alienation. We have stressed the degree to which the cultivator's vulnerability to land alienation resulted from a more complex combination of elements, involving the interaction of the formidable apparatus of "doubly colonial"<sup>105</sup> administration with these Burmese beliefs and practices. We should note that the heirs to this interaction were the successful Indians, whose intermediate role gave them access to Burma's highroads of financial preferment.

Two additional elements of Burmese belief and practice deserve mention in this discussion of the roots of land alienation. One has to do with the Burmese personality and character, which we shall consider shortly; the other concerns certain aspects of Buddhism that some commentators allege to play a significant part in Burma's agricultural economy. As to Buddhism, in Chapter III we referred to the possible implications of the "Buddhist ethic" for agriculture. This ethic might broadly be considered, at least

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<sup>105</sup>This is a term noted by E. H. Hagen, On The Theory of Social Change (Homewood, Illinois: The Dorsey Press, Inc., 1962), p. 448. It describes the fact that "Burma became 'doubly colonial,' as the Burmese say: below the layers of Britishers were layers of Indians."

in rural Burma,<sup>106</sup> to have discouraged the accumulation of wealth for its own sake and encouraged merit-making activities such as the support of monks, the building of monasteries and pagodas, and alms-giving. Obviously the attitudes attendant on such activities could well have contributed to Burmese financial vulnerability,<sup>107</sup> militating against the accumulation of stable financial reserves and tending to make families commit themselves to expenditures beyond their means.<sup>108</sup> Another element of Buddhism--the prohibition against making wills valid under Burmese Buddhist law--has, according to some observers, resulted in "minute divisions of family property, which naturally has not favored the accumulation

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<sup>106</sup> Pfanner and Ingersoll, "Theravada Buddhism and Village Economic Behavior," p. 343.

<sup>107</sup> Jacoby, Agrarian Unrest in Southeast Asia, p. 81 and Nisbet, Burma Under British Rule, p. 295. Jacoby avers that "the elaborate spending of money for pagodas . . . neither favors the establishment of a capitalist class nor does it foster sound economic thinking."

<sup>108</sup> Breakdowns of religious expenditures are difficult to obtain for Burma prior to independence. Pfanner and Ingersoll give some approximations of such expenditures in a typical delta community after independence. These estimates probably hold true in a general way for pre-independent Burma, where in fact they may have been even greater. According to this study about 7½ per cent of the average annual net disposable family cash income (i.e., about fifteen dollars out of about two hundred dollars) was expended by each household to celebrate two community alms-giving functions and two initiation ceremonies during 1959-60. For the entire village of one hundred and fifty houses this amounted to a total of \$2,300, of which 38 per cent was spent on direct gifts to monks and virtually all the remainder on food for thousands of guests. (The latter expenditure is a form of merit-making, though it also can be "associated with prestige in the social hierarchy.") These expenditures were only part of the expense of religious observance for each family during the year. See Pfanner and Ingersoll, "Theravada Buddhism and Economic Village Behavior," p. 348.

of wealth."<sup>109</sup> It has also created smaller, less efficient holdings which were therefore more vulnerable to financial stress and to the Chettyar's machinations.<sup>110</sup> When such consequences of Buddhist principle contributed to the growth of indebtedness there was set in motion a sequence of events which we have already considered: Indebtedness led to loss of land and accelerated the polyglot, unsettled, intensively competitive nature of delta life.<sup>111</sup> The absence or eclipse of village and religious controls,<sup>112</sup> together with rising land prices, intensified such competition,

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<sup>109</sup>Jacoby, Agrarian Unrest, and V. Thompson, "Nationalism and Nationalist Movements in Southeast Asia," in Emerson, Mills and Thompson, Government and Nationalism in Southeast Asia (New York: Institute of Pacific Relations, 1942), pp. 162-163.

<sup>110</sup>Fielding-Hall (A People at School, p. 23) contrasts these Burmese attitudes and practices with Indian ones, revealing Burmese vulnerability: "In India money rules . . . Money is the god. Money is he who averts death and starvation . . . In Burma it was not so . . . Money was good to get, but so were many things. So was leisure, so were festivals, so was independence . . . Man was worth more than silver . . . It seemed as if the necessities of life were come by so easily that their importance lessened." (A cautionary comment: Fielding-Hall is describing Lower Burma only, and he is talking about Burma roughly between the 1880's and the middle of the first decade of the twentieth century.) If Fielding-Hall's characterization of the Burmese and Indian is accurate--and there is much to support it--we can study it with special seriousness, since the Indian most directly involved was the Chettyar, a group whose entire raison d'etre was the acquisition of money. Under these circumstances, matching the Chettyar against the Burmese cultivator must have been a very unequal contest.

<sup>111</sup>Furnivall, Colonial Policy, pp. 103-109.

<sup>112</sup>Presumably there was a significant carryover of religious principle, which under the circumstances of the delta might be invoked to support individualist self-seeking. What was missing was the religious control that had been vital in maximizing social cohesion.

raised rents, encouraged violations of the common good in the scramble for survival, gave rise to the unchecked individualist antisocial tendencies which led to crime,<sup>113</sup> compounded all the elements of agricultural distress, and invited the Chettyar's economic triumphs. Even Furnivall, a staunch defender of Burmese values and of Buddhism, avows:

Now it has become a catchword that "individualism," a disregard of common welfare and a reluctance or inability to combine for common ends, is a Burmese characteristic, often attributed to the influence of Buddhism. Of the modern Burma this is, probably not untrue, especially in Lower Burma . . .<sup>114</sup>

In such a tangled web of religious, social, economic, and psychological elements, the Chettyar's single-minded pursuit of money seemed to be reinforced at every turn by the course of events and by the basic substructure out of which these events evolved.

Our final concern in this examination of the roots of land alienation is with the character of the agriculturalist himself-- a topic that requires us to assess numerous claims and counter-claims as well as merely anecdotal evidence.<sup>115</sup> There is an over-

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<sup>113</sup>Harvey, "The Conquest of Upper Burma," p. 446, and Fielding-Hall, A People at School, p. 192. Harvey shrewdly notes the degree to which the social ravages of these forces were to be attributed to colonial conquest: " . . . as England found during the Industrial Revolution, unchecked individualist development tends to become anti-social; and whereas in sovereign countries the tendency is checked by the conservative forces in society, in subject countries these forces have been overthrown."

<sup>114</sup>Furnivall, Colonial Policy, p. 109.

<sup>115</sup>The elusiveness of such national characterological traits and the subjectivity of testimony about them do not, of course, make their existence any the less real.

whelming amount of testimony about the improvidence, the love of amusement and gambling, the idleness, the proclivity to Buddhist languor, the irresponsibility, and the proneness to debt of the Burmese cultivator.<sup>116</sup> Indeed, a casual reader of the literature might readily conclude that these traits were the root and branch of Burmese indebtedness, land alienation, and agricultural distress. There is, however, also a considerable literature defending the virtue, honesty, thrift, and hard-working quality of the Burmese agriculturalist.<sup>117</sup> Unfortunately, these two points of view do

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<sup>116</sup>A few characteristic references from the work of authoritative observers: Nisbet, Burma Under British Rule, p. 295; Forbes, British Burma, p. 138; Dautremere, Burma Under British Rule, p. 78; Leach, The Future of Burma, p. 83; Scott, Burma From the Earliest Times to the Present Day, p. 363; Shway Yoe (pseudonym of J. G. Scott), The Burman, His Life and Notions (Macmillan and Co., Ltd., 1927), pp. 65, 246. (What is often overlooked in secondary accounts is that these descriptions of the "Burmese character" are in reality descriptions of the character of inhabitants of Lower Burma). Sometimes these descriptions of the cultivator's improvidence are not so pejorative. For example: "The impact of a money economy upon the Burmese cultivator was not gradual but sudden, and the peasant never grasped that a certain reserve of money was a necessary adjunct to the growing of cash crops. Any extra funds were spent on domestic necessities or luxuries, jewelry or more land." Tinker, The Union of Burma, p. 225. Some objections may be raised to these last commonly encountered observations: ignorance about the necessity of cash reserves is almost certainly subject to the same criticisms raised against the continuing bewilderment of the peasant about contracts; money spent on "domestic necessities" surely ought not to be subject to criticism as irresponsible consumption; expenditure on land and jewelry was a widespread form of investment in Burma, and not necessarily a form of indulgence. (On this last point see Report on the Administration of Burma, 1880-1881, Introd., p. 46, cited in Furnivall, Colonial Policy, p. 115).

<sup>117</sup>Fielding-Hall, The Soul of a People, p. 114; Fielding-Hall, A People At School, p. 23; Grant, The New Burma, p. 123; U Kyaw Min, The Burma We Love, p. 49; Harvey, British Rule, p. 51; Furnivall, Colonial Policy, p. 115. Fielding-Hall and Grant deny that the

not neatly separate themselves according to some convenient principle of selective perception, with hostile capitalist-imperialist-exploiters condemning Burmese improvidence, and anticolonialist-romantic-primitivists glorifying the childlike abandon and simplicity of the Burmese character. There is, however, a shadow of this kind of division along lines not as crude as those we have just hyperbolically drawn but visible enough to be taken into account. Furnivall, Harvey, Fielding-Hall, et al. have been distinguished for their ability to see the dilemmas of Burmese society with amazing empathy--but occasionally with lapses into special pleading;<sup>118</sup> Scott, Forbes, Nisbet et al. belong to a school of earlier scholars, observers, and civil servants whose attitude

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Burmese are idle and stress the necessity and inevitability of hard work as a prerequisite for survival in an agricultural country. Furnivall bluntly says of charges that the Burmese are extravagant and squander their money: "Investigation showed that these charges were largely untrue, 'that thrift and saving were not alien to his character,' and that indebtedness was due in great measure to his new environment." (The internal quotation is from Annual Report on the Administration of Burma, 1909-1910, p. 11.) Harvey (British Rule, p. 51) asserts that condemnation more properly should be leveled against the exploitative system and the vagaries of agricultural life: "It is fatuous to blame tenants for thriftlessness when rents are so high that even a good cultivator has so little left after paying his rent that he can barely maintain his family at subsistence level until the next harvest, and if his plough bullock dies in an epidemic he hasn't a penny to replace it, he is literally helpless and must take whatever terms are offered, however hard."

<sup>118</sup> It is no accident that Trager's Annotated Bibliography of Burma, p. 36, describes A Soul of a People as "a romantically sympathetic interpretation of Burmese culture, it has been popular with Burmese . . ." or that Furnivall should have been retained by the Burmese government after independence to act as a special high-level adviser on problems confronting the new Union.

toward the Burmese sometimes carried overtones, however subtle, of patronizing superiority. This caveat of course does not dispose of the relationship between the attitudes of the Burmese cultivator and the growth of land alienation.

A few things are certain. Life in Burma, while never resembling an abundant South Sea Island economy, was much less harsh than life in almost any other colonial dependency, especially India with its massive population and famines. British expectations of Asian behavior were in large measure influenced by fixed notions about life in India: Burma's Buddhism and its underpopulation (Stuart, remember, believed that the former caused the latter; see note 13, page 86 above) made Burmese life by contrast seem languorous, irresponsible, and the like. Further, in the early years of the delta's development when the cash nexus was being established, when traditional restraints were being abandoned, and western consumer goods being made available in the villages for the first time, men's "wants expanded . . . Naturally men borrowed recklessly, and took full advantage of the new facilities for borrowing."<sup>119</sup> Much of this activity was not a random response to changes in the external world of the Burmese. It emerged rather from the interaction of personality and culture, reflecting deep-seated psychological dispositions. Perhaps, in other words, the difficulty has been that these traditional explanations of the

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<sup>119</sup>Furnivall, Colonial Policy, p. 115.



Burmese character have been not only too simplistic but also too superficial.

In recent years--especially since World War II--a small number of psychological-anthropological studies of Burmese life have been published.<sup>120</sup> These have relied heavily on an examination of child-rearing practices in Burma. While the findings and conclusions of these studies are by no means univocal, they jointly suggest several possible implications for this discussion. The first is cautionary: Several investigators (especially Hanks, Hagen, and Hitson) have pointed out the paradoxes and antinomies inherent in Burmese development and character--e.g., the smiling, imperturbable ease coupled with the astounding propensity for violence; the pervasive concern for status in a society that has never built on hereditary or hierarchic distinctions; the quest for individual autonomy along with submission to Buddhist doctrine; the verbally expressed desire for social change combined with an almost unbelievable reluctance to modernize Burmese economic institutions. Many of these contradictions are explained in terms of the inconsistent pattern of child-rearing--an early excessive indulgence being followed suddenly by a period in which the young Burman is

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<sup>120</sup>See especially L. M. Hanks, Jr., "The Quest for Individual Autonomy in the Burmese Personality, with Particular Reference to the Arakan," *Psychiatry*, XII (1949), 285-300; Hagen, *On the Theory of Social Change*; Geoffrey Gorer, "Burmese Personality" (typewritten memorandum for U. S. Office of War Information, 1944, unpub.) cited in Hanks; Hazel M. Hitson, "Family Patterns and Paranoid Personality Structure in Boston and Burma," (unpublished Ph.D. dissertation, Radcliffe College, April, 1959), cited in Hagen; and Margaret Mead, ed., *Cultural Patterns and Technical Change* (Paris: United Nations, 1953), chap. iii, cited in Hagen.

subjected to excessive demands, to authoritarian training in the monasteries, and so on. These investigators see much of polite Burmese social behavior as a defense against the rage and capacity for violence that results from the contradictions and the repressions of early life experience. But whatever the grounding of these dichotomies, they are confirmed by more than one investigator--suggesting that the traditional "either-or" (childishly improvident vs. maturely dutiful) view of Burmese character is grossly inadequate.

More germane to our discussion are some of the implications that emerge about borrowing, landedness, and indebtedness. Whether the authors describe it as a "quest for individual autonomy,"<sup>121</sup> an acute need for individual status,<sup>122</sup> a horror of dependence,<sup>123</sup> an inability to sustain group activities,<sup>124</sup> a paranoid fear of

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<sup>121</sup>Hanks, "The Quest for Individual Autonomy," passim.

<sup>122</sup>Ibid., p. 287: " . . . the social system can be described better as an hierarchy of statuses than a ranking of classes . . . The emphasis is on relations between individuals of relative ranks rather than on membership in a group of superior or inferior status." Hagen (On the Theory of Social Change, p. 171) emphasizes the importance of "respect."

<sup>123</sup>Hanks, p. 296: "Love is desired on one's own terms, so that all relations to people that savour of dependence on another arouse anxiety. Soliciting of favors and making an offer for another to accept or reject are dangerous; here one is subject to the power of another." Hanks cites Gorer's example of the prolonged and arduous ritual of Burmese courtship, involving for the male some delicate compromises between dependence and mastery.

<sup>124</sup>Hanks, "Quest for Individual Autonomy," p. 299.

the encroachment of others,<sup>125</sup> or a resistance to social change<sup>126</sup>-- they clearly agree that a strong need to be his own master dominates the Burman's world-view. When this is combined with the documented importance of landedness in Burma,<sup>127</sup> one can only conclude that, even for improvident Burmese, borrowing money ought psychologically to have been a shameful thing. The only direct support for this view comes from the memoir of a Burmese woman, who writes: "Borrowing money is always such a shameful thing to Burmans that highly usurious rates prevail."<sup>128</sup> This view stands in sharp contrast to the usually encountered notion that Burmese attitudes toward debt and borrowing were casual in the extreme. If true, it may help account further for the widespread borrowing from Chettyar money-lenders rather than from indigenous sources of agricultural credit. For perhaps less "face" was to be lost in borrowing from the Indian kula than in publicizing one's indebtedness before one's own people. Or, if the borrowing itself seemed casual it may have been motivated by deepseated needs for status and self-aggrandizement, especially when money was borrowed for purchase of jewelry or Western consumers'

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<sup>125</sup>Hitson ("Family Patterns," pp. 153-154), cited in Hagen.

<sup>126</sup>Hagen, On the Theory of Social Change, pp. 176-180, chap. xviii.

<sup>127</sup>Ibid., pp. 440-441. Hagen stresses the importance of landedness more than do most other writers on Burma, viz.: "Landedness was the basis of membership in a village . . . Today it is not uncommon for an owner of agricultural land to sign after his name the title, Landowner."

<sup>128</sup>Mi Mi Khaing, Burmese Family, p. 70.

goods, or for underwriting the costs of festivals, religious ceremonies and village theatricals. In any case, these speculations and the cultural evidence on which they rest, suggest that the characterological determinants of the behavior of Burmese agriculturalists were much more complex than the older accounts imply.

## CHAPTER VII

### THE CHETTYAR'S ROLE IN THE LAND ALIENATION CRISIS

In an earlier chapter we traced Burma's amazing growth into the leading rice exporter in the world. In our last chapter we have examined the failures of significant alternatives to Chettyar agricultural credit in either the private or public sector of Burma's economy. By the 1930's these two developments were brought into violent coalescence by the collapse of rice prices, giving rise to Burma's major modern crisis: the large-scale foreclosures which shifted land out of the hands of peasant proprietors and into the hands of non-agriculturalists.<sup>1</sup> In this chapter we will analyze the details of this alteration in Burma's ecology. Our task will be to examine the cycle of indebtedness and the problems of tenancy in order to see how the relationship between Chettyar and Burmese changed from one that supported the settlement of the delta to one that culminated in land alienation and agricultural distress. This, in turn, will entail an examination of the forces that drove the cultivator into the hands of the Chettyar, as well as an analysis of the characteristic methods of Chettyar operations. Finally, we

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<sup>1</sup>The Report on the Administration of Burma 1935-36, p. 23, estimated that 50 per cent of the settled land of Lower Burma was owned by non-agriculturalists, most of whom were non-residents. (A non-resident is any person who does not live in the district where his land is located: he is not necessarily a non-Burmese.) The problem of land alienation was widely regarded as Burma's single most serious difficulty by authoritative observers. See F. Burton Leach (Indian Civil Service, retired, one time Secretary to the Government of Burma), The Future of Burma, p. 88.

shall consider the end-product of this symbiotic drama by evaluating Chettyar land holdings and liquid assets at the time of Burma's severance from India.

We cannot examine all the many ways in which debt, tenancy, and land alienation were intertwined. There were numerous causes of debt, many of which we have already mentioned. The cultivator might need money to get him through the early phase of land clearance; he might have overextended himself by purchasing attractive western consumer goods; he might need money for the repair of dikes and embankments, the purchase of a bullock or simple household necessities, or to meet an emergency. But most observers agree that even in the absence of any emergency and with his personal expenditures kept at a minimum, the tenant had to operate at a loss. Rent, food, farming expenses, taxes, interest on loans--all these taken together more than exceeded the tenant's gross returns.<sup>2</sup> We have earlier discussed aspects of the cycle of indebtedness with its resulting abuse of the land, the creation of a migrant population, and the enrichment of the landlord. We shall now consider another aspect of the problems of tenancy which influenced Chettyar lending activities. (In this instance, we shall see that Indian tenancy contributed to the inflated evaluation of land and economically unsound high rents.) While Chettyars preferred to lend money rather than rent land, many Chettyars became landlords

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<sup>2</sup> Andrus, Burmese Economic Life, pp. 72-73.

as a result of foreclosure. Further, interest rates on loans to agriculturalists inevitably reflected the economics of tenancy, and thus tenancy-indebtedness became a major variable in the growth of land alienation and Chetty enrichment.

As we noted in Chapter III, early British-sponsored attempts to populate the delta with Indian immigrants had been, from the very start, notoriously unsuccessful. With Burma tied to India as a consequence of colonial exigency, the difficulties resulting from public and private immigration plans were bound to multiply. Most of the Indians, we we have seen, worked as coolie laborers in Rangoon<sup>3</sup> (and a few other urban centers) and as agricultural laborers during the seasons of planting and harvesting.<sup>4</sup> But a sufficient number to create economic repercussions settled on the land as tenants.<sup>5</sup> Tenancy problems attendant on Indian immigration had been mentioned as early as 1910, when the increase of Indian tenants had begun to threaten the position of the Burmese agri-

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<sup>3</sup>The heaviest concentration of Indian population--approximately one-fifth of the national total--was in Rangoon.

<sup>4</sup>According to their characteristic pattern, independent Indian laborers arrived in time for harvest and then moved to the rice mills for another period of employment before returning home at the end of the milling season.

<sup>5</sup>From the 1931 Census (Vol. XI, Burma, pp. 128, 129, 135), the number of Indians employed in agriculture can be computed as approximately 165,000; of these, some 40,500 were tenant cultivators. Some of the large government land grants such as the Kyauktaga Grant and the Zeyawaddy Grant were worked mainly by Indians. See Andrus, Burmese Economic Life, p. 74.

culturalist.<sup>6</sup> Again, in 1914, in the words of an official report, "in and near Rangoon the steady pressure of Indian immigrants is slowly but surely ousting the Burman."<sup>7</sup> But more than simple displacement was involved. The steady rise in the level of rent is attributed by Furnivall, in part, to the increase in the proportions of Indian tenant agriculturalists.<sup>8</sup> Chettyar preference for Indian tenants was based on the Indian's docility<sup>9</sup> and his willingness to pay higher rents since his standard of living was lower than that of his Burmese counterpart.<sup>10</sup> The net effect of this Indian willingness to pay higher rents was that Chetty landlords,

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<sup>6</sup>Season and Crop Report, 1910, cited by Christian in Modern Burma, p. 116.

<sup>7</sup>Loc. cit. Except in certain areas such as Moulmein and the vicinity of Rangoon, Indian cultivators were not common. Harvey (British Rule, p. 51) asserts that they predominated "only on the poorer soils."

<sup>8</sup>Furnivall, An Introduction, p. 80.

<sup>9</sup>The Season and Crop Report, 1914, cited by Christian (Modern Burma, p. 117), notes that even Burmese landlords preferred Indian tenants because " . . . they pay larger rents and do not give the landlord such an anxious time when the grain is on the threshing floor."

<sup>10</sup>Tinker, The Union of Burma, p. 226. The Indian tenant began his career in the delta at a considerable disadvantage when compared to the skilled Burmese cultivator, but gradually the Indian began to master the art of rice cultivation under delta conditions. Furnivall avers that in at least one respect the Indian had a slight edge over the Burmese. The Indian tenant remained on the land for the entire year, despite the regulations of the Village Act of 1886 which required agriculturalists to leave the land during the dry season and live in the village. This meant that the Indian could use the extra time on the land for additional maintenance and improvement.



and Burmese ones as well,<sup>11</sup> were able to demand higher rents from their Burmese tenants by threatening to replace them with Indian occupants.<sup>12</sup>

Such practices, bolstered by the general rise in the number of Burmese and Indian landless agriculturalists, inevitably raised rents, land values, and interest rates, and produced a constant and inefficient turnover of occupants harmful to the land and to the general level of production. This meant that the worst characteristics of the land tenure system were multiplying unchecked. Thus, interest rates--always high--began to exceed the possible productivity of the land in many areas of the delta.<sup>13</sup> As a result, tenants could not meet their rental and interest obligations and were often forced into abandoning the land after a short one- or two-year occupancy.<sup>14</sup> This turnover is clearly evident in Tables XX and XXI, which reveal that each year about half the tenants changed

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<sup>11</sup>Christian (Modern Burma, p. 117) states that "Once the Burmese owner had employed Indian labor to work his fields or had let them out on cash rent to Indian tenants, it was an easy step for him to seek out an advance from the local Chettyar moneylender."

<sup>12</sup>Furnivall, An Introduction, pp. 81-83.

<sup>13</sup>Andrus, Burmese Economic Life, p. 306, and Furnivall, An Introduction, p. 68.

<sup>14</sup>Leach, The Future of Burma, p. 88. According to Prime Minister Nu, the normal tenancy rent before the war was 16 baskets of paddy for each acre of land producing 40 baskets of paddy. "A tenant whose rent is only one-third of the gross produce was considered fortunate." See "The Speech Delivered by the Hon'ble Thakin Nu . . . in Support of the Land Nationalization Bill . . .", p. 20.

holdings in some of the richest areas of the delta.<sup>15</sup> Under such circumstances the tenant was understandably reluctant to invest his labor--and perhaps even his spare capital--or in any way to improve the holdings which he worked: The fruits of his efforts would shortly accrue to the landlord, who could exploit the tenant's improvements by demanding higher rents from the next tenant.<sup>16</sup>

Estimates of the economic hopelessness of the tenant's plight have been expressed with varying degrees of specificity. The Report of the Land and Agriculture Committee asserted that all rents in Lower Burma were excessive: after payment of rent, debts, and the costs of cultivation the tenant's income was below subsistence level.<sup>17</sup> Tinker estimates that rents rose from 25 to 60 per cent of the value of the crop and that such expenses, when added to the burden of interest on loans, reduced the tenant "almost to the status of a serf."<sup>18</sup> According to the Settlement Report of the Insein District, 1933-35, cited by Prime Minister Nu, the

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<sup>15</sup>See also Andrus, "Three Economic Systems Clash in Burma," pp. 71-72.

<sup>16</sup>Furnivall, An Introduction, p. 66.

<sup>17</sup>Report of the Land and Agriculture Committee, Part I, p. 10. The Committee proposed that the tenant's situation might be more a function of high interest rates paid on his debts than of his high rents.

<sup>18</sup>Tinker, Union of Burma, p. 226. Tinker's statement seems to apply to the period of the 1920's.

TABLE XX  
STABILITY OF TENANCY IN SELECTED DISTRICTS  
OF LOWER BURMA<sup>a</sup>

Year	District	Per cent of tenants holding land for:				
		1 year	2 years	3 years	4 years	5 years
1914-16	Kyaukpyu	50	15	--	--	17
1910-13	Toungoo	55	18	9	5	13
1919-20	Tavoy	43	20	12	6	9
1932-34	Pegu	50	17	8	25	--
1933-35	Insein	47	21	10	22	--

<sup>a</sup>Adapted from "The Speech Delivered by the Hon'ble Thakin Nu . . . In Support of the Land Nationalization Bill," p. 19. (Prime Minister Nu's figures are taken from the appropriate Settlement Reports. We may suppose that the Prime Minister's selection of evidence from the Settlement Reports might reflect his eagerness to indict the colonial order, but most of the Reports are inaccessible and cannot be checked. The authenticity of these figures tends to be substantiated by some students of these matters who have examined the Settlement Reports. See for example, Tinker, The Union of Burma, p. 226.)

TABLE XXI  
STABILITY OF TENANCIES 1936-37 IN  
SELECTED DISTRICTS OF LOWER BURMA<sup>a</sup>

District	Per cent of tenants holding land for:			
	One Year	Two Years	Three Years	More Than Three Years
Amherst	40	19	12	29
Pyinmana				
Irrigated	34	18	14	34
Unirrigated	41	21	12	26
Pegu	48	17	8	27
Insein	47	21	10	22
Myaungmya	43	19	13	25
Tharawaddy	25	12	13	50
Hanthawaddy	24	16	11	49
Henzada	15	11	11	63
Pyapon	18	17	13	52
Thaton	35	24	14	27
Toungoo	25	16	11	47

<sup>a</sup>Adapted from Andrus, Burmese Economic Life, p. 72. The Table appeared originally in Land and Agriculture Committee Report, 1938, Part I, Tenancy.

typical tenant who farmed 33 acres with a yield of 1,351 baskets of paddy after deducting interest rates, costs of cultivation, rent, and repayment of loans, had an annual net income of 242 rupees and living costs of 300 rupees.<sup>19</sup> The presumed annual deficit of 58 rupees is deceptively low for at least three reasons: 1) cultivation costs did not take into account the value of the cultivator's own labor or that of his family; 2) the "typical" cultivator described in the Report had apparently not experienced any of the typical emergencies requiring sudden expenditures; and 3) the Prime Minister's computations were based on the assumption that the price of paddy was 110 rupees per 100 baskets. Actually, as Table XXII shows, the price of paddy averaged only about 72 rupees per one hundred baskets between 1933 and 1935. By 1934 and 1935 it had already begun to rise from the low of approximately 64 rupees per one hundred baskets to which it had fallen during the post-1930 slump. In short, the average cultivator's annual deficit was certainly more than the 58 rupees noted above.

The squeeze that the tenant and all other agriculturalists were feeling was mainly due to excessive rents, mounting indebtedness from sa-ba-bi loans, and longer-term borrowing. This squeeze, crushingly increased when the price of rice began to plunge starting in 1930, had begun to be felt in 1929 as evidenced

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<sup>19</sup> "The Speech delivered by the Hon'ble Thakin Nu, Prime Minister, In Support of the Land Nationalization Bill," p. 21.

by the acceleration of foreclosures during that year.<sup>20</sup> In 1930, prices for paddy in Rangoon had dropped to 138 rupees per 100 baskets; again, evidence of price decline had been present during the decade. Cady notes a high of 194 rupees per 100 baskets in 1924, a decline to 169 rupees in 1928, and a further decline to 159 rupees in 1929.<sup>21</sup> Table XXII reveals slightly different figures for boat paddy in Rangoon, though the general pattern described by Wickizer and Bennett and by Cady is quite consistent.

TABLE XXII

PRICES FOR BOAT PADDY IN RANGOON, 1910-1939<sup>a</sup>

Year	Price <sup>b</sup>	Year	Price	Year	Price
1910-14	134	1925	189	1932	92
1915-19	142	1926	202	1933	64
1920	190	1927	190	1934	70
1921	205	1928	169	1935	93
1922	198	1929	169	1936	89
1923	183	1930	133	1937	97
1924	204	1931	80	1938	90
				1939	97

<sup>a</sup>Adapted from Wickizer and Bennett, Rice Economy of Monsoon Asia, pp. 332-333.

<sup>b</sup>All prices are in rupees per 4,600 pound bags. (Cady lists prices for the same unit, i.e., 100 baskets of 46 pounds each. He does not however cite any sources for his price figures, making it more difficult to validate them than Wickizer and Bennett's figures.)

<sup>20</sup>See Report on the Administration of Burma for the Year 1929-1930, p. 17. Economic depression in non-agricultural areas throughout Burma (and the world) intensified agricultural distress by forcing many unemployed Indians out of urban occupations into the agricultural market, where they came into competition with Burmese. Since, as we shall see, production levels continued to be high despite the fall in prices, the presence of an excess labor population aggravated the competition among tenants and laborers.

<sup>21</sup>The following account draws upon Cady, A History, pp. 303-304.

By 1930 the decline in rice prices had already exerted considerable hardship on the cultivator, since the going price was even more inadequate than usual to meet financial obligations undertaken during the previous year of high interest rates and higher rice prices. Further, the cost of producing the 1930 crop had been established prior to the sale of the crop, which meant that labor costs and sa-ba-bi loans had to be met at the reduced level of income resulting from the price drop. Such economic extremities forced the tenants to sell their next year's food reserves in order to meet outstanding obligations. The next disaster in this self-propelled downward spiral was the further decline in the price of paddy to 77 rupees per 100 baskets in 1931. This collapse in the price of paddy brought about wholesale foreclosures, a drop in the value of land,<sup>22</sup> the stoppage of Chettyar credit, and the withdrawal, at least temporarily, of large areas from cultivation.<sup>23</sup> As can be seen in Table XXII, prices continued to fall until 1933, when they began a slow upward climb. The details of this evolving process of land alienation--the culmination of the symbiotic relationship between Chettyar and Burmese that crystallized the new economic ecology of modern Burma--will concern us throughout the

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<sup>22</sup> According to Andrus (Burmese Economic Life, p. 67) in normal times the price per acre of paddy was roughly equivalent to the value of one hundred baskets of paddy.

<sup>23</sup> The slump did not for the most part adversely influence the amount of rice produced or exported, as revealed by the follow-

remainder of this chapter. We shall concentrate on the Chettyar's role throughout and on the characteristic methods of his operation that contributed to the establishment of an agricultural network

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ing figures:

Exports of Rice from Burma, 1911-1939<sup>a</sup>

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1911-15 <sup>b</sup>	2,311	1929	3,102	1935	2,934
1916-20	2,227	1930	2,949	1936	2,858
1921-25	2,560	1931	3,348	1937	2,874
1926	2,481	1932	2,679	1938	3,118
1927	2,938	1933	3,300	1939	3,149
1928	2,736	1934	3,563		

<sup>a</sup>Adapted from Wickizer and Bennett, Rice Economy of Monsoon Asia, pp. 326-327. Figures are in thousands of metric tons of cleaned rice.

<sup>b</sup>Figures from 1911-1925 are averages computed for five year periods.

Production of Rice in Burma, 1910-11 to 1939<sup>a</sup>

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1910-15 <sup>b</sup>	3.74	1928-29	4.97	1934-35	4.60
1916-20	4.31	1929-30	5.07	1935-36	5.08
1921-25	4.58	1930-31	5.22	1936-37	4.80
1925-26	4.82	1931-32	4.27	1937-38	4.65
1926-27	5.19	1932-33	4.99	1938-39	4.65
1927-28	4.96	1933-34	5.26	1939-40	4.73

<sup>a</sup>Adapted from Wickizer and Bennett, pp. 316-317. Figures are in millions of metric tons of cleaned rice.

<sup>b</sup>Figures from 1910-25 are averages computed for five year periods. This strange phenomenon of production and export figures remaining relatively constant (or at least not reflecting a drop commensurate to the decline in paddy prices) is regarded by Wickizer and Bennett (p. 217) as usual in situations where the bulk of production is carried on by cultivators operating small holdings. Both cultivators and dealers are under persisting pressure to market larger lots when prices fall and remain low since this is their only means of attempting to maintain their income at levels commensurate with their financial obligations and their subsistence needs.



in which the productivity of the land could not keep pace with the debt of the agriculturalist.

A major cause of the indebtedness of the cultivator was the inordinately high interest rates charged on agricultural loans throughout the twentieth century. As we have indicated earlier, the most exorbitant interest rates were charged by the landlord or shopkeeper who advanced comparatively small sums in the form of short-term (5-6 months) sa-ba-bi loans<sup>24</sup> to the cultivator-tenant or to the small landowner. These arrangements forced the cultivator to part with a large share of his harvest before it ever entered the channels of trade. Indeed he had to sell it "directly from the threshing floor" in order to meet the obligations of his short-term sa-ba-bi loans.<sup>25</sup> Pressed by necessity to pay his rent, loans, and post-harvest taxes, the cultivator was forced to sell his crop quickly. He therefore sold at disadvantageous prices in a buyer's market. Lenders of sa-ba-bi loans demanded payments up to 250 per cent per annum, though the short-term nature of such loans and

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<sup>24</sup>Jacoby prefers to characterize sa-ba-bi loans not as loans but rather as advance sales. "For sales made and money paid in June, August, and October, respectively, the price for delivery after the harvest is roughly 50,60,70 per cent of the price which rice commanded in the previous season." See Markets Section Survey, No. 9, "Rice," pp. 31 ff., cited in Jacoby, Agrarian Unrest in Southeast Asia, p. 88.

<sup>25</sup>This method of paying debts in paddy directly from the threshing floor placed the bulk of paddy sold into the hands of landowners, traders, and moneylenders. Jacoby, p. 28. See also Furnivall, An Introduction, pp. 130-147.

their comparatively small size kept their individual values at modest levels.<sup>26</sup>

We have begun the discussion of interest rates with these few facts about sa-ba-bi rates not only to clarify the plight of the cultivator but also to provide a brief background to our discussion of Chettyar interest rates. Harvey has observed of the Chettyar that he was "the most moderate of moneylenders . . ."<sup>27</sup> as indeed he was when Chettyar rates of 15 per cent to 36 per cent on good first mortgages are contrasted with sa-ba-bi rates.<sup>28</sup> Tun Wai's table of interest rates (see Table XXIII) indicates a maximum of 24 per cent, but since these figures cover a period after the depression when Chettyar lending activities were severely curtailed, they are probably not sufficiently representative of

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<sup>26</sup>Andrus, Burmese Economic Life, p. 80. Even after independence, when such loans were illegal, they continued to be made. In the village economies examined by Huke early in 1950, sa-ba-bi loans were made at rates of 90 to 100 per cent interest. (A loan of 15 kyats required the cultivator to pay back 10 baskets of rice worth about 28 to 30 kyats.) Many cultivators did not understand the cost of such loans, nor did they understand that legislation in 1948 had rendered them illegal. See Huke, Rice in Burma, p. 158.

<sup>27</sup>Harvey, British Rule, p. 55.

<sup>28</sup>Andrus, Burmese Economic Life, p. 306, and Jacoby, Agrarian Unrest, p. 80. Christian's estimates of Chetty rates on private land loans places minimum rates at 15 per cent per annum, with 25 per cent a "more common figure, while 40 per cent is not unknown for loans secured by standing crops or moveable property." See Modern Burma, p. 117. Cady (A History, p. 304) estimates Chettyar loans on good security at 15 to 30 per cent per annum. Pearn (The Indian in Burma, p. 16) notes rates as high as 45 per cent per annum.

Chettyar rates during the first three decades of the twentieth century.<sup>29</sup> Compared not just with the sa-ba-bi rates but with rates on agricultural loans made by other moneylenders, Chetty rates were modest,<sup>30</sup> though the difference between the rates at which Chettys borrowed capital and at which they loaned it reveals part of the reason for the Chetty's high profits.<sup>31</sup> It is clear that their rates assured them a phenomenal net return on capital investments.

According to Harvey, rates of interest throughout Burma were usurious; against even good security such as gold and land the rate was generally 18 per cent at compound interest. A tenant

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<sup>29</sup>U Kyaw Min (The Burma We Love, p. 38) asserts that rates on loans secured by gold were lower (12 per cent per annum) than loans secured by land (24 per cent per annum). In general, Tun Wai's estimates of Chettyar interest rates seem rather low.

<sup>30</sup>There is general agreement on this judgment. See, for example, Royal Commission on Agriculture in India, 1928, pp. xxi and 104, and Tinker, The Union of Burma, p. 226.

<sup>31</sup>Of course, Chetty rates on loans were in turn a reflection of the rates at which their own borrowed capital was obtained. The major Chettyar firms such as the Bank of Chettinad maintained solid business connections with foreign banks (e.g. The Chartered Bank of India, Australia, and China--the largest bank in Burma--and The Imperial Bank of India, The National City Bank of New York, and Lloyds) from which they sometimes borrowed money during periods of seasonal shortages at rates from 10 to 12 per cent. Relations with these banks were often so good that Chettys could make loans merely on promissory notes without collateral. See Furnivall, An Introduction, p. 147, and Andrus, Burmese Economic Life, p. 304. Christian (Modern Burma, p. 118) asserts that the Chettys "borrowed much of their capital from European banks," though this is clearly not the case. See Harvey, British Rule, p. 67; Fiscal and Economic Annual of Burma, July, 1943; Andrus, Burmese Economic Life, p. 305; Report of Provincial Banking Enquiry Committee, p. 216.

TABLE XXIII  
CHETTYAR RATES OF INTEREST 1935-1942<sup>a</sup>

Borrowing Rates <sup>b</sup>		Lending Rates <sup>c</sup>	
<u>Thavanai</u> rate	$2\frac{5}{6} - 3\frac{1}{2}\%$	Land and immovable property	9 - 15%
Current rate	$3 - 3\frac{3}{4}\%$	Valuables (gold ornaments)	12 - 15%
Advances from banks	$4 - 5\%$	Promissory notes plus collateral security	12 - 15%
<u>Veyan vatti</u> rate	$4\frac{1}{2} - 5\frac{3}{4}\%$	On-demand promissory notes	18 - 24%

<sup>a</sup>Adapted from Tun Wai, Burma's Currency and Credit, p. 53.

<sup>b</sup>These rates are described in Chapter V above.

<sup>c</sup>These, and all other loans, are made at compound interest computed every month.

farmer borrowing money from his landlord might "get off with 24 per cent . . . but if he goes elsewhere he pays up to 100 per cent or even more . . ." <sup>32</sup> It would be misleading, however, to intimate on the basis of such comparisons that Chettyar rates were not excessive. In fact, they were extremely high--higher than the productivity of the land would allow--especially considering the low potential rate of profit of the cultivator and the excellent security which the Chettyar demanded. <sup>33</sup> (Table XXIV reveals that 70 to 75 per cent of Chettyar loans were made against valuable property [classes 3 and 4 of the table], while on-demand promissory notes were given only to persons of recognized sound financial standing.) <sup>34</sup> Still, in a comparative context, it is clear that wherever the Chettyar went, interest rates fell because of the necessity of indigenous moneylenders to compete with him. <sup>35</sup> As a consequence of this competition, the Chettyar actually lowered the

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<sup>32</sup>Harvey, British Rule, p. 54. Forbes (British Burma, p. 92) in 1878 noted that 60 per cent per annum was the usual interest rate in Burma.

<sup>33</sup>Andrus, Burmese Economic Life, p. 306. Harvey (British Rule, p. 55) points out that rates could have been reduced to a fraction of what they were and "still left an ample margin for risk, but force of habit kept them alive."

<sup>34</sup>Fiscal and Economic Annual of Burma, July, 1943, p. 224.

<sup>35</sup>Harvey, British Rule, p. 55. Report of the Burma Provincial Banking Enquiry Committee, Vol. I, 1929-30, p. 344. Andrus (Burmese Economic Life, p. 80) notes that when the Chettyar stopped making loans after the agricultural slump of the 1930's, interest rates soared throughout Lower Burma.

interest rate in Burma, just as the regularity of their operations and the comparative uniformity of their rates contributed to the relative stability of these lower rates on loans.<sup>36</sup> It has also been established that Chettys were more lenient than were the indigenous moneylenders when it came to insisting on full payment of loans. Andrus notes that at times the Chettyar "nursed" his debtors, even reducing rates of interest in order to allow them to remain on the land and continue some measure of payment.<sup>37</sup> Andrus judges that "in many cases--perhaps in most cases--they tried to keep the original owners on the land. They even effected compromises, whereby part of the land was left in the hands of the former owner, free of mortgage, while the remainder was deeded to the Chettyar without lawsuit."<sup>38</sup>

We have already outlined in Chapter V some of the reasons for the Chettyar's ability to present such a formidably united front to all moneylending competitors: there is no need to repeat what has been established about their skill, training, and organization. But we should examine some of the other characteristics of Chettyar operations in order to understand more fully how by the mid-1930's they came to possess 25 per cent of the best rice-growing land of Lower Burma.

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<sup>36</sup>Report of the Burma Provincial Banking Enquiry Committee, 1929-30, Vol. I, p. 344.

<sup>37</sup>Andrus, Burmese Economic Life, pp. 67-68.

<sup>38</sup>Loc. cit.

One conspicuous characteristic of Chettyar operations, according to most accounts, was the insistence on selecting risks with great care. Thus any land which was to serve as security for a Chettyar loan was likely to be demonstrably unaffected by disastrous flood or drought.<sup>39</sup> This appears to be the major reason their activities were always more extensive in Lower Burma, where the crops and weather are more regular and less risky.<sup>40</sup> Some writers assert that, in addition to their knowledge of valuable land, Chettyar sub-agents used their extensive personal acquaintance among landlords to assure that loans were advanced only to borrowers with adequate security assets.<sup>41</sup>

This point has been disputed, however, and some observers regard the Chetty's zealousness in making loans as an invitation to poor business practices.<sup>42</sup> For example, Harvey notes that the

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<sup>39</sup>Andrus, Burmese Economic Life, p. 76.

<sup>40</sup>Jacoby, Agrarian Unrest, p. 73. Chettys extended very little agricultural credit in Upper Burma, where the demand for credit was not very great and where crops were consumed locally to a much larger extent than in Lower Burma. See Andrus, pp. 74-75. (The Fiscal and Economic Annual of Burma, July, 1943, p. 224, asserts that in Upper Burma, Chettys had dealings chiefly with traders.) By the early 1930's, one-seventh of the land of Upper Burma was in the hands of non-agriculturalists, as opposed to approximately one-half of the land in Lower Burma. In the view of a number of students this contrast tended to diminish during the 1930's: By the end of the decade one-third of Upper Burma was rented to tenant cultivators.

<sup>41</sup>Cady, A History, p. 304.

<sup>42</sup>Chettyar eagerness to make loans was sometimes constrained, as in the period after the slump of 1930 or under other situations. For example, the Report on the Administration of Burma for the Year

TABLE XXIV

CONDITIONS OF ADVANCES MADE BY CHETTYARS 1935-42<sup>a</sup>

Type of Security	Rate of Interest per annum	Percentage of Market Value Lent	Relative importance of loans made under each security offered
1. On-demand promissory notes <sup>b</sup>	18 - 24%	--	25 - 30%
2. On-demand notes plus collateral security (e.g. title deeds of houses, etc.) <sup>c</sup>	12 - 15%	50 - 75%	--
3. Valuables (gold, etc.) <sup>b</sup>	12 - 15%	70 - 90% of melted-down value	10 - 15%
4. Immovable property (mortgages of land under registered deeds) <sup>d</sup>	9 - 15%	60 - 75%	60%

<sup>a</sup>From Tun Wai, Burma's Currency and Credit, p. 52.

<sup>b</sup>These loans are usually made for a period of from a few months up to one year.

<sup>c</sup>These loans are usually made for periods of from one to five years.

<sup>d</sup>These loans against immovable property are exclusively made for agricultural purposes. They vary from very small loans to loans that run as high as 300,000 rupees.



### Chettyar's services

were much too lightly rendered. Credit was unrestricted . . . all that the Chettyar looked at was the capital security offered, and he actually went about in the villages touting for business, encouraging people to take loans they did not really require.<sup>43</sup>

One Settlement Report noted competition for business among Chetty agents which resulted in ill-advised loans and rash decisions, such as loaning cultivators sums up to the total worth of their land.<sup>44</sup>

U Kyaw Min bluntly asserts that the "Chettyar Agents are generally very inefficient, not knowing the social and economic conditions of any of their clients."<sup>45</sup>

Of course, parts of these judgments are ambiguous; they do not embrace the perspective of the Chettyar but instead embody only the viewpoint of the spectator disturbed by the consequences of Chettyar activities. From the point of view of the moneylender, any loan made to anyone was a plausible investment provided always that it was protected by adequate security. Since the bulk of

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1923-24, p. 51, notes that "the misguided activities of a political association [in Tharawaddy District] resulted in the Chettys refusing to lend money . . . "

<sup>43</sup>Harvey, British Rule, p. 56.

<sup>44</sup>Report on the Third Settlement of the Tharawaddy District, Season 1913-1915, (Rangoon: British Burma Press, 1916), p. 14. This is the only account of such competition between Chettyar firms I have been able to discover. It is probably not at all characteristic and is certainly inconsistent with the Chettyar codes discussed in Chapter V.

<sup>45</sup>U Kyaw Min, The Burma We Love, pp. 44-45.

Chetty lending was secured by good land in a period when land was highly desirable, from the point of view of the Chettyar there was no danger that drumming up business might be a risky practice. Indeed, as Harvey himself notes, "The Chettyars being bankers pure and simple, might prefer to be repaid, as otherwise they had the trouble of seizing the land,"<sup>46</sup> but they could always dispose of it at a profit."<sup>47</sup>

If, however, we examine these criticisms with an eye to passing judgment on the Chetty's role as a supplier of agricultural credit in the development of the delta, we can see that they have considerable justification. Furnivall, for example, notes the degree to which Chettyar credit was economically unsound, both in its internal organization and in its consequences for the developing delta.<sup>48</sup> Thus, the practice of changing agents and sub-agents every three years must have impaired the efficiency of lending operations. It may have prevented the agent not only from gaining detailed knowledge of his clients (as we have seen, tenants moved

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<sup>46</sup> According to Andrus, the Chettyar commonly took a promissory note for part of the advance, in addition to a first mortgage on the land. When the loan could not be paid, possession of the land could be obtained more readily by suing for default of the promissory note than by foreclosing the mortgage. See Andrus, Burmese Economic Life, p. 76.

<sup>47</sup> British Rule, p. 49, my emphasis. Harvey notes that Burmese moneylenders often preferred not to be repaid, as "they could /then/ seize the land and put in their friends or relations to work it." Loc. cit.

<sup>48</sup> Furnivall, An Introduction, pp. 121-123.

about with even greater frequency than agents) but also from learning the local characteristics of terrain and climate.<sup>49</sup> The periodic change of agents also meant that loans were generally made only for short periods, since an agent's accounts usually had to be closed out before his successor took over for his tour of duty. Certainly, long-term loans would have been more profitable for the moneylender, the cultivator, and the economy in general--but they were rarely granted.

But these inefficiencies did not significantly impair Chettyar successes. Any possible built-in financial dysfunction was compensated for by the Chetty's high interest charges and by the solidity of the collateral required. Furnivall has estimated that in Lower Burma alone the amount of such excessive interest charges in 1931 was 7,500,000 rupees.<sup>50</sup> It was practices such as these, workable and successful from the point of view of a moneylender but disadvantageous from the point of view of the agricultural economy, that caused it to be said of the Chetty: "From his birth, a Chetti is at enmity with agriculture."<sup>51</sup> It was of no

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<sup>49</sup>U Kyaw Min (The Burma We Love, p. 45), whose distaste for the Chettyar is plain, argues that Chetty business is conducted impersonally and agents are ignorant even of the simplest facts about their clients. They do not know "whether any particular Burmese farmer is a reliable person or a crook, and whether the land offered as security has been previously mortgaged to other moneylenders . . . ."

<sup>50</sup>Furnivall, An Introduction, p. 123. This seems to be a rather conservative estimate.

<sup>51</sup>Thurston, Castes and Tribes, Vol. II, p. 95.

concern to the Chettyar whether the landowner spent his borrowed money wisely to develop his land, foolishly on gambling, or willy-nilly on the bare necessities of existence;<sup>52</sup> indeed the larger his debt--always assuming the presence of sound security--the more profitable the transaction.<sup>53</sup> Thus, it was precisely the ready availability of Chettyar loans that contributed to the over-extension of the cultivator's meager resources and made land alienation inevitable.<sup>54</sup> One might state this conclusion a little differently and say that many of the criticisms of the Chetty's operations we have examined were justified both from an "internal" and an "external" perspective. They revealed the degree to which the Chettyar by successfully insisting on high interest rates and valuable collateral passed any element of risk in his operations on to the borrower, who was dependent on him as a major source of necessary credit. It was precisely such reciprocal dependence which has prompted us to describe the relationship between the Burmese peasant and the Chettyar as symbiotic. Of course, from the outset this interdependence tended to enrich the Chettyar and impoverish the culti-

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<sup>52</sup> Christian (Burma and the Japanese Invader, pp. 118-119) estimates "that less than ten per cent of the money loaned on Burma rice lands was used actually to improve the land or to purchase additional holdings."

<sup>53</sup> Harvey, British Rule, p. 55.

<sup>54</sup> The Chettyar could only gain by increasing the volume of his transactions, not simply because more loans meant more interest, but also because more loans meant more foreclosures, more resales of the land, more mortgages, and still more loans.

vator, while simultaneously providing the means for the development of the delta. The end result of this relationship--the land alienation of the 1930's, with its attendant racial and political agitation--altered this relationship to one of hostile symbiosis, as the Burmese became unable to pay their loans and the Chettyar grew unwilling to extend further credit. As we shall see in Chapter VIII, the anti-Indian agitation of the 1930's was the most dramatic expression of this altered ecology. Our task in the remainder of this chapter is to trace out the nature of this changed ecology as evidenced by the alienation of land into the hands of the Chettyar.

We had noted earlier that numerous circumstances could readily plunge the cultivator into debt and cause his land to be transferred to the moneylender in default of payment on loans. It was a simple matter for the moneylender to replace the agriculturist thus displaced with another cultivator eager to try his hand at ownership. Often part of the purchase price of the land would take the form of a mortgage retained by the Chettyar. Given the exigencies of the cultivator's lot, the mortgage would be foreclosed in a few years, and the Chettyar would profitably repeat the process with yet another cultivator.<sup>55</sup> In this way, the land in the delta

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<sup>55</sup>Harvey, British Rule, p. 50. Another tendency was clearly manifest in the pattern of transferring ownership; The Report on the Administration of Burma, 1914-15, p. 17, notes the marked tendency of land to pass into the hands of traders and others who were involved in the export of rice. Land not only was a good form of investment but it also assured rice merchants of sources of supply at good prices from the tenant-cultivators who were their debtors.

changed hands so frequently that it has been likened to shares changing hands on the Stock Exchange.<sup>56</sup> The Chettys characteristically disposed of the land quickly; their interest, after all, was in the lending of money and in liquid assets.<sup>57</sup> The ownership and management of land was not a suitable function for the staffs of Chetty firms: it could not give returns commensurate with the extending of agricultural loans, nor was it in keeping with the single-minded concentration of the Chettyar on loan transactions.

As a consequence of the Chettyar practice of rapidly selling foreclosed land to eager buyers, the official status of this land appeared unchanged; that is, it still seemed to be owned by agriculturalists. We may designate this condition "sub rosa alienation," since the land was owned by the debt-ridden agriculturalists only in the most tenuous sense. It remained for the depression of 1930 to make this sub-rosa alienation explicit. When, following the depression, all moneylenders found it impossible to sell land at acceptable prices, they were forced to retain the land themselves in order to protect their investments, thereby revealing the de facto extent of absentee ownership: by the mid-1930's almost half the rice-growing area of Lower Burma was in the hands of non-agricultur-

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<sup>56</sup>See Chapter V.

<sup>57</sup>Andrus, Burmese Economic Life, p. 77, and Furnivall, An Introduction, p. 75.

alists.<sup>58</sup> That this pattern of land alienation had been clearly but less dramatically manifest for some years is evident from Table XXV, and from a general knowledge of indebtedness and the frequency of land transfer in the delta. There is a constant upward movement in the percentage of land held by non-agriculturalists. Each year the percentage mounted slowly until 1930-31, when the acceleration of increase became obvious. By 1935-36 the full measure of sub rosa alienation revealed how little the pre-1930 official accounts had suggested the acute latent crisis in land tenure. Even without the worldwide depression, the uneconomic, unbalanced, and exploitative nature of the system would probably have generated a crisis within a decade.

Table XXV does not, of course, show the absolute extent of land alienation. Table XXVI shows more clearly the extent of land alienation in Lower Burma as compared with the area held by agriculturalists and the total occupied acreage. It reveals that the area in the hands of non-agriculturalists in Lower Burma rose from 2,784,959 acres in 1926 to 5,306,017 acres in 1937, an increase of nearly 100 per cent. On the other hand, land held by agriculturalists in Lower Burma declined from approximately 72 per cent of the total settled acreage in 1928 to approximately 52 per cent in 1937. In Upper Burma (see Table XXVII) land held by agriculturalists

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<sup>58</sup> In Furnivall's judgment (Colonial Policy, p. 87), the 1930 slump only made clearer what had been true all along, namely that "most land in the rice tract [of the delta] had been held by absentee moneylenders since its first reclamation."

TABLE XXV  
LAND ALIENATION, 1920-1937<sup>a</sup>

Year	Changes in Number of Acres Held by Agriculturalists	Changes in Number of Acres Held by Non- agriculturalists	Percentage of Land Held by Resident and Non-resident Non-agriculturalists in Lower Burma
1919-20	+ 24,525	+ 126,666	24.9
1920-21	- 150,000	+ 108,972	25.6
1921-22	+ 47,260	+ 103,628	26.7
1922-23	--	--	--
1923-24	+ 31,000 <sup>b</sup>	+ 110,670 <sup>c</sup>	not given
1924-25	+ 21,400	+ 55,900	not given
1925-26	--	--	26.93
1926-27	+ 110,000 <sup>d</sup>	+ 180,000 <sup>d</sup>	27.63
1927-28	44,000	+ 94,300	27.86
1928-29	- 83,323	+ 100,129	28.65
1929-30	--	--	--
1930-31	- 262,509	+ 291,807	32.52
1931-32	- 703,549	+ 583,982	38.14
1932-33	- 393,553	+ 447,012	41.55
1933-34	- 316,505	+ 395,102	44.40
1934-35	- 190,756	+ 287,136	46.33
1935-36	- 63,763	not given	47.51 <sup>e</sup>

<sup>a</sup>Figures from 1919-20 to 1932-33 have been taken or computed from the appropriate yearly volumes of the Report on the Administration of Burma (Rangoon: Supt. Govt. Ptg.). Volumes for 1922-23, 1925-26, and 1929-30 were unavailable.

<sup>b</sup>Increase over 1922-23.

<sup>c</sup>Increase over 1921-22.

<sup>d</sup>Increase over 1924-25.

<sup>e</sup>At this point non-resident non-agriculturalists in Lower Burma controlled 38.18 per cent of the land.



declined from almost 90 per cent of the total occupied area in 1928 to about 86 per cent of the total occupied area in 1937.<sup>59</sup>

But the astonishing degree of Chettyar participation in the land alienation process is not readily discernible from the general "non-agriculturalist" category used in both Tables XXVI and XXVII. Table XXVIII reveals the full extent of Chettyar holdings in the 13 most important rice-producing areas of the delta. The districts dealt with in Table XXVIII grew approximately 75 per cent of exported paddy; in these districts, Chetty firms conducted the great bulk (approximately 80 per cent) of all their lending operations in Burma, excluding the city of Rangoon.<sup>60</sup> Here their foreclosures were the heaviest; their ownership of occupied land in this region increased from 6 per cent in 1930 to 25 per cent in 1936-38. Even these figures should be supplemented with additional information on the extent of land alienation within specific districts included in Table XXVIII, in order to demonstrate fully how Chettyar foreclosures during the 1930's finally made public the cancerous sub rosa process of land alienation. For example, the Insein Settlement Report, 1933-35, showed that Chettyar firms owned

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<sup>59</sup>According to Kondapi (Indians Overseas, p. 308), the total occupied area in all of Burma in 1937 was 19,304,907 acres. The total occupied area had increased nearly 3 per cent since 1931.

<sup>60</sup>Report of the Burma Provincial Banking Enquiry Committee, p. 210.

TABLE XXVI

LAND ALIENATION IN LOWER BURMA 1926-1937<sup>a</sup>

Year	Acres Occupied by Agricultu- rualists <sup>b</sup>	Acres Occupied by Resident Non-agricul- turalists <sup>c</sup>	Acres Occupied by Non-resident Non-agricul- turalists <sup>d</sup>	Total Area Occupied By Resident and Non-resident Non-agricul- turalists	Total Occupied Area
1926	7,554,630	700,163	2,084,796	2,784,959	10,339,589
1927	7,563,203	735,723	2,157,496	2,893,219	10,456,422
1928	7,652,081	767,131	2,188,302	2,955,433	10,607,514
1929	7,601,209	778,345	2,274,000	3,052,345	10,654,025
1930	7,513,560	803,617	2,427,944	3,231,561	10,745,121
1931	7,292,025	821,585	2,692,351	3,513,936	10,805,961
1932	6,640,160	857,232	3,326,362	4,093,594	10,733,734
1933	6,294,627	834,843	3,638,974	4,473,817	10,768,444
1934	6,030,391	860,493	3,955,578	4,816,071	10,846,462
1935	5,864,550	890,052	4,171,701	5,061,753	10,926,303
1936	5,802,936	968,161	4,284,921	5,253,082	11,056,018
1937	5,895,749	989,419	4,316,598	5,306,017	11,201,766

TABLE XXVI (continued)

<sup>a</sup>Adapted from "Speech of the Hon. Minister for Agriculture in the House of Representatives moving that the Land Purchase Bill of 1939 be referred to Select Committee," p. 4, as cited in Kondapi, Indians Overseas, p. 307; James Baxter, Report on Indian Immigration, p. 27; Report of the Land and Agriculture Committee, Pt. II, pp. 37-38.

<sup>b</sup>These figures and all others that give the number of "agriculturalists" are somewhat inaccurate because there was no strict definition of the term prior to the Land Alienation Act of 1940. Thus many Burmese who had inherited land but did not reside on it were often classified as agriculturalists. In general, therefore, these figures are too high.

<sup>c</sup>The term "occupied" used here and elsewhere is troublesome and misleading. By definition the non-agriculturalists did not occupy the land. "Owned" would be a more appropriate term.

<sup>d</sup>These are non-agriculturalists who reside outside the district where their land is located. In general, observers agree that most of the land in this category is controlled by Chettys.

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31 per cent of some parts of Insein;<sup>61</sup> another 13 per cent was owned by absentee landlords, presumably Chinese and non-Chettyar Indians.<sup>62</sup> The Pegu Settlement Report, 1932-34 also reveals a higher proportion of Chettyar ownership than the composite figure for the entire delta. In Pegu, 36 per cent of the best land was owned by the Chettyar.<sup>63</sup>

Even these figures do not tell the entire story of Chettyar domination since they exclude another large segment of Chetty holdings consisting of mortgaged lands not yet foreclosed. Andrus suggests that these Chettyar holdings cannot be evaluated precisely but that they may be estimated at 10 to 20 per cent of the best land of the delta.<sup>64</sup> Overall, however, as Table XXVIII shows, the Chettyar by 1938 owned 25 per cent, or 2,468,000 acres, of the total occupied area of about 9,732,000 acres in the major rice districts of Lower Burma.<sup>65</sup> By 1941, according to an estimate by

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<sup>61</sup>Cited by Furnivall (An Introduction, pp. 74-75) and Jacoby (Agrarian Unrest, p. 83). Kondapi (Indians Overseas, p. 309) cites this fact somewhat differently: ". . . in Insein district, the big Chettians alone occupied thirty-one per cent of the total occupied area . . ."

<sup>62</sup>Andrus, Burmese Economic Life, p. 68.

<sup>63</sup>Kondapi, Indians Overseas, p. 309. Even after the gradual economic recovery toward the end of the 1930's, according to the estimate of Andrus (Burmese Economic Life, p. 82), "seventy per cent of the agricultural land of Hanthawaddy District belonged to non-agriculturalists in June 1939, against sixty-eight per cent in Insein, sixty-seven per cent in Pegu, and seventy-one per cent in Pyapon."

<sup>64</sup>Andrus, Burmese Economic Life, p. 68.

<sup>65</sup>For further verification see Baxter, Report on Indian Immigration, p. 27, and Census of India, 1931, Vol. XI, Burma, p. 130.

TABLE XXVII

LAND ALIENATION IN UPPER BURMA<sup>a</sup>

Year	Acres Occupied by Agriculturalists	Acres Occupied by Resident Non-agriculturalists	Acres Occupied by Non-resident Non-agriculturalists	Total Area Occupied By Resident and Non-resident Non-agriculturalists	Total Occupied Area
1926	7,245,320	312,342	374,567	686,909	7,932,229
1927	7,242,087	310,758	375,653	686,411	7,928,498
1928	7,192,425	327,936	392,561	720,497	7,912,922
1929	7,160,974	324,552	406,521	731,073	7,892,047
1930	7,205,700	350,671	446,434	797,105	8,002,805
1931	7,164,726	368,866	473,834	842,700	8,007,426
1932	7,113,042	394,425	513,805	908,230	8,021,272
1933	7,066,894	424,273	558,205	982,478	8,049,372
1934	7,014,625	441,857	593,469	1,035,326	8,049,951
1935	6,989,710	454,298	622,482	1,076,780	8,066,490
1936	6,987,561	462,623	642,898	1,105,521	8,093,082
1937	6,967,125	475,745	660,271	1,136,016	8,103,141

<sup>a</sup>Adapted from James Baxter, Report on Indian Immigration, p. 27, and "Speech of the Hon. Minister for Agriculture . . ." as cited in Kondapi, Indians Overseas, p. 307.

TABLE XXVIII  
BREAKDOWN OF LAND-HOLDINGS IN THE THIRTEEN  
MAJOR RICE-PRODUCING DISTRICTS IN LOWER BURMA<sup>a</sup>

Year	Total Area Occupied in Thousands of Acres	Area Occupied by Non-agriculturalists in thousands of acres	Area Occupied by Chettyars in thousands of Acres	Percentage of Chettyar land to non-agriculturalists land	Percentage of Chettyar land to total occupied land
1930	9,249	2,943 <sup>b</sup>	570	19	6
1931	9,305	3,212	806	25	9
1932	9,246	3,770	1,367	36	15
1933	9,266	4,139	1,782 <sup>b</sup>	43	19
1934	9,335	4,460	2,100	47	22
1935	9,408	4,687	2,293	49	24
1936	9,499	4,873	2,393	49	25
1937	9,650	4,929	2,446	50	25
1938	9,732	4,971	2,468	50	25

<sup>a</sup> Adapted from Report of the Land and Agriculture Committee, Pt. II, p. 39 and Notes by the Indian Advisory Committee to Burma Nattukottai Chettyars' Association on the Land Nationalization Act, 1948, as cited in Mahajani, The Role of Indian Minorities, p. 20. The thirteen districts tabulated in this table are Pegu, Tharrawaddy, Hanthawaddy, Insein, Prome, Bassein, Henzada, Myaungmya, Maubin, Pyapon, Thaton, Amherst, and Toungoo.

<sup>b</sup> I have corrected this figure.

A. M. M. Vellayan Chettyar, the leader of the Nattukottai community in Burma, another 500,000 acres of land mortgaged to the Chettyar had been added to the 1938 figure, bringing the Chettyar's total agricultural holdings right before the war to approximately 3,000,000 acres.<sup>66</sup>

Except for some figures provided by the Burma Provincial Banking Enquiry Committee in 1930, very few estimates of the value of Chettyar agricultural investments have been made.<sup>67</sup> The Committee estimated the value of outstanding Chettyar loans at 750,000,000 rupees, of which 500,000,000 rupees was presumed to be loaned for agricultural purposes.<sup>68</sup> These figures represent Chetty loans at the highest point of Indian investment in the history of modern Burma. Following the foreclosures of the 1930's, Chettys suffered heavy financial losses because of the drop in rice prices and the price of land. Despite their reluctance to acquire land, the Chettyars, as we have seen, were forced at that time to foreclose their loans, converting the bulk of their holdings from liquid to solid assets. By 1941, the estimated value of their

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<sup>66</sup> Andrus, Burmese Economic Life, p. 185. Andrus notes (p. 186) that there is no evidence of large-scale urban land holdings similar to holdings in agriculture.

<sup>67</sup> The following figures are drawn primarily from the Report of the Burma Provincial Banking Enquiry Committee, 1929-30, pp. 188-240.

<sup>68</sup> In 1930, 750,000,000 rupees represented approximately £56,000,000 (at 13-1/3 rupees to the pound sterling) or \$250,000,000. See Harvey, British Rule, p. 67, and Christian, Modern Burma, p. 118. The agricultural loans of 500,000,000 rupees were the rough equivalent

3,000,000 acres of excellent paddy land was 450,000,000 rupees, a decline of 10 per cent from the 500,000,000 rupees in agricultural holdings cited above for 1930.<sup>69</sup> Furnivall estimates that the agricultural slump of the 1930's reduced Chettyar agricultural loans to about 100,000,000 rupees before the outbreak of World War II.<sup>70</sup> He places the value of Chettyar holdings in 1939 at 150,000,000, a decline of approximately 10.7 per cent from their total value of 156,000,000 (750,000,000 rupees) in 1930.<sup>71</sup> The Chettys incurred their heaviest losses in the agricultural sector, where from 1930 to 1936 they were forced to accept mortgaged land for non-payment of debt. However, Andrus asserts--despite the rather fragmentary evidence--that the urban holdings of the Chettyar were not negatively affected by the agricultural slump.<sup>72</sup>

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of \$190,000,000. Jacoby (Agrarian Unrest, p. 72) notes "that the normal exchange value of the rupee was 1s. 6d. or 36.5 American cents. The range was 24 to 37 cents during the decade 1930-40. As of October 1940, the rupee was valued at 29.85 cents."

<sup>69</sup> These estimates are by Andrus (Burmese Economic Life, p. 185) based on an evaluation of 150 rupees per acre of land. In 1958 the Secretary of the Burma Nattukottai Association (Mr. M. Subramian Chettiar) avowed that a 1948 Chettyar delegation attempting to enlist the aid of the New Delhi government had estimated the value of the 3,000,000 acres of Chettyar land at 900,000,000 rupees. See Richard J. Kozicki, "India and Burma, 1937-1957," (unpublished Ph.D. dissertation, University of Pennsylvania, 1959), pp. 290-294.

<sup>70</sup> Furnivall, An Introduction, p. 145.

<sup>71</sup> Ibid., p. 190.

<sup>72</sup> On the basis of figures in the Report on the Municipality of the City of Rangoon, 1940-41, Andrus estimates that the Indian holdings of private property in Rangoon alone were worth about 25,000,000 rupees. "Part of this belonged to the Chettyar community



He avers that, given the growth of population and the general level of the economy after the mid-point of the 1930's, the accrual of interest on urban holdings managed to offset the losses in the agricultural sector; as a result, he maintains, by 1941 the total value of their investments presumably equalled the figures given for 1930 above.<sup>73</sup>

Before we evaluate Chetty activities in Burma, we will briefly set these figures on Chetty assets into a rough comparative context in order to hint at their magnitude. For example, Andrus states that "an official with excellent opportunities to study" the problem of land alienation estimated (probably in the mid-1930's, though Andrus is vague about the date) that the total value of land in the hands of non-agriculturalists in Lower Burma was between 540,000,000 rupees and 672,500,000 rupees and that the national total was between 655,000,000 and 787,500,000 rupees.<sup>74</sup> Obviously the Chettyar agricultural holdings we have discussed above consti-

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. . . but Chettyars did not invest in such real estate of choice." Usually such holdings were acquired as a result of foreclosure. The size of Chettyar investments in real estate, saw-mills, industrial firms, and the like is unknown. See Andrus, "Foreign Investment in Burma," Pacific Affairs, XVII (March, 1944), p. 92.

<sup>73</sup>Andrus, Burmese Economic Life, pp. 184-185. Elsewhere Andrus seems to suggest that it was interest rates on outstanding mortgages that managed to restore Chettyar investments to their 1930 level of approximately £56,000,000 by the end of the 1930's. See Andrus, "Foreign Investments in Burma," pp. 91-92.

<sup>74</sup>Andrus, Burmese Economic Life, p. 83. These figures seem quite conservative. They represent about four or five times the normal prewar revenue of the entire Government of Burma.

tuted a formidable percentage of these estimates--about 64 to 75 per cent of the total value of alienated land in all of Burma. A source difficult to evaluate suggests the degree to which Chettyar holdings dominated all other Indian holdings in 1931 by alleging that the total agricultural mortgages held by Indians in that year came to 850,000,000 rupees (approximately £60,000,000).<sup>75</sup> This would probably place Chettyar holdings at about 90 or 95 per cent of all Indian agricultural holdings in 1931. The value of the agricultural output for all of Burma in 1931-32 totaled 526,000,000 rupees,<sup>76</sup> or about 5 per cent more than the value of Chettyar agricultural holdings in 1930. The total debt of the Government of Burma upon separation from the Government of India in 1937 was 584,500,000 rupees,<sup>77</sup> or only about 77 per cent of the 1930 estimate of 750,000,000 rupees in outstanding Chettyar loans. Furnivall estimated Chettyar holdings in 1939 at £50,000,000, the equivalent of all British investments combined.<sup>78</sup> Callis estimated the total foreign non-Indian entrepreneurial investments in Burma in 1941 at £47,200,000.<sup>79</sup> These comparative measures, despite their

<sup>75</sup> Unsigned typewritten memorandum from an official of the Government of Burma labeled "Confidential," dated July 27, 1932, p. 3, in the Darwood Collection of Manuscripts of the Ames Library of Southeast Asia, University of Minnesota.

<sup>76</sup> V. K. R. V. Rao, The National Income of British India, 1931-32 (London: Macmillan & Co., 1940), p. 229.

<sup>77</sup> Andrus, "Foreign Investments in Burma," p. 92.

<sup>78</sup> Furnivall, An Introduction, p. 190.

<sup>79</sup> Callis, Foreign Capital in Southeast Asia, p. 94.

roughness, reveal the formidable financial achievements of the enterprising Chettyar in Burma.

It should be apparent from the foregoing analysis that Chettyar credit was indispensable to the growth of Burma's economy.<sup>80</sup> But despite the crucial involvement of the Chettys in Burma's agricultural economy (and therefore in virtually all dimensions of Burmese society), as individuals and as a group they remained aloof from Burmese life, preserving their fundamental allegiances with Madras. This alien coloration of Chetty activities--together with their phenomenal success and the economically untenable position of the Burmese cultivator--loomed large in the anti-Indian hostility which exploded during the 1930's. But their internal dynamics were as harmonious as their external relations were potentially explosive. Their religion was as inextricably tied to their business codes as the Protestant business ethic had been tied to the emergence of Protestantism. Every element of their codes and religious observance conspired to convert their business into what Masters called "perpetual motion in capital accumulation."<sup>81</sup>

Considered from the point of view of their own organization, the most prominent elements in Chettyar success may be summed up as: financial acumen, psychological cohesiveness, and caste

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<sup>80</sup> The following analysis is indebted to Masters, "The Chettiars in Burma," pp. 23-31.

<sup>81</sup> Ibid., p. 28.

discipline. The ready availability of their capital, enhanced by their valuable liaisons with foreign banks, was maximized by their willingness to accept national rules for the operation of their own money market. All participants in Chetty firms were encouraged to return their profits and salaries to the pool of investment capital, guaranteeing not only a constant supply of capital but also a powerful commitment to the success of the enterprise. Cohesiveness within the organization was fostered by the early training-period beginning virtually at infancy, the use of a special trading language, the hiring of only Tamil-speaking Chettyar agents and sub-agents, the elaborate system of apprenticeship within the firms, the principle of advancement based solely on financial skill, and the alternating cycles of work abroad and residence at home. Caste discipline guaranteed honesty and devotion among the personnel, endogamy, and preservation of ties with the home community, the local council of elders, and the family group. In the interaction of all these elements, financial success was always rewarded with profit-sharing, promotion, enhanced prestige; failure and financial extravagance were punished. In all personal and group behavior, parsimony was king, and the social-religious-economic teleology was paramount.

But powerful as these characteristics were, they might not have led to Chettyar successes in the absence of the colonialist context in which they appeared. From the beginning, the Chettyar in Burma operated within the confines of British law and colonial

administration. Their familiarity with British law and business procedures was advantageous in their early operations in Burma. Then the alterations of Burmese society engendered by colonial reforms made the Burmese even more vulnerable to Chettyar ministrations. And finally, the economic demands of colonialism created the motive power to develop the delta and establish the arena for Chettyar penetration and triumph.

## CHAPTER VIII

### ANTI-INDIAN AGITATION AND BURMESE NATIONALISM:

#### HOSTILE SYMBIOSIS AND ITS AFTERMATH

In the preceding chapters we have established the major elements of the Chettys' symbiotic relationship with the Burmese throughout the development of colonial Burma. One further dimension of this relationship remains to be examined: the way in which the Chettyar (and Indian labor as well) contributed to the growth of Burmese nationalism. To the dismay of the Chettys they were themselves embroiled first in the primitive manifestations of nationalism--riots and rebellions in the 1930's--and then in the systematic attempt to promote Burmese socialistic nationalism which was virtually to demolish Chetty influence after independence. As we shall see, the reaction against the ubiquitous Indian became a significant element in the crystallization of Burmese nationalism. This reaction was made all the more complex by Burma's dual dependence on 1) Indian political leadership emanating from the Indian Congress party's agitations for Indian independence, and 2) Chettyar capital and Indian labor in the management of Burma's agricultural economy.

The direct influence of Indian political leadership on the genesis of Burmese nationalism, and the development of Burmese nationalism itself are both topics outside the province of this study.<sup>1</sup>

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<sup>1</sup>These matters have been treated in detail in Mahajani, The Role of Indian Minorities in Burma and Malaya, Chap. II, "Burmese Nationalism and the Indian Minority"; and in Cady, A History, pp. 185-241.

The Chettys were usually as singlemindedly apolitical as they were singlemindedly usurious. Their political activities were restricted exclusively to the defense of their own interests, which in this case meant opposition to the separation of India and Burma and to legislative proposals to control land alienation. What does concern us here are: 1) the eruptions of various manifestations of nationalism during the 1930's, when the Chettyar--and the other elements of the Indian community in Burma--unwittingly provided the economic and psychological oxygen to ignite the fires of nationalism; and 2) the attempts finally made in the late 1930's to quench these fires by legislation aimed at the economic distress that had brought them into being. But by that time, as we shall see, discord, racial antagonism, and the compounding of Burma's economic troubles through years of neglect had created problems too difficult for the new Burmese government to master.

We have already analyzed the widespread economic distress that engulfed Burma during the early 1930's. The riots of May 1930 were directly prompted by the depression and its consequences, but they had their roots in many earlier events and attitudes. The long history of Indian immigration and the Burmese fear of Indian inundation were important in the background of the anti-Indian outbreaks. The Burmese could draw up a long list of grievances, real and imaginary, against the kula:<sup>2</sup> the infiltration of Indians into

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<sup>2</sup>Among the more general discussions are those found in: Brown, Burma As I Saw It, pp. 190-191; Tinker, The Union of Burma,

every level of the civil service;<sup>3</sup> the Indianization of Rangoon, the single metropolis and heart of the Burmese nation under the British;<sup>4</sup> inadequate representation of Burmans in India's Central Legislature;<sup>5</sup> the tensions resulting from the confused status of

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p. 188, N. Gangulee, Indians in the Empire Overseas (London: The New India Publishing House Ltd., 1947), p. 136. The major official general inquiry into these matters is James Baxter, Report on Indian Immigration. For a discussion of legal problems relating to Indian immigration, see Lanka Sundaram, India In World Politics (Delhi and Lahore: Sultan Chand & Co., 1944), pp. 200-213.

<sup>3</sup>Furnivall, An Introduction, p. 162; Virginia Thompson, Labor Problems in Southeast Asia (New Haven: Yale University Press, 1947), p. 18.

<sup>4</sup>As Collis puts it: "Rangoon was too alien. They [the Burmese] could not breathe its air. But that meant turning their backs on the place where the money was." The Burmese Scene (No place of publication: John Crowther Publication, no date), p. 37. Innumerable observers have commented on the predominantly Indian character of Rangoon. See for example, Kelly, Burma, pp. 6-7; Harvey, British Rule, p. 66.

Even in 1891 the Indian population in Rangoon outnumbered the Burmese, a trend that continued until 1931. The following figures are drawn from the appropriate volumes of the decennial census. They are rounded off for purposes of convenience.

Burmese and Indian Population of Rangoon

<u>Year</u>	<u>Indians</u>	<u>Per cent of Indians</u>	<u>Burmese</u>	<u>Per cent of Burmese</u>
1872	16,000	16	70,000	70
1881	66,000	44	67,000	50
1891	87,000	48	73,000	40
1901	119,000	48	81,000	33
1911	165,000	56	90,000	31
1921	187,000	55	105,000	31
1931	212,000	53	128,000	32

In 1931 one out of every eleven persons in the population of Lower Burma was an Indian.

<sup>5</sup>N. C. Sen, A Peep Into Burma Politics (Allahabad: Kitabistan, 1945), p. 18.



Burmese women who were married to Hindu or Moslem men;<sup>6</sup> the intensely alien nature of the bulk of the Indian community;<sup>7</sup> the seeming preference of Indians by the British; the competition of Indian coolie labor; indeed, the list might be extended to many pages. As a general rule the Indian laborer, the dock coolie, the steam mill coolie, the rickshaw puller, the street sweeper were treated with greatest contempt. But the Indian trader and moneylender were, in their own ways, equally alien and unacceptable. They could as readily be despised for their success as the wretched Tamil and Telegu laborer could be despised for his poverty.

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<sup>6</sup>Interim Report of the Riot Enquiry Committee (Rangoon: Supt. Govt. Ptg., 1939), chap. v, "The Marriage Question." The major difficulty was the inadequate protection given to Buddhist women who married Moslem men and who were victimized by ignorance of differences in customs and legal rights. There were also difficulties relating to the religion of children of such unions.

<sup>7</sup>The great majority of the Indians retained their own languages, lived in separate quarters, and did not set down roots in Burma since they had come as migratory laborers. Specifically with reference to the Chettyar, Harvey writes: "Alien in appearance and habits, the Chettyar was the butt of the Burmese cartoonist; he was depicted as Public Enemy No. 1, and the violence of the mob was deliberately directed against him . . . ." (British Rule, p. 55). We have seen already that Indians worked for less money, had a lower standard of living, and a reputation for greater docility as laborers. Their poverty and the crowded, filthy conditions under which laborers lived made them an additional object of scorn as well as a health menace. (See Pearn, A History of Rangoon, pp. 257-259) and Report of the Royal Commission on Labor in India (Calcutta: Government of India Central Publication Branch, 1931), pp. 433-435. Collis describes the Burmese attitude toward the Indians whom they confronted on the day of the riot of May 26: " . . . The Burmese regarded the Indians as little better than rats, which had swarmed into the country to the detriment of the working classes of the native population . . . ." See Collis, Trials in Burma (London: Faber and Faber Ltd., 1938), pp. 146-147.

These deep-seated antagonisms were, of course, aggravated by the free movement of Indians to and from Burma, by their siphoning back to India of wages and profits made in Burmese commercial enterprises; by the widespread feeling that Burma's subordination to Indian administration made her "India's milch cow";<sup>8</sup> and by the

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<sup>8</sup>This phrase is used by Joseph Dautremere (Burma Under British Rule, p. 195).. He notes that although Burma's contribution to the Indian treasury was 73,583,000 rupees during 1910-11, Indian newspapers and Burmese newspapers had numerous disagreements about the size and fairness of such exactions, with the former arguing they were just and even inadequate, and the latter the reverse. Dautremere concludes with the widely held belief that "if merely half of what is not poured into the Indian Treasury were kept in Burma, in a very short time it would become very much more rich and very much more prosperous than it is even now" (p. 198). This kind of generalized attitude was focused on numerous issues during the 1920's when the arrangements of colonial administration were coming under more conscious scrutiny as part of the growing self-consciousness about the separation of India and Burma. One of the most conspicuous instances that brought the "milch cow" complaint into prominence was the controversy over the activities of the Government's Rice Control Board, which, beginning in 1918, established control over rice prices in order to protect the Burmese consumer from the fluctuations in the price of rice due to the speculations of rice brokers and millers. One consequence of these controls was to limit the cultivator's sale price of paddy to a level barely adequate to provide for his needs. Another consequence was the accumulation of a large profit (92 million rupees by 1921) in the hands of the government as the result of sales of paddy--mostly in India--at the boom prices of the postwar period. The difficulty was not only in defending the justice of these arrangements (a good case could be made that ultimately they benefited the British milling interests by depressing the cultivator's price expectations) but also in deciding how the profits should be spent. The Indian Government favored their expenditure outside of Burma (since the rice had been bought mainly by Indian consumers); the Government of Burma and nationalist politicians in Burma protested, the latter insisting that this was another instance of colonial exploitation and the plundering of Burma's resources. See Report on the Administration of Burma for the Year 1920-21, p. xiii; Report on the Administration of Burma for the Year 1918-19, p. 22; Indian Statutory Commission, Memorandum Submitted by the Government of Burma (London: His Majesty's Stationary Office, 1930), Vol. XI, p. 527; Report of the Committee on Financial Relations, Cmd. 724 (London: His Majesty's Stationary Office, 1920).

fact that prior to separation in 1937, it was widely believed in Burma that "the policy of the Government of India towards Burma was Indian and imperial, not Burmese and national."<sup>9</sup> It is generally agreed in the literature that whatever the advantages of the British-Indian connection, they were mostly lost on the common Burmese observer during the 1920's and 1930's. It remained for the economic difficulties discussed in the last chapter to trigger off Burmese resentments in the form of ferocious assaults on the Indian population of Lower Burma. With the rise in the pace of land alienation (already noticeable by 1929)<sup>10</sup> anti-Indian sentiment quickened. The 1930 drop in paddy prices (see Chapter VII) led to widespread agrarian distress throughout Burma, but especially in the delta. The victims of this economic disaster--dispossessed landowners, Burmese proletarians, and agricultural laborers--were forced into even more intensive competition with Indian labor and soon became the prime movers in the communal violence against the Indians.<sup>11</sup>

Most observers agree that anti-Indian sentiments, though omnipresent in Burma, were not openly or violently expressed until

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<sup>9</sup> Collis, The Burmese Scene, p. 38.

<sup>10</sup> See Table XXV and Annual Report on the Administration of Burma for the Year 1929-30 (Rangoon: Supt. Govt. Ptg., 1930), p. 17.

<sup>11</sup> Other foreign minority elements, such as the Chinese, were also the victims of these Burmese attempts to express the frustrations of their economic deprivations. See Report on the Rebellion in Burma up to 3rd May, 1931, and Communique Issued By The Government of Burma, 19th May, 1931, Cmd. 3900 (London: His Majesty's Stationery Office, 1931), p. 13.

the economic hardship brought on by the depression forced the Burmese to seek employment in areas that previously had been the exclusive preserve of Indian labor.<sup>12</sup> Burmese laborers were being forced into urban areas to seek employment because of the increasing scarcity of cultivable land in the delta, because of the stoppages in European enterprises hit by the depression, and because of the general increase in population. Of course, these same factors influenced the Indian labor population, and increased their levels of unemployment as well.<sup>13</sup> In Lower Burma especially, where the delta's economy had linked the Burmese and Indian laborers and moneylenders in a mutually interdependent and competitive relationship, inter-racial tension became most acute and communal violence most widespread.

The first riot took place not in the countryside, where "resentment against Indian moneylender and Chinese shopkeeper creditors was reaching the breaking point in 1930 . . . ",<sup>14</sup> but

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<sup>12</sup> Loc. cit. See also J. J. Bennison, Report of an Enquiry into the Standard of Living of the Working Classes in Rangoon (Rangoon: Supt. Govt. Ptg., 1928), pp. 91-92.

<sup>13</sup> See Leach, The Future of Burma, pp. 46-47, and Report of the Royal Commission on Labour, pp. 431-432.

<sup>14</sup> Cady, A History, p. 305. Actually there had been an earlier outbreak in 1924 directed against the Chettys. It had been led by Bu athins, secret groups determined to achieve home rule for Burma at whatever cost. These groups were directed by men of local prominence in the villages who sought the cooperation of radical Buddhist priests also dedicated to resist the government. In Tharawaddy District the Bu athins tried to make Chettyar agents reduce the agricultural debts of cultivators by the use of threats and force. The athins also used violent assaults on Burmese and their property

rather among the semi-destitute Burmese and Indian dock laborers.<sup>15</sup>

Coringhi shipping coolies on the Rangoon docks had been organized by Congress party workers to stage a hartal (work stoppage) for higher pay.<sup>16</sup> The shipping companies recruited Burmese unskilled laborers to replace the striking Indians who within sixteen days from the onset of the strike were forced to return to work because they were on "the verge of starvation."<sup>17</sup> Their return caused their employees to dismiss the Burmese,

. . . and when a small body of them [the Burmese] were protesting against this, they were set upon by a number of Coringhis. In an extraordinary [sic] short space of time the fighting spread throughout the city . . . Rioting of the most savage and sanguinary nature continued for about 48 hours . . .<sup>18</sup>

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in order to coerce them to join the movement and resist the financial depredations of the Chettyar. See Moscotti, British Policy in Burma 1917-1937, pp. 36-38.

<sup>15</sup> Maurice Collis, who was serving as magistrate of Rangoon, has written a very compelling account of the May, 1930, outbreak in Trials in Burma, pp. 140-158.

<sup>16</sup> Mahajani (The Role of Indian Minorities, p. 72) asserts that the hartal was provoked by Mahatma Gandhi's arrest by British authorities in India.

<sup>17</sup> This phrase was used in Statement Exhibiting the Moral and Material Progress and Condition of India During the Year 1930-31, House of Commons 116, Sixty-Sixth Number (London: His Majesty's Stationery Office, 1932), p. 552. The remainder of this account relies heavily on this report, pp. 551-553.

<sup>18</sup> Statement Exhibiting the Moral and Material Progress, p. 552. According to the account in Collis (Trials in Burma, pp. 146-147), the Burmese appear to have struck the opening blow by attacking the Coringhis who had humiliated them. It is instructive to note that the use of Burmese to break an Indian dock workers' strike on this occasion was not an innovation. According to the Report and

In all, at least a hundred persons--mostly Indians--were officially reported dead, and approximately one thousand were wounded; other estimates of losses exceeded these figures by two and three times.<sup>19</sup> The details of this encounter are marginal to our study.

Collis's summary of the temper of the day, though it focuses primarily on the problem of Indian immigration, reveals the attitude toward the Indian which perseverated, subsequently giving rise to violence in the countryside where the economic distress had originated:

The Burmese proletariat walked with a lighter step. They had shown the Indians their place. This was Burma, a land which had been independent for hundreds of years before it fell to the English. Too many Indians had crowded into it from their starving villages across the bay. They could live on nothing and undersell the Burmese, and there was a swarm of them too in the public services . . .

Short of violence to the Indians, these views were shared by the upper-class Burmans, the clerks, the officials, the

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Proceedings of the Royal Commission on Labour in India, 1931, cited in Furnivall, Colonial Policy, p. 199, this tactic had been used in 1924. Pearn (History of Rangoon, p. 291) notes that "this example was generally followed," the implication being that other cases of Burmese strike-breaking existed.

<sup>19</sup> Collis (Trials in Burma, p. 159) notes that no compensation was made to any Indians, that "hundreds of murders passed unpunished, because there was no evidence who committed them" and that "the numbers of the dead were unknown." In a later book Collis sets the number of massacred Indians at 200. See Into Hidden Burma (London: Faber & Faber, 1953), p. 183. Pearn (History of Rangoon, p. 29) sets the figure of persons killed at 120 ("according to the official report"). Pearn adds that it was "scandalous" that not a man was convicted or ever brought to trial for these deaths: "such was the complete breakdown of the system of law and order." The Report on the Royal Commission on Labour in India, p. 432, also gives a figure of about 120 dead: "the great majority were Indians and the Indian laborers were in a state of panic, numbers returning to India at the first opportunity."

graduates, and the landowners. The time had arrived, they felt, when the problem of Indian immigration into Burma would have to be considered, and when Indians settled in Burma, from shopkeepers to barristers, would have to cease competing for power and money, and identify themselves with the common good of the native inhabitants.<sup>20</sup>

After the riots the Nattukottai Chettyars' Association and two other Indian groups (the Burma Indian Chamber of Commerce and the Burma Indian Association) joined together to present a group protest to the authorities in New Delhi. Their complaints were leveled against the inadequacies of the police of Rangoon and against the Government of Burma--especially against Governor Sir Charles Innes--whom they felt had been derelict in their duties during the riots and in the prosecution of anti-Indian crimes.<sup>21</sup>

These riots were followed by other outbreaks in March, 1931, on the borders of the Pegu and Toungoo districts in the delta.<sup>22</sup> Anti-Indian demonstrations spread to the northern parts of Toungoo and then south into various parts of Hanthawaddy and other districts. During these depredations, Indians were brutally attacked and their homes and possessions were burned. The Report on the Rebellion attributed the outbreaks to the increase in the number of Indian

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<sup>20</sup>Collis, Trials in Burma, pp. 159-160.

<sup>21</sup>Mahajani, The Role of Indian Minorities, p. 74. Mahajani notes that in the opinion of the Indian community, the Governor had allowed his pro-separationist sentiments to influence his behavior during the riots. "Indians felt that he was keen to prove to the British Parliament that the Indians and Burmese did not get along." Presumably this inability to cooperate would make separation more necessary. We should note that throughout the 1920's, according to Kozicki, Indians, especially those in commerce, were "increasingly apprehensive about their future position in Burma" in the event of separation. See Kozicki, "India and Burma, 1937-1957," p. 94.

<sup>22</sup>Report on the Rebellion in Burma, p. 13.

cultivators in the delta and the intense competition created by the presence of Indian laborers with lower standards of living.<sup>23</sup>

In the words of the press communique issued by the Government of Burma:

The Government believe that this [anti-Indian] movement . . . is largely, if not entirely, economic in character . . . They also propose to re-examine the very difficult question of agrarian legislation, but it will be some time before they can come to any conclusions on this controversial matter.<sup>24</sup>

The government's announcement of its awareness of agrarian distress as the root of these difficulties was followed by further postponement of any direct consideration of the problems--a pattern reminiscent of the many unsuccessful attempts during the previous fifty years to implement awareness with action. But even at this late date, further agitation and violence had to occur and Burma's colonial position toward India had to undergo a major change before concerted action was taken.

One of the further outbursts was the Saya San<sup>25</sup> Rebellion, which began in December, 1930; this rebellion gained part of its momentum from the agricultural crisis described in Chapter VII and from the spread of the anti-Indian outbreaks just considered.<sup>26</sup>

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<sup>23</sup>Ibid., pp. 13-14.

<sup>24</sup>Ibid., pp. 19-20.

<sup>25</sup>Saya San himself was a magician-priest and an ex-criminal, probably psychopathic; he was executed for treason in 1937.

<sup>26</sup>News of the Rebellion helped to set off another series of riots in Rangoon in early January, 1931. These were primarily directed by the Burmese against the Chinese. See Statement Exhibiting the Moral and Material Progress, pp. 551-552. Pearn, History of Rangoon, p. 291.



Again, the details of the Rebellion are incidental to our analysis, though the general nature of its character should be made clear: It was a planned political uprising "organized to overthrow the existing government by force of arms,"<sup>27</sup> propelled and sustained by all the traditional trappings, religious magic, and mythology characteristic of rival claimants to the throne. (Saya San himself hoped to be crowned King of Burma.)<sup>28</sup> As such it claimed the allegiance of a wide following interested not only in abolition of oppressive government taxes, agrarian distress, and local wrongs, but in the restoration of a Burmese state upheld by the sanction of religion. Government reports on the Rebellion stressed its political rather than its economic nature and pointed out that it had begun before the most disastrous decline in the price of paddy in 1931.<sup>29</sup> At the same time, virtually all accounts emphasized

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<sup>27</sup>The Origin and Causes of the Burma Rebellion (1930-32), (Rangoon: Supt. Govt. Ptg., 1934), p. 38.

<sup>28</sup>Ibid., p. 9.

<sup>29</sup>See, for example, Report on the Rebellion in Burma, p. 11, and The Origin and Causes of the Burma Rebellion, p. 1. According to Harvey (British Rule, p. 73) the Rebellion "was not economic, for it originated in a comfortably-off area where the taxes were if anything lighter than elsewhere, it broke out two months before the slump arrived, and it had been plotted for two years." But this statement seems to ignore the already considerable drop in paddy prices by the end of 1930 (see Table XXII), the sub rosa alienation and long-standing agrarian grievances we have already discussed as especially characteristic of the delta, the well-known facts of higher rates of social deterioration and crime in precisely the well-off areas (created by the polyglot population and tenancy instability), and the rapid spread of the Rebellion after the economic disasters of 1931. Harvey goes on to assert that the

the fact that "the rebellion was aggravated by, just as in its turn it proceeded to aggravate, economic stress . . . "<sup>30</sup> The summary conclusion of the major government report states this view revealingly:

. . . there is no doubt that the . . . "economic distress of 1931 undoubtedly fanned the flames." There is some evidence which suggests that a section of the Burman peasantry are desirous of . . . obtaining exemption from payments of the "debts due to Chettyars" and of getting back their land from the Indians in pursuance of "a policy to secure Burma for the Burmans," all of which are promised in the event of the success of the rebellion . . . But there is not a scintilla of evidence in support of the thesis developed in some quarters to the effect that the rebellion was purely an economic rising, that it was the spontaneous revolt of an ignorant peasantry impoverished by the slump in paddy prices and maddened by harsh taxation. . . <sup>31</sup>

There is something inappropriate about the presentation of this conclusion in this form, especially since there appears to be no available evidence that anyone thought of the rebellion as "purely

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rebellion "was not political" but rather that its causes were "superstition pure and simple." This seems a rather perverse insistence on the impedimenta of the rebellion without due regard for its avowed aims (see The Origin and Causes, p. 2). Part of the confusion undoubtedly arose because, in effect, there was more than one rebellion which took its cue from the Saya San movement; all cloaked themselves in magic and most in religious trappings as well. Some allowed dacoits and brigands of all sorts to seize upon the unrest to perpetrate marauding acts in the countryside. According to one official account, early reports of the Rebellion had emphasized its nationalist anti-government emphasis, but later evidence revealed that it had degenerated into an orgy of murder and crime. See "Mr. Leach's Police Department Letter No. 168C32" cited in The Origin and Causes, p. 2.

<sup>30</sup>The Origin and Causes of the Burma Rebellion, p. 1.

<sup>31</sup>Ibid., pp. 43-44.

an economic rising." It appears as if the official reports, while having to affirm the blatantly obvious economic elements of the Rebellion, were trying too hard--and unsuccessfully--to divorce them from a significant or proper role in the Rebellion's forward momentum. These same attitudes are also discernible in the following excerpt:

At first it was believed by some that the prevailing economic depression, and particularly the catastrophic fall in the price of rice, might be sufficient to account for [the rebellion]. But evidence rapidly accumulated that although the distress of the cultivators gave the movement impetus, its objects were more far-reaching than the mere redress of agrarian grievances, and were indeed essentially political.<sup>32</sup>

Again, part of the ambiguity of the official report lies in the multiplicity of the rebellions as well as in the intertwined political and economic foundations of much of the rebellious activity. In short, the insistence on "political" as opposed to "economic" causes seems somewhat strained.<sup>33</sup> Too much is made to depend on words like "purely" and "mere" and on the presumed separation of the political

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<sup>32</sup> Statement Exhibiting the Moral and Material Progress, p. 130. The term "mere redress of agrarian grievances" seems a strangely deprecatory way to describe Burma's single most pressing difficulty. One might speculatively suggest that such quotations (see also the quotation from the press communique cited above) reveal a kind of "avoidance syndrome" among the officials of the governments of Burma and India on the entire matter of agrarian reform. If this is true, stressing the political nature of the Saya San Rebellion at the expense of the economic seems to make a special kind of sense.

<sup>33</sup> According to the opening paragraph of The Origin and Causes of the Burma Rebellion, p. 1, ". . . the rebellion was aggravated by . . . economic stress" but "it was almost entirely political in origin."

and economic. Though the Saya San movement was concerned with the creation of a new political order as an end in itself or as a means of restoring Burmese sovereignty, it seems also to have been impelled by the desire to create a new order for the express purpose of purging Burma of the oppressive yoke of the kalas<sup>34</sup> -- and this yoke was Indian as well as British.<sup>35</sup> A leitmotif running through (but not dominating) the testimony gathered in the report reveals that the Rebellion overlapped with and sometimes drew its energy from the anti-Indian violence which emanated from the Rangoon riots of May, 1930, and spread into the countryside during March of 1931. Stated somewhat differently, although the Saya San Rebellion was not propelled by anti-Indian passions, it encapsulated them whenever it could and often found adherents because of the circumstances which the Chettyar had done so much to create. Thus the Report contains testimony and excerpts from rebel documents like: "After small towns had been attacked big towns should be attacked and finally the country Burma should be

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<sup>34</sup>"Kala" is a variant of "kula." Harvey (British Rule, p. 74) puts this point with rather blunt overemphasis: "There were soon half a dozen independent rebellions, one led by an Indian curiously enough, seeing that the movement was aimed at foreigners, particularly Indians, and that one of its objects was to get back the land lost to the Chettyars. The fact that the monk magician /Saya San or the pongyis who supported him/ was already in the field may have done no more than turn the scale in a few districts where the agrarian grievances and the distress due to the slump sufficed in themselves to cause a wave of crime if not a rebellion . . . "

<sup>35</sup>Only two Englishmen were killed during the course of the Rebellion (3,000 rebels were reported killed and wounded by October, 1932; see Statement Exhibiting Moral and Material Progress, p. 135) but there were a great many outrages against Indians (and Chinese). This would suggest that the kala yoke which most infuriated the rebels was Indian rather than English, though of course in one sense the two were one.

wrested from the kalas."<sup>36</sup> Rebels took oaths to "behead the heretic kalas,"<sup>37</sup> and were told that "on the last day all the Indians would be dealt with . . . "<sup>38</sup> One rebel leader instructed a lieutenant to "Form a Galon Association with about 20, 30, or 40 able-bodied men. Only when Burma is governed by Burmans, taxation will not be heavy. The Burmans are now getting poor on account of heavy taxation. When we get back our country, debts due to Chettyars will also not have to be paid."<sup>39</sup>

One government account takes special note of this motif of anti-Indian vengeance and, we might parenthetically note that, in doing so, it reflects the same "avoidance syndrome" and ambivalence already mentioned:

A curious concomitant of the rebellion was the occurrence of murderous attacks on Indians in certain districts. This, no doubt, was in part a consequence of the deplorably savage riots between Coringhi and Burman labourers in Rangoon during the previous May . . . The acute agrarian distress was also to some extent responsible for it; for such of the Indians resident in Burma as do not belong to the relatively prosperous class of money-lenders and small merchants, but themselves cultivate the soil, have as a rule a lower standard of living than the Burmese peasants and this, in bad times, is liable to be conspicuous and to excite indignation. But these immediate causes are scarcely sufficient in themselves to explain the

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<sup>36</sup>The Origin and Causes of the Burma Rebellion, p. 6.

<sup>37</sup>Loc. cit.

<sup>38</sup>Ibid., p. 14.

<sup>39</sup>Ibid., p. 34. One of the heaviest concentrations of rebels led by Saya San himself met the police in a pitched battle in Pyapon in the lower delta in January, 1931. Rebellion in this district was concentrated in an area where Chettyar foreclosures had recently been extremely heavy. See Report of the Land and Agriculture Committee, Pt. II, pp. 52-54.

number and savagery of the anti-Indian outrages that occurred. The sudden revival of ancient Burmese myths and superstitions in connection with the rebellion, and in particular the fact that the insurgents selected the galon<sup>40</sup> as their emblem, would appear to indicate that antipathy to the foreigner in Burma is deep-seated and general; and to the ignorant cultivator the Indian not only appears quite as alien as the European, but being in more direct contact with him, is a more natural object of hostility.<sup>41</sup>

That Burmese savage behavior against Indians should be described as a "curious concomitant of the rebellion" and that the "immediate causes" cited should be deemed "scarcely sufficient in themselves" to explain the number and intensity of these outbreaks, seems to indicate further unwillingness to take sufficiently seriously the anti-Indian attitudes of the Burmese and the situation from which they stemmed.

By April, 1932, the Rebellion had dwindled away as an active movement. But as Cady points out, its psychological and political repercussions reverberated in the politics of the 1930's and in the consciousness of ordinary Burmese.<sup>42</sup> In Cady's words, the rebels

. . . had breathed new vitality into Burmese nationalism simply by demonstrating the courage of their political commitment against impossible odds. The heat of their frenzied resistance

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<sup>40</sup>The galon was a voracious and victorious bird in Burmese mythology (the equivalent of the garuda in Hindu lore) resembling a hawk and possessing great strength. It was the symbol of victory over the naga--foreigners such as the English and Indian--a snake that flew in the air and traveled underground and underwater. In the end the galon was destined to vanquish and destroy the naga. A man tattooed with the galon symbol was presumed to be invulnerable to sword cuts and bullets. See The Origin and Causes, p. 3.

<sup>41</sup>Statement Exhibiting the Moral and Material Progress, pp. 136-137. My emphasis throughout.

<sup>42</sup>Cady, A History, p. 318.

welded a connecting bond, between the culturally disparate pongyi-led masses and the Westernized elite. Although the uprising did not reconcile political differences, it undoubtedly constituted an important landmark in the development of Burmese nationalism.<sup>43</sup>

It is instructive also to see the Rebellion as an attempt-- however feeble and immature--to restore a centripetal coherence to Burmese life that domination by white and black kalas had dissipated. Seen in this light, its activation of religious symbols and its reliance on the support of agitators among the Buddhist clergy linked it not only to the traditions of monarchic legitimacy discussed in Chapter I but also to the recrudescence of modern Burmese nationalism at the end of World War I. At that time religion was one of the few--perhaps the only--rallying points around which national consciousness could cluster; political sophistication was almost totally lacking.<sup>44</sup> During the 1920's Burmese nationalist groups and parties had been formed in a decade of constitutional experimentation and discussion of separation.<sup>45</sup> Then in the 1930's

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<sup>43</sup> loc. cit.

<sup>44</sup> The burning religious-political issue that seized the popular imagination at that time was the "no footwear" controversy over whether Europeans should be required to remove their footwear when entering the premises of pagodas or other sacred areas. See Moscotti, "British Policy in Burma," pp. 19-20, and Brown, Burma As I Saw It, pp. 169-170.

<sup>45</sup> See Cady, A History, pp. 242-281, for an excellent summary of these developments. In brief, the British prior to the twentieth century had not afforded Burma any form of self-government. Then a series of reforms beginning in 1897 (the Chief Commissioner was raised to a Lieutenant Governor and a council of nine was given limited legislative powers) granted increasing degrees of self-rule for Burma. The Morley-Minto Reforms in 1909 enlarged the legislative

economic crises, i.e., Chettyar domination of agriculture, served to crystallize Burmese nationalist and anti-Indian sentiment.

During these decades the Burmese never took over Indian methods of

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council to include members of the European business community as well as Burmese and Indians. Based on the recommendations of the Montagu-Chelmsford proposals for India (1917-18) the Act of 1921 (which went into effect in 1923) established the first elective assembly with 79 out of 103 seats filled by popular franchise. See Parliamentary Debates of the House of Commons, 5th series, volume 97 (London: His Majesty's Stationery Office, 1917), p. 1695, and Sessional Papers of the House of Commons Vol. VII, Cmd. 9109 (London: His Majesty's Stationery Office, 1918), pp. 162, 285-287. Although Montagu's proposals for self-rule for India had excluded Burma, the Act of 1921 had come into being because Montagu's announcement had stirred Burmese opinion to press successfully for inclusion under the same grant. It was these assertions of pro-separation sentiment that first aroused modern Burmese political and nationalist consciousness. The result was the establishment of "dyarchy" in Burma in 1923 (i.e., certain ministers were given some of the powers once reserved to the Governor and made responsible directly to the Legislative Council) and the initiation of more rapid movement toward self-government. This reform system following 1923 was characterized by Collis (The Burmese Scene, pp. 40-41) as unable to disrupt the economic structure and hence inexorably creating the demand to separate India from Burma: the problems of Indian economic domination could not be dealt with while Burma remained subordinated to the Government of India. Collis's summary aptly states the degree to which Indian interests and the Burmese economy had entered together into a common bloodstream whose infection the reformed legislature was powerless to vanquish: "The resident Indians who had acquired rights and property could not be dispossessed. Without annoying India, the chief customer for Burmese rice, it was impossible to take drastic steps about immigration. In short the reformed legislature was the heir to an economic system which was like an internal growth eating into the national vitals, but which could not be cut out without killing the patient. No wonder there was dissatisfaction and a demand for complete independence." This quotation compellingly states the relationship between the Chettyar and the Burmese polity. It shows how this relationship was economically based and how at the same time, in the penultimate stages of hostile symbiosis, it created powerful political impulses toward independence. The factual background of these matters is dealt with in Moscotti, "British Rule in Burma 1917-1937, A Study in the Development of Colonial Self-Rule," and in Report of the Indian Statutory Commission, Cmd. 3568 (London: His Majesty's Stationery Office, 1930), 17 volumes (see especially



resistance against the British with any great success. Nevertheless, Burmese nationalism (always consciously antipathetic, especially at the popular level, to Chettyars and Indian laborers) ironically took its direction from the Indian Congress Party in resisting colonial rule and striving for constitutional reform.<sup>46</sup> Thus the nationalist movement duplicated at an equally complex level the same alterations of dependence and rejection, the same symbiotic and hostile reciprocal tensions, that were evident in the relations between the Chettyar and the Burmese. And the Saya San Rebellion might well be considered a primitive "acting out" of anachronistic nationalist aspirations feeding upon agrarian discontent and anti-Indian sentiment created by Indian domination of Burma's economic life.

We shall consider very shortly the relevant developments within Burma's political life during the 1930's that intervened between the Saya San Rebellion and the last--and most serious--violent outbreak against Indians from July, 1938, to early in 1939.<sup>47</sup>

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volumes I, Survey, and II, Recommendations). For an analysis of problems encountered at the local government level under dyarchy, see Hugh Tinker, The Foundations of Local Self-Government in India, Pakistan and Burma (London: The Athlone Press, 1954), pp. 214-244.

<sup>46</sup> See Mahajani, The Role of Indian Minorities, pp. 44-65.

<sup>47</sup> According to one account another anti-Indian program followed the Japanese invasion; after "the British Army had been withdrawn . . . the Burmese Independence Army ventured forth to kill as many Indians as it could." See Bruno Lasker, Asia on the Move (New York: Henry Holt and Company, 1945), p. 62.

First however we must point out how this final orgy of anti-Indian violence was a direct continuation of the unresolved difficulties relating to the land alienation and agrarian distress which we have considered in such detail. The riots of 1938 ostensibly, and in a narrow sense, were caused by religion,<sup>48</sup> though the official inquiry into their genesis took great pains to distinguish between "local," "particular," or "immediate" causes and those that proceeded from more long-standing difficulties.<sup>49</sup>

The immediate cause of the riots was a Buddhist meeting held on July 26 to protest the circulation of a book (first published in 1931 and republished several times) by a Burmese Moslem containing remarks widely held to be offensive to the Buddhist religion.<sup>50</sup> The turmoil that followed police attempts to control this demonstration spread throughout the country until August 1 and flared up again during the first week in September. During the first outbreak alone, official tallies of Indian casualties

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<sup>48</sup> "The anti-Indian riots of 1938, only superficially religious in motivation, focused popular attention less on the government's inability to cope with the situation than on the underlying cause of agrarian discontent." Thompson, "Nationalism and Nationalist Movements in Southeast Asia," p. 162, and Rangoon Times, February 19, 1940. This interpretation is widely encountered: see for example, Desai, India and Burma, p. 42. However, one cannot accept Desai's statement (pp. 41-42) that the riots were "merely a religio-communal outbreak; non-Muslim Indians were not molested."

<sup>49</sup> See Interim Report of the Riot Inquiry Committee (Rangoon: Supt. Govt. Ptg., 1939), pp. 8-10.

<sup>50</sup> Interim Report of the Riot Inquiry Committee, p. 8. Mob violence was initially directed against Burmese and Indian Moslems though it spread against other Indians as well (p. 48).

set the dead at 192 and the wounded at 878.<sup>51</sup> Order was not restored until early in 1939 after protracted violence, marauding, property destruction, and loss of business made it necessary to declare a state of national emergency.

Both reports of the Riot Enquiry Committee carefully scrutinized the underlying causes of these riots and elaborately analyzed the degree to which unsatisfactory conditions of land tenure had created the "economic influences that lie at the root of the passions" expressed in the riots. They cited the Report of the Land and Agriculture Committee (parts of which had just been given public circulation) to the effect that "conditions in Lower Burma are nearing the danger point and . . . the continued transfer of land from the agriculturalist to the non-agriculturalist is likely to result in violent agitation for the ousting of the foreign owner."<sup>53</sup> After citing the figures of land held by Chettys in Lower Burma the Interim Report concluded that such conditions made social instability inevitable and urged the newly elected legislature

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<sup>51</sup>Final Report of the Riot Enquiry Committee, (Rangoon: Supt. Govt. Ptg., 1939), pp. 270-272.

<sup>52</sup>Interim Report, p. 11.

<sup>53</sup>Report of the Land and Agriculture Committee, part II, pp. 57-58, cited by Interim Report, p. 11. See also pp. 12-14 and Final Report, pp. 273-274. While stressing the agrarian roots of the riots, the Interim Report insisted that "we do not mean that the riots were in any way agrarian in character. They were not." This begins to sound like the ambiguous pseudo-insistence on strong distinctions encountered in the reports on the background of other violent outbreaks discussed earlier in this chapter. In one sense the riots were agrarian on the basis of the committee's own evidence. But of course, they were not peasant uprisings intent on destroying the government.

to set aside partisan differences to master the problem.<sup>54</sup> In the remaining chapters of the Interim Report the Committee presented one of the most detailed considerations of all aspects of the "Indian Question" to appear in a government publication, analyzing the growth of commercialized agriculture, the history of Indian immigration and competition with the Burmese and "The Marriage Question."<sup>55</sup> Fundamental to all of these problems was the unmistakable fact that the Burmese felt threatened by Indian labor and exploited by Indian wealth.<sup>56</sup>

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<sup>54</sup>Interim Report, pp. 13-14.

<sup>55</sup>This was the title of Chapter V of the Interim Report, pp. 28-33. The marriage question dealt primarily with marriages between Burmese women and Moslem men. The offspring of these marriages created a community called Zerbadis, a group allegedly increasing in sufficient numbers to threaten the Burmese host community. The Census figures revealed the following statistics for Zerbadis: 1911: 59,729; 1921: 94,316; 1931: 122,705. (The 1931 figure represented an increase of 30 per cent as compared with a general increase in the Burmese population of only 10.9 per cent during the same period.) According to the Interim Report the major tensions resulting from mixed marriages were: 1) differences in the marriage laws of Buddhism and Islam which worked to the disadvantage of the women; 2) the necessity of Burmese women to renounce Buddhism in order to marry Moslem men; 3) the inability of Burmese women married to Moslems to be recognized and protected by Burmese Buddhist Law, even if their union was established by other means; 4) weakening of the Burmese community by intermarriage; 5) aloofness of the Zerbadis from the mainstream of Burmese life. See Interim Report, pp. 28-33. The Report recommended that "greater protection should be afforded to the Burmese woman who enters upon marital relations with a foreigner." (p. 33).

<sup>56</sup>Interim Report, pp. 21-25, 34-38, and Final Report, pp. 274-275. In the light of the detailed examination of Indian-Burmese relations in the Interim Report, it is difficult to explain the observation that "at the date of writing this report, we regret to think, there still remains, between Burmans and Indians in general an aftermath of tension, which is almost wholly foreign to the

Moreover, the situation was inflamed by an irresponsible Burmese press,<sup>57</sup> by the inadequacy of legislation for controlling the printing and registration of books, and by the activities of the Thakins (the Dobama Asiayone, i.e., the We Burmese Association) fomenting labor unrest, violent protest, and conspiratorial opposition to the government.<sup>58</sup> Finally, there was the all-pervading Burmese mistrust of the police and the law, the shielding of criminals by the populace, the refusal of many officials to protect Indians from mobs, and the widespread sympathy shown by respectable Burmese for the rioters rather than for the victims or the authorities.<sup>59</sup> It was obvious that by this time the inability or unwillingness of the government during the previous 50 years to alleviate the problems of Burmese-Indian relations and the all-enveloping

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previous history of Burma" (p. 9, my emphasis). Probably only lengthy psychoanalysis could elicit the reason for making such a comment in the context of virtually contradictory evidence.

<sup>57</sup> See Interim Report, pp. 33-43 which includes numerous inflammatory excerpts from the Burmese press on the menace of the Indian and the ravages of the Chettyar.

<sup>58</sup> Ibid., pp. 43-47. Mahajani (The Role of Indian Minorities, p. 84) points out that the Committee "failed to distinguish between the core of Thakin leadership subscribing to a well-formulated socialism and the unguided elements of youth who were swayed by the Thakin slogans but were not initiated into the ideology." The Thakin movement did have a more responsible element: the Report of the Bribery and Corruption Enquiry Committee (Rangoon: Home Department, Supt. Govt. Ptg., 1941), p. 5, commended the Thakin party for its cooperation in rooting out useful evidence of government corruption.

<sup>59</sup> Final Report, pp. 225, 270. Predictably, the public and official reaction in India was one of outrage against the Burmese as well as against the India Office in London for its inability to safeguard Indian interests. Mahajani (The Role of Indian Minorities,

economic consequences of unchecked Indian immigration and financial aggrandizement had turned the Burmese people against authority.

Commercial agriculture within a framework of British law and colonial administration had had harmful effects on Burmese society: a decline in the integrity of the Buddhist establishment, a rise in the crime rate, the collapse of respected local institutions, the creation of an unstable rootless agricultural population, rampant tenancy and rack-renting, and the like. All had conspired to lower the level of public morality and resistance to violent resolution of community tensions.

These difficulties had now become so endemic that the need for remedies could no longer be ignored. The Riot Enquiry Committee's reports themselves had some positive consequences. Cady<sup>60</sup> cites four "constructive measures" that emerged from their inquiries: 1) the Baxter report on Indian immigration;<sup>61</sup> 2) the establishment

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pp. 86-87) argues that these reactions made the Indian National Congress emphasize the causal connection between Indian independence and the protection of Indians overseas. In this convoluted way, the contribution of the despised Indian to Burmese nationalism was "repaid" by creating further momentum for Indian independence as a reaction to Burmese anti-Indian violence and colonial ineffectualness.

<sup>60</sup>Cady, A History, p. 398.

<sup>61</sup>James Baxter, The Report on Indian Immigration (Rangoon: Supt. Govt. Ptg., 1941). Baxter's excellent report demonstrated the falsehood of numerous shibboleths about Indian immigrants: that they threatened the social and religious structure of Burma, that they were merely predatory migrants escaping momentarily from pressures at home, that they contributed nothing to Burma, etc. He showed that immigration was decreasing and that it followed the demands of the Burmese market rather than local Indian pressures. Baxter also urged the initiation of negotiations between India and Burma to establish mutually satisfactory methods of controlling immigration. A study of

of a liaison with Indian authorities to discuss limiting Indian immigration;<sup>62</sup> 3) the creation of an official committee composed of distinguished persons to investigate the problem of dishonesty in government;<sup>63</sup> and 4) the creation of a committee to examine the moribund state of village administration.<sup>64</sup>

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this sort had been needed for many years and had indeed been requested by the Royal Commission on Labour in India (see their 1931 Report, p. 441) and in the Interim Report of the Riot Enquiry Committee (p. 27). But it was so long overdue that it could not significantly influence Burmese anti-Indian prejudices.

<sup>62</sup> For an analysis of the discussions between Sir Girija Shankar Bajpai, the representative of India, and U Saw, the premier of Burma, see Mahajani, The Role of Indian Minorities, pp. 88-94.

<sup>63</sup> Report of the Bribery and Corruption Enquiry Committee. The Report uncovered extensive evidence of dishonesty among government officials (though not at the top levels of the Civil Service); it also laid bare the extent to which dissolution of Burmese institutions and the establishment of the colonialist bureaucracy had withered the Burmese conscience and social responsibility. The Report made it clear that the corruption of magistrates, revenue officers, land surveyors, and other officials engaged in operations related to agriculture had contributed to the agrarian distress which created such turmoil in the 1930's. See, for example, pp. 20, 26-27, 37. For a penetrating discussion of the meaning of the Report's findings, see Furnivall, Colonial Policy, pp. 168-178.

<sup>64</sup> See Report of the Village Administration Committee, 1941 (Rangoon: Home Department, Supt. Govt. Ptg., 1941) cited in Cady, A History, p. 398. Cady's analysis of the Committee's proposals is made on pp. 407-409. He concludes (pp. 408-409) that their recommendations were "important as a feasible Burman-designed plan" to revive dying institutions, but they were never brought into being because of the Japanese invasion of Burma. Cady's emphasis on the Burmese origin of these reforms reflects the widely held belief that Burmese local government failures under dyarchy could often be traced to the artificiality of colonial policies. Tinker (Local Self-Government, pp. 243-244) puts this point succinctly: "An attempt was made to introduce a system of local government--a complicated piece of social and political machinery--originating in England, but passed on to Burma at second-hand through India. Hasty ill-planned paper schemes were put into practice, with little regard for Burma's needs or wishes. Such an experiment, launched in difficult times, was almost foredoomed . . ."

The riots of 1938-39 had taken place under an advanced form of self-government instituted in 1937 as the consummation of the long controversy concerning separation from India.<sup>65</sup> Considering the traumas attendant to its birth, the depressed level of political

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<sup>65</sup> An examination of the genesis of the new government reveals its tangled roots in the controversy over separation from India. While it is true that the separation controversy died down after Parliament passed the Government of India Act of 1935 creating the new government, the motive power that had impelled the separation controversy continued. Many of the new major legislative difficulties came from the old struggle to resolve the Indian-Burmese dialectic. This is clear even from a rapid overview of the long controversy preceding separation. In brief, during the 1920's, pro-separation sentiment mounted, though it was by no means universal, in the politically conscious population. There was suspicion--fostered by Indian Congress Party agitators--that separation might cut Burma off from the support of Indian opposition to colonial rule and thus disable her from pressing for more sovereignty. The Indians of Burma were, of course, opposed to separation, as were many conservative elements of the Burmese Civil Service. The separation controversy mounted with the investigation into dyarchy by the Indian Statutory Commission in 1927-29 (popularly known as the Simon Commission) on behalf of the British Parliament according to the stipulations of the India Reform Act of 1919. The Simon Commission's path was strewn with difficulties. It was widely understood that most of British officialdom preferred separation; this prejudiced the nationalists in India and Burma against separation as a colonialist device to divide and rule. The Nattukottai Chettyars Association of Rangoon requested the Simon Commission for the right to elect a representative to the Burmese legislature to protect its interests. Along with the Burma Indian Chamber of Commerce and other influential Indian groups, the Chettyars opposed separation. Educated Burmese nationalist sentiment, expressed by groups like the Burma for the Burmans League, argued for separation on the grounds that Burma was being plundered by Chettyars and Indian revenues.

Burmese opinion was often confused because anti-separation and pro-separation advocates often found themselves on different or similar sides of particular issues. The difficulty in large part was that many influential Burmese leaders wanted to cut the ties to India, but they opposed severance until the date when India would be given full dominion status. They thought (despite British assurances to the contrary) that severance from India before that date might weaken Burma's chances to achieve similar status. But their reliance on the Congress Party as the advocate for independence



consciousness, the cautionary limitations placed on its activities by the Constitution of 1935, the condition of the economy, the primitive competitive state of party politics, and the irresponsibility of many party leaders, this new government tried manfully to come to grips with the enormous problems it had inherited from dyarchy and the earlier period of colonial administration. Many of the major problems the new government tried to vanquish concerned the Chettyar and the cancer of land alienation.<sup>66</sup> We shall briefly

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was always tinged with misgivings based on Indian domination of Burma's economy. The widespread antipathy to India on such grounds caused many influential leaders to advocate separation immediately--the net result being that the Burma Parliament never emerged with a clear mandate on the issue. Finally, the Simon Commission recommended separation of India and Burma (see especially Report on the Indian Statutory Commission, vol. II, pp. 187-191), a policy implemented by a new constitution embodied in the Government of Burma Act of 1935 (to come into effect in 1937). This Act, in most vital matters, separated Burma from India, making Burma a separate unit under the Crown, and created a two-chamber legislature with an elected lower house. Twenty-two members of the lower house represented minority groups; 13 of these seats were reserved for Indian representatives, one of whom was elected by the Nattukottai Chettyars Association and two of whom represented Indian labor. These matters are dealt with in: Moschetti, "British Rule in Burma 1917-1937, A Study in the Development of Colonial Self-Rule"; Report of the Indian Statutory Commission, Cmd. 3568, London, 1930, 17 volumes, see especially volumes I, Survey, and II, Recommendations; Government of India Act, October, 1935, Cmd. 5181, London, 1936 and Government of Burma Act, October, 1935, London, 1936 (n.b., the Instrument of Instructions); Burma Round Table Conference, Proceedings, London, 1931-32, Cmd. 4004, Vol. VI; Trade and Immigration Relations Between India and Burma after the Separation of Burma, Cmd. 4985, London, 1935.

<sup>66</sup>There were other prominent pieces of legislation dealing with the Indian problem, such as the Burma Domicile Bill, 1937 (not passed because of its presumed conflict with the Government of Burma Act of 1935); the City of Rangoon Corporation Bill, 1937; The Buddhist Women's Marriage and Succession Act, 1941; the Indo-Burma Draft Agreement, 1941. Consideration of these measures is tangential to our

consider in these closing pages these final attempts before the Japanese invasion of Burma to establish Burmese mastery over problems that had evaded the grasp of their colonial masters for two generations.<sup>67</sup>

Under the Government of Premier Ba Maw, who came to power in 1937, bold attempts were made to relieve some of the long-standing complaints of the cultivator by legislative action.<sup>68</sup> The capitation

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purpose. See Mahajani, The Role of Indian Minorities, pp. 64-70, 88-94; Kondapi, Indians Overseas, pp. 51, 205, 228-229; Rangoon Gazette Weekly Budget, February 8, and May 17, 1937 containing The Order in Council affirming and amplifying immigration arrangements made in Trade and Immigration Relations Between India and Burma After the Separation, cited in Christian, Modern Burma, p. 256.

<sup>67</sup>We have omitted reference to earlier attempts to deal with the agricultural crisis prior to separation because of their comparative insignificance. We might note them here since they constitute the immediate background to the legislation we are about to consider. The Agriculturalists' Loans Act of 1931 made loans available at low rates during 1931-32, but only about 4,500,000 rupees were set aside for this purpose. The cooperative credit societies staged something of a comeback in the middle years of the 1930's under the devoted leadership of U Tin Gyi, though their total impact was not great. The fourth--and last--Burma Legislative Council under dyarchy (1932-1936) had considered numerous reform proposals designed to ameliorate the problems of land alienation and Chettyar domination but all had been ineffectual or beaten down before passage. The most prominent proposals were the recommendations of the McCallum-Nichols Enquiry Committee to halt land alienation by reviving proposals made in the early 1900's. The report of this Committee was squelched by the Governor on the grounds that it might endanger the sources of agricultural credit and interfere with financial freedoms. Another proposal, the Burma Agriculturalist Debt Conciliation Act, 1936, established special boards of officials and non-officials for the voluntary (!) scaling down of loans and interest rates in order to bring these matters into line with paddy prices, land values, and the agriculturalist's ability to pay. However, the Act was never put into operation. See Report of the Land and Agricultural Committee, Part II, pp. 52-55, pp. 73-80.

<sup>68</sup>Ba Maw's Five Year Plan indicates the major economic policies he advocated. Christian (Burma Under the Japanese Invader, pp. 247-248) sums them up as: "1) village reconstruction; 2) Election

tax and the thathameda tax (a tax on non-agricultural income) were gradually abolished. These actions did not significantly alter the distress of the cultivator, but they did somewhat alleviate long-standing grievances.<sup>69</sup> In 1937 the Legislature drafted the Burma Tenancy Act, designed to protect cultivators from further land alienation. It was vigorously opposed by the Nattukottai Chettyars Association as representing unjust interference with the rights of landowners.<sup>70</sup> But continued agrarian distress and the riots of 1938 increased the pressure for more far-reaching reforms. These awaited the report of a distinguished committee, the Land and Agricultural Committee, appointed in 1938 under the chairmanship of James Baxter.<sup>71</sup> After presenting the most thorough official study to that time of Burma's agricultural problems, the Committee warned of the absolute need to save the country from the political consequences of increased land alienation to non-resident non-agriculturalists.<sup>72</sup>

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of village headmen; 3) Compulsory and free primary education; 4) Land reforms; 5) Establishment of land mortgage banks; 6) Protection from landlords and moneylenders; and 7) Reforms in methods of taxation."

<sup>69</sup> Christian, Burma and the Japanese Invader, p. 247.

<sup>70</sup> Christian, Modern Burma, p. 119.

<sup>71</sup> The Committee produced four reports to which we have made frequent reference in previous chapters: Report of the Land and Agricultural Committee, Part I, Tenancy; Part II, Land Alienation; Part III, Agricultural Finance; Part IV, Regulation of Money Lending. (Only Parts I and II were completed before the fall of Ba Maw's government.)

<sup>72</sup> Report, Part II, p. 35.

As a result, the Tenancy Act was drafted in 1938 and was passed by the legislature in May, 1939. It aimed at alleviating the basic problems of tenancy: excessive rents, lack of tenure security, special landlords' privileges, sub-tenancy, and inadequate rent remissions in bad times.<sup>73</sup> The act was designed to enforce reasonable rents and give tenants fair opportunities to renew leases on fair terms. Local officials were given authority to exercise their judgments on fair rent rates, but their decisions were, inevitably, subject to judicial review. This fact tended to nullify the Act, since the courts generally overruled the decisions of local officers in favor of Chettyars and other landlords.<sup>74</sup> According to Andrus, the Tenancy Act, for all of its virtues, was not enforceable because the appropriate officials were not able to make the innumerable inquiries and investigations required by the law. Nor could they cope with the flood of applications requesting lower rents. The Act was amended by the House of Representatives in 1941 with a view to patching up its defects; but since landed interests were stronger in the Upper House, the amended version was never approved by the Senate before the Japanese invasion. Its total effect therefore was negligible. Predictably, both before and after the passage of the Act, the Chettyars Association "made anxious representations to the Government of Burma and India"<sup>75</sup> on the grounds

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<sup>73</sup>Andrus, Burmese Economic Life, pp. 81-82.

<sup>74</sup>See P. P. Pillai, ed., Labour in Southeast Asia, A Symposium (New Delhi: Indian Council of World Affairs, 1947), p. 132.

<sup>75</sup>Mahajani, The Role of Indian Minorities, p. 69.

that rent reductions represented illegal deprivation of their incomes. Once the Act was passed, the Chettyars Association joined with Indian and Burmese landlords to appear to the Rangoon High Courts for a review of the bill. They claimed that 25,000,000 rupees in rents had been lost as a direct result of the Act.<sup>76</sup> When the Court decided in favor of the landlords, a special government committee was created to consider amendments to the bill. The record of the committee's revisions and reconsiderations during 1940 and 1941 reveals a tangle of Indian opposition and constitutional problems.<sup>77</sup>

Two other major pieces of legislation warrant attention. Neither was put into effect or tested by judicial review, though both were important attempts to "seize the day." By the time the first of these acts, the Land Alienation Act, was passed in 1941 no more than 15 per cent of the land of Lower Burma was in the hands of agriculturalists whose holdings were free of mortgages or debt.<sup>78</sup> The legislation could not therefore have been expected to make a significant dent in the massive accumulation of alienated land. Moreover, before it could be put into force, Burma was invaded by the Japanese armies. The Act, with some minor exceptions, bluntly disallowed the alienation of land owned by agriculturalists,<sup>79</sup>

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<sup>76</sup>Virginia Thompson, Memorandum on Burma's Politics, Minorities and Labor Problems, Confidential (New York: Institute of Pacific Relations, 1943), p. 13, cited in Mahajani, p. 69.

<sup>77</sup>See Kondapi, Indians Overseas, pp. 294-297.

<sup>78</sup>Andrus, Burmese Economic Life, p. 81.

<sup>79</sup>"Agriculturalist" was defined as anyone earning half of his income by agriculture.

forbidding the sale or mortgage of such land. As an obvious consequence of this provision, the availability of credit was severely reduced. The Act did not interfere with existing mortgage obligations except to limit land alienation to a 15-year period, after which time the land was to be returned by the mortgagor to the original owner. This last provision was an invitation to protracted litigation and a morass of state-sponsored registration procedures. Further, it offered no relief for the pressing immediate needs of victims of indebtedness.<sup>80</sup>

The boldest piece of legislation enacted just prior to the Japanese invasion (and therefore, unfortunately, never implemented) was the Land Purchase Act of 1941, based on the recommendations of the Baxter Committee.<sup>81</sup> It aimed at the purchase of Chettyar-held lands by the government so that they might be resold to peasant proprietors under long-term loans at low interest rates. Another possibility envisioned by the provisions of the Act was the purchase of Chettyar-held lands to be used as government controlled areas

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<sup>80</sup> Pillai, Labour in Southeast Asia, pp. 132-133. Andrus, Burmese Economic Life, pp. 80-81.

<sup>81</sup> Other legislative proposals based on the Committee's recommendations were discussed and drawn up, but none were enacted into law. Recommendations contained in the Report of the Land and Agricultural Committee, Part IV, Regulation of Moneylending, pp. 177-185, became the basis for a bill to authorize inspection of moneylenders' accounts, limit their interest rates (to 12 per cent for secured and 18 per cent for unsecured loans), outlaw compound interest on loans, and set ceilings on the amount of interest any loan might gather. This measure was never enacted into law.

let to tenants.<sup>82</sup> Needless to say, the likelihood of the government's finding capital adequate to the task of purchasing Chettyar held lands was very small. Andrus estimates that it would have required approximately four or five times the normal prewar revenue of the entire Government of Burma to undertake such a venture.<sup>83</sup>

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The attempts of the new government to solve the problems of land alienation and provide an alternative to Chettyar credit were obviously all unsuccessful. The pattern of symbiotic interdependency between Chettyar and Burmese cultivator<sup>84</sup> had entered into its final, most acute stage by 1930 and was aggravated by the discussions attendant to separation. The altered relationship reflected an intensified form of hostile symbiosis not simply economic but racial, political, and nationalist as well. While the attitude toward the Indian had been tinged with racial antagonism for centuries, in the 1930's such feelings were brought to heights of uncontrollable animosity by agricultural distress generated by the Chettyar's domination of large areas of the delta and the impasse

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<sup>82</sup>Andrus, Burmese Economic Life, pp. 82-84, and Cady, A History, p. 407.

<sup>83</sup>Andrus, p. 83.

<sup>84</sup>Christian (Burma and the Japanese Invader, p. 120) has stated one dimension of this interdependency concisely: "During the present decade the Burman's great problem has been to get his land from the Chettyar, and the Chettyar's problem has been to get his money from the Burman."

over controlling the movement of Indian labor. While the invasion of the Japanese cut the "Gordian knot"<sup>85</sup> of Chettyar domination and the Indian problem, it did so only momentarily and fortuitously. The problems perseverated in the period after the war and even after independence in 1948.<sup>86</sup>

It seems clear that the difficult problems created by the Chettyar and the development of the delta reflect the long history of colonial development studied above. In Burma under the British,

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<sup>85</sup> This is Cady's phrase in *A History*, p. 407. But we are unable to accept the full implications of his statement that "Chettyar evacuation during the war, and postwar decisions amounting to partial expropriation of the Chettyar community's vast land . . . cut the Gordian knot in a revolutionary solution of the land alienation problem." The removal of most of the Chettys and postwar policies of the Union of Burma have by no means provided a solution to the problems of land alienation.

<sup>86</sup> This is properly the subject of a badly needed full-length study. Chettyar mortgages were thought to have been destroyed during the war (according to "Blue Print" for Burma issued by the Conservative Imperial Affairs Committee, in London, 1944) but in fact they had been placed in the safekeeping of the Indian government in 1944 by one of the leaders of the Chettyar community, A. M. M. Vellayan Chettyar. See Jacoby, *Agrarian Unrest*, p. 99. After independence, the settlement of Chettys' claims became an important issue in the Indian press and Parliament. Their claims were taken up by the Indian Government leading to discussions during 1950 with Burma and again in 1953. Some attempts have been made to formulate compensatory legislation in the Union of Burma Parliament, but compensation has not yet been paid. Money-lending has been curtailed and land-alienation prohibited at least theoretically, by the Land Nationalization Act of 1948. For some summary discussions of these matters, see Tinker, *The Union of Burma*, pp. 238-245; Mahajani, *The Role of Indian Minorities*, pp. 175-180; *The Land Nationalization Act, 1948*; *The Hindu (Madras)*, February 28 and March 20, 1954; Knappen, Tippetts, Abbett, McCarthy, Engineers, *Comprehensive Report, Economic and Engineering Development of Burma*, Vol. I *Introduction, Economics and Administration, Agriculture and Irrigation* (Aylesbury, England: Prepared for the Government of the Union of Burma, 1953).



"whatever was not English . . . was Indian."<sup>87</sup> The entire economic nexus of Burma was dominated from the outset by non-Burmese, except at the level of the cultivator whose labors in the paddy fields provided the base for most of the nation's economic life. Out of the workings of this foreign-dominated economy there arose "a plural society comprising many distinct racial elements, differing in culture, . . . performing different economic functions and with nothing in common but the desire for gain."<sup>88</sup> Within the steel frame of British law and administration, "what had formerly been a national society was converted into a business firm."<sup>89</sup> Local institutions and native traditions had been unhinged and social life had been rendered unstable by the fissiparous consequences of the cash nexus. In such a situation the Chettyar's financial singlemindedness and the intense need for the agricultural credit he offered guaranteed his success.

It would be absurd and not very illuminating to pass moral judgments on the Chettyar's career in Burma up to 1941. Testimony is legion that without him, the delta could never have been developed and commercial agriculture never been introduced in Burma. He was a

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<sup>87</sup>Furnivall, "South Asia in the World Today," in Phillips Talbot, ed., South Asia in the World Today (Chicago: The University of Chicago Press, 1949), pp. 6-7.

<sup>88</sup>Loc. cit.

<sup>89</sup>Loc. cit.

moneylender working mostly with unique,<sup>90</sup> time-honored devices in what seems to have been a state of near religious devotion to the acquisition of money. Probably any judgment one feels impelled to make in assessing Burma's ruptured ecology should be tempered with an understanding of the tragedy of the economic interdependencies reflected in the emergence of modern Burma. Each actor in the drama spoke the lines that were natural to him. The British administrator spoke of the rule of law and the centrality of economic development. The Chettyar spoke in the trade language he had been taught as a child. Its accents, we may suppose, sounded a good deal like the hum of the electronic computers that operate the stock market's quotations board. And the Burmese cultivator? It is much harder to compose his lines in the dialogue of the pluralist-capitalist

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<sup>90</sup>Chetty activities were perhaps not quite unique: in each country they did have many characteristics in common with indigenous Asian moneylending practices; among these, short term loans and high interest loans were the most obvious. But there were also at least four differences--not only as compared to indigenous practices, but also as compared to the operations of the other significant overseas minority--the Chinese--engaged in moneylending operations: (1) The Chetty tended to remain within the sphere of British law, preferring to operate in countries within the Empire; (2) he was bound by the rules of caste and preferred to leave his family at home; (3) this meant that his stay abroad was necessarily limited; he rarely intermarried and settled in the country like many overseas Chinese; (4) especially in Burma, but also in Malaya, Chetty financial fortunes were only rarely subject to the dramatic ups and downs characteristic of moneylending operations in settled areas but much less common in Burma's economy. Obviously items 2 and 3 tended to emphasize the Chetty's foreignness in the eyes of the indigenous populations. Items 1 and 4 tended to assure the Chetty of successful operations.

society that Furnivall has described.<sup>91</sup> One cannot help feeling with Andrus<sup>92</sup> and numerous other observers that the price the Burmese had to pay for the Chettyar's assistance in the development of his country was too great. One might suppose, in writing the cultivator's part in the dialogue, that he would complain that most of his choices had been forced upon him. Did he want to be pushed from his cities? Did he want to affirm a society with such sharp divisions of labor along racial lines? Did he want to witness the degeneration of the Buddhist establishment? It seems unlikely.

The final judgment should probably look toward the "steel frame" within which the drama presumably took place. The steel frame, when set into place with the might and adamant will of British colonialism, did not necessarily destroy something better than it brought. Rather, indigenous institutions were denied the opportunity to guide the growth of the ecology of modern Burma. What was missing in colonial theory and practice was the infusion of Burmese values and confidence into the obscure interstices of social relations where a people are bound together by a common outlook, purpose, and will. The Burmese could not be British, and

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<sup>91</sup>For a discussion of the ways in which the socialism of the Union of Burma represented a reaction to earlier experiences with British-sponsored pluralist-capitalist society, see Furnivall, The Governance of Modern Burma, pp. 25-26. The genesis and ideology of Burmese socialism is discussed in detail in Saul Rose, Socialism in Southern Asia (London: Oxford University Press, 1959), pp. 95-113.

<sup>92</sup>Andrus, Burmese Economic Life, p. 80.

they could not be Indian. Nor could they sufficiently master the formulas of either world. The presumed advantages of the rule of law seemed meaningless because the rule did not reflect an expression of their own will. And since it did not, and could readily be mastered and utilized by the Chettyar who had learned its ways as a necessary part of his craft, Chettyar success seems a logical though sorry outcome of a grossly uneven struggle.

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